

**CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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**Tay Valley Township
Consolidated
Financial Statements
December 31, 2019**

Tay Valley Township
Five Year Financial Review
(not subject to audit)

December 31	2019	2018	2017	2016	2015
Population (Statistics Canada)	5,665	5,665	5,665	5,665	5,571
Number of Households (MPAC)	3,949	3,931	3,922	3,911	3,892
Taxable Assessment (000's)	\$	\$	\$	\$	\$
Residential and farm	1,193,764	1,161,948	1,125,989	1,113,037	1,077,225
Commercial and industrial	59,361	56,641	54,307	53,523	61,627
Total	1,253,125	1,218,589	1,180,296	1,166,560	1,138,852
Commercial, industrial as % of assessment	4.74%	4.65%	4.60%	5.32%	5.41%
Rates of Taxation					
Residential					
▸ for general municipal purposes	0.435127	0.431597	0.433371	0.414839	0.398555
▸ for county purposes	0.369753	0.370048	0.376627	0.373000	0.379779
▸ for school board purposes	0.161000	0.170000	0.179000	0.188000	0.195000
Total	0.965880	0.971645	0.988998	0.975839	0.973334
Multi-Residential (total)	1.927369	1.959513	2.002479	1.998918	2.010562
Commercial (total)	2.727843	2.714296	2.720473	2.629872	2.628966
Industrial (total)	3.345825	3.406239	3.495205	3.555710	3.527826
Tax Arrears ▸ percentage of current levy (>10%)**	4.64%	6.22%	6.44%	7.09%	6.93%
Taxes Transferred (000's)					
▸ County	4,790	4,693	4,600	4,531	4,579
▸ School Boards	2,571	2,624	2,639	2,764	2,938
Revenues (000's)	\$	\$	\$	\$	\$
▸ Taxation and payments in lieu	5,644	5,466	5,297	5,041	4,591
▸ Government transfers	1,429	938	922	863	858
▸ Fees and service charges	271	256	286	339	274
▸ Other	560	526	505	446	525
▸ Revenues related to capital assets	1,303	1,325	---	25	25
Total	9,207	8,511	7,010	6,714	6,273
Expenses (000's)					
▸ Operations	6,684	7,168	6,794	6,310	6,114
▸ Amortization	547	695	585	608	726
Net Financial Assets (Net Debt)					
▸ % of Operating Revenue (>(20%)) **	57.49%	54.08%	65.29%	58.84%	54.91%
▸ % of Taxation (>(50%)) **	80.53%	71.09%	86.40%	78.37%	74.73%

** Represents the Provincial Low Risk Indicator.
(Note: All dollar amounts are in thousands of dollars.)

Tay Valley Township
Five Year Financial Review
(not subject to audit)

December 31	2019	2018	2017	2016	2015
	\$	\$	\$	\$	\$
Long Term Debt					
▸ Net long term debt (000's)	743	777	810	841	877
▸ Long term debt charges (000's)	68	68	72	75	74
▸ Annual repayment limit (000's)	1,478	1,356	1,258	1,293	1,222
▸ Long term debt per household	188	198	207	215	225
▸ Debt charges (000's)					
▸ tax supported	68	68	72	75	74
<hr/>					
Municipal Equity (000's)					
▸ Surplus and Reserves	5,351	4,716	5,444	4,853	4,382
▸ Invested in capital assets	13,481	11,593	9,523	9,897	9,965
▸ Reserves as % of operating expenses (>20%) **	80.00%	65.80%	80.13%	76.91%	71.66%
▸ Asset consumption ratio	42.54%	46.88%	49.94%	47.57%	45.84%
<hr/>					
Financial Indicators					
▸ Sustainability					
▸ financial assets to liabilities	2.27	1.84	1.90	2.22	2.21
▸ financial assets to liabilities excluding long term debt	2.87	2.21	2.26	3.00	3.21
▸ capital reserve to accumulated amortization	30.26%	33.45%	40.76%	36.39%	35.56%
▸ Flexibility					
▸ Debt charges to total operating revenue (<5%) **	0.86%	0.95%	0.96%	1.12%	1.18%
▸ Total operating revenue to taxable assessment	0.63%	0.59%	0.59%	0.58%	0.55%
▸ Working capital to operating expenses (>10%)**	56.87%	43.37%	55.45%	49.27%	41.77%
▸ Vulnerability					
▸ Operating government transfers ▸ to operating revenue	18.08%	13.05%	13.16%	12.86%	13.73%
▸ Total government transfers ▸ to total revenues	29.77%	26.59%	13.16%	12.82%	14.07%



Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Corporation of Tay Valley Township are the responsibility of the Township's management and have been prepared in compliance with legislation, and in accordance with Canadian Public Sector Accounting Standards. A summary of significant accounting policies are described in note 2 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Township's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of consolidated financial statements. These systems are monitored and evaluated by management.

Council meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to Council approval of the consolidated financial statements.

The consolidated financial statements have been audited by Allan and Partners LLP, independent external auditors appointed by the Township. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Township's consolidated financial statements.


Larry Donaldson, CAO


Ashley Liznick, CPA, CA, Treasurer

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers
of the Corporation of the Tay Valley Township:

Opinion

We have audited the consolidated financial statements of the Corporation of the Tay Valley Township (the 'Entity'), which comprise:

- the consolidated statement of financial position as at December 31, 2019;
- the consolidated statement of operations and accumulated surplus for the year then ended;
- the consolidated statement of changes in net financial assets for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- and the notes to the consolidated financial statements, including a summary of significant accounting policies;

(Hereinafter referred to as the 'financial statements').

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2019, and its consolidated results of operations, its consolidated changes in net financial assets 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 '**Auditors' Responsibilities for the Audit of the Financial Statements**' section of our auditor's report.

We are independent of the Entity 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement 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 of 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



Allan and Partners LLP
Chartered Professional Accountants
Licensed Public Accountants

Perth, Ontario
June 23, 2020.

Tay Valley Township
Consolidated Statement of Financial Position

December 31	2019	2018
	\$	\$
ASSETS		
Financial Assets		
Cash and short term deposits	6,167,078	5,577,439
Taxes receivable (allowance \$50,000)	550,183	741,106
Accounts receivable	1,377,493	2,166,354
Other	1,550	1,550
Long term receivables (note 5)	16,659	20,702
	8,112,963	8,507,151
LIABILITIES		
Financial Liabilities		
Accounts payable and accrued liabilities	590,073	1,268,877
Accrued landfill closure and post closure (note 10)	562,500	537,500
Accrued post employment benefits	6,757	6,627
Prepaid property taxes	438,227	427,813
Deferred revenues (note 4)	766,856	1,173,749
Other current liabilities	274,927	250,221
Solar farm security deposit	185,864	178,927
Long term liabilities (note 5)	743,267	777,391
	3,568,471	4,621,105
NET FINANCIAL ASSETS	4,544,492	3,886,046
NON-FINANCIAL ASSETS		
Tangible capital assets (note 15)	14,207,257	12,349,552
Inventories	79,658	73,266
	14,286,915	12,422,818
Contingent Liabilities (note 13) Commitments (note 12)		
MUNICIPAL EQUITY (note 6)	18,831,407	16,308,864

The accompanying notes are an integral part of these consolidated financial statements.

Tay Valley Township

Consolidated Statement of Operations

For the year ended December 31	(Note 17) Budget	2019	2018
	\$	\$	\$
REVENUES			
Taxation ▶ residential	4,998,332	5,025,353	4,869,448
▶ commercial and industrial	546,357	556,596	536,899
▶ other governments	47,069	61,616	59,759
User charges ▶ protection to persons and property	9,000	4,392	25,536
▶ waste disposal	90,000	96,103	88,830
▶ planning and zoning	60,000	77,844	62,939
▶ other	61,475	92,776	78,240
Government transfers	867,974	1,429,302	937,749
Deferred revenues (note 4)	32,500	42,287	---
Licences and permits	120,900	104,413	118,883
Investment income	100,238	187,946	168,892
Penalties and interest on taxes	120,000	113,275	115,159
Provincial offences	60,000	50,387	59,277
Other	23,836	61,907	63,545
TOTAL REVENUES	7,137,681	7,904,197	7,185,156
EXPENSES			
General government	1,206,026	1,346,303	1,385,245
Protection to persons and property	1,927,923	1,909,081	1,971,564
Transportation services	2,265,751	1,927,323	2,113,264
Environmental services	745,700	668,596	817,413
Social and health services	---	3,574	3,440
Recreation and cultural services	590,204	547,563	563,282
Planning and development	304,331	281,945	313,390
TOTAL EXPENSES	7,039,935	6,684,385	7,167,598
NET REVENUES FROM OPERATIONS	97,746	1,219,812	17,558
OTHER			
Grants and transfers related to capital			
Deferred revenues earned (note 4)	247,426	446,426	1,324,716
Government transfers	1,758,782	865,075	---
Loss on disposal of tangible capital asset	---	(8,770)	---
	2,006,208	1,302,731	1,324,716
ANNUAL SURPLUS	2,103,954	2,522,543	1,342,274
MUNICIPAL EQUITY, BEGINNING OF YEAR	16,308,864	16,308,864	14,966,590
MUNICIPAL EQUITY, END OF YEAR	18,412,818	18,831,407	16,308,864

The accompanying notes are an integral part of these consolidated financial statements.

Tay Valley Township

Consolidated Statement of Changes in Net Financial Assets

For the year ended December 31	(Note 17) Budget	2019	2018
	\$	\$	\$
ANNUAL SURPLUS	2,103,954	2,522,543	1,342,274
Amortization of tangible capital assets	694,675	546,986	694,675
Acquisition of tangible capital assets	(3,195,196)	(2,444,851)	(2,736,018)
(Acquisition) disposal of supplies inventories	---	(6,392)	8,320
Disposal of tangible capital assets	---	40,160	---
	(2,500,521)	(1,864,097)	(2,033,023)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(396,567)	658,446	(690,749)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	3,886,046	3,886,046	4,576,795
NET FINANCIAL ASSETS, END OF YEAR	3,489,479	4,544,492	3,886,046

The accompanying notes are an integral part of these consolidated financial statements.

Tay Valley Township

Consolidated Statement of Cash Flows

For the year ended December 31	2019	2018
	\$	\$
OPERATING ACTIVITIES		
Annual surplus for the year	2,522,543	1,342,274
Amortization	546,986	694,675
	3,069,529	2,036,949
Net Change in Non-Cash Working Capital Balances		
Taxes receivable	190,923	12,072
Accounts receivable	788,861	(1,675,608)
Long term receivables	4,043	3,814
Accounts payable and accrued liabilities	(678,804)	735,981
Accrued landfill closure and post closure	25,000	25,000
Accrued post employment benefits	130	73
Prepaid property taxes	10,414	38,369
Deferred revenues	(406,893)	(1,215,479)
Other current liabilities	24,706	(4,943)
Solar farm security deposit	6,937	3,433
Inventories	(6,392)	8,320
	(41,075)	(2,068,968)
Working Capital from Operations	3,028,454	(32,019)
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(2,444,851)	(2,736,018)
Disposal of tangible capital assets	40,160	---
Net investment in tangible capital assets	(2,404,691)	(2,736,018)
FINANCING ACTIVITIES		
Debt principal repayments	(34,124)	(32,614)
Net decrease in cash from financing activities	(34,124)	(32,614)
NET INCREASE (DECREASE) IN CASH	589,639	(2,800,651)
CASH, BEGINNING OF YEAR	5,577,439	8,378,090
CASH, END OF YEAR	6,167,078	5,577,439

The accompanying notes are an integral part of these consolidated financial statements.

Tay Valley Township

Notes to the Consolidated Financial Statements

December 31, 2019

1. Status of Tay Valley Township

Tay Valley Township (the 'Township') was created in 1998 with the amalgamation of the former Township of Bathurst, Township of North Burgess and Township of South Sherbrooke and assumed its responsibilities under the authority of the Provincial Secretary. The Township operates as a lower tier government in the County of Lanark, in the Province of Ontario, Canada and provides municipal services such as police, fire, public works, planning, parks and recreation, library and other general government operations.

2. Significant Accounting Policies

Basis of Presentation

The consolidated financial statements of the Corporation of Tay Valley Township are the representations of management and have been prepared in all material respects in accordance with Canadian Public Sector Accounting Standards. Significant aspects of the accounting policies by the Township are as follows:

Reporting Entity

- (i) The consolidated financial statements reflect financial assets, liabilities, operating revenues and Expenses, reserves, reserve funds and changes in investment in tangible capital assets of the Township. 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 or controlled by the Township. Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated. These consolidated financial statements include:

- Pinehurst Cemetery

The following joint local boards, which are not controlled by the Township, have been consolidated on a proportionate basis:

- Perth and District Public Library Board
 - Drummond/North Elmsley Tay Valley Fire Rescue

- (ii) The taxation, other revenues, Expenses, assets and liabilities with respect to the operations of the school boards are not reflected in the municipal fund balances of these consolidated financial statements.

Basis of Accounting

- (i) The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based on receipt of goods and services and/or the creation of a legal obligation to pay.
- (ii) Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year.

Tay Valley Township

Notes to the Consolidated Financial Statements

December 31, 2019

2. Significant Accounting Policies / continued

Basis of Accounting / continued

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

Taxation and Related Revenues

Property tax billings are prepared by the Township based on assessment rolls issued by the Municipal Property Assessment Corporation ('MPAC'). Tax rates are established by Township Council, incorporating amounts to be raised for local services, amounts to be raised on behalf of County of Lanark for regional services, and amounts the Township is required to collect on behalf of the Province of Ontario in respect of education taxes. Taxation revenues are recorded at the time tax billings are issued. Adjustments to taxation revenue can occur during the year related to the issuance of supplementary tax billings and/or assessment appeals. These adjustments are recorded when the amount of the adjustments can be quantified. The Township is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period in which the interest and penalties are applied.

Tangible Capital Assets

Tangible capital assets are recorded at cost, which include all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight line basis over their estimated useful lives as follows:

Land	
Buildings	20 to 60 years
Bridges	50 to 75 years
Equipment	5 to 30 years
Roads	5 to 30 years
Vehicles	5 to 30 years

One half of the annual amortization is charged in the year of acquisition and in the years of disposal. Amortization is charged from the date of acquisition. Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

The Township has a capitalization threshold of \$20,000 for vehicles and equipment and \$50,000 for linear assets, bridges and buildings so that individual capital assets of lesser value are expensed, unless they are pooled because, collectively, they have significant value, or for operations reasons.

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

When tangible capital assets are disposed of, either by way of a sale, destruction or loss, or abandonment of the asset, the asset's net book value, historical cost less accumulated amortization, is written off. Any resulting gain or loss, equal to the proceeds on disposal less the asset's net book value, is reported on the consolidated statement of operations in the year of disposal.

Tay Valley Township

Notes to the Consolidated Financial Statements

December 31, 2019

2. Significant Accounting Policies / continued

Tangible Capital Assets / continued

When conditions indicate that a tangible capital asset no longer contributes to the Township's ability to provide services or the value of the future economic benefits associated with the tangible capital asset are less than its net book value, and the decline is expected to be permanent, the cost and accumulated amortization of the asset are reduced to reflect the revised estimate of the value of the asset's remaining service potential. The resulting net adjustment is reported as an expense on the consolidated statement of operations.

Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

Inventories and Prepaid Expenses

Inventories and prepaid expenses held for consumption are recorded at the lower of cost or replacement cost.

Pension and Employee Benefits

The Township accounts for its participation in the Ontario Municipal Employees Retirement System ('OMERS'), a multi-employer public sector pension fund, as a defined benefit plan. The OMERS plan specifies the retirement benefits to be received by employees based on length of service and pay rates.

Employee benefits include vacation entitlement and sick leave benefits. Vacation entitlements are accrued as entitlements are earned. Sick leave benefits are accrued in accordance with the Township's policy.

Cash and Cash Equivalents

The Township considers cash and cash equivalents to be highly liquid investments with original maturities of three months or less.

Government Transfers

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

Deferred Revenues

The Township defers recognition of user charges and fees which have been collected but for which the related services have yet to be performed. Government transfers of gas taxes, development charges collected under the *Development Charges Act, 1997*, and Parkland funds collected under the Planning Act are reported as deferred revenues in the Consolidated Statement of Financial Position. These amounts will be recognized as revenues in the fiscal year the services are performed.

Tay Valley Township
Notes to the Consolidated Financial Statements

December 31, 2019

2. Significant Accounting Policies / continued

Deferred Revenues / continued

The Township receives restricted contributions under the authority of Federal and Provincial legislation and Township by-laws. These funds by their nature are restricted in their use and until applied to applicable costs are recorded as deferred revenue. Amounts applied to qualifying expenses are recorded as revenue in the fiscal period they are expended.

Deferred revenue represents certain user charges and fees which have been collected but for which the related services have yet to be performed. Deferred revenue also represents contributions that the Township has received pursuant to legislation, regulation or agreement that may only be used for certain programs or in the completion of specific work. These amounts are recognized as revenue in the fiscal year the services are performed or related expenses incurred.

Investments

Short-term and long-term investments are recorded at cost plus accrual interest. If the market value of investments become lower than cost and the decline in value is considered to be other than temporary, the investments are written down to market value.

Investment income earned on surplus current funds, capital funds, reserves and reserve funds (other than obligatory reserve funds) are reported as revenue in the period earned. Investment income earned on development charges and parkland obligatory reserve funds is added to the fund balance and forms part of respective deferred revenue balances.

Landfill Closure and Post-Closure Liabilities

The Township accrues landfill closure and post-closure care requirements that have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over a twenty-five year period using the best information available to management.

Future events may result in significant changes to the estimated total Expenses, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

Liability for Contaminated Sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when a site is not in productive use and all the following criteria are met:

- (a) an environmental standard exists;
- (b) contamination exceeds the environmental standard;
- (c) the Township:
 - (i) is directly responsible; or
 - (ii) accepts responsibility
- (d) it is expected that future economic benefit will be given up; and
- (e) a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of cost of pos-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

Tay Valley Township
Notes to the Consolidated Financial Statements

December 31, 2019

2. Significant Accounting Policies / continued

Financial Instruments

All financial instruments are initially recognized at fair value on the statement of financial position. The Township has classified each financial instrument into one of the following categories: held-for-trading financial assets and liabilities, loans and receivables, held-to-maturity financial assets and other financial liabilities. Subsequent measurement of financial instruments is based on their classification.

Held-for-trading financial assets and liabilities are subsequently measured at fair value with changes in those fair values recognized in net revenues.

Loans and receivables, held-to-maturity financial assets and other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The Township classifies cash and cash equivalents as held-for-trading financial assets, accounts receivable as loans and receivables, and accounts payable and accrued liabilities as other financial liabilities.

Measurement Uncertainty

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and Expenses during the period. Actual results could differ from these estimates. These estimates are reviewed periodically and as adjustments become necessary, they are recorded in the consolidated financial statements in the period in which they become known.

3. Operations of the School Boards and County of Lanark

During 2019, the Township collected and made property tax transfers including payments in lieu of property taxes, to the County of Lanark and School Boards as follows:

	School Boards \$	County \$
Property taxes	2,570,796	4,741,301
Taxation from other governments	---	48,297
Amounts requisitioned and paid	2,570,796	4,789,598

4. Deferred Revenues

A requirement of the public sector accounting standards of the Chartered Professional Accountants of Canada is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial legislation restricts how these funds may be used and under certain circumstances these funds may possibly be refunded.

Tay Valley Township

Notes to the Consolidated Financial Statements

December 31, 2019

4. Deferred Revenues

The balances in the obligatory reserve funds of the Township are summarized below:

	Gravel Pit Rehabilitation	Development Charges	Parkland	Federal Gas Tax	Total
	\$	\$	\$	\$	\$
January 1, 2019	1,550	408,818	52,577	710,804	1,173,749
Contributions from developers	---	59,500	3,200	---	62,700
Interest	---	8,739	1,299	9,082	19,120
Transfer to operating	---	(26,095)	(16,192)	---	(42,287)
Transfer to capital	---	(199,000)	---	(247,426)	(446,426)
December 31, 2019	1,550	251,962	40,884	472,460	766,856

5. Long Term Liabilities

(a) The balance of long term liabilities reported on the "Consolidated Statement of Financial Position" is comprised of the following:

	2019	2018
	\$	\$
Ontario Infrastructure Projects Corporation (4.45%), debenture for the Township offices with semi annual blended payments of \$46,686 maturing 2035.	530,320	552,658
Ontario Infrastructure Projects Corporation (4.25%), debenture for the South Sherbrooke Fire Hall with semi annual blended payments of \$16,333 maturing 2036.	196,288	204,031
Instalment debentures with the Province of Ontario under the Ontario Tile Loan Program. The responsibility for payment of principal and interest charges for tile drainage and shoreline property assistance loans has been assumed by individuals. At the end of the year, the outstanding principal amount of this liability is	16,659	20,702
Net long term liabilities at the end of the year	743,267	777,391

(b) Principal payments fall due as follows:

	General Revenues
	\$
2020	35,704
2021	37,358
2022	39,090
2023	36,746
2024 and thereafter	594,368
	743,266

Tay Valley Township

Notes to the Consolidated Financial Statements

December 31, 2019

5. Long Term Liabilities / continued

- (c) Interest expense on long term liabilities in 2019 amounted to \$34,179 (2018 \$35,689).
- (d) These payments are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

6. Municipal Equity

Municipal equity consists of:

	2019	2018
	\$	\$
Invested in tangible capital assets		
Tangible capital assets	14,207,257	12,349,552
Long term liabilities	(726,608)	(756,689)
	13,480,649	11,592,863
Unallocated surplus	238,610	---
Reserves (Schedule 1)	5,112,148	4,716,001
Total Municipal Equity	18,831,407	16,308,864

7. Pension Contributions

The Township makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of all permanent members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Employers and employees contribute to the plan. Since any surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees, the Township does not recognize any share of the OMERS pension surplus or deficit in these consolidated financial statements.

The amount contributed to OMERS was \$141,395 (2018 \$140,656) for current services and is included as an expenditure on the Consolidated Statement of Operations classified under the appropriate functional expenditure. Contributions by employees were a similar amount.

8. Trust Funds

Trust funds administered by the Township amounting to \$36,272 (2018 \$35,472) are presented in a separate financial statement of trust fund balances and operations. 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 financial activities.

Tay Valley Township

Notes to the Consolidated Financial Statements

December 31, 2019

9. Provincial Offences Administration (POA)

The Town of Perth has assumed the administration of the Provincial Offences office for all County of Lanark resident municipalities. The transfer of administration from the Ministry of Attorney General to the Township was a result of the Provincial Offences Act (POA) 1997, which provides the framework for the transfer of responsibility and administration of POA courts.

The POA is a procedural law for administering and prosecuting provincial offences, including those committed under the Highway Traffic Act, Compulsory Automobile Insurance Act, Trespass to Property Act, Liquor Licence Act, Municipal By-Laws and minor federal offences. The POA governs all aspects of legal process from serving notice to a defendant, to conducting trials, including sentencing and appeals.

The Township's share of net revenues arising from operation of the POA office have been consolidated with these consolidated financial statements. The revenue of the court office consists of fines levied under Parts I and III (including delay penalties) for POA charges filed in the Perth court.

If fines are paid at other court offices, the receipt is recorded in the Integrated Courts Operation Network System ("ICON") operated by the Province of Ontario. Revenue is recognized when receipt of funds is recorded by the provincial ICON system regardless of the location where payment is made.

Tay Valley Township shares net POA revenues based on weighted assessment.

10. Landfill Closure and Post Closure Liability

The Environmental Protection Act sets out the regulatory requirements to properly close and maintain all active and inactive landfill sites. Closure and post closure cost requirements are to be provided over the estimated remaining life of the landfill sites based on usage.

Landfill closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. The reported liabilities are based on estimates and assumptions with respect to events extending over a period of up to fifty years using the best information available to management. Future events may result in significant changes to the estimated total Expenses, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

The Township currently has two active and three inactive landfill sites.

The Noonan and Christie Lake inactive sites have been closed but have ongoing monitoring and maintenance in accordance with Ministry standards.

The Maberly site has been capped as per MOE closure guidelines. The site is being used as a transfer site and although there is remaining capacity there are no plans to reopen the site. There are ongoing monitoring and maintenance in accordance with Ministry standards.

The two active sites include Glen Tay and Stanleyville. In estimating the closure dates and closure costs it is generally assumed that landfills will close sequentially with Glen Tay closed first in two stages and then Stanleyville. The active sites have an estimated life range of 75 years.

Tay Valley Township
Notes to the Consolidated Financial Statements

December 31, 2019

10. Landfill Closure and Post Closure Liability / continued

Estimated total expenses represent the sum of the discounted future cash flows for closure and post closure care activities using an estimated inflation rate of 2% and discounted at the Township's average long term borrowing rate of 3%.

For the inactive sites, the estimated post closure care Expenses are calculated to be approximately \$215,000. The estimated liability for these Expenses is recognized immediately.

For the active sites, the estimated total landfill closure and post closure care Expenses are calculated to be approximately \$1,550,000. For sites that are still active, the estimated liability for these expenses is recognized as the landfill site's capacity is used.

The estimated total landfill closure and post-closure care expense are calculated at approximately \$1,765,000 (2018 \$1,790,000). Included in liabilities at December 31, 2019 is an amount of \$562,500 (2018 \$537,500) with respect to landfill closure and post-closure liabilities recognized to date.

11. Contractual Obligations

The Municipality has negotiated a long term contract with the Ontario Provincial Police for the provision of policing services. In January 2015, a new five year contract was signed and will end December 31st, 2019. Annual charges are determined based on the level of service and are reconciled to actual costs in the following year. The contract for 2019 was \$1,066,004 (2018 \$1,090,045).

The Municipality has negotiated a long term contract with Stanley Sanitation Ltd. for the disposal and transfer of recycled materials and waste. The previous contract ended August 31, 2016 and had extensions for 2017 and 2018. The new contract ends December 31, 2021 and has two optional one year extensions allowing for a possible extension until December 31, 2023. Annual charges are based on the number of times that the Contractor lifts a bin of waste, blue box diversion and non-blue box diversion goods. The contract for 2019 approximated \$191,838 (2018 \$256,674).

The Municipality has negotiated a long term contract with Steven Lewis for roadside mowing. The contract ends December 31, 2020. The contract for 2019 approximated \$12,837 (2018 \$9,311).

The Municipality has negotiated a long term contract with Rock Lake Excavations for waste site compacting services. The contract ends February 25, 2020. The contract for 2019 approximated \$80,386 (2018 \$133,440).

The Municipality has negotiated a long term contract with Arnott Bros. for the provision of winter sand. The contract ends December 31st, 2019. The contract for 2019 approximated \$155,739 (2018 \$168,954).

The Municipality has negotiated a long term contract with Tor Mac Tree Service Ltd. for roadside brushing. The contract ends December 31, 2019. The contract for 2019 approximated \$19,617 (2018 \$27,698).

Tay Valley Township
Notes to the Consolidated Financial Statements

December 31, 2019

12. Commitments

The Township has entered into a contractual obligation for the purchase of two new tandem trucks for a contract cost of \$605,242. Costs incurred during 2019 were \$Nil (2018 \$Nil). The project is to be completed in 2020 and will be funded from the roads equipment reserve.

13. Contingent Liabilities

The nature of municipal activities is such that there may be litigation pending or in prospect at any time. With respect to claims as at December 31, 2019, management believes that the Township has valid defences and appropriate insurance coverages in place. In the event any claims are successful, the amount of any potential liability is not determinable, therefore no amount has been accrued in the consolidated financial statements.

In the event any claims are successful, management believes that such claims are not expected to have a material effect on the Township's financial position.

14. Risk Management

In the normal course of operations, the Township is exposed to a variety of financial risks which are actively managed by the Township.

The Township's financial instruments consist of cash, investments, accounts receivable, accounts payable and accrued liabilities. The fair values of cash, investments, accounts payable and accrued liabilities approximate their carrying values because of their expected short term maturity and treatment on normal trade terms.

The Township's exposure to and management of risk has not changed materially from December 31, 2018.

Credit Risk

Credit risk arises from the possibility that the entities to which the Township provides services to may experience difficulty and be unable to fulfill their obligations. The Township is exposed to financial risk that arises from the credit quality of the entities to which it provides services. The Township does not have a significant exposure to any individual customer or counter party. As a result, the requirement for credit risk related reserves for accounts receivable is minimal.

Interest Rate Risk

Interest rate risk arises from the possibility that the value of, or cash flows related to, a financial instrument will fluctuate as a result of changes in market interest rates. The Township is exposed to financial risk that arises from the interest rate differentials between the market interest rate and the rates on its cash and cash equivalents and operating loan. Changes in variable interest rates could cause unanticipated fluctuations in the Township's operating results.

Tay Valley Township
Notes to the Consolidated Financial Statements

December 31, 2019

14. Risk Management / continued

Liquidity Risk

Liquidity risk is the risk that the Township will not be able to meet its obligations as they fall due. The Township requires working capital to meet day-to-day operating activities. Management expects that the Township's cash flows from operating activities will be sufficient to meet these requirements.

15. Tangible Capital Assets

	2019	2018
	\$	\$
Land	56,399	82,517
Buildings	2,773,865	2,894,852
Bridges	3,514,402	2,552,653
Equipment	409,486	279,320
Roads	4,656,105	4,830,415
Vehicles	1,070,955	816,514
Work in Progress	594,921	34,757
Proportionate Portion of Fire	963,890	697,104
Proportionate Portion of Library	167,234	161,420
	14,207,257	12,349,552

For additional information, see Schedule 2 ► Tangible Capital Assets.

16. Segmented Information

The Township is a diversified municipal government that provides a wide range of services to its citizens. The services are provided by departments and their activities are reported in the consolidated statement of operations.

Departments have been separately disclosed in the segmented information, along with the service they provide, are set out in the schedule below.

For each reported segment, Expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in note 2.

Tay Valley Township
Notes to the Consolidated Financial Statements

December 31, 2019

16. Segmented Information / continued

2019	Salaries, Wages & Employee Benefits	Debenture Debt Interest	Materials & Services	External Transfers	Amortization	Total
	\$	\$	\$	\$	\$	\$
General Government						
Governance	142,217	---	34,424	85,174	---	261,815
Corporate Management & Program Support	555,454	32,937	407,015	---	89,082	1,084,488
Protection to Persons and Property						
Fire	251,843	---	196,071	---	148,891	596,805
Police	1,350	---	1,074,198	---	---	1,075,548
Conservation Authority	---	---	---	65,488	---	65,488
Protective Inspection	85,853	---	85,387	---	---	171,240
Transportation						
Roadways	492,621	---	875,772	---	273,737	1,642,130
Winter Control	64,623	---	214,961	---	---	279,584
Street Lighting	---	---	4,891	---	718	5,609
Environmental						
Waste Services	261,841	---	239,344	---	---	501,185
Recycling	---	---	167,411	---	---	167,411
Health Services						
Cemeteries	---	---	3,574	---	---	3,574
Recreation and Cultural Services						
Recreation Facilities & Programs	---	---	35,385	500	---	35,885
Recreation Facilities Other	19,424	---	57,895	197,225	864	275,408
Libraries	132,352	---	50,462	19,762	33,694	236,270
Planning and Development						
Planning & Zoning	165,423	1,242	114,280	1,000	---	281,945
2019	2,173,001	34,179	3,561,070	369,149	546,986	6,684,385

Tay Valley Township
Notes to the Consolidated Financial Statements

December 31, 2019

16. Segmented Information / continued

2018	Salaries, Wages & Employee Benefits	Debenture Debt Interest	Materials & Services	External Transfers	Amortization	Total
	\$	\$	\$	\$	\$	\$
General Government						
Governance	127,197	---	130,201	24,975	---	282,373
Corporate Management & Program Support	664,289	34,218	388,514	---	15,851	1,102,872
Protection to Persons and Property						
Fire	244,678	---	200,704	---	114,850	560,232
Police	3,300	---	1,103,817	---	---	1,107,117
Conservation Authority	---	---	---	63,196	---	63,196
Protective Inspection	61,388	---	179,631	---	---	241,019
Transportation						
Roadways	478,238	---	823,783	---	531,711	1,833,732
Winter Control	51,032	---	225,499	---	---	276,531
Street Lighting	---	---	2,286	---	715	3,001
Environmental						
Waste Services	262,868	---	354,158	---	---	617,026
Recycling	---	---	200,387	---	---	200,387
Health Services						
Cemeteries	---	---	3,440	---	---	3,440
Recreation and Cultural Services						
Recreation Facilities & Programs	---	---	39,003	---	---	39,003
Recreation Facilities Other	25,219	---	93,926	194,207	---	313,352
Libraries	126,757	---	49,528	3,094	31,548	210,927
Planning and Development						
Planning & Zoning	169,576	1,471	141,343	1,000	---	313,390
2018	2,214,542	35,689	3,936,220	286,472	694,675	7,167,598

Tay Valley Township

Notes to the Consolidated Financial Statements

December 31, 2019

17. Budget Figures

The 2019 budget amounts that were approved were not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Board Standards). The budget included capital items such as infrastructure replacements and estimated costs for constructed assets, as program expenses, but the actual expenses have been removed in the Statement of Operations. The revenues attributable to these items continue to be included in the Statement of Operations, resulting in a significant variance. The following analysis is provided to assist readers in their understanding of differences between the approved budget and the audited financial statements:

	Budget	Actual
	\$	\$
Total Revenues	7,137,681	7,904,197
Total Expenses	(7,039,935)	(6,684,385)
Net Revenues	97,746	1,219,812
Amortization	694,675	546,986
Adjusted Net Revenues	792,421	1,766,798
Capital Revenues	2,006,208	1,302,731
Funds Available	2,798,629	3,069,529
Capital Expenses	(3,195,196)	(2,444,851)
Disposal of tangible capital assets	---	40,160
Principal Repayments	(30,081)	(30,081)
(Decrease) Increase in Operating Surplus	(426,648)	634,757
Allocated as follows:		
Net Transfers to Reserves Township	(532,048)	449,047
Net Transfers from Reserves Library Board	82,293	1,048
Net Transfers from Reserves Fire Board	23,107	(53,948)
Surplus for current year	---	238,610
	(426,648)	634,757

Tay Valley Township

Schedule 1 ▶ Continuity of Reserves and Reserve Funds

For the year ended December 31	(Note 17) Budget	2019	2018
	\$	\$	\$
Net Transfers From / (To) Other Funds			
Transfers from (to) operations	117,240	509,518	(86,478)
Transfers to capital acquisitions	(649,288)	(113,371)	(641,391)
Total Net Transfers	(532,048)	396,147	(727,869)
 Reserves and Reserve Fund Balances, Change in Year	 (532,048)	 396,147	 (727,869)
Reserves and Reserve Fund Balances, Beginning of Year	4,716,001	4,716,001	5,443,870
Reserves and Reserve Fund Balances, End of Year	4,183,953	5,112,148	4,716,001

Composition of Reserves and Reserve Funds

For the year ended December 31	2019	(Note 18) 2018
	\$	\$
Reserves set aside for specific purposes by Council:		
▶ for working capital	450,000	450,000
▶ for acquisition of capital assets	2,111,236	2,302,870
▶ for contingencies	1,142,594	571,973
▶ for operations	283,884	216,787
▶ for Pinehurst cemetery	52,399	49,436
▶ for fire joint board	962,417	1,016,365
▶ for library joint board	109,618	108,570
Total Reserves	5,112,148	4,716,001
 Total Reserves and Reserve Funds	 5,112,148	 4,716,001

The accompany notes are an integral part of these consolidated financial statements.

Tay Valley Township
Schedule 2 ▸ 2019 Tangible Capital Assets

Asset Class	Cost 01/01/19	Additions	(Disposals)	Adjustments	Cost 31/12/19
	\$	\$	\$	\$	\$
Land	82,517	14,042	(40,160)	---	56,399
Buildings	3,720,164	---	---	---	3,720,164
Bridges	4,747,076	848,012	---	208,054	5,803,142
Equipment	982,835	167,593	(306,515)	---	843,913
Roads	9,291,439	183,404	---	(208,054)	9,266,789
Vehicles	2,716,941	302,630	(602,046)	---	2,417,525
Work in Progress	34,757	560,164	---	---	594,921
Proportionate Portion of Fire	1,113,255	329,498	---	---	1,442,753
Proportionate Portion of Library	557,627	39,508	(15,735)	---	581,400
	23,246,611	2,444,851	(964,456)	---	24,727,006

Asset Class	Accumulated Amortization 01/01/19	Amortization	(Disposals)	Adjustments	Accumulated Amortization 31/12/19	Net Book Value 31/12/19
	\$	\$	\$	\$	\$	\$
Land	---	---	---	---	---	56,399
Buildings	825,312	120,987	---	---	946,299	2,773,865
Bridges	2,194,423	94,317	---	---	2,288,740	3,514,402
Equipment	703,515	37,427	(306,515)	---	434,427	409,486
Roads	4,461,024	149,660	---	---	4,610,684	4,656,105
Vehicles	1,900,427	48,189	(602,046)	---	1,346,570	1,070,955
Work in Progress	---	---	---	---	---	594,921
Proportionate Portion of Fire	416,151	62,712	---	---	478,863	963,890
Proportionate Portion of Library	396,207	33,694	(15,735)	---	414,166	167,234
	10,897,059	546,986	(924,296)	---	10,519,749	14,207,257

The accompany notes are an integral part of consolidated these financial statements.

Tay Valley Township
Schedule 2 ▸ 2018 Tangible Capital Assets

Asset Class	Cost 01/01/18	Additions	(Disposals)	Cost 31/12/18
	\$	\$	\$	\$
Land	82,517	---	---	82,517
Buildings	3,720,164	---	---	3,720,164
Bridges	4,747,076	---	---	4,747,076
Equipment	982,835	---	---	982,835
Roads	7,146,496	2,144,943	---	9,291,439
Vehicles	2,394,833	322,108	---	2,716,941
Work in Progress	---	34,757	---	34,757
Proportionate Portion of Fire	950,969	209,921	(47,635)	1,113,255
Proportionate Portion of Library	567,140	24,289	(33,802)	557,627
	20,592,030	2,736,018	(81,437)	23,246,611

Asset Class	Accumulated Amortization 01/01/18	Amortization	(Disposals)	Accumulated Amortization 31/12/18	Net Book Value 31/12/18
	\$	\$	\$	\$	\$
Land	---	---	---	---	82,517
Buildings	759,436	65,876	---	825,312	2,894,852
Bridges	2,119,860	74,563	---	2,194,423	2,552,653
Equipment	647,132	56,383	---	703,515	279,320
Roads	4,205,957	255,067	---	4,461,024	4,830,415
Vehicles	1,735,205	165,222	---	1,900,427	816,514
Work in Progress	---	---	---	---	34,757
Proportionate Portion of Fire	417,770	46,016	(47,635)	416,151	697,104
Proportionate Portion of Library	398,461	31,548	(33,802)	396,207	161,420
	10,283,821	694,675	(81,437)	10,897,059	12,349,552

The accompany notes are an integral part of these consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers
of the Corporation of the Tay Valley Township:

Opinion

We have audited the statement of financial position of the trust funds of the Corporation of the Tay Valley Township (the 'Entity'), which comprise:

- the statement of financial position as at December 31, 2019;
- the statement of financial activities for the year then ended;
- and the notes to the financial statements, including a summary of significant accounting policies;

(Hereinafter referred to as the 'financial statements').

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2019, and its financial activities 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 '**Auditors' Responsibilities for the Audit of the Financial Statements**' section of our auditor's report.

We are independent of the Entity 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement 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 of 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.
- 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.



Allan and Partners LLP
Chartered Professional Accountants
Licensed Public Accountants

Ferth, Ontario
June 23, 2020.

**Tay Valley Township
Trust Funds
Statement of Financial Position**

December 31	Pinehurst Cemetery	2019	2018
	\$	\$	\$
ASSETS			
Cash	36,272	36,272	35,472
LIABILITIES			
Fund balance	36,272	36,272	35,472

Statement of Financial Activities

For the year ended December 31	Pinehurst Cemetery	2019	2018
	\$	\$	\$
REVENUES			
Sale of plots, donations, other	800	800	1,050
EXPENSES			
Pinehurst Cemetery	---	---	---
NET REVENUES FOR THE YEAR	800	800	1,050
BALANCE AT THE BEGINNING OF THE YEAR	35,472	35,472	34,422
BALANCE AT THE END OF THE YEAR	36,272	36,272	35,472

The accompanying notes are an integral part of these financial statements.

**Tay Valley Township
Trust Funds
Notes to the Financial Statements**

December 31, 2019

1. Significant Accounting Policies

Reporting Entity

Perpetual care receipts are reported on the cash basis of accounting and interest income is reported on the accrual basis of accounting.

Expenses are reported on the cash basis of accounting with the exception of administrative expenses which are reported on the accrual basis of accounting, which recognizes Expenses as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

**Tay Valley Township
Pinehurst Cemetery
Statement of Financial Position**

December 31	2019	2018
	\$	\$
ASSETS		
Cash	42,646	40,183
FUND BALANCES		
Reserves	42,646	40,183

Statement of Operations

For the year ended December 31	2019	2018
	\$	\$
REVENUES		
Other		
Investment income	1,258	1,051
Sale of plots, donations	4,079	4,634
Perpetual Care	700	1,050
	6,037	6,735
EXPENSES		
Honorariums, salaries and wages	2,439	1,900
Materials and services	435	491
Trustee	700	1,050
	3,574	3,441
NET REVENUES FOR THE YEAR	2,463	3,294

The accompanying notes are an integral part of these consolidated financial statements.

Management's Responsibility for the Financial Statements

The accompanying financial statements of the Perth & District Union Public Library Board are the responsibility of the Board's management and have been prepared in compliance with legislation, and in accordance with Canadian Public Sector Accounting Standards. A summary of significant accounting policies are described in note 2 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Board's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of financial statements. These systems are monitored and evaluated by management.

The Board meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to Council approval of the financial statements.

The financial statements have been audited by Allan and Partners LLP, independent external auditors appointed by the Board. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Board's financial statements.

Julie Hansen, Acting CEO

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers
of the Perth & District Union Public Library Board:

Opinion

We have audited the financial statements of the Perth & District Union Public Library Board (the 'Entity'), which comprise:

- the statement of financial position as at December 31, 2019;
- the statement of operations and accumulated surplus for the year then ended;
- the statement of changes in net financial assets for the year then ended;
- the statement of cash flows for the year then ended;
- and the notes to the financial statements, including a summary of significant accounting policies;

(Hereinafter referred to as the 'financial statements').

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2019, and its results of operations, its changes in net financial assets and its 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 '**Auditors' Responsibilities for the Audit of the Financial Statements**' section of our auditor's report.

We are independent of the Entity 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement 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 of 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.
- 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.



Allan and Partners LLP
Chartered Professional Accountants
Licensed Public Accountants

Perth, Ontario
April 20, 2020.

Perth & District Union Public Library Board
Statement of Financial Position

December 31	2019	2018
	\$	\$
ASSETS		
Financial Assets		
Cash	360,640	322,190
Accounts receivable	27,010	89,612
	387,650	411,802
LIABILITIES		
Financial Liabilities		
Accounts payable and accrued liabilities	29,056	57,318
NET FINANCIAL ASSETS	358,594	354,484
NON-FINANCIAL ASSETS		
Tangible capital assets (note 4) (Schedule 2)	523,996	505,075
ACCUMULATED SURPLUS (note 3)	882,590	859,559

The accompanying notes are an integral part of these financial statements.

Perth & District Union Public Library Board

Statement of Operations and Accumulated Surplus

For the year ended December 31	(Note 6) Budget	2019	2018
	\$	\$	\$
REVENUES			
Government Grants			
Municipal Grants ▶ Perth	211,856	212,138	207,325
▶ Tay Valley	166,474	166,141	162,908
▶ Drummond/North Elmsley	165,170	165,221	161,667
Provincial Grants ▶ Operating	42,800	42,817	42,817
Other Grants	6,500	14,070	16,878
User Charges ▶ fees and service charges	6,550	8,344	7,765
Other Income			
Fines, other	10,000	11,122	10,850
Interest	5,500	6,833	7,581
Rentals	700	1,835	970
Book sales	3,000	4,010	3,230
Donations	43,300	152,683	53,741
TOTAL REVENUES	661,850	785,214	675,732
EXPENSES			
Amortization ▶ books	---	52,737	52,521
▶ building	---	53,867	38,616
▶ equipment and shelving	---	1,078	9,229
▶ leasehold improvements	---	2,639	2,639
Salaries, wages and employee benefits	443,400	432,966	413,865
Periodicals, newspapers and Ebooks	10,200	11,723	10,957
Utilities, telephone	21,000	14,663	15,021
Special programs, activities	51,500	46,577	47,131
Insurance, professional fees	17,000	27,508	22,617
Internet, videos, miscellaneous	4,250	5,075	3,274
Library, photocopy supplies	12,000	12,034	11,115
Technology	7,000	8,005	12,949
Maintenance and repairs	15,000	35,710	27,435
Fire hall lease and operations	6,000	3,095	7,959
Donation to Perth and District Community Foundation (note 6)	---	54,506	---
TOTAL EXPENSES	587,350	762,183	675,328
ANNUAL SURPLUS	74,500	23,031	404
ACCUMULATED SURPLUS, BEGINNING OF YEAR	859,559	859,559	859,155
ACCUMULATED SURPLUS, END OF YEAR	934,059	882,590	859,559

The accompanying notes are an integral part of these financial statements.

Perth & District Union Public Library Board Statement of Changes in Net Financial Assets

For the year ended December 31	2019	2018
	\$	\$
ANNUAL SURPLUS	23,031	404
Amortization of tangible capital assets	110,311	103,005
Acquisition of tangible capital assets	(129,242)	(52,878)
	(18,921)	50,127
INCREASE IN NET FINANCIAL ASSETS	4,110	50,531
NET FINANCIAL ASSETS, BEGINNING OF YEAR	354,484	303,953
NET FINANCIAL ASSETS, END OF YEAR	358,594	354,484

Statement of Cash Flows

For the year ended December 31	2019	2018
	\$	\$
OPERATING ACTIVITIES		
Annual surplus for the year	23,031	404
Amortization	110,321	103,005
	133,352	103,409
Net Change in Non-Cash Working Capital Items		
Accounts receivable	62,602	(73,836)
Accounts payable and accrued liabilities	(28,262)	(94,408)
	34,340	(168,244)
Working Capital from Operations	167,692	(64,835)
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(129,242)	(52,878)
NET INCREASE (DECREASE) IN CASH	38,450	(117,713)
CASH, BEGINNING OF YEAR	322,190	439,903
CASH, END OF YEAR	360,640	322,190

The accompanying notes are an integral part of these financial statements.

Perth & District Union Public Library Board

Notes to the Financial Statements

December 31, 2019

1. Status of the Board

The Perth & District Union Public Library Board (the 'Board') was formed November 14, 1983 pursuant to the Public Libraries Act and an agreement between the Town of Perth and the Township of Bathurst, Drummond, North Burgess, North Elmsley and South Sherbrooke. Subsequently, the Township of Drummond and North Elmsley amalgamated as the Township of Drummond/North Elmsley and the remaining three townships amalgamated as Tay Valley Township.

2. Significant Accounting Policies

The financial statements of the Perth & District Union Public Library Board are the representations of management and have been prepared in all material respects in accordance with Canadian Public Sector Accounting Standards for local governments as recommended by the Public Sector Accounting Board ('PSAB') of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies by the Board are as follows:

Reporting Entity

The financial statements reflect financial assets, liabilities, operating revenues and expenses, reserves, reserve funds and changes in investment in tangible capital assets of the Board.

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based on receipt of goods and services and/or the creation of a legal obligation to pay.

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Change in Net Financial Assets for the year.

Tangible Capital Assets

Tangible capital assets are recorded at cost, which include all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight line basis over their estimated useful lives as follows:

Assets	Estimated Useful Life
Land	
Building	40 years
Leasehold Improvements	10 years
Books	7 years
Shelving	10 years
Machinery and Equipment	5 years

Amortization is charged from the date of acquisition. Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

Perth & District Union Public Library Board

Notes to the Financial Statements

December 31, 2019

2. Significant Accounting Policies / continued

Tangible Capital Assets / continued

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of other assets as of the date of transfer.

When tangible capital assets are disposed of, either by way of a sale, destruction or loss, or abandonment of the asset, the asset's net book value, historical cost less accumulated amortization, is written off. Any resulting gain or loss, equal to the proceeds on disposal less the asset's net book value, is reported on the statement of operations in the year of disposal. Transfers of assets to third parties are recorded as an expense equal to the net book value of the asset as of the date of transfer.

When conditions indicate that a tangible capital asset no longer contributes to the Board's ability to provide services or the value of the future economic benefits associated with the tangible capital asset are less than its net book value, and the decline is expected to be permanent, the cost and accumulated amortization of the asset are reduced to reflect the revised estimate of the value of the asset's remaining service potential. The resulting net adjustment is reported as an expense on the statement of operations.

Cash and Cash Equivalents

The Board considers cash and cash equivalents to be highly liquid investments with original maturities of three months or less.

Government Transfers

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

Deferred Revenues

The Board defers recognition of user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

The Board receives restricted contributions under the authority of Federal and Provincial legislation and Board by-laws. These funds by their nature are restricted in their use and until applied to applicable costs are recorded as deferred revenue. Amounts applied to qualifying expenses are recorded as revenue in the fiscal period they are expended.

Deferred revenue represents certain user charges and fees which have been collected but for which the related services have yet to be performed. Deferred revenue also represents contributions that the Board has received pursuant to legislation, regulation or agreement that may only be used for certain programs or in the completion of specific work. These amounts are recognized as revenue in the fiscal year the services are performed or related expenses incurred.

Financial Instruments

All financial instruments are initially recognized at fair value on the statement of financial position. The Board has classified each financial instrument into one of the following categories: held-for-trading financial assets and liabilities, loans and receivables, held-to-maturity financial assets and other financial liabilities. Subsequent measurement of financial instruments is based on their classification.

Perth & District Union Public Library Board

Notes to the Financial Statements

December 31, 2019

2. Significant Accounting Policies / continued

Financial Instruments / continued

Held-for-trading financial assets and liabilities are subsequently measured at fair value with changes in those fair values recognized in net revenues.

Loans and receivables, held-to-maturity financial assets and other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The Board classifies cash and cash equivalents as held-for-trading financial assets, accounts receivable as loans and receivables, and accounts payable and accrued liabilities as other financial liabilities.

Measurement Uncertainty

The preparation of financial statements requires management to make estimates and assumptions that 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. Actual results could differ from these estimates. These estimates are reviewed periodically and as adjustments become necessary, they are recorded in the financial statements in the period in which they become known.

3. Accumulated Surplus

Accumulated surplus consists of individual fund surplus (deficit) and reserves as follows:

	2019	2018
	\$	\$
Surplus		
Invested in tangible capital assets	523,996	505,075
Reserves		
Insurance	10,000	10,000
Capital	127,143	65,090
Contingency	19,695	19,695
Infrastructure	148,355	195,355
Literacy	53,401	9,838
Books	---	43,025
Donations and bequest	---	11,481
Total Reserves	358,594	354,484
Accumulated Surplus	882,590	859,559

Perth & District Union Public Library Board

Notes to the Financial Statements

December 31, 2019

4. Tangible Capital Assets

Net Book Value of Assets	2019	2018
	\$	\$
Land	125,000	125,000
Buildings	227,690	205,300
Leasehold improvements	13,198	15,837
Books	155,228	154,980
Machinery and equipment	2,880	3,958
	523,996	505,075

For additional information, see Schedule 2 ► Tangible Capital Assets.

5. Risk Management

In the normal course of operations, the Board is exposed to a variety of financial risks which are actively managed by the Board.

The Board's financial instruments consist of cash, investments, accounts receivable, accounts payable and accrued liabilities. The fair values of cash, investments, accounts payable and accrued liabilities approximate their carrying values because of their expected short term maturity and treatment on normal trade terms.

The Board's exposure to and management of risk has not changed materially from December 31, 2018.

Credit Risk

Credit risk arises from the possibility that the entities to which the Board provides services to may experience difficulty and be unable to fulfill their obligations. The Board is exposed to financial risk that arises from the credit quality of the entities to which it provides services. The Board does not have a significant exposure to any individual customer or counter party. As a result, the requirement for credit risk related reserves for accounts receivable is minimal.

Interest Rate Risk

Interest rate risk arises from the possibility that the value of, or cash flows related to, a financial instrument will fluctuate as a result of changes in market interest rates. The Board is exposed to financial risk that arises from the interest rate differentials between the market interest rate and the rates on its cash and cash equivalents. Changes in variable interest rates could cause unanticipated fluctuations in the Board's operating results.

Liquidity Risk

Liquidity risk is the risk that the Board will not be able to meet its obligations as they fall due. The Board requires working capital to meet day-to-day operating activities. Management expects that the Board's cash flows from operating activities will be sufficient to meet these requirements.

Perth & District Union Public Library Board Notes to the Financial Statements

December 31, 2019

6. Endowment Fund

The Perth & District Community Foundation holds and invests in two Endowment Funds providing the Perth & District Union Public Library Board with annual distributions which are outlined in each Fund Agreement on behalf of the Library Board.

	Collection Fund	Donation & Bequest	Total
	\$	\$	\$
Opening Endowment Fund Balance	---	---	---
Contributions to Endowment Fund by Perth & District Union Public Library Board	43,025	11,481	54,506
	43,025	11,481	54,506

Contributions to the Perth & District Community Foundation Endowment Funds by Perth & District Union Public Library Board are reflected as contributions to the endowment fund in the year contributed.

7. Budget Figures

Perth & District Union Public Library Board reviews its operating and capital budgets each year. The approved operating budget for 2019 is included in the budget figures presented in the Statement of Operations.

Perth & District Union Public Library Board
Schedule 1 ► Continuity of Reserves

For the year ended December 31	(Note 6) Budget	2019	2018
	\$	\$	\$
Net Transfers From / (To) Other Funds			
Transfers from operations	23,000	148,003	61,544
Transfers to capital acquisitions	(80,000)	(89,387)	(11,013)
Transfers to Foundation	---	(54,506)	---
Total Net Transfers Approved By Board	(57,000)	4,110	50,531
Reserves, Change in Year	(57,000)	4,110	50,531
Reserves, Beginning of Year	354,484	354,484	303,953
Reserves, End of Year	297,484	358,594	354,484

Composition of Reserves

For the year ended December 31	2019	2018
	\$	\$
Reserves		
Insurance	10,000	10,000
Contingency	19,695	19,695
Literacy	53,401	9,838
Donations and bequest	---	11,481
	83,096	51,014
For Capital Purposes		
Capital	127,143	65,090
Building	148,355	195,355
Books	---	43,025
	275,498	303,470
Total Reserves	358,594	354,484

The accompanying notes are an integral part of these financial statements.

Perth & District Union Public Library Board

Schedule 2 ▶ Tangible Capital Assets

December 31, 2019

Assets	Cost 01/01/19	Additions	(Disposals)	Cost 31/12/19	Accumulated Amortization 01/01/19	Additions	(Disposals)	Accumulated Amortization 31/12/19	Net Book Value 31/12/19
	\$	\$		\$	\$			\$	\$
Land	125,000	---	---	125,000	---	---	---	---	125,000
Building	871,429	76,257	---	947,686	666,129	53,867	---	719,996	227,690
Leasehold									
Improvements	25,592	---	---	25,592	9,755	2,639	---	12,394	13,198
Books	547,860	52,985	(51,473)	549,372	392,880	52,737	(51,473)	394,144	155,228
Shelving	84,627	---	---	84,627	84,627	---	---	84,627	---
Machinery & Equipment	59,941	---	---	59,941	55,983	1,078	---	57,061	2,880
	1,714,449	129,242	(51,473)	1,792,218	1,209,374	110,321	(51,473)	1,268,222	523,996

December 31, 2018

Assets	Cost 01/01/18	Additions	(Disposals)	Cost 31/12/18	Accumulated Amortization 01/01/18	Additions	(Disposals)	Accumulated Amortization 31/12/18	Net Book Value 31/12/18
	\$	\$		\$	\$	\$		\$	\$
Land	125,000	---	---	125,000	---	---	---	---	125,000
Building	871,429	---	---	871,429	627,513	38,616	---	666,129	205,300
Leasehold									
Improvements	25,592	---	---	25,592	7,116	2,639	---	9,755	15,837
Books	551,257	49,249	(52,646)	547,860	393,005	52,521	(52,646)	392,880	154,980
Shelving	84,627	---	---	84,627	84,627	---	---	84,627	---
Machinery & Equipment	56,312	3,629	---	59,941	46,754	9,229	---	55,983	3,958
	1,714,217	52,878	(52,646)	1,714,449	1,159,015	103,005	(52,646)	1,209,374	505,075

The accompanying notes are an integral part of these financial statements.



Fire Department Administration
14 Sherbrooke St. E. Perth, ON K7H 1A2
Office: 613-267-2596 Fax: 613-264-8561

Management's Responsibility for the Financial Statements

The accompanying financial statements of the Drummond/North Elmsley Tay Valley Fire Rescue are the responsibility of the Board's management and have been prepared in compliance with legislation, and in accordance with Canadian Public Sector Accounting Standards. A summary of significant accounting policies are described in note 2 to the financial statements. The preparation of financial statements necessarily involved the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Board's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of financial statements. These systems are monitored and evaluated by management.

Management meets with the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters. The Board of Directors meets with management subsequently to review these same matters prior to the Board's approval of the financial statements.

The financial statements have been audited by Allan and Partners LLP, independent external auditors appointed by the Board. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Board's financial statements.

Greg Saunders,
Fire Chief

Megan Moore
Administrative Assistant/Treasurer

INDEPENDENT AUDITOR'S REPORT

To the Board Members, Inhabitants and Ratepayers of
Drummond/North Elmsley Tay Valley Fire Rescue:

Opinion

We have audited the financial statements of the Corporation of Drummond/North Elmsley Tay Valley Fire Rescue (the 'Entity'), which comprise:

- the statement of financial position as at December 31, 2019;
- the statement of operations and accumulated surplus for the year then ended;
- the statement of changes in net financial assets for the year then ended;
- the statement of cash flows for the year then ended;
- and the notes to the financial statements, including a summary of significant accounting policies;

(Hereinafter referred to as the 'financial statements').

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2019, and its results of operations, its changes in net financial assets and its 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 '**Auditors' Responsibilities for the Audit of the Financial Statements**' section of our auditor's report.

We are independent of the Entity 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement 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 of 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.
- 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.



Allan and Partners LLP
Chartered Professional Accountants
Licensed Public Accountants

Perth, Ontario
March 9, 2020.

Drummond/North Elmsley Tay Valley Fire Rescue Statement of Financial Position

December 31	2019	2018
	\$	\$
ASSETS		
Financial Assets		
Cash	1,488,123	1,620,790
Government receivable	77,646	19,303
Accounts receivable	25,023	19,215
Inventory	---	5,998
	1,590,792	1,665,306
LIABILITIES		
Financial Liabilities		
Accounts payable and accrued liabilities	45,722	29,319
NET FINANCIAL ASSETS	1,545,070	1,635,987
NON-FINANCIAL ASSETS		
Tangible capital assets (note 5) (Schedule 2)	1,647,127	1,229,074
ACCUMULATED SURPLUS (note 4)	3,192,197	2,865,061

The accompanying notes are an integral part of these financial statements.

Drummond/North Elmsley Tay Valley Fire Rescue

Statement of Operations and Accumulated Surplus

For the year ended December 31	(Note 6) Budget	2019	2018
	\$	\$	\$
REVENUES			
Municipal contributions			
▸ Township of Drummond/North Elmsley	402,242	402,242	394,929
▸ Tay Valley Township	530,193	530,194	522,649
▸ Tay Valley Township ▸ South Sherbrooke reserve	---	120,000	102,300
▸ Township of Drummond/North Elmsley development charges	---	31,073	---
▸ Tay Valley Township development charges	---	36,800	---
Other			
▸ sale of vehicle	---	---	14,189
▸ fire fees, inspections, transfers	---	40,240	38,550
▸ investment income	---	37,113	32,603
▸ donations	---	200	9,876
TOTAL REVENUES	932,435	1,197,862	1,115,096
EXPENSES			
Administration (Schedule 3)	240,977	246,838	240,675
BBDE Fire Station (Schedule 4)	326,000	399,018	437,801
South Sherbrooke Fire Station (Schedule 5)	190,350	214,424	197,198
Smiths Falls Fire Agreement (Schedule 6)	10,609	10,446	10,272
TOTAL EXPENSES	767,936	870,726	885,946
NET REVENUES FROM OPERATIONS	164,499	327,136	229,150
ANNUAL SURPLUS	164,499	327,136	229,150
ACCUMULATED SURPLUS, BEGINNING OF YEAR	2,865,061	2,865,061	2,635,911
ACCUMULATED SURPLUS, END OF YEAR	3,029,560	3,192,197	2,865,061

The accompanying notes are an integral part of these financial statements.

Drummond/North Elmsley Tay Valley Fire Rescue
Statement of Changes in Net Financial Assets

For the year ended December 31	2019	2018
	\$	\$
ANNUAL SURPLUS	327,136	229,150
Amortization of tangible capital assets	107,079	82,915
Acquisition of tangible capital assets	(525,132)	(228,245)
	(418,053)	(145,330)
(DECREASE) INCREASE IN NET FINANCIAL ASSETS	(90,917)	83,820
NET FINANCIAL ASSETS, BEGINNING OF YEAR	1,635,987	1,552,167
NET FINANCIAL ASSETS, END OF YEAR	1,545,070	1,635,987

The accompanying notes are an integral part of these financial statements.

Drummond/North Elmsley Tay Valley Fire Rescue Statement of Cash Flows

For the year ended December 31	2019	2018
	\$	\$
OPERATING ACTIVITIES		
Annual surplus for the year	327,136	229,150
Net Change in Non-Cash Working Capital Items		
Government receivable	(58,343)	(5,063)
Accounts receivable	(5,808)	174,245
Inventory	5,998	(5,998)
Accounts payable and accrued liabilities	16,403	(23,980)
	(41,750)	139,204
Non-cash charges to operations		
Amortization	107,079	82,915
Working Capital from Operations	392,465	451,269
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(525,132)	(228,245)
NET (DECREASE) INCREASE IN CASH	(132,667)	223,024
CASH, BEGINNING OF YEAR	1,620,790	1,397,766
CASH, END OF YEAR	1,488,123	1,620,790

The accompanying notes are an integral part of these financial statements.

Drummond/North Elmsley Tay Valley Fire Rescue

Notes to the Financial Statements

December 31, 2019

1. Status of the Board

Drummond/North Elmsley Tay Valley Fire Rescue (the 'Board') was formed January 1, 2006 pursuant to an agreement between the Township of Drummond/North Elmsley and Tay Valley Township.

2. Significant Accounting Policies

The financial statements of Drummond/North Elmsley Tay Valley Fire Rescue are the representations of management and have been prepared in all material respects in accordance with Canadian Public Sector Accounting Standards. Significant aspects of the accounting policies by the Board are as follows:

Reporting Entity

The financial statements reflect financial assets, liabilities, operating revenues and expenses, reserves, reserve funds and changes in investment in tangible capital assets of the Board.

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based on receipt of goods and services and/or the creation of a legal obligation to pay.

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Change in Net Financial Assets for the year.

Tangible Capital Assets

Tangible capital assets are recorded at cost, which include all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight line basis over their estimated useful lives as follows:

Assets	Estimated Useful Life
Land	
Building	40 years
Vehicles	20 years
Equipment	30 years
Linear Assets	40 years

Amortization is charged from the date of acquisition. Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

Drummond/North Elmsley Tay Valley Fire Rescue

Notes to the Financial Statements

December 31, 2019

2. Significant Accounting Policies / continued

Tangible Capital Assets / continued

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of other assets as of the date of transfer.

When tangible capital assets are disposed of, either by way of a sale, destruction or loss, or abandonment of the asset, the asset's net book value, historical cost less accumulated amortization, is written off. Any resulting gain or loss, equal to the proceeds on disposal less the asset's net book value, is reported on the statement of operations in the year of disposal. Transfers of assets to third parties are recorded as an expense equal to the net book value of the asset as of the date of transfer.

When conditions indicate that a tangible capital asset no longer contributes to the Board's ability to provide services or the value of the future economic benefits associated with the tangible capital asset are less than its net book value, and the decline is expected to be permanent, the cost and accumulated amortization of the asset are reduced to reflect the revised estimate of the value of the asset's remaining service potential. The resulting net adjustment is reported as an expense on the statement of operations.

Cash and Cash Equivalents

The Board considers cash and cash equivalents to be highly liquid investments with original maturities of three months or less.

Government Transfers

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

Deferred Revenues

The Board receives restricted contributions under the authority of Federal and Provincial legislation and Board by-laws. These funds by their nature are restricted in their use and until applied to applicable costs are recorded as deferred revenue. Amounts applied to qualifying expenses are recorded as revenue in the fiscal period they are expended.

Deferred revenue represents certain user charges and fees which have been collected but for which the related services have yet to be performed. Deferred revenue also represents contributions that the Board has received pursuant to legislation, regulation or agreement that may only be used for certain programs or in the completion of specific work. These amounts are recognized as revenue in the fiscal year the services are performed or related expenses incurred.

Investments

Short-term and long-term investments are recorded at cost plus accrual interest. If the market value of investments become lower than cost and the decline in value is considered to be other than temporary, the investments are written down to market value.

Drummond/North Elmsley Tay Valley Fire Rescue

Notes to the Financial Statements

December 31, 2019

2. Significant Accounting Policies / continued

Investments / continued

Investment income earned on available current funds and reserve funds (other than obligatory funds). Are reported as revenue in the period earned. Investment income earned on obligatory reserve funds is added to the fund balance and forms part of the respective deferred revenue balance.

Pension and Employee Benefits

The Board accounts for its participation in the Ontario Municipal Employees Retirement System ('OMERS'), a multi-employer public sector pension fund, as a defined benefit plan. The OMERS plan specifies the retirement benefits to be received by employees based on length of service and pay rates.

Employee benefits include vacation entitlement and sick leave benefits. Vacation entitlements are accrued as entitlements are earned. Sick leave benefits are accrued in accordance with the Board's policy.

Financial Instruments

All financial instruments are initially recognized at fair value on the statement of financial position. The Board has classified each financial instrument into one of the following categories: held-for-trading financial assets and liabilities, loans and receivables, held-to-maturity financial assets and other financial liabilities. Subsequent measurement of financial instruments is based on their classification.

Held-for-trading financial assets and liabilities are subsequently measured at fair value with changes in those fair values recognized in net revenues.

Loans and receivables, held-to-maturity financial assets and other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The Board classifies cash and cash equivalents as held-for-trading financial assets, accounts receivable as loans and receivables, and accounts payable and accrued liabilities as other financial liabilities.

Measurement Uncertainty

The preparation of financial statements requires management to make estimates and assumptions that 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. Actual results could differ from these estimates. These estimates are reviewed periodically and as adjustments become necessary, they are recorded in the financial statements in the period in which they become known.

Drummond/North Elmsley Tay Valley Fire Rescue Notes to the Financial Statements

December 31, 2019

3. Risk Management

In the normal course of operations, the Board is exposed to a variety of financial risks which are actively managed by the Board.

The Board's financial instruments consist of cash, investments, accounts receivable and accounts payable and accrued liabilities. The fair values of cash, investments and accounts payable and accrued liabilities approximate their carrying values because of their expected short term maturity and treatment on normal trade terms.

The Board's exposure to and management of risk has not changed materially from December 31, 2018.

Credit Risk

Credit risk arises from the possibility that the entities to which the Board provides services to may experience difficulty and be unable to fulfill their obligations. The Board is exposed to financial risk that arises from the credit quality of the entities to which it provides services. The Board does not have a significant exposure to any individual customer or counter party. As a result, the requirement for credit risk related reserves for accounts receivable is minimal.

Interest Rate Risk

Interest rate risk arises from the possibility that the value of, or cash flows related to, a financial instrument will fluctuate as a result of changes in market interest rates. The Board is exposed to financial risk that arises from the interest rate differentials between the market interest rate and the rates on its cash and cash equivalents and operating loan. Changes in variable interest rates could cause unanticipated fluctuations in the Board's operating results.

Liquidity Risk

Liquidity risk is the risk that the Board will not be able to meet its obligations as they fall due. The Board requires working capital to meet day-to-day operating activities. Management expects that the Board's cash flows from operating activities will be sufficient to meet these requirements.

Drummond/North Elmsley Tay Valley Fire Rescue

Notes to the Financial Statements

December 31, 2019

4. Accumulated Surplus

Accumulated surplus consists of individual fund surplus (deficit) and reserves as follows:

	2019	2018
	\$	\$
Surplus		
BBDE Fire Station		
▸ invested in tangible capital assets	1,205,329	930,298
South Sherbrooke Fire Station		
▸ invested in tangible capital assets	441,798	298,776
	1,647,127	1,229,074
Reserves ▸ Administration		
Contingency	152,543	119,091
Reserves ▸ BBDE Fire Station		
Working funds	50,000	50,000
Contingency	155,257	150,257
Equipment	62,209	249,408
Apparatus	399,430	351,586
Bunker gear	28,000	22,000
Buildings	168,000	140,000
	862,896	963,251
Reserves ▸ South Sherbrooke		
Capital	418,307	449,362
Contingency	53,801	51,922
Bunker gear	31,836	26,836
	503,944	528,120
Reserves ▸ Smiths Falls Fire Agreement		
Fire calls	25,687	25,525
	1,545,070	1,635,987
Total Reserves	3,192,197	2,865,061

For additional information, see Schedule 1 ▸ Continuity of Reserves.

Drummond/North Elmsley Tay Valley Fire Rescue

Notes to the Financial Statements

December 31, 2019

5. Tangible Capital Assets

	2019			2018
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Land	30,000	---	30,000	30,000
Building	398,192	181,530	216,662	217,414
Vehicles	1,489,708	713,432	776,276	844,189
Equipment	504,056	51,813	452,243	122,630
Linear Assets	27,998	2,348	25,650	14,841
Work in Progress	146,296	---	146,296	---
	2,596,250	949,123	1,647,127	1,229,074

For additional information, see Schedule 2 ► Tangible Capital Assets.

6. Budget Figures

Drummond/North Elmsley Tay Valley Fire Rescue reviews its operating and capital budgets each year. The approved operating budget for 2019 is included in the budget figures presented in the Statement of Operations.

7. Pension Contributions

The Board makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of all permanent members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Employers and employees contribute to the plan. Since any surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees, the Board does not recognize any share of the OMERS pension surplus or deficit in these financial statements.

The amount contributed to OMERS was \$10,188 (2018 \$11,986) for current services and is included as an expenditure on the Statement of Operations classified under the appropriate functional expenditure. Contributions by employees were a similar amount.

8. Contingent Liabilities

The nature of municipal activities is such that there may be litigation pending or in prospect at any time. With respect to claims as at December 31, 2019, management believes that the Board has valid defences and appropriate insurance coverages in place. In the event any claims are successful, the amount of any potential liability is not determinable, therefore no amount has been accrued in the financial statements.

Drummond/North Elmsley Tay Valley Fire Rescue
Schedule 1 ▶ Continuity of Reserves

For the year ended December 31	(Note 6) Budget	2019	2018
	\$	\$	\$
Net Transfer From / (To) Other Funds			
Transfers from operations	141,500	406,634	310,118
Transfers to capital acquisitions	(822,640)	(497,551)	(226,298)
Total Net Transfers Approved By Board	(681,140)	(90,917)	83,820
Reserves, Change in Year	(681,140)	(90,917)	83,820
Reserves, Beginning of Year	1,635,987	1,635,987	1,552,167
Reserves, End of Year	954,847	1,545,070	1,635,987

Composition of Reserves

For the year ended December 31	2019	2018
	\$	\$
Reserves ▶ Administration		
Contingency	152,543	119,091
Reserves ▶ BBDE Fire Station		
Working funds	50,000	50,000
Contingency	155,257	150,257
Equipment	62,209	249,408
Apparatus	399,430	351,586
Bunker gear	28,000	22,000
Building	168,000	140,000
	862,896	963,251
Reserves ▶ South Sherbrooke		
Capital	418,307	449,362
Contingency	53,801	51,922
Bunker gear	31,836	26,836
	503,944	528,120
Reserves ▶ Smiths Falls Fire Agreement		
Fire calls	25,687	25,525
Total Reserves	1,545,070	1,635,987

Drummond/North Elmsley Tay Valley Fire Rescue

Schedule 2 ▶ Tangible Capital Assets

BBDE Fire Station ▶ December 31, 2019

Asset Class	Cost 01/01/19	Additions	(Disposals)	Cost 31/12/19
	\$	\$	\$	\$
Land	30,000	---	---	30,000
Buildings	388,989	9,203	---	398,192
Vehicles	1,143,954	---	---	1,143,954
Equipment	132,259	200,199	---	332,458
Linear Assets	16,489	---	---	16,489
Work in Progress	---	146,296	---	146,296
	1,711,691	355,698	---	2,067,389

Asset Class	Accumulated Amortization 01/01/19	Amortization	(Disposals)	Accumulated Amortization 31/12/19	Net Book Value 31/12/19
	\$	\$	\$	\$	\$
Land	---	---	---	---	30,000
Buildings	171,575	9,955	---	181,530	216,662
Vehicles	586,690	52,544	---	639,234	504,720
Equipment	21,480	17,756	---	39,236	293,222
Linear Assets	1,648	412	---	2,060	14,429
Work in Progress	---	---	---	---	146,296
	781,393	80,667	---	862,060	1,205,329

The accompanying notes are an integral part of these financial statements.

**Drummond/North Elmsley Tay Valley Fire Rescue
Schedule 2 ▶ Tangible Capital Assets**

BBDE Fire Station ▶ December 31, 2018

Asset Class	Cost 01/01/18	Additions	(Disposals)	Cost 31/12/18
	\$	\$	\$	\$
Land	30,000	---	---	30,000
Buildings	388,989	---	---	388,989
Vehicles	1,143,954	---	---	1,143,954
Equipment	80,313	51,946	---	132,259
Linear Assets	16,489	---	---	16,489
Work in Progress	---	---	---	---
	1,659,745	51,946	---	1,711,691

Asset Class	Accumulated Amortization 01/01/18	Amortization	(Disposals)	Accumulated Amortization 31/12/18	Net Book Value 31/12/18
	\$	\$	\$	\$	\$
Land	---	---	---	---	30,000
Buildings	161,850	9,725	---	171,575	217,414
Vehicles	534,146	52,544	---	586,690	557,264
Equipment	17,071	4,409	---	21,480	110,779
Linear Assets	1,236	412	---	1,648	14,841
Work in Progress	---	---	---	---	---
	714,303	67,090	---	781,393	930,298

The accompanying notes are an integral part of these financial statements.

Drummond/North Elmsley Tay Valley Fire Rescue
Schedule 2 ▶ Tangible Capital Assets

South Sherbrooke ▶ December 31, 2019

Asset Class	Cost 01/01/19	Additions	(Disposals)	Cost 31/12/19	
	\$	\$	\$	\$	
Equipment	13,673	157,925	---	171,598	
Vehicles	345,754	---	---	345,754	
Linear Assets	---	11,509	---	11,509	
Work in Progress	---	---	---	---	
	359,427	169,434	---	528,861	
Asset Class	Accumulated Amortization 01/01/19	Amortization	(Disposals)	Accumulated Amortization 31/12/19	Net Book Value 31/12/19
	\$	\$	\$	\$	\$
Equipment	1,822	10,755	---	12,577	159,021
Vehicles	58,829	15,369	---	74,198	271,556
Linear Assets	---	288	---	288	11,221
Work in Progress	---	---	---	---	---
	60,651	26,412	---	87,063	441,798

South Sherbrooke ▶ December 31, 2018

Asset Class	Cost 01/01/18	Additions	(Disposals)	Cost 31/12/18	
	\$	\$	\$	\$	
Equipment	13,673	---	---	13,673	
Vehicles	49,718	296,036	---	345,754	
Linear Assets	---	---	---	---	
Work in Progress	119,737	---	119,737	---	
	183,128	296,036	119,737	359,427	
Asset Class	Accumulated Amortization 01/01/18	Amortization	(Disposals)	Accumulated Amortization 31/12/18	Net Book Value 31/12/18
	\$	\$	\$	\$	\$
Equipment	1,366	456	---	1,822	11,851
Vehicles	43,460	15,369	---	58,829	286,925
Linear Assets	---	---	---	---	---
Work in Progress	---	---	---	---	---
	44,826	15,825	---	60,651	298,776

The accompanying notes are an integral part of these financial statements.

Drummond/North Elmsley Tay Valley Fire Rescue
Schedule 3 ▶ Administration Operations

For the year ended December 31	(Note 6) Budget	2019	2018
	\$	\$	\$
Revenues			
Municipal contributions			
▶ Township of Drummond/North Elmsley	131,208	131,208	127,779
▶ Tay Valley Township	111,768	111,769	108,849
Other			
▶ investment income	---	37,113	32,603
▶ donations	---	200	7,198
Total Revenues	242,976	280,290	276,429
Expenses			
Fire chief salary and benefits	113,538	109,430	105,885
Secretary treasurer salary and benefits	58,439	59,986	56,619
Fire prevention wages and benefits	7,000	---	423
Employer health tax	5,500	4,976	6,004
Bad debt	---	72	1,535
Telephone	5,600	5,526	5,520
Training and seminars	3,500	3,481	3,103
Office supplies	12,100	11,910	28,667
Inspection and prevention	2,000	1,447	881
Professional fees	5,700	11,332	4,274
Fire service agreements	10,000	10,000	10,000
Insurance	10,100	9,696	9,411
Advertising, subscription and memberships	2,500	1,844	2,063
Fuel	3,000	3,018	2,930
Administration, other	2,000	8,122	2,160
Donations	---	5,998	1,200
Total Expenses	240,977	246,838	240,675
Annual Surplus	1,999	33,452	35,754

The accompanying notes are an integral part of these financial statements.

Drummond/North Elmsley Tay Valley Fire Rescue
Schedule 4 ▶ BBDE Fire Station Operations

For the year ended December 31	(Note 6) Budget	2019	2018
	\$	\$	\$
Revenues			
Municipal contributions			
▶ Township of Drummond/North Elmsley	260,425	260,425	256,850
▶ Tay Valley Township	213,075	213,075	210,150
▶ Township of Drummond/North Elmsley development charges	---	31,073	---
▶ Tay Valley Township development charges	---	36,800	---
Other			
▶ fire fees, inspections, transfers	---	32,322	25,508
▶ donations	---	---	2,678
Total Revenues	473,500	573,695	495,186
Expenses			
Amortization			
Building	---	9,955	9,725
Vehicles	---	52,544	52,544
Equipment	---	17,756	4,409
Linear assets	---	412	412
Operations			
Firefighter honourariums	193,600	195,785	204,588
Communications maintenance	4,000	1,535	3,706
Training and seminars	20,000	14,371	18,376
Clothing	4,000	3,514	3,111
Bunker gear	4,000	1,911	---
Bunker gear cleaning	3,500	2,499	2,285
Licenses	2,300	1,400	1,070
BBDE Fire Hall			
Power and water	8,700	7,165	6,962
Heating fuel	5,000	4,868	5,759
Building maintenance and other	17,200	18,941	19,324
Insurance	5,000	6,171	6,009
Vehicle and Equipment			
Minor equipment purchases	15,000	13,167	16,264
Vehicle and equipment maintenance	20,000	25,828	18,990
Fuel, oil, lubricants, etc.	7,700	5,275	8,051
Insurance	9,000	7,936	8,847
Minor capital	7,000	7,985	47,369
Total Expenses	326,000	399,018	437,801
Annual Surplus	147,500	174,677	57,385

The accompanying notes are an integral part of these financial statements.

Drummond/North Elmsley Tay Valley Fire Rescue
Schedule 5 ▶ South Sherbrooke Fire Station Operations

For the year ended December 31	(Note 6) Budget	2019	2018
	\$	\$	\$
Revenues			
Municipal contributions			
▶ Tay Valley Township	205,350	205,350	203,650
▶ Tay Valley Township ▶ South Sherbrooke reserve	---	120,000	102,300
Other			
▶ sale of vehicle	---	---	14,189
▶ fire fees, inspections, transfers	---	7,918	13,042
Total Revenues	205,350	333,268	333,181
Expenses			
Amortization	---	26,412	15,825
Operations			
Firefighter honourariums	88,750	83,520	74,905
Communications maintenance	3,000	2,138	1,276
Telephone	1,300	1,507	1,191
Training and seminars	14,000	20,218	15,115
Clothing	3,000	4,768	2,029
Bunker gear cleaning	2,400	2,065	984
Licenses	2,600	2,129	1,984
Fire Prevention			
Advertising, subscriptions and memberships	500	397	280
Emergency First Response			
Medical supplies	2,000	970	2,000
South Sherbrooke Fire Hall			
Power and water	6,000	4,218	4,483
Heating fuel	6,000	4,574	3,901
Building maintenance and other	6,500	8,122	8,809
Insurance	5,950	6,171	6,009
Vehicle and Equipment			
Minor equipment purchases	15,000	12,281	13,087
Vehicle and equipment maintenance	15,000	17,766	19,793
Fuel, oil, lubricants, etc.	3,500	2,512	93
Insurance	8,350	7,938	8,847
Minor capital	6,500	6,718	16,587
Total Expenses	190,350	214,424	197,198
Annual Surplus	15,000	118,844	135,983

The accompanying notes are an integral part of these financial statements.

Drummond/North Elmsley Tay Valley Fire Rescue
Schedule 6 ▸ Smiths Falls Fire Agreement

For the year ended December 31	(Note 6) Budget	2019	2018
	\$	\$	\$
Revenues			
Municipal contribution			
▸ Taxation raised in year	10,609	10,609	10,300
Expenses			
Fire Services Agreement	10,609	10,446	10,272
Annual Surplus	---	163	28

The accompanying notes are an integral part of these financial statements.