

**CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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**Tay Valley Township
Consolidated
Financial Statements
December 31, 2020**

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

December 31	2020	2019	2018	2017	2016
Population (Statistics Canada)	5,665	5,665	5,665	5,665	5,665
Number of Households (MPAC)	3,989	3,949	3,931	3,922	3,911
Taxable Assessment (000's)	\$	\$	\$	\$	\$
Residential and farm	1,225,290	1,193,764	1,161,948	1,125,989	1,113,037
Commercial and industrial	60,824	59,361	56,641	54,307	53,523
Total	1,286,114	1,253,125	1,218,589	1,180,296	1,166,560
Commercial, industrial as % of assessment	4.73%	4.74%	4.65%	4.60%	5.32%
Rates of Taxation					
Residential					
▸ for general municipal purposes	0.447819	0.435127	0.431597	0.433371	0.414839
▸ for county purposes	0.367114	0.369753	0.370048	0.376627	0.373000
▸ for school board purposes	0.153000	0.161000	0.170000	0.179000	0.188000
Total	0.967933	0.965880	0.971645	0.988998	0.975839
Multi-Residential (total)	1.930621	1.927369	1.959513	2.002479	1.998918
Commercial (total)	2.751863	2.727843	2.714296	2.720473	2.629872
Industrial (total)	3.313113	3.345825	3.406239	3.495205	3.555710
Tax Arrears ▸ percentage of current levy (>10%)**	4.59%	4.64%	6.22%	6.44%	7.09%
Taxes Transferred (000's)					
▸ County	4,847	4,790	4,693	4,600	4,531
▸ School Boards	2,502	2,571	2,624	2,639	2,764
Revenues (000's)	\$	\$	\$	\$	\$
▸ Taxation and payments in lieu	5,802	5,644	5,466	5,297	5,041
▸ Government transfers	893	1,429	938	922	863
▸ Fees and service charges	189	271	256	286	339
▸ Other	332	560	526	505	446
▸ Revenues related to capital assets	1,024	1,303	1,325	---	25
Total	8,240	9,207	8,511	7,010	6,714
Expenses (000's)					
▸ Operations	6,976	6,684	7,168	6,794	6,310
▸ Amortization	1,067	547	695	585	608
Net Financial Assets (Net Debt)					
▸ % of Operating Revenue (>(20%)) **	46.16%	57.49%	54.08%	65.29%	58.84%
▸ % of Taxation (>(50%)) **	57.41%	80.53%	71.09%	86.40%	78.37%

** 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	2020	2019	2018	2017	2016
	\$	\$	\$	\$	\$
Long Term Debt					
▸ Net long term debt (000's)	708	743	777	810	841
▸ Long term debt charges (000's)	68	68	68	72	75
▸ Annual repayment limit (000's)	1,484	1,478	1,356	1,258	1,293
▸ Long term debt per household	177	188	198	207	215
▸ Debt charges (000's)					
▸ tax supported	68	68	68	72	75
Municipal Equity (000's)					
▸ Surplus and Reserves	5,616	5,351	4,716	5,444	4,853
▸ Invested in capital assets	14,479	13,481	11,593	9,523	9,897
▸ Reserves as % of operating expenses (>20%) **	80.52%	80.00%	65.80%	80.13%	76.91%
▸ Asset consumption ratio	38.91%	42.54%	46.88%	49.94%	47.57%
Financial Indicators					
▸ Sustainability					
▸ financial assets to liabilities	1.90	2.27	1.84	1.90	2.22
▸ financial assets to liabilities excluding long term debt	2.35	2.87	2.21	2.26	3.00
▸ capital reserve to accumulated amortization	29.28%	30.26%	33.45%	40.76%	36.39%
▸ Flexibility					
▸ Debt charges to total operating revenue (<5%) **	0.95%	0.86%	0.95%	0.96%	1.12%
▸ Total operating revenue to taxable assessment	0.56%	0.63%	0.59%	0.59%	0.58%
▸ Working capital to operating expenses (>10%)**	37.61%	56.87%	43.37%	55.45%	49.27%
▸ Vulnerability					
▸ Operating government transfers ▸ to operating revenue	12.37%	18.08%	13.05%	13.16%	12.86%
▸ Total government transfers ▸ to total revenues	23.26%	29.77%	26.59%	13.16%	12.82%



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.


Amanda Mabo, Acting CAO


Richard Bennett, Acting 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, 2020;
- 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, 2020, 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 22, 2021.

Tay Valley Township
Consolidated Statement of Financial Position

December 31	2020	2019
	\$	\$
ASSETS		
Financial Assets		
Cash and short term deposits	4,672,754	6,167,078
Taxes receivable (allowance \$50,000)	553,568	550,183
Accounts receivable	1,790,210	1,377,493
Other	1,550	1,550
Long term receivables (note 5)	12,373	16,659
	7,030,455	8,112,963
LIABILITIES		
Financial Liabilities		
Accounts payable and accrued liabilities	601,019	590,073
Accrued landfill closure and post closure (note 10)	587,500	562,500
Accrued post employment benefits	6,824	6,757
Prepaid property taxes	496,346	438,227
Deferred revenues (note 4)	795,580	766,856
Other current liabilities	314,076	274,927
Solar farm security deposit	190,445	185,864
Long term liabilities (note 5)	707,563	743,267
	3,699,353	3,568,471
NET FINANCIAL ASSETS	3,331,102	4,544,492
NON-FINANCIAL ASSETS		
Tangible capital assets (note 14)	16,674,073	14,207,257
Inventories	90,165	79,658
	16,764,238	14,286,915
Contingent Liabilities (note 12)		
MUNICIPAL EQUITY (note 6)	20,095,340	18,831,407

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 16) Budget	2020	2019
	\$	\$	\$
REVENUES			
Taxation ▶ residential	5,192,274	5,279,181	5,025,353
▶ commercial and industrial	575,000	455,385	556,596
▶ other governments	58,500	67,726	61,616
User charges ▶ protection to persons and property	9,000	15,506	4,392
▶ waste disposal	81,000	81,300	96,103
▶ planning and zoning	60,000	51,480	77,844
▶ other	53,798	40,245	92,776
Government transfers	821,082	892,768	1,429,302
Deferred revenues (note 4)	---	6,971	42,287
Licences and permits	120,900	102,557	104,413
Investment income	100,212	96,340	187,946
Penalties and interest on taxes	115,000	49,881	113,275
Provincial offences	60,000	12,021	50,387
Other	24,494	64,414	61,907
TOTAL REVENUES	7,271,260	7,215,775	7,904,197
EXPENSES			
General government	1,304,128	1,288,204	1,346,303
Protection to persons and property	1,971,005	1,887,647	1,909,081
Transportation services	2,112,228	2,372,049	1,927,323
Environmental services	698,500	670,161	668,596
Social and health services	---	2,627	3,574
Recreation and cultural services	538,582	494,293	547,563
Planning and development	276,999	260,617	281,945
TOTAL EXPENSES	6,901,442	6,975,598	6,684,385
NET REVENUES FROM OPERATIONS	369,818	240,177	1,219,812
OTHER			
Grants and transfers related to capital			
Deferred revenues earned (note 4)	260,250	204,857	446,426
Government transfers	600,000	818,899	865,075
Loss on disposal of tangible capital asset	---	---	(8,770)
	860,250	1,023,756	1,302,731
ANNUAL SURPLUS	1,230,068	1,263,933	2,522,543
MUNICIPAL EQUITY, BEGINNING OF YEAR	18,831,407	18,831,407	16,308,864
MUNICIPAL EQUITY, END OF YEAR	20,061,475	20,095,340	18,831,407

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 16) Budget	2020	2019
	\$	\$	\$
ANNUAL SURPLUS	1,230,068	1,263,933	2,522,543
Amortization of tangible capital assets	534,896	1,067,206	546,986
Acquisition of tangible capital assets	(2,900,000)	(3,534,022)	(2,444,851)
Acquisition of supplies inventories	---	(10,507)	(6,392)
Disposal of tangible capital assets	---	---	40,160
	(2,365,104)	(2,477,323)	(1,864,097)
(DECREASE) INCREASE IN NET FINANCIAL ASSETS	(1,135,036)	(1,213,390)	658,446
NET FINANCIAL ASSETS, BEGINNING OF YEAR	4,544,492	4,544,492	3,886,046
NET FINANCIAL ASSETS, END OF YEAR	3,409,456	3,331,102	4,544,492

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	2020	2019
	\$	\$
OPERATING ACTIVITIES		
Annual surplus for the year	1,263,933	2,522,543
Amortization	1,067,206	546,986
	2,331,139	3,069,529
Net Change in Non-Cash Working Capital Balances		
Taxes receivable	(3,385)	190,923
Accounts receivable	(412,717)	788,861
Long term receivables	4,286	4,043
Accounts payable and accrued liabilities	9,091	(678,804)
Accrued landfill closure and post closure	25,000	25,000
Accrued post employment benefits	67	130
Prepaid property taxes	58,119	10,414
Deferred revenues	30,579	(406,893)
Other current liabilities	39,149	24,706
Solar farm security deposit	4,581	6,937
Inventories	(10,507)	(6,392)
	(255,737)	(41,075)
Working Capital from Operations	2,075,402	3,028,454
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(3,534,022)	(2,444,851)
Disposal of tangible capital assets	---	40,160
Net investment in tangible capital assets	(3,534,022)	(2,404,691)
FINANCING ACTIVITIES		
Debt principal repayments	(35,704)	(34,124)
Net decrease in cash from financing activities	(35,704)	(34,124)
NET (DECREASE) INCREASE IN CASH	(1,494,324)	589,639
CASH, BEGINNING OF YEAR	6,167,078	5,577,439
CASH, END OF YEAR	4,672,754	6,167,078

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

Tay Valley Township

Notes to the Consolidated Financial Statements

December 31, 2020

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.

Tay Valley Township

Notes to the Consolidated Financial Statements

December 31, 2020

2. Significant Accounting Policies / continued

Basis of Accounting / continued

- (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.
- (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.

Tay Valley Township
Notes to the Consolidated Financial Statements

December 31, 2020

2. Significant Accounting Policies / continued

Tangible Capital Assets / continued

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.

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.

Tay Valley Township
Notes to the Consolidated Financial Statements

December 31, 2020

2. Significant Accounting Policies / continued

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.

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;

Tay Valley Township

Notes to the Consolidated Financial Statements

December 31, 2020

2. Significant Accounting Policies / continued

Liability for Contaminated Sites / continued

- (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.

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 2020, 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	2,502,227	4,798,009
Taxation from other governments	---	48,988
Amounts requisitioned and paid	2,502,227	4,846,997

Tay Valley Township

Notes to the Consolidated Financial Statements

December 31, 2020

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.

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, 2020	1,550	251,962	40,884	472,460	766,856
Contributions from developers	---	58,501	1,700	---	60,201
Government grants	---	---	---	171,855	171,855
Interest	---	3,384	557	4,555	8,496
Transfer to operating	---	---	(6,971)	---	(6,971)
Transfer to capital	---	(16,057)	---	(188,800)	(204,857)
December 31, 2020	1,550	297,790	36,170	460,070	795,580

5. Long Term Liabilities

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

	2020	2019
	\$	\$
Ontario Infrastructure Projects Corporation (4.45%), debenture for the Township offices with semi annual blended payments of \$46,686 maturing 2035.	506,977	530,320
Ontario Infrastructure Projects Corporation (4.25%), debenture for the South Sherbrooke Fire Hall with semi annual blended payments of \$16,333 maturing 2036.	188,213	196,288
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	12,373	16,659
Net long term liabilities at the end of the year	707,563	743,267

Tay Valley Township
Notes to the Consolidated Financial Statements

December 31, 2020

5. Long Term Liabilities / continued

(b) Principal payments fall due as follows:

	General Revenues
	\$
2021	37,358
2022	39,090
2023	36,746
2024	38,395
2025 and thereafter	555,973
	707,562

(c) Interest expense on long term liabilities in 2020 amounted to \$32,600 (2019 \$34,179).

(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:

	2020	2019
	\$	\$
Invested in tangible capital assets		
Tangible capital assets	16,674,073	14,207,257
Long term liabilities	(695,190)	(726,608)
Unfinanced capital outlay	(1,500,000)	---
	14,478,883	13,480,649
Unallocated surplus	---	238,610
Reserves (Schedule 1)	5,616,457	5,112,148
Total Municipal Equity	20,095,340	18,831,407

Tay Valley Township

Notes to the Consolidated Financial Statements

December 31, 2020

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 \$127,105 (2019 \$141,395) 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 \$36,472 (2019 \$36,272) 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.

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.

Tay Valley Township

Notes to the Consolidated Financial Statements

December 31, 2020

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.

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 (2019 \$1,765,000). Included in liabilities at December 31, 2020 is an amount of \$587,500 (2019 \$562,500) 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, 2020. Annual charges are determined based on the level of service and are reconciled to actual costs in the following year. The contract for 2020 was \$1,057,488 (2019 \$1,066,004).

Tay Valley Township

Notes to the Consolidated Financial Statements

December 31, 2020

11. Contractual Obligations / continued

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 2020 approximated \$203,482 (2019 \$191,838).

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

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 2020 approximated \$69,939 (2019 \$80,386).

The Municipality has negotiated a long term contract with Crains Construction for the provision of winter sand. The contract ends March 31st, 2023. The contract for 2020 approximated \$76,583 (2019 \$155,739).

12. 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, 2020, 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.

13. 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, 2019.

Tay Valley Township
Notes to the Consolidated Financial Statements

December 31, 2020

13. Risk Management / continued

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.

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.

14. Tangible Capital Assets

	2020	2019
	\$	\$
Land	60,190	56,399
Buildings	2,702,552	2,773,865
Bridges	4,743,088	3,514,402
Equipment	358,376	409,486
Roads	4,827,763	4,656,105
Vehicles	1,556,721	1,070,955
Work in Progress	1,268,972	594,921
Proportionate Portion of Fire	995,672	963,890
Proportionate Portion of Library	160,739	167,234
	16,674,073	14,207,257

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

Tay Valley Township

Notes to the Consolidated Financial Statements

December 31, 2020

15. Segmented Information / continued

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.

2020	Salaries, Wages & Employee Benefits	Debenture Debt Interest	Materials & Services	External Transfers	Amortization	Total
	\$	\$	\$	\$	\$	\$
General Government						
Governance	144,458	---	19,378	86,320	---	250,156
Corporate Management & Program Support	620,328	31,600	346,352	---	39,768	1,038,048
Protection to Persons and Property						
Fire	243,489	---	180,333	---	148,943	572,765
Police	375	---	1,063,573	---	---	1,063,948
Conservation Authority	---	---	---	67,135	---	67,135
Protective Inspection	90,812	---	92,987	---	---	183,799
Transportation						
Roadways	492,621	---	875,772	---	839,508	2,207,901
Winter Control	40,655	---	120,478	---	---	161,133
Street Lighting	---	---	2,297	---	718	3,015
Environmental						
Waste Services	256,062	---	244,133	---	---	500,195
Recycling	---	---	169,966	---	---	169,966
Health Services						
Cemeteries	---	---	2,627	---	---	2,627
Recreation and Cultural Services						
Recreation Facilities & Programs	---	---	37,075	---	---	37,075
Recreation Facilities Other	29,015	---	8,990	197,635	864	236,504
Libraries	130,763	---	49,446	3,100	37,405	220,714
Planning and Development						
Planning & Zoning	175,414	1,000	83,203	1,000	---	260,617
2020	2,223,992	32,600	3,296,610	355,190	1,067,206	6,975,598

Tay Valley Township
Notes to the Consolidated Financial Statements

December 31, 2020

15. Segmented Information / continued

2019	Salaries, Wages & Employee Benefits	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, 2020

16. Budget Figures

The 2020 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	7,271,260	7,215,775
Total Expenses	(6,901,442)	(6,975,598)
Net Revenues	369,818	240,177
Amortization	534,896	1,067,206
Adjusted Net Revenues	904,714	1,307,383
Capital Revenues	860,250	1,023,756
Funds Available	1,764,964	2,331,139
Capital Expenses	(2,900,000)	(3,534,022)
Principal Repayments	(31,418)	(31,418)
Decrease in Operating Surplus	(1,166,454)	(1,234,301)
Allocated as follows:		
Net Transfers to Reserves Township	16,460	397,418
Net Transfers from Reserves Library Board	(24,648)	(9,226)
Net Transfers (to) from Reserves Fire Board	(118,266)	116,116
Surplus for current year	---	(238,609)
Proceeds of long term debt	(1,040,000)	---
Unfinanced capital	---	(1,500,000)
	(1,166,454)	(1,234,301)

17. Impact of COVID-19

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ('COVID-19') as a pandemic. This resulted in governments worldwide, including the Canadian, Ontario and municipal governments, enacting emergency measures to combat the spread of the virus.

Tay Valley Township
Notes to the Consolidated Financial Statements

December 31, 2020

17. Impact of COVID - 19 / continued

The pandemic has had significant operational and financial impacts including service reductions, declines in associated user fee revenues and additional costs. While impacts have been mitigated by associated funding and other cost saving measures, the pandemic has created uncertainty over current and future year operations and the financial position of the Municipality.

The duration and impact of COVID-19 are unknown at this time. It is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and conditions of the Municipality in future periods. The Municipality continues to closely monitor and assess the impact on its operations. It is management's assessment that the Municipality will have sufficient resources to mitigate the potential losses in 2021 as a result of COVID-19.

Tay Valley Township

Schedule 1 ► Continuity of Reserves and Reserve Funds

For the year ended December 31	(Note 16) Budget	2020	2019
	\$	\$	\$
Net Transfers From / (To) Other Funds			
Transfers (to) from operations	(50,169)	(111,887)	509,518
Transfers from (to) capital acquisitions	(76,285)	616,196	(113,371)
Total Net Transfers	(126,454)	504,309	396,147
 Reserves and Reserve Fund Balances, Change in Year	 (126,454)	 504,309	 396,147
Reserves and Reserve Fund Balances, Beginning of Year	5,112,148	5,112,148	4,716,001
Reserves and Reserve Fund Balances, End of Year	4,985,694	5,616,457	5,112,148

Composition of Reserves and Reserve Funds

For the year ended December 31	2020	2019
	\$	\$
Reserves set aside for specific purposes by Council:		
► for working capital	450,000	450,000
► for acquisition of capital assets	1,930,517	2,111,236
► for contingencies	1,584,875	1,142,594
► for operations	418,225	283,884
► for Pinehurst cemetery	53,914	52,399
► for fire joint board	1,078,534	962,417
► for library joint board	100,392	109,618
Total Reserves	5,616,457	5,112,148
 Total Reserves and Reserve Funds	 5,616,457	 5,112,148

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

Tay Valley Township
Schedule 2 ▶ 2020 Tangible Capital Assets

Asset Class	Cost 01/01/20	Additions	(Disposals)	Adjustments	Cost 31/12/20
	\$	\$	\$	\$	\$
Land	56,399	3,791	---	---	60,190
Buildings	3,720,164	---	---	---	3,720,164
Bridges	5,803,142	1,592,359	(540,038)	---	6,855,463
Equipment	843,913	---	---	---	843,913
Roads	9,266,789	473,566	(28,427)	---	9,711,928
Vehicles	2,417,525	656,710	(384,170)	---	2,690,065
Work in Progress	594,921	724,535	(50,484)	---	1,268,972
Proportionate Portion of Fire	1,442,753	102,635	---	---	1,545,388
Proportionate Portion of Library	581,400	30,910	(16,266)	---	596,044
	24,727,006	3,584,506	(1,019,385)	---	27,292,127

Asset Class	Accumulated Amortization 01/01/20	Amortization	(Disposals)	Adjustments	Accumulated Amortization 31/12/20	Net Book Value 31/12/20
	\$	\$	\$	\$	\$	\$
Land	---	---	---	---	---	60,190
Buildings	946,299	71,313	---	---	1,017,612	2,702,552
Bridges	2,288,740	363,672	(540,037)	---	2,112,375	4,743,088
Equipment	434,427	51,110	---	---	485,537	358,376
Roads	4,610,684	301,908	(28,427)	---	4,884,165	4,827,763
Vehicles	1,346,570	170,945	(384,171)	---	1,133,344	1,556,721
Work in Progress	---	---	---	---	---	1,268,972
Proportionate Portion of Fire	478,863	70,853	---	---	549,716	995,672
Proportionate Portion of Library	414,166	37,405	(16,266)	---	435,305	160,739
	10,519,749	1,067,206	(968,901)	---	10,618,054	16,674,073

The accompany notes are an integral part of consolidated these 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 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, 2020;
- 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, 2020, 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

Perth, Ontario
June 22, 2021.

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

December 31	Pinehurst Cemetery	2020	2019
	\$	\$	\$
ASSETS			
Cash	36,472	36,472	36,272
LIABILITIES			
Fund balance	36,472	36,472	36,272

Statement of Financial Activities

For the year ended December 31	Pinehurst Cemetery	2020	2019
	\$	\$	\$
REVENUES			
Sale of plots, donations, other	200	200	800
EXPENSES			
Pinehurst Cemetery	---	---	---
NET REVENUES FOR THE YEAR	200	200	800
BALANCE AT THE BEGINNING OF THE YEAR	36,272	36,272	35,472
BALANCE AT THE END OF THE YEAR	36,472	36,472	36,272

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

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

December 31, 2020

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	2020	2019
	\$	\$
ASSETS		
Cash	43,661	42,646
FUND BALANCES		
Reserves	43,661	42,646

Statement of Operations

For the year ended December 31	2020	2019
	\$	\$
REVENUES		
Other		
Investment income	437	1,258
Sale of plots, donations	3,205	4,079
Perpetual Care	---	700
	3,642	6,037
EXPENSES		
Honorariums, salaries and wages	1,900	2,439
Materials and services	727	435
Trustee	---	700
	2,627	3,574
NET REVENUES FOR THE YEAR	1,015	2,463

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.

Erika Heesen, 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, 2020;
- 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, 2020, 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 15, 2021.

Perth & District Union Public Library Board
Statement of Financial Position

December 31	2020	2019
	\$	\$
ASSETS		
Financial Assets		
Cash	358,598	360,640
Accounts receivable	24,536	27,010
	383,134	387,650
LIABILITIES		
Financial Liabilities		
Accounts payable and accrued liabilities	46,825	29,056
Deferred revenue	6,100	---
	52,925	29,056
NET FINANCIAL ASSETS	330,209	358,594
NON-FINANCIAL ASSETS		
Tangible capital assets (note 4) (Schedule 2)	502,633	523,996
ACCUMULATED SURPLUS (note 3)	832,842	882,590

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 7) Budget	2020	2019
	\$	\$	\$
REVENUES			
Government Grants			
Municipal Grants ▶ Perth	218,120	218,840	212,138
▶ Tay Valley	170,840	169,905	166,141
▶ Drummond/North Elmsley	169,890	170,105	165,221
Provincial Grants ▶ Operating	42,800	42,817	42,817
Other Grants	10,000	23,463	14,070
User Charges ▶ fees and service charges	7,500	3,466	8,344
Other Income			
Fines, other	10,000	5,182	11,122
Interest	5,500	3,761	6,833
Rentals	1,300	1,200	1,835
Book sales	3,200	2,814	4,010
Donations	45,700	22,513	152,683
TOTAL REVENUES	684,850	664,066	785,214
EXPENSES			
Amortization ▶ books	---	51,844	52,737
▶ building	---	67,470	53,867
▶ equipment and shelving	---	1,078	1,078
▶ leasehold improvements	---	2,639	2,639
Salaries, wages and employee benefits	460,800	430,107	432,966
Periodicals, newspapers and Ebooks	10,700	14,222	11,723
Utilities, telephone	17,000	13,449	14,663
Special programs, activities	54,450	19,196	46,577
Insurance, professional fees	17,000	26,919	27,508
Internet, videos, miscellaneous	5,700	3,852	5,075
Library, photocopy supplies	12,000	8,697	12,034
Technology	8,200	7,331	8,005
Maintenance and repairs	15,000	20,528	35,710
Fire hall lease and operations	6,000	2,696	3,095
Donation to Perth and District Community Foundation (note 6)	---	43,787	54,506
TOTAL EXPENSES	606,850	713,815	762,183
ANNUAL (DEFICIT) SURPLUS	78,000	(49,749)	23,031
ACCUMULATED SURPLUS, BEGINNING OF YEAR	882,590	882,590	859,559
ACCUMULATED SURPLUS, END OF YEAR	960,590	832,841	882,590

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	Budget	2020	2019
	\$	\$	\$
ANNUAL (DEFICIT) SURPLUS	78,000	(49,749)	23,031
Amortization of tangible capital assets	---	123,032	110,311
Acquisition of tangible capital assets	(60,000)	(101,668)	(129,242)
	(60,000)	21,364	(18,921)
 (DECREASE) INCREASE IN NET FINANCIAL ASSETS	 18,000	 (28,385)	 4,110
NET FINANCIAL ASSETS, BEGINNING OF YEAR	358,594	358,594	354,484
NET FINANCIAL ASSETS, END OF YEAR	376,594	330,209	358,594

Statement of Cash Flows

For the year ended December 31	2020	2019
	\$	\$
OPERATING ACTIVITIES		
Annual (deficit) surplus for the year	(49,749)	23,031
Amortization	123,032	110,321
	73,283	133,352
 Net Change in Non-Cash Working Capital Items		
Accounts receivable	2,474	62,602
Accounts payable and accrued liabilities	17,769	(28,262)
Deferred revenue	6,100	---
	26,343	34,340
Working Capital from Operations	99,626	167,692
 CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(101,668)	(129,242)
NET (DECREASE) INCREASE IN CASH	(2,042)	38,450
CASH, BEGINNING OF YEAR	360,640	322,190
CASH, END OF YEAR	358,598	360,640

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

Perth & District Union Public Library Board

Notes to the Financial Statements

December 31, 2020

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, 2020

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, 2020

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:

	2020	2019
	\$	\$
Surplus		
Invested in tangible capital assets	502,633	523,996
Reserves		
Insurance	10,000	10,000
Capital	104,293	127,143
Contingency	45,501	19,695
Infrastructure	151,355	148,355
Literacy	19,060	53,401
Total Reserves	330,209	358,594
Accumulated Surplus	832,842	882,590

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

December 31, 2020

4. Tangible Capital Assets

Net Book Value of Assets	2020	2019
	\$	\$
Land	125,000	125,000
Buildings	214,633	227,690
Leasehold improvements	10,559	13,198
Books	150,639	155,228
Machinery and equipment	1,802	2,880
	502,633	523,996

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, 2019.

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, 2020

6. Endowment Fund

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

	Literacy Fund	Collection Fund	Donation & Bequest	Total
	\$	\$	\$	\$
Opening Fund Balance - January 1, 2020	387,252	43,697	11,660	442,609
Net Investment Income	53,270	6,302	2,361	61,933
Grants transferred from PDCF	5,314	5,314	5,314	15,942
Contributions from Library Board	43,787	---	---	43,787
Grants from PDCF to Library Board	(12,888)	---	---	(12,888)
Closing Fund Balance - December 31, 2020	476,735	55,313	19,335	551,383

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 2020 is included in the budget figures presented in the Statement of Operations.

8. Impact of COVID-19

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ('COVID-19') as a pandemic. This resulted in governments worldwide, including the Canadian, Ontario and municipal governments, enacting emergency measures to combat the spread of the virus.

The pandemic has had significant operational and financial impacts including service reductions, declines in associated user fee revenues and additional costs. While impacts have been mitigated by associated funding and other cost saving measures, the pandemic has created uncertainty over current and future year operations and the financial position of the Board.

The duration and impact of COVID-19 are unknown at this time. It is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and conditions of the Board in future periods. The Board continues to closely monitor and assess the impact on its operations. It is management's assessment that the Board will have sufficient resources to mitigate the potential losses in 2021 as a result of COVID-19.

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

For the year ended December 31	(Note 7) Budget	2020	2019
	\$	\$	\$
Net Transfers From / (To) Other Funds			
Transfers from operations	18,000	73,028	148,003
Transfers to capital acquisitions	(5,000)	(57,850)	(89,387)
Transfers to Foundation	---	(43,563)	(54,506)
Total Net Transfers Approved By Board	13,000	(28,385)	4,110
Reserves, Change in Year	13,000	(28,385)	4,110
Reserves, Beginning of Year	358,594	358,594	354,484
Reserves, End of Year	371,594	330,209	358,594

Composition of Reserves

For the year ended December 31	2020	2019
	\$	\$
Reserves		
Insurance	10,000	10,000
Contingency	45,501	19,695
Literacy	19,060	53,401
	74,561	83,096
For Capital Purposes		
Capital	104,293	127,143
Infrastructure	151,355	148,355
	255,648	275,498
Total Reserves	330,209	358,594

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

Perth & District Union Public Library Board
Schedule 2 ► Tangible Capital Assets

December 31, 2020

Assets	Cost 01/01/20	Additions	(Disposals)	Cost 31/12/20	Accumulated Amortization 01/01/20	Additions	(Disposals)	Accumulated Amortization 31/12/20	Net Book Value 31/12/20
	\$	\$		\$	\$			\$	\$
Land	125,000	---	---	125,000	---	---	---	---	125,000
Building	947,686	54,413	---	1,002,099	719,996	67,470	---	787,466	214,633
Leasehold Improvements	25,592	---	---	25,592	12,394	2,639	---	15,033	10,559
Books	549,372	47,255	(53,502)	543,125	394,144	51,844	(53,502)	392,486	150,639
Shelving	84,627	---	---	84,627	84,627	---	---	84,627	---
Machinery & Equipment	59,941	---	---	59,541	57,061	1,078	---	58,139	1,802
	1,792,218	101,668	(53,502)	1,840,384	1,268,222	123,031	(53,502)	1,337,751	502,633

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

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

BBD&E Station
14 Sherbrooke St. E.
Perth, Ontario



South Sherbrooke Station
22110 Hwy. 7
Tay Valley Township

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, 2020;
- 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, 2020, 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
May 13, 2021.

Drummond/North Elmsley Tay Valley Fire Rescue

Statement of Financial Position

December 31	2020	2019
	\$	\$
ASSETS		
Financial Assets		
Cash	1,687,544	1,488,123
Government receivable	58,182	77,646
Accounts receivable	70,426	25,023
	1,816,152	1,590,792
LIABILITIES		
Financial Liabilities		
Accounts payable and accrued liabilities	145,302	45,722
Deferred revenue	4,791	---
	150,093	45,722
NET FINANCIAL ASSETS	1,666,059	1,545,070
NON-FINANCIAL ASSETS		
Tangible capital assets (note 5) (Schedule 2)	1,742,059	1,647,127
ACCUMULATED SURPLUS (note 4)	3,408,118	3,192,197

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	2020	2019
	\$	\$	\$
REVENUES			
Municipal contributions			
▸ Township of Drummond/North Elmsley	421,071	421,071	402,242
▸ Tay Valley Township	609,317	609,317	530,194
▸ Tay Valley Township ▸ South Sherbrooke reserve	---	---	120,000
▸ Township of Drummond/North Elmsley development charges	---	---	31,073
▸ Tay Valley Township development charges	---	---	36,800
▸ Tay Valley ▸ government grant	---	50,850	---
▸ Covid funding - municipal	---	3,665	---
Other			
▸ sale of vehicle	---	19,748	---
▸ fire fees, inspections, transfers	---	16,678	40,240
▸ investment income	---	16,066	37,113
▸ donations	---	5,315	200
TOTAL REVENUES	1,030,388	1,142,710	1,197,862
EXPENSES			
Administration (Schedule 3)	252,517	300,984	246,838
BBDE Fire Station (Schedule 4)	361,500	424,693	399,018
South Sherbrooke Fire Station (Schedule 5)	211,739	190,530	214,424
Smiths Falls Fire Agreement (Schedule 6)	10,832	10,582	10,446
TOTAL EXPENSES	836,588	926,789	870,726
NET REVENUES FROM OPERATIONS	193,800	215,921	327,136
ANNUAL SURPLUS	193,800	215,921	327,136
ACCUMULATED SURPLUS, BEGINNING OF YEAR	3,192,197	3,192,197	2,865,061
ACCUMULATED SURPLUS, END OF YEAR	3,385,997	3,408,118	3,192,197

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	2020	2019
	\$	\$
ANNUAL SURPLUS	215,921	327,136
Amortization of tangible capital assets	124,895	107,079
Acquisition of tangible capital assets	(219,827)	(525,132)
	(94,932)	(418,053)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	120,989	(90,917)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	1,545,070	1,635,987
NET FINANCIAL ASSETS, END OF YEAR	1,666,059	1,545,070

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	2020	2019
	\$	\$
OPERATING ACTIVITIES		
Annual surplus for the year	215,921	327,136
Net Change in Non-Cash Working Capital Items		
Government receivable	19,464	(58,343)
Accounts receivable	(45,403)	(5,808)
Inventory	---	5,998
Accounts payable and accrued liabilities	99,580	16,403
Deferred revenue	4,791	---
	78,432	(41,750)
Non-cash charges to operations		
Amortization	124,895	107,079
Working Capital from Operations	419,248	392,465
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(219,827)	(525,132)
NET INCREASE (DECREASE) IN CASH	199,421	(132,667)
CASH, BEGINNING OF YEAR	1,488,123	1,620,790
CASH, END OF YEAR	1,687,544	1,488,123

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, 2020

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, 2020

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, 2020

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, 2020

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, 2019.

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, 2020

4. Accumulated Surplus

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

	2020	2019
	\$	\$
Surplus		
BBDE Fire Station		
▸ invested in tangible capital assets	1,320,147	1,205,329
South Sherbrooke Fire Station		
▸ invested in tangible capital assets	421,912	441,798
	1,742,059	1,647,127
Reserves ▸ Administration		
Contingency	173,292	152,543
Reserves ▸ BBDE Fire Station		
Working funds	50,000	50,000
Contingency	160,257	155,257
Equipment	75,209	62,209
Apparatus	339,693	399,430
Bunker gear	34,000	28,000
Buildings	196,000	168,000
	855,159	862,896
Reserves ▸ South Sherbrooke		
Capital	470,607	418,307
Contingency	104,228	53,801
Bunker gear	36,836	31,836
	611,671	503,944
Reserves ▸ Smiths Falls Fire Agreement		
Fire calls	25,937	25,687
	1,666,059	1,545,070
Total Reserves	3,408,118	3,192,197

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

Drummond/North Elmsley Tay Valley Fire Rescue

Notes to the Financial Statements

December 31, 2020

5. Tangible Capital Assets

	2020			2019
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Land	30,000	---	30,000	30,000
Building	398,192	191,485	206,707	216,662
Vehicles	1,749,872	716,683	1,033,189	776,276
Equipment	517,884	80,785	437,099	452,243
Linear Assets	38,371	3,307	35,064	25,650
Work in Progress	---	---	---	146,296
	2,734,319	992,260	1,742,059	1,647,127

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 2020 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 \$14,708 (2019 \$10,188) 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.

Drummond/North Elmsley Tay Valley Fire Rescue

Notes to the Financial Statements

December 31, 2020

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, 2020, 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.

9. Impact of COVID-19

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ('COVID-19') as a pandemic. This resulted in governments worldwide, including the Canadian, Ontario and municipal governments, enacting emergency measures to combat the spread of the virus.

The pandemic has had significant operational and financial impacts including service reductions, declines in associated user fee revenues and additional costs. While impacts have been mitigated by associated funding and other cost saving measures, the pandemic has created uncertainty over current and future year operations and the financial position of the Board.

The duration and impact of COVID-19 are unknown at this time. It is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and conditions of the Board in future periods. The Board continues to closely monitor and assess the impact on its operations. It is management's assessment that the Board will have sufficient resources to mitigate the potential losses in 2021 as a result of COVID-19.

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

For the year ended December 31	(Note 6) Budget	2020	2019
	\$	\$	\$
Net Transfer From / (To) Other Funds			
Transfers from operations	193,800	230,202	406,634
Transfers to capital acquisitions	(350,000)	(109,213)	(497,551)
Total Net Transfers Approved By Board	(156,200)	120,989	(90,917)
Reserves, Change in Year	(156,200)	120,989	(90,917)
Reserves, Beginning of Year	1,545,070	1,545,070	1,635,987
Reserves, End of Year	1,388,870	1,666,059	1,545,070

Composition of Reserves

For the year ended December 31	2020	2019
	\$	\$
Reserves ► Administration		
Contingency	173,292	152,543
Reserves ► BBDE Fire Station		
Working funds	50,000	50,000
Contingency	160,257	155,257
Equipment	75,209	62,209
Apparatus	339,693	399,430
Bunker gear	34,000	28,000
Building	196,000	168,000
	855,159	862,896
Reserves ► South Sherbrooke		
Capital	470,607	418,307
Contingency	104,228	53,801
Bunker gear	36,836	31,836
	611,671	503,944
Reserves ► Smiths Falls Fire Agreement		
Fire calls	25,937	25,687
Total Reserves	1,666,059	1,545,070

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

BBDE Fire Station ► December 31, 2020

Asset Class	Cost 01/01/20	Additions	(Disposals)	Cost 31/12/20
	\$	\$	\$	\$
Land	30,000	---	---	30,000
Buildings	398,192	---	---	398,192
Vehicles	1,143,954	341,922	(81,758)	1,404,118
Equipment	332,458	7,077	---	339,535
Linear Assets	16,489	10,373	---	26,862
Work in Progress	146,296	---	(146,296)	---
	2,067,389	359,372	(228,054)	2,198,707

Asset Class	Accumulated Amortization 01/01/20	Amortization	(Disposals)	Accumulated Amortization 31/12/20	Net Book Value 31/12/20
	\$	\$	\$	\$	\$
Land	---	---	---	---	30,000
Buildings	181,530	9,955	---	191,485	206,707
Vehicles	639,234	69,640	(81,758)	627,116	777,002
Equipment	39,236	17,992	---	57,228	282,307
Linear Assets	2,060	671	---	2,731	24,131
Work in Progress	---	---	---	---	---
	862,060	98,258	(81,758)	878,560	1,320,147

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, 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

South Sherbrooke ► December 31, 2020

Asset Class	Cost 01/01/20	Additions	(Disposals)	Cost 31/12/20
	\$	\$	\$	\$
Equipment	171,598	6,751	---	178,349
Vehicles	345,754	---	---	345,754
Linear Assets	11,509	---	---	11,509
Work in Progress	---	---	---	---
	528,861	6,751	---	535,612

Asset Class	Accumulated Amortization 01/01/20	Amortization	(Disposals)	Accumulated Amortization 31/12/20	Net Book Value 31/12/20
	\$	\$	\$	\$	\$
Equipment	12,577	10,980	---	23,557	154,792
Vehicles	74,198	15,369	---	89,567	256,187
Linear Assets	288	288	---	576	10,933
Work in Progress	---	---	---	---	---
	87,063	26,637	---	113,700	421,912

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

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	2020	2019
	\$	\$	\$
Revenues			
Municipal contributions			
► Township of Drummond/North Elmsley	137,439	137,439	131,208
► Tay Valley Township	117,078	117,078	111,769
► Tay Valley Township ► government grant	---	50,850	---
Other			
► investment income	---	16,066	37,113
► donations	---	300	200
Total Revenues	254,517	321,733	280,290
Expenses			
Fire chief salary and benefits	119,695	120,319	109,430
Secretary treasurer salary and benefits	59,651	70,770	59,986
FP2 / Who's responding	7,000	3,578	---
Employer health tax	6,561	5,385	4,976
Bad debt	---	---	72
Telephone	5,600	4,921	5,526
Training and seminars	3,500	1,526	3,481
Office supplies	3,800	3,570	11,910
Inspection and prevention	2,000	1,148	1,447
Professional fees	6,000	5,237	11,332
Fire service agreements	10,000	10,000	10,000
Insurance	11,110	11,139	9,696
Advertising, subscription and memberships	2,500	1,460	1,844
Fuel	3,000	1,805	3,018
Administration, other	3,600	6,929	8,122
Computer and fire response software	8,500	2,347	---
Donations	---	---	5,998
Fire master plan	---	50,850	---
Total Expenses	252,517	300,984	246,838
Annual Surplus	2,000	20,749	33,452

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	2020	2019
	\$	\$	\$
Revenues			
Municipal contributions			
► Township of Drummond/North Elmsley	272,800	272,800	260,425
► Tay Valley Township	223,200	223,200	213,075
► Township of Drummond/North Elmsley development charges	---	---	31,073
► Tay Valley Township development charges	---	---	36,800
► Covid Funding - municipal	---	1,998	---
Other			
► sale of vehicle	---	18,576	---
► fire fees, inspections, transfers	---	15,199	32,322
Total Revenues	496,000	531,773	573,695
Expenses			
Amortization			
Building	---	9,955	9,955
Vehicles	---	69,640	52,544
Equipment	---	17,992	17,756
Linear assets	---	671	412
Operations			
Firefighter honourariums	211,700	206,223	195,785
Communications maintenance	4,000	3,638	1,535
Training and seminars	20,000	13,089	14,371
Clothing	4,500	5,288	3,514
Bunker gear	4,000	1,920	1,911
Bunker gear cleaning	3,700	4,578	2,499
Licenses	1,300	1,823	1,400
BBDE Fire Hall			
Power and water	8,700	6,543	7,165
Heating fuel	5,000	3,755	4,868
Building maintenance and other	18,500	16,090	18,941
Insurance	5,500	6,240	6,171
Vehicle and Equipment			
Vehicle and equipment maintenance	22,000	24,141	13,167
Minor equipment purchases	15,000	15,591	25,828
Fuel, oil, lubricants, etc.	7,700	5,437	5,275
Insurance	9,900	8,772	7,936
Minor capital	20,000	3,307	7,985
Total Expenses	361,500	424,693	399,018
Annual Surplus	134,500	107,080	174,677

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	2020	2019
	\$	\$	\$
Revenues			
Municipal contributions			
▶ Tay Valley Township	269,039	269,039	205,350
▶ Tay Valley Township ▶ South Sherbrooke reserve	---	---	120,000
▶ Covid Funding	---	1,667	---
Other			
▶ sale of vehicle	---	1,172	---
▶ fire fees, inspections, transfers	---	1,479	7,918
▶ donations	---	5,015	---
Total Revenues	269,039	278,372	333,268
Expenses			
Amortization	---	26,637	26,412
Operations			
Firefighter honourariums	96,109	62,788	83,520
Communications maintenance	3,000	369	2,138
Telephone	1,300	847	1,507
Training and seminars	15,000	7,630	20,218
Clothing	3,500	1,818	4,768
Bunker gear cleaning	2,500	1,819	2,065
Licenses	2,600	1,048	2,129
Fire Prevention			
Advertising, subscriptions and memberships	500	---	397
Emergency First Response			
Medical supplies	2,000	929	970
South Sherbrooke Fire Hall			
Power and water	6,000	4,073	4,218
Heating fuel	6,000	2,922	4,574
Building maintenance and other	7,500	18,684	8,122
Insurance	6,545	6,240	6,171
Vehicle and Equipment			
Minor equipment purchases	15,000	9,646	12,281
Vehicle and equipment maintenance	15,000	19,396	17,766
Fuel, oil, lubricants, etc.	3,500	1,083	2,512
Insurance	9,185	9,822	7,938
Minor capital	16,500	14,779	6,718
Total Expenses	211,739	190,530	214,424
Annual Surplus	57,300	87,842	118,844

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	2020	2019
	\$	\$	\$
Revenues			
Municipal contribution			
► Taxation raised in year	10,832	10,832	10,609
Expenses			
Fire Services Agreement	10,832	10,582	10,446
Annual Surplus	---	250	163

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