

Township of Greater Madawaska

Financial Statements

For the year ended 31 December 2020

MACKILLICAN & ASSOCIATES

CHARTERED PROFESSIONAL ACCOUNTANTS

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Corporation of the Township of Greater Madawaska (the "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 the significant accounting policies is contained in Note 1 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, 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 the consolidated financial statements. These systems are monitored and evaluated by management.

The 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 their approval of the consolidated financial statements.

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



Allison Holtzauer
CAO Clerk-Treasurer

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For the year ended 31 December 2020

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INDEPENDENT AUDITOR'S REPORT

To the Members of Council,
Inhabitants and Ratepayers of the
Corporation of the Township of Greater Madawaska.

Opinion

We have audited the consolidated financial statements of the Township of Greater Madawaska (the Township), which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of operations and accumulated surplus, consolidated statement of changes in net financial assets (liabilities) and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

A further description of the auditor's responsibilities for the audit of the financial statements is located at MacKillican's website at: http://mackillicans.com/PDF/Auditors_Responsibilities.pdf. This description forms part of our auditor's report.

Mac Killian & Associates

RENFREW, Ontario.
17 May 2021.

**Chartered Professional Accountants,
Licensed Public Accountants.**

620 Barnet Blvd.
Renfrew ON. K7V 0A8
T: 613.432.3664 | F: 613.432.8424
Email: info@mackillicans.com | Website: www.mackillicans.com

14 Madawaska Street – P.O. Box 94
Arnprior ON. K7S 3H2
T: 613.623.7926 | F: 613.623.7927

Township of Greater Madawaska
Consolidated Statement of Financial Position

As at 31 December 2020
(with 2019 figures for comparison)

	<u>2020</u>	<u>2019</u>
Financial assets:		
Cash	\$ 1,126,386	\$ 682,080
Taxes receivable	464,555	446,027
Accounts receivable	<u>642,573</u>	<u>669,305</u>
	<u>\$ 2,233,514</u>	<u>\$ 1,797,412</u>
Liabilities:		
Accounts payable and accrued liabilities	\$ 697,425	\$ 113,945
Deferred revenue - obligatory reserve funds (Note 7)	145,907	94,950
- other (Note 8)	27,545	27,943
Net long term liabilities (Note 5)	1,571,393	1,975,822
Employee future benefits (Note 2)	12,390	14,630
Landfill closure and post closure costs (Notes 2 and 9)	<u>1,673,100</u>	<u>1,673,100</u>
	<u>\$ 4,127,760</u>	<u>\$ 3,900,390</u>
Net financial assets (liabilities)	<u>\$ (1,894,246)</u>	<u>\$ (2,102,978)</u>
Non-financial assets:		
Tangible capital assets (net)	\$ 14,457,211	\$ 14,182,964
Construction in progress	461,270	90,681
Inventories of supplies	196,395	137,896
Prepaid expenses	<u>27,534</u>	<u>35,570</u>
	<u>\$ 15,142,410</u>	<u>\$ 14,447,111</u>
Accumulated surplus	<u>\$ 13,248,164</u>	<u>\$ 12,344,133</u>
Accumulated surplus comprised of:		
Equity in tangible capital assets (Note 13)	\$ 12,290,391	\$ 11,955,340
Reserve and reserve funds	2,606,794	2,044,060
Library Board	36,469	32,463
Unfunded - employee future benefits (Note 2)	(12,390)	(14,630)
Unfunded - landfill closure and post closure costs (Note 2)	<u>(1,673,100)</u>	<u>(1,673,100)</u>
Total accumulated surplus	<u>\$ 13,248,164</u>	<u>\$ 12,344,133</u>

(See accompanying notes)

Township of Greater Madawaska
Consolidated Statement of Operations and Accumulated Surplus
For the year ended 31 December 2020
(with 2020 budget and 2019 actual figures for comparison)

	<u>2020</u> <u>Budget</u>	<u>2020</u> <u>Actual</u>	<u>2019</u> <u>Actual</u>
Revenue:			
Taxation and user charges	\$ 4,113,870	\$ 4,126,537	\$ 4,026,234
Government transfers:			
Ontario	1,714,480	1,494,120	2,520,073
Canada	83,150	80,004	167,386
Other municipalities	24,500	25,243	25,551
Other	<u>316,570</u>	<u>524,634</u>	<u>452,020</u>
	<u>\$ 6,252,570</u>	<u>\$ 6,250,538</u>	<u>\$ 7,191,264</u>
Expenses:			
General government	\$ 899,470	\$ 1,087,932	\$ 1,104,344
Protection to persons and property	1,202,349	1,124,110	1,173,519
Transportation services	2,039,335	2,044,657	1,977,235
Environmental services	513,179	518,447	512,836
Health services	30,500	30,474	29,877
Recreation and cultural services	467,819	398,736	445,281
Planning and development	<u>142,010</u>	<u>142,151</u>	<u>133,839</u>
	<u>\$ 5,294,662</u>	<u>\$ 5,346,507</u>	<u>\$ 5,376,931</u>
Excess of revenue over expenses	\$ 957,908	\$ 904,031	\$ 1,814,333
Accumulated surplus at the beginning of the year	<u>12,344,133</u>	<u>12,344,133</u>	<u>10,529,800</u>
Accumulated surplus at the end of the year	<u>\$ 13,302,041</u>	<u>\$ 13,248,164</u>	<u>\$ 12,344,133</u>

(See accompanying notes)

Township of Greater Madawaska
Consolidated Statement of Changes in Net Financial Assets (Liabilities)
 For the year ended 31 December 2020
 (with 2020 budget and 2019 actual figures for comparison)

	<u>2020</u> <u>Budget</u>	<u>2020</u> <u>Actual</u>	<u>2019</u> <u>Actual</u>
Excess of revenue over expenses	\$ 957,908	\$ 904,031	\$ 1,814,333
Amortization of tangible capital assets	901,912	901,912	825,482
Acquisition of tangible capital assets	(2,574,920)	(1,547,218)	(2,299,498)
Loss on disposal of capital assets		470	8,746
Use of (acquisition of) prepaid expenses		8,036	(9,041)
Use of (acquisition of) inventory	<u> </u>	<u>(58,499)</u>	<u>(78,311)</u>
Increase (decrease) in net financial assets	\$ (715,100)	\$ 208,732	\$ 261,711
Net financial assets (liabilities) at the beginning of the year	<u>(2,102,978)</u>	<u>(2,102,978)</u>	<u>(2,364,689)</u>
Net financial assets (liabilities) at the end of the year	<u>\$ (2,818,078)</u>	<u>\$ (1,894,246)</u>	<u>\$ (2,102,978)</u>

(See accompanying notes)

Township of Greater Madawaska
Consolidated Statement of Cash Flows
For the year ended 31 December 2020
(with 2019 figures for comparison)

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Excess of revenue over expenses	\$ 904,031	\$ 1,814,333
Add (deduct) items which do not involve cash:		
- amortization	901,912	825,482
- loss on disposal of capital assets	470	8,746
- deferred revenue	50,559	(552,465)
- employee future benefits	<u>(2,240)</u>	<u>(12,213)</u>
	<u>\$ 1,854,732</u>	<u>\$ 2,083,883</u>
Net change in non cash working capital balances related to operations:		
- decrease (increase) in taxes receivable	\$ (18,528)	\$ 18,860
- decrease (increase) in accounts receivable	26,732	(420,293)
- decrease (increase) in inventories of supplies	(58,499)	(78,311)
- increase (decrease) in accounts payable and accrued liabilities	583,480	(534,436)
- decrease (increase) in prepaid expenses	<u>8,036</u>	<u>(9,041)</u>
	<u>\$ 541,221</u>	<u>\$ (1,023,221)</u>
Cash flows from operating activities	<u>\$ 2,395,953</u>	<u>\$ 1,060,662</u>
Cash flows from financing activities:		
Decrease in long term liabilities	\$ (404,429)	\$ (297,201)
Increase (decrease) in temporary loan - capital		(1,106,613)
Proceeds from long term liability	<u> </u>	<u>1,366,098</u>
Cash flows used for financing activities	<u>\$ (404,429)</u>	<u>\$ (37,716)</u>
Cash flows used for capital activities:		
Additions to tangible capital assets:		
General government		\$ (84,187)
Transportation services	\$ (1,480,179)	(2,040,640)
Recreation and cultural services	<u>(67,039)</u>	<u>(174,671)</u>
Cash flows used for capital activities	<u>\$ (1,547,218)</u>	<u>\$ (2,299,498)</u>
Increase (decrease) in cash and cash equivalents during the year	\$ 444,306	\$ (1,276,552)
Cash and cash equivalents at the beginning of the year	<u>682,080</u>	<u>1,958,632</u>
Cash and cash equivalents at the end of the year	<u><u>\$ 1,126,386</u></u>	<u><u>\$ 682,080</u></u>

(See accompanying notes)

Township of Greater Madawaska
Notes to the Consolidated Financial Statements
For the year ended 31 December 2020

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Corporation of the Township of Greater Madawaska are the representation of management prepared in accordance with generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

The focus of PSAB financial statements is on the financial position of the Township and changes thereto. The Consolidated Statement of Financial Position reports financial assets and liabilities. Financial assets are available to provide resources to discharge existing liabilities or finance future operations. Municipal position represents the financial position of the Township and is the difference between financial assets and liabilities. This information explains the Township's overall future revenue requirements and its ability to finance activities and meet its obligations.

(a) Reporting Entity

- (i) The consolidated financial statements reflect financial assets, liabilities, operating revenues and expenditures, 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 organizational transactions and balances between these organizations are eliminated.

These consolidated financial statements include:

Township of Greater Madawaska Library Board

- (ii) Accounting for County and School Board Transactions

The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the county and school boards are not reflected in the municipal fund balances of these financial statements.

- (iii) Trust fund and its related operations administered by the Township is not included in these financial statements but is reported separately.

(b) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which transactions or events occurred that gave rise to the revenue; expenses are recognized in the period goods or services are acquired and a liability is incurred or transfers are due.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed.

(c) Non-financial Assets

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 revenue over expenditure, provides the change in net financial assets for the year.

Township of Greater Madawaska
Notes to the Consolidated Financial Statements
For the year ended 31 December 2020

(d) Tangible Capital Assets

- (i) Tangible capital assets (TCAs) are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Where the cost was not readily determinable, the assets were valued at their current fair market value and then discounted back to their in-service date using the Non-Residential Building Construction Price Index (NRBCPI) for buildings and using the Consumer Price Index (CPI) for all other assets. Land for road segments is valued at \$ 1.00 per segment. All other land is valued at cost. Where cost was not readily determinable, the land was given a value of \$ 1.00 per segment. 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 improvements	20 - 50 years
Buildings	20 - 50 years
Machinery and equipment	5 - 50 years
Vehicles	7 - 15 years
Linear assets	10 - 45 years

Amortization is calculated commencing the first month of the year following acquisition using the above rates. In the year of disposal, a full year of amortization will be charged against the asset. Capital work in progress is not amortized until it is put into service.

The Township has a capitalization threshold of \$ 5,000, so that individual TCAs of lesser value are expensed, unless they are pooled because, collectively, they have significant value, or for operational reasons.

(ii) Contribution of Tangible Capital Assets

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 expenditure equal to the net book value of the assets as of the date of transfer.

(iii) 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 expenditure as incurred.

(e) Inventories

Inventories held for consumption are recorded at the lower of cost or replacement cost on an individual basis.

(f) Investment Income

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

(g) Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or are the result of a direct financial return.

Government transfers are recognized in the financial statements in the period in which the 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.

Township of Greater Madawaska
Notes to the Consolidated Financial Statements
For the year ended 31 December 2020

- (h) **Deferred Revenue**
 Certain amounts are received pursuant to regulations or agreement and may only be used in the conduct of certain programs or in the delivery of specific services and transactions. These amounts are recognized as revenue in the fiscal year the related expenditures are incurred or services performed.
- (i) **Deferred Revenue - Obligatory Reserve Funds**
 The Township receives restricted contributions under the authority of provincial and federal 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 expenditures are recorded as revenue in the fiscal period they are expended.
- (j) **Use of Estimates**
 The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the year. Actual results could differ from these estimates. Significant estimates include the allowance for doubtful taxes, landfill closure and post closure costs, employee future benefits and amortization.
- (k) **Cash and Cash Equivalents**
 Cash and cash equivalents are comprised of cash and investments due no greater than three months from the date of acquisition or that are cashable on demand.
- (l) **Revenue Recognition**
 Taxation revenue consists of non-exchange transactions. It is recognized in the period to which the assessment relates and reasonable estimates of amounts can be made. Annual revenue also includes adjustments related to reassessments or appeals related to prior years. Fees and user charges relate to licensing fees, fees for use of various programming, and fees imposed based on specific activities. Revenue is recognized when the activity is performed or when the services are rendered.
- (m) **Financial Instruments**
 Financial instruments include cash, accounts receivable, accounts payable and accrued liabilities and net long term liabilities. Unless otherwise noted, it is management's opinion that the Municipality is not exposed to significant interest, currency or credit risks arising from these financial instruments.
- The carrying amounts reported on the statement of financial position for cash, accounts receivable and accounts payable and accrued liabilities, approximates their fair values due to the immediate and short term maturities of these financial instruments.
- The fair value of net long term liabilities, including the current portion, is based on rates currently available to the Township with similar terms and maturities and approximates its carrying amounts as disclosed on the statement of financial position.

2. AMOUNTS TO BE RECOVERED

Amounts to be recovered represent the requirement of the Township to raise funds in subsequent periods to finance unfunded liabilities, comprised of the landfill closure costs of \$ 250,000 (2019 - \$ 250,000), post closure costs of \$ 1,423,100 (2019 - \$ 1,423,100) and employee future benefits of \$ 12,390 (2019 - \$ 14,630).

Township of Greater Madawaska
Notes to the Consolidated Financial Statements
For the year ended 31 December 2020

3. TRUST FUND

Trust fund administered by the Township, totaling \$ 3,467 (2019 - \$ 3,467) are presented in a separate financial statement of trust fund financial position and operations. As such, balances held in trust by the Township for the benefit of others have not been included in the Consolidated Statement of Financial Position nor have its operations been included in the Consolidated Statement of Operations.

4. OPERATIONS OF SCHOOL BOARDS AND COUNTY OF RENFREW

During 2020, the Township levied property taxes and payments in lieu of property taxes on behalf of the School Boards and County of Renfrew as follows:

	<u>School Boards</u>	<u>County</u>
Property taxes	\$ 1,338,416	\$ 2,978,486
Payments in lieu	<u>7,463</u>	<u>55,999</u>
	<u>\$ 1,345,879</u>	<u>\$ 3,034,485</u>

5. NET LONG TERM LIABILITIES

- (a) The balance of net long term liabilities of \$ 1,571,393 (2019 - \$ 1,975,822) reported on the "Consolidated Statement of Financial Position" is made up of long term liabilities incurred by the Township and includes those incurred on behalf of municipal enterprises.

	<u>2020</u>	<u>2019</u>
(b) Ontario Infrastructure and Lands Corporation debenture payable, interest at 2.31%, \$ 28,850 plus interest payable semi-annually, maturing August 2025	\$ 288,500	\$ 346,200
Ontario Infrastructure and Lands Corporation debenture payable, interest at 1.56%, \$ 24,743 plus interest payable semi-annually, matured August 2020		49,486
Ontario Infrastructure and Lands Corporation debenture payable, interest at 1.63%, \$ 67,342 plus interest payable semi-annually, maturing December 2021	134,685	269,369
Ontario Infrastructure and Lands Corporation debenture payable, interest at 2.74%, \$ 55,331 plus interest payable semi-annually, maturing April 2029	940,621	1,051,282
Ontario Infrastructure and Lands Corporation debenture payable, interest at 2.24%, \$ 25,948 plus interest payable semi-annually, maturing December 2024	<u>207,587</u>	<u>259,485</u>
Net long term liabilities at the end of the year	<u>\$ 1,571,393</u>	<u>\$ 1,975,822</u>

Township of Greater Madawaska
Notes to the Consolidated Financial Statements
For the year ended 31 December 2020

5. NET LONG TERM LIABILITIES (Continued)

(c) Principal and interest payments required on the long term liabilities are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 354,942	\$ 36,448	\$ 391,390
2022	220,258	30,178	250,436
2023	220,258	24,650	244,908
2024	220,258	19,178	239,436
2025	168,361	13,886	182,247
2026 to 2029	<u>387,316</u>	<u>21,229</u>	<u>408,545</u>
	<u>\$ 1,571,393</u>	<u>\$ 145,569</u>	<u>\$ 1,716,962</u>

6. CHARGES FOR NET LONG TERM LIABILITIES

(a) Total charges for the year for net long term liabilities are as follows:

	<u>2020</u>	<u>2019</u>
Principal	\$ 404,429	\$ 297,201
Interest	<u>51,300</u>	<u>44,732</u>
	<u>\$ 455,729</u>	<u>\$ 341,933</u>

These payments are within the annual debt repayment limit as prescribed by the Ministry of Municipal Affairs and Housing under Ontario Regulation 403/02.

(b) The interest charges shown in (a) above are reported on the Consolidated Statement of Operations under the appropriate functional expenditure heading.

7. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

A requirement of the public sector accounting principles of the Chartered Professional Accountants of Canada is that obligatory reserve funds be reported as deferred revenue. This requirement is in place because federal, provincial and municipal legislation restricts how these funds may be used. The balances in the obligatory reserve funds of the Township are summarized below:

(a) The balance of deferred revenue - obligatory reserve funds on the "Consolidated Statement of Financial Position" at the end of the year is comprised of the following externally restricted reserve funds:

	<u>2020</u>	<u>2019</u>
Park development	\$ 23,051	\$ 22,818
Development charges	118,576	67,852
Shoreline	<u>4,280</u>	<u>4,280</u>
	<u>\$ 145,907</u>	<u>\$ 94,950</u>

Township of Greater Madawaska
Notes to the Consolidated Financial Statements
For the year ended 31 December 2020

7. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS (Continued)

(b) Transactions during the year in the deferred revenue - obligatory reserve funds are as follows:

	<u>2020</u>	<u>2019</u>
Balance at the beginning of the year	\$ 94,950	\$ 58,557
Gas tax revenue received	76,387	157,010
Development charges	96,150	92,304
Interest earned	<u>1,434</u>	<u>1,382</u>
	\$ 268,921	\$ 309,253
Utilized during the year	<u>(123,014)</u>	<u>(214,303)</u>
Balance at the end of the year	<u>\$ 145,907</u>	<u>\$ 94,950</u>

8. DEFERRED REVENUE - OTHER

	<u>2020</u>	<u>2019</u>
General government	\$ 15,000	\$ 15,000
Miscellaneous		12,943
Recreation	<u>12,545</u>	<u></u>
	<u>\$ 27,545</u>	<u>\$ 27,943</u>

9. 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. Under environmental law, there is a requirement for closure and post closure care of solid waste landfill sites. This requirement is to be provided for over the estimated remaining life of the landfill site 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 ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. Some closure costs are incurred on an ongoing basis and are included in the yearly fiscal operating budget. All remaining expected closure and post closure costs have been discounted at the Township's average long term borrowing rate, net of estimated inflation. There is currently \$ 340,000 in reserves set aside for either closure or post closure activities.

The reported liability is based on estimates and assumptions with respect to events extending over the useful life and estimated post closure care period using the best information available to management. Future events may result in significant changes to the estimated total expenditures, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

Landfill sites' estimated remaining capacity in cubic metres	42,445
Landfill sites' remaining useful life in years	30
Expected years of post closure care	25

The estimated total undiscounted expenses over the 25 year post closure period amount to approximately \$ 1,423,100.

Township of Greater Madawaska
Notes to the Consolidated Financial Statements
For the year ended 31 December 2020

10. CONTINGENT LIABILITIES

The nature of municipal activities is such that there may be litigation pending or in prospect at any time. The Township of Greater Madawaska is not aware of any claims or possible claims as at 31 December 2020.

11. BUDGET FIGURES

The operating budget approved by the Township of Greater Madawaska for 2020 is reflected on the Consolidated Statement of Operations. The budget established for capital investment in tangible capital assets is on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual expenditure amounts. As well, the Township does not budget activity within reserves and reserve funds, with the exception being those transactions which affect either operations or capital investments. Budget figures have been reclassified for the purpose of these financial statements to comply with PSAB reporting requirements. The budgeted figures are unaudited.

12. TANGIBLE CAPITAL ASSETS

The Schedule of Tangible Capital Assets provides information on the tangible capital assets of the Township by major asset class and by functional classification, as well as for accumulated amortization of the assets controlled. The reader should be aware of the following information relating to tangible capital assets:

(i) Contributed Tangible Capital Assets

The Township records all tangible capital assets contributed by an external party at fair value on the earlier of the date received or of the transfer of risk and responsibility. Typical examples are roadways, water and sewer lines installed by a developer as part of a subdivision agreement. Roadways contributed in 2020 were \$ Nil (2019 - \$ Nil).

(ii) Tangible Capital Assets Recognized at Nominal Value

Certain assets have been assigned a nominal value of one dollar, because of the difficulty of determining a tenable valuation. The most significant such assets are the Township's road allowances. The 2020 road network had segments, each of which has been assigned a value of one dollar for the road allowance itself.

13. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2020</u>	<u>2019</u>
Tangible capital assets - net	\$ 14,457,211	\$ 14,182,964
Construction in progress	461,270	90,681
Net long term liabilities	(1,571,393)	(1,975,822)
Amounts to be funded in future years	<u>(1,056,697)</u>	<u>(342,483)</u>
Equity in tangible capital assets	<u>\$ 12,290,391</u>	<u>\$ 11,955,340</u>

Township of Greater Madawaska
Notes to the Consolidated Financial Statements
For the year ended 31 December 2020

14. PENSION CONTRIBUTIONS

The Municipality makes contributions to the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. During the year ended 31 December 2020, the Municipality contributed \$ 112,587 (2019 - \$ 120,881) to the plan and is included as an expense in the consolidated statement of operations. The Township does not recognize in its consolidated financial statements any share of the pension plan deficit as this is a joint responsibility of all Ontario municipalities and their employees. The pension plan deficit for 2020 is (\$ 7,655,000,000) (surplus for 2019 - \$ 1,531,000,000) based on the fair market value of the plan's assets.

15. CONTRACTUAL OBLIGATIONS

The Township has not negotiated a contract with the Ontario Provincial Police for the provision of policing services, however the Ontario Provincial Police provide policing services on an annual basis. Annual charges are determined based on the level of service and are reconciled to actual costs in the following year. The cost for 2020 was \$ 722,160 (2019 - \$ 704,756).

The Township has entered into a financing agreement with three other Municipalities and the Renfrew & Area Health Services Village. This agreement provides a Line of Credit to the Renfrew & Area Health Services Village to a maximum of \$ 510,000 to be repaid in full by 31 December 2024 with no set annual repayment. Each Municipality is responsible for an equal share of the balance outstanding. As at 31 December 2020 the total outstanding balance is \$ 128,117.

16. MUNICIPALITIES BENEFIT COMMITTEE

The Township of Greater Madawaska is a member of the Municipalities Benefit Committee (MBC) which is an employee group benefits plan arranged through Manulife to share in the financial risk of extended health and dental benefits. In the event that a deficit position is incurred, the Township of Greater Madawaska must repay their pro-rata share of the deficit through a lump sum deposit or an increase in future annual premiums collected through the monthly billed rates. In the case of a surplus position, upon full funding of the claims fluctuation reserve (CFR), the surplus is transferred into a deposit account held by Manulife on the MBC's behalf. The surplus funds in the deposit account are to be used to fund premium requirements, enhancements to the benefit plan or fund future deficits. If the Township of Greater Madawaska leaves the MBC, the Township forfeits its right to any surplus.

17. PRIVATE WATER SYSTEMS

A \$ 50,000 letter of credit has been established by an individual in respect of a sewage system on a specific property, which contains a condominium, and can be drawn on by the Township of Greater Madawaska at any time on demand should there be any deficiencies in the system.

The Township entered into a municipal responsibility agreement (MRA) in respect of a water and sewage system on a specific property. The MRA, as per By-Law 01-2020, protects the financial interest of the Township as it defines the Owner's design, operation, maintenance and financial responsibilities associated with the proposed private communal water supply and sanitary sewage system as set out in the terms of the agreement.

In the event that the Township is required to assume responsibility for either system, the Township would be responsible for all costs associated with the systems.

Township of Greater Madawaska
Notes to the Consolidated Financial Statements
For the year ended 31 December 2020

18. SEGMENTED INFORMATION

(a) The Township is responsible for providing a wide range of services to its citizens. The Township reports on functional areas and programs in its consolidated financial statements. A brief description of each segment follows:

- i) General government is comprised of council and administration and is responsible for the overall governance and management of the Municipality.
- ii) Protection is comprised of police, fire, and other protective services.
- iii) Transportation is comprised of roads including parking, signs and signals, streetlights and the maintenance of roads of the Township.
- iv) Environmental services include solid waste and recycling services.
- v) Recreation and cultural services include parks and recreation and libraries.
- vi) Planning and development services are comprised of managing development for residential and business interests, as well as infrastructure and parks.

(b) For each functional area, expenditures represent both amounts that are directly attributable to the functional area and amounts that are allocated on a reasonable basis. The expenditures for 31 December 2020 are as follows:

	Salaries and <u>benefits</u>	Interest on long term <u>debt</u>	Materials and contracted <u>services</u>	Rent and external <u>transfers</u>	<u>Amortization</u>	<u>Total</u>
General government	\$ 571,162	\$ 7,750	\$ 474,730		\$ 34,290	\$ 1,087,932
Protection services	182,501	1,782	867,443	\$ 1,395	70,989	1,124,110
Transportation services	704,565	41,768	652,059		646,265	2,044,657
Environmental services	140,418		284,450		93,579	518,447
Health services				30,474		30,474
Recreation services	171,900		160,047	10,000	56,789	398,736
Planning and development	<u>99,022</u>		<u>43,129</u>			<u>142,151</u>
	<u>\$ 1,869,568</u>	<u>\$ 51,300</u>	<u>\$ 2,481,858</u>	<u>\$ 41,869</u>	<u>\$ 901,912</u>	<u>\$ 5,346,507</u>

(c) The expenditures for 31 December 2019 are as follows:

	Salaries and <u>benefits</u>	Interest on long term <u>debt</u>	Materials and contracted <u>services</u>	Rent and external <u>transfers</u>	<u>Amortization</u>	<u>Total</u>
General government	\$ 566,534	\$ 11,553	\$ 497,989		\$ 28,268	\$ 1,104,344
Protection services	214,932	4,199	868,916	\$ 1,367	84,105	1,173,519
Transportation services	686,555	28,980	681,819		579,881	1,977,235
Environmental services	148,254		271,003		93,579	512,836
Health services				29,877		29,877
Recreation services	196,834		196,566	12,077	39,649	445,126
Planning and development	<u>97,504</u>		<u>36,490</u>			<u>133,994</u>
	<u>\$ 1,910,613</u>	<u>\$ 44,732</u>	<u>\$ 2,552,783</u>	<u>\$ 43,321</u>	<u>\$ 825,482</u>	<u>\$ 5,376,931</u>

Township of Greater Madawaska
Notes to the Consolidated Financial Statements
For the year ended 31 December 2020

19. COVID-19

To help contain the spread of the COVID-19 virus and to protect the public, measures have been introduced at various levels of government. The virus and the measures introduced could have a material impact on future operations. The extent of the impact of the COVID-19 virus and the government's response cannot be reliably estimated at this time.

Township of Greater Madawaska
Schedule of General Operations
For the year ended 31 December 2020
(with 2020 budget and 2019 actual figures for comparison)

	<u>2020</u> <u>Budget</u>	<u>2020</u> <u>Actual</u>	<u>2019</u> <u>Actual</u>
Revenue:			
Net municipal taxation	\$ 4,113,870	\$ 4,126,537	\$ 4,026,234
Government transfers:			
Ontario	1,703,480	1,480,998	2,507,185
Canada	83,150	80,004	167,386
Other municipalities	24,500	25,243	25,551
Other	<u>322,570</u>	<u>519,945</u>	<u>445,752</u>
	<u>\$ 6,247,570</u>	<u>\$ 6,232,727</u>	<u>\$ 7,172,108</u>
Expenses:			
General government	\$ 898,440	\$ 1,086,904	\$ 1,106,279
Protection to persons and property	1,204,149	1,125,890	1,173,582
Transportation services	2,040,135	2,045,437	1,984,556
Environmental services	513,179	518,447	513,815
Health services	30,500	30,474	29,877
Recreation and cultural services	387,039	352,718	361,042
Planning and development	<u>143,310</u>	<u>143,472</u>	<u>134,998</u>
	<u>\$ 5,216,752</u>	<u>\$ 5,303,342</u>	<u>\$ 5,304,149</u>
Excess of revenue over expenses	<u>\$ 1,030,818</u>	<u>\$ 929,385</u>	<u>\$ 1,867,959</u>
Transfers:			
Transfer to Library Board	\$ (69,180)	\$ (31,600)	\$ (65,766)
Transfer from (to) reserves	56,910	(562,734)	(546,754)
Transfer to equity in tangible capital assets	<u>(1,018,548)</u>	<u>(335,051)</u>	<u>(1,255,439)</u>
Net transfers	<u>\$ (1,030,818)</u>	<u>\$ (929,385)</u>	<u>\$ (1,867,959)</u>
Change in general surplus for the year	\$ -	\$ -	\$ -
General surplus at the beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>
General surplus at the end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(See accompanying notes)

Township of Greater Madawaska
Schedule of Tangible Capital Assets
For the year ended 31 December 2020
(with 2019 figures for comparison)

Segmented by asset class:	Balance at 31 December <u>2019</u>	<u>Additions</u>	Disposals, write-offs and adjustments	Balance at 31 December <u>2020</u>
<u>Cost</u>				
Land	\$ 521,448			\$ 521,448
Land improvements	1,537,852	\$ 22,729		1,560,581
Buildings	3,741,091		\$ (470)	3,740,621
Machinery and equipment	1,751,830	97,885	(16,075)	1,833,640
Vehicles	3,479,692	679,928	(693,798)	3,465,822
Linear assets	18,928,127	376,087		19,304,214
Capital work in progress	<u>90,681</u>	<u>370,589</u>		<u>461,270</u>
Total	<u>\$ 30,050,721</u>	<u>\$ 1,547,218</u>	<u>\$ (710,343)</u>	<u>\$ 30,887,596</u>

Accumulated <u>amortization</u>	Balance at 31 December <u>2019</u>	<u>Amortization</u>	Disposals, write-offs and adjustments	Balance at 31 December <u>2020</u>
Land improvements	\$ 588,255	\$ 55,105		\$ 643,360
Buildings	1,163,577	90,242		1,253,819
Machinery and equipment	697,842	80,728	\$ (16,075)	762,495
Vehicles	2,032,692	178,447	(693,798)	1,517,341
Linear assets	<u>11,294,710</u>	<u>497,390</u>		<u>11,792,100</u>
Total	<u>\$ 15,777,076</u>	<u>\$ 901,912</u>	<u>\$ (709,873)</u>	<u>\$ 15,969,115</u>

<u>Net book value</u>	Balance at 31 December <u>2019</u>	Balance at 31 December <u>2020</u>
Land	\$ 521,448	\$ 521,448
Land improvements	949,597	917,221
Buildings	2,577,514	2,486,802
Machinery and equipment	1,053,988	1,071,145
Vehicles	1,447,000	1,948,481
Linear assets	7,633,417	7,512,114
Capital work in progress	<u>90,681</u>	<u>461,270</u>
Total	<u>\$ 14,273,645</u>	<u>\$ 14,918,481</u>

(See accompanying notes)

Township of Greater Madawaska
Schedule of Tangible Capital Assets
For the year ended 31 December 2020
(with 2019 figures for comparison)

Segmented by function: <u>Cost</u>	Balance at 31 December <u>2019</u>	<u>Additions</u>	Disposals, write-offs and adjustments	Balance at 31 December <u>2020</u>
General government	\$ 1,735,503			\$ 1,735,503
Protection services	1,433,739		\$ (81,871)	1,351,868
Transportation services	22,576,065	\$ 1,480,179	(618,472)	23,437,772
Environmental services	2,237,110			2,237,110
Recreation and cultural services	<u>2,068,304</u>	<u>67,039</u>	<u>(10,000)</u>	<u>2,125,343</u>
Total	<u>\$ 30,050,721</u>	<u>\$ 1,547,218</u>	<u>\$ (710,343)</u>	<u>\$ 30,887,596</u>

<u>Accumulated amortization</u>	Balance at 31 December <u>2019</u>	<u>Amortization</u>	Disposals, write-offs and adjustments	Balance at 31 December <u>2020</u>
General government	\$ 463,061	\$ 34,290		\$ 497,351
Protection services	811,535	70,989	\$ (81,871)	800,653
Transportation services	13,033,615	646,265	(618,002)	13,061,878
Environmental services	942,090	93,579		1,035,669
Recreation and cultural services	<u>526,775</u>	<u>56,789</u>	<u>(10,000)</u>	<u>573,564</u>
Total	<u>\$ 15,777,076</u>	<u>\$ 901,912</u>	<u>\$ (709,873)</u>	<u>\$ 15,969,115</u>

<u>Net book value</u>	Balance at 31 December <u>2019</u>	Balance at 31 December <u>2020</u>
General government	\$ 1,272,442	\$ 1,238,152
Protection services	622,204	551,215
Transportation services	9,542,450	10,375,894
Environmental services	1,295,020	1,201,441
Recreation and cultural services	<u>1,541,529</u>	<u>1,551,779</u>
Total	<u>\$ 14,273,645</u>	<u>\$ 14,918,481</u>

(See accompanying notes)

Township of Greater Madawaska
Schedule of Reserves and Reserve Funds
For the year ended 31 December 2020
(with 2019 figures for comparison)

	<u>2020</u>	<u>2019</u>
Contributions:		
From operations	\$ <u>653,141</u>	\$ <u>758,411</u>
Transfers:		
To operations	\$ 29,400	\$ 55,331
To tangible capital acquisitions	<u>61,007</u>	<u>156,326</u>
	<u>\$ 90,407</u>	<u>\$ 211,657</u>
Change in reserves and reserve funds balance	\$ 562,734	\$ 546,754
Reserves and reserve funds at the beginning of the year	<u>2,044,060</u>	<u>1,497,306</u>
Reserves and reserve funds at the end of the year	<u>\$ 2,606,794</u>	<u>\$ 2,044,060</u>
Reserves:		
Working capital	\$ 366,404	\$ 366,404
Capital works	666,218	508,626
General Recreation	12,793	12,793
Recreation	24,454	24,454
Rink	9,562	7,017
Calabogie Recreation	9,115	9,115
Parks	16,240	17,240
One time funding	725,242	607,697
Post Closure	340,000	340,000
Other	<u>436,766</u>	<u>150,714</u>
Total reserves	<u>\$ 2,606,794</u>	<u>\$ 2,044,060</u>

(See accompanying notes)



INDEPENDENT AUDITOR'S REPORT

To the Members of Council,
Inhabitants and Ratepayers of the
Corporation of the Township of Greater Madawaska.

Opinion

We have audited the financial statements of the Township of Greater Madawaska Trust Fund (the Trust), which comprise the statement of financial position as at 31 December 2020, and the statement of operations and change in fund balance for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Trust 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 PSAB, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Trust'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 Trust or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

A further description of the auditor's responsibilities for the audit of the financial statements is located at *MacKillican's* website at: http://mackillicans.com/PDF/Auditors_Responsibilities.pdf. This description forms part of our auditor's report.

Mac Killian + Associates

RENFREW, Ontario.
17 May 2021.

**Chartered Professional Accountants,
Licensed Public Accountants.**

620 Barnet Blvd.
Renfrew ON. K7V 0A8
T: 613.432.3664 | F: 613.432.8424
Email: info@mackillicans.com | Website: www.mackillicans.com

14 Madawaska Street – P.O. Box 94
Arnprior ON. K7S 3H2
T: 613.623.7926 | F: 613.623.7927

Township of Greater Madawaska

Trust Fund

Statement of Financial Position

As at 31 December 2020
(with 2019 figures for comparison)

	<u>2020</u>	<u>2019</u>
	<u>ASSETS</u>	
Current:		
Loan receivable (Notes 2 and 3)	\$ <u>3,467</u>	\$ <u>3,467</u>
	<u>FUND BALANCE</u>	
Fund balance	\$ <u>3,467</u>	\$ <u>3,467</u>

(See accompanying notes)

Township of Greater Madawaska
Trust Fund
Statement of Operations and Change in Fund Balance
For the year ended 31 December 2020
(with 2019 figures for comparison)

	<u>2020</u>	<u>2019</u>
Fund balance at the beginning of the year	\$ <u>3,467</u>	\$ <u>3,467</u>
Revenue:		
Loan interest	\$ <u>-</u>	\$ <u>-</u>
Expenses:		
Loan forgiven	\$ <u>-</u>	\$ <u>-</u>
Excess (shortfall) of revenue over expenses	\$ <u>-</u>	\$ <u>-</u>
Fund balance at the end of the year	\$ <u><u>3,467</u></u>	\$ <u><u>3,467</u></u>

(See accompanying notes)

Township of Greater Madawaska
Trust Fund
Notes to the Financial Statements
For the year ended 31 December 2020

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

Capital receipts and income are reported on the cash basis of accounting.

Expenditures are reported on the cash basis of accounting with the exception of administration expenses which are reported on the accrual basis of accounting, which recognizes expenditures 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.

Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash on hand and in bank and investments due no greater than three months from the date of acquisition or that are cashable on demand.

2. ONTARIO HOME RENEWAL PROGRAM

Ontario Home Renewal Program loans receivable at 31 December 2020 are comprised of repayable loans of \$ 3,467 (2019 - \$ 3,467). In the event of the sale or lease of the home or in the event of the homeowner ceasing to occupy the home, the balance of the loans immediately becomes due and payable by the homeowner.

In 1993, the Ministry of Municipal Affairs and Housing announced that the Ontario Home Renewal Program was being discontinued and that all cash funds on hand at the end of each year are to be returned to the Province by 1 March of the next year. For the year ended 31 December 2020, there are no funds to be returned to the Province by 1 March 2021.

3. LOAN RECEIVABLE

The loan receivable is currently going through the process of being forgiven.

4. COVID-19

To help contain the spread of the COVID-19 virus and to protect the public, measures have been introduced at various levels of government. The virus and the measures introduced could have a material impact on future operations. The extent of the impact of the COVID-19 virus and the government's response cannot be reliably estimated at this time.

Township of Greater Madawaska Library Board

Financial Statements

For the year ended 31 December 2020



INDEPENDENT AUDITOR'S REPORT

To the Board Members,
Members of Council,
Inhabitants and Ratepayers of the
Corporation of the Township of Greater Madawaska.

Opinion

We have audited the financial statements of the Township of Greater Madawaska Library Board (the Library Board), which comprise the statement of financial position as at 31 December 2020, and the statement of operations and accumulated surplus for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Library Board as at 31 December 2020, and its financial performance for the year then ended in accordance with Canadian Public Sector Accounting Standards (PSAB).

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PSAB, 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 Library Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Library Board or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

A further description of the auditor's responsibilities for the audit of the financial statements is located at MacKilligan's website at: http://mackillicans.com/PDF/Auditors_Responsibilities.pdf. This description forms part of our auditor's report.

MacKilligan + Associates

RENFREW, Ontario.
17 May 2021.

**Chartered Professional Accountants,
Licensed Public Accountants.**

620 Barnet Blvd.
Renfrew ON. K7V 0A8
T: 613.432.3664 | F: 613.432.8424
Email: info@mackillicans.com | Website: www.mackillicans.com

14 Madawaska Street – P.O. Box 94
Arnprior ON. K7S 3H2
T: 613.623.7926 | F: 613.623.7927

Township of Greater Madawaska Library Board

Statement of Financial Position

As at 31 December 2020
(with 2019 figures for comparison)

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
Current:		
Cash on hand and in bank	\$ 10,718	\$ 19,008
Short term investments	20,741	20,641
Due from Township	<u>5,010</u>	<u> </u>
	<u>\$ 36,469</u>	<u>\$ 39,649</u>

LIABILITIES AND ACCUMULATED SURPLUS

Current liabilities:		
Due to Township	\$ <u> </u>	\$ <u>7,186</u>
Accumulated surplus	<u>\$ 36,469</u>	<u>\$ 32,463</u>
	<u>\$ 36,469</u>	<u>\$ 39,649</u>

(See accompanying notes)

Township of Greater Madawaska Library Board
Statement of Operations and Accumulated Surplus
 For the year ended 31 December 2020
 (with 2019 figures for comparison)

	<u>2020</u>	<u>2019</u>
Revenue:		
Ontario grant - operating	\$ 11,817	\$ 11,817
- other	1,305	1,071
Township grant	31,600	65,766
Fundraising and donations	4,584	6,158
Interest	<u>105</u>	<u>110</u>
	<u>\$ 49,411</u>	<u>\$ 84,922</u>
Expenses:		
Salaries and benefits	\$ 33,324	\$ 64,022
Books, supplies, materials and maintenance	<u>12,081</u>	<u>20,974</u>
	<u>\$ 45,405</u>	<u>\$ 84,996</u>
Change in general surplus (deficit) for the year	<u>\$ 4,006</u>	<u>\$ (74)</u>
Accumulated surplus at the beginning of the year	<u>\$ 32,463</u>	<u>\$ 32,537</u>
Accumulated surplus at the end of the year	<u><u>\$ 36,469</u></u>	<u><u>\$ 32,463</u></u>

(See accompanying notes)

Township of Greater Madawaska Library Board

Notes to the Financial Statements

For the year ended 31 December 2020

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Township of Greater Madawaska Library Board are the representation of management prepared in accordance with generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

(a) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which transactions or events occurred that gave rise to the revenue; expenses are recognized in the period goods or services are acquired and a liability is incurred or transfers are due.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

(b) Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or are the result of a direct financial return.

Government transfers are recognized in the financial statements in the period in which the 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.

(c) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

(d) Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash on hand and in bank and investments due no greater than three months from the date of acquisition or that are cashable on demand.

2. FINANCIAL INSTRUMENTS

Financial instruments include cash on hand and in bank, short term investments and due from Township. Unless otherwise noted, it is management's opinion that the Library Board is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The carrying amounts reported on the statement of financial position for cash on hand and in bank, short term investments and due from Township, approximates their fair values, due to the immediate and short term maturities of these financial instruments.

3. CONTINGENT LIABILITIES

The nature of the Board's activities is such that there may be litigation pending or in prospect at any time. The Library Board is not aware of any claims or possible claims as at 31 December 2020.

MACKILLICAN & ASSOCIATES

CHARTERED PROFESSIONAL ACCOUNTANTS

Township of Greater Madawaska Library Board

Notes to the Financial Statements

For the year ended 31 December 2020

4. COVID-19

To help contain the spread of the COVID-19 virus and to protect the public, measures have been introduced at various levels of government. The virus and the measures introduced could have a material impact on future operations. The extent of the impact of the COVID-19 virus and the government's response cannot be reliably estimated at this time.