

CORPORATION OF THE TOWNSHIP OF CRAMAHE

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021

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CONSOLIDATED FINANCIAL STATEMENTS

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CORPORATION OF THE TOWNSHIP OF CRAMAHE

For The Year Ended December 31, 2021

MANAGEMENT REPORT

The accompanying consolidated financial statements of the Corporation of the Township of Cramahe are the responsibility of management and have been approved by Council.

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

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

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

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

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

Mayor

Treasurer

October 18, 2022

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Cramahe

Opinion

We have audited the consolidated financial statements of the Corporation of the Township of Cramahe and its local boards (the Township), which comprise the consolidated statement of financial position as at December 31, 2021, the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Township as at December 31, 2021, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

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

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

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

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

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

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

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

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

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

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

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
March 21, 2023

CORPORATION OF THE TOWNSHIP OF CRAMAHE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION At December 31, 2021

	2021	2020
	\$	\$ (Restated- Note 2)
FINANCIAL ASSETS		
Cash	7,225,892	5,824,505
Investments (note 3)	2,639,441	2,626,164
Accounts receivable	430,668	541,654
Taxes receivable	926,716	933,957
Land held for sale	695,669	695,669
TOTAL FINANCIAL ASSETS	11,918,386	10,621,949
LIABILITIES		
Accounts payable and accrued liabilities	1,308,597	876,268
Deferred revenue - obligatory reserve funds (note 6)	2,466,158	1,805,715
Deferred revenue - other (note 7)	55,210	36,850
Long term debt (note 8)	3,797,293	3,982,646
TOTAL LIABILITIES	7,627,258	6,701,479
NET FINANCIAL ASSETS	4,291,128	3,920,470
NON-FINANCIAL ASSETS		
Tangible capital assets (note 9)	29,154,146	28,332,186
Inventories of materials and supplies	16,649	16,649
Prepaid expenses	225	225
TOTAL NON-FINANCIAL ASSETS	29,171,020	28,349,060
ACCUMULATED SURPLUS (note 10)	33,462,148	32,269,530

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF CRAMAHE

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS For the Year Ended December 31, 2021

	Budget 2021 \$ (unaudited)	Actual 2021 \$	Actual 2020 \$ (Restated- Note 2)
REVENUES			
Property taxation	6,414,742	6,459,326	6,139,805
User charges	1,715,656	1,830,495	1,748,656
Government of Canada	2,750	84,871	3,875
Province of Ontario	1,342,449	1,103,139	1,232,901
Penalties and interest on taxes	130,000	143,329	82,587
Investment income	75,000	42,174	76,613
Donations	100	2,993	399
Contributed assets	-	-	550,449
Developer contributions earned	170,000	170,000	153,323
Federal gas tax earned	266,000	300,344	142,000
Other	374,000	110,394	31,636
TOTAL REVENUES	10,490,697	10,247,065	10,162,244
EXPENSES			
General government	1,309,851	1,394,296	1,310,028
Protection services	2,103,523	2,050,527	1,909,381
Transportation services	2,843,586	2,847,715	2,576,534
Environmental services	1,529,464	1,259,840	1,317,645
Health services	22,520	20,318	18,128
Recreation and cultural services	1,271,690	1,219,290	1,172,526
Planning and development	305,819	262,461	222,424
TOTAL EXPENSES	9,386,453	9,054,447	8,526,666
ANNUAL SURPLUS	<u>1,104,244</u>	1,192,618	1,635,578
ACCUMULATED SURPLUS - beginning of year		32,269,530	30,633,952
ACCUMULATED SURPLUS - end of year		33,462,148	32,269,530

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF CRAMAHE

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS For the Year Ended December 31, 2021

	Budget 2021 \$ (unaudited)	Actual 2021 \$	Actual 2020 \$ (Restated - Note 2)
ANNUAL SURPLUS	1,104,244	1,192,618	1,635,578
Amortization of tangible capital assets	1,158,749	1,271,742	1,158,749
Purchase of tangible capital assets	(3,044,225)	(2,149,501)	(1,335,866)
Loss (gain) on disposal of tangible capital assets	-	55,799	13,504
Contributed tangible capital assets	-	-	(550,449)
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	(781,232)	370,658	921,516
NET FINANCIAL ASSETS - beginning of year	3,920,470	3,920,470	2,998,954
NET FINANCIAL ASSETS - end of year	3,139,238	4,291,128	3,920,470

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF CRAMAHE

CONSOLIDATED STATEMENT OF CASH FLOWS For the Year Ended December 31, 2021

	2021	2020
	\$	\$ (Restated- Note 2)
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	1,192,618	1,635,578
Items not involving cash		
Amortization of tangible capital assets	1,271,742	1,158,749
Loss on disposal of tangible capital assets	55,799	13,504
Contributed tangible capital assets	-	(550,449)
Change in non-cash assets and liabilities		
Accounts receivable	110,986	31,174
Taxes receivable	7,241	(154,173)
Accounts payable and accrued liabilities	432,329	(275,107)
Deferred revenue - obligatory reserve funds	660,443	239,413
Deferred revenue - other	18,360	(11,958)
Net change in cash from operating activities	3,749,518	2,086,731
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(2,149,501)	(1,335,866)
INVESTING ACTIVITIES		
Purchase of investments	(13,277)	(35,406)
FINANCING ACTIVITIES		
Debt principal repayments	(185,353)	(178,790)
NET CHANGE IN CASH	1,401,387	536,669
CASH - beginning of year	5,824,505	5,287,836
CASH - end of year	7,225,892	5,824,505

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF CRAMAHE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2021

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

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Reporting Entity

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

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

- Cramahe Township Public Library Board

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

(b) Trust Funds

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

(c) Tangible Capital Assets

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

Land improvements	10 - 50 years
Buildings and facilities	10 - 50 years
Machinery and equipment	5 - 15 years
Vehicles	7 - 20 years
Roads	10 - 40 years
Water and sewer	15 - 90 years

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

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

CORPORATION OF THE TOWNSHIP OF CRAMAHE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) Recognition of Revenues and Expenses

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which the transactions or events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

Taxation

Property tax billings are prepared by the Township based on assessment rolls issued by the Municipal Property Assessment Corporation (MPAC) and in accordance with the provisions of the Municipal Act, 2001. The Township's Council establishes the tax rates annually, incorporating amounts to be raised for local services, and amounts the Township is required to collect on behalf of the County and School Boards. From time to time property assessments are adjusted by MPAC through the reconsideration process or by the Assessment Review Board through the appeal process. Additional assessments, referred to as supplementary and omitted assessment can also be issued by MPAC in accordance with the Assessment Act. These adjustments and additional assessments are reported in the financial statements when amounts can be reasonably determined.

The Township is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.

Government Funding

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

Other revenue

User charges are recognized as revenue in the year the goods and services are provided, with the exception of building permits that are recognized when the permits are issued.

Sales of land held for resale are recognized as revenue in the year the title passes to the purchaser.

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

(e) Non-financial Assets

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

(f) Reserves and Reserve Funds

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

CORPORATION OF THE TOWNSHIP OF CRAMAHE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(g) Deferred Revenue

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

(h) Use of Estimates

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

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

(i) Inventory Held for Resale

Inventory held for resale, which consists primarily of land, is stated at cost, with cost of land being the purchase price plus the cost to prepare the land for resale.

2. PRIOR PERIOD ADJUSTMENT

The Township has restated its 2020 consolidated financial statements to recognize tangible capital assets that were previously omitted in error. Adjustments necessary to the 2020 financial information as a result of the prior period adjustment are as follows:

Adjustment to Closing 2020 Tangible Capital Assets

Cost, as previously recorded	\$ 47,241,269
Accumulated amortization, as previously recorded	(19,724,104)
Capital asset additions, not previously recorded	1,136,505
Accumulated amortization not previously recorded for 2020	(178,207)
Expenses previously recorded as tangible capital assets	<u>(143,277)</u>
Closing 2020 net book value of tangible capital assets as restated	<u>\$ 28,332,186</u>

CORPORATION OF THE TOWNSHIP OF CRAMAHE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2021

2. PRIOR PERIOD ADJUSTMENT, CONTINUED

Adjustment to Opening 2020 Accumulated Surplus

Accumulated surplus as previously stated	
Tangible capital assets	\$ 22,803,457
Surplus (deficit)	299,792
Reserves and reserve funds	<u>7,306,505</u>
	30,409,754
Contributed assets not previously recorded	439,139
Tangible capital asset additions previously recorded as expenses	63,364
Expenses previously recorded as tangible capital assets	(133,778)
Amortization expense not previously recorded	<u>(144,527)</u>
Opening 2020 accumulated surplus as restated	<u>\$ 30,633,952</u>

Adjustment to 2020 Annual Surplus

2020 annual surplus as previously stated	\$ 1,044,755
Add: Contributed assets not previously recorded	540,719
Tangible capital asset additions previously recorded as expenses	93,284
Less: Amortization expense not previously recorded	(33,680)
Expenses previously recorded as tangible capital assets	<u>(9,500)</u>
2020 annual surplus as restated	<u>\$ 1,635,578</u>

3. INVESTMENTS

Investments are recorded at cost and include a high interest savings account with a book value of \$2,639,441 (2020 - \$2,626,164) and market value of \$2,639,441 (2020 - \$2,626,164).

4. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF NORTHUMBERLAND

During 2021, requisitions were made by the County of Northumberland and School Boards requiring the Township to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are as follows:

	School Boards \$	County \$
Amounts requisitioned and remitted	1,721,350	4,103,289

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

CORPORATION OF THE TOWNSHIP OF CRAMAHE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2021

5. CREDIT FACILITY AGREEMENT

The Township has a revolving credit facility agreement with its main financial institution. The amount available at any time is limited to \$1,000,000 a revolving line of credit. Any balance borrowed will accrue interest at the bank's prime lending rate. Council authorized the temporary borrowing limit by By-law 2021-07. At December 31, 2021 there was no balance outstanding (2020 - \$Nil).

6. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

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

	2021	2020
	\$	\$
Parkland	115,346	98,255
Development charges	1,109,135	568,246
Federal gas tax	1,241,677	1,139,214
	<u>2,466,158</u>	<u>1,805,715</u>

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

	2021	2020
	\$	\$
Balance - beginning of year	1,805,715	1,566,302
Add amounts received:		
Development charges	705,141	316,865
Federal gas tax	395,305	192,787
Interest	13,841	22,884
Parkland fees	16,500	2,200
	<u>1,130,787</u>	<u>534,736</u>
Less transfer to operations:		
Development charges	170,000	153,323
Federal gas tax	300,344	142,000
	<u>470,344</u>	<u>295,323</u>
Balance - end of year	<u>2,466,158</u>	<u>1,805,715</u>

CORPORATION OF THE TOWNSHIP OF CRAMAHE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2021

7. DEFERRED REVENUE - OTHER

Included in deferred revenue - other are the following amounts:

	2021	2020
	\$	\$
Safe Restart Funding	34,400	35,000
Covid Recovery Funding	18,124	-
Other	2,686	1,850
	55,210	36,850

The continuity of deferred revenue - other is as follows:

	2021	2020
	\$	\$
Balance - beginning of year	36,850	48,808
Add amounts received:		
Safe Restart Funding	-	209,600
Covid Recovery Funding	52,555	-
Other	1,836	1,000
	54,391	210,600
Less transfer to operations:		
Covid recovery	34,431	43,268
Safe Restart Funding	600	174,600
Other	1,000	4,690
	36,031	222,558
Balance - end of year	55,210	36,850

CORPORATION OF THE TOWNSHIP OF CRAMAHE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2021

8. LONG TERM DEBT

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

	2021 \$	2020 \$
OILC debenture, due November 15, 2049, repayable in blended semi-annual installments of \$43,173, interest rate fixed at 2.91% per annum.	1,645,812	1,683,442
OILC debenture, due September 15, 2047, repayable in blended semi-annual installments of \$53,312, interest rate fixed at 3.51% per annum.	1,808,441	1,850,479
Long term loan from CMHC, due November 1, 2024, repayable in blended annual installments of \$123,590, interest rate fixed at 3.99% per annum.	343,040	448,725
	3,797,293	3,982,646

- (b) The long term debt in (a) issued in the name of the Township have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.
- (c) Interest paid during the year on long term debt amounted to \$131,206 (2020 - \$137,771).
- (d) The long term debt reported in (a) of this note is repayable as follows:

	Principal \$	Interest \$	Total \$
2022	192,162	124,398	316,560
2023	199,223	117,337	316,560
2024	206,548	110,012	316,560
2025	90,554	102,415	192,969
2026	93,503	99,466	192,969
2027 and subsequent years	3,015,303	1,209,752	4,225,055
	3,797,293	1,763,380	5,560,673

CORPORATION OF THE TOWNSHIP OF CRAMAHE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2021

9. TANGIBLE CAPITAL ASSETS

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

	2021	2020 (Restated- Note 2)
	\$	\$
General		
Land and land improvements	2,123,827	2,076,890
Buildings and facilities	4,363,027	4,210,555
Machinery and equipment	993,717	800,379
Vehicles	880,742	790,371
Infrastructure		
Roads	7,654,110	7,446,306
Water and sewer	12,313,963	12,088,820
	28,329,386	27,413,321
Assets under construction	824,760	918,865
	29,154,146	28,332,186

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

During the year there were no write-downs of assets (2020 - \$Nil) and no interest capitalized (2020 - \$Nil).

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

	2021	2020 (Restated- Note 2)
	\$	\$
General government	570,942	475,485
Protection services	2,163,005	2,176,265
Transportation services	9,583,639	9,307,411
Environmental services	13,161,693	12,675,848
Health services	131,429	128,579
Recreation and cultural services	3,039,216	3,064,376
Planning and development	504,222	504,222
	29,154,146	28,332,186

CORPORATION OF THE TOWNSHIP OF CRAMAHE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2021

10. ACCUMULATED SURPLUS

(a) Accumulated surplus consists of the following:

	2021	2020 (Restated- Note 2)
	\$	\$
Surplus/(Deficit)		
Community Police Services Board	10,547	10,547
Area rates	(7,404)	(10,316)
Land inventory held for resale	695,669	695,669
Colborne Creek - unfinanced	(169,881)	(169,881)
Sewer operations	(121,872)	(121,872)
	407,059	404,147
Invested In Capital Assets		
Tangible capital assets - net book value	29,154,146	28,332,186
Long term debt	(3,797,293)	(3,982,646)
Unfunded capital (note 10(b))	(200,296)	(251,333)
	25,156,557	24,098,207
Surplus	25,563,616	24,502,354
Reserves		
Working funds	494,043	440,768
Sewer operations	5,432	72,963
Future capital	637,933	588,866
Waterworks operations	2,114,173	2,112,793
Community projects	3,018	3,018
Transportation services	2,347,223	2,183,290
Fire services	583,011	565,599
Workplace Safety and Insurance Board	200,565	200,565
Planning and development operations	314,225	329,225
General government operations	417,686	508,177
Library operations	66,298	46,121
Police	335,067	335,067
Animal control	11,157	11,157
Benefit stabilization	208,833	208,833
Recreation	116,915	117,781
Cemetery	36,770	36,770
Total Reserves	7,892,349	7,760,993

CORPORATION OF THE TOWNSHIP OF CRAMAHE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2021

10. ACCUMULATED SURPLUS, continued

Reserve Funds		
Library services	6,183	6,183
	<u>33,462,148</u>	<u>32,269,530</u>

(b) Unfinanced capital consists of the following:

	2021	2020
	\$	\$
County Road 2 watermain	(23,818)	(28,818)
Well rehabilitation	(45,966)	(72,003)
Durham Street	(82,879)	(92,879)
Gravity sewer extension	(21,398)	(26,398)
Colborne Library	(26,235)	(31,235)
	<u>(200,296)</u>	<u>(251,333)</u>

11. PENSION AGREEMENTS

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

The Actuarial Opinion contained in the 2021 Annual Report disclosed total actuarial liabilities of \$120,796 million in respect of benefits accrued for service with actuarial assets of \$117,665 million indicating an actuarial deficit of \$3,131 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Township does not recognize any share of the OMERS pension surplus or deficit.

The Township's required contributions to OMERS in 2021 were \$165,772 (2020 - \$171,993).

CORPORATION OF THE TOWNSHIP OF CRAMAHE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2021

12. EXPENSES BY OBJECT

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

	Budget 2021 \$	Actual 2021 \$	Actual 2020 \$ (Restated- Note 2)
	(Unaudited)		
Salaries and benefits	3,195,997	3,027,960	2,817,522
Interest charges	260,224	131,206	137,771
Materials	2,746,574	2,723,525	2,573,283
Contracted services	1,854,449	1,678,799	1,648,167
Rents and financial	16,700	16,539	16,156
External transfers	153,760	148,877	161,514
Amortization	1,158,749	1,271,742	1,158,749
Loss on disposal of tangible capital assets	-	55,799	13,504
	9,386,453	9,054,447	8,526,666

13. TRUST FUNDS

Trust funds administered by the Township amounting to \$62,635 (2020 - \$60,126) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations and Accumulated Surplus. As such balances are held in trust by the Township for the benefit of others, they are not presented as part of the Township's financial position or operations.

14. BUDGET FIGURES

The budget, approved by the Township, for 2021 is reflected on the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated Statement of Change in Net Financial Assets. The budget established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

15. SEGMENTED INFORMATION

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

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

CORPORATION OF THE TOWNSHIP OF CRAMAHE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2021

15. SEGMENTED INFORMATION, continued

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

General Government

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

Protection Services

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

Transportation Services

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

Environmental Services

The environmental function is responsible for water and sewer operations and waste management services not covered by the County of Northumberland.

Health Services

The health services function includes the operation of the East Colborne cemetery.

Recreation and Cultural Services

The recreation and cultural services function provides indoor and outdoor recreational facilities, recreation programs and library services.

Planning and Development

The planning and development services function includes commercial, industrial and residential development within the Township.

16. COMPARATIVE FIGURES

Certain comparative figures were restated, where required, to conform with the current year presentation.

17. IMPLICATIONS OF COVID-19

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Township's environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Township's operations. The extent of the impact of this outbreak and related containment measures on the Township's operations cannot be reliably estimated at this time.

CORPORATION OF THE TOWNSHIP OF CRAMAHE

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the Year Ended December 31, 2021

	General				Infrastructure		Assets Under Construction	Totals
	Land and land improvements	Buildings and facilities	Machinery and equipment	Vehicles	Roads	Water and sewer		
	\$	\$	\$	\$	\$	\$	\$	\$
COST								
Balance, beginning of year	2,578,042	7,683,970	1,298,349	3,567,669	16,844,301	15,265,375	918,865	48,156,571
Add: additions during the year	6,667	27,916	217,781	265,671	623,348	46,013	962,105	2,149,501
Less: disposals during the year	-	57,515	34,452	-	57,858	1,750	40,356	191,931
Internal transfers	50,230	302,968	113,505	-	93,284	455,867	(1,015,854)	-
Balance, end of year	2,634,939	7,957,339	1,595,183	3,833,340	17,503,075	15,765,505	824,760	50,114,141
ACCUMULATED AMORTIZATION								
Balance, beginning of year	501,152	3,473,415	497,970	2,777,298	9,397,995	3,176,555	-	19,824,385
Add: additions during the year	9,960	178,412	137,948	175,300	494,095	276,027	-	1,271,742
Less: disposals during the year	-	57,515	34,452	-	43,125	1,040	-	136,132
Balance, end of year	511,112	3,594,312	601,466	2,952,598	9,848,965	3,451,542	-	20,959,995
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	2,123,827	4,363,027	993,717	880,742	7,654,110	12,313,963	824,760	29,154,146

CORPORATION OF THE TOWNSHIP OF CRAMAHE

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2021

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues								
Property taxation	683,338	1,806,367	2,671,811	-	-	1,080,691	217,119	6,459,326
User charges	106,702	233,833	10,650	1,346,031	1,734	61,350	70,195	1,830,495
Government transfers - operating	715,231	42,105	217,476	-	-	20,427	-	995,239
Government transfers - capital	-	-	192,771	-	-	-	-	192,771
Penalties and interest on taxes	143,329	-	-	-	-	-	-	143,329
Investment income	42,174	-	-	-	-	-	-	42,174
Donations	-	-	-	-	-	2,993	-	2,993
Developer contributions earned	-	45,000	125,000	-	-	-	-	170,000
Federal gas tax earned	-	-	213,299	87,045	-	-	-	300,344
Other	-	-	-	-	110,394	-	-	110,394
Total revenues	1,690,774	2,127,305	3,431,007	1,433,076	112,128	1,165,461	287,314	10,247,065
Expenses								
Salaries and benefits	767,969	513,827	777,625	189,838	-	616,234	162,467	3,027,960
Interest charges	-	64,586	48,716	17,904	-	-	-	131,206
Materials	484,913	300,709	991,522	452,128	12,387	409,650	72,216	2,723,525
Contracted services	98,040	981,872	281,901	292,163	-	12,464	12,359	1,678,799
Rents and financial	3,819	-	-	12,720	-	-	-	16,539
External transfers	-	85,722	13,766	-	7,220	26,750	15,419	148,877
Amortization	49,155	103,811	679,097	285,487	-	154,192	-	1,271,742
Loss (gain) on disposal of tangible capital assets	-	-	55,088	-	711	-	-	55,799
Internal transfers	(9,600)	-	-	9,600	-	-	-	-
Total expenses	1,394,296	2,050,527	2,847,715	1,259,840	20,318	1,219,290	262,461	9,054,447
Net surplus/(deficit)	296,478	76,778	583,292	173,236	91,810	(53,829)	24,853	1,192,618

CORPORATION OF THE TOWNSHIP OF CRAMAHE

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE- Restated (Note 2) For the Year Ended December 31, 2020

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues								
Property taxation	609,291	1,810,713	2,220,811	50,500	12,920	1,280,790	154,780	6,139,805
User charges	66,413	121,600	14,629	1,410,528	2,861	103,650	28,975	1,748,656
Government transfers - operating	810,300	13,957	254,379	5,557	-	16,544	-	1,100,737
Government transfers - capital	43,268	-	92,771	-	-	-	-	136,039
Penalties and interest on taxes	82,587	-	-	-	-	-	-	82,587
Investment income	76,613	-	-	-	-	-	-	76,613
Donations	-	-	-	-	-	399	-	399
Contributed assets	550,449	-	-	-	-	-	-	550,449
Developer contributions earned	-	10,000	125,000	-	-	18,323	-	153,323
Federal gas tax earned	-	-	142,000	-	-	-	-	142,000
Other	-	-	31,636	-	-	-	-	31,636
Total revenues	2,238,921	1,956,270	2,881,226	1,466,585	15,781	1,419,706	183,755	10,162,244
Expenses								
Salaries and benefits	756,520	446,568	756,880	151,098	-	567,845	138,611	2,817,522
Interest charges	-	66,024	49,788	21,959	-	-	-	137,771
Materials	463,616	227,734	933,551	472,726	10,908	422,038	42,710	2,573,283
Contracted services	80,370	990,682	168,599	376,611	-	6,647	25,258	1,648,167
Rents and financial	3,938	-	-	12,218	-	-	-	16,156
External transfers	-	81,711	30,738	-	7,220	26,000	15,845	161,514
Amortization	15,184	96,662	623,474	273,433	-	149,996	-	1,158,749
Loss (gain) on disposal of tangible capital assets	-	-	13,504	-	-	-	-	13,504
Internal transfers	(9,600)	-	-	9,600	-	-	-	-
Total expenses	1,310,028	1,909,381	2,576,534	1,317,645	18,128	1,172,526	222,424	8,526,666
Net surplus/(deficit)	928,893	46,889	304,692	148,940	(2,347)	247,180	(38,669)	1,635,578

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Cramahe

Opinion

We have audited the financial statements of the Trust Funds of the Corporation of the Township of Cramahe (the Trust Funds), which comprise the statement of financial position as at December 31, 2021, the statement of continuity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust Funds as at December 31, 2021, and the continuity of the Trust Funds for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
March 21, 2023

CORPORATION OF THE TOWNSHIP OF CRAMAHE

TRUST FUNDS STATEMENT OF FINANCIAL POSITION At December 31, 2021

	Cemetery Care and Maintenance \$	Forestry Program \$	2021 Total \$	2020 Total \$
FINANCIAL ASSETS				
Investments (note 2)	49,069	10,948	60,017	58,176
Accounts receivable	2,565	53	2,618	1,950
	51,634	11,001	62,635	60,126
FUND BALANCES	51,634	11,001	62,635	60,126

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF CRAMAHE

**TRUST FUNDS
STATEMENT OF CONTINUITY
For the Year Ended December 31, 2021**

	Cemetery Care and Maintenance \$	Forestry Program \$	2021 Total \$	2020 Total \$
BALANCES - beginning of year	49,178	10,948	60,126	58,516
RECEIPTS				
Investment income	1,531	53	1,584	1,217
Care and maintenance receipts	1,920	-	1,920	1,470
	3,451	53	3,504	2,687
EXPENSES				
Administration fee	311	-	311	311
Transfer to operations	684	-	684	766
	995	-	995	1,077
BALANCES - end of year	51,634	11,001	62,635	60,126

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF CRAMAHE

TRUST FUNDS NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Accounting

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

(b) Use of Estimates

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

2. INVESTMENTS

Included in investments are the following investments recorded at cost:

	2021	2020
	\$	\$
Scotiastrust Bond Common Trust Fund	14,636	14,118
Scotiastrust Corporate Bond Common Trust Fund	34,433	33,110
1-year GIC maturing January 15, 2022, interest at 0.5%	10,948	-
1-year GIC maturing January 15, 2021, interest at 1.3%	-	10,948
	<hr/>	<hr/>
	60,017	58,176
	<hr/>	<hr/>
Market Value	61,945	59,458

3. CARE AND MAINTENANCE FUND

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

**CORPORATION OF THE TOWNSHIP OF CRAMAHE
CRAMAHE TOWNSHIP PUBLIC LIBRARY BOARD
FINANCIAL STATEMENTS
DECEMBER 31, 2021**

INDEPENDENT AUDITOR'S REPORT

**To the Members of the Cramahe Township Public Library Board, the
Members of Council, Inhabitants and Ratepayers of the Corporation of the
Township of Cramahe**

Qualified Opinion

We have audited the financial statements of the Cramahe Township Public Library Board of the Corporation of the Township of Cramahe (the Board), which comprise the statement of financial position as at December 31, 2021, the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2021, and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Qualified Opinion

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
March 21, 2023

CORPORATION OF THE TOWNSHIP OF CRAMAHE

CRAMAHE TOWNSHIP PUBLIC LIBRARY BOARD STATEMENT OF FINANCIAL POSITION At December 31, 2021

	2021	2020
	\$	\$
FINANCIAL ASSETS		
Cash	75,772	130,955
Accounts receivable	4,649	2,850
TOTAL FINANCIAL ASSETS	80,421	133,805
LIABILITIES		
Due to Township (note 6)	6,059	80,451
Deferred revenue	1,886	1,050
TOTAL LIABILITIES	7,945	81,501
NET FINANCIAL ASSETS	72,476	52,304
NON-FINANCIAL ASSETS		
Tangible capital assets (note 2)	148,588	140,289
ACCUMULATED SURPLUS (note 3)	221,064	192,593

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF CRAMAHE

CRAMAHE TOWNSHIP PUBLIC LIBRARY BOARD STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS For the Year Ended December 31, 2021

	Budget 2021 \$ (unaudited)	Actual 2021 \$	Actual 2020 \$
REVENUES			
Township contributions (note 6)	278,557	281,265	269,963
Provincial grants	12,669	15,556	12,669
Donations, fees and fundraising	1,750	6,479	2,192
Other	3,400	5,317	5,113
TOTAL REVENUES	296,376	308,617	289,937
EXPENSES			
Salaries and benefits	196,543	185,441	176,740
Supplies	6,250	8,088	7,002
Maintenance and utilities (note 6)	31,388	26,827	34,918
Professional fees	10,840	7,272	9,761
Office and administration	11,330	14,985	10,467
Equipment and furnishings	2,100	1,700	3,852
Amortization	44,113	35,833	35,769
TOTAL EXPENSES	302,564	280,146	278,509
ANNUAL SURPLUS/(DEFICIT)	<u>(6,188)</u>	28,471	11,428
ACCUMULATED SURPLUS - beginning of year		192,593	181,165
ACCUMULATED SURPLUS - end of year		221,064	192,593

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF CRAMAHE

CRAMAHE TOWNSHIP PUBLIC LIBRARY BOARD STATEMENT OF CHANGE IN NET FINANCIAL ASSETS For the Year Ended December 31, 2021

	Budget 2021 \$ (unaudited)	Actual 2021 \$	Actual 2020 \$
ANNUAL SURPLUS/(DEFICIT)	(6,188)	28,471	11,428
Amortization of tangible capital assets	35,769	35,833	35,769
Acquisition of tangible capital assets	(39,325)	(44,132)	(33,484)
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	(9,744)	20,172	13,713
NET FINANCIAL ASSETS - beginning of year	52,304	52,304	38,591
NET FINANCIAL ASSETS - end of year	42,560	72,476	52,304

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF CRAMAHE

CRAMAHE TOWNSHIP PUBLIC LIBRARY BOARD STATEMENT OF CASH FLOWS For the Year Ended December 31, 2021

	2021	2020
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	28,471	11,428
Items not involving cash		
Amortization of tangible capital assets	35,833	35,769
Change in non-cash assets and liabilities		
Accounts receivable	(1,799)	(2,850)
Due to Township	(74,392)	6,247
Deferred revenue	836	1,000
Net change in cash from operating activities	(11,051)	51,594
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(44,132)	(33,484)
NET CHANGE IN CASH	(55,183)	18,110
CASH - beginning of year	130,955	112,845
CASH - end of year	75,772	130,955

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF CRAMAHE

CRAMAHE TOWNSHIP PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Recognition of Revenue and Expenses

Revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenue in the period in which the transactions of events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

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

Fees are recognized as revenue in the year the goods and services are provided.

Donations and fundraising revenue is recognized when the amounts are received.

(b) Use of Estimates

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

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

(c) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

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

(d) Deferred Revenue

Deferred revenue represents a grant which has been received, but for which the related services have yet to be performed. This amount will be recognized as revenue in the fiscal year the service is performed.

(e) Non-Financial Assets

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

CORPORATION OF THE TOWNSHIP OF CRAMAHE

CRAMAHE TOWNSHIP PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(f) Reserves and Reserve Funds

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

(g) Inter-Entity Transactions

The Cramahe Township Public Library Board is a Board of the Township of Cramahe and is consolidated with the Township's financial statements.

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

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

2. TANGIBLE CAPITAL ASSETS

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

	2021 Books and Periodicals \$	2020 Books and Periodicals \$
COST		
Balance, beginning of year	252,432	252,165
Add: additions during the year	44,132	33,484
Less: disposals during the year	34,452	33,217
Balance, end of year	262,112	252,432
ACCUMULATED AMORTIZATION		
Balance, beginning of year	112,143	109,591
Add: additions during the year	35,833	35,769
Less: disposals during the year	34,452	33,217
Balance, end of year	113,524	112,143
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	148,588	140,289

CORPORATION OF THE TOWNSHIP OF CRAMAHE

CRAMAHE TOWNSHIP PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2021

3. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2021	2020
	\$	\$
Invested In Capital Assets		
Tangible capital assets - net book value	148,588	140,289
Surplus	148,588	140,289
Reserves		
Operations	55,745	32,073
Capital	10,548	14,048
Total Reserves	66,293	46,121
Reserve Fund		
Literacy enhancements	6,183	6,183
	221,064	192,593

4. BUDGET FIGURES

The budget, approved by the Board, for 2021 is reflected on the Statement of Operations and Accumulated Surplus and the Statement of Change in Net Financial Assets. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

5. IMPLICATIONS OF COVID-19

In March 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Board's environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Board's operations. The extent of the impact of this outbreak and related containment measures on the Board's operations cannot be reliably estimated at this time.

CORPORATION OF THE TOWNSHIP OF CRAMAHE

CRAMAHE TOWNSHIP PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2021

6. INTER-ENTITY TRANSACTIONS

During the year, the Board entered into transactions with the Township of Cramahe.

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

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

	2021	2020
	\$	\$
Allocated costs:		
Maintenance	2,708	7,780

In addition, the Township provides accounting and administrative services to the Board at no cost.

All balances with the Township of Cramahe have been identified on the Statement of Financial Position. Due from (to) balances are unsecured, without interest and have no terms of repayment.