



CORPORATION OF THE TOWNSHIP OF RAMARA

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019

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CORPORATION OF THE TOWNSHIP OF RAMARA

For The Year Ended December 31, 2019

MANAGEMENT REPORT

The accompanying consolidated financial statements of the Corporation of the Township of Ramara 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 Ramara. 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 Basil Clarke

Treasurer Zach Drinkwalter

June 15, 2020

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the consolidated financial statements of the Corporation of the Township of Ramara and its local boards (the Township), which comprise the consolidated statement of financial position as at December 31, 2019, the consolidated statements of operations and accumulated surplus, change in net financial assets/(net debt) and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Township as at December 31, 2019, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

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

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

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

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

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

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

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

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

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

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

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
June 15, 2020

CORPORATION OF THE TOWNSHIP OF RAMARA



CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At December 31, 2019

	2019	2018
	\$	\$
FINANCIAL ASSETS		
Cash	11,881,126	6,903,395
Accounts receivable	1,909,427	1,548,662
Taxes receivable	2,747,400	2,305,287
Land held for sale	601,070	1,282,577
Long-term receivables (note 3)	1,957,749	1,802,738
TOTAL FINANCIAL ASSETS	19,096,772	13,842,659
LIABILITIES		
Accounts payable and accrued liabilities	4,755,488	4,754,654
Deferred revenue - obligatory reserve funds (note 4)	2,698,652	2,036,619
Deferred revenue - other	254,569	191,739
Long term debt (note 5)	9,804,711	10,103,308
TOTAL LIABILITIES	17,513,420	17,086,320
NET FINANCIAL ASSETS/(NET DEBT)	1,583,352	(3,243,661)
NON-FINANCIAL ASSETS		
Tangible capital assets (note 6)	55,740,828	56,712,832
Prepaid expenses	506,367	199,860
TOTAL NON-FINANCIAL ASSETS	56,247,195	56,912,692
ACCUMULATED SURPLUS (note 7)	57,830,547	53,669,031

The accompanying notes are an integral part of these financial statements

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
For the Year Ended December 31, 2019

	Budget 2019 \$ (Unaudited)	Actual 2019 \$	Actual 2018 \$
REVENUES			
Property taxation	12,576,114	12,541,072	11,477,684
User charges	4,400,469	4,213,264	3,790,949
Government of Canada	-	3,920	37,065
Province of Ontario	1,389,580	2,048,626	1,376,176
Other municipalities	72,500	51,565	84,486
Penalties and interest on taxes	350,000	391,332	360,269
Investment income	152,280	212,359	147,275
Sale of land and other sales	143,500	896,805	8,951
Capital contributions	6,000	310,351	3,807
Developer contributions earned	-	-	288,000
Federal gas tax earned	466,904	275,015	-
Other revenue	55,200	102,179	111,093
TOTAL REVENUES	19,612,547	21,046,488	17,685,755
EXPENSES			
General government	2,607,926	2,459,727	2,711,271
Protection services	4,084,239	3,893,852	4,154,439
Transportation services	5,348,459	4,842,365	4,517,783
Environmental services	3,127,767	3,078,648	3,147,954
Health services	36,933	1,307	11,734
Recreation and cultural services	1,568,850	1,510,769	1,486,654
Planning and development	397,745	1,098,304	437,368
TOTAL EXPENSES	17,171,919	16,884,972	16,467,203
ANNUAL SURPLUS	<u>2,440,628</u>	4,161,516	1,218,552
ACCUMULATED SURPLUS - beginning of year		53,669,031	52,450,479
ACCUMULATED SURPLUS - end of year		57,830,547	53,669,031

The accompanying notes are an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS/(NET DEBT)
For the Year Ended December 31, 2019

	Budget 2019 \$ (Unaudited)	Actual 2019 \$	Actual 2018 \$
ANNUAL SURPLUS	2,440,628	4,161,516	1,218,552
Amortization of tangible capital assets	2,565,535	2,562,241	2,565,535
Purchase of tangible capital assets	(5,161,440)	(1,692,918)	(2,053,556)
Loss on disposal of tangible capital assets	-	102,681	15,418
Proceeds on sale of tangible capital assets	-	-	25,000
Change in prepaid expenses	-	(306,507)	135,259
CHANGE IN NET FINANCIAL ASSETS/(NET DEBT)	(155,277)	4,827,013	1,906,208
NET DEBT - beginning of year	(3,243,661)	(3,243,661)	(5,149,869)
NET FINANCIAL ASSETS/(NET DEBT) - end of year	(3,398,938)	1,583,352	(3,243,661)

The accompanying notes are an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2019

	2019	2018
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	4,161,516	1,218,552
Items not involving cash		
Amortization of tangible capital assets	2,562,241	2,565,535
Loss on disposal of tangible capital assets	102,681	15,418
Change in non-cash assets and liabilities		
Accounts receivable	(360,765)	9,862
Taxes receivable	(442,113)	338,607
Land held for sale	681,507	(47,699)
Long-term receivables	(155,011)	180,832
Prepaid expenses	(306,507)	135,259
Accounts payable and accrued liabilities	834	1,506,109
Deferred revenue - obligatory reserve funds	662,033	408,989
Deferred revenue - other	62,830	112,739
Net change in cash from operating activities	6,969,246	6,444,203
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(1,692,918)	(2,053,556)
Proceeds on disposal of tangible capital assets	-	25,000
Net change in cash from capital activities	(1,692,918)	(2,028,556)
FINANCING ACTIVITIES		
Debt principal repayments	(298,597)	(285,970)
NET CHANGE IN CASH	4,977,731	4,129,677
CASH - beginning of year	6,903,395	2,773,718
CASH - end of year	11,881,126	6,903,395

The accompanying notes are an integral part of these financial statements

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

The Township of Ramara 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 Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. 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:

- Ramara Township Public Library Board
- Lagoon City Parks & Waterways

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. 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	10-40 years
Buildings and structures	20-60 years
Furniture and office equipment	4-10 years
Machinery and equipment	5-30 years
Vehicles	8-20 years
Roadways	20-50 years
Water and sewer	10-90 years
Parks and waterways	10-50 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.

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.

Investment income is recorded when earned.

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

Sale of land and other sales are recognized as revenue when the transactions are legally complete and closed.

Capital contributions are earned annually as amounts are billed to residents.

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

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(e) 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 and opening costs of tangible capital assets are based on estimates of useful life, residual values and valuation rates; and
- The amount recorded as allowance for doubtful accounts receivable is based on management's estimate of future payments on receivable account balances.

(f) 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.

(g) 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.

2. SUBSEQUENT EVENTS

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.

3. LONG-TERM RECEIVABLES

Long-term receivables consist of the following:

	2019	2018
	\$	\$
Brechin sewer assessment	1,718,583	1,790,812
Simcoe road sewer assessment	6,137	11,926
Bayview Drive watermain extention	233,029	-
	<u>1,957,749</u>	<u>1,802,738</u>

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

4. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

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

	2019	2018
	\$	\$
Development charges	1,656,898	1,333,772
Parkland	127,048	114,899
Federal gas tax	914,706	587,948
	2,698,652	2,036,619

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

	2019	2018
	\$	\$
Balance - beginning of year	2,036,619	1,627,630
Add amounts received:		
Development charges	309,795	374,565
Parkland	11,000	10,000
Federal gas tax	588,750	295,418
Interest	27,503	17,006
	937,048	696,989
Less transfer to operations:		
Development charges earned	-	288,000
Federal gas tax earned	275,015	-
	275,015	288,000
Balance - end of year	2,698,652	2,036,619

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

5. LONG TERM DEBT

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

	2019	2018
	\$	\$
Debenture issued to the Ontario Infrastructure Projects Corporation repayable in semi-annual blended instalments of \$188,261, interest at 5.91% per annum, due December 1, 2038	4,264,249	4,383,445
Debenture issued to the Ontario Infrastructure Projects Corporation repayable in semi-annual blended instalments of \$81,659, interest at 2.8% per annum, due August 3, 2038	2,393,774	2,488,082
Debenture issued to the Ontario Infrastructure Projects Corporation repayable in semi-annual blended instalments of \$106,600, interest at 3.99% per annum, due May 1, 2042	3,146,688	3,231,781
	9,804,711	10,103,308

- (b) The long term debt in (a) issued in the name of the Township have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.
- (c) The Township acts as a collection agency for the Province of Ontario for tile drainage loans for individual ratepayers. The value of these loans outstanding at December 31, 2019 is \$85,125 (2018 - \$49,447). These loans and the related repayments are not reported on the Consolidated Statements of Financial Position, Operations and Accumulated Surplus Change in Net Financial Assets/(Net Debt) and Cash Flows.
- (d) Interest paid during the year on long term debt amounted to \$407,964 (2018 - \$419,373).
- (e) The long term debt reported in (a) of this note is repayable as follows:

	Principal	Interest	Total
	\$	\$	\$
2020	311,833	441,207	753,040
2021	325,711	427,329	753,040
2022	340,265	412,775	753,040
2023	369,429	383,611	753,040
2024	267,865	271,975	539,840
2025 and subsequent years	8,189,608	5,052,507	13,242,115
	9,804,711	6,989,404	16,794,115

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

6. TANGIBLE CAPITAL ASSETS

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

	2019	2018
	\$	\$
General		
Land and land improvements	15,220,239	15,266,195
Buildings and structures	6,840,063	7,026,395
Furniture and office equipment	264,641	331,910
Machinery and equipment	5,966,922	6,186,529
Vehicles	2,825,064	3,041,052
Infrastructure		
Roadways	11,863,276	11,651,452
Water and sewer	11,238,184	11,341,207
Parks and waterways	536,090	576,048
	54,754,479	55,420,788
Assets under construction	986,349	1,292,044
	55,740,828	56,712,832

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

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

Tangible capital assets allocated by segment are as follows:

	2019	2018
	\$	\$
General government	6,588,444	7,057,478
Protection services	4,601,471	4,834,592
Transportation services	19,523,694	19,520,102
Environmental services	18,193,193	18,359,869
Health services	138,159	144,914
Recreation and cultural services	6,695,867	6,795,877
	55,740,828	56,712,832

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

7. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2019	2018
	\$	\$
Surplus/(Deficit)		
Sewage works	2,889,070	2,579,201
Brechin sewers	(3,200,248)	(2,908,159)
Equity in land held for sale	512,340	490,810
	<u>201,162</u>	<u>161,852</u>
Invested In Capital Assets		
Tangible capital assets - net book value	55,740,828	56,712,832
Long term debt related to tangible capital asset acquisition	(9,034,475)	(9,311,542)
Unfunded capital	(167,645)	(167,645)
	<u>46,538,708</u>	<u>47,233,645</u>
Surplus	<u>46,739,870</u>	<u>47,395,497</u>
Reserves		
Working capital	3,268,151	2,237,599
Contingencies	64,634	64,634
Rate stabilization	643,548	643,548
Municipal projects	619,935	15,000
Mosquito control	32,249	31,562
Waterworks	1,227,012	741,297
Capital expenditures - Township	4,494,722	2,014,891
Capital expenditures - Library	131,398	106,790
Total Reserves	<u>10,481,649</u>	<u>5,855,321</u>
Reserve Funds		
Equipment and housing	120,469	118,689
Ramara rails to trails	9,501	14,864
Library expansion	43,712	43,066
Lagoon City dredging	435,346	241,594
Total Reserve Funds	<u>609,028</u>	<u>418,213</u>
	<u>57,830,547</u>	<u>53,669,031</u>

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

8. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF SIMCOE

During 2019, requisitions were made by the County of Simcoe 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	4,405,429	6,539,215

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

9. BUDGET FIGURES

The budget, approved by the Township, for 2019 is reflected on the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated Statement of Change in Net Financial Assets/(Net Debt). 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.

10. EXPENSES BY OBJECT

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

	Budget 2019 \$ (Unaudited)	Actual 2019 \$	Actual 2018 \$
Salaries and benefits	6,308,663	5,701,162	6,017,397
Interest charges	411,857	407,964	419,373
Materials	2,924,561	2,673,009	2,782,606
Contracted services	4,888,837	4,644,573	4,595,593
Rents and financial	50	37,356	4,700
External transfers	72,416	28,000	66,581
Amortization	2,565,535	2,562,241	2,565,535
Loss on disposal of tangible capital assets	-	102,681	15,418
Cost of sale of land	-	727,986	-
	17,171,919	16,884,972	16,467,203

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 2019 Annual Report disclosed total actuarial liabilities of \$107,687 million in respect of benefits accrued for service with actuarial assets of \$104,290 million indicating an actuarial deficit of \$3,397 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Township does not recognize any share of the OMERS pension surplus or deficit.

The Township's required contributions to OMERS in 2019 were \$366,354 (2018 - \$378,275).

12. TRUST FUNDS

Trust funds administered by the Township amounting to \$15,980 (2018 - \$15,590) 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.

13. 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 \$3,000,000 via an operating loan. Any balance borrowed will accrue interest at the bank's prime lending rate. Council authorized the temporary borrowing limit by By-law 2019.17. At December 31, 2019 there was no balance outstanding (2018 - \$Nil).

14. CONTINGENT LIABILITIES

The Township, in the course of its operations, has been named in several lawsuits the outcomes of which are indeterminable at this time. No amounts in connection with these items have been reflected in these financial statements.

15. SEGMENTED INFORMATION

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

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

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

15. SEGMENTED INFORMATION, continued

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 include construction and maintenance of the Township's roads and bridges, winter control and street lighting.

Water and Sewer

This function is responsible for providing water and sewer services to the Township.

Other Environmental Services

This function is responsible for solar operations and Lake Simcoe protection plan.

Health Services

The health services function consists of the activities of the cemetery board.

Recreation and Cultural Services

The recreation and cultural services function provides indoor and outdoor recreational facilities and programs and includes the operations of Lagoon City Parks & Waterways and the Ramara Township Public Library.

Planning and Development

The planning and development services function manages 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.

CORPORATION OF THE TOWNSHIP OF RAMARA



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

	General					Infrastructure			Assets Under Construction	Totals
	Land and Land Improvements	Buildings and Structures	Furniture and Office Equipment	Machinery and Equipment	Vehicles	Roadways	Water and Sewer	Parks and Waterways		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
COST										
Balance, beginning of year	15,938,998	11,227,173	1,452,220	14,383,840	5,917,839	31,163,648	20,484,209	818,698	1,292,044	102,678,669
Add: additions during the year	-	69,963	23,323	252,716	79,311	578,104	333,359	-	356,142	1,692,918
Less: disposals during the year	-	-	10,771	-	23,612	420,572	-	-	-	454,955
Internal transfers	-	-	-	-	-	661,837	-	-	(661,837)	-
Balance, end of year	15,938,998	11,297,136	1,464,772	14,636,556	5,973,538	31,983,017	20,817,568	818,698	986,349	103,916,632
ACCUMULATED AMORTIZATION										
Balance, beginning of year	672,803	4,200,778	1,120,310	8,197,311	2,876,787	19,512,196	9,143,002	242,650	-	45,965,837
Add: additions during the year	45,956	256,295	90,592	472,323	293,299	927,436	436,382	39,958	-	2,562,241
Less: disposals during the year	-	-	10,771	-	21,612	319,891	-	-	-	352,274
Balance, end of year	718,759	4,457,073	1,200,131	8,669,634	3,148,474	20,119,741	9,579,384	282,608	-	48,175,804
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	15,220,239	6,840,063	264,641	5,966,922	2,825,064	11,863,276	11,238,184	536,090	986,349	55,740,828

CORPORATION OF THE TOWNSHIP OF RAMARA



CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE For the Year Ended December 31, 2019

	General Government \$	Protection Services \$	Transportation Services \$	Water and Sewer \$	Other Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues									
Property taxation	1,297,531	3,588,884	6,056,111	-	19,575	10,500	1,400,140	168,331	12,541,072
User charges	368,949	465,130	17,130	3,031,862	30,286	100	124,486	175,321	4,213,264
Government transfers - operating	1,099,900	7,567	-	-	-	-	39,559	(677)	1,146,349
Government transfers - capital	-	-	906,197	-	-	-	-	-	906,197
Other municipalities	3,000	32,565	-	-	-	-	16,000	-	51,565
Penalties and interest on taxes	391,332	-	-	-	-	-	-	-	391,332
Investment income	154,181	74	716	50,142	-	-	7,246	-	212,359
Sale of land and other sales	53,022	-	995	103	-	-	-	842,685	896,805
Capital contributions	-	-	-	310,351	-	-	-	-	310,351
Federal gas tax earned	-	-	275,015	-	-	-	-	-	275,015
Other revenue	39,109	2,831	16,826	-	-	6,096	37,317	-	102,179
Total revenues	3,407,024	4,097,051	7,272,990	3,392,458	49,861	16,696	1,624,748	1,185,660	21,046,488
Expenses									
Salaries and benefits	1,480,265	1,182,886	1,306,285	815,567	149	435	727,519	188,056	5,701,162
Interest charges	128,107	-	-	279,857	-	-	-	-	407,964
Materials	334,329	339,322	1,119,146	635,604	-	11,777	214,653	18,178	2,673,009
Contracted services	241,948	2,061,720	1,219,186	558,642	679	9,917	408,397	144,084	4,644,573
Rents and financial	32,025	5,263	-	-	-	-	68	-	37,356
External transfers	8,000	-	-	-	-	-	-	20,000	28,000
Amortization	163,339	298,062	1,136,389	788,014	-	6,756	169,681	-	2,562,241
Loss on disposal of tangible capital assets	-	-	102,681	-	-	-	-	-	102,681
Internal transfers	71,714	6,599	(41,322)	136	-	(27,578)	(9,549)	-	-
Cost of sale of land	-	-	-	-	-	-	-	727,986	727,986
Total expenses	2,459,727	3,893,852	4,842,365	3,077,820	828	1,307	1,510,769	1,098,304	16,884,972
Net surplus	947,297	203,199	2,430,625	314,638	49,033	15,389	113,979	87,356	4,161,516

CORPORATION OF THE TOWNSHIP OF RAMARA



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

	General Government \$	Protection Services \$	Transportation Services \$	Water and Sewer \$	Other Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues									
Property taxation	1,485,474	3,532,475	4,856,280	-	7,075	5,700	1,234,580	356,100	11,477,684
User charges	207,944	558,761	25,965	2,654,497	28,528	-	155,382	159,872	3,790,949
Government transfers - operating	1,103,700	7,513	-	16,147	-	-	100,863	12,617	1,240,840
Government transfers - capital	-	-	141,835	30,566	-	-	-	-	172,401
Other municipalities	-	63,501	-	-	-	-	8,485	12,500	84,486
Penalties and interest on taxes	360,269	-	-	-	-	-	-	-	360,269
Investment income	85,562	41	1,043	52,001	-	-	8,628	-	147,275
Sale of land and other sales	-	-	6,660	2,291	-	-	-	-	8,951
Capital contributions	-	-	-	3,807	-	-	-	-	3,807
Developer contributions earned	-	-	-	288,000	-	-	-	-	288,000
Other revenue	47,819	-	13,116	-	-	10,355	39,803	-	111,093
Total revenues	3,290,768	4,162,291	5,044,899	3,047,309	35,603	16,055	1,547,741	541,089	17,685,755
Expenses									
Salaries and benefits	1,536,849	1,341,662	1,394,730	798,024	35,990	653	714,228	195,261	6,017,397
Interest charges	131,404	-	-	287,969	-	-	-	-	419,373
Materials	321,617	389,247	1,135,039	720,955	-	16,406	194,537	4,805	2,782,606
Contracted services	470,223	2,073,761	924,163	503,700	-	14,187	392,257	217,302	4,595,593
Rents and financial	4,615	-	-	-	-	-	85	-	4,700
External transfers	(200)	46,781	-	-	-	-	-	20,000	66,581
Amortization	179,536	302,925	1,113,504	797,564	-	9,433	162,573	-	2,565,535
Loss on disposal of tangible capital assets	-	-	5,495	3,500	-	-	6,423	-	15,418
Internal transfers	67,227	63	(55,148)	252	-	(28,945)	16,551	-	-
Total expenses	2,711,271	4,154,439	4,517,783	3,111,964	35,990	11,734	1,486,654	437,368	16,467,203
Net surplus/(deficit)	579,497	7,852	527,116	(64,655)	(387)	4,321	61,087	103,721	1,218,552

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of the Trust Fund of the Corporation of the Township of Ramara (the Trust Fund), which comprise the statement of financial position as at December 31, 2019, the statement of continuity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust Fund as at December 31, 2019, and the continuity of the Trust Fund 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 Fund 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 Fund'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 Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust Fund'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 Trust Fund'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 Trust Fund'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 Trust Fund 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
June 15, 2020



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

	2019 Cemetery Perpetual Care \$	2018 Cemetery Perpetual Care \$
FINANCIAL ASSETS		
Investment (note 2)	15,980	15,590
FUND BALANCE	15,980	15,590

**TRUST FUND
STATEMENT OF CONTINUITY
For the Year Ended December 31, 2019**

	2019 Cemetery Perpetual Care \$	2018 Cemetery Perpetual Care \$
BALANCE - beginning of year	15,590	15,362
RECEIPTS		
Capital dividends	390	228
BALANCE - end of year	15,980	15,590

The accompanying notes are an integral part of these financial statements

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

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Accounting

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

(b) Use of Estimates

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

2. INVESTMENT

The trust's investment consists of a mutual fund with Scotia Partners Income Portfolio, recorded at cost, with a market value of \$17,399.

3. CARE AND MAINTENANCE FUNDS

The figures reported for the cemetery perpetual care represent the trust fund activities for the Sebright Cemetery. During 2016 the Township agreed to manage the operations and perpetual care trust funds for the Sebright Cemetery.

CORPORATION OF THE TOWNSHIP OF RAMARA

RAMARA TOWNSHIP PUBLIC LIBRARY BOARD

FINANCIAL STATEMENTS

DECEMBER 31, 2019

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

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

We have reviewed the accompanying financial statements of the Ramara Township Public Library Board of the Corporation of the Township of Ramara (the Board), that comprise the statement of financial position as at December 31, 2019 and the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Basis for Qualified Conclusion

In common with many Public Library Boards, the Board derives revenue from donations, fees and other, the completeness of which is not susceptible to us obtaining evidence we considered necessary for the purposes of the review. Accordingly, the evidence obtained of these revenues was limited to the amounts recorded in the records of the Board. Therefore, we were unable to determine whether any adjustments might have been found necessary with respect to donations, fees and other revenue, annual surplus/(deficit), assets and accumulated surplus.

Qualified Conclusion

Based on our review, except for the possible effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, the financial position of the Board as at December 31, 2019 and the results of its operations and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
June 15, 2020

RAMARA TOWNSHIP PUBLIC LIBRARY BOARD
STATEMENT OF FINANCIAL POSITION
At December 31, 2019

	2019	2018
	\$	\$
FINANCIAL ASSETS		
Cash	137,801	96,092
Accounts receivable	1,088	-
Due from the Township of Ramara (note 4)	34,582	51,456
NET FINANCIAL ASSETS	173,471	147,548
NON-FINANCIAL ASSETS		
Tangible capital assets (note 2)	73,485	72,429
Prepaid expenses	1,639	2,308
TOTAL NON-FINANCIAL ASSETS	75,124	74,737
ACCUMULATED SURPLUS (note 3)	248,595	222,285

The accompanying notes are an integral part of these financial statements

RAMARA TOWNSHIP PUBLIC LIBRARY BOARD
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
For the Year Ended December 31, 2019

	Budget 2019 \$ (see Note 5)	Actual 2019 \$	Actual 2018 \$
REVENUES			
Township contribution (note 4)	440,030	440,030	404,230
Provincial grants	24,370	24,370	24,370
Federal grant	-	-	3,360
Investment income	1,500	2,513	1,913
Other grants	1,500	1,564	1,503
Donations, fees and other	7,200	11,619	6,537
TOTAL REVENUES	474,600	480,096	441,913
EXPENSES			
Wages and benefits	334,200	307,498	315,614
Rent	78,000	78,000	76,728
Administration	12,000	16,009	18,345
Supplies	5,000	7,425	5,643
Memberships	7,600	11,328	6,256
Insurance	10,000	8,295	9,676
Telephone	3,300	2,310	3,038
Amortization	21,443	22,921	21,443
TOTAL EXPENSES	471,543	453,786	456,743
ANNUAL SURPLUS/(DEFICIT)	<u>3,057</u>	26,310	(14,830)
ACCUMULATED SURPLUS - beginning of year		222,285	237,115
ACCUMULATED SURPLUS - end of year		248,595	222,285

The accompanying notes are an integral part of these financial statements

RAMARA TOWNSHIP PUBLIC LIBRARY BOARD
 STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
 For the Year Ended December 31, 2019

	Budget 2019 \$ (Unaudited)	Actual 2019 \$	Actual 2018 \$
ANNUAL SURPLUS/(DEFICIT)	3,057	26,310	(14,830)
Amortization of tangible capital assets	21,443	22,921	21,443
Acquisition of tangible capital assets	(24,500)	(23,977)	(19,440)
Change in prepaid expenses	-	669	1,377
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	-	25,923	(11,450)
NET FINANCIAL ASSETS - beginning of year	147,548	147,548	158,998
NET FINANCIAL ASSETS - end of year	147,548	173,471	147,548

The accompanying notes are an integral part of these financial statements

RAMARA TOWNSHIP PUBLIC LIBRARY BOARD
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2019

	2019	2018
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus/(deficit)	26,310	(14,830)
Items not involving cash		
Amortization of tangible capital assets	22,921	21,443
Change in non-cash assets and liabilities		
Accounts receivable	(1,088)	-
Due from the Township of Ramara	16,874	(51,456)
Prepaid expenses	669	1,377
Due to the Township of Ramara	-	(149,768)
Net change in cash from operating activities	65,686	(193,234)
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(23,977)	(19,440)
NET CHANGE IN CASH	41,709	(212,674)
CASH - beginning of year	96,092	308,766
CASH - end of year	137,801	96,092

The accompanying notes are an integral part of these financial statements

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.

Donations, fees and revenue are 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 and opening costs of tangible capital assets are based on estimates of useful life, residual values and valuation rates.

(c) Tangible Capital Assets

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

Building improvements	20-60 years
Furniture and equipment	5-10 years
Library collection	7 years

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

(d) 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.

(e) 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.

RAMARA TOWNSHIP PUBLIC LIBRARY BOARD
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(f) Inter Entity Transactions

The Ramara Township Public Library Board is a Board of the Township of Ramara 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:

	Building Improvements \$	Furniture and Equipment \$	Library Collection \$	2019 Totals \$	2018 Totals \$
COST					
Balance, beginning of year	67,088	101,037	104,406	272,531	281,144
Add: additions during the year	-	8,801	15,176	23,977	19,440
Less: disposals during the year	-	-	10,771	10,771	28,053
Balance, end of year	67,088	109,838	108,811	285,737	272,531
ACCUMULATED AMORTIZATION					
Balance, beginning of year	65,965	89,357	44,780	200,102	206,712
Add: additions during the year	1,123	5,483	16,315	22,921	21,443
Less: disposals during the year	-	-	10,771	10,771	28,053
Balance, end of year	67,088	94,840	50,324	212,252	200,102
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	-	14,998	58,487	73,485	72,429

**RAMARA TOWNSHIP PUBLIC LIBRARY BOARD
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019**

3. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2019	2018
	\$	\$
Invested In Capital Assets		
Tangible capital assets - net book value	73,485	72,429
Reserve		
Future capital expenditures	131,398	106,790
Reserve Fund		
Expansion	43,712	43,066
	248,595	222,285

4. INTER ENTITY TRANSACTIONS

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

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 related party expense transactions are as follows:

Allocated costs:		
Rent	78,000	76,728
Insurance	8,295	8,788
	86,295	85,516

In addition, the following services are provided to the Board by the Township at no cost:

- Accounting and administrative services
- Professional services

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

5. BUDGET FIGURES

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

6. SUBSEQUENT EVENT

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

CORPORATION OF THE TOWNSHIP OF RAMARA

LAGOON CITY PARKS & WATERWAYS

FINANCIAL STATEMENTS

DECEMBER 31, 2019

INDEPENDENT AUDITOR'S REPORT

To the Members of the Lagoon City Parks & Waterways, the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Ramara

Opinion

We have audited the financial statements of the Lagoon City Parks & Waterways of the Corporation of the Township of Ramara (the Board), which comprise the statement of financial position as at December 31, 2019, the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
June 15, 2020

CORPORATION OF THE TOWNSHIP OF RAMARA**LAGOON CITY PARKS & WATERWAYS
STATEMENT OF FINANCIAL POSITION
At December 31, 2019**

	2019	2018
	\$	\$
FINANCIAL ASSETS		
Cash	100	100
Due from the Township of Ramara (note 5)	435,246	241,494
NET FINANCIAL ASSETS	435,346	241,594
NON-FINANCIAL ASSETS		
Tangible capital assets (note 2)	899,215	959,091
ACCUMULATED SURPLUS (note 3)	1,334,561	1,200,685

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF RAMARA



**LAGOON CITY PARKS & WATERWAYS
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
For the Year Ended December 31, 2019**

	Budget 2019 \$ (Unaudited)	Actual 2019 \$	Actual 2018 \$
REVENUES			
Levy billed by the Township of Ramara (note 5)	591,437	591,437	488,839
Interest income	-	3,624	5,830
Other	500	459	2,365
TOTAL REVENUES	591,937	595,520	497,034
EXPENSES			
Wages and benefits	125,637	98,595	102,131
General and office	197,750	194,170	158,187
Repairs and maintenance	71,050	83,073	114,145
Insurance	15,500	10,897	11,224
Professional fees	22,000	12,912	7,329
Vehicle operating and maintenance	-	2,121	2,536
Amortization	54,846	59,876	54,846
TOTAL EXPENSES	486,783	461,644	450,398
ANNUAL SURPLUS	<u>105,154</u>	133,876	46,636
ACCUMULATED SURPLUS - beginning of year		1,200,685	1,154,049
ACCUMULATED SURPLUS - end of year		1,334,561	1,200,685

The accompanying notes are an integral part of these financial statements

LAGOON CITY PARKS & WATERWAYS
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the Year Ended December 31, 2019

	Budget 2019 \$ (Unaudited)	Actual 2019 \$	Actual 2018 \$
ANNUAL SURPLUS	105,154	133,876	46,636
Amortization of tangible capital assets	54,846	59,876	54,846
Acquisition of tangible capital assets	-	-	(248,562)
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	160,000	193,752	(147,080)
NET FINANCIAL ASSETS - beginning of year	241,594	241,594	388,674
NET FINANCIAL ASSETS - end of year	401,594	435,346	241,594

The accompanying notes are an integral part of these financial statements

LAGOON CITY PARKS & WATERWAYS
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2019

	2019	2018
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	133,876	46,636
Items not involving cash		
Amortization of tangible capital assets	59,876	54,846
Change in non-cash assets and liabilities		
Due from the Township of Ramara	(193,752)	147,080
Net change in cash from operating activities	-	248,562
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	-	(248,562)
NET CHANGE IN CASH	-	-
CASH - beginning of year	100	100
CASH - end of year	100	100

The accompanying notes are an integral part of these financial statements

**LAGOON CITY PARKS & WATERWAYS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019**

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Recognition of Revenue and Expenses

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

The Board recognizes Lagoon City Parks & Waterways Area tax levy revenue annually based on amounts levied by the Township of Ramara.

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.

Interest and other revenue are recorded when the amounts are earned.

(b) Use of Estimates

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

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

(c) Tangible Capital Assets

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

Buildings and structures	25 years
Vehicles	10-15 years
Machinery and equipment	10-20 years
Linear assets	20 years

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

(d) 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.

LAGOON CITY PARKS & WATERWAYS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(e) Reserve Funds

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

(f) Inter Entity Transactions

The Lagoon City Parks & Waterways is a Board of the Township of Ramara 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 continuity of the Board's tangible capital assets is as follows:

	Buildings and structures \$	Vehicles \$	Machinery and equipment \$	Linear assets \$	2019 Totals \$	2018 Totals \$
COST						
Balance, beginning of year	51,106	55,549	679,283	550,745	1,336,683	1,088,121
Add: additions during the year	-	-	-	-	-	248,562
Balance, end of year	51,106	55,549	679,283	550,745	1,336,683	1,336,683
ACCUMULATED AMORTIZATION						
Balance, beginning of year	43,951	28,855	217,320	87,466	377,592	322,746
Add: additions during the year	2,044	4,374	29,585	23,873	59,876	54,846
Balance, end of year	45,995	33,229	246,905	111,339	437,468	377,592
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	5,111	22,320	432,378	439,406	899,215	959,091



**LAGOON CITY PARKS & WATERWAYS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019**

3. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2019	2018
	\$	\$
Invested In Capital Assets		
Tangible capital assets - net book value	899,215	959,091
Surplus	899,215	959,091
Reserve Fund		
Reserve Fund	435,346	241,594
	1,334,561	1,200,685

4. BUDGET FIGURES

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

5. INTER ENTITY TRANSACTIONS

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

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 related party expense transactions are as follows:

Allocated costs:		
Wages and benefits	98,597	102,131
Insurance	10,897	11,224
Equipment rental	3,053	24,685
	112,547	138,040

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

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

**LAGOON CITY PARKS & WATERWAYS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019**

6. COMMITMENT

During 2018, the Board entered into a three year Aquatic Weed Spraying agreement in the amount of \$18,978 annually plus HST.

During 2019, the Board entered into a three year agreement for a maintenance contractor. 2019 costs were \$37,000 plus HST. 2020 and 2021 estimated costs include a 3% inflationary increase.

7. SUBSEQUENT EVENT

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