

**CORPORATION OF THE TOWNSHIP OF  
ALNWICK/HALDIMAND**

**CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

**CORPORATION OF THE TOWNSHIP OF  
ALNWICK/HALDIMAND**

**CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

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## CORPORATION OF THE TOWNSHIP OF ALNWICK/HALDIMAND

For The Year Ended December 31, 2019

### MANAGEMENT REPORT

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

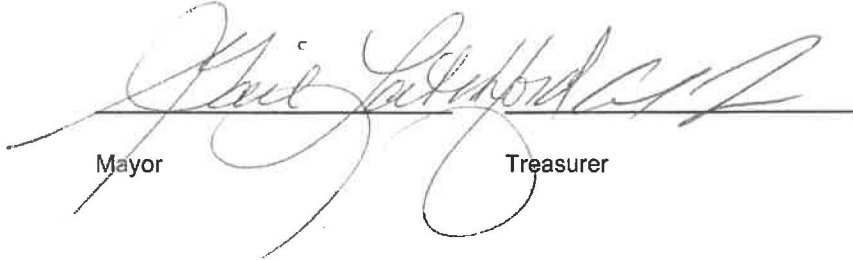
The consolidated financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen 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 Alwick/Haldimand. 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 1, 2020

**INDEPENDENT AUDITOR'S REPORT****To the Members of Council, Inhabitants and Ratepayers  
of the Corporation of the Township of  
Alnwick/Haldimand****T: (705) 742-3418  
F: (705) 742-9775****[www.bakertilly.ca](http://www.bakertilly.ca)***Opinion*

We have audited the consolidated financial statements of the Corporation of the Township of Alnwick/Haldimand 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  
October 15, 2020

**CORPORATION OF THE TOWNSHIP OF  
ALNWICK/HALDIMAND**



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
At December 31, 2019**

	2019	2018
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash	3,363,272	2,884,274
Investments (note 3)	8,363	112,363
Accounts receivable	366,493	627,981
Taxes receivable	1,260,458	1,047,671
<b>TOTAL FINANCIAL ASSETS</b>	<b>4,998,586</b>	<b>4,672,289</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	3,256,777	3,284,181
Deferred revenue - obligatory reserve fund (note 7)	955,896	961,497
Deferred revenue - other (note 8)	49,435	45,388
Long term debt (note 9)	165,984	229,213
<b>TOTAL LIABILITIES</b>	<b>4,428,092</b>	<b>4,520,279</b>
<b>NET FINANCIAL ASSETS</b>	<b>570,494</b>	<b>152,010</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 10)	23,256,336	23,763,675
Prepaid expenses	13,309	5,439
Inventory of supplies	93,014	105,300
<b>TOTAL NON-FINANCIAL ASSETS</b>	<b>23,362,659</b>	<b>23,874,414</b>
<b>ACCUMULATED SURPLUS (note 11)</b>	<b>23,933,153</b>	<b>24,026,424</b>

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

**CORPORATION OF THE TOWNSHIP OF  
ALNWICK/HALDIMAND**



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

	Budget 2019 \$ (Unaudited)	Actual 2019 \$	Actual 2018 \$
<b>REVENUES</b>			
Property taxation	6,102,513	6,124,969	5,754,263
User charges	825,950	897,361	886,952
Government of Canada	51,110	34,730	50,940
Province of Ontario	1,042,751	1,527,337	990,204
Other municipalities	157,000	46,000	137,790
Penalties and interest on taxes	125,000	184,572	172,950
Investment income	74,000	99,078	75,323
Land and other sales	9,500	253,285	1,330
Capital contributions	-	249,000	-
Developer contributions earned	526,000	526,000	229,970
Federal gas tax earned	210,000	208,380	210,000
Donations and other revenue	9,545	57,406	103,902
<b>TOTAL REVENUES</b>	<b>9,133,369</b>	<b>10,208,118</b>	<b>8,613,624</b>
<b>EXPENSES</b>			
General government	1,565,546	1,438,742	1,404,654
Protection services	2,264,991	2,324,908	2,097,570
Transportation services	4,625,737	4,936,560	4,467,565
Environmental services	425,834	406,283	442,620
Health services	16,850	21,675	19,172
Recreation and cultural services	888,733	993,880	922,370
Planning and development	208,350	179,341	117,447
<b>TOTAL EXPENSES</b>	<b>9,996,041</b>	<b>10,301,389</b>	<b>9,471,398</b>
<b>ANNUAL DEFICIT</b>	<b><u>(862,672)</u></b>	<b>(93,271)</b>	<b>(857,774)</b>
<b>ACCUMULATED SURPLUS - beginning of year</b>		<b>24,026,424</b>	<b>24,884,198</b>
<b>ACCUMULATED SURPLUS - end of year</b>		<b>23,933,153</b>	<b>24,026,424</b>

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

**CORPORATION OF THE TOWNSHIP OF  
ALNWICK/HALDIMAND**



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

	Budget 2019 \$ (Unaudited)	Actual 2019 \$	Actual 2018 \$
<b>ANNUAL DEFICIT</b>	(862,672)	(93,271)	(857,774)
Amortization of tangible capital assets	2,727,139	2,867,581	2,727,139
Purchase of tangible capital assets	(4,744,500)	(2,547,788)	(4,109,436)
Loss on disposal of tangible capital assets	-	148,191	31,188
Proceeds on sale of tangible capital assets	-	39,355	46,962
Change in prepaid expenses	-	(7,870)	(5,439)
Change in inventory of supplies	-	12,286	(105,300)
<b>CHANGE IN NET FINANCIAL ASSETS/(NET DEBT)</b>	(2,880,033)	418,484	(2,272,660)
<b>NET FINANCIAL ASSETS - beginning of year</b>	152,010	152,010	2,424,670
<b>NET FINANCIAL ASSETS/(NET DEBT) - end of year</b>	(2,728,023)	570,494	152,010

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



**CORPORATION OF THE TOWNSHIP OF  
ALNWICK/HALDIMAND**



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

	2019	2018
	\$	\$
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Annual deficit	(93,271)	(857,774)
Items not involving cash		
Amortization of tangible capital assets	2,867,581	2,727,139
Loss on disposal of tangible capital assets	148,191	31,188
Change in non-cash assets and liabilities		
Accounts receivable	261,488	(296,678)
Taxes receivable	(212,787)	(141,172)
Prepaid expenses	(7,870)	(5,439)
Inventory of supplies	12,286	(105,300)
Accounts payable and accrued liabilities	(27,404)	2,213,480
Deferred revenue - obligatory reserve fund	(5,601)	105,665
Deferred revenue - other	4,047	37,889
<b>Net change in cash from operating activities</b>	<b>2,946,660</b>	<b>3,708,998</b>
<b>CAPITAL ACTIVITIES</b>		
Purchase of tangible capital assets	(2,547,788)	(4,109,436)
Proceeds on disposal of tangible capital assets	39,355	46,962
<b>Net change in cash from capital activities</b>	<b>(2,508,433)</b>	<b>(4,062,474)</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of investments	104,000	(104,005)
Disposal of investments	-	229,875
<b>Net change in cash from investing activities</b>	<b>104,000</b>	<b>125,870</b>
<b>FINANCING ACTIVITIES</b>		
Debt principal repayments	(63,229)	(61,495)
<b>NET CHANGE IN CASH</b>	<b>478,998</b>	<b>(289,101)</b>
<b>CASH - beginning of year</b>	<b>2,884,274</b>	<b>3,173,375</b>
<b>CASH - end of year</b>	<b>3,363,272</b>	<b>2,884,274</b>

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

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

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The Township of Alnwick/Haldimand 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:

- Alnwick/Haldimand Public Library Board
- Alnwick Civic Centre
- Haldimand Memorial Arena & Park Board
- Centreton Community Hall
- Grafton Community Hall
- Fenella Community Hall
- Vernonville Community Hall
- Grafton Communal Water System

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) 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.

(d) 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.

**1. SIGNIFICANT ACCOUNTING POLICIES, continued**

(e) 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, including capital contributions, 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 and development charges are recognized in the period in which the related expenditures are recorded.

(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.

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

**1. SIGNIFICANT ACCOUNTING POLICIES, continued**

(g) 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 - 30 years
Buildings	40 years
Roadways	10 - 20 years
Water system	20 - 100 years
Vehicles	10 - 25 years
Machinery and equipment	4 - 10 years
Bridges and culverts	40 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.

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

**2. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF NORTHUMBERLAND**

During 2019, 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 \$
Property taxes	2,240,000	5,387,248
Taxation from other governments	11,326	32,352
<b>Amounts requisitioned and remitted</b>	<b>2,251,326</b>	<b>5,419,600</b>

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

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

**3. INVESTMENTS**

Investments are recorded at cost and consist of:

	2019	2018
	\$	\$
<b>Guaranteed Investment Certificates</b>		
Due June 2019 with interest at 2.50%	-	7,000
Due June 2019 with interest at 2.55%	-	97,000
Due January 2021 with interest at 1.30%	3,436	3,436
Due May 2020 with interest at 1.50%	4,927	4,927
	<b>8,363</b>	<b>112,363</b>

**4. 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 \$640,000 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 02-2019. At December 31, 2019 there was no balance outstanding (2018 - \$Nil).

**5. 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.

**6. 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 \$148,791 (2018 - \$130,859).

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

**7. 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	718,339	943,737
Federal gas tax	237,557	17,760
	<b>955,896</b>	<b>961,497</b>

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

	2019 \$	2018 \$
Balance - beginning of year	961,497	855,832
Add amounts received:		
Development charges	285,139	318,153
Federal gas tax	423,063	210,758
Interest	20,577	16,724
	<b>728,779</b>	<b>545,635</b>
Less transfer to operations:		
Development charges earned	526,000	229,970
Federal gas tax revenue earned	208,380	210,000
	<b>734,380</b>	<b>439,970</b>
Balance - end of year	<b>955,896</b>	<b>961,497</b>

**CORPORATION OF THE TOWNSHIP OF  
ALNWICK/HALDIMAND**



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

**8. DEFERRED REVENUE - OTHER**

Included in deferred revenue - other are the following amounts:

	2019	2018
	\$	\$
Downtown revitalization fund	43,883	43,883
Water deposits	1,805	1,505
Other	3,747	-
	<b>49,435</b>	<b>45,388</b>

The continuity of deferred revenue - other is as follows:

	2019	2018
	\$	\$
Balance - beginning of year	45,388	7,499
Add amounts received:		
Water deposits	300	75
Downtown revitalization fund	-	43,883
Other	3,747	-
	<b>4,047</b>	<b>43,958</b>
Less transfer to operations:		
Ontario Library Capacity Fund	-	6,069
Balance - end of year	<b>49,435</b>	<b>45,388</b>

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

**9. 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
	\$	\$
Ontario Infrastructure and Lands Corporation loan repayable in blended semi-annual installments of \$34,604 with 2.8% interest, due March 2022	165,984	229,213

- (b) The long term debt in (a) issued in the name of the Township has been approved by by-law. The annual principal and interest payments required to service this liability is 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 \$5,978 (2018 - \$7,712).
- (d) The long term debt reported in (a) of this note is repayable as follows:

	Principal	Interest	Total
	\$	\$	\$
2020	65,012	4,196	69,208
2021	66,845	2,363	69,208
2022	34,127	478	34,605
	165,984	7,037	173,021



**CORPORATION OF THE TOWNSHIP OF  
ALNWICK/HALDIMAND**



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

**10. TANGIBLE CAPITAL ASSETS**

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

	2019	2018
	\$	\$
General		
Land	2,200,564	2,200,564
Land improvements	144,659	43,465
Buildings	4,151,686	4,129,618
Machinery and equipment	1,408,274	1,057,390
Vehicles	2,369,846	2,187,585
Infrastructure		
Roads and bridges	10,418,338	11,421,169
Water	2,562,969	2,614,069
	23,256,336	23,653,860
Assets under construction	-	109,815
	23,256,336	23,763,675

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).

	2019	2018
	\$	\$
General government	2,658,398	2,518,195
Protection services	3,840,023	3,743,788
Transportation services	12,250,959	12,998,838
Environmental services	3,343,310	3,451,544
Recreation and cultural services	1,163,646	1,051,310
	23,256,336	23,763,675

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

**11. ACCUMULATED SURPLUS**

(a) Accumulated surplus consists of the following:

	2019	2018
	\$	\$
<b>Surplus/(Deficit)</b>		
Township	(91,344)	(282,538)
Library board	(14,894)	(21,157)
	(106,238)	(303,695)
<b>Invested In Capital Assets</b>		
Tangible capital assets - net book value	23,256,336	23,763,675
Long term debt	(165,984)	(229,213)
Unfunded capital - firehall (b)	(2,000,000)	(2,114,720)
Unfunded capital - roads (c)	(296,003)	-
	20,794,349	21,419,742
<b>Surplus</b>	20,688,111	21,116,047
<b>Reserves</b>		
Working funds	990,175	949,789
Future acquisition of capital assets	1,502,334	1,703,966
Contingencies	1,000	1,000
Operations	727,994	233,361
<b>Total Reserves</b>	3,221,503	2,888,116
<b>Reserve Funds</b>		
Water	10,859	9,780
Grafton history book	6,388	6,251
Planning	6,292	6,230
<b>Total Reserve Funds</b>	23,539	22,261
	23,933,153	24,026,424

(b) The firehall construction was financed with long term debt issued in 2020. The debt proceeds of \$2,200,000 were received in February 2020 from the Ontario Infrastructure and Lands Corporation. This debt is repayable in semi annual blended payments of \$69,900 with an interest rate of 2.45% per annum. The final debt payment is due February 18, 2040.

(c) The roads unfinanced capital was financed through the 2020 budget.

**CORPORATION OF THE TOWNSHIP OF  
ALNWICK/HALDIMAND**



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

**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 2019 \$ (Unaudited)	Actual 2019 \$	Actual 2018 \$
Salaries and benefits	3,057,215	2,904,921	2,699,748
Interest charges	5,983	5,978	7,712
Materials	2,363,931	2,485,915	2,426,481
Contracted services	1,591,205	1,579,027	1,330,245
Rents and financial	65,618	124,944	71,437
External transfers	184,950	184,832	177,448
Amortization	2,727,139	2,867,581	2,727,139
Loss (gain) on disposal of tangible capital assets	-	148,191	31,188
	<b>9,996,041</b>	<b>10,301,389</b>	<b>9,471,398</b>

**13. 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.

The following is a reconciliation of the Council approved budget amounts to the PSA amounts:

	(Unaudited) Revenue \$	(Unaudited) Expenses \$
Council approved budget:		
Operating	8,648,556	7,538,619
Capital	3,634,563	4,744,500
Total Council approved budget	12,283,119	12,283,119
Less: Tangible capital assets capitalized	-	(4,744,500)
Add: Amortization of tangible capital assets	-	2,727,139
Less: Long term debt proceeds	(2,000,000)	-
Less: Principal repayment of long term debt	-	(198,717)
Less: Transfers to/from reserves and reserve funds	(1,149,750)	(71,000)
<b>Adjusted budget per Consolidated Statement of Operations</b>	<b>9,133,369</b>	<b>9,996,041</b>

**14. TRUST FUNDS**

Trust funds administered by the Township amounting to \$151,560 (2018 - \$149,699) 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.

**15. COMPARATIVE FIGURES**

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

**16. SEGMENTED INFORMATION**

The Township of Alnwick/Haldimand 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.

**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.

**Environmental Services**

The environmental function is responsible for providing water services to certain areas in the Township and other costs related to garbage disposal and recycling.

**Health Services**

The health services function consists of contributions to support hospitals, physician recruitment and cemetery operations.

**16. SEGMENTED INFORMATION, continued**

**Recreation and Cultural Services**

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

**Planning and Development**

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

**17. SUBSEQUENT EVENTS**

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social impact.

At the time of approval of these financial statements, the Township has experienced the following indicators of financial implications and undertaken the following activities in relation to the COVID-19 pandemic:

- Temporarily closed most facilities for walk-in access;
- Property tax due dates were deferred;
- Working from home requirements were set up temporarily for those able to do so;
- Reduced revenues from user charges;
- Additional costs for enhanced facility cleaning and acquisition of personal protective equipment;
- and
- Additional costs for retrofitting offices and facilities in preparation for reopening to the public.

The Township plans to mitigate any additional operating costs with cost savings in other budget areas and tight controls over operating expenses.

At this time these factors present uncertainty over future cash flows, may cause significant changes to the assets or liabilities in subsequent years and may have a significant impact on future operations.

**18. COMMITMENT**

The Township budgeted for and ordered a fire truck in the amount of \$460,000 prior to December 31, 2019; however, the truck is not expected to arrive until 2021.

**CORPORATION OF THE TOWNSHIP OF ALNWICK/HALDIMAND**



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

	General					Infrastructure		Assets Under Construction	Totals
	Land	Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads and Bridges	Water		
	\$	\$	\$	\$	\$	\$	\$	\$	
<b>COST</b>									
Balance, beginning of year	2,200,564	366,709	7,843,622	2,998,833	5,208,184	70,132,958	3,490,119	109,815	92,350,804
Add: additions during the year	-	109,477	209,512	564,509	453,508	1,210,782	-	-	2,547,788
Less: disposals during the year	-	-	-	239,588	841,571	1,701,565	-	79,848	2,862,572
Internal transfers	-	-	-	-	-	29,967	-	(29,967)	-
Balance, end of year	2,200,564	476,186	8,053,134	3,323,754	4,820,121	69,672,142	3,490,119	-	92,036,020
<b>ACCUMULATED AMORTIZATION</b>									
Balance, beginning of year	-	323,244	3,714,004	1,941,443	3,020,599	58,711,789	876,050	-	68,587,129
Add: additions during the year	-	8,283	187,444	193,651	244,452	2,182,651	51,100	-	2,867,581
Less: disposals during the year	-	-	-	219,614	814,776	1,640,636	-	-	2,675,026
Balance, end of year	-	331,527	3,901,448	1,915,480	2,450,275	59,253,804	927,150	-	68,779,684
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	2,200,564	144,659	4,151,686	1,408,274	2,369,846	10,418,338	2,562,969	-	23,256,336

# CORPORATION OF THE TOWNSHIP OF ALNWICK/HALDIMAND



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

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
<b>Revenues</b>								
Property taxation	680,056	2,065,375	2,508,700	-	13,850	754,538	102,450	6,124,969
User charges	51,365	242,419	65,182	299,300	2,900	157,255	78,940	897,361
Government transfers - operating	1,099,342	39,815	1,960	-	-	32,021	-	1,173,138
Government transfers - capital	-	-	363,929	-	-	-	25,000	388,929
Other municipalities	-	32,000	-	14,000	-	-	-	46,000
Penalties and interest on taxes	184,572	-	-	-	-	-	-	184,572
Investment income	93,086	-	-	3,719	2,273	-	-	99,078
Land and other sales	200,000	7,520	16,965	-	-	-	28,800	253,285
Capital contributions	-	-	249,000	-	-	-	-	249,000
Developer contributions earned	30,500	218,325	226,000	-	-	34,075	17,100	526,000
Federal gas tax earned	-	-	208,380	-	-	-	-	208,380
Donations and other revenue	-	30,213	-	-	1,176	19,492	6,525	57,406
<b>Total revenues</b>	<b>2,338,921</b>	<b>2,635,667</b>	<b>3,640,116</b>	<b>317,019</b>	<b>20,199</b>	<b>997,381</b>	<b>258,815</b>	<b>10,208,118</b>
<b>Expenses</b>								
Salaries and benefits	707,379	568,369	1,065,694	-	-	434,266	129,213	2,904,921
Interest charges	-	-	4,095	-	-	1,883	-	5,978
Materials	306,704	327,504	1,235,419	233,699	9,866	356,064	16,659	2,485,915
Contracted services	313,087	1,074,887	41,519	59,350	11,809	48,382	29,993	1,579,027
Rents and financial	6,254	50,403	54,993	-	-	13,294	-	124,944
External transfers	59,636	114,898	-	-	-	6,822	3,476	184,832
Amortization	50,337	188,847	2,406,624	108,234	-	113,539	-	2,867,581
Loss (gain) on disposal of tangible capital assets	345	-	128,216	-	-	19,630	-	148,191
Internal transfers	(5,000)	-	-	5,000	-	-	-	-
<b>Total expenses</b>	<b>1,438,742</b>	<b>2,324,908</b>	<b>4,936,560</b>	<b>406,283</b>	<b>21,675</b>	<b>993,880</b>	<b>179,341</b>	<b>10,301,389</b>
<b>Net surplus/(deficit)</b>	<b>900,179</b>	<b>310,759</b>	<b>(1,296,444)</b>	<b>(89,264)</b>	<b>(1,476)</b>	<b>3,501</b>	<b>79,474</b>	<b>(93,271)</b>

# CORPORATION OF THE TOWNSHIP OF ALNWICK/HALDIMAND



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

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
<b>Revenues</b>								
Property taxation	688,167	2,014,137	2,406,000	-	25,438	579,065	41,456	5,754,263
User charges	57,209	232,430	18,340	343,041	350	161,394	74,188	886,952
Government transfers - operating	506,800	6,642	3,360	-	-	29,729	-	546,531
Government transfers - capital	-	-	432,081	62,532	-	-	-	494,613
Other municipalities	-	73,102	50,050	14,638	-	-	-	137,790
Penalties and interest on taxes	172,950	-	-	-	-	-	-	172,950
Investment income	63,290	-	-	3,525	8,508	-	-	75,323
Land and other sales	-	-	1,330	-	-	-	-	1,330
Developer contributions earned	49,000	43,770	75,550	45,400	-	16,250	-	229,970
Federal gas tax earned	-	-	210,000	-	-	-	-	210,000
Donations and other revenue	19,985	4,365	-	-	882	69,095	9,575	103,902
<b>Total revenues</b>	<b>1,557,401</b>	<b>2,374,446</b>	<b>3,196,711</b>	<b>469,136</b>	<b>35,178</b>	<b>855,533</b>	<b>125,219</b>	<b>8,613,624</b>
<b>Expenses</b>								
Salaries and benefits	778,394	479,797	1,024,371	-	-	370,040	47,146	2,699,748
Interest charges	-	-	5,283	-	-	2,429	-	7,712
Materials	422,651	264,409	1,039,841	259,759	13,406	412,763	13,652	2,426,481
Contracted services	117,372	1,072,848	7,192	53,267	5,766	30,627	43,173	1,330,245
Rents and financial	6,352	-	50,541	-	-	14,544	-	71,437
External transfers	50,536	109,300	-	-	-	4,136	13,476	177,448
Amortization	34,349	156,388	2,340,337	108,234	-	87,831	-	2,727,139
Loss (gain) on disposal of tangible capital assets	-	14,828	-	16,360	-	-	-	31,188
Internal transfers	(5,000)	-	-	5,000	-	-	-	-
<b>Total expenses</b>	<b>1,404,654</b>	<b>2,097,570</b>	<b>4,467,565</b>	<b>442,620</b>	<b>19,172</b>	<b>922,370</b>	<b>117,447</b>	<b>9,471,398</b>
<b>Net surplus/(deficit)</b>	<b>152,747</b>	<b>276,876</b>	<b>(1,270,854)</b>	<b>26,516</b>	<b>16,006</b>	<b>(66,837)</b>	<b>7,772</b>	<b>(857,774)</b>



## INDEPENDENT AUDITOR'S REPORT

**To the Members of Council, Inhabitants and Ratepayers  
of the Corporation of the Township of  
Alnwick/Haldimand**

**Baker Tilly KDN LLP**  
272 Charlotte St.  
Peterborough, ON  
Canada K9J 2V4

**T: (705) 742-3418**  
**F: (705) 742-9775**

**[www.bakertilly.ca](http://www.bakertilly.ca)**

### *Opinion*

We have audited the financial statements of the Trust Funds of the Corporation of the Township of Alnwick/Haldimand (the Trust Funds), 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 Funds as at December 31, 2019, 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  
October 15, 2020

**CORPORATION OF THE TOWNSHIP OF  
ALNWICK/HALDIMAND**



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

	Cemeteries \$	Road Deposits \$	2019 Total \$	2018 Total \$
<b>FINANCIAL ASSETS</b>				
Cash	147,292	-	147,292	146,457
Investments (note 2)	-	1,968	1,968	1,957
Due from Township	2,300	-	2,300	450
Due from Public Guardian and Trustee	-	-	-	835
	<b>149,592</b>	<b>1,968</b>	<b>151,560</b>	<b>149,699</b>
<b>FUND BALANCES</b>	<b>149,592</b>	<b>1,968</b>	<b>151,560</b>	<b>149,699</b>

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

**CORPORATION OF THE TOWNSHIP OF  
ALNWICK/HALDIMAND**



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

	Cemeteries \$	Road Deposits \$	2019 Total \$	2018 Total \$
<b>BALANCES - beginning of year</b>	147,742	1,957	149,699	148,718
<b>RECEIPTS</b>				
Interest earned	3,410	11	3,421	8,057
Care and maintenance receipts	1,850	-	1,850	950
	5,260	11	5,271	9,007
<b>EXPENSES</b>				
Administration fee	1,114	-	1,114	1,442
Transfer to Township	2,296	-	2,296	6,584
	3,410	-	3,410	8,026
<b>BALANCES - end of year</b>	149,592	1,968	151,560	149,699

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

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

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**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.

(c) Nature of Trusts

The cemeteries trust fund represent a portion of the sale of cemetery plots and monument foundations at both the heritage and assumed cemeteries within the Township. The capital amounts are to be kept intact in perpetuity, with investment income earned on the funds used to maintain the cemeteries.

The road deposits trust fund represents deposits received for Henderson Road. The capital amounts are to be kept intact in perpetuity, with investment income earned on the funds used to maintain Henderson Road.

**2. INVESTMENTS**

The following investments are recorded at cost:

	2019	2018
	\$	\$
CIBC - GIC interest at 1.60% maturing April 28, 2020	1,968	1,957

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**CORPORATION OF THE TOWNSHIP OF  
ALNWICK/HALDIMAND**

**ALNWICK/HALDIMAND PUBLIC LIBRARY BOARD**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

**INDEPENDENT AUDITOR'S REPORT****To the Members of the Alnwick/Haldimand Public Library  
Board, the Members of Council, Inhabitants and Ratepayers  
of the Corporation of the Township of Alnwick/Haldimand****T: (705) 742-3418  
F: (705) 742-9775****[www.bakertilly.ca](http://www.bakertilly.ca)***Qualified Opinion*

We have audited the financial statements of the Alnwick/Haldimand Public Library Board of the Corporation of the Township of Alnwick/Haldimand (the Board), which comprise the statement of financial position as at December 31, 2019, the statements of operations and accumulated surplus, change in net debt 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, 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 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  
October 15, 2020



**CORPORATION OF THE TOWNSHIP OF  
ALNWICK/HALDIMAND**



**ALNWICK/HALDIMAND PUBLIC LIBRARY BOARD  
STATEMENT OF FINANCIAL POSITION  
At December 31, 2019**

	2019	2018
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash	66,153	48,313
<b>LIABILITIES</b>		
Due to Township (note 5)	64,198	52,013
Long term debt (note 2)	52,285	72,202
<b>TOTAL LIABILITIES</b>	116,483	124,215
<b>NET DEBT</b>	(50,330)	(75,902)
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 3)	601,350	614,647
<b>ACCUMULATED SURPLUS (note 4)</b>	551,020	538,745

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

**CORPORATION OF THE TOWNSHIP OF  
ALNWICK/HALDIMAND**



**ALNWICK/HALDIMAND PUBLIC LIBRARY BOARD  
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS  
For the Year Ended December 31, 2019**

	Budget 2019 \$ (Unaudited)	Actual 2019 \$	Actual 2018 \$
<b>REVENUES</b>			
Contribution from Township (note 5)	224,288	224,288	198,616
Contribution from Township - development charges (note 5)	5,000	5,000	5,125
Government of Canada	1,710	1,890	2,532
Province of Ontario	16,751	16,751	22,820
Donations, fees and fundraising	6,950	6,218	7,729
Other grants	1,895	1,200	-
<b>TOTAL REVENUES</b>	<b>256,594</b>	<b>255,347</b>	<b>236,822</b>
<b>EXPENSES</b>			
Salaries and benefits	150,315	151,536	150,502
Office supplies	11,600	9,103	8,419
Videos and subscriptions	18,218	17,762	18,026
Computer and internet	11,100	7,185	10,238
Telephone	2,700	2,956	2,845
Membership and licence fees	2,046	2,194	240
Travel and mileage	100	69	138
Public relations	510	183	260
Staff training	1,500	975	859
Literacy projects	-	607	6,326
Property maintenance	16,405	12,954	18,696
Interest on long term debt	1,883	1,883	2,429
Amortization	35,538	35,665	35,538
<b>TOTAL EXPENSES</b>	<b>251,915</b>	<b>243,072</b>	<b>254,516</b>
<b>ANNUAL SURPLUS/(DEFICIT)</b>	<b><u>4,679</u></b>	<b>12,275</b>	<b>(17,694)</b>
<b>ACCUMULATED SURPLUS - beginning of year</b>		<b>538,745</b>	<b>556,439</b>
<b>ACCUMULATED SURPLUS - end of year</b>		<b>551,020</b>	<b>538,745</b>

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

**CORPORATION OF THE TOWNSHIP OF  
ALNWICK/HALDIMAND**



**ALNWICK/HALDIMAND PUBLIC LIBRARY BOARD  
STATEMENT OF CHANGE IN NET DEBT  
For the Year Ended December 31, 2019**

	Budget 2019 \$ (Unaudited)	Actual 2019 \$	Actual 2018 \$
<b>ANNUAL SURPLUS/(DEFICIT)</b>	4,679	12,275	(17,694)
Amortization of tangible capital assets	35,538	35,665	35,538
Acquisition of tangible capital assets	(20,300)	(22,368)	(19,630)
<b>CHANGE IN NET DEBT</b>	19,917	25,572	(1,786)
<b>NET DEBT - beginning of year</b>	(75,902)	(75,902)	(74,116)
<b>NET DEBT - end of year</b>	(55,985)	(50,330)	(75,902)

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

**CORPORATION OF THE TOWNSHIP OF  
ALNWICK/HALDIMAND**



**ALNWICK/HALDIMAND PUBLIC LIBRARY BOARD  
STATEMENT OF CASH FLOWS  
For the Year Ended December 31, 2019**

	2019	2018
	\$	\$
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Annual surplus/(deficit)	12,275	(17,694)
Items not involving cash		
Amortization of tangible capital assets	35,665	35,538
Change in non-cash assets and liabilities		
Due to Township	12,185	44,536
Deferred revenue	-	(6,069)
<b>Net change in cash from operating activities</b>	<b>60,125</b>	<b>56,311</b>
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(22,368)	(19,630)
<b>FINANCING ACTIVITIES</b>		
Debt principal repayments	(19,917)	(19,371)
<b>NET CHANGE IN CASH</b>	<b>17,840</b>	<b>17,310</b>
<b>CASH - beginning of year</b>	<b>48,313</b>	<b>31,003</b>
<b>CASH - end of year</b>	<b>66,153</b>	<b>48,313</b>

*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 and other grants are 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 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	40 years
Books and Equipment	10 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 are not amortized until they are put into service.

(d) 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.

**ALNWICK/HALDIMAND PUBLIC LIBRARY BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2019**

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**1. SIGNIFICANT ACCOUNTING POLICIES, continued**

(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.

(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 Alnwick/Haldimand Public Library Board is a Board of the Township of Alnwick/Haldimand 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. LONG TERM DEBT**

(a) Long term debt consists of the following:

	2019	2018
	\$	\$
31.5% of Township's Ontario Infrastructure and Lands Corporation loan repayable in blended semi-annual installments of \$10,900 with 2.8% interest, due March 2022	52,285	72,202

(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 \$1,883 (2018 - \$2,429).

(d) The long term debt reported in (a) of this note is repayable as follows:

	Principal	Interest	Total
	\$	\$	\$
2020	20,479	1,321	21,800
2021	21,056	744	21,800
2022	10,750	151	10,901
	52,285	2,216	54,501

**CORPORATION OF THE TOWNSHIP OF  
ALNWICK/HALDIMAND**



**ALNWICK/HALDIMAND PUBLIC LIBRARY BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2019**

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**3. TANGIBLE CAPITAL ASSETS**

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

	Buildings \$	Books and Equipment \$	2019 Totals \$	2018 Totals \$
<b>COST</b>				
Balance, beginning of year	640,150	214,183	854,333	852,947
Add: additions during the year	-	22,368	22,368	19,630
Less: disposals during the year	-	-	-	18,244
Balance, end of year	640,150	236,551	876,701	854,333
<b>ACCUMULATED AMORTIZATION</b>				
Balance, beginning of year	124,029	115,657	239,686	222,392
Add: additions during the year	16,004	19,661	35,665	35,538
Less: disposals during the year	-	-	-	18,244
Balance, end of year	140,033	135,318	275,351	239,686
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>500,117</b>	<b>101,233</b>	<b>601,350</b>	<b>614,647</b>

**ALNWICK/HALDIMAND PUBLIC LIBRARY BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2019**

**4. ACCUMULATED SURPLUS**

Accumulated surplus consists of the following:

	2019	2018
	\$	\$
<b>Deficit</b>		
Operations	(14,894)	(21,157)
<b>Invested In Capital Assets</b>		
Tangible capital assets - net book value	601,350	614,647
Long term debt	(52,285)	(72,202)
	549,065	542,445
<b>Surplus</b>	534,171	521,288
<b>Reserves</b>		
Future development	10,041	10,042
Literacy	6,808	7,415
<b>Total Reserves</b>	16,849	17,457
	551,020	538,745

**5. INTER-ENTITY TRANSACTIONS**

During the year, the Board entered into transactions with the Township of Alnwick/Haldimand.

As part of the budgeting process, the Township approves a contribution to the Board for operations and for the use of development charges that are identified on the Statement of Operations and Accumulated Surplus.

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

	2019	2018
	\$	\$
Allocated costs:		
Insurance	4,699	2,842
	4,699	2,842

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

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



**6. 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 Debt. 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.

**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.