

On the left side of the slide, there are several decorative elements: a large blue circle, a medium blue circle, and a small blue circle, all arranged vertically. To their left are several vertical lines of varying heights and widths, some with a light blue grid pattern. The main title is in a large, bold, blue, serif font.

TOWNSHIP OF PUSLINCH 2019 FINANCIAL STATEMENT PRESENTATION

Presented By:

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OUTLINE

- Review of significant financial statement elements including:
 - Statement of financial position
 - Statement of operations and accumulated surplus
 - Statement of changes in net financial assets
 - Statement of cash flows
 - Accumulated surplus note
 - Reserves note

- Final report to Council



STATEMENT OF FINANCIAL POSITION

- Statement of financial position is a snapshot of the municipality at a point in time.
- It highlights the following:
 - Cash resources
 - Net financial assets
 - Non-financial assets
 - Accumulated surplus or deficit





STATEMENT OF FINANCIAL POSITION

The Corporation of the Township of Puslinch Statement of Financial Position

December 31	2019	2018
Assets and Liabilities		
Financial assets		
Cash (Note 1)	\$ 4,766,372	\$ 3,267,076
Temporary investments (Note 2)	2,597,817	2,541,771
Taxes receivable	1,219,593	1,214,647
Trade and other receivable	280,764	383,014
	<u>8,864,546</u>	<u>7,406,508</u>
Liabilities		
Accounts payable and accrued liabilities	958,892	550,659
Grading deposits	48,000	63,500
Security deposits	922,672	1,271,414
Post-employment benefits (Note 4)	101,568	104,900
Deferred revenue (Page 24)	1,642,914	1,096,190
	<u>3,674,046</u>	<u>3,086,663</u>
Net financial assets	5,190,500	4,319,845
Non-financial assets		
Tangible capital assets (Note 5)	19,154,099	18,752,395
Accumulated surplus (Note 7)	\$ 24,344,599	\$ 23,072,240

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

- Reports the revenues and expenses of the municipality for the year.
- Total revenue less costs (expenses) gives annual surplus
- It highlights the following
 - Actual vs. budget vs. prior year results
 - Annual surplus
 - Accumulated surplus





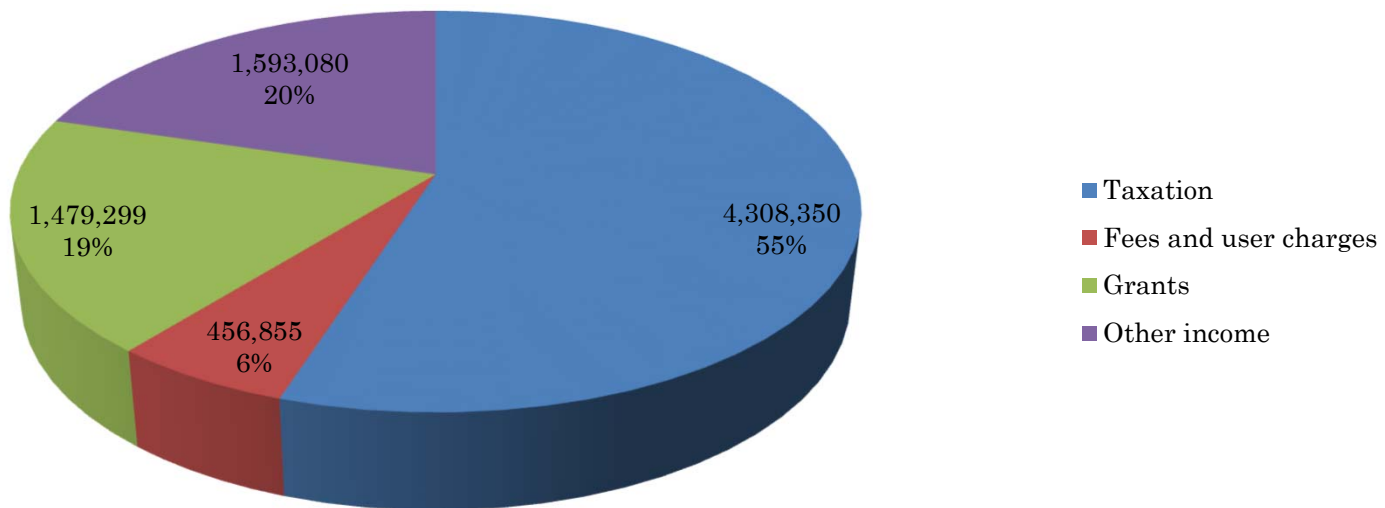
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

The Corporation of the Township of Puslinch Statement of Operations and Accumulated Surplus

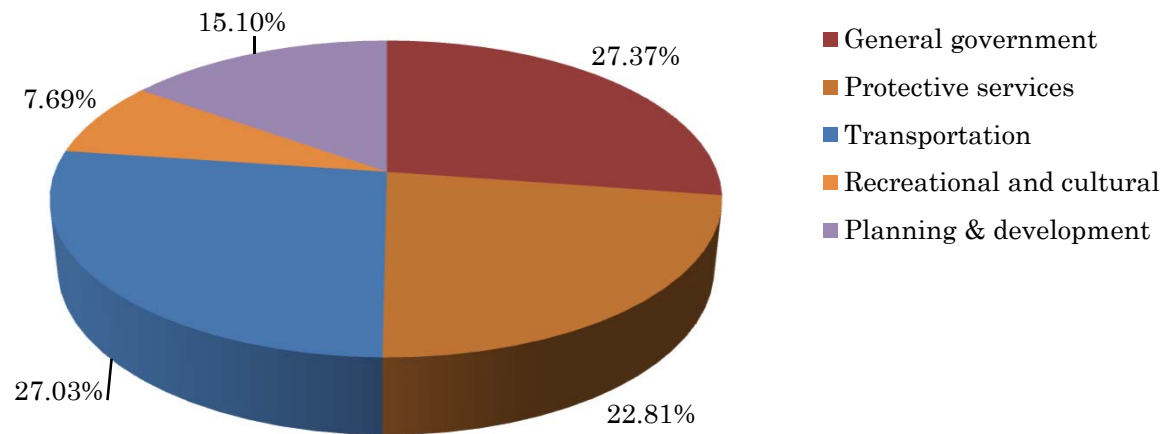
For the year ended December 31	2019 Budget (Note 10)	2019 Actual	2018 Actual
Revenue			
Taxation	\$ 4,251,962	\$ 4,308,350	\$ 4,046,025
Fees and user charges	324,509	456,855	407,248
Government transfers (Note 11)	1,364,252	1,479,299	929,948
Other income (Note 9)	1,498,333	1,593,080	1,396,380
	<u>7,439,056</u>	<u>7,837,584</u>	<u>6,779,601</u>
Expenses			
General government	1,588,369	1,417,693	1,472,572
Protection services	1,194,191	1,248,437	1,235,754
Transportation services	2,476,453	2,636,482	2,564,352
Recreation and cultural services	541,293	502,835	506,009
Planning and development	840,450	759,778	713,013
	<u>6,640,756</u>	<u>6,565,225</u>	<u>6,491,700</u>
Annual surplus (Note 10)	798,300	1,272,359	287,901
Accumulated surplus, beginning of year	<u>23,072,240</u>	<u>23,072,240</u>	<u>22,784,339</u>
Accumulated surplus, end of year	<u>\$ 23,870,540</u>	<u>\$ 24,344,599</u>	<u>\$ 23,072,240</u>

HIGHLIGHTS OF MUNICIPALITY PERFORMANCE – REVENUE

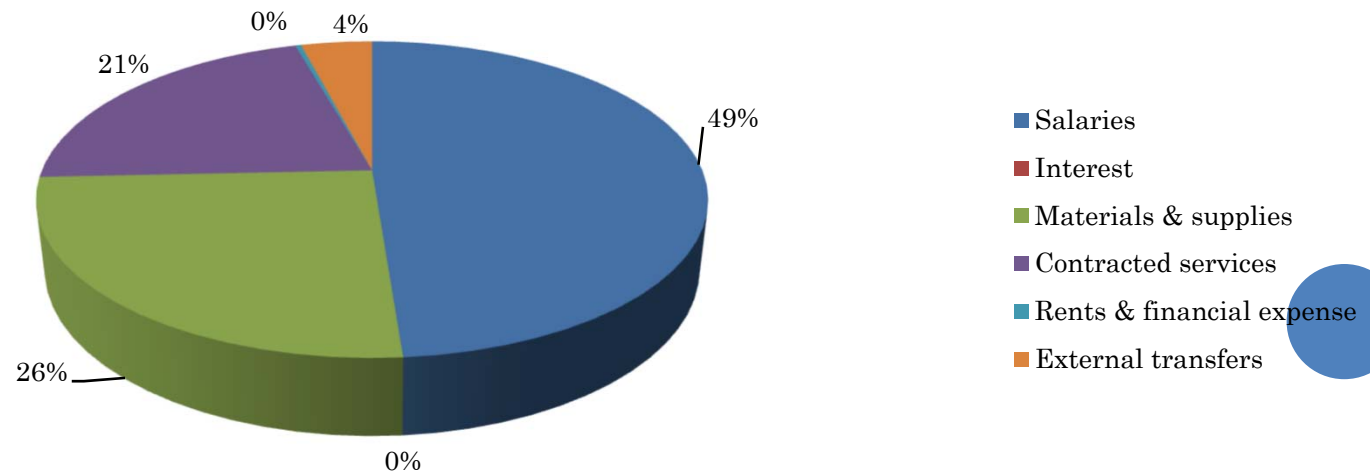
2019



HIGHLIGHTS OF MUNICIPALITY PERFORMANCE – EXPENSES 2019



2019



STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

- Takes annual surplus from statement of operations and removes activity in non-financial assets to get change in net debt for the year that agrees to statement of financial position
- It highlights the following:
 - Changes in capital assets for the year
 - Change in net debt/net financial assets





STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

The Corporation of the Township of Puslinch Statement of Changes in Net Financial Assets

For the year ended December 31	2019 Budget (Note 10)	2019 Actual	2018 Actual
Annual surplus (Page 5)	\$ 798,300	\$ 1,272,359	\$ 287,901
Acquisition of tangible capital assets	(2,453,670)	(1,953,592)	(1,559,733)
Amortization of tangible capital assets	1,403,392	1,403,392	1,452,552
Loss on sale of tangible capital assets	-	130,041	33,187
Proceeds on disposal of tangible capital assets	-	18,455	5,154
	(1,050,278)	(401,704)	(68,840)
Increase (decrease) in net financial assets	(251,978)	870,655	219,061
Net financial assets, beginning of the year	4,319,845	4,319,845	4,100,784
Net financial assets, end of the year	\$ 4,067,867	\$ 5,190,500	\$ 4,319,845

STATEMENT OF CASH FLOWS

- Shows the change in cash and cash equivalents for the year
- Breaks down cash between operating, capital, investing and financing
- It highlights the following:
 - Primary sources of cash (Operating , investing or financing)
 - Primary use of cash (Capital transactions)





STATEMENT OF CASH FLOWS

The Corporation of the Township of Puslinch Statement of Cash Flows

For the year ended December 31	2019	2018
Cash provided by (used in)		
Operating activities		
Annual surplus	\$ 1,272,359	\$ 287,901
Items not involving cash		
Change in post-employment benefits	(3,332)	8,900
Amortization of tangible capital assets	1,403,392	1,452,552
Deferred revenue recognized	(449,800)	(526,335)
Loss on sale of tangible capital assets	130,041	33,187
	<u>2,352,660</u>	<u>1,256,205</u>
Changes in non-cash working capital balances		
Taxes receivable	(4,946)	(162,223)
Trade and other receivable	102,250	(143,236)
Accounts payable and accrued liabilities	408,233	138,576
Grading deposits	(15,500)	(16,500)
Security deposits	(348,742)	(738,558)
Deferred revenue received	996,524	716,674
	<u>1,137,819</u>	<u>(205,267)</u>
	<u>3,490,479</u>	<u>1,050,938</u>
Capital transactions		
Cash used to acquire tangible capital assets	(1,953,592)	(1,559,733)
Proceeds on sale of tangible capital assets	18,455	5,154
	<u>(1,935,137)</u>	<u>(1,554,579)</u>
Financing activities		
Repayment of long-term liabilities	-	(119,000)
Net change in cash and cash equivalents	<u>1,555,342</u>	<u>(622,641)</u>
Cash and cash equivalents, beginning of year	<u>5,808,847</u>	<u>6,431,488</u>
Cash and cash equivalents, end of year	<u>\$ 7,364,189</u>	<u>\$ 5,808,847</u>

ACCUMULATED SURPLUS NOTE

- Provides a breakdown of the accumulated surplus balance found on the Statement of Financial Position and Statement of Operations and Accumulated Surplus
- Includes details of:
 - Amount invested in capital assets
 - General surplus (Accumulated Operating Surpluses/Deficits)
 - Capital assets financed by long term liabilities



ACCUMULATED SURPLUS NOTE

7. Accumulated Surplus

Accumulated surplus consists of individual fund surplus and reserves as follows:

	2019	2018
Invested in tangible capital assets		
Tangible capital assets at cost less amortization	\$ 19,154,099	\$ 18,752,395
Unfunded post-employment benefits	(101,568)	(104,900)
General surplus (Note 10)	542,282	421,819
Barber's Beach street lighting area	2,081	172
Cambridge fire area	(452)	1,583
	<u>19,596,442</u>	<u>19,071,069</u>
Reserves (Note 8)	<u>4,748,157</u>	<u>4,001,171</u>
Accumulated surplus	<u>\$ 24,344,599</u>	<u>\$ 23,072,240</u>

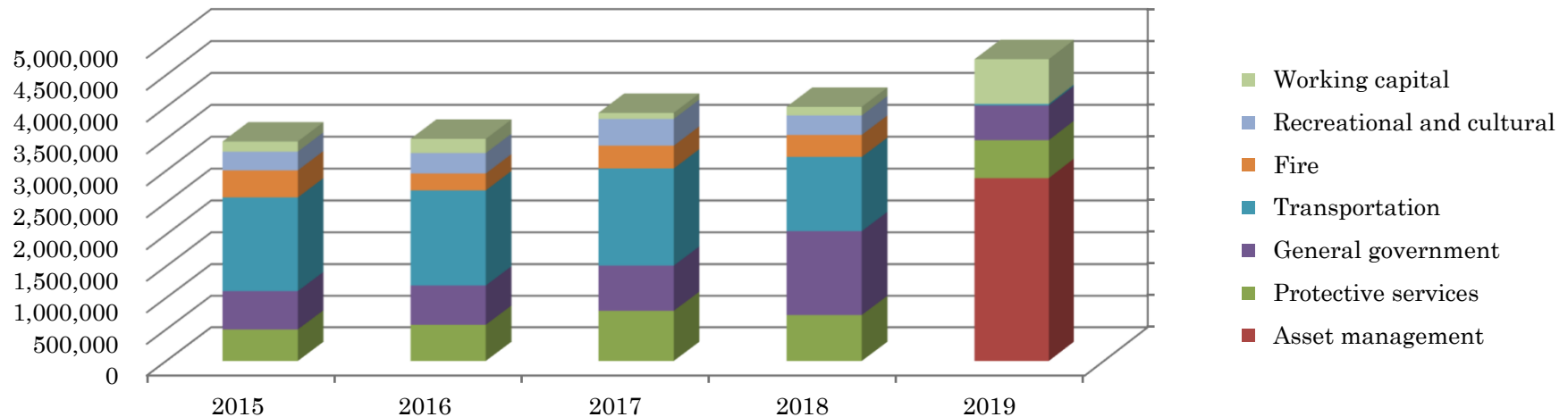
RESERVES NOTE

8. Reserves Set Aside for Specific Purpose by Council

	2019	2018
Reserves		
Working funds	\$ 701,548	\$ 135,234
Contingencies	171,022	727,951
Asset management	2,884,336	-
Current purposes	397,584	539,813
Capital purposes	593,667	2,598,173
Reserves set aside for specific purpose by Council	\$ 4,748,157	\$ 4,001,171

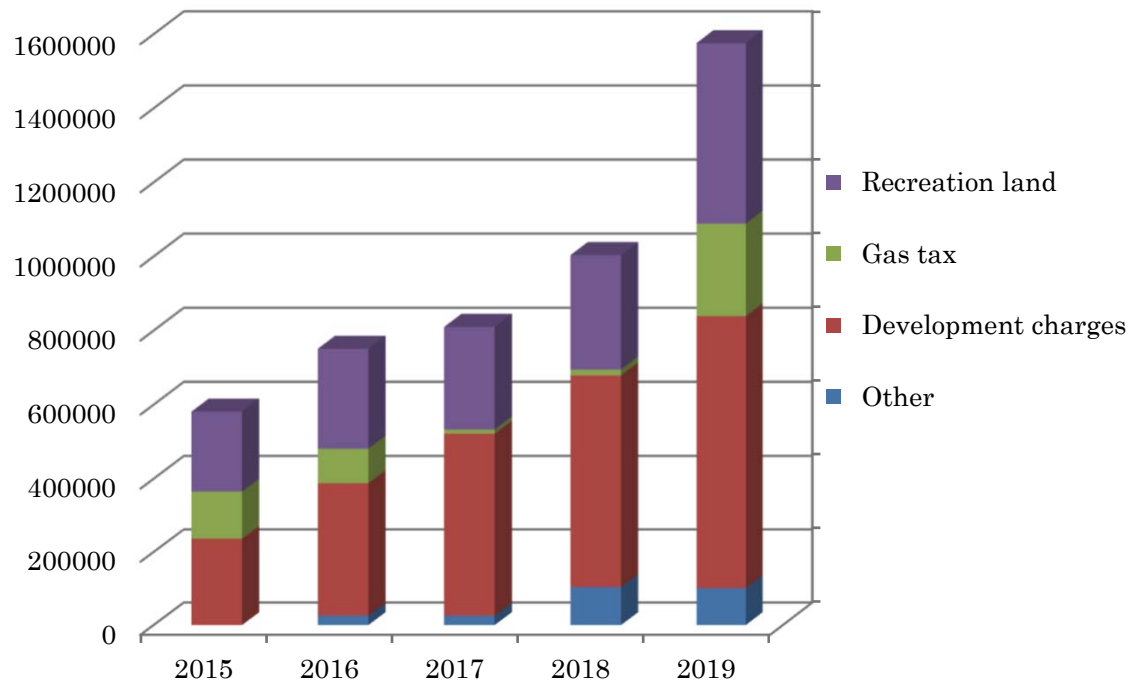
HIGHLIGHTS OF MUNICIPALITY PERFORMANCE – RESERVE BALANCES

Reserves and Discretionary Reserve Funds



HIGHLIGHTS OF MUNICIPALITY PERFORMANCE – RESERVE BALANCES

Obligatory Reserve Funds





FINAL REPORT TO COUNCIL

FINAL REPORT TO COUNCIL

SUMMARY

Our audit and therefore this report will not necessarily identify all matters that may be of interest to the Members of Council in fulfilling its responsibilities. This report has been prepared solely for the use of the Members of Council and should not be distributed without our prior consent. Consequently, we accept no responsibility to a third party that uses this communication.



Status of the Audit

As of the date of this report, we have substantially completed our audit of the 2019 financial statements, pending completion of the following items:

- ▶ Approval of financial statements by Council
- ▶ Receipt of signed management representation letter
- ▶ Subsequent events review through to financial statement approval date

We conducted our audit in accordance with Canadian generally accepted auditing standards. The objective of our audit was to obtain reasonable, not absolute, assurance about whether the financial statements are free from material misstatement. See [Appendix A](#) for our draft independent auditor's report.

The scope of the work performed was substantially the same as that described in our Planning Report to the Members of Council dated February 26, 2020.



Materiality

As communicated to you in our Planning Report to the Members of Council, preliminary materiality was \$137,000. Final materiality remained unchanged from our preliminary assessment.



Audit Findings

Our audit strategy and procedures focused on the risks specific to your organization and key accounts as outlined in our Planning Report to the Members of Council. Significant risk of material misstatement identified during our planning included the following items:

- ▶ Management override of controls
- ▶ Revenue recognition of grant revenue

There were no changes to our planned procedures and no issues were identified in our testing performed. No additional risks were identified during the audit.

Audit findings are discussed in more detail on Pages 3 and 4.



Internal Control Matters

We are required to report to you in writing, any significant deficiencies in internal control that we have identified. The specifics of this communication are included on Page 5.



FINAL REPORT TO COUNCIL



Management Representations

During the course of our audit, management made certain representations to us. These representations were verbal or written and therefore explicit, or they were implied through the financial statements. Management provided representations in response to specific queries from us, as well as unsolicited representations. Such representations were part of the evidence gathered by us to be able to draw reasonable conclusions on which to base our audit opinion. These representations were documented by including in the audit working papers memoranda of discussions with management and written representations received from management. A summary of the representation we have requested from management is set out in the representation letter included in [Appendix C](#) to the report.



Independence

Our annual letter confirming our independence was previously provided to you in our planning correspondence. We know of no circumstances that would cause us to amend the previously provided letter.



Adjusted and Unadjusted Differences

All significant adjusted and unadjusted differences and disclosure omissions identified through the course of our audit engagement are required to be disclosed and discussed with Management. We did not identify any disclosure omissions identified throughout our audit.

Management has determined that the unadjusted differences are immaterial both individually and in aggregate to the financial statements taken as a whole. Should the Members of Council agree with this assessment, we do not propose further adjustments.

For purposes of our discussion, a summary of unadjusted differences has been presented in [Appendix B](#).



Fraud Discussion

Through our planning process, and current and prior years' audits, we have developed an understanding of your oversight processes. We are not currently aware of any fraud affecting the company.

If you are aware of changes to processes or are aware of any instances of actual, suspected or alleged fraud affecting the Township since our discussions held at planning, we request that you provide us with this information.

Please refer to the Auditor's Responsibilities for Detecting Fraud in the Planning Report to the Members of Council.





FINAL REPORT TO COUNCIL

APPENDIX B: UNADJUSTED DIFFERENCES

SUMMARY OF UNADJUSTED DIFFERENCES

The following is a summary of uncorrected misstatements noted during the course of our audit engagement:

	Increase (Decrease)			
	Assets	Liabilities	Equity	Net Income
Overstatement of grant revenue relating to unspent CR+E Grant from the County of Wellington	\$	\$ 10,302	\$ (10,302)	\$
Understatement of calculated payroll accrual at year end		14,575		(14,575)
Overaccrual of supplemental taxes and write off estimate	(53,642)			(53,642)
Total	(53,642)	24,877	(10,302)	(68,217)
Effect of Prior Year's Reversing Errors				
Total Unadjusted Differences	\$ (53,642)	\$ 24,877	\$ (10,302)	\$ (68,217)