

A decorative graphic on the left side of the slide features a vertical stack of blue circles of varying sizes. The largest circle is at the top, with several smaller circles below it, some overlapping. The circles are set against a background of vertical blue stripes of varying widths and shades, ranging from light to dark blue.

TOWNSHIP OF PUSLINCH 2020 FINANCIAL STATEMENT PRESENTATION

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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	2020	2019
Assets and Liabilities		
Financial assets		
Cash (Note 1)	\$ 5,703,607	\$ 4,766,372
Temporary investments (Note 2)	2,428,914	2,597,817
Taxes receivable	1,402,373	1,219,593
Trade and other receivable	739,240	280,764
	<u>10,274,134</u>	<u>8,864,546</u>
Liabilities		
Accounts payable and accrued liabilities	812,440	958,892
Grading deposits	43,500	48,000
Security deposits	1,045,249	922,672
Post-employment benefits (Note 4)	92,360	101,568
Deferred revenue (Page 24)	2,254,783	1,642,914
	<u>4,248,332</u>	<u>3,674,046</u>
Net financial assets	6,025,802	5,190,500
Non-financial assets		
Tangible capital assets (Note 5)	20,007,531	19,154,099
Accumulated surplus (Note 7)	\$26,033,333	\$ 24,344,599



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





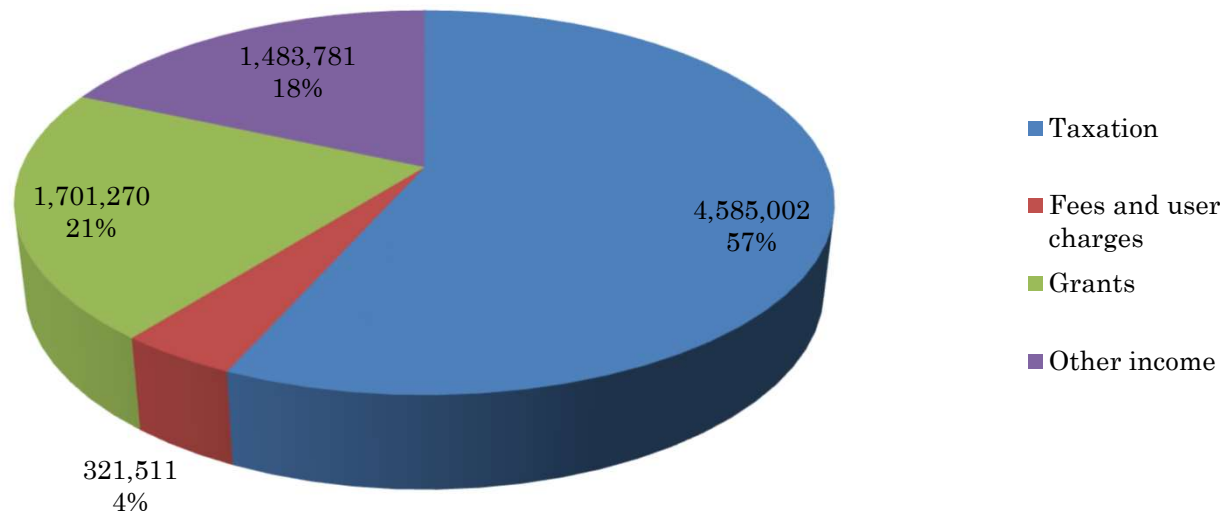
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

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

For the year ended December 31	2020	2020	2019
	Budget	Actual	Actual
	(Note 10)		
Revenue			
Taxation	\$ 4,498,421	\$ 4,585,002	\$ 4,308,350
Fees and user charges	364,405	321,511	456,855
Government transfers (Note 11)	2,107,580	1,701,270	1,479,299
Other income (Note 9)	1,498,853	1,483,781	1,593,080
	8,469,259	8,091,564	7,837,584
Expenses			
General government	1,440,552	1,305,037	1,417,693
Protection services	1,102,815	1,186,913	1,248,437
Transportation services	2,514,014	2,751,353	2,636,482
Recreation and cultural services	551,388	424,316	502,835
Planning and development	862,046	735,211	759,778
	6,470,815	6,402,830	6,565,225
Annual surplus (Note 10)	1,998,444	1,688,734	1,272,359
Accumulated surplus, beginning of year	24,344,599	24,344,599	23,072,240
Accumulated surplus, end of year	\$ 26,343,043	\$ 26,033,333	\$ 24,344,599

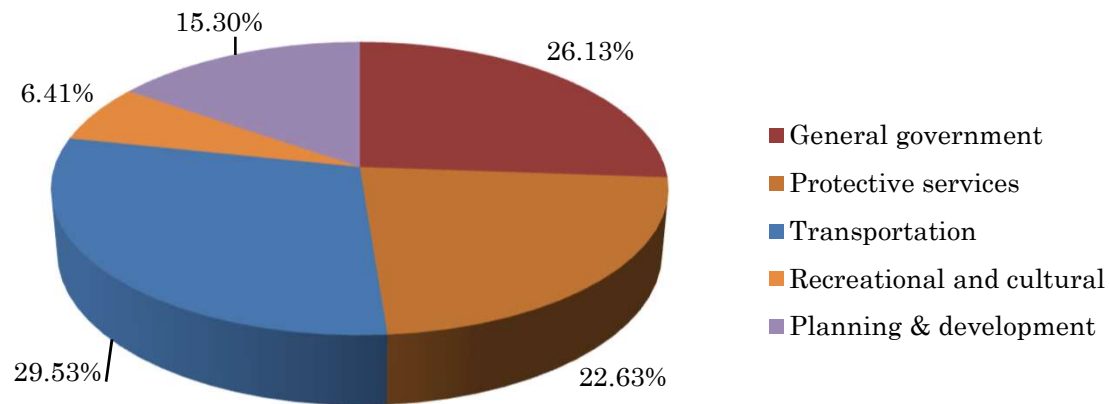
HIGHLIGHTS OF MUNICIPALITY PERFORMANCE – REVENUE

2020

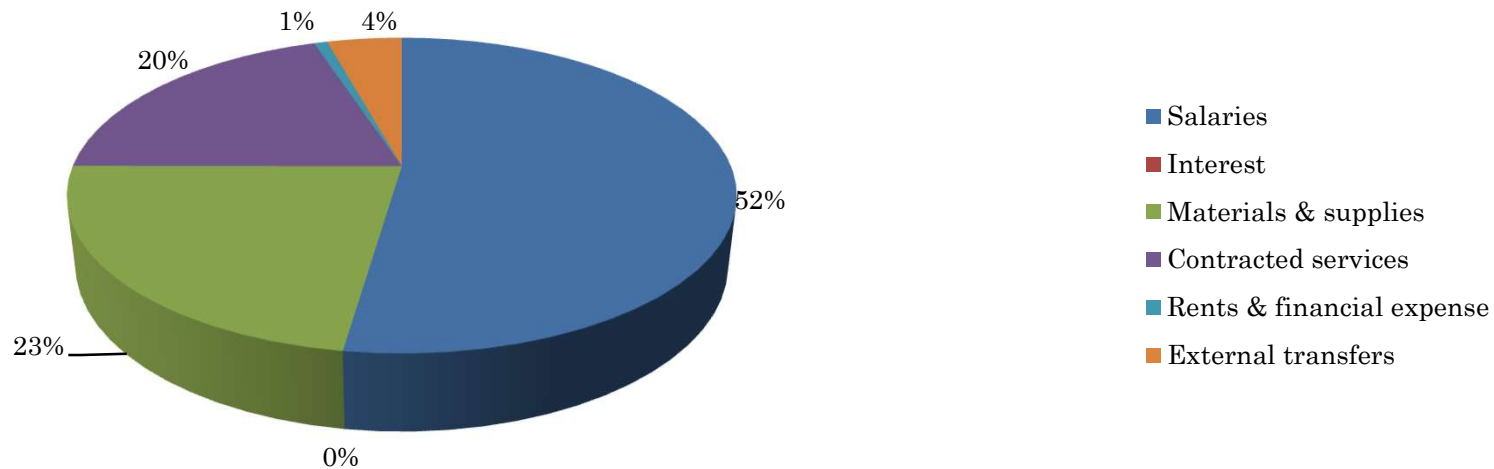


HIGHLIGHTS OF MUNICIPALITY PERFORMANCE – EXPENSES

2020



2020



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

<u>For the year ended December 31</u>	<u>2020</u>	<u>2020</u>	<u>2019</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
	<u>(Note 10)</u>		
Annual surplus (Page 5)	\$ 1,998,444	\$ 1,688,734	\$ 1,272,359
Acquisition of tangible capital assets	(4,078,532)	(2,471,921)	(1,953,592)
Amortization of tangible capital assets	1,420,550	1,420,550	1,403,392
Loss on sale of tangible capital assets	-	177,174	130,041
Proceeds on disposal of tangible capital assets	-	20,765	18,455
	<u>(2,657,982)</u>	<u>(853,432)</u>	<u>(401,704)</u>
Increase (decrease) in net financial assets	(659,538)	835,302	870,655
Net financial assets, beginning of the year	<u>5,190,500</u>	<u>5,190,500</u>	<u>4,319,845</u>
Net financial assets, end of the year	<u>\$ 4,530,962</u>	<u>\$ 6,025,802</u>	<u>\$ 5,190,500</u>

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	2020	2019
Cash provided by (used in)		
Operating activities		
Annual surplus	\$ 1,688,734	\$ 1,272,359
Items not involving cash		
Change in post-employment benefits	(9,208)	(3,332)
Amortization of tangible capital assets	1,420,550	1,403,392
Deferred revenue recognized	(660,201)	(449,800)
Loss on sale of tangible capital assets	177,174	130,041
	<u>2,617,049</u>	<u>2,352,660</u>
Changes in non-cash working capital balances		
Taxes receivable	(182,780)	(4,946)
Trade and other receivable	(458,476)	102,250
Accounts payable and accrued liabilities	(146,452)	408,233
Grading deposits	(4,500)	(15,500)
Security deposits	122,577	(348,742)
Deferred revenue received	1,272,070	996,524
	<u>602,439</u>	<u>1,137,819</u>
	<u>3,219,488</u>	<u>3,490,479</u>
Capital transactions		
Cash used to acquire tangible capital assets	(2,471,921)	(1,953,592)
Proceeds on sale of tangible capital assets	20,765	18,455
	<u>(2,451,156)</u>	<u>(1,935,137)</u>
Net change in cash and cash equivalents	768,332	1,555,342
Cash and cash equivalents, beginning of year	7,364,189	5,808,847
Cash and cash equivalents, end of year	\$ 8,132,521	\$ 7,364,189

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:

	<u>2020</u>	<u>2019</u>
Invested in tangible capital assets		
Tangible capital assets at cost less amortization	\$20,007,531	\$ 19,154,099
Unfunded post-employment benefits	(92,360)	(101,568)
General surplus (Note 10)	379,810	542,282
Barber's Beach street lighting area	1,899	2,081
Cambridge fire area	1,592	(452)
	<u>20,298,472</u>	<u>19,596,442</u>
Reserves (Note 8)	<u>5,734,861</u>	<u>4,748,157</u>
Accumulated surplus	<u>\$26,033,333</u>	<u>\$ 24,344,599</u>



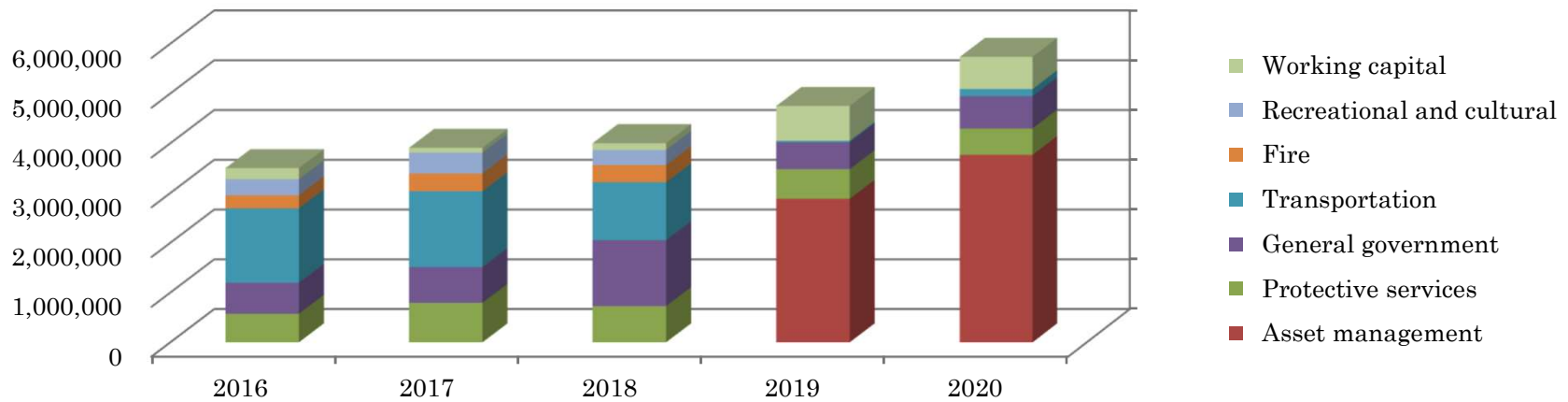
RESERVES NOTE

8. Reserves Set Aside for Specific Purpose by Council

	<u>2020</u>	<u>2019</u>
Reserves		
Working funds	\$ 647,070	\$ 701,548
Contingencies	241,022	171,022
Asset management	3,766,526	2,884,336
Operating purposes	740,721	397,584
Capital purposes	<u>339,522</u>	<u>593,667</u>
Reserves set aside for specific purpose by Council	<u>\$ 5,734,861</u>	<u>\$ 4,748,157</u>

HIGHLIGHTS OF MUNICIPALITY PERFORMANCE – RESERVE BALANCES

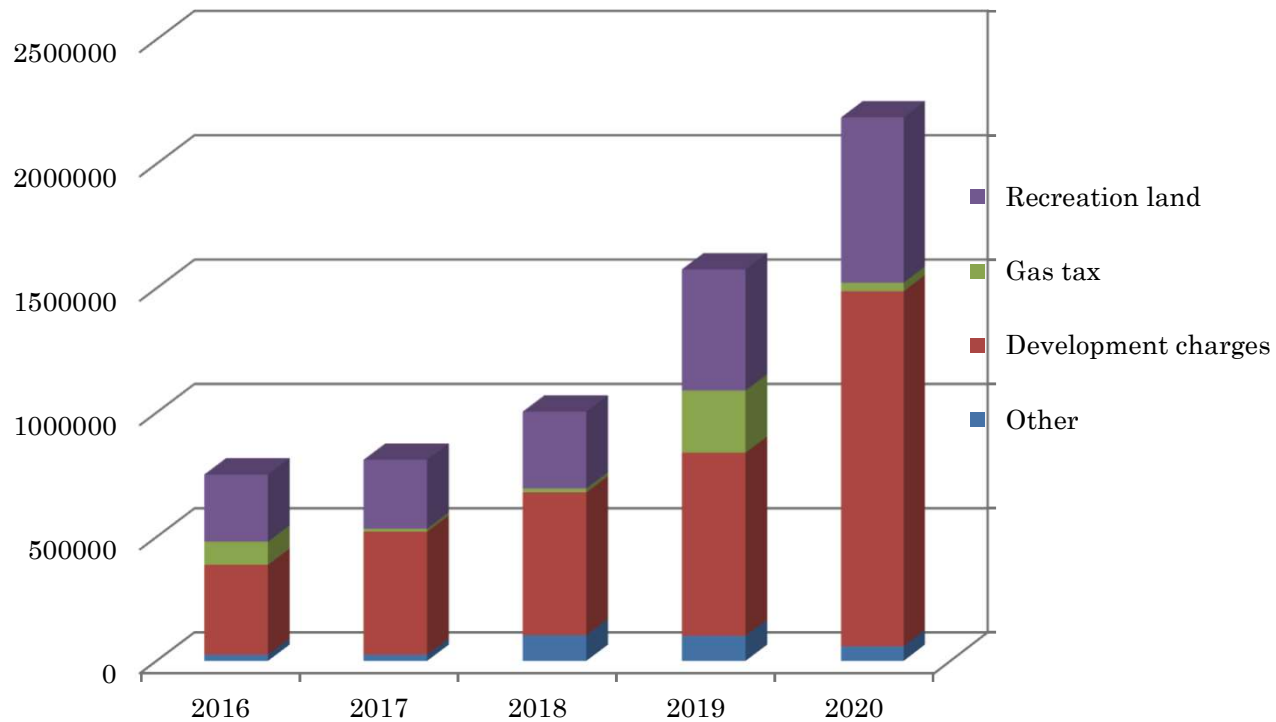
Reserves and Discretionary Reserve Funds





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 2020 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 19, 2021.



Materiality

As communicated to you in our Planning Report to the Members of Council, preliminary materiality was \$180,000. 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 B](#) 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 significant unadjusted differences or disclosure omissions identified throughout our audit.



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 municipality.

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.

