

# Township of Puslinch

## 2021 Financial Statements

Presented by Murray Short

TOWNSHIP OF  
**PUSLINCH**  
EST. 1850





# AGENDA



- Audit Overview
- Audit Report
- Financial Statements
- Next Steps

# Audit Overview

- Final materiality = \$210,000
- No change in key audit areas, risks or planned procedures since communicated in Pre-Audit Communication Letter
- No significant internal control deficiencies to communicate
- No known independence issues
- One adjusting entry identified and communicated
- No unadjusted differences

# Audit Report

- The financial statements present fairly, in all material respects, the financial position, result of operations and cash flows of the Township of Puslinch in accordance with Canadian public sector accounting standards
- Audit conducted in accordance with Canadian generally accepted auditing standards

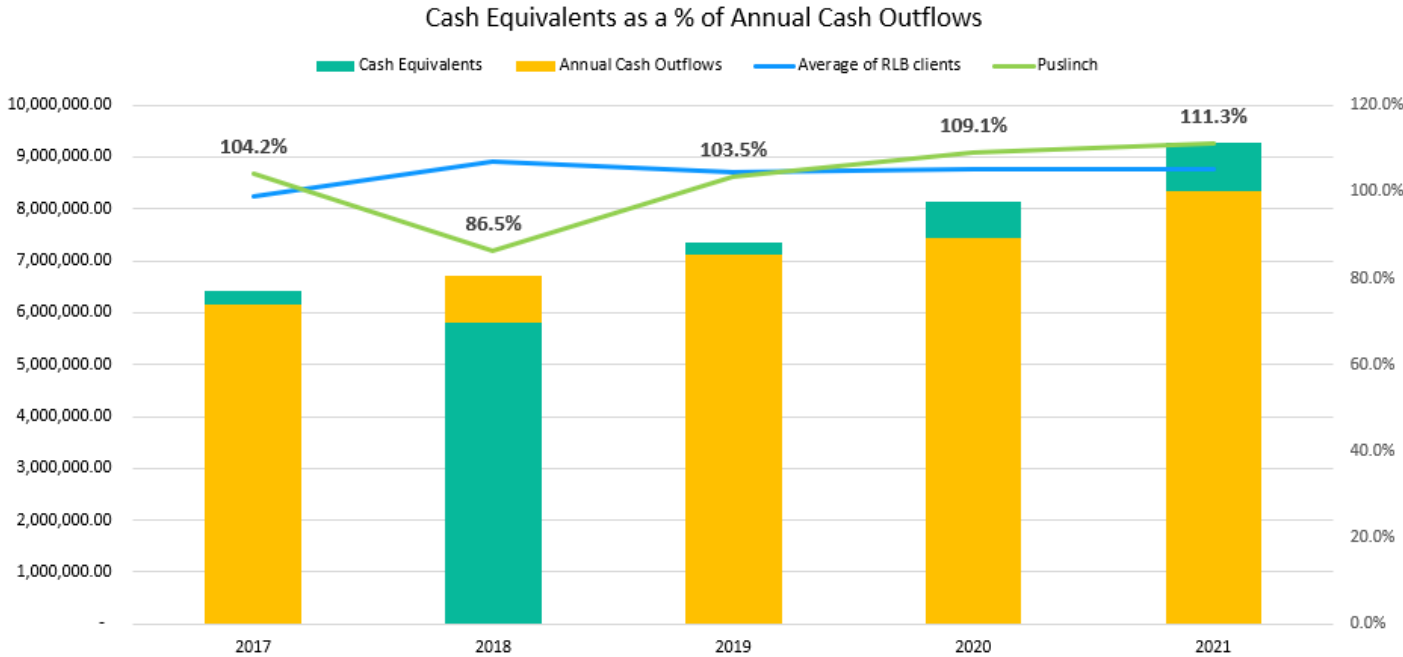
# Statement of Financial Position

- The Statement of Financial Position (similar to a Balance Sheet for non-public entities) is a snapshot of the municipality's assets, liabilities and accumulated surplus at a point in time
- Key areas:
  - Cash equivalents
  - Taxes receivable
  - Tangible capital assets
  - Accumulated surplus

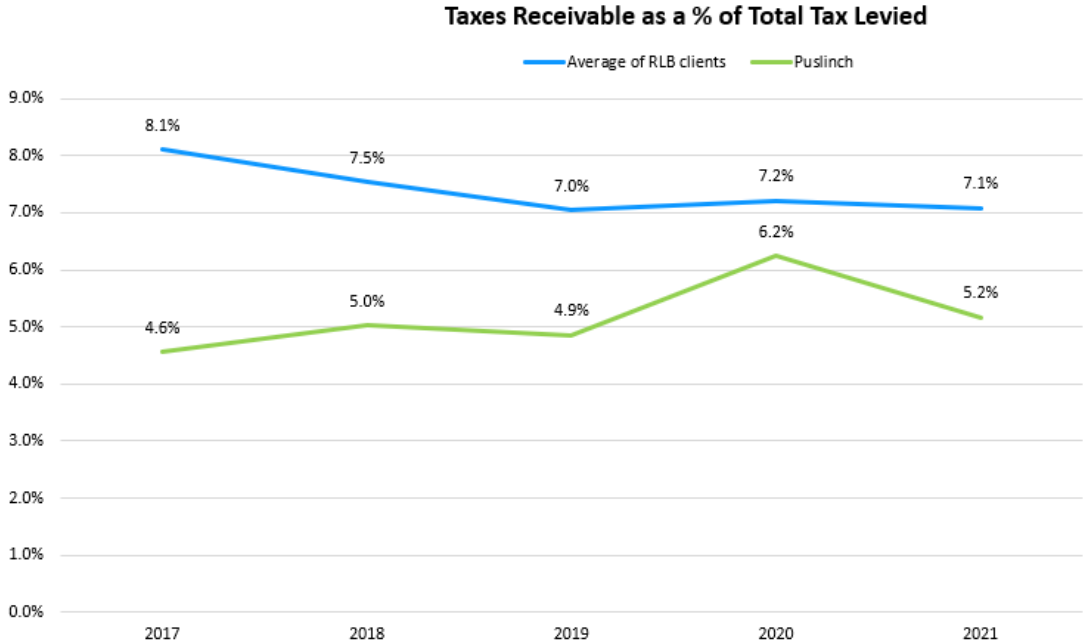
# Statement of Financial Position

	2021	2020 (note 2)
<b>FINANCIAL ASSETS</b>		
Cash (note 3)	\$ 6,829,173	\$ 5,703,607
Portfolio investments (note 4)	2,448,852	2,428,914
Taxes receivable	1,370,814	1,700,098
Accounts receivable	<u>673,033</u>	<u>739,240</u>
	<u>11,321,872</u>	<u>10,571,859</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	439,920	812,440
Grading deposits	38,500	43,500
Security deposits	856,377	1,045,249
Post-employment benefits (note 5)	82,219	92,360
Deferred revenue (note 6)	<u>3,531,914</u>	<u>2,552,508</u>
	<u>4,948,930</u>	<u>4,546,057</u>
<b>NET FINANCIAL ASSETS</b>	<u>6,372,942</u>	<u>6,025,802</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (schedule 1)	<u>21,251,883</u>	<u>20,007,531</u>
<b>ACCUMULATED SURPLUS</b> (schedule 2)	<u>\$ 27,624,825</u>	<u>\$ 26,033,333</u>

# Cash Equivalents



# Taxes Receivable

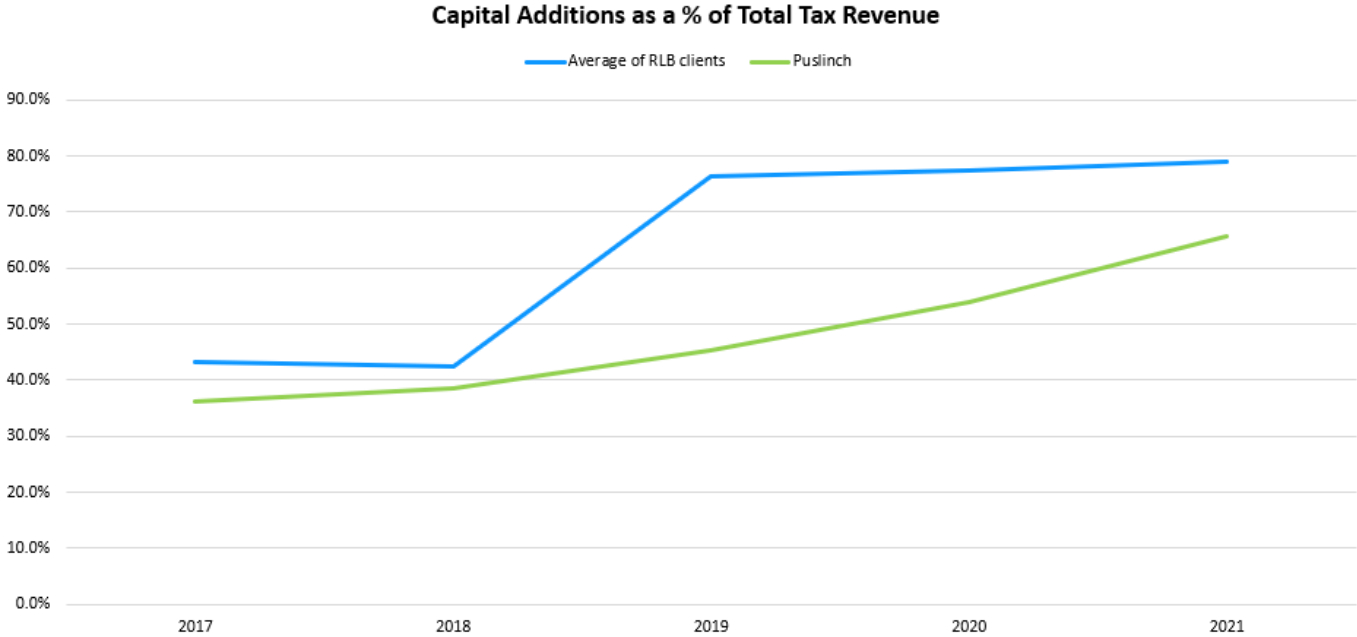


**MMAH Level of Risk:**  
Low < 10%  
Moderate 10 - 15%  
High >15%

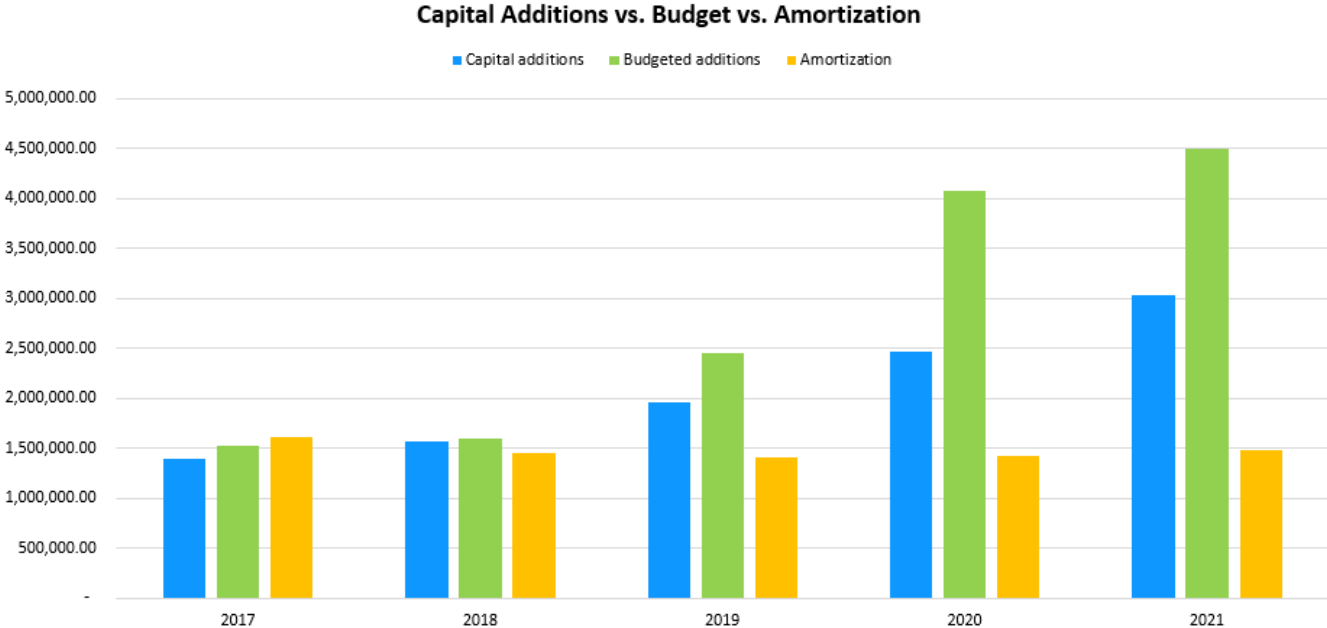




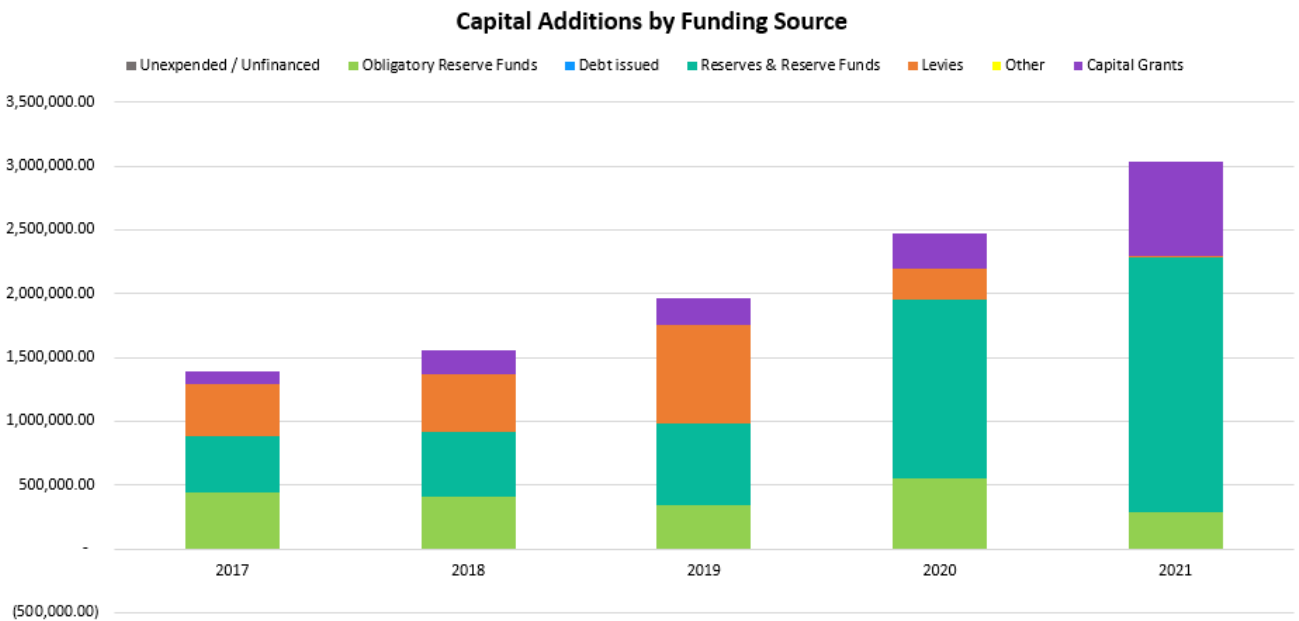
# Tangible Capital Assets



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# Tangible Capital Assets



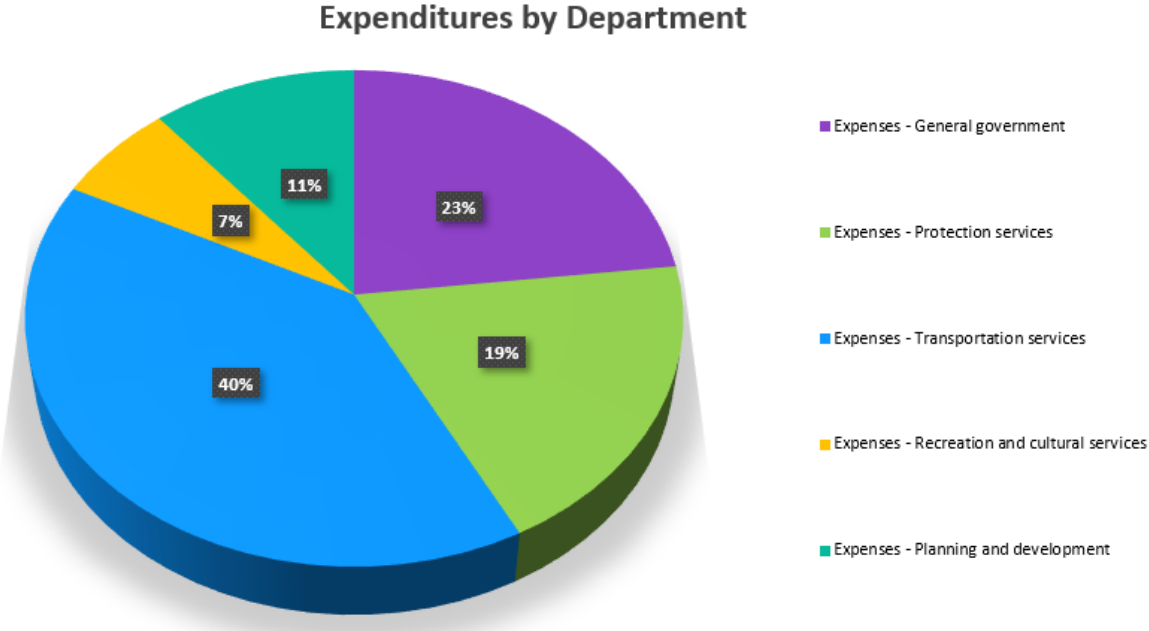
# Statement of Operations

- The Statement of Operations reports the revenues less expenses resulting in the annual surplus of the municipality
- Key areas:
  - Budget vs. actual results
  - Expenditures by department
  - Annual surplus
  - Accumulated surplus

# Statement of Operations

	2021 Budget (note 8)	2021	2020
<b>REVENUES</b> (schedule 3)			
Taxation	\$ 4,614,139	\$ 4,617,842	\$ 4,585,002
Fees and user charges	241,969	427,012	272,360
Government transfers (note 9)	2,025,551	1,508,454	1,701,270
Other income (note 10)	<u>1,964,245</u>	<u>1,824,722</u>	<u>1,532,932</u>
	<u>8,845,904</u>	<u>8,378,030</u>	<u>8,091,564</u>
<b>EXPENSES</b> (schedule 3)			
General government	1,649,191	1,570,401	1,305,037
Protection services	1,218,727	1,303,865	1,175,865
Transportation services	2,678,649	2,716,988	2,751,353
Recreation and cultural services	559,853	446,455	424,316
Planning and development	<u>776,830</u>	<u>748,829</u>	<u>746,259</u>
	<u>6,883,250</u>	<u>6,786,538</u>	<u>6,402,830</u>
<b>ANNUAL SURPLUS</b>	1,962,654	1,591,492	1,688,734
<b>ACCUMULATED SURPLUS, beginning of year</b>	<u>26,033,333</u>	<u>26,033,333</u>	<u>24,344,599</u>
<b>ACCUMULATED SURPLUS, end of year</b>	<u>\$ 27,995,987</u>	<u>\$ 27,624,825</u>	<u>\$ 26,033,333</u>

# Expenditures by Department



# Expenditures by Department

	2017	2018	2019	2020	2021
Expenses - General government	20.5%	22.7%	21.6%	20.4%	23.1%
Expenses - Protection services	20.0%	19.0%	19.0%	18.4%	19.2%
Expenses - Transportation services	42.3%	39.5%	40.2%	43.0%	40.0%
Expenses - Recreation and cultural services	7.5%	7.8%	7.7%	6.6%	6.6%
Expenses - Planning and development	9.6%	11.0%	11.6%	11.7%	11.0%

# Statement of Changes in Net Financial Assets

- The Statement of Changes in Net Financial Assets reconciles the annual surplus to the change in net financial assets, removing the activity of the non-financial assets



# Statement of Changes in Net Financial Assets

	2021 Budget (note 8)	2021	2020
<b>ANNUAL SURPLUS</b>	\$ <u>1,962,654</u>	\$ <u>1,591,492</u>	\$ <u>1,688,734</u>
Acquisition of tangible capital assets	(4,496,873)	(3,030,611)	(2,471,921)
Amortization of tangible capital assets	1,420,550	1,477,772	1,420,550
Loss on sale of tangible capital assets	168,122	168,122	177,174
Proceeds on disposal of tangible capital assets	<u>0</u>	<u>140,365</u>	<u>20,765</u>
	<u>(2,908,201)</u>	<u>(1,244,352)</u>	<u>(853,432)</u>
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	(945,547)	347,140	835,302
<b>NET FINANCIAL ASSETS, beginning of year</b>	<u>6,025,802</u>	<u>6,025,802</u>	<u>5,190,500</u>
<b>NET FINANCIAL ASSETS, end of year</b>	<u>\$ 5,080,255</u>	<u>\$ 6,372,942</u>	<u>\$ 6,025,802</u>

# Statement of Cash Flows

- The Statement of Cash Flows breaks down the change in cash equivalents through the year between operating and capital sources

# Statement of Cash Flows

	2021	2020 (note 2)
<b>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Annual surplus	\$ 1,591,492	\$ 1,688,734
Items not requiring an outlay of cash		
Change in post-employment benefits	(10,141)	(9,208)
Amortization of tangible capital assets	1,477,772	1,420,550
Loss on sale of tangible capital assets	<u>168,122</u>	<u>177,174</u>
	3,227,245	3,277,250
Changes in non-cash working capital		
Taxes receivable	329,284	(182,780)
Accounts receivable	66,207	(458,476)
Accounts payable and accrued liabilities	(372,520)	(146,452)
Grading deposits	(5,000)	(4,500)
Security deposits	(188,872)	122,577
Deferred revenue	<u>979,406</u>	<u>611,869</u>
	<u>4,035,750</u>	<u>3,219,488</u>
<b>CASH PROVIDED BY (USED IN) CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(3,030,611)	(2,471,921)
Proceeds on disposal of tangible capital assets	<u>140,365</u>	<u>20,765</u>
	<u>(2,890,246)</u>	<u>(2,451,156)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	1,145,504	768,332
<b>NET CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>8,132,521</u>	<u>7,364,189</u>
<b>NET CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 9,278,025</u>	<u>\$ 8,132,521</u>

# Schedule of Accumulated Surplus

- The Schedule of Accumulated Surplus (Schedule 2) shows the various sources of the accumulated surplus, including reserves
- Reserves shown are amounts set aside by the municipality for specific purposes

# Schedule of Accumulated Surplus

	2021	2020
<b>SURPLUSES</b>		
Invested in tangible capital assets	\$ 21,251,883	\$ 20,007,531
Unfunded post-employment benefits	(82,219)	(92,360)
General surplus	569,206	379,810
Barber's Beach street lighting area	1,448	1,899
Cambridge fire area	<u>1,682</u>	<u>1,592</u>
	<u>21,742,000</u>	<u>20,298,472</u>
<b>RESERVES</b>		
Working funds	649,754	647,070
Contingencies	316,022	241,022
Asset management	3,613,507	3,766,526
Operating purposes	839,435	740,721
Capital purposes	<u>464,107</u>	<u>339,522</u>
	<u>5,882,825</u>	<u>5,734,861</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 27,624,825</u>	<u>\$ 26,033,333</u>

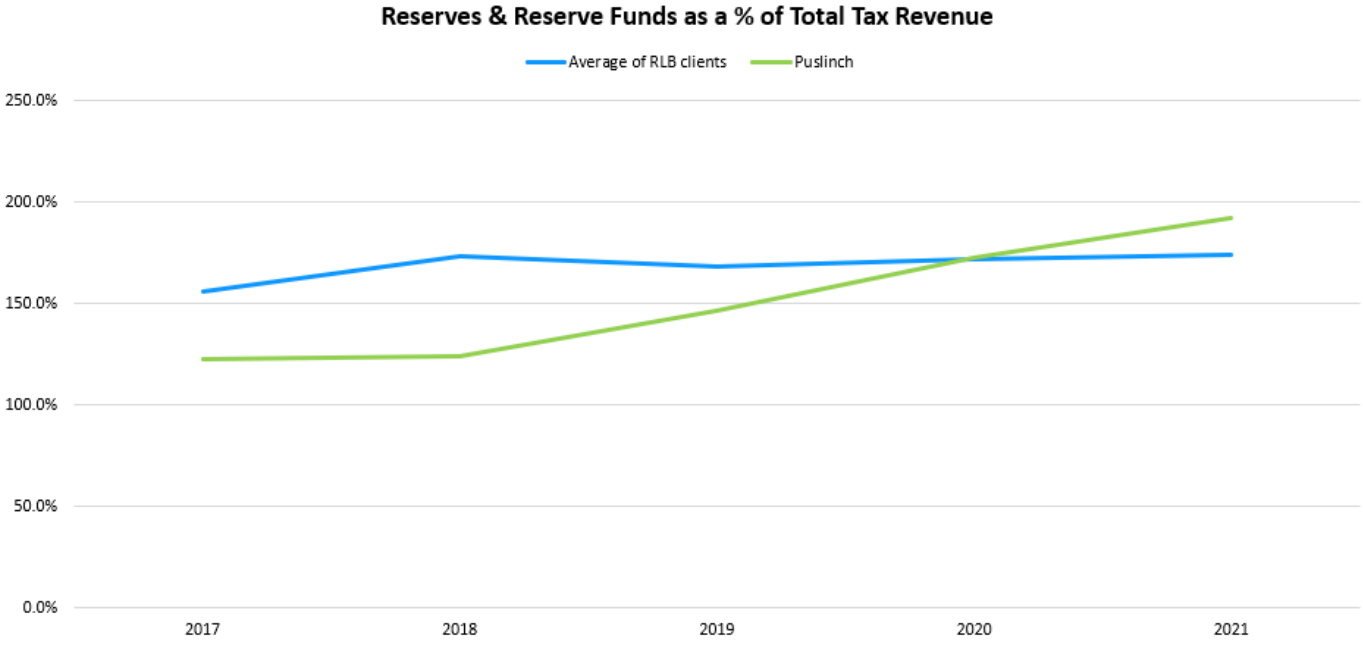
# Deferred Revenue

- The deferred revenue note reconciles the activity within obligatory reserve funds and other deferred items
- Deferred revenue is revenue received that has not yet been spent
- Obligatory reserve funds are deferred revenue that the municipality is required by law, regulation or the funding agreement that a reserve fund be utilized

# Deferred Revenue

	Opening	Contributions Received	Investment Income	Revenue Recognized	Ending
<b>Obligatory reserve funds</b>					
Development charges	\$ 1,428,488	\$ 318,141	\$ 12,597	\$ (122,099)	\$ 1,637,127
Federal gas tax	34,341	456,327	1,739	(103,719)	388,688
Recreational land	664,783	303,800	6,486	(61,224)	913,845
Stormwater perpetual maintenance	59,188	0	0	0	59,188
	<u>2,186,800</u>	<u>1,078,268</u>	<u>20,822</u>	<u>(287,042)</u>	<u>2,998,848</u>
<b>Other</b>					
Grants	25,000	0	0	(25,000)	0
Taxation	297,725	383,984	0	(297,725)	383,984
Recreation	17,121	39,149	0	(17,121)	39,149
Building permits	25,862	109,933	0	(25,862)	109,933
	<u>365,708</u>	<u>533,066</u>	<u>0</u>	<u>(365,708)</u>	<u>533,066</u>
	<u>\$ 2,552,508</u>	<u>\$ 1,611,334</u>	<u>\$ 20,822</u>	<u>\$ (652,750)</u>	<u>\$ 3,531,914</u>

# Reserve & Reserve Funds





# Next Steps

Council and management to communicate any changes to representations given throughout the audit process or any awareness of fraud up to the date of financial statement approval

Approval of financial statements by Council

Receipt of signed management representation letter

Township's submission of Financial Information Return (FIR)

Questions?

# Thank you!



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