

**CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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**Town of Gananoque
Consolidated
Financial Statements
December 31, 2019**

Town of Gananoque
Five Year Financial Review
(not subject to audit)

December 31	2019	2018	2017	2016	2015
Population (Statistics Canada)	5,159	5,159	5,159	5,159	5,194
Number of Households (MPAC)	2,546	2,528	2,528	2,528	2,528
Taxable Assessment (000's)	\$	\$	\$	\$	\$
Residential and farm	439,976	431,603	429,286	434,800	425,138
Commercial and industrial	83,024	82,343	82,852	85,707	84,541
Total	523,000	513,946	512,138	520,507	509,679
Commercial, industrial as % of assessment	15.9%	16.0%	16.2%	16.5%	16.6%
Rates of Taxation					
Residential					
▸ for general municipal purposes	1.303491	1.299790	1.285920	1.240900	1.233900
▸ for school board purposes	0.161000	0.170000	0.179000	0.188000	0.195000
Total	1.464491	1.469790	1.464920	1.428900	1.428900
Multi-Residential (total)	2.569200	2.571350	2.554740	2.480540	2.474630
Commercial (total)	3.698200	3.741350	3.765740	3.692254	3.709630
Industrial (total)	3.758812	3.801800	3.825540	3.850240	3.867010
Tax Arrears ▸ percentage of current levy (<10%)**	7.28%	9.74%	8.66%	9.20%	10.70%
Taxes Transferred (000's)					
▸ School Boards	1,792	1,813	1,896	2,001	2,022
Revenues (000's)	\$	\$	\$	\$	\$
▸ Taxation and payments in lieu	8,323	8,092	7,935	7,861	7,613
▸ Government transfers	2,004	2,007	1,997	2,097	2,038
▸ Fees and service charges	5,813	5,445	4,774	4,434	4,195
▸ Other	2,319	2,369	2,189	2,275	2,205
▸ Revenues related to capital assets	2,839	1,324	33	1,043	1,313
Total	21,298	19,237	16,928	17,710	17,364
Expenses (000's)					
▸ Operations	16,474	15,640	14,970	15,077	14,518
▸ Amortization	2,799	2,728	2,623	2,541	2,361
Net Financial Assets (Net Debt)					
▸ % of Operating Revenue (>(20%)) **	24.60%	11.16%	11.38%	(7.81%)	(5.27%)
▸ % of Taxation and User Charges (>(50%)) **	32.12%	14.76%	15.13%	(10.59%)	(7.17%)

** Represents the Provincial Low Risk Indicator.
(Note: All dollar amounts are in thousands of dollars.)

Town of Gananoque
Five Year Financial Review
(not subject to audit)

December 31	2019	2018	2017	2016	2015
	\$	\$	\$	\$	\$
Long Term Debt					
▸ Net long term debt (000's)	9,441	10,020	8,512	5,259	5,562
▸ Long term debt charges (000's)	895	779	570	572	574
▸ Annual repayment limit (000's) (Total)	3,718	3,640	3,489	3,312	3,176
▸ Long term debt per household	3,708	3,964	3,367	2,080	2,200
▸ Debt charges					
▸ rate supported ▸ water & sewer (000's)	122	143	54	30	36
▸ tax supported (000's)	773	636	516	542	538
Municipal Equity (000's)					
▸ Surplus and Reserves	14,252	12,087	10,516	7,709	7,655
▸ Invested in capital assets	56,625	53,966	51,940	52,789	50,212
▸ Asset consumption ratio	47.11%	46.79%	47.06%	45.30%	45.33%
▸ Reserves as % of operating expenses (>20%) **	89.53%	80.48%	73.82%	54.28%	55.87%
Financial Indicators					
▸ Sustainability					
▸ financial assets to liabilities	1.339	1.145	1.167	0.838	0.895
▸ financial assets to liabilities excluding long term debt	4.548	4.154	4.510	2.422	2.917
▸ long term debt to tangible capital assets	14.29%	15.60%	14.07%	8.51%	9.48%
▸ capital reserve to accumulated amortization	21.61%	19.25%	17.70%	13.30%	14.40%
▸ Flexibility					
▸ Debt charges to total operating revenue (<5%) **	4.85%	4.35%	3.37%	3.43%	3.58%
▸ Total operating revenue to taxable assessment	3.53%	3.49%	3.30%	3.20%	3.15%
▸ Working capital to operating expenses (>10%) **	84.87%	76.85%	69.71%	26.25%	32.48%
▸ Vulnerability					
▸ Operating government transfers ▸ to operating revenue	9.95%	10.36%	11.23%	11.49%	11.63%
▸ Total government transfers ▸ to total revenues	19.69%	17.83%	11.21%	16.38%	18.31%



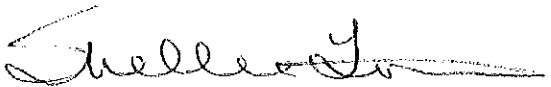
Management's Responsibility for the Consolidated Financial Statements

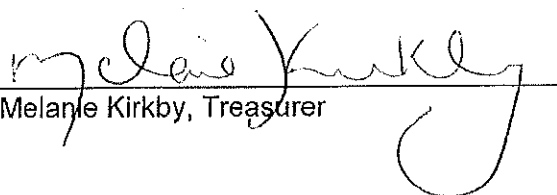
The accompanying consolidated financial statements of the Corporation of the Town of Gananoque are the responsibility of the Town's management and have been prepared in compliance with legislation, and in accordance with Canadian Public Sector Accounting Standards. A summary of significant accounting policies are described in note 2 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Town's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of consolidated financial statements. These systems are monitored and evaluated by management.

Management meets with the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to Council approval of the consolidated financial statements.

The consolidated financial statements have been audited by Allan and Partners LLP, independent external auditors appointed by the Town. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Town's consolidated financial statements.


Shellee Fournier, CAO


Melanie Kirkby, Treasurer



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INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers
of the Corporation of the Town of Gananoque:

Opinion

We have audited the consolidated financial statements of the Corporation of the Town of Gananoque (the 'Entity'), which comprise:

- the consolidated statement of financial position as at December 31, 2019;
- the consolidated statement of operations and municipal equity for the year then ended;
- the consolidated statement of changes in net financial assets for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- and the notes to the consolidated financial statements, including a summary of significant accounting policies;

(Hereinafter referred to as the 'financial statements').

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2019, and its consolidated results of operations, its consolidated changes in net financial assets 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 '**Auditors' Responsibilities for the Audit of the Financial Statements**' section of our auditor's report.

We are independent of the Entity 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement 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 of 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



Allan and Partners LLP
Chartered Professional Accountants
Licensed Public Accountants

Perth, Ontario
June 16, 2020.

Town of Gananoque
Consolidated Statement of Financial Position

December 31	2019	(Note 18) 2018
	\$	\$
ASSETS		
Financial Assets		
Cash and short term deposits	14,745,173	12,737,621
Taxes receivable (net of allowance of \$169,000)	543,732	799,200
User charges receivable	1,054,608	856,486
Accounts receivable (net of allowance \$15,453)	1,578,415	1,436,420
	17,921,928	15,829,727
LIABILITIES		
Financial Liabilities		
Accounts payable and accrued liabilities	1,956,647	2,001,382
Other current liabilities	408,442	353,677
Employee future benefit obligations (note 5)	642,195	666,808
Deferred revenues (note 6)	933,291	789,242
Long term liabilities (note 7)	9,441,279	10,020,083
	13,381,854	13,831,192
NET FINANCIAL ASSETS	4,540,074	1,998,535
NON-FINANCIAL ASSETS		
Tangible capital assets (note 15)	66,065,996	63,985,695
Inventories	123,161	68,490
Prepaid expense	147,915	107,566
	66,337,072	64,054,185
Commitments (note 13) Contingent Liabilities (note 11)		
MUNICIPAL EQUITY (note 8)	70,877,146	66,052,720

The accompanying notes are an integral part of these consolidated financial statements.

Town of Gananoque
Consolidated Statement of Operations

For the year ended December 31	(Note 17) Budget	2019	2018
	\$	\$	\$
REVENUES			
Taxation ▶ residential	5,940,402	5,961,366	5,801,898
▶ commercial and industrial	1,969,493	2,035,792	1,967,624
▶ other governments	323,132	325,958	322,036
User charges ▶ environmental	3,512,994	3,727,612	3,366,305
▶ transportation	75,000	96,805	100,072
▶ recreation and culture	1,076,376	1,089,788	1,116,417
▶ other	610,350	898,558	862,151
Government transfers	1,979,018	2,003,944	2,007,104
Investment income	70,500	324,363	215,492
Penalties and interest on taxes	120,200	107,608	124,133
Licenses and permits	234,560	213,848	184,527
Provincial offenses	40,249	33,818	48,248
Casino revenues	1,600,000	1,434,896	1,499,238
Other	135,912	204,641	297,558
TOTAL REVENUES	17,688,186	18,458,997	17,912,803
EXPENSES			
General government	1,430,537	1,514,584	1,461,638
Protection to persons and property	4,682,732	5,205,213	4,992,800
Transportation services	2,777,521	2,614,684	2,407,816
Environmental services	3,382,402	3,269,451	2,874,668
Health services	553,223	513,529	493,641
Social and family services	487,965	441,304	410,334
Recreation and cultural services	2,357,531	2,218,687	2,279,586
Planning and development	995,072	678,111	700,018
Post retirement benefits actuarial valuation	19,336	18,351	19,336
TOTAL EXPENSES	16,686,319	16,473,914	15,639,837
NET REVENUES FROM OPERATIONS	1,001,867	1,985,083	2,272,966
OTHER			
Grants and transfers related to capital			
Deferred revenues earned (note 6)	765,761	765,761	499,068
Government transfers	1,566,226	1,591,079	774,427
Other	---	482,503	50,200
	2,331,987	2,839,343	1,323,695
ANNUAL SURPLUS	3,333,854	4,824,426	3,596,661
MUNICIPAL EQUITY, BEGINNING OF YEAR	66,052,720	66,052,720	62,456,059
MUNICIPAL EQUITY, END OF YEAR	69,386,574	70,877,146	66,052,720

The accompanying notes are an integral part of these consolidated financial statements.

Town of Gananoque

Consolidated Statement of Changes in Net Financial Assets

For the year ended December 31	(Note 17) Budget	2019	(Note 18) 2018
	\$	\$	\$
ANNUAL SURPLUS	3,333,854	4,824,426	3,596,661
Amortization of tangible capital assets	3,267,382	2,798,776	2,728,329
Acquisition of tangible capital assets	(6,795,979)	(4,887,031)	(6,260,130)
Disposal of tangible capital assets	---	7,954	53,534
Acquisition of supplies inventories	---	(54,671)	(42,764)
Acquisition of prepaid expenses	---	(40,349)	(107,566)
	(3,528,597)	(2,175,321)	(3,628,597)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(194,743)	2,649,105	(31,936)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	1,890,969	1,890,969	1,922,905
NET FINANCIAL ASSETS, END OF YEAR	1,696,226	4,540,074	1,890,969

The accompanying notes are an integral part of these consolidated financial statements.

Town of Gananoque
Consolidated Statement of Cash Flows

For the year ended December 31	2019	(Note 18) 2018
	\$	\$
OPERATING ACTIVITIES		
Annual surplus for the year	4,824,426	3,596,661
Amortization	2,798,776	2,728,329
	7,623,202	6,324,990
Net Change in Non-Cash Working Capital Balances		
Taxes receivable	255,468	(84,749)
User charges receivable	(198,122)	(200,070)
Accounts receivable	(249,561)	(185,712)
Accounts payable and accrued liabilities	(44,735)	461,630
Other current liabilities	54,765	76,635
Employee future benefit obligations	(24,613)	18,720
Deferred revenues	144,049	281,115
Inventories	(54,671)	(42,764)
Prepaid expenses	(40,349)	(107,566)
	(157,769)	217,239
Working Capital from Operations	7,465,433	6,542,229
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(4,887,031)	(6,260,130)
Disposal of capital assets	7,954	53,534
Net investment in tangible capital assets	(4,879,077)	(6,206,596)
FINANCING ACTIVITIES		
Debt issued for Town purposes	---	2,000,000
Debt principal repayments	(578,804)	(492,158)
Net (decrease) increase in cash from financing activities	(578,804)	1,507,842
NET INCREASE IN CASH	2,007,552	1,843,475
CASH, BEGINNING OF YEAR	12,737,621	10,894,146
CASH, END OF YEAR	14,745,173	12,737,621

The accompanying notes are an integral part of these consolidated financial statements.

Town of Gananoque

Notes to the Consolidated Financial Statements

December 31, 2019

1. Status of the Town of Gananoque

The Town of Gananoque (the 'Town') was incorporated in 1890. The Town operates as a single tier government in the United Counties of Leeds and Grenville, in the Province of Ontario, Canada and provides municipal services such as police, fire, public works, planning, parks and recreation, library and other general government operations.

2. Significant Accounting Policies

The consolidated financial statements of the Corporation of the Town of Gananoque are the representations of management and have been prepared in all material respects in accordance with Canadian Public Sector Accounting Standards. Significant aspects of the accounting policies by the Town are as follows:

Reporting Entity

- (i) The consolidated financial statements reflect financial assets, liabilities, operating revenues and expenses, reserves, reserve funds and changes in investment in tangible capital assets of the Town. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Town and which are owned or controlled by the Town. Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated. These consolidated financial statements include:
 - Public Library Board
 - Business Improvement Area Committee
 - Police Commission
- (ii) The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in the municipal fund balances of these consolidated financial statements.

Basis of Accounting

- (i) The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based on receipt of goods and services and / or the creation of a legal obligation to pay.
- (ii) Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year.

Town of Gananoque

Notes to the Consolidated Financial Statements

December 31, 2019

2. Significant Accounting Policies / continued

Taxation and Related Revenues

Property tax billings are prepared by the Town based on assessment rolls issued by the Municipal Property Assessment Corporation ('MPAC'). Tax rates are established by the Town Council, incorporating amounts to be raised for local services, and amounts the Town is required to collect on behalf of the Province of Ontario in respect of education taxes. Taxation revenues are recorded at the time tax billings are issued. Adjustments to taxation revenue can occur during the year related to the issuance of supplementary tax billings and/or assessment appeals. These adjustments are recorded when the amount of the adjustments can be quantified. The Town is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period in which the interest and penalties are applied.

Tangible Capital Assets

Tangible capital assets are recorded at cost, which include all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost of the tangible capital assets are amortized on a straight line basis over their estimated useful lives as follows:

Land	
Land Improvements	
Buildings	40 years
Equipment	5 to 15 years
Vehicles	5 to 15 years
Linear Assets	
Roads	60 years
Bridges	60 years
Sidewalks	20 years
Traffic Lights	15 years
Street Lights	15 years
Sanitary Sewer	60 years
Storm Sewer	60 years
Water Lines	60 years
Construction in Progress	

Amortization is charged from the date of acquisition. Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

The Town has a capitalization threshold of \$10,000 for vehicles and equipment and \$50,000 for linear assets and buildings so that individual capital assets of lesser value are expensed.

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of other asset as of the date of transfer.

When tangible capital assets are disposed of, either by way of a sale, destruction or loss, or abandonment of the asset, the asset's net book value, historical cost less accumulated amortization, is written off. Any resulting gain or loss, equal to the proceeds on disposal less the asset's net book value, is reported on the consolidated statement of operations in the year of disposal. Transfers of assets to third parties are recorded as an expense equal to the net book value of the asset as of the date of transfer.

Town of Gananoque

Notes to the Consolidated Financial Statements

December 31, 2019

2. Significant Accounting Policies / continued

Tangible Capital Assets / continued

When conditions indicate that a tangible capital asset no longer contributes to the Town's ability to provide services or the value of the future economic benefits associated with the tangible capital asset are less than its net book value, and the decline is expected to be permanent, the cost and accumulated amortization of the asset are reduced to reflect the revised estimate of the value of the asset's remaining service potential. The resulting net adjustment is reported as an expense on the consolidated statement of operations.

Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

Inventories and Prepaid Expenses

Inventories and prepaid expenses held for consumption are recorded at the lower of cost or replacement cost.

Pension and Employee Benefits

The Town accounts for its participation in the Ontario Municipal Employees Retirement System ('OMERS'), a multi-employer public sector pension fund, as a defined benefit plan. The OMERS plan specifies the retirement benefits to be received by employees based on length of service and pay rates.

Employee benefits include vacation entitlement and sick leave benefits. Vacation entitlements are accrued as entitlements are earned. Sick leave benefits are accrued in accordance with the Town's policy.

The Town accrues its obligation for employee benefit plans which will require funding in future period. The cost of post-retirement benefits earned by employees is actuarially determined using the projected benefit method pro-rated on services and management's best estimate of salary escalation, retirement ages of employees and expected health care costs.

Actual gains (losses) which can arise from changes in the actuarial assumptions used to determine the accrued benefit obligation will be amortized over the average remaining service period of active employees.

Cash and Cash Equivalents

The Town considers cash and cash equivalents to be highly liquid investments with original maturities of three months or less.

Government Transfers

Government transfers are recognized in the consolidated financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

Town of Gananoque
Notes to the Consolidated Financial Statements

December 31, 2019

2. Significant Accounting Policies / continued

Deferred Revenues

The Town defers recognition of user charges and fees which have been collected but for which the related services have yet to be performed. Government transfers of gas taxes, and infrastructure funding are reported as deferred revenues in the Consolidated Statement of Financial Position. These amounts will be recognized as revenues in the fiscal year the services are performed.

The Town receives restricted contributions under the authority of Federal and Provincial legislation and Town by-laws. These funds by their nature are restricted in their use and until applied to applicable costs are recorded as deferred revenue. Amounts applied to qualifying expenses are recorded as revenue in the fiscal period they are expended.

Deferred revenue represents certain user charges and fees which have been collected but for which the related services have yet to be performed. Deferred revenue also represents contributions that the Town has received pursuant to legislation, regulation or agreement that may only be used for certain programs or in the completion of specific work. These amounts are recognized as revenue in the fiscal year the services are performed or related expenses incurred.

Investments

Short-term and long-term investments are recorded at cost plus accrual interest. If the market value of investments become lower than cost and the decline in value is considered to be other than temporary, the investments are written down to market value.

Investment income earned on surplus current funds, capital funds, reserves and reserve funds (other than obligatory reserve funds) are reported as revenue in the period earned. Investment income earned on deferred revenue is added to the fund balance and forms part of respective deferred revenue balances.

Liability for Contaminated Sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when a site is not in productive use and all the following criteria are met:

- (a) an environmental standard exists;
- (b) contamination exceeds the environmental standard;
- (c) the Town:
 - (i) is directly responsible; or
 - (ii) accepts responsibility
- (d) it is expected that future economic benefit will be given up; and
- (e) a reasonable estimate of the amount can be made.

Financial Instruments

All financial instruments are initially recognized at fair value on the consolidated statement of financial position. The Town has classified each financial instrument into one of the following categories: held-for-trading financial assets and liabilities, loans and receivables, held-to-maturity financial assets and other financial liabilities. Subsequent measurement of financial instruments is based on their classification.

Town of Gananoque

Notes to the Consolidated Financial Statements

December 31, 2019

2. Significant Accounting Policies / continued

Financial Instruments / continued

Held-for-trading financial assets and liabilities are subsequently measured at fair value with changes in those fair values recognized in net revenues.

Loans and receivables, held-to-maturity, financial assets and other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The Town classifies cash and cash equivalents as held-for-trading financial assets, accounts receivable as loans and receivables, and accounts payable and accrued liabilities as other financial liabilities.

Measurement Uncertainty

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from these estimates. These estimates are reviewed periodically and as adjustments become necessary, they are recorded in the consolidated financial statements in the period in which they become known.

3. Operations of the School Boards

During 2019, the Town collected and made property tax transfers including payments in lieu of property taxes, to the School Boards as follows:

	2019	2018
	\$	\$
Property taxes	1,791,817	1,812,727
Amounts requisitioned and paid	1,791,817	1,812,727

4. Bank Indebtedness

The Town's financial agreement with its bank provides for an operating credit facility of up to \$1,500,000 to finance expenses, pending receipt of property taxes and other income. Interest on funds drawn is charged at the Bank of Montreal's prime rate. As at December 31, 2019, there was \$Nil (2018 \$Nil) drawn on the facility.

Town of Gananoque

Notes to the Consolidated Financial Statements

December 31, 2019

5. Employee Future Benefit Obligations

The Town previously provided a sick leave benefit plan, now discontinued, that would allow unused sick leave to accumulate such that employees became entitled to cash payment when they left the Town's employment.

The liabilities for these accumulated days, to the extent they were vested and could be taken in cash by an employee on termination is \$22,067 (2018 \$65,031). An amount of \$42,964 was paid out in 2019 (2018 \$Nil). Payout to employees eligible to retire in the next five years approximates \$22,000.

The Town provides non-pension retirement benefits for extended health care, dental and other benefits to specific groups of employees. Eligibility is based upon unreduced retirement until age 65. The Town's cost is 100% of the monthly premium.

An independent actuarial study of the employee non-pension benefits has been undertaken. The most recent valuation of the employee future benefit was effective January 1, 2017.

The accrued benefit obligation relating to the employee non-pension retirement benefits has been actuarially determined using the projected benefit method pro-rated on services. At December 31, 2019, based on actuarial update, the accrued benefit obligation was \$620,128 (2018 \$601,777).

The significant actuarial assumptions adopted in estimating the Town's accrued benefit obligation are as follows:

Discount Rate	3.3%
Trend Rates	7.5%decreasing by 0.5% annually to 4.0%
Employee Turnover	4.5% decreasing to 1.% after 25 years of service, none after age 55 (50 for Police and Fire)
Retirement Age	Earlier of age 62 or age plus service totals 90 with at least 30 years of service (age 60 or 85 with at least 20 years of service for Police and Fire)

The continuity of post employment benefits for 2019 is as follows:

	2019	2018
	\$	\$
Balance, Beginning of Year	601,777	582,441
Current service costs	34,517	33,414
Interest cost	19,834	19,222
Benefits paid	(36,000)	(33,300)
Balance, End of Year	620,128	601,777

	2019			2018		
	Gross	Funded	Unfunded	Gross	Funded	Unfunded
	\$	\$	\$	\$	\$	\$
Health Benefits	620,128	---	620,128	601,777	---	601,777
Sick Leave	22,067	22,067	---	65,031	65,031	---
	642,195	22,067	620,128	666,808	65,031	601,777

Town of Gananoque

Notes to the Consolidated Financial Statements

December 31, 2019

6. Deferred Revenues

A requirement of public sector accounting standards of the Chartered Professional Accountants of Canada is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as Provincial legislation restricts how these funds may be used and under certain circumstances these funds may possibly be refunded.

The transactions for the year are summarized below:

	Parkland	Infrastructure Funding	Total
	\$	\$	\$
January 1, 2019	23,481	765,761	789,242
Contributions from developers	135,940	---	135,940
Government grants	---	773,870	773,870
Transfer to capital acquisitions	---	(765,761)	(765,761)
December 31, 2019	159,421	773,870	933,291

7. Long Term Liabilities

- (a) The balance of long term liabilities reported on the "Consolidated Statement of Financial Position" is comprised of the following:

	2019	2018
	\$	\$
Fixed rate bank loans with maturity dates in 2021 and interest rates of 2.55%.	2,209,597	2,367,161
Ontario Infrastructure Projects Corporation with maturity dates between 2023 and 2047 and interest rates between 2.640% and 5.606%.	7,231,682	7,652,922
Net long term liabilities at the end of the year	9,441,279	10,020,083

Town of Gananoque
Notes to the Consolidated Financial Statements

December 31, 2019

7. Long Term Liabilities / continued

(b) Principal payments fall due as follows:

	Water and Sewer Rates	General Revenues	Total
	\$	\$	\$
2020	62,537	536,471	599,008
2021	64,622	2,437,508	2,502,130
2022	66,776	404,849	471,625
2023	69,002	350,119	419,121
2024	71,305	290,929	362,234
2025 to 2029	393,823	1,218,268	1,612,091
2030 and thereafter	951,791	2,523,279	3,475,070
	1,679,856	7,761,423	9,441,279

(c) Interest expense on long term liabilities in 2019 amounted to \$316,552 (2018 \$286,645).

(d) These payments are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

8. Municipal Equity

Municipal equity consists of:

	2019	2018
	\$	\$
Investment in tangible capital assets		
Tangible capital assets	66,065,996	63,985,695
Long term liabilities	(9,441,279)	(10,020,083)
	56,624,717	53,965,612
Unrestricted surplus		
Business Improvement Area	---	7,515
Library Board	---	25,428
Invested in inventory	123,161	68,490
Unfunded future employee benefits	(620,128)	(601,777)
Reserves (Schedule 1)	14,749,396	12,587,452
Total Municipal Equity	70,877,146	66,052,720

Town of Gananoque

Notes to the Consolidated Financial Statements

December 31, 2019

9. Pension Contributions

The Town makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of all permanent members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Employers and employees contribute to the plan. Since any surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees, the Town does not recognize any share of the OMERS pension surplus or deficit in these consolidated financial statements.

The amount contributed to OMERS was \$495,898 (2018 \$462,648) for current services and is included as an expenditure on the Consolidated Statement of Operations classified under the appropriate functional expenditure. Contributions by employees were a similar amount.

10. Provincial Offences Administration (POA)

The United Counties of Leeds and Grenville has assumed the administration of the Provincial Offences office for all County of Leeds and Grenville resident municipalities. The transfer of administration from the Ministry of the Attorney General to the Town was a result of the Provincial Offences Act (POA) 1997, which provides the framework for the transfer of responsibility and administration of POA courts.

The POA is a procedural law for administering and prosecuting provincial offences, including those committed under the Highway Traffic Act, Compulsory Automobile Insurance Act, Trespass to Property Act, Liquor Licence Act, Municipal By-Laws and minor federal offences. The POA governs all aspects of legal process from serving notice to a defendant, to conducting trials, including sentencing and appeals.

The Town's share of net revenues arising from operation of the POA office have been consolidated with these consolidated financial statements. The revenue of the court office consists of fines levied under Parts I and III (including delay penalties) for POA charges filed in court.

If fines are paid at other court offices, the receipt is recorded in the Integrated Courts Operation Network System ("ICON") operated by the Province of Ontario. Revenue is recognized when receipt of funds is recorded by the provincial ICON system regardless of the location where payment is made.

The Town of Gananoque shares net POA revenues based on weighted assessment, population, households and the number of tickets collected.

11. Contingent Liabilities

The nature of municipal activities is such that there may be litigation pending or in prospect at any time. With respect to claims as at December 31, 2019, management believes that the Town has valid defences and appropriate insurance coverages in place.

In the event any claims are successful, the amount of any potential liability is not determinable, therefore, no amount has been accrued in the consolidated financial statements.

Town of Gananoque
Notes to the Consolidated Financial Statements

December 31, 2019

12. Contingent Liability – Contaminated Sites

The Town has identified a potential liability for two contaminated sites. One site was previously used as a landfill and the other attached to an industrial property with environmental issues. The Town has completed environmental assessments on the industrial site. An estimate of the liability for the contaminated sites could not be reasonably estimated. Both sites are currently vacant. A liability for the contaminated sites will be recognized in the consolidated financial statements, if required, when a future use of the site is known.

13. Commitments

The Town has entered into the following contractual service commitments:

- (a) An agreement with Frontenac Municipal Law Enforcement Incorporated for the provision of by-law enforcement services which expires April 2020. Fees are based on an hourly rate and mileage is reimbursed on a kilometre basis. Fee increases are to be reviewed from time to time at the request of the contractor. Fees paid under the contract for 2019 were \$93,249 (2018 \$81,684).
 - (b) The Town has entered into a contractual obligation with Waste Connections of Canada for the collection and disposal of solid waste and recycled materials. Fees are based on tonnage and are adjusted for a fuel surcharge and annually for inflation. The contract expires March 2022, and provides for an additional two year extension. Fees paid under the contract for 2019 were \$304,194 (2018 \$299,402).
 - (c) The Town awarded a contract to Neptune Technology Group in the amount of \$517,310 to replace the existing water meters with 'smart' water meters. The contract will be funded from the Provincial Modernization funding. The project is expected to be completed in 2020.
-

14. Risk Management

In the normal course of operations, the Town is exposed to a variety of financial risks which are actively managed by the Town.

The Town's financial instruments consist of cash, investments, accounts receivable, mortgage receivable and accounts payable. The fair values of cash, investments, accounts payable and accrued liabilities approximate their carrying values because of their expected short term maturity and treatment on normal trade terms.

The Town's exposure to and management of risk has not changed materially from December 31, 2018.

Credit Risk

Credit risk arises from the possibility that the entities to which the Town provides services to may experience difficulty and be unable to fulfill their obligations. The Town is exposed to financial risk that arises from the credit quality of the entities to which it provides services. The Town does not have a significant exposure to any individual customer or counter party. As a result, the requirement for credit risk related reserves for accounts receivable is minimal.

Town of Gananoque
Notes to the Consolidated Financial Statements

December 31, 2019

14. Risk Management / continued

Interest Rate Risk

Interest rate risk arises from the possibility that the value of, or cash flows related to, a financial instrument will fluctuate as a result of changes in market interest rates. The Town is exposed to financial risk that arises from the interest rate differentials between the market interest rate and the rates on its cash and cash equivalents and operating loan. Changes in variable interest rates could cause unanticipated fluctuations in the Town's operating results.

Liquidity Risk

Liquidity risk is the risk that the Town will not be able to meet its obligations as they fall due. The Town requires working capital to meet day-to-day operating activities. Management expects that the Town's cash flows from operating activities will be sufficient to meet these requirements.

15. Tangible Capital Assets

	2019	2018
	\$	\$
Land	5,027,221	5,027,221
Land Improvements	492,500	507,737
Buildings	17,871,249	18,497,332
Equipment	3,615,324	3,714,835
Vehicles	1,161,685	616,586
Linear Assets		
Roads	17,413,522	15,727,375
Bridges	3,494,042	2,392,767
Sidewalks	1,533,134	1,496,847
Traffic Lights	120,245	155,822
Street Lights	552,075	603,708
Sanitary Sewer	5,706,400	5,678,635
Storm Sewer	1,436,773	1,491,695
Water Lines	6,527,378	6,557,776
Construction in Progress		
Road Projects	----	705,508
Water and Sewer Projects	690,288	809,307
Recreation Projects	424,160	2,544
	66,065,996	63,985,695

For additional information, see Schedule 2 ► Tangible Capital Assets.

Town of Gananoque
Notes to the Consolidated Financial Statements

December 31, 2019

16. Segmented Information

The Town is a diversified municipal government that provides a wide range of services to its citizens. The services are provided by departments and their activities are reported in the consolidated statement of operations.

Departments have been separately disclosed in the segmented information, along with the service they provide, are set out in the schedule below.

For each reported segment, expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in note 2.

Town of Gananoque
Notes to the Consolidated Financial Statements

December 31, 2019

16. Segmented Information / continued

2019	Salaries, Wages & Employee Benefits	Debt Interest	Materials & Services	Materials & Services Non TCA	Interfunc tional Adjustments	External Transfers	Amortization	Total
	\$	\$	\$	\$	\$	\$	\$	\$
General Government								
Governance	109,154	---	37,687	---	---	---	---	146,841
Corporate Management & Program Support	663,192	71,558	511,218	---	---	3,000	118,775	1,367,743
Protection to Persons and Property								
Fire	463,142	---	235,880	---	47,562	---	99,831	846,415
Police	3,431,740	---	365,185	---	(20,000)	---	109,241	3,886,166
Conservation Authority	---	---	---	---	---	42,695	---	42,695
Protective Inspection	198,385	---	77,064	---	---	---	---	275,449
Emergency Measures	---	35,865	118,623	---	---	---	---	154,488
Transportation								
Roadways	589,594	67,620	522,285	---	---	---	1,033,865	2,213,364
Winter Control	127,267	---	61,612	---	---	---	---	188,879
Parking	1,622	---	45,276	---	---	---	---	46,898
Street Lighting	---	13,417	100,493	---	---	---	51,633	165,543
Environmental								
Sanitary Sewer	420,638	21,299	313,849	---	---	---	462,106	1,217,892
Waterworks	544,977	37,626	559,725	---	(27,562)	---	552,865	1,667,631
Waste Services	73,543	---	310,385	---	---	---	---	383,928
Health Services								
Public Health Services	---	---	1,049	---	---	94,335	---	95,384
Ambulance	---	---	---	---	---	330,555	---	330,555
Doctor Recruitment	---	---	87,590	---	---	---	---	87,590
Social and Family								
General Assistance	---	---	---	---	---	148,562	---	148,562
Assistance to Aged Persons	---	11,888	---	---	---	10,225	14,206	36,319
Child Care	---	---	---	---	---	29,435	---	29,435
Social Housing	---	---	---	---	---	226,988	---	226,988
Recreation and Cultural Services								
Parks	183,908	---	89,104	---	---	---	---	273,012
Recreation Facilities & Programs	530,601	57,279	544,388	112,943	---	139,309	332,580	1,717,100
Libraries	142,718	---	62,183	---	---	---	23,674	228,575
Planning and Development								
Planning & Zoning	122,329	---	28,354	---	---	---	---	150,683
Commercial & Industrial	316,841	---	202,932	---	---	7,655	---	527,428
Post Retirement Benefits								
	18,351	---	---	---	---	---	---	18,351
2019	7,938,002	316,552	4,274,882	112,943	---	1,032,759	2,798,776	16,473,914

Town of Gananoque
Notes to the Consolidated Financial Statements

December 31, 2019

16. Segmented Information / continued

2018	Salaries, Wages & Employee Benefits	Debenture Debt Interest	Materials & Services	Materials & Services Non TCA	Interfunc tional Adjustments	External Transfers	Amortization	Total
	\$	\$	\$	\$	\$	\$	\$	\$
General Government								
Governance	90,445	---	37,601	---	---	---	---	128,046
Corporate Management & Program Support	618,239	6,166	545,191	39,501	---	5,885	118,610	1,333,592
Protection to Persons and Property								
Fire	650,518	---	150,577	---	46,250	---	108,056	955,401
Police	3,202,245	---	274,267	13,292	(20,000)	---	106,680	3,576,484
Conservation Authority	---	---	9,823	---	---	40,672	---	50,495
Protective Inspection	178,660	---	92,405	---	---	---	---	271,065
Emergency Measures	---	38,293	101,062	---	---	---	---	139,355
Transportation								
Roadways	536,673	49,347	479,017	---	---	---	971,483	2,036,520
Winter Control	103,771	---	47,967	---	---	---	---	151,738
Parking	3,857	---	35,109	---	---	---	---	38,966
Street Lighting	---	17,478	111,785	---	---	---	51,329	180,592
Environmental								
Sanitary Sewer	340,281	27,184	280,670	---	---	---	442,698	1,090,833
Waterworks	450,761	67,206	351,228	---	(26,250)	---	576,804	1,419,749
Waste Services	82,329	---	281,757	---	---	---	---	364,086
Health Services								
Public Health Services	---	---	---	---	---	96,611	---	96,611
Ambulance	---	---	---	---	---	308,312	---	308,312
Doctor Recruitment	---	---	88,718	---	---	---	---	88,718
Social and Family								
General Assistance	---	---	---	---	---	120,344	---	120,344
Assistance to Aged Persons	---	13,630	---	---	---	10,004	14,206	37,840
Child Care	---	---	---	---	---	29,659	---	29,659
Social Housing	---	---	---	---	---	222,491	---	222,491
Recreation and Cultural Services								
Parks	170,453	---	148,734	66,815	---	---	---	386,002
Recreation Facilities & Programs	524,868	67,341	572,108	28,880	---	165,801	313,898	1,672,896
Libraries	137,480	---	58,643	---	---	---	24,565	220,688
Planning and Development								
Planning & Zoning	96,822	---	24,481	---	---	---	---	121,303
Commercial & Industrial	354,603	---	149,825	74,287	---	---	---	578,715
Post Retirement Benefits								
	19,336	---	---	---	---	---	---	19,336
2018	7,561,341	286,645	3,840,968	222,775	---	999,779	2,728,329	15,639,837

Town of Gananoque

Notes to the Consolidated Financial Statements

December 31, 2019

17. Budget Figures

The 2019 approved budget was prepared on a cash based approach with a reconciliation to a budgeted based on Public Sector Accounting Standards. The cash based approach includes capital expenses, repayment of long term debt and transfers to and from reserves which are removed in the year end Statement of Operations. The revenues attributable to these items continue to be included in the Statement of Operations, resulting in a significant variance. The following analysis is provided to assist readers in their understanding of differences between the approved budget and the audited financial statements:

	Budget	Actual
	\$	\$
Total Revenues	17,688,186	18,458,997
Total Expenses	16,686,319	16,473,914
Net Revenues	1,001,867	1,985,083
Amortization	3,267,382	2,798,776
Adjusted Net Revenues	4,269,249	4,783,859
Capital Revenues	2,331,987	2,839,343
Funds Available	6,601,236	7,623,202
Capital Expenses	(6,795,979)	(4,887,031)
Disposal of Tangible Capital Assets	---	7,954
Consumption of Inventory	---	(54,671)
Unfunded Future Employee Benefits	19,336	18,351
Principal Repayments	(566,521)	(578,804)
(Decrease) Increase in Operating Surplus	(741,928)	2,129,001
Allocated as follows:		
Board surplus transferred to reserves	---	(32,943)
Net Transfers (from) to reserves	(741,928)	2,161,944
	(741,928)	2,129,001

18. Comparative Figures

Some reclassification of prior year's figures was necessary in order to conform to this year's presentation.

19. Subsequent Event

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The situation is dynamic the ultimate duration and magnitude of the impact on the economy and the financial effect on Town business is not known at this time. These impacts could include an impact impairment in the value of assets, potential future decreases in revenue and increases in expenditures which could impact the net revenue or expenditure of the Town.

Town of Gananoque

Schedule 1 ► Continuity of Reserves and Reserve Funds

For the year ended December 31	(Note 17) Budget	2019	2018
	\$	\$	\$
Net Transfers From / (To) Other Funds			
Transfers from operations	3,964,474	4,318,314	4,769,153
Transfers to capital acquisitions	(4,706,402)	(2,156,370)	(3,233,033)
Total Net Transfers	(741,928)	2,161,944	1,536,120
 Reserves and Reserve Fund Balances, Change in Year	(741,928)	2,161,944	1,536,120
 Reserves and Reserve Fund Balances, Beginning of Year	12,587,452	12,587,452	11,051,332
 Reserves and Reserve Fund Balances, End of Year	11,845,524	14,749,396	12,587,452

Composition of Reserves and Reserve Funds

For the year ended December 31	2019	(Note 18) 2018
	\$	\$
Reserves set aside for specific purposes by Council:		
► for working capital	647,809	647,809
► for contingencies	266,693	194,948
► for election	7,150	1,500
► for economic development	319,431	269,562
► for winter control	142,400	142,400
► for Business Improvement Area	6,101	---
► for Library purposes	28,226	4,500
► for other	615,164	498,808
	2,032,974	1,759,527
 For Capital Purposes		
► for future capital expenses ► infrastructure	5,638,299	5,172,315
► recreation facilities	79,510	86,519
► Gord Brown Memorial Rink	427,745	---
► waterworks and sewer	6,486,794	5,506,073
► parks	2,480	2,480
► parking	81,594	60,538
	12,716,422	10,827,925
 Total Reserves and Reserve Funds	14,749,396	12,587,452

The accompany notes are an integral part of these consolidated financial statements.

Town of Gananoque
Schedule 2 ► 2019 Tangible Capital Assets

Asset Class	Cost 01/01/19	Additions	(Disposals)	Cost 31/12/19
	\$	\$	\$	\$
Land	5,027,221	---	---	5,027,221
Land Improvements	513,352	---	---	513,352
Buildings	33,493,758	83,560	---	33,577,318
Equipment	7,464,569	375,145	---	7,839,714
Vehicles	2,440,193	727,054	(23,865)	3,143,382
Linear Assets				
Roads	29,323,346	2,281,572	---	31,604,918
Bridges	3,819,584	1,186,601	(198,254)	4,807,931
Sidewalks	3,740,162	144,391	---	3,884,553
Traffic Lights	771,337	---	---	771,337
Street Lights	1,528,809	---	---	1,528,809
Sanitary Sewer	11,463,973	235,354	---	11,699,327
Storm Sewer	4,363,893	---	---	4,363,893
Water Lines	14,778,075	256,265	---	15,034,340
Construction in Progress				
Roads Projects	705,508	(705,508)	---	---
Water and Sewer Projects	809,307	(119,019)	---	690,288
Recreation Projects	2,544	421,616	---	424,160
Administration	---	---	---	---
	120,245,631	4,887,031	(222,119)	124,910,543

Asset Class	Accumulated Amortization 01/01/19	Amortization	(Disposals)	Accumulated Amortization 31/12/19	Net Book Value 31/12/19
	\$	\$	\$	\$	\$
Land	---	---	---	---	5,027,221
Land Improvements	5,615	15,237	---	20,852	492,500
Buildings	14,996,426	709,643	---	15,706,069	17,871,249
Equipment	3,749,734	474,656	---	4,224,390	3,615,324
Vehicles	1,823,607	174,001	(15,911)	1,981,697	1,161,685
Linear Assets					
Roads	13,595,971	595,425	---	14,191,396	17,413,522
Bridges	1,426,817	85,326	(198,254)	1,313,889	3,494,042
Sidewalks	2,243,315	108,104	---	2,351,419	1,533,134
Traffic Lights	615,515	35,577	---	651,092	120,245
Street Lights	925,101	51,633	---	976,734	552,075
Sanitary Sewer	5,785,338	207,589	---	5,992,927	5,706,400
Storm Sewer	2,872,198	54,922	---	2,927,120	1,436,773
Water Lines	8,220,299	286,663	---	8,506,962	6,527,378
Construction in Progress					
Roads Projects	---	---	---	---	---
Water and Sewer Projects	---	---	---	---	690,288
Recreation Projects	---	---	---	---	424,160
Administration	---	---	---	---	---
	56,259,936	2,798,776	(214,165)	58,844,547	66,065,996

The accompany notes are an integral part of these consolidated financial statements.

Town of Gananoque
Schedule 2 ► 2018 Tangible Capital Assets

Asset Class	Cost 01/01/18	Additions	(Disposals)	Cost 31/12/18
	\$	\$	\$	\$
Land	5,027,221	---	---	5,027,221
Land Improvements	---	513,352	---	513,352
Buildings	29,901,715	3,592,043	---	33,493,758
Equipment	7,319,654	380,188	(235,273)	7,464,569
Vehicles	2,175,656	348,237	(83,000)	2,440,193
Linear Assets				
Roads	28,832,350	490,996	---	29,323,346
Bridges	3,819,584	---	---	3,819,584
Sidewalks	3,740,162	---	---	3,740,162
Traffic Lights	771,337	---	---	771,337
Street Lights	1,528,809	---	---	1,528,809
Sanitary Sewer	11,463,973	---	---	11,463,973
Storm Sewer	4,363,893	---	---	4,363,893
Water Lines	14,778,075	---	---	14,778,075
Construction in Progress				
Roads Projects	89,827	615,681	---	705,508
Water and Sewer Projects	84,814	724,493	---	809,307
Recreation Projects	51,840	(49,296)	---	2,544
Administration	355,564	(355,564)	---	---
	114,304,474	6,260,130	(318,973)	120,245,631

Asset Class	Accumulated Amortization 01/01/18	Amortization	(Disposals)	Accumulated Amortization 31/12/18	Net Book Value 31/12/18
	\$	\$	\$	\$	\$
Land	---	---	---	---	5,027,221
Land Improvements	---	5,615	---	5,615	507,737
Buildings	14,289,625	706,801	---	14,996,426	18,497,332
Equipment	3,517,665	458,647	(226,578)	3,749,734	3,714,835
Vehicles	1,703,070	159,398	(38,861)	1,823,607	616,586
Linear Assets					
Roads	13,022,237	573,734	---	13,595,971	15,727,375
Bridges	1,348,438	78,379	---	1,426,817	2,392,767
Sidewalks	2,135,295	108,020	---	2,243,315	1,496,847
Traffic Lights	579,938	35,577	---	615,515	155,822
Street Lights	873,468	51,633	---	925,101	603,708
Sanitary Sewer	5,577,874	207,464	---	5,785,338	5,678,635
Storm Sewer	2,817,278	54,920	---	2,872,198	1,491,695
Water Lines	7,932,158	288,141	---	8,220,299	6,557,776
Construction in Progress					
Roads Projects	---	---	---	---	705,508
Water and Sewer Projects	---	---	---	---	809,307
Recreation Projects	---	---	---	---	2,544
Administration	---	---	---	---	---
	53,797,046	2,728,329	(265,439)	56,259,936	63,985,695

The accompany notes are an integral part of these consolidated financial statements.



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INDEPENDENT AUDITOR'S REPORT

To the Board Members, Inhabitants and Ratepayers of the
Corporation of the Town of Gananoque Public Library Board:

Opinion

We have audited the financial statements of the Corporation of the Town of Gananoque Public Library Board (the 'Entity'), which comprise:

- the statement of financial position as at December 31, 2019;
- the statement of operations and accumulated surplus for the year then ended;
- the statement of changes in net financial assets for the year then ended;
- the statement of cash flows for the year then ended;
- and the notes to the financial statements, including a summary of significant accounting policies;

(Hereinafter referred to as the 'financial statements').

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2019, and its results of operations, its changes in net financial assets and its 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 '**Auditors' Responsibilities for the Audit of the Financial Statements**' section of our auditor's report.

We are independent of the Entity 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement 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 of 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.
- 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.



Allan and Partners LLP
Chartered Professional Accountants
Licensed Public Accountants

Perth, Ontario
June 16, 2020.

**Town of Gananoque
Public Library Board
Statement of Financial Position**

December 31	2019	2018
	\$	\$
ASSETS		
Financial Assets		
Cash and short term investments	46,370	42,941
LIABILITIES		
Financial Liabilities		
Due to Town	18,144	13,013
NET FINANCIAL ASSETS	28,226	29,928
NON-FINANCIAL ASSETS		
Tangible capital assets (note 4)	86,640	81,545
ACCUMULATED SURPLUS (note 3)	114,866	111,473

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

**Town of Gananoque
Public Library Board
Statement of Operations**

For the year ended December 31	(Note 5) Budget	2019	2018
	\$	\$	\$
REVENUES			
Municipal Grants	200,062	200,062	195,182
Province of Ontario ▶ operating	13,700	13,700	13,700
▶ other	2,500	300	5,200
User Charges ▶ fees, service charges and fines	1,326	3,404	2,021
Other Income			
Donations	1,912	653	4,748
TOTAL REVENUES	219,500	218,119	220,851
EXPENSES			
Salaries and benefits	143,018	142,718	137,479
Automation	6,000	6,359	6,786
Insurance	7,600	6,688	7,504
Supplies	5,888	7,568	11,351
Utilities and maintenance	23,732	24,710	18,193
Administration	5,100	4,802	4,772
Grants	3,162	1,080	4,400
Amortization	25,000	20,801	23,129
TOTAL EXPENSES	219,500	214,726	213,614
ANNUAL SURPLUS	---	3,393	7,237
ACCUMULATED SURPLUS, BEGINNING OF YEAR	111,473	111,473	104,236
ACCUMULATED SURPLUS, END OF YEAR	111,473	114,866	111,473

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

**Town of Gananoque
Public Library Board**

Statement of Changes in Net Financial Assets

For the year ended December 31	2019	2018
	\$	\$
ANNUAL SURPLUS	3,393	7,237
Amortization of tangible capital assets	20,801	23,129
Acquisition of tangible capital assets	(25,896)	(23,134)
	(5,095)	(5)
(DECREASE) INCREASE IN NET FINANCIAL ASSETS	(1,702)	7,232
NET FINANCIAL ASSETS, BEGINNING OF YEAR	29,928	22,696
NET FINANCIAL ASSETS, END OF YEAR	28,226	29,928

Statement of Cash Flows

For the year ended December 31	2019	2018
	\$	\$
OPERATING ACTIVITIES		
Annual surplus	3,393	7,237
Amortization	20,801	23,129
	24,194	30,366
Net Change in Non-Cash Working Capital Items Due to Town	5,131	(3,543)
Working Capital from Operations	29,325	26,823
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(25,896)	(23,134)
NET INCREASE IN CASH	3,429	3,689
CASH, BEGINNING OF YEAR	42,941	39,252
CASH, END OF YEAR	46,370	42,941

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

**Town of Gananoque
Public Library Board
Notes to the Financial Statements**

December 31, 2019

1. Status of the Board

The Gananoque Public Library Board (the 'Board') was established by By-law in 1981 under the Public Libraries Act by the Town of Gananoque. The predecessor had history back to 1892.

2. Significant Accounting Policies

The financial statements of the Gananoque Public Library Board are the representations of management and have been prepared in all material respects in accordance with Canadian Public Sector Accounting Standards. Significant aspects of the accounting policies by the Board are as follows:

Reporting Entity

The financial statements reflect financial assets, liabilities, operating revenues and expenses, reserves, reserve funds and changes in investment in tangible capital assets of the Board.

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based on receipt of goods and services and/or the creation of a legal obligation to pay.

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Changes in Net Financial Assets for the year.

Tangible Capital Assets

Tangible capital assets are recorded at cost, which include all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost of the tangible capital assets are amortized on a straight line basis over their estimated useful lives as follows:

Assets	Estimated Useful Life
Books	7 years

Amortization is charged from the date of acquisition. Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of other assets as of the date of transfer.

**Town of Gananoque
Public Library Board
Notes to the Financial Statements**

December 31, 2019

2. Significant Accounting Policies / continued

Tangible Capital Assets / continued

When tangible capital assets are disposed of, either by way of a sale, destruction or loss, or abandonment of the asset, the asset's net book value, historical cost less accumulated amortization, is written off. Any resulting gain or loss, equal to the proceeds on disposal less the asset's net book value, is reported on the statement of operations in the year of disposal. Transfers of assets to third parties are recorded as an expense equal to the net book value of the asset as of the date of transfer.

When conditions indicate that a tangible capital asset no longer contributes to the Board's ability to provide services or the value of the future economic benefits associated with the tangible capital asset are less than its net book value, and the decline is expected to be permanent, the cost and accumulated amortization of the asset are reduced to reflect the revised estimate of the value of the asset's remaining service potential. The resulting net adjustment is reported as an expense on the statement of operations.

Cash and Cash Equivalents

The Board considers cash and cash equivalents to be highly liquid investments with original maturities of three months or less.

Government Transfers

Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

Deferred Revenues

The Board defers recognition of 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.

The Board receives restricted contributions under the authority of Federal and Provincial legislation and Board by-laws. These funds by their nature are restricted in their use and until applied to applicable costs are recorded as deferred revenue. Amounts applied to qualifying expenses are recorded as revenue in the fiscal period they are expended.

Deferred revenue represents certain user charges and fees which have been collected but for which the related services have yet to be performed. Deferred revenue also represents contributions that the Board has received pursuant to legislation, regulation or agreement that may only be used for certain programs or in the completion of specific work. These amounts are recognized as revenue in the fiscal year the services are performed or related expenses incurred.

Financial Instruments

All financial instruments are initially recognized at fair value on the statement of financial position. The Board has classified each financial instrument into one of the following categories: held-for-trading financial assets and liabilities, loans and receivables, held-to-maturity financial assets and other financial liabilities. Subsequent measurement of financial instruments is based on their classification.

**Town of Gananoque
Public Library Board
Notes to the Financial Statements**

December 31, 2019

2. Significant Accounting Policies / continued

Financial Instruments / continued

Held-for-trading financial assets and liabilities are subsequently measured at fair value with changes in those fair values recognized in net revenues.

Loans and receivables, held-to-maturity financial assets and other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The Board classifies cash and cash equivalents as held-for-trading financial assets, accounts receivable as loans and receivables, and accounts payable and accrued liabilities as other financial liabilities.

Measurement Uncertainty

The preparation of financial statements requires management to make estimates and assumptions that 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. Actual results could differ from these estimates. These estimates are reviewed periodically and as adjustments become necessary, they are recorded in the financial statements in the period in which they become known.

3. Accumulated Surplus

Accumulated surplus consists of individual fund surplus (deficit) and reserves as follows:

	2019	2018
	\$	\$
Surplus		
Invested in tangible capital assets	86,640	81,545
Unrestricted Surplus	---	25,428
Reserves		
Capital	28,226	4,500
Accumulated Surplus	114,866	111,473

**Town of Gananoque
Public Library Board
Notes to the Financial Statements**

December 31, 2019

4. Tangible Capital Assets

Net Book Value of Assets	2019	2018
	\$	\$
Books	86,640	81,545

For additional information, see Schedule 2 ► Tangible Capital Assets.

5. Budget Figures

Gananoque Public Library Board reviews its operating and capital budgets each year. The approved operating budget for 2019 is included in the budget figures presented in the Statement of Operations.

**Town of Gananoque
Public Library Board**

Schedule 1 ► Continuity of Reserves and Reserve Funds

For the year ended December 31	(Note 5) Budget	2019	2018
	\$	\$	\$
Net Transfers from (to) Other Funds			
Transfer from current fund	---	23,726	---
Total Net Transfers	---	23,726	---
Reserves and Reserve Fund Balance, Change in Year	----	23,726	---
Reserves and Reserve Fund Balance, Beginning of Year	4,500	4,500	4,500
Reserves and Reserve Fund Balance, End of Year	4,500	28,226	4,500

Composition of Reserves

For the year ended December 31	2019	2018
	\$	\$
Reserves		
Capital	28,226	4,500

**Town of Gananoque
Public Library Board
Schedule 2 ► Tangible Capital Assets**

December 31, 2019

Assets	Cost 01/01/19	Additions	Disposals	Cost 31/12/19	Accumulated Amortization 01/01/19	Amortization 2019	Disposals	Accumulated Amortization 31/12/19	Net Book Value 31/12/19
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Books	281,952	25,896	---	307,848	200,407	20,801	---	221,208	86,640

December 31, 2018

Assets	Cost 01/01/18	Additions	Disposals	Cost 31/12/18	Accumulated Amortization 01/01/18	Amortization	Disposals	Accumulated Amortization 31/12/18	Net Book Value 31/12/18
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Books	352,167	23,134	(93,349)	281,952	270,627	23,129	(93,349)	200,407	81,545

The accompany notes are an integral part of these financial statements.



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INDEPENDENT AUDITOR'S REPORT

To the Board members, Inhabitants and Ratepayers of the
Corporation of the Town of Gananoque Business Improvement Area Committee:

Opinion

We have audited the financial statements of the Corporation of the Town of Gananoque Business Improvement Area Committee (the 'Entity'), which comprise:

- the statement of financial position as at December 31, 2019;
- the statement of operations and accumulated surplus for the year then ended;
- the statement of changes in net financial assets for the year then ended;
- the statement of cash flows for the year then ended;
- and the notes to the financial statements, including a summary of significant accounting policies;

(Hereinafter referred to as the 'financial statements').

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2019, and its results of operations, its changes in net financial assets and its 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 '**Auditors' Responsibilities for the Audit of the Financial Statements**' section of our auditor's report.

We are independent of the Entity 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement 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 of 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.
- 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.



Allan and Partners LLP
Chartered Professional Accountants
Licensed Public Accountants

Perth, Ontario
June 16, 2020.

**Town of Gananoque
Business Improvement Area Committee
Statement of Financial Position**

December 31	2019	2018
	\$	\$
ASSETS		
Financial Assets		
Cash	2,965	2,965
Due from Town	3,136	4,550
	6,101	7,515
 NET FINANCIAL ASSETS	 6,101	 7,515
 ACCUMULATED SURPLUS (note 3)	 6,101	 7,515

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

**Town of Gananoque
Business Improvement Area Committee
Statement of Operations**

For the year ended December 31	(Note 4) Budget	2019	2018
	\$	\$	\$
REVENUES			
Municipal contribution	45,100	45,100	45,321
Government grants	2,000	15,789	5,500
Fees and service charges	3,000	13	4,708
TOTAL REVENUES	50,100	60,902	55,529
EXPENSES			
Administration	3,340	3,501	3,835
Advertising and promotion	7,394	5,552	288
Beautification	21,200	19,383	20,143
Salaries and benefits	20,800	32,770	22,590
Special events	3,500	1,110	4,157
Taxation write offs	---	---	46
TOTAL EXPENSES	56,234	62,316	51,059
ANNUAL (DEFICIT) SURPLUS	(6,134)	(1,414)	4,470
ACCUMULATED SURPLUS, BEGINNING OF YEAR	7,515	7,515	3,045
ACCUMULATED SURPLUS, END OF YEAR	1,381	6,101	7,515

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

**Town of Gananoque
Business Improvement Area Committee
Statement of Changes in Net Financial Assets**

For the year ended December 31	2019	2018
	\$	\$
ANNUAL (DEFICIT) SURPLUS	(1,414)	4,470
(DECREASE) INCREASE IN NET FINANCIAL ASSETS	(1,414)	4,470
NET FINANCIAL ASSETS, BEGINNING OF YEAR	7,515	3,045
NET FINANCIAL ASSETS, END OF YEAR	6,101	7,515

Statement of Cash Flows

For the year ended December 31	2019	2018
	\$	\$
OPERATING ACTIVITIES		
Annual (deficit) surplus	(1,414)	4,470
Net Change in Non-Cash Working Capital Items Due from Town	1,414	(2,508)
Working Capital from Operations	---	1,962
NET INCREASE IN CASH	---	1,962
CASH, BEGINNING OF YEAR	2,965	1,003
CASH, END OF YEAR	2,965	2,965

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

**Town of Gananoque
Business Improvement Area Committee
Notes to the Financial Statements**

December 31, 2019

1. Status of the Committee

Pursuant to the Municipal Act, the Gananoque Business Improvement Area Committee (the 'Committee') was established by By-law No. 78-33 on October 17, 1978 by the Town of Gananoque.

2. Significant Accounting Policies

The financial statements of the Gananoque Business Improvement Area Committee are the representations of management and have been prepared in all material respects in accordance with Canadian Public Sector Accounting Standards. Significant aspects of accounting policies by the Committee are as follows:

Reporting Entity

The financial statements reflect financial assets, liabilities, operating revenues and expenses, reserves, reserve funds and changes in investment in tangible capital assets of the Committee.

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based on receipt of goods and services and/or the creation of a legal obligation to pay.

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Change in Net Financial Assets for the year.

Tangible Capital Assets

Tangible capital assets are recorded at cost, which include all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight line basis over their estimated useful lives as follows:

Assets	Estimated Useful Life
Equipment	3 to 30 years

Amortization is charged from the date of acquisition. Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of other assets as of the date of transfer.

**Town of Gananoque
Business Improvement Area Committee
Notes to the Financial Statements**

December 31, 2019

2. Significant Accounting Policies / continued

Tangible Capital Assets / continued

When tangible capital assets are disposed of, either by way of a sale, destruction or loss, or abandonment of the asset, the asset's net book value, historical cost less accumulated amortization, is written off. Any resulting gain or loss, equal to the proceeds on disposal less the asset's net book value, is reported on the statement of operations in the year of disposal. Transfers of assets to third parties are recorded as an expense equal to the net book value of the asset as of the date of transfer.

When conditions indicate that a tangible capital asset no longer contributes to the Committee's ability to provide services or the value of the future economic benefits associated with the tangible capital asset are less than its net book value, and the decline is expected to be permanent, the cost and accumulated amortization of the asset are reduced to reflect the revised estimate of the value of the asset's remaining service potential. The resulting net adjustment is reported as an expense on the statement of operations.

Cash and Cash Equivalents

The Committee considers cash and cash equivalents to be highly liquid investments with original maturities of three months or less.

Government Transfers

Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

Deferred Revenues

The Committee defers recognition of 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.

The Committee receives restricted contributions under the authority of Federal and Provincial legislation and Committee by-laws. These funds by their nature are restricted in their use and until applied to applicable costs are recorded as deferred revenue. Amounts applied to qualifying expenses are recorded as revenue in the fiscal period they are expended.

Deferred revenue represents certain user charges and fees which have been collected but for which the related services have yet to be performed. Deferred revenue also represents contributions that the Committee has received pursuant to legislation, regulation or agreement that may only be used for certain programs or in the completion of specific work. These amounts are recognized as revenue in the fiscal year the services are performed or related expenses incurred.

Financial Instruments

All financial instruments are initially recognized at fair value on the statement of financial position. The Committee has classified each financial instrument into one of the following categories: held-for-trading financial assets and liabilities, loans and receivables, held-to-maturity financial assets and other financial liabilities. Subsequent measurement of financial instruments is based on their classification.

**Town of Gananoque
Business Improvement Area Committee
Notes to the Financial Statements**

December 31, 2019

2. Significant Accounting Policies / continued

Financial Instruments / continued

Held-for-trading financial assets and liabilities are subsequently measured at fair value with changes in those fair values recognized in net revenues.

Loans and receivables, held-to-maturity financial assets and other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The Committee classifies cash and cash equivalents as held-for-trading financial assets, accounts receivable as loans and receivables, and accounts payable and accrued liabilities as other financial liabilities.

Measurement Uncertainty

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions on such areas as employee benefits, assessment appeals and environmental provisions. These estimates and assumptions are based on the Board's best information and judgment and may differ significantly based on actual results.

3. Accumulated Surplus

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

	2019	2018
	\$	\$
Unrestricted Surplus	---	7,515
Reserves	6,101	---
Accumulated Surplus	6,101	7,515

4. Budget Figures

Gananoque Business Improvement Area Committee reviews its operating and capital budgets each year. The approved operating budget for 2019 is included in the budget figures presented in the Statement of Operations.

**Town of Gananoque
Waterworks and Sewer Operations
Schedule of Financial Activities**

For the year ended December 31	(Note 17) Budget	2019	2018
	\$	\$	\$
REVENUES			
User charges ▶ water and sewer revenue	3,267,494	3,428,456	3,174,581
▶ penalty	25,000	26,936	23,064
▶ interest	15,000	61,477	51,248
▶ miscellaneous fees and service charges	34,562	95,317	10,009
Government grants ▶ capital	930,225	397,106	569,569
TOTAL REVENUES	4,272,281	4,009,292	3,828,471
EXPENSES			
Overhead			
▶ salaries and benefits	474,421	545,629	425,568
▶ materials and supplies	115,438	167,279	87,091
▶ vehicle and equipment operation	38,400	17,151	29,711
Water treatment plant & storage tank			
▶ salaries and benefits	166,324	168,088	140,594
▶ materials and supplies	228,990	290,808	190,425
▶ property tax	41,050	39,788	40,248
Water distribution			
▶ salaries and benefits	88,950	121,766	120,251
▶ materials and supplies	38,150	135,992	64,153
Water meters and meter reading			
▶ salaries and benefits	30,046	19,136	17,233
▶ materials and supplies	500	245	629
Sewage pumping stations and lagoon			
▶ salaries and benefits	81,999	75,631	62,041
▶ materials and supplies	157,500	188,468	164,119
▶ property tax	20,530	22,878	21,644
Sewage collection			
▶ salaries and benefits	24,019	22,656	23,537
▶ materials and supplies	34,100	19,807	31,886
Interest on long term debt	24,198	58,925	94,390
Minor capital	65,000	3,814	3,902
Amortization	1,300,000	1,017,971	1,019,502
TOTAL EXPENSES	2,929,615	2,916,032	2,536,924
NET REVENUES FOR THE YEAR	1,342,666	1,093,260	1,291,547
CASH REQUIREMENTS			
Net Revenues	1,342,666	1,093,260	1,291,547
Amortization	1,300,000	1,017,971	1,019,502
Acquisition of tangible capital assets	(2,899,509)	(1,048,802)	(760,347)
Decrease in inventory	---	(18,729)	---
Principal paid on long term debt	(148,506)	(62,979)	(103,237)
Total Cash Requirements	(405,349)	980,721	1,447,465

**Town of Gananoque
Police Commission
Schedule of Financial Activities**

For the year ended December 31	(Note 17) Budget	2019	2018
	\$	\$	\$
REVENUES			
Provincial grants	107,300	136,288	88,596
Provincial grants for community projects	52,260	63,947	81,549
Miscellaneous fees and service charges	502,600	759,768	691,438
Internal charges	20,000	20,000	20,000
TOTAL REVENUES	682,160	980,003	881,583
EXPENSES			
Police Force			
Salaries and benefits	2,143,975	2,587,853	2,369,869
Materials and supplies	150,600	188,293	163,018
Vehicle maintenance	20,000	47,627	44,177
Equipment repair and replacement	20,000	21,267	31,963
Community projects > grants	----	70,791	16,265
Dispatch and Communications			
Salaries and benefits	511,200	499,880	504,520
Administration			
Salaries and benefits	290,650	318,604	296,397
Materials and supplies	35,150	31,568	28,373
Police Services Board			
Honorarium	6,115	5,500	5,500
Materials and supplies	7,000	3,439	2,855
Youth in Policing and Police Auxiliary			
Salaries and benefits	15,460	19,903	25,960
Materials and supplies	2,500	2,200	907
Occupancy			
Materials and supplies	63,110	57,050	50,531
Amortization	115,000	109,241	106,680
TOTAL EXPENSES	3,380,760	3,963,216	3,647,015
NET EXPENSES FOR THE YEAR	(2,698,600)	(2,983,213)	(2,765,432)

CASH REQUIREMENTS

Net Expenses	(2,698,600)	(2,983,213)	(2,765,432)
Acquisition of tangible capital assets	(62,000)	(59,894)	(25,440)
Amortization	115,000	109,241	106,680
	(2,645,600)	(2,933,866)	(2,684,192)