

Consolidated Financial Statements of

**CORPORATION OF THE TOWNSHIP  
OF SOUTH ALGONQUIN**

And Independent Auditors' Report thereon

Year ended December 31, 2021

## **Management's Responsibility for the Consolidated Financial Statements**

The accompanying consolidated financial statements of the Corporation of the Township of South Algonquin (the "Township") are the responsibility of the Township's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Township'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 the consolidated financial statements. These systems are monitored and evaluated by Management.

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

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the Township. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Township's consolidated financial statements.

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Mayor

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CAO/Clerk Treasurer



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Canada  
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## INDEPENDENT AUDITORS' REPORT

To the Members of Council, Residents and Ratepayers of the Corporation of the Township of South Algonquin

### ***Opinion***

We have audited the consolidated financial statements of The Corporation of the Township of South Algonquin (The Township), which comprise:

- the consolidated statement of financial position as at December 31, 2021
- the consolidated statement of operations and accumulated surplus 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 financial position of the Township as at December 31, 2021, 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 responsibility under those standards are further described in the “*Auditors’ Responsibilities for the Audit of the Financial Statements*” section of our auditors’ 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 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.



### ***Responsibility 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 Town'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 judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, internal 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 purposes of expressing an opinion on the effectiveness of the Town's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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- 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 the 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's 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 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.

*KPMG LLP*

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

May 4, 2022

# CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN

Consolidated Financial Statements

Year ended December 31, 2021

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## Consolidated Financial Statements

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# THE CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN

Consolidated Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
<b>Financial assets</b>		
Cash	\$ 2,566,860	\$ 2,287,363
Investments	57,144	75,274
Taxes and user charges receivable (note 4)	191,399	223,062
Accounts receivable	183,191	202,622
	2,998,594	2,788,321
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	209,563	228,209
Deferred revenue (note 6)	126,204	24,609
Landfill closure and post-closure liability (note 10)	231,647	203,647
	567,414	456,465
Net financial assets	2,431,180	2,331,856
<b>Non-financial assets</b>		
Tangible capital assets (note 11)	9,335,731	9,340,854
Prepaid expenses	226,101	14,386
	9,561,832	9,355,240
Accumulated surplus (note 12)	\$ 11,993,012	\$ 11,687,096

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

On behalf of Council:

\_\_\_\_\_ Mayor

\_\_\_\_\_ Councilor

# THE CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2021, with comparative information for 2020

	2021 Budget (note 9)	Actual 2021	Actual 2020
<b>Revenue:</b>			
Property taxes	\$ 2,457,135	\$ 2,466,247	\$ 2,430,476
User fees	46,300	81,418	86,503
Government transfers	1,245,540	1,227,283	1,440,834
Other	147,020	176,629	134,152
<b>Total revenue</b>	<b>3,895,995</b>	<b>3,951,577</b>	<b>4,091,965</b>
<b>Expenses:</b>			
General government	727,320	592,978	541,691
Protection to persons and property	765,810	608,656	595,013
Transportation services	1,052,380	1,051,623	928,688
Environmental services	317,560	355,425	300,347
Health services	29,790	34,667	32,321
Social and family services	658,280	657,654	640,228
Recreation and cultural services	328,250	247,084	236,146
Planning and development	85,188	97,574	80,798
<b>Total expenses</b>	<b>3,964,578</b>	<b>3,645,661</b>	<b>3,355,232</b>
<b>Annual surplus (deficit)</b>	<b>(68,583)</b>	<b>305,916</b>	<b>736,733</b>
<b>Accumulated surplus, beginning of year</b>	<b>11,687,096</b>	<b>11,687,096</b>	<b>10,950,363</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 11,618,513</b>	<b>\$ 11,993,012</b>	<b>\$ 11,687,096</b>

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



# THE CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN

## Consolidated Statement of Change in Net Financial Assets

Year ended December 31, 2021, with comparative information for 2020

	2021 Budget (note 9)	Actual 2021	Actual 2020
Annual surplus (deficit)	\$ (68,583)	\$ 305,916	\$ 736,733
Acquisition of tangible capital assets	(590,660)	(569,421)	(974,445)
Amortization of tangible capital assets	-	527,108	452,660
Loss on disposal of tangible capital assets	-	2,034	3,284
Proceeds on disposal of tangible capital assets	-	45,402	21,530
Change in prepaid expenses	-	(211,715)	(5,352)
	(590,660)	(206,592)	(502,323)
Change in net financial assets	(659,243)	99,324	234,410
Net financial assets, beginning of year	2,331,856	2,331,856	2,097,446
Net financial assets, end of year	\$ 1,672,613	\$ 2,431,180	\$ 2,331,856

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

# THE CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN

## Consolidated Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 305,916	\$ 736,733
Items not involving cash:		
Amortization of tangible capital assets	527,108	452,660
Loss on disposal of tangible capital assets	2,034	3,284
	835,058	1,192,677
Change in non-cash assets and liabilities:		
Increase (decrease) in taxes and user charges receivable	31,663	(35,183)
Decrease (increase) in accounts receivable	19,431	(30,693)
Decrease in accounts payable and accrued liabilities	(18,646)	(240,594)
Increase (decrease) in deferred revenue	101,595	(127,282)
Increase (decrease) in landfill closure and post closure liability	28,000	(5,000)
Increase in prepaid expenses	(211,715)	(5,352)
Net change in cash from operating activities	785,386	748,573
Capital activities:		
Acquisition of tangible capital assets	(569,421)	(974,445)
Proceeds on sale of tangible capital assets	45,402	21,530
Net change in cash from capital activities	(524,019)	(952,915)
Net change in cash	261,367	(204,342)
Cash, beginning of year	2,362,637	2,566,979
Cash, end of year	\$ 2,624,004	\$ 2,362,637
Cash is represented by:		
Cash	\$ 2,566,860	\$ 2,287,363
Investments	57,144	75,274
	\$ 2,624,004	\$ 2,362,637

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

# CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN

Notes to Consolidated Financial Statements

Year ended December 31, 2021

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The Corporation of the Township of South Algonquin (the "Township") is a single-tier municipal corporation located in Province of Ontario. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, 2001, Planning Act, Building Code Act and other related legislation.

## 1. Significant accounting policies:

The consolidated financial statements of the Township are prepared by management in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Township are as follows:

### (a) Basis of consolidation:

#### i) Reporting entity:

These consolidated financial statements reflect the assets, liabilities, revenues, expenses and fund balances of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Township and which are owned or controlled by the Township. These consolidated financial statements include the following:

South Algonquin Public Library Board

All inter-departmental and inter-organizational transactions and balances between these organizations are eliminated.

#### ii) Non-consolidated entities:

The following joint boards are not consolidated:

District of Nipissing Social Services Administration Board

Renfrew County and District Health Unit

East Nipissing District Home for the Aged

#### iii) Accounting for school board transactions:

The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards are not reflected in the municipal position of these consolidated financial statements.

### (b) Basis of accounting:

#### (i) Accrual accounting:

The consolidated financial statements of the Township have been prepared on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are available and measurable. Expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

# CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

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## 1. Significant accounting policies (continued):

### (b) Basis of accounting (continued):

#### (ii) Revenue recognition:

Property tax billings are prepared by the Township based on assessment rolls issued by the Municipal Property Assessment Corporation. Tax rates are established annually by Council, incorporating amounts to be raised for local services and amount the Township is required to collect on behalf of the Province of Ontario in respect of education taxes.

A normal part of the assessment process is the issue of supplementary assessment rolls which provide updated information with respect to changes in property assessments. Assessments and related property taxes are subject to appeal by ratepayers. Tax adjustments as a result of supplementary assessments and appeals are estimated based on historical results.

The Township is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the accounts in the period the interest and penalties are levied.

Government transfers are recognized in the period that the events giving rise to the transfer have occurred as long as: the transfer is authorized; the eligibility criteria, if any, have been met and the amount can be reasonable estimated. Government transfers received before these criteria have been met are recorded in the accounts as deferred revenue and are recognized as revenue in the period in which all of these criteria are met.

User fees and other revenues are recognized when the services are performed or goods are delivered, collection of the relevant receivable is probable, persuasive evidence of an arrangement exists and fees are fixed or determinable. Amounts received for future services are deferred until the service is provided.

#### (iii) Accounts receivable:

Accounts receivable are reported net of any allowance for doubtful accounts.

#### (iv) Reserve and reserve funds:

Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future current and capital purposes. Transfers to and/or from reserves and reserve funds are recorded as an adjustment to the respective fund when approved.

# CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

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## 1. Significant accounting policies (continued):

### (b) Basis of accounting (continued):

#### (v) Pension plan:

The Township is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. The Township has adopted defined contribution plan accounting principles for this plan because insufficient information is available to apply defined benefit plan accounting principles. The Township records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the plan for the past employee service.

#### (vi) Use of estimates and measurement uncertainty:

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards require 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 revenues and expenditures during the period. Significant estimates and assumptions, which include valuation allowances on taxes and landfill closure and post-closure liabilities; and are based on management's best information and judgement. Actual amounts, which are accounted for as they become known, may differ significantly from these estimates.

#### (vii) Non-Financial Assets:

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 expenditures, provides the consolidated change in net financial assets for the year.

#### (iix) Deferred revenues:

Grants, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used in the conduct of certain projects or the completion of specific work. In addition, certain fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred or the services are performed.

A requirement for local governments is that the obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial legislation and other agreements restrict how these funds may be used and under certain circumstances these funds may possibly be refunded. Given the restriction in use until spent on qualifying projects or expenses these amounts are deferred.

# CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

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## 1. Significant accounting policies (continued):

(b) Basis of accounting (continued):

(ix) Deferred revenue – obligatory reserve funds:

The Township receives certain contributions under the authority of federal and provincial legislation. In accordance with Municipal regulation, these contributions are restricted in their use and, until spent on qualifying projects or expenses, are recorded as deferred revenue.

(x) Landfill closure and post-closure liabilities:

The liability for closure of operational site and post-closure care has been recognized based on estimated future expenses, estimated inflation and the usage of the site's capacity during the year.

(xi) Tangible capital assets:

Tangible capital assets are recorded at cost, which includes all amounts directly attributable to acquisition, construction, development or betterment of the asset.

The costs, less residual value, of the tangible capital assets are amortized on a straight-line basis over the estimated useful lives as follows:

Asset	Useful Life - Years
Land	Infinite
Land improvements	15 – 20
Buildings	20 – 60
Machinery and Equipment	5 – 20
Vehicles	2 – 25
Roads, bridges and sidewalks	15 – 40

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A full year of amortization is taken in the year of acquisition. Assets under construction are not amortized until the asset is available for productive use. Interest during the period of construction is capitalized whenever external debt is issued to finance the construction of tangible capital assets.

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also recorded as revenue.

The Township has a capitalization threshold of \$5,000; individual tangible capital assets, or pooled assets of lesser value are expensed in the year of purchase.

# CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

## 2. Contributions to non-consolidated joint local boards:

Further to note 1(a)(ii), contributions were made by the Township to these boards:

	2021	2020
District of Nipissing Social Services Administration Board	\$ 531,555	\$ 519,410
Renfrew County and District Health Unit	23,060	21,211
East Nipissing District Home for the Aged	113,579	109,700

The Township is contingently liable for its share of any accumulated deficit as at the end of the year for these boards.

## 3. Operations of school boards:

Further to note 1(a)(iii), the Township collected and transferred property taxes totaling \$462,604 (2020 - \$464,261) on behalf of area school boards.

## 4. Taxes and user charges receivable:

	2021	2020
Current	\$ 134,112	\$ 142,888
Prior years	48,399	67,270
Penalties and interest	8,888	12,904
	\$ 191,399	\$ 223,062

## 5. Credit facility agreement:

The Township has an authorized operating loan with its main financial institution. The amount available at any time is limited to \$300,000 (2020 - \$300,000), of which \$Nil (2020 - \$Nil) was used at the end of the year. Any balance borrowed will accrue interest at 2.45% per annum.

## 6. Deferred revenue:

Deferred revenue is funding received in the current and prior years for expenditures which were not incurred in the current or prior years. These revenues will be matched against the applicable future expenditures as they are incurred. A requirement of the Canadian public sector standards is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as legislation and external agreements restrict how these funds may be used and under certain circumstances these funds may possibly be refunded.

# CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

## 6. Deferred revenue (continued):

	2021	2020
Federal gas tax – obligatory reserve fund	\$ 109,654	\$ 24,609
Other	16,550	–
	<u>\$ 126,204</u>	<u>\$ 24,609</u>

The balances in the obligatory reserve funds of the Township are summarized below:

	2021	2020
Deferred revenue, beginning of year	\$ 24,609	\$ 146,891
Contributions received during the year	152,901	66,497
Interest earned on obligatory reserve funds	373	1,221
Amounts recognized as revenue during the year	(51,679)	(190,000)
Deferred revenue, end of year	<u>\$ 126,204</u>	<u>\$ 24,609</u>

## 7. Contractual obligations:

The Township has entered into a police services contract with the Province of Ontario for the provision of police services within municipal boundaries. The contract expires May 2025, with an annual fee estimate provided for the upcoming year. During 2021, \$325,850 (2020 - \$330,643) was expended on police services.

## 8. Pension plan:

OMERS provides pension services to more than 500,000 active and retired members and approximately 1,000 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the "Plan") by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2021. The results of this valuation disclosed total going concern actuarial liabilities of \$120,796 million (2020 - \$113,055 million) in respect of benefits accrued for service with total going concern actuarial assets at that date of \$117,665 million (2020 - \$109,844 million) indicating a going concern actuarial deficit of \$3,131 million (2020 - \$3,211 million). Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees and the Authority's share is not determinable. As a result, the Municipal does not recognize any share of the OMERS pension surplus or deficit.

The amount contributed to OMERS for 2021 was \$67,915 (2020 - \$64,160) and was included as an expense in the consolidated statement of operations and accumulated surplus.



# CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

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## 9. Budget figures:

The Township completes separate budget reviews for its operating and capital budgets each year. The approved operating budget for 2021 is reflected on the Consolidated Statement of Operations and Accumulated Surplus and has been reclassified to comply with PSAB reporting requirements. Budgets established for Reserves and Reserve Funds are on a project-oriented basis, the costs of which may be carried out over one or more years and funding is determined annually and made by transfers from individual funds and by the application of applicable grants or other funds available to reserves or reserve funds. During 2021, council approved net transfers of \$68,583 (2020 - \$521,300) from reserves and reserve funds for capital projects. As such, they are not directly comparable with current year actual amounts and budgets have therefore not been reflected within the Consolidated Statement of Operations and Accumulated Surplus.

## 10. Landfill closure and post-closure liability:

The Environmental Protection Act sets out the regulatory requirements to properly close and maintain all active and inactive landfill sites. Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill sites. This requirement is to be provided for over the estimated life of the landfill sites based on usage.

Landfill closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over terms using the best information available to management. Future events may result in significant changes to the estimated total expenditures; capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

Estimated total expenditures represent the sum of the discounted future cash flows for closure and post-closure care activities discounted at the Province of Ontario's average long-term borrowing rate of 2.31% (2020 – 2.57%) minus an inflation rate of 2.69% (2020 – 2.56%).

The estimated total landfill closure and post-closure care expenditures are calculated to be \$231,647 (2020 - \$203,647). The estimated liability for these expenditures is recognized as the landfill site's capacity is used.

### Airy Site

The landfill is expected to reach its capacity in 18 years, and the estimated remaining capacity is 35,755 cubic meters, which is 35% of the site's total capacity. The total undiscounted future expenditures for closure and post-closure care are \$238,842 (2020 - \$220,426). The estimated length of time for post-closure care is 10 years.

### Madawaska Site

The landfill is expected to reach its capacity in 29 years, and the estimated remaining capacity is 38,690 cubic meters, which is 48% of the site's total capacity. The total undiscounted future expenditures for closure and post-closure care are \$141,046 (2020 - \$123,592). The estimated length of time for post-closure care is 10 years.

# THE CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

## 11. Tangible capital assets:

Cost	Balance at December 31, 2020	Additions	Disposals / asset reclassification	Balance at December 31, 2021
Land and land improvements	\$ 612,055	\$ 30,451	\$ -	\$ 642,506
Buildings	3,518,449	30,808	-	3,549,257
Vehicle, equipment and machinery	2,791,187	301,116	(68,427)	3,023,875
Roads, bridges and sidewalks	10,576,757	145,205	-	10,721,962
Assets under construction	47,711	61,841	(45,399)	64,154
<b>Total</b>	<b>\$ 17,546,159</b>	<b>\$ 569,421</b>	<b>\$ (113,826)</b>	<b>\$ 18,001,754</b>

Accumulated Amortization	Balance at December 31, 2020	Disposals and write-downs	Amortization	Balance at December 31, 2021
Land and land improvements	\$ 315,031	\$ (514)	\$ 27,613	\$ 342,130
Buildings	956,048	514	62,810	1,019,372
Vehicle, equipment and machinery	1,478,343	(66,390)	179,721	1,591,674
Roads, bridges and sidewalks	5,455,883	-	256,964	5,712,847
Assets under construction	-	-	-	-
<b>Total</b>	<b>\$ 8,205,305</b>	<b>\$ (66,390)</b>	<b>\$ 527,108</b>	<b>\$ 8,666,023</b>

	Net book value, December 31, 2020	Net book value, December 31, 2021
Land and land improvements	\$ 297,024	\$ 300,376
Buildings	2,562,401	2,529,885
Vehicle, equipment and machinery	1,312,844	1,432,201
Roads, bridges and sidewalks	5,120,874	5,009,115
Assets under construction	47,711	64,154
<b>Total</b>	<b>\$ 9,340,854</b>	<b>\$ 9,335,731</b>

# THE CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

## 11. Tangible capital assets:

Cost	Balance at December 31, 2019	Additions	Disposals / asset reclassification	Balance at December 31, 2020
Land and land improvements	\$ 612,055	\$ -	\$ -	\$ 612,055
Buildings	3,450,192	41,301	26,956	3,518,449
Vehicle, equipment and machinery	2,621,215	352,751	(182,779)	2,791,187
Roads, bridges and sidewalks	10,178,687	532,682	(134,612)	10,576,757
Assets under construction	41,657	47,711	(41,657)	47,711
<b>Total</b>	<b>\$ 16,903,806</b>	<b>\$ 974,445</b>	<b>\$ (332,092)</b>	<b>\$ 17,546,159</b>

Accumulated Amortization	Balance at December 31, 2019	Disposals and write-downs	Amortization	Balance at December 31, 2020
Land and land improvements	\$ 285,757	\$ -	\$ 29,274	\$ 315,031
Buildings	892,823	-	63,225	956,048
Vehicle, equipment and machinery	1,505,411	(170,423)	143,355	1,478,343
Roads, bridges and sidewalks	5,375,932	(136,855)	216,806	5,455,883
Assets under construction	-	-	-	-
<b>Total</b>	<b>\$ 8,059,923</b>	<b>\$ (307,278)</b>	<b>\$ 452,660</b>	<b>\$ 8,205,305</b>

	Net book value, December 31, 2019	Net book value, December 31, 2020
Land and land improvements	\$ 326,298	\$ 297,024
Buildings	2,557,369	2,562,401
Vehicle, equipment and machinery	1,115,804	1,312,844
Roads, bridges and sidewalks	4,802,755	5,120,874
Assets under construction	41,657	47,711
<b>Total</b>	<b>\$ 8,843,883</b>	<b>\$ 9,340,854</b>

# CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

## 12. Accumulated surplus:

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

	2021	2020
Surplus:		
Invested in tangible capital assets (note 13)	\$ 9,335,731	\$ 9,340,854
General Fund	1,454,812	1,503,868
Amounts to be recovered:		
Landfill closure and post-closure costs	(231,647)	(203,647)
	10,558,896	10,641,075
Reserve and reserve funds set aside for specific purpose by Council:		
Fire facilities, fire equipment, and emergency measures funds	213,821	117,821
Transportation and equipment funds	597,323	345,251
Landfill site closure and facility, and environmental equipment funds	344,050	344,050
Health facilities and helipad funds	24,500	21,000
Social facilities fund	4,000	4,000
Recreation and culture funds	225,422	188,899
Planning fund	25,000	25,000
	1,434,116	1,046,021
<b>Accumulated surplus</b>	<b>\$ 11,993,012</b>	<b>\$ 11,687,096</b>

## 13. Equity in tangible capital assets:

The Township's equity in tangible capital assets is represented by:

	2021	2020
Tangible capital assets (note 11)	\$ 18,001,754	\$ 17,546,159
Accumulated amortization (note 11)	(8,666,023)	(8,205,305)
<b>Equity in tangible capital assets</b>	<b>\$ 9,335,731</b>	<b>\$ 9,340,854</b>

# CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

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## 14. Comparative information:

The financial statements have been reclassified, where applicable to conform to the presentation used in the current year. The changes do not affect prior year earnings.

## 15. Financial instruments:

The Township is exposed to various risks through its financial instruments. The following analysis provides information about the Township's risk exposure and concentration as of December 31, 2021.

### (a) Credit risk:

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Township is exposed to credit risk from customers and ratepayers. The Township has a significant number of customers and ratepayers which minimizes concentration of credit risk. Further, the Township has available to it a tax registration process to recover unpaid municipal taxes by way of forced transfer of properties with multi-year arrears.

### (b) Interest rate risk:

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Township manages exposure through its normal operating and financing activities. The Township is exposed to various risks through its financial instruments.

### (c) Other risk:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This resulted in the Canadian and Provincial governments enacting emergency measures to combat the spread of the virus.

The impact of COVID-19 is expected to have some negative effects on operations. The further overall operational and financial impact is highly dependent on the duration of COVID-19, including the potential occurrence of additional waves of the pandemic, and could be affected by other factors that are currently not known at this time. Management is actively monitoring the effect of the pandemic on its financial condition, liquidity, operations, suppliers, and workforce. Given the daily evolution of the pandemic and the global responses to curb its spread, the Municipality is not able to fully estimate the effects of the pandemic on its results of operations, financial condition, or liquidity at this time.

## 16. Public sector salary disclosures:

During 2021, no employees were paid a salary, as defined in the Public Sector Salary Disclosures Act, 1996, of \$100,000 or more by the Township.

# CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

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## 17. Segmented information:

The Township of South Algonquin is a diversified municipal government that provides a wide range of services to its citizens. For management reporting purposes, the Township's operations and activities are organized and reported by fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

The Township's services are provided by departments and their activities are recorded in these funds. Certain departments that have been disclosed in the segmented information, along with the services they provide, are as follows:

### GENERAL GOVERNMENT

This segment includes Council, Clerk's Department and Treasury. This area supports the operating departments in implementing priorities of Council and provides strategic leadership on issues relating to governance, strategic planning and service delivery.

### PROTECTION TO PERSONS AND PROPERTY

Protection to persons and property is comprised of fire and police protection, animal control, building permits and inspectors. The fire department is responsible for providing fire suppression services, fire prevention and training and education related to prevention detection or extinguishment of fires. The Township has a contract with the Ontario Provincial Police (through agreement with the Township) to provide services relating to the safety of persons and property, and transportation of prisoners.

### TRANSPORTATION SERVICES

Transportation services include roadway systems and winter control.

### ENVIRONMENTAL SERVICES

Environmental services consists of solid waste disposal.

### HEALTH SERVICES

This segment includes ambulance services as well as payments to the district health unit.

### SOCIAL AND FAMILY SERVICES

This segment consists primarily of payments made to the district social services administration board and home for the aged for the provision of social services such as childcare, social housing, general assistance and assistance to the elderly.

### RECREATION AND CULTURAL SERVICES

The Township provides recreation and leisure services such as fitness and aquatic programs and library service.

### PLANNING AND DEVELOPMENT

This segment included activities related to planning, zoning and economic development.

### UNALLOCATED AMOUNTS

Items are recorded as unallocated amounts when there is no reasonable basis for allocating them to a segment. Major items included in this category are property taxation and related penalty and interest charges, and the Township's annual Ontario Municipal Partnership Fund unconditional grant.

# THE CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN

## Note 17. Segmented Information (continued)

Year ended December 31, 2021

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and culture	Planning and Development	Unallocated amounts	2021 Total
Revenue:										
Taxation	\$ -	-	-	-	-	-	-	-	2,466,247	\$ 2,466,247
User fees	4,907	34,087	14,472	21,066	-	-	6,886	-	-	81,418
Government transfers	1,124,025	7,046	51,521	4,399	-	-	40,292	-	-	1,227,283
Other	55,777	19,235	-	4,825	36,869	-	3,321	29,512	27,090	176,629
	1,184,709	60,368	65,993	30,290	36,869	-	50,499	29,512	2,493,337	3,951,577
Expenses:										
Salaries and benefits	399,568	143,595	369,008	178,667	-	-	106,601	29,929	-	1,227,368
Materials	58,950	61,274	279,136	143,272	-	4,287	64,029	41,853	-	652,801
Contracted services	93,803	339,112	25,010	2,658	6,724	6,812	16,682	22,970	-	513,771
Rent and financial	16,744	13,660	4,898	16,876	-	-	1,020	2,822	-	56,020
External transfers	400	-	-	-	23,060	645,134	-	-	-	668,594
Amortization of tangible capital assets	23,513	51,015	373,571	13,952	4,883	1,421	58,752	-	-	527,107
	592,978	608,656	1,051,623	355,425	34,667	657,654	247,084	97,574	-	3,645,661
Annual surplus (deficit)	\$ 591,731	(548,288)	(985,630)	(325,135)	2,202	(657,654)	(196,585)	(68,062)	2,493,337	\$ 305,916

# THE CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN

## Note 17. Segmented Information (continued)

Year ended December 31, 2021

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and culture	Planning and Development	Unallocated amounts	2020 Total
Revenue:										
Taxation	\$ -	-	-	-	-	-	-	-	2,430,476	\$ 2,430,476
User fees	7,378	34,833	21,277	21,376	-	-	1,639	-	-	86,503
Government transfers	1,371,742	2,150	51,521	4,497	-	-	10,924	-	-	1,440,834
Other	53,788	12,968	-	9,625	32,228	-	7,208	21,466	(3,131)	134,152
	1,432,908	49,951	72,798	35,498	32,228	-	19,771	21,466	2,427,345	4,091,965
Expenses:										
Salaries and benefits	373,725	137,689	358,983	161,013	-	-	104,947	19,939	-	1,156,296
Materials	58,956	55,489	216,737	110,145	-	4,479	69,077	41,869	-	556,752
Contracted services	78,481	344,506	22,783	2,724	6,227	5,200	12,020	17,425	-	489,366
Rents and financial	14,095	15,353	4,778	12,479	-	-	1,079	1,565	-	49,349
External transfers	470	-	-	-	21,211	629,128	-	-	-	650,809
Amortization of tangible capital assets	15,964	41,976	325,407	13,986	4,883	1,421	49,023	-	-	452,660
	541,691	595,013	928,688	300,347	32,321	640,228	236,146	80,798	-	3,355,232
Annual surplus (deficit)	\$ 891,217	(545,062)	(855,890)	(264,849)	(93)	(640,228)	(216,375)	(59,332)	2,427,345	\$ 736,733



# THE CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021, with comparative information for 2020

## 18. Supplementary financial information - South Algonquin Library Board:

	2021	2020	
<b>Financial Assets</b>			
Cash	\$ 4,004	\$ 4,004	
Due from own municipality	55,260	47,580	
	59,264	51,584	
<b>Non-Financial Assets</b>			
Tangible capital assets - net	231,771	230,058	
Accumulated surplus	\$ 291,035	\$ 281,642	
	Budget	Actual	Actual
	2021	2021	2020
	(note 9)		
<b>Revenue:</b>			
Municipal contributions	\$ 70,653	\$ 70,653	\$ 69,506
Provincial grants	6,470	7,004	7,004
Other	150	99	349
	77,273	77,756	76,859
<b>Expenses:</b>			
Wages and benefits	40,680	37,754	36,976
Books, periodicals and small equipment	6,120	5,159	5,294
Operating supplies and maintenance	22,360	16,837	14,578
Amortization	8,113	8,613	8,113
	77,273	68,363	64,961
Annual surplus	-	9,393	11,898
Accumulated surplus, beginning of year	281,642	281,642	269,744
Accumulated surplus, end of year	\$ 281,642	\$ 291,035	\$ 281,642