

Township of South Algonquin

Financial Statements

For the year ended 31 December 2022

**MACKILLICAN & ASSOCIATES**

CHARTERED PROFESSIONAL ACCOUNTANTS

## 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 Canadian Public Sector Accounting Standards. A summary of the significant accounting policies is contained 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.

The 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 MacKillican & Associates, independent external auditors appointed by the Township. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Township's consolidated financial statements.

  
Bryan Martin - CAO

Township of South Algonquin  
Consolidated Financial Statements Index  
For the year ended 31 December 2022

	<u>Page</u>
Independent Auditor's Report	1
Consolidated Statement of Financial Position	2
Consolidated Statement of Operations and Accumulated Surplus	3
Consolidated Statement of Changes in Net Financial Assets	4
Consolidated Statement of Cash Flows	5
Notes to the Consolidated Financial Statements	6 - 14
Schedule of General Operations	15
Consolidated Schedule of Reserves and Reserve Funds	16
Consolidated Schedule of Tangible Capital Assets	17 - 18



## INDEPENDENT AUDITOR'S REPORT

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

### **Opinion**

We have audited the consolidated financial statements of the Township of South Algonquin (the Township), which comprise the statement of financial position as at 31 December 2022, and the statement of operations and accumulated surplus, statement of changes in net financial assets and statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Township as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards (PSAS).

### **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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Township in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 consolidated financial statements in accordance with PSAS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Township'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 Township or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Township's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 these consolidated financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located at MacKilligan's website at: [http://mackillicans.com/PDF/Auditors\\_Responsibilities.pdf](http://mackillicans.com/PDF/Auditors_Responsibilities.pdf). This description forms part of our auditor's report.

*MacKilligan & Associates*

RENFREW, Ontario.

6 June 2023.

**Chartered Professional Accountants,**

Licensed Public Accountants.

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Township of South Algonquin  
Consolidated Statement of Financial Position

As at 31 December 2022  
(with 2021 figures for comparison)

	<u>2022</u>	<u>2021</u>
Financial assets:		
Cash	\$ 2,438,299	\$ 2,566,860
Taxes receivable	224,666	191,399
Accounts receivable	148,265	183,191
Investments	<u>76,000</u>	<u>57,144</u>
	<u>\$ 2,887,230</u>	<u>\$ 2,998,594</u>
Financial liabilities:		
Accounts payable and accrued liabilities	\$ 311,633	\$ 209,563
Deferred revenue - obligatory reserve funds (Note 6 (a))	205,301	109,654
Deferred revenue - other (Note 6 (b))	2,022	16,550
Landfill closure and post closure costs (Note 10)	<u>345,080</u>	<u>231,647</u>
	<u>\$ 864,036</u>	<u>\$ 567,414</u>
Net financial assets	<u>\$ 2,023,194</u>	<u>\$ 2,431,180</u>
Non-financial assets:		
Tangible capital assets (net) (Note 11)	\$ 9,980,359	\$ 9,335,731
Inventory of supplies	29,896	
Prepaid expenses	<u>33,115</u>	<u>226,101</u>
	<u>\$ 10,043,370</u>	<u>\$ 9,561,832</u>
Accumulated surplus	<u>\$ 12,066,564</u>	<u>\$ 11,993,012</u>
Accumulated surplus comprised of:		
Equity in tangible capital assets (Note 12)	\$ 9,980,359	\$ 9,335,731
General Fund		1,454,812
Reserves	2,431,285	1,434,116
Unfunded - landfill closure and post closure costs (Note 5)	<u>(345,080)</u>	<u>(231,647)</u>
Total accumulated surplus	<u>\$ 12,066,564</u>	<u>\$ 11,993,012</u>

(See accompanying notes)

Township of South Algonquin  
Consolidated Statement of Operations and Accumulated Surplus  
For the year ended 31 December 2022  
(with 2022 budget and 2021 actual figures for comparison)

	<u>2022</u> <u>Budget</u>	<u>2022</u> <u>Actual</u>	<u>2021</u> <u>Actual</u>
Revenue:			
Taxation and user charges	\$ 2,504,180	\$ 2,464,058	\$ 2,466,247
Government transfers			
Ontario	1,306,358	1,193,884	1,116,370
Canada	129,822	230,755	110,913
Other	188,750	417,904	226,625
Gain on disposal of tangible capital assets	<u>                    </u>	<u>16,271</u>	<u>31,422</u>
	<u>\$ 4,129,110</u>	<u>\$ 4,322,872</u>	<u>\$ 3,951,577</u>
Expenses:			
General government	\$ 709,732	\$ 702,208	\$ 592,978
Protection to persons and property	634,402	658,386	608,656
Transportation services	1,188,215	1,210,478	1,051,623
Environmental services	451,238	505,835	355,425
Health services	35,818	30,811	34,667
Social and family services	683,818	680,555	657,654
Recreation and cultural services	303,450	318,891	247,084
Planning and development	<u>96,020</u>	<u>142,156</u>	<u>97,574</u>
	<u>\$ 4,102,693</u>	<u>\$ 4,249,320</u>	<u>\$ 3,645,661</u>
Excess of revenue over expenses	\$ 26,417	\$ 73,552	\$ 305,916
Accumulated surplus at the beginning of the year	<u>11,993,012</u>	<u>11,993,012</u>	<u>11,687,096</u>
Accumulated surplus at the end of the year	<u>\$ 12,019,429</u>	<u>\$ 12,066,564</u>	<u>\$ 11,993,012</u>

(See accompanying notes)

Township of South Algonquin  
Consolidated Statement of Changes in Net Financial Assets  
For the year ended 31 December 2022  
(with 2022 budget and 2021 actual figures for comparison)

	<u>2022</u> <u>Budget</u>	<u>2022</u> <u>Actual</u>	<u>2021</u> <u>Actual</u>
Excess of revenue over expenses	\$ 26,417	\$ 73,552	\$ 305,916
Amortization of tangible capital assets	472,860	472,860	527,108
Acquisition of tangible capital assets	(978,760)	(1,154,322)	(569,421)
Loss (gain) on disposal of capital assets		(16,271)	2,034
Proceeds on disposal of capital assets		53,105	45,402
Use of (acquisition of) prepaid expenses		192,986	(211,715)
Use of (acquisition of) inventory		<u>(29,896)</u>	
Increase (decrease) in net financial assets	\$ (479,483)	\$ (407,986)	\$ 99,324
Net financial assets at the beginning of the year	<u>2,431,180</u>	<u>2,431,180</u>	<u>2,331,856</u>
Net financial assets at the end of the year	<u>\$ 1,951,697</u>	<u>\$ 2,023,194</u>	<u>\$ 2,431,180</u>

(See accompanying notes)

Township of South Algonquin  
Consolidated Statement of Cash Flows  
For the year ended 31 December 2022  
(with 2021 figures for comparison)

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Excess of revenue over expenses	\$ 73,552	\$ 305,916
Add (deduct) items which do not involve cash:		
- amortization	472,860	527,108
- loss (gain) on disposal of assets	(16,271)	2,034
- landfill closure and post closure costs	113,433	28,000
- contributed capital asset	<u>(65,700)</u>	<u>                    </u>
	<u>\$ 577,874</u>	<u>\$ 863,058</u>
Net change in non cash working capital balances related to operations:		
- increase (decrease) in taxes receivable	\$ (33,267)	\$ 31,663
- decrease (increase) in accounts receivable	34,926	19,431
- decrease (increase) in accounts payable and accrued liabilities	102,070	(18,646)
- increase (decrease) in deferred revenue	81,119	101,595
- increase (decrease) in prepaid expenses	192,986	(211,715)
- decrease (increase) in inventory of supplies	<u>(29,896)</u>	<u>                    </u>
	<u>\$ 347,938</u>	<u>\$ (77,672)</u>
Cash flows from operating activities	<u>\$ 925,812</u>	<u>\$ 785,386</u>
Cash flows used for capital activities:		
Additions to tangible capital assets		
General government	\$ (248,493)	\$ (50,073)
Protection services	(125,289)	(153,230)
Transportation	(654,806)	(323,587)
Recreation and cultural services	(60,034)	(38,066)
Health		(4,465)
Proceeds on disposal of capital assets	<u>53,105</u>	<u>45,402</u>
Cash flows used for capital activities	<u>\$ (1,035,517)</u>	<u>\$ (524,019)</u>
Increase (decrease) in cash and cash equivalents during the year	\$ (109,705)	\$ 261,367
Cash and cash equivalents at the beginning of the year	<u>2,624,004</u>	<u>2,362,637</u>
Cash and cash equivalents at the end of the year	<u>\$ 2,514,299</u>	<u>\$ 2,624,004</u>
Comprised of:		
Cash	\$ 2,438,299	\$ 2,566,860
Investments	<u>76,000</u>	<u>57,144</u>
	<u>\$ 2,514,299</u>	<u>\$ 2,624,004</u>

(See accompanying notes)



Township of South Algonquin  
Notes to the Consolidated Financial Statements  
For the year ended 31 December 2022

The Corporation of the Township of South Algonquin (the "Township") is a single-tier municipal corporation located in the 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.

The focus of PSAB financial statements is on the financial position of the Township and changes thereto. The Consolidated Statement of Financial Position reports financial assets and liabilities. Financial assets are available to provide resources to discharge existing liabilities or finance future operations. Municipal position represents the financial position of the Township and is the difference between financial assets and liabilities. This information explains the Township's overall future revenue requirements and its ability to finance activities and meet its obligations.

(a) Basis of Consolidation:

(i) Reporting Entity

The consolidated financial statements reflect financial assets, liabilities, operating revenues and expenditures, reserves, reserve funds and changes in investment in tangible capital assets of the Township. 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. Interdepartmental and organizational transactions and balances between these organizations are eliminated.

These consolidated financial statements include:

- South Algonquin Public Library Board

(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:

The consolidated financial statements are prepared on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which transactions or events occurred that gave rise to the revenue; expenses are recognized in the period goods or services are acquired and a liability is incurred or transfers are due.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain users charges and fees are collected for which the related services have yet to be performed.

Township of South Algonquin  
Notes to the Consolidated Financial Statements  
For the year ended 31 December 2022

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) 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.

(d) Tangible Capital Assets:

- (i) Tangible capital assets are recorded at cost, which includes all amounts directly attributable to acquisition, construction, development or betterment of the asset. Where the cost was not readily determinable, the assets were valued at their current fair market value and then discounted back to their in-service date using the Non-Residential Building Construction Price Index (NRBCPI) for infrastructure, storm sewers and sanitary sewers and using the Consumer Price Index (CPI) for all other assets. Land for road segments is valued at \$ 1.00 per segment. All other land is valued at cost. Where cost was not readily determinable, the land was given a value of \$ 1.00 per segment. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements	15 - 40 years
Buildings	20 - 60 years
Machinery and Equipment	5 - 20 years
Vehicles	5 - 25 years
Roads, bridges and sidewalks	20 - 40 years

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.

The Township has a capitalization threshold of \$ 5,000, so that individual TCAs of lesser value are expensed, unless they are pooled because, collectively, they have a significant value, or for operational reasons.

(ii) Contribution of Tangible Capital Assets

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 the assets as of the date of transfer.

(iii) 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.

(iv) Inventories

Inventories held for consumption are recorded at average cost.

(e) Investment Income:

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

Township of South Algonquin  
Notes to the Consolidated Financial Statements  
For the year ended 31 December 2022

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

(f) Government Transfers:

Government transfers are the transfers of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or are the result of direct financial return.

Government transfers are recognized in the financial statements in the period in which the 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.

(g) Deferred Revenue:

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 in which the related expenses are incurred or the services are performed.

(h) Deferred Revenue - Obligatory Reserve Funds:

The Township receives restricted contributions under the authority of federal and provincial legislation and Township 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 expenditures are recorded as revenue in the fiscal period they are expended.

(i) Use of Estimates:

The preparation of consolidated financial statements in conformity with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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. Significant estimates include landfill closure and post-closure liabilities and amortization.

(j) Cash and Cash Equivalents:

Cash and cash equivalents are comprised of cash on hand and in bank and investments due no greater than three months from the date of acquisition or that are cashable on demand.

(k) Revenue Recognition:

Taxation revenue consists of non-exchange transactions. It is recognized in the period to which the assessment relates and reasonable estimates of amounts can be made. Annual revenue also includes adjustments related to reassessments or appeals related to prior years. Fees and user charges relate to utility charges [water, wastewater, and solid waste] licensing fees, fees for use of various programming, and fees imposed based on specific activities. Revenue is recognized when the activity is performed or when the services are rendered.

Township of South Algonquin  
Notes to the Consolidated Financial Statements  
For the year ended 31 December 2022

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Financial Instruments:

Financial instruments include cash, accounts receivable, investments and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Township is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The carrying amounts reported on the statement of financial position for cash, accounts receivable, investments and accounts payable and accrued liabilities, approximates their fair values, due to the immediate and short term maturities of these financial instruments.

2. CONTRIBUTIONS TO NON-CONSOLIDATED JOINT LOCAL BOARDS

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

	<u>2022</u>	<u>2021</u>
District of Nipissing Social Services		
Administration Board	\$ 551,989	\$ 531,555
Renfrew County and District Health Unit	23,060	23,060
East Nipissing District Home for the Aged	110,507	113,579

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

East Nipissing District Home for the Aged ("Casselholme") is expanding the existing facility. The Township of South Algonquin will continue to be responsible for the operating portion but will be excluded from the capital contributions related to the redevelopment. The Township's capital portion related to the redevelopment will be in the form of a loan at 0% that will be forgiven upon the completion of the project and compliance with the terms of the agreement.

3. OPERATIONS OF SCHOOL BOARDS

Requisitions were made by the School Boards requiring the Township to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are as follows:

	<u>School Boards</u>
Property taxes	\$ 463,935
Payments in lieu	<u>4,223</u>
	<u>\$ 468,158</u>

4. TAXES AND USER CHARGES RECEIVABLE

	<u>2022</u>	<u>2021</u>
Current	\$ 156,364	\$ 134,112
Prior years	53,999	48,399
Penalties and interest	<u>14,303</u>	<u>8,888</u>
	<u>\$ 224,666</u>	<u>\$ 191,399</u>

Township of South Algonquin  
Notes to the Consolidated Financial Statements  
For the year ended 31 December 2022

#### 5. AMOUNTS TO BE RECOVERED

Amounts to be recovered represent the requirement of the Township to raise funds in subsequent periods to finance unfunded liabilities, comprised of the landfill closure and post closure liabilities.

#### 6. DEFERRED REVENUE

##### a) Obligatory Reserve Funds:

A requirement of the public sector accounting principles of the Chartered Professional Accountants of Canada is that obligatory reserve funds be reported as deferred revenue. This requirement is in place because federal, provincial and municipal legislation restricts how these funds may be used. The balances in the obligatory reserve funds of the Township are summarized below:

- (i) The balance of deferred revenue - obligatory reserve funds on the "Consolidated Statement of Financial Position" at the end of the year is comprised of the following externally restricted reserve funds:

	<u>2022</u>	<u>2021</u>
Northern Ontario Resource Development Support Fund (NORDS)	\$ 191,139	\$ -
Canada Community-Building Fund	<u>14,162</u>	<u>109,654</u>
	<u>\$ 205,301</u>	<u>\$ 109,654</u>

- (ii) Transactions during the year in the deferred revenue - obligatory reserve funds are as follows:

	<u>2022</u>	<u>2021</u>
Balance at the beginning of the year	\$ 109,654	\$ 24,609
Canada Community-Building Fund revenue received	69,520	136,351
NORDS Fund revenue received	189,445	
Interest earned	4,160	373
Used for purchases	<u>(167,478)</u>	<u>(51,679)</u>
Balance at the end of the year	<u>\$ 205,301</u>	<u>\$ 109,654</u>

##### b) Other Deferred Revenue:

Other deferred revenue consists of miscellaneous advances to be used in 2023.

#### 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 2022, \$ 323,188 (2021 - \$ 325,850) was expended on police services.

#### 8. PENSION CONTRIBUTIONS

The Township makes contributions to the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. During the year ended 31 December 2022, the Municipality contributed \$ 82,140 (2021 - \$ 67,915) to the plan and is included as an expense in the Consolidated Statement of Operations and Accumulated Surplus. The Township does not recognize in its consolidated financial statements any share of the pension plan deficit as this is a joint responsibility of all Ontario municipalities and their employees. The pension plan deficit for 2022 is \$ 6,100,000,000 (the deficit for 2021 was \$ 69,000,000) based on the fair market value of the Plan's assets.

Township of South Algonquin  
Notes to the Consolidated Financial Statements  
For the year ended 31 December 2022

9. BUDGET FIGURES

The operating budget approved by the Township of South Algonquin for 2022 is reflected on the Consolidated Statement of Operations and Accumulated Surplus. The budget established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual expenditure amounts. As well, the Township does not budget activity within reserves and reserve funds, with the exception being those transactions which affect either operations or capital investments. Budget figures have been reclassified for the purpose of these financial statements to comply with PSAB reporting requirements. Budget figures have not been audited.

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, pumping ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. Some closure costs are incurred on an ongoing basis and are included in the yearly fiscal operating budget. All the remaining expected closure and post closure costs have been discounted at the Township's average long term borrowing rate, net of estimated inflation.

The reported liability is based on estimates and assumptions with respect to events extending over useful life and estimated post closure care period 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.

Airy Site

This landfill is expected to reach its capacity in 34 years, and the estimated remaining capacity is 34,165 cubic meters, which is 32% of the site's total capacity. The total undiscounted future expenditures for closure and post-closure care are \$ 220,900 (2021 - \$ 238,842). The estimated length of time for post-closure care is 10 years.

Madawaska Site

The landfill is expected to reach its capacity in 28 years, and the estimated remaining capacity is 37,380 cubic meters, which is 47% of the site's total capacity. The total undiscounted future expenditures for closure and post-closure care are \$ 124,180 (2021 - \$ 141,046). The estimated length of time for post-closure care is 10 years.

Township of South Algonquin  
Notes to the Consolidated Financial Statements  
For the year ended 31 December 2022

#### 11. TANGIBLE CAPITAL ASSETS

The Schedule of Tangible Capital Assets provides information on the tangible capital assets of the Township by major asset class and by function, as well as for accumulated amortization of the assets controlled. The reader should be aware of the following information relating to tangible capital assets:

(i) Contributed Tangible Capital Assets

The Township records all tangible capital assets contributed by an external party at fair value on the earlier of the date received or of the transfer of risk and responsibility. Typical examples are roadways, water and sewer lines installed by a developer as part of a subdivision agreement.

Tangible capital assets contributed during year were \$ 67,500 (2021 - \$ Nil).

(ii) Tangible Capital Assets Recognized at Nominal Value

Certain assets have been assigned a nominal value of one dollar, because of the difficulty of determining a tenable valuation. The most significant such assets are the Township's road allowances.

#### 12. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2022</u>	<u>2021</u>
Tangible capital assets - net	\$ 9,980,359	\$ 9,335,731
Net long term liabilities	<u>-</u>	<u>-</u>
Equity in tangible capital assets	<u>\$ 9,980,359</u>	<u>\$ 9,335,731</u>

#### 13. 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.

#### 14. SEGMENTED INFORMATION

(a) The Township is responsible for providing a wide range of services to its citizens. The Township reports on functional areas and programs in its consolidated financial statements. A brief description of each segment follows:

- i) General government is comprised of Council and administration and is responsible for the overall governance and management of the Municipality.
- ii) Protection is comprised of police, fire, and other protective services.
- iii) Transportation is comprised of roads including parking, signs and signals, streetlights and the maintenance of roads of the Township.
- iv) Environmental services include water supply and distribution, wastewater treatment, and solid waste and recycling services.
- v) Recreation and cultural services include parks, recreation and libraries.
- vi) Planning and development services are comprised of managing development for residential and business interests, as well as infrastructure and parks.

Township of South Algonquin  
Notes to the Consolidated Financial Statements  
For the year ended 31 December 2022

## 14. SEGMENTED INFORMATION (Continued)

- (b) For each functional area, expenditures represent both amounts that are directly attributable to the functional area and amounts that are allocated on a reasonable basis. The expenditures for 31 December 2022 are as follows:

	<u>Salaries and benefits</u>	<u>Materials</u>	<u>Contracted services</u>	<u>Rent and external transfers</u>	<u>Amortization</u>	<u>Total</u>
General government	\$ 432,005	\$ 87,938	\$ 121,174	\$ 44,969	\$ 16,122	\$ 702,208
Protection services	200,649	65,949	336,885	17,111	37,792	658,386
Transportation services	557,731	281,782	27,631	5,989	337,345	1,210,478
Environmental services	194,561	278,956	2,745	17,708	11,865	505,835
Health services			1,843	23,060	5,908	30,811
Social services		9,388	7,283	662,496	1,388	680,555
Recreation services	156,434	82,126	16,962	929	62,440	318,891
Planning and development	<u>41,857</u>	<u>68,913</u>	<u>29,729</u>	<u>1,657</u>		<u>142,156</u>
	<u>\$ 1,583,237</u>	<u>\$ 875,052</u>	<u>\$ 544,252</u>	<u>\$ 773,919</u>	<u>\$ 472,860</u>	<u>\$ 4,249,320</u>

- (c) The expenditures for 31 December 2021 are as follows:

	<u>Salaries and benefits</u>	<u>Materials</u>	<u>Contracted services</u>	<u>Rent and external transfers</u>	<u>Amortization</u>	<u>Total</u>
General government	\$ 399,568	\$ 58,950	\$ 93,803	\$ 17,144	\$ 23,513	\$ 592,978
Protection services	143,595	61,274	339,112	13,660	51,015	608,656
Transportation services	369,008	279,136	25,010	4,898	373,571	1,051,623
Environmental services	178,667	143,272	2,658	16,876	13,952	355,425
Health services			6,724	23,060	4,883	34,667
Social services		4,287	6,812	645,134	1,421	657,654
Recreation services	106,601	64,029	16,682	1,020	58,752	247,084
Planning and development	<u>29,929</u>	<u>41,853</u>	<u>22,970</u>	<u>2,822</u>		<u>97,574</u>
	<u>\$ 1,227,368</u>	<u>\$ 652,801</u>	<u>\$ 513,771</u>	<u>\$ 724,614</u>	<u>\$ 527,107</u>	<u>\$ 3,645,661</u>



Township of South Algonquin  
Notes to the Consolidated Financial Statements  
For the year ended 31 December 2022

15. SUPPLEMENTARY FINANCIAL INFORMATION - SOUTH ALGONQUIN LIBRARY BOARD

	<u>2022</u>	<u>2021</u>	
Financial assets:			
Cash in bank	\$ 4,074	\$ 4,004	
Due from Municipality	<u>55,190</u>	<u>55,260</u>	
	<u>\$ 59,264</u>	<u>\$ 59,264</u>	
Non-financial assets:			
Tangible capital assets - net	<u>\$ 26,045</u>	<u>\$ 12,115</u>	
Accumulated surplus	<u>\$ 85,309</u>	<u>\$ 71,379</u>	
	<u>2022</u>	<u>2022</u>	<u>2021</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenue:			
Municipal contributions	\$ 77,170	\$ 81,905	\$ 70,653
Provincial grants	6,470	17,181	7,004
Other	<u>150</u>	<u>206</u>	<u>99</u>
	<u>\$ 83,790</u>	<u>\$ 99,292</u>	<u>\$ 77,756</u>
Expenses:			
Wages and benefits	\$ 54,840	\$ 56,384	\$ 37,754
Books, periodicals and small equipment	6,210	5,969	5,159
Operating supplies and maintenance	22,740	20,586	16,837
Amortization	<u>          </u>	<u>2,423</u>	<u>8,613</u>
	<u>\$ 83,790</u>	<u>\$ 85,362</u>	<u>\$ 68,363</u>
Excess of revenue over expenses	\$ -	\$ 13,930	\$ 9,393
Accumulated surplus at the beginning of the year	<u>71,379</u>	<u>71,379</u>	<u>61,986</u>
Accumulated surplus at the end of the year	<u>\$ 71,379</u>	<u>\$ 85,309</u>	<u>\$ 71,379</u>

(See accompanying notes)

Township of South Algonquin  
Schedule of General Operations  
For the year ended 31 December 2022  
(with 2022 budget and 2021 actual figures for comparison)

	<u>2022</u> <u>Budget</u>	<u>2022</u> <u>Actual</u>	<u>2021</u> <u>Actual</u>
Revenue:			
Net municipal taxation	\$ 2,504,180	\$ 2,464,058	\$ 2,466,247
Government transfers:			
Ontario	1,289,177	1,176,703	1,109,366
Canada	129,822	230,755	110,913
Other	188,544	417,698	226,526
Gain on disposal of tangible capital assets	<u>                    </u>	<u>16,271</u>	<u>31,422</u>
	<u>\$ 4,111,723</u>	<u>\$ 4,305,485</u>	<u>\$ 3,944,474</u>
Expenses:			
General government	\$ 709,732	\$ 702,208	\$ 592,978
Protection to persons and property	634,402	658,386	608,656
Transportation services	1,188,215	1,210,478	1,051,623
Environmental services	337,805	392,401	327,425
Health services	35,818	30,811	34,667
Social services	683,818	680,555	657,654
Recreation and cultural services	218,088	233,529	178,721
Planning and development	<u>96,020</u>	<u>142,157</u>	<u>97,574</u>
	<u>\$ 3,903,898</u>	<u>\$ 4,050,525</u>	<u>\$ 3,549,298</u>
Excess of revenue over expenses	<u>\$ 207,825</u>	<u>\$ 254,960</u>	<u>\$ 395,176</u>
Transfers:			
Transfer to Library Board	\$ (81,905)	\$ (81,905)	\$ (62,973)
Transfer from (to) reserves	366,050	(997,169)	(388,095)
Transfer from (to) equity in tangible capital assets	<u>(491,970)</u>	<u>(630,698)</u>	<u>6,836</u>
Net transfers	<u>\$ (207,825)</u>	<u>\$ (1,709,772)</u>	<u>\$ (444,232)</u>
Change in general surplus (deficit) for the year	\$ -	\$ (1,454,812)	\$ (49,056)
General surplus at the beginning of the year	<u>1,454,812</u>	<u>1,454,812</u>	<u>1,503,868</u>
General surplus at the end of the year	<u>\$ 1,454,812</u>	<u>\$ -</u>	<u>\$ 1,454,812</u>

(See accompanying notes)

Township of South Algonquin  
Consolidated Schedule of Reserves  
For the year ended 31 December 2022  
(with 2021 figures for comparison)

	<u>2022</u>	<u>2021</u>
Contributions:		
From operations	\$ <u>1,742,602</u>	\$ <u>687,210</u>
Transfers:		
Transfer to operations	\$ 670,858	\$ 12,655
Transfer to tangible capital asset acquisitions	<u>74,575</u>	<u>286,460</u>
	\$ <u>745,433</u>	\$ <u>299,115</u>
Change in reserves	\$ 997,169	\$ 388,095
Reserves at the beginning of the year	<u>1,434,116</u>	<u>1,046,021</u>
Reserves at the end of the year	<u>\$ 2,431,285</u>	<u>\$ 1,434,116</u>
Reserves:		
General government	\$ 928,657	
Protection	288,711	\$ 213,821
Roadways	630,902	597,323
Landfill	344,050	344,050
Health	28,000	24,500
Social	4,000	4,000
Recreation and culture	201,168	225,422
Planning	<u>5,797</u>	<u>25,000</u>
Total reserves	<u>\$ 2,431,285</u>	<u>\$ 1,434,116</u>

(See accompanying notes)

Township of South Algonquin  
Consolidated Schedule of Tangible Capital Assets

For the year ended 31 December 2022  
(with 2021 figures for comparison)

Segmented by asset class: <u>Cost</u>	Balance at 31 December <u>2021</u>	<u>Additions</u>	Disposals, write-offs and adjustments	Balance at 31 December <u>2022</u>
Land	\$ 43,942			\$ 43,942
Land improvements	598,564		\$ 2,312	600,876
Buildings	3,549,257	\$ 43,682	(3,769)	3,589,170
Machinery and equipment	1,233,918	74,991	(5,341)	1,303,568
Vehicles	1,789,957	123,744	(216,023)	1,697,678
Linear assets	10,721,962	680,914	48,567	11,451,443
Capital work in progress	<u>64,154</u>	<u>230,991</u>	<u>(49,882)</u>	<u>245,263</u>
Total	<u>\$ 18,001,754</u>	<u>\$ 1,154,322</u>	<u>\$ (224,136)</u>	<u>\$ 18,931,940</u>

<u>Accumulated amortization</u>	Balance at 31 December <u>2021</u>	<u>Amortization</u>	Disposals, write-offs and adjustments	Balance at 31 December <u>2022</u>
Land				
Land improvements	\$ 342,130	\$ 29,396	\$ (2)	\$ 371,524
Buildings	1,019,372	67,548	(3,769)	1,083,151
Machinery and equipment	639,036	59,406	(8,724)	689,718
Vehicles	952,638	86,384	(170,109)	868,913
Linear assets	<u>5,712,847</u>	<u>230,126</u>	<u>(4,698)</u>	<u>5,938,275</u>
Total	<u>\$ 8,666,023</u>	<u>\$ 472,860</u>	<u>\$ (187,302)</u>	<u>\$ 8,951,581</u>

<u>Net book value</u>	Balance at 31 December <u>2021</u>	Balance at 31 December <u>2022</u>
Land	\$ 43,942	\$ 43,942
Land improvements	256,434	229,352
Buildings	2,529,885	2,506,019
Machinery and equipment	594,882	613,850
Vehicles	837,319	828,765
Linear assets	5,009,115	5,513,168
Capital work in progress	<u>64,154</u>	<u>245,263</u>
Total	<u>\$ 9,335,731</u>	<u>\$ 9,980,359</u>

(See accompanying notes)

Township of South Algonquin

Consolidated Schedule of Tangible Capital Assets

For the year ended 31 December 2022

(with 2021 figures for comparison)

Segmented by function: <u>Cost</u>	Balance at 31 December <u>2021</u>	<u>Additions</u>	Disposals, write-offs and adjustments	Balance at 31 December <u>2022</u>
General government	\$ 824,176	\$ 248,493	\$ (5,250)	\$ 1,067,419
Protection services	1,600,154	125,289	(216,026)	1,509,417
Transportation services	12,534,169	720,506	906	13,255,581
Environmental services	337,892			337,892
Health services	279,890			279,890
Social services	86,012			86,012
Recreation services	2,336,176	60,034	(3,766)	2,392,444
Planning and development	<u>3,285</u>			<u>3,285</u>
Total	<u>\$ 18,001,754</u>	<u>\$ 1,154,322</u>	<u>\$ (224,136)</u>	<u>\$ 18,931,940</u>

<u>Accumulated amortization</u>	Balance at 31 December <u>2021</u>	<u>Amortization</u>	Disposals, write-offs and adjustments	Balance at 31 December <u>2022</u>
General government	\$ 243,200	\$ 16,122	\$ (5,249)	\$ 254,073
Protection services	743,408	37,792	(170,107)	611,093
Transportation services	6,408,579	337,345	(8,178)	6,737,746
Environmental services	216,151	11,865		228,016
Health services	145,147	5,908		151,055
Social services	25,579	1,388		26,967
Recreation services	880,674	62,440	(3,768)	939,346
Planning and development	<u>3,285</u>			<u>3,285</u>
Total	<u>\$ 8,666,023</u>	<u>\$ 472,860</u>	<u>\$ (187,302)</u>	<u>\$ 8,951,581</u>

<u>Net book value</u>	Balance at 31 December <u>2021</u>	Balance at 31 December <u>2022</u>
General government	\$ 580,976	\$ 813,346
Protection services	856,746	898,324
Transportation services	6,125,590	6,517,835
Environmental services	121,741	109,876
Health services	134,743	128,835
Social services	60,433	59,045
Planning and development		
Recreation services	<u>1,455,502</u>	<u>1,453,098</u>
Total	<u>\$ 9,335,731</u>	<u>\$ 9,980,359</u>

(See accompanying notes)