



**The Corporation of the
Township of Sables-Spanish Rivers**

Financial Report

December 31, 2020

Management's Responsibility for the Consolidated Financial Statements

Independent Auditor's Report

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Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of The Corporation of the Township of Sables-Spanish Rivers (the "Township") are the responsibility of the Township's management and have been prepared in accordance with Canadian Public Sector Accounting Standards.

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 accordance with Canadian Public Sector Accounting Standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, 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 auditor 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 Baker Tilly SNT LLP, independent external auditor 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.

Clerk Administrator
May 12, 2021

Treasurer
May 12, 2021

Independent Auditor's Report

**To the Members of Council, Inhabitants and Ratepayers of
The Corporation of the Township of Sables-Spanish Rivers**

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Opinion

We have audited the consolidated financial statements of The Corporation of the Township of Sables-Spanish Rivers, which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statements of operations and accumulated surplus, cash flows and change in net financial assets 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 consolidated financial position of The Corporation of the Township of Sables-Spanish Rivers as at December 31, 2020, and its consolidated financial performance 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 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditor's Report (Continued)

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements (Continued)

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 Consolidated 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. 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 risks of material misstatement of the consolidated 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, 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 Township's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent Auditor's Report (Continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

- 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 Township's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 auditor's report. However, future events or conditions may cause the Township to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We 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

Sudbury, Ontario
May 12, 2021

Baker Tilly SNT LLP
CHARTERED PROFESSIONAL ACCOUNTANTS,
LICENSED PUBLIC ACCOUNTANTS

**The Corporation of the
Township of Sables-Spanish Rivers**
Consolidated Statement of Financial Position
December 31, 2020



	<u>2020</u>	<u>2019</u>
Financial Assets		
Cash	\$ 5,188,177	\$ 5,379,553
Taxes receivable (note 4)	287,273	190,327
Accounts receivable - Federal	261,078	315,897
- Provincial	6,340	32,854
- Other	201,347	175,571
Term deposits, fixed interest from 0.75% to 2.96% maturing between February 2021 and November 2025	2,800,763	1,290,000
Tax sale properties	<u>150,381</u>	<u>134,550</u>
	<u>8,895,359</u>	<u>7,518,752</u>
Liabilities		
Accounts payable and accrued liabilities (note 5)	762,946	578,259
Temporary loan	2,518	2,399
Deferred revenues (note 6)	462,484	469,588
Deferred revenue - obligatory reserve funds (note 7)	377,337	376,804
Municipal debt (note 8)	638,989	773,736
Landfill closure and post-closure (note 9)	<u>745,807</u>	<u>727,091</u>
	<u>2,990,081</u>	<u>2,927,877</u>
Net Financial Assets	<u>5,905,278</u>	<u>4,590,875</u>
Non-Financial Assets		
Tangible capital assets (note 10)	15,237,173	15,516,837
Inventory	75,275	63,895
Prepaid expenses	<u>7,601</u>	<u>5,767</u>
	<u>15,320,049</u>	<u>15,586,499</u>
Accumulated Surplus (note 11)	<u>\$ 21,225,327</u>	<u>\$ 20,177,374</u>
Commitment (note 12)		

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

**The Corporation of the
Township of Sables-Spanish Rivers**
Consolidated Statement of Operations and Accumulated Surplus
For The Year Ended December 31, 2020



	<u>2020</u> <u>Budget</u> (Unaudited)	<u>2020</u> <u>Actual</u>	<u>2019</u> <u>Actual</u>
Revenues			
Net taxation	\$ 4,292,730	\$ 4,274,892	\$ 4,150,295
Government transfers	2,122,812	2,199,876	2,077,228
User charges	584,084	672,974	719,015
Other	168,350	135,958	260,785
Gain on sale of investment in government business enterprise	-	-	470,624
	<u>7,167,976</u>	<u>7,283,700</u>	<u>7,677,947</u>
Expenses			
General government	844,012	713,011	714,130
Protection services	1,124,417	1,210,033	1,132,347
Transportation services	1,739,245	2,155,210	2,347,940
Environmental services	739,852	831,873	1,407,799
Health services	953,780	984,642	935,803
Social and family services	242,235	249,833	245,347
Recreation and cultural services	480,637	481,214	614,281
Planning and development	112,698	53,238	58,290
	<u>6,236,876</u>	<u>6,679,054</u>	<u>7,455,937</u>
Excess of Revenues Over Expenses Before Other	931,100	604,646	222,010
Other			
Government transfers related to capital	<u>475,716</u>	<u>443,307</u>	<u>511,357</u>
Excess of Revenues Over Expenses	1,406,816	1,047,953	733,367
Accumulated Surplus, Beginning of Year	<u>20,177,374</u>	<u>20,177,374</u>	<u>19,444,007</u>
Accumulated Surplus, End of Year	<u><u>\$ 21,584,190</u></u>	<u><u>\$ 21,225,327</u></u>	<u><u>\$ 20,177,374</u></u>

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

**The Corporation of the
Township of Sables-Spanish Rivers**
Consolidated Statement of Cash Flows
For The Year Ended December 31, 2020



	<u>2020</u>	<u>2019</u>
Net Inflow (Outflow) of Cash Related to the following Activities:		
Operating		
Excess of Revenues Over Expenses	<u>\$ 1,047,953</u>	<u>\$ 733,367</u>
Non-cash charges to operations:		
Amortization of tangible capital assets	945,012	1,018,797
Loss on sale of tangible capital assets	-	4,832
Gain on sale of government business enterprise	-	(470,624)
	<u>945,012</u>	<u>553,005</u>
Change in non-cash working capital balances related to operations	<u>126,516</u>	<u>1,250,103</u>
Cash provided by operating transactions	<u>2,119,481</u>	<u>2,536,475</u>
Investing		
Acquisition of term deposits	(1,708,263)	(200,000)
Redemption of term deposits	197,500	200,000
Proceeds on disposition of investment in government business enterprise	-	1,510,763
Cash applied to investing transactions	<u>(1,510,763)</u>	<u>1,510,763</u>
Capital		
Acquisition of tangible capital assets	<u>(665,348)</u>	<u>(1,382,653)</u>
Cash applied to capital transactions	<u>(665,348)</u>	<u>(1,382,653)</u>
Financing		
Municipal debt repaid	<u>(134,746)</u>	<u>(116,543)</u>
Increase (Decrease) in Cash	(191,376)	2,548,042
Cash, Beginning of Year	<u>5,379,553</u>	<u>2,831,511</u>
Cash, End of Year	<u><u>\$ 5,188,177</u></u>	<u><u>\$ 5,379,553</u></u>

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



**The Corporation of the
Township of Sables-Spanish Rivers**
Consolidated Statement of Change in Net Financial Assets
For The Year Ended December 31, 2020

	<u>2020</u> <u>Budget</u> (Unaudited)	<u>2020</u> <u>Actual</u>	<u>2019</u> <u>Actual</u>
Excess of Revenues Over Expenses	\$ 1,406,816	\$ 1,047,953	\$ 733,367
Amortization of tangible capital assets	-	945,012	1,018,797
Change in inventory and prepaid expenses	-	(13,214)	56,952
Loss on disposition of tangible capital assets	-	-	4,832
Acquisition of tangible capital assets	<u>(1,456,338)</u>	<u>(665,348)</u>	<u>(1,382,653)</u>
Increase (Decrease) in Net Financial Assets	(49,522)	1,314,403	431,295
Net Financial Assets, Beginning of Year	<u>4,590,875</u>	<u>4,590,875</u>	<u>4,159,580</u>
Net Financial Assets, End of Year	<u><u>\$ 4,541,353</u></u>	<u><u>\$ 5,905,278</u></u>	<u><u>\$ 4,590,875</u></u>

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

**The Corporation of the
Township of Sables-Spanish Rivers**
Notes to the Consolidated Financial Statements
December 31, 2020



1. Significant Accounting Policies

The consolidated financial statements of The Corporation of the Township of Sables-Spanish Rivers ("the Township") are the representations of management prepared in accordance with accounting policies recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic consolidated financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgments.

(a) Basis of Consolidation

- (i) These consolidated financial statements reflect the financial assets, liabilities, non-financial assets, accumulated surplus, revenues and expenses of the Township and include the activities of all committees of Council and the following local boards which are under control of Council:

Sables-Spanish Rivers Public Library Board
Lee Valley Cemetery Board
River Road Cemetery Board
Zion Lutheran Cemetery Board
Walford Catholic Cemetery Board
Walford Protestant Cemetery Board
Webbwood Protestant Cemetery Board
Immaculate Conception Cemetery Board
Grandview Cemetery Board
St. Lawrence Cemetery Board

All inter-fund assets and liabilities and revenues and expenses have been eliminated.

- (ii) Non-Consolidated Entities

The following joint local boards are not consolidated:

Sudbury and District Health Unit
Manitoulin - Sudbury District Services Board

**The Corporation of the
Township of Sables-Spanish Rivers
Notes to the Consolidated Financial Statements
December 31, 2020**



1. Significant Accounting Policies (Continued)

(a) Basis of Consolidation (Continued)

(iii) Accounting for School Board Transactions

The Township is required to collect and remit education support levies in respect of residential and other properties on behalf of the area school boards. The Township has no jurisdiction or control over the school boards operations. Therefore, taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in the accumulated surplus of these consolidated financial statements.

(iv) Trust Funds

Trust funds and their related operations administered by the Township are not consolidated, but are reported separately on the Trust Funds financial statements.

(b) Basis of Accounting

(i) Accrual Basis

The accrual basis of accounting recognizes revenues as they become available and measurable; expenses 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.

(ii) Reserves

Certain amounts, as approved by municipal council, are set aside in reserves for future operating and capital purposes. Transfers to and/or from reserves are an adjustment to the respective fund when approved.

(iii) Landfill Closure and Post-Closure

The estimated costs to close and maintain solid waste landfill sites are based on estimated future expenses in current dollars, adjusted for estimated inflation, and are charged to operations as the landfill site's capacity is used.

**The Corporation of the
Township of Sables-Spanish Rivers**
Notes to the Consolidated Financial Statements
December 31, 2020



1. Significant Accounting Policies (Continued)

(b) Basis of Accounting (Continued)

(iv) Deferred Revenues

Deferred revenues represent government transfers, contributions and other amounts that are received from third parties pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and 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, services performed, or the tangible capital assets are acquired.

(v) Deferred Revenue - Obligatory Reserve Funds

The Township receives certain sub-divider contributions and other revenues under the authority of legislation. These funds, by their nature, are restricted in their use and, until applied to specific expenditures, are recorded as deferred revenue. Amounts applied to qualifying expenditures are recorded as revenue in the fiscal period they are expended.

(vi) Employee Future Benefits

The Township makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS) which is a multi-employer contributory defined benefit program with contributions expensed as incurred.

(vii) Segmented Information

The Township reports its segmented information on functional areas and programs in its consolidated financial statements similar to reporting reflected as part of the Ontario Financial Information Return. These functional areas represent segments for the Township:

General Government

General government is comprised of Council, administration, and Ontario Property Assessment.

Protection Services

Protection is comprised of police, fire and other protective services.

**The Corporation of the
Township of Sables-Spanish Rivers**
Notes to the Consolidated Financial Statements
December 31, 2020



1. Significant Accounting Policies (Continued)

(b) Basis of Accounting (Continued)

(vii) Segmented Information (Continued)

Transportation Services

Transportation services are responsible for road maintenance, culverts, bridges, winter control, traffic, signs signals and streetlights.

Environmental Services

Environmental services include water supply and distribution, wastewater treatment, waste and recycling services.

Health Services

Health services include public health services and cemetery services.

Social and Family Services

Social and family services include social assistance, long-term care, paramedic services, social housing and child care services.

Recreation and Cultural Services

Recreation and cultural services include parks and recreation, recreation facilities, culture and libraries.

Planning and Development

Planning and development manages development for residential and business interests as well as services related to the Township's economic development programs.

(viii) 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 expenses, provides the Consolidated Change in Net Financial Assets for the year.

**The Corporation of the
Township of Sables-Spanish Rivers**
Notes to the Consolidated Financial Statements
December 31, 2020



1. Significant Accounting Policies (Continued)

(b) Basis of Accounting (Continued)

(viii) Non-Financial Assets (Continued)

(a) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to the 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:

Buildings	50 to 60 years
Roads and bridges	15 to 50 years
Water and sewer	5 to 80 years
Automotive equipment	7 to 15 years
Computer equipment and software	3 years

Assets under construction are not amortized until the asset is available for productive use.

Landfill sites are amortized as its capacity is used on a volumetric basis.

(b) Inventory

Inventory of supplies held for consumption are recorded at the lower of cost and replacement cost, which represents the best available measure of net realizable value.

(ix) Taxation and Other Revenues

Property tax billings are prepared by the Township based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC") and in accordance with the provisions of the Municipal Act, 2001. Tax rates are established annually by Council, incorporating amounts to be raised for local services and amounts 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 assessment. Once a supplementary assessment roll is received, the Township determines the taxes applicable and renders supplementary tax billings. Taxation revenues are recorded at the time tax billings are issued.

**The Corporation of the
Township of Sables-Spanish Rivers**
Notes to the Consolidated Financial Statements
December 31, 2020



1. Significant Accounting Policies (Continued)

(b) Basis of Accounting (Continued)

(ix) Taxation and Other Revenues (Continued)

Assessment and the related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded when the result of the appeal process is known or based on management's best estimates.

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

Other income is recognized as revenue when earned. Fines and fees are recognized as revenue when collected.

(x) Government Transfers

Government transfers are recognized in the consolidated financial statements in the period in which events giving rise to the transfer occurs, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made, except when and to the extent that stipulations associated with the transfer give rise to a liability. If a liability is created, the satisfaction of the transfer stipulations by the recipient government determines the timing of the recognition of the transfer as revenue.

(xi) Use of Estimates

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. These estimates are based on management's best knowledge of current events and actions that the Township may undertake in the future.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak and measures introduced at various levels of government to curtail the spread of the virus, such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing has adversely affected workforces, customers, economies and financial markets globally, potentially leading to an economic downturn. It has also disrupted the normal operations of many entities. This outbreak could adversely impact the results of the Township's operations. The extent of the impact of this outbreak and related containment measures on the Township's operations cannot be reliably estimated at this time.

**The Corporation of the
Township of Sables-Spanish Rivers**
Notes to the Consolidated Financial Statements
December 31, 2020



2. Future Accounting Pronouncements

These standards and amendments were not effective in the year ended December 31, 2020, and have therefore not been applied in preparing these consolidated financial statements. Management is currently assessing the impact of the following accounting standards updates on the future consolidated financial statements.

Section PS 3450 - Financial Instruments, establishes recognition, measurement, and disclosure requirements for derivative and non-derivative financial instruments for public sector entities. The standard requires fair value measurement of derivatives and portfolio investments that are equity instruments quoted in an active market. All other non-derivative financial instruments will be measured at cost or amortized cost. A government can elect to record other financial assets or liabilities on a fair value basis, if they manage and evaluate the asset and liability groups on that basis. Unrealized gains and losses are represented in the new statement of re-measurement gains and losses. New requirements clarify when financial liabilities can be de-recognized. Disclosure of the nature and extent of risks arising from holding financial instruments is also required. This section is effective for fiscal years beginning on or after April 1, 2022. Early adoption is permitted.

Section PS 1201 - Financial Statement Presentation, was issued in June 2011. This standard requires entities to present a new statement of re-measurement gains and losses separate from the statement of operations. This new statement includes unrealized gains and losses arising from re-measurement of financial instruments and items denominated in foreign currencies and any other comprehensive income that arises when a government includes the results of government business enterprises and partnerships. This section is effective for fiscal years beginning on or after April 1, 2022 and applies when PS 2601 and PS 3450 are adopted.

Section PS 2601 - Foreign Currency Translation, was issued in June 2011 and replaces the existing Section PS 2600. This standard has been revised to ensure consistency with the financial instruments standard. The standard requires that non-monetary items denominated in foreign currency that are included in the fair value category are adjusted to reflect the exchange rate at the financial statement date. Unrealized exchange gains and losses are presented in the new statement of re-measurement gains and losses. This section is effective for fiscal years beginning on or after April 1, 2022. Early adoption is permitted.

**The Corporation of the
Township of Sables-Spanish Rivers**
Notes to the Consolidated Financial Statements
December 31, 2020



3. Measurement Uncertainty

Certain items recognized in the financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the Township's best information and judgment.

- The amounts recorded for landfill closure and post-closure care depend on estimates of usage, remaining life and capacity. The provision for future closure and post-closure costs also depends on estimates of such costs.
- The amounts recorded for amortization and opening costs of tangible capital assets are based on estimates of useful life, residual values and valuation rates.
- The amount recorded for the allowance for doubtful taxes receivable are based on estimates of recoverability for taxes in arrears.

By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

4. Taxes Receivable

	<u>2020</u>	<u>2019</u>
Current taxes	\$ 178,024	\$ 138,838
Tax arrears	132,052	64,636
Interest and penalties	52,725	60,493
Allowance for doubtful taxes receivable	<u>(75,528)</u>	<u>(73,640)</u>
	<u>\$ 287,273</u>	<u>\$ 190,327</u>

5. Accounts Payable and Accrued Liabilities

	<u>2020</u>	<u>2019</u>
Trade payables and accrued liabilities	\$ 410,259	\$ 187,682
Federal	15,481	14,781
Province of Ontario	83,430	137,840
Other	<u>253,776</u>	<u>237,956</u>
	<u>\$ 762,946</u>	<u>\$ 578,259</u>

**The Corporation of the
Township of Sables-Spanish Rivers**
Notes to the Consolidated Financial Statements
December 31, 2020



6. Deferred Revenues

	<u>2020</u>	<u>2019</u>
Ministry of Municipal Affairs and Housing		
- Modernization	\$ 444,220	\$ 444,220
Other	<u>18,264</u>	<u>25,368</u>
	<u>\$ 462,484</u>	<u>\$ 469,588</u>

7. Deferred Revenue - Obligatory Reserve Funds

A requirement of the Chartered Professional Accountants Canada Public Sector Accounting Handbook 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. The balance in the obligatory reserve funds of the Township are summarized below:

	<u>Balance as at December 31, 2019</u>	<u>Amounts received during the year</u>	<u>Recognized as revenues during the year</u>	<u>Balance as at December 31, 2020</u>
Federal Gas Tax	\$ 376,804	\$ 196,199	\$ 334,560	\$ 238,443
Safe Restart	<u>-</u>	<u>229,400</u>	<u>90,506</u>	<u>138,894</u>
Total Deferred Revenue				
- Obligatory Reserve Funds	<u>\$ 376,804</u>	<u>\$ 425,599</u>	<u>\$ 425,066</u>	<u>\$ 377,337</u>

**The Corporation of the
Township of Sables-Spanish Rivers**
Notes to the Consolidated Financial Statements
December 31, 2020



8. Municipal Debt

	<u>2020</u>	<u>2019</u>
Royal bank term loan, payable in monthly instalments of \$1,021 including interest at a rate of 3.04%, unsecured and maturing December 2021	\$ 12,060	\$ 23,754
Royal bank term loan, payable in monthly instalments of \$7,030 including interest at a rate of 3.47%, unsecured and maturing April 2024	292,622	365,417
Royal bank term loan, payable in monthly instalments of \$5,104 including interest at a rate of 3.04%, unsecured and maturing December 2021	<u>334,307</u>	<u>384,565</u>
	<u>\$ 638,989</u>	<u>\$ 773,736</u>

Principal instalments required to be paid over the next four years are as follows:

2021	\$ 421,765
2022	78,056
2023	80,808
2024	<u>58,360</u>
	<u>\$ 638,989</u>

9. Landfill Closure and Post-Closure

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 remaining life of the landfill site based on usage. The reported liability is based on estimates and assumptions with respect to events extending over an extended period using the best information available to management. Future events may result in significant changes to the estimated total expenses, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

**The Corporation of the
Township of Sables-Spanish Rivers**
Notes to the Consolidated Financial Statements
December 31, 2020



9. Landfill Closure and Post-Closure (Continued)

The main components of the landfill closure plan are final capping and implementation of a drainage management plan. The post-closure care requirements will involve cap maintenance, installation of monitoring wells, groundwater and surface water monitoring, inspections and annual reports. Post-closure care activities for these sites are expected to occur for approximately 25 years.

The estimated liability for this care is the present value of future cash flows associated with closure and post-closure costs discounted using a rate of 0.77 % for sites expected to close within 30 years and a rate of 3.00 % for sites expected to close after 30 years, minus an inflation rate of 2.03 % (10 year average of CPI from 2007-2018). The change in liability is recorded based on the capacity of the landfill used to date. The liability is currently unfunded and is expected to be funded through budget allocations to a landfill reserve over the remaining life of the landfill.

The Township operates the following landfill sites:

<u>2020</u>	<u>Estimated Remaining Capacity</u>	<u>Estimated Remaining Life / Post- closure</u>	<u>Recorded Liability</u>	<u>Total Estimated Undiscounted Outflow in the Future</u>	<u>Amounts to be Recognized in the Future</u>
Open sites					
Tennyson	41% (40,148 m ³)	15 years	\$ 662,955	\$ 1,115,220	\$ 452,265
May Township	74% (355 m ³)	14 years	4,239	16,235	11,996
Closed sites					
Webbwood		12 years	44,168	44,168	-
Chutes		4 years	34,445	34,445	-
			<u>\$ 745,807</u>	<u>\$ 1,210,068</u>	<u>\$ 464,261</u>
2019			<u>\$ 727,091</u>	<u>\$ 1,222,361</u>	<u>\$ 495,270</u>

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10. Tangible Capital Assets

	<u>Cost</u>			<u>Accumulated amortization</u>				<u>Net Book Value of Tangible Capital Assets</u>		
	<u>Balance, beginning of year</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance, end of year</u>	<u>Balance, beginning of year</u>	<u>Amortization</u>	<u>Disposals</u>	<u>Balance, end of year</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Land	\$ 670,450	\$ -	\$ -	\$ 670,450	\$ -	\$ -	\$ -	\$ -	\$ 670,450	\$ 670,450
Buildings	3,324,820	27,506	-	3,352,326	2,176,258	73,007	-	2,249,265	1,103,061	1,148,562
Roads and bridges	19,778,273	546,274	-	20,324,547	11,629,392	532,004	-	12,161,396	8,163,151	8,148,881
Computer equipment and software	92,430	-	-	92,430	92,430	-	-	92,430	-	-
Automotive equipment	3,222,771	75,043	-	3,297,814	1,449,597	186,274	-	1,635,871	1,661,943	1,773,174
Water and sewer	7,963,632	7,268	-	7,970,900	4,321,063	150,034	-	4,471,097	3,499,803	3,642,569
Landfill	200,396	-	-	200,396	148,686	3,693	-	152,379	48,017	51,710
Assets under construction	81,491	9,257	-	90,748	-	-	-	-	90,748	81,491
	<u>\$ 35,334,263</u>	<u>\$ 665,348</u>	<u>\$ -</u>	<u>\$ 35,999,611</u>	<u>\$ 19,817,426</u>	<u>\$ 945,012</u>	<u>\$ -</u>	<u>\$ 20,762,438</u>	<u>\$ 15,237,173</u>	<u>\$ 15,516,837</u>

**The Corporation of the
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11. Accumulated Surplus

	<u>2020</u>	<u>2019</u>
Surplus		
Invested in tangible capital assets	\$ 15,237,173	\$ 15,516,837
Sables-Spanish Rivers Public Library Board	58,643	37,250
General surplus	3,630,581	2,632,459
Unfunded		
Municipal debt	(638,989)	(773,736)
Landfill closure and post-closure	(745,807)	(727,091)
	<u>17,541,601</u>	<u>16,685,719</u>
Reserves set aside for specific purposes		
Working capital	475,600	441,641
General government	17,308	2,308
Fire services	100,000	-
Recreation and cultural services	154,270	34,170
Environmental services	1,801,590	1,801,590
Health services	4,083	4,083
Stabilization Reserve	200,000	233,959
Health and social services	138,843	176,713
Planning and development	64,941	70,100
Landfill closure and post-closure	727,091	727,091
Total Reserves	<u>3,683,726</u>	<u>3,491,655</u>
	<u>\$ 21,225,327</u>	<u>\$ 20,177,374</u>

12. Commitment

Under the terms of an operating lease for contractual services related to water and waste water facilities expiring in December 2024, the Township is committed to make minimum payments as follows:

2021	\$ 208,084
2022	211,205
2023	214,373
2024	<u>217,589</u>
	<u>\$ 851,251</u>

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13. Pension Agreements

The Township makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer pension plan, on behalf of all permanent, full-time and qualifying part-time 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. The Administration Corporation Board of Directors, 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. OMERS provides pension services to more than 526,000 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. On December 31, 2020, the estimated accrued pension obligation for all members of the Plan was \$111,820 million (2019 - \$106,443 million). The Plan had an actuarial value of net assets at that date of \$108,609 million (2019 - \$103,046 million) indicating an actuarial deficit of \$3,211 million (2019 - \$3,397 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. As a result, the Township does not recognize any share of the OMERS pension surplus or deficit.

The amount contributed by the Township to OMERS in 2020 was \$89,785 (2019 - \$95,510) for current services and is included as an expense on the Consolidated Statement of Operations and Accumulated Surplus.

On January 1, 2020, the yearly maximum pension earnings increased to \$58,700 from \$57,400 in 2019. The contributions are calculated at a rate of 9.0% (2019 - 9.0%) for the amount up to the yearly maximum pension earnings stated above and at a rate of 14.6% (2019 - 14.6%) for the amount above the yearly maximum pension earnings.

14. Trust Funds

Trust funds administered by the Township amount to \$220,330 (2019 - \$214,311) and have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statements of operations and changes in accumulated surplus.

**The Corporation of the
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15. Budget Figures

Budget figures have been provided for comparison purposes and have been derived from the budget approved by Council. The budget approved by Council is developed in accordance with the provincially mandated funding model for municipalities and is used to manage program spending within the guidelines of the funding model. Given differences between the funding model and generally accepted accounting principles for local governments established by the Public Sector Accounting Board, the budget figures presented have been adjusted to conform with the basis of accounting that is used to prepare the consolidated financial statements. The budget figures are unaudited.

The chart below reconciles the approved budget with the budget figures as presented in these consolidated financial statements.

Budgeted surplus (deficit) approved by Council	\$ -
Less: budgeted reserve transfers	(43,608)
Add: budgeted tangible capital asset additions	<u>1,456,338</u>
	1,412,730
 Approved Library Budget	 -
Less: budgeted reserve transfers	<u>(5,914)</u>
 Surplus on Consolidated Statement of Operations and Accumulated Surplus	 <u><u>\$ 1,406,816</u></u>

16. Comparative Figures

The presentation of certain accounts of the previous year has been changed to conform with the presentation adopted for the current year.

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17. Segmented Information

	2020									2019	
	<u>General Government</u>	<u>Protection services</u>	<u>Transportation services</u>	<u>Environmental services</u>	<u>Health services</u>	<u>Social and family services</u>	<u>Recreation and culture services</u>	<u>Planning and development</u>	<u>Other</u>	<u>Total</u>	<u>Total</u>
Revenues											
Net taxation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,274,892	\$ 4,274,892	\$ 4,150,295
Government transfers											
Federal	341,847	-	-	-	-	-	-	-	-	341,847	312,055
Provincial	96,803	738	101,460	34,738	376,111	-	22,969	5,617	1,662,900	2,301,336	2,276,530
	<u>438,650</u>	<u>738</u>	<u>101,460</u>	<u>34,738</u>	<u>376,111</u>	<u>-</u>	<u>22,969</u>	<u>5,617</u>	<u>1,662,900</u>	<u>2,643,183</u>	<u>2,588,585</u>
User charges	<u>2,656</u>	<u>65,951</u>	<u>25,025</u>	<u>486,811</u>	<u>18,718</u>	<u>-</u>	<u>49,842</u>	<u>23,971</u>	<u>-</u>	<u>672,974</u>	<u>719,015</u>
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>135,958</u>	<u>135,958</u>	<u>731,409</u>
	<u>441,306</u>	<u>66,689</u>	<u>126,485</u>	<u>521,549</u>	<u>394,829</u>	<u>-</u>	<u>72,811</u>	<u>29,588</u>	<u>6,073,750</u>	<u>7,727,007</u>	<u>8,189,304</u>
Expenses											
Salaries, wages and benefits	454,563	159,305	535,250	29,311	324,958	-	203,650	4,686	-	1,711,723	1,806,179
Long-term debt charges (interest)	-	560	22,559	-	-	-	-	-	-	23,119	26,964
Materials, contracted services, rents and financial expenses	251,055	965,801	947,719	660,884	649,652	249,833	225,704	48,552	-	3,999,200	4,603,997
Amortization	7,393	84,367	649,682	141,678	10,032	-	51,860	-	-	945,012	1,018,797
	<u>713,011</u>	<u>1,210,033</u>	<u>2,155,210</u>	<u>831,873</u>	<u>984,642</u>	<u>249,833</u>	<u>481,214</u>	<u>53,238</u>	<u>-</u>	<u>6,679,054</u>	<u>7,455,937</u>
Excess of Revenues Over Expenses (Expenses Over Revenues)	<u>\$ (271,705)</u>	<u>\$ (1,143,344)</u>	<u>\$ (2,028,725)</u>	<u>\$ (310,324)</u>	<u>\$ (589,813)</u>	<u>\$ (249,833)</u>	<u>\$ (408,403)</u>	<u>\$ (23,650)</u>	<u>\$ 6,073,750</u>	<u>\$ 1,047,953</u>	<u>\$ 733,367</u>