

CORPORATION OF THE TOWNSHIP

OF ADELAIDE METCALFE

Financial Statements

December 31, 2021

CORPORATION OF THE TOWNSHIP OF ADELAIDE METCALFE

Financial Statements

For The Year Ended December 31, 2021

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements are the responsibility of the management of Corporation of the Township of Adelaide Metcalfe and have been prepared in accordance with Canadian accounting standards for public sector entities.

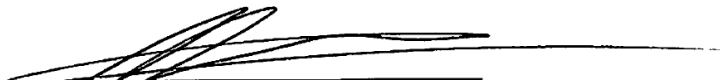
These financial statements include:

- Independent Auditors' report
- Statement of Financial Position
- Statement of Operations and Accumulated Surplus
- Statement of Change in Net Financial Assets
- Statement of Cash Flows
- Notes to the Financial Statements
- Schedule of Segment Disclosure

The Chief Administrative Officer and the Treasurer are responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing the financial statements before they are submitted to Council for approval.

The integrity and reliability of Corporation of the Township of Adelaide Metcalfe reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The financial statements have been audited on behalf of the Members of Council, Inhabitants and Ratepayers of Corporation of the Township of Adelaide Metcalfe by Graham Scott Enns LLP in accordance with Canadian generally accepted auditing standards.



Mr. Johnny Pereira
Treasurer

July 18, 2022
St. Thomas, Ontario



GRAHAM SCOTT ENNS LLP
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INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of **The Corporation of the Township of Adelaide Metcalfe**:

Opinion

We have audited the financial statements of **The Corporation of the Township of Adelaide Metcalfe**, which comprise the statement of financial position as at December 31, 2021, and the statement of operations and accumulated surplus, statement of change in net financial assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the Municipality's financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for public sector entities.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for public sector entities, 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 Municipality'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 Municipality or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 these financial statements.



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INDEPENDENT AUDITORS' REPORT (CONTINUED)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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 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 Municipality's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality'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 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 Municipality 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.

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.

St. Thomas, Ontario

July 18, 2022

Graham Scott Enns LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Licensed Public Accountants

CORPORATION OF THE TOWNSHIP OF ADELAIDE METCALFE

Statement of Financial Position As At December 31, 2021

	2021	2020
	<u>\$</u>	<u>\$</u>
FINANCIAL ASSETS		
Cash	8,456,674	8,048,177
Investments (Note 2)	139,366	135,010
Taxes receivable (Note 3)	887,706	775,466
Accounts receivable (Note 4)	<u>577,524</u>	<u>616,277</u>
Total financial assets	<u>10,061,270</u>	<u>9,574,930</u>
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities	1,044,253	930,471
Deferred revenue (Note 5)	701,723	538,128
Net long-term liabilities (Note 7)	292,718	317,025
Landfill closure and post-closure liability (Note 8)	<u>195,976</u>	<u>194,316</u>
Total financial liabilities	<u>2,234,670</u>	<u>1,979,940</u>
NET FINANCIAL ASSETS	<u>7,826,600</u>	<u>7,594,990</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 9)	19,623,325	18,749,744
Inventories	55,776	35,097
Prepaid expenses	<u>11,702</u>	<u>3,786</u>
Total non-financial assets	<u>19,690,803</u>	<u>18,788,627</u>
ACCUMULATED SURPLUS (NOTE 10)	<u>27,517,403</u>	<u>26,383,617</u>

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

CORPORATION OF THE TOWNSHIP OF ADELAIDE METCALFE

Statement of Operations and Accumulated Surplus For The Year Ended December 31, 2021

	(Note 16) Budget 2021 <u>\$</u>	Actual 2021 <u>\$</u>	Actual 2020 <u>\$</u>
REVENUES			
Property taxation	4,179,009	4,352,084	4,083,711
Taxation from other governments	32,000	93,398	32,493
User charges	357,437	429,979	379,175
Local improvement levies	156,960	232,873	1,022,899
Government Transfers:			
Federal	90,000	-	-
Provincial	659,199	782,367	732,401
Other municipalities	511,784	78,911	294,737
Investment income	95,000	67,932	90,042
Penalties and interest on taxes	95,000	93,656	105,476
Other	-	7,380	14,499
	<u>6,176,389</u>	<u>6,138,580</u>	<u>6,755,433</u>
EXPENSES			
General government	661,347	889,262	961,181
Fire and police protection	785,825	777,678	753,452
Other protective services	651,190	222,740	618,652
Transportation services	2,366,939	2,110,993	2,268,398
Waterworks and sewer	218,231	200,188	238,798
Garbage collection and disposal	264,237	223,357	266,990
Health services	9,500	4,554	26,893
Recreation and cultural services	91,022	113,435	32,967
Planning and zoning	4,000	38,193	5,974
Agriculture	352,553	424,394	331,385
	<u>5,404,844</u>	<u>5,004,794</u>	<u>5,504,690</u>
Total expenses (Note 15)	<u>5,404,844</u>	<u>5,004,794</u>	<u>5,504,690</u>
ANNUAL SURPLUS	771,545	1,133,786	1,250,743
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>26,383,617</u>	<u>26,383,617</u>	<u>25,132,874</u>
ACCUMULATED SURPLUS, END OF YEAR (NOTE 10)	<u><u>27,155,162</u></u>	<u><u>27,517,403</u></u>	<u><u>26,383,617</u></u>

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

CORPORATION OF THE TOWNSHIP OF ADELAIDE METCALFE

Statement of Change in Net Financial Assets For The Year Ended December 31, 2021

	Budget 2021 (Note 16) \$	Actual 2021 \$	Actual 2020 \$
ANNUAL SURPLUS	771,545	1,133,786	1,250,743
Acquisition of tangible capital assets	(1,842,970)	(1,842,970)	(884,384)
Amortization of tangible capital assets	938,130	938,130	892,333
Proceeds on disposal of tangible capital assets	-	14,859	-
Change in inventories and prepaid expenses	-	(28,595)	1,533
Loss on disposal of tangible capital assets	-	16,400	-
CHANGE IN NET FINANCIAL ASSETS	(133,295)	231,610	1,260,225
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>7,594,990</u>	<u>7,594,990</u>	<u>6,334,765</u>
NET FINANCIAL ASSETS, END OF YEAR	<u><u>7,461,695</u></u>	<u><u>7,826,600</u></u>	<u><u>7,594,990</u></u>

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

CORPORATION OF THE TOWNSHIP OF ADELAIDE METCALFE

Statement of Cash Flows For The Year Ended December 31, 2021

	2021	2020
	<u>\$</u>	<u>\$</u>
OPERATING ACTIVITIES		
Annual surplus	1,133,786	1,250,743
Add (deduct) items not involving cash:		
Amortization of tangible capital assets	938,130	892,333
Change in landfill closure and post-closure liability	1,660	1,886
Loss on disposal of tangible capital assets	<u>16,400</u>	<u>-</u>
	2,089,976	2,144,962
Change in non-cash assets and liabilities related to operations (Note 15 [b])	<u>175,295</u>	<u>774,543</u>
	<u>2,265,271</u>	<u>2,919,505</u>
INVESTING ACTIVITIES		
Purchase of investments	<u>(4,356)</u>	<u>(10,854)</u>
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(1,842,970)	(884,384)
Proceeds on disposal of tangible capital assets	<u>14,859</u>	<u>-</u>
	<u>(1,828,111)</u>	<u>(884,384)</u>
FINANCING ACTIVITIES		
Long-term debt repayments	<u>(24,307)</u>	<u>(23,265)</u>
NET CHANGE CASH DURING THE YEAR	408,497	2,001,002
CASH, BEGINNING OF YEAR	<u>8,048,177</u>	<u>6,047,175</u>
CASH, END OF YEAR	<u>8,456,674</u>	<u>8,048,177</u>

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

CORPORATION OF THE TOWNSHIP OF ADELAIDE METCALFE

Notes to the Financial Statements For The Year Ended December 31, 2021

The Corporation of the Township of Adelaide Metcalfe (the "Municipality") is a municipality in the Province of Ontario. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The financial statements reflect the assets, liabilities, revenues, expenses 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 Municipality and which are owned or controlled by the Municipality.

Consolidated Entity

There are no organizations or local boards that are consolidated in these financial statements.

Proportionate Consolidation

There are no organizations or local boards that are proportionately consolidated in these financial statements.

Basis of Accounting

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

Investments

Investments consisting of government and corporate bonds, money market funds and guaranteed investment certificates are carried at cost. Interest income is recognized when received or receivable.

Trust Funds

Trust funds and their related operations administered by the Municipality are not included in these consolidated financial statements. Trust funds administered are reported in Note 13.

CORPORATION OF THE TOWNSHIP OF ADELAIDE METCALFE

Notes to the Financial Statements For The Year Ended December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting for County and School Board Transactions

Although the Municipality collects taxation on behalf of the County of Middlesex and the School Boards, the taxation, other revenues, expenses, assets and liabilities with respect to the operations of the County of Middlesex and the school boards are not reflected in these financial statements.

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 Change in Net Financial Assets for the year.

i) Tangible capital assets

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

Land improvements	20 years
Buildings	50 years
Machinery and equipment	5 - 20 years
Vehicles	10 - 20 years
Transportation infrastructure	20 - 75 years
Water system infrastructure	75 years
Wastewater infrastructure	75 years

Amortization begins the first month of the year following the year the asset is placed in service and to the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

ii) Contributions of tangible capital assets

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

iii) Inventories of supplies

Inventories of supplies held for consumption are recorded at the lower of cost and replacement cost.

iv) Works of art and cultural and historic assets

Works of art and cultural and historic assets are not recorded as assets in these financial statements.

CORPORATION OF THE TOWNSHIP OF ADELAIDE METCALFE

Notes to the Financial Statements For The Year Ended December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Revenue

Government transfers, 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 programs, in the completion of specific work. In addition, certain user charges and fees which have been collected but for which the related services have yet to be performed are deferred. Revenue is recognized in the period that the related expense are incurred and services are performed.

Solid Waste Landfill Closure and Post-Closure Liability

Landfill closure and post-closure care requirements have been defined in accordance with industry standards and include covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. The Municipality discounts these future cash flows for closure and post-closure care activities at the Municipality's long term borrowing rate. The change in liability is expensed in the year with the cumulative liability reported in financial liabilities.

Government Transfers

Government transfers are recognized in the financial statements as revenues in the financial period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met including performance and return requirements, and reasonable estimates of the amounts can be determined. Any amount received but restricted is recorded as deferred revenue in accordance with Section 3100 of the Public Sector Accounting Handbook and recognized as revenue in the period in which the resources are used for the purpose specified.

In addition, the Municipality periodically receives senior government capital funding in the form of infrastructure grants and receives ongoing funding from both senior levels of government as a result of an allocation of the gas tax funds.

Employee Benefit Plans

The Municipality provides a pension plan for its employees through the Ontario Municipal Employees Retirement System (OMERS). OMERS is a multi-employer pension plan which operates as the Ontario Municipal Employees Retirement Fund. The fund is a contributory defined benefit pension plan. As this is a multi-employer plan, no liability is recorded on the municipality's books. The employer's contribution to a multi-employer, defined benefit plan are expensed as the obligations arise.

CORPORATION OF THE TOWNSHIP OF ADELAIDE METCALFE

Notes to the Financial Statements For The Year Ended December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax Revenues

In 2021 the Municipality received \$4,352,084 (2020 - \$4,083,711) in property tax revenues for municipal purposes. The authority to levy and collect property taxes is established under the Municipal Act 2001, the Assessment Act, the Education Act, and other legislation.

The amount of the total annual property tax levy is determined each year through Council's approval of the annual budget. Municipal tax rates are set annually by Council for each class or type of property, in accordance with legislation and Council-approved policies, in order to raise the revenue required to meet budget requirements. Education tax rates are established by the Province each year in order to fund costs of education on a Province-wide basis. The Municipality collects the levied taxes on behalf of the County.

Taxation revenues are recorded at the time billings are issued. Additional property tax revenue can be added throughout the year, related to new properties that become occupied, or that become subject to property tax, after the return of the annual assessment roll used for billing purposes. The Municipality may receive supplementary assessment rolls over the course of the year from MPAC that identify new or omitted assessments. Property taxes for these supplementary/omitted amounts are then billed according to the approved tax rate for the property class.

Taxation revenues in any year may also be reduced as a result of reductions in assessment value rising from assessment and/or tax appeals. Each year, an amount is identified to cover the estimated amount of revenue loss attributable to assessment appeals, tax appeals or other deficiencies in tax revenue (e.g. uncollectible amounts, write-offs, etc.).

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the period. Significant estimates include assumptions used in estimating provisions for accrued liabilities, landfill closure liability costs, allowances for vacancies, rebates and uncollectible property taxes.

In addition, the Municipality's implementation of the Public Sector Accounting Handbook PS3150 has required management to make estimates of historical costs and useful lives of tangible capital assets.

Actual results could differ from management's best estimates as additional information becomes available in the future.

CORPORATION OF THE TOWNSHIP OF ADELAIDE METCALFE

Notes to the Financial Statements For The Year Ended December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Environmental Provisions and Contaminated Sites

The Municipality may be exposed to litigation or other costs of remediation due to contaminated properties in its jurisdiction. A liability for remediation is recognized in the financial statements when an environmental standard exists, contamination exceeds the standard, the government is responsible for the remediation and a reasonable estimate of the liability can be made. As at December 31, 2021 there were no properties that the Municipality was responsible to remedy and as such no liability has been accrued.

Financial Instruments

The Municipality's financial instruments consist of cash and cash equivalents, accounts receivable, taxes receivable, accounts payable and accrued liabilities and long-term liabilities. Unless otherwise noted, it is management's opinion that the Municipality is not exposed to significant interest, currency, or credit risk arising from these financial instruments.

Recent Accounting Pronouncements

PSAB released a standard related to Financial Instruments (PS 3450). The standard applies to all local governments for fiscal years beginning on or after April 1, 2022. The standard applies to all types of financial instruments. The new standard requires equity and derivative instruments be measured at fair value, with changes in value being recorded in statement of remeasurement gains/losses. The standard gives the option of cost/amortized cost vs. fair value of remaining instruments, which is elected upon by the government organization. The Municipality has not yet determined what, if any, financial reporting implications may arise from this standard.

2. INVESTMENTS

The investments consist of guaranteed investment certificates of \$139,366 (2020 - \$135,010) and are recorded at cost which approximates their fair market value. The certificates mature between April, 2022 and June 2023 and yield interest rates from 0.30% to 1.20%.

CORPORATION OF THE TOWNSHIP OF ADELAIDE METCALFE

Notes to the Financial Statements For The Year Ended December 31, 2021

3. TAXES RECEIVABLE

	2021	2020
	<u>\$</u>	<u>\$</u>
Current taxes receivable	541,919	263,239
Arrears taxes receivable	237,907	373,215
Penalties and interest	<u>107,880</u>	<u>139,012</u>
	<u><u>887,706</u></u>	<u><u>775,466</u></u>

4. ACCOUNTS RECEIVABLE

	2021	2020
	<u>\$</u>	<u>\$</u>
Trade and other	207,223	68,845
HST receivable	296,855	194,733
Debentures receivable, due 2024, interest at 2.25%	35,142	46,567
Other municipalities and school boards	36,877	233,999
Provincial funding	<u>1,427</u>	<u>72,133</u>
	<u><u>577,524</u></u>	<u><u>616,277</u></u>

5. DEFERRED REVENUE (INCLUDING 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 as provincial legislation restricts how these funds may be used and under certain circumstances these funds may possibly be refunded. The balances in deferred revenue including obligatory reserve funds (consisting of Recreation Land - Planning Act, Federal Gas Tax and Subdivider Contributions) of the Municipality are summarized below:

	2021	2020
	<u>\$</u>	<u>\$</u>
Recreation land	35,400	34,487
Federal gas tax	472,272	285,808
Other	60,014	36,014
Subdivider contributions	20,521	19,992
Other - building permit and road restoration revenue	<u>113,516</u>	<u>161,827</u>
	<u><u>701,723</u></u>	<u><u>538,128</u></u>

CORPORATION OF THE TOWNSHIP OF ADELAIDE METCALFE

Notes to the Financial Statements For The Year Ended December 31, 2021

6. BANK INDEBTEDNESS

The Municipality has available a \$1,200,000 line of credit with Libro Financial Group. This line of credit bears interest at the bank's prime rate (2.45%). At year end, the Municipality had been advanced \$nil (2020 - \$nil) on this facility.

7. NET LONG-TERM LIABILITIES

- a) The balance of net long-term liabilities reported on the Statement of Financial Position consists of the following:

	2021	2020
	<u>\$</u>	<u>\$</u>
Total long-term liabilities incurred by the Municipality and outstanding at the end of the year	353,321	391,899
Tile drainage loans assumed by the individual	<u>(60,603)</u>	<u>(74,874)</u>
Total long-term liabilities at the end of the year	<u>292,718</u>	<u>317,025</u>

- b) Principal repayments are summarized as follows:

	2022	2023	2024	2025	2026	Beyond	Total
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Recoverable from:							
User charges	<u>25,395</u>	<u>26,533</u>	<u>27,721</u>	<u>28,963</u>	<u>30,261</u>	<u>153,845</u>	<u>292,718</u>

- c) All long-term liabilities issued on or before December 31, 1992 have received approval of the Ontario Municipal Board. Long-term liabilities issued after January 31, 1993 have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.
- d) Interest expense on long-term liabilities in 2021 amounted to \$13,778 (2020 - \$14,820).
- e) The Municipality is contingently liable for municipality debt with respect to tile drainage loans. The total amount outstanding as at December 31, 2021 is \$60,603 (2020 - \$74,874) and is not recorded on the Statement of Financial Position.
-

CORPORATION OF THE TOWNSHIP OF ADELAIDE METCALFE

Notes to the Financial Statements For The Year Ended December 31, 2021

8. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

This liability is the estimated cost to date, based on a volumetric basis, of the expenses relating to those activities required when the site or phase stops accepting waste.

The sanitary closure costs include final cover and vegetation, completing facilities for drainage control features, leachate monitoring, water quality monitoring, and monitoring and recovery of gas. Post-closure care activities include all activities related to monitoring the site once it can no longer accept waste, including acquisition of any additional land for buffer zones, treatment and monitoring of leachate, monitoring ground water and surface water, gas monitoring and recovery, and ongoing maintenance of various control systems, drainage systems and final cover.

The estimated liability for the care of the landfill sites is the present value of future cash flows associated with the closure and post-closure costs.

The Municipality currently has two landfill sites "Adelaide" and "Metcalf". The key assumptions for each of the landfill sites is as follows:

	<u>Adelaide site</u>	<u>Metcalf site</u>
Date landfill is expected to reach capacity	2024	2020
Estimated remaining capacity at December 31, 2021 (cubic metres)	2157	0
Inflation rate	2.0%	2.0%
Discount rate	3.0%	3.0%
Estimated time required for post closure care	25 years	25 years
Estimate closure costs	\$105,701	\$25,000
Estimated post-closure costs	\$78,225	\$-

The estimated liability of \$195,976 (2020 - \$194,316) represents the sum of the discounted future cash flows for closure and post-closure care activities discounted at the Municipality's current long term borrowing rate of 3.0%. The liability is expected to be funded through budget allocations to a landfill reserve over the remaining life of the landfill. At year end this reserve was \$293,161 (2020 - \$275,000). The Metcalf site has not been used since December 2019, and it awaiting Ministry approval for its formal closure.

CORPORATION OF THE TOWNSHIP OF ADELAIDE METCALFE

Notes to the Financial Statements For The Year Ended December 31, 2021

9. TANGIBLE CAPITAL ASSETS

December 31, 2021

Cost	Opening	Additions	Disposals	Ending
<u>Infrastructure</u>				
Land	317,500	-	-	317,500
Buildings	261,360	-	-	261,360
Machinery and Equipment	2,722,624	-	-	2,722,624
Linear - Roadways	20,574,780	1,155,062	-	21,729,842
Linear - Water Services	1,210,000	-	-	1,210,000
Linear - Waste Water	3,929,000	-	-	3,929,000
Infrastructure Total	<u>29,015,264</u>	<u>1,155,062</u>	<u>-</u>	<u>30,170,326</u>
<u>General</u>				
Land	55,503	-	-	55,503
Land Improvements	83,940	-	-	83,940
Building	859,337	-	(20,500)	838,837
Machinery and Equipment	561,501	53,107	(14,859)	599,749
Vehicle	1,032,147	354,424	-	1,386,571
General Total	<u>2,592,428</u>	<u>407,531</u>	<u>(35,359)</u>	<u>2,964,600</u>
Work In Progress	243,269	523,646	(243,269)	523,646
Total Cost	<u>31,850,961</u>	<u>2,086,239</u>	<u>(278,628)</u>	<u>33,658,572</u>
Accumulated Amortization				
	Opening	Amortization	Disposal	Ending
<u>Infrastructure</u>				
Buildings	196,205	4,106	-	200,311
Machinery and Equipment	1,642,329	105,810	-	1,748,139
Linear - Roadways	8,981,195	681,191	-	9,662,386
Linear - Water Services	225,862	16,133	-	241,995
Linear - Waste Water	620,670	52,387	-	673,057
Infrastructure Total	<u>11,666,261</u>	<u>859,627</u>	<u>-</u>	<u>12,525,888</u>
<u>General</u>				
Land Improvements	53,748	4,140	-	57,888
Building	254,392	16,252	(4,100)	266,544
Machinery and Equipment	485,477	18,404	-	503,881
Vehicle	641,339	39,707	-	681,046
General Total	<u>1,434,956</u>	<u>78,503</u>	<u>(4,100)</u>	<u>1,509,359</u>
Total Accumulated Amortization	<u>13,101,217</u>	<u>938,130</u>	<u>(4,100)</u>	<u>14,035,247</u>
Net Book Value				
	Opening			Ending
<u>Infrastructure</u>				
Land	317,500			317,500
Buildings	65,155			61,049
Machinery and Equipment	1,080,295			974,485
Linear - Roadways	11,593,585			12,067,456
Linear - Water Services	984,138			968,005
Linear - Waste Water	3,308,330			3,255,943
	<u>17,349,003</u>			<u>17,644,438</u>
<u>General</u>				
Land	55,503			55,503
Land improvements	30,192			26,052
Building	604,945			572,293
Machinery and Equipment	76,024			95,868
Vehicles	390,808			705,525
	<u>1,157,472</u>			<u>1,455,241</u>
Work In Progress	243,269			523,646
Total Net Book Value	<u>18,749,744</u>			<u>19,623,325</u>

CORPORATION OF THE TOWNSHIP OF ADELAIDE METCALFE

Notes to the Financial Statements For The Year Ended December 31, 2021

9. TANGIBLE CAPITAL ASSETS (CONTINUED)

December 31, 2020

Cost	Opening	Additions	Disposals	Ending
<u>Infrastructure</u>				
Land	317,500	-	-	317,500
Buildings	252,208	9,152	-	261,360
Machinery and Equipment	2,722,624	-	-	2,722,624
Linear - Roadways	18,661,270	1,913,510	-	20,574,780
Linear - Water Services	1,210,000	-	-	1,210,000
Linear - Waste Water	3,929,000	-	-	3,929,000
Infrastructure Total	<u>27,092,602</u>	<u>1,922,662</u>	<u>-</u>	<u>29,015,264</u>
<u>General</u>				
Land	55,503	-	-	55,503
Land Improvements	83,940	-	-	83,940
Building	843,267	16,070	-	859,337
Machinery and Equipment	546,642	14,859	-	561,501
Vehicle	1,032,147	-	-	1,032,147
General Total	<u>2,561,499</u>	<u>30,929</u>	<u>-</u>	<u>2,592,428</u>
Work In Progress	1,312,476	-	(1,069,207)	243,269
Total Cost	<u>30,966,577</u>	<u>1,953,591</u>	<u>(1,069,207)</u>	<u>31,850,961</u>
Accumulated Amortization				
	Opening	Amortization	Disposal	Ending
<u>Infrastructure</u>				
Buildings	192,280	3,925	-	196,205
Machinery and Equipment	1,527,745	114,584	-	1,642,329
Linear - Roadways	8,357,718	623,477	-	8,981,195
Linear - Water Services	209,729	16,133	-	225,862
Linear - Waste Water	568,283	52,387	-	620,670
Infrastructure Total	<u>10,855,755</u>	<u>810,506</u>	<u>-</u>	<u>11,666,261</u>
<u>General</u>				
Land Improvements	49,608	4,140	-	53,748
Building	237,730	16,662	-	254,392
Machinery and Equipment	467,050	18,427	-	485,477
Vehicle	598,741	42,598	-	641,339
General Total	<u>1,353,129</u>	<u>81,827</u>	<u>-</u>	<u>1,434,956</u>
Total Accumulated Amortization	<u>12,208,884</u>	<u>892,333</u>	<u>-</u>	<u>13,101,217</u>
Net Book Value				
	Opening			Ending
<u>Infrastructure</u>				
Land	317,500			317,500
Buildings	59,928			65,155
Machinery and Equipment	1,194,879			1,080,295
Linear - Roadways	10,303,552			11,593,585
Linear - Water Services	1,000,271			984,138
Linear - Waste Water	3,360,717			3,308,330
	<u>16,236,847</u>			<u>17,349,003</u>
<u>General</u>				
Land	55,503			55,503
Land improvements	34,332			30,192
Building	605,537			604,945
Machinery and Equipment	79,592			76,024
Vehicles	433,406			390,808
	<u>1,208,370</u>			<u>1,157,472</u>
Work In Progress	1,312,476			243,269
Total Net Book Value	<u>18,757,693</u>			<u>18,749,744</u>

CORPORATION OF THE TOWNSHIP OF ADELAIDE METCALFE

Notes to the Financial Statements For The Year Ended December 31, 2021

10. ACCUMULATED SURPLUS

The accumulated surplus consists of individual fund surplus/(deficit) and reserves/reserve funds as follows:

	2021	2020
	<u>\$</u>	<u>\$</u>
SURPLUS		
General revenue fund	3,431,490	3,431,490
Benefiting land owners	(889,842)	(733,554)
Invested in tangible capital assets	19,623,325	18,749,744
Reserves	<u>5,841,124</u>	<u>5,447,278</u>
	28,006,097	26,894,958
AMOUNTS TO BE RECOVERED		
Unfunded landfill closure and post-closure liability	(195,976)	(194,316)
Net long-term debt	<u>(292,718)</u>	<u>(317,025)</u>
ACCUMULATED SURPLUS	<u>27,517,403</u>	<u>26,383,617</u>

RESERVES AND RESERVE FUNDS

Reserves and reserve funds set aside for specific purposes by Council:

Working capital and other	643,063	643,007
Fire purposes	244,682	559,106
Roadway purposes	2,524,233	1,631,146
Sewage purposes	277,862	232,731
Building Services	409,266	398,141
Landfill restoration	293,161	275,000
Recreation purposes	-	239,065
Tree planting purposes	31,367	54,711
Modernization	242,174	264,055
Water and sewer capital	<u>1,175,316</u>	<u>1,150,316</u>
Total reserves and reserve funds	<u>5,841,124</u>	<u>5,447,278</u>

CORPORATION OF THE TOWNSHIP OF ADELAIDE METCALFE

Notes to the Financial Statements For The Year Ended December 31, 2021

11. PENSION AGREEMENTS

The Municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf 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. 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 the members have earned to date. The most recent actuarial valuation of the Plan was conducted December 31, 2021, and the results of this valuation disclosed actuarial liabilities of \$119.3 billion in respect of benefits accrued for service with actuarial assets at that date of \$116.2 billion leaving an actuarial deficit of \$3.1 billion.

Since any surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees, the Municipality does not recognize any share of the OMERS Pension surplus or deficit in these financial statements.

The total amount contributed for pension purposes for 2021 was \$75,862 (2020 - \$114,883) and is included as an expense on the Statement of Operations and Accumulated Surplus.

12. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF MIDDLESEX

During 2021, requisitions were made by the School Boards and the County of Middlesex requiring the Municipality to collect property taxes and payments-in-lieu of property taxes on their behalf. The amounts collected and remitted are summarized below:

	School Boards 2021 \$	County 2021 \$	School Boards 2020 \$	County 2020 \$
Taxation	1,682,875	2,486,267	1,849,079	2,318,067
Share of payments in lieu of taxes	<u>467</u>	<u>22,597</u>	<u>50,717</u>	<u>22,519</u>
Amounts requisitioned	<u>1,683,342</u>	<u>2,508,864</u>	<u>1,899,796</u>	<u>2,340,586</u>

13. TRUST FUNDS

Trust funds administered by the Municipality amounting to \$1,901 (2020 - \$1,883) have not been included in the Statement of Financial Position nor have their operations been included in the Statement of Operations and Accumulated Surplus.

CORPORATION OF THE TOWNSHIP OF ADELAIDE METCALFE

Notes to the Financial Statements For The Year Ended December 31, 2021

14. CONTINGENT LIABILITIES

As at December 31, 2021 certain legal actions are pending against the Municipality. The final outcome of the outstanding claims cannot be determined at this time. However, management believes that ultimate disposition of these matters will not materially exceed the amounts recorded in these consolidated financial statements.

Estimated costs to settle claims are based on available information and projections of estimated future expenses developed based on the Municipality's historical experience. Claims are reported as an operating expense in the year of the loss, where the costs are deemed to be likely and can be reasonable determined. Claim provisions are reported as a liability in the consolidated statement of financial position.

15. SUPPLEMENTARY INFORMATION:

	2021	2020
	<u>\$</u>	<u>\$</u>
[a] Classification of expenses by object:		
Salaries, wages and employee benefits	1,191,246	1,493,405
Long-term debt interest	13,778	14,820
Materials	1,604,965	1,743,101
Contracted services	1,203,683	1,305,538
Amortization	938,130	892,333
Transfer to others	<u>52,992</u>	<u>55,493</u>
Total expenses by object	<u>5,004,794</u>	<u>5,504,690</u>
[b] Change in non-cash assets and liabilities related to operations:		
Taxes receivable	(112,240)	39,884
Accounts receivable	38,753	19,011
Inventories and prepaid expenses	(28,595)	1,533
Accounts payable and accrued liabilities	113,782	566,593
Deferred revenue	<u>163,595</u>	<u>147,522</u>
	<u>175,295</u>	<u>774,543</u>

CORPORATION OF THE TOWNSHIP OF ADELAIDE METCALFE

Notes to the Financial Statements For The Year Ended December 31, 2021

16. BUDGET FIGURES

The budget approved by Council on March 15, 2021 is reflected on the statement of operations. The budgets 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 Municipality does not budget activity within Reserve Funds, with the exception being those transactions, which affect either operations or capital investments. Budget figures have been reclassified for the purposes of these financial statements to comply with PSAB reporting requirements.

	Approved Budget \$	Adjustments \$	PSAB Budget \$
REVENUES			
Property taxation	4,855,009	(676,000)	4,179,009
Taxation from other governments	32,000	-	32,000
User charges	357,437	-	357,437
Local improvement levies	156,960	-	156,960
Government transfers			
Federal	90,000	-	90,000
Provincial	659,199	-	659,199
Other municipalities	511,784	-	511,784
Investment income	95,000	-	95,000
Penalties and interest on taxes	<u>95,000</u>	<u>-</u>	<u>95,000</u>
Total revenues	<u>6,852,389</u>	<u>(676,000)</u>	<u>6,176,389</u>
EXPENSES			
General government	934,344	(272,997)	661,347
Fire and police protection	1,147,904	(362,079)	785,825
Other protective services	646,433	4,757	651,190
Transportation services	3,011,775	(644,836)	2,366,939
Waterworks and sewers	371,996	(153,765)	218,231
Garbage collection and disposal	272,437	(8,200)	264,237
Health services	9,500	-	9,500
Recreation and cultural services	383,500	(292,478)	91,022
Planning and zoning	4,000	-	4,000
Agriculture	<u>70,500</u>	<u>282,053</u>	<u>352,553</u>
Total expenses	<u>6,852,389</u>	<u>(1,447,545)</u>	<u>5,404,844</u>
BUDGETED ANNUAL SURPLUS (DEFICIT)	<u>-</u>	<u>771,545</u>	<u>771,545</u>

CORPORATION OF THE TOWNSHIP OF ADELAIDE METCALFE

Notes to the Financial Statements For The Year Ended December 31, 2021

17. SIGNIFICANT EVENT

During and subsequent to year end, the Municipality was exposed to economic risks associated with the coronavirus pandemic. These risks are beyond the Municipality's control. The overall impact of these risks cannot be identified at this time but could impact the Municipality's operations, future net surplus, cash flows and financial condition.

18. SEGMENTED DISCLOSURE

The Municipality is a lower-tier municipal government that provides a wide range of services to its citizens. For management reporting purposes the Municipality's operations and activities are organized and reported by departments, and the departments have been separately disclosed in the Schedule of Segment Disclosure. A description of each major department and the activities each provide are as follows:

General government

General government is comprised of municipal council, corporate management and program support.

Protection services

Protection services include fire, police, conservation authority, building inspection and animal control.

Transportation services

Transportation services include the maintenance of roads and bridges throughout the Municipality in accordance with minimum maintenance standards.

Environmental services

Environmental services include the provision of safe drinking water, the collection and treatment of wastewater, and waste collection, disposal and recycling.

Health services

Health services are comprised of public health services and cemeteries.

Recreation services

Recreation services include the development and upkeep of community parks and recreation facilities.

Planning and development

Planning and development services include land use planning and amendments according to the Official Plan, plans of subdivision, economic development and tourism, municipal drainage, and tree cutting and reforestation.

CORPORATION OF THE TOWNSHIP OF ADELAIDE METCALFE

Notes to the Financial Statements For The Year Ended December 31, 2021

18. SEGMENTED DISCLOSURE (CONTINUED)

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Taxation revenue is allocated to segments based on budgeted amounts. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

CORPORATION OF THE TOWNSHIP OF ADELAIDE METCALFE

**Schedule of Segment Disclosure
For The Year Ended December 31, 2021**

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Recreation Services \$	Planning and Development Services \$	Total \$
REVENUES								
Taxation and local improvements	637,905	1,225,049	2,056,231	439,974	6,486	261,827	50,883	4,678,355
User charges	3,283	91,894	1,750	273,677	-	300	59,075	429,979
Government transfers	575,901	406	75,764	-	-	-	209,207	861,278
Other	<u>165,573</u>	<u>1,330</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,065</u>	<u>168,968</u>
	<u>1,382,662</u>	<u>1,318,679</u>	<u>2,133,745</u>	<u>713,651</u>	<u>6,486</u>	<u>262,127</u>	<u>321,230</u>	<u>6,138,580</u>
EXPENSES								
Salaries, wages and employees benefits	549,039	207,245	426,518	8,444	-	-	-	1,191,246
Long-term debt interest	-	-	-	13,778	-	-	-	13,778
Materials and supplies	128,439	113,938	899,442	78,143	-	12,431	372,572	1,604,965
Contracted services, rents and financial	200,279	568,565	3,370	243,418	4,554	93,483	90,014	1,203,683
External transfers	-	52,992	-	-	-	-	-	52,992
Amortization	<u>11,503</u>	<u>57,678</u>	<u>781,664</u>	<u>79,763</u>	<u>-</u>	<u>7,522</u>	<u>-</u>	<u>938,130</u>
	<u>889,260</u>	<u>1,000,418</u>	<u>2,110,994</u>	<u>423,546</u>	<u>4,554</u>	<u>113,436</u>	<u>462,586</u>	<u>5,004,794</u>
ANNUAL SURPLUS (DEFICIT)	<u>493,402</u>	<u>318,261</u>	<u>22,751</u>	<u>290,105</u>	<u>1,932</u>	<u>148,691</u>	<u>(141,356)</u>	<u>1,133,786</u>

CORPORATION OF THE TOWNSHIP OF ADELAIDE METCALFE

**Schedule of Segment Disclosure
For The Year Ended December 31, 2020**

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Recreation Services \$	Planning and Development Services \$	Total \$
REVENUES								
Taxation and local improvements	214,833	826,565	2,569,186	311,733	14,500	129,750	1,072,536	5,139,103
User charges	2,777	111,480	-	196,505	-	-	68,413	379,175
Government transfers	539,583	6,056	92,974	-	-	-	388,525	1,027,138
Other	<u>207,681</u>	<u>1,583</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>753</u>	<u>210,017</u>
	<u>964,874</u>	<u>945,684</u>	<u>2,662,160</u>	<u>508,238</u>	<u>14,500</u>	<u>129,750</u>	<u>1,530,227</u>	<u>6,755,433</u>
EXPENSES								
Salaries, wages and employees benefits	538,805	291,736	394,020	6,331	-	-	262,513	1,493,405
Long-term debt interest	-	-	-	14,820	-	-	-	14,820
Materials and supplies	106,414	74,221	1,056,398	167,539	-	21,623	316,906	1,743,101
Contracted services, rents and financial	305,644	610,999	85,256	237,518	26,893	3,411	35,817	1,305,538
External transfers	-	55,493	-	-	-	-	-	55,493
Amortization	<u>10,318</u>	<u>61,778</u>	<u>732,725</u>	<u>79,580</u>	<u>-</u>	<u>7,932</u>	<u>-</u>	<u>892,333</u>
	<u>961,181</u>	<u>1,094,227</u>	<u>2,268,399</u>	<u>505,788</u>	<u>26,893</u>	<u>32,966</u>	<u>615,236</u>	<u>5,504,690</u>
ANNUAL SURPLUS (DEFICIT)	<u><u>3,693</u></u>	<u><u>(148,543)</u></u>	<u><u>393,761</u></u>	<u><u>2,450</u></u>	<u><u>(12,393)</u></u>	<u><u>96,784</u></u>	<u><u>914,991</u></u>	<u><u>1,250,743</u></u>