

Consolidated Financial Statements of

**CORPORATION OF THE
TOWNSHIP OF AUGUSTA**

And Independent Auditors' Report thereon

Year ended December 31, 2021

CORPORATION OF THE TOWNSHIP OF AUGUSTA

Table of Contents

Year ended December 31, 2021

	Page
Management's Responsibility for the Consolidated Financial Statements	
Independent Auditors' Report	
Consolidated Financial Statements:	
Consolidated Statement of Financial Position	1
Consolidated Statement of Operations and Municipal Equity	2
Consolidated Statement of Changes in Net Financial Assets	3
Consolidated Statement of Cash Flows	4
Notes to Consolidated Financial Statements	5
Trust Fund Financial Statements:	
Independent Auditors' Report	20
Statement of Financial Position	23
Statement of Financial Activities and Changes in Fund Balances	24
Notes to Trust Fund Financial Statements	25

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Corporation of the Township of Augusta (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 significant accounting policies are described in note 1 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgement, 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 consolidated financial statements. These systems are monitored and evaluated by management.

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

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

Steve McDonald, CAO

Mark McDonald, Treasurer



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INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Augusta:

Opinion

We have audited the consolidated financial statements of the Corporation of the Township of Augusta (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2021;
- the consolidated statement of operations and municipal equity for the year then ended;
- the consolidated statement of changes in net financial assets for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “***Auditors’ Responsibilities for the Audit of the Financial Statements***” section of our auditors’ report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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.



Other Matter – Comparative Information

The financial statements as at and for the year ended December 31, 2020 were audited by another auditor who expressed an unmodified opinion on those financial statements on October 25, 2021.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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

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 auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the 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.



Page 3

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Perth, Canada

November 7, 2022

CORPORATION OF THE TOWNSHIP OF AUGUSTA

Consolidated Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
Financial assets:		
Cash	\$ 4,899,901	\$ 4,361,280
Taxes receivable	1,114,803	1,727,280
Accounts receivable	913,835	1,346,889
Long-term receivables	14,616	20,772
	<u>6,943,155</u>	<u>7,456,221</u>
Financial liabilities:		
Accounts payable and accrued liabilities	515,378	637,661
Accrued landfill closure and post closure costs (note 8)	1,856,925	516,673
Prepaid property taxes	115,695	326,489
Other current liabilities	187,142	190,126
Deferred revenue (note 3)	133,442	121,448
Long-term liabilities (note 4)	3,195,252	3,334,144
	<u>6,003,834</u>	<u>5,126,541</u>
Net financial assets	939,321	2,329,680
Non-financial assets:		
Tangible capital assets (note 12)	17,556,832	17,041,808
Inventories	83,646	83,202
Prepaid expenses	90,470	82,483
	<u>17,730,948</u>	<u>17,207,493</u>
Contractual obligations (note 9)		
Contingent liabilities (note 10)		
Commitments (note 11)		
Municipal equity (note 5)	<u>\$ 18,670,269</u>	<u>\$ 19,537,173</u>

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

CORPORATION OF THE TOWNSHIP OF AUGUSTA

Consolidated Statement of Operations and Accumulated Municipal Equity

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

	Budget 2021 (note 14)	2021	2020
Revenue:			
Taxation	\$ 5,245,619	\$ 5,254,383	\$ 5,120,316
Government transfers	1,450,369	1,698,469	1,574,343
Penalties and interest on taxes	189,250	185,976	171,175
Licences and permits	113,972	128,386	103,800
User charges - general government	99,217	65,869	65,058
Investment income	30,118	38,289	29,574
Other	200	14,129	11,388
Contribution from developers	–	–	17,400
Total revenue	7,128,745	7,385,501	7,093,054
Expenses (note 13):			
General government	928,731	1,102,469	1,003,860
Protection to persons and property	1,832,543	2,104,314	2,048,375
Transportation services	1,636,426	2,664,400	2,674,192
Environmental services	480,803	452,621	471,936
Social and health services	6,000	5,920	5,883
Recreation and cultural services	297,097	365,734	354,172
Planning and development	355,825	216,695	165,885
Landfill closure and post-closure costs	–	1,340,252	–
Total expenses	5,537,425	8,252,405	6,724,303
Annual surplus (deficit)	1,591,320	(866,904)	368,751
Municipal equity, beginning of year	19,537,173	19,537,173	19,168,422
Municipal equity, end of year	\$ 21,128,493	\$ 18,670,269	\$ 19,537,173

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

CORPORATION OF THE TOWNSHIP OF AUGUSTA

Consolidated Statement of Changes in Net Financial Assets

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

	Budget 2021 (note 14)	2021	2020
Annual surplus (deficit)	\$ 1,591,320	\$ (866,904)	\$ 368,751
Amortization of tangible capital assets	—	1,299,964	1,353,683
Acquisition of tangible capital assets	(2,921,996)	(1,814,988)	(1,079,046)
Consumption (acquisition) of inventories of supplies	—	(444)	29,267
Acquisition of prepaid expenses	—	(7,987)	(6,737)
Change in net financial assets	(1,330,676)	(1,390,359)	665,918
Net financial assets, beginning of year	2,329,680	2,329,680	1,663,762
Net financial assets, end of year	\$ 999,004	\$ 939,321	\$ 2,329,680

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

CORPORATION OF THE TOWNSHIP OF AUGUSTA

Consolidated Statement of Cash Flows

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

	2021	2020
Operating activities:		
Annual surplus (deficit)	\$ (866,904)	\$ 368,751
Item not involving cash:		
Amortization of tangible capital assets	1,299,964	1,353,683
Accrued landfill post-closure costs	1,340,252	—
Change in non-cash operating working capital:		
Taxes receivable	612,477	(564,341)
Accounts receivable	433,054	(234,836)
Accounts payable and accrued liabilities	(122,283)	(431,339)
Prepaid property taxes	(210,794)	154,397
Other current liabilities	13	(18,688)
Deferred revenue	8,997	65,483
Inventories	(444)	29,267
Prepaid expenses	(7,987)	(6,737)
Long term receivables	6,156	6,156
Net change in cash from operations	2,492,501	721,796
Capital activities:		
Acquisition of tangible capital assets	(1,814,988)	(1,079,046)
Financing activities:		
Debt issued	—	3,400,000
Debt principal repayments	(138,892)	(92,784)
	(138,892)	3,307,216
Increase in cash	538,621	2,949,966
Cash, beginning of year	4,361,280	1,411,314
Cash, end of year	\$ 4,899,901	\$ 4,361,280

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

CORPORATION OF THE TOWNSHIP OF AUGUSTA

Notes to Consolidated Financial Statements

Year ended December 31, 2021

The Corporation of the Township of Augusta (the "Township") was formed January 21, 1850 and assumed its responsibilities under the authority of the Provincial Secretary. The Township operates as a lower tier government in the United Counties of Leeds and Grenville, in the Province of Ontario, Canada and provides municipal services such as police, fire, public works, planning, parks and recreation, library and other general government operations.

1. Significant accounting policies:

The consolidated financial statements of the Township are the representations of management and have been prepared in all material respects in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Township are as follows:

(a) Reporting entity:

(i) The consolidated financial statements reflect financial assets, liabilities, operating revenues and expenses, reserves, reserve funds and changes in investment in tangible capital assets of the 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 inter-organizational transactions and balances between these organizations are eliminated. These consolidated financial statements include:

- North Augusta Cemetery Board
- McGinn's Cemetery Board
- Augusta Library Board
- Augusta Police Service Board

(ii) The taxation, other revenue, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in these consolidated financial statements.

(b) Basis of consolidation:

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

(ii) Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the annual surplus (deficit), provides the change in net financial assets for the year.

CORPORATION OF THE TOWNSHIP OF AUGUSTA

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

1. Significant accounting policies (continued):

(b) Basis of consolidation (continued):

(iii) Trust funds and their related operations administered by the Township are not included in these consolidated financial statements but are reported separately on the Trust Funds Statement of Financial Activities and Financial Position.

(c) Taxation and related revenues:

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

(d) 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, of the tangible capital assets is amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful Life - Years
Buildings	40
Furniture and equipment	3 to 7
Vehicles	7 to 20
Roads	10 to 40
Bridges	75

Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

The Township has a capitalization threshold of \$5,000 for vehicles and equipment and \$20,000 for linear assets and buildings so that individual capital assets of lesser value are expensed, unless they are pooled because, collectively, they have significant value, or for operations reasons.

CORPORATION OF THE TOWNSHIP OF AUGUSTA

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

1. Significant accounting policies (continued):

(d) Tangible capital assets (continued):

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 as of the date of transfer.

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

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

(e) 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.

(f) Inventories and prepaid expenses:

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

(g) Pension and employee benefits:

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

As a result, the Township does not recognize any share of the OMERS pension surplus or deficit. The last available report was as at December 31, 2021, at that time, the plan reported a \$3.1 billion actuarial deficit (2020 - \$4.3 billion actuarial deficit).

CORPORATION OF THE TOWNSHIP OF AUGUSTA

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

1. Significant accounting policies (continued):

(g) Pension and employee benefits (continued):

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

(h) Government transfers:

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

(i) Deferred revenue:

The Township defers recognition of user charges and fees which have been collected but for which the related services have yet to be performed. Government transfers of gas taxes, and recreational land collected under the Planning Act are reported as deferred revenues in the consolidated statement of financial position. These amounts will be recognized as revenues in the fiscal year the services are performed.

The 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 expenses are recorded as revenue in the fiscal period they are expended.

(j) Landfill closure and post-closure liabilities:

The Township accrues landfill closure and post-closure care requirements that have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over a twenty-five year 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.

CORPORATION OF THE TOWNSHIP OF AUGUSTA

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

1. Significant accounting policies (continued):

(k) Liability for contaminated sites:

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

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

The liability is recognized as management's estimate of cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

(l) Use of estimates:

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

2. Operations of the school boards and United Counties of Leeds and Grenville:

The Township collected and made property tax transfers including payments in lieu of property taxes, to the United Counties of Leeds and Grenville and School Boards as follows:

	School boards		United Counties	
	2021	2020	2021	2020
Property taxes	\$ 1,662,148	\$ 1,880,572	\$ 3,122,421	\$ 3,120,578
Taxation from other governments	280	197	9,593	9,533
	\$ 1,662,428	\$ 1,880,769	\$ 3,132,014	\$ 3,130,111

CORPORATION OF THE TOWNSHIP OF AUGUSTA

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

3. Deferred revenue:

A requirement of public sector accounting principles of the Chartered Professional Accountants of Canada is that obligatory reserve funds be reported as deferred revenues. 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 the obligatory reserve funds of the Township are summarized below:

	Gas tax	Parkland	Total
January 1, 2021	\$ 77,393	\$ 44,055	\$ 121,448
Government grants	457,385	–	457,385
Contributions from developers	–	15,143	15,143
Interest	–	176	176
Transfer for operating purposes	–	(3,325)	(3,325)
Transfer for capital purposes	(457,385)	–	(457,385)
December 31, 2021	\$ 77,393	\$ 56,049	\$ 133,442

CORPORATION OF THE TOWNSHIP OF AUGUSTA

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

4. Long-term liabilities:

- (a) The balance of long term liabilities reported on the consolidated statement of financial position is comprised of the following:

	2021	2020
Fixed rate loan with the Royal Bank of Canada maturing April 2025 with an interest rate of 2.67%.	\$ 3,180,636	\$ 3,313,372
Instalment debentures with the Province of Ontario under the Ontario Tile Loan Program. The responsibility for payment of principal and interest charges for tile drainage and shoreline property assistance loans has been assumed by individuals.	14,616	20,772
	\$ 3,195,252	\$ 3,334,144

- (b) Principal payments fall due as follows:

	Landowners	General revenues	Total
2022	\$ 6,917	\$ 136,324	\$ 143,241
2023	7,699	140,008	147,707
2024	–	143,793	143,793
2025	–	2,760,511	2,760,511
	\$ 14,616	\$ 3,180,636	\$ 3,195,252

CORPORATION OF THE TOWNSHIP OF AUGUSTA

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

4. Long-term liabilities (continued):

- (c) Interest expense on long term liabilities in 2021 amounted to \$88,469 (2020 - \$61,381).
- (d) These payments are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

5. Municipal equity:

	2021	2020
Investment in tangible capital assets:		
Tangible capital assets	\$ 17,556,832	\$ 17,041,808
Long-term debt	(3,180,636)	(3,313,372)
	14,376,196	13,728,436
Unrestricted surplus (deficit):		
Township	734,381	(45,903)
Library Board	51,646	47,418
Police Services Board	20,018	16,244
	806,045	17,759
Unfunded landfill closure and post-closure costs	(1,340,252)	–
Reserves (Schedule 1)	4,774,821	5,748,131
Reserve funds (Schedule 1)	53,459	42,847
Total municipal equity	\$ 18,670,269	\$ 19,537,173

6. Pension contributions:

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

The amount contributed to OMERS was \$125,400 (2020 - \$111,657) for current services and is included as an expense on the consolidated statement of operations and accumulated municipal equity classified under the appropriate functional expenditure.

CORPORATION OF THE TOWNSHIP OF AUGUSTA

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

7. Trust funds:

Trust funds administered by the Township amounting to \$2,580 (2020 - \$2,589) are presented in a separate financial statement of trust fund balances and operations. As such balances are held in trust by the Township for the benefit of others, they are not presented as part of the Township's financial position or financial activities.

8. Landfill closure and post-closure liability:

The Environment 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 remaining life of the landfill site based on usage and is in accordance with the Township's accounting policy.

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 of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. The reported liabilities is based on estimates and assumptions with respect to events extending over a twenty-five year period using the best information available to management.

The Township currently has two closed landfill sites - North Augusta and Maynard which were closed in 2015.

Annual post closure maintenance and monitoring costs are estimated to be \$70,000 per year for 2021 through 2022.

Future events may result in significant changes to the estimated expenses and the estimated liability would be recognized prospectively, as a change in estimate, when applicable.

Estimated total expenses represent the sum of the discounted future cash flows for closure and post-closure care activities discounted at the Township's average long term borrowing rate of 2.0% and using an assumed rate of 2.0% for inflation. The estimated landfill post-closure expenses are calculated to be approximately \$500,000. The estimated liability for these expenses have been recognized in the records of the Township. Included in liabilities on the consolidated statement of financial position at December 31, 2021 is an amount of \$1,856,925 (2020 - \$516,673) with respect to post-closure liabilities recognized to date.

CORPORATION OF THE TOWNSHIP OF AUGUSTA

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

9. Contractual obligations:

The Township has negotiated a long term contract for the operation of the Township's landfill with Fast Eddie's Auto Recycling. The contract ends June 2022. Annual charges under the contract are determined by the contract. The current contract amounts to \$230,342 for 2021 (2020 - \$219,854).

The Township has negotiated a long term contract with GFL Environmental for tipping fees for the Township's waste. The contract ends September 2024. Annual charges under the contract are determined by the contract. The current contract amounts to \$104,509 for 2021 (2020 - \$192,000).

The Township has extended a long term contract with the Ontario Provincial Police for the provision of policing services. The contract ends December 31, 2022. Annual charges are determined based on level of service and are reconciled to actual costs in the following year. Contract payments for 2021 were \$1,002,677 (2020 - \$1,033,356).

10. Contingent liabilities:

The nature of municipal activities is such that there may be litigation pending or in prospect at any time. With respect to claims as at December 31, 2021, management believes that the Township has valid defences and appropriate reserves and insurance coverages in place.

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

11. Commitments:

During the year, the Township entered into a capital contract for the equipment purchase for a new tanker in the amount of \$455,000+HST. The tanker is expected to be received in fiscal 2022.

12. Tangible capital assets:

Cost	Balance at December 31, 2020	Transfers and additions	Disposals and adjustments	Balance at December 31, 2021
Land	\$ 877,015	\$ -	\$ -	\$ 877,015
Buildings	8,022,573	90,455	-	8,113,028
Furniture and equipment	835,735	97,770	-	933,505
Vehicles	4,877,937	76,522	-	4,954,459
Roads	21,044,177	908,742	-	21,952,919
Bridges	1,767,933	641,499	-	2,409,432
Construction in progress	3,826	-	-	3,826
Total	\$ 37,429,196	\$ 1,814,988	\$ -	\$ 39,244,184

CORPORATION OF THE TOWNSHIP OF AUGUSTA

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

12. Tangible capital assets (continued):

Accumulated amortization	Balance at December 31, 2020	Amortization and adjustments	Transfers, and disposals	Balance at December 31, 2021
Land	\$ 71,204	\$ 9,669	\$ -	\$ 80,873
Buildings	1,941,732	198,239	-	2,139,971
Furniture and equipment	525,453	59,986	-	585,439
Vehicles	3,430,218	203,906	-	3,634,124
Roads	13,567,020	791,762	-	14,358,782
Bridges	851,761	36,402	-	888,163
Construction in progress	-	-	-	-
Total	\$ 20,387,388	\$ 1,299,964	\$ -	\$ 21,687,352

	Net book value 2020	Net book value 2021
Land	\$ 805,811	\$ 796,142
Buildings	6,080,841	5,973,057
Furniture and equipment	310,282	348,066
Vehicles	1,447,719	1,320,335
Roads	7,477,157	7,594,137
Bridges	916,172	1,521,269
Construction in progress	3,826	3,826
Total	\$ 17,041,808	\$ 17,556,832

13. Segmented information:

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

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

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

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in note 1.

CORPORATION OF THE TOWNSHIP OF AUGUSTA

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

13. Segmented information (continued):

2021	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Recreation and culture Services	Planning and Development	Landfill Closure	Total
Revenue									
Taxation	\$ 5,254,383	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,254,383
User charges	18,008	3,924	28,540	1,006	-	2,527	11,864	-	65,869
Contribution from developers	-	-	-	-	-	-	-	-	-
Government transfers	984,739	27,549	546,131	89,426	-	49,685	939	-	1,698,469
Licenses and permits	580	127,806	-	-	-	-	-	-	128,386
Investment income	38,289	-	-	-	-	-	-	-	38,289
Penalties and interest on taxes	185,976	-	-	-	-	-	-	-	185,976
Other	105	6,400	-	-	-	7,624	-	-	14,129
Total revenue	6,482,080	165,679	574,671	90,432	-	59,836	12,803	-	7,385,501
Expenses									
Salaries and wages	668,235	363,858	678,995	22,000	-	151,499	118,489	-	2,003,076
Debt interest	-	86,853	-	-	-	-	1,616	-	88,469
Materials and services	418,572	1,243,484	1,000,541	430,621	5,920	121,212	62,360	1,340,252	4,622,962
External transfers	-	171,116	-	-	-	32,588	34,230	-	237,934
Amortization	15,662	239,003	984,864	-	-	60,435	-	-	1,299,964
Total expenses	1,102,469	2,104,314	2,664,400	452,621	5,920	365,734	216,695	1,340,252	8,252,405
Annual surplus (deficit)	\$ 5,379,611	\$ (1,938,635)	\$ (2,089,729)	\$ (362,189)	\$ (5,920)	\$ (305,898)	\$ (203,892)	\$ (1,340,252)	\$ (866,904)

CORPORATION OF THE TOWNSHIP OF AUGUSTA

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

13. Segmented information (continued):

2020	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Recreation and culture Services	Planning and Development	Total
Revenue								
Taxation	\$ 5,120,316	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,120,316
User charges	15,692	5,256	15,081	1,460	-	27,569	-	65,058
Contribution from developers	-	-	-	-	-	17,400	-	17,400
Government transfers	1,042,698	-	374,967	100,410	-	32,817	23,451	1,574,343
Licenses and permits	240	103,560	-	-	-	-	-	103,800
Investment income	29,574	-	-	-	-	-	-	29,574
Penalties and interest on taxes	171,175	-	-	-	-	-	-	171,175
Other	100	-	-	-	-	11,288	-	11,388
Total revenue	6,379,795	108,816	390,048	101,870	-	89,074	23,451	7,093,054
Expenses								
Salaries and wages	594,554	325,132	632,008	22,000	-	138,797	60,313	1,772,804
Debenture interest	-	59,765	-	-	-	-	1,616	61,381
Materials and services	395,067	1,265,042	1,010,394	440,267	5,883	111,613	36,314	3,264,580
External transfers	-	158,105	-	-	-	46,108	67,642	271,855
Amortization	14,239	240,331	1,031,790	9,669	-	57,654	-	1,353,683
Total expenses	1,003,860	2,048,375	2,674,192	471,936	5,883	354,172	165,885	6,724,303
Annual surplus (deficit)	\$ 5,375,935	\$ (1,939,559)	\$ (2,284,144)	\$ (370,066)	\$ (5,883)	\$ (265,098)	\$ (142,434)	\$ 368,751

CORPORATION OF THE TOWNSHIP OF AUGUSTA

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

14. Budget figures:

The 2021 approved budget was prepared on a cash based approach with a reconciliation to a budget based on Public Sector Accounting Standards. The cash based approach includes capital expenses, repayment of long term debt and transfers to and from reserves which are removed in the year end consolidated statement of operations and accumulated municipal equity. The revenues attributable to these items continue to be included in the consolidated statement of operations and accumulated municipal equity, resulting in a significant variance. The following analysis is provided to assist readers in their understanding of differences between the approved budget and the audited consolidated financial statements.

	Budget	Actual
Total revenues	\$ 7,128,745	\$ 7,385,501
Total expenses	5,537,425	8,252,405
Net earnings (loss)	1,591,320	(866,904)
Amortization	–	1,299,964
Adjusted net earnings	1,591,320	433,060
Capital revenue	–	–
Funds available	1,591,320	433,060
Capital expenses	(2,921,996)	(1,814,988)
Principal repayments	–	(132,736)
Decrease in operating surplus	\$ (1,330,676)	\$ (1,514,664)
Allocated as follows:		
Net transfers from reserves	\$ (1,438,237)	\$ (962,698)
Township surplus	107,561	780,284
Unfunded landfill closure liability	–	(1,340,252)
Library Board surplus	–	4,228
Police Service Board surplus	–	3,774
	\$ (1,330,676)	\$ (1,514,664)

CORPORATION OF THE TOWNSHIP OF AUGUSTA

Schedule 1: Continuity of Reserves and Reserve Funds

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

	Budget (note 14)	2021	2020
Net transfers from (to) other funds			
Transfers from operations	\$ 1,505,133	\$ 1,393,292	\$ 1,478,292
Transfers to capital acquisitions	(2,943,370)	(2,355,990)	(878,092)
Total net transfers	(1,438,237)	(962,698)	600,200
Reserves and reserve fund balances, beginning of year	5,790,978	5,790,978	5,190,778
Reserves and reserve fund balances, end of year	\$ 4,352,741	\$ 4,828,280	\$ 5,790,978

Composition of Reserves and Reserve Funds

	2021	2020
Reserves set aside for specific purposes by Council:		
Reserves set aside for specific purposes by Council		
Working capital	\$ 830,414	\$ 820,414
Insurance deductible	50,000	83,848
Building expansion	26,105	—
Elections	20,947	17,426
Recreation	20,380	2,857
Municipal drains	1,000	1,000
Library	9,753	10,331
Economic development	54,553	64,066
	1,013,152	999,942
For capital purposes:		
Administrative equipment	60,078	61,558
Modernization projects	433,383	529,838
Safe restart projects	194,017	127,843
Fire building	594,977	556,607
Fire vehicle / equipment	242,058	276,283
Roads equipment	444,392	645,450
Salt dome	63,292	52,683
Roads construction	1,341,178	1,542,913
Bridge repairs	388,294	955,014
	3,761,669	4,748,189
Reserve funds:		
Capital landfill	41,316	30,704
Subdivision levies	12,143	12,143
	53,459	42,847
Total reserves and reserve funds	\$ 4,828,280	\$ 5,790,978



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INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Augusta:

Opinion

We have audited the financial statements of the Trust Funds of the Corporation of the Township of Augusta (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2021
- the statement of financial activities and changes in fund balances for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

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

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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.

Other Matter – Comparative Information

The financial statements as at and for the year ended December 31, 2020 were audited by another auditor who expressed an unmodified opinion on those financial statements on October 25, 2021.



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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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

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 auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Perth, Canada

November 7, 2022

THE CORPORATION OF THE TOWNSHIP OF AUGUSTA

Trust Funds Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
Assets		
Cash	\$ 2,580	\$ 2,589
Fund Balances		
Fund balance	\$ 2,580	\$ 2,589

See accompanying notes to financial statements.

THE CORPORATION OF THE TOWNSHIP OF AUGUSTA

Trust Funds

Statement of Financial Activities and Changes in Fund Balances

December 31, 2021, with comparative information for 2020

	2021	2020
Revenue:		
Perpetual care fees	\$ 11	\$ 41
Expenses	20	–
Excess (deficiency) of revenue over expenses	(9)	41
Fund balance, beginning of year	2,589	2,548
Fund balance, end of year	\$ 2,580	\$ 2,589

THE CORPORATION OF THE TOWNSHIP OF AUGUSTA TRUST FUNDS

Notes to Financial Statements

Year ended December 31, 2021

1. Significant accounting policies:

The financial statements of The Corporation of the Township of Augusta Trust Funds are prepared by management in accordance with Canadian public sector accounting standards.

(a) Basis of accounting:

These statements reflect the assets, liabilities, revenue, and expenses of the Trust Funds.

(b) Revenue recognition:

Revenue and expenses are recorded on an accrual basis.

The accrual basis recognizes revenue as they become available and measurable. Expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

(c) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

2. Statement of cash flows:

A statement of cash flows has not been included in these financial statements as it would not provide additional meaningful information.