

Consolidated Financial Statements of

**CORPORATION OF THE  
TOWNSHIP OF AUGUSTA**

Year ended December 31, 2022

# CORPORATION OF THE TOWNSHIP OF AUGUSTA

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Year ended December 31, 2022

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### **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.

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Shannon Geraghty, CAO

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Mark McDonald, Treasurer



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**INDEPENDENT AUDITOR'S 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, 2022
- the consolidated statement of operations and municipal equity for the year then ended
- the consolidated statement of changes in net financial assets (debt) 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 consolidated financial position of the Entity as at December 31, 2022, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

***Basis for Opinion***

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



## ***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.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

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

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

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

We also:

- Identify and assess the 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.



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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to 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 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 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.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants

Perth, Canada

November 13, 2023

# CORPORATION OF THE TOWNSHIP OF AUGUSTA

## Consolidated Statement of Financial Position

December 31, 2022, with comparative information for 2021

	2022	2021
Financial assets:		
Cash	\$ 3,199,805	\$ 4,899,901
Taxes receivable	1,009,872	1,114,803
Accounts receivable	1,412,051	913,835
Long-term receivables	7,332	14,616
	<u>5,629,060</u>	<u>6,943,155</u>
Financial liabilities:		
Accounts payable and accrued liabilities	758,153	515,378
Accrued landfill closure and post closure costs (note 8)	2,477,885	1,856,925
Prepaid property taxes	179,750	115,695
Other current liabilities	148,494	187,142
Deferred revenue (note 3)	137,606	133,442
Long-term liabilities (note 4)	3,051,644	3,195,252
	<u>6,753,532</u>	<u>6,003,834</u>
Net financial assets (debt)	(1,124,472)	939,321
Non-financial assets:		
Tangible capital assets (note 11)	18,499,433	17,556,832
Inventories	275,306	83,646
Prepaid expenses	102,421	90,470
	<u>18,877,160</u>	<u>17,730,948</u>
Contractual obligations (note 9)		
Contingent liabilities (note 10)		
Municipal equity (note 5)	\$ 17,752,688	\$ 18,670,269

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, 2022, with comparative information for 2021

	Budget 2022 (note 13)	Actual 2022	Actual 2021
Revenue:			
Taxation	\$ 5,440,690	\$ 5,448,790	\$ 5,254,383
User charges - general government	86,500	97,953	65,869
Contribution from developers	34,818	34,818	—
Government transfers	4,046,461	1,517,366	1,698,469
Licences and permits	120,000	171,336	128,386
Investment income	—	111,161	38,289
Penalties and interest on taxes	235,000	124,305	185,976
Other	487,798	15,944	14,129
Gain on sale of tangible capital assets	—	56,500	—
Total revenue	10,451,267	7,578,173	7,385,501
Expenses (note 12):			
General government	1,248,316	1,303,625	1,102,469
Protection to persons and property	1,934,997	2,315,599	2,104,314
Transportation services	1,597,509	3,174,987	2,664,400
Environmental services	475,500	493,893	452,621
Social and health services	6,000	4,950	5,920
Recreation and cultural services	345,014	376,506	365,734
Planning and development	183,383	205,234	216,695
Landfill closure and post-closure costs	—	620,960	1,340,252
Total expenses	5,790,719	8,495,754	8,252,405
Annual surplus (deficit)	4,660,548	(917,581)	(866,904)
Municipal equity, beginning of year	18,670,269	18,670,269	19,537,173
Municipal equity, end of year	\$ 23,330,817	\$ 17,752,688	\$ 18,670,269

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 (Debt)

Year ended December 31, 2022, with comparative information for 2021

	Budget 2022	Actual 2022	Actual 2021
	(note 13)		
Annual surplus (deficit)	\$ 4,660,548	\$ (917,581)	\$ (866,904)
Amortization of tangible capital assets	—	1,412,091	1,299,964
Acquisition of tangible capital assets	(6,299,043)	(2,354,692)	(1,814,988)
Gain on sale of tangible capital assets	—	(56,500)	—
Proceeds on disposal of tangible capital assets	—	56,500	—
Acquisition of inventories of supplies	—	(191,660)	(444)
Acquisition of prepaid expenses	—	(11,951)	(7,987)
Change in net financial assets	(1,638,495)	(2,063,793)	(1,390,359)
Net financial assets, beginning of year	939,321	939,321	2,329,680
Net financial assets (debt), end of year	\$ (699,174)	\$ (1,124,472)	\$ 939,321

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, 2022, with comparative information for 2021

	2022	2021
Operating activities:		
Annual deficit	\$ (917,581)	\$ (866,904)
Item not involving cash:		
Amortization of tangible capital assets	1,412,091	1,299,964
Accrued landfill post-closure costs	620,960	1,340,252
Gain on disposal of tangible capital assets	(56,500)	—
Change in non-cash operating working capital:		
Taxes receivable	104,931	612,477
Accounts receivable	(498,216)	433,054
Accounts payable and accrued liabilities	242,775	(122,283)
Prepaid property taxes	64,055	(210,794)
Other current liabilities	(38,648)	13
Deferred revenue	4,164	8,997
Inventories	(191,660)	(444)
Prepaid expenses	(11,951)	(7,987)
Long-term receivables	7,284	6,156
Net change in cash from operations	741,704	2,492,501
Capital activities:		
Acquisition of tangible capital assets	(2,354,692)	(1,814,988)
Proceeds on disposal of tangible capital assets	56,500	—
Net change in cash from capital activities	(2,298,192)	(1,814,988)
Financing activities:		
Debt principal repayments	(143,608)	(138,892)
Increase (decrease) in cash	(1,700,096)	538,621
Cash, beginning of year	4,899,901	4,361,280
Cash, end of year	\$ 3,199,805	\$ 4,899,901

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, 2022

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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:

- Augusta Library 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.
- (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 Position and Statement of Financial Activities and Changes in Fund Balances.

# CORPORATION OF THE TOWNSHIP OF AUGUSTA

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

## 1. Significant accounting policies (continued):

### (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.

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.

# CORPORATION OF THE TOWNSHIP OF AUGUSTA

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

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## 1. Significant accounting policies (continued):

### (d) Tangible capital assets (continued):

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, 2022, at that time, the plan reported a \$6.7 billion actuarial deficit (2021 - \$3.1 billion actuarial deficit).

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.

# CORPORATION OF THE TOWNSHIP OF AUGUSTA

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

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## 1. Significant accounting policies (continued):

### (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 revenue in the consolidated statement of financial position. These amounts will be recognized as revenue 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, 2022

## 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	
	2022	2021	2022	2021
Property taxes	\$ 1,649,964	\$ 1,662,148	\$ 3,193,327	\$ 3,122,421
Taxation from other governments	6,249	280	13,445	9,593
	\$ 1,656,213	\$ 1,662,428	\$ 3,206,772	\$ 3,132,014

# CORPORATION OF THE TOWNSHIP OF AUGUSTA

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

### 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 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 the obligatory reserve funds of the Township are summarized below:

	Canada Community Building Fund	Parkland	Total
January 1, 2022	\$ 77,393	\$ 56,049	\$ 133,442
Government grants	233,202	—	233,202
Contributions from developers	—	25,106	25,106
Interest	1,165	788	1,953
Transfer for capital purposes	(221,279)	(34,818)	(256,097)
December 31, 2022	\$ 90,481	\$ 47,125	\$ 137,606



# CORPORATION OF THE TOWNSHIP OF AUGUSTA

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

## 4. Long-term liabilities:

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

	2022	2021
Fixed rate loan with the Royal Bank of Canada maturing April 2025 with an interest rate of 2.67%.	\$ 3,044,312	\$ 3,180,636
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.	7,332	14,616
	\$ 3,051,644	\$ 3,195,252

- (b) Principal payments fall due as follows:

	Landowners	General revenues	Total
2023	\$ 7,332	\$ 140,008	\$ 147,340
2024	—	143,793	143,793
2025	—	2,760,511	2,760,511
	\$ 7,332	\$ 3,044,312	\$ 3,051,644

- (c) Interest expense on long-term liabilities in 2022 amounted to \$83,746 (2021 - \$88,469).
- (d) These payments are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

# CORPORATION OF THE TOWNSHIP OF AUGUSTA

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

## 5. Municipal equity:

	2022	2021
Investment in tangible capital assets:		
Tangible capital assets	\$ 18,499,433	\$ 17,556,832
Long-term debt	(3,044,312)	(3,180,636)
	15,455,121	14,376,196
Unrestricted surplus (deficit):		
Township	(486,038)	734,381
Library Board	47,183	51,646
Police Services Board	23,094	20,018
	(415,761)	806,045
Unfunded landfill closure and post-closure costs	(1,961,212)	(1,340,252)
Reserves (Schedule 1)	4,621,081	4,774,821
Reserve funds (Schedule 1)	53,459	53,459
Total municipal equity	\$ 17,752,688	\$ 18,670,269

## 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 \$112,456 (2021 - \$125,400) 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.

## 7. Trust funds:

Trust funds administered by the Township amounting to \$2,622 (2021 - \$2,580) 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.

# CORPORATION OF THE TOWNSHIP OF AUGUSTA

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

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

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 \$103,080 (2021 - \$70,000) per year for 2022 through 2047.

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 4.0% (2021 - 2.0%) and using an assumed rate of 4.0% (2021 - 2.0%) for inflation. 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, 2022 is an amount of \$2,477,885 (2021 - \$1,856,925) with respect to post-closure liabilities recognized to date.

## **9. Contractual obligations:**

- (a) 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 December 2025. Annual charges under the contract are determined by the contract. The current contract amounts to \$245,326 for 2022 (2021 - \$230,342).
- (b) The Township has extended a long term contract with the Ontario Provincial Police for the provision of policing services. The contract ends December 31, 2023. Annual charges are determined based on level of service and are reconciled to actual costs in the following year. Contract payments for 2022 were \$987,348 (2021 - \$1,002,677).
- (c) The Township has entered into a construction contract for a bridge rehabilitation. The construction value is approximately \$316,000 and will be completed in 2023.

# CORPORATION OF THE TOWNSHIP OF AUGUSTA

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

## 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, 2022, 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. Tangible capital assets:

Cost	Balance at December 31, 2021	Transfers and additions	Disposals and adjustments	Balance at December 31, 2022
Land and land improvements	\$ 877,015	\$ 355,495	\$ –	\$ 1,232,510
Buildings	8,113,028	19,096	–	8,132,124
Furniture and equipment	933,505	372,333	(22,073)	1,283,765
Vehicles	4,954,459	534,437	(293,722)	5,195,174
Roads	21,952,919	1,073,331	(469,198)	22,557,052
Bridges	2,409,432	–	–	2,409,432
Construction in progress	3,826	–	–	3,826
<b>Total</b>	<b>\$ 39,244,184</b>	<b>2,354,692</b>	<b>(784,993)</b>	<b>\$ 40,813,883</b>

Accumulated amortization	Balance at December 31, 2021	Amortization and adjustments	Transfers, and disposals	Balance at December 31, 2022
Land and land improvements	\$ 80,873	\$ 10,893	\$ –	\$ 91,766
Buildings	2,139,971	210,875	–	2,350,846
Furniture and equipment	585,439	67,651	(22,073)	631,017
Vehicles	3,634,124	269,311	(293,722)	3,609,713
Roads	14,358,782	816,959	(469,198)	14,706,543
Bridges	888,163	36,402	–	924,565
Construction in progress	–	–	–	–
<b>Total</b>	<b>\$ 21,687,352</b>	<b>\$ 1,412,091</b>	<b>\$ (784,993)</b>	<b>\$ 22,314,450</b>

# CORPORATION OF THE TOWNSHIP OF AUGUSTA

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

## 11. Tangible capital assets (continued):

	Net book value 2021	Net book value 2022
Land and land improvements	\$ 796,142	\$ 1,140,744
Buildings	5,973,057	5,781,278
Furniture and equipment	348,066	652,748
Vehicles	1,320,335	1,585,461
Roads	7,594,137	7,850,509
Bridges	1,521,269	1,484,867
Construction in progress	3,826	3,826
Total	\$ 17,556,832	\$ 18,499,433

## 12. 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, 2022

## 12. Segmented information (continued):

2022	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Recreation and culture Services	Planning and Development	Landfill Closure	Total
<b>Revenue</b>									
Taxation	\$ 5,448,790	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	5,448,790
User charges	16,779	6,224	13,581	585	-	7,881	52,903	-	97,953
Contribution from developers	-	-	-	-	-	34,818	-	-	34,818
Government transfers	976,332	5,070	414,704	107,963	-	13,297	-	-	1,517,366
Licenses and permits	3,515	167,821	-	-	-	-	-	-	171,336
Investment income	111,161	-	-	-	-	-	-	-	111,161
Penalties and interest on taxes	124,305	-	-	-	-	-	-	-	124,305
Other	90	15,854	-	-	-	-	-	-	15,944
Gain on sale of tangible capital assets	-	56,500	-	-	-	-	-	-	56,500
Total revenue	6,680,972	251,469	428,285	108,548	-	55,996	52,903	-	7,578,173
<b>Expenses</b>									
Salaries and wages	706,028	420,933	753,936	22,000	-	136,893	129,399	-	2,169,189
Debt interest	-	83,258	-	-	-	-	488	-	83,746
Materials and services	582,797	1,301,764	1,361,829	464,906	4,950	146,705	45,803	620,960	4,529,714
External transfers	-	235,531	-	-	-	35,939	29,544	-	301,014
Amortization	14,800	274,113	1,059,222	6,987	-	56,969	-	-	1,412,091
Total expenses	1,303,625	2,315,599	3,174,987	493,893	4,950	376,506	205,234	620,960	8,495,754
Annual surplus (deficit)	\$ 5,377,347	\$ (2,064,130)	\$ (2,746,702)	\$ (385,345)	\$ (4,950)	\$ (320,510)	\$ (152,331)	\$ (620,960)	\$ (917,581)

# CORPORATION OF THE TOWNSHIP OF AUGUSTA

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

## 12. 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
<b>Revenue</b>									
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
<b>Expenses</b>									
Salaries and wages	668,235	363,858	678,995	22,000	-	151,499	118,489	-	2,003,076
Debenture 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, 2022

## 13. Budget figures:

The 2022 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	\$ 10,451,267	\$ 7,578,173
Total expenses	5,790,719	8,495,754
Annual surplus (deficit)	4,660,548	(917,581)
Amortization	—	1,412,091
Funds available	4,660,548	494,510
Capital expenses	(6,299,043)	(2,354,692)
Principal repayments	(136,000)	(136,324)
Decrease in operating surplus	\$ (1,774,495)	\$ (1,996,506)
Allocated as follows:		
Net transfers from reserves	\$ (1,774,495)	\$ (153,740)
Township deficit	—	(1,223,607)
Unfunded landfill closure liability	—	(620,960)
Library Board deficit	—	(1,275)
Police Service Board surplus	—	3,076
	\$ (1,774,495)	\$ (1,996,506)



# CORPORATION OF THE TOWNSHIP OF AUGUSTA

## Schedule 1: Continuity of Reserves and Reserve Funds

Year ended December 31, 2022, with comparative information for 2021

	Budget 2022 (note 13)	Actual 2022	Actual 2021
Net transfers from (to) other funds			
Transfers from operations	\$ 301,000	\$ 1,290,364	\$ 1,393,292
Transfers to capital acquisitions	(2,075,495)	(1,444,104)	(2,355,990)
Total net transfers	(1,774,495)	(153,740)	(962,698)
Reserves and reserve fund balances, beginning of year	4,828,280	4,828,280	5,790,978
Reserves and reserve fund balances, end of year	\$ 3,053,785	\$ 4,674,540	\$ 4,828,280

### Composition of Reserves and Reserve Funds

	2022	2021
Reserves set aside for specific purposes by Council:		
Working capital	\$ 1,564,797	\$ 830,414
Insurance deductible	50,000	50,000
Building expansion	26,105	26,105
Elections	9,116	20,947
Recreation	20,380	20,380
Municipal drains	1,000	1,000
Library	14,753	9,753
Economic development	174,833	54,553
	1,860,984	1,013,152
For capital purposes:		
Administrative equipment	62,578	60,078
Modernization projects	200,721	433,383
Safe restart projects	194,017	194,017
Fire building	154,387	594,977
Fire vehicle / equipment	162,166	242,058
Roads equipment	—	444,392
Salt dome	74,378	63,292
Roads construction	1,500,570	1,341,178
Bridge repairs	400,190	388,294
Waste management	11,090	—
	2,760,097	3,761,669
Reserve funds:		
Capital landfill	41,316	41,316
Subdivision levies	12,143	12,143
	53,459	53,459
Total reserves and reserve funds	\$ 4,674,540	\$ 4,828,280



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## **INDEPENDENT AUDITOR'S 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, 2022
- 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, 2022, 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 "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's 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.

### ***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.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

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

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

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

We also:

- Identify and assess the 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.



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- 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 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 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font. A single horizontal line is drawn underneath the signature.

Chartered Professional Accountants, Licensed Public Accountants

Perth, Canada

November 13, 2023

# THE CORPORATION OF THE TOWNSHIP OF AUGUSTA

Trust Funds

Statement of Financial Position

December 31, 2022, with comparative information for 2021

	2022	2021
<b>Assets</b>		
Cash	\$ 2,622	\$ 2,580
<b>Fund Balances</b>		
Fund balance	\$ 2,622	\$ 2,580

See accompanying notes to financial statements.

# THE CORPORATION OF THE TOWNSHIP OF AUGUSTA

## Trust Funds

### Statement of Financial Activities and Changes in Fund Balances

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Revenue:		
Perpetual care fees	\$ 42	\$ 11
Expenses	—	20
Excess (deficiency) of revenue over expenses	42	(9)
Fund balance, beginning of year	2,580	2,589
Fund balance, end of year	\$ 2,622	\$ 2,580

# THE CORPORATION OF THE TOWNSHIP OF AUGUSTA

Trust Funds

Notes to Financial Statements

Year ended December 31, 2022

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## 1. Significant accounting policies:

The financial statements of The Corporation of the Township of Augusta Trust Funds ("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.