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**THE CORPORATION OF  
THE TOWNSHIP OF STRONG**

**CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2020**

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**THE CORPORATION OF THE TOWNSHIP OF STRONG**  
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# Independent auditor's report

To the Members of Council, Inhabitants and Ratepayers of  
The Corporation of the Township of Strong

## Opinion

We have audited the consolidated financial statements of The Corporation of the Township of Strong ("the Township"), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of The Corporation of the Township of Strong as at December 31, 2020, and its results of operations, its changes in its net financial assets, 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 *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Township in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Township's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Township to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Township and the organizations it controls to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

North Bay, Canada  
September 28, 2021

Chartered Professional Accountants  
Licensed Public Accountants

**THE CORPORATION OF THE TOWNSHIP OF STRONG**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2020**

	2020	2019
<b>FINANCIAL ASSETS</b>		
Cash (Note 4)	\$ 1,785,028	\$ 1,767,831
Investments (Notes 4, 5)	615,003	605,271
Taxes receivable (Note 6)	265,087	326,853
Accounts receivable	196,153	432,783
	<b>2,861,271</b>	<b>3,132,738</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	316,236	262,757
Deferred revenue-general (Note 7)	68,072	47,017
Deferred revenue-obligatory reserve funds (Note 8)	46,702	29,313
Tangible capital leases (Note 9)	476	774
Employee benefits payable (Note 10)	59,611	54,805
Landfill closure and post-closure liability (Note 11)	752,394	465,096
	<b>1,243,491</b>	<b>859,762</b>
<b>NET FINANCIAL ASSETS</b>	<b>1,617,780</b>	<b>2,272,976</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets - net (Note 14)	12,059,833	11,528,318
Inventories of supplies	100,634	94,627
Prepaid expenses	4,714	9,597
	<b>12,165,181</b>	<b>11,632,542</b>
<b>ACCUMULATED SURPLUS (Note 15)</b>	<b>\$ 13,782,961</b>	<b>\$ 13,905,518</b>

Contingencies (Notes 2 and 13)  
Contractual Obligations (Note 12)

APPROVED ON BEHALF OF COUNCIL:

\_\_\_\_\_ Mayor

**THE CORPORATION OF THE TOWNSHIP OF STRONG**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND ACCUMULATED SURPLUS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Budget 2020 <i>(see Note 18)</i>	Actual 2020	Actual 2019
<b>REVENUE</b>			
Property taxes	\$ 2,698,475	\$ 2,729,206	\$ 2,705,180
User charges	49,086	45,993	74,926
Government transfers	1,097,631	1,155,302	1,459,908
Restructuring net revenue <i>(Note 17)</i>	-	-	2,933
Gain (loss) on disposal of capital assets	-	(74,517)	88,301
Other	297,204	327,257	346,073
<b>TOTAL REVENUE</b>	<b>4,142,396</b>	<b>4,183,241</b>	<b>4,677,321</b>
<b>EXPENSES</b>			
General government	823,595	735,382	608,025
Protection to persons and property	590,967	580,920	558,048
Transportation services	1,617,051	1,557,576	1,406,955
Environmental services	542,966	561,115	449,075
Health services	392,104	343,232	359,673
Social and family services	218,037	216,536	215,920
Recreation and cultural services	296,973	280,063	297,215
Planning and development	43,748	30,974	21,709
<b>TOTAL EXPENSES</b>	<b>4,525,441</b>	<b>4,305,798</b>	<b>3,916,620</b>
<b>ANNUAL SURPLUS (DEFICIT)</b> <i>(Note 15)</i>	<b>(383,045)</b>	<b>(122,557)</b>	<b>760,701</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>13,905,518</b>	<b>13,905,518</b>	<b>13,144,817</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$ 13,522,473</b>	<b>\$ 13,782,961</b>	<b>\$ 13,905,518</b>

The accompanying notes are an integral part of these financial statements

**THE CORPORATION OF THE TOWNSHIP OF STRONG**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Budget 2020 <i>(see Note 18)</i>	Actual 2020	Actual 2019
Annual surplus (deficit)	\$ (383,045)	\$ (122,557)	\$ 760,701
Acquisition of tangible capital assets	(1,651,505)	(1,579,294)	(1,011,983)
Contributed tangible capital assets, net	-	-	(10,933)
Amortization of tangible capital assets	969,251	969,135	877,109
(Gain) Loss on disposal of tangible capital assets	-	74,517	(88,301)
Proceeds from disposal of tangible capital assets	-	4,127	200,820
Change in supplies inventories	-	(6,007)	5,275
Change in prepaid expenses	-	4,883	(506)
<b>Increase (decrease) in net financial assets</b>	<b>(1,065,299)</b>	<b>(655,196)</b>	<b>732,182</b>
<b>Net financial assets, beginning of year</b>	<b>2,272,976</b>	<b>2,272,976</b>	<b>1,540,794</b>
<b>Net financial assets, end of year</b>	<b>\$ 1,207,677</b>	<b>\$ 1,617,780</b>	<b>\$ 2,272,976</b>

The accompanying notes are an integral part of these financial statements

**THE CORPORATION OF THE TOWNSHIP OF STRONG**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	2020	2019
<b>Operating transactions</b>		
Annual surplus (deficit)	\$ (122,557)	\$ 760,701
Non-cash charges to operations:		
Amortization	969,135	877,109
Contributed tangible capital assets	-	(10,933)
(Gain) Loss on disposal of tangible capital assets	74,517	(88,301)
Change in employee benefits payable	4,806	878
Change in landfill closure and post-closure liability	287,298	182,703
	<u>1,213,199</u>	<u>1,722,157</u>
Changes in non-cash items:		
Taxes receivable	61,766	(74,758)
Accounts receivable	236,630	(239,941)
Accounts payable and accrued liabilities	53,479	28,519
Deferred revenue-general	21,055	44,034
Deferred revenue-obligatory reserve funds	17,389	(26,516)
Inventories of supplies	(6,007)	5,275
Prepaid expenses	4,883	(506)
	<u>389,195</u>	<u>(263,893)</u>
Cash provided by operating transactions	<u>1,602,394</u>	<u>1,458,264</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(1,579,294)	(1,011,983)
Proceeds from disposal of tangible capital assets	4,127	200,820
Cash applied to capital transactions	<u>(1,575,167)</u>	<u>(811,163)</u>
<b>Investing transactions</b>		
Change in investments	(9,732)	181,434
Cash provided by (applied to) investing transactions	<u>(9,732)</u>	<u>181,434</u>
<b>Financing transactions</b>		
Debt principal repayments	-	(6,884)
Tangible capital lease repayments	(298)	(293)
Cash applied to financing transactions	<u>(298)</u>	<u>(7,177)</u>
<b>Net change in cash</b>	<b>17,197</b>	<b>821,358</b>
<b>Cash, beginning of year</b>	<b>1,767,831</b>	<b>946,473</b>
<b>Cash, end of year</b>	<b>\$ 1,785,028</b>	<b>\$ 1,767,831</b>
<b>Cash flow supplementary information:</b>		
Cash paid for interest	\$ 14	\$ 37

The accompanying notes are an integral part of these financial statements



# THE CORPORATION OF THE TOWNSHIP OF STRONG

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2020

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### MANAGEMENT RESPONSIBILITY

The consolidated financial statements of the Corporation of the Township of Strong (the "Municipality") are the responsibility of management and have been prepared in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of significant accounting policies is provided in Note 1. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management maintains a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements.

### 1. SIGNIFICANT ACCOUNTING POLICIES

Significant aspects of the accounting policies adopted by the Municipality are as follows:

#### (a) Reporting Entity

These consolidated statements reflect the assets, liabilities, revenue, expenses and accumulated surplus balances of the reporting entity. The reporting entity is comprised of all committees of Council and the boards, joint boards and municipal enterprises for which Council is politically accountable as follows:

#### (i) Consolidated and proportionally consolidated entities

The following joint boards and committees are proportionally consolidated:

- Fire
- Medical Centre
- Recreation
- Arena and Hall
- Library
- Building Committee
- Economic Development

Inter-organizational transactions and balances between these organizations are eliminated.

#### (ii) Non-consolidated entities

The following joint boards are not consolidated:

- North Bay Parry Sound District Health Unit
- Parry Sound District Social Services Administration Board
- District of Parry Sound (East) Home for the Aged

#### (iii) Accounting for school board transactions

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.

#### (iv) Trust funds

Trust funds administered by the Municipality are not included in these consolidated financial statements, but are reported separately on the trust funds financial statements.

# THE CORPORATION OF THE TOWNSHIP OF STRONG

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2020

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(b) Basis of Accounting

(i) Accrual basis of accounting

Revenue and expenses are reported on the accrual basis of accounting. Revenue is recognized in the year in which it is earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(ii) Cash

Cash includes cash on hand and balances held at financial institutions.

(iii) Investments

Investments are recorded at cost plus accrued interest.

(iv) Non-financial assets

Non-financial assets are not available to discharge existing liabilities but are held for use in the provision of municipal services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(a) 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. Tangible capital assets received as donations are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements - 20 years  
 Buildings - 20 to 50 years  
 Machinery, equipment and furniture - 5 to 20 years  
 Vehicles - 2 to 30 years  
 Roads - 10 to 60 years  
 Bridges - 60 years

One half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

Estimated closure and post-closure expenses for active landfill sites as well as the land occupied by the sites are amortized annually on the basis of capacity used during the year as a percentage of the estimated total capacity of the landfill site.

Interest related to the acquisition of capital assets is not capitalized, but is expensed in the year incurred.

(b) Inventories of supplies

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

(v) Reserves and reserve funds

Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future operating and capital purposes. Balances related to these funds are included in the accumulated surplus of the Consolidated Statement of Financial Position.

## THE CORPORATION OF THE TOWNSHIP OF STRONG

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2020

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- (vi) Government transfers  
Government transfers are recognized in the financial statements as revenue when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the Consolidated Statement of Operations as the stipulation liabilities are settled.
- (vii) Deferred revenue  
Revenue restricted by legislation, regulation or agreement and not available for general municipal purposes is reported as deferred revenue on the Consolidated Statement of Financial Position. The revenue is reported on the Consolidated Statement of Operations in the year in which it is used for the specified purpose.
- (viii) Taxation and related revenue  
Tax rates are established annually by Council, incorporating amounts to be raised for local services and amounts the Municipality is required to collect on behalf of the Province of Ontario in respect of education taxes. Property tax billings are prepared by the Municipality based on assessment rolls, supplementary assessment rolls and other assessment adjustments issued by the Municipal Property Assessment Corporation ("MPAC"). Taxation revenue is initially recorded at the time assessment information is received from MPAC and is subsequently adjusted based on management's best estimate of the amount of tax revenue resulting from assessment adjustments that have not yet been received from MPAC. The Municipality is entitled to collect interest and penalties on overdue taxes. This revenue is recorded in the period the interest and penalties are levied.
- (ix) Pensions and employee benefits  
The Municipality accounts for its participation in the Ontario Municipal Employee Retirement System (OMERS), a multi-employer public sector pension fund, as a defined contribution plan. Obligations for sick leave and employee retirement gratuities under employee benefits payable are accrued as the employees render the services necessary to earn the benefits.
- (x) Use of estimates  
The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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. These estimates and assumptions are based on management's historical experience, best knowledge of current events and actions that the Municipality may undertake in the future. Significant accounting estimates include valuation allowances for taxes and accounts receivable, estimated useful lives of tangible capital assets, employee benefits payable, solid waste landfill closure and post-closure liabilities and supplementary taxes. Actual results could differ from these estimates.

## THE CORPORATION OF THE TOWNSHIP OF STRONG

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2020

#### 2. CONTRIBUTIONS TO UNCONSOLIDATED JOINT BOARDS

Further to Note 1(a)(ii), the following contributions were made by the Municipality to these boards:

	2020	2019
District of Parry Sound Social Services Administration Board	\$ 127,167	\$ 127,329
North Bay Parry Sound District Health Unit	43,894	45,464
District of Parry Sound (East) Home for the Aged	89,369	87,038
	<b>\$ 260,430</b>	<b>\$ 259,831</b>

The Municipality is contingently liable for its share, if any, of the accumulated deficits as at the end of the year for these boards. The Municipality's share of the accumulated surpluses (or deficits) of these boards has not been determined at this time.

The Municipality is also contingently liable for its share, if any, of the long-term liabilities issued by other municipalities for these boards. The Municipality's share of these long-term liabilities has not been determined at this time.

#### 3. TRANSACTIONS ON BEHALF OF OTHERS

(a) During the year, \$622,269 of taxation was collected on behalf of school boards (2019 \$631,188).

(b) The Municipality administers care and maintenance trust funds totalling \$173,775 (2019 \$171,975) which are funded by the sale of cemetery interment rights and markers. These funds are invested and earnings derived therefrom are used to perform maintenance at the Municipality's cemeteries. The trust funds are not included in these consolidated financial statements, as they are being held in trust for the benefit of others.

#### 4. RESTRICTED CASH AND INVESTMENTS

Restricted cash and investments of \$46,702 (2019 \$29,313) are included in the cash and investment balances reported on the Consolidated Statement of Financial Position. Federal and Provincial legislation restricts how restricted cash and investments related to obligatory reserve funds, reported in Note 8, may be used.

#### 5. INVESTMENTS

Investments are comprised of guaranteed and redeemable investment certificates, bearing interest at rates ranging from .45% to 2.65% and maturing between May 3, 2021 and December 24, 2023.

#### 6. TAXES RECEIVABLE

Taxes receivable are comprised of the following:

	2020	2019
Taxes receivable	\$ 268,087	\$ 329,853
Valuation allowance	(3,000)	(3,000)
	<b>\$ 265,087</b>	<b>\$ 326,853</b>

# THE CORPORATION OF THE TOWNSHIP OF STRONG

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2020

### 7. DEFERRED REVENUE-GENERAL

Details of the deferred revenue reported on the Consolidated Statement of Financial Position are as follows:

	2020	2019
<b>Balance, beginning of year:</b>		
Ontario Cannabis Legalization Implementation Fund	\$ 15,000	\$ -
Sundridge and District Medical Centre	17,964	-
FedNor CIINO funding	12,758	2,983
Other	1,295	-
	<b>47,017</b>	<b>2,983</b>
<b>Received during the year</b>		
Ontario Cannabis Legalization Implementation Fund	-	15,000
Sundridge and District Medical Centre	167,827	173,561
FedNor CIINO funding	47,655	16,960
Other	651	1,295
	<b>216,133</b>	<b>206,816</b>
Recognized in revenue during the year	<b>(195,078)</b>	<b>(162,782)</b>
<b>Balance, end of year</b>	<b>\$ 68,072</b>	<b>\$ 47,017</b>
<b>Ontario Cannabis Legalization Implementation Fund</b>		
Ontario Cannabis Legalization Implementation Fund	\$ 10,817	\$ 15,000
Sundridge and District Medical Centre	55,309	17,964
FedNor CIINO funding		12,758
Other	1,946	1,295
<b>Balance, end of year</b>	<b>\$ 68,072</b>	<b>\$ 47,017</b>

## THE CORPORATION OF THE TOWNSHIP OF STRONG

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2020

#### 8. DEFERRED REVENUE-OBLIGATORY RESERVE FUNDS

The Municipality receives payments in lieu of parkland under the Planning Act, building permit revenue under the Building Code Act and federal gas tax funding under an agreement with the Association of Municipalities of Ontario. Legislation restricts how these funds may be used, and under certain circumstances, how these funds may be refunded.

In the case of payments in lieu of parkland, revenue recognition occurs when the Municipality has approved eligible expenditures for park and other public recreation purposes. Building permit revenue is recognized when applicable building expenditures are incurred. Gas tax revenue recognition occurs when the Municipality has approved the expenditures for eligible capital works. Historically, the Municipality has applied its gas tax funding to local road and bridge improvements and to solid waste disposal.

Details of the deferred revenue-obligatory reserve funds reported on the Consolidated Statement of Financial Position are as follows:

	2020	2019
Balance, beginning of year:		
Recreational land (the Planning Act)	\$ 1,370	\$ 46,274
Building Code Act	27,943	9,555
	29,313	55,829
Received during the year:		
Recreational land (the Planning Act)	500	1,000
Building Code Act	18,759	18,388
Interest earned	9	473
	19,268	19,861
Recognized in revenue during the year	(1,879)	(46,377)
<b>Balance, end of year</b>	<b>\$ 46,702</b>	<b>\$ 29,313</b>
Recreational land (the Planning Act)	\$ -	\$ 1,370
Building Code Act	46,702	27,943
<b>Balance, end of year</b>	<b>\$ 46,702</b>	<b>\$ 29,313</b>

## THE CORPORATION OF THE TOWNSHIP OF STRONG

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2020

9. TANGIBLE CAPITAL LEASES

The contributing municipalities of the Sundridge-Strong Union Public Library lease a photocopier, which is accounted for on the Consolidated Statement of Financial Position at the present value of future minimum lease payments. The Municipality's share of future minimum lease payments are as follows:

	2020	2019
2020	\$ -	\$ 312
2021	482	482
Total minimum lease payments	482	794
Less amount representing interest (2.02% incremental borrowing rate)	(6)	(20)
<b>Present value of future minimum capital lease payments</b>	<b>\$ 476</b>	<b>\$ 774</b>

Interest of \$14 (2019 \$18) relating to capital lease obligations has been reported on the Consolidated Statement of Operations.

10. EMPLOYEE BENEFITS PAYABLE

- (a) Under the sick leave benefits plan, unused sick leave can accumulate to a prescribed maximum and qualifying employees may become entitled to a cash payment when they leave the Municipality's employment. The sick leave benefit liability estimates the use of accumulated sick leave prior to retirement, as well as any lump-sum payments upon retirement, and assumes that both the appropriate discount rate and future salary and wage levels will increase by 2% per annum. The liability for these accumulated days amounted to \$45,881 (2019 \$42,589) at the end of the year.
- (b) Under the retirement gratuity policy, qualifying employees are entitled to a payout, upon retirement, based on length of service and rate of pay. The retirement gratuity liability estimates the lump-sum payments upon retirement, and assumes that both the appropriate discount rate and future salary and wage levels will increase by 2% per annum. The liability for the retirement gratuity is estimated at \$13,730 (2019 \$12,216) at the end of the year.

# THE CORPORATION OF THE TOWNSHIP OF STRONG

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2020

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### 11. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

Landfill closure and post-closure care requirements have been defined in accordance with industry standards and include final cover and landscaping of the landfill sites, management of groundwater and leachates, and ongoing environmental monitoring and site inspection and maintenance. Estimated expenditures related to the closure and subsequent maintenance of the sites are recognized in the financial statements over the operating life of the sites, in proportion to their utilized capacity.

The Municipality is currently responsible for two waste disposal sites as outlined below.

#### Forest Lake Road Landfill Site

The liability for this landfill site is recorded at \$228,036 (2019 \$75,113) and represents the present value of closure and post-closure costs for 30% (2019 30%) of the total site area, using an estimated long-term borrowing rate of 2.15% (2019 2.86%) and inflation rate of 1.6% (2019 1.7%). The total estimated future expenditures - representing the sum of the discounted future cash flows for closure and post-closure care - are \$761,684 (2019 \$254,233), leaving an amount to be recognized of \$533,648 (2019 \$179,120). The estimated remaining capacity of the site is approximately 231,722 cubic metres (2019 233,024 cubic metres), estimated to be filled in 178 years (2019 179 years). Post-closure care is estimated to be required for a period of 25 years.

#### Muskoka Road Landfill Site

The liability for this landfill site is recorded at \$524,358 (2019 \$389,983) and represents the present value of closure and post-closure costs for 63% (2019 62%) of the total site area, using an estimated long-term borrowing rate of 2.15% (2019 2.86%) and inflation rate of 1.6% (2019 1.7%). The total estimated future expenditures - representing the sum of the discounted future cash flows for closure and post-closure care - are \$828,453 (2019 \$625,960), leaving an amount to be recognized of \$304,095 (2019 \$235,977). The estimated remaining capacity of the site is approximately 34,192 cubic metres (2019 35,116 cubic metres), estimated to be filled in 37 years (2019 38 years). Post-closure care is estimated to be required for a period of 25 years.

As a result of changes to assumptions made in 2020 relating to the discount rate underlying the estimated liability, the estimated liability has been increased by approximately \$301,069.

The Municipality has reserves of \$249,079 (2019 \$244,079) that could be used to fund this liability.

### 12. CONTRACTUAL OBLIGATIONS

In 2020 the Municipality committed to purchasing a tandem truck from Freightliner North Bay at a cost of \$271,684 plus HST. The truck was delivered in January 2021.

### 13. CONTINGENCIES

The Municipality is involved from time to time in litigation, which arises in the normal course of business. With respect to outstanding claims, the Municipality believes that insurance coverage is adequate and that no material exposure exists on the eventual settlement of such litigation in all but two claims. Therefore, no provision has been made in the accompanying financial statements. For two claims in the total amount of \$5,560,000 the likelihood and extent of loss, if any, is not yet determinable. Therefore, no provision has been made in the accompanying financial statements.



# THE CORPORATION OF THE TOWNSHIP OF STRONG

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2020

### 14. TANGIBLE CAPITAL ASSETS

The tangible capital assets of the Municipality by major asset class are outlined below.

<b>2020</b>							
	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads and Bridges	Assets Under Construction	TOTAL
<b>COST</b>							
Balance, beginning of year	\$ 842,876	\$ 2,350,980	\$ 1,352,375	\$ 1,654,167	\$ 19,013,624	\$ 3,544	\$ 25,217,566
Additions and betterments	325,111	18,876	21,526	283,936	926,602	3,243	1,579,294
Disposals and writedowns	(12,472)	(8,914)	(49,932)	(4,043)	(438,632)	-	(513,993)
Transfer between classes	-	-	-	-	3,544	(3,544)	-
<b>BALANCE, END OF YEAR</b>	<b>1,155,515</b>	<b>2,360,942</b>	<b>1,323,969</b>	<b>1,934,060</b>	<b>19,505,138</b>	<b>3,243</b>	<b>26,282,867</b>
<b>ACCUMULATED AMORTIZATION</b>							
Balance, beginning of year	606,643	978,542	742,064	884,616	10,477,383	-	13,689,248
Annual amortization	297,529	49,069	71,715	111,318	439,504	-	969,135
Amortization disposals	(12,472)	(4,782)	(36,317)	(3,031)	(378,747)	-	(435,349)
<b>BALANCE, END OF YEAR</b>	<b>891,700</b>	<b>1,022,829</b>	<b>777,462</b>	<b>992,903</b>	<b>10,538,140</b>	<b>-</b>	<b>14,223,034</b>
<b>TANGIBLE CAPITAL ASSETS-NET</b>	<b>\$ 263,815</b>	<b>\$ 1,338,113</b>	<b>\$ 546,507</b>	<b>\$ 941,157</b>	<b>\$ 8,966,998</b>	<b>\$ 3,243</b>	<b>\$ 12,059,833</b>
<b>2019</b>							
	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads and Bridges	Assets Under Construction	TOTAL
<b>COST</b>							
Balance, beginning of year	\$ 615,490	\$ 2,323,585	\$ 1,313,857	\$ 1,860,174	\$ 18,733,566	\$ 8,395	\$ 24,855,067
Additions and betterments	224,241	32,660	44,920	40,830	665,788	3,544	1,011,983
Contributed assets	3,145	-	8,000	-	-	-	11,145
Disposals and writedowns	-	(5,265)	(22,797)	(246,837)	(385,730)	-	(660,629)
Transfer between classes	-	-	8,395	-	-	(8,395)	-
<b>BALANCE, END OF YEAR</b>	<b>842,876</b>	<b>2,350,980</b>	<b>1,352,375</b>	<b>1,654,167</b>	<b>19,013,624</b>	<b>3,544</b>	<b>25,217,566</b>
<b>ACCUMULATED AMORTIZATION</b>							
Balance, beginning of year	414,354	934,304	687,499	905,593	10,418,287	-	13,360,037
Annual amortization	192,077	48,344	75,368	116,495	444,825	-	877,109
Accumulated amortization - contributed assets	212	-	-	-	-	-	212
Amortization disposals	-	(4,106)	(20,803)	(137,472)	(385,729)	-	(548,110)
<b>BALANCE, END OF YEAR</b>	<b>606,643</b>	<b>978,542</b>	<b>742,064</b>	<b>884,616</b>	<b>10,477,383</b>	<b>-</b>	<b>13,689,248</b>
<b>TANGIBLE CAPITAL ASSETS-NET</b>	<b>\$ 236,233</b>	<b>\$ 1,372,438</b>	<b>\$ 610,311</b>	<b>\$ 769,551</b>	<b>\$ 8,536,241</b>	<b>\$ 3,544</b>	<b>\$ 11,528,318</b>

Included in tangible capital assets are leased tangible capital assets with a cost of \$1,682 (2019 \$1,682) and accumulated amortization of \$757 (2019 \$589).

# THE CORPORATION OF THE TOWNSHIP OF STRONG

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2020

### 15. ACCUMULATED SURPLUS

The 2020 continuity of accumulated surplus reported on the Consolidated Statement of Financial Position is as follows:

	Balance Beginning of Year	Annual Surplus (Deficit)	Balance End of Year
<b>RESERVES AND RESERVE FUNDS</b>			
Working capital	\$ 323,618	\$ -	\$ 323,618
Tax arrears coverage	323,781	-	323,781
Election	4,999	5,000	9,999
Safe Restart funding	-	52,834	52,834
Buildings	31,250	40,000	71,250
Infrastructure	100,000	-	100,000
Roads	716,845	-	716,845
Landfill closure	244,079	5,000	249,079
Landfill capital	24,274	5,726	30,000
Berriedale Cemetery	1,139	-	1,139
Strong Cemetery	2,222	-	2,222
Doctor retention	4,167	5,000	9,167
Arena	12,195	1,000	13,195
Library	24,548	-	24,548
Recreation facility	35,000	5,000	40,000
	<b>1,848,117</b>	<b>119,560</b>	<b>1,967,677</b>
<b>OTHER</b>			
Consolidated tangible capital assets	11,528,318	531,515	12,059,833
General operating surplus -			
Municipality	1,016,158	(484,841)	531,317
Berriedale Cemetery	7,573	-	7,573
Pevensey Cemetery	1,514	-	1,514
Strong Cemetery	8,238	-	8,238
Arena	2,827	8,083	10,910
Library	3,462	(850)	2,612
Medical Centre	9,986	(5,415)	4,571
Almaguin Community Economic Development	-	1,197	1,197
Tangible capital leases	(774)	298	(476)
Employee benefits payable	(54,805)	(4,806)	(59,611)
Landfill closure and post-closure liability	(465,096)	(287,298)	(752,394)
	<b>\$ 13,905,518</b>	<b>\$ (122,557)</b>	<b>\$ 13,782,961</b>

## THE CORPORATION OF THE TOWNSHIP OF STRONG

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2020

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#### 16. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT

The Municipality and its Boards and Committees provide a wide range of services to its citizens. The schedule of segment disclosure provides a breakdown of the annual surplus (deficit) reported on the Consolidated Statement of Operations by major reporting segment. The segments correspond to the major functional categories used in the Municipality's Financial Information Return, which include the following activities:

##### General Government

This segment includes Council, Clerk's Department, and Treasury. This area supports the operating departments in implementing priorities of Council and provides strategic leadership on issues relating to governance, strategic planning and service delivery.

##### Protection to Persons and Property

This segment includes fire, police, building inspection, and bylaw enforcement. Police services are provided by the Ontario Provincial Police under contract.

##### Transportation Services

Transportation services include roadway systems and winter control.

##### Environmental Services

This segment includes solid waste management.

##### Health Services

This segment includes cemeteries, ambulance services as well as payments to the district health unit.

##### Social and Family Services

This segment consists primarily of payments made to the district social services administration board and home for the aged for the provision of social services such as childcare, social housing, general assistance and assistance to the elderly.

##### Recreation and Culture

This segment includes parks, recreation programs, recreation facilities and library services.

##### Planning and Development

This segment includes activities related to planning, zoning and economic development.

##### Unallocated Amounts

Items are recorded as unallocated amounts when there is no reasonable basis for allocating them to a segment. Major items included in this category are property taxation and related penalty and interest charges and unconditional grants such as the Municipality's annual Ontario Municipal Partnership Fund grant.

In the preparation of segmented financial information, some allocation of expenses is made. This generally includes charges of administrative time and rent to specific segments.

## THE CORPORATION OF THE TOWNSHIP OF STRONG

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2020

#### 16. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT (continued)

#### FOR THE YEAR ENDED DECEMBER 31, 2020

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	Unallocated Amounts	Consolidated
<b>REVENUE</b>										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,729,206	\$ 2,729,206
User charges	4,715	4,360	550	13,115	2,128	-	19,175	1,950	-	45,993
Government transfers -										
Canada	1,800	-	87,388	-	-	-	-	12,349	-	101,537
Ontario	-	10,810	96,335	54,386	130,482	-	6,385	8,689	634,000	941,087
Other municipalities	-	10,125	-	98,313	3,814	-	426	-	-	112,678
Loss on disposal of capital assets	-	(419)	(63,792)	-	(3,379)	-	(6,927)	-	-	(74,517)
Other	26,177	54,034	36,296	28,740	54,024	-	45,385	-	82,601	327,257
<b>TOTAL REVENUE</b>	<b>32,692</b>	<b>78,910</b>	<b>156,777</b>	<b>194,554</b>	<b>187,069</b>	<b>-</b>	<b>64,444</b>	<b>22,988</b>	<b>3,445,807</b>	<b>4,183,241</b>
<b>EXPENSES</b>										
Salaries, wages and benefits	476,095	116,854	345,901	145,115	54,762	-	130,919	19,402	-	1,289,048
Long-term debt charges (interest)	-	-	-	-	-	-	14	-	-	14
Materials	56,931	57,203	509,819	42,886	23,821	-	78,259	3,032	-	771,951
Contracted services	186,547	359,054	149,323	57,587	199,930	-	24,510	5,358	-	982,309
Rents and financial expenses	2,425	3,679	5,495	-	7,733	-	5,447	-	-	24,779
External transfers	526	12	-	-	48,439	216,536	25	3,024	-	268,562
Interfunctional adjustments	(5,019)	3,099	(350)	-	-	-	2,270	-	-	-
Amortization	17,877	41,019	547,388	315,527	8,547	-	38,619	158	-	969,135
<b>TOTAL EXPENSES</b>	<b>735,382</b>	<b>580,920</b>	<b>1,557,576</b>	<b>561,115</b>	<b>343,232</b>	<b>216,536</b>	<b>280,063</b>	<b>30,974</b>	<b>-</b>	<b>4,305,798</b>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>\$ (702,690)</b>	<b>\$ (502,010)</b>	<b>\$ (1,400,799)</b>	<b>\$ (366,561)</b>	<b>\$ (156,163)</b>	<b>\$ (216,536)</b>	<b>\$ (215,619)</b>	<b>\$ (7,986)</b>	<b>\$ 3,445,807</b>	<b>\$ (122,557)</b>

# THE CORPORATION OF THE TOWNSHIP OF STRONG

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2020

### 16. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT (continued)

#### FOR THE YEAR ENDED DECEMBER 31, 2019

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	Unallocated Amounts	Consolidated
<b>REVENUE</b>										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,705,180	\$ 2,705,180
User charges	6,577	6,940	800	31,285	1,721	-	26,557	1,046	-	74,926
Government transfers -										
Canada	-	-	174,724	-	-	-	854	8,789	-	184,367
Ontario	-	3,013	107,069	35,409	155,597	-	8,181	1,129	843,200	1,153,598
Other municipalities	-	8,696	-	96,121	16,700	-	426	-	-	121,943
Restructuring net revenue	-	-	-	-	-	-	-	2,933	-	2,933
Gain (loss) on disposal of capital assets	(1,486)	(16,516)	106,711	-	-	-	(408)	-	-	88,301
Other	29,786	29,006	11,165	1,857	58,067	-	100,790	1,412	113,990	346,073
<b>TOTAL REVENUE</b>	<b>34,877</b>	<b>31,139</b>	<b>400,469</b>	<b>164,672</b>	<b>232,085</b>	<b>-</b>	<b>136,400</b>	<b>15,309</b>	<b>3,662,370</b>	<b>4,677,321</b>
<b>EXPENSES</b>										
Salaries, wages and benefits	430,862	92,257	332,757	135,215	60,718	-	137,229	9,281	-	1,198,319
Long-term debt charges (interest)	-	-	18	-	-	-	19	-	-	37
Materials	54,155	70,844	469,477	45,927	30,340	-	86,770	3,460	-	760,973
Contracted services	106,647	348,724	45,454	51,263	205,093	-	26,050	8,029	-	791,260
Rents and financial expenses	1,955	4,813	5,526	-	7,724	-	5,420	-	-	25,438
External transfers	1,322	-	-	-	45,964	215,920	278	-	-	263,484
Interfunctional adjustments	(4,233)	1,833	(1,188)	-	1,188	-	1,500	900	-	-
Amortization	17,317	39,577	554,911	216,670	8,646	-	39,949	39	-	877,109
<b>TOTAL EXPENSES</b>	<b>608,025</b>	<b>558,048</b>	<b>1,406,955</b>	<b>449,075</b>	<b>359,673</b>	<b>215,920</b>	<b>297,215</b>	<b>21,709</b>	<b>-</b>	<b>3,916,620</b>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>\$ (573,148)</b>	<b>\$ (526,909)</b>	<b>\$ (1,006,486)</b>	<b>\$ (284,403)</b>	<b>\$ (127,588)</b>	<b>\$ (215,920)</b>	<b>\$ (160,815)</b>	<b>\$ (6,400)</b>	<b>\$ 3,662,370</b>	<b>\$ 760,701</b>

# THE CORPORATION OF THE TOWNSHIP OF STRONG

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2020

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### 17. RESTRUCTURING NET REVENUE

In 2019 the Municipality entered into a joint services agreement for Almaguin Community Economic Development ("ACED"). Effective October 2019, ACED assumed the operating responsibilities of the Central Almaguin Economic Development Association and of the Burk's Falls and Area Community Economic Development. In addition, the tangible capital assets of the Burk's Falls and Area Community Economic Development were transferred to ACED at no cost.

In 2019 the Municipality recorded net revenue of \$2,933 as a result of this restructuring. The value of the tangible assets received is recorded as a contributed asset in Note 14.

### 18. BUDGET FIGURES

The budget adopted for the current year was prepared on a modified accrual basis, and has been restated to conform with the accounting and reporting standards applicable to the actual results. A reconciliation of the adopted and reported budgets is presented below.

	Budget
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<b>ADOPTED BUDGET:</b>	
Decrease in general municipal operating surplus	\$ (1,016,159)
Decrease in reserves and reserve funds	(33,274)
Decrease in board and joint board general operating surplus	(20,966)
<b>ADJUSTMENTS:</b>	
Acquisition of tangible capital assets	1,651,505
Amortization of tangible capital assets	(969,251)
Decrease in long-term debt	300
Reduction in Medical Centre unfinanced capital	4,800
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<b>ANNUAL DEFICIT</b>	<b>\$ (383,045)</b>

## THE CORPORATION OF THE TOWNSHIP OF STRONG

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2020

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#### 19. PENSION AGREEMENTS

The Municipality makes contributions to the Ontario Municipal Employee Retirement Fund (OMERS), which is a multi-employer plan, on behalf of certain 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. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2020. The results of this valuation disclosed total actuarial liabilities of \$113,055 million with respect to benefits accrued for service with actuarial assets at that date of \$109,844 million indicating an actuarial deficit of \$3,211 million. Because OMERS is a multi-employer plan, any Plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Municipality does not recognize any share of the Plan surplus or deficit.

The amount contributed to OMERS for 2020 was \$76,428 (2019 \$64,201) for current service and is included as an expense on the Consolidated Statement of Operations.

#### 20. IMPACTS OF COVID-19

Since December 31, 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of nonessential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The Municipality has received Safe Restart funding in the amount of \$120,400 to address COVID-19 operating pressures and has identified \$67,566 of related costs in 2020. The costs include a \$20,540 loss of revenue relating to the suspension of interest on taxes, a \$4,156 loss of investment income and an additional \$2,526 loss of revenue related to court rentals. In addition, expenses of \$40,344, which include staff time on COVID-19 related work, purchase of COVID-19 supplies and a supplementary land ambulance levy have been identified. Unspent Safe Restart funding in the amount of \$52,834 has been transferred to reserve to be used to cover related costs in future years.

The Municipality also received approval for a COVID-19 Technology Adoption Fund grant to a maximum of \$5,841. In 2020, \$1,800 of this grant and \$2,442 in related expenses were recorded.

While governments and central banks have reacted with monetary and fiscal interventions designed to stabilize economic conditions, the duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Municipality for future periods.

#### 21. COMPARATIVE FIGURES

Certain prior year figures presented for comparative purposes have been reclassified to conform to the presentation adopted for the current year.