
**THE CORPORATION OF
THE TOWNSHIP OF STRONG**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021

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, 2021, 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, 2021, 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
December 13, 2022

Chartered Professional Accountants
Licensed Public Accountants

THE CORPORATION OF THE TOWNSHIP OF STRONG
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021

	2021	2020
FINANCIAL ASSETS		
Cash (Note 4)	\$ 2,145,648	\$ 1,783,271
Investments (Notes 4, 5)	660,791	616,760
Taxes receivable (Note 6)	222,529	265,087
Accounts receivable	319,554	196,153
	3,348,522	2,861,271
LIABILITIES		
Accounts payable and accrued liabilities	620,760	316,236
Deferred revenue-general (Note 7)	57,794	68,072
Deferred revenue-obligatory reserve funds (Note 8)	112,094	46,702
Municipal debt (Note 9)	374,079	-
Tangible capital leases (Note 10)	-	476
Employee benefits payable (Note 11)	67,681	59,611
Landfill closure and post-closure liability (Note 12)	556,193	752,394
	1,788,601	1,243,491
NET FINANCIAL ASSETS	1,559,921	1,617,780
NON-FINANCIAL ASSETS		
Tangible capital assets - net (Note 15)	12,665,944	12,059,833
Inventories of supplies	156,386	100,634
Prepaid expenses	1,837	4,714
	12,824,167	12,165,181
ACCUMULATED SURPLUS (Note 16)	\$ 14,384,088	\$ 13,782,961

Contingencies (Notes 2 and 14)
Contractual Obligations (Note 13)

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, 2021

	Budget 2021 <i>(see Note 18)</i>	Actual 2021	Actual 2020
REVENUE			
Property taxes	\$ 2,564,038	\$ 2,558,948	\$ 2,729,206
User charges	40,790	75,705	45,993
Government transfers	1,338,000	1,356,297	1,155,302
Gain (loss) on disposal of capital assets	-	57,931	(74,517)
Other	342,395	583,993	327,257
TOTAL REVENUE	4,285,223	4,632,874	4,183,241
EXPENSES			
General government	834,669	789,075	735,382
Protection to persons and property	624,720	601,384	580,920
Transportation services	1,586,030	1,423,181	1,557,576
Environmental services	296,957	289,389	561,115
Health services	378,111	392,041	343,232
Social and family services	234,719	234,719	216,536
Recreation and cultural services	286,983	269,465	280,063
Planning and development	39,029	32,493	30,974
TOTAL EXPENSES	4,281,218	4,031,747	4,305,798
ANNUAL SURPLUS (DEFICIT) <i>(Note 16)</i>	4,005	601,127	(122,557)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	13,782,961	13,782,961	13,905,518
ACCUMULATED SURPLUS, END OF YEAR	\$ 13,786,966	\$ 14,384,088	\$ 13,782,961

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, 2021

	Budget 2021 <i>(see Note 18)</i>	Actual 2021	Actual 2020
Annual surplus (deficit)	\$ 4,005	\$ 601,127	\$ (122,557)
Acquisition of tangible capital assets	(1,554,320)	(1,380,567)	(1,579,294)
Contributed tangible capital assets, net	-	(290)	-
Amortization of tangible capital assets	712,736	712,388	969,135
(Gain) Loss on disposal of tangible capital assets	-	(57,931)	74,517
Proceeds from disposal of tangible capital assets	-	120,289	4,127
Change in supplies inventories	-	(55,752)	(6,007)
Change in prepaid expenses	-	2,877	4,883
Decrease in net financial assets	(837,579)	(57,859)	(655,196)
Net financial assets, beginning of year	1,617,780	1,617,780	2,272,976
Net financial assets, end of year	\$ 780,201	\$ 1,559,921	\$ 1,617,780

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, 2021

	2021	2020
Operating transactions		
Annual surplus (deficit)	\$ 601,127	\$ (122,557)
Non-cash charges to operations:		
Amortization	712,388	969,135
Contributed tangible capital assets	(290)	-
(Gain) Loss on disposal of tangible capital assets	(57,931)	74,517
Change in employee benefits payable	8,070	4,806
Change in landfill closure and post-closure liability	(196,201)	287,298
	1,067,163	1,213,199
Changes in non-cash items:		
Taxes receivable	42,558	61,766
Accounts receivable	(123,401)	236,630
Accounts payable and accrued liabilities	304,524	53,479
Deferred revenue-general	(10,278)	21,055
Deferred revenue-obligatory reserve funds	65,392	17,389
Inventories of supplies	(55,752)	(6,007)
Prepaid expenses	2,877	4,883
	225,920	389,195
Cash provided by operating transactions	1,293,083	1,602,394
Capital transactions		
Acquisition of tangible capital assets	(1,380,567)	(1,579,294)
Proceeds from disposal of tangible capital assets	120,289	4,127
Cash applied to capital transactions	(1,260,278)	(1,575,167)
Investing transactions		
Change in investments	(44,031)	(9,741)
Cash applied to investing transactions	(44,031)	(9,741)
Financing transactions		
Proceeds from municipal debt	400,000	-
Debt principal repayments	(25,921)	-
Tangible capital lease repayments	(476)	(298)
Cash provided by (applied to) financing transactions	373,603	(298)
Net change in cash	362,377	17,188
Cash, beginning of year	1,783,271	1,766,083
Cash, end of year	\$ 2,145,648	\$ 1,783,271
Cash flow supplementary information:		
Cash paid for interest	\$ 1,580	\$ 14

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, 2021

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, 2021

(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 to 60 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, 2021

- (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, 2021

2. CONTRIBUTIONS TO UNCONSOLIDATED JOINT BOARDS

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

	2021	2020
District of Parry Sound Social Services Administration Board	\$ 127,414	\$ 127,167
North Bay Parry Sound District Health Unit	43,894	43,894
District of Parry Sound (East) Home for the Aged	98,363	89,369
	\$ 269,671	\$ 260,430

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.

THE CORPORATION OF THE TOWNSHIP OF STRONG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2021

3. TRANSACTIONS ON BEHALF OF OTHERS

- (a) During the year, \$622,865 of taxation was collected on behalf of school boards (2020 \$622,269).
- (b) Trust funds administered by the Municipality totalling \$193,819 (2020 \$173,775) are not included in these consolidated financial statements, as they are being held in trust for the benefit of others. Trusts under administration include:
- (i) Fraser Family Fund
This trust fund was established in 2021 for the purposes of collecting donations on behalf of the surviving family members of Chris Fraser. Donations received were distributed to the family in 2021 and 2022. The balance of the trust is \$4,824.
- (ii) Care and Maintenance
This trust fund is 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 balance of the trust is \$188,995 (2020 \$173,775).

4. RESTRICTED CASH AND INVESTMENTS

Restricted cash and investments of \$112,094 (2020 \$46,702) 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 .1% to 3.25% and maturing between May 3, 2022 and June 30, 2024.

6. TAXES RECEIVABLE

Taxes receivable are comprised of the following:

	2021	2020
Taxes receivable	\$ 225,529	\$ 268,087
Valuation allowance	(3,000)	(3,000)
	\$ 222,529	\$ 265,087

THE CORPORATION OF THE TOWNSHIP OF STRONG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2021

7. DEFERRED REVENUE-GENERAL

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

	2021	2020
Balance, beginning of year:		
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
	68,072	47,017
Received during the year		
Ontario Cannabis Legalization Implementation Fund	5,000	-
Sundridge and District Medical Centre	143,813	167,827
FedNor CIINO funding	-	47,655
Other	2,350	651
	151,163	216,133
Recognized in revenue during the year	(161,441)	(195,078)
Balance, end of year	\$ 57,794	\$ 68,072
Ontario Cannabis Legalization Implementation Fund	\$ 15,817	\$ 10,817
Sundridge and District Medical Centre	39,491	55,309
Other	2,486	1,946
Balance, end of year	\$ 57,794	\$ 68,072

THE CORPORATION OF THE TOWNSHIP OF STRONG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2021

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 Community-Building funding (previously gas tax) 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. Community-Building revenue recognition occurs when the Municipality has approved the expenditures for eligible capital works. Historically, the Municipality has applied its Community-Building 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:

	2021	2020
Balance, beginning of year:		
Recreational land (the Planning Act)	\$ -	\$ 1,370
Building Code Act	46,702	27,943
	46,702	29,313
Received during the year:		
Recreational land (the Planning Act)	1,500	500
Building Code Act	63,875	18,759
Interest earned	17	9
	65,392	19,268
Recognized in revenue during the year	-	(1,879)
Balance, end of year	\$ 112,094	\$ 46,702
Recreational land (the Planning Act)	\$ 1,517	\$ -
Building Code Act	110,577	46,702
Balance, end of year	\$ 112,094	\$ 46,702

THE CORPORATION OF THE TOWNSHIP OF STRONG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2021

9. MUNICIPAL DEBT

(a) The balance of the municipal debt reported on the Consolidated Statement of Financial Position is made up of the following:

	2021	2020
Ontario Infrastructure and Lands Corporation amortizing debenture, due August 2026, repayable in monthly payments of \$6,873 including interest calculated at 1.21%.	\$ 374,079	\$ -

(b) Future estimated principal and interest payments on the municipal debt are as follows:

	Principal	Interest
2022	\$ 78,392	\$ 4,093
2023	79,346	3,139
2024	80,312	2,173
2025	81,289	1,196
2026	54,740	248
	\$ 374,079	\$ 10,849

(c) Total charges for the year for municipal debt which are reported in the financial statements are as follows:

	2021	2020
Principal payments	\$ 25,921	\$ -
Interest	1,757	-
	\$ 27,678	\$ -

THE CORPORATION OF THE TOWNSHIP OF STRONG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2021

10. TANGIBLE CAPITAL LEASES

The contributing municipalities of the Sundridge-Strong Union Public Library leased a photocopier for a 5-year period ending October 2021. This liability 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:

	2021	2020
2021	\$ -	\$ 482
Total minimum lease payments	-	482
Less amount representing interest (2.02% incremental borrowing rate)	-	(6)
Present value of future minimum capital lease payments	\$ -	\$ 476

Interest of \$6 (2020 \$14) relating to capital lease obligations has been reported on the Consolidated Statement of Operations.

11. 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 \$49,810 (2020 \$45,881) 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 \$17,871 (2020 \$13,730) at the end of the year.

THE CORPORATION OF THE TOWNSHIP OF STRONG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2021

12. 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 \$101,162 (2020 \$228,036) and represents the present value of closure and post-closure costs for 30% (2020 30%) of the total site area, using an estimated long-term borrowing rate of 2.85% (2020 2.15%) and inflation rate of 1.8% (2020 1.6%). The total estimated future expenditures - representing the sum of the discounted future cash flows for closure and post-closure care - are \$333,516 (2020 \$761,684), leaving an amount to be recognized of \$232,354 (2020 \$533,648). The estimated remaining capacity of the site is approximately 230,420 cubic metres (2020 231,722 cubic metres), estimated to be filled in 177 years (2020 178 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 \$455,031 (2020 \$524,358) and represents the present value of closure and post-closure costs for 64% (2020 63%) of the total site area, using an estimated long-term borrowing rate of 2.85% (2020 2.15%) and inflation rate of 1.8% (2020 1.6%). The total estimated future expenditures - representing the sum of the discounted future cash flows for closure and post-closure care - are \$707,826 (2020 \$828,453), leaving an amount to be recognized of \$252,795 (2020 \$304,095). The estimated remaining capacity of the site is approximately 33,268 cubic metres (2020 34,192 cubic metres), estimated to be filled in 36 years (2020 37 years). Post-closure care is estimated to be required for a period of 25 years.

As a result of changes to assumptions made in 2021 relating to the discount rate underlying the estimated liability, the estimated liability has been reduced by approximately \$402,227.

The Municipality has reserves of \$254,079 (2020 \$249,079) that could be used to fund this liability.

THE CORPORATION OF THE TOWNSHIP OF STRONG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2021

13. CONTRACTUAL OBLIGATIONS

In conjunction with the Corporation of the Village of Sundridge and the Corporation of the Township of Joly, the Municipality entered into the following contracts in 2021:

- (a) Awarded a contract to KPMG LLP to undertake a shared service delivery review at a cost of \$52,600 plus HST. To the end of 2021, \$21,040 of services had been performed. The balance of the work was completed in 2022.
- (b) Engaged the services of Bertrand Wheeler Architecture Inc. to design the renovation to the medical centre building and oversee the engineering and tendering process. The estimated cost of these services is \$120,150 of which \$100,053 was completed to the end of 2021. The balance of the work is expected to be completed in 2022.
- (c) Awarded the medical centre renovation contract to W. S. Morgan Construction Limited, at a cost of \$1,243,000 plus HST. Work under this contract commenced in 2022.

The Municipality also contracted A. Miron Topsoil Ltd. to provide winter sand for 2021, 2022 and 2023 at a cost of \$45,120, \$48,000 and \$49,600 plus HST for those years respectively.

14. 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, 2021

15. TANGIBLE CAPITAL ASSETS

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

2021							
	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads and Bridges	Assets Under Construction	TOTAL
COST							
Balance, beginning of year	\$ 1,155,515	\$ 2,360,942	\$ 1,323,969	\$ 1,934,060	\$ 19,505,138	\$ 3,243	\$ 26,282,867
Additions and betterments	83,766	60,825	87,213	450,455	640,307	58,001	1,380,567
Contributed assets	290	-	-	-	-	-	290
Disposals and writedowns	(196,201)	(45,072)	(59,120)	(295,740)	(334,353)	-	(930,486)
BALANCE, END OF YEAR	1,043,370	2,376,695	1,352,062	2,088,775	19,811,092	61,244	26,733,238
ACCUMULATED AMORTIZATION							
Balance, beginning of year	891,700	1,022,829	777,462	992,903	10,538,140	-	14,223,034
Annual amortization	11,674	49,516	66,904	128,608	455,686	-	712,388
Amortization disposals	(196,201)	(12,537)	(39,591)	(287,215)	(332,584)	-	(868,128)
BALANCE, END OF YEAR	707,173	1,059,808	804,775	834,296	10,661,242	-	14,067,294
TANGIBLE CAPITAL ASSETS-NET	\$ 336,197	\$ 1,316,887	\$ 547,287	\$ 1,254,479	\$ 9,149,850	\$ 61,244	\$ 12,665,944
2020							
	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads and Bridges	Assets Under Construction	TOTAL
COST							
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)	-
BALANCE, END OF YEAR	1,155,515	2,360,942	1,323,969	1,934,060	19,505,138	3,243	26,282,867
ACCUMULATED AMORTIZATION							
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)
BALANCE, END OF YEAR	891,700	1,022,829	777,462	992,903	10,538,140	-	14,223,034
TANGIBLE CAPITAL ASSETS-NET	\$ 263,815	\$ 1,338,113	\$ 546,507	\$ 941,157	\$ 8,966,998	\$ 3,243	\$ 12,059,833

Included in tangible capital assets are leased tangible capital assets with a cost of NIL (2020 \$1,682) and accumulated amortization of NIL (2020 \$757).

THE CORPORATION OF THE TOWNSHIP OF STRONG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2021

16. ACCUMULATED SURPLUS

The 2021 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
RESERVES AND RESERVE FUNDS			
Working capital	\$ 323,618	\$ -	\$ 323,618
Tax arrears coverage	323,781	-	323,781
Election	9,999	5,000	14,999
Safe Restart funding	52,834	(52,834)	-
Buildings	71,250	40,000	111,250
Infrastructure	100,000	-	100,000
Roads	716,845	-	716,845
Landfill closure	249,079	5,000	254,079
Landfill capital	30,000	5,800	35,800
Berriedale Cemetery	1,139	-	1,139
Strong Cemetery	2,222	2,673	4,895
Doctor retention	9,167	7,692	16,859
Arena	13,195	25,971	39,166
Library	24,548	-	24,548
Recreation facility	40,000	5,000	45,000
	1,967,677	44,302	2,011,979
OTHER			
Consolidated tangible capital assets	12,059,833	606,111	12,665,944
General operating surplus (deficit) -			
Municipality	531,317	168,957	700,274
Berriedale Cemetery	7,573	-	7,573
Pevensey Cemetery	1,514	-	1,514
Strong Cemetery	8,238	-	8,238
Arena	10,910	4,123	15,033
Library	2,612	(303)	2,309
Medical Centre	4,571	(40,086)	(35,515)
Almaguin Community Economic Development	1,197	3,495	4,692
Unfunded amounts -			
Municipal debt	-	(374,079)	(374,079)
Tangible capital leases	(476)	476	-
Employee benefits payable	(59,611)	(8,070)	(67,681)
Landfill closure and post-closure liability	(752,394)	196,201	(556,193)
	\$ 13,782,961	\$ 601,127	\$ 14,384,088

THE CORPORATION OF THE TOWNSHIP OF STRONG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2021

17. 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, 2021

17. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT (continued)

FOR THE YEAR ENDED DECEMBER 31, 2021

	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
REVENUE										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,558,948	\$ 2,558,948
User charges	8,781	11,514	-	18,815	3,596	-	30,203	2,796	-	75,705
Government transfers -										
Canada	51,199	-	180,423	-	-	-	1,000	14,672	-	247,294
Ontario	10,705	6,126	192,279	27,772	160,201	-	8,217	6,188	574,333	985,821
Other municipalities	-	17,114	-	100,279	5,363	-	426	-	-	123,182
Gain (loss) on disposal of capital assets	4,527	-	35,326	18,440	(58)	-	(304)	-	-	57,931
Writedown of landfill closure liability	-	-	-	196,201	-	-	-	-	-	196,201
Other	36,772	63,692	5,277	43,671	46,600	-	40,263	348	151,169	387,792
TOTAL REVENUE	111,984	98,446	413,305	405,178	215,702	-	79,805	24,004	3,284,450	4,632,874
EXPENSES										
Salaries, wages and benefits	491,919	146,945	352,890	145,826	80,678	-	135,152	20,495	-	1,373,905
Long-term debt charges (interest)	-	-	1,757	-	-	-	6	-	-	1,763
Materials	69,299	51,616	405,389	28,354	33,573	-	72,835	4,605	-	665,671
Contracted services	214,108	353,854	68,710	93,803	216,007	-	19,009	6,221	-	971,712
Rents and financial expenses	2,775	1,793	8,542	-	7,888	-	4,331	-	-	25,329
External transfers	250	-	-	-	44,501	234,719	494	1,015	-	280,979
Interfunctional adjustments	(7,582)	4,167	-	-	1,356	-	2,059	-	-	-
Amortization	18,306	43,009	585,893	21,406	8,038	-	35,579	157	-	712,388
TOTAL EXPENSES	789,075	601,384	1,423,181	289,389	392,041	234,719	269,465	32,493	-	4,031,747
ANNUAL SURPLUS (DEFICIT)	\$ (677,091)	\$ (502,938)	\$(1,009,876)	\$ 115,789	\$ (176,339)	\$ (234,719)	\$ (189,660)	\$ (8,489)	\$ 3,284,450	\$ 601,127

THE CORPORATION OF THE TOWNSHIP OF STRONG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2021

17. 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
REVENUE										
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
TOTAL REVENUE	32,692	78,910	156,777	194,554	187,069	-	64,444	22,988	3,445,807	4,183,241
EXPENSES										
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
TOTAL EXPENSES	735,382	580,920	1,557,576	561,115	343,232	216,536	280,063	30,974	-	4,305,798
ANNUAL SURPLUS (DEFICIT)	\$ (702,690)	\$ (502,010)	\$(1,400,799)	\$ (366,561)	\$ (156,163)	\$ (216,536)	\$ (215,619)	\$ (7,986)	\$ 3,445,807	\$ (122,557)

THE CORPORATION OF THE TOWNSHIP OF STRONG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2021

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
ADOPTED BUDGET:	
Decrease in general municipal operating surplus	\$ (531,316)
Increase in reserves and reserve funds	81,659
Decrease in board and joint board general operating surplus	(22,288)
ADJUSTMENTS:	
Acquisition of tangible capital assets	1,554,320
Amortization of tangible capital assets	(712,736)
Increase in long-term debt	(367,282)
Reduction in Medical Centre unfinanced capital	1,648
ANNUAL SURPLUS	\$ 4,005

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, 2021. The results of this valuation disclosed total actuarial liabilities of \$120,796 million with respect to benefits accrued for service with actuarial assets at that date of \$117,665 million indicating an actuarial deficit of \$3,131 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 2021 was \$78,763 (2020 \$76,428) for current service and is included as an expense on the Consolidated Statement of Operations.

THE CORPORATION OF THE TOWNSHIP OF STRONG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2021

20. IMPACTS OF COVID-19

Since December 31, 2019, the spread of COVID-19 has severely impacted local economies around the globe. In many countries, including Canada, businesses were 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. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

To counter the economic hardships faced by the Municipality's ratepayers, in 2021 a decision was made to reduce the municipal tax levy below its historical levels, resulting in an estimated loss of property tax revenue of \$213,474 for the year. A further \$19,439 COVID-19 related costs have been identified. Offsetting this, in 2021 the Municipality received COVID-19 operating funding in the amount of \$56,734, and used the balance of its Safe Restart funding reserve in the amount of \$52,834 to cover pandemic-related losses.

The Municipality also used the \$3,599 balance of its 2020 COVID-19 Technology Adoption Fund grant on related expenses in 2021.

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.