

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management of the **CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY** (the Township) is responsible for the preparation, accuracy, objectivity and integrity of the accompanying consolidated financial statements and all other information contained within the Financial Report. Management believes that the consolidated financial statements present fairly the Township's financial position as at December 31, 2020 and the results of its operations for the year then ended.

The consolidated financial statements have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards (PSAS).

The consolidated financial statements include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly in all material respects.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information and to meet reporting requirements on a timely basis. The system is designed to provide management with reasonable assurance that transactions are properly authorized and assets are properly accounted for and safeguarded.

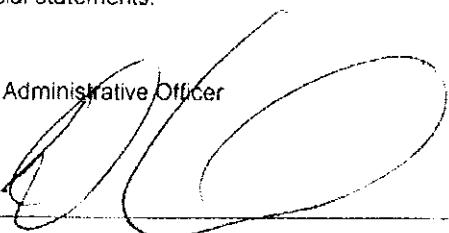
These systems are monitored and evaluated by management and reliable consolidated financial information is available for preparation of the consolidated financial statements.

The Township's Council carries out its responsibilities for review of the consolidated financial statements principally through its regular meetings. The Township's Council meets regularly with management and external auditors to discuss the results of audit examinations and financial reporting matters.

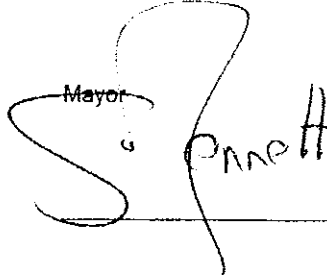
The external auditors have full access to the Township's Council with and without the presence of management. The Township's Council has approved the consolidated financial statements.

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

Chief Administrative Officer



Mayor



June 15, 2021

**INDEPENDENT AUDITOR'S REPORT**

To the Members of Council, Inhabitants and Ratepayers of the  
**CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY**

*Opinion*

We have audited the consolidated financial statements of the Corporation of the Township of Laurentian Valley (the Township), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statements of operations and change in net financial debt 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 consolidated financial position of the Township as at December 31, 2020 and the results of its consolidated operations, change in net financial debt and 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 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 the 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 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 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.

Welch LLP

CHARTERED PROFESSIONAL ACCOUNTANTS  
LICENSED PUBLIC ACCOUNTANTS

Pembroke, Ontario  
June 15, 2021

Welch

An Independent Member of BRR International

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

	<u>2020</u>	<u>2019</u>
<b>FINANCIAL ASSETS</b>		
Cash	\$ 5,852,334	\$ 5,949,329
Investments (Note 2)	743,427	664,215
Taxes receivable (Note 3)	823,852	880,987
Accounts receivable	617,790	1,082,862
Inventories for resale	<u>3,630</u>	<u>4,357</u>
	<u>8,041,033</u>	<u>8,581,750</u>
<b>LIABILITIES</b>		
Demand loan	-	19,414
Accounts payable and accrued liabilities	1,831,639	2,006,050
Deferred revenue - general	60,860	34,679
Deferred revenue - obligatory (Note 4)	358,197	512,683
Provision for landfill closure and post-closure costs (Note 5)	332,096	315,423
Long-term debt (Note 6)	<u>5,559,322</u>	<u>5,952,836</u>
	<u>8,142,114</u>	<u>8,841,085</u>
<b>NET FINANCIAL DEBT</b>	<u>(101,081)</u>	<u>(259,335)</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 1)	26,133,705	25,195,105
Prepaid expenses	<u>15,996</u>	<u>29,035</u>
	<u>26,149,701</u>	<u>25,224,140</u>
<b>ACCUMULATED SURPLUS (Note 9)</b>	<u>\$ 26,048,620</u>	<u>\$ 24,964,805</u>

(See accompanying notes and schedules)

**Welch**

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**CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Budget</u> <u>2020</u>	<u>Actual</u> <u>2020</u>	<u>Actual</u> <u>2019</u>
<b>REVENUE</b>			
Property taxation	\$ 5,182,576	\$ 5,292,556	\$ 5,084,444
Payment in lieu of taxes	169,000	169,916	168,875
User and frontage charges	3,448,211	3,433,991	3,394,412
Provincial and other government transfers	1,233,168	1,455,231	3,142,842
Gas tax funding	524,200	493,451	262,369
Development charges	-	-	23,425
Investment income	80,498	81,014	108,647
Penalties and interest	140,000	76,035	150,872
Fees, service charges, donations and miscellaneous	245,750	224,778	269,360
Loss on disposal of tangible capital assets	-	(13,420)	(119,461)
	<u>11,023,403</u>	<u>11,213,552</u>	<u>12,485,785</u>
<b>EXPENSES</b>			
General government	1,238,327	1,249,935	1,272,366
Protection to persons and property	1,850,312	1,868,655	2,313,253
Transportation services	2,349,695	3,408,804	3,380,464
Environmental services	2,472,198	2,603,200	2,514,349
Recreation and cultural services	700,902	703,989	688,013
Planning and development	397,560	295,154	211,662
	<u>9,008,994</u>	<u>10,129,737</u>	<u>10,380,107</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	2,014,409	1,083,815	2,105,678
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>24,964,805</u>	<u>24,964,805</u>	<u>22,859,127</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u>\$ 26,979,214</u>	<u>\$ 26,048,620</u>	<u>\$ 24,964,805</u>

(See accompanying notes and schedules)

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**CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL DEBT**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Budget</u> <u>2020</u>	<u>Actual</u> <u>2020</u>	<u>Actual</u> <u>2019</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>\$ 2,014,409</b>	<b>\$ 1,083,815</b>	<b>\$ 2,105,678</b>
Acquisition of tangible capital assets	(2,632,414)	(2,684,221)	(2,817,545)
Proceeds on disposal of tangible capital assets	-	4,118	74,899
Amortization of tangible capital assets	-	1,728,083	1,689,303
Loss on sale of tangible capital assets	-	13,420	119,461
Changes in level of prepaid expenses	-	13,039	(16,051)
	<u>(2,632,414)</u>	<u>(925,561)</u>	<u>(949,933)</u>
<b>(INCREASE) DECREASE IN NET FINANCIAL DEBT</b>	<b>(618,005)</b>	<b>158,254</b>	<b>1,155,748</b>
<b>NET FINANCIAL DEBT, BEGINNING OF YEAR</b>	<b><u>(259,335)</u></b>	<b><u>(259,335)</u></b>	<b><u>(1,415,080)</u></b>
<b>NET FINANCIAL DEBT, END OF YEAR</b>	<b>\$ <u>(877,340)</u></b>	<b>\$ <u>(101,081)</u></b>	<b>\$ <u>(259,335)</u></b>

(See accompanying notes and schedules)

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**CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2020**

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	\$ 1,083,815	\$ 2,105,678
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	1,728,083	1,689,303
Loss on disposal of tangible capital assets	<u>13,420</u>	<u>119,461</u>
	2,825,318	3,914,442
Change in the level of:		
Taxes receivable	57,135	(27,165)
Accounts receivable	465,072	(560,371)
Inventories for resale	727	1,314
Prepaid expenses	13,039	(16,051)
Accounts payable and accrued liabilities	(174,411)	(221,732)
Deferred revenue - general	26,181	(13,668)
Deferred revenue - obligatory	(154,486)	342,385
Solid waste landfill closure and post-closure liability	<u>16,673</u>	<u>1,754</u>
	<u>3,075,248</u>	<u>3,420,908</u>
<b>CASH FLOWS FROM (USED IN) CAPITAL ACTIVITIES</b>		
Proceeds from disposal of tangible capital assets	4,118	74,899
Acquisition of tangible capital assets	<u>(2,684,221)</u>	<u>(2,817,545)</u>
	<u>(2,680,103)</u>	<u>(2,742,646)</u>
<b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES</b>		
Proceeds from issuance of long-term debt	57,345	1,700,000
Repayment of long-term debt	(450,859)	(502,241)
Repayment of demand loan	<u>(19,414)</u>	<u>19,414</u>
	<u>(412,928)</u>	<u>1,217,173</u>
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>		
Acquisition of investments	<u>(79,212)</u>	<u>(52,317)</u>
<b>NET CHANGE IN CASH</b>	(96,995)	1,843,118
<b>CASH, BEGINNING OF YEAR</b>	<u>5,949,329</u>	<u>4,106,211</u>
<b>CASH, END OF YEAR</b>	<u>\$ 5,852,334</u>	<u>\$ 5,949,329</u>

(See accompanying notes and schedules)

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**CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY**  
**CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS**

YEAR ENDED DECEMBER 31, 2020

SCHEDULE 1

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Linear Assets</u>	<u>Machinery and Equipment</u>	<u>Vehicles</u>	<u>2020</u>	<u>2019</u>
<b>COST:</b>								
Balance, beginning of year	\$ 804,117	\$ 629,687	\$ 9,592,842	\$ 44,912,238	\$ 1,444,795	\$ 3,724,484	\$ 61,108,163	\$ 59,729,102
Acquisition of tangible capital assets	-	-	77,014	2,481,383	126,999	58,738	2,744,134	2,834,158
Disposal of tangible capital assets	-	-	-	(700,717)	(6,304)	(20,807)	(727,828)	(1,438,484)
Construction-in-progress	-	(37,210)	-	(22,703)	-	-	(59,913)	(16,613)
Balance, end of year	<u>804,117</u>	<u>592,477</u>	<u>9,669,856</u>	<u>46,670,201</u>	<u>1,565,490</u>	<u>3,762,415</u>	<u>63,064,556</u>	<u>61,108,163</u>
<b>ACCUMULATED AMORTIZATION:</b>								
Balance, beginning of year	-	262,170	2,958,322	30,050,043	873,077	1,769,446	35,913,058	35,467,877
Annual amortization	-	15,248	203,682	1,216,535	46,137	246,481	1,728,083	1,689,303
Accumulated amortization on disposal of tangible capital assets	-	-	-	(691,870)	(5,936)	(12,484)	(710,290)	(1,244,122)
Balance, end of year	-	<u>277,418</u>	<u>3,162,004</u>	<u>30,574,708</u>	<u>913,278</u>	<u>2,003,443</u>	<u>36,930,851</u>	<u>35,913,058</u>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<u>\$ 804,117</u>	<u>\$ 315,059</u>	<u>\$ 6,507,852</u>	<u>\$ 16,095,493</u>	<u>\$ 652,212</u>	<u>\$ 1,758,972</u>	<u>\$ 26,133,705</u>	<u>\$ 25,195,105</u>
<b>2019 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<u>\$ 804,117</u>	<u>\$ 367,517</u>	<u>\$ 6,634,520</u>	<u>\$ 14,862,195</u>	<u>\$ 571,718</u>	<u>\$ 1,955,038</u>	<u>\$ 25,195,105</u>	

(See accompanying notes)



**CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY**  
**CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE**

YEAR ENDED DECEMBER 31, 2020

**SCHEDULE 2**

	General government	Protection to persons and property	Transportation services	Environmental services	Recreation and cultural services	Planning and development	Total
<b>REVENUE</b>							
Property taxation	\$ 5,292,556	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,292,556
Payment in lieu of taxes	169,916	-	-	-	-	-	169,916
User and frontage charges	390,087	100,360	179,504	2,753,910	-	10,130	3,433,991
Provincial and other government transfers	866,980	(1,642)	110,166	399,316	31,688	48,723	1,455,231
Gas tax funding	-	-	493,451	-	-	-	493,451
Investment income	43,880	-	544	36,590	-	-	81,014
Penalties and interest	76,035	-	-	-	-	-	76,035
Fees, service charges, donations and miscellaneous	11,045	146,977	61,452	-	3,947	1,357	224,778
Loss on disposal of tangible capital assets	-	-	(9,214)	(4,206)	-	-	(13,420)
	<u>6,850,499</u>	<u>245,695</u>	<u>835,903</u>	<u>3,185,610</u>	<u>35,635</u>	<u>60,210</u>	<u>11,213,552</u>
<b>EXPENSES</b>							
Salaries, wages and benefits	836,321	315,040	854,220	693,474	6,645	217,737	2,923,437
Materials, supplies and contracted services	365,782	1,508,635	1,075,823	1,583,073	57,512	77,417	4,668,242
Donations and grants	-	-	-	-	592,113	-	592,113
Interest expense	8,351	-	142,261	47,867	-	-	198,479
Taxation adjustments and vacancy rebates	2,710	-	-	-	-	-	2,710
Provision for landfill closure and post-closure care	-	-	-	16,673	-	-	16,673
	<u>1,213,164</u>	<u>1,823,675</u>	<u>2,072,304</u>	<u>2,341,087</u>	<u>656,270</u>	<u>295,154</u>	<u>8,401,654</u>
<b>NET REVENUE (EXPENSES) BEFORE AMORTIZATION</b>	5,637,335	(1,577,980)	(1,236,401)	844,523	(620,635)	(234,944)	2,811,898
Amortization expense	36,771	44,980	1,336,500	262,113	47,719	-	1,728,083
<b>NET REVENUE (EXPENSES)</b>	<u>\$ 5,600,564</u>	<u>\$ (1,622,960)</u>	<u>\$ (2,572,901)</u>	<u>\$ 582,410</u>	<u>\$ (668,354)</u>	<u>\$ (234,944)</u>	<u>\$ 1,083,815</u>

(See accompanying notes)



**CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2020**

The Corporation of the Township of Laurentian Valley is an incorporated municipality in the Province of Ontario. The Township conducts its operations as described by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

**NOTE 1 SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements of the Township of Laurentian Valley are the representations of management, prepared in accordance with Canadian public sector accounting standards for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Township are as follows:

**Reporting Entity**

These consolidated financial statements reflect the assets, liabilities, revenues and expenditures of the Township and include the activities of all committees of Council and the following boards which are under the control of Council:

Township of Laurentian Valley Water System

In addition, the municipality is a member of two joint local boards. These consolidated financial statements include, based on the Township's share of total municipal contributions, the Township's proportionate share of the assets, liabilities, revenues and expenditures of the following joint local boards:

	<u>% Share</u>
Pembroke and Area Airport Commission	19.115
Ottawa Valley Waste Management Board	23.42

Inter-organizational transactions and balances have been eliminated in the preparation of these consolidated financial statements.

**Basis of Accounting**

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

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

**CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2020**

**NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**Use of Estimates**

The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates and assumptions which include landfill closure and post-closure liability and the estimated useful life of tangible capital assets are based on management's information and judgment. Actual results could differ from those estimates.

**Investments**

Investments are valued at the lower of amortized cost and market value. Investment premiums and discounts are being amortized over the term of the respective investment. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

**Landfill Closure and Post-Closure Liabilities**

The Township is required to proportionately fund the closure of its landfill site and provide for post-closure care of the facility. Closure and post-closure activities include the final clay cover, landscaping, as well as surface and ground water monitoring, leachate control, and visual inspection. The requirement is being provided for over the estimated remaining life of the landfill site based on usage.

**Government Transfers**

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

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

**Inventories for Resale**

Inventories for resale are valued at the lower of cost and net realizable value with cost being determined substantially on a first in, first out basis.

**Deferred Revenue - Obligatory**

Deferred revenue - obligatory consists of user charges received with respect to services and expenditures which have yet to be provided and/or incurred. Deferred revenue - obligatory will be recognized as income in the year the related services are provided or expenditures incurred.

**Contaminated Sites Liability**

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

**CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2020**

**NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**Revenue Recognition**

Revenues from property taxation, payment in lieu of taxes and penalties and interest are recognized in the period in which they are levied and collection is reasonably assured. User charges are recognized as the service is provided and collection is reasonably assured. Frontage charges and government transfers are recognized when the related expenditure is incurred. Revenue from the sale of assets and concessions are recognized at the point of sale. Developer contributions are recognized when legal title of the tangible capital asset has been transferred to the Township. Investment income is recognized as it is earned. Fees, service charges, donations, and miscellaneous are recognized when collection is reasonably assured.

**Non-Financial Assets**

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Change in Net Financial Debt for the year

i) **Tangible Capital Assets**

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

	<u>Years</u>
Land improvements	15-75
Buildings	25-50
Machinery and equipment	5-45
Vehicles	5-20
Linear assets	10-75

Annual amortization is charged in the year of acquisition and the year of disposal. Assets under construction are not amortized until the asset is in service.

ii) **Contributions of Tangible Capital Assets**

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

iii) **Natural Resources**

Natural resources that have not been purchased are not recognized as assets in the consolidated financial statements.

**CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2020**

**NOTE 2 INVESTMENTS**

Investments held by the Ottawa Valley Waste Management Board consist of a variety of fixed income securities and an investment savings account. The fixed income securities have effective interest rates of 1.94% to 4.87% with maturity dates from January 15, 2021 to March 5, 2040. The Township's share of the fair market value of these investments at December 31, 2020 is \$722,736 (2019 - \$599,832).

Investments held by the Pembroke and Area Airport Commission comprise of money market funds, income funds and a high interest savings account. The Township's share of the fair market value of these investments at December 31, 2020 is \$79,101 (2019 - \$77,859).

**NOTE 3 TAXES RECEIVABLE**

	<u>2020</u>	<u>2019</u>
Current year taxes	\$ 447,523	\$ 480,867
Prior year taxes	249,479	269,551
Penalties	<u>126,850</u>	<u>130,569</u>
	<u>\$ 823,852</u>	<u>\$ 880,987</u>

**NOTE 4 DEFERRED REVENUE - OBLIGATORY**

Deferred revenue - obligatory consists of the following:

	<u>2020</u>	<u>2019</u>
Development charges	\$ 5,386	\$ 2,573
Gas tax funding	302,288	505,897
Community infrastructure fund	<u>50,523</u>	<u>4,213</u>
	<u>\$ 358,197</u>	<u>\$ 512,683</u>

Continuity of deferred revenue - obligatory is as follows:

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 512,683	\$ 170,298
Development charges received	2,786	19,580
Government funding received - gas tax funding	284,766	598,080
Community infrastructure funding received	156,158	142,751
Investment income	5,421	6,873
Development charges recognized as income	-	(23,425)
Government funding recognized - gas tax funding	(493,451)	(262,369)
Community infrastructure funding recognized as income	<u>(110,166)</u>	<u>(139,105)</u>
Balance, end of year	<u>\$ 358,197</u>	<u>\$ 512,683</u>

**CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2020**

**NOTE 5 SOLID WASTE LANDFILL CLOSURE AND POST-CLOSURE LIABILITY**

The Ottawa Valley Waste Management Board assumed control of a landfill site and also assumed liability for its closure and post-closure care. These consolidated financial statements recognize a liability for closure and post-closure care to the extent that the site has been used to date. Specifically, usage is measured as cumulative capacity used versus total estimated capacity available. Furthermore, as costs are expected to be incurred in the future, expected closure and post-closure costs have been discounted at 5.23% which is the Board's average long-term borrowing rate, net of estimated annual inflation of 2%. The existing landfill site is expected to reach capacity in approximately the year 2036. The following summarizes the Township's share of the estimated closure and post-closure costs and remaining capacity of the Board's landfill site at December 31, 2020:

	<u>2020</u>	<u>2019</u>
Township's share of Estimated Liabilities		
Expected total expenditures	\$ 1,386,370	\$ 1,317,649
Amount remaining to be recognized	<u>(1,054,274)</u>	<u>(1,002,226)</u>
Liability recognized to date	<u>\$ 332,096</u>	<u>\$ 315,423</u>
Landfill site's estimated remaining capacity in cubic metres	<u>550,400</u>	<u>568,500</u>
Landfill site's remaining useful life in years	<u>15</u>	<u>15</u>
Expected years of post-closure care	<u>33</u>	<u>82</u>

**NOTE 6 LONG-TERM DEBT**

(a) The terms of the long-term debt and how the principal payments will be recovered are as follows:

	<u>2020</u>	<u>2019</u>
From general taxation, a debenture, due 2022, payable in annual installments of \$111,800 with interest payable semi annually at 7.23% per annum.	\$ 223,600	\$ 335,400
From general taxation, a debenture, due 2040, payable in semi annual installments of \$1,434 plus interest at 2.47% per annum.	55,911	-
From general taxation, a debenture, due 2026, payable in semi annual installments of \$18,992 with interest payable semi annually at 3.35% per annum.	227,908	265,892
From general taxation, a debenture, due 2037, payable in semi annual installments of \$120,885 including interest at 3.49% per annum.	3,080,405	3,211,235

**CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2020**

**NOTE 6 LONG-TERM DEBT (cont'd)**

From general taxation, a capital lease, due 2022 payable in semi annual installments of \$4,254 including interest at 1.99% per annum.	12,745	20,647
From specific users, a debenture, due 2025, payable in semi annual installments of \$36,036 with interest payable semi annually at 4.42% per annum.	324,322	396,393
From general taxation, a debenture, due 2020, payable in semi-annual installments of \$5,151 including interest at 1.80%.	-	10,164
From general taxation, a capital lease, due 2020, payable in monthly installments of \$2,213 including interest at 4.45%.	-	13,105
From general taxation, and specific users a debenture, due 2039, payable in semi annual instalments of \$54,925 including interest at 2.63% per annum.	<u>1,634,431</u>	<u>1,700,000</u>
	<u>\$ 5,559,322</u>	<u>\$ 5,952,836</u>

(b) The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

(c) Payments on existing debt are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 435,917	\$ 184,034	\$ 619,951
2022	438,303	164,320	602,623
2023	328,977	148,751	477,728
2024	335,964	137,254	473,218
2025	307,145	125,490	432,635
Thereafter	<u>3,713,016</u>	<u>814,605</u>	<u>4,527,621</u>
	<u>\$ 5,559,322</u>	<u>\$ 1,574,454</u>	<u>\$ 7,133,776</u>

Interest on long-term debt amounted to \$198,479 (2019 - \$174,774). The Township's total cash payments in 2020 were \$654,601 (2019 - \$679,275).

**NOTE 7 CONTAMINATED SITES LIABILITIES**

The Township has adopted PS3260 Liability for Contaminated Sites. The Township did not identify any financial liabilities in 2020 (2019 - \$ nil) as a result of this standard.

**NOTE 8 EQUITY IN TANGIBLE CAPITAL ASSETS**

	<u>2020</u>	<u>2019</u>
Tangible capital assets, cost (Schedule 1)	\$ 63,064,556	\$ 61,108,163
Accumulated amortization (Schedule 1)	(36,930,851)	(35,913,058)
Demand loan	-	(19,414)
Long-term debt (Note 6)	<u>(5,559,322)</u>	<u>(5,952,836)</u>
	<u>\$ 20,574,383</u>	<u>\$ 19,222,855</u>

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**CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 9 ACCUMULATED SURPLUS**

Accumulated surplus consists of the following:

	<u>2020</u>	<u>2019</u>
Unrestricted surplus		
General	\$ _____ -	\$ <u>315,092</u>
Unfinanced expenditures		
General	<u>(771,575)</u>	_____ -
Internally restricted reserves	<u>6,577,908</u>	<u>5,742,281</u>
Provision for unfinanced landfill liabilities	<u>(332,096)</u>	<u>(315,423)</u>
Equity in tangible capital assets (Note 8)	<u>20,574,383</u>	<u>19,222,855</u>
	<u>\$ 26,048,620</u>	<u>\$ 24,964,805</u>

**NOTE 10 EXPENSES BY OBJECT**

The consolidated statement of operations reports expenses for the Township by function. The following is a summary of expenses by object.

	<u>Budget</u>	<u>2020</u>	<u>2019</u>
Salaries, wages and benefits	\$ 3,091,074	\$ 2,923,437	\$ 2,929,029
Material and supplies and contracted services	5,094,006	4,668,242	4,984,401
Interest expense	180,656	198,479	174,774
Taxation adjustments and vacancy rebates	-	2,710	2,710
Transfers and donations	643,258	592,113	598,140
Provision for landfill closure and post-closure cost	-	16,673	1,754
Amortization of tangible capital assets	-	<u>1,728,083</u>	<u>1,689,299</u>
	<u>\$ 9,008,994</u>	<u>\$ 10,129,737</u>	<u>\$ 10,380,107</u>

**NOTE 11 OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF RENFREW**

During 2020, requisitions were made by school boards and the County of Renfrew requiring the Township to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are summarized below:

	<u>School Boards</u>	<u>County of Renfrew</u>
Property taxes	\$ 3,404,012	\$ 4,842,415
Taxation from other governments	<u>2,692</u>	<u>66,333</u>
Amount requisitioned	<u>\$ 3,406,704</u>	<u>\$ 4,908,748</u>

The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards are not reflected in these consolidated financial statements.



**CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2020**

**NOTE 12 COMMITMENTS**

**City of Pembroke**

The municipality has entered into service agreements with the City of Pembroke for the supply of sewage and water treatment and the provision of recreation and library services.

Included in the Consolidated Statement of Operations are charges from the City as follows:

	<u>2020</u>	<u>2019</u>
Sewage	\$ 286,692	\$ 268,269
Water	\$ 271,816	\$ 267,981
Recreation	\$ 347,576	\$ 349,481
Library	\$ 119,568	\$ 121,463

**Garbage collection**

The municipality has entered into contracts for the collection of garbage. The contract expires in March, 2025. The contract cost for 2020 was \$487,489 (2019 - \$426,362).

**Policing**

The municipality has a contract with the Province of Ontario for policing services. The contract cost for 2020 was \$1,374,463 (2019 - \$1,347,337).

**NOTE 13 JOINT LOCAL BOARDS**

The Township is a member of two joint local boards as follows:

**Pembroke and Area Airport Commission**

The Pembroke and Area Airport Commission was established in 1968 under the Municipal Act and on June 25, 1992 was continued as a body corporation by special legislation of the Province of Ontario. The Commission's primary function is the management of the Pembroke and Area Airport.

The Township's proportionate share of contributions to the Commission is 19.115% (2019 - 19.161%). The only transaction the Township had with the Commission during the year was the annual municipal levy of \$ 17,032 (2019 - \$16,260).

Summary financial information for the year ended December 31, 2020 and the Township's proportionate share are as follows:

	<u>Total</u>	<u>Township's Share</u>
Net financial assets	\$ 312,750	\$ 59,782
Non-financial assets	<u>3,864,591</u>	<u>743,468</u>
Accumulated surplus	<u>\$ 4,177,341</u>	<u>\$ 803,250</u>
Revenue	\$ 408,451	\$ 77,854
Expenses	<u>392,397</u>	<u>75,006</u>
Excess of revenue over expenses	<u>\$ 16,054</u>	<u>\$ 2,848</u>

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**CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2020**

**NOTE 13 JOINT LOCAL BOARDS (cont'd)**

**Ottawa Valley Waste Management Board**

The Ottawa Valley Waste Management Board is a joint local board which was formed to direct the operation of the Ottawa Valley Waste Recovery Centre.

The Township's proportionate share of contributions to the Board is 23.42% (2019 - 22.99%). The Township had the following transactions with the Board:

	<u>2020</u>	<u>2019</u>
Tipping fees	\$ <u>284,657</u>	\$ <u>265,445</u>

The Township made the following debt payments on behalf of the Board:

Long-term debt principal	\$ 111,800	\$ 111,800
Long-term debt interest	<u>20,208</u>	<u>28,291</u>
	<u>\$ 132,008</u>	<u>\$ 140,091</u>

Further, the Township received royalties of \$134,576 (2019 - \$134,455) from the Board.

All of the above transactions are in the normal course of operations and measured at their exchange amount.

Summary financial information for the year ended December 31, 2020 and the Township's proportionate share are as follows:

	<u>Total</u>	<u>Township's Share</u>
Net financial assets	\$ 2,363,129	\$ 564,043
Non-financial assets	<u>12,790,437</u>	<u>2,923,423</u>
Accumulated surplus	<u>\$ 15,153,566</u>	<u>\$ 3,487,466</u>
Revenue	\$ 6,666,600	\$ 1,572,805
Expenses	<u>5,350,543</u>	<u>1,258,116</u>
Excess of revenue over expenses	<u>\$ 1,316,057</u>	<u>\$ 314,689</u>

**CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2020**

**NOTE 14 FINANCIAL INSTRUMENTS**

The Township's financial instruments consist of cash, investments, taxes receivable, accounts receivable, accounts payable and accrued liabilities and long-term debt.

**Risk**

It is management's opinion that the Township is not exposed to significant interest, market, liquidity, currency or credit risks arising from its financial instruments. The Township is subject to credit risk with respect to taxes and accounts receivable. Credit risk arises from the possibility that taxpayers and entities to which the Township provides services may experience financial difficulty and be unable to fulfil their obligations. It is management's opinion that the large number and diversity of taxpayers and users minimizes credit risk.

**Fair market value**

Except for the following, the fair value of the Township's financial instruments approximates their carrying value due to their short term nature. The fair market value of the investments is disclosed in Note 2 to the consolidated financial statements. It is not practicable to determine the fair market value of the long-term debt. The terms and conditions of the long-term debt are disclosed in Note 6 to the consolidated financial statements.

**NOTE 15 BUDGET FIGURES**

Budget figures reported on the Consolidated Statement of Operations and the Consolidated Statement of Change in Net Financial Debt are based on 2020 operating and capital budgets as approved by Council on February 18, 2020 (By-law 2020-02-009).

**NOTE 16 PENSION AGREEMENT**

The Township makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of permanent members of its staff. The plan is a defined benefit plan which specifies the amount of retirement benefit to be received by the employees based on the length of service and rates of pay. OMERS is financed by employer and employee contributions and by investment earnings of the OMERS Fund.

Contributions for current service are recorded as expenditures in the year in which they became due.

The Township is required to make current service contributions to OMERS of 9% of pensionable earnings up to the years maximum pensionable earnings under the Canada Pension Plan and 14.6% on pensionable earnings above the amount. Employees are required to make current service contributions of the same amount.

Total current service contributions by the Township to OMERS in 2020 were \$137,543 (2019 - \$135,110). These contributions were matched with identical employee contributions for both years.

At December 31, 2020, OMERS disclosed an actuarial deficit of \$7.655 billion.

**CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2020**

**NOTE 17 SEGMENTED DISCLOSURES**

The Township of Laurentian Valley provides a range of services to its ratepayers. For each segment as reported in Schedule 2, revenues and expenses represent amounts that are directly attributable to the segment. Amounts not directly attributable to a segment are reported in general government. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

The activities that are included in each functional line of services are as follows:

General government consists of the Mayor and Council, the Chief Administrative Officer and administrative services which include the Treasurer and Deputy Clerk.

Protection to persons and property consists of Fire, Police, By-law Enforcement, Animal Control and Building Departments.

Transportation services include engineering, storm sewer, road and sidewalk construction and maintenance, street lighting and winter control as well as the Township's share of the Pembroke and Area Airport Commission.

Environmental services consist of waterworks and sanitary operations, wastewater treatment, solid waste disposal and recycling and the Township's share of the Ottawa Valley Waste Management Board.

Recreation and cultural services is comprised primarily of parks services, operation of recreational facilities and transfers to the City of Pembroke for library and recreational services.

Planning and development consists of planning and zoning and economic development.

**NOTE 18 ECONOMIC UNCERTAINTY**

In Mid-March of 2020, the Province of Ontario declared a state of emergency in response to public health concerns originating from the spread of the coronavirus. The Township's delivery of services has been altered as a result. There is a degree of uncertainty surrounding the full economic impact of the situation which continues to evolve.