

Consolidated Financial Statements of

**CORPORATION OF THE TOWNSHIP OF CENTRAL  
FRONTENAC**

Year ended December 31, 2020

# **CORPORATION OF THE TOWNSHIP OF CENTRAL FRONTENAC**

Year ended December 31, 2020

## **CORPORATION OF THE TOWNSHIP OF CENTRAL FRONTENAC**

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## **CORPORATION OF THE TOWNSHIP OF CENTRAL FRONTENAC TRUST FUNDS**

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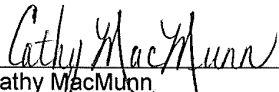
## **Management's Responsibility for the Consolidated Financial Statements**


The accompanying consolidated financial statements of the Corporation of the Township of Central Frontenac (the "Township") are the responsibility of the Township's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards. A summary of the significant accounting policies are described in note 1 to the consolidated financial statements. 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.

The Township's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

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

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

  
Cathy MacMunn  
CAO/Clerk

  
J. Michael McGovern  
Treasurer

To the Members of Council, Inhabitants and Ratepayers of the Corporation of The Township of Central Frontenac:

## Opinion

We have audited the consolidated financial statements of the Corporation of The Township of Central Frontenac (the "Municipality"), 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 consolidated financial position of the Municipality as at December 31, 2020, and the results of its consolidated operations, changes in its net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

## Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Municipality 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 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 Municipality'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 Municipality or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Municipality'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 Municipality'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 Municipality'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 Municipality 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 Municipality 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.

Kingston, Ontario

April 27, 2021

*MNP LLP*

Chartered Professional Accountants

Licensed Public Accountants

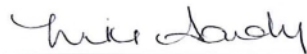
# CORPORATION OF THE TOWNSHIP OF CENTRAL FRONTENAC

## Consolidated Statement of Financial Position

As at December 31

	2020	2019
<b>Financial assets:</b>		
Cash	\$ 6,863,659	\$ 6,442,157
Investments (note 2)	657,260	577,229
Taxes receivable	848,246	911,179
Accounts receivable	2,911,902	2,083,643
	<b>11,281,067</b>	<b>10,014,208</b>
<b>Liabilities:</b>		
Accounts payable and accrued liabilities	2,349,248	1,740,180
Deferred revenue	75,099	30,615
Deferred revenue - obligatory reserve funds (note 9)	55,870	16,688
Long-term liabilities (note 3)	2,172,796	2,862,030
Landfill closure and post-closure liability (note 11)	920,789	928,382
Employee post-employment benefits (note 6)	383,963	215,863
	<b>5,957,765</b>	<b>5,793,758</b>
Net financial assets	5,323,302	4,220,450
<b>Non-financial assets:</b>		
Tangible capital assets (note 14)	38,600,245	35,779,931
Other assets	45,491	59,605
	<b>38,645,736</b>	<b>35,839,536</b>
Contingent liabilities (note 13)		
Accumulated municipal surplus (note 15)	\$ 43,969,038	\$ 40,059,986

Approved by the Corporation of the Township of Central Frontenac



Council Member



Council Member

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

# CORPORATION OF THE TOWNSHIP OF CENTRAL FRONTENAC

## Consolidated Statement of Operations and Accumulated Surplus

For the Year Ended December 31

	Budget 2020	Actual 2020	Actual 2019
<b>Revenue:</b>			
Property taxation	\$ 8,956,024	\$ 8,964,673	\$ 8,311,766
Licenses, permits, and rents	201,622	199,192	213,475
User charges	179,700	506,160	382,342
Government grants	5,178,265	4,733,133	3,768,195
Other municipalities	130,634	133,020	132,398
Penalties and interest on taxes	155,000	110,503	161,104
Investment income	100,100	109,600	174,045
Other	90,555	373,406	124,861
Loss on disposal of tangible capital assets	-	(261,623)	(29,428)
<b>Total revenue</b>	<b>14,991,900</b>	<b>14,868,064</b>	<b>13,238,758</b>
<b>Expenses: (note 12)</b>			
General government	1,544,231	1,756,654	1,427,429
Protection services	2,711,195	2,407,801	2,386,876
Transportation services	6,105,869	5,521,272	5,566,459
Environmental services	362,083	358,401	409,852
Health and cemetery services	187,523	135,373	165,372
Parks, recreation and culture	666,050	660,598	530,221
Planning and development	174,487	118,913	172,549
<b>Total expenses</b>	<b>11,751,438</b>	<b>10,959,012</b>	<b>10,658,758</b>
Annual surplus	3,240,462	3,909,052	2,580,000
Accumulated municipal surplus, beginning of year		40,059,986	37,479,986
<b>Accumulated municipal surplus, end of year</b>		<b>\$ 43,969,038</b>	<b>\$ 40,059,986</b>

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

# CORPORATION OF THE TOWNSHIP OF CENTRAL FRONTENAC

## Consolidated Statement of Change in Net Financial Assets

For the Year Ended December 31

	Budget 2019	2020	2019
Annual surplus	\$ 3,240,462	\$ 3,909,052	\$ 2,580,000
Acquisition of tangible capital assets	-	(5,067,757)	(2,786,116)
Proceeds on sale of tangible capital assets	-	-	43,115
Amortization of tangible assets	1,985,820	1,985,820	1,890,740
Loss on disposal of tangible capital assets	-	261,623	29,428
	5,226,282	1,088,738	1,757,167
Increase (decrease) in other assets	-	14,114	20,840
Change in net financial assets	5,226,282	1,102,852	1,778,007
Net financial assets, beginning of year	-	4,220,450	2,442,443
Net financial assets, end of year	\$ 5,226,282	\$ 5,323,302	\$ 4,220,450

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



# CORPORATION OF THE TOWNSHIP OF CENTRAL FRONTENAC

## Consolidated Statement of Cash Flows

For the Year Ended December 31

	2020	2019
Operating activities:		
Annual surplus	\$ 3,909,052	\$ 2,580,000
Items not involving cash:		
Amortization	1,985,820	1,890,740
Disposal of and adjustments to tangible capital assets	261,623	29,428
Change in non-cash assets and liabilities:		
Taxes receivable	62,933	140,967
Accounts receivable	(828,259)	(1,310,312)
Accounts payable and accrued liabilities	609,068	(318,971)
Deferred revenue	44,484	(469,966)
Deferred revenue - obligatory reserve funds	39,182	26,167
Landfill closure and post-closure liability	(7,593)	83,315
Employee post-employment benefits	168,100	635
Other assets	14,114	20,840
Net change in cash from operating activities	6,258,524	2,672,843
Capital activities:		
Proceeds on sale of tangible capital assets	-	43,115
Acquisition of tangible capital assets	(5,067,757)	(2,786,116)
Net change in cash from capital activities	(5,067,757)	(2,743,001)
Financing activities:		
Advance of long-term debt	-	1,220,500
Repayment of long-term debt	(689,234)	(521,039)
Net change in Financing Activities:	(689,234)	699,461
Investing activities:		
Increase of investments	(80,031)	(12,544)
Increase in cash	421,502	616,759
Cash, beginning of year	6,442,157	5,825,398
Cash, end of year	\$ 6,863,659	\$ 6,442,157

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

# CORPORATION OF THE TOWNSHIP OF CENTRAL FRONTENAC

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

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## 1. Significant accounting policies:

The consolidated financial statements of the Corporation of the Township of Central Frontenac are prepared by management in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Township are as follows:

(a) Basis of consolidation:

i. Consolidated entities:

These consolidated statements reflect the assets, liabilities, revenue, expenses and fund balances of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Township and which are owned or controlled by the Township. Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated.

These consolidated financial statements include:

Frontenac Community Arena (proportionately consolidated)

Proportionate consolidation:

The Frontenac Community Arena is accounted for using the proportionate consolidation method of accounting and reporting, whereby the Township's pro-rata share of each of the assets, liabilities, revenue and expenses is combined on a line-by-line basis in the financial statements.

ii. Non-consolidated entities:

There are no entities owned or controlled by the Township that are not consolidated.

iii. Accounting for County and school board transactions:

The taxation, other revenue, expenses, assets and liabilities with respect to the operations of the school boards and Frontenac County are not reflected in the municipal fund balances of these consolidated financial statements.

iv. Trust funds and related operations:

Trust funds and their related operations administered by the Township are not consolidated, but are reported separately on the "Trust Funds Statements of Continuity and Statements of Financial Position".

# CORPORATION OF THE TOWNSHIP OF CENTRAL FRONTENAC

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

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## 1. Significant accounting policies: (continued):

### (b) Landfill closure and post-closure liabilities:

The Township accrues landfill closure and post-closure care requirements that have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions using the best information available to management.

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

### (c) Deferred revenue:

The Township receives contributions pursuant to legislation, regulations or agreement that may only be used for certain programs or in the completion of specific work. In addition, certain user charges and fees are collected for which the related services have yet to be performed. These amounts are recognized as revenue in the fiscal year the related expenses are incurred or services performed.

### (d) 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. Significant items subject to such estimates and assumptions include landfill closure and post-closure liability, employee post-employment benefits and the useful life of tangible capital assets. Actual results could differ from those estimates. These estimates are reviewed periodically and as adjustments become necessary, they are recorded in the financial statements in the period in which they become known.

### (e) Investments:

Investments are recorded at cost plus accrued interest and amortization of purchase premiums and discounts. If the market value of investments becomes lower than cost and this decline in value is considered to be other than temporary, the investments are written down to market value.

### (f) Government transfers:

Government transfers are recognized as revenue when the transfer is authorized, any eligibility criteria are met and a reasonable estimate of the amount can be made except, when and to the extent that, stipulations by the transferor give rise to an obligation that meets the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

# CORPORATION OF THE TOWNSHIP OF CENTRAL FRONTENAC

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

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## 1. Significant accounting policies: (continued):

### (g) Deferred revenue - obligatory reserve funds:

The Township receives restricted contributions under the authority of provincial legislation and Township by-laws. These funds by their nature are restricted in their use and until applied to applicable costs are recorded as deferred revenue. Amounts applied to qualifying expenses are recorded as revenue in the fiscal period they are expended.

### (h) 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 ordinary course of operations.

### i. Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land and landfill sites, are amortized on a straight line basis over their estimated useful lives as follows:

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<b>Asset</b>	<b>Useful Life - Years</b>
Landfill and land improvements	3 - 50
Buildings and building improvements	10 - 60
Machinery, equipment, and furniture	3 - 60
Vehicles	4 - 12
Computer software	5
Roads and road infrastructure	14 - 50
Bridges and bridges infrastructure	14 - 50

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Landfill sites are amortized using the units of production method based upon capacity used during the year.

Assets under construction are not amortized until the asset is available for productive use.

### ii. Contributions of tangible capital assets:

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

# CORPORATION OF THE TOWNSHIP OF CENTRAL FRONTENAC

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

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## 1. Significant accounting policies: (continued):

(h) Non-financial assets: (continued):

iii. Natural resources:

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

iv. Works of art and cultural and historic assets:

Works of art and cultural and historic assets are not recorded as assets in these consolidated financial statements.

v. Interest capitalization:

The Township does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

(i) Employee post-employment benefits:

The Township accrues its obligations for the employee benefit plan. The cost of post-employment benefits earned by employees is actuarially determined using the projected benefit method pro-rated on services and management's best estimate of salary escalation, retirement ages of employees and expected health care costs.

Actuarial gains (losses), which can arise from changes in actuarial assumptions used to determine the accrued benefit obligation, will be amortized over the average remaining service life of the related employee groups.

(j) Property tax revenue:

Property tax revenue is recognized on the accrual basis using the approved tax rates and the anticipated assessment related to the current year.

## 2. Investments:

Investments consist primarily of government and corporate bonds. Investments have a market value of \$654,140 at December 31, 2020 (2019 - \$548,702).

# CORPORATION OF THE TOWNSHIP OF CENTRAL FRONTENAC

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

### 3. Long-term liabilities:

- (a) The balance of the long-term liabilities reported on the Consolidated Statement of Financial Position is made up of the following:

	2020	2019
Bank loan for the medical centre, repayable in blended monthly payments of \$2,781, bearing interest at 2.37% and due April 2021	\$ 247,608	\$ 274,763
Bank loan for the solar panel project, repayable in blended monthly payments of \$868, bearing interest at 4.19% and due July 2021	6,024	15,965
Bank loan for 5th Lake Road, repayable in blended monthly payments of \$18,383, bearing interest at 2.28%, repaid during the year	-	182,083
Bank loan for Fire & Public Works Equipment, repayable in blended semi-annual payments of \$156,122, bearing interest at 3.0% and due December 2023	889,457	1,168,719
Bank loan for Crow Lake Rd, repayable in blended monthly payments of \$21,160, bearing interest at 2.24% and due February 2025	1,009,207	1,200,000
Loan payable to South Frontenac in the amount of \$50,000, with interest calculated at the rate of prime less 1.65% per month on any unpaid balance	20,500	20,500
	<b>\$ 2,172,796</b>	<b>\$ 2,862,030</b>

- (b) Principal due on long-term liabilities is summarized as follows:

2021	\$ 795,531
2022	535,385
2023	549,753
2024	249,927
2025	42,200
	<b>\$ 2,172,796</b>

- (c) The long-term liabilities in note (3.a), issued in the name of the Township, have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt replacement limit prescribed by the Ministry of Municipal Affairs and Housing.

# CORPORATION OF THE TOWNSHIP OF CENTRAL FRONTENAC

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

#### 4. Line of credit:

The Township's financial agreement with its bank provides for an operating credit facility of up to \$4,000,000 (2019 - \$4,000,000) to finance operating expenses. Interest on funds drawn is charged at the bank's prime rate less 0.5%. As at December 31, 2020, there was \$Nil (2019 - \$Nil) drawn on the operating credit facility.

#### 5. Operations of School Boards and the Corporation of the County of Frontenac:

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

	School Boards		Frontenac County	
	2020	2019	2020	2019
Amount requisitioned and collected	\$ 1,611,304	\$ 1,640,266	\$ 1,781,627	\$ 1,694,292

#### 6. Employee post-employment benefits:

The Township provides extended health care ("employee non-pension retirement benefit") to its employees. Extended health care is available to early retirees up to the age of 65.

An independent actuarial study of the employee non-pension retirement benefit has been undertaken. The most recent valuation of the employee non-pension retirement benefit was completed at December 31, 2020.

The accrued benefit obligation relating to employee non-pension retirement benefits has been actuarially determined using the projected benefit method pro-rated on services. At December 31, 2020, based on an actuarial update, the accrued benefit obligation was \$383,963 (2019 - \$151,488).

The significant actuarial assumptions adopted in estimating the Township's accrued benefit obligation are as follows:

Discount rate	2.2% per annum
Health benefits escalation	6.4% per annum, scaling down over 20 years to 3.81% thereafter
Dental benefits escalation	4.0% per annum
Expected average remaining service life	11 years

# CORPORATION OF THE TOWNSHIP OF CENTRAL FRONTENAC

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

## 6. Employee post-employment benefits: (continued):

Information with respect to the Township's non-pension retirement obligations is as follows:

	2020	2019
Accrued benefit liability, beginning of year	\$ 215,863	\$ 215,228
Current Service Cost	8,100	8,835
Interest cost	12,300	4,145
Benefits paid for the year	(17,900)	(12,345)
Plan amendment	255,800	-
Amortization of actuarial(gain)/loss	(90,200)	-
<b>Accrued benefit liability, end of year</b>	<b>383,963</b>	<b>215,863</b>
The accrued benefit liability at December 31 includes the following components:		
Accrued benefit obligation, end of year	467,100	151,488
Unamortized actuarial gain/loss - end of year	(83,137)	64,375
<b>Accrued benefit liability, end of year</b>	<b>\$ 383,963</b>	<b>\$ 215,863</b>

## 7. Trust funds:

Trust funds administered by the municipality amounting to \$260,480 (2019 - \$255,755) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations and Accumulated Surplus.

These trust funds are reported separately on the Trust Funds Statement of Continuity and Trust Funds Statement of Financial Position.



# CORPORATION OF THE TOWNSHIP OF CENTRAL FRONTENAC

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

## 8. Budget figures:

The budget data presented in these consolidated financial statements is based upon the 2020 operating and capital budgets approved by Council on April 28, 2020. Amortization was not contemplated on development of the budget and, as such, has not been included. The approved budget to the budget figures reported in these consolidated financial statements is listed below:

		2020 Budget
Reported on Consolidated Statement of Operations:		
Revenue, approved budget, reported on the Consolidated Statement of Operations		\$ 14,991,900
Total operating expenses		11,751,438
Add: capital budget	\$ 7,446,868	-
Less: amortization estimate	(1,985,820)	-
Expenses, approved budget	17,240,497	-
		<u>\$ 3,240,462</u>
Budget adjustments:		
Capital budget		\$ (7,446,868)
Amortization expense		1,985,820
Budget not reported on statements:		
Debt repayments		(855,091)
New capital debt		1,658,861
Net reserve and reserve fund transfers		1,416,816
		<u>\$ (3,240,462)</u>

# CORPORATION OF THE TOWNSHIP OF CENTRAL FRONTENAC

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

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## 9. Deferred revenues – obligatory reserve funds:

A requirement of Canadian public sector accounting standards is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as federal, provincial, and municipal legislation restricts how these funds may be used. The balances in the obligatory reserve funds of the municipality are summarized below:

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	2020	2019
Deferred Revenue - Obligatory Reserve Funds	\$ 55,870	\$ 16,688
Federal gas tax receipts	132,660	280,476
Utilization of reserve funds	(132,660)	(280,476)
<b>Balance, end of year</b>	<b>55,870</b>	<b>16,688</b>
Analyzed as follows:		
Parkland	\$ 55,870	\$ 16,688

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## 10. Pension agreements:

During the year, the municipality agreed to make contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 32 (2019 - 33) 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.

The amount contributed to OMERS for current services in 2020 was \$161,175 (2019 - \$144,659).

# CORPORATION OF THE TOWNSHIP OF CENTRAL FRONTENAC

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

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## 11. Landfill closure and post-closure liability:

The Environmental Protection Act sets out the regulatory requirements to properly close and maintain all active and inactive landfill sites. Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill sites. This requirement is to be provided for over the estimated remaining life of the landfill site based on usage.

Landfill closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions using the best information available to management. Future events may result in significant changes to the estimated total expenses, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

The Township currently has two active and three inactive landfill sites. Estimated total expenses represent the sum of the discounted future cash flows for closure and post-closure care activities using an estimated rate of 2% for inflation and discounted at an average long-term borrowing rate of 4% (2019 - 4%). The estimated total landfill closure and post-closure care expenses are calculated to be \$1,178,120 (2019 - \$1,189,696). For sites that are still active, the estimated liability for these expenses is recognized as the landfill site's capacity is used. For sites that are inactive, the estimated liability for these expenses is recognized immediately. Included in liabilities at December 31, 2020 an amount of \$920,789 (2019 - \$928,332) has been recognized to date with respect to landfill closure and post-closure liabilities recognized to date.

The estimated remaining capacity of the landfill sites ranges from 8% to 68 % of total estimated capacity and the estimated remaining life ranges from 3 to 32 years, after which the period for post-closure care is estimated to be 25 years.

# CORPORATION OF THE TOWNSHIP OF CENTRAL FRONTENAC

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

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## 12. Supplementary information:

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	2020	2019
Expenses by object:		
Salaries, wages, and employee benefits	\$ 3,383,006	\$ 3,162,795
Materials, services, rents and financial expenses	3,421,358	3,652,540
Contracted Services - Policing	1,240,866	1,225,678
Contracting Services - Other	447,846	487,809
Transfer to others	319,609	155,246
Change in landfill closure and post-closure liability	(7,593)	83,315
Change to employee post-employment benefits	168,100	635
Amortization	1,985,820	1,890,740
Total	\$ 10,959,012	\$ 10,658,758

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## 13. Contingent liabilities:

The nature of municipal activities is such that there may be litigation pending or in prospect at any time. With respect to claims as at December 31, 2020, management believes that the Township has valid defences and appropriate insurance coverage in place. In the opinion of management, the aggregate amount of any potential liability is not expected to have a material effect on the Township's financial position.

# CORPORATION OF THE TOWNSHIP OF CENTRAL FRONTENAC

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

## 14. Tangible capital assets:

Cost	Balance at December 31, 2019	Additions	Disposals/ adjustments	Balance at December 31, 2020
Land	\$ 1,061,989	\$ 82,439	\$ -	\$ 1,144,428
Landfill and land improvements	480,774	126,640	-	607,414
Buildings and building improvements	7,184,622	83,998	(4,462)	7,264,158
Machinery, equipment, and furniture	4,025,180	407,188	(20,225)	4,412,143
Vehicles	4,641,046	426,472	(211,747)	4,855,771
Computer software	288,990	-	-	288,990
Roads and road infrastructure	74,530,343	3,907,993	(1,477,426)	76,960,910
Bridges and bridge infrastructure	9,278,222	56,408	(7,234)	9,327,396
Frontenac Community Arena	687,412	140,560	-	827,972
Assets under construction	359,739	1,520,408	(1,668,346)	211,801
<b>Total</b>	<b>\$ 102,538,317</b>	<b>\$ 6,752,106</b>	<b>\$ (3,389,440)</b>	<b>\$ 105,900,983</b>

Accumulated amortization	Balance at December 31, 2019	Amortization expense	Disposals/ adjustments	Balance at December 31, 2020
Land	\$ -	\$ -	\$ -	\$ -
Landfill and land improvements	87,277	10,641	-	97,918
Buildings and building improvements	2,963,715	211,559	(4,462)	3,170,812
Machinery, equipment, and furniture	1,245,404	277,044	134,162	1,656,610
Vehicles	2,601,959	266,734	(211,747)	2,656,946
Computer software	143,488	57,798	-	201,286
Roads and road infrastructure	54,528,052	938,189	(1,355,409)	54,110,832
Bridges and bridge infrastructure	4,937,012	197,723	(6,012)	5,128,723
Frontenac Community Arena	251,479	26,132	-	277,611
Assets under construction	-	-	-	-
<b>Total</b>	<b>\$ 66,758,386</b>	<b>\$ 1,985,820</b>	<b>\$ (1,443,468)</b>	<b>\$ 67,300,738</b>

# CORPORATION OF THE TOWNSHIP OF CENTRAL FRONTENAC

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

## 14. Tangible capital assets: (continued):

	Net book value December 31, 2019	Net book value December 31, 2020
Land	\$ 1,061,989	\$ 1,144,428
Landfill and land improvements	393,497	509,496
Buildings and building improvements	4,220,907	4,093,346
Machinery, equipment, and furniture	2,779,776	2,755,533
Vehicles	2,039,087	2,198,825
Computer software	145,502	87,704
Roads and road infrastructure	20,002,291	22,850,078
Bridges and bridge infrastructure	4,341,210	4,198,673
Frontenac Community Arena	435,933	550,361
Assets under construction	359,739	211,801
<b>Total</b>	<b>\$ 35,779,931</b>	<b>\$ 38,600,245</b>

(a) Assets under construction:

Assets under construction having a value of \$211,801 (2019 - \$359,739) have not been amortized. Amortization of these assets will commence when the asset is put into service.

(b) Works of Art and Historical Treasures:

The Township manages and controls various works of art and non-operational historical cultural assets including buildings, artifacts, paintings and sculptures located at Township sites and public display areas. These assets are not recorded as tangible capital assets and are not amortized.

(c) Write-down of Tangible Capital Assets:

The write-down of tangible capital assets during the year was \$72,752 (2019 - \$Nil).

# CORPORATION OF THE TOWNSHIP OF CENTRAL FRONTENAC

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

## 15. Accumulated municipal surplus:

Accumulated municipal surplus consists of individual fund surplus and reserves and reserve funds as follows:

	2020	2019
Surplus	\$ 4,265,147	\$ 3,268,186
Recreation Operations	89,547	85,777
Investment in tangible capital assets:		
Tangible capital assets	38,049,884	35,343,996
Long-term liabilities	(2,172,796)	(2,862,030)
Frontenac Community Arena	550,361	435,935
Unfunded landfill closure and post-closure liability	(920,789)	(928,382)
Employee post-employment benefits	(383,963)	(215,863)
Reserves set aside for specific purposes by Council for:		
Working capital	61,462	527,362
Contingencies	1,309,150	1,289,115
Roads equipment	415,632	800,606
General government	52,000	52,000
Recreation and culture	453,031	503,917
Environmental	410,894	289,494
Protection	1,287,141	1,025,994
Health	150,737	95,071
Total reserves	4,140,047	4,583,559
Reserve funds set aside for specific purpose by legislation, regulation or agreement for:		
Roads	121,887	120,805
Recreation	38,481	38,481
Health Services	179,995	178,397
Other	11,237	11,125
Total reserve funds	351,600	348,808
Accumulated municipal surplus	\$ 43,969,038	\$ 40,059,986

# CORPORATION OF THE TOWNSHIP OF CENTRAL FRONTENAC

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

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## 16. Segmented information:

The Township is a municipal government institution that provides a range of services to its citizens, including police, fire, transportation, recreational and environmental. For management reporting purposes the Township's operations and activities are organized and reported by department. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

Municipal services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

(a) Administration:

Includes corporate services and governance of the Township. Administration as a segment includes human resource management, support to Council for policy development, by-law development in compliance with the Municipal Act, tax billing and collection responsibilities, financial management reporting, monitoring and overall budget status as well as frontline reception and customer service.

(b) Protection Services:

Includes policing, fire protection, conservation authority, protective inspection and control and emergency measures. The mandate of the police services contract is to ensure the safety of the lives and property of citizens; preserve peace and good order; prevent crimes from occurring; detect offenders; and enforce the law. Fire protection includes inspection, extinguishing and suppression services; emergency medical first response; and prevention education and training programs. Inspection and control includes building inspection, by-law enforcement and dog control services.

(c) Transportation Services:

This department provides the winter and summer maintenance, the repair and the construction of the municipal roads system including bridges and culverts.

(d) Environmental Services:

Includes the management and maintenance of waste disposal sites.

(e) Parks, Recreation, and Culture:

Provides services that contribute to neighbourhood development and sustainability through the provision of recreation and leisure programs and facilities including community halls, libraries, parks, recreation fields, and the arena.

(f) Health and Cemetery Services:

Includes the management and maintenance of municipal cemeteries and transfer of grants for local health services.



# CORPORATION OF THE TOWNSHIP OF CENTRAL FRONTENAC

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

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## 16. Segmented information: (continued):

### (g) Planning and Development:

Manages development for business interests, environmental concerns, heritage matters, local neighbourhoods and community development. It facilitates economic development by providing services for the approval of all land development plans, the application and enforcement of the zoning by-law and official plan, and the provision of geomatics services.

For each segment separately reported, the segment revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. These municipal services are funded primarily by property tax revenue. Taxation and payments-in-lieu of taxes are apportioned to these services based on the net surplus. Certain government transfers, transfer from other funds, and other revenue have been apportioned based on a percentage of budgeted expenses.

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.

## 17. Commitment:

The Municipality has an agreement with the Ontario Provincial Police for the provision of police services. The total expenses included on the Statement of Operations for the year ended December 31, 2020 was \$1,240,866 (2019 - \$1,225,678).

## 18. Comparative Information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.

## 19. Significant Event:

During the year, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses and organizations through the restrictions put in place by Canada, provincial and municipal governments regarding, travel, business operations and isolation/quarantine orders. At the time it is unknown the extent of the impact that COVID-19 outbreak may have on the Township as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

As of the date of these financial statements, the Township has not experienced a material change in its operations as a result of the pandemic. Council opted to provide property tax relief for residents including no charge of interest and penalties on late property tax payments from April to June 2020. This relief option did not significantly impact fiscal 2020 operations or financial results. The Township has also received funding as part of the federal-provincial Safe Restart Agreement to support COVID-19 operating costs and pressures. Management and Council continue to monitor the COVID-19 matters and their effect on the Township on an on-going basis. The full extent of the future impact of COVID-19 on the Township remains unknown.

# CORPORATION OF THE TOWNSHIP OF CENTRAL FRONTENAC

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

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## 20. Future accounting standard pronouncements

The following summarizes upcoming changes to PSAS and the effective date of required application based on fiscal periods beginning on or after the following dates. While early adoption is permitted, the adoption of certain standards must be done in the same year. The Township has not adopted these standards nor determined the effect on the consolidated financial statements.

PS 2601 <i>Foreign currency translation</i>	April 1, 2022
PS 3041 <i>Portfolio investments</i>	April 1, 2022
PS 1201 <i>Financial statement presentation</i>	April 1, 2022
PS 3450 <i>Financial instruments</i>	April 1, 2022
PS 3280 <i>Asset retirement obligations</i>	April 1, 2022

# CORPORATION OF THE TOWNSHIP OF CENTRAL FRONTENAC

## Schedule of Segment Disclosure

For the Year Ended December 31, 2020

	General Government	Protection Services	Transportation Services	Environmental Services	Parks, Recreation, and Culture	Health and Cemetery Services	Planning and Development	2020 Total
<b>Revenues</b>								
Property taxation	\$ 642,922	\$ 1,446,419	\$ 5,545,471	\$ 326,195	\$ 707,840	\$ 160,579	\$ 135,247	\$ 8,964,673
User charges	5,339	12,543	-	162,747	272,401	21,009	32,121	506,160
Government grants	2,198,900	15,035	2,429,538	-	89,660	-	-	4,733,133
Other municipalities	-	-	133,020	-	-	-	-	133,020
Investment income	106,945	-	-	-	-	2,655	-	109,600
Penalties and interest on taxes	110,503	-	-	-	-	-	-	110,503
Licenses, permits, and rents	2,341	168,853	1,200	-	5,699	18,972	2,127	199,192
Other	263,826	12,729	59,722	-	2,777	21,910	12,442	373,406
Loss on disposal of tangible capital assets	(261,623)	-	-	-	-	-	-	(261,623)
<b>Total revenues</b>	3,069,153	1,655,579	8,168,951	488,942	1,078,377	225,125	181,937	14,868,064
<b>Expenses</b>								
Salaries, wages, and employee benefits	1,025,977	476,379	1,780,499	153,278	58,461	10,628	45,884	3,551,106
Contracted services	-	1,281,599	181,326	-	105,032	52,508	68,247	1,688,712
Rents and financials	28,287	-	-	-	-	-	-	28,287
Materials	609,096	294,067	2,026,657	178,078	201,821	14,844	4,043	3,328,606
Change in landfill liability	-	-	-	(7,593)	-	-	-	(7,593)
External transfers to others	(213)	68,716	-	-	251,106	-	-	319,609
Long-term debt interest	480	16,105	41,663	-	-	6,217	-	64,465
Amortization of tangible assets	93,027	270,935	1,491,127	34,638	44,178	51,176	739	1,985,820
<b>Total expenses</b>	1,756,654	2,407,801	5,521,272	358,401	660,598	135,373	118,913	10,959,012
<b>Annual surplus (deficit)</b>	\$ 1,312,499	\$ (752,222)	\$ 2,647,679	\$ 130,541	\$ 417,779	\$ 89,752	\$ 63,024	\$ 3,909,052

To the Members of Council, Inhabitants and Ratepayers of the Corporation of The Township of Central Frontenac:

## Opinion

We have audited the financial statements of the trust funds of the Corporation of The Township of Central Frontenac the ("Municipality") which comprise the statement of financial position as at December 31, 2020 and the statements of continuity of trust funds for the year then ended, and a summary of significant accounting policies and other explanatory information (together "the financial statements of the trust funds").

In our opinion, the accompanying financial statements of the trust funds presents fairly, in all material respects, the financial position of the Municipality as at December 31, 2020 and its statements of continuity of trust funds for the year then ended in accordance with Canadian public sector accounting standards.

## Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the financial statements of the trust funds in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the financial statements of the trust funds, management is responsible for assessing the Municipality'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 Municipality or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements of the trust funds as a whole is 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 this financial statements of the trust funds.

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

- Identify and assess the risks of material misstatement of the financial statements of the trust funds, 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 Municipality's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, 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 Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements of the trust funds 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 Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the trust funds, including the disclosures, and whether the financial statements of the trust funds represents 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 Municipality to express an opinion on the consolidated financial statements of the trust funds. 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.

Kingston, Ontario

April 27, 2021

*MNP LLP*

Chartered Professional Accountants

Licensed Public Accountants

# CORPORATION OF THE TOWNSHIP OF CENTRAL FRONTENAC

Trust Funds

Statements of Financial Position

As at December 31

	Cemetery Perpetual Care	Ontario Boarding Home Contract Program	Ontario Home Renewal Program	2020 Total	2019 Total
<b>Assets</b>					
Cash	\$ 243,692	\$ -	\$ -	\$ 243,692	\$ 238,970
Investments (note 2)	16,788	-	-	16,788	16,785
	260,480	-	-	260,480	255,755
<b>Liabilities and Capital Balances</b>					
Capital	\$ 260,480	\$ -	\$ -	\$ 260,480	\$ 255,755

See accompany notes to financial statements.

# CORPORATION OF THE TOWNSHIP OF CENTRAL FRONTENAC

Trust Funds

Statements of Continuity

For the Year Ended December 31

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	Cemetery Perpetual Care	Ontario Boarding Home Contract Program	Ontario Home Renewal Program	2020 Total	2019 Total
Balance, beginning of year	\$ 255,755	\$ -	\$ -	\$ 255,755	\$ 247,557
Monument donations	2,050	-	-	2,050	1,450
Sale of cemetery plots	2,673	-	-	2,673	5,750
Interest earned	2	-	-	2	16
Transfer from (to) operations	-	-	-	-	982
Balance, end of year	\$ 260,480	\$ -	\$ -	\$ 260,480	\$ 255,755

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See accompany notes to financial statements.

# CORPORATION OF THE TOWNSHIP OF CENTRAL FRONTENAC

Notes to Financial Statements

For the Year Ended December 31, 2020

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## 1. Significant accounting policies

The financial statements of the Corporation of the Township of Central Frontenac (the "Township") Trust Funds are the representation of management prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Township are as follows:

### (a) Basis of accounting

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

### (b) Revenue recognition

Revenue and expenses are recorded on an accrual basis.

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

### (c) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. These estimates are reviewed periodically and as adjustments become necessary, they are recorded in the financial statements in the period in which they become known.

## 2. Investments:

The total investments held by the trust funds in the amount of \$16,788 (2019 - \$16,785) reported on the Statement of Financial Position at cost, have a market value of \$18,063 (2019 - \$17,113) as at December 31, 2020.

## 3. Ontario Boarding Home Contract Program:

The Ontario Boarding Home Contract Program was established for the purpose of providing loans to families to convert or improve their homes in order to care for mentally challenged people and is no longer active. Remaining funds have been transferred to the working fund reserves in the Township's accounts.

## 4. Statement of cash flows:

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