
**THE CORPORATION OF
THE VILLAGE OF SUNDRIDGE**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020

THE CORPORATION OF THE VILLAGE OF SUNDRIDGE
CONTENTS

	Page
Independent Auditor's Report	1 - 2
Consolidated Statement of Financial Position	3
Consolidated Statement of Operations	4
Consolidated Statement of Accumulated Surplus	5
Consolidated Statement of Change in Net Financial Assets	6
Consolidated Statement of Cash Flows	7
Notes to the Consolidated Financial Statements	8 - 25

Independent auditor's report

To the Members of Council, Inhabitants and Ratepayers of
The Corporation of the Village of Sundridge

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of The Corporation of the Village of Sundridge as at December 31, 2020, and its results of operations, its changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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

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

Those charged with governance are responsible for overseeing the Village'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 Village'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 Village'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 Village 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 Village and the organizations it controls to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

North Bay, Canada
October 13, 2021

Chartered Professional Accountants
Licensed Public Accountants

THE CORPORATION OF THE VILLAGE OF SUNDRIDGE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

	2020	2019
FINANCIAL ASSETS		
Cash and cash equivalents (Note 4)	\$ 2,631,805	\$ 2,586,337
Taxes receivable (Note 5)	270,831	326,808
Accounts receivable	166,183	176,860
Investment in Lakeland Holding Ltd. (Note 6)	2,164,059	2,054,519
	5,232,878	5,144,524
LIABILITIES		
Accounts payable and accrued liabilities	389,422	650,445
Accrued interest on long-term debt	4,531	4,759
Deferred revenue-general (Note 7)	84,598	29,446
Deferred revenue-obligatory reserve funds (Note 8)	304,419	188,252
Municipal debt (Note 9)	1,633,405	1,710,906
Tangible capital leases (Note 10)	476	774
Employee benefits payable (Note 11)	39,123	37,237
	2,455,974	2,621,819
NET FINANCIAL ASSETS	2,776,904	2,522,705
NON-FINANCIAL ASSETS		
Tangible capital assets - net (Note 15)	13,654,298	13,716,418
Inventories of supplies	10,578	9,764
Prepaid expenses	9,167	10,777
	13,674,043	13,736,959
ACCUMULATED SURPLUS (Note 16)	\$ 16,450,947	\$ 16,259,664

Contingencies (Notes 2, 14)
Contractual Obligations (Note 12)
Commitments (Note 13)

APPROVED ON BEHALF OF COUNCIL:

_____ Mayor

THE CORPORATION OF THE VILLAGE OF SUNDRIDGE
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget 2020 <i>(see Note 20)</i>	Actual 2020	Actual 2019
REVENUE			
Property taxes	\$ 2,027,189	\$ 2,026,454	\$ 2,004,852
User charges	36,463	34,427	42,002
Government transfers	936,411	747,731	944,308
Lakeland Holding Ltd. - share of income, net of dividends <i>(Note 6)</i>	-	107,681	79,387
Restructuring net revenue <i>(Note 19)</i>	-	-	2,933
Other	215,091	226,155	288,767
TOTAL REVENUE	3,215,154	3,142,448	3,362,249
EXPENSES			
General government	783,204	749,668	577,779
Protection to persons and property	484,645	423,755	438,801
Transportation services	649,075	559,753	579,164
Environmental services	631,048	647,266	599,266
Health services	263,555	219,509	245,518
Social and family services	79,889	79,139	83,502
Recreation and cultural services	271,824	231,718	285,795
Planning and development	74,998	42,216	33,115
TOTAL EXPENSES	3,238,238	2,953,024	2,842,940
ANNUAL SURPLUS (DEFICIT)	(23,084)	189,424	519,309

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE VILLAGE OF SUNDRIDGE
CONSOLIDATED STATEMENT OF ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget 2020 <i>(see Note 20)</i>	Actual 2020	Actual 2019
Accumulated surplus, beginning of year	\$ 16,259,664	\$ 16,259,664	\$ 15,741,647
Annual surplus (deficit)	(23,084)	189,424	519,309
Lakeland Holding Ltd. - share of remeasurement of defined benefit plan <i>(Note 6)</i>	-	642	(2,509)
Lakeland Holding Ltd. - share of amortization of change in fair value of interest rate swap <i>(Note 6)</i>	-	1,217	1,217
ACCUMULATED SURPLUS, END OF YEAR	\$ 16,236,580	\$ 16,450,947	\$ 16,259,664

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE VILLAGE OF SUNDRIDGE
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget 2020 <i>(see Note 20)</i>	Actual 2020	Actual 2019
Annual surplus (deficit)	\$ (23,084)	\$ 189,424	\$ 519,309
Lakeland Holding Ltd. - share of remeasurement of defined benefit plan	-	642	(2,509)
Lakeland Holding Ltd. - share of change in other comprehensive income	-	1,217	1,217
Acquisition of tangible capital assets	(1,034,328)	(352,727)	(563,403)
Contributed tangible capital assets - net	-	-	(2,933)
Amortization of tangible capital assets	410,188	410,190	403,352
Loss on disposal of tangible capital assets	-	1,452	16,303
Proceeds from disposal of tangible capital assets	-	3,205	38,184
Change in supplies inventories	-	(814)	1,276
Change in prepaid expenses	-	1,610	(1,811)
Increase (decrease) in net financial assets	(647,224)	254,199	408,985
Net financial assets, beginning of year	2,522,705	2,522,705	2,113,720
Net financial assets, end of year	\$ 1,875,481	\$ 2,776,904	\$ 2,522,705

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE VILLAGE OF SUNDRIDGE
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	2019
Operating transactions		
Annual surplus	\$ 189,424	\$ 519,309
Non-cash charges to operations:		
Amortization	410,190	403,352
Contributed capital assets - net	-	(2,933)
Loss on disposal of tangible capital assets	1,452	16,303
Change in employee benefits payable	1,886	3,726
Lakeland Holding Ltd. - share of income net of dividends	(107,681)	(79,387)
	495,271	860,370
Changes in non-cash items:		
Taxes receivable	55,977	50,345
Accounts receivable	10,677	125,637
Accounts payable and accrued liabilities	(261,023)	80,438
Deferred revenue-general	55,152	6,833
Deferred revenue-obligatory reserve funds	116,167	184,041
Accrued interest on long-term debt	(228)	(291)
Inventories of supplies	(814)	1,276
Prepaid expenses	1,610	(1,811)
	(22,482)	446,468
Cash provided by operating transactions	472,789	1,306,838
Capital transactions		
Acquisition of tangible capital assets	(352,727)	(563,403)
Proceeds from disposal of tangible capital assets	3,205	38,184
Cash applied to capital transactions	(349,522)	(525,219)
Financing transactions		
Debt principal repayments	(77,501)	(122,196)
Tangible capital lease repayments	(298)	(293)
Cash applied to financing transactions	(77,799)	(122,489)
Net change in cash and cash equivalents	45,468	659,130
Cash and cash equivalents, beginning of year	2,586,337	1,927,207
Cash and cash equivalents, end of year	\$ 2,631,805	\$ 2,586,337
Cash flow supplementary information:		
Cash paid for interest	\$ 59,160	\$ 61,738

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE VILLAGE OF SUNDRIDGE

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

MANAGEMENT RESPONSIBILITY

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

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

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Reporting Entity

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

(i) Proportionally consolidated entities

The following joint boards and committees are proportionally consolidated:

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

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

(ii) Modified equity accounting

Government business enterprises are accounted for by the modified equity method. Under this method the business enterprises' accounting principles are not adjusted to conform with those of the Municipality and inter-organizational transactions and balances are not eliminated. The following government business enterprise is included in these financial statements: Lakeland Holding Ltd.

(iii) Non-consolidated entities

The following joint boards are not consolidated:

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

THE CORPORATION OF THE VILLAGE OF SUNDRIDGE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2020

- (iv) Accounting for school board transactions
The taxation, other revenue, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in these consolidated financial statements.
 - (v) Trust funds
Trust funds administered by the Municipality are not included in these consolidated financial statements, but are reported separately on the trust funds financial statements.
- (b) Basis of Accounting
- (i) Accrual basis of accounting
Revenue and expenses are reported on the accrual basis of accounting. Revenue is recognized in the year in which it is earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.
 - (ii) Cash and cash equivalents
Cash and cash equivalents include cash on hand, balances with financial institutions and demand deposits.
 - (iii) Non-financial assets
Non-financial assets are not available to discharge existing liabilities but are held for use in the provision of municipal services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.
- (a) Tangible capital assets
Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Tangible capital assets received as donations are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:
- Land improvements - 20 years
 - Buildings - 20 to 50 years
 - Machinery, equipment and furniture - 5 to 40 years
 - Vehicles - 7 to 30 years
 - Roads - 10 to 60 years
 - Wastewater infrastructure- 80 years
- One half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.
- Interest related to the acquisition of capital assets is not capitalized, but is expensed in the year incurred.
- (b) Inventories of supplies
Inventories held for consumption are recorded at the lower of cost and replacement cost.

THE CORPORATION OF THE VILLAGE OF SUNDRIDGE

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

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

THE CORPORATION OF THE VILLAGE OF SUNDRIDGE

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

2. CONTRIBUTIONS TO UNCONSOLIDATED JOINT BOARDS

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

	2020	2019
District of Parry Sound Social Services Administration Board	\$ 45,480	\$ 46,456
North Bay Parry Sound District Health Unit	29,023	30,062
District of Parry Sound (East) Home for the Aged	33,209	32,308
	\$ 107,712	\$ 108,826

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

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

3. TRANSACTIONS ON BEHALF OF OTHERS

(a) During the year, \$299,634 of taxation was collected on behalf of school boards (2019 \$316,071).

(b) The Municipality administers the High Rock Look-out trust fund. This fund was established in 1967 for the purposes of providing a picnic area and community gathering place for the citizens of the Sundridge area. This endowment fund is to be held in perpetuity, and any interest earnings derived therefrom are to be used to maintain the park. The balance of the trust is \$42,207 (2019 \$41,222). As this balance is held in trust by the Municipality for the benefit of others, it not presented as part of the Municipality's financial position or operations.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents is comprised of:

	2020	2019
Unrestricted cash	\$ 2,327,386	\$ 2,398,085
Restricted cash	304,419	188,252
	\$ 2,631,805	\$ 2,586,337

Federal and Provincial legislation restricts how restricted cash related to obligatory reserve funds, reported in Note 8, may be used.

THE CORPORATION OF THE VILLAGE OF SUNDRIDGE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2020

5. TAXES RECEIVABLE

Taxes receivable are comprised of the following:

	2020	2019
Taxes receivable	\$ 285,158	\$ 333,199
Valuation allowance	(14,327)	(6,391)
	\$ 270,831	\$ 326,808

THE CORPORATION OF THE VILLAGE OF SUNDRIDGE

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

6. INVESTMENT IN LAKELAND HOLDING LTD.

Lakeland Holding Ltd. is a municipally owned government business enterprise. Two of its subsidiaries produce and distribute hydro electric power to users in Bracebridge, Huntsville, Sundridge, Burk's Falls, Magnetawan and Parry Sound. A third subsidiary sells utility related products and services. The Municipality holds a 3.66% ownership stake in the common shares of Lakeland Holding Ltd.

Condensed financial information in respect to Lakeland Holding Ltd. is provided below.

	2020	2019
Consolidated Statement of Financial Position		
Assets		
Current Assets	\$ 23,073,265	\$ 23,456,958
Non-Current Assets	118,095,494	108,600,755
Total Assets	141,168,759	132,057,713
Regulatory Deferral Account Balances and Related Deferred Tax	347,619	176,009
Total Assets and Regulatory Deferral Account Balances	141,516,378	132,233,722
Liabilities		
Current Liabilities	12,112,348	11,918,082
Non-Current Liabilities	70,276,722	64,181,254
Total Liabilities	82,389,070	76,099,336
Shareholder's Equity	59,127,308	56,134,386
Total Liabilities and Equity	\$ 141,516,378	\$ 132,233,722
Municipality's investment	\$ 2,164,059	\$ 2,054,519
Consolidated Statement of Comprehensive Income		
Total operating revenue	\$ 67,655,371	\$ 59,977,517
Total operating expenses	(59,026,906)	(52,547,733)
Other income and expenses	(1,663,187)	(1,314,759)
Provision for payments in lieu of taxes	(1,778,112)	(1,567,002)
Net movement in regulatory deferral account balances	(245,055)	(378,981)
Profit for the year and net movements in regulatory deferral account balances	4,942,111	4,169,042
Other comprehensive income, net of income tax		
Amortization of change in fair value of interest rate swap	33,257	33,257
Remeasurement of defined benefit plan	17,554	(68,557)
Total comprehensive income for the year	\$ 4,992,922	\$ 4,133,742
Municipality's share of profit for the year and net movements in regulatory deferral account balances	\$ 180,881	\$ 152,587
Less: dividends received from Lakeland Holding Ltd.	(73,200)	(73,200)
Municipality's share of income, net of dividends	107,681	79,387
Add:		
Municipality's share of amortization of change in fair value of interest rate swap	1,217	1,217
Municipality's share of remeasurement of defined benefit plan	642	(2,509)
Increase in Municipality's investment	109,540	78,095

THE CORPORATION OF THE VILLAGE OF SUNDRIDGE

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

7. DEFERRED REVENUE-GENERAL

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

	2020	2019
Balance, beginning of year:		
Medical Centre	\$ 14,371	\$ -
Main Street	-	19,630
Ontario Cannabis Legalization Implementation Fund	15,000	-
Other	75	2,983
	29,446	22,613
Received during the year:		
Medical Centre	134,262	138,849
Modernization funding	75,000	-
Ontario Cannabis Legalization Implementation Fund	-	15,000
Other	10	4,277
	209,272	158,126
Recognized in revenue during the year	(154,120)	(131,959)
Repaid during the year	-	(19,334)
Balance, end of year	\$ 84,598	\$ 29,446
Medical Centre	\$ 44,247	\$ 14,371
Modernization funding	25,341	
Ontario Cannabis Legalization Implementation Fund	15,000	15,000
Other deferred revenue	10	75
Balance, end of year	\$ 84,598	\$ 29,446

THE CORPORATION OF THE VILLAGE OF SUNDRIDGE

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

8. DEFERRED REVENUE-OBLIGATORY RESERVE FUNDS

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

In the case of payments in lieu of parkland, revenue recognition occurs when the Municipality has approved eligible expenditures for park and other public recreation purposes. Building permit revenue is recognized when applicable building expenditures are incurred. Gas tax, Main Street revitalization and Ontario Community Infrastructure Fund revenue recognition occurs when the Municipality has approved the expenditures for eligible capital works.

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

	2020	2019
Balance, beginning of year:		
Building Code Act	\$ 7,285	\$ 4,211
Federal Gas Tax	122,836	-
Ontario Community Infrastructure Fund	44,667	-
Main Street Revitalization	13,464	-
	188,252	4,211
Received during the year:		
Building Code Act	7,697	3,074
Federal Gas Tax	58,306	122,221
Ontario Community Infrastructure Fund	73,322	73,719
Main Street Revitalization	-	38,496
Interest earned	541	1,552
	139,866	239,062
Recognized in revenue during the year	(23,699)	(55,021)
Balance, end of year	\$ 304,419	\$ 188,252
Building Code Act	\$ 14,982	\$ 7,285
Federal Gas Tax	181,513	122,836
Ontario Community Infrastructure Fund	107,924	44,667
Main Street Revitalization	-	13,464
Balance, end of year	\$ 304,419	\$ 188,252

THE CORPORATION OF THE VILLAGE OF SUNDRIDGE

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

9. MUNICIPAL DEBT

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

	2020	2019
Ontario Infrastructure and Lands Corporation loan, due November 2044, repayable in monthly payments of \$8,204 including interest calculated at 3.6%	\$ 1,577,166	\$ 1,618,038
Ontario Infrastructure and Lands Corporation loan, due May 2022, repayable in semi-annual payments of \$19,088 including interest calculated at 1.87%	56,239	92,868
	\$ 1,633,405	\$ 1,710,906

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

	Principal	Interest
2021	\$ 79,685	\$ 59,961
2022	62,839	54,651
2023	45,525	52,925
2024	47,191	51,259
2025	48,919	49,532
2026 onwards	1,349,246	513,110
	\$ 1,633,405	\$ 781,438

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

	2020	2019
Principal payments	\$ 77,501	\$ 122,196
Interest	58,918	61,429
	\$ 136,419	\$ 183,625

THE CORPORATION OF THE VILLAGE OF SUNDRIDGE

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

10. TANGIBLE CAPITAL LEASES

In conjunction with the Corporation of the Township of Strong, the Municipality leases library equipment, which is accounted for on the Consolidated Statement of Financial Position at the present value of future minimum lease payments. Future minimum lease payments are as follows:

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

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

11. EMPLOYEE BENEFITS PAYABLE

- (a) Under the sick leave benefits plan, unused sick leave can accumulate to a prescribed maximum and qualifying employees may become entitled to a cash payment when they leave the Municipality's employment. The sick leave benefit liability estimates the use of accumulated sick leave prior to retirement, as well as any lump-sum payments upon retirement, and assumes that both the appropriate discount rate and future salary and wage levels will increase by 2% per annum. The liability for these accumulated days amounted to \$24,601 (2019 \$23,712) at the end of the year.
- (b) Under the retirement gratuity plan, qualifying employees are entitled to a payout, upon retirement, based on length of service and rate of pay. The retirement gratuity liability estimates the lump-sum payments upon retirement, and assumes that both the appropriate discount rate and future salary and wage levels will increase by 2% per annum. The liability for the retirement gratuity is estimated at \$14,522 (2019 \$13,525) at the end of the year.

12. CONTRACTUAL OBLIGATIONS

In 2020 the Municipality contracted Tambeau Construction Ltd. to perform office renovations and accessibility improvements at a contract amount of \$178,401 plus HST. To the end of the year, \$111,563 of work was performed. The balance of the work is expected to be completed in 2021.

In 2019 the Municipality contracted EXP Services Inc. to provide engineering services for the rehabilitation of portions of Mill Street, Main Street, Anderson Street and Robert Street at a combined contract amount of \$185,263 plus HST. To the end of 2020, \$92,371 of services related to these projects had been performed. The completion of the balance of the work is dependent on the timing of the related construction projects.

THE CORPORATION OF THE VILLAGE OF SUNDRIDGENOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2020

13. COMMITMENTS

In 2019 the Municipality committed to contributing up to \$20,000 to the Sundridge Lion's Club for the purchase and installation of a message board/illuminated sign. Both parties must agree on the design before the project can proceed.

14. CONTINGENCIES

The Municipality is involved from time to time in litigation, which arises in the normal course of business. With respect to outstanding claims, the Municipality believes that insurance coverage is adequate, and that no material exposure exists on the eventual settlement of such litigation in all but one claim. Therefore, no provision has been made in the accompanying financial statements. For one claim, in the amount of \$100,000 not covered under the Municipality's insurance plan, the likelihood and extent of loss, if any, is not yet determinable. Therefore, no provision has been made in the accompanying financial statements.

THE CORPORATION OF THE VILLAGE OF SUNDRIDGE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2020

15. TANGIBLE CAPITAL ASSETS

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

2020								
	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads and Bridges	Wastewater Infrastructure	Assets Under Construction	TOTAL
COST								
Balance, beginning of year	\$ 1,970,913	\$ 1,633,148	\$ 1,022,429	\$ 666,033	\$ 6,300,779	\$ 8,763,348	\$ 82,757	\$ 20,439,407
Additions and betterments	28,545	30,738	86,870	2,534	559	-	203,481	352,727
Disposals and writedowns	(11,000)	(12,177)	(23,254)	(2,576)	-	-	-	(49,007)
Transfer between classes	-	25,452	-	-	-	-	(25,452)	-
BALANCE, END OF YEAR	1,988,458	1,677,161	1,086,045	665,991	6,301,338	8,763,348	260,786	20,743,127
ACCUMULATED AMORTIZATION								
Balance, beginning of year	524,163	840,770	387,874	262,786	3,473,238	1,234,158	-	6,722,989
Annual amortization	70,186	36,928	67,637	38,654	84,174	112,611	-	410,190
Amortization disposals	(11,000)	(8,620)	(22,799)	(1,931)	-	-	-	(44,350)
BALANCE, END OF YEAR	583,349	869,078	432,712	299,509	3,557,412	1,346,769	-	7,088,829
TANGIBLE CAPITAL ASSETS-NET	\$ 1,405,109	\$ 808,083	\$ 653,333	\$ 366,482	\$ 2,743,926	\$ 7,416,579	\$ 260,786	\$ 13,654,298
2019								
	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads and Bridges	Wastewater Infrastructure	Assets Under Construction	TOTAL
COST								
Balance, beginning of year	\$ 1,961,737	\$ 1,640,679	\$ 836,144	\$ 706,573	\$ 6,130,952	\$ 8,757,968	\$ 6,716	\$ 20,040,769
Additions and betterments	6,031	4,737	255,241	37,660	169,827	7,150	82,757	563,403
Contributed assets	3,145	-	-	-	-	-	-	3,145
Disposals and writedowns	-	(12,268)	(75,672)	(78,200)	-	(1,770)	-	(167,910)
Transfer between classes	-	-	6,716	-	-	-	(6,716)	-
BALANCE, END OF YEAR	1,970,913	1,633,148	1,022,429	666,033	6,300,779	8,763,348	82,757	20,439,407
ACCUMULATED AMORTIZATION								
Balance, beginning of year	454,748	815,298	385,557	263,164	3,391,556	1,122,525	-	6,432,848
Annual amortization	69,203	36,209	64,972	38,723	81,682	112,563	-	403,352
Accumulated amortization-contributed assets	212	-	-	-	-	-	-	212
Amortization disposals	-	(10,737)	(62,655)	(39,101)	-	(930)	-	(113,423)
BALANCE, END OF YEAR	524,163	840,770	387,874	262,786	3,473,238	1,234,158	-	6,722,989
TANGIBLE CAPITAL ASSETS-NET	\$ 1,446,750	\$ 792,378	\$ 634,555	\$ 403,247	\$ 2,827,541	\$ 7,529,190	\$ 82,757	\$ 13,716,418

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

THE CORPORATION OF THE VILLAGE OF SUNDRIDGE

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

16. ACCUMULATED SURPLUS

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

	Balance Beginning of Year	Annual Surplus (Deficit)	Balance End of Year
RESERVES AND RESERVE FUNDS			
General government	\$ 164,823	\$ (138,881)	\$ 25,942
Election	4,000	4,000	8,000
Modernization grant	165,991	(15,876)	150,115
Fire	208,990	65,800	274,790
Roads capital and construction	565,278	73,624	638,902
Roads retirement gratuity	12,000	-	12,000
Wastewater	558,208	(16,297)	541,911
Medical Centre	37,913	4,250	42,163
Splashpad	21,293	1,658	22,951
Parks and recreation	138,736	(225)	138,511
Special events, triathlon and sunflower festival	14,176	-	14,176
Official Plan	13,535	-	13,535
Message Board	29,548	-	29,548
Arena	9,756	800	10,556
Library	2,678	-	2,678
	1,946,925	(21,147)	1,925,778
OTHER			
Consolidated tangible capital assets	13,716,418	(62,120)	13,654,298
General operating surplus (deficit) -			
Municipality	277,006	86,617	363,623
Arena	2,262	6,466	8,728
Library	3,462	(850)	2,612
Almaguin Community Economic Development	-	1,197	1,197
Medical Centre	7,989	(4,333)	3,656
Equity in Lakeland Holding Ltd.	2,054,519	109,540	2,164,059
Unfunded amounts -			
Municipal debt	(1,710,906)	77,501	(1,633,405)
Tangible capital leases	(774)	298	(476)
Employee benefits payable	(37,237)	(1,886)	(39,123)
	\$ 16,259,664	\$ 191,283	\$ 16,450,947

THE CORPORATION OF THE VILLAGE OF SUNDRIDGE

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

17. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT

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

General Government

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

Protection to Persons and Property

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

Transportation Services

Transportation services include roadway systems and winter control.

Environmental Services

This segment includes solid waste management and sanitary sewers.

Health Services

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

Social and Family Services

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

Recreation and Culture

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

Planning and Development

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

Unallocated Amounts

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

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

THE CORPORATION OF THE VILLAGE OF SUNDRIDGE

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

17. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT (continued)

FOR THE YEAR ENDED DECEMBER 31, 2020

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	Unallocated Amounts	Consolidated
REVENUE										
Property taxes	\$ -	\$ -	\$ -	\$ 385,956	\$ -	\$ -	\$ -	\$ -	\$ 1,640,498	\$ 2,026,454
User charges	1,453	4,216	-	11,474	-	-	15,434	1,850	-	34,427
Government transfers -										
Canada	-	-	-	-	-	-	-	12,349	-	12,349
Ontario	49,659	3,666	10,196	8,716	104,386	-	19,889	8,689	518,800	724,001
Other municipalities	-	8,432	2,273	-	-	-	676	-	-	11,381
Lakeland Holding Ltd. - share of income, net of dividends	-	-	-	-	-	-	-	-	107,681	107,681
Gain (loss) on disposal of capital assets	(252)	(444)	-	-	(2,702)	-	1,946	-	-	(1,452)
Other	39,096	18,160	-	3,770	40,344	-	35,058	-	91,179	227,607
TOTAL REVENUE	89,956	34,030	12,469	409,916	142,028	-	73,003	22,888	2,358,158	3,142,448
EXPENSES										
Salaries, wages and benefits	492,618	93,630	252,341	-	43,518	-	98,512	19,402	-	1,000,021
Long-term debt charges (interest)	-	1,452	-	57,466	-	-	14	-	-	58,932
Materials	109,502	56,324	102,730	95,555	18,319	-	68,681	3,065	-	454,176
Contracted services	142,363	222,751	35,223	356,138	95,977	-	17,425	14,462	-	884,339
Rents and financial expenses	5,276	2,987	-	8,912	6,186	-	1,342	-	-	24,703
External transfers	4,907	5	-	-	34,068	79,139	20	2,524	-	120,663
Interfunctional adjustments	(26,728)	4,776	-	-	16,617	-	5,335	-	-	-
Amortization	21,730	41,830	169,459	129,195	4,824	-	40,389	2,763	-	410,190
TOTAL EXPENSES	749,668	423,755	559,753	647,266	219,509	79,139	231,718	42,216	-	2,953,024
ANNUAL SURPLUS (DEFICIT)	\$ (659,712)	\$ (389,725)	\$ (547,284)	\$ (237,350)	\$ (77,481)	\$ (79,139)	\$ (158,715)	\$ (19,328)	\$ 2,358,158	\$ 189,424

THE CORPORATION OF THE VILLAGE OF SUNDRIDGE

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

17. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT (continued)

FOR THE YEAR ENDED DECEMBER 31, 2019

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	Unallocated Amounts	Consolidated
REVENUE										
Property taxes	\$ -	\$ -	\$ -	\$ 408,561	\$ -	\$ -	\$ -	\$ -	\$ 1,596,291	\$ 2,004,852
User charges	925	6,653	-	11,474	-	-	21,400	1,550	-	42,002
Government transfers -										
Canada	-	-	-	-	-	-	683	8,789	-	9,472
Ontario	-	16,536	29,865	8,211	124,478	-	33,283	1,129	709,800	923,302
Other municipalities	-	8,628	2,230	-	-	-	676	-	-	11,534
Lakeland Holding Ltd. -										
share of income, net of dividends	-	-	-	-	-	-	-	-	79,387	79,387
Restructuring net revenue	-	-	-	-	-	-	-	2,933	-	2,933
Gain (loss) on disposal of capital										
assets	(302)	(16,516)	1,986	(842)	-	(151)	(478)	-	-	(16,303)
Other	22,150	11,272	-	7,990	43,064	-	69,041	1,412	150,141	305,070
TOTAL REVENUE	22,773	26,573	34,081	435,394	167,542	(151)	124,605	15,813	2,535,619	3,362,249
EXPENSES										
Salaries, wages and benefits	429,003	82,951	266,170	-	48,574	-	108,964	9,281	-	944,943
Long-term debt charges (interest)	-	2,129	-	59,300	-	-	18	-	-	61,447
Materials	60,982	75,689	109,570	89,389	21,674	-	98,965	3,557	-	459,826
Contracted services	83,825	230,591	38,428	320,821	122,148	-	25,961	17,333	-	839,107
Rents and financial expenses	5,412	4,991	-	-	6,066	-	3,998	300	-	20,767
External transfers	1,350	-	-	1,000	30,562	80,564	22	-	-	113,498
Interfunctional adjustments	(16,429)	1,688	-	-	11,191	-	3,550	-	-	-
Amortization	13,636	40,762	164,996	128,756	5,303	2,938	44,317	2,644	-	403,352
TOTAL EXPENSES	577,779	438,801	579,164	599,266	245,518	83,502	285,795	33,115	-	2,842,940
ANNUAL SURPLUS (DEFICIT)	\$ (555,006)	\$ (412,228)	\$ (545,083)	\$ (163,872)	\$ (77,976)	\$ (83,653)	\$ (161,190)	\$ (17,302)	\$ 2,535,619	\$ 519,309

THE CORPORATION OF THE VILLAGE OF SUNDRIDGE

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

18. RELATED PARTY TRANSACTIONS

During the normal course of operations, the Municipality received dividends of \$73,200 (2019 \$73,200) and purchased power in the amount of \$114,447 (2019 \$123,856) from Lakeland Holding Ltd. All related party transactions are recorded at their exchange amount, which is the amount of consideration established and agreed to by the related parties, which approximates the arm's length equivalent value.

19. RESTRUCTURING NET REVENUE

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

In 2019 the Municipality recorded net revenue of \$2,933 as a result of this restructuring. The value of the tangible assets received is recorded as a contributed asset in Note 15.

20. BUDGET FIGURES

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

	Budget
ADOPTED BUDGET:	
Decrease in general municipal operating surplus	\$ (277,006)
Decrease in unfinanced capital - Medical Centre	3,840
Decrease in reserves and reserve funds	(434,394)
Decrease in joint board general operating surplus	(17,465)
ADJUSTMENTS:	
Acquisition of tangible capital assets	1,034,328
Amortization of tangible capital assets	(410,188)
Decrease in municipal debt	77,801
ANNUAL DEFICIT	\$ (23,084)

THE CORPORATION OF THE VILLAGE OF SUNDRIDGE

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

21. PENSION AGREEMENTS

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

The amount contributed to OMERS for 2020 was \$49,667 (2019 \$42,358) for current service and is included as an expense on the Consolidated Statement of Operations.

22. IMPACTS OF COVID-19

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

The Municipality has received Safe Restart funding in the amount of \$61,800 to cover pandemic-related operating pressures and has identified \$107,916 in related costs in 2020. The costs include a \$36,455 decrease in revenue related to the suspension of interest on taxes, an estimated \$23,388 loss of interest on cash balances held at financial institutions and a \$17,593 loss of other revenue. In addition, expenses of \$30,480, relating to staff time devoted to COVID-19 related activities, the purchase of COVID-19 supplies and supplemental levies have been identified.

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