
**THE CORPORATION OF
THE VILLAGE OF SUNDRIDGE**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021

THE CORPORATION OF THE VILLAGE OF SUNDRIDGE
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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, 2021, and the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of The Corporation of the Village of Sundridge as at December 31, 2021, and its results of operations, its changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the 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
December 14, 2022

Chartered Professional Accountants
Licensed Public Accountants

THE CORPORATION OF THE VILLAGE OF SUNDRIDGE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021

	2021	2020
FINANCIAL ASSETS		
Cash (Note 4)	\$ 2,329,069	\$ 2,630,048
Investments (Note 5)	5,601	1,757
Taxes receivable (Note 6)	191,830	270,831
Accounts receivable	466,869	166,183
Investment in Lakeland Holding Ltd. (Note 7)	2,284,857	2,164,059
	5,278,226	5,232,878
LIABILITIES		
Temporary borrowing (Note 8)	250,000	-
Accounts payable and accrued liabilities	404,724	389,422
Accrued interest on long-term debt	4,298	4,531
Deferred revenue-general (Note 9)	83,739	84,598
Deferred revenue-obligatory reserve funds (Note 10)	215,272	304,419
Municipal debt (Note 11)	1,553,720	1,633,405
Tangible capital leases (Note 12)	-	476
Employee benefits payable (Note 13)	44,879	39,123
	2,556,632	2,455,974
NET FINANCIAL ASSETS	2,721,594	2,776,904
NON-FINANCIAL ASSETS		
Tangible capital assets - net (Note 16)	14,154,431	13,654,298
Inventories of supplies	13,306	10,578
Prepaid expenses	18,381	9,167
	14,186,118	13,674,043
ACCUMULATED SURPLUS (Note 17)	\$ 16,907,712	\$ 16,450,947

Contingencies (Notes 2, 15)
Contractual Obligations (Note 14)

APPROVED ON BEHALF OF COUNCIL:

_____ Mayor

THE CORPORATION OF THE VILLAGE OF SUNDRIDGE
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Budget 2021 <i>(see Note 20)</i>	Actual 2021	Actual 2020
REVENUE			
Property taxes	\$ 2,057,568	\$ 2,075,833	\$ 2,026,454
User charges	31,308	53,467	34,427
Government transfers	1,332,869	1,044,536	747,731
Lakeland Holding Ltd. - share of income, net of dividends <i>(Note 7)</i>	-	119,581	107,681
Other	193,499	194,651	226,155
TOTAL REVENUE	3,615,244	3,488,068	3,142,448
EXPENSES			
General government	968,094	720,827	749,668
Protection to persons and property	446,993	416,263	423,755
Transportation services	693,054	612,757	559,753
Environmental services	698,191	659,256	647,266
Health services	246,045	257,439	219,509
Social and family services	85,258	85,258	79,139
Recreation and cultural services	266,850	231,355	231,718
Planning and development	75,777	49,365	42,216
TOTAL EXPENSES	3,480,262	3,032,520	2,953,024
ANNUAL SURPLUS	134,982	455,548	189,424

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, 2021

	Budget 2021 <i>(see Note 20)</i>	Actual 2021	Actual 2020
Accumulated surplus, beginning of year	\$ 16,450,947	\$ 16,450,947	\$ 16,259,664
Annual surplus	134,982	455,548	189,424
Lakeland Holding Ltd. - share of remeasurement of defined benefit plan <i>(Note 7)</i>	-	-	642
Lakeland Holding Ltd. - share of amortization of change in fair value of interest rate swap <i>(Note 7)</i>	-	1,217	1,217
ACCUMULATED SURPLUS, END OF YEAR	\$ 16,585,929	\$ 16,907,712	\$ 16,450,947

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, 2021

	Budget 2021 <i>(see Note 20)</i>	Actual 2021	Actual 2020
Annual surplus	\$ 134,982	\$ 455,548	\$ 189,424
Lakeland Holding Ltd. - share of remeasurement of defined benefit plan	-	-	642
Lakeland Holding Ltd. - share of change in other comprehensive income	-	1,217	1,217
Acquisition of tangible capital assets	(1,147,760)	(931,109)	(352,727)
Contributed tangible capital assets - net	-	(290)	-
Amortization of tangible capital assets	430,585	430,711	410,190
Loss on disposal of tangible capital assets	-	555	1,452
Proceeds from disposal of tangible capital assets	-	-	3,205
Change in supplies inventories	-	(2,728)	(814)
Change in prepaid expenses	-	(9,214)	1,610
Increase (decrease) in net financial assets	(582,193)	(55,310)	254,199
Net financial assets, beginning of year	2,776,904	2,776,904	2,522,705
Net financial assets, end of year	\$ 2,194,711	\$ 2,721,594	\$ 2,776,904

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, 2021

	2021	2020
Operating transactions		
Annual surplus	\$ 455,548	\$ 189,424
Non-cash charges to operations:		
Amortization	430,711	410,190
Contributed capital assets - net	(290)	-
Loss on disposal of tangible capital assets	555	1,452
Change in employee benefits payable	5,756	1,886
Lakeland Holding Ltd. - share of income net of dividends	(119,581)	(107,681)
	772,699	495,271
Changes in non-cash items:		
Taxes receivable	79,001	55,977
Accounts receivable	(300,686)	10,677
Accounts payable and accrued liabilities	15,302	(261,023)
Deferred revenue-general	(859)	55,152
Deferred revenue-obligatory reserve funds	(89,147)	116,167
Accrued interest on long-term debt	(233)	(228)
Inventories of supplies	(2,728)	(814)
Prepaid expenses	(9,214)	1,610
	(308,564)	(22,482)
Cash provided by operating transactions	464,135	472,789
Capital transactions		
Acquisition of tangible capital assets	(931,109)	(352,727)
Proceeds from disposal of tangible capital assets	-	3,205
Cash applied to capital transactions	(931,109)	(349,522)
Investing transactions		
Increase in investments	(3,844)	(9)
Cash applied to investing transactions	(3,844)	(9)
Financing transactions		
Increase in temporary borrowing	250,000	-
Debt principal repayments	(79,685)	(77,501)
Tangible capital lease repayments	(476)	(298)
Cash provided by (applied to) financing transactions	169,839	(77,799)
Net change in cash	(300,979)	45,459
Cash, beginning of year	2,630,048	2,584,589
Cash, end of year	\$ 2,329,069	\$ 2,630,048
Cash flow supplementary information:		
Cash paid for interest	\$ 56,967	\$ 59,160

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, 2021

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, 2021

- (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
Cash includes cash on hand and balances held at financial institutions.
 - (iii) Investments
Investments are recorded at cost plus accrued interest.
 - (iv) Non-financial assets
Non-financial assets are not available to discharge existing liabilities but are held for use in the provision of municipal services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.
- (a) Tangible capital assets
Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Tangible capital assets received as donations are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:
- Land improvements - 20 to 60 years
 - Buildings - 20 to 50 years
 - Machinery, equipment and furniture - 5 to 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 SUNDRIDGENOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2021

- (v) Reserves and reserve funds
Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future operating and capital purposes. Balances related to these funds are included in the accumulated surplus of the Consolidated Statement of Financial Position.
- (vi) Government transfers
Government transfers are recognized in the financial statements as revenue when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the Consolidated Statement of Operations as the stipulation liabilities are settled.
- (vii) Deferred revenue
Revenue restricted by legislation, regulation or agreement and not available for general municipal purposes is reported as deferred revenue on the Consolidated Statement of Financial Position. The revenue is reported on the Consolidated Statement of Operations in the year in which it is used for the specified purpose.
- (viii) Taxation and related revenue
Tax rates are established annually by Council, incorporating amounts to be raised for local services and amounts the Municipality is required to collect on behalf of the Province of Ontario in respect of education taxes. Property tax billings are prepared by the Municipality based on assessment rolls, supplementary assessment rolls and other assessment adjustments issued by the Municipal Property Assessment Corporation ("MPAC"). Taxation revenue is initially recorded at the time assessment information is received from MPAC and is subsequently adjusted based on management's best estimate of the amount of tax revenue resulting from assessment adjustments that have not yet been received from MPAC. The Municipality is entitled to collect interest and penalties on overdue taxes. This revenue is recorded in the period the interest and penalties are levied.
- (ix) Pensions and employee benefits
The Municipality accounts for its participation in the Ontario Municipal Employee Retirement System (OMERS), a multi-employer public sector pension fund, as a defined contribution plan. Obligations for sick leave and employee retirement gratuities under employee benefits payable are accrued as the employees render the services necessary to earn the benefits.
- (x) Use of estimates
The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. These estimates and assumptions are based on management's historical experience, best knowledge of current events and actions that the Municipality may undertake in the future. Significant accounting estimates include valuation allowances for taxes and accounts receivable, 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, 2021

2. CONTRIBUTIONS TO UNCONSOLIDATED JOINT BOARDS

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

	2021	2020
District of Parry Sound Social Services Administration Board	\$ 45,126	\$ 45,480
North Bay Parry Sound District Health Unit	29,023	29,023
District of Parry Sound (East) Home for the Aged	39,682	33,209
	\$ 113,831	\$ 107,712

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, \$279,406 of taxation was collected on behalf of school boards (2020 \$299,634).

(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 \$35,701 (2020 \$42,207). 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

Cash is comprised of:

	2021	2020
Unrestricted cash	\$ 2,113,797	\$ 2,325,629
Restricted cash	215,272	304,419
	\$ 2,329,069	\$ 2,630,048

Federal and Provincial legislation restricts how restricted cash related to obligatory reserve funds, reported in Note 10, may be used.

5. INVESTMENTS

Investments are comprised of guaranteed and redeemable investment certificates, bearing interest at rates ranging from .1% to 1.6% and maturing between October 3, 2022 and June 30, 2024.

THE CORPORATION OF THE VILLAGE OF SUNDRIDGE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2021

6. TAXES RECEIVABLE

Taxes receivable are comprised of the following:

	2021	2020
Taxes receivable	\$ 199,340	\$ 285,158
Valuation allowance	(7,510)	(14,327)
	\$ 191,830	\$ 270,831

THE CORPORATION OF THE VILLAGE OF SUNDRIDGE

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

7. 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.

	2021	2020
Consolidated Statement of Financial Position		
Assets		
Current Assets	\$ 22,885,143	\$ 23,073,265
Non-Current Assets	134,082,102	118,095,494
Total Assets	156,967,245	141,168,759
Regulatory Deferral Account Balances and Related Deferred Tax	(108,818)	347,619
Total Assets and Regulatory Deferral Account Balances	156,858,427	141,516,378
Liabilities		
Current Liabilities	19,332,787	12,112,348
Non-Current Liabilities	75,097,848	70,276,722
Total Liabilities	94,430,635	82,389,070
Shareholder's Equity	62,427,792	59,127,308
Total Liabilities and Equity	\$ 156,858,427	\$ 141,516,378
Municipality's investment	\$ 2,284,857	\$ 2,164,059
Consolidated Statement of Comprehensive Income		
Total operating revenue	\$ 64,354,561	\$ 67,655,371
Total operating expenses	(55,958,522)	(59,026,906)
Other income and expenses	(1,228,417)	(1,663,187)
Provision for payments in lieu of taxes	(1,718,287)	(1,778,112)
Net movement in regulatory deferral account balances	(182,108)	(245,055)
Profit for the year and net movements in regulatory deferral account balances	5,267,227	4,942,111
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
Total comprehensive income for the year	\$ 5,300,484	\$ 4,992,922
Municipality's share of profit for the year and net movements in regulatory deferral account balances	\$ 192,781	\$ 180,881
Less: dividends received from Lakeland Holding Ltd.	(73,200)	(73,200)
Municipality's share of income, net of dividends	119,581	107,681
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
Increase in Municipality's investment	120,798	109,540

THE CORPORATION OF THE VILLAGE OF SUNDRIDGE

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

8. TEMPORARY BORROWING

In 2021 the Municipality entered into an agreement with the Ontario Infrastructure and Lands Corporation for the purposes of providing interim financing for renovations to the Sundridge and District Medical Centre, up to a maximum of \$1,500,000. The note is payable on demand, with interest only, calculated at Infrastructure Ontario's monthly construction interest rate in effect for the interest period, payable monthly. At the end of the year, \$250,000 of the facility was used.

9. DEFERRED REVENUE-GENERAL

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

	2021	2020
Balance, beginning of year:		
Medical Centre	\$ 44,247	\$ 14,371
Modernization funding	25,341	-
Ontario Cannabis Legalization Implementation Fund	15,000	15,000
Other	10	75
	84,598	29,446
Received during the year:		
Medical Centre	115,050	134,262
Modernization funding	70,000	75,000
Ontario Cannabis Legalization Implementation Fund	5,000	-
Other	2,350	10
	192,400	209,272
Recognized in revenue during the year	(138,598)	(154,120)
Repaid/repayable in the year	(41,815)	-
Transferred to other municipalities	(12,846)	-
Balance, end of year	\$ 83,739	\$ 84,598
Medical Centre	\$ 31,592	\$ 44,247
Modernization funding	32,116	25,341
Ontario Cannabis Legalization Implementation Fund	19,491	15,000
Other deferred revenue	540	10
Balance, end of year	\$ 83,739	\$ 84,598

THE CORPORATION OF THE VILLAGE OF SUNDRIDGE

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

10. 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 Community-Building funding (previously gas tax) 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. Community-Building, 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:

	2021	2020
Balance, beginning of year:		
Building Code Act	\$ 14,982	\$ 7,285
Community-Building	181,513	122,836
Ontario Community Infrastructure Fund	107,924	44,667
Main Street Revitalization	-	13,464
	304,419	188,252
Received during the year:		
Building Code Act	-	7,697
Community-Building	119,556	58,306
Ontario Community Infrastructure Fund	73,322	73,322
Interest earned	1,137	541
	194,015	139,866
Recognized in revenue during the year	(283,162)	(23,699)
Balance, end of year	\$ 215,272	\$ 304,419
Building Code Act	\$ 13,149	\$ 14,982
Community-Building	137,809	181,513
Ontario Community Infrastructure Fund	64,314	107,924
Balance, end of year	\$ 215,272	\$ 304,419

THE CORPORATION OF THE VILLAGE OF SUNDRIDGE

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

11. MUNICIPAL DEBT

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

	2021	2020
Ontario Infrastructure and Lands Corporation loan, due November 2044, repayable in monthly payments of \$8,204 including interest calculated at 3.6%	\$ 1,534,799	\$ 1,577,166
Ontario Infrastructure and Lands Corporation loan, due May 2022, repayable in semi-annual payments of \$19,088 including interest calculated at 1.87%	18,921	56,239
	\$ 1,553,720	\$ 1,633,405

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

	Principal	Interest
2022	\$ 62,839	\$ 54,651
2023	45,525	52,925
2024	47,191	51,259
2025	48,919	49,532
2026	50,709	47,742
2027 onwards	1,298,537	465,368
	\$ 1,553,720	\$ 721,477

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

	2021	2020
Principal payments	\$ 79,685	\$ 77,501
Interest	56,728	58,918
	\$ 136,413	\$ 136,419

THE CORPORATION OF THE VILLAGE OF SUNDRIDGE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2021

12. TANGIBLE CAPITAL LEASES

The contributing municipalities of the Sundridge-Strong Union Public Library leased a photocopier for a 5-year period ending October 2021. This liability is accounted for on the Consolidated Statement of Financial Position at the present value of future minimum lease payments. The Municipality's share of future minimum lease payments are as follows:

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

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

13. 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 \$30,030 (2020 \$24,601) 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 \$14,849 (2020 \$14,522) at the end of the year.

THE CORPORATION OF THE VILLAGE OF SUNDRIDGE

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

14. CONTRACTUAL OBLIGATIONS

In 2019 the Municipality contracted EXP Services Inc. to provide engineering services for the rehabilitation of portions of Main Street, Anderson Street and Robert Street at a combined contract amount of \$152,610 plus HST. To the end of 2021, \$82,388 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.

In 2019 the Municipality committed to contributing up to \$20,000 towards the joint purchase and installation of a message board/illuminated sign with the Sundridge Lion's Club. In 2021 this project was awarded to Libertelevision Inc. at a cost of \$33,439 plus HST. The message board is expected to be installed in 2022.

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

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

15. 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 by 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, 2021

16. TANGIBLE CAPITAL ASSETS

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

2021								
	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads and Bridges	Wastewater Infrastructure	Assets Under Construction	TOTAL
COST								
Balance, beginning of year	\$ 1,988,458	\$ 1,677,161	\$ 1,086,045	\$ 665,991	\$ 6,301,338	\$ 8,763,348	\$ 260,786	\$ 20,743,127
Additions and betterments	156,839	69,433	106,101	59,361	451,230	33,523	54,622	931,109
Contributed assets	290	-	-	-	-	-	-	290
Disposals and writedowns	-	(2,194)	(46,583)	-	(17,207)	-	-	(65,984)
Transfer between classes	-	162,441	-	-	24,889	-	(187,330)	-
BALANCE, END OF YEAR	2,145,587	1,906,841	1,145,563	725,352	6,760,250	8,796,871	128,078	21,608,542
ACCUMULATED AMORTIZATION								
Balance, beginning of year	583,349	869,078	432,712	299,509	3,557,412	1,346,769	-	7,088,829
Annual amortization	73,034	40,476	65,984	40,626	97,771	112,820	-	430,711
Amortization disposals	-	(1,903)	(46,583)	-	(16,943)	-	-	(65,429)
BALANCE, END OF YEAR	656,383	907,651	452,113	340,135	3,638,240	1,459,589	-	7,454,111
TANGIBLE CAPITAL ASSETS-NET	\$ 1,489,204	\$ 999,190	\$ 693,450	\$ 385,217	\$ 3,122,010	\$ 7,337,282	\$ 128,078	\$ 14,154,431
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

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

THE CORPORATION OF THE VILLAGE OF SUNDRIDGE

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

17. ACCUMULATED SURPLUS

The 2021 continuity of accumulated surplus reported on the Consolidated Statement of Financial Position is as follows:

	Balance Beginning of Year	Annual Surplus (Deficit)	Balance End of Year
RESERVES AND RESERVE FUNDS			
General government	\$ 25,942	\$ 77,268	\$ 103,210
Election	8,000	4,000	12,000
Modernization grant	150,115	(117,070)	33,045
Fire	274,790	70,300	345,090
Roads capital and construction	638,902	(22,000)	616,902
Roads retirement gratuity	12,000	-	12,000
Wastewater	541,911	(46,852)	495,059
Medical Centre	42,163	4,250	46,413
Splashpad	22,951	2,000	24,951
Parks and recreation	138,511	(26,515)	111,996
Sunflower festival	14,176	(3,753)	10,423
Official Plan	13,535	(5,526)	8,009
Message Board	29,548	-	29,548
Arena	10,556	20,776	31,332
Library	2,678	-	2,678
	1,925,778	(43,122)	1,882,656
OTHER			
Consolidated tangible capital assets	13,654,298	500,133	14,154,431
General operating surplus (deficit) -			
Municipality	363,623	(169,872)	193,751
Arena	8,728	3,299	12,027
Library	2,612	(303)	2,309
Almaguin Community Economic Development	1,197	3,495	4,692
Medical Centre	3,656	(32,068)	(28,412)
Equity in Lakeland Holding Ltd.	2,164,059	120,798	2,284,857
Unfunded amounts -			
Municipal debt	(1,633,405)	79,685	(1,553,720)
Tangible capital leases	(476)	476	-
Employee benefits payable	(39,123)	(5,756)	(44,879)
	\$ 16,450,947	\$ 456,765	\$ 16,907,712

THE CORPORATION OF THE VILLAGE OF SUNDRIDGE

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

18. 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, 2021

18. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT (continued)

FOR THE YEAR ENDED DECEMBER 31, 2021

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	Unallocated Amounts	Consolidated
REVENUE										
Property taxes	\$ -	\$ -	\$ -	\$ 397,850	\$ -	\$ -	\$ -	\$ -	\$ 1,677,983	\$ 2,075,833
User charges	2,831	11,106	953	12,048	40	-	24,289	2,200	-	53,467
Government transfers -										
Canada	-	-	164,101	-	-	-	51,810	14,672	-	230,583
Ontario	8,564	(2,601)	117,228	9,679	128,161	-	20,969	6,188	508,361	796,549
Other municipalities	-	12,161	2,960	-	-	-	1,369	914	-	17,404
Lakeland Holding Ltd. - share of income, net of dividends	-	-	-	-	-	-	-	-	119,581	119,581
Loss on disposal of capital assets	-	-	(264)	-	(47)	-	(244)	-	-	(555)
Other	36,250	9,755	-	1,228	35,456	-	34,894	348	77,275	195,206
TOTAL REVENUE	47,645	30,421	284,978	420,805	163,610	-	133,087	24,322	2,383,200	3,488,068
EXPENSES										
Salaries, wages and benefits	537,911	95,437	277,618	-	64,542	-	102,293	20,495	-	1,098,296
Long-term debt charges (interest)	-	762	-	55,966	-	-	6	-	-	56,734
Materials	101,689	59,229	120,506	66,775	23,392	-	69,957	5,795	-	447,343
Contracted services	77,463	210,325	26,980	404,821	111,752	-	13,578	20,284	-	865,203
Rents and financial expenses	6,491	1,910	629	-	6,294	-	442	-	-	15,766
External transfers	3,050	-	-	-	30,130	85,258	-	29	-	118,467
Interfunctional adjustments	(27,753)	6,525	-	-	16,977	-	4,251	-	-	-
Amortization	21,976	42,075	187,024	131,694	4,352	-	40,828	2,762	-	430,711
TOTAL EXPENSES	720,827	416,263	612,757	659,256	257,439	85,258	231,355	49,365	-	3,032,520
ANNUAL SURPLUS (DEFICIT)	\$ (673,182)	\$ (385,842)	\$ (327,779)	\$ (238,451)	\$ (93,829)	\$ (85,258)	\$ (98,268)	\$ (25,043)	\$ 2,383,200	\$ 455,548

THE CORPORATION OF THE VILLAGE OF SUNDRIDGE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2021

18. 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, 2021

19. RELATED PARTY TRANSACTIONS

During the normal course of operations, the Municipality received dividends of \$73,200 (2020 \$73,200) and purchased power in the amount of \$104,157 (2020 \$114,447) 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.

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	\$ (403,623)
Decrease in unfinanced capital - Medical Centre	1,318
Decrease in reserves and reserve funds	(241,588)
Decrease in joint board general operating surplus	(18,285)
ADJUSTMENTS:	
Acquisition of tangible capital assets	1,147,760
Amortization of tangible capital assets	(430,585)
Decrease in municipal debt	79,985
ANNUAL SURPLUS	\$ 134,982

THE CORPORATION OF THE VILLAGE OF SUNDRIDGE

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

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, 2021. The results of this valuation disclosed total actuarial liabilities of \$120,796 million with respect to benefits accrued for service with actuarial assets at that date of \$117,665 million indicating an actuarial deficit of \$3,131 million. Because OMERS is a multi-employer plan, any Plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Municipality does not recognize any share of the Plan surplus or deficit.

The amount contributed to OMERS for 2021 was \$54,166 (2020 \$49,667) 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 local economies around the globe. In many countries, including Canada, businesses were forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of nonessential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

In 2021 the Municipality received COVID-19 operating funding in the amount of \$46,161 to cover pandemic-related operating pressures and has identified \$47,769 in related costs. The costs include a \$27,840 decrease in revenue related to the suspension of interest on taxes and a \$8,671 loss of other revenue. In addition, expenses of \$11,258, relating to staff time devoted to COVID-19 related activities, the purchase of COVID-19 supplies and supplemental levies have been identified.

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.

23. COMPARATIVE FIGURES

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