

**CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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**Township of Augusta
Consolidated
Financial Statements
December 31, 2020**

Township of Augusta
Five Year Financial Review
(not subject to audit)

December 31	2020	2019	2018	2017	2016
Population (Statistics Canada)	7,353	7,353	7,353	7,353	7,353
Number of Households (MPAC)	3,143	3,130	3,130	3,118	3,004
Taxable Assessment (000's)	\$	\$	\$	\$	\$
Residential and farm	775,469	754,843	732,643	709,738	722,630
Commercial and industrial	56,313	52,028	50,096	48,835	55,807
Total	831,782	806,871	782,739	758,573	778,437
Commercial, industrial as % of assessment	6.77%	6.44%	6.40%	6.43%	7.17%
Rates of Taxation					
Residential					
▸ for general municipal purposes	0.612251	0.601087	0.589648	0.578085	0.563986
▸ for county purposes	0.369649	0.370869	0.370869	0.370869	0.363579
▸ for school board purposes	0.153000	0.161000	0.170000	0.179000	0.188000
Total	1.134900	1.132956	1.130517	1.127954	1.115565
Multi-Residential (municipal)	0.612251	0.601087	0.589648	0.578085	0.563986
Commercial (municipal)	0.824335	0.809303	0.793902	0.778334	0.759351
Industrial (municipal)	1.109031	1.088808	1.068088	1.047143	1.021604
Tax Arrears ▸ percentage of current levy (<10%)**	18.09%	13.63%	16.87%	18.98%	14.99%
Taxes Transferred (000's)					
▸ County	3,130	3,073	3,009	2,860	2,806
▸ School Boards	1,881	1,927	1,908	1,866	1,887
Revenues (000's)	\$	\$	\$	\$	\$
▸ Taxation and payments in lieu	5,120	4,777	4,758	4,472	4,370
▸ Government transfers	1,171	1,543	914	706	725
▸ Fees and service charges	65	66	118	77	80
▸ Other	336	297	343	314	292
▸ Revenues related to capital assets	401	387	309	296	226
Total	7,093	7,070	6,442	5,865	5,693
Expenses (000's)					
▸ Operations	6,724	6,144	5,729	5,724	5,746
▸ Amortization	1,354	1,318	1,173	1,290	1,281
Net Assets (Net Debt)					
▸ % of Operating Revenue (>(20%))**	34.81%	24.90%	20.52%	35.15%	40.10%
▸ % of Taxation and User Charges (>(50%))**	44.93%	34.35%	26.44%	43.78%	50.15%

** Represents the Provincial Low Risk Indicator.
(Note: All dollar amounts are in thousands of dollars.)

Township of Augusta
Five Year Financial Review
(not subject to audit)

December 31	2020	2019	2018	2017	2016
	\$	\$	\$	\$	\$
Long Term Debt					
▸ Net long term debt (000's)	3,313	---	---	---	---
▸ Long term debt charges (000's)	154	---	---	---	---
▸ Annual repayment limit (000's)	1,309	1,215	1,182	1,192	1,097
▸ Long term debt per household	1,054	---	---	---	---
Municipal Equity (000's)					
▸ Surplus and Reserves	5,809	5,252	3,052	3,407	3,486
▸ Invested in capital assets	13,728	13,916	15,191	14,122	13,902
▸ Reserves as % of operating expenses (>20%) **	86.12%	84.48%	52.24%	58.44%	59.74%
▸ Asset consumption ratio	54.47%	52.36%	53.97%	54.12%	52.65%
Financial Indicators					
▸ Sustainability					
▸ financial assets to liabilities	1.45	1.81	1.79	2.48	2.86
▸ financial assets to liabilities excluding long term debt	4.11	---	---	---	---
▸ capital reserves to accumulated amortization	23.29%	21.62%	12.17%	14.97%	14.52%
▸ Flexibility					
▸ Debt charges to total operating revenue (<5%) **	2.30%	0.00%	0.00%	0.00%	0.00%
▸ Total operating revenue to taxable assessment	0.80%	0.83%	0.79%	0.73%	0.70%
▸ Working capital to operating expenses (>10%) **	83.92%	27.08%	49.95%	57.34%	58.65%
▸ Vulnerability					
▸ Operating government transfers					
▸ to operating revenue	17.49%	23.10%	14.90%	12.68%	13.26%
▸ Total government transfers					
▸ to total revenues	21.91%	27.31%	18.82%	17.09%	16.70%




Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Corporation of the Township of Augusta are the responsibility of the Township's management and have been prepared in compliance with legislation, and in accordance with Canadian Public Sector Accounting Standards. A summary of significant accounting policies are described in note 2 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.


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

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

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



Bryan Brown, CAO



Ray Morrison, Treasurer



INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers
of the Corporation of the Township of Augusta:

Opinion

We have audited the consolidated financial statements of the Corporation of the Township of Augusta (the 'Entity'), which comprise:

- the consolidated statement of financial position as at December 31, 2020;
- the consolidated statement of operations and accumulated surplus for the year then ended;
- the consolidated statement of changes in net financial assets for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- and the notes to the consolidated financial statements, including a summary of significant accounting policies;

(Hereinafter referred to as the 'financial statements').

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2020, and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the **'Auditors' Responsibilities for the Audit of the Financial Statements'** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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 the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the 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 of 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



Allan and Partners LLP
Chartered Professional Accountants
Licensed Public Accountants

Perth, Ontario
October 25, 2021.

Township of Augusta
Consolidated Statement of Financial Position

December 31	2020	2019
	\$	\$
ASSETS		
Financial Assets		
Cash and short term deposits	4,361,280	1,411,314
Taxes receivable	1,727,280	1,162,939
Accounts receivable	1,346,889	1,112,053
Long term receivables	20,772	26,928
	7,456,221	3,713,234
LIABILITIES		
Financial Liabilities		
Accounts payable and accrued liabilities	637,661	1,069,000
Accrued landfill closure and post closure (note 9)	516,673	516,673
Prepaid property taxes	326,489	172,092
Other current liabilities	40,217	58,905
Deferred revenues (note 4)	271,357	205,874
Long term liabilities (note 5)	3,334,144	26,928
	5,126,541	2,049,472
NET FINANCIAL ASSETS	2,329,680	1,663,762
NON-FINANCIAL ASSETS		
Tangible capital assets (note 13)	17,041,808	17,316,445
Inventories	83,202	112,469
Prepaid expenses	82,483	75,746
	17,207,493	17,504,660
Contingent Liabilities (note 11)		
MUNICIPAL EQUITY (note 6)	19,537,183	19,168,422

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

Township of Augusta
Consolidated Statement of Operations

For the year ended December 31	(Note 15) Budget	2020	2019
	\$	\$	\$
REVENUES			
Taxation ▶ residential	4,534,136	4,526,209	4,354,379
▶ commercial	472,672	572,375	401,767
▶ other governments	21,910	21,732	20,379
User charges ▶ general government	12,154	15,692	13,643
▶ protection to persons and property	30,000	5,256	13,012
▶ transportation services	16,912	15,081	11,921
▶ recreation and culture	30,250	1,460	5,742
▶ planning	26,617	27,569	22,175
Government transfers	1,048,786	1,170,663	1,543,465
Deferred revenue earned (note 4)	---	20,000	---
Licences and permits	101,737	103,800	101,733
Investment income	50,300	29,574	46,215
Penalties and interest on taxes	185,000	171,175	142,115
Other	5,655	11,388	6,530
TOTAL REVENUES	6,536,129	6,691,974	6,683,076
EXPENSES			
General government	813,259	1,003,860	848,930
Protection to persons and property	1,790,520	2,048,375	1,846,814
Transportation services	1,521,826	2,674,192	2,447,845
Environmental services	650,170	471,936	465,222
Social and health services	8,000	5,883	4,907
Recreation and cultural services	321,498	354,172	329,348
Planning and development	229,173	165,885	201,129
TOTAL EXPENSES	5,334,446	6,724,303	6,144,195
NET (EXPENDITURES) REVENUES FROM OPERATIONS	1,201,683	(32,329)	538,881
OTHER			
Grants and transfers related to capital			
Deferred revenues earned (note 4)	20,000	17,400	---
Government transfers	298,293	383,680	387,270
	318,293	401,080	387,270
ANNUAL SURPLUS	1,519,976	368,751	926,151
MUNICIPAL EQUITY, BEGINNING OF YEAR	19,168,422	19,168,422	18,242,271
MUNICIPAL EQUITY, END OF YEAR	20,688,398	19,537,173	19,168,422

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

Township of Augusta
Consolidated Statement of Changes in Net Financial Assets

For the year ended December 31	(Note 15) Budget	2020	2019
	\$	\$	\$
ANNUAL SURPLUS	1,519,976	368,751	926,151
Amortization of tangible capital assets	---	1,353,683	1,317,844
Acquisition of tangible capital assets	(2,239,375)	(1,079,046)	(3,443,743)
Acquisition of supplies inventories	---	29,267	4,436
Acquisition of prepaid expenses	---	(6,737)	17,354
	(2,239,375)	297,167	(2,104,109)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(719,399)	665,918	(1,177,958)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	1,663,762	1,663,762	2,841,720
NET FINANCIAL ASSETS, END OF YEAR	944,363	2,329,680	1,663,762

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

Township of Augusta Consolidated Statement of Cash Flows

For the year ended December 31	2020	2019
	\$	\$
OPERATING ACTIVITIES		
Annual surplus for the year	368,751	926,151
Amortization	1,353,683	1,317,844
	1,722,434	2,243,995
Net Change in Non-Cash Working Capital Balances		
Taxes receivable	(564,341)	398,832
Accounts receivable	(234,836)	(221,022)
Accounts payable and accrued liabilities	(431,339)	327,624
Prepaid property taxes	154,397	30,868
Other current liabilities	(18,688)	18,953
Deferred revenues (note 4)	65,483	94,372
Inventories	29,267	4,436
Prepaid expenses	(6,737)	17,354
Long term receivables	6,156	5,807
	(1,000,638)	677,224
Working Capital from Operations	721,796	2,921,219
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(1,079,046)	(3,443,743)
Net investment in tangible capital assets	(1,079,046)	(3,443,743)
FINANCING ACTIVITIES		
Debt issued for Township purposes	3,400,000	---
Debt principal repayments	(92,784)	(5,807)
Net increase (decrease) in cash from financing activities	3,307,216	(5,807)
NET INCREASE (DECREASE) IN CASH	2,949,966	(528,331)
CASH, BEGINNING OF YEAR	1,411,314	1,939,645
CASH, END OF YEAR	4,361,280	1,411,314

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

Township of Augusta

Notes to the Consolidated Financial Statements

December 31, 2020

1. Status of the Township of Augusta

The Township of Augusta (the 'Township') was formed January 21, 1850 and assumed its responsibilities under the authority of the Provincial Secretary. The Township operates as a lower tier government in the United Counties of Leeds and Grenville, in the Province of Ontario, Canada and provides municipal services such as police, fire, public works, planning, parks and recreation, library and other general government operations.

2. Significant Accounting Policies

The consolidated financial statements of the Township of Augusta are the representations of management and have been prepared in all material respects in accordance with Canadian Public Sector Accounting Standards. Significant aspects of the accounting policies by the Township are as follows:

Reporting Entity

- (i) The consolidated financial statements reflect financial assets, liabilities, operating revenues and expenses, reserves, reserve funds and changes in investment in tangible capital assets of the Township. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Township and which are owned or controlled by the Township. Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated. These consolidated financial statements include:
 - ▶ North Augusta Cemetery Board
 - ▶ McGinn's Cemetery Board
 - ▶ Augusta Library Board
 - ▶ Police Services Board
- (ii) The taxation, other revenues, Expenses, assets and liabilities with respect to the operations of the school boards are not reflected in the municipal fund balances of these consolidated financial statements.

Basis of Accounting

- (i) The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based on receipt of goods and services and/or the creation of a legal obligation to pay.
- (ii) Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year.
- (iii) Trust funds and their related operations administered by the Township are not included in these consolidated financial statements but are reported separately on the Trust Funds Statement of Financial Activities and Financial Position.

Township of Augusta

Notes to the Consolidated Financial Statements

December 31, 2020

2. Significant Accounting Policies / continued

Taxation and Related Revenues

Property tax billings are prepared by the Township based on assessment rolls issued by the Municipal Property Assessment Corporation ('MPAC'). Tax rates are established by the Township Council, incorporating amounts to be raised for local services, amounts to be raised on behalf of the United Counties of Leeds and Grenville for regional services, and amounts the Township is required to collect on behalf of the Province of Ontario in respect of education taxes. Taxation revenues are recorded at the time tax billings are issued. Adjustments to taxation revenues can occur during the year related to the issuance of supplementary tax billings and/or assessment appeals. These adjustments are recorded when the amount of the adjustments can be quantified. The Township is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period in which the interest and penalties are applied.

Tangible Capital Assets

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

Land	
Buildings	40 years
Furniture and Equipment	7 years
Vehicles	7 to 20 years
Roads	10 to 40 years
Bridges	75 years
Construction in Progress	

Amortization is charged from the date of acquisition. Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

The Township has a capitalization threshold of \$5,000 for vehicles and equipment and \$20,000 for linear assets and buildings so that individual capital assets of lesser value are expensed, unless they are pooled because, collectively, they have significant value, or for operations reasons.

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of other asset as of the date of transfer.

When tangible capital assets are disposed of, either by way of a sale, destruction or loss, or abandonment of the asset, the asset's net book value, historical cost less accumulated amortization, is written off. Any resulting gain or loss, equal to the proceeds on disposal less the asset's net book value, is reported on the consolidated statement of operations in the year of disposal. Transfers of assets to third parties are recorded as an expense equal to the net book value of the asset as of the date of transfer.

Township of Augusta

Notes to the Consolidated Financial Statements

December 31, 2020

2. Significant Accounting Policies / continued

Tangible Capital Assets / continued

When conditions indicate that a tangible capital asset no longer contributes to the Township's ability to provide services or the value of the future economic benefits associated with the tangible capital asset are less than its net book value, and the decline is expected to be permanent, the cost and accumulated amortization of the asset are reduced to reflect the revised estimate of the value of the asset's remaining service potential. The resulting net adjustment is reported as an expense on the consolidated statement of operations.

Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

Inventories and Prepaid Expenses

Inventories and prepaid expenses held for consumption are recorded at the lower of cost or replacement cost.

Pension and Employee Benefits

The Township accounts for its participation in the Ontario Municipal Employees Retirement System ('OMERS'), a multi-employer public sector pension fund, as a defined benefit plan. The OMERS plan specifies the retirement benefits to be received by employees based on length of service and pay rates.

Employee benefits include vacation entitlement and sick leave benefits. Vacation entitlements are accrued as entitlements are earned. Sick leave benefits are accrued in accordance with the Township's policy.

Cash and Cash Equivalents

The Township considers cash and cash equivalents to be highly liquid investments with original maturities of three months or less.

Government Transfers

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

Deferred Revenues

The Township defers recognition of user charges and fees which have been collected but for which the related services have yet to be performed. Government transfers of gas taxes, development charges collected under the *Development Charges Act, 1997*, and recreational lands collected under the Planning Act are reported as deferred revenues in the Consolidated Statement of Financial Position. These amounts will be recognized as revenues in the fiscal year the services are performed.

Township of Augusta

Notes to the Consolidated Financial Statements

December 31, 2020

2. Significant Accounting Policies / continued

Deferred Revenues / continued

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

Deferred revenues represent certain user charges and fees which have been collected but for which the related services have yet to be performed. Deferred revenues also represent contributions that the Township has received pursuant to legislation, regulation or agreement that may only be used for certain programs or in the completion of specific work. These amounts are recognized as revenues in the fiscal year the services are performed or related expenses incurred.

Investments

Short-term and long-term investments are recorded at cost plus accrual interest. If the market value of investments become lower than cost and the decline in value is considered to be other than temporary, the investments are written down to market value.

Investment income earned on surplus current funds, capital funds, reserves and reserve funds (other than obligatory reserve funds) are reported as revenue in the period earned. Investment income earned on development charges and parkland obligatory reserve funds is added to the fund balance and forms part of respective deferred revenue balances.

Landfill Closure and Post-Closure Liabilities

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

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

Liability for Contaminated Sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when a site is not in productive use and all the following criteria are met:

- (a) an environmental standard exists;
- (b) contamination exceeds the environmental standard;
- (c) the Township:
 - (i) is directly responsible; or
 - (ii) accepts responsibility
- (d) it is expected that future economic benefit will be given up; and
- (e) a reasonable estimate of the amount can be made.

Township of Augusta

Notes to the Consolidated Financial Statements

December 31, 2020

2. Significant Accounting Policies / continued

Liability for Contaminated Sites / continued

The liability is recognized as management's estimate of cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

Financial Instruments

All financial instruments are initially recognized at fair value on the consolidated statement of financial position. The Township has classified each financial instrument into one of the following categories: held-for-trading financial assets and liabilities, loans and receivables, held-to-maturity financial assets and other financial liabilities. Subsequent measurement of financial instruments is based on their classification.

Held-for-trading financial assets and liabilities are subsequently measured at fair value with changes in those fair values recognized in net revenues.

Loans and receivables, held-to-maturity financial assets and other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The Township classifies cash and cash equivalents as held-for-trading financial assets, accounts receivable as loans and receivables and accounts payable and accrued liabilities as other financial liabilities.

Measurement Uncertainty

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

3. Operations of the School Boards and United Counties of Leeds and Grenville

During 2020, the Township collected and made property tax transfers including payments in lieu of property taxes, to the United Counties of Leeds and Grenville and School Boards as follows:

	School Boards \$	County \$
Property taxes	1,880,572	3,120,578
Taxation from other governments	197	9,533
Amounts requisitioned and paid	1,880,769	3,130,111

Township of Augusta
Notes to the Consolidated Financial Statements

December 31, 2020

4. Deferred Revenues

A requirement of the public sector accounting standards of the Chartered Professional Accountants of Canada is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial legislation restricts how these funds may be used and under certain circumstances these funds may possibly be refunded.

The balances in the obligatory reserve funds of the Township are summarized below:

	Government Grants	Parkland	Total
	\$	\$	\$
January 1, 2020	146,837	59,037	205,874
Government grants	100,000	---	100,000
Contributions from developers	---	2,000	2,000
Interest	465	418	883
Transfer for operating purposes	(20,000)	---	(20,000)
Transfer for capital purposes	---	(17,400)	(17,400)
December 31, 2020	227,302	44,055	271,357

5. Long Term Liabilities

(a) The balance of long term liabilities reported on the "Consolidated Statement of Financial Position" is comprised of the following:

	2020	2019
	\$	\$
Fixed rate loan with the Royal Bank of Canada maturing April 2025 with an interest rate of 2.67%.	3,313,372	---
Instalment debentures with the Province of Ontario under the Ontario Tile Loan Program. The responsibility for payment of principal and interest charges for tile drainage and shoreline property assistance loans has been assumed by individuals. At the end of the year, the outstanding principal amount of this liability is	20,772	26,928
Net long term liabilities at the end of the year	3,334,144	26,928

Township of Augusta
Notes to the Consolidated Financial Statements

December 31, 2020

5. Long Term Liabilities / continued

(b) Principal payments fall due as follows:

	Landowners	General Revenues	Total
	\$	\$	\$
2021	6,524	132,736	139,260
2022	6,917	136,323	143,240
2023	7,331	140,008	147,339
2024	---	143,793	143,793
2025 and thereafter	---	2,760,512	2,760,512
	20,772	3,313,372	3,334,144

(c) Interest expense on long term liabilities in 2020 amounted to \$61,381 (2019 \$1,965).

(d) These payments are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

6. Municipal Equity

Municipal equity consists of:

	2020	2019
	\$	\$
Investment in Tangible Capital Assets		
Tangible capital assets	17,041,808	17,316,445
Long term debt	(3,313,372)	---
Unfunded capital projects	---	(3,400,000)
	13,728,436	13,916,445
Unrestricted Surplus (Deficit)		
▶ Township	(45,903)	---
▶ Library Board	47,418	42,171
▶ Police Services Board	16,244	19,028
Reserves (Schedule 1)	5,748,131	5,170,478
Reserve Funds (Schedule 1)	42,847	20,300
Total Municipal Equity	19,537,173	19,168,422

Township of Augusta

Notes to the Consolidated Financial Statements

December 31, 2020

7. Pension Contributions

The Township makes contributions to the Ontario Municipal Employees Retirement System (“OMERS”), which is a multi-employer plan, on behalf of all permanent 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. Employers and employees contribute to the plan. Since any surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees, the Township does not recognize any share of the OMERS pension surplus or deficit in these consolidated financial statements.

The amount contributed to OMERS was \$111,647 (2019 \$96,490) for current services and is included as an expenditure on the Consolidated Statement of Operations classified under the appropriate functional expenditure. Contributions by employees were a similar amount.

8. Trust Funds

Trust funds administered by the Township amounting to \$2,589 (2019 \$2,548) are presented in a separate financial statement of trust fund balances and operations. As such balances are held in trust by the Township for the benefit of others, they are not presented as part of the Township’s financial position or financial activities.

9. Landfill Closure and Post Closure Liability

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

Landfill closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. The reported liabilities is based on estimates and assumptions with respect to events extending over a twenty-five year period using the best information available to management.

The Township currently has two closed landfill sites - North Augusta and Maynard which were closed in 2015.

Annual post closure maintenance and monitoring costs are estimated to be \$70,000 per year for 2021 through 2022. For subsequent years, the results of the monitoring may result in decreased monitoring requirements.

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

Township of Augusta

Notes to the Consolidated Financial Statements

December 31, 2020

9. Landfill Closure and Post Closure Liability / continued

Estimated total Expenses represent the sum of the discounted future cash flows for closure and post-closure care activities discounted at the Township's average long term borrowing rate of 2.0% and using an assumed rate of 2.0% for inflation. The estimated landfill post-closure care Expenses are calculated to be approximately \$500,000. The estimated liability for these Expenses have been recognized in the records of the Municipality. Included in liabilities on the Consolidated Statement of Financial Position at December 31, 2020 is an amount of \$516,673 (2019 \$516,673) with respect to post-closure liabilities recognized to date.

10. Contractual Obligations

The Municipality has negotiated a long term contract for the operation of the Township's landfill site. The contract ends June 2022. Annual charges under the contract are determined by the contract. The current contract amounts to \$192,000 for 2020.

The Municipality has extended a long term contract with the Ontario Provincial Police for the provision of policing services. The contract ends December 31, 2022. Annual charges are determined based on level of service and are reconciled to actual costs in the following year. Contract payments for 2020 were \$1,033,356 (2019 \$1,018,580).

11. Contingent Liabilities

The nature of municipal activities is such that there may be litigation pending or in prospect at any time. With respect to claims as at December 31, 2020, management believes that the Township has valid defences and appropriate insurance coverages in place.

In the event any claims are successful, the amount of any potential liability is not determinable, therefore, no amount has been accrued in the consolidated financial statements.

12. Risk Management

In the normal course of operations, the Township is exposed to a variety of financial risks which are actively managed by the Township.

The Township's financial instruments consist of cash, investments, accounts receivable and accounts payable and accrued liabilities. The fair values of cash, investments and accounts payable and accrued liabilities approximate their carrying values because of their expected short term maturity and treatment on normal trade terms.

The Township's exposure to and management of risk has not changed materially from December 31, 2019.

Township of Augusta
Notes to the Consolidated Financial Statements

December 31, 2020

12. Risk Management / continued

Credit Risk

Credit risk arises from the possibility that the entities to which the Township provides services to may experience difficulty and be unable to fulfill their obligations. The Township is exposed to financial risk that arises from the credit quality of the entities to which it provides services. The Township does not have a significant exposure to any individual customer or counter party. As a result, the requirement for credit risk related reserves for accounts receivable is minimal.

Interest Rate Risk

Interest rate risk arises from the possibility that the value of, or cash flows related to, a financial instrument will fluctuate as a result of changes in market interest rates. The Township is exposed to financial risk that arises from the interest rate differentials between the market interest rate and the rates on its cash and cash equivalents and operating loan. Changes in variable interest rates could cause unanticipated fluctuations in the Township's operating results.

Liquidity Risk

Liquidity risk is the risk that the Township will not be able to meet its obligations as they fall due. The Township requires working capital to meet day-to-day operating activities. Management expects that the Township's cash flows from operating activities will be sufficient to meet these requirements.

13. Tangible Capital Assets

	2020	2019
	\$	\$
Land	805,811	815,480
Buildings	6,080,841	6,161,232
Furniture and Equipment	310,282	319,218
Vehicles	1,447,719	1,555,615
Roads	7,477,157	7,521,330
Bridges	916,172	939,744
Construction in Progress	3,826	3,826
	17,041,808	17,316,445

For additional information, see Schedule 2 ▶ Tangible Capital Assets.

14. Segmented Information

The Township is a diversified municipal government that provides a wide range of services to its citizens. The services are provided by departments and their activities are reported in the Consolidated Statement of Operations.

Township of Augusta
Notes to the Consolidated Financial Statements

December 31, 2020

14. Segmented Information / continued

Departments have been separately disclosed in the segmented information, along with the service they provide which are set out in the schedule below.

For each reported segment, Expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in note 2.

2020	Salaries, Wages & Employee Benefits	Debenture Debt Interest	Materials & Services	External Transfers	Amortization	Total
	\$	\$	\$	\$	\$	\$
General Government						
Governance	102,367	---	7,362	---	---	109,729
Corporate Management	492,187	---	387,705	---	14,239	894,131
Protection to Persons & Property						
Fire	192,629	59,765	211,294	102,233	240,331	806,252
Police	2,035	---	1,029,109	---	---	1,031,144
Conservation Authority	---	---	---	50,560	---	50,560
Protective Inspection	130,468	---	24,639	5,312	---	160,419
Transportation						
Roadways	501,206	---	865,653	---	1,031,790	2,398,649
Winter Control	130,802	---	132,114	---	---	262,916
Street Lighting	---	---	12,627	---	---	12,627
Environmental						
Waste Services	22,000	---	440,267	---	9,669	471,936
Health Services						
Cemeteries	---	---	5,883	---	---	5,883
Recreation and Cultural Services						
Recreation Facilities & Programs	58,578	---	71,641	46,108	22,206	198,533
Libraries	80,219	---	39,972	---	35,448	155,639
Planning and						
Planning & Zoning	60,313	1,616	36,314	67,642	---	165,885
2020	1,772,804	61,381	3,264,580	271,855	1,353,683	6,724,303

Township of Augusta
Notes to the Consolidated Financial Statements

December 31, 2020

14. Segmented Information / continued

2019	Salaries, Wages & Employee Benefits	Debenture Debt Interest	Materials & Services	External Transfers	Amortization	Total
\$	\$	\$	\$	\$	\$	\$
General Government						
Governance	85,986	---	10,935	---	---	96,921
Corporate Management	432,900	---	303,426	---	15,683	752,009
Protection to Persons & Property						
Fire	188,241	---	206,282	104,493	112,002	611,018
Police	1,996	---	1,028,325	---	---	1,030,321
Conservation Authority	---	---	---	44,325	---	44,325
Protective Inspection	132,189	---	28,670	291	---	161,150
Transportation						
Roadways	432,315	---	638,714	---	1,119,219	2,190,248
Winter Control	108,079	---	137,624	---	---	245,703
Street Lighting	---	---	11,894	---	---	11,894
Environmental						
Waste Services	22,561	---	442,661	---	---	465,222
Health Services						
Cemeteries	---	---	4,907	---	---	4,907
Recreation and Cultural Services						
Recreation Facilities & Programs	31,135	---	72,538	32,181	35,776	171,630
Libraries	76,799	---	45,755	---	35,164	157,718
Planning and						
Planning & Zoning	56,359	1,965	142,805	---	---	201,129
2019	1,568,560	1,965	3,074,536	181,290	1,317,844	6,144,195

Township of Augusta
Notes to the Consolidated Financial Statements

December 31, 2020

15. Budget Figures

The 2020 budget amounts that were approved were not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Board Standards). The budget included capital items such as infrastructure replacements and estimated costs for constructed assets, as program expenses, but the actual expenses have been removed in the Statement of Operations. The revenues attributable to these items continue to be included in the Statement of Operations, resulting in a significant variance. The following analysis is provided to assist readers in their understanding of differences between the approved budget and the audited financial statements:

	Budget	Actual
	\$	\$
Total Revenues	6,536,129	6,691,974
Total Expenses	5,334,446	6,724,303
Net Revenues	1,201,683	(32,329)
Amortization	---	1,353,683
Adjusted Net Revenues	1,201,683	1,321,354
Capital Revenues	318,293	401,080
Funds Available	1,519,976	1,722,434
Capital Expenses	(2,239,375)	(1,079,046)
Principal Repayments	---	(86,628)
(Decrease) Increase in Operating Surplus	(719,399)	556,760
Allocated as follows:		
Net transfers (from) to reserves	(677,556)	600,200
Unfunded capital projects	(41,843)	(45,903)
Library Board surplus	---	5,247
Police Service Board surplus	---	(2,784)
	(719,399)	556,760

Township of Augusta
Schedule 1 ▶ Continuity of Reserves and Reserve Funds

For the year ended December 31	(Note 15) Budget	2020	2019
	\$	\$	\$
Net Transfers From / (To) Other Funds			
Transfers from operations	1,282,446	1,478,292	2,372,357
Transfers to capital acquisitions	(1,960,002)	(878,092)	(174,250)
Total Net Transfers	(677,556)	600,200	2,198,107
Reserves and Reserve Fund Balances, Change in Year	(677,556)	600,200	2,198,107
Reserves and Reserve Fund Balances, Beginning of Year	5,190,778	5,190,778	2,992,671
Reserves and Reserve Fund Balances, End of Year	4,513,222	5,790,978	5,190,778

Composition of Reserves and Reserve Funds

For the year ended December 31	2020	2019
	\$	\$
Reserves set aside for specific purposes by Council:		
▶ for working capital	820,414	858,415
▶ for insurance deductible	83,848	70,000
▶ for elections	17,426	12,426
▶ for recreation	2,857	42,986
▶ for municipal drains	1,000	1,000
▶ for library	10,331	5,331
▶ for economic development	64,066	64,865
	999,942	1,055,023
For Capital Purposes		
▶ for administrative equipment	61,558	83,557
▶ for modernization projects	529,838	583,000
▶ for safe restart projects	127,843	---
▶ for fire building	556,607	500,607
▶ for fire vehicle / equipment	276,283	152,683
▶ for roads equipment	645,450	604,771
▶ for salt dome	52,683	50,880
▶ for roads construction	1,542,913	1,299,778
▶ for bridge repairs	955,014	840,179
	4,748,189	4,115,455
Total Reserves	5,748,131	5,170,478
Reserve Funds		
▶ for capital landfill	30,704	20,300
▶ for subdivision levies	12,143	---
Total Reserve Funds	42,847	20,300
Total Reserves and Reserve Funds	5,790,978	5,190,778

The accompany notes are an integral part of these consolidated financial statements.

Township of Augusta
Schedule 2 ▶ 2020 Tangible Capital Assets

Asset Class	Cost 01/01/20	Additions	(Disposals)	Cost 31/12/20
	\$	\$	\$	\$
Land	877,015	---	---	877,015
Buildings	7,910,841	111,732	---	8,022,573
Furniture and Equipment	784,895	50,840	---	835,735
Vehicles	4,754,661	123,276	---	4,877,937
Roads	20,250,979	793,198	---	21,044,177
Bridges	1,767,933	---	---	1,767,933
Construction in Progress	3,826	---	---	3,826
	36,350,150	1,079,046	---	37,429,196

Asset Class	Accumulated Amortization 01/01/20	Amortization	(Disposals)	Accumulated Amortization 31/12/20	Net Book Value 31/12/20
	\$	\$	\$	\$	\$
Land	61,535	9,669	---	71,204	805,811
Buildings	1,749,609	192,123	---	1,941,732	6,080,841
Furniture and Equipment	465,677	59,776	---	525,453	310,282
Vehicles	3,199,046	231,172	---	3,430,218	1,447,719
Roads	12,729,649	837,371	---	13,567,020	7,477,157
Bridges	828,189	23,572	---	851,761	916,172
Construction in Progress	---	---	---	---	3,826
	19,033,705	1,353,683	---	20,387,388	17,041,808

The accompany notes are an integral part of these consolidated financial statements.

Township of Augusta
Schedule 2 ▶ 2019 Tangible Capital Assets

Asset Class	Cost 01/01/19	Additions	(Disposals)	Cost 31/12/19
	\$	\$	\$	\$
Land	597,529	279,486	---	877,015
Buildings	5,038,130	2,967,711	(95,000)	7,910,841
Furniture & Equipment	699,959	84,936	---	784,895
Vehicles	4,754,661	---	---	4,754,661
Roads	19,863,709	387,270	---	20,250,979
Bridges	1,767,933	---	---	1,767,933
Construction in Progress	279,486	(275,660)	---	3,826
	33,001,407	3,443,743	(95,000)	36,350,150

Asset Class	Accumulated Amortization 01/01/19	Amortization	(Disposals)	Accumulated Amortization 31/12/19	Net Book Value 31/12/19
	\$	\$	\$	\$	\$
Land	50,016	11,519	---	61,535	815,480
Buildings	1,649,293	195,316	(95,000)	1,749,609	6,161,232
Furniture & Equipment	408,207	57,470	---	465,677	319,218
Vehicles	2,979,368	219,678	---	3,199,046	1,555,615
Roads	11,919,362	810,287	---	12,729,649	7,521,330
Bridges	804,615	23,574	---	828,189	939,744
Construction in Progress	---	---	---	---	3,826
	17,810,861	1,317,844	(95,000)	19,033,705	17,316,445

The accompany notes are an integral part of these consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers
of the Corporation of the Township of Augusta:

Opinion

We have audited the statement of financial statements of the trust fund of the Corporation of the Township of Augusta (the 'Entity'), which comprise:

- the statement of financial position as at December 31, 2020;
- the statement of financial activities for the year then ended;
- and the notes to the financial statements, including a summary of significant accounting policies;

(Hereinafter referred to as the 'financial statements').

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2020, and its financial activities 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 **'Auditors' Responsibilities for the Audit of the Financial Statements'** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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 the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the 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 of 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.



Allan and Partners LLP
Chartered Professional Accountants
Licensed Public Accountants

Perth, Ontario
October 25, 2021.

**Township of Augusta
Trust Fund
Statement of Financial Position**

December 31	2020	2019
	\$	\$
ASSETS		
Cash	2,589	2,548
LIABILITIES		
Fund balance	2,589	2,548

Statement of Financial Activities

For the year ended December 31	2020	2019
	\$	\$
REVENUES		
Perpetual care fees	41	90
NET REVENUES FOR THE YEAR	41	90
BALANCE AT THE BEGINNING OF THE YEAR	2,548	2,458
BALANCE AT THE END OF THE YEAR	2,589	2,548

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

**Township of Augusta
Trust Fund
Notes to the Financial Statements**

December 31, 2020

1. Significant Accounting Policies

Reporting Entity

Perpetual care receipts are reported on the cash basis of accounting and interest income is reported on the accrual basis of accounting.

Expenses are reported on the cash basis of accounting with the exception of administrative expenses which are reported on the accrual basis of accounting, which recognizes expenses as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.
