

TOWNSHIP OF AMARANTH
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

TOWNSHIP OF AMARANTH
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YEAR ENDED DECEMBER 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Township of Amaranth

Opinion

We have audited the accompanying consolidated financial statements of the Township of Amaranth, which comprise the consolidated statement of financial position as at December 31, 2020 and the consolidated statements operations, changes in net financial assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Township of Amaranth as at December 31, 2020 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis of Opinion

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

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

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

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

Auditor's Responsibilities for the Audit of the 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 judgement 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 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 corporation'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 corporation'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 corporation 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.

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.



Guelph, Ontario
July 21, 2021

Chartered Professional Accountants
Licensed Public Accountants

TOWNSHIP OF AMARANTH
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

	2020	2019
FINANCIAL ASSETS		
Cash	\$ 524,976	\$ 573,243
Taxes receivable	1,116,202	933,153
Accounts receivable	2,391,065	557,518
Notes receivable (note 3)	28,474	32,094
Tile drainage loans receivable (note 4)	<u>187,049</u>	<u>177,296</u>
	<u>4,247,766</u>	<u>2,273,304</u>
LIABILITIES		
Accounts payable and accrued liabilities	2,590,812	1,008,418
Tile drainage loans payable (note 4)	187,049	177,296
Deferred tax revenue	76,755	111,092
Deferred revenue - Obligatory reserve funds (schedule 3)	928,992	999,137
Long term debt (note 5)	0	18,221
Landfill site closure and post-closure liability (note 6)	<u>120,816</u>	<u>120,816</u>
	<u>3,904,424</u>	<u>2,434,980</u>
NET FINANCIAL ASSETS (DEBT)	<u>343,342</u>	<u>(161,676)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (schedule 2)	17,790,770	16,380,331
Inventory	<u>557,701</u>	<u>644,800</u>
	<u>18,348,471</u>	<u>17,025,131</u>
ACCUMULATED SURPLUS (schedule 4)	<u>\$ 18,691,813</u>	<u>\$ 16,863,455</u>

TOWNSHIP OF AMARANTH
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020 Budget (note 2)	2020 Actual	2019 Actual
REVENUE			
Taxation revenue	\$ 4,113,039	\$ 4,118,686	\$ 3,459,784
Fees and user charges	308,373	293,777	339,082
Ontario grants	2,209,179	1,757,680	767,754
Other income (note 7)	287,340	170,552	313,080
Obligatory reserve fund revenue recognized (schedule 3)	<u>526,000</u>	<u>261,894</u>	<u>55,827</u>
	<u>7,443,931</u>	<u>6,602,589</u>	<u>4,935,527</u>
EXPENSES (schedule 1)			
General government	1,009,942	883,239	946,675
Protection services	1,103,141	1,044,657	1,050,417
Transportation services	2,368,354	2,182,927	2,124,085
Environmental services	228,157	233,166	223,680
Health services	10,000	10,267	12,899
Recreation and cultural services	269,888	224,981	321,616
Planning and development	<u>306,600</u>	<u>194,994</u>	<u>305,305</u>
	<u>5,296,082</u>	<u>4,774,231</u>	<u>4,984,677</u>
ANNUAL SURPLUS (DEFICIT)	\$ <u>2,147,849</u>	\$ <u>1,828,358</u>	\$ <u>(49,150)</u>
ACCUMULATED SURPLUS, beginning of year		\$ 16,863,455	\$ 16,912,605
Annual surplus (deficit)		<u>1,828,358</u>	<u>(49,150)</u>
ACCUMULATED SURPLUS, end of year		\$ <u>18,691,813</u>	\$ <u>16,863,455</u>

TOWNSHIP OF AMARANTH
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020 Budget (note 2)	2020 Actual	2019 Actual
Annual surplus (deficit)	\$ <u>2,147,849</u>	\$ <u>1,828,358</u>	\$ <u>(49,150)</u>
Acquisition of tangible capital assets	(2,536,946)	(2,230,641)	(481,004)
Amortization of tangible capital assets	828,156	788,054	828,156
(Loss) gain on disposal of tangible capital assets	0	32,148	(29,206)
Proceeds on sale of tangible capital assets	0	0	31,239
Consumption of gravel inventory	<u>0</u>	<u>87,099</u>	<u>44,325</u>
	<u>(1,708,790)</u>	<u>(1,323,340)</u>	<u>393,510</u>
INCREASE IN NET FINANCIAL ASSETS (DEBT)	\$ <u><u>439,059</u></u>	505,018	344,360
NET DEBT, beginning of year		<u>(161,676)</u>	<u>(506,036)</u>
NET FINANCIAL ASSETS (DEBT), end of year		\$ <u><u>343,342</u></u>	\$ <u><u>(161,676)</u></u>

TOWNSHIP OF AMARANTH
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	2019
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Annual surplus (deficit)	\$ 1,828,358	\$ (49,150)
Items not requiring an outlay of cash		
Amortization of tangible capital assets	788,054	828,156
(Loss) gain on disposal of tangible capital assets	32,148	(29,206)
Consumption of gravel inventory	<u>87,099</u>	<u>44,325</u>
	2,735,659	794,125
Net changes in non-cash working capital		
Taxes receivable	(183,049)	(86,509)
Accounts receivable	(1,833,547)	(127,591)
Accounts payable and accrued liabilities	1,582,394	(184,247)
Deferred tax revenue	(34,337)	31,030
Deferred revenue - obligatory reserve funds	<u>(70,145)</u>	<u>264,621</u>
	<u>(538,684)</u>	<u>(102,696)</u>
	<u>2,196,975</u>	<u>691,429</u>
CASH PROVIDED BY (USED IN) CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(2,230,641)	(481,004)
Proceeds on disposal of tangible capital assets	<u>0</u>	<u>31,239</u>
	<u>(2,230,641)</u>	<u>(449,765)</u>
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		
Long term debt	(18,221)	(20,000)
Tile drainage loans payable	<u>9,753</u>	<u>(42,552)</u>
	<u>(8,468)</u>	<u>(62,552)</u>
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
Change in long term receivables	(9,753)	42,552
Change in notes receivable	<u>3,620</u>	<u>3,368</u>
	<u>(6,133)</u>	<u>45,920</u>
NET (DECREASE) INCREASE IN CASH	(48,267)	225,032
CASH, beginning of year	<u>573,243</u>	<u>348,211</u>
CASH, end of year	<u>\$ 524,976</u>	<u>\$ 573,243</u>

TOWNSHIP OF AMARANTH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Corporation of the Township of Amaranth are the representation of management, prepared in accordance with Canadian generally accepted accounting principles for governments as established by the Public Sector Accounting Board. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgments.

(a) **ACKNOWLEDGEMENT OF RESPONSIBILITY**

The management of the Township of Amaranth acknowledges its responsibility for the creation and compilation of the consolidated financial statements including the following significant accounting policy decisions and the related policy notes.

(b) **BASIS OF CONSOLIDATION**

(i) These consolidated financial statements reflect the assets, liabilities, sources of financing and expenditures for the revenue fund, capital fund, reserve funds and reserves and include the activities of all committees of Council and the boards and municipal enterprises which are under the control of Council. The following boards and municipal enterprises owned or controlled by Council have been consolidated:

- (a) The Shelburne District Fire Board
Proportionate consolidation: 13.17% in 2020; 13.95% in 2019
- (b) The Grand Valley and District Fire Board
Proportionate consolidation: operating - 28.00% in 2020; 26.00% in 2019
capital - 26.00% in 2020; 26.00% in 2019
- (c) Grand Valley Medical Centre
Proportionate consolidation: operating - 30.00%

All interfund assets and liabilities and sources of income and expenditures have been eliminated with the exception of the interest income and expenditures on loans or advances between reserve funds and any other fund of the municipality.

(ii) The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards and the County of Dufferin are not reflected in the municipal fund balances of these financial statements.

(iii) Trust funds and their related operations administered by the municipality are not consolidated, but are reported separately on the Trust Funds' Statement of Continuity and Statement of Financial Position.

TOWNSHIP OF AMARANTH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) BASIS OF ACCOUNTING

- (i) Sources of financing and expenditures are reported on the accrual basis of accounting with the exception of principal and interest on long term liabilities which are charged against operations in the periods in which they are paid. The principal and interest charges are not accrued for the periods from the dates of the latest instalment payments to the end of the financial year.
- (ii) The accrual basis of accounting recognizes revenues as they become available and measurable. Expenditures 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.
- (iii) Capital outlay to be recovered in future years, which represents the outstanding principal portion of unmatured long term liabilities for municipal expenditures or capital funds transferred to other organizations, is reported on the Consolidated Schedule of Accumulated Surplus.

(d) AMOUNTS TO BE RECOVERED

Amounts to be recovered are reported in the municipal position on the Consolidated Schedule of Accumulated Surplus. The balance represents the outstanding principal portion of unmatured long term liabilities, liabilities not yet due, and other future expenditures not yet levied on the ratepayers.

(e) REVENUE RECOGNITION

Revenues are recognized in the period in which the transactions or events occur that give rise to the revenues, or the year in which it is used for the specified purpose. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with reasonable certainty or when their estimation is not practical.

Ontario grants are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that the transfer requirements give rise to an obligation that meets the definition of a liability, in which case the transfer would be recorded as deferred revenue, and would be recognized as revenue when the related expenditure occurs or the conditions of recognition as revenue are met.

Taxation revenue is recognized when it is authorized and in the period for which the tax is levied. Fees and user charges are recognized when the municipal service is provided. Obligatory reserve fund revenue is recognized when the related expenditure occurs. All other revenue is recognized as earned and collection is reasonably assured.

TOWNSHIP OF AMARANTH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) **NON-FINANCIAL ASSETS**

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

(i) Tangible capital assets

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

Land improvements	15 to 20 years
Buildings	25 to 50 years
Vehicles	6 to 20 years
Furniture and equipment	2 to 20 years
Road bases	60 years
Road surfaces	2 to 15 years
Bridges and infrastructure	25 to 100 years

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

(ii) Contributions of tangible capital assets

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

(iii) 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.

(iv) Inventory

Gravel inventory is valued at the lower of cost or net realizable value. Cost is determined based on engineer estimates of the tonnes available for extraction less amounts extracted during the year.

(g) **FINANCIAL INSTRUMENTS**

Measurement of financial instruments

The corporation initially measures its financial assets and liabilities at fair value.

The corporation subsequently measures all its financial assets and financial liabilities at amortized cost.

TOWNSHIP OF AMARANTH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) FINANCIAL INSTRUMENTS (continued)

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. If an impairment has occurred, the carrying amount of financial assets measured at amortized cost is reduced to the greater of the discounted future cash flows expected or the proceeds that could be realized from the sale of the financial asset. The amount of the write-down is recognized in the annual surplus. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the annual surplus.

Transaction costs

The corporation recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

(h) 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, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant estimates made by management include the valuation of accrued liabilities and the landfill site closure and post-closure liabilities and the useful lives of tangible capital assets. Actual results could differ from those estimates.

2. BUDGET AMOUNTS

Under Canadian public sector accounting standards, budget amounts are to be reported on the consolidated statements of operations and change in net financial assets for comparative purposes. The 2020 budget amounts for the Corporation of the Township of Amaranth approved by Council have been restated to conform to the basis of preparation of these statements.

REVENUE

Approved Budget	\$ 7,579,570
Transfer from reserve funds, net	<u>(135,639)</u>
	<u>7,443,931</u>

EXPENSES

Approved Budget	7,579,570
Acquisition of tangible capital assets	(2,536,946)
Prior year deficit carried forward	(350,000)
Amortization	828,156
Contribution to Operating from Capital Fund, Reserves and Reserve Funds	<u>(224,698)</u>
	<u>5,296,082</u>

ANNUAL SURPLUS	\$ <u>2,147,849</u>
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TOWNSHIP OF AMARANTH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

3. NOTES RECEIVABLE

	2020	2019
Water loan, receivable for the capital costs of upgrades to provide water service to users of the system as set out in By-Law Number 50-2006	\$ <u>28,474</u>	\$ <u>32,094</u>

These loans are due from 21 ratepayers, bear interest at 7.5% per annum and are recoverable in annual instalments of \$287, which commenced in April 2006 and will mature in April 2026.

4. TILE DRAINAGE LOANS

	2020	2019
The township is contingently liable for long term liabilities with respect to tile drainage loans. The total amount of loans outstanding at the end of the year is:	\$ 187,049	\$ 177,296
The responsibility of the tile drainage loans for payment of principal and interest charges has been assumed by individuals. At the end of the year, the outstanding principal receivable from individuals is:	<u>187,049</u>	<u>177,296</u>
	\$ <u>0</u>	\$ <u>0</u>

Future principal payments and recoveries from individuals are as follows:

2021	\$ 30,325
2022	31,058
2023	28,682
2024	27,469
2025	20,856
Thereafter	<u>48,659</u>
	\$ <u>187,049</u>

5. LONG TERM DEBT

The balance of long term debt on the Consolidated Statement of Financial Position is made up of the following:

	2020	2019
Water operating loan - demand instalment loan maturing by December 2021, bearing interest at bank's prime rate, with \$20,000 annual repayments	\$ <u>0</u>	\$ <u>18,221</u>

6. LANDFILL SITE CLOSURE AND POST-CLOSURE LIABILITY

	2020	2019
Landfill closure and post-closure liability	\$ <u>120,816</u>	\$ <u>120,816</u>

Landfill closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of this landfill, removing of ground water and leachates, and ongoing environmental monitoring, site inspections and maintenance.

The liability is expected to be funded through budget allocations over the remaining life of the landfill, however during the 2012 fiscal year, the County of Dufferin assumed garbage collection and disposal responsibility and the landfill site ceased to be used for a significant volume of garbage. At year end, the Township was undertaking a process of considering various options for the site, which would impact the timeline to close the site. Accordingly, the liability has not been adjusted due to the uncertainty of the outcome of this process.

TOWNSHIP OF AMARANTH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

7. OTHER INCOME

	2020 Budget	2020 Actual	2019 Actual
Penalties and interest on taxation	\$ 63,500	\$ 82,495	\$ 108,659
Licenses, permits and rents	0	100	100
Other fines and penalties	840	690	1,440
Investment income	8,000	5,908	12,347
Donations	0	395	1,930
(Loss) gain on disposal of tangible capital assets	0	(32,148)	29,206
Annual turbine amenities agreement	135,000	113,112	134,039
Other	<u>80,000</u>	<u>0</u>	<u>25,359</u>
	<u>\$ 287,340</u>	<u>\$ 170,552</u>	<u>\$ 313,080</u>

8. OPERATIONS OF THE SCHOOL BOARDS AND THE COUNTY OF DUFFERIN

During the year, the following taxation revenue was raised and remitted to the school boards and the County of Dufferin:

	2020	2019
School boards	\$ 1,466,118	\$ 1,409,223
County of Dufferin	<u>2,730,212</u>	<u>2,617,008</u>
	<u>\$ 4,196,330</u>	<u>\$ 4,026,231</u>

9. TRUST FUNDS

The trust funds administered by the municipality amounting to \$37,998 (2019 - \$29,390) have not been included in the Consolidated Statement of Financial Position, nor have the operations been included in the Consolidated Statement of Operations. At December 31, 2020, the trust fund balances are as follows:

	2020	2019
Cemetery care funds	\$ <u>37,998</u>	\$ <u>29,390</u>

10. MATERIAL UNCERTAINTY DUE TO NOVEL CORONAVIRUS (COVID-19)

During the year and subsequent to year end, the Novel Coronavirus (COVID-19) significantly impacted the economy in Canada and globally. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of business disruption and the related financial impact cannot be reasonably estimated at this time. This may impact the timing and amounts realized on the organization's assets and its future ability to deliver all services.

11. FINANCIAL INSTRUMENTS

Unless otherwise noted, it is management's opinion that the corporation is not exposed to significant interest, credit, currency, liquidity, or other price risks arising from the financial instruments.

The extent of the corporation's exposure to these risks did not change in 2020 compared to the previous period.

The corporation does not have a significant exposure to any individual customer or counterpart.

TOWNSHIP OF AMARANTH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

12. CONTINGENT LIABILITY

As of the date of the financial statements, legal counsel of the Township is in negotiation with a former employee regarding a wrongful dismissal claim in the amount of \$100,000 in damages and \$7,500 in legal fees. The outcome is currently not determinable.

13. SEGMENTED INFORMATION

The Township of Amaranth is a diversified municipal government institution that provides a wide range of services to its citizens, including Government and Administration services, Protection Services (i.e. building inspection, fire and emergency services, bylaw enforcement, animal control), Transportation Services (i.e. roadways, street lighting and sidewalks), Environmental Services (i.e. storm water management, source water protection and municipal drinking water), Recreation and Cultural Services, and Planning and Development Services. For management reporting purposes, the government's operations and activities are organized and reported by fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations. Municipal services are provided by departments and their activities are reported in these funds.

TOWNSHIP OF AMARANTH
CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2020

Schedule 1

	General Government	Protection Services	Trans- portation Services	Environ- mental Services	Health Services	Recreation and Cultural Services	Planning and Development	2020	2019
EXPENSES									
Salaries and benefits	\$ 539,670	\$ 95,513	\$ 780,737	\$ 0	\$ 0	\$ 6,368	\$ 56,111	\$ 1,478,399	\$ 1,546,395
Materials	47,226	21,888	607,251	0	180	44	0	676,589	716,862
Contracted services	199,550	809,709	88,804	119,656	10,087	12,717	138,883	1,379,406	1,462,613
Rents and financial expenses	47,751	12,110	109,374	18,312	0	4,136	0	191,683	162,612
Interest on long term debt	0	0	0	684	0	0	0	684	1,442
Amortization	28,218	60,386	596,761	94,514	0	8,175	0	788,054	828,156
Other	<u>20,824</u>	<u>45,051</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>193,541</u>	<u>0</u>	<u>259,416</u>	<u>266,597</u>
	<u>\$ 883,239</u>	<u>\$ 1,044,657</u>	<u>\$ 2,182,927</u>	<u>\$ 233,166</u>	<u>\$ 10,267</u>	<u>\$ 224,981</u>	<u>\$ 194,994</u>	<u>\$ 4,774,231</u>	<u>\$ 4,984,677</u>

See notes to the consolidated financial statements

TOWNSHIP OF AMARANTH
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020

Schedule 2

	Land and Land Improvements	Buildings	Vehicles	Transportation Infrastructure	Furniture and Equipment	Environmental Infrastructure	2020	2019
COST								
Balance, beginning of year	\$ 1,925,466	\$ 2,575,136	\$ 3,685,389	\$ 18,403,078	\$ 814,618	\$ 5,463,095	\$ 32,866,782	\$ 32,647,827
Additions during the year	0	0	10,590	2,203,937	16,114	0	2,230,641	481,004
Disposals during the year	0	0	0	(581,840)	0	0	(581,840)	(262,049)
Other	0	0	0	0	0	0	0	0
Balance, end of year	<u>1,925,466</u>	<u>2,575,136</u>	<u>3,695,979</u>	<u>20,025,175</u>	<u>830,732</u>	<u>5,463,095</u>	<u>34,515,583</u>	<u>32,866,782</u>
ACCUMULATED AMORTIZATION								
Balance, beginning of year	219,544	1,717,558	2,415,373	9,662,019	570,146	1,901,811	16,486,451	15,918,311
Amortization	7,815	68,592	168,478	433,932	40,497	68,740	788,054	828,156
Accumulated amortization on disposals	0	0	0	(549,692)	0	0	(549,692)	(260,016)
Balance, end of year	<u>227,359</u>	<u>1,786,150</u>	<u>2,583,851</u>	<u>9,546,259</u>	<u>610,643</u>	<u>1,970,551</u>	<u>16,724,813</u>	<u>16,486,451</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 1,698,107</u>	<u>\$ 788,986</u>	<u>\$ 1,112,128</u>	<u>\$ 10,478,916</u>	<u>\$ 220,089</u>	<u>\$ 3,492,544</u>	<u>\$ 17,790,770</u>	<u>\$ 16,380,331</u>

See notes to the consolidated financial statements

TOWNSHIP OF AMARANTH

CONSOLIDATED SCHEDULE OF DEFERRED REVENUE -
OBLIGATORY RESERVE FUNDS

Schedule 3

FOR THE YEAR ENDED DECEMBER 31, 2020

	Dec. 31, 2019	Contributions Received	Investment Income	Revenue Recognized	Dec. 31, 2020
Obligatory Reserve Funds					
Development charges	\$ 389,170	\$ 61,741	\$ 4,330	\$ 0	\$ 455,241
Federal gas tax funding	595,514	123,742	614	(244,242)	475,628
Main Street grant	17,488	0	177	(17,652)	13
Recreational land	<u>(3,035)</u>	<u>1,000</u>	<u>145</u>	<u>0</u>	<u>(1,890)</u>
	<u>\$ 999,137</u>	<u>\$ 186,483</u>	<u>\$ 5,266</u>	<u>\$ (261,894)</u>	<u>\$ 928,992</u>

TOWNSHIP OF AMARANTH
CONSOLIDATED SCHEDULE OF ACCUMULATED SURPLUS
AS AT DECEMBER 31, 2020

Schedule 4

	2020	2019
SURPLUSES		
Invested in tangible capital assets	\$ 17,790,770	\$ 16,380,331
Waterworks systems	70,424	137,292
Shelburne and District Fire Department	3,427	7,732
Grand Valley and District Fire Department	2,693	(2,529)
General revenue fund	301,193	(94,160)
Unfunded		
Landfill closure and post-closure costs (note 6)	<u>(120,816)</u>	<u>(120,816)</u>
	<u>18,047,691</u>	<u>16,307,850</u>
RESERVES		
Working Capital Reserves		
Working funds	93,160	93,160
Capital Reserves		
Capital purposes	<u>276,535</u>	<u>277,482</u>
	<u>369,695</u>	<u>370,642</u>
RESERVE FUNDS		
Capital purposes	<u>274,427</u>	<u>184,963</u>
	<u>\$ 18,691,813</u>	<u>\$ 16,863,455</u>

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Township of Amaranth

Opinion

We have audited the accompanying financial statements of the trust funds of the Township of Amaranth, which comprise the statement of financial position as at December 31, 2020 and the statement of continuity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the trust funds of the Township of Amaranth as at December 31, 2020 and the results of their operations for the year then ended in accordance with Canadian public sector accounting standards.

Basis of Opinion

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

Those charged with governance are responsible for overseeing the trust fund'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 these 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 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 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 trust fund'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 trust fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements 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 trust fund 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.

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.



Guelph, Ontario
July 21, 2021

Chartered Professional Accountants
Licensed Public Accountants

**TOWNSHIP OF AMARANTH
TRUST FUNDS
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020**

	2020	2019
ASSETS		
Cash	\$ <u>37,998</u>	\$ <u>29,390</u>
FUND BALANCE		
Fund balance	\$ <u>37,998</u>	\$ <u>29,390</u>

TOWNSHIP OF AMARANTH
TRUST FUNDS
STATEMENT OF CONTINUITY
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	2019
BALANCE, beginning of year	\$ 29,390	\$ 23,971
Care and maintenance and burial fees	4,200	2,800
Plot sales	4,000	2,000
Marker and monument sales	200	100
Interest earned	<u>208</u>	<u>519</u>
BALANCE, end of year	<u>\$ 37,998</u>	<u>\$ 29,390</u>

TOWNSHIP OF AMARANTH - TRUST FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the trust funds of the Corporation of the Township of Amaranth are the representation of management prepared in accordance with Canadian generally accepted accounting principles for governments as recommended by the Public Sector Accounting Board. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgments.

(a) BASIS OF ACCOUNTING

- (i) Sources of financing and expenditures are reported on the accrual basis of accounting.
- (ii) The accrual basis of accounting recognizes revenues as they become available and measurable. Expenditures 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.