

Consolidated Financial Statements of

**CORPORATION OF THE  
TOWN OF GANANOQUE**

Year ended December 31, 2021

# CORPORATION OF THE TOWN OF GANANOQUE

## Consolidated Financial Statements

Year ended December 31, 2021

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

The accompanying consolidated financial statements of the Corporation of the Town of Gananoque (the "Town") are the responsibility of the Town'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 1 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 Town'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 KPMG LLP, independent external auditors appointed by the Town. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Town's consolidated financial statements.

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Shellee Fournier, CAO

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Melanie Kirkby, Treasurer



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## INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Town of Gananoque:

### ***Opinion***

We have audited the consolidated financial statements of the Corporation of the Town of Gananoque (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2021
- the consolidated statement of operations and accumulated municipal equity 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 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 financial position of the Entity as at December 31, 2021, and its consolidated results of operations 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 auditors’ 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.



### ***Other Matter – Comparative Information***

The financial statements as at and for the year ended December 31, 2020 were audited by another auditor who expressed an unmodified opinion on those financial statements on September 7, 2021.

### ***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.

### ***Auditors' 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 auditors' 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 judgment 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.



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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.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants

Perth, Canada

October 18, 2022

# CORPORATION OF THE TOWN OF GANANOQUE

## Consolidated Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
Financial assets:		
Cash	\$ 14,808,842	\$ 14,950,617
Taxes receivable	663,128	771,740
User charges receivable	1,468,484	1,032,656
Accounts receivable	1,652,707	1,596,970
	18,593,161	18,351,983
Financial liabilities:		
Accounts payable and accrued liabilities	2,400,975	3,071,361
Other current liabilities	852,314	501,046
Employee future benefit obligation (note 4)	1,117,972	662,759
Deferred revenues (note 5)	263,441	174,969
Long-term liabilities (note 6)	6,340,143	8,842,480
	10,974,845	13,252,615
Net financial assets	7,618,316	5,099,368
Non-financial assets:		
Tangible capital assets (note 13)	70,562,544	69,900,097
Inventories	63,465	80,181
Prepaid expenses	120,075	109,632
Total non-financial assets	70,746,084	70,089,910
Contingent liabilities (notes 10 and 11)		
Commitments (note 12)		
Accumulated municipal equity (note 7)	\$ 78,364,400	\$ 75,189,278

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

# CORPORATION OF THE TOWN OF GANANOQUE

## Consolidated Statement of Operations and Accumulated Municipal Equity

Year ended December 31, 2021, with comparative information for 2020

	Budget 2021	Actual 2021	Actual 2020
	(note 15)		
Revenue:			
Taxation	\$ 8,570,612	\$ 8,862,395	\$ 8,513,861
Municipal accommodation tax	285,000	223,212	152,613
User charges	6,152,224	6,876,123	5,722,052
Government transfers	2,580,265	3,068,004	5,219,711
Other municipalities	216,594	237,429	189,594
Investment income	173,775	102,670	146,226
Penalties and interest on taxes	108,080	100,194	88,365
Licences and permits	102,000	228,964	201,886
Casino revenues	600,000	630,462	258,786
Contribution from developers	172,000	138,437	—
Other:			
Rental income	218,055	241,258	207,618
Donations	1,050	91,133	63,913
Fines	30,000	23,238	23,073
Sales	—	30,864	8,816
Total revenue	19,209,655	20,854,383	20,796,514
Expenses (note 14):			
General government	1,617,404	1,935,376	1,543,099
Protection to persons and property	4,710,370	4,823,990	4,801,129
Transportation services	2,732,927	2,731,180	2,723,222
Environmental services	3,612,202	3,405,071	3,257,269
Health services	570,375	562,939	531,992
Social and family services	491,895	480,935	400,500
Recreation and cultural services	2,498,394	2,333,821	2,306,305
Planning and development	1,049,807	951,073	900,751
Post retirement benefits actuarial valuation	19,336	454,876	20,115
Total expenses	17,302,710	17,679,261	16,484,382
Annual surplus	1,906,945	3,175,122	4,312,132
Accumulated municipal equity, beginning of year	75,189,278	75,189,278	70,877,146
Accumulated municipal equity, end of year	\$ 77,096,223	\$ 78,364,400	\$ 75,189,278

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



# CORPORATION OF THE TOWN OF GANANOQUE

## Consolidated Statement of Changes in Net Financial Assets

Year ended December 31, 2021, with comparative information for 2020

	Budget 2021	Actual 2021	Actual 2020
	(note 15)		
Annual surplus	\$ 1,906,945	\$ 3,175,122	\$ 4,312,132
Amortization of tangible capital assets	3,304,520	2,852,347	2,776,137
Acquisition of tangible capital assets	(4,699,175)	(3,539,559)	(6,610,238)
Disposal of tangible capital assets	—	24,765	—
Acquisition of supplies inventories	—	16,716	42,980
Acquisition of prepaid expenses	—	(10,443)	38,283
Change in net financial assets	(1,394,655)	(656,174)	(3,752,838)
Increase in net financial assets	512,290	2,518,948	559,294
Net financial assets, beginning of year	5,099,368	5,099,368	4,540,074
Net financial assets, end of year	\$ 5,611,658	\$ 7,618,316	\$ 5,099,368

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

# CORPORATION OF THE TOWN OF GANANOQUE

## Consolidated Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Operating activities:		
Annual surplus	\$ 3,175,122	\$ 4,312,132
Item not involving cash:		
Amortization of tangible capital assets	2,852,347	2,776,137
Employee future benefit obligation	455,213	20,564
Changes in non-cash operating working capital:		
Taxes receivable	108,612	(228,008)
User charges receivable	(435,828)	21,952
Accounts receivable	(55,737)	(18,555)
Accounts payable and accrued liabilities	(670,386)	1,114,714
Other current liabilities	351,268	92,604
Deferred revenues	88,472	(758,322)
Inventories	16,716	42,980
Prepaid expenses	(10,443)	38,283
Net change in cash from operations	5,875,356	7,414,481
Capital activities:		
Acquisition of tangible capital assets	(3,539,559)	(6,610,238)
Disposal of tangible capital assets	24,765	—
	(3,514,794)	(6,610,238)
Financing activities:		
Debt principal repayments	(2,502,337)	(598,799)
Increase (decrease) in cash	(141,775)	205,444
Cash, beginning of year	14,950,617	14,745,173
Cash, end of year	\$ 14,808,842	\$ 14,950,617

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

# CORPORATION OF THE TOWN OF GANANOQUE

## Notes to Consolidated Financial Statements

Year ended December 31, 2021

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The Corporation of the Town of Gananoque (the "Town") was incorporated in 1890. The Town operates as a single 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.

### 1. Significant accounting policies:

The consolidated financial statements of the Corporation of the Town of Gananoque 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 Town are as follows:

#### (a) Basis of consolidation:

- (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 Town. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Town and which are owned or controlled by the Town. Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated. These consolidated financial statements include:

Public Library Board

Business Improvement Area Committee

- (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.

#### (b) 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 annual surplus (deficit), provides the change in net financial assets for the year.

# CORPORATION OF THE TOWN OF GANANOQUE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

## 1. Significant accounting policies (continued):

### (c) Taxation and related revenues:

Property tax billings are prepared by the Town based on assessment rolls issued by the Municipal Property Assessment Corporation ('MPAC'). Tax rates are established by the Town Council, incorporating amounts to be raised for local services, and amounts the Town 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 revenue 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 Town 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.

### (d) 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 of the tangible capital assets are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Useful Life - Years
Land improvements	30
Buildings	40
Furniture and equipment	5 - 15
Vehicles	5 - 15
Roads	60
Bridges	60
Sidewalks	20
Traffic lights	15
Street lights	15
Sanitary sewer	60
Storm sewer	60
Water lines	60

Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

The Town has a capitalization threshold of \$10,000 for vehicles and equipment and \$50,000 for linear assets and buildings so that individual capital assets of lesser value are expensed.

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.

# CORPORATION OF THE TOWN OF GANANOQUE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

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## 1. Significant accounting policies (continued):

### (d) Tangible capital assets (continued):

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 and accumulated municipal equity 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.

When conditions indicate that a tangible capital asset no longer contributes to the Town'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 and accumulated municipal equity.

### (e) 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.

### (f) Inventories and prepaid expenses:

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

### (g) Pension and employee benefits:

The Town accounts for its participation in the Ontario Municipal Employees Retirement System ("OMERS"), a multi-employer public sector pension fund, as a defined contribution 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, sick leave benefits and benefits under the Workplace Safety and Insurance Board Act. Vacation entitlements are accrued as entitlements are earned. Sick leave benefits are accrued in accordance with the Town's policy.

# CORPORATION OF THE TOWN OF GANANOQUE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

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## 1. Significant accounting policies (continued):

### (g) Pension and employee benefits (continued):

The Town accrues its obligation for employee benefit plans which will require funding in future period. The cost of post-retirement benefits earned by employees is actuarially determined using the projected benefit method pro-rated on services and management's best estimate of salary escalation, retirement ages of employees and expected health care costs.

Actual gains (losses) which can arise from changes in the actuarial assumptions used to determine the accrued benefit obligation will be amortized over the average remaining service period of active employees

### (h) 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.

### (i) Deferred revenue:

The Town 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 land 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.

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

# CORPORATION OF THE TOWN OF GANANOQUE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

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## 1. Significant accounting policies (continued):

### (j) 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 Town:
  - (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.

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.

### (k) Use of estimates:

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.

# CORPORATION OF THE TOWN OF GANANOQUE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

## 2. Operations of the school boards:

The Town collected and made property tax transfers including payments in lieu of property taxes, to the School Boards as follows:

	2021	2020
Property taxes	\$ 1,511,019	\$ 1,751,515

## 3. Bank indebtedness:

The Town's financial agreement with its bank provides for an operating credit facility of up to \$1,500,000 to finance expenses, pending receipt of property taxes and other income. Interest on funds drawn is charged at the Bank of Montreal's prime rate. As at December 31, 2021, there was \$Nil (2020 - \$Nil) drawn on the facility.

## 4. Employee future benefit obligations:

The Town previously provided a sick leave benefit plan that would allow unused sick leave to accumulate such that employees became entitled to cash payment when they left the Town's employment.

The liabilities for these accumulated days, to the extent they were vested and could be taken in cash by an employee on termination is \$22,853 (2020 - \$22,516). An amount of \$Nil was paid out in 2021 (2020 - \$Nil). Payout to employees eligible to retire in the next five years approximates \$22,853 (2020 - \$22,516).

The Town provides non-pension retirement benefits for extended health care, dental and other benefits to specific groups of employees. Eligibility is based upon unreduced retirement until age 65. The Town's cost is 100% of the monthly premium for non union, police and fire employees and 50% for CUPE members.

An independent actuarial study of the employee non-pension benefits has been undertaken. The most recent valuation of the employee future benefit was effective January 1, 2020.

Actuarial gains and losses are amortized on a straight-line basis over the expected average remaining service life of the related employee groups, which is estimated to be 11.9 years (2020 - 11.9years).

The accrued benefit obligation relating to the employee non-pension retirement benefits has been actuarially determined using the projected benefit method pro-rated on services. At December 31, 2021, based on actuarial update, the accrued benefit obligation was \$1,095,119 (2020 - \$640,243).



# CORPORATION OF THE TOWN OF GANANOQUE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

## 4. Employee future benefit obligations (continued):

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

Discount rate	1.92%
Trend rates	7.50% decreasing by 0.50% annually to 4.00%
Employee Turnover	4.50% decreasing to 1.00% after 25 years of service, none after age 55 (50 for Police and Fire)
Retirement age	Earlier of age 62 or age plus service totals 90 with at least 30 years of service (age 60 or 85 with at least 20 years of service for Police and Fire)

The continuity of post employment benefit liability for 2021 is as follows:

	2021	2020
Balance, beginning of year	\$ 640,243	\$ 620,128
Plan amendment	384,167	—
Current service costs	78,545	35,656
Interest cost	21,047	20,459
Benefits paid	(33,000)	(36,000)
Amortized actuarial loss	4,117	—
Balance, end of year	\$ 1,095,119	\$ 640,243

The accrued benefit liability at December 31, includes the following:

	2021	2020
Accrued benefit obligation	\$ 1,140,006	\$ 640,243
Unamortized actuarial loss	(44,887)	—
Balance, end of year	\$ 1,095,119	\$ 640,243

	Gross	Funded	2021 Unfunded
Health benefits	\$ 1,095,119	\$ —	\$ 1,095,119
Sick leave	22,853	22,853	—
	\$ 1,117,972	\$ 22,853	\$ 1,095,119

# CORPORATION OF THE TOWN OF GANANOQUE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

## 4. Employee future benefit obligations (continued):

		Gross	Funded	2020 Unfunded
Health benefits	\$	640,243	\$ —	\$ 640,243
Sick leave		22,516	22,516	—
	\$	662,759	\$ 22,516	\$ 640,243

Effective January 1, 2021, post retirement extended health coverage and dental coverage was extended to age 70 for police members (previously 65) retiring after January 1, 2021 and a health care spending account will be provided up to \$2,200 per calendar year from age of 70 to 75 for police members, which has been reflected in the continuity of the liability as a plan amendment.

## 5. Deferred revenue:

A requirement of 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 transactions for the year are summarized below:

	Parkland	Federal gas tax	Development charges	Total
January 1, 2021	\$ 174,969	\$ —	\$ —	\$ 174,969
Contribution from developers	—	—	42,250	42,250
Government grants	—	180,000	—	180,000
Interest	4,659	—	—	4,659
Transfer to revenues for capital acquisitions	(138,437)	—	—	(138,437)
December 31, 2021	\$ 41,191	\$ 180,000	\$ 42,250	\$ 263,441

# CORPORATION OF THE TOWN OF GANANOQUE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

## 6. Long-term liabilities:

- (a) The balance of long-term liabilities reported on the consolidated statement of financial position is comprised of the following:

	2021	2020
Fixed rate bank loans with maturity dates in 2022 and interest rates of 2.55%.	\$ —	\$ 2,048,176
Ontario Infrastructure Projects Corporation with maturity dates between 2023 and 2047 and interest rates between 2.640% and 5.606%.	6,340,143	6,794,304
	<u>\$ 6,340,143</u>	<u>\$ 8,842,480</u>

- (b) Principal payments fall due as follows:

	Water and sewer rates	General revenues	Total
2022	\$ 66,776	\$ 404,849	\$ 471,625
2023	69,002	350,120	419,122
2024	71,305	290,930	362,235
2025	73,682	290,469	364,151
2026	76,140	264,659	340,799
2027 and thereafter	1,129,015	3,253,196	4,382,211
	<u>\$ 1,485,920</u>	<u>\$ 4,854,223</u>	<u>\$ 6,340,143</u>

- (c) Interest expense on long-term liabilities in 2021 amounted to \$256,441 (2020 - \$299,457).
- (d) These payments are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

# CORPORATION OF THE TOWN OF GANANOQUE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

## 7. Accumulated municipal equity:

	2021	2020
Investment in tangible capital assets:		
Tangible capital assets	\$ 70,562,544	\$ 69,900,097
Long-term debt	(6,340,143)	(8,842,480)
	64,222,401	61,057,617
Unrestricted surplus:		
Invested inventory	63,465	80,181
Unfunded future employee benefits	(1,095,119)	(640,243)
Reserves (Schedule 1)	15,173,653	14,691,723
Accumulated municipal equity	\$ 78,364,400	\$ 75,189,278

## 8. Pension contributions:

The Town 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 Town does not recognize any share of the OMERS pension surplus or deficit in these consolidated financial statements.

The last available report was at December 31, 2021, and at that time, the plan reported a \$3.1 billion actuarial deficit (2020 - \$3.2 billion actuarial deficit).

The amount contributed to OMERS was \$516,680 (2020 - \$509,748) for current services and is included as an expense on the consolidated statement of operations and accumulated municipal equity classified under the appropriate functional expenditure.

# CORPORATION OF THE TOWN OF GANANOQUE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

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## **9. Provincial Offences Administration (POA):**

The United Counties of Leeds and Grenville has assumed the administration of the Provincial Offences office for all County of Leeds and Grenville resident municipalities. The transfer of administration from the Ministry of the Attorney General to the United Counties of Leeds and Grenville was a result of the Provincial Offences Act (POA) 1997, which provides the framework for the transfer of responsibility and administration of POA courts.

The POA is a procedural law for administering and prosecuting provincial offences, including those committed under the Highway Traffic Act, Compulsory Automobile Insurance Act, Trespass to Property Act, Liquor Licence Act, Municipal By-Laws and minor federal offences. The POA governs all aspects of legal process from serving notice to a defendant, to conducting trials, including sentencing and appeals.

The Town's share of net revenues arising from operation of the POA office have been included with these consolidated financial statements. The revenue of the court office consists of fines levied under Parts I and III (including delay penalties) for POA charges filed in court.

If fines are paid at other court offices, the receipt is recorded in the Integrated Courts Operation Network System ("ICON") operated by the Province of Ontario. Revenue is recognized when receipt of funds is recorded by the provincial ICON system regardless of the location where payment is made.

The Town's shares net POA revenues based on weighted assessment, population, households and the number of tickets collected.

## **10. 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, 2021, management believes that the Town 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.

## **11. Contaminated sites:**

The Town has identified a potential liability for two contaminated sites. One site was previously used as a landfill and the other attached to an industrial property with environmental issues. The Town has completed environmental assessments on the industrial site. An estimate of the liability for the contaminated sites could not be reasonably estimated. Both sites are currently vacant. A liability for the contaminated sites will be recognized in the consolidated financial statements, if required, when a future use of the site is known.

# CORPORATION OF THE TOWN OF GANANOQUE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

## 12. Commitments:

- (a) The Town has entered into a contractual obligation with Waste Connections of Canada for the collection and disposal of solid waste and recycled materials. Fees are based on tonnage and are adjusted for a fuel surcharge and annually for inflation. The contract expires March 2024, and provides for an additional two year extension. Fees paid under the contract for 2021 were \$331,169 (2020 - \$369,242).
- (b) The Town has entered into a contractual arrangements with developers with respect to brownfield properties to provide property tax relief to the extent of the costs of remediation. Annual payments are based on a fixed percentage of the municipal property taxes on the underlying properties for that year, and are contingent on the costs of remediation incurred. The property tax relief is provided on a declining basis and ends in 2023. An estimate of the amounts related to future years is not determinable, and therefore no amount has been accrued in the financial statements for the payments in fiscal 2022 and fiscal 2023.

## 13. Tangible capital assets:

Cost	Balance at December 31, 2020	Transfers and additions	Disposals and adjustments	Balance at December 31, 2021
Land	\$ 5,027,221	\$ —	\$ —	\$ 5,027,221
Land improvements	513,352	—	—	513,352
Buildings	34,037,454	180,039	—	34,217,493
Furniture and equipment	8,956,465	955,024	(24,765)	9,886,724
Vehicles	3,143,382	114,949	—	3,258,331
Linear:				
Roads	32,794,874	871,324	—	33,666,198
Bridges	4,807,931	—	—	4,807,931
Sidewalks	3,921,145	—	—	3,921,145
Traffic lights	771,337	—	—	771,337
Streetlights	1,528,809	—	—	1,528,809
Sanitary sewer	12,048,395	1,904,085	—	13,952,480
Storm sewer	4,548,590	—	—	4,548,590
Water	15,490,657	164,512	—	15,655,169
Construction in progress:				
Water and sewer	2,625,516	(1,362,634)	—	1,262,882
Recreation projects	1,269,409	748,504	—	2,017,913
Protective inspection	36,244	(36,244)	—	—
<b>Total</b>	<b>\$ 131,520,781</b>	<b>\$ 3,539,559</b>	<b>\$ (24,765)</b>	<b>\$ 135,035,575</b>

# CORPORATION OF THE TOWN OF GANANOQUE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

## 13. Tangible capital assets (continued):

Accumulated amortization	Balance at December 31, 2020	Amortization and adjustments	Transfers, and disposals	Balance at December 31, 2021
Land	\$ —	\$ —	\$ —	\$ —
Land improvements	36,088	15,236	—	51,324
Buildings	16,412,598	724,367	—	17,136,965
Furniture and equipment	4,691,096	528,849	—	5,219,945
Vehicles	2,160,497	152,599	—	2,313,096
Linear:				
Roads	14,779,253	611,076	—	15,390,329
Bridges	1,402,140	88,251	—	1,490,391
Sidewalks	2,452,790	97,656	—	2,550,446
Traffic lights	686,669	19,419	—	706,088
Streetlights	1,028,367	51,633	—	1,080,000
Sanitary sewer	6,198,156	214,802	—	6,412,958
Storm sewer	2,982,427	59,539	—	3,041,966
Water	8,790,603	288,920	—	9,079,523
Construction in progress:				
Water and sewer	—	—	—	—
Recreation projects	—	—	—	—
Protective inspection	—	—	—	—
<b>Total</b>	<b>\$ 61,620,684</b>	<b>\$ 2,852,347</b>	<b>\$ —</b>	<b>\$ 64,473,031</b>

	Net book value 2021	Net book value 2020
Land	\$ 5,027,221	\$ 5,027,221
Land improvements	462,028	477,264
Buildings	17,080,528	17,624,856
Furniture and equipment	4,666,779	4,265,369
Vehicles	945,235	982,885
Linear:		
Roads	18,275,869	18,015,621
Bridges	3,317,540	3,405,791
Sidewalks	1,370,699	1,468,355
Traffic lights	65,249	84,668
Streetlights	448,809	500,442
Sanitary sewer	7,539,522	5,850,239
Storm sewer	1,506,624	1,566,163
Water	6,575,646	6,700,054
Construction in progress:		
Water and sewer	1,262,882	2,625,516
Recreation projects	2,017,913	1,269,409
Protective inspection	—	36,244
<b>Total</b>	<b>\$ 70,562,544</b>	<b>\$ 69,900,097</b>

# CORPORATION OF THE TOWN OF GANANOQUE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

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## **14. Segmented information:**

The Town 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 and municipal equity.

Departments have been separately disclosed in the segmented information, along with the service they provide, 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 1.



# CORPORATION OF THE TOWN OF GANANOQUE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

## 14. Segmented information (continued):

	General Government Administration	Protection Services	Transportation Services	Environmental Services	Water and Sewer Services	Health Services	Social and Family Services	Parks Recreation and Culture	Planning and Development	Post Retirement benefits	2021 Total
Revenue:											
Taxation	\$ 8,862,395	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,862,395
Municipal Accomodation Tax	223,212	-	-	-	-	-	-	-	-	-	223,212
User fees and service charges	40,208	745,733	67,239	251,999	4,535,308	-	-	1,153,837	81,799	-	6,876,123
Government transfers	1,521,263	275,631	841,867	46,146	-	19,266	-	262,744	101,087	-	3,068,004
Other Municipalities	-	32,215	-	-	-	-	15,147	140,030	50,037	-	237,429
Investment income	60,155	-	1,329	-	41,186	-	-	-	-	-	102,670
Penalties and interest on taxes	100,194	-	-	-	-	-	-	-	-	-	100,194
Licenses and permits	11,664	205,912	-	-	-	-	-	-	11,388	-	228,964
Casino revenues	630,462	-	-	-	-	-	-	-	-	-	630,462
Contribution from developers	-	-	-	-	-	-	-	138,437	-	-	138,437
Other:											
Rental income	66,829	4,800	-	-	4,030	50,605	-	109,954	5,040	-	241,258
Donations	6,500	1,094	-	-	-	-	-	83,539	-	-	91,133
Fines	-	23,238	-	-	-	-	-	-	-	-	23,238
Sales	30,734	-	130	-	-	-	-	-	-	-	30,864
	11,553,616	1,288,623	910,565	298,145	4,580,524	69,871	15,147	1,888,541	249,351	-	20,854,383
Expenses:											
Salaries, wages and employee benefits	814,497	3,809,551	784,191	88,979	1,026,614	-	-	959,611	404,912	454,876	8,343,231
Long-term debt charges (interest)	65,855	25,724	64,601	-	50,957	-	8,422	40,882	-	-	256,441
Materials	208,976	405,207	538,722	-	505,396	30,475	-	486,917	120,931	-	2,296,624
Contracted services	336,452	288,392	284,430	333,228	321,951	-	-	310,317	239,635	-	2,114,405
Rents and financial expenses	414,600	14,477	1,340	-	1,230	49,711	-	34,639	595	-	516,592
External transfers	6,500	43,051	-	6,000	-	482,753	458,307	133,010	170,000	-	1,299,621
Internal transfers	(15,000)	30,965	-	-	(30,965)	-	-	-	15,000	-	-
Amortization	103,496	206,623	1,057,896	-	1,101,681	-	14,206	368,445	-	-	2,852,347
	1,935,376	4,823,990	2,731,180	428,207	2,976,864	562,939	480,935	2,333,821	951,073	454,876	17,679,261
Annual surplus (deficit)	\$ 9,618,240	\$ (3,535,367)	\$ (1,820,615)	\$ (130,062)	\$ 1,603,660	\$ (493,068)	\$ (465,788)	\$ (445,280)	\$ (701,722)	\$ (454,876)	\$ 3,175,122

# CORPORATION OF THE TOWN OF GANANOQUE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

## 14. Segmented information (continued):

	General Government Administration	Protection Services	Transportation Services	Environmental Services	Water and Sewer Services	Health Services	Social and Family Services	Parks Recreation and Culture	Planning and Development	Post Retirement benefits	2020 Total
Revenue:											
Taxation	\$ 8,468,771	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,090	\$ -	\$ 8,513,861
Municipal Accomodation Tax	152,613	-	-	-	-	-	-	-	-	-	152,613
User fees and service charges	51,861	646,713	48,887	190,216	3,755,076	9,633	-	987,882	31,784	-	5,722,052
Government transfers	2,902,282	110,646	684,597	46,125	1,036,323	-	-	162,434	277,304	-	5,219,711
Other Municipalities	-	24,468	-	-	-	15,636	-	130,955	18,535	-	189,594
Investment income	94,256	-	1,228	-	50,742	-	-	-	-	-	146,226
Penalties and interest on taxes	88,365	-	-	-	-	-	-	-	-	-	88,365
Licenses and permits	10,980	178,717	-	-	-	-	-	-	12,189	-	201,886
Casino revenues	258,786	-	-	-	-	-	-	-	-	-	258,786
Other:											
Rental income	64,685	4,800	-	-	3,913	-	-	130,677	3,543	-	207,618
Donations	35,160	-	-	-	-	-	-	28,753	-	-	63,913
Fines	-	23,073	-	-	-	-	-	-	-	-	23,073
Sales	-	-	8,816	-	-	-	-	-	-	-	8,816
	12,127,759	988,417	743,528	236,341	4,846,054	25,269	-	1,440,701	388,445	-	20,796,514
Expenses:											
Salaries, wages and employee benefits	764,966	3,734,218	715,623	73,563	990,250	-	-	904,890	371,566	20,115	7,575,191
Long-term debt charges (interest)	69,521	33,581	81,071	-	58,943	-	10,198	46,143	-	-	299,457
Materials	273,726	533,016	635,182	6,129	641,277	34,812	-	710,265	142,207	-	2,976,614
Contracted services	292,807	211,719	216,399	324,584	184,656	-	-	163,947	44,443	-	1,438,555
Rents and financial expenses	11,458	-	-	-	-	49,091	-	-	-	-	60,549
External transfers	35,360	42,649	-	-	-	448,089	376,096	128,150	327,535	-	1,357,879
Internal transfers	(15,000)	28,940	-	-	(28,940)	-	-	-	15,000	-	-
Amortization	110,261	217,006	1,074,947	-	1,006,807	-	14,206	352,910	-	-	2,776,137
	1,543,099	4,801,129	2,723,222	404,276	2,852,993	531,992	400,500	2,306,305	900,751	20,115	16,484,382
Annual surplus (deficit)	\$ 10,584,660	\$ (3,812,712)	\$ (1,979,694)	\$ (167,935)	\$ 1,993,061	\$ (506,723)	\$ (400,500)	\$ (865,604)	\$ (512,306)	\$ (20,115)	\$ 4,312,132

# CORPORATION OF THE TOWN OF GANANOQUE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

## 15. Budget figures:

The 2021 approved budget was prepared on a cash based approach with a reconciliation to a budget based on Public Sector Accounting Standards. The cash based approach includes capital expenses, repayment of long-term debt and transfers to and from reserves which are removed in the year end consolidated statement of operations and accumulated municipal equity. The revenues attributable to these items continue to be included in the consolidated statement of operations and accumulated municipal equity, 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 consolidated financial statements.

	Budget 2021	Actual 2021
Total revenues	\$ 19,209,655	\$ 20,854,383
Total expenses	17,302,710	17,679,261
Net earnings	1,906,945	3,175,122
Amortization	3,304,520	2,852,347
Adjusted net earnings	5,211,465	6,027,469
Capital revenue	—	—
Funds available	5,211,465	6,027,469
Capital expenses	(4,699,175)	(3,539,559)
Disposal of tangible capital assets	—	24,765
Acquisition of inventory	—	16,716
Unfunded future employee benefits	19,336	454,876
Principal repayments	(615,204)	(2,502,337)
Increase (decrease) in operating surplus	\$ (83,578)	\$ 481,930
Allocated as follows:		
Net transfers (from) to reserves	\$ (83,578)	\$ 481,930
	\$ (83,578)	\$ 481,930

# CORPORATION OF THE TOWN OF GANANOQUE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

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## **16. Impact of COVID-19 pandemic:**

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the Canadian, Ontario and municipal governments, enacting emergency measures to combat the spread of the virus. The pandemic has had significant operational and financial impacts as a result of social and market disruption.

The Town continued to experience impacts of the pandemic in the 2021 fiscal year.

Impacts have been mitigated by associated funding and other cost saving measures. The outcome and time frame for a recovery from the pandemic is unknown, and therefore it is not practicable to estimate and disclose its financial effect on future operations at this time.

## **17. Comparative information:**

Some reclassification of the prior year's information was necessary in order to conform to this year's presentation.

# CORPORATION OF THE TOWN OF GANANOQUE

## Schedule 1: Continuity of Reserves and Reserve Funds

Year ended December 31, 2021, with comparative information for 2020

	Budget 2021 (note 15)	Actual 2021	Actual 2020
Net transfers from (to) other funds			
Transfers from operations	\$ 3,953,780	\$ 2,949,600	\$ 4,981,794
Transfers to capital acquisitions	(4,037,358)	(2,467,670)	(5,039,467)
Reserves and reserve fund balances, change in year	(83,578)	481,930	(57,673)
Reserves and reserve fund balances, beginning of year	14,691,723	14,691,723	14,749,396
Reserves and reserve fund balances, end of year	\$ 14,608,145	\$ 15,173,653	\$ 14,691,723

### Composition of Reserves and Reserve Funds

	2021	2020
<b>Reserves set aside for specific purposes by Council:</b>		
Reserves set aside for specific purposes by Council		
Working capital	\$ 647,809	\$ 647,809
Contingencies	194,353	160,918
Elections	22,610	14,880
Economic development	287,224	332,370
Winter control	242,400	242,400
Business improvement area	27,258	13,325
Library	61,391	43,609
Other	608,604	878,943
	2,091,649	2,334,254
For capital purposes:		
Infrastructure	5,391,193	6,137,767
Recreation facilities	199,606	206,548
Waterworks and sewer	7,463,508	5,928,024
Parks	2,480	2,480
Parking	25,217	82,650
	13,082,004	12,357,469
Total reserves and reserve funds	\$ 15,173,653	\$ 14,691,723