

**CORPORATION OF THE
TOWN OF DEEP RIVER**

Consolidated Financial Statements
For the Year Ended December 31, 2021

MANAGEMENT REPORT

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of the **Corporation of the Town of Deep River** are the responsibility of the Town's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.


A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of the 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.

Town 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 the consolidated financial statements. These systems are monitored and evaluated by management.

The Audit Committee meets with management and the external auditors to review the consolidated financial statements and discuss any significant reporting or internal control matters prior to the Council's approval of the consolidated financial statements.

The consolidated financial statements have been audited by Baker Tilly REO LLP, an independent external auditor 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.



Chief Administrative Officer

Treasurer

November 2, 2022
Deep River, Ontario

November 2, 2022
Deep River, Ontario

CORPORATION OF THE TOWN OF DEEP RIVER

Consolidated Financial Statements

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(a) DEEP RIVER PUBLIC LIBRARY BOARD

(b) TRUST FUND – CEMETERY CARE

INDEPENDENT AUDITOR'S REPORT

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To the Members of Council, Inhabitants and Ratepayers of the
CORPORATION OF THE TOWN OF DEEP RIVER

Opinion

We have audited the consolidated financial statements of the **CORPORATION OF THE TOWN OF DEEP RIVER** which comprise the consolidated statement of financial position as at December 31, 2021 and the consolidated statements of operations, change in net financial assets (net debt) and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of **CORPORATION OF THE TOWN OF DEEP RIVER** as at December 31, 2021 and the results of its consolidated operations, changes in net financial assets (net debt) and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town'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 Town'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 the auditor's report. However, future events or conditions may cause the Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Town to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Baker Tilly REO LLP

Chartered Professional Accountants
Licensed Public Accountants

Pembroke, Ontario
November 2, 2022

CORPORATION OF THE TOWN OF DEEP RIVER
Consolidated Statement of Financial Position
As At December 31, 2021

	2021	2020
FINANCIAL ASSETS		
Cash (Note 2)	\$ 3,193,377	\$ 2,928,765
Investments (Note 3)	641,693	650,383
Taxes receivable	373,091	344,773
Trade and other receivables	1,280,953	421,632
Loans receivable (Note 4)	315,757	74,030
Inventories for resale	10,747	8,490
	\$ 5,815,618	\$ 4,428,073
LIABILITIES		
Accounts payable and accrued liabilities	\$ 1,542,068	\$ 1,174,441
Deferred revenue - general	56,752	188,614
Deferred revenue - obligatory (Schedule 3)	16,885	471,544
Long term liabilities (Note 5)	8,373,114	8,841,029
Employee benefits and post-employment liabilities (Note 6)	1,720,719	1,612,361
Landfill closure and post-closure liabilities (Note 7)	535,667	504,040
	12,245,205	12,792,029
NET FINANCIAL ASSETS (NET DEBT)	(6,429,587)	(8,363,956)
NON-FINANCIAL ASSETS		
Tangible capital assets - net (Schedule 4)	32,004,019	32,908,104
Inventory of supplies	6,908	7,006
Prepaid expenses	10,786	9,800
	32,021,713	32,924,910
ACCUMULATED SURPLUS (Schedule 5)	\$ 25,592,126	\$ 24,560,954

See accompanying notes and schedules.

CORPORATION OF THE TOWN OF DEEP RIVER
Consolidated Statement of Operations
For the Year Ended December 31, 2021

	2021	2021	2020
	Budget	Actual	Actual
	(Note 17)		
REVENUES (Note 9)			
Taxation and payments in lieu	\$ 7,076,889	\$ 8,380,082	\$ 7,015,011
User charges	3,641,293	3,714,438	3,418,099
Government transfers	712,248	792,842	521,490
Deferred revenue earned - Schedule 3	-	714,015	-
Other	160,136	201,388	212,997
	11,590,566	13,802,765	11,167,597
EXPENDITURES			
General government	1,300,363	1,475,973	1,349,361
Protection to persons and property	3,429,875	3,905,776	3,504,576
Transportation services	1,220,082	1,227,643	1,180,667
Environmental services	3,273,305	4,018,486	4,323,753
Health services	31,596	44,554	31,849
Recreation and cultural services	1,820,995	2,018,889	1,795,736
Planning and development	104,985	80,272	22,671
	11,181,201	12,771,593	12,208,613
ANNUAL SURPLUS (DEFICIT)	409,365	1,031,172	(1,041,016)
ACCUMULATED SURPLUS, beginning of year	24,560,954	24,560,954	25,601,970
ACCUMULATED SURPLUS, end of year	\$ 24,970,319	\$ 25,592,126	\$ 24,560,954

See accompanying notes and schedules.

CORPORATION OF THE TOWN OF DEEP RIVER
Consolidated Statement of Change in Net Financial Assets (Net Debt)
For the Year Ended December 31, 2021

	2021	2020
	Actual	Actual
ANNUAL SURPLUS (DEFICIT)	\$ 1,031,172	\$ (1,041,016)
Amortization of tangible capital assets	1,861,875	1,833,544
Acquisition of tangible capital assets	(957,791)	(736,979)
Changes in level of supplies inventories	98	(2,393)
Changes in level of prepaid expenses	(985)	30,315
CHANGE IN NET FINANCIAL ASSETS (NET DEBT)	1,934,369	83,471
NET FINANCIAL ASSETS (NET DEBT), beginning of year	(8,363,956)	(8,447,427)
NET FINANCIAL ASSETS (NET DEBT), end of year	\$ (6,429,587)	\$ (8,363,956)

CORPORATION OF THE TOWN OF DEEP RIVER
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2021

	2021	2020
CASH FROM OPERATING ACTIVITIES		
Annual surplus (deficit)	\$ 1,031,172	\$ (1,041,016)
Adjustments for items not affecting cash		
Amortization of tangible capital assets	1,861,875	1,833,544
Changes in non-cash working capital		
Taxes receivable	(28,318)	(12,106)
Trade and other receivables	(859,321)	(49,262)
Loan receivable	(241,727)	437
Inventories for resale	(2,257)	247
Inventory of supplies	98	(2,393)
Prepaid expenses	(985)	30,315
Accounts payable and accrued liabilities	367,627	45,253
Employee benefits and post-employment liabilities	108,358	(1,723)
Landfill closure and post-closure liabilities	31,627	280,227
Deferred revenue - general	(131,862)	179,702
Deferred revenue - obligatory	(454,659)	128,375
Loan payable	-	(8,057)
	1,681,628	1,383,543
CASH FROM (USED IN) FINANCING ACTIVITIES		
Payments on long term liabilities	(467,915)	(448,468)
Proceeds from long term liabilities	-	22,800
	(467,915)	(425,668)
CASH (USED IN) INVESTING ACTIVITIES		
Investments	8,690	(30,095)
Purchase of tangible capital assets	(957,791)	(736,979)
	(949,101)	(767,074)
INCREASE IN CASH	264,612	190,801
CASH, beginning of year	2,928,765	2,737,964
CASH, end of year	\$ 3,193,377	\$ 2,928,765

See accompanying notes and schedules.

CORPORATION OF THE TOWN OF DEEP RIVER
Consolidated Schedule of Continuity of Reserves
For the Year Ended December 31, 2021

SCHEDULE 1

	BALANCE	REVENUES				TRANSFERS				BALANCE
	Beginning of Year	Investment Earnings	From Operations	Other	Total	To Operations	To Capital	Other	Total	End of Year
Reserves										
Acquisition of capital assets	\$ 1,565	-	-	-	-	-	-	-	-	1,565
Sick leave and payroll contingency	193,769	-	206,231	-	-	-	-	-	-	400,000
Legal contingency	48,526	-	-	-	-	-	-	-	-	48,526
Waterworks	64,438	-	114,961	-	114,961	-	91,396	-	91,396	88,003
Sewer	399,593	-	251,445	-	251,445	-	-	-	-	651,038
Working funds	50,000	-	-	-	-	-	-	-	-	50,000
Recreation facilities	1,333	-	-	-	-	-	1,333	-	1,333	-
Insurance claims	46,720	-	-	-	-	-	-	-	-	46,720
WSIB	72,964	-	-	-	-	-	-	-	-	72,964
Physician recruitment	11,610	-	-	-	-	-	-	-	-	11,610
Living legacy	4,425	-	-	-	-	-	-	-	-	4,425
Asset replacement	210,267	-	-	-	-	60,000	20,989	-	80,989	129,278
Landfill closure	73,673	-	-	-	-	-	-	-	-	73,673
Recreation	10,135	-	-	-	-	-	-	-	-	10,135
Marina capital	7,627	-	4,057	-	4,057	-	-	-	-	11,684
Capital contingency	79,304	-	-	-	-	-	-	-	-	79,304
Restricted donations	3,500	-	-	-	-	-	-	-	-	3,500
Airport Runway	20,000	-	5,000	-	5,000	-	-	-	-	25,000
Elections	8,000	-	4,000	-	4,000	-	-	-	-	12,000
Service modernization	507,786	-	-	-	-	-	26,712	-	26,712	481,074
Library stabilization	-	-	1,500	-	1,500	-	-	-	-	1,500
	1,815,235	-	587,194	-	587,194	60,000	140,430	-	200,430	2,201,999
Reserve Funds (Schedule 2)	494,858	(3,660)	269,068	-	265,408	-	46,780	-	46,780	713,486
Total Reserves and Reserve Funds	\$2,310,093	(3,660)	856,262	-	852,602	60,000	187,210	-	247,210	2,915,485

10. See accompanying notes and schedules.

CORPORATION OF THE TOWN OF DEEP RIVER
Consolidated Statement of Continuity of Reserve Funds
For the Year Ended December 31, 2021

SCHEDULE 2

	BALANCE	REVENUES				TRANSFERS				BALANCE
	Beginning of Year	Investment Earnings	From Operations	Other	Total	To Operations	To Capital	Other	Total	End of Year
Reserve Funds										
Capital asset replacement	\$ 72,167	(4,387)	253,838	-	249,451	-	46,780	-	46,780	274,838
Hydro sale proceeds	370,911	(4,561)	15,230	-	10,669	-	-	-	-	381,580
Humanitarian donations	3,547	25	-	-	25	-	-	-	-	3,572
Airport operations	48,221	5,263	-	-	5,263	-	-	-	-	53,484
Main Street Revitalization	12	-	-	-	-	-	-	-	-	12
	\$494,858	(3,660)	269,068	-	265,408	-	46,780	-	46,780	713,486

11. See accompanying notes and schedules.

CORPORATION OF THE TOWN OF DEEP RIVER
Consolidated Schedule of Deferred Revenue - Obligatory
For the Year Ended December 31, 2021

SCHEDULE 3

	BALANCE	REVENUES				TRANSFERS				BALANCE
	Beginning of Year	Interest on Investments	From Operating	Government Transfers	Total	To Operating	To Capital	Other	Total	End of Year
Deferred Revenue										
Obligatory Reserve Funds										
Gas tax rebates	\$ 471,544	3,760	255,596	-	259,356	-	714,015	-	714,015	16,885

12. See accompanying notes and schedules.

Corporation of the Town of Deep River
Consolidated Schedule of Tangible Capital Assets
For the Year Ended December 31, 2021

Schedule 4

	BY ASSET CLASS												Totals	
	General						Infrastructure							
	Land	Buildings	Vehicles	Equipment	Computer Equipment	Other	Roads	Plants & Facilities	Underground & Other	Other Structures	Assets Under Construction	2021	2020	
Cost														
Balance, Beginning of year	\$ 1,640,434	\$ 9,444,978	\$ 3,224,439	\$ 1,143,579	\$ 26,817	\$ 1,116,926	\$ 4,631,489	\$ 20,759,065	\$ 17,450,213	\$ 2,866,342	\$ 29,150	\$ 62,333,432	\$ 61,677,492	
Add:														
Additions during year	-	21,423	10,002	60,327	28,289	46,946	660,120	21,726	53,895	12,320	71,893	986,941	752,459	
Less:														
Disposals during year	-	-	-	-	(2,937)	(51,715)	(6,884)	-	-	(17,012)	(29,150)	(107,698)	(96,519)	
Balance, End of year	1,640,434	9,466,401	3,234,441	1,203,906	52,169	1,112,157	5,284,725	20,780,791	17,504,108	2,861,650	71,893	63,212,675	62,333,432	
Accumulated Amortization														
Balance, Beginning of year	-	4,843,028	2,302,451	760,791	14,877	950,418	3,003,904	12,140,853	3,992,717	1,416,289	-	29,425,328	27,672,823	
Add:														
Amortization during the year	-	199,427	153,492	68,166	17,598	51,285	126,534	842,553	301,524	101,296	-	1,861,875	1,833,544	
Less:														
Reduction on disposals	-	-	-	-	(2,937)	(51,714)	(6,884)	-		(17,012)	-	(78,547)	(81,039)	
Balance, End of year	-	5,042,455	2,455,943	828,957	29,538	949,989	3,123,554	12,983,406	4,294,241	1,500,573	-	31,208,656	29,425,328	
Net Book Value of Tangible Capital Assets	\$ 1,640,434	\$ 4,423,946	\$ 778,498	\$ 374,949	\$ 22,631	\$ 162,168	\$ 2,161,171	\$ 7,797,385	\$ 13,209,867	\$ 1,361,077	\$ 71,893	\$ 32,004,019	\$ 32,908,104	
BY FUNCTIONAL CLASSIFICATION														
	General Government	Police	Fire	Roads	Other Transportation	Water Supply	Sewer	Waste Management	Recreation	Planning Other	Assets Under Construction	2021	2020	
Cost														
Balance, Beginning of year	\$ 2,702,385	\$ 374,587	\$ 1,291,555	\$ 7,166,790	\$ 1,283,342	\$ 27,074,266	\$ 11,474,777	\$ 126,612	\$ 10,475,593	\$ 334,375	\$ 29,150	\$ 62,333,432	\$ 61,677,492	
Add:														
Additions during year	39,445	-	-	670,387		21,726	53,895	10,002	119,593		71,893	986,941	752,459	
Less:														
Disposals during year	-	(2,937)		(6,884)				-	(68,727)		(29,150)	(107,698)	(96,519)	
Balance, End of year	2,741,830	371,650	1,291,555	7,830,293	1,283,342	27,095,992	11,528,672	136,614	10,526,459	334,375	71,893	63,212,675	62,333,432	
Accumulated Amortization														
Balance, Beginning of year	1,495,870	320,566	883,133	4,639,262	844,541	10,018,170	6,175,299	44,718	4,955,880	47,889	-	29,425,328	27,672,823	
Add:														
Amortization during the year	89,563	22,737	60,536	232,175	24,853	817,057	339,519	1,939	265,310	8,186		1,861,875	1,833,544	
Less:														
Reduction on disposals		(2,937)		(6,884)				-	(68,726)			(78,547)	(81,039)	
Balance, End of year	1,585,433	340,366	943,669	4,864,553	869,394	10,835,227	6,514,818	46,657	5,152,464	56,075	-	31,208,656	29,425,328	
Net Book Value of Tangible Capital Assets	\$ 1,156,397	\$ 31,284	\$ 347,886	\$ 2,965,740	\$ 413,948	\$ 16,260,765	\$ 5,013,854	\$ 89,957	\$ 5,373,995	\$ 278,300	\$ 71,893	\$ 32,004,019	\$ 32,908,104	

13. See accompanying notes.

CORPORATION OF THE TOWN OF DEEP RIVER
Consolidated Schedule of Accumulated Surplus
For the Year Ended December 31, 2021

SCHEDULE 5

	2021	2020
RESERVE FUNDS - Schedule 2		
Capital asset replacement	\$ 274,838	\$ 72,167
Hydro sale proceeds	381,580	370,911
Humanitarian donations	3,572	3,547
Airport operations	53,484	48,221
Main Street Revitalization	12	12
Total	713,486	494,858

RESERVES - Schedule 1

Acquisition of capital assets	5,065	5,065
Sick leave and payroll contingency	400,000	193,769
Legal contingency	48,526	48,526
Waterworks	88,003	64,438
Sewer	651,038	399,593
Working funds	50,000	50,000
Recreation facilities	-	1,333
Insurance claims	46,720	46,720
WSIB	72,964	72,964
Physician recruitment	11,610	11,610
Living legacy	4,425	4,425
Asset replacement	129,278	210,267
Landfill closure	73,673	73,673
Recreation	10,135	10,135
Marina capital	11,684	7,627
Capital contingency	79,304	79,304
Airport Runway	25,000	20,000
Elections	12,000	8,000
Service modernization	481,074	507,786
Library stabilization	1,500	-
Total	2,201,999	1,815,235
Total - Reserves and Reserve Funds	2,915,485	2,310,093

SURPLUSES

Invested in tangible capital assets	23,436,808	23,883,317
General revenue fund	1,468,994	460,068
Landfill operations board	27,225	23,877
Unfunded		
• Employment benefits and post-employment liabilities	(1,720,719)	(1,612,361)
• Landfill closure and post-closure liabilities	(535,667)	(504,040)
Total Surpluses	22,676,641	22,250,861

ACCUMULATED SURPLUS	\$ 25,592,126	\$ 24,560,954
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See accompanying notes and schedules.

Corporation of the Town of Deep River
Consolidated Schedule of Segmented Disclosure
For the Year Ended December 31, 2021

Schedule 6

	General Government		Protection		Transportation		Environment		Health		Recreation		Planning		Totals	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Revenues																
Taxation	\$ 1,328,746	\$ 1,117,499	\$ 3,806,672	\$ 3,093,250	\$ 976,735	\$ 1,119,993	\$ 521,300	\$ 455,419	\$ 20,923	\$ 9,068	\$ 1,683,574	\$ 1,216,647	\$ 42,132	\$ 3,134	\$ 8,380,082	\$ 7,015,011
User charges	13,085	10,192	164,344	184,214	29,332	22,171	3,189,441	2,871,858	13,156	13,057	305,080	316,607	-	-	3,714,438	3,418,099
Government transfers	437,366	441,200	40,437	19,058	300,102	32,476	2,362	11,819	-	-	12,575	13,501	-	3,436	792,842	521,490
Other income	109,162	132,371	4,480	-	48,802	46,284	10,026	10,137	-	-	28,918	24,205	-	-	201,388	212,997
Deferred revenue earned	-	-	-	-	714,015	-	-	-	-	-	-	-	-	-	714,015	-
	1,888,359	1,701,262	4,015,933	3,296,522	2,068,986	1,220,924	3,723,129	3,349,233	34,079	22,125	2,030,147	1,570,960	42,132	6,570	13,802,765	11,167,597
Expenses																
Salaries, wages and benefits	997,729	824,227	2,779,070	2,450,379	495,221	604,244	138,111	67,685	42,404	10,919	1,072,108	966,930	18,824	5,641	5,543,467	4,930,025
Interest on long term liabilities	-	-	-	-	2,762	2,921	266,181	285,416	-	-	71,115	73,262	-	-	340,058	361,599
Materials and supplies	394,762	445,830	173,262	145,907	464,447	327,522	826,481	762,506	2,150	4,085	577,086	458,699	3,982	16,827	2,442,170	2,161,376
Contracted services	5,918	7,621	840,071	798,347	-	-	1,647,298	2,066,308	-	16,845	4,570	5,393	57,466	203	2,555,323	2,894,717
External transfers	-	-	-	-	-	-	-	-	-	-	28,700	27,351	-	-	28,700	27,351
Interfunctional adjustments	(12,000)	(12,000)	30,100	26,670	-	-	(18,100)	(14,670)	-	-	-	-	-	-	-	-
Amortization	89,564	83,683	83,273	83,273	265,213	245,980	1,158,515	1,156,508	-	-	265,310	264,101	-	-	1,861,875	1,833,545
	1,475,973	1,349,361	3,905,776	3,504,576	1,227,643	1,180,667	4,018,486	4,323,753	44,554	31,849	2,018,889	1,795,736	80,272	22,671	12,771,593	12,208,613
Net Revenue (Expenses)	\$ 412,386	\$ 351,901	\$ 110,157	\$ (208,054)	\$ 841,343	\$ 40,257	\$ (295,357)	\$ (974,520)	\$ (10,475)	\$ (9,724)	\$ 11,258	\$ (224,776)	\$ (38,140)	\$ (16,101)	\$ 1,031,172	\$ (1,041,016)

CORPORATION OF THE TOWN OF DEEP RIVER
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2021

The **CORPORATION OF THE TOWN OF DEEP RIVER** is an incorporated municipality in the Province of Ontario. Its operations are guided by the provisions of provincial statutes such as the *Municipal Act*, *Municipal Affairs Act* and related legislation.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Corporation of the Town of Deep River are the representation of management prepared in accordance with local government accounting standards established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

REPORTING ENTITY

- (a) The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, reserves, reserve funds and cash flows of the Town and include the activities of all committees of Council and the following boards and utilities which are under the control of Council:

- Deep River Public Library Board
- Deep River Waterworks

The municipality is also a member of two joint local boards which are accounted for using the proportionate consolidation method whereby the municipality's proportionate share of revenues, expenditures, assets and liabilities are included in the accounts after elimination of the proportionate share of inter-entity transactions:

	Proportionate Share
• North Renfrew Landfill Operations Board	52.00 %
• Pembroke and Area Airport Commission	7.770 %

Inter-organizational transactions and balances have been eliminated in the preparation of these financial statements.

(b) Accounting for County and School Board Transactions

The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards and the County of Renfrew are not reflected in these financial statements.

(c) Trust Funds

Trust funds and their related operations administered by the municipality are not consolidated, but are reported separately in the Trust Funds Statement of Financial Activities and Fund Balances and the Trust Funds Statement of Financial Position.

BASIS OF ACCOUNTING

(a) Accrual Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which transactions or events occurred that gave rise to the revenues; expenditures are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

CORPORATION OF THE TOWN OF DEEP RIVER
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Cash

Cash is defined as cash on hand, cash on deposit and short-term deposits with maturity dates of less than 90 days, net of cheques issued and outstanding at the reporting date.

(c) Revenue Recognition

Property tax billings are prepared by the Municipality based on an assessment roll prepared by the Municipal Property Assessment Corporation ("MPAC"), an agency of the Ontario government. Any supplementary billing adjustments made necessary by assessment appeals submitted by the ratepayers and changes to assessed value reflecting new construction are recognized in the year they are determined.

User charges and fees are recognized as revenue in the year the goods and services are provided.

Investment income is recognized as it is earned. Investment income earned on federal gas tax reserve funds is recorded as deferred revenue and included in Municipal revenues in the year that they are applied to qualifying capital expenditures.

Government transfers are recognized as revenue in the year in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligible criteria have been met, and reasonable estimates of the amounts can be made.

(d) Inventories for Resale

Inventories for resale are valued at the lower of cost and net realizable value with cost determined on a first-in, first-out basis.

CORPORATION OF THE TOWN OF DEEP RIVER
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) 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 Financial Assets (Net Debt) for the year.

Tangible Capital Assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to the 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:

<u>Assets</u>	<u>Useful Life-Years</u>
Buildings	10-50
Vehicles	4-20
Equipment	10-20
Computer equipment	2
Other	5-7
Roads	20-40
Plants and facilities	20-80
Underground and other networks	50-75
Other structures	15-25

Landfill sites are amortized using the units of production method based upon capacity used during the year.

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is in service.

The Town has a capitalization threshold so that individual tangible capital assets of lesser value are expensed, unless they are pooled because, collectively, they have significant value, or for operational reasons.

Certain assets have been assigned a nominal value of one Canadian dollar because of the difficulty of determining a tenable valuation. The most significant of such assets are the Town's road allowances and most Town lands.

Contributions of Tangible Capital Assets

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

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.

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Inventories

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

(f) Pension and Employee Benefits

The Town expenses its contributions to the Ontario Municipal Employees Retirement System ("OMERS"), a multi-employer public sector pension fund, when contributions are due.

Employee benefits include vacation entitlement, sick leave benefits and certain post-employment benefits. Vacation entitlements and sick leave benefits are accrued as entitlements are earned. Other post-employment benefits are subject to actuarial valuations and are accrued in accordance with the projected benefit method, prorated on service and management's best estimate of salary escalation and retirement ages of employees. Any actuarial gains and losses related to past service of employees are amortized over the expected average remaining service life of the employee groups.

(g) Deferred Revenue - Obligatory

Government transfers of gas taxes are reported as deferred revenue – obligatory in the Consolidated Statement of Financial Position. These amounts will be recognized as revenues in the period in which related expenditures are incurred.

(h) Investments

Investments consist of bond and money market mutual funds and are recorded at market value.

(i) Use of Estimates

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Due to the inherent uncertainty in making estimates, actual results could differ from these estimates. Management makes accounting estimates when determining the estimated useful life of the Corporation's tangible assets, its allowances for doubtful accounts, the carrying value of its inventory, the accrued liabilities for employee benefits and solid waste landfill closure and post-closure care. Actual results could differ from those estimates.

(j) Segment Disclosures

The municipality adopted the Public Sector Accounting Board standard requiring financial information to be provided on a segmented basis (PSAB 2700). Municipal services have been segmented by grouping activities that have similar service objectives (by function). Revenues that are directly related to the costs of the function have been attributed to each segment.

2. CASH

Cash and investments in the amount of \$476,533 (2020 - \$966,402) have been restricted to support reserve funds and deferred revenue - obligatory.

CORPORATION OF THE TOWN OF DEEP RIVER

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

3. INVESTMENTS

	2021	2020
Investment in Public Sector Group of Funds		
• Canadian Government Bond Portfolio	\$ 610,569	\$ 619,514
Mutual funds	31,124	30,869
	\$ 641,693	\$ 650,383

The book value of the investments is \$692,808 (2020 - \$681,854).

4. LOANS RECEIVABLE

	2021	2020
Loan receivable from Community Skiway Inc. (Mount Martin Ski Hill), interest at the Bank of Canada prime rate, due annually, secured by a chattel mortgage on Mount Martin Ski Hill equipment (Prime rate at December 31, 2021 – 2.45%). The loan is due September 2028 but the Town has the option to demand repayment in full any time after September 2023 on six months written notice.	\$ 9,856	\$ 19,959
Loan receivable from Weesoe Community Communication Technologies for the purpose of providing expanded and enhanced internet for the Town, interest payable monthly at the Royal Bank of Canada's prime rate, secured by a general security agreement. The Town approved a maximum loan of \$500,000 under this agreement. The final loan amount was \$302,199 which was converted to a fixed rate loan on August 31, 2021, receivable over a five-year period in semi-annual instalments of \$32,293 including interest at 2.45% per annum.	305,901	54,071
	\$ 315,757	\$ 74,030

CORPORATION OF THE TOWN OF DEEP RIVER
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2021

5. LONG TERM LIABILITIES

- (a) The balance of long-term liabilities reported on the Consolidated Statement of Financial Position is made up of the following:

	2021	2020
Prime minus 0.85% non-revolving term loan, maturing June 2022, repayable in blended monthly instalments of \$19,940	\$ 1,276,537	\$ 1,493,506
5.42% debentures, maturing September 2049, repayable in blended semi-annual instalments of \$129,685	3,714,874	3,770,622
4.12% debentures, maturing December 2025, repayable in blended semi-annual instalments of \$31,693	231,571	283,798
2.9% debentures, maturing November 2036, repayable in blended semi-annual instalments of \$43,871	1,061,108	1,116,863
3.5% debentures, maturing September 2047, repayable in blended semi-annual instalments of \$32,464	1,102,469	1,128,135
3.14% debentures, maturing December 2037, repayable in semi-annual instalments of \$30,156 plus interest	964,993	1,025,305
Town share of Pembroke and Area Airport Commission debentures, interest at 2.47%, maturing May 2040, repayable in semi-annual instalments of \$585 plus interest	21,562	22,800
	\$ 8,373,114	\$ 8,841,029

- (b) Principal payments on long term liabilities are estimated as follows:

2022	\$ 488,630
2023	483,863
2024	503,525
2025	524,134
2026	481,699
Thereafter	5,891,263
	\$ 8,373,114

CORPORATION OF THE TOWN OF DEEP RIVER
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2021

5. LONG TERM LIABILITIES (cont'd)

The long-term liabilities in (a) issued in the name of the municipality have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs.

- (c) Total interest charges for Town long term liabilities reported on the Consolidated Statement of Operations are \$340,058 (2020 - \$361,599).

Of the total charges shown above, \$73,482 (2020 - \$75,894) was paid from general revenues of the Town, \$239,799 (2020 - \$245,141) was recovered from the water supply operation and \$26,777 (2020 - \$40,564) was recovered from the sanitary sewer operation. These amounts are included on the Consolidated Statement of Operation, classified under the appropriate functional expenditure headings.

6. EMPLOYEE BENEFITS AND POST EMPLOYMENT LIABILITIES

	2021	2020
Accrued vacation pay benefits	\$ 138,777	\$ 93,753
Sick leave (Note 6 (a))	551,061	538,501
Post-employment benefits (Note 6 (b))	907,692	856,918
WSIB (Note 6 (c))	123,189	123,189
	\$ 1,720,719	\$ 1,612,361

(a) SICK LEAVE BENEFITS

Under the sick leave benefit plans, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the municipality's employment. An amount of \$61,052 (2020 - \$65,298) was paid to employees who left the municipality's employment during the current year. Reserves in the amount of \$400,000 (2020 - \$193,769) have been established to provide for these liabilities and are reported on the Consolidated Statement of Financial Position.

(b) POST-EMPLOYMENT BENEFITS

The Town has defined benefit plans providing various post-retirement medical and life insurance benefits.

The liability and expense for 2021 is based on an actuarial valuation performed as at December 31, 2021.

CORPORATION OF THE TOWN OF DEEP RIVER
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2021

6. EMPLOYEE BENEFITS AND POST EMPLOYMENT LIABILITIES (cont'd)

Information about the plan is as follows:

Accrued benefit liability

	2021	2020
Accrued benefit liability as at beginning of year	\$ 856,918	\$ 835,446
Current service cost	51,286	49,743
Interest cost	27,828	26,840
Amortization of actuarial gain/loss	3,660	3,889
Contributions/benefits paid during the year	(32,000)	(59,000)
Accrued benefit liability as at end of year	\$ 907,692	\$ 856,918

Reconciliation of accrued benefit obligation

	2021	2020
Accrued benefit obligation as at beginning of year	\$ 888,029	\$ 870,446
Benefits accrued during year	51,286	49,743
Benefits paid during year	(32,000)	(59,000)
Interest on accrued benefit obligation during year	27,828	26,840
Experience gain	(52,804)	-
Accrued benefit obligation as at end of year	\$ 882,339	\$ 888,029

Discount rate	2.89%
Assumed dental cost trend rate	4.00%

The assumed health care cost trend rate was 10%, decreasing by 1% annually to 5%.

(c) WORKPLACE SAFETY & INSURANCE BOARD (WSIB)

As a Schedule 2 employer, the Town funds its obligations to the WSIB on a "pay as you go" basis. The future benefit costs recorded at the year end are based on calculations prepared by the WSIB. As at December 31, 2021, the Municipality's accrued benefit liability related to future payments for WSIB is based on the 2020 WSIB calculation which is the most recent calculation available. No independent actuarial valuation is considered necessary.

CORPORATION OF THE TOWN OF DEEP RIVER

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

7. LANDFILL CLOSURE AND POST-CLOSURE LIABILITIES

The Town operates a landfill site that now receives only construction and demolition waste. Currently the landfill site is estimated to be 75% filled and has a remaining volume of approximately 78,000 m³. The estimated remaining life of the site at the current level of usage is 20 years. The estimated required period of post-closure care is 25 years. These financial statements recognize a liability for closure and post-closure care to the extent that the site has been used to date. Since costs are to be incurred in the future they have been discounted at 3.5%. Currently a liability of \$447,000 has been accrued. The present value of estimated total expenditures is approximately \$596,000. The liability remaining to be recognized is \$149,000. A reserve in the amount of \$73,673 has been established to provide for this liability and is reported on the Consolidated Statement of Financial Position.

The Town is also a joint member of the North Renfrew Landfill Operations Board which owns and operates one open landfill site. Currently, the landfill site is estimated to be 54% filled and has a remaining volume of 91,623 m³. At the current rate of usage, the landfill site is expected to close in 22.5 years or as early as June 2044. The Board is liable for closing costs of this landfill site and post-closure costs for monitoring, reporting, site reconnaissance and maintenance on an annual basis for a period of at least four years following the closure of the site. The present value of the expected closure and post-closure costs have been reported as a liability in the Consolidated Statement of Financial Position. The liability was estimated using a discount factor of 3.45% and is accrued based on site usage. Currently a liability of \$170,514 (Town share - \$88,667) has been accrued. The present value of estimated expenditures for closure and post-closure care is \$315,766 (Town share - \$164,198). The liability remaining to be recognized is \$145,252 (Town share - \$75,531).

8. CONTAMINATED SITES LIABILITY

The Town has adopted PS3260 Liability for Contaminated Sites. The Town has not identified any liabilities as at December 31, 2021 (2020 - Nil) as a result of this standard.

CORPORATION OF THE TOWN OF DEEP RIVER**Notes to the Consolidated Financial Statements**

For the Year Ended December 31, 2021

9. REVENUES

	2021	2021	2020
	Budget	Actual	Actual
Taxation			
Residential and farm taxation	\$ 5,950,772	\$ 5,972,252	\$ 5,838,357
Commercial, industrial and business taxation	942,036	942,036	1,017,586
Taxation from other governments	3,262,831	4,913,971	3,269,594
	10,155,639	11,828,259	10,125,537
Deduct: amounts received or receivable for			
County and school boards	(3,078,750)	(3,448,177)	(3,110,526)
	7,076,889	8,380,082	7,015,011
User Charges	3,641,293	3,714,438	3,418,099
Government Transfers			
Government of Canada	6,652	56,154	26,846
Province of Ontario	687,580	718,806	477,098
Other municipalities	18,016	17,882	17,546
	712,248	792,842	521,490
Deferred Revenue Earned	-	714,015	-
Other			
Investment income	29,194	20,942	62,260
Penalties and interest on taxes	50,000	34,727	50,962
Donations	3,503	51,569	9,452
Other	77,439	94,150	90,323
	160,136	201,388	212,997
	\$ 11,590,566	\$ 13,802,765	\$ 11,167,597

CORPORATION OF THE TOWN OF DEEP RIVER
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2021

10. EXPENDITURES BY OBJECT

The Consolidated Statement of Operations presents the consolidated expenditures by function. The following classifies those same expenditures by object.

	2021	2020
Salaries, wages and employee benefits	\$ 5,543,467	\$ 4,946,924
Interest on long term liabilities	340,058	361,310
Transfers to external organizations	28,700	27,351
Materials, contracted services, rents and financial expenses	4,997,493	5,039,483
Amortization	1,861,875	1,833,545
	\$ 12,771,593	\$ 12,208,613

11. PENSION AGREEMENT

The Corporation of the Town of Deep River, on behalf of its eligible employees, is a participant in the Ontario Municipal Employees Retirement System (OMERS). OMERS is a defined benefit pension plan, fully funded by equal contributions from participating employers and employees, and by the investment earnings of the OMERS Fund. OMERS pensions are calculated using a defined benefit formula, taking into account length of service and average annual wage that is designed to integrate with the pension payable from the Canada Pension Plan.

Because OMERS is a multi-employer pension plan, The Corporation of the Town of Deep River does not recognize any share of the pension plan deficit of \$69 million (2020 – \$7.66 billion) based on the total fair market value of the plans's assets, as this is a joint responsibility of all Ontario municipalities and their employees.

The amount contributed to OMERS for 2021 was \$347,890 (2020 - \$330,697) for current service and is included as an expenditure on the Consolidated Statement of Operations. At December 31, 2021 there is no liability for past service under this agreement.

12. FINANCIAL INSTRUMENTS

The Municipality's financial instruments consist of cash, investments, taxes receivable, trade and other receivables, loan receivable, accounts payable and accrued liabilities and long-term liabilities.

It is management's opinion that the Municipality is not exposed to significant interest or currency risks arising from these financial instruments. The Town is subject to credit risk with respect to taxes receivable, water and sewer receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Town provides services may experience financial difficulty and be unable to fulfill their obligations. It is management's opinion that the large number and diversity of taxpayers and users minimizes the credit risk.

CORPORATION OF THE TOWN OF DEEP RIVER

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

13. JOINT LOCAL BOARDS

The Town is a member of two joint local boards as follows:

Pembroke and Area Airport Commission

The Pembroke and Area Airport Commission was established in 1968 under the *Municipal Act* and on June 25, 1992 was continued as a body corporation by special legislation of the province of Ontario. The Commission's primary function is the management of the Pembroke and Area Airport.

The Town's proportionate share of contributions to the Commission is 7.770% (2020 – 7.795%). The only transactions the Town had with the Commission during the year was the annual municipal levy of \$7,270 (2020 - \$6,945). This transaction is in the normal course of operations and measured at its exchange amount.

Summary financial information for the year ended December 31, 2021 and the Town's proportionate share are as follows:

	Total	Town's Share
Net financial assets	\$ 395,893	\$ 30,760
Non-financial assets	3,809,953	296,033
Accumulated surplus	4,205,847	326,793
Revenue	507,406	39,426
Expenditures	478,901	37,210
Annual surplus	\$ 28,505	\$ 2,216

North Renfrew Landfill Operations Board

The North Renfrew Landfill Operations Board is a joint local board which was formed to direct the operation of the Bagg's Road Landfill.

The Town's proportionate share of contributions to the Board is 52% (2020 - 52%). The Town made operating contributions to the Board in the amount of \$130,193 (2020 - \$99,462).

These transactions are in the normal course of operations and measured at their exchange amount.

Summary financial information for the year ended December 31, 2021 and the Town's proportionate share are as follows:

	Total	Town's Share
Net financial assets (debt)	\$ (137,619)	\$ (67,287)
Non-financial assets	51,518	26,789
Accumulated (deficit)	(86,131)	(40,498)
Revenue	284,070	147,717
Expenses	340,257	176,934
Annual (deficit)	\$ (56,187)	\$ (29,217)

CORPORATION OF THE TOWN OF DEEP RIVER

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

14. CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The Town has entered into a fire protection services agreement with Canadian Nuclear Laboratories Ltd. for the period June 1, 2018 to September 1, 2025 at an annual amount of \$690,000 plus HST. As at December 31, 2021, the unpaid portion of this contract amounted to approximately \$3,231,800 plus HST.

The Town has entered into a contract in the amount of \$1,993,320 including HST for the collection, handling and processing of recyclables and the collection and disposal of residential and commercial waste for the period October 1, 2018 to September 30, 2023 with an option to renew the contract for an additional two years at the amount of \$415,277 per year including HST. As at December 31, 2021, the unpaid portion of this contract amounted to approximately \$704,781 including HST.

The Town has an agreement with the Ontario Clean Water Agency (OCWA) to manage, operate and maintain the drinking water system and the wastewater treatment system. The agreement is for a two-year term commencing January 1, 2022 to December 31, 2023. The cost for 2021 was \$1,619,022. The agreement can be terminated by either the Town or OCWA by giving at least 365 days notice in writing.

The North Renfrew Landfill Operations Board has entered into a contract in the amount of \$1,938,000 plus HST for the operation of the North Renfrew (Baggs Road) Solid Waste Disposal Site for the period from August 1, 2013 to July 31, 2023. As at December 31, 2021, the unpaid portion of this contract amounts to \$306,850 plus HST. The Board has also entered into a contract in the estimated amount of \$89,000 plus HST for the period March 2021 to February 2026. As at December 31, 2021 the estimated unpaid portion of this contract amounts to \$74,167 plus HST.

15. TRUST FUNDS

Trust funds administered by the Town totalling \$351,332 (2020 - \$347,694) are presented in separate trust fund financial statements. As such, balances held in trust by the Town for the benefit of others have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations.

CORPORATION OF THE TOWN OF DEEP RIVER

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

16. CONTINGENT LIABILITIES

The Town is the subject of a legal proceeding related to employment issues. Management believes that the ultimate settlement amount, if any, cannot be reasonably determined at this time. In addition, the nature of municipal activities is such that there may be litigation pending or in prospect at any time. Management believes that the Town has valid defences and appropriate insurance coverages in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the Town's financial position. Any adjustments, arising from these matters, will be recorded in future years.

17. BUDGET FIGURES

The operating budget approved by Town Council for 2021 is reflected on the Consolidated Statement of Operations. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual expenditure amounts. As well, the Town does not in some cases include tangible capital asset amounts in the annual budget as they do not require immediate funding. Budget figures have been reclassified for the purposes of these financial statements to comply with PSAB reporting requirements. The budget figures are unaudited.

18. SEGMENTED DISCLOSURES

The Town of Deep River provides a range of services to its ratepayers. For each segment as reported in Schedule 6, revenues and expenses represent amounts that are directly attributable to the segment. Amounts not directly attributable to a segment are reported in general government. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

19. OPERATIONS

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economies. The Town's delivery of services has been altered but the overall effect of these events on the Town and its operations is too uncertain to be estimated at this time. The impacts will be accounted for when they are known and may be assessed.

20. SUBSEQUENT EVENTS

Subsequent to the year end, the Town approved contracts and contract settlements with estimated costs totalling to approximately \$3.62 million.

DEEP RIVER PUBLIC LIBRARY BOARD
Financial Statements
Year Ended December 31, 2021

DEEP RIVER PUBLIC LIBRARY BOARD
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Year Ended December 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board Members, Members of Council, Inhabitants and Ratepayers of the Corporation of the Town of Deep River

Opinion

We have audited the financial statements of Deep River Public Library Board (the organization), which comprise the statement of financial position as at December 31, 2021, and the statements of operations, changes in accumulated surplus (deficit) and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2021, and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS).

Basis for Opinion

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

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

(continues)

Independent Auditor's Report to the Board Members, Members of Council, Inhabitants and Ratepayers of the Corpor (continued)

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 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. 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 organization'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 organization'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 organization 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.

Independent Auditor's Report to the Board Members, Members of Council, Inhabitants and Ratepayers of the Corpor (continued)

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.

Baker Tilly REO LLP

Pembroke, Ontario
September 15, 2022

Chartered Professional Accountants, Licensed Public Accountants

DEEP RIVER PUBLIC LIBRARY BOARD
Statement of Financial Position
December 31, 2021

FINANCIAL ASSETS

Cash	\$ 973	\$ 1,051
Investment (Note 3)	29,080	28,792
Due from own municipality	45,236	36,524
	<u>75,289</u>	<u>66,367</u>

LIABILITIES

Accounts payable	16,296	15,214
Deferred contributions (Note 4)	1,263	1,263
Employee benefits and post-employment liabilities (Note 5)	13,531	19,529
	<u>31,090</u>	<u>36,006</u>

NET FINANCIAL ASSETS

44,199 30,361

NON-FINANCIAL ASSETS

Tangible capital assets (Note 7)	149,226	153,567
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ACCUMULATED SURPLUS

\$ 193,424 \$ 183,928

ACCUMULATED SURPLUS CONSISTS OF:

Endowment fund (Note 3)	\$ 29,080	\$ 28,792
Invested in tangible capital assets	149,226	153,567
Operating fund	27,149	21,098
Unfunded employee benefits and post-employment liabilities	(13,531)	(19,529)
Stabilization fund	1,500	-
	<u>\$ 193,424</u>	<u>\$ 183,928</u>

ON BEHALF OF THE BOARD

Director

Director

DEEP RIVER PUBLIC LIBRARY BOARD

Statement of Changes in Accumulated Surplus (Deficit)
Year Ended December 31, 2021

	Endowment Fund	Invested in Tangible Assets	Operating Fund	Unfunded Employee Benefits and Post- Employment Liabilities	Stabilization Fund	2021	2020
BALANCE - BEGINNING OF YEAR	\$ 28,792	\$ 153,567	\$ 21,098	\$ (19,529)	\$ -	\$ 183,928	\$ 140,855
Purchase of tangible capital assets	-	-	-	-	-	-	(39,813)
Annual surplus (deficit)	288	(51,287)	54,497	5,998	-	9,496	43,073
Invested in tangible capital assets	-	46,946	(46,946)	-	-	-	-
Transfers	-	-	(1,500)	-	1,500	-	-
	288	(4,341)	6,051	5,998	1,500	9,496	3,260
BALANCE - END OF YEAR	\$ 29,080	\$ 149,226	\$ 27,149	\$ (13,531)	\$ 1,500	\$ 193,424	\$ 144,115

The accompanying notes are an integral part of these financial statements
5

DEEP RIVER PUBLIC LIBRARY BOARD**Statement of Operations****Year Ended December 31, 2021**

	2021 Budget	2021 Actual	2020 Actual
REVENUE			
Town of Deep River	\$ 378,207	\$ 378,207	\$ 412,036
Province of Ontario	9,581	9,581	9,581
Federal Youth Employment grant	-	2,994	3,920
Fines and fees	1,000	128	1,137
Room and equipment rental	4,500	3,903	5,972
Donations, fundraising and miscellaneous	4,700	16,342	9,865
	<u>397,988</u>	<u>411,155</u>	<u>442,511</u>
EXPENSES			
Amortization	-	51,287	51,968
Insurance	4,950	4,924	4,018
Office and general	11,400	7,477	8,145
Books, periodicals and non-print materials	52,860	-	-
Copying expenses	1,680	1,511	1,671
Professional fees	1,900	2,000	1,900
Repairs and maintenance	25,100	21,574	15,011
Salaries and employee benefits	291,725	285,936	288,622
Supplies	5,000	4,675	4,590
Utilities	24,471	22,275	23,513
	<u>419,086</u>	<u>401,659</u>	<u>399,438</u>
ANNUAL SURPLUS (DEFICIT) FOR THE YEAR	\$ (21,098)	\$ 9,496	\$ 43,073

The accompanying notes are an integral part of these financial statements

DEEP RIVER PUBLIC LIBRARY BOARD
Statement of Cash Flows
Year Ended December 31, 2021

	2021	2020
OPERATING ACTIVITIES		
Annual surplus	\$ 9,496	\$ 43,073
Item not affecting cash:		
Amortization	51,287	51,968
	<u>60,783</u>	<u>95,041</u>
Changes in non-cash working capital:		
Accounts payable	1,084	(36,420)
Deferred contributions	-	1,263
Due from own municipality	(8,712)	(24,072)
Employee benefits and post-employment liabilities	(5,998)	3,923
Investment	(289)	-
	<u>(13,915)</u>	<u>(55,306)</u>
Cash flow from operating activities	<u>46,868</u>	<u>39,735</u>
INVESTING ACTIVITY		
Purchase of tangible capital assets	<u>(46,946)</u>	<u>(39,813)</u>
DECREASE IN CASH FLOW	(78)	(78)
CASH - BEGINNING OF YEAR	<u>1,051</u>	<u>1,129</u>
CASH - END OF YEAR	<u>\$ 973</u>	<u>\$ 1,051</u>

The accompanying notes are an integral part of these financial statements

DEEP RIVER PUBLIC LIBRARY BOARD
Notes to Financial Statements
Year Ended December 31, 2021

1. PURPOSE OF THE ORGANIZATION

Deep River Public Library Board (the "organization") is a local board of the Corporation of the Town of Deep River.

The organization operates to provide library services to the Town of Deep River and surrounding area.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian public sector accounting standards (PSAS).

Accrual basis of accounting

Expenditures and related sources of financing are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which the transactions or events occurred that gave rise to the revenues; expenditures are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

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 financial assets for the year.

Cash and cash equivalents

Cash is defined as cash on hand, cash on deposit and short-term deposits with a maturity date of less than 90 days, net of outstanding cheques at the reporting date.

Tangible capital assets

Tangible capital assets consist of the library's collection and equipment which are recorded at cost. The collection has been pooled and is amortized on a straight-line basis over its estimated useful life of seven years. The equipment is amortized on a straight-line basis over its estimated useful life of 10 years.

(continues)

DEEP RIVER PUBLIC LIBRARY BOARD
Notes to Financial Statements
Year Ended December 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Revenue recognition

Grants, fees, fines and other receipts are recorded in the period to which they relate and when collection is reasonably assured.

Donations are reported on a cash basis. Donation pledges are not reported in the accounts until received.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Investments

Investments are valued at amortized cost. When there has been a decline in value that is other than a temporary decline, the respective investment is written down to recognize the loss. Investment premiums or discounts are amortized on a net present value basis over the term of the respective investments..

Pension and employee benefits

The Library Board expenses its contributions to the Ontario Municipal Employees Retirement System ("OMERS"), a multi-employer public sector pension fund, when contributions are due.

Employee benefits include vacation and sick leave entitlement and certain post-employment benefits. Vacation entitlements and sick leave benefits are accrued as entitlements are earned. Other post employment benefits are subject to actuarial valuations and are accrued in accordance with the projected benefit method, prorated on service and management's best estimate of salary escalation and retirement ages of employees. Any actuarial gains and losses related to past service of employees are amortized over the expected average remaining service life of the employee group.

3. INVESTMENT

The Library Board has invested in an endowment fund with Deep River and District Community Foundation. This investment accrues earnings based on an apportionment of the Foundation's overall investment performance and can be recovered upon three months notice.

DEEP RIVER PUBLIC LIBRARY BOARD
Notes to Financial Statements
Year Ended December 31, 2021

4. DEFERRED CONTRIBUTIONS

Deferred contributions consist of amounts received for a specific purpose for which expenditures have not yet been incurred.

	<u>2021</u>	<u>2020</u>
Balance - Beginning of year	\$ 1,263	\$ -
Contributions received related to the following year	-	1,263
Balance - end of year	<u>\$ 1,263</u>	<u>\$ 1,263</u>

5. EMPLOYEE BENEFITS AND POST-EMPLOYMENT LIABILITIES

	<u>2021</u>	<u>2020</u>
Post-employment benefits (Note 5 (a))	\$ 310	\$ 10,000
Accrued vacation pay	8,763	7,376
Sick leave	4,458	2,153
	<u>\$ 13,531</u>	<u>\$ 19,529</u>

(a) Post-employment benefits

The Library Board has a defined benefit plan providing post-retirement extended health and dental benefits.

The liability and expense for post-retirement extended health and dental benefits were determined by an actuarial valuation performed as at December 31, 2021.

Information about the Library Board's benefit plan is as follows:

	<u>2021</u>	<u>2020</u>
Accrued benefit liability		
Accrued benefit liability - beginning of year	\$ 10,000	\$ 10,000
Current service cost	300	340
Interest	-	300
Amortization and adjustment of experience (gain) loss	(9,990)	(640)
Accrued benefit liability - end of year	<u>\$ 310</u>	<u>\$ 10,000</u>

DEEP RIVER PUBLIC LIBRARY BOARD**Notes to Financial Statements****Year Ended December 31, 2021**

	2021	2020
Reconciliation of accrued benefit obligation		
Accrued benefit obligation - beginning of year	\$ 10,500	\$ 10,500
Benefits accrued during year	(300)	(300)
Interest on accrued benefit obligation during year	-	300
Experience adjustment	(9,890)	-
Accrued benefit obligation - end of year	<u>\$ 310</u>	<u>\$ 10,500</u>
Discount rate		3.1%
Assumed health care trend rate		10.0%
Assumed dental trend rate		4.0%

6. PENSION AGREEMENT

The Library Board makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 6 members of its staff. The plan is a defined benefit plan, fully funded by equal contributions from participating employers and employees and by investment earnings of the OMERS Fund. The amount of the retirement benefit to be received by the employees is based on the length of service and rates of pay, and is integrated with the Canada Pension Plan.

The amount contributed to OMERS for 2021 was \$17,233 (2020 - \$16,888) for current service and is included as an expenditure in the Statement of Operations.

7. TANGIBLE CAPITAL ASSETS

<u>Cost</u>	2020 Balance	Additions	Disposals	2021 Balance
Book Collection	\$ 363,778	\$ 46,947	\$ 51,714	\$ 359,011
Equipment	10,809	-	-	10,809
	<u>\$ 374,587</u>	<u>\$ 46,947</u>	<u>\$ 51,714</u>	<u>\$ 369,820</u>
<u>Accumulated amortization</u>	2020 Balance	Amortization	Accumulated Amortization on Disposals	2021 Balance
Book Collection	\$ 210,212	\$ 51,287	\$ 51,714	\$ 209,785
Equipment	10,809	-	-	10,809
	<u>\$ 221,021</u>	<u>\$ 51,287</u>	<u>\$ 51,714</u>	<u>\$ 220,594</u>

(continues)

DEEP RIVER PUBLIC LIBRARY BOARD
Notes to Financial Statements
Year Ended December 31, 2021

7. TANGIBLE CAPITAL ASSETS (continued)

<u>Net book value</u>	<u>2021</u>	<u>2020</u>
Book Collection	<u>\$ 149,226</u>	<u>\$ 153,567</u>

8. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of December 31, 2021.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its accounts payable.

Investment risk

The Board's investment with Deep River and District Community Foundation is exposed to interest rate and market risk. Interest rate risk arises from the possibility that changes in interest rates will affect the value of fixed income investments. Market risk arises as a result of trading securities. Fluctuations in the market expose Deep River Public Library to a risk of a loss.

Fair market value

With the exception of investments, the fair market value of the Board's financial instruments approximates carrying value due to their short-term nature.

9. OPERATIONS

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economies.

The overall effect of these events on the organization and its operations is too uncertain to be estimated at this time. The impacts will be accounted for when they are known and may be assessed.

CORPORATION OF THE TOWN OF DEEP RIVER
TRUST FUND - CEMETERY CARE
Financial Statements
For the Year Ended December 31, 2021

INDEPENDENT AUDITOR'S REPORT

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To the Members of Council, Inhabitants, and Ratepayers of:
The Corporation of the Town of Deep River

Opinion

We have audited the financial statements of the **CORPORATION OF THE TOWN OF DEEP RIVER TRUST FUND – CEMETERY CARE** which comprise the statement of financial position as at December 31, 2021 and the statement of financial activities and fund balance for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **CORPORATION OF THE TOWN OF DEEP RIVER TRUST FUND – CEMETERY CARE** as at December 31, 2021 and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Trust Fund 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 going concern and using the going concern basis of accounting unless management either intends to liquidate the Trust Fund 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 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. 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 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 the 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.

Baker Tilly REO LLP

Chartered Professional Accountants
Licensed Public Accountants

Pembroke, Ontario
November 1, 2022

CORPORATION OF THE TOWN OF DEEP RIVER
Trust Fund - Cemetery Care
Statement of Financial Position
As At December 31, 2021

	2021	2020
Assets		
Cash	\$ 60,771	\$ 52,877
Investments (Note 2)	290,561	294,817
	\$ 351,332	\$ 347,694
Fund Balance	\$ 351,332	\$ 347,694

The accompanying notes are an integral part of this financial statement.

CORPORATION OF THE TOWN OF DEEP RIVER
Trust Fund - Cemetery Care
Statement of Financial Activities and Fund Balance
For the Year Ended December 31, 2021

	2021	2020
Receipts		
Sale of plots	\$ 7,520	\$ 3,520
Investment income (loss)	(3,882)	15,320
	3,638	18,840
Expenditures	-	-
Excess of receipts (expenditures)	3,638	18,840
Fund Balance at the beginning of the year	347,694	328,854
Fund Balance at the end of the year	\$ 351,332	\$ 347,694

The accompanying notes are an integral part of this financial statement.

CORPORATION OF THE TOWN OF DEEP RIVER
Trust Fund - Cemetery Care
Notes to the Financial Statements
For the Year Ended December 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the **Corporation of the Town of Deep River Trust Fund - Cemetery Care** are the representation of management, prepared in accordance with generally accepted accounting policies for local governments as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

Accrual Method of Accounting

The Trust Fund follows the accrual method of accounting. The accrual basis of accounting recognizes revenue in the period in which the transactions or events occurred that gave rise to the revenues. Expenditures are the cost of goods or services acquired in the period whether or not payment has been made.

Revenue Recognition

Revenue from cemetery plot sales are recorded in the period that the goods are provided.

Government transfers are recognized as revenue in the year in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligible criteria have been met, and reasonable estimates of the amounts can be made.

Investment income is recorded as it is earned.

Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could vary from those estimates.

Investments

Investments consist of bond funds recorded at market value.

2. INVESTMENTS

	2021	2020
Investment in Public Sector Group of Funds		
• Bond Fund	\$ 290,561	\$ 294,817

The book value of the investment is \$316,513 (2020 - \$311,421).

3. FINANCIAL INSTRUMENTS

The Trust's financial instruments consist of cash and investments. The fair value of these financial instruments is approximately equal to their carrying value.

Investments are exposed to interest rate risk. Interest rate risk arises from the possibility that changes in interest rates will affect the value of the investment.