



Consolidated financial statements of the
**Corporation of the Township of
Alfred and Plantagenet**

December 31, 2022



Corporation of the Township of Alfred and Plantagenet

December 31, 2022

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To the members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Alfred and Plantagenet

Opinion

We have audited the consolidated financial statements of the Corporation of the Township of Alfred and Plantagenet (the "Municipality"), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statements of operations, change in net financial assets and cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2022, and the results of its operations, change in its net financial assets and its cash flow 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 ("Canadian GAAS"). 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 Municipality 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 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 Municipality'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 Municipality or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Municipality'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 GAAS 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 GAAS, 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 Municipality'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 Municipality'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 Municipality 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.

Hawkesbury ON
May 9, 2023

MNP **LLP**
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Corporation of the Township of Alfred and Plantagenet
Consolidated statement of operations
Year ended December 31, 2022



	2022 Budget	2022 Actual	2021 Actual
	\$	\$	\$
Revenues			
Taxation – all classes	15,966,104	16,154,030	15,356,290
Less: Amounts received for counties and school boards (Note 3)	(6,882,801)	(6,997,933)	(6,715,143)
Net taxation for municipal purposes	9,083,303	9,156,097	8,641,147
User fees	3,928,927	4,200,307	3,339,817
Transfer payments			
Government of Canada	623,633	739,692	396,487
Province of Ontario	2,287,570	3,524,810	2,074,422
Other municipalities	564,825	311,892	229,355
Licences and permits	55,875	57,806	50,429
Investment income	75,050	250,118	143,183
Penalties and interest	148,850	195,210	171,606
Equity earnings of Hydro 2000 Inc.	-	(20,397)	31,289
Rent	91,572	93,754	80,290
Donations	17,000	97,871	104,607
Loss on sale of tangible capital assets	-	58,176	(122,733)
Other	86,350	104,051	86,747
	16,962,955	18,769,387	15,226,646
Expenses (Schedule 4)			
General government	1,677,859	1,629,599	1,712,292
Protection to person and property	2,591,392	3,621,116	2,725,395
Transportation services	2,905,514	4,230,883	3,893,264
Environmental services	3,396,291	4,436,255	3,965,908
Health services	-	20,682	-
Recreation and cultural services	1,573,903	2,083,629	1,713,681
Planning and zoning	378,214	281,593	165,871
	12,523,173	16,303,757	14,176,411
Annual surplus	4,439,782	2,465,630	1,050,235
Accumulated surplus, beginning of year	56,606,744	56,606,744	55,556,509
Accumulated surplus, end of year (Schedule 2)	61,046,526	59,072,374	56,606,744

The accompanying notes and schedules are an integral part of the consolidated financial statements.



Corporation of the Township of Alfred and Plantagenet
Consolidated statement of financial position
As at December 31, 2022

	2022	2021
	\$	\$
Assets		
Financial assets		
Cash	7,734,334	8,979,297
Accounts receivable	2,205,853	1,359,587
Taxes receivable	1,247,014	1,119,786
Investments (Note 4)	1,180,844	1,201,241
	12,368,045	12,659,911
Liabilities		
Accounts payable and accrued liabilities	4,076,781	3,603,730
Deferred revenues (Note 5)	1,115,290	1,924,716
Employee benefits payable	82,112	92,223
Debts (Note 6)	4,033,793	4,188,125
	9,307,976	9,808,794
Net financial assets	3,060,069	2,851,117
Commitments (Note 9)		
Non-financial assets		
Tangible capital assets (Schedule 1)	55,712,404	53,489,639
Inventories	200,960	152,709
Prepaid expenses	98,941	113,279
	56,012,305	53,755,627
Accumulated surplus (Schedule 2)	59,072,374	56,606,744

The accompanying notes and schedules are an integral part of the consolidated financial statements.

Approved on behalf of the Council


_____, Mayor


_____, Treasurer

Corporation of the Township of Alfred and Plantagenet
Consolidated statement of change in net financial assets
Year ended December 31, 2022



	2022 Budget	2022 Actual	2021 Actual
	\$	\$	\$
Annual surplus	4,439,782	2,465,630	1,050,235
(Gain) loss on sale of tangible capital assets	-	(58,176)	122,733
Amortization of tangible capital assets	-	2,079,021	2,015,696
Purchase of tangible capital assets	(4,039,770)	(4,320,392)	(2,435,977)
Proceeds from sale of tangible capital assets	-	76,781	9,900
(Increase) decrease of inventories	-	(48,251)	12,585
Decrease (increase) of prepaid expenses	-	14,338	(34,085)
Increase in net financial assets	400,012	208,951	741,087
Net financial assets, beginning of year	2,851,117	2,851,117	2,110,030
Net financial assets, end of year	3,251,129	3,060,068	2,851,117

The accompanying notes and schedules are an integral part of the consolidated financial statements.

Corporation of the Township of Alfred and Plantagenet

Consolidated statement of cash flow

Year ended December 31, 2022



	2022	2021
	\$	\$
Operating activities		
Annual surplus	2,465,630	1,050,235
Change in non-cash assets and liabilities		
(Increase) decrease in accounts receivable	(846,266)	183,802
Increase in taxes receivable	(127,228)	(64,067)
Increase (decrease) in accounts payable and accrued liabilities	471,253	(228,650)
(Decrease) increase in deferred revenues	(809,426)	646,371
(Decrease) increase in employee benefits payable	(10,111)	20,170
(Increase) decrease in inventories	(48,251)	12,585
(Increase) decrease in prepaid expenses	14,338	(34,085)
	(1,355,691)	536,126
Non-cash operating items		
Equity earnings of Hydro 2000 Inc.	20,397	(31,289)
(Gain) loss on sale of tangible capital assets	(58,175)	122,733
Amortization of tangible capital assets	2,079,021	2,015,696
	2,041,243	2,107,140
Net increase in cash from operating activities	3,151,182	3,693,501
Capital activities		
Purchase of tangible capital assets	(4,318,594)	(2,433,553)
Proceeds from sale of tangible capital assets	76,781	9,900
	(4,241,813)	(2,423,653)
Financing activities		
Debts principal repayment	(154,332)	(148,935)
Net (decrease) increase in cash	(1,244,963)	1,120,913
Cash, beginning of year	8,979,297	7,858,384
Cash, end of year	7,734,334	8,979,297

Additional information is presented in Note 7.

The accompanying notes and schedules are an integral part of the consolidated financial statements.

1. Future accounting policies

Effective date: April 1st, 2022

Section PS 1201, Financial statement presentation

This section establishes general reporting principles and standards for the disclosure of information in government financial statements.

The Municipality is currently evaluating the impacts of this new standard, which is applicable on a prospective basis.

Section PS 2601, Foreign currency translation

This section establishes standards on how to account for and report transactions that are denominated in a foreign currency in government financial statements.

The Municipality is currently evaluating the impacts of this new standard, which is applicable on a prospective basis.

Section PS 3041, Portfolio investments

This section establishes standards on how to account for and report portfolio investments in government financial statements.

The Municipality is currently evaluating the impacts of this new standard, which is applicable on a prospective basis.

Section PS 3280, Asset retirement obligations

This section establishes standards on how to account for and report a liability for asset retirement obligations.

The Municipality is currently evaluating the impacts of this new standard, which is applicable on a prospective basis.

Section PS 3450, Financial instruments

This section establishes standards on how to account for and report all types of financial instruments including derivatives.

Section PS 3450, Financial instruments (continued)

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, provides the change in net financial assets for the year.

The Municipality is currently evaluating the impacts of this new standard, which is applicable on a prospective basis.

1. Future accounting policies (continued)

Effective date: April 1st, 2023

Section PS 3400, Revenue

This section establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations and transactions that do not have performance obligations.

The Municipality is currently evaluating the impacts of this new standard, which may be applied retroactively or prospectively.

2. Accounting policies

The consolidated financial statements of the Municipality are the responsibility of management and are prepared in accordance with Canadian public sector accounting standards ("PSAS") as recommended by the Public Sector Accounting Board ("PSAB") of CPA Canada.

The focus of PSAB financial statements is on the financial position of the Municipality and the changes thereto. The consolidated statement of financial position reports assets and liabilities. Financial assets are available to provide resources to discharge existing liabilities or finance future operations. Net financial assets represent the difference between financial assets and liabilities. This information explains the Municipality's overall future revenue requirements and its ability to finance activities and meet its obligations.

Reporting entity

Consolidated financial statements

These consolidated financial statements reflect the assets, liabilities, operating revenues and expenses, reserves and reserve funds and changes in investment in tangible capital assets and include the activities of all committees of Council and the following board which is under the control of Council:

Township of Alfred and Plantagenet Public Library Board



2. Accounting policies (continued)

Basis of accounting

Accrual basis

Expenses and related sources of financing are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of an obligation to pay.

Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They 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, provides the change in net financial assets.

Tangible capital assets

Tangible capital assets (TCA) are recorded at cost, which includes all amounts that are directly attributable to acquisitions, construction, development or betterment of the asset. The cost, less residual value of the TCA, is amortized on a straight-line basis over its estimated useful life as follows:

Machinery and equipment	5 – 50 years
Vehicles	10 – 20 years
Roads	10 – 50 years
Land improvements	20 – 75 years
Buildings and facilities	20 – 90 years

The amortization starts in the month when the asset is put into service and ends in the month of sale. Assets under construction are not amortized until the TCA are available for productive use.

Lands are not amortized due to its infinite life.

The Municipality has a capitalization threshold of \$25,000 for civil infrastructure systems and pooled assets and \$10,000 for all other assets. Items of lesser value are expensed, unless they are pooled because, collectively, they have significant value or for operational reasons. Examples of pools are desktop computer systems, meters, utility poles and fire hydrants.

Contribution of tangible capital assets

TCA received as contributions are recorded in the consolidated statement of financial position at their fair value at the date of receipt and that fair value is also recorded as revenue. Transfers of TCA to the other organizations are recorded as an expense at the net book value as of the date of transfer.

Leases

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

Inventories

Inventories held for consumption are recorded at the lower of cost or replacement cost. Cost is determined on the first-in, first-out basis.



2. Accounting policies (continued)

Basis of accounting (continued)

Investment

The investment in the common shares of Hydro 2000 Inc. is accounted for by the modified equity method.

Deferred revenues

Funds received for specific purposes are accounted for as deferred revenues until the Municipality discharges its obligation, which led to receipt of the funds.

Government transfers

Government transfers are recognized as revenues in the period during which the transfer is authorized, and any eligibility criteria are met. Government transfers are deferred if they are restricted through stipulations that require specific actions to be carried out in order to keep the transfer. For such transfers, revenues are recognized when the stipulation has been met.

Segment disclosures

A segment is defined as a distinguishable activity or group of activities for which it is appropriate to separately report financial information. Management has determined that existing disclosures in the consolidated statement of operations and within the related notes sufficiently discloses information of all appropriate segments and therefore no additional disclosure is required.

Use of estimates

The preparation of consolidated financial statements in conformity with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Key components of the consolidated financial statements requiring management to make estimates include the provision for doubtful accounts in respect of receivables, the useful life of TCA and certain accrued liabilities. Actual results could differ from these estimates.

3. Operations of the United Counties of Prescott and Russell and the school boards

The taxation of the United Counties of Prescott and Russell and the school boards is comprised of the following:

	United Counties	School boards	Total
	\$	\$	\$
2022			
Taxation	4,811,469	2,071,332	6,882,801
Supplementary taxes	114,440	56,870	171,310
Taxes written-off	(37,809)	(18,369)	(56,178)
	4,888,100	2,109,833	6,997,933
2021			
Taxation	4,610,876	2,050,717	6,661,593
Supplementary taxes	95,108	41,668	136,776
Taxes written-off	(56,767)	(26,459)	(83,226)
	4,649,217	2,065,926	6,715,143



4. Investments

	2022	2021
	\$	\$
<i>Hydro 2000 Inc.</i>		
100% of the common shares	1,180,844	1,201,241

5. Deferred revenues

	2022	2021
	\$	\$
Development charges	1,076,506	1,277,766
Parkland	7,054	15,092
Other	31,730	631,858
	1,115,290	1,924,716

The net change during the year in deferred revenues is made up as follow:

Amounts received	1,073,534	1,153,298
Investment income	30,141	10,692
Deferred revenues recognized	(1,913,101)	(517,619)
	(809,426)	646,371
Deferred revenues, beginning of year	1,924,716	1,278,345
Deferred revenues, end of year	1,115,290	1,924,716

6. Debts

	2022	2021
	\$	\$
Debts incurred by the Municipality with interest between 2.16% and 4.53%, maturing between 2024 and 2037	4,033,793	4,188,125

Of the debts reported above, principal payments for the next fiscal years are as follows:

	General taxation	User charges	Total
	\$	\$	\$
2023	95,328	64,608	159,936
2024	98,288	67,470	165,758
2025	69,104	70,460	139,564
2026	60,025	73,584	133,609
2027	61,798	76,848	138,646
Thereafter	417,397	2,878,883	3,296,280
	801,940	3,231,853	4,033,793

7. Debts (continued)

The annual principal and interest payments required to service these debts are within the annual debt repayment limits prescribed by the Ministry of Municipal Affairs.

8. Additional information relating to the consolidated statement of cash flow

Non-cash transactions

During the year, TCA were acquired at an aggregate cost of \$4,320,392 (\$2,435,977 in 2021), of which \$33,577 (\$31,779 in 2021) were paid after year-end and \$4,286,815 (\$2,404,198 in 2021) were paid during the year.

9. Pension agreements

The Municipality makes contributions to the Ontario Municipal Employees Retirement System (OMERS), a multi-employer plan which, for 2022, was on behalf of 40 members (35 in 2021) 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.

The amount contributed to OMERS for 2022 was \$235,491 (\$208,880 in 2021) for current services and is included as an expense in the consolidated statement of operations.

10. Commitments

Waste and recycling collection

The Municipality has entered into an agreement for waste and recycling collection. The agreements were signed in April 2021 and expire in March 2024. The total estimated amount payable in the next two years is \$765,000.

Wastewater and landfill sites

The Municipality has entered into agreements for an environmental assessment of Plantagenet's wastewater and the monitoring of landfill sites. The agreements were signed in November 2021 and expire between May and December 2023. The total estimated amount payable in the next year is \$100,000.

11. Contractual rights

Rental agreement

The Municipality has entered into two rental agreements for buildings. The agreements were signed between February 2018 and April 2022 and expire between February 2024 and January 2027. The total estimated amounts receivable in the next five years are \$76,000.

The Municipality has entered into lease agreements with communication companies for signal devices located in the township. The agreements were signed between September 2018 and January 2023 and expire between December 2027 and September 2028. The total estimated amounts receivable in the next six years are \$118,000.



Corporation of the Township of Alfred and Plantagenet

Notes to the consolidated financial statements

December 31, 2022

10. Contractual rights (continued)

Solar panel

The Municipality has entered into an agreement with a solar panel company. The agreement was signed in November 2017 and expires in November 2037. The total estimated amounts receivable in the next fifteen years are \$340,000.

12. Budget amounts

The initial operating budget approved by the Municipality is reflected on the consolidated statement of operations. The budgets established for capital investment in TCA 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 expense amounts. As well, the Municipality does not budget activity within reserves and reserve funds, with the exception being those transactions, which affect either operations or TCA.



Corporation of the Township of Alfred and Plantagenet

Consolidated tangible capital assets

Year ended December 31, 2022

Schedule 1

	Machinery and equipment	Vehicles	Roads	Lands and land improvements	Buildings and facilities	Assets under construction	2022	2021
	\$	\$	\$	\$	\$	\$	\$	\$
Cost								
Beginning of year	4,532,886	4,225,249	22,330,996	4,851,243	58,669,548	122,229	94,732,151	92,938,621
Purchases	246,969	386,868	2,425,700	668,848	572,614	19,393	4,320,392	2,435,977
Sales	(182,150)	(270,313)	(183,404)	-	(191)	-	(636,058)	(642,447)
End of year	4,597,705	4,341,804	24,573,292	5,520,091	59,241,971	141,622	98,416,485	94,732,151
Accumulated amortization								
Beginning of year	3,195,127	2,442,315	12,722,461	1,739,499	21,143,110	-	41,242,512	39,736,630
Amortization	216,902	213,504	579,370	108,009	961,236	-	2,079,021	2,015,696
Accumulated amortization on sales	(188,766)	(263,696)	(164,799)	-	(191)	-	(617,452)	(509,814)
End of year	3,223,263	2,392,123	13,137,032	1,847,508	22,104,155	-	42,704,081	41,242,512
Net book value	1,374,442	1,949,681	11,436,260	3,672,583	37,137,816	141,622	55,712,404	53,489,639



Corporation of the Township of Alfred and Plantagenet

Consolidated accumulated surplus

Year ended December 31, 2022

Schedule 2

	2022	2021
	\$	\$
Reserves (Schedule 3)		
Working capital	615,873	849,850
Ward future capital expenses	1,514,493	1,616,079
Waterworks	96,816	94,714
Sewers	56,979	54,877
	2,284,161	2,615,520

Reserve funds (Schedule 3)

Current purposes		
Waterworks	86,227	78,950
Sewers	641	627
Future capital expenses		
Waterworks	2,098,855	1,916,044
Sewers	3,519,189	3,013,801
Landfill site	1,255,078	1,172,596
	6,959,990	6,182,018
	9,244,151	8,797,538

Operating

. For decrease of taxation	-	563,678
. For (increase) decrease of user charges of sewers	(151,728)	138,944
. For decrease (increase) of user charges of waterworks	198,741	(85,436)
. Library Board	202,801	108,970
. Community Access Program	13,402	13,402
	263,216	739,558

Invested in tangible capital assets	51,678,611	49,301,514
Unfinanced landfill site provision	(1,958,148)	(1,887,807)
Unfinanced internal loan	(1,336,300)	(1,545,300)
Investments (Note 4)	1,180,844	1,201,241
	49,565,007	47,069,648
	59,072,374	56,606,744

The cumulated operating surplus for the year ended December 31, 2022, in the amount of \$221,383 (nil in 2021) was transferred to the following reserves:

Reserves

Working capital	103,553	-
Ward future capital expenses	117,830	-
	221,383	-



Corporation of the Township of Alfred and Plantagenet
Consolidated statement of change in reserves and reserve funds
Year ended December 31, 2022

Schedule 3

	2022	2021
	\$	\$
Revenues		
Investments	204,704	117,909
User fees	297,552	238,072
	502,327	355,981
Net transfers from operating	55,714	164,570
Change in reserves and reserve funds	446,613	520,551
Reserves and reserve funds, beginning of year	8,797,538	8,276,987
Reserves and reserve funds, end of year	9,244,151	8,797,538



Corporation of the Township of Alfred and Plantagenet

Consolidated statement of expenses by object

Year ended December 31, 2022

Schedule 4

	2022 Budget	2022 Actual/ R�el	2021 Actual/ R�el
	\$	\$	\$
Expenses			
Salaries, wages and benefits	4,400,184	4,216,046	3,894,812
Interest	238,522	238,605	248,886
Materials	3,388,755	4,826,536	3,752,896
Contracted services	4,406,091	4,514,233	4,138,072
Rents and financial expenses	23,760	363,455	61,991
External transfers	65,861	65,861	64,058
Amortization of tangible capital assets	-	2,079,021	2,015,696
	12,523,173	16,303,757	14,176,411