



MUNICIPALITY OF NORTHERN BRUCE PENINSULA

AUDIT REPORT TO THE MEMBERS OF COUNCIL

June 14, 2021



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SUMMARY

Our audit and therefore this report will not necessarily identify all matters that may be of interest to the Members of Council in fulfilling its responsibilities. This report has been prepared solely for the use of the Members of Council and should not be distributed without our prior consent. Consequently, we accept no responsibility to a third party that uses this communication.



Status of the Audit

As of the date of this report, we have substantially completed our audit of the 2020 financial statements pending the completion of the items highlighted below. These items will need to be completed prior to issuance of our final audit report on the financial statements:

- ▶ Approval of financial statements by Council
- ▶ Receipt of signed management representation letter dated as of the final report date
- ▶ Subsequent events review through to financial statement approval date
- ▶ Receipt of outstanding legal confirmations

We conducted our audit in accordance with Canadian generally accepted auditing standards. The objective of our audit was to obtain reasonable, not absolute, assurance about whether the financial statements are free from material misstatement.

The scope of the work performed was substantially the same as that described in our Planning Report to the Members of Council dated January 12, 2021.



Materiality

As communicated to you in our Planning Report to the Members of Council, preliminary materiality was \$300,000. Final materiality remained unchanged from our preliminary assessment.



Audit Findings

Our audit strategy and procedures focused on the risks specific to your municipality and key accounts as outlined in our Planning Report to the Members of Council. The significant risks of material misstatement and areas of focus identified during our planning included the following items:

- ▶ Management override of controls
- ▶ Revenue recognition of Government Transfers
- ▶ Payroll

There were no changes to our planned procedures and no issues were identified in our testing performed. No additional risks were identified during the audit.

Audit findings are discussed in more detail on Page 4, 5 and 6.



Internal Control Matters

We are required to report to you in writing, any significant deficiencies in internal control that we have identified. The specifics of this communication are included on Page 7.



Management Representations

During the course of our audit, management made certain representations to us. These representations were verbal or written and therefore explicit, or they were implied through the financial statements. Management provided representations in response to specific queries from us, as well as unsolicited representations. Such representations were part of the evidence gathered by us to be able to draw reasonable conclusions on which to base our audit opinion. These representations were documented by including in the audit working papers memoranda of discussions with management and written representations received from management. A summary of the representation we have requested from management is set out in the representation letter included in [Appendix B](#) to the report.



Independence

Our annual letter confirming our independence was previously provided to you in our planning correspondence. We know of no circumstances that would cause us to amend the previously provided letter.



Unadjusted Differences

All significant adjusted and unadjusted differences and disclosure omissions identified through the course of our audit engagement are required to be disclosed and discussed with management. We did not identify any unadjusted differences or disclosure omissions identified throughout our audit.



Fraud Discussion

Through our planning process, and current and prior years' audits, we have developed an understanding of your oversight processes. We are not currently aware of any fraud affecting the Municipality of Northern Bruce Peninsula.

If you are aware of changes to process or are aware of any instances of actual, suspected or alleged fraud affecting the Municipality, we request that you provide us with this information.

Please refer to the Auditor's Responsibilities for Detecting Fraud in the Planning Report to the Members of Council.

AUDIT FINDINGS

Our audit strategy and procedures focused on the risks specific to your Municipality and key accounts as outlined in our Planning report to the Members of Council. There were no changes to our planning procedures and no issues were identified in our testing performed. No additional risks were identified during the audit.

SIGNIFICANT RISKS OF MATERIAL MISSTATEMENT	AUDIT FINDINGS
Management override of controls	To address this risk we developed criteria for unusual journal entries, determined the population of unusual journal entries and obtained corroborating evidence of these journal entries from management as to why the journal entries were made. No inappropriate journal entries were noted.
Revenue Recognition of Government Transfers	To address this risk we reconciled significant government transfers to their various government funding agreements and letters, reviewed funding agreements for deferred grants and reviewed minutes to ensure grant revenue listed was complete. No issues were noted in regards to grant revenue during our testing.
Payroll	<p>To address this risk we ensured payroll summaries were reviewed and approved by an individual other than the one preparing and processing payroll. The Treasurer reviewed and approved all summaries. No exception were noted upon review of approvals.</p> <p>Furthermore, we ensured that key finance and management personnel remuneration as these selected individual possess enhance admin rights that can be used to alter payroll inputs. No instances of management override were noted.</p>

As part of our ongoing communications with you, we are required to have a discussion on our views about significant qualitative aspects of the Municipality's accounting practices, including accounting policies, accounting estimates and financial statement disclosures.

Management is responsible for determining the Municipality of Northern Bruce Peninsula's significant accounting policies. Significant accounting policies have been disclosed in the financial statements. The choice between accounting policy alternatives can have a significant effect on the financial position and results of the Municipality. The application of those policies often involves significant estimates and judgments by management. Based on the audit work that we have performed, it is our opinion that the estimates are in accordance with the requirements of Canadian public sector accounting policies and have been consistently applied.

A summary of the key discussion points are as follows:

Significant Financial Statement Disclosures	Audit Findings
Accumulated Surplus	A breakdown of the Municipality's accumulated surplus is included in Note 6. This includes the amount invested in capital assets, unfunded liabilities, and reserves and reserve funds. The general operating surplus for the year was \$233,574 and was transferred to capital reserve prior to year-end as per resolution.
Contingencies/Litigation Proceedings	We have discussed with the Municipalities management and they have indicated that there are claims outstanding against the Municipality. These claims are disclosed in Note 17.
Commitments	Significant capital commitments are disclosed in Note 16.

Significant Estimates and Judgements	Audit Findings
Solid waste landfill closure and post-closure liabilities	Amounts have been estimated for closure and post-closure costs. The estimates were calculated based on correspondence with engineers and used the same approach to value the landfill liability as in the prior year.
Taxation revenue estimate	In accordance with PS 3510, amounts have been estimated for taxable events that have occurred but have not yet been assessed. The estimate was based on trend analysis by year for supplemental taxation billings and write-offs for the last 3 years; examination of building permits issued in the last two years; and knowledge of potential reassessments.
Post-Employment Benefits	The Municipality provides post-employment health and life insurance benefits to eligible retired employees. The benefits earned by employees are determined using management's best estimate of expected benefit costs and are expensed as services are rendered. In order to help estimate the liability for post-employment benefits, the Municipality engaged the services of an actuary.
Liability for Contaminated Sites	Management compiled a list of all properties owned by the Municipality or where the Municipality has accepted responsibility for the property and assessed whether each property was contaminated. Management is not aware of any contaminated sites therefore no liability is accrued.
WSIB future benefit and commitment	Previously the Municipality was an employer included under Schedule 2 of the Workplace Safety and Insurance Act, it self-ensured the entire risk of its own WSIB claims and it's individually liable for reimbursing the WSIB for all costs relating to its workers WSIB claims. The cost of the claims are determined using management's best estimate and the services of an actuary.

INTERNAL CONTROL MATTERS

During the course of our audit, we performed the following procedures with respect to the Municipality's internal control environment:

- ▶ Documented operating systems to assess the design and implementation of control activities that were relevant to the audit.
- ▶ Discussed and considered potential audit risks with management.
- ▶ Tested the operating effectiveness of controls in the payroll, purchase and landfill revenue transaction stream.

The results of these procedures were considered in determining the extent and nature of substantive audit testing required.

We are required to report to you in writing, significant deficiencies in internal control that we have identified during the audit. A significant deficiency is defined as a deficiency or combination of deficiencies in internal control that, in the auditor's professional judgment, is of sufficient importance to merit the attention of those charged with governance.

We did not find any deficiencies in the design and implementation of the internal controls that were tested during the audit.

As the purpose of the audit is for us to express an opinion on the Municipality's financial statements, our audit cannot be expected to disclose all matters that may be of interest to you. As part of our work, we considered internal control relevant to the preparation of the financial statements such that we were able to design appropriate audit procedures. This work was not for the purpose of expressing an opinion on the effectiveness of internal control.

APPENDIX A: INDEPENDENT AUDITOR'S REPORT

The Corporation of the Municipality of
Northern Bruce Peninsula
Financial Information
For the year ended December 31, 2020

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The Corporation of the Municipality of Northern Bruce Peninsula
Financial Information
For the year ended December 31, 2020

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Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers
of the Corporation of the Municipality of Northern Bruce Peninsula

Opinion

We have audited the accompanying consolidated financial statements of the Corporation of the Municipality of Northern Bruce Peninsula (the Municipality), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated 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 consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the 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 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 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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality 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 Municipality 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.

Chartered Professional Accountants, Licensed Public Accountants

Owen Sound, Ontario
June 14, 2021

The Corporation of the Municipality of Northern Bruce Peninsula
Consolidated Statement of Financial Position

December 31	2020	2019
Financial assets		
Cash and temporary investments (Note 1)	\$12,787,528	\$ 10,115,153
Taxes receivable	842,603	1,209,682
Trade and other receivables	740,682	722,358
Inventory held for resale	42,848	50,037
Long-term receivables (Note 2)	5,012	6,497
	<u>14,418,673</u>	<u>12,103,727</u>
Liabilities		
Accounts payable and accrued liabilities	1,232,020	1,154,907
Solid waste closure and post-closure liabilities (Note 3)	236,004	222,882
WSIB future benefits cost liabilities (Note 12)	28,800	48,900
Post-employment benefits liabilities (Note 13)	157,100	160,500
Deferred revenue (Page 28)	297,499	296,011
Long-term liabilities (Note 4)	655,870	740,719
	<u>2,607,293</u>	<u>2,623,919</u>
Net financial assets	11,811,380	9,479,808
Non-financial assets		
Inventory of supplies	158,876	128,640
Tangible capital assets (Note 5)	43,093,382	43,917,642
Accumulated surplus (Note 6)	\$55,063,638	\$ 53,526,090

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The Corporation of the Municipality of Northern Bruce Peninsula
Consolidated Statement of Operations and Accumulated Surplus

For the year ended December 31	2020 Budget (Note 8)	2020 Actual	2019 Actual
Revenue			
Taxation	\$ 7,233,077	\$ 7,242,618	\$ 6,966,710
Fees and user charges	2,309,283	2,303,869	2,350,409
Government transfers (Note 10)	2,226,426	2,681,278	2,852,387
Other income (Note 9)	833,940	769,555	1,036,078
	<u>12,602,726</u>	<u>12,997,320</u>	<u>13,205,584</u>
Expenses			
General government	1,405,300	1,391,805	1,326,254
Protection services	2,272,649	2,348,234	2,290,225
Transportation services	2,192,100	3,761,021	3,638,283
Environmental services	1,336,150	1,543,332	1,419,148
Health services	79,050	115,438	125,205
Recreation and cultural services	911,950	1,015,031	983,811
Harbour services	869,900	843,296	907,306
Planning and development	570,662	441,615	351,109
	<u>9,637,761</u>	<u>11,459,772</u>	<u>11,041,341</u>
Annual surplus (Note 8)	2,964,965	1,537,548	2,164,243
Accumulated surplus, beginning of the year	<u>53,526,090</u>	<u>53,526,090</u>	<u>51,361,847</u>
Accumulated surplus, end of the year	<u>\$ 56,491,055</u>	<u>\$55,063,638</u>	<u>\$ 53,526,090</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The Corporation of the Municipality of Northern Bruce Peninsula
Consolidated Statement of Changes in Net Financial Assets

For the year ended December 31	2020 Budget (Note 8)	2020 Actual	2019 Actual
Annual surplus (Page 5)	\$ 2,964,965	\$ 1,537,548	\$ 2,164,243
Acquisition of tangible capital assets	(3,857,869)	(1,662,731)	(2,417,413)
Amortization of tangible capital assets	-	2,469,152	2,425,398
Loss (gain) on sale of tangible capital assets	-	17,839	(99,148)
Proceeds on disposal of capital assets	-	-	113,573
	(3,857,869)	824,260	22,410
Change in inventories of supplies	-	(30,236)	(38,709)
Increase (decrease) in net financial assets	(892,904)	2,331,572	2,147,944
Net financial assets, beginning of the year	9,479,808	9,479,808	7,331,864
Net financial assets, end of the year	\$ 8,586,904	\$11,811,380	\$ 9,479,808

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The Corporation of the Municipality of Northern Bruce Peninsula
Consolidated Statement of Cash Flows

For the year ended December 31	2020	2019
Cash provided by (used in)		
Operating activities		
Annual surplus (Page 5)	\$ 1,537,548	\$ 2,164,243
Items not involving cash		
Change in post-employment benefits and WSIB liabilities	(23,500)	(26,700)
Change in solid waste closure and post-closure liabilities	13,122	9,882
Amortization	2,469,152	2,425,398
Deferred revenue recognized	(166,277)	(137,637)
Changes in inventory of supplies	(30,236)	(38,709)
Loss (gain) on sale of capital assets	17,839	(99,148)
	<u>3,817,648</u>	<u>4,297,329</u>
Changes in non-cash working capital balances		
Taxes receivable	367,079	(83,455)
Trade and other receivables	(18,324)	(163,185)
Inventory held for resale	7,189	4,842
Accounts payable and accrued liabilities	77,113	377,595
Deferred revenue received	167,765	263,529
	<u>4,418,470</u>	<u>4,696,655</u>
Capital transactions		
Cash used to acquire capital assets	(1,662,731)	(2,417,413)
Proceeds on sale of capital assets	-	113,573
	<u>(1,662,731)</u>	<u>(2,303,840)</u>
Investing activities		
Decrease in long-term receivables	<u>1,485</u>	<u>1,401</u>
Financing activities		
Repayment of long-term liabilities	<u>(84,849)</u>	<u>(80,873)</u>
Net change in cash and cash equivalents	2,672,375	2,313,343
Cash and cash equivalents, beginning of the year	<u>10,115,153</u>	<u>7,801,810</u>
Cash and cash equivalents, end of the year	<u>\$12,787,528</u>	<u>\$ 10,115,153</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The Corporation of the Municipality of Northern Bruce Peninsula

Summary of Significant Accounting Policies

December 31, 2020

Management Responsibility The management of the Corporation of the Municipality of Northern Bruce Peninsula has prepared and is responsible for the integrity, objectivity and accuracy of the financial information presented in these consolidated financial statements. Council reviews and approves the consolidated financial statements.

Basis of Accounting The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of Chartered Professional Accountants of Canada as prescribed by the Ministry of Municipal Affairs and Housing.

Revenues and expenses 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 a legal obligation to pay.

Basis of Consolidation The consolidated statements reflect the assets, liabilities, revenues and expenses of all municipal organizations, committees, and boards which are owned or controlled by Council. All interfund assets and liabilities and revenues and expenses have been eliminated on consolidation.

The following boards are controlled by Council and have been consolidated:

Chi-Cheemaun Festival Board	100%
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Use of Estimates The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates are used when accounting for items such as accrued grant receivables, accrued liabilities, useful lives of capital assets, taxation revenue, deferred revenues, post-employment benefits, WSIB liability and solid waste landfill closure and post-closure costs. By their nature, these estimates are subject to measurement uncertainty and actual results could differ from management's best estimates as additional information becomes available in the future.

Cash and Cash Equivalents Cash and cash equivalents include cash balances and short-term highly liquid investments that are readily converted into cash.

The Corporation of the Municipality of Northern Bruce Peninsula
Summary of Significant Accounting Policies

December 31, 2020

Temporary Investments Temporary investments are recorded at the lower of cost and market value.

County and School Board The municipality collects taxation revenue on behalf of the school boards and the County of Bruce. The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards and the County of Bruce are not reflected in these financial statements.

Inventory of Supplies Inventory held for consumption is recorded at the lower of cost and replacement cost. Cost is determined on a first-in first out basis.

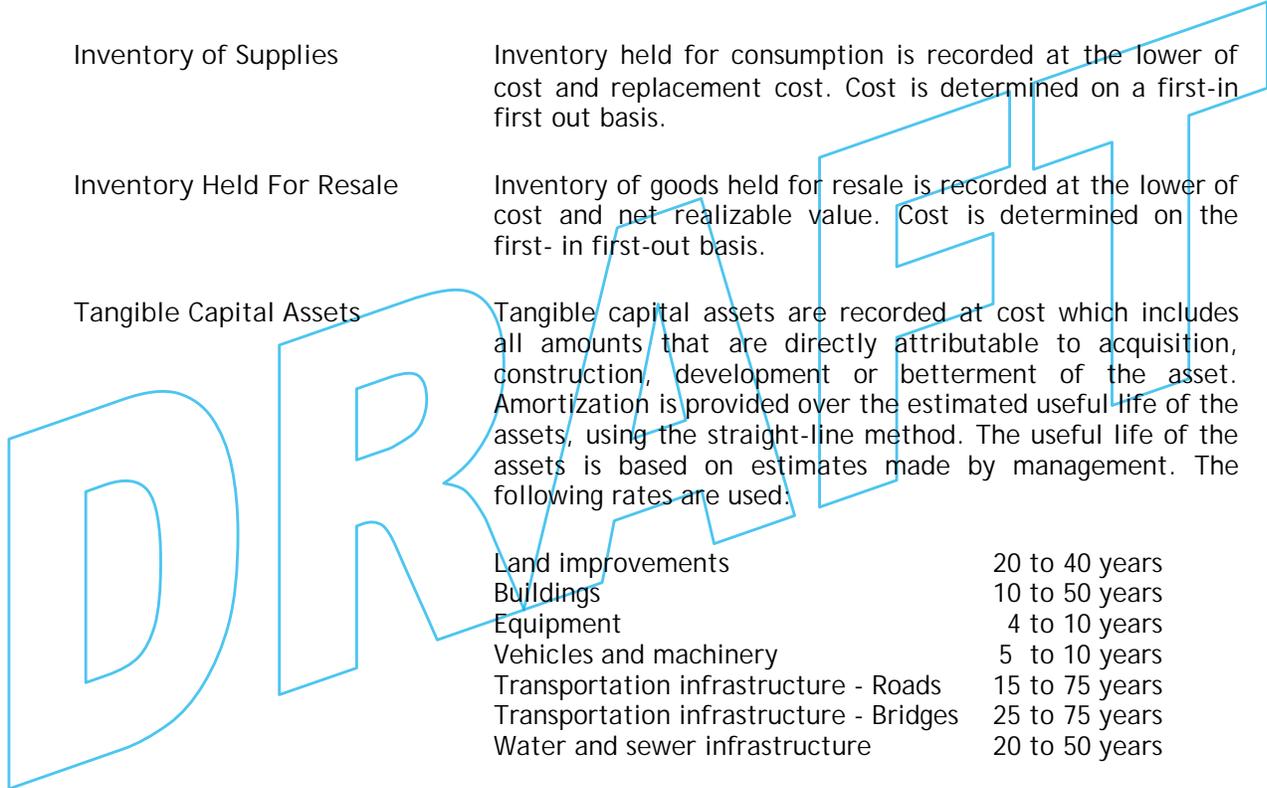
Inventory Held For Resale Inventory of goods held for resale is recorded at the lower of cost and net realizable value. Cost is determined on the first- in first-out basis.

Tangible Capital Assets Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Amortization is provided over the estimated useful life of the assets, using the straight-line method. The useful life of the assets is based on estimates made by management. The following rates are used:

Land improvements	20 to 40 years
Buildings	10 to 50 years
Equipment	4 to 10 years
Vehicles and machinery	5 to 10 years
Transportation infrastructure - Roads	15 to 75 years
Transportation infrastructure - Bridges	25 to 75 years
Water and sewer infrastructure	20 to 50 years

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

Solid Waste Landfill Closure and Post-Closure Costs Site closure and post-closure care costs are recognized over the operating life of the landfills based on capacity used. The liability is recorded at its discounted value, based on the average long-term borrowing rate of the municipality.



The Corporation of the Municipality of Northern Bruce Peninsula
Summary of Significant Accounting Policies

December 31, 2020

Post-Employment Benefits

The municipality provides post-employment health and life insurance benefits and other benefits to eligible retired employees. The benefits earned by employees are determined using management's best estimate of expected benefit costs and are expensed as services are rendered.

Previously the municipality was an employer included under Schedule 2 of the Workplace Safety and Insurance Act. It self-insured the entire risk of its own WSIB claims and was individually liable for reimbursing the WSIB for all costs relating to its workers' WSIB claims. The municipality is still liable for claims relating to Schedule 2 employer status prior to January 1, 2010. The cost of the claims are determined using management's best estimate.

The contributions to the Ontario Municipal Employee's Retirement System ("OMERS"), a multi-employer defined benefit plan, are expensed when contributions are due.

Liability for Contaminated Sites

A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the organization is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. The liability is recorded net of any expected recoveries. Management has not identified any contaminated sites for which a liability needs to be recognized.

Trust Funds

Funds held in trust by the municipality and their related operations, are not included in these financial statements. The financial activity and position of the trust funds are reported separately on the trust funds statement of continuity and balance sheet.

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The Corporation of the Municipality of Northern Bruce Peninsula
Summary of Significant Accounting Policies

December 31, 2020

Revenue Recognition

Revenues are recognized as follows:

- a) Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals and court decisions, could result in a change in the amount of tax revenue recognized. Taxes receivable are recognized net of an allowance for anticipated uncollectable amounts.
- b) Fines and donations are recognized when collected.
- c) Fees, user charges and other revenues are recorded upon sale of goods or provision of service when collection is reasonably assured.
- d) Investment income earned on surplus funds (other than obligatory reserve funds) are reported as revenue in the period earned. Investment income earned on obligatory reserve funds is recorded directly to each fund balance and forms part of the respective deferred revenue balances.
- e) Government transfers are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

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The Corporation of the Municipality of Northern Bruce Peninsula
Notes to Consolidated Financial Statements

December 31, 2020

1. Cash and Temporary Investments

	2020	2019
Cash	\$12,135,150	\$ 9,476,069
Temporary investments	652,378	639,084
	\$12,787,528	\$ 10,115,153

Temporary investments are comprised of a guaranteed investment certificate with an interest rate of 0.75% and a maturity date of November 2021. This investment has a market value of \$652,378 at the end of the year (2019 - \$639,084).

Interest is earned at the average monthly prime rate less 1.85%. For the general bank account balance of \$4,000,000 and greater, interest is earned at the average monthly prime rate less 1.75%.

On December 31, 2020, the municipality had deposits of \$12,258,319 in a Canadian Chartered bank and guaranteed investment certificates of \$652,378 in a different Canadian Chartered bank. The Canadian Deposit Insurance Corporation insures deposits up to a maximum of \$100,000 per financial institution per depositor.

2. Long-Term Receivables

	2020	2019
Tile drainage loans, 6%, due 2023	\$ 5,012	\$ 6,497

3. Solid Waste Closure and Post-Closure Liabilities

Solid waste closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, removal of ground water and leachates, and ongoing environmental monitoring, site inspection and maintenance.

The liability for the landfill site is recorded at \$236,004 and represents the present value of closure and post-closure costs for 33% of the three current site's opened cells, using the Government of Canada's average long-term borrowing rate of 2.84%. The liability is recorded based on the capacity of the landfill used to date. The total estimated future expenses for closure and post-closure care are \$315,049 leaving an amount to be recognized of \$79,045. The estimated remaining capacity of the three site's are approximately 563,545 cubic metres in the opened cells. The three sites will be filled in six, sixteen and ninety nine years. Post-closure care is estimated to continue for a period of 20 years.

The liability is expected to be funded through budget allocations to a landfill reserve over the remaining life of the landfill. The balance of the landfill reserve fund is \$462,299 as at December 31, 2020.

The Corporation of the Municipality of Northern Bruce Peninsula
Notes to Consolidated Financial Statements

December 31, 2020

4. Long-Term Liabilities

The balance of long-term liabilities reported on the consolidated statement of financial position is made up of the following:

	2020	2019
Tile drainage loans payable, 6%, due 2023	\$ 5,012	\$ 6,497
Loan payable, Ontario Strategic Infrastructure Financing Authority, 4.84%, payable in blended semi-annual payments of \$58,952, due 2027	650,858	734,222
	\$ 655,870	\$ 740,719

The gross interest paid during the year relating to the above long-term debt was \$33,404.

The gross interest expensed during the year was \$31,879.

Principal payments for the next five fiscal years and thereafter are as follows:

2021	\$	89,022
2022	\$	93,401
2023	\$	97,991
2024	\$	100,939
2025	\$	105,884
Thereafter	\$	168,633
	\$	655,870

The Corporation of the Municipality of Northern Bruce Peninsula
Notes to Consolidated Financial Statements

December 31

5. Tangible Capital Assets

								2020
	Land	Land Improvements	Buildings	Equipment	Vehicles and Machinery	Transportation Infrastructure	Water and Sewer Infrastructure	Total
Cost, beginning of the year	\$ 4,221,962	\$ 1,901,287	\$ 18,312,429	\$ 2,985,730	\$ 5,327,404	\$ 48,010,259	\$ 3,773,236	\$ 84,532,307
Additions	-	-	53,851	278,048	245,575	1,078,133	7,124	1,662,731
Disposals	-	-	(28,062)	-	-	-	-	(28,062)
Cost, end of the year	4,221,962	1,901,287	18,338,218	3,263,778	5,572,979	49,088,392	3,780,360	86,166,976
Accumulated amortization, beginning of the year	-	1,121,529	6,804,604	2,142,656	2,306,226	26,345,810	1,893,840	40,614,665
Amortization	-	79,855	365,081	129,552	341,251	1,479,117	74,296	2,469,152
Disposals	-	-	(10,223)	-	-	-	-	(10,223)
Accumulated amortization, end of the year	-	1,201,384	7,159,462	2,272,208	2,647,477	27,824,927	1,968,136	43,073,594
Net carrying amount, end of the year	\$ 4,221,962	\$ 699,903	\$ 11,178,756	\$ 991,570	\$ 2,925,502	\$ 21,263,465	\$ 1,812,224	\$ 43,093,382

The Corporation of the Municipality of Northern Bruce Peninsula
Notes to Consolidated Financial Statements

December 31

5. Tangible Capital Assets - (continued)

								2019
	Land	Land Improvements	Buildings	Equipment	Vehicles and Machinery	Transportation Infrastructure	Water and Sewer Infrastructure	Total
Cost, beginning of the year	\$ 4,234,623	\$ 1,854,744	\$ 17,810,423	\$ 2,847,270	\$ 5,157,435	\$ 46,874,344	\$ 3,773,236	\$ 82,552,075
Additions	-	46,543	502,006	138,460	594,489	1,135,915	-	2,417,413
Disposals	(12,661)	-	-	-	(424,520)	-	-	(437,181)
Cost, end of the year	4,221,962	1,901,287	18,312,429	2,985,730	5,327,404	48,010,259	3,773,236	84,532,307
Accumulated amortization, beginning of the year	-	1,039,214	6,447,540	2,022,123	2,412,301	24,871,098	1,819,747	38,612,023
Amortization	-	82,315	357,064	120,533	316,681	1,474,712	74,093	2,425,398
Disposals	-	-	-	-	(422,756)	-	-	(422,756)
Accumulated amortization, end of the year	-	1,121,529	6,804,604	2,142,656	2,306,226	26,345,810	1,893,840	40,614,665
Net carrying amount, end of the year	\$ 4,221,962	\$ 779,758	\$ 11,507,825	\$ 843,074	\$ 3,021,178	\$ 21,664,449	\$ 1,879,396	\$ 43,917,642

The Corporation of the Municipality of Northern Bruce Peninsula
Notes to Consolidated Financial Statements

December 31, 2020

5. Tangible Capital Assets - (continued)

There are no tangible capital assets under construction that are not being amortized.

There were no contributed assets recognized in the financial statements during the year.

The municipality holds various works of art and historical treasures pertaining to local history on display at the St. Edmunds Museum. These items are not recognized as tangible capital assets in the financial statements because a reasonable estimate of the future benefits associated with such property cannot be made.

6. Accumulated Surplus

Accumulated surplus consists of individual fund surplus and reserves as follows:

	2020	2019
Invested in tangible capital assets		
Tangible capital assets at cost less amortization	\$43,093,382	\$ 43,917,642
Capital assets financed by long-term liabilities and to be funded in future years	(650,858)	(734,222)
Total invested in capital assets	42,442,524	43,183,420
Unfunded post-employment benefits	(157,100)	(160,500)
WSIB future benefit liability	(28,800)	(48,900)
Unfunded solid waste closure and post-closure costs	(236,004)	(222,882)
	42,020,620	42,751,138
Reserves and reserve funds (Note 7)	13,043,018	10,774,952
Accumulated surplus	<u>\$55,063,638</u>	<u>\$ 53,526,090</u>

The Corporation of the Municipality of Northern Bruce Peninsula
Notes to Consolidated Financial Statements

December 31, 2020

7. Reserves and Reserve Funds Set Aside for Specific Purpose by Council

	<u>2020</u>	<u>2019</u>
Reserves		
Working funds	\$ 921,165	\$ 921,165
Current purposes	1,839,993	1,101,862
Capital purposes	<u>9,249,614</u>	<u>7,754,652</u>
	12,010,772	9,777,679
Reserve funds		
Capital purposes	<u>1,032,246</u>	<u>997,273</u>
Reserves and reserve funds set aside for specific purpose by Council	<u>\$13,043,018</u>	<u>\$ 10,774,952</u>

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The Corporation of the Municipality of Northern Bruce Peninsula
Notes to Consolidated Financial Statements

December 31, 2020

8. Budgets

Under Canadian public sector accounting standards, budget amounts are to be reported on the consolidated statement of operations and accumulated surplus and changes in net financial assets for comparative purposes. The 2020 budget amounts for the Corporation of the Municipality of Northern Bruce Peninsula approved by Council have been reclassified to conform to the presentation of the consolidated statements of operations and accumulated surplus and changes in net financial assets. The following is a reconciliation of the budget approved by Council.

	2020 Budget	2020 Actual	2019 Actual
Annual surplus (Page 5)	\$ 2,964,965	\$ 1,537,548	\$ 2,164,243
Amortization	-	2,469,152	2,425,398
	2,964,965	4,006,700	4,589,641
Net transfers to reserves and reserve funds	951,154	(2,418,649)	(2,167,375)
Transfers from reserves for capital	-	384,157	680,968
Capital acquisitions, disposals and write-down	(3,857,869)	(1,644,892)	(2,402,988)
Debt principal repayments	(58,250)	(83,364)	(79,472)
Change in unfunded liabilities	-	(10,378)	(16,818)
Surplus	-	233,574	603,956
Surplus Transfer to reserve per resolution	-	(233,574)	(603,956)
	\$ -	\$ -	\$ -

9. Other Income

	2020 Budget	2020 Actual	2019 Actual
Penalties and interest on taxation	\$ 240,000	\$ 155,777	\$ 230,552
Other fines and penalties	42,000	86,062	41,834
Investment income	186,500	147,380	250,998
Licenses, permits and rents	266,940	308,957	319,043
Donations	63,500	64,352	58,249
Gain (loss) on disposition of capital assets	10,000	(17,839)	99,148
Other	25,000	24,866	36,254
	\$ 833,940	\$ 769,555	\$ 1,036,078

The Corporation of the Municipality of Northern Bruce Peninsula
Notes to Consolidated Financial Statements

December 31, 2020

10. Government Transfers

	2020 Budget	2020 Actual	2019 Actual
Operating Transfers			
Province of Ontario			
Ontario Municipal Partnership Fund (OMPF)	\$ 1,515,100	\$ 1,515,100	\$ 1,508,000
Roads	20,000	24,564	23,151
Sewer and water	36,000	35,250	35,250
Other	175,490	578,108	794,495
	<u>1,746,590</u>	<u>2,153,022</u>	<u>2,360,896</u>
Government of Canada			
Roads	18,800	22,800	18,800
Sewer and water	30,000	30,000	54,865
Other	3,850	2,084	5,693
	<u>52,650</u>	<u>54,884</u>	<u>79,358</u>
Other Municipalities			
Sewer and water	35,000	29,287	32,635
Other	50,700	33,986	10,180
	<u>85,700</u>	<u>63,273</u>	<u>42,815</u>
Total operating transfers	<u>1,884,940</u>	<u>2,271,179</u>	<u>2,483,069</u>
Capital Transfers			
Province of Ontario			
Roads	181,355	181,355	182,047
Sewer and water	8,037	8,037	19,257
Other	32,094	28,391	9,651
	<u>221,486</u>	<u>217,783</u>	<u>210,955</u>
Government of Canada			
Roads	120,000	192,316	119,850
Sewer and water	-	-	38,513
	<u>120,000</u>	<u>192,316</u>	<u>158,363</u>
Total capital transfers	<u>341,486</u>	<u>410,099</u>	<u>369,318</u>
Total contributions	<u>\$ 2,226,426</u>	<u>\$ 2,681,278</u>	<u>\$ 2,852,387</u>

The Corporation of the Municipality of Northern Bruce Peninsula Notes to Consolidated Financial Statements

December 31, 2020

11. Pension Agreements

The municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 35 members of its staff. This plan is a defined benefit plan which specifies the amount of the retirement entitlement to be received by the employees based on the length of service and rates of pay. Employees and employers contribute jointly to the plan. The employer amount contributed to OMERS for 2020 by the Municipality of Northern Bruce Peninsula was \$197,600 (2019 - \$181,127). The contribution rate for 2020 was 9.0% to 15.8% depending on age and income level (2019 - 9.0% to 15.8%).

OMERS is a multi-employer plan, therefore, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. The municipality does not recognize any share of the OMERS pension surplus or deficit. The last available actuarial report for the OMERS plan was as of December 31, 2020. At that time the plan reported a \$3.2 billion actuarial deficit (2019 - \$3.4 billion actuarial deficit), based on actuarial liabilities of \$111.8 billion (2019 - \$106.4 billion), and actuarial assets of \$108.6 billion (2019 - \$103 billion). Ongoing adequacy of the current contribution rates will need to be monitored as fluctuations in the financial markets may lead to increased future funding requirements.

12. Workplace Safety and Insurance Board (WSIB)

Effective January 1, 2010 the Municipality of Northern Bruce Peninsula elected to be a Schedule 1 employer. Previously, under the provisions of the Workplace Safety and Insurance Board Act, the Municipality of Northern Bruce Peninsula had elected to be treated as a Schedule 2 employer and remit payments to the WSIB as required to fund disability payments. The municipality is still liable for events which took place while they were a Schedule 2 employer.

An Actuarial valuation for accounting purposes was performed using the projected benefit method. The actuarial report was prepared for the year ended December 31, 2020.

The Corporation of the Municipality of Northern Bruce Peninsula
Notes to Consolidated Financial Statements

December 31, 2020

13. Retirement and Post-Employment Benefit

The Municipality of Northern Bruce Peninsula provides certain benefits, including retirement benefits and other post-employment benefits, to its employees. Payments for these benefits totalled \$7,000 (2019 - 7,200). The post-employment benefit at December 31 includes the following components:

	2020	2019
Retirement benefits	\$ 119,500	\$ 122,400
Unamortized actuarial gain	37,600	38,100
	\$ 157,100	\$ 160,500

Actuarial valuations are performed using the projected benefit method, pro-rated on services. The most recent actuarial report was prepared as at December 31, 2020.

The actuarial valuation was based on a number of assumptions about future events, such as inflation rates, medical inflation rates, wage increases, employee turnover and mortality rates.

The assumptions used reflect management's best estimates. The expected inflation rate is 2%. The employee salaries are expected to increase 3% per year. The post-employment benefit liability was determined using a discount rate of 2.2% (2019 - 3.3%). For extended health care costs, a 6.61% annual rate of increase was assumed for 2020, decreasing to an ultimate rate of 4% per year for 2041. For dental costs, a 4% annual rate of increase was assumed.

	2020	2019
Current period benefit cost	\$ 7,000	\$ 7,200
Interest costs	3,500	4,000
Benefit payments	(3,600)	(7,200)
Retirement benefit expense	6,900	4,000
Amortization of actuarial gain	(10,300)	(8,000)
Total expense for the year	\$ (3,400)	\$ (4,000)

The Corporation of the Municipality of Northern Bruce Peninsula
Notes to Consolidated Financial Statements

December 31, 2020

14. Operations of School Boards and the County of Bruce

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

	2020	2019
School boards	\$ 2,766,477	\$ 2,851,844
County of Bruce	6,783,853	6,521,793
	<u>\$ 9,550,330</u>	<u>\$ 9,373,637</u>

15. Trust Funds

The trust funds administered by the municipality amounting to \$223,054 (2019 - \$212,849) have not been included in the consolidated statement of financial position nor have the operations been included in the consolidated statement of operations and accumulated surplus.

16. Contractual Commitments

The Corporation of the Municipality of Northern Bruce Peninsula has entered into a contract for the reconstruction of Isthmus Bay Road - Phase I for \$886,575. The estimated costs of completion are \$657,400.

17. Contingencies

- i) Several lower tier municipalities in the Bruce Peninsula, have been named as defendants in a land claim action filed by the Chippewas of Nawash and Saugeen, for damages alleged to total \$92,000,000,000. Also joined as defendants in the action are the County of Bruce, the Province of Ontario and the Dominion of Canada. No breakdown as to each municipality's relative share of the \$92,000,000,000 has been provided. The likelihood of the success of this action is undeterminable at this time.
 - ii) The municipality has a few claims that are in proceedings through their insurance company. The municipality's liability with respect to these claims is not determinable at this time. Management is of the opinion that the municipality maintains adequate and appropriate liability and errors and omissions insurance to protect the municipality against such claims.
-

The Corporation of the Municipality of Northern Bruce Peninsula
Notes to Consolidated Financial Statements

December 31, 2020

18. Uncertainty due to COVID-19

The impact of COVID-19 in Canada and on the global economy increased significantly. As the impacts of COVID-19 continue, there could be further impact on the Municipality, its citizens, employees, suppliers and other third party business associates that could impact the timing and amounts realized on the Municipality's assets and future ability to deliver services and projects. At this time, the full potential impact of COVID-19 on the Municipality is not known. Given the dynamic nature of these circumstances and the duration of disruption, the related financial impact cannot be reasonably estimated at this time. The Municipality's ability to continue delivering non-essential services and employ related staff will depend on the legislative mandates from the various levels of government. The Municipality will continue to focus on collecting receivables, managing expenditures, and leveraging existing reserves and available credit facilities to ensure it is able to continue providing essential services to its citizens.

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The Corporation of the Municipality of Northern Bruce Peninsula

Notes to Consolidated Financial Statements

December 31, 2020

19. Segmented Information

The Corporation of the Municipality of Northern Bruce Peninsula is a diversified municipal government institution that provides a wide range of services to its citizens such as police, fire, sewer, water, waste collection and disposal, health services, recreation and planning. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

General Government

This item related to the revenues and expenses that relate to the governance and operations of the municipality itself and cannot be directly attributed to a specific segment.

Protection to Persons and Property

Protection is comprised of police services, fire protection, emergency measures and building and structural inspection. The police services work to ensure the safety and protection of the citizens and their property. The fire department is responsible to provide fire suppression service, fire prevention programs, training and education. The members of the fire department consist of volunteers. The building department provides a number of services including maintenance and enforcement of building and construction codes and review of all property development plans through its application process.

Transportation

Transportation is responsible for construction and maintenance of the municipality's roadways, bridges, parking areas and streetlighting. Transportation also includes the provision of air transportation through the airport in Tobermory.

Environmental

Environmental services consists of providing waste collection, disposal and recycling to the municipality's citizens. It also consists of providing the municipality's drinking water and processing and cleaning sewage. The municipality ensures water and sewage systems meet all provincial standards.

Health

Health services includes the operations of local cemeteries.

Recreational and Cultural Services

This service area provides services meant to improve the health and development of the municipality's citizens. The municipality operates and maintains parks, marinas, arenas, community centres, campgrounds and a museum. The municipality also provides library services and recreational programs.

The Corporation of the Municipality of Northern Bruce Peninsula
Notes to Consolidated Financial Statements

December 31, 2020

19. Segmented Information - (continued)

Planning and Development

This department is responsible for planning and zoning including the official plan. This service area also includes tourist information and promotion and drainage.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. Amounts that are directly attributable to a number of segments have been allocated on a reasonable basis as follows:

Taxation, payments-in-lieu

Allocated to those segments that are funded by these amounts based on the budget for the year.

OMPF Grants

Allocated to segments based on the budget for the year.

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The Corporation of the Municipality of Northern Bruce Peninsula
Notes to Consolidated Financial Statements

For the year ended December 31, 2020	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation and Cultural Services	Planning and Development	2020 Total
Revenue								
Taxation	\$ 506,985	\$ 1,810,654	\$ 3,041,899	\$ 506,983	\$ 72,426	\$ 796,688	\$ 506,983	\$ 7,242,618
Fees and user charges	26,904	395,031	14,183	794,545	61,694	993,392	18,120	2,303,869
Specific grants	8,890	15,670	422,235	180,539	-	45,189	493,655	1,166,178
OMPF grant	106,057	378,775	636,342	106,057	15,151	166,661	106,057	1,515,100
Other revenue	317,295	334,394	12,110	7,125	58,851	39,195	585	769,555
	<u>966,131</u>	<u>2,934,524</u>	<u>4,126,769</u>	<u>1,595,249</u>	<u>208,122</u>	<u>2,041,125</u>	<u>1,125,400</u>	<u>12,997,320</u>
Expenses								
Salaries and benefits	843,050	574,593	878,586	142,415	-	708,869	-	3,147,513
Interest on debt	-	-	-	33,014	-	-	390	33,404
Materials and supplies	518,080	307,294	1,030,030	348,180	21,679	789,611	387,050	3,401,924
Contracted services	8,526	1,332,513	105,265	743,752	60,627	2,188	-	2,252,871
Other transfers	-	-	-	-	-	-	54,175	54,175
Rents and financial expenses	-	-	816	-	-	99,917	-	100,733
Amortization	22,149	133,834	1,746,324	275,971	33,132	257,742	-	2,469,152
	<u>1,391,805</u>	<u>2,348,234</u>	<u>3,761,021</u>	<u>1,543,332</u>	<u>115,438</u>	<u>1,858,327</u>	<u>441,615</u>	<u>11,459,772</u>
Annual surplus (deficit)	<u>\$ (425,674)</u>	<u>\$ 586,290</u>	<u>\$ 365,748</u>	<u>\$ 51,917</u>	<u>\$ 92,684</u>	<u>\$ 182,798</u>	<u>\$ 683,785</u>	<u>\$ 1,537,548</u>

The Corporation of the Municipality of Northern Bruce Peninsula
Notes to Consolidated Financial Statements

For the year ended December 31, 2019	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation and Cultural Services	Planning and Development	2019 Total
Revenue								
Taxation	\$ 557,338	\$ 1,741,676	\$ 2,995,685	\$ 557,337	\$ 69,667	\$ 696,671	\$ 348,336	\$ 6,966,710
Fees and user charges	27,841	410,319	15,924	675,377	42,359	1,154,987	23,602	2,350,409
Specific grants	643,953	27,641	345,048	264,322	-	10,858	52,565	1,344,387
OMPF grant	120,640	377,000	648,440	120,640	15,080	150,800	75,400	1,508,000
Other revenue	485,306	282,182	100,146	12,867	44,723	70,376	40,478	1,036,078
	<u>1,835,078</u>	<u>2,838,818</u>	<u>4,105,243</u>	<u>1,630,543</u>	<u>171,829</u>	<u>2,083,692</u>	<u>540,381</u>	<u>13,205,584</u>
Expenses								
Salaries and benefits	883,191	505,753	877,195	130,114	-	646,274	-	3,042,527
Interest on debt	-	-	-	36,978	-	-	474	37,452
Materials and supplies	411,682	322,851	905,315	321,059	34,732	874,621	276,289	3,146,549
Contracted services	9,035	1,336,456	136,319	657,431	57,431	2,226	-	2,198,898
Other transfers	-	-	-	-	-	2,023	74,346	76,369
Rents and financial expenses	-	-	994	-	-	113,154	-	114,148
Amortization	22,346	125,165	1,718,460	273,566	33,042	252,819	-	2,425,398
	<u>1,326,254</u>	<u>2,290,225</u>	<u>3,638,283</u>	<u>1,419,148</u>	<u>125,205</u>	<u>1,891,117</u>	<u>351,109</u>	<u>11,041,341</u>
Annual surplus	<u>\$ 508,824</u>	<u>\$ 548,593</u>	<u>\$ 466,960</u>	<u>\$ 211,395</u>	<u>\$ 46,624</u>	<u>\$ 192,575</u>	<u>\$ 189,272</u>	<u>\$ 2,164,243</u>

The Corporation of the Municipality of Northern Bruce Peninsula
Schedule of Deferred Revenue

For the year ended December 31, 2020

	Opening	Contributions Received	Investment Income	Revenue Recognized	Ending
Obligatory Reserve Funds					
Federal gas tax	\$ 131,558	\$ 121,315	\$ 2,312	\$ (121,315)	\$ 133,870
Recreational land	49,500	8,691	517	-	58,708
Ontario Main Street Revitalization Fund	32,093	-	353	(32,446)	-
	213,151	130,006	3,182	(153,761)	192,578
Other					
Source Protection Municipal Implementation Fund	14,291	-	-	(314)	13,977
Community Collaborations Grant	5,718	-	-	-	5,718
Other	62,851	34,577	-	(12,202)	85,226
	82,860	34,577	-	(12,516)	104,921
	\$ 296,011	\$ 164,583	\$ 3,182	\$ (166,277)	\$ 297,499

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The Corporation of the Municipality of
Northern Bruce Peninsula
Trust Funds
Financial Information
For the year ended December 31, 2020

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The Corporation of the Municipality of Northern Bruce Peninsula
Trust Funds
For the year ended December 31, 2020

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The Corporation of the Municipality of Northern Bruce Peninsula Trust Funds

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Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers
of the Corporation of the Municipality of Northern Bruce Peninsula

Opinion

We have audited the accompanying financial information for the Corporation of the Municipality of Northern Bruce Peninsula Trust Funds (Trust Funds), which comprise the balance sheet as at December 31, 2020, the statement of continuity for the year then ended, and notes to the financial information including a summary of significant accounting policies.

In our opinion, the financial information presents fairly, in all material respects, the balance sheet for the Trust Funds as at December 31, 2020 and the statement of continuity 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 Information section of our report. We are independent of the Trust Funds in accordance with the ethical requirements that are relevant to our audit of the financial information 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 Information

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

In preparing the financial information, management is responsible for assessing the Trust Funds 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 Funds or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust Funds financial reporting process.



Auditor's Responsibilities for the Audit of the Financial Information

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

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 information, 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 Funds 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 Funds 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 information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust Funds to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial information, including the disclosures, and whether the financial information represents 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.

Chartered Professional Accountants, Licensed Public Accountants

Owen Sound, Ontario
June 14, 2021

The Corporation of the Municipality of Northern Bruce Peninsula
Trust Funds
Balance Sheet

December 31, 2020

Assets	Cemetery Perpetual Care and Maintenance
Cash	\$ 215,073
Due from general account	7,981
	<hr/>
	\$ 223,054
<hr/>	
Liabilities	
Fund balance	\$ 223,054
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The Corporation of the Municipality of Northern Bruce Peninsula
Statement of Continuity

For the year ended December 31, 2020

	<u>Cemetery Perpetual Care and Maintenance</u>
Balance, beginning of the year	\$ 212,849
Receipts	
Bank interest	2,224
Care and maintenance	<u>10,205</u>
	<u>12,429</u>
Expenses	
Transfer to municipality	<u>2,224</u>
Balance, end of the year	<u>\$ 223,054</u>

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The Corporation of the Municipality of Northern Bruce Peninsula
Trust Funds
Notes to Financial Information

December 31, 2020

1. Summary of Significant Accounting Policies

Management Responsibility The management of the Corporation of the Municipality of Northern Bruce Peninsula has prepared and is responsible for the integrity, objectivity and accuracy of the financial information. Council reviews and approves the financial information.

Basis of Accounting The financial information has been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of Chartered Professional Accountants of Canada.

Revenues and expenses 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 a legal obligation to pay.

Basis of Consolidation These trust funds have not been consolidated with the financial statements of the Corporation of the Municipality of Northern Bruce Peninsula.

Use of Estimates The preparation of financial information in accordance with Canadian public sector accounting standards requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial information, and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and actual results could differ from management's best estimates as additional information becomes available in the future.

APPENDIX B: REPRESENTATION LETTER

Municipality of Northern Bruce Peninsula
Municipality of Northern Bruce Peninsula Trust Funds
R.R. #2
56 Lindsay Road 5
Lion's Head ON NOH 1W0

June 14, 2021

BDO Canada LLP
Chartered Professional Accountants
1717 2nd Ave. E
PO Box 397
Owen Sound ON N4K 5P7

This representation letter is provided in connection with your audit of the financial statements of the Municipality of Northern Bruce Peninsula and the Municipality of Northern Bruce Peninsula Trust Funds for the year ended December 31, 2020, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with Canadian public sector accounting standards.

We confirm that to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated November 27, 2019, for the preparation of the financial statements in accordance with Canadian public sector accounting standards; in particular, the financial statements are fairly presented in accordance therewith.

- The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement and/or disclosure that are reasonable in accordance with Canadian public sector accounting standards.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Canadian public sector accounting standards.
- All events subsequent to the date of the financial statements and for which Canadian public sector accounting standards require adjustment or disclosure have been adjusted or disclosed.
- The financial statements of the entity use appropriate accounting policies that have been properly disclosed and consistently applied.
- The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to the representation letter.
- We have reviewed and approved all journal entries recommended by the auditors during the audit. A list of the journal entries is attached to the representation letter.

Information Provided

- We have provided you with:
 - access to all information of which we are aware that is relevant to the preparation of the financial statements, such as records, documentation and other matters;

- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- We are responsible for the design, implementation and maintenance of internal controls to prevent, detect and correct fraud and error, and have communicated to you all deficiencies in internal control of which we are aware.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Fraud and Error

- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
- We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators, or others.

General Representations

- Where the value of any asset has been impaired, an appropriate provision has been made in the financial statements or has otherwise been disclosed to you.
- We have provided you with significant assumptions that in our opinion are reasonable and appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity when relevant to the use of fair value measurements or disclosures in the financial statements.
- The entity has complied with all provisions in its agreements related to debt and there were no defaults in principal or interest, or in the covenants and conditions contained in such agreements.
- There have been no plans or intentions that may materially affect the recognition, measurement, presentation or disclosure of assets and liabilities (actual and contingent).
- The nature of all material uncertainties have been appropriately measured and disclosed in the financial statements, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the financial statements.

- There were no direct contingencies or provisions (including those associated with guarantees or indemnification provisions), unusual contractual obligations nor any substantial commitments, whether oral or written, other than in the ordinary course of business, which would materially affect the financial statements or financial position of the entity, except as disclosed in the financial statements.

Other Representations Where the Situation Exists

- We have informed you of all known actual or possible litigation and claims, whether or not they have been discussed with legal counsel. Since there are no actual, outstanding or possible litigation and claims, no disclosure is required in the financial statements.
- Of the claims that are in proceedings through our insurance company, there are no claims or possible claims that would exceed or not be covered by the insurance coverage currently carried by the municipality.
- Evaluated all land owned by the municipality or where the municipality has accepted responsibility for the land as to whether there are sites in the Scope of PS 3260 Liability for Contaminated Sites.
- Made available to you all financial records and related data relevant to the assessment of the liability for contaminated sites.
- There are no contaminated sites within the Scope of PS 3260.
- To the extent that our normal procedures and controls related to our financial statement close process at any of our locations were adversely impacted by the COVID-19 Outbreak, we took appropriate actions and safeguards to reasonably ensure the fair presentation of the financial statements in accordance with Canadian public sector accounting standards.

Yours truly,

Signature

Position

Signature

Position

Municipality of Northern Bruce Peninsula
 Summary of Unadjusted Misstatements
 December 31, 2020

Description of the Misstatement	Identified Misstatement	Projected Misstatement	Estimates	Pre-Tax Proposed Adjustments				Details of why no adjustment has been made to financial statements
				Assets Dr(Cr)	Liabilities Dr(Cr)	Opening R/E Dr(Cr)	Income Dr(Cr)	
Likely Aggregate Misstatements Before Effect of Previous Year's Errors and Estimates	-	-	-	-	-	-	-	
Effect of Previous Year's Errors, Net of Tax Effects				-	-	-	-	
Tax Effect				-	-	-	-	
Likely Aggregate Misstatements				-	-	-	-	

Municipality of Northern Bruce Peninsula

Year End: December 31, 2020

Journal Entries

Date: 01/12/1999 To 12/31/2020

Number	Date	Name	Account No	Reference	Debit	Credit
1	12/31/2020	RESERVE CAPITAL	01-1000-3051	SS.02 IN APT	2,663.18	
1	12/31/2020	REVENUE FUND BALANCE	01-9999-9999	SS.02 IN APT		2,663.18
To adjust opening balance of Reserve Capital to agree to 2019 final audited reserve balance and balance 2020 FS.						
RC1	12/31/2020	Change in TCA	01-0000-0000	U.02		824,259.66
RC1	12/31/2020	TCA-Accumulated Surplus/(Deficit)	01-0000-9999	U.02	13,897.74	
RC1	12/31/2020	REVENUE FUND BALANCE	01-9999-9999	U.02	810,361.92	
To record change in TCA.						
RC2	12/31/2020	WATERWORKS LOAN REPAYMENT	01-4300-5500	NN.03		116,378.70
RC2	12/31/2020	Water OSIFA Principal	01-4300-5709	NN.03	83,364.51	
RC2	12/31/2020	Water OSIFA Interest	01-4300-5710	NN.03	33,014.19	
To separate the principal and interest portion of the 2020 OSIFA payment.						
RC3	12/31/2020	GARB DISP Eastnor Landfill Post Closure Costs	01-4510-5800	HH.03	225.90	
RC3	12/31/2020	Eastnor Landfill Change in Accrual	01-4510-9999	HH.03		225.90
RC3	12/31/2020	GARB DISP Lindsay Landfill Post Closure Costs	01-4520-5800	HH.03	6,312.21	
RC3	12/31/2020	Lindsay Landfill Change in Accrual	01-4520-9999	HH.03		6,312.21
RC3	12/31/2020	GARB DISP St. E Landfill Post Closure Costs	01-4530-5800	HH.03	6,584.61	
RC3	12/31/2020	St. Edmunds Landfill Change in Accrual	01-4530-9999	HH.03		6,584.61
To record the change in the year for the landfill post closure costs.						
RC4	12/31/2020	DEFERRED REVENUES	01-1000-2325	C.02		14,843.70
RC4	12/31/2020	AR account to reclass credit balances to Def Re	01-1001-1220	C.02	14,843.70	
To reclassify credit balances in AR to deferred revenue for presentation purposes.						
RC5	12/31/2020	Material & Supplies - Dummy	01-3199-5200	EE.06	40,841.40	
RC5	12/31/2020	Interfunctional Expense - Dummy	01-3199-5274	EE.06		40,841.40
To balance interfunctionals - machine time (standard annual entry required in order to balance).						
RC6	12/31/2020	PARKS OTHER FEES AND CHARGES	01-7100-4410	KK	4,055.00	
RC6	12/31/2020	Parks Tourism -P.ONT Main Street Revit Grant	01-7100-4708	KK		4,055.00
To reclass the \$4,055 from Main Street Obligatory Reserve Fund to Provincial Grant						
RC7	12/31/2020	Post-Employment Benefit Costs	01-1700-2029	OO.02 PG11		20,100.00
RC7	12/31/2020	Change in Post-Employment Benefit	01-1700-9999	OO.02 PG11	20,100.00	
To record the change in the WSIB Liability.						
RC8	12/31/2020	Post-Employment Benefit Costs	01-1700-2029	OO.02 PG 10		3,400.00

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Prepared by	Detail Rev RS 06/08/2021	Gen Rev	Quality Rev
4th Level Rev	Tax Rev	IS Audit Rev	Other Rev

Municipality of Northern Bruce Peninsula

Year End: December 31, 2020

Journal Entries

Date: 01/12/1999 To 12/31/2020

Number	Date	Name	Account No	Reference	Debit	Credit	
RC8	12/31/2020	Change in Post-Employment Benefit	01-1700-9999	OO.02 PG 10	3,400.00		
		To record the change in the Post Employment Benefit Liability.					
RC9	12/31/2020	TRUST Eastnor C&M Interest on Bank	04-1025-4600	ZZ.04		1,373.00	
RC9	12/31/2020	TRUST EASTNOR PERP CARE TRANSFER TO	04-1025-5555	ZZ.04	1,373.00		
RC9	12/31/2020	TRUST Stokes Bay C&M Interest on Bank	04-1030-4600	ZZ.04		173.00	
RC9	12/31/2020	TRUST STOKES BAY PERP CARE TRANSFER	04-1030-5555	ZZ.04	173.00		
RC9	12/31/2020	Dunks Bay C&M Interest on Bank	04-1035-4600	ZZ.04		678.00	
RC9	12/31/2020	TRUST DUNKS BAY PERP CARE TRANSFER	04-1035-5555	ZZ.04	678.00		
		For the Trust Funds: To record the gross interest revenue and corresponding expense to transfer it to the Municipality. Note that the revenue is already recorded in the Municipal operating accounts.					
PBC #1	12/31/2020	A/R-MISCELL RECEIVABLES	01-1000-1222	FS.06	14,384.60		
PBC #1	12/31/2020	A/P OTHER	01-1000-2146	FS.06		14,384.60	
PBC #1	12/31/2020	ADMIN WSIB INSURANCE REVENUE	01-1700-4850	FS.06		14,384.60	
PBC #1	12/31/2020	ADMIN WCB SCHEDULE 2 PAYMENTS	01-1700-5290	FS.06	14,384.60		
		PBC entry to set up the WSIB amount that should be paid in 2020					
PBC #2	12/31/2020	TCA-Buildings	01-0000-0200	FS.07		23,556.31	
PBC #2	12/31/2020	TCA-Buildings-Accumulated Depreciation	01-0000-0210	FS.07	9,658.57		
PBC #2	12/31/2020	LH MARINA PROFIT/LOSS DISPOSAL	01-3600-4999	FS.07	13,897.74		
		To record entry prepared by client to dispose of light house.					
PBC #3	12/31/2020	DUE TO ONTARIO	01-1000-2105	FS.02	12,735.89		
PBC #3	12/31/2020	POLICING 2015 DETACHMENT REVENUE	01-2200-4710	FS.02		12,735.89	
		To enter adjustment for policing revenue that was included in expense - GL entry 85190 moved to revenue account and reduced due to Ontario					
PBC #4	12/31/2020	FIRE FROM RESERVES	01-2100-4704	FS.03		1,090.00	
PBC #4	12/31/2020	FIRE OFFICE MATERIALS & SUPPLIES	01-2100-5200	FS.03	1,090.00		
		To enter entries prepared by client to adjust reserves.					
PBC #5	12/31/2020	FIRE SALARIES & WAGES	01-2100-5004	FS.04	7,143.99		
PBC #5	12/31/2020	FIRE TRANSFER TO RESERVES	01-2100-5504	FS.04		7,143.99	
		To enter entries prepared by client to adjust reserves.					
PBC #6	12/31/2020	PARKS MISCELLANEOUS	01-7100-5276	FS.05	200.00		
PBC #6	12/31/2020	PARKS TRANSFER TO RESERVES	01-7100-5504	FS.05		200.00	
		To enter entries prepared by client to adjust reserves.					

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Prepared by	Detail Rev	Gen Rev	Quality Rev
4th Level Rev	RS 06/08/2021 Tax Rev	IS Audit Rev	Other Rev

Municipality of Northern Bruce Peninsula

Year End: December 31, 2020

Journal Entries

Date: 01/12/1999 To 12/31/2020

Number	Date	Name	Account No	Reference	Debit	Credit
PBC #7	12/31/2020	RESERVE CAPITAL	01-1000-3051	FS.08		12,735.89
PBC #7	12/31/2020	COMM DEV TRANSFER TO RESERVES	01-8200-5504	FS.08	12,735.89	
To record transfer to reserve for income in polcing services created after PBC #3 was entered.						
PBC #8	12/31/2020	DUE FROM DEVELOPER	01-1000-1500	FS.09		42,707.03
PBC #8	12/31/2020	RESERVE ROADS NBP	01-1000-3038	FS.09	21,353.00	
PBC #8	12/31/2020	RESERVE CAPITAL	01-1000-3051	FS.09	21,354.03	
PBC #8	12/31/2020	ADMIN MISCELLANEOUS	01-1700-5276	FS.09	21,354.03	
PBC #8	12/31/2020	ROADS MAINTENANCE & REPAIRS	01-3100-5210	FS.09	21,353.00	
PBC #8	12/31/2020	ROADS TRANSFER TO RESERVES	01-3100-5504	FS.09		21,353.00
PBC #8	12/31/2020	COMM DEV TRANSFER TO RESERVES	01-8200-5504	FS.09		21,354.03
To record write off of amount due from Greenough Development.						
PBC #9	12/31/2020	ACCRUED POST-RETIREMENT BENEFITS	01-1000-2420	FS.11	3,400.00	
PBC #9	12/31/2020	POST-RETIREMENT TO BE RECOVERED	01-1000-2999	FS.11		3,400.00
Trace 86505 To record the Post Employment Benefits liability to actual.						
PBC #10	12/31/2020	WSIB AMTS TO BE RECOVERED	01-1000-2410	FS.12	20,100.00	
PBC #10	12/31/2020	ADMIN ACCR WSIB BENEFIT COSTS	01-1700-2999	FS.12		20,100.00
Trace #086517: To record the WSIB Liability to actual.						
					1,237,033.70	1,237,033.70

Net Income (Loss) 0.00

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Prepared by	Detail Rev RS 06/08/2021	Gen Rev	Quality Rev
4th Level Rev	Tax Rev	IS Audit Rev	Other Rev