

The Corporation of the Municipality of
Northern Bruce Peninsula
Financial Information
For the year ended December 31, 2021

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Financial Information
For the year ended December 31, 2021

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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, 2021, 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, 2021, 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
May 24, 2022

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

December 31	2021	2020
Financial assets		
Cash and temporary investments (Note 1)	\$14,594,955	\$ 12,787,528
Taxes receivable	893,968	842,603
Trade and other receivables	879,449	740,682
Inventory held for resale	63,044	42,848
Long-term receivables (Note 2)	53,438	5,012
	<u>16,484,854</u>	<u>14,418,673</u>
Liabilities		
Accounts payable and accrued liabilities	1,183,853	1,232,020
Solid waste closure and post-closure liabilities (Note 3)	252,803	236,004
WSIB future benefits cost liabilities (Note 12)	4,200	28,800
Post-employment benefits liabilities (Note 13)	153,300	157,100
Deferred revenue (Page 28)	452,523	297,499
Long-term liabilities (Note 4)	616,847	655,870
	<u>2,663,526</u>	<u>2,607,293</u>
Net financial assets	13,821,328	11,811,380
Non-financial assets		
Inventory of supplies	217,117	158,876
Tangible capital assets (Note 5)	42,668,492	43,093,382
Accumulated surplus (Note 6)	\$56,706,937	\$ 55,063,638

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	2021 Budget (Note 8)	2021 Actual	2020 Actual
Revenue			
Taxation	\$ 7,628,527	\$ 7,698,139	\$ 7,242,618
Fees and user charges	2,557,649	3,057,368	2,303,869
Government transfers (Note 10)	2,265,890	2,327,906	2,681,278
Other income (Note 9)	744,900	1,149,890	769,555
	<u>13,196,966</u>	<u>14,233,303</u>	<u>12,997,320</u>
Expenses			
General government	1,672,692	1,508,995	1,391,805
Protection services	2,471,440	2,647,203	2,348,234
Transportation services	2,427,750	4,078,353	3,761,021
Environmental services	1,459,150	1,715,874	1,543,332
Health services	81,780	107,615	115,438
Recreation and cultural services	1,004,350	970,202	1,015,031
Harbour services	905,610	1,158,766	843,296
Planning and development	576,512	402,996	441,615
	<u>10,599,284</u>	<u>12,590,004</u>	<u>11,459,772</u>
Annual surplus (Note 8)	2,597,682	1,643,299	1,537,548
Accumulated surplus, beginning of the year	<u>55,063,638</u>	<u>55,063,638</u>	<u>53,526,090</u>
Accumulated surplus, end of the year	<u>\$ 57,661,320</u>	<u>\$ 56,706,937</u>	<u>\$ 55,063,638</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	2021 Budget (Note 8)	2021 Actual	2020 Actual
Annual surplus (Page 5)	\$ 2,597,682	\$ 1,643,299	\$ 1,537,548
Acquisition of tangible capital assets	(4,059,775)	(2,207,277)	(1,662,731)
Amortization of tangible capital assets	-	2,524,616	2,469,152
Loss (gain) on sale of tangible capital assets	-	38,299	17,839
Proceeds on disposal of capital assets	-	69,252	-
	(4,059,775)	424,890	824,260
Change in inventories of supplies	-	(58,241)	(30,236)
Increase (decrease) in net financial assets	(1,462,093)	2,009,948	2,331,572
Net financial assets, beginning of the year	11,811,380	11,811,380	9,479,808
Net financial assets, end of the year	\$ 10,349,287	\$13,821,328	\$ 11,811,380

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

For the year ended December 31	2021	2020
Cash provided by (used in)		
Operating activities		
Annual surplus (Page 5)	\$ 1,643,299	\$ 1,537,548
Items not involving cash		
Change in post-employment benefits and WSIB liabilities	(28,400)	(23,500)
Change in solid waste closure and post-closure liabilities	16,799	13,122
Amortization	2,524,616	2,469,152
Deferred revenue recognized	(143,615)	(166,277)
Changes in inventory of supplies	(58,241)	(30,236)
Loss (gain) on sale of capital assets	38,299	17,839
	<u>3,992,757</u>	<u>3,817,648</u>
Changes in non-cash working capital balances		
Taxes receivable	(51,365)	367,079
Trade and other receivables	(138,767)	(18,324)
Inventory held for resale	(20,196)	7,189
Accounts payable and accrued liabilities	(48,167)	77,113
Deferred revenue received	298,639	167,765
	<u>4,032,901</u>	<u>4,418,470</u>
Capital transactions		
Cash used to acquire capital assets	(2,207,277)	(1,662,731)
Proceeds on sale of capital assets	69,252	-
	<u>(2,138,025)</u>	<u>(1,662,731)</u>
Investing activities		
Decrease in long-term receivables	(48,426)	1,485
Financing activities		
Repayment of long-term liabilities	(39,023)	(84,849)
Net change in cash and cash equivalents	1,807,427	2,672,375
Cash and cash equivalents, beginning of the year	<u>12,787,528</u>	<u>10,115,153</u>
Cash and cash equivalents, end of the year	<u>\$14,594,955</u>	<u>\$ 12,787,528</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, 2021

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, 2021

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, 2021

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.

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

December 31, 2021

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, 2021

1. Cash and Temporary Investments

	2021	2020
Cash	\$13,937,900	\$ 12,135,150
Temporary investments	657,055	652,378
	\$14,594,955	\$ 12,787,528

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 \$657,055 at the end of the year (2020 - \$652,378).

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, 2021, the municipality had deposits of \$12,258,319 in a Canadian Chartered bank and guaranteed investment certificates of \$657,055 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

	2021	2020
Tile drainage loans, 6%, due 2023	\$ 53,438	\$ 5,012

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 \$252,803 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 landfills open cells used to date. The total estimated future expenses for closure and post-closure care are \$315,049 leaving an amount to be recognized of \$62,246. The estimated remaining capacity of the three site's open cells are approximately 563,545 cubic metres. The three sites open cells 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 \$486,047 as at December 31, 2021.

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

December 31, 2021

4. Long-Term Liabilities

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

	2021	2020
Tile drainage loans payable, 6%, due 2023	\$ 53,438	\$ 5,012
Loan payable, Ontario Strategic Infrastructure Financing Authority, 4.84%, payable in blended semi-annual payments of \$58,952, due 2027	563,409	650,858
	\$ 616,847	\$ 655,870

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:

2022	\$ 89,022
2023	\$ 93,401
2024	\$ 97,991
2025	\$ 100,939
2026	\$ 105,884
Thereafter	\$ 129,610
	\$ 616,847

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

December 31

5. Tangible Capital Assets

								2021
	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	\$ 18,338,218	\$ 3,263,778	\$ 5,572,979	\$ 49,088,392	\$ 3,780,360	\$ 86,166,976
Additions	-	11,975	162,863	290,172	162,039	1,573,663	6,565	2,207,277
Disposals	-	-	-	-	(134,015)	-	-	(134,015)
Cost, end of the year	4,221,962	1,913,262	18,501,081	3,553,950	5,601,003	50,662,055	3,786,925	88,240,238
Accumulated amortization, beginning of the year	-	1,201,384	7,159,462	2,272,208	2,647,477	27,824,927	1,968,136	43,073,594
Amortization	-	63,305	364,512	166,230	334,961	1,521,373	74,235	2,524,616
Disposals	-	-	-	-	(26,464)	-	-	(26,464)
Accumulated amortization, end of the year	-	1,264,689	7,523,974	2,438,438	2,955,974	29,346,300	2,042,371	45,571,746
Net carrying amount, end of the year	\$4,221,962	\$ 648,573	\$ 10,977,107	\$ 1,115,512	\$ 2,645,029	\$ 21,315,755	\$ 1,744,554	\$ 42,668,492

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

December 31

5. Tangible Capital Assets - (continued)

								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, 2021

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 (deficits) and reserves as follows:

	2021	2020
Invested in tangible capital assets		
Tangible capital assets at cost less amortization	\$42,668,492	\$ 43,093,382
Capital assets financed by long-term liabilities and to be funded in future years	(563,409)	(650,858)
Total invested in capital assets	42,105,083	42,442,524
Unfunded post-employment benefits	(153,300)	(157,100)
WSIB future benefit liability	(4,200)	(28,800)
Unfunded solid waste closure and post-closure costs	(252,803)	(236,004)
	41,694,780	42,020,620
Reserves and reserve funds (Note 7)	15,012,157	13,043,018
Accumulated surplus	<u>\$56,706,937</u>	<u>\$ 55,063,638</u>

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

December 31, 2021

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

	<u>2021</u>	<u>2020</u>
Reserves		
Working funds	\$ 921,165	\$ 921,165
Current purposes	1,901,958	1,519,362
Capital purposes	<u>11,039,486</u>	<u>9,570,245</u>
	13,862,609	12,010,772
Reserve funds		
Capital purposes	<u>1,149,548</u>	<u>1,032,246</u>
Reserves and reserve funds set aside for specific purpose by Council	<u>\$15,012,157</u>	<u>\$ 13,043,018</u>

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

December 31, 2021

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 2021 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.

	2021 Budget	2021 Actual	2020 Actual
Annual surplus (Page 5)	\$ 2,597,682	\$ 1,643,299	\$ 1,537,548
Amortization	-	2,524,616	2,469,152
	2,597,682	4,167,915	4,006,700
Net transfers to reserves and reserve funds	(358,882)	(1,733,860)	(2,188,017)
Transfers from reserves for capital	1,937,475	308,319	384,157
Capital acquisitions, disposals and write-down	(4,059,775)	(2,099,726)	(1,644,892)
Debt principal repayments	(116,500)	(87,449)	(83,364)
Change in unfunded liabilities	-	(11,601)	(10,378)
Surplus	-	543,598	464,206
Surplus transfer to reserve per resolution	-	(543,598)	(464,206)
	\$ -	\$ -	\$ -

9. Other Income

	2021 Budget	2021 Actual	2020 Actual
Penalties and interest on taxation	\$ 240,000	\$ 202,804	\$ 155,777
Other fines and penalties	65,000	225,541	86,062
Investment income	106,400	104,837	147,380
Licenses, permits and rents	267,000	464,594	308,957
Donations	28,500	82,767	64,352
Developer contribution	9,000	-	-
Gain (loss) on disposition of capital assets	5,000	(38,299)	(17,839)
Other	24,000	107,646	24,866
	\$ 744,900	\$ 1,149,890	\$ 769,555

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

December 31, 2021

10. Government Transfers

	2021 Budget	2021 Actual	2020 Actual
Operating Transfers			
Province of Ontario			
Ontario Municipal Partnership Fund (OMPF)	\$ 1,556,800	\$ 1,556,800	\$ 1,515,100
Roads	20,000	22,063	24,564
Sewer and water	36,000	35,250	35,250
Other	209,740	227,140	578,108
	<u>1,822,540</u>	<u>1,841,253</u>	<u>2,153,022</u>
Government of Canada			
Roads	18,800	18,800	22,800
Sewer and water	30,000	59,735	30,000
Other	3,850	7,825	2,084
	<u>52,650</u>	<u>86,360</u>	<u>54,884</u>
Other Municipalities			
Sewer and water	35,000	32,310	29,287
Other	50,700	48,966	33,986
	<u>85,700</u>	<u>81,276</u>	<u>63,273</u>
Total operating transfers	<u>1,960,890</u>	<u>2,008,889</u>	<u>2,271,179</u>
Capital Transfers			
Province of Ontario			
Roads	182,000	181,355	181,355
Sewer and water	-	-	8,037
Other	3,000	5,052	28,391
	<u>185,000</u>	<u>186,407</u>	<u>217,783</u>
Government of Canada			
Roads	120,000	120,000	192,316
Other	-	12,610	-
	<u>120,000</u>	<u>132,610</u>	<u>192,316</u>
Total capital transfers	<u>305,000</u>	<u>319,017</u>	<u>410,099</u>
Total contributions	<u>\$ 2,265,890</u>	<u>\$ 2,327,906</u>	<u>\$ 2,681,278</u>

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

December 31, 2021

11. Pension Agreements

The municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 40 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 2021 by the Municipality of Northern Bruce Peninsula was \$206,661 (2020 - \$197,600). The contribution rate for 2021 was 9.0% to 15.8% depending on age and income level (2020 - 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. As a result, the municipality does not recognize any share of the OMERS pension surplus or deficit. The last available report for the OMERS plan was December 31, 2021. At that time the plan reported a \$3.10 billion actuarial deficit (2020 - \$3.2 billion), based on actuarial liabilities of \$119.3 billion (2020 - \$111.8 billion) and actuarial assets of \$116.2 billion (2020 - \$108.6 billion). Ongoing adequacy of the current contribution rates will need to be monitored as declines 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, 2021.

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

December 31, 2021

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 (2020 - 7,200). The post-employment benefit at December 31 includes the following components:

	2021	2020
Retirement benefits	\$ 115,700	\$ 119,000
Unamortized actuarial gain	37,600	38,100
	\$ 153,300	\$ 157,100

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% (2020 - 2.2%). For extended health care costs, a 6.49% annual rate of increase was assumed for 2021, decreasing to an ultimate rate of 4% per year for 2041. For dental costs, a 4% annual rate of increase was assumed.

	2021	2020
Current period benefit cost	\$ 8,700	\$ 7,200
Interest costs	2,800	3,500
Benefit payments	(6,300)	(3,600)
Retirement benefit expense	5,200	6,900
Amortization of actuarial gain	(9,000)	(10,300)
Total expense for the year	\$ (3,800)	\$ (3,400)

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

December 31, 2021

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:

	2021	2020
School boards	\$ 2,770,199	\$ 2,766,477
County of Bruce	7,156,989	6,783,853
	<u>\$ 9,927,188</u>	<u>\$ 9,550,330</u>

15. Trust Funds

The trust funds administered by the municipality amounting to \$223,054 (2020 - \$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.
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The Corporation of the Municipality of Northern Bruce Peninsula
Notes to Consolidated Financial Statements

December 31, 2021

18. Uncertainty due to COVID-19

COVID-19 continues to impact Canada and the global economy. 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, 2021

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, 2021

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, 2021	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation and Cultural Services	Planning and Development	2021 Total
Revenue								
Taxation	\$ 615,851	\$ 1,847,553	\$ 3,156,237	\$ 692,833	\$ 76,981	\$ 923,777	\$ 384,907	\$ 7,698,139
Fees and user charges	19,156	819,949	33,130	786,051	52,255	1,340,059	6,768	3,057,368
Specific grants	15,804	10,500	342,218	203,952	-	99,490	99,142	771,106
OMPF grant	124,544	373,632	638,288	140,112	15,568	186,816	77,840	1,556,800
Other revenue	330,200	610,430	(17,119)	2,749	105,180	73,722	44,728	1,149,890
	<u>1,105,555</u>	<u>3,662,064</u>	<u>4,152,754</u>	<u>1,825,697</u>	<u>249,984</u>	<u>2,623,864</u>	<u>613,385</u>	<u>14,233,303</u>
Expenses								
Salaries and benefits	891,554	735,131	903,104	161,549	-	638,484	-	3,329,822
Interest on debt	-	-	-	28,856	-	-	301	29,157
Materials and supplies	560,320	388,868	1,265,025	436,346	11,934	1,096,262	352,732	4,111,487
Contracted services	29,538	1,370,591	127,345	812,658	62,639	2,269	-	2,405,040
Other transfers	-	-	-	-	-	-	49,963	49,963
Rents and financial expenses	-	-	878	-	-	139,039	-	139,917
Amortization	27,583	152,613	1,782,001	276,465	33,042	252,914	-	2,524,618
	<u>1,508,995</u>	<u>2,647,203</u>	<u>4,078,353</u>	<u>1,715,874</u>	<u>107,615</u>	<u>2,128,968</u>	<u>402,996</u>	<u>12,590,004</u>
Annual surplus (deficit)	\$ (403,440)	\$ 1,014,861	\$ 74,401	\$ 109,823	\$ 142,369	\$ 494,896	\$ 210,389	\$ 1,643,299

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	17,904	404,031	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>957,131</u>	<u>2,943,524</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	\$ (434,674)	\$ 595,290	\$ 365,748	\$ 51,917	\$ 92,684	\$ 182,798	\$ 683,785	\$ 1,537,548

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

For the year ended December 31, 2021

	Opening	Contributions Received	Investment Income	Revenue Recognized	Ending
Obligatory Reserve Funds					
Federal gas tax	\$ 133,870	\$ 248,753	\$ 1,608	\$ (120,000)	\$ 264,231
Recreational land	58,708	24,500	343	-	83,551
	192,578	273,253	1,951	(120,000)	347,782
Other					
Source Protection Municipal Implementation Fund	13,977	-	-	-	13,977
Community Collaborations Grant	5,718	-	-	-	5,718
Other	85,226	23,435	-	(23,615)	85,046
	\$ 297,499	\$ 296,688	\$ 1,951	\$ (143,615)	\$ 452,523

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The Corporation of the Municipality of
Northern Bruce Peninsula
Trust Funds
Financial Information
For the year ended December 31, 2021

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The Corporation of the Municipality of Northern Bruce Peninsula
Trust Funds
For the year ended December 31, 2021

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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, 2021, 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, 2021 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
May 24, 2022

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

December 31, 2021

Assets	Cemetery Perpetual Care and Maintenance
Cash	\$ 215,073
Due from general account	7,981
	<hr/>
	\$ 223,054
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, 2021

	<u>Cemetery Perpetual Care and Maintenance</u>
Balance, beginning of the year	\$ 212,849
Receipts	
Bank interest	2,224
Care and maintenance	10,205
	<u>12,429</u>
Expenses	
Transfer to municipality	2,224
	<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, 2021

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.