

Consolidated Financial Information of

**THE CORPORATION OF THE  
TOWN OF THE BLUE MOUNTAINS**

Year ended December 31, 2015

# **THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS**

Consolidated Financial Information

Year ended December 31, 2015

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The Corporation of the Town of The Blue Mountains Financial Statements

Supplementary Financial Information

Museum Statement of Operations

Consolidated Financial Statements of

**THE CORPORATION OF THE TOWN  
OF THE BLUE MOUNTAINS**

Year ended December 31, 2015

# THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Consolidated Financial Statements

Year ended December 31, 2015

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## INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of The Corporation of the Town of The Blue Mountains:

We have audited the accompanying consolidated financial statements of The Corporation of the Town of The Blue Mountains ("the Entity"), which comprise the consolidated financial position as at December 31, 2015 and the consolidated statement 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.

### *Management's Responsibility for the 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.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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*Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of The Corporation of the Town of The Blue Mountains as at December 31, 2015, and its consolidated results of operations and the changes in its net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

June 23, 2016  
Waterloo, Canada

# THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

## Consolidated Statement of Financial Position

December 31, 2015, with comparative information for 2014

	2015	2014
		(Recast – note 2)
<b>Financial assets:</b>		
Cash (note 3)	\$ 12,686,607	\$ 17,318,352
Temporary investments (note 4)	20,431,285	7,784,306
Taxes receivable	3,570,509	5,420,461
Trade and other receivables	4,165,283	4,077,163
Long-term receivables (note 5)	4,039,342	4,597,923
	<u>44,893,026</u>	<u>39,198,205</u>
<b>Liabilities:</b>		
Solid waste closure and post-closure liabilities (note 8)	1,842,486	2,037,685
Post-employment benefits liabilities (note 15)	23,849	28,457
Deferred revenue (page 25)	3,474,051	2,699,929
Long-term liabilities (note 7)	4,467,736	4,769,659
	<u>20,152,727</u>	<u>17,932,463</u>
Net financial assets	24,740,299	21,265,742
<b>Non-financial assets:</b>		
Inventory of supplies	37,769	36,579
Prepaid expenses	98,392	360,662
Tangible capital assets (note 2, note 9)	179,459,147	177,329,336
	<u>179,595,308</u>	<u>177,726,577</u>
Accumulated surplus (note 2, note 10)	\$ 204,335,607	\$ 198,992,319

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

# THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

## Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2015, with comparative information for 2014

	2015 Budget (note 11)	2015 Actual	2014 Actual Recast - note 2)
<b>Revenue:</b>			
Taxation	\$ 13,853,432	\$ 13,843,730	\$ 12,987,892
Fees and user charges	8,273,651	8,494,269	8,264,086
Grants (note 14)	2,105,561	2,430,573	1,590,281
Other income (note 12)	5,127,018	3,174,397	6,478,300
Obligatory reserve fund	1,949,288	3,009,788	1,422,519
<b>Total revenue</b>	<b>\$ 31,308,950</b>	<b>\$ 30,952,757</b>	<b>\$ 30,743,078</b>
<b>Expenses:</b>			
General government	3,933,062	3,373,310	3,414,194
Protection services	5,780,389	5,800,150	5,381,183
Transportation services	6,062,977	5,593,628	5,672,529
Waste management	1,213,924	1,105,498	1,284,742
Water and wastewater	5,250,433	5,439,572	5,311,474
Health services	102,720	109,235	112,802
Recreation and cultural services	3,205,781	3,158,449	3,006,969
Planning and development	1,315,602	1,029,627	997,884
<b>Total expenses</b>	<b>26,864,888</b>	<b>25,609,469</b>	<b>25,181,777</b>
<b>Annual surplus</b>	<b>4,444,062</b>	<b>5,343,288</b>	<b>5,561,301</b>
Accumulated surplus, beginning of year (note 2, note 10)	183,419,307	198,992,319	193,431,018
<b>Accumulated surplus, end of year</b>	<b>\$ 187,863,369</b>	<b>\$ 204,335,607</b>	<b>\$ 198,992,319</b>

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



# THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

## Consolidated Statement of Changes in Net Financial Assets

Year ended December 31, 2015, with comparative information for 2014

	2015 Budget (note 11)	2015 Actual	2014 Actual
Annual surplus	\$ 4,444,062	\$ 5,343,288	\$ 5,561,301
Acquisition of tangible capital assets	(11,874,646)	(8,128,332)	(7,446,821)
Amortization of tangible capital assets	5,700,516	5,968,983	5,849,356
Loss on disposal of tangible capital assets	-	22,498	18,454
Proceeds on disposal of capital assets	-	7,040	15,323
	(6,174,130)	(2,129,811)	(1,563,688)
Change in inventory of supplies	-	(1,190)	534
Change in prepaid expenses	-	262,270	(254,164)
	-	261,080	(253,630)
Increase (decrease) in net financial assets	(1,730,068)	3,474,557	3,743,983
Net financial assets, beginning of year	21,265,742	21,265,742	17,521,759
Net financial assets, end of year	\$ 19,535,674	\$ 24,740,299	\$ 21,265,742

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

# THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

## Consolidated Statement of Cash Flows

Year ended December 31, 2015, with comparative information for 2014

	2015	2014
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 5,343,288	\$ 5,561,301
Items not involving cash:		
Change in solid waste closure and post-closure liabilities	(195,199)	174,339
Change in post-employment benefit liability	(4,608)	(5,951)
Amortization	5,968,983	5,849,356
Loss on disposal of tangible capital assets	22,498	18,454
Contributed capital assets	-	(2,665,400)
	11,134,962	8,932,099
Change in non-cash working capital balances:		
Taxes receivable	1,849,952	131,605
Trade and other receivables	(88,120)	(633,214)
Prepaid expenses	262,270	(254,164)
Inventory of supplies	(1,190)	534
Accounts payable and accrued liabilities	1,947,872	1,450,574
Deferred revenue	774,122	96,488
Net change in cash from operating activities	15,879,868	9,723,922
Capital transactions:		
Cash used to acquire tangible capital assets	(8,128,332)	(4,781,421)
Proceeds on disposal of capital assets	7,040	15,323
Net change in cash from capital transactions	(8,121,292)	(4,766,098)
Investing activities:		
Increase in temporary investments	(12,646,979)	(130,532)
Decrease in long-term receivables	558,581	514,737
Net change from investing activities	(12,088,398)	384,205
Financing activities:		
Repayment of long-term liabilities	(301,923)	(825,112)
Net Change from financing activities	(301,923)	(825,112)
Net change in cash and cash equivalents	(4,631,745)	4,516,917
Cash and cash equivalents, beginning of year	17,318,352	12,801,435
Cash and cash equivalents, end of year	\$ 12,686,607	\$ 17,318,352

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

# THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

## Summary of Significant Accounting Policies

Year ended December 31, 2015

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### 1. Significant accounting policies:

a) Basis of accounting:

The consolidated financial statements of The Corporation of the Town of The Blue Mountains (the "Town") are representations of management. They have been prepared in accordance with the Canadian public sector accounting standards as recommended by the Public Sector Accounting Board (PSAB).

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measureable; expenses are recognized as they are incurred and measureable as a result of receipt of goods or services and the creation of a legal obligation to pay.

b) 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, post-employment benefits 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.

c) Basis of consolidation:

The consolidated statements reflect the assets, liabilities, revenues and expenses of all municipal organizations, 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 Blue Mountains Public Library Board	100%
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Thornbury Business Improvement Area	100%
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The Blue Mountains Attainable Housing Corporation	100%
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A government partnership exists where the municipality has shared control over the board or entity. The municipality's pro-rata share of the assets, liabilities, revenues and expenses are reflected in the financial statements using the proportionate consolidation method. The municipality's proportionate interest of the following government partnership is reflected in the consolidated financial statements.

The following boards controlled by Council have been consolidated:

Georgian Trail Board of Management	41%
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# THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Summary of Significant Accounting Policies (continued)

Year ended December 31, 2015

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## 1. Significant accounting policies (continued):

d) Cash and cash equivalents:

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

e) Temporary investments:

Temporary investments are recorded at the lower of cost or market.

f) Long-term receivables:

Long-term receivables are recorded at cost.

g) Inventory of supplies:

Inventory held for consumption is recorded at the lower of cost and replacement cost. Assets are recorded at cost less accumulated amortization. Costs include all amounts that are directly attributable to the 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 Council. The following rates are used:

Asset	Useful Life - Years
Land improvements	10 to 50 years
Buildings	15 to 50 years
Machinery, equipment and vehicles	5 to 50 years
Water systems	20 to 100 years
Sewer systems	20 to 100 years
Roads	10 to 75 years

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

h) 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.

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

i) County and school board:

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

# THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Summary of Significant Accounting Policies (continued)

Year ended December 31, 2015

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## 1. Significant accounting policies (continued):

### j) 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.

### k) Revenue recognition:

Revenues are recognized as follows:

- a. Tax levies are recognized as revenue when the amounts are levied on the municipality's ratepayers.
- b. Fines and donations are recognized when collected.
- c. 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.
- e. Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized and eligibility criteria have been met and reasonable estimates of the amounts can be made.
- f. Revenue restricted by legislation, regulation or agreement and not available for general municipal purposes is reported as deferred revenue on the consolidated statement of financial position. The revenue is reported on the consolidated statement of operations in the year in which it is used for the specified purpose.

### (j) New accounting standard:

In 2010, PSAB issued PS 3260, Liability for Contaminated Sites. PS 3260 requires that a liability for a contaminated site be recognized when, as at the financial reporting date, all of the following criteria are met with respect to a site or partial site:

- a. An environmental standard exists;
- b. Contamination exceeds the environmental standard;
- c. The government:
  - I. Is directly responsible; or
  - II. Accepts responsibility;
- d. it is expected that future economic benefits will be given up; and
- e. a reasonable estimate of the amount can be made.

The Town adopted the standard effective January 1, 2015. There was no impact of this standard on the financial statements.

# THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Notes to Consolidated Financial Statements

Year ended December 31, 2015

## 2. Recasting Comparative Information – Tangible Capital Assets:

The comparative information for 2014 has been recast to account for Tangible Capital Assets that are owned by the Town that were not captured in its uploading upon adoption of PSAB 3150, in 2009. As a result, the 2014 Accumulated Surplus and tangible capital assets have increased by \$15,573,012.

## 3. Cash:

	2015	2014
Unrestricted	\$ 12,074,277	\$ 17,079,228
Restricted	612,330	239,124
	<u>\$ 12,686,607</u>	<u>\$ 17,318,352</u>

The Town has established segregated interest-bearing bank accounts pursuant to agreements with developers and these funds are for the sole purpose of paying capital costs relating to specific developments.

Cash balances are earning interest at a rate of prime less 1.85%.

The municipality has an available operating facility of \$1,000,000 which was not drawn upon at December 31, 2015. The operating facility is due on demand and bears interest at the bank's prime rate less 0.75%.

## 4. Temporary investments:

	2015	2014
Business Advantage Plus savings account, 1.35%	\$ 1,461,608	\$ 1,836,204
Guaranteed Investment Certificates, 1.45% to 2.15%, due 2016	18,969,677	5,948,102
	<u>\$ 20,431,285</u>	<u>\$ 7,784,306</u>

Investments have a market value of \$20,431,285 (2014 - \$7,784,306) at the end of the year.

# THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2015

## 5. Long-term receivables:

	2015	2014
Water and sewer loans, 3.1% to 5.11%, due 2014 to 2029	\$ 3,038,871	\$ 3,657,981
Tile drainage loans, 6% to 8%, due 2014 to 2016	6,379	11,216
Loan receivable, North East Grey Health Clinics Inc., interest free, due in full on or before December 31, 2015	130,000	165,000
Loan receivable, Marsh Street Community Centre interest free, due in full on or before August 31, 2022	13,966	15,965
Loan receivable Grey Condo 28 Internal Servicing	850,126	747,761
	\$ 4,039,342	\$ 4,597,923

## 6. Accounts payable and accrued liabilities:

	2015	2014
Trade accounts payable	\$ 3,116,910	\$ 2,807,788
Accrued liabilities	874,037	838,214
Developer and other deposits	6,353,658	4,750,731
	\$ 10,344,605	\$ 8,396,733

## 7. Long-term liabilities:

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

	2015	2014
Loan payable, 5.11%, repayable in semi-annual principal instalments of \$40,000 plus interest, due 2031	\$ 1,280,000	\$ 1,360,000
Loan payable, 2%, repayable in blended semi-annual payments of \$128,000, due 2027	2,615,651	2,816,064
Loan payable, 3.58%, repayable in blended semi-annual principal instalments of \$18,687, due 2037	565,706	582,378
Tile drainage loans payable, 6% to 8%, due from 2014 to 2016	6,379	11,217
	\$ 4,467,736	\$ 4,769,659

The interest expense included on the consolidated statements of operations and accumulated surplus totals \$165,072 (2014 - \$193,903).

# THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2015

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## 7. Long-term liabilities (continued):

Principal payments estimated for the next 5 fiscal years, and thereafter, if not demanded, are as follows:

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2016	\$	307,148
2017		306,446
2018		311,284
2019		316,230
2020		321,286
Thereafter		2,905,342
	\$	4,467,736

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## 8. 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, ongoing environmental monitoring, site inspection and maintenance.

The landfill post closure liability is based on the estimated remaining capacity of the site's opened cells. The remaining capacity of the site's opened cells are estimated at 219,400 cubic meters, which will be filled in 25 years (2040). Post-closure care is estimated to continue for a period of 50 years.

Site closure costs in 2040 are estimated at \$1,266,367. Post closure costs including monitoring and maintenance are estimated at approximately \$109,940 per year, or \$5,625,000 over the 50 year monitoring period. The liability for the landfill site is recorded at \$1,842,486 (2014 - \$2,037,685) and represents the present value of closure and post-closure costs for 62% of the site's capacity, using the municipality's average long-term borrowing rate of 4.23%.

The Town has a landfill reserve to help fund a portion of the liability. During 2015, there were no transfers to or from this reserve. The balance of this reserve at December 31, 2015 is \$194,474



# THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2015

## 9. Tangible capital assets

2015	Land	Land Improvements	Buildings	Machinery, equipment and vehicles	Water System	Sewer System	Roads	Work in progress	Total
Cost, beginning of year	\$ 21,547,791	\$ 6,213,513	\$ 27,394,586	\$ 25,594,270	\$ 44,091,831	\$ 59,821,616	\$ 81,060,864	\$ 2,847,159	\$ 268,571,630
Additions	-	76,218	92,880	1,109,310	300,817	476,444	2,971,214	3,101,449	8,128,332
Disposals	-	-	-	(135,560)	-	-	-	-	(135,560)
Transfers	-	3,493,542	293,927	157,700	-	146,039	-	(4,091,208)	-
Cost, end of year	21,547,791	9,783,273	27,781,393	26,725,720	44,392,648	60,444,099	84,032,078	1,857,400	276,564,402
Accumulated amortization, beginning of year	-	2,897,522	9,658,044	12,244,433	13,382,721	12,038,765	41,020,809	-	91,242,294
Amortization	-	349,667	703,604	1,291,352	598,091	732,459	2,293,810	-	5,968,983
Disposals	-	-	-	(106,022)	-	-	-	-	(106,022)
Accumulated amortization, end of year	-	3,247,189	10,361,648	13,429,763	13,980,812	12,771,224	43,314,619	-	97,105,255
Net carrying amount, end of year	\$ 21,547,791	\$ 6,536,084	\$ 17,419,745	\$ 13,295,957	\$ 30,411,836	\$ 47,672,875	\$ 40,717,459	\$ 1,857,400	\$ 179,459,147

# THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2015

## 9. Tangible capital assets (continued):

2014	Land recast – note 2)	Land Improvements	Buildings	Machinery, equipment and vehicles	Water System	Sewer System	Roads	Work in progress	Total
Cost, beginning of year	\$ 21,547,791	\$ 6,158,961	\$ 27,055,782	\$ 25,044,358	\$ 43,485,038	\$ 57,353,398	\$ 79,622,688	\$ 1,368,487	\$ 261,636,503
Additions	-	33,388	338,804	524,327	606,793	1,752,378	1,801,903	2,389,228	7,446,821
Disposals	-	-	-	(139,698)	-	-	(363,727)	(8,269)	(511,694)
Transfers	-	21,164	-	165,283	-	715,840	-	(902,287)	-
Cost, end of year	21,547,791	6,213,513	27,394,586	25,594,270	44,091,831	59,821,616	81,060,864	2,847,159	268,571,630
Accumulated amortization, beginning of year	-	2,668,192	8,852,439	11,110,676	12,791,859	11,306,360	39,141,329	-	85,870,855
Amortization	-	229,330	805,605	1,266,112	590,862	732,405	2,225,042	-	5,849,356
Disposals	-	-	(132,355)	-	-	(345,562)	-	-	(477,917)
Accumulated amortization, end of year	-	2,897,522	9,658,044	12,244,433	13,382,721	12,038,765	41,020,809	-	91,242,294
Net carrying amount, end of year	\$ 21,547,791	\$ 3,315,991	\$ 17,736,542	\$ 13,349,837	\$ 30,709,110	\$ 47,782,851	\$ 40,040,055	\$ 2,847,159	\$ 177,329,336

# THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2015

## 9. Tangible capital assets (continued):

The net book value of tangible capital assets, not being amortized because they are under construction, is \$1,857,400 (2014 - \$2,847,159).

The Town holds various works of art and historical treasures. 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.

\$16,088 (2014 - \$15,597) in interest was capitalized to tangible capital assets during the year.

## 10. Accumulated surplus:

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

	2015	2014
Invested in tangible capital assets:		
Tangible capital assets at cost less amortization	\$ 179,459,147	\$ 177,329,336
Unfinanced capital assets	(4,617,487)	(3,925,837)
Capital assets financed by long-term liabilities and to be funded in future years (note 7)	(4,461,357)	(4,758,443)
Total invested in capital assets	170,380,303	168,645,056
Unfunded vacation and post-employment benefits	(179,853)	(172,465)
Unfunded projects	(212,371)	(209,734)
Unfunded solid waste closure and post-closure costs	(1,842,486)	(2,037,685)
General surplus	670,185	1,103,953
Recreation, community centres and arenas	99,659	91,199
	168,915,437	167,420,324
Reserves and reserve funds	35,420,170	31,571,995
Accumulated surplus	\$ 204,335,607	\$ 198,992,319

# THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2015

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## 10. Accumulated surplus (continued):

	2015	2014
Reserves:		
Working funds	\$ 2,567,416	\$ 2,295,872
Insurance, sick leaves and WSIB	336,777	293,858
Current purposes	2,032,782	1,202,629
Capital purposes	5,551,407	4,643,316
	10,488,382	8,435,675
Reserve Funds:		
Capital purposes	24,931,788	23,136,320
	\$ 35,420,170	\$ 31,571,995

# THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2015

## 11. Budgets:

Under Canadian public sector accounting principles, budget amounts are to be reported on the consolidated statement of operations and changes in net debt for comparative purposes. The 2015 budget amounts approved by Council have been reclassified to conform to the presentation of the consolidated statements of operations and changes in net debt. The following is a reconciliation of the budget approved by Council.

	2015 Budget	2015 Actual	2014 Actual
Annual surplus	\$ 4,444,062	\$ 5,343,288	\$ 5,561,301
Amortization	5,700,516	5,968,983	5,849,356
Change in unfunded liabilities	(82,000)	(187,811)	192,397
Change in unfunded operating expenses	-	2,637	(68,526)
Change in other surpluses	-	(8,460)	(9,829)
	10,062,578	11,118,637	11,524,699
Net transfers to reserves	290,562	(3,848,175)	(2,664,975)
Capital acquisitions, disposals and write-down	(11,874,646)	(8,098,794)	(7,413,044)
Capital projects not funded	1,818,596	691,650	(42,094)
Debt principal repayments	(297,090)	(297,086)	(819,988)
	-	(433,768)	584,598
Prior year general surplus	-	1,103,953	519,355
General surplus (note 10)	\$ -	\$ 670,185	\$ 1,103,953
Revenues	31,308,950	30,952,757	30,743,078
Expenses	26,864,888	25,609,469	25,181,777
Annual surplus	\$ 4,444,062	\$ 5,343,288	\$ 5,561,301

# THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2015

## 12. Other income:

	2015	2014
Working funds	\$ 597,227	\$ 695,127
Other fines and penalties	64,837	76,247
Investment income	520,708	532,766
Licenses, permits and rents	734,535	524,091
Donations	26,777	28,443
Developer contributions	1,204,898	1,768,485
Contributed capital assets	-	2,665,400
Gain/ (Loss) on disposal of capital assets	(22,498)	(18,454)
Other	47,913	206,195
	<b>\$ 3,174,397</b>	<b>\$ 6,478,300</b>

## 13. Government business partnerships:

Georgian Trail Board of Management:

Georgian Trail Board of Management is a joint board under the shared control of the Town, the Town of Collingwood and the Municipality of Meaford. The consolidated financial statements include the municipality's 41% proportionate interest of the following:

	2015	2014
Financial assets	\$ 257,548	\$ 244,608
Liabilities	6,970	14,819
Net financial assets	250,578	229,789
Prepaid expenses	285	285
Accumulated surplus	250,863	230,074
Revenues	63,305	63,305
Expenses	39,155	39,155
Annual surplus	<b>\$ 24,150</b>	<b>\$ 24,150</b>

# THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Notes to Financial Statements (continued)

Year ended December 31, 2015

## 14. Grants:

	2015	2014
Operating:		
Province of Ontario		
Ontario Municipal Partnership Fund (OMPF)	\$ 1,124,300	\$ 1,287,800
Conditional		
Roads	280,921	47,615
Other	179,171	197,832
	1,584,392	1,533,247
Government of Canada		
Other	15,128	5,654
Other municipalities		
Conditional		
Roads	742,335	15,420
Total operating grants	\$ 2,341,855	\$ 1,554,321
Capital:		
Province Ontario		
Conditional		
Other	\$ 42,696	\$ 562
Government of Canada		
Conditional		
Other	46,022	-
Other municipalities		
Conditional		
other	-	35,398
Total capital grants	88,718	35,960
Total grants	\$ 2,430,573	\$ 1,590,281

# THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Notes to Financial Statements (continued)

Year ended December 31, 2015

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## 15. Post-employment benefit:

The Town provides certain retirement benefits to retired employees who met certain requirements upon retirement. The Town pays for the cost of extended health benefits and life insurance for the retired employees. The post-employment benefit at December 31 includes the following component:

	2015	2014
Retirement benefits	\$ 23,849	\$ 28,457

The assumptions used reflect management's best estimates. The post-employment benefit liability was determined using a discount rate of 3.69%. For health and life insurance costs, a 2.12% annual rate of increase was assumed for 2013 and forwards.

## 16. Pension agreements:

The municipality makes contributions to the Ontario Municipality Employees Retirement Systems Fund (OMERS), which is a multi-employer plan, on behalf of its staff. This plan is a defined benefit plan which specifies the amount of the retirement benefits 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 on behalf of 94 members of staff for 2015 current service was \$643,840 (2014 - \$626,951). The contribution rate for 2015 was 9% to 14.6% and 9.3% to 15.9% for firefighters depending on age and income level (2014 – 9.3% to 15.9%).

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, 2015. At that time, the plan reported a \$7 billion actuarial deficit (2014 - \$7 billion actuarial deficit).



# THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Notes to Financial Statements (continued)

Year ended December 31, 2015

## 17. Trust funds:

The trust funds administered by the municipality amounting to \$325,582 (2014 - \$312,279) have not been included in the consolidated statement of financial position nor have the operations been included in the consolidated statement of financial activities. At December 31, 2015 the trust fund balances are as follows:

	2015	2014
Cemetery Care and Maintenance funds	\$ 325,582	\$ 312,279

## 18. Contractual commitments:

- (a) The Town has entered into contracts totalling \$6,740,803 to upgrade and extend road, sewer and water services and purchase equipment. A total of \$3,540,895 remains to be spent. These commitments will be funded by municipal reserve funds, development charges, local improvement charges, government grants and long-term debt.
- (b) The Town has entered into agreements with various contractors for water, winter maintenance, garbage and recycling collection services for the following amounts:

2016	\$	1,046,538
2017		971,943
2018		721,657
2019		590,812
2020 - 2026		5,938,378
<b>Total</b>	<b>\$</b>	<b>9,269,328</b>

- (c) The Town has entered into lease agreements with various contractors for vehicles and equipment for the following amounts:

2016	\$	90,003
2017		90,017
2018		87,655
2019		91,584
2020		100,520
<b>Total</b>	<b>\$</b>	<b>459,779</b>

# THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Notes to Financial Statements (continued)

Year ended December 31, 2015

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## 19. Subdivision agreements:

As part of various subdivision agreements, the Town has received letters of credit to cover developers' responsibilities in completing the projects as well as covering unpaid municipal levies. Letters of credit held by the Town at December 31, 2015 amount to \$10,250,074 (2014 - \$10,529,654).

## 20. Contingencies:

OMERS has notified the Town that the Town may be required to pay OMERS contributions for an omission period from 1998 to 2007. The effect on expenses, if any, will be recorded in the fiscal year in which it can be determined.

The Town is subject to various litigation and claims arising in the normal course of its operations. The final outcome of the outstanding claims cannot be determined at this time. Management assesses such claims and where considered likely to be material exposure and, where the amount of the claim is quantifiable, provisions for loss are made based on management's assessment of likely outcome. The Town does not provide for claims that are considered unlikely to result in a significant loss, claims for which the outcome is not determinable or claims where the amount of loss cannot be reasonably estimated. Any settlements or awards under such claims are provided when reasonably determinable. It is the opinion of management that exposure to property, liability and accident claims is adequately covered by the Town's insurance coverage.

## 21. Segmented information:

The Town is a diversified municipal government institution that provides a wide range of services to its citizens such as police, fire, sewer, water, waste collection, disposal and recycling, recreational, library 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:

### (a) General government:

This item relates to the revenues and expense that relate to the governance and operation of the municipality itself and cannot be directly attributed to a specific segment.

### (b) Protection to persons and property services:

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

# THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Notes to Financial Statements (continued)

Year ended December 31, 2015

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## 21. Segmented information (continued):

(c) Transportation services:

Transportation is responsible for construction and maintenance of the municipality's roadways, bridges, parking areas and streetlighting.

(d) Waste management:

Waste management consists of providing solid waste collection, landfill and disposal services. It also consists of environmental initiatives.

(e) Water and wastewater:

Water and wastewater consist of providing collection, distribution and treatment services. It also ensures the municipality's water system meets all Provincial standards.

(f) Health services:

Health services include contributions to the operations of local cemeteries.

(g) Recreational and cultural services:

This service area provides services meant to improve the health and development of the Town's citizens. The Town operates and maintains parks and arenas. The municipality also provides library services and recreational programs.

(h) Planning and development:

This department is responsible for planning and zoning, including the Official Plan. This service area also includes tourist information and promotion, business improvement area, weed control 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, penalties and interest:

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

- OMPF grants:

Allocated to segments based on the actuals for the year.

# THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Notes to Financial Statements (continued)

Year ended December 31, 2015

## 21. Segmented information (continued):

2015	General government	Protection services	Transportation services	Waste management	Water and wastewater	Health Services	Recreation and cultural services	Planning and development	Total
<b>Revenue</b>									
Taxation	\$ 2,435,690	\$ 3,840,880	\$ 4,038,864	\$ 798,222	\$ -	\$ 78,873	\$ 1,956,275	\$ 694,926	\$13,843,730
Fees and user charges	35,228	215,494	34,651	420,964	6,651,523	35,994	751,258	349,157	8,494,269
Specific grants	15,342	10,877	294,840	847,219	538	-	137,457	-	1,306,273
OMPF grant	197,812	311,932	328,011	64,826	-	6,406	158,876	56,437	1,124,300
Other revenue	1,109,128	740,205	1,153,301	10,133	104,867	17,934	38,829	-	3,174,397
Transfers from obligatory reserve	-	37,350	620,118	309,423	245,904	-	1,780,139	16,854	3,009,788
	\$ 3,793,200	\$ 5,156,738	\$ 6,469,785	\$ 2,450,787	\$ 7,002,832	\$ 139,207	\$ 4,822,834	\$ 1,117,374	\$ 30,952,757
<b>Expenses</b>									
Salaries and benefits	\$ 2,182,952	\$ 1,983,809	\$ 1,400,013	\$ 235,665	\$ 1,423,094	\$ 30,895	\$ 1,630,102	\$ 646,130	\$ 9,532,660
Interest on debt	55,163	20,677	514	-	68,303	-	2,637	924	148,218
Materials and supplies	188,914	387,765	1,133,742	20,581	1,655,021	26,207	749,111	89,332	4,250,673
Contracted services	426,741	2,847,118	547,229	682,550	216,706	10,698	206,651	260,396	5,198,089
Other transfers	-	306,540	-	-	-	30,660	-	30,343	367,543
Rent and financials	101,780	885	6,359	1,150	21,139	2,923	9,067	-	143,303
Amortization	417,760	253,356	2,505,771	165,552	2,055,309	7,852	560,881	2,502	5,968,983
	\$ 3,373,310	\$ 5,800,150	\$ 5,593,628	\$ 1,105,498	\$ 5,439,572	\$ 109,235	\$ 3,158,449	\$ 1,029,627	\$ 25,609,469
<b>Total Annual surplus (deficit)</b>	<b>\$ 419,890</b>	<b>\$ (643,412)</b>	<b>\$ 876,157</b>	<b>\$ 1,354,289</b>	<b>\$ 1,563,260</b>	<b>\$ 29,972</b>	<b>\$ 1,664,385</b>	<b>\$ 87,747</b>	<b>\$ 5,343,288</b>

# THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Notes to Financial Statements (continued)

Year ended December 31, 2015

## 21. Segmented information (continued):

2014	General government	Protection services	Transportation services	Waste management	Water and wastewater	Health Services	Recreation and cultural services	Planning and development	Total
<b>Revenue</b>									
Taxation	\$ 2,354,113	\$ 3,350,568	\$ 3,911,259	\$ 885,841	\$ -	\$ 77,779	\$ 1,760,107	\$ 648,225	\$12,987,892
Fees and user charges	33,239	230,139	138,529	371,486	6,489,455	26,257	769,401	205,580	8,264,086
Specific grants	8,866	12,642	64,594	109,328	948	-	87,611	18,492	302,481
OMPF grant	233,419	332,222	387,817	87,835	-	7,712	174,521	64,274	1,287,800
Other revenue	1,295,250	561,215	1,537,735	28,347	2,923,615	8,587	123,551	-	6,478,300
Transfers from obligatory reserve	41,442	37,374	46,959	457,267	783,450	-	56,027	-	1,422,519
	\$ 3,966,329	\$ 4,524,160	\$ 6,086,893	\$ 1,940,104	\$ 10,197,468	\$ 120,335	\$ 2,971,218	\$ 936,571	\$ 30,743,078
<b>Expenses</b>									
Salaries and benefits	\$ 2,220,147	\$ 1,730,424	\$ 1,431,401	\$ 237,080	\$ 1,373,626	\$ 27,354	\$ 1,528,148	\$ 623,777	\$ 9,171,957
Interest on debt	61,775	21,366	237	-	101,807	-	3,067	1,232	189,484
Materials and supplies	378,484	345,779	1,148,122	368,988	1,615,674	35,296	733,729	92,693	4,718,765
Contracted services	343,099	2,707,793	643,280	635,994	161,346	7,123	78,607	251,837	4,829,079
Other transfers	-	314,030	-	-	-	30,000	-	25,558	369,588
Rent and financials	9,361	1,982	6,509	1,066	21,528	5,177	7,638	285	53,546
Amortization	401,328	259,809	2,442,980	41,614	2,037,493	7,852	655,780	2,502	5,849,358
	\$ 3,414,194	\$ 5,381,183	\$ 5,672,529	\$ 1,284,742	\$ 5,311,474	\$ 112,802	\$ 3,006,969	\$ 997,884	\$ 25,181,777
<b>Annual surplus (deficit)</b>	<b>\$ 552,135</b>	<b>\$ (857,023)</b>	<b>\$ 414,364</b>	<b>\$ 655,362</b>	<b>\$ 4,885,994</b>	<b>\$ 7,533</b>	<b>\$ (35,751)</b>	<b>\$ (61,313)</b>	<b>\$ 5,561,301</b>

**22. Comparative information:**

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.

# THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

## Schedule of Deferred Revenue

Year ended December 31, 2015

	Opening	Contributions received	Investment Income	Revenue recognized	Ending
<b>Obligatory reserve funds:</b>					
Development Charges	\$ 373,855	\$ 3,451,776	\$ 14,097	\$ (2,543,934)	\$ 1,295,794
Recreational land	1,042,311	84,300	10,622	-	1,137,233
Parking revenues	31,460	-	316	-	31,776
Federal gas tax	544,931	186,849	5,916	(465,854)	271,842
	<u>\$ 1,992,557</u>	<u>\$ 3,722,925</u>	<u>\$ 30,951</u>	<u>\$ (3,009,788)</u>	<u>\$ 2,736,645</u>
<b>Other:</b>					
Provincial grants	\$ -	\$ 16,250	\$ -	\$ -	\$ 16,250
Hall deposits	-	-	-	-	-
Harbour deposits	9,600	4,450	-	(3,600)	10,450
Developer contributions	273,803	340,666	-	(273,290)	341,179
Engineering fees	227,789	-	-	-	227,789
Other	196,180	106,141	-	(160,583)	141,738
	<u>\$ 707,372</u>	<u>\$ 467,507</u>	<u>\$ -</u>	<u>\$ (437,473)</u>	<u>\$ 737,406</u>
	<u>\$ 2,699,929</u>	<u>\$ 4,190,432</u>	<u>\$ 30,951</u>	<u>\$ (3,447,261)</u>	<u>\$ 3,474,051</u>

Supplementary Financial Information

**THE CORPORATION OF THE  
TOWN OF THE BLUE MOUNTAINS**

Year ended December 31, 2015





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## **AUDITORS' REPORT ON SUPPLEMENTARY FINANCIAL INFORMATION**

To the Members of Council, Inhabitants and Ratepayers of The Corporation of the Town of The Blue Mountains.

We have audited the consolidated financial statements of The Corporation of the Town of The Blue Mountains (the "Town"), which comprise the consolidated statements of financial position as at December 31, 2015, 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, and have issued our report thereon dated June 23, 2016 which contained an unmodified opinion on those consolidated financial statements. The audit was performed to form an opinion on the consolidated financial statements as a whole. The supplementary financial information is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. Such supplementary financial information is the responsibility of management and was derived from the underlying accounting and other records used to prepare the consolidated financial statements.

The supplementary financial information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such supplementary information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves.

### *Restriction on distribution and use*

The supplementary financial information is prepared to assist the Town's management to meet the requirements of the Ontario Ministry of Tourism and Culture. As a result, the supplementary financial information may not be suitable for another purpose. Our report is intended solely for the Town's management and the Ontario Ministry of Tourism and Culture and should not be distributed to or used by parties other than the Town's management or the Ontario Ministry of Tourism and Culture.

Chartered Professional Accountants, Licensed Public Accountants

June 23, 2016  
Waterloo, Canada

# THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Museum Statement of Operations

(See Auditors' Comments on Supplementary Financial Information)

Year ended December 31, 2015, with comparative information for 2014

	2015	2014
Revenues:		
Donations	\$ 436	\$ 444
Admission, program fees and membership	20	294
Sundry	125	445
Rent	5,000	5,000
	<u>5,581</u>	<u>6,183</u>
Expenditures		
Exhibits and programs	43,912	43,117
Operating supplies	4,408	6,486
Maintenance of premises and utilities	15,739	17,237
Professional services	1,050	1,025
	<u>65,109</u>	<u>67,865</u>
Annual deficit	(59,528)	(61,682)
Funded by the Town of The Blue Mountains	59,528	61,682
	<u>\$ -</u>	<u>\$ -</u>