

Consolidated Financial Statements of

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

Year ended December 31, 2020

THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Consolidated Financial Statements

Year ended December 31, 2020

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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 consolidated financial statements of The Corporation of the Town of The Blue Mountains (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2020
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2020, and its results of consolidated operations, its changes in net financial assets and its 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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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



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

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

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.



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- 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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Canada

June 17, 2021

THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Consolidated Statement of Financial Position

December 31, 2020, with comparative information for 2019

	2020	2019
Financial assets:		
Cash (note 2)	\$ 14,475,613	\$ 11,035,515
Temporary investments (note 3)	67,113,338	59,763,610
Taxes receivable	3,465,565	3,313,452
Trade and other receivables	3,820,997	3,416,832
Long-term receivables (note 4)	2,908,834	3,380,028
	91,784,347	80,909,437
Liabilities:		
Accounts Payable and accrued liabilities (note 5)	13,731,718	12,543,784
Solid waste closure and post-closure liabilities (note 7)	6,208,960	6,176,939
Deferred revenue (note 19)	31,656,531	24,503,428
Long-term liabilities (note 6)	3,414,516	3,776,589
	55,011,725	47,000,740
Net financial assets	36,772,622	33,908,697
Non-financial assets:		
Inventory of supplies	97,601	81,763
Prepaid expenses	254,449	232,575
Tangible capital assets (note 8)	192,460,281	185,507,609
	192,812,331	185,821,947
Accumulated surplus (note 9)	\$ 229,584,953	\$ 219,730,644

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, 2020, with comparative information for 2019

	2020 Budget (note 10)	2020 Actual	2019 Actual
Revenue:			
Taxation	\$ 17,322,926	\$ 17,283,131	\$ 17,406,378
Fees and user charges	10,692,840	9,809,345	9,916,408
Grants (note 12)	1,631,223	2,677,691	2,396,872
Other income (note 11)	3,672,819	9,433,248	15,278,606
Obligatory reserve fund (note 19)	16,066,359	4,060,469	1,335,660
Total revenue	\$ 49,386,167	\$ 43,263,884	\$ 46,333,924
Expenses:			
General government	5,665,962	5,289,073	4,462,431
Protection services	7,165,178	6,638,097	6,702,122
Transportation services	7,192,931	6,537,181	6,713,980
Waste management	2,143,700	2,512,600	6,599,352
Water and wastewater	6,313,514	6,332,648	6,206,039
Health services	103,368	95,433	78,207
Recreation and cultural services	4,069,067	3,932,679	3,885,543
Planning and development	1,907,653	2,071,864	1,841,632
Total expenses	34,561,373	33,409,575	36,489,306
Annual surplus	14,824,794	9,854,309	9,844,618
Accumulated surplus, beginning of year (note 9)	219,730,644	219,730,644	209,886,026
Accumulated surplus, end of year	\$ 234,555,438	\$ 229,584,953	\$ 219,730,644

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, 2020, with comparative information for 2019

	2020 Budget (note 10)	2020 Actual	2019 Actual
Annual surplus	\$ 14,824,794	\$ 9,854,309	\$ 9,844,618
Acquisition of tangible capital assets	(17,943,248)	(13,880,681)	(16,879,219)
Amortization of tangible capital assets	6,637,451	6,744,254	6,613,307
Loss/(gain) on disposal of tangible capital assets	-	(16,316)	169,327
Proceeds on disposal of tangible capital assets	-	200,071	41,105
	(11,305,797)	(6,952,672)	(10,055,480)
Change in inventory of supplies	-	(15,838)	(17,896)
Change in prepaid expenses	-	(21,874)	(62,630)
	-	(37,712)	(80,526)
Increase in net financial assets	3,518,997	2,863,925	(291,388)
Net financial assets, beginning of year	33,908,697	33,908,697	34,200,085
Net financial assets, end of year	\$ 37,427,694	\$ 36,772,622	\$ 33,908,697

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, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 9,854,309	\$ 9,844,618
Items not involving cash:		
Change in solid waste closure and post-closure liabilities	32,021	4,431,525
Change in post-employment benefit liability	-	(4,957)
Amortization of tangible capital assets	6,744,254	6,613,307
Contributed tangible capital assets	(6,171,516)	(11,648,164)
Loss/(gain) on disposal of tangible capital assets	(16,316)	169,327
	10,442,752	9,405,656
Change in non-cash working capital balances:		
Taxes receivable	(152,113)	(816,544)
Trade and other receivables	(404,165)	(217,762)
Prepaid expenses	(21,874)	(62,630)
Inventory of supplies	(15,838)	(17,896)
Accounts payable and accrued liabilities	1,187,934	1,143,328
Deferred revenue	7,153,103	7,958,591
Net change in cash from operating activities	18,189,799	17,392,743
Capital transactions:		
Cash used to acquire tangible capital assets	(7,709,165)	(5,231,055)
Proceeds on disposal of tangible capital assets	200,071	41,105
Net change in cash from capital transactions	(7,509,094)	(5,189,950)
Investing activities:		
Increase in temporary investments	(7,349,728)	(14,706,686)
Collection of long-term receivables	471,194	530,596
Net change from investing activities	(6,878,534)	(14,176,090)
Financing activities:		
Repayment of long-term liabilities	(362,073)	(884,212)
Net change from financing activities	(362,073)	(884,212)
Net change in cash	3,440,098	(2,857,509)
Cash, beginning of year	11,035,515	13,893,024
Cash, end of year	\$ 14,475,613	\$ 11,035,515

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, 2020

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 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.

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%
Thornbury Business Improvement Area	100%
The Blue Mountains Attainable Housing Corporation (BMAHC)	100%

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.

THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Summary of Significant Accounting Policies (continued)

Year ended December 31, 2020

1. Significant accounting policies (continued):

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.

h) Tangible capital 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.

i) 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.

j) 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.

k) 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 TOWN OF THE BLUE MOUNTAINS

Summary of Significant Accounting Policies (continued)

Year ended December 31, 2020

1. Significant accounting policies (continued):

l) 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.

m) 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 CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Notes to Consolidated Financial Statements

Year ended December 31, 2020

2. Cash:

	2020	2019
Unrestricted	\$ 14,475,613	\$ 11,035,515
	\$ 14,475,613	\$ 11,035,515

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, 2020. The operating facility is due on demand and bears interest at the bank's prime rate less 0.75%.

3. Temporary investments:

	2020	2019
High Interest Savings Account, 1.915% to 2.415%	\$ 29,298,655	\$ 28,903,648
Guaranteed Investment Certificates, 1.78% to 2.7%, due 2021 to 2022	37,814,683	30,859,962
	\$ 67,113,338	\$ 59,763,610

Investments have a market value of \$67,113,338 (2019 - \$59,763,610) as at December 31, 2020.

THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

4. Long-term receivables:

	2020	2019
Water and sewer loans, 5.5% to 18%, due to 2029	\$ 2,830,834	\$ 3,302,028
Loan receivable, North East Grey Health Clinics Inc., interest free, due in full on or before September 30, 2021	78,000	78,000
	\$ 2,908,834	\$ 3,380,028

5. Accounts payable and accrued liabilities:

	2020	2019
Trade accounts payable	\$ 5,333,880	\$ 4,424,877
Accrued liabilities	623,687	1,186,441
Developer and other deposits	7,771,329	6,926,687
Post-employment benefits liabilities	2,822	5,779
	\$ 13,731,718	\$ 12,543,784

6. Long-term liabilities:

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

	2020	2019
Loan payable, 5.11%, repayable in semi-annual principal instalments of \$40,000 plus interest, due 2031	\$ 880,000	\$ 960,000
Loan payable, 2%, repayable in blended semi-annual payments of \$128,000, due 2027	1,551,661	1,773,028
Loan payable, 3.58%, repayable in blended semi-annual payments of \$18,687, due 2037	472,863	492,771
Loan payable, 3.21% repayable in blended semi-annual payments of \$30,141, due 2033	509,992	550,790
	\$ 3,414,516	\$ 3,776,589

The interest expense included on the consolidated statements of operations and accumulated surplus totals \$114,573 (2019 - \$125,138).

THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

6. Long-term liabilities (continued):

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

2021	\$	367,263
2022		372,540
2023		377,942
2024		383,548
2025		389,115
Thereafter		1,524,108
	\$	3,414,516

7. 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 180,200 cubic meters, which will be filled in 27 years (2047). Post-closure care is estimated to continue for a period of 50 years.

Site closure costs in 2047 are estimated at \$1,476,049. Post closure costs including monitoring and maintenance are estimated at approximately \$244,510 per year, or \$12,379,000 over the 50 year monitoring period. The liability for the landfill site is recorded at \$6,208,960 (2019 - \$6,176,939) and represents the present value of closure and post-closure costs for 68% of the site's capacity, using the municipality's average long-term borrowing rate of 3.48%.

The Town has a landfill reserve to help fund a portion of the liability. During 2020, there was \$51,000 transferred to this reserve. The balance of this reserve at December 31, 2020 is \$406,858.

During 2019 revised estimates of closure and post closure costs were made to account for management of leachate via haulage (versus forcemain), increased Town Wastewater Plant treatment fees, and added odour related leachate pre-treatment costs.

THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

8. Tangible capital assets

2020	Land	Land Improvements	Buildings	Machinery, equipment and vehicles	Water System	Sewer System	Roads	Work in progress	Total
Cost, beginning of year	\$23,781,606	\$10,901,026	\$29,302,878	\$32,772,647	\$47,465,438	\$62,872,765	\$93,477,803	\$2,242,603	\$302,816,766
Additions	1,458,244	212,375	445,072	1,400,692	1,251,048	983,637	4,605,184	3,524,429	13,880,681
Disposals	(80,513)	(103,200)	-	(378,875)	-	-	(35,267)	-	(597,855)
Transfers	-	217,480	2,367	25,250	-	-	10,916	(256,013)	-
Cost, end of year	25,159,337	11,227,681	29,750,317	33,819,714	48,716,486	63,856,402	98,058,636	5,511,019	316,099,592
Accumulated amortization, beginning of year	-	5,219,316	12,730,502	16,346,442	16,237,768	15,694,283	51,080,846	-	117,309,157
Amortization	-	475,046	773,860	1,697,730	608,942	768,628	2,420,048	-	6,744,254
Disposals	-	(19,608)	-	(362,821)	-	-	(31,671)	-	(414,100)
Accumulated amortization, end of year	-	5,674,754	13,504,362	17,681,351	16,846,710	16,462,911	53,469,223	-	123,639,311
Net carrying amount, end of year	\$25,159,337	\$5,552,927	\$16,245,955	\$16,138,363	\$31,869,776	\$47,393,491	\$44,589,413	\$5,511,019	\$192,460,281

THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

8. Tangible capital assets (continued):

2019	Land	Land Improvements	Buildings	Machinery, equipment and vehicles	Water System	Sewer System	Roads	Work in progress	Total
Cost, beginning of year	\$22,125,165	\$10,557,025	\$28,863,679	\$31,810,869	\$44,993,122	\$60,654,769	\$86,671,128	\$1,525,039	\$287,200,796
Additions	1,656,441	172,166	45,056	1,399,839	2,536,218	2,217,996	7,336,731	1,514,772	16,879,219
Disposals	-	-	-	(489,728)	(179,251)	-	(575,125)	(19,145)	(1,263,249)
Transfers	-	171,835	394,143	51,667	115,349	-	45,069	(778,063)	-
Cost, end of year	23,781,606	10,901,026	29,302,878	32,772,647	47,465,438	62,872,765	93,477,803	2,242,603	302,816,766
Accumulated amortization, beginning of year	-	4,718,698	11,966,724	15,198,718	15,713,824	14,942,619	49,208,084	-	111,748,667
Amortization	-	500,618	763,778	1,627,901	586,003	751,664	2,383,343	-	6,613,307
Disposals	-	-	-	(480,177)	(62,059)	-	(510,581)	-	(1,052,817)
Accumulated amortization, end of year	-	5,219,316	12,730,502	16,346,442	16,237,768	15,694,283	51,080,846	-	117,309,157
Net carrying amount, end of year	\$23,781,606	\$5,681,710	\$16,572,376	\$16,426,205	\$31,227,670	\$47,178,482	\$42,396,957	\$2,242,603	\$185,507,609

THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

8. Tangible capital assets (continued):

The net book value of tangible capital assets, not being amortized because they are under construction, is \$5,511,019 (2019 - \$2,242,603).

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.

In 2020, NIL interest (2019 - NIL) was capitalized to tangible capital assets during the year.

9. Accumulated surplus:

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

	2020	2019
Invested in tangible capital assets:		
Tangible capital assets at cost less accumulated amortization	\$ 192,460,281	\$ 185,507,609
Unfinanced tangible capital assets	(4,150,366)	(3,604,213)
Tangible capital assets financed by long-term liabilities and to be funded in future years (note 6)	(3,414,516)	(3,776,589)
Total invested in tangible capital assets	184,895,399	178,126,807
Unfunded vacation and post-employment benefits	(215,412)	(123,665)
Unfunded projects	(116,362)	(104,101)
Unfunded solid waste closure and post-closure costs	(6,208,960)	(6,176,939)
General surplus	(75,457)	35,318
Attainable Housing Corporation	21,470	170,042
	178,300,678	171,927,462
Reserves and reserve funds	51,284,275	47,803,182
Accumulated surplus	\$ 229,584,953	\$ 219,730,644

THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

9. Accumulated surplus (continued):

	2020	2019
Reserves:		
Working funds	\$ 3,428,725	\$ 3,967,894
Insurance, sick leaves and WSIB	563,076	504,176
Current purposes	4,060,375	3,943,210
Capital purposes	2,262,438	1,612,938
	10,314,614	10,028,218
Reserve Funds:		
Capital purposes	40,969,661	37,774,964
	\$ 51,284,275	\$ 47,803,182

THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

10. 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 2020 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.

	2020 Budget	2020 Actual
Annual surplus	\$ 14,824,794	\$ 9,854,309
Amortization of tangible capital assets	6,637,451	6,744,254
Change in unfunded liabilities	-	123,768
Change in unfunded operating expenses	-	12,261
Change in other surpluses	-	148,572
	21,462,245	16,883,164
Net transfers to reserves	(3,137,497)	(3,481,093)
Tangible capital asset acquisitions, disposals and write-downs	(17,943,248)	(13,696,926)
Capital projects not funded	-	546,153
Long-term liabilities principal repayments	(381,500)	(362,073)
	-	(110,775)
Prior year general surplus	-	35,318
General surplus (note 9)	\$ -	\$ (75,457)
Revenues	-	43,263,884
Expenses	-	33,409,575
Annual surplus	\$ -	\$ 9,854,309

THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

11. Other income:

	2020	2019
Tax penalty and interest	\$ 195,588	\$ 372,093
Other fines and penalties	75,084	80,420
Investment	799,534	1,233,953
Licenses, permits and rents	1,525,846	1,226,416
Donations	11,611	9,825
Developer contributions	60,587	49,924
Contributed tangible capital assets	6,171,516	11,648,164
Gain/(loss) on disposal of tangible capital assets	16,316	(169,327)
Other	577,166	827,138
	<u>\$ 9,433,248</u>	<u>\$ 15,278,606</u>

THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

12. Grants:

	2020	2019
Operating:		
Province of Ontario		
Unconditional Grants	\$ 1,302,300	\$ 1,933,847
Conditional		
Roads	28,688	49,214
Other	1,130,391	240,630
	2,461,379	2,223,691
Government of Canada		
Other	140,671	40,152
Other municipalities		
Conditional		
Roads	-	1,676
Other	13,166	5,816
Total operating grants	\$ 2,615,216	\$ 2,271,335
Capital:		
Province Ontario		
Conditional		
Other	\$ 62,475	\$ 125,537
Total capital grants	\$ 62,475	\$ 125,537
Total grants	\$ 2,677,691	\$ 2,396,872

THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

13. 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 113 members of staff for 2020 current service was \$979,603 (2019 - \$886,435). The contribution rate for 2020 was 9.0% to 14.6% and 9.2% to 15.8% for firefighters depending on age and income level (2019 -9.0% to 14.6% and 9.2% 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, 2020. At that time, the plan reported a \$3.2 billion actuarial deficit (2019 - \$3.4 billion actuarial deficit).

14. Trust funds:

The trust funds administered by the municipality amounting to \$412,646 (2019 - \$393,096) 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, 2020 the trust fund balances are as follows:

	2020	2019
Cemetery Care and Maintenance funds	\$ 412,646	\$ 393,096

15. Contractual commitments:

- (a) The Town has entered into contracts totaling \$13,878,076 to upgrade and extend road, sewer and water services and purchase equipment. A total of \$8,387,230 remains to be spent. These commitments will be funded by municipal reserve funds, development charges, local improvement charges, government grants and long-term debt.
- (c) The Town has entered into lease agreements with various vendors for equipment for the following amounts:

2021	\$	118,355
2022		89,787
2023		91,541
2024		93,396
2025		95,252
Total	\$	488,331

THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

16. 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, 2020 amount to \$16,833,279 (2019 - \$20,106,484).

17. Claims and Lawsuits:

From time to time, the Town is subject to claims and other lawsuits that arise in the ordinary course of business, some of which may seek damages in substantial amounts.

These claims may be covered by the Town's insurance up to a maximum of \$50 million in coverage for any one occurrence and in the annual aggregate for products and completed operations during the policy period.

Liability for these claims and lawsuits are recorded to the extent that the probability of a loss is likely and it is estimable.

18. 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 full time firefighters and 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.

(c) Transportation services:

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

THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

18. Segmented information (continued):

(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.

- Unconditional grants:

Allocated to segments based on the actuals for the year.

THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

18. Segmented information (continued):

2020	General government	Protection services	Transportation services	Waste management	Water and wastewater	Health Services	Recreation and cultural services	Planning and development	Total
Revenue									
Taxation	\$ 3,548,860	\$ 3,790,090	\$ 4,386,315	\$ 1,685,904	\$ -	\$ 64,034	\$ 2,430,736	\$ 1,377,192	\$ 17,283,131
Fees and user charges	40,678	236,726	81,583	434,435	7,440,372	20,742	728,767	826,042	9,809,345
Grants	494,998	493,262	676,440	388,801	-	8,080	442,336	173,774	2,677,691
Other	1,104,722	1,533,707	4,015,687	4,294	2,230,627	30,166	512,529	1,516	9,433,248
Transfers from Obligatory reserve	105,902	49,317	1,430,970	65,696	2,243,783	-	164,801	-	4,060,469
	\$ 5,295,160	\$ 6,103,102	\$ 10,590,995	\$ 2,579,130	\$ 11,914,782	\$ 123,022	\$ 4,279,169	\$ 2,378,524	\$ 43,263,884
Expenses									
Salaries and benefits	\$ 3,080,539	\$ 2,685,372	\$ 1,944,856	\$ 370,425	\$ 1,893,400	\$ 23,765	\$ 2,304,203	\$ 1,573,579	\$ 13,876,139
Interest on long-term liabilities	34,028	17,410	-	-	46,278	-	16,857	-	114,573
Materials and supplies	688,601	343,945	1,333,048	211,954	1,765,781	19,412	719,171	117,490	5,199,402
Contracted services	801,912	2,842,057	456,091	1,497,705	199,342	4,814	191,683	301,930	6,295,534
Other transfers	4,581	411,871	-	-	-	43,000	-	32,653	492,105
Rent and financials	151,070	37,677	71,465	87,804	171,535	2,810	123,958	41,250	687,569
Amortization of tangible capital asset	528,342	299,765	2,731,721	344,712	2,256,312	1,632	576,807	4,962	6,744,253
	\$ 5,289,073	\$ 6,638,097	\$ 6,537,181	\$ 2,512,600	\$ 6,332,648	\$ 95,433	\$ 3,932,679	\$ 2,071,864	\$ 33,409,575
Total Annual surplus (deficit)	\$ 6,087	\$ (534,995)	\$ 4,053,814	\$ 66,530	\$ 5,582,134	\$ 27,589	\$ 346,490	\$ 306,660	\$ 9,854,309

THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

18. Segmented information (continued):

2019	General government	Protection services	Transportation services	Waste management	Water and wastewater	Health Services	Recreation and cultural services	Planning and development	Total
Revenue									
Taxation	\$ 2,719,876	\$ 3,407,871	\$ 4,092,208	\$ 4,014,186	\$ -	\$ 47,668	\$ 2,173,992	\$ 950,577	\$ 17,406,378
Fees and user charges	39,774	288,213	24,706	586,345	7,266,963	9,042	873,278	828,087	9,916,408
Grants	304,156	419,571	620,223	655,311	175	5,296	284,431	107,709	2,396,872
Other	1,389,505	1,221,350	7,046,645	4,520	5,106,935	43,462	458,045	8,144	15,278,606
Transfers from Obligatory reserve	591,648	37,321	118,015	431	290,337	-	297,908	-	1,335,660
	\$ 5,044,959	\$ 5,374,326	\$ 11,901,797	\$ 5,260,793	\$ 12,664,410	\$ 105,468	\$ 4,087,654	\$ 1,894,517	\$ 46,333,924
Expenses									
Salaries and benefits	\$ 2,793,249	\$ 2,829,383	\$ 1,998,090	\$ 371,886	\$ 1,801,603	\$ 21,134	\$ 2,118,583	\$ 1,278,562	\$ 13,212,490
Interest on long-term liabilities	38,382	18,106	-	-	50,529	-	18,120	-	125,137
Materials and supplies	428,217	334,684	1,282,331	248,615	1,602,253	25,069	775,976	157,601	4,854,746
Contracted services	606,202	2,775,199	704,395	1,158,894	377,372	5,680	238,990	386,211	6,252,943
Other transfers	52,353	401,730	7,500	-	-	20,000	-	5,214	486,797
Rent and financials	50,502	37,238	34,687	4,478,643	205,550	4,692	123,492	9,082	4,943,886
Amortization of tangible capital	493,526	305,782	2,686,977	341,314	2,168,732	1,632	610,382	4,962	6,613,307
	\$ 4,462,431	\$ 6,702,122	\$ 6,713,980	\$ 6,599,352	\$ 6,206,039	\$ 78,207	\$ 3,885,543	\$ 1,841,632	\$ 36,489,306
Total Annual surplus (deficit)	\$ 582,528	\$ (1,327,796)	\$ 5,187,817	\$ (1,338,559)	\$ 6,458,371	\$ 27,261	\$ 202,111	\$ 52,885	\$ 9,844,618

THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

19. Deferred revenue:

	Opening balance	Contributions received	Investment Income	Revenue recognized	Ending balance
Obligatory reserve funds:					
Development Charges	\$ 19,780,734	\$ 9,378,323	\$ 342,599	\$ (3,521,669)	\$ 25,979,987
Recreational land	791,311	445,250	10,657	-	1,247,218
Parking revenues	33,713	-	465	-	34,178
Federal gas tax	476,844	213,112	6,039	(538,800)	157,195
	\$ 21,082,603	\$ 10,036,685	\$ 359,760	\$ (4,060,469)	\$ 27,418,579
Other:					
Grants and Other	\$ 1,398,928	\$ 3,764,642	\$ -	\$ (2,802,702)	\$ 2,360,868
Short Term Accommodation	122,725	36,259	-	-	158,984
Harbour deposits	19,151	15,299	-	(3,150)	31,300
Developer contributions	1,227,085	1,862,170	-	(1,905,866)	1,183,389
Engineering fees	565,436	-	-	(183,997)	381,439
Other	87,500	90,814	-	(88,847)	89,467
BMAHC	-	32,505	-	-	32,505
	\$ 3,420,825	\$ 5,801,689	\$ -	\$ (4,984,562)	\$ 4,237,952
	\$ 24,503,428	\$ 15,838,374	\$ 359,760	\$ (9,045,031)	\$ 31,656,531

20. Implications due to COVID-19:

On March 11, 2020, the World Health Organization declared the Coronavirus (COVID-19) outbreak a pandemic. This has resulted in significant financial, market and societal impacts in Canada and around the world.

Financial statements are required to be adjusted for events occurring between the date of the financial statements and the date of the auditors' report which provide additional evidence relating to conditions that existed as at year end.

Subsequent events related to COVID-19:

The ultimate duration and magnitude of the COVID-19 pandemic's impact on the Town's operations and financial position is not known at this time. There remains uncertainty for the upcoming year regarding the aforementioned items. These impacts could include a decline in future cash flows, changes to the value of assets and liabilities, and the use of accumulated net assets to sustain operations.