

Consolidated Financial Statements of

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

Year ended December 31, 2021

THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Consolidated Financial Statements

Year ended December 31, 2021

	Page
Consolidated Financial Statements	
Independent Auditors' Report	
Consolidated Statement of Financial Position	1
Consolidated Statement of Operations and Accumulated Surplus	2
Consolidated Statement of Changes in Net Financial Assets	3
Consolidated Statement of Cash Flows	4
Summary of Significant Accounting Policies	5-7
Notes to Consolidated Financial Statements	8-23



KPMG LLP
120 Victoria Street South
Suite 600
Kitchener ON N2G 0E1
Canada
Tel 519-747-8800
Fax 519-747-8811

INDEPENDENT AUDITORS' REPORT

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

Opinion

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, 2021
- 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, 2021, and its consolidated results of operations, its consolidated 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.



Page 2

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.



Page 3

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.
- 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

Kitchener, Canada

June 23, 2022

THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Consolidated Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
Financial assets:		
Cash (note 2)	\$ 14,698,073	\$ 14,475,613
Temporary investments (note 3)	72,845,660	67,113,338
Taxes receivable	2,826,062	3,465,565
Trade and other receivables	3,788,025	3,820,997
Long-term receivables (note 4)	2,496,709	2,908,834
	96,654,529	91,784,347
Liabilities:		
Accounts Payable and accrued liabilities (note 5)	12,982,617	13,731,718
Solid waste closure and post-closure liabilities (note 7)	7,170,333	6,208,960
Deferred revenue (note 19)	37,938,359	31,656,531
Long-term liabilities (note 6)	6,828,075	3,414,516
	64,919,384	55,011,725
Net financial assets	31,735,145	36,772,622
Non-financial assets:		
Inventory of supplies	95,312	97,601
Prepaid expenses	254,536	254,449
Tangible capital assets (note 8)	206,647,863	192,460,281
	206,997,711	192,812,331
Accumulated surplus (note 9)	\$ 238,732,856	\$ 229,584,953

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, 2021, with comparative information for 2020

	2021 Budget (note 10)	2021 Actual	2020 Actual
Revenue:			
Taxation	\$ 17,432,926	\$ 18,142,373	\$ 17,283,131
Fees and user charges	10,588,413	10,552,055	9,809,345
Grants (note 12)	1,516,439	3,818,920	2,677,691
Other income (note 11)	2,304,035	8,399,011	9,433,248
Obligatory reserve fund (note 19)	6,014,030	4,127,548	4,060,469
Total revenue	\$ 37,855,843	\$ 45,039,907	\$ 43,263,884
Expenses:			
General government	5,782,899	5,060,001	5,289,073
Protection services	7,440,258	7,169,496	6,638,097
Transportation services	7,062,062	6,898,990	6,537,181
Waste management	2,553,704	3,594,334	2,512,600
Water and wastewater	6,201,798	6,795,670	6,332,648
Health services	90,059	95,708	95,433
Recreation and cultural services	4,204,645	4,066,298	3,932,679
Planning and development	2,085,108	2,211,507	2,071,864
Total expenses	35,420,533	35,892,004	33,409,575
Annual surplus	2,435,310	9,147,903	9,854,309
Accumulated surplus, beginning of year (note 9)	229,584,953	229,584,953	219,730,644
Accumulated surplus, end of year (note 9)	\$ 232,020,263	\$ 238,732,856	\$ 229,584,953

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, 2021, with comparative information for 2020

	2021 Budget (note 10)	2021 Actual	2020 Actual
Annual surplus	\$ 2,435,310	\$ 9,147,903	\$ 9,854,309
Acquisition of tangible capital assets	(18,186,000)	(21,778,601)	(13,880,681)
Amortization of tangible capital assets	6,613,307	7,096,571	6,744,254
Loss (gain) on disposal of tangible capital assets	-	438,375	(16,316)
Proceeds on disposal of tangible capital assets	-	56,073	200,071
	(11,572,693)	(14,187,582)	(6,952,672)
Change in inventory of supplies	-	2,289	(15,838)
Change in prepaid expenses	-	(87)	(21,874)
	-	2,202	(37,712)
Increase (decrease) in net financial assets	(9,137,383)	(5,037,477)	2,863,925
Net financial assets, beginning of year	36,772,622	36,772,622	33,908,697
Net financial assets, end of year	\$ 27,635,239	\$ 31,735,145	\$ 36,772,622

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, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 9,147,903	\$ 9,854,309
Items not involving cash:		
Change in solid waste closure and post-closure liabilities	961,373	32,021
Change in post-employment benefit liability	-	-
Amortization of tangible capital assets	7,096,571	6,744,254
Contributed tangible capital assets	(4,977,740)	(6,171,516)
Loss (gain) on disposal of tangible capital assets	438,375	(16,316)
	12,666,482	10,442,752
Change in non-cash working capital balances:		
Taxes receivable	639,503	(152,113)
Trade and other receivables	32,972	(404,165)
Prepaid expenses	(87)	(21,874)
Inventory of supplies	2,289	(15,838)
Accounts payable and accrued liabilities	(749,101)	1,187,934
Deferred revenue	6,281,828	7,153,103
Net change in cash from operating activities	18,873,886	18,189,799
Capital transactions:		
Cash used to acquire tangible capital assets	(16,800,861)	(7,709,165)
Proceeds on disposal of tangible capital assets	56,073	200,071
Net change in cash from capital transactions	(16,744,788)	(7,509,094)
Investing activities:		
Increase in temporary investments	(5,732,322)	(7,349,728)
Collection of long-term receivables	412,125	471,194
Net change from investing activities	(5,320,197)	(6,878,534)
Financing activities:		
Long-term issuance	3,780,821	-
Repayment of long-term liabilities	(367,262)	(362,073)
Net change from financing activities	3,413,559	(362,073)
Net change in cash	222,460	3,440,098
Cash, beginning of year	14,475,613	11,035,515
Cash, end of year	\$ 14,698,073	\$ 14,475,613

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, 2021

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, 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, 2021

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, 2021

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, 2021

2. Cash:

	2021	2020
Unrestricted	\$ 14,698,273	\$ 14,475,613
	\$ 14,698,273	\$ 14,475,613

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, 2021. The operating facility is due on demand and bears interest at the bank's prime rate less 0.75%.

3. Temporary investments:

	2021	2020
High Interest Savings Account, 0.715%	\$ 54,727,177	\$ 29,298,655
Guaranteed Investment Certificates, 0.58% to 1% due 2021 to 2022	18,118,483	37,814,683
	\$ 72,845,660	\$ 67,113,338

Investments have a market value of \$72,845,660 (2020 - \$67,113,338) as at December 31, 2021.

THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

4. Long-term receivables:

	2021	2020
Water and sewer loans, 5.5% to 18%, due to 2029	\$ 2,436,709	\$ 2,830,834
Loan receivable, North East Grey Health Clinics Inc., interest free, due in full on or before September 30, 2021	-	78,000
Loan receivable, Marsh Street Centre, interest calculated at lenders cost of funds plus 100 basis points	60,000	-
	\$ 2,496,709	\$ 2,908,834

5. Accounts payable and accrued liabilities:

	2021	2020
Trade accounts payable	\$ 5,810,931	\$ 5,333,880
Accrued liabilities	613,187	623,687
Developer and other deposits	6,555,677	7,771,329
Post-employment benefits liabilities	2,822	2,822
	\$ 12,982,617	\$ 13,731,718

6. 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
Loan payable, 5.11%, repayable in semi-annual principal instalments of \$40,000 plus interest, due 2031	\$ 800,000	\$ 880,000
Loan payable, 2.00%, repayable in blended semi-annual payments of \$128,000, due 2027	1,325,827	1,551,661
Loan payable, 3.58%, repayable in blended semi-annual payments of \$18,687, due 2037	452,235	472,863
Loan payable, 3.21% repayable in blended semi-annual payments of \$30,141, due 2033	469,192	509,992
Loan payable, 2.74% repayable in blended semi-annual payments of \$19,700, due 2046	985,000	-
Loan payable, 2.61% repayable in blended semi-annual payments of \$55,916, due 2046	2,795,821	-
	\$ 6,828,075	\$ 3,414,516

The interest expense included on the consolidated statements of operations and accumulated surplus totals \$103,804 (2020 - \$114,573).

THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

6. Long-term liabilities (continued):

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

2022	523,773
2023	529,174
2024	534,690
2025	540,348
2026	546,119
Thereafter	4,153,971
	<hr/>
	\$ 6,828,075

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 173,440 cubic meters, which will be filled in 26 years (2047). Post-closure care is estimated to continue for a period of 50 years.

Site closure costs in 2047 are estimated at \$1,522,978. Post closure costs including monitoring and maintenance are estimated at approximately \$247,070 per year, or \$12,473,500 over the 50 year monitoring period. The liability for the landfill site is recorded at \$7,170,333 (2020 - \$6,208,960) and represents the present value of closure and post-closure costs for 70% of the site's capacity, using the municipality's average long-term borrowing rate of 3.21%.

The Town has a landfill reserve to help fund a portion of the liability. During 2021, there was \$212,000 transferred to this reserve. The balance of this reserve at December 31, 2021 is \$618,858.

THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

8. Tangible capital assets

2021	Land	Land Improvements	Buildings	Machinery, equipment and vehicles	Water System	Sewer System	Roads	Work in progress	Total
Cost, beginning 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
Additions	3,586,574	18,640	158,672	3,499,477	2,773,983	3,482,528	3,120,913	5,137,814	21,778,601
Disposals	-	-	(33,525)	(812,337)	(85,358)	-	(224,930)	(421,402)	(1,577,552)
Transfers	-	812,655	1,349,911	2,881,783	90,681	1,687,827	-	(6,822,857)	-
Cost, end of year	28,745,911	12,058,976	31,225,375	39,388,637	51,495,792	69,026,757	100,954,619	3,404,574	336,300,641
Accumulated amortization, beginning of year	-	5,674,754	13,504,362	17,681,351	16,846,710	16,462,911	53,469,223	-	123,639,311
Amortization	-	486,732	807,508	1,937,586	637,463	800,951	2,426,331	-	7,096,571
Disposals	-	-	(33,525)	(762,338)	(62,311)	(224,930)	-	-	(1,083,104)
Accumulated amortization, end of year	-	6,161,486	14,278,345	18,856,599	17,421,862	17,038,932	55,895,554	-	129,652,778
Net carrying amount, end of year	28,745,911	5,897,490	16,947,030	20,532,038	34,073,930	51,987,825	45,059,065	3,404,574	206,647,863

THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

8. Tangible capital assets (continued):

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, 2021

8. Tangible capital assets (continued):

The net book value of tangible capital assets, not being amortized because they are under construction, is \$3,404,574 (2020 - \$5,511,019).

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 2021, NIL interest (2020 - NIL) was capitalized to tangible capital assets during the year.

9. Accumulated surplus:

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

	2021	2020
Invested in tangible capital assets:		
Tangible capital assets at cost less accumulated amortization	\$ 206,647,863	\$ 192,460,281
Unfinanced tangible capital assets	(3,107,641)	(4,150,366)
Tangible capital assets financed by long-term liabilities and to be funded in future years (note 6)	(6,828,075)	(3,414,516)
Total invested in tangible capital assets	196,712,147	184,895,399
Unfunded vacation and post-employment benefits	(180,597)	(215,412)
Unfunded projects	(134,157)	(116,362)
Unfunded solid waste closure and post-closure costs	(7,170,333)	(6,208,960)
General surplus	(263,232)	(75,457)
Attainable Housing Corporation	(178,858)	21,470
	188,784,970	178,300,678
Reserves and reserve funds	49,947,886	51,284,275
Accumulated surplus	\$ 238,732,856	\$ 229,584,953

THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

9. Accumulated surplus (continued):

	2021	2020
Reserves:		
Working funds	\$ 3,094,511	\$ 3,428,725
Insurance, sick leaves and WSIB	607,878	563,076
Current purposes	4,398,793	4,060,375
Capital purposes	1,545,846	2,262,438
	9,647,028	10,314,614
Reserve Funds:		
Capital purposes	40,300,858	40,969,661
	\$ 49,947,886	\$ 51,284,275

THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

10. Budgets:

Under Canadian public sector accounting principles, budget amounts are to be reported on the consolidated statement of operations and changes in financial assets for comparative purposes. The 2021 budget amounts approved by Council have been reclassified to conform to the presentation of the consolidated statements of operations and changes in net financial assets. The following is a reconciliation of the budget approved by Council.

	2021 Budget	2021 Actual
Annual surplus	\$ 2,435,310	\$ 9,147,903
Amortization of tangible capital assets	6,613,307	7,096,571
Change in unfunded liabilities	-	926,558
Change in unfunded operating expenses	-	17,795
Change in other surpluses	-	200,328
	9,048,617	17,389,155
Net transfers to reserves	6,403,883	1,336,389
Tangible capital asset acquisitions, disposals and write-downs	(18,196,000)	(21,284,153)
Capital projects not funded	-	(1,042,725)
Long-term liabilities issuance	3,125,000	3,780,821
Long-term liabilities principal repayments	(381,500)	(367,262)
	-	(187,775)
Prior year general surplus	-	(75,457)
General surplus (note 9)	\$ -	\$ (263,232)
Revenues	-	45,039,907
Expenses	-	35,892,004
Annual surplus	\$ -	\$ 9,147,903

THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

11. Other income:

	2021	2020
Tax penalty and interest	\$ 285,886	\$ 195,588
Other fines and penalties	105,696	75,084
Investment	454,852	799,534
Licenses, permits and rents	1,907,389	1,525,846
Donations	15,098	11,611
Developer contributions	-	60,587
Contributed tangible capital assets	4,977,740	6,171,516
Gain/(loss) on disposal of tangible capital assets	(438,375)	16,316
Other	1,090,725	577,166
	<u>\$ 8,399,011</u>	<u>\$ 9,433,248</u>

THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

12. Grants:

	2021	2020
Operating:		
Province of Ontario		
Unconditional Grants	\$ 1,291,987	\$ 1,302,300
Conditional		
Roads	28,190	28,688
Other	568,725	1,130,391
	1,888,902	2,461,379
Government of Canada		
Other	94,878	140,671
Other municipalities		
Conditional		
Other	1,645	13,166
Total operating grants	\$ 1,985,425	\$ 2,615,216
Capital:		
Province Ontario		
Conditional		
Roads	560,316	-
Other	46,993	\$ 62,475
Government of Canada		
Conditional		
Other	86,340	-
Total capital grants	\$ 693,649	\$ 62,475
Other Municipalities:		
Conditional – Other	1,139,846	-
Total municipal grants	\$ 1,139,846	-
Total grants	\$ 3,818,920	\$ 2,677,691

THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

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 153 members of staff for 2021 current service was \$994,973 (2020 - \$979,603). The contribution rate for 2021 was 9.0% to 14.6% and 9.2% to 15.8% for firefighters depending on age and income level (2020 -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, 2021. At that time, the plan reported a \$3.1 billion actuarial deficit (2020 - \$3.2 billion actuarial deficit).

14. Trust funds:

The trust funds administered by the municipality amounting to \$444,612 (2020 - \$412,647) 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:

	2021	2020
Cemetery Care and Maintenance funds	\$ 444,612	\$ 412,647

15. Contractual commitments:

- (a) The Town has entered into contracts totaling \$16,495,105 to upgrade and extend road, sewer and water services and purchase equipment. A total of \$9,338,264 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:

2022	100,787
2023	102,541
2024	93,396
2025	95,252
2026	97,079
Total	\$ 489,055

THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

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, 2021 amount to \$16,767,221 (2020 - \$16,833,279).

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, 2021

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, 2021

18. Segmented information (continued):

2021	General government	Protection services	Transportation services	Waste management	Water and wastewater	Health Services	Recreation and cultural services	Planning and development	Total
Revenue									
Taxation	\$ 3,356,213	\$ 4,029,661	4,575,985	2,376,539	-	63,481	2,455,892	1,284,602	18,142,373
Fees and user charges	46,914	311,682	213,727	493,685	7,634,747	28,401	878,810	944,089	10,552,055
Grants	1,415,435	573,717	942,050	344,333	-	4,502	444,034	94,849	3,818,920
Other	329,304	1,960,988	2,855,014	3,460	2,214,533	28,971	1,006,112	629	8,399,011
Transfers from Obligatory reserve	1,641,191	126,708	554,822	9,221	1,334,028	-	461,578	-	4,127,548
	\$ 6,789,057	\$ 7,002,756	9,141,598	3,227,238	11,183,308	125,355	5,246,426	2,324,169	45,039,907
Expenses									
Salaries and benefits	\$ 2,608,867	\$ 3,175,660	2,036,617	514,017	2,012,481	41,159	2,428,650	1,812,093	14,629,544
Interest on long-term liabilities	90,230	16,689	-	-	42,062	-	15,501	-	164,482
Materials and supplies	649,086	344,246	1,365,705	210,890	1,749,590	29,445	724,735	138,667	5,212,364
Contracted services	1,017,248	2,855,498	666,666	1,521,216	310,188	1,796	149,684	169,678	6,691,974
Other transfers	50	436,543	1,199	-	-	20,000	-	27,665	485,457
Rent and financials	79,111	49,508	93,597	1,001,296	178,888	1,677	149,096	58,442	1,611,615
Amortization of tangible capital asset	615,409	291,352	2,735,206	346,915	2,502,461	1,631	598,632	4,962	7,096,568
	\$ 5,060,001	\$ 7,169,496	6,898,990	3,594,334	6,795,670	95,708	4,066,298	2,211,507	35,892,004
Total Annual surplus (deficit)	\$ 1,729,056	\$ (166,740)	2,242,608	(367,096)	4,387,638	29,647	1,180,128	112,662	9,147,903

THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

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	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, 2021

19. Deferred revenue:

	Opening balance	Contributions received	Investment Income	Revenue recognized	Ending balance
Obligatory reserve funds:					
Development Charges	\$ 25,979,987	\$ 9,179,375	\$ 182,384	\$ (2,768,495)	\$ 32,573,251
Recreational land	1,247,218	1,300	1,401	(1,210,834)	39,085
Parking revenues	34,179	-	183	-	34,362
Federal gas tax	157,195	436,982	1,552	(148,219)	447,510
	<u>\$ 27,418,579</u>	<u>\$ 9,617,657</u>	<u>\$ 185,520</u>	<u>\$ (4,127,548)</u>	<u>\$ 33,094,208</u>
Other:					
Grants and Other	\$ 2,360,868	\$ 2,807,797	\$ -	\$ (2,471,521)	\$ 2,697,144
Short Term Accommodation	158,984	89,042	-	-	248,026
Harbour deposits	31,300	15,000	-	(10,150)	36,150
Developer contributions	1,183,389	-	-	-	1,183,389
Engineering fees	381,439	19,866	-	-	401,305
Other	89,467	236,356	-	(92,618)	233,205
BMAHC	32,505	12,427	-	-	44,932
	<u>\$ 4,237,952</u>	<u>\$ 3,180,488</u>	<u>\$ -</u>	<u>\$ (2,574,289)</u>	<u>\$ 4,844,151</u>
	<u>\$ 31,656,531</u>	<u>\$ 12,798,145</u>	<u>\$ 185,520</u>	<u>\$ (6,701,837)</u>	<u>\$ 37,938,359</u>

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.

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.