

Consolidated Financial Statements of

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

Year ended December 31, 2022

# THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Consolidated Financial Statements

Year ended December 31, 2022

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## INDEPENDENT AUDITOR'S 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, 2022
- 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, 2022, 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 "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's 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.

### ***Auditor's 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 auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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.



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- 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 auditor's 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 Auditor's 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

**July 25, 2023**

# THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

## Consolidated Statement of Financial Position

December 31, 2022, with comparative information for 2021

	2022	2021
<b>Financial assets:</b>		
Cash (note 2)	\$ 16,334,957	\$ 14,698,073
Temporary investments (note 3)	66,595,654	72,845,660
Taxes receivable	2,686,698	2,826,062
Trade and other receivables	5,306,852	3,788,025
Long-term receivables (note 4)	2,107,167	2,496,709
	<u>93,031,328</u>	<u>96,654,529</u>
<b>Liabilities:</b>		
Accounts Payable and accrued liabilities (note 5)	14,138,826	12,982,617
Solid waste closure and post-closure liabilities (note 7)	11,184,864	7,170,333
Deferred revenue (note 19)	37,570,127	37,938,359
Long-term liabilities (note 6)	6,304,303	6,828,075
	<u>69,198,120</u>	<u>64,919,384</u>
Net financial assets	23,833,208	31,735,145
<b>Non-financial assets:</b>		
Inventory of supplies	180,685	95,312
Prepaid expenses	389,036	254,536
Tangible capital assets (note 8)	226,094,230	206,647,863
	<u>226,663,951</u>	<u>206,997,711</u>
Accumulated surplus (note 9)	<u>\$ 250,497,159</u>	<u>\$ 238,732,856</u>

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, 2022, with comparative information for 2021

	2022 Budget (note 10)	2022 Actual	2021 Actual
<b>Revenue:</b>			
Taxation	\$ 19,553,300	\$ 19,447,775	\$ 18,142,373
Fees and user charges	12,488,281	12,015,754	10,552,055
Grants (note 12)	1,373,839	5,110,091	3,818,920
Other income (note 11)	2,186,017	15,145,568	8,399,011
Obligatory reserve fund (note 19)	15,511,748	4,145,844	4,127,548
<b>Total revenue</b>	<b>\$ 51,113,185</b>	<b>\$ 55,865,032</b>	<b>\$ 45,039,907</b>
<b>Expenses:</b>			
General government	6,577,794	7,299,245	5,060,001
Protection services	8,605,712	7,939,255	7,169,496
Transportation services	10,148,256	7,598,668	6,898,990
Waste management	3,106,891	6,645,631	3,594,334
Water and wastewater	8,525,525	7,319,537	6,795,670
Health services	95,404	63,204	95,708
Recreation and cultural services	5,227,337	4,665,754	4,066,298
Planning and development	2,575,660	2,569,435	2,211,507
<b>Total expenses</b>	<b>44,862,579</b>	<b>44,100,729</b>	<b>35,892,004</b>
<b>Annual surplus</b>	<b>6,250,606</b>	<b>11,764,303</b>	<b>9,147,903</b>
Accumulated surplus, beginning of year (note 9)	238,732,856	238,732,856	229,584,953
<b>Accumulated surplus, end of year (note 9)</b>	<b>\$ 244,983,462</b>	<b>\$ 250,497,159</b>	<b>\$ 238,732,856</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, 2022, with comparative information for 2021

	2022 Budget (note 10)	2022 Actual	2021 Actual
Annual surplus	\$ 6,250,606	\$ 11,764,303	\$ 9,147,903
Acquisition of tangible capital assets	(18,196,000)	(27,302,028)	(21,778,601)
Amortization of tangible capital assets	6,613,307	7,490,934	7,096,571
Loss/(gain) on disposal of tangible capital assets	-	76,917	438,375
Proceeds on disposal of tangible capital assets	-	287,810	56,073
	(11,582,693)	(19,446,367)	(14,187,582)
Change in inventory of supplies	-	(85,373)	2,289
Change in prepaid expenses	-	(134,500)	(87)
	-	(219,873)	2,202
Decrease in net financial assets	(5,332,087)	(7,901,937)	(5,037,477)
Net financial assets, beginning of year	31,735,145	31,735,145	36,772,622
Net financial assets, end of year	\$ 26,403,058	\$ 23,833,208	\$ 31,735,145

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, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 11,764,303	\$ 9,147,903
Items not involving cash:		
Change in solid waste closure and post-closure liabilities	4,014,531	961,373
Amortization of tangible capital assets	7,490,934	7,096,571
Contributed tangible capital assets	(11,891,080)	(4,977,740)
Loss/(gain) on disposal of tangible capital assets	76,917	438,375
	11,455,605	12,666,482
Change in non-cash working capital balances:		
Taxes receivable	139,364	639,503
Trade and other receivables	(1,518,827)	32,972
Prepaid expenses	(134,500)	(87)
Inventory of supplies	(85,373)	2,289
Accounts payable and accrued liabilities	1,156,209	(749,101)
Deferred revenue	(368,232)	6,281,828
Net change in cash from operating activities	10,644,246	18,873,886
Capital transactions:		
Cash used to acquire tangible capital assets	(15,410,948)	(16,800,861)
Proceeds on disposal of tangible capital assets	287,810	56,073
Net change in cash from capital transactions	(15,123,138)	(16,744,788)
Investing activities:		
Increase in temporary investments	6,250,006	(5,732,322)
Collection of long-term receivables	389,542	412,125
Net change from investing activities	6,639,548	(5,320,197)
Financing activities:		
Long-term issuance	-	3,780,821
Repayment of long-term liabilities	(523,772)	(367,262)
Net change from financing activities	(523,772)	3,413,559
Net change in cash	1,636,884	222,460
Cash, beginning of year	14,698,073	14,475,613
Cash, end of year	\$ 16,334,957	\$ 14,698,073

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, 2022

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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 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, 2022

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## 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, 2022

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## 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, 2022

## 2. Cash:

	2022	2021
Unrestricted	\$ 16,334,957	\$ 14,698,273
	\$ 16,334,957	\$ 14,698,273

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, 2022. The operating facility is due on demand and bears interest at the bank's prime rate less 0.75%.

## 3. Temporary investments:

	2022	2021
High Interest Savings Account, 4.215%	\$ 25,632,853	\$ 54,727,177
Guaranteed Investment Certificates, 3.40% to 4.35% due 2022 to 2023	40,962,801	18,118,483
	\$ 66,595,654	\$ 72,845,660

Investments have a market value of \$66,595,654 (2021 - \$72,845,660) as at December 31, 2022.

# THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

## 4. Long-term receivables:

	2022	2021
Water and sewer loans, 5.5% to 18%, due to 2029	\$ 2,107,167	\$ 2,436,709
Loan receivable, Marsh Street Centre, interest calculated at lenders cost of funds plus 100 basis points	–	60,000
	<u>\$ 2,107,167</u>	<u>\$ 2,496,709</u>

## 5. Accounts payable and accrued liabilities:

	2022	2021
Trade accounts payable	\$ 7,631,164	\$ 5,810,931
Accrued liabilities	681,083	613,187
Developer and other deposits	5,823,757	6,555,677
Post-employment benefits liabilities	2,822	2,822
	<u>\$ 14,138,826</u>	<u>\$ 12,982,617</u>

## 6. Long-term liabilities:

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

	2022	2021
Loan payable, 5.11%, repayable in semi-annual principal instalments of \$40,000 plus interest, due 2031	\$ 720,000	\$ 800,000
Loan payable, 2.00%, repayable in blended semi-annual payments of \$128,000, due 2027	1,095,460	1,325,827
Loan payable, 3.58%, repayable in blended semi-annual payments of \$18,687, due 2037	430,861	452,235
Loan payable, 3.21% repayable in blended semi-annual payments of \$30,141, due 2033	428,393	469,192
Loan payable, 2.74% repayable in blended semi-annual payments of \$19,700, due 2046	945,600	985,000
Loan payable, 2.61% repayable in blended semi-annual payments of \$55,916, due 2046	2,683,989	2,795,821
	<u>\$ 6,304,303</u>	<u>\$ 6,828,075</u>

The interest expense included on the consolidated statements of operations and accumulated surplus totals \$192,075 (2021 - \$103,804).

# THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

## 6. 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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2023	529,174
2024	534,690
2025	540,348
2026	546,119
2027	424,186
Thereafter	3,729,786
	\$ 6,304,303

## 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 169,355 cubic meters, which will be filled in 30 years (2052). Post-closure care is estimated to continue for a period of 5048 years.

Site closure costs in 2052 are estimated at \$2,037,679. Post closure costs including monitoring and maintenance are estimated at approximately \$267,300 per year, or \$11,184,861 over the 48-year monitoring period. The liability for the landfill site is recorded at \$11,184,864 (2021 - \$7,170,333) 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 2022, there was \$212,000 transferred to this reserve. The balance of this reserve at December 31, 2022 is \$830,858.

# THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

## 8. Tangible capital assets

2022	Land	Land Improvements	Buildings	Machinery, equipment and vehicles	Water System	Sewer System	Roads	Work in progress	Total
Cost, beginning 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
Additions	14,821	81,554	745,988	1,364,220	4,637,818	5,264,924	9,067,358	6,125,345	27,302,028
Disposals	–	(52,500)	(15,181)	(1,631,420)	–	–	(980,156)	(34,680)	(2,713,937)
Transfers	–	375,038	115,972	761,065	–	124,363	233,916	(1,610,354)	–
Cost, end of year	28,760,732	12,463,068	32,072,154	39,882,502	56,133,610	74,416,044	109,275,737	7,884,885	360,888,732
Accumulated amortization, beginning of year	–	6,161,486	14,278,345	18,856,599	17,421,862	17,038,932	55,895,554	–	129,652,778
Amortization	–	498,279	851,929	2,134,969	691,364	861,699	2,452,694	–	7,490,934
Disposals	–	(45,938)	(15,181)	(1,462,437)	–	–	(825,654)	–	(2,349,210)
Accumulated amortization, end of year	–	6,613,827	15,115,093	19,529,131	18,113,226	17,900,631	57,522,594	–	134,794,502
Net carrying amount, end of year	<b>\$28,760,732</b>	<b>\$5,849,241</b>	<b>\$16,957,061</b>	<b>\$20,353,371</b>	<b>\$38,020,384</b>	<b>\$56,515,413</b>	<b>\$51,753,143</b>	<b>\$7,884,885</b>	<b>\$226,094,230</b>



# THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

## 8. Tangible capital assets (continued):

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	<b>28,745,911</b>	<b>5,897,490</b>	<b>16,947,030</b>	<b>20,532,038</b>	<b>34,073,930</b>	<b>51,987,825</b>	<b>45,059,065</b>	<b>3,404,574</b>	<b>206,647,863</b>

# THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

## 8. Tangible capital assets (continued):

The net book value of tangible capital assets, not being amortized because they are under construction, is \$7,884,889 (2021 - \$3,404,574).

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 2022, NIL interest (2021 - NIL) was capitalized to tangible capital assets during the year.

## 9. Accumulated surplus:

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

	2022	2021
Invested in tangible capital assets:		
Tangible capital assets at cost less accumulated amortization	\$ 226,094,230	\$ 206,647,863
Unfinanced tangible capital assets	(6,718,931)	(3,107,641)
Tangible capital assets financed by long-term liabilities and to be funded in future years (note 6)	(6,304,303)	(6,828,075)
<b>Total invested in tangible capital assets</b>	<b>213,070,996</b>	<b>196,712,147</b>
Unfunded vacation and post-employment benefits	(182,358)	(180,597)
Unfunded projects	(354,891)	(134,157)
Unfunded solid waste closure and post-closure costs	(11,184,864)	(7,170,333)
General surplus	(531,685)	(263,232)
Attainable Housing Corporation	(396,288)	(178,858)
	<b>200,420,910</b>	<b>188,784,970</b>
Reserves and reserve funds	50,076,249	49,947,886
<b>Accumulated surplus</b>	<b>\$ 250,497,159</b>	<b>\$ 238,732,856</b>

# THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

## 9. Accumulated surplus (continued):

	2022	2021
Reserves:		
Working funds	\$ 2,994,319	\$ 3,094,511
Insurance, sick leaves and WSIB	607,878	607,878
Current purposes	4,348,765	4,398,793
Capital purposes	838,285	1,545,846
	8,789,247	9,647,028
Reserve Funds:		
Capital purposes	41,287,002	40,300,858
	\$ 50,076,249	\$ 49,947,886

# THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

## 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 2022 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.

	2022 Budget	2022 Actual
Annual surplus	\$ 6,250,606	\$ 11,764,303
Amortization of tangible capital assets	6,613,307	7,490,934
Change in unfunded liabilities	–	4,016,292
Change in unfunded operating expenses	–	220,734
Change in other surpluses	–	217,430
	12,863,913	23,709,693
Net transfers from (to) reserves	13,688,483	(128,363)
Tangible capital asset acquisitions, disposals and write-downs	(41,531,168)	(26,937,301)
Capital projects not funded	–	3,611,290
Long-term liabilities issuance	14,455,000	–
Long-term liabilities principal repayments	523,772	(523,772)
	–	(268,453)
Prior year general surplus	–	(263,232)
General surplus (note 9)	\$ –	\$ (531,685)
Revenues	–	55,865,032
Expenses	–	44,100,729
Annual surplus	\$ –	\$ 11,764,303

# THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

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## 11. Other income:

	2022	2021
Tax penalty and interest	\$ 362,386	\$ 285,886
Other fines and penalties	208,106	105,696
Investment	1,350,710	454,852
Licenses, permits and rents	1,253,984	1,907,389
Donations	76,866	15,098
Contributed tangible capital assets	11,891,080	4,977,740
Loss on disposal of tangible capital assets	(76,917)	(438,375)
Other	79,353	1,090,725
	<u>\$ 15,145,568</u>	<u>\$ 8,399,011</u>

# THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

## 12. Grants:

	2022	2021
Operating:		
Province of Ontario		
Unconditional Grants	\$ 1,323,228	\$ 1,291,987
Conditional		
Roads	25,420	28,190
Other	469,426	568,725
	1,818,074	1,888,902
Government of Canada		
Other	134,579	94,878
Other municipalities		
Conditional	50,525	1,645
Other		
<b>Total operating grants</b>	<b>\$ 2,003,178</b>	<b>\$ 1,985,425</b>
Capital:		
Province Ontario		
Conditional		
Roads	2,315,001	560,316
Other	337,086	46,993
Government of Canada		
Conditional	454,826	86,340
Other		
<b>Total capital grants</b>	<b>\$ 3,106,913</b>	<b>\$ 693,649</b>
Other Municipalities:		
Conditional – Other	–	1,139,846
<b>Total municipal grants</b>	<b>\$ –</b>	<b>\$ 1,139,846</b>
<b>Total grants</b>	<b>\$ 5,110,091</b>	<b>\$ 3,818,920</b>

# THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

## 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 172 members of staff for 2022 current service was \$1,175,744 (2021 - \$994,973). The contribution rate for 2022 was 9.0% to 14.6% and 9.2% to 15.8% for firefighters depending on age and income level (2021 -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, 2022. At that time, the plan reported a \$3.1 billion actuarial deficit (2021 - \$3.1 billion actuarial deficit).

## 14. Trust funds:

The trust funds administered by the municipality amounting to \$463,782 (2021 - \$444,612) 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, 2022 the trust fund balances are as follows:

	2022	2021
Cemetery Care and Maintenance funds	\$ 463,782	\$ 444,612

## 15. Contractual commitments:

- (a) The Town has entered into contracts totaling \$22,766,252 to upgrade and extend road, sewer and water services and purchase equipment. A total of \$16,614,718 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 lease agreements with various vendors for equipment for the following amounts:

2023	104,340
2024	96,096
2025	98,952
2026	101,909
2027	104,967
Total	\$ 506,264

# THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

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## 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, 2022 amount to \$14,564,577 (2021 - \$16,767,221).

## 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, 2022

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## 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, 2022

## 18. Segmented information (continued):

2022	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	\$ 4,598,740	\$ 4,196,335	\$ 4,787,384	\$ 1,649,674	\$ –	\$ 39,820	\$ 2,716,019	\$ 1,459,803	\$ 19,447,775
Fees and user charges	141,188	499,154	264,085	561,279	8,142,377	12,314	1,075,170	1,320,187	12,015,754
Grants	312,899	466,938	2,760,166	364,276	–	2,709	1,098,588	104,515	5,110,091
Other	1,399,881	1,443,930	6,265,816	4,583	5,658,062	26,918	330,298	16,080	15,145,568
Transfers from Obligatory reserve	620,844	75,643	1,784,683	7,193	1,574,333	–	83,148	–	4,145,844
	\$ 7,073,552	\$ 6,682,000	\$ 15,862,134	\$ 2,587,005	\$ 15,374,772	\$ 81,761	\$ 5,303,223	\$ 2,900,585	\$ 55,865,032
<b>Expenses</b>									
Salaries and benefits	\$ 3,451,304	\$ 3,763,494	\$ 2,400,950	\$ 603,721	\$ 2,165,555	\$ 36,513	\$ 2,871,530	\$ 1,956,588	\$ 17,249,655
Interest on long-term liabilities	98,324	15,942	–	26,721	37,974	–	14,191	–	193,152
Materials and supplies	820,223	318,275	1,630,619	214,488	1,760,492	16,369	788,002	149,923	5,698,391
Contracted services	2,130,639	3,056,530	704,623	1,401,419	326,358	8,197	218,474	373,537	8,219,777
Other transfers	–	469,384	6,199	–	–	–	–	31,312	506,895
Rent and financials	96,237	42,743	94,672	4,055,023	249,574	494	147,224	55,958	4,741,925
Amortization of tangible capital asset	702,518	272,887	2,761,605	344,259	2,779,584	1,631	626,333	2,117	7,490,934
	\$ 7,299,245	\$ 7,939,255	\$ 7,598,668	\$ 6,645,631	\$ 7,319,537	\$ 63,204	\$ 4,665,754	\$ 2,569,435	\$ 44,100,729
<b>Total Annual surplus (deficit)</b>	\$ (225,693)	\$ (1,257,255)	\$ 8,263,466	\$ (4,058,626)	\$ 8,055,235	\$ 18,557	\$ 637,469	\$ 331,150	\$ 11,764,303

# THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

## 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
<b>Revenue</b>									
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
<b>Expenses</b>									
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	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
<b>Total Annual surplus (deficit)</b>	\$ 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, 2022

## 19. Deferred revenue:

	Opening balance	Contributions received	Investment Income	Revenue recognized	Ending balance
Obligatory reserve funds:					
Development Charges	\$ 32,573,251	\$ 3,358,822	\$ 802,543	\$ (3,754,011)	\$ 32,980,605
Recreational land	39,085	97,250	2,335	–	138,670
Parking revenues	34,362	–	799	–	35,161
Federal gas tax	447,510	222,799	11,744	(391,833)	290,220
	<u>\$ 33,094,208</u>	<u>\$ 3,678,871</u>	<u>\$ 817,421</u>	<u>\$ (4,145,844)</u>	<u>\$ 33,444,656</u>
Other:					
Grants and Other	\$ 2,697,144	\$ 4,138,674	\$ –	\$ (4,642,609)	\$ 2,193,209
Short Term Accommodation	248,026	186,597	–	–	434,623
Harbour deposits	36,150	7,580	–	(4,950)	38,780
Developer contributions	1,183,389	–	–	–	1,183,389
Engineering fees	401,305	–	–	(400,890)	415
Other	233,205	230,895	–	(203,902)	260,198
BMAHC	44,932	–	–	(30,075)	14,857
	<u>\$ 4,844,151</u>	<u>\$ 4,563,746</u>	<u>\$ –</u>	<u>\$ (5,282,426)</u>	<u>\$ 4,125,471</u>
	<u>\$ 37,938,359</u>	<u>\$ 8,242,617</u>	<u>\$ 817,421</u>	<u>\$ (9,428,270)</u>	<u>\$ 37,570,127</u>