

**CORPORATION OF THE
MUNICIPALITY OF SOUTH BRUCE
CONSOLIDATED FINANCIAL REPORT
DECEMBER 31, 2021**

CORPORATION OF THE MUNICIPALITY OF SOUTH BRUCE

DECEMBER 31, 2021

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CORPORATION OF THE MUNICIPALITY OF SOUTH BRUCE

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL REPORT

The accompanying consolidated financial statements of The Municipality of South Bruce (the "Municipality") are the responsibility of the Municipality's management and have been prepared in accordance with Canadian public sector accounting standards, established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, as described in Note 1 to the consolidated financial statements.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Municipality's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management. Council meets with management and the external auditor to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval.

The consolidated financial statements have been audited by Baker Tilly SGB LLP, independent external auditor appointed by the Municipality. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Municipality's consolidated financial statements.



CAO/Clerk
September 27, 2022



Treasurer
September 27, 2022

BAKER TILLY SGB LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of **The Municipality of South Bruce:**

Opinion

We have audited the consolidated financial statements of the The Municipality of South Bruce (the "Municipality"), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statements of operations, change in net financial assets and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Municipality as at December 31, 2021, and its consolidated results of operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Municipality or to cease operations, or has no realistic alternative but to do so.

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

AUDIT • TAX • ADVISORY

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BAKER TILLY SGB LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT CONTINUED

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Baker Tilly SGB

BAKER TILLY SGB LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

Walkerton, Ontario
September 27, 2022

CORPORATION OF THE MUNICIPALITY OF SOUTH BRUCE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31

	2021	2020
	\$	\$
Financial assets		
Cash (Note 2)	7,761,381	6,817,996
Portfolio investments (Note 3)	726,750	699,989
Taxes receivable	551,386	429,056
Accounts receivable	1,211,541	939,533
Long-term receivables (Note 4)	1,838,241	1,894,915
Long-term investments (Note 5)	2,023,983	1,997,087
	14,113,282	12,778,576
Liabilities		
Accounts payable and accruals	1,032,207	1,651,672
Deferred revenue - obligatory reserve funds (Note 6)	1,350,261	1,008,505
Deferred revenue - other (Note 6)	998,089	1,125,506
Landfill closure and post-closure liability (Note 7)	423,783	388,103
Long-term liabilities (Note 8)	3,742,977	4,093,634
	7,547,317	8,267,420
Net financial assets	6,565,965	4,511,156
Non-financial assets		
Tangible capital assets (Schedule 1, 2 and Note 10)	64,121,438	63,596,812
Prepaid expenses	1,488,933	1,842,041
	65,610,371	65,438,853
Accumulated surplus (Note 11)	72,176,336	69,950,009

Approved _____ Mayor
 _____ Date

The accompanying notes are an integral part of
these financial statements

CORPORATION OF THE MUNICIPALITY OF SOUTH BRUCE

CONSOLIDATED STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31

	Budget 2021	Actual 2021	Actual 2020
	\$ (Note 12)	\$	\$
Revenues			
Net property taxation (Note 14)	5,302,495	5,550,950	5,073,837
Taxation from other governments	25,845	25,792	25,784
User charges and fees	4,221,714	4,442,452	3,983,308
Government transfers	962,700	1,084,694	1,071,313
Donations and sale of goods	2,217,687	2,037,625	696,597
Investment income (Note 3 and 5)	128,350	144,010	133,167
Penalties and interest on property taxation (Note 4)	81,000	153,993	127,248
	12,939,791	13,439,516	11,111,254
Expenses			
General government	2,816,548	2,665,467	1,418,512
Protection services	1,760,886	1,836,255	1,750,795
Transportation services	2,809,603	4,681,464	4,528,200
Environmental services	2,021,236	2,852,806	3,169,584
Health services	124,708	153,628	152,047
Recreation and cultural services	999,173	1,188,667	1,034,872
Planning and development	115,900	118,588	147,296
	10,648,054	13,496,875	12,201,306
Net revenues (expenses)	2,291,737	(57,359)	(1,090,052)
Other			
Grants and transfers related to capital			
Government transfers	1,194,582	1,147,731	601,047
Capital cost recoveries	13,200	-	-
Donations	1,537,357	940,544	406,805
Capital contribution (Note 10)	180,000	216,550	519,830
Gain (loss) on disposal of tangible capital assets	-	(21,139)	15,043
	2,925,139	2,283,686	1,542,725
Annual surplus	5,216,876	2,226,327	452,673
Accumulated surplus, beginning of year		69,950,009	69,497,336
Accumulated surplus, end of year (Note 11)		72,176,336	69,950,009

The accompanying notes are an integral part of
these financial statements

CORPORATION OF THE MUNICIPALITY OF SOUTH BRUCE

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS FOR THE YEAR ENDED DECEMBER 31

	Budget 2021	Actual 2021	Actual 2020
	\$ (Note 12)	\$	\$
Annual surplus	5,216,876	2,226,327	452,673
Acquisition of tangible capital assets	-	(3,541,816)	(1,436,980)
Amortization of tangible capital assets	-	2,952,698	2,962,236
Loss (gain) on disposal of tangible capital assets	-	21,139	(15,043)
Proceeds on disposal of tangible capital assets	-	42,218	19,316
Contributed tangible capital assets	-	-	(314,712)
Acquisition of prepaid expenses	-	-	(365,719)
Use of prepaid expense	-	354,243	-
Change in net financial assets	5,216,876	2,054,809	1,301,771
Net financial assets, beginning of year		4,511,156	3,209,385
Net financial assets, end of year		6,565,965	4,511,156

The accompanying notes are an integral part of
these financial statements

CORPORATION OF THE MUNICIPALITY OF SOUTH BRUCE

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED DECEMBER 31

	2021	2020
	\$	\$
Cash flows from (for):		
Operating activities		
Annual surplus	2,226,327	452,673
Non-cash items:		
Amortization of tangible capital assets	2,952,698	2,962,236
Loss (gain) on disposal of tangible capital assets	21,139	(15,043)
Contributed tangible capital assets	-	(314,712)
Landfill closure and post-closure liability	35,680	4,851
	5,235,844	3,090,005
Changes in:		
Portfolio investments	(26,761)	(12,628)
Taxes receivable	(122,330)	65,423
Accounts receivable	(272,008)	(123,080)
Prepaid expenses	354,243	(365,719)
Accounts payable and accruals	(619,464)	(72,284)
Net change in cash from operations:	4,549,524	2,581,717
Capital activities		
Acquisition of tangible capital assets	(3,541,816)	(1,436,980)
Proceeds on disposal of tangible capital assets	42,218	19,316
Net change in cash from capital	(3,499,598)	(1,417,664)
Investing activities		
Long-term investments	(26,896)	(26,237)
Long-term receivables	56,674	567,290
Net change in cash from investing	29,778	541,053
Financing activities		
Long-term liabilities repaid	(350,657)	(338,227)
Deferred revenue - obligatory reserve funds and other	214,338	507,836
Net change in cash from financing	(136,319)	169,609
Net change in cash position	943,385	1,874,715
Cash position, beginning of year	6,817,996	4,943,281
Cash position, end of year	7,761,381	6,817,996

The accompanying notes are an integral part of
these financial statements

CORPORATION OF THE MUNICIPALITY OF SOUTH BRUCE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021

Nature of operations

The Municipality of South Bruce (the "Municipality") is a lower-tier Municipality located in the County of Bruce, Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes, such as the Municipal Act, Municipal Affairs Act and related legislation.

1. Summary of significant accounting policies

The consolidated financial statements of the Municipality are the representation of management prepared in accordance with local government accounting standards established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

The focus of PSAB financial statements is on the financial position of the Municipality and the changes thereto. The consolidated statement of financial position includes all of the assets and liabilities of the Municipality. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations. Accumulated surplus represents the financial position and is the difference between assets and liabilities. This provides information about the Municipality's overall future revenue requirements and its ability to finance activities and meet its obligations. Significant aspects of the accounting policies adopted by the Municipality are as follows:

(a) Basis of consolidation

These consolidated financial statements reflect assets, liabilities, revenues and expenses of the Municipality. They include the activities of all committees of Council and the following organizations which are accountable to, and owned or controlled by the Municipality:

Teeswater-Culross Cemetery Board
Formosa Community Centre Board
Teeswater Town Hall Board

Excluded are Funds Held in Trust which are administered by the Municipality and reported on separately.

A government partnership exists where the Municipality has shared control over the board or entity. The Municipality's pro-rata share of assets, liabilities, revenues and expenses are reflected in the financial statements using the proportionate consolidation method. The Municipality's proportionate interest in the following government partnership is reflected in the consolidated financial statements:

Bruce Area Solid Waste Recycling	3.27%
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All interfund assets and liabilities and sources of financing and expenses have been eliminated.

(b) Basis of accounting

Sources of financing 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.

CORPORATION OF THE MUNICIPALITY OF SOUTH BRUCE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021

1. Summary of significant accounting policies (continued)

(c) Cash and cash equivalents

Cash and cash equivalents include cash on deposit, short-term deposits with a maturity of less than three months at acquisition and temporary bank overdrafts which form an integral part of the Municipality's cash management.

(d) Portfolio investments

Portfolio investments are recorded at cost unless there has been a decline in the market value which is other than temporary in nature in which case the investments are written down to market value.

(e) Deferred revenue

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.

(f) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the annual surplus, provides the consolidated change in net financial assets for the year.

(i) Tangible capital assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements	- 15 to 25 years
Buildings	- 25 to 50 years
Vehicles, machinery and equipment	- 4 to 50 years
Roads	- 8 to 100 years
Water & sewers	- 75 years

(ii) Contribution of tangible capital assets

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

CORPORATION OF THE MUNICIPALITY OF SOUTH BRUCE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021

1. Summary of significant accounting policies (continued)

(iii) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of the property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

(iv) Intangible assets

Intangible assets are not recognized as assets in the financial statements.

(g) Revenue recognition

User charges and fees and other revenues are recognized when related goods or services are provided and collectibility is reasonably assured.

Investment income is recognized in the period earned. Investment income earned on obligatory reserve funds is added to the fund balance and forms part of the respective deferred revenue balance and is recognized in the period in which eligible expenditures are made.

Donations, sale of goods, other grants, capital contributions and taxation from other governments are recognized on an accrual basis.

(h) Taxation and related revenues

Property tax billings are prepared by the municipality based on assessment rolls issued by the Municipal Property Assessment Corporation. Tax rates are established annually by Municipal council, incorporating amounts to be raised for local services. A normal part of the assessment process is the issue of supplementary assessment rolls, which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the Municipality determines the taxes applicable and renders supplementary tax billings. Taxation revenues are recorded at the time tax billings are issued.

Assessments and the related property taxes are subject to appeal. Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. Taxes receivable are recognized net of allowance for anticipated uncollectable amounts.

The municipality is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.

(i) County and School Boards

The Municipality collects taxation revenue on behalf of the School Boards and the County of Bruce. The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the School Boards and the County of Bruce are not reflected in these financial statements.

CORPORATION OF THE MUNICIPALITY OF SOUTH BRUCE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021

1. Summary of significant accounting policies (continued)

(j) Government transfers

Government transfers are recognized in the consolidated financial statements as revenues in the period in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made. Conditional government transfer revenue is recognized to the extent the conditions imposed on it have been fulfilled. Unconditional transfer revenue is recognized when monies are receivable. Government transfers for acquisition of tangible capital assets are recognized in the period in which eligible expenditures are made.

(k) Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. The Municipality's implementation of the Public Sector Handbook PS 3150 has required management to make estimates of historical cost, useful lives and amortization of tangible capital assets. In addition, estimates have been made of closure and post-closure costs related to landfill sites. Actual results could differ from those estimates.

(l) Pension plan

The Municipality offers a pension plan for its full-time employees through the Ontario Municipal Employee Retirement System ("OMERS"). OMERS is a multi-employer, contributory, public sector pension fund established for employees of municipalities, local boards and school boards in Ontario. Participating employers and employees are required to make plan contributions based on participating employees' contributory earnings. The Municipality accounts for its participation in OMERS as a defined contribution plan and recognizes the expense related to this plan as contributions are made, even though OMERS is itself a defined benefit plan.

2. Cash

Cash consists of the following:

	2021	2020
	\$	\$
Unrestricted	5,413,031	4,683,985
Restricted (Note 6)	2,348,350	2,134,011
	7,761,381	6,817,996

Restricted cash relates to obligatory reserve funds and other deferred revenue as described in Note 6 below.

CORPORATION OF THE MUNICIPALITY OF SOUTH BRUCE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021

3. Portfolio investments

The Municipality has unrestricted investments in The One Investment Program of \$726,750 (2020 - \$699,989). During the year, portfolio investments earned income of \$26,634 (2020 - \$12,628).

The One Investment Program is designed specifically for the municipal and broader Ontario public sector. The investments held within the Program are at their purchase cost.

	2021	2020
	\$	\$
Carrying value	726,750	699,989
Market value	784,308	706,515

4. Long-term receivables

Long-term receivables consist of the following:

	2021	2020
	\$	\$
Municipal drain receivable, 3% to 4% interest rate, quarterly repayments, due 2022 to 2026	145,316	-
Sewer loan receivable, 3.6% interest rate, quarterly repayments, due 2028	1,092,738	1,260,752
Sewer loan receivable, 4.1% interest rate, quarterly repayments, due 2038	600,187	634,163
	1,838,241	1,894,915

Interest earned on the loans receivable during the year was \$79,911 (2020 - \$79,413). This amount has been included in penalties and interest on property taxation on the consolidated statement of operations.

CORPORATION OF THE MUNICIPALITY OF SOUTH BRUCE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021

5. Long-term investments

	2021	2020
	\$	\$
Note receivable, Westario Power Inc., 4.12%, interest only receivable quarterly	292,498	292,498
366.8 Common shares, Westario Power Inc.	670,112	670,112
GIC, CCS, 2.6% interest rate, due September, 2022	530,687	517,238
GIC, Summerland, 2.6% interest rate, due September, 2023	530,686	517,239
	2,023,983	1,997,087

The Westario Power Inc. investments arose on November 1, 2000 as a result of the sale of the Mildmay Teeswater Hydro Electric Commission to Westario Power Inc.

Interest earned on the note receivable and GICs during the year was \$38,770 (2020 - \$38,287). This amount has been included in investment income on the consolidated statement of operations.

The Municipality owns 3.7% of the outstanding common shares of Westario Power Inc. The shares are generally not exposed to interest rate risk. The fair value of these shares is not determinable at this time. Dividends of \$29,344 (2020 - \$29,344) were received on these shares during the year and is also included in investment income.

CORPORATION OF THE MUNICIPALITY OF SOUTH BRUCE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021

6. Deferred revenue - obligatory reserve funds and other

A requirement of public sector accounting principles of the Chartered Professional Accountants of Canada is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial legislation restricts how these funds may be used and under certain circumstances these funds may be refunded.

The balance of deferred revenue is made up as follows:

	2021	2020
	\$	\$
Obligatory reserve funds		
Near term investment (NWMO)	775,000	-
Community well being (NWMO)	443,823	795,282
Federal gas tax	97,640	190,485
Parkland levies	33,798	22,738
	1,350,261	1,008,505
Other		
Government grant funding	434,271	558,002
Planning deposits	169,916	116,572
Other NWMO programs	391,424	449,307
Other	2,478	1,625
	998,089	1,125,506
	2,348,350	2,134,011

The net change during the year for the obligatory reserve funds is made up as follows:

	2021	2020
	\$	\$
Balance, beginning of year	1,008,505	1,011,554
Interest earned	1,589	6,597
Restricted funds received	1,436,645	474,066
Revenue recognized	(1,096,478)	(483,712)
Balance, end of year	1,350,261	1,008,505

The net change during the year for the other deferred revenue is made up as follows:

	2021	2020
	\$	\$
Balance, beginning of year	1,125,506	614,622
Restricted funds received	2,643,538	1,517,535
Revenue recognized	(2,770,955)	(1,006,651)
Balance, end of year	998,089	1,125,506

CORPORATION OF THE MUNICIPALITY OF SOUTH BRUCE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021

7. Landfill closure and post-closure liability

Solid waste landfill closure and post-closure care requirements are defined in accordance with industry standards and include final covering and landscaping of the landfill, removal of ground water and leachates and ongoing environmental monitoring, site inspection and maintenance. These costs will be incurred as each landfill site stops accepting waste, with the post-closure care expected to continue for an additional 20 years. The total future closure and post-closure care costs are estimated to be \$631,109 (2020 - \$610,500).

Carrick Mildmay landfill site

As at December 31, 2021, the Municipality has recognized in the financial statements a funded liability of \$199,284 (2020 - \$187,012). This liability represents 78% of the present value of the estimated costs and is based on a total capacity of 137,400 cubic meters and a discount rate of 2.00%. The balance of the liability of \$56,161 will be accrued as the remaining capacity of 30,415 cubic meters is utilized, which is expected to be over the next 34 years.

Teeswater Culross landfill site

As at December 31, 2021, the Municipality has recognized in the financial statements a funded liability of \$182,201 (2020 - \$161,309). This liability represents 72% of the present value of the estimated costs and is based on a total capacity of 83,370 cubic meters and a discount rate of 2.00%. The balance of the liability of \$82,518 will be accrued as the remaining capacity of 23,688 cubic meters is utilized, which is expected to be over the next 9 years.

Carlsruhe landfill site

As at December 31, 2021, the Municipality has recognized in the financial statements a funded liability of \$42,298 (2020 - \$39,782). This liability represents 100% of the present value of the estimated costs and is based on a total capacity of 18,800 cubic meters and a discount rate of 2.00%. This landfill is closed and therefore has annual post-closure estimated for the next 4 years.

Management's estimate for site closure and post-closure care liability is subject to measurement uncertainty. The estimate is based on assumptions contained in engineer's reports as to capacity, site life expectancy and usage. Actual results could differ significantly from these estimates because of the uncertainty related to future cost estimates, and future use of the landfill site.

CORPORATION OF THE MUNICIPALITY OF SOUTH BRUCE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021

8. Long-term liabilities

(a) Long-term liabilities consist of the following:

	2021	2020
	\$	\$
Ontario Infrastructure loan payable, 3.11% interest, payable \$19,262 quarterly principal and interest, due February, 2024.	166,807	237,292
Ontario Infrastructure loan payable, 3.6% interest, payable \$49,886 quarterly principal and interest, due February, 2029.	1,268,312	1,418,794
Ontario Infrastructure loan payable, 3.9% interest, payable \$43,345 quarterly principal and interest, due February, 2033.	1,682,155	1,787,353
Ontario Infrastructure loan payable, 4.1% interest, payable \$12,694 quarterly principal and interest, due February, 2039.	625,703	650,195
	3,742,977	4,093,634

(b) Payments anticipated for the next 5 years and thereafter are as follows:

	Principal	Interest
	\$	\$
2022	363,550	137,197
2023	376,919	123,828
2024	332,546	110,415
2025	325,376	98,322
2026	337,750	85,949
Thereafter	2,006,836	1,062,622

The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs. Total interest charges on long-term liabilities for the year reported on the consolidated statement of operations are \$148,103 (2020 - \$160,605).

CORPORATION OF THE MUNICIPALITY OF SOUTH BRUCE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021

9. Pension agreements

The employees of the Corporation of the Municipality of South Bruce participate in the Ontario Municipal Employees Retirement Saving Plan ("OMERS"). Although the plan has a defined retirement benefit for employees, the related obligation of the Municipality cannot be identified. The Municipality has applied defined contribution plan accounting as it has insufficient information to apply defined benefit plan accounting.

OMERS is a multi-employer plan, therefore any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. The consolidation deficit for OMERS is \$1,021 million (2020 - \$8,632 million). As a result, the Municipality does not recognize any share of the OMERS pension surplus or deficit. The most recent actuarial valuation of the Plan was conducted at December 31, 2021.

The amount contributed to OMERS for the current year was \$192,504 (2020 - \$151,959) for current service.

10. Tangible capital assets

Schedules 1 and 2 provide information on the tangible capital assets of the Municipality by major asset class as well as accumulated amortization of the assets controlled. The reader should be aware of the following information relating to tangible capital assets:

(a) Work in progress

Work in progress with a value of \$1,180,821 (2020 - \$975,982) has not been amortized. Amortization of these assets will commence when the asset is put into service.

(b) Contributed tangible capital assets

Contributed tangible capital assets have been recognized at fair market value at the date of contribution. The value of contributed assets received during the year is \$NIL (2020 - \$314,712). This amount is included in Capital contribution.

(c) Tangible capital assets disclosed at nominal values

Where an estimate of fair value could not be made, the tangible capital asset was recognized at a nominal value. Land is the only category where nominal values were assigned.

(d) Works of art and historical treasures

No works of art nor historical treasures are held by the Municipality.

CORPORATION OF THE MUNICIPALITY OF SOUTH BRUCE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021

11. Accumulated surplus

Accumulated surplus consists of individual fund surplus, reserves and reserve funds as follows:

	2021	2020
	\$	\$
Investment in tangible capital assets:		
Invested in tangible capital assets	64,121,438	63,596,812
Tangible capital assets financed by long-term liabilities and to be funded in future years	(1,976,193)	(2,124,861)
Total investment in tangible capital assets	62,145,245	61,471,951
Surplus (Deficit):		
General area taxation	216,129	(56,669)
Teeswater-Culross Cemetery Board	311,214	141,525
Formosa Community Centre	24,127	24,068
Total surplus	551,470	108,924
Reserves set aside for specific purposes by Council		
Current purposes	209,966	209,966
Capital purposes	9,269,655	8,159,168
Total reserves	9,479,621	8,369,134
Total accumulated surplus	72,176,336	69,950,009

12. Budget amounts

The operating budget approved by Council for 2021 is reflected on the consolidated statements of operations and change in net financial assets. The budgets established for capital investment in tangible capital assets are on a project oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with the current year's actual expenditure amounts and not budgeted. The budgeted figures as presented for comparison purposes are unaudited.

CORPORATION OF THE MUNICIPALITY OF SOUTH BRUCE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021

13. Government partnerships

The following summarizes the financial position and operations of the municipal joint board, Bruce Area Solid Waste Recycling. The Municipality of South Bruce's pro-rata share of these amounts has been reported in the financial statements using the proportionate consolidation method:

	Bruce Area Solid Waste Recycling 2021
	\$
Financial assets	2,438,898
Liabilities	354,286
Net financial assets	2,084,612
Non-financial assets	1,444,615
Accumulated surplus	3,529,227
General surplus	244,041
Invested in tangible capital assets	1,439,175
Reserves and reserve funds	1,846,011
	3,529,227
Revenues	3,608,239
Expenses	3,738,926
Annual surplus	(130,687)

14. Net property taxation

Net property taxation consists of:

	2021	2020
	\$	\$
Taxation revenue	9,744,291	9,086,700
Amount levied and remitted to School Boards	(1,303,098)	(1,299,574)
Amount levied and remitted to the County of Bruce	(2,890,243)	(2,713,289)
Net property taxation	5,550,950	5,073,837

CORPORATION OF THE MUNICIPALITY OF SOUTH BRUCE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021

15. Commitments

- (a) Contractual capital commitments of approximately \$3,165,258 (2020 - \$1,730,398) are not reflected in the consolidated financial statements. This amount, for which funding is in place, represents incomplete contracts as at December 31, 2021.
- (b) On December 1, 2021, the Municipality entered into an operating agreement with Veolia Water Canada Inc. for the operation and maintenance of the Municipality's water and wastewater facilities. The term of the agreement ends January 31, 2025. The first year annual fee for the contract is \$704,702 plus HST. Each subsequent year the fee will change with the Consumer Price Index.
- (c) The Municipality entered into an agreement for part of the Municipality's curbside garbage collection. The annual fee for 2022 is \$52,899. The term of the agreement ends in 2022.
- (d) The minimum annual payments for operating agreements for the next five years are as follows:
- | | |
|------|-------------|
| 2022 | \$1,922,480 |
| 2023 | \$762,353 |
| 2024 | \$786,592 |
| 2025 | \$799,771 |
| 2026 | \$NIL |

16. Contingencies

- (a) In the ordinary course of business, various claims and lawsuits are brought against the Municipality. It is the opinion of management that the settlement of these actions will not result in any material liabilities beyond any amounts already accrued. No provision has been made for pending expropriations of land beyond the payments already made to affected property owners. Any payment made by the Municipality pursuant to claims, lawsuits or expropriations will be charged in the year of settlement.
- (b) Appeals of the current value assessment of properties in the Municipality may be in process. The impact on taxation revenue as a result of settlement of these appeals is not determinable at this time. The effect on taxation of the settlement of these appeals will be recorded in the fiscal year in which they can be determined.
- (c) The Municipality is contingently liable to the Province of Ontario for long-term liabilities outstanding for tile drainage loans in the amount of \$118,774 (2020 - \$147,453).
- (d) Applications for property tax rebates for vacant commercial and industrial buildings may be in process. The impact on taxation revenue as a result of these rebates is not determinable at this time. The effect on taxation of these rebates will be recorded in the fiscal year in which they can be determined.

17. Trust funds

The trust funds administered by the Municipality amounting to \$89,893 (2020 - \$86,754) have not been included in the consolidated statement of financial position nor have the operations been included in the consolidated statement of operations. The trust funds are comprised of the following:

	2021	2020
	\$	\$
Ontario Home Renewal Program	10,512	10,512
Cemetery Perpetual Care and Maintenance	79,381	76,242

CORPORATION OF THE MUNICIPALITY OF SOUTH BRUCE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021

18. Segmented information

The Municipality of South Bruce is a diversified municipal government organization that provides a wide range of services to its citizens such as police, fire, roadways, water, sewer, waste, and recreation and cultural services. Distinguishable functional segments have been separately disclosed in the segmented information. Schedules 3 and 4 provide information on the segmented information of the municipality.

Property taxation revenue is prorated to each segment based on budgeted expenses. The Ontario Municipal Partnership Fund grant is allocated to general government. The nature of the segments and the activities that they encompass are as follows:

General government

This segment includes the revenues and expenses that relate to the operations of the Municipality itself and unallocated items that cannot be directly attributed to any specific segment. General administration, council activities and maintenance of municipal buildings are included in the functions of general government.

Protection services

Protection services are comprised of police services, fire protection, emergency plan, building inspections, and animal control.

Transportation services

Transportation services are comprised of the Municipality's roadways, storm sewers, sidewalks, street lighting, and winter control.

Environmental services

Environmental services are comprised of water and sewer services. It represents costs for the Municipality to treat and distribute the Municipality's drinking water and ensures that it meets all provincial standards. It also includes the collection and treatment of waste water.

Environmental also consists of providing waste and recycling collection and the operation of the two landfill sites.

Health services

Health services are comprised of support to the medical clinic operations and a cemetery.

Recreation and cultural services

This area provides services meant to improve the health and development of the Municipality's citizens. The Municipality operates and maintains parks, arenas, swimming pools, and community centres. The Municipality also provides library services and recreational programs.

CORPORATION OF THE MUNICIPALITY OF SOUTH BRUCE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021

18. Segmented information (continued)

Planning and development

This segment is responsible for planning and zoning including the Official plan for residential and commercial, review of property development plans, and economic development services for the Municipality.

19. COVID-19

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic and thus had a significant impact on the finances and services of the Municipality. At the time of these consolidated financial statements, the Municipality has undertaken the following in responding to the COVID-19 pandemic:

- COVID-19 financial relief measures (late penalties and interest were temporarily waived in 2020)
- Increased options to pay for more municipal services and programs were made available
- Additional financial impacts due to program cancellation and reduced rentals and public screening at facilities were incurred
- Office closures and restrictions were imposed as required
- Staff training and regular communications to ensure health guidelines are followed
- Increased policy development and communications to ensure all staff followed provincial legislation and health guidelines
- Daily use of self-screening application occurred
- A work-from-home protocol was implemented and staff worked in teams as deemed appropriate
- All Council and committee meetings were held virtually until April 26th, 2022, at which time a hybrid option was implemented for Council meetings and Committees were given the opportunity to hold in-person, virtual or hybrid options
- Increased signage regarding health and safety protocols were put in place at all facilities and parks

On March 22, 2022 Council passed a bylaw to repeal the bylaw adopting pandemic policies and other policies created that related to the pandemic were repealed. At this time COVID-19 continues to impact the Municipality. The extent of the impact, duration and severity on the financial position and operations of the Municipality is unknown, however not considered significant.

20. Comparative figures

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

**CORPORATION OF THE
MUNICIPALITY OF SOUTH BRUCE**

**SCHEDULE 1
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Land	Land Improvements	Buildings	Vehicles, Machinery and Equipment			Roads	Water & Sewers	Work in Progress	Total
				\$	\$	\$				
Cost										
Balance, beginning of year	1,233,591	1,198,881	21,487,453	9,802,497	54,770,175	22,335,139	975,982	(Note 20)	111,795,718	
Additions	223,118	33,986	805,317	639,817	1,207,649	55,213	556,716		3,541,816	
Disposals	-	-	-	(314,340)	(240,087)	-	(1,136)		(555,563)	
Transfers	-	52,723	215,603	51,195	31,220	-	(350,741)		-	
Balance, end of year	1,456,709	1,297,590	22,508,375	10,179,169	55,768,957	22,390,352	1,180,821		114,781,971	
Accumulated amortization										
Balance, beginning of year	68,790	705,424	9,576,411	4,674,755	28,561,136	4,612,390	-		48,198,906	
Amortization	897	38,520	512,943	593,173	1,504,691	302,474	-		2,952,698	
Disposals	-	-	-	(267,450)	(223,621)	-	-		(491,071)	
Balance, end of year	69,687	743,944	10,089,354	5,000,478	29,842,206	4,914,864	-		50,560,533	
Net book value, end of year	1,387,022	553,646	12,419,019	5,178,691	25,926,751	17,475,488	1,180,821		64,121,438	

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE
MUNICIPALITY OF SOUTH BRUCE**

**SCHEDULE 2
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Land	Land Improvements	Buildings	Vehicles:				Work in Progress	Total
				Maehinery and Equipment	Roads	Water & Sewers			
Cost	\$	\$	\$	\$	\$	\$	\$	\$	
Balance, beginning of year	1,233,591	1,176,145	21,415,116	9,614,921	54,193,804	22,015,702	538,009	110,187,288	
Additions	-	26,521	72,337	256,174	638,179	319,437	439,044	1,751,692	
Disposals	-	(11,785)	-	(68,598)	(62,879)	-	-	(143,262)	
Transfers	-	-	-	-	1,071	-	(1,071)	-	
All assets, end of year	1,233,591	1,190,881	21,487,453	9,802,497	54,770,175	22,335,139	975,982	111,795,718	
Accumulated amortization									
Balance, beginning of year	67,893	677,804	9,087,427	4,185,345	27,062,475	4,294,715	-	45,375,659	
Amortization	897	35,673	488,984	558,008	1,560,999	317,675	-	2,962,236	
Disposals	-	(8,053)	-	(68,598)	(62,338)	-	-	(138,989)	
Balance, end of year	68,790	705,424	9,576,411	4,674,755	28,561,136	4,612,390	-	48,198,906	
Net book value, end of year	1,164,801	485,457	11,911,042	5,127,742	26,209,039	17,722,749	975,982	63,596,812	

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE
MUNICIPALITY OF SOUTH BRUCE**

**SCHEDULE 3
CONSOLIDATED SCHEDULE OF SEGMENTED REVENUES AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation and Cultural Services	Planning and Development	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues								
Net property taxation	1,468,297	917,970	1,462,071	1,056,309	65,012	520,880	60,420	5,550,950
Taxation from other governments	25,792	-	-	-	-	-	-	25,792
User charges and fees	93,309	230,882	1,162,626	2,398,067	263,788	286,692	7,088	4,442,452
Government transfers	896,040	20,900	131,389	24,643	-	-	-	1,084,694
Donations and sale of goods	1,921,149	33,759	21,238	-	11,923	33,762	15,794	2,037,625
Investment income	127,453	-	372	15,675	-	-	510	144,010
Penalties and interest on property taxation	76,822	-	-	77,171	-	-	-	153,993
	4,608,862	1,203,511	2,777,696	3,571,856	340,723	841,334	95,534	13,439,516
Expenses								
Salaries, wages and benefits	1,099,168	500,732	842,463	226,724	29,486	486,138	16,376	3,201,087
Interest on long-term liabilities	-	-	67,541	80,563	-	-	-	148,104
Materials and supplies	276,957	204,895	783,835	484,068	53,150	373,698	14,666	2,191,269
Contracted services	1,312,201	882,336	362,925	1,030,394	1,499	45,658	34,652	3,669,665
Rents, financial expenses and external transfers	139,357	92,800	867,815	130,125	35,365	52,236	39,306	1,357,004
Amortization expense	42,917	119,142	1,729,485	821,632	24,828	200,954	7,988	2,946,946
Interfunctional charges	(205,133)	36,350	27,400	79,300	9,300	29,983	5,600	(17,200)
	2,665,467	1,836,255	4,681,464	2,852,806	153,628	1,188,667	118,588	13,496,875
Net revenues (expenses)	1,943,395	(632,744)	(1,903,768)	719,050	187,095	(347,333)	(23,054)	(57,359)

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE
MUNICIPALITY OF SOUTH BRUCE**

**SCHEDULE 3
CONSOLIDATED SCHEDULE OF SEGMENTED REVENUES AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation and Cultural Services	Planning and Development	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Other								
Grants and transfers related to capital								
Government transfers	-	-	976,143	20,735	-	150,853	-	1,147,731
Donations	84,589	115,620	10,000	-	433,408	292,977	3,950	940,544
Capital contribution	-	-	-	216,550	-	-	-	216,550
Gain (loss) on disposal of tangible capital assets	(5,639)	(18,400)	6,102	(3,302)	-	100	-	(21,139)
	78,950	97,220	992,245	233,983	433,408	443,930	3,950	2,283,686
Annual surplus (deficit)	2,022,345	(533,524)	(911,523)	953,033	620,503	96,597	(19,104)	2,226,327

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE
MUNICIPALITY OF SOUTH BRUCE**

**SCHEDULE 4
CONSOLIDATED SCHEDULE OF SEGMENTED REVENUES AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation and Cultural Services	Planning and Development	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues								
Net property taxation	745,541	969,365	1,525,387	1,150,750	65,578	551,584	65,632	5,073,837
Taxation from other governments	25,784	-	-	-	-	-	-	25,784
User charges and fees	75,383	235,643	1,125,517	2,173,306	99,286	244,418	29,755	3,983,308
Government transfers	967,000	15,000	57,347	21,536	-	-	10,430	1,071,313
Donations and sale of goods	635,186	11,475	13,491	-	16,652	11,038	8,755	696,597
Investment income	109,202	-	144	23,821	-	-	-	133,167
Penalties and interest on property taxation	47,835	-	-	79,413	-	-	-	127,248
	2,605,951	1,231,483	2,721,886	3,448,826	181,516	807,040	114,572	11,111,254
Expenses								
Salaries, wages and benefits	886,820	424,083	745,650	212,764	24,478	400,019	18,482	2,712,296
Interest on long-term liabilities	-	-	71,569	89,036	-	-	-	160,605
Materials and supplies	456,185	148,664	759,873	787,780	42,830	349,791	33,982	2,579,105
Contracted services	231,873	950,070	266,992	1,048,407	9,582	31,293	34,846	2,573,063
Rents, financial expenses and external transfers	18,611	91,618	878,697	112,515	46,729	36,306	29,525	1,214,001
Amortization expense	28,223	100,410	1,778,319	840,532	19,128	187,663	7,961	2,962,236
Interfunctional charges	(203,200)	35,950	27,100	78,550	9,300	29,800	22,500	-
	1,418,512	1,750,795	4,528,200	3,169,584	152,047	1,034,872	147,296	12,201,306
Net revenues (expenses)	1,187,419	(519,312)	(1,806,314)	279,242	29,469	(227,832)	(32,724)	(1,090,052)

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

**CORPORATION OF THE
MUNICIPALITY OF SOUTH BRUCE**

**SCHEDULE 4
CONSOLIDATED SCHEDULE OF SEGMENTED REVENUES AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation and Cultural Services	Planning and Development	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Other								
Grants and transfers related to capital								
Government transfers	-	-	564,249	-	-	-	36,798	601,047
Donations	-	70,401	147,638	-	46,000	132,900	9,866	406,805
Capital contribution	-	-	-	519,830	-	-	-	519,830
Gain (loss) on disposal of tangible capital assets	-	-	18,775	-	-	-	(3,732)	15,043
	-	70,401	730,662	519,830	46,000	132,900	42,932	1,542,725
Annual surplus (deficit)	1,187,419	(448,911)	(1,075,652)	799,072	75,469	(94,932)	10,208	452,673

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