

The Corporation of the  
Municipality of Meaford  
Consolidated Financial Statements  
For the year ended December 31, 2019

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For the year ended December 31, 2019

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## Independent Auditor's Report

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To the Members of Council, Inhabitants and Ratepayers  
of the Corporation of the Municipality of Meaford

### Opinion

We have audited the consolidated financial statements of the Corporation of the Municipality of Meaford ("the Municipality"), which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated 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, 2019, and its consolidated results of operations, consolidated changes in net financial assets and 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 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 consolidated 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 related 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.

#### 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated 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 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.



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Municipality to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Owen Sound, Ontario  
June 22, 2020

**The Corporation of the Municipality of Meaford**  
**Consolidated Statement of Financial Position**

December 31	2019	2018
<b>Financial assets</b>		
Cash (Note 1)	\$ 3,566,294	\$ 2,225,177
Temporary investments (Note 2)	9,272,479	10,434,963
Taxes receivable	1,523,998	1,306,145
Trade and other receivables (Note 3)	2,290,506	1,829,668
Inventory held for resale	8,117	5,347
Long-term receivables (Note 4)	255,980	278,525
Long-term investments (Note 2)	2,700,000	1,500,000
	<u>19,617,374</u>	<u>17,579,825</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	3,501,554	3,166,980
Solid waste closure and post-closure liabilities (Note 5)	170,952	140,034
Post-employment benefits (Note 6)	2,058,500	2,035,800
Deferred revenue (Page 31)	5,345,326	4,787,202
Long-term liabilities (Note 7)	5,390,143	5,938,795
	<u>16,466,475</u>	<u>16,068,811</u>
<b>Net financial assets</b>	<u>3,150,899</u>	<u>1,511,014</u>
<b>Non-financial assets</b>		
Inventory of supplies	245,969	169,499
Prepaid expenses	229,545	201,366
Tangible capital assets (Note 8)	82,524,465	78,060,004
	<u>82,999,979</u>	<u>78,430,869</u>
<b>Accumulated surplus (Note 9)</b>	<u>\$ 86,150,878</u>	<u>\$ 79,941,883</u>

The accompanying summary of significant accounting policies and notes are an integral part of these consolidated financial statements.

**The Corporation of the Municipality of Meaford**  
**Consolidated Statement of Operations and Accumulated Surplus**

For the year ended December 31	2019 Budget (Note 11)	2019 Actual	2018 Actual
<b>Revenue</b>			
Taxation	\$ 14,915,625	\$14,959,376	\$ 14,687,085
Fees and user charges	6,185,300	6,626,119	6,360,557
Government transfers (Note 12)	3,405,575	4,023,318	2,465,088
Other income (Note 13)	3,366,650	1,863,687	1,054,029
	<u>27,873,150</u>	<u>27,472,500</u>	<u>24,566,759</u>
<b>Expenses</b>			
General government	3,511,450	3,272,655	2,959,344
Protection services	3,428,600	3,555,935	3,441,926
Transportation services	3,642,250	6,261,962	5,858,192
Environmental services	3,526,725	3,644,719	3,327,406
Recreation and cultural services	3,422,050	4,024,680	3,715,941
Planning and development	529,350	503,554	652,335
	<u>18,060,425</u>	<u>21,263,505</u>	<u>19,955,144</u>
Annual surplus (Note 11)	9,812,725	6,208,995	4,611,615
Accumulated surplus, beginning of the year	<u>79,941,883</u>	<u>79,941,883</u>	<u>75,330,268</u>
<b>Accumulated surplus, end of the year</b>	<u>\$ 89,754,608</u>	<u>\$ 86,150,878</u>	<u>\$ 79,941,883</u>

The accompanying summary of significant accounting policies and notes are an integral part of these consolidated financial statements.

**The Corporation of the Municipality of Meaford**  
**Consolidated Statement of Changes in Net Financial Assets**

<u>For the year ended December 31</u>	<u>2019</u>	<u>2019</u>	<u>2018</u>
	Budget (Note 11)	Actual	Actual
Annual surplus (Page 6)	\$ 9,812,725	\$ 6,208,995	\$ 4,611,615
Acquisition of tangible capital assets	(13,415,100)	(8,773,939)	(9,442,147)
Amortization of tangible capital assets	-	4,125,224	3,854,119
Loss on disposal of tangible capital assets	-	(14,570)	(11,411)
Proceeds on disposal of tangible capital assets	-	198,824	79,466
	<u>(13,415,100)</u>	<u>(4,464,461)</u>	<u>(5,519,973)</u>
Change in prepaid expenses	-	(28,179)	(6,828)
Change in prepaid deposits	-	-	1,555,802
Change in inventories of supplies	-	(76,470)	37,930
	<u>-</u>	<u>(104,649)</u>	<u>1,586,904</u>
Increase <b>(d</b> ecrease) in net financial assets	(3,602,375)	1,639,885	678,546
Net financial assets, beginning of the year	<u>1,511,014</u>	<u>1,511,014</u>	<u>832,468</u>
Net financial assets, end of the year	<u>\$ (2,091,361)</u>	<u>\$ 3,150,899</u>	<u>\$ 1,511,014</u>

The accompanying summary of significant accounting policies and notes are an integral part of these consolidated financial statements.

The Corporation of the Municipality of Meaford  
Consolidated Statement of Cash Flows

For the year ended December 31	2019	2018
Cash provided by (used in)		
Operating activities		
Annual surplus (Page 6)	\$ 6,208,995	\$ 4,611,615
Items not involving cash		
Increase in landfill liabilities	30,918	1,862
Increase in post-employment benefits	22,700	28,200
Amortization	4,125,224	3,854,119
Contributed capital assets	(6,500)	-
Deferred revenue recognized	(1,233,680)	(604,896)
Loss on disposal of capital assets	(14,570)	(11,411)
	<u>9,133,087</u>	<u>7,879,489</u>
Changes in non-cash working capital balances		
Taxes receivable	(217,853)	155,633
Trade and other receivables	(460,838)	163,190
Inventory held for resale	(2,770)	(1,057)
Accounts payable and accrued liabilities	334,574	(104,841)
Deferred revenue received	1,791,804	1,930,487
Change in prepaid expenses	(28,179)	(6,828)
Change in inventory of supplies	(76,470)	37,930
Change in prepaid deposits	-	1,555,802
	<u>1,340,268</u>	<u>3,730,316</u>
	<u>10,473,355</u>	<u>11,609,805</u>
Capital transactions		
Cash used to acquire capital assets	(8,767,439)	(9,442,147)
Proceeds on sale of capital assets	198,824	79,466
	<u>(8,568,615)</u>	<u>(9,362,681)</u>
Investing activities		
Increase in temporary investments	1,162,484	(4,857,156)
Decrease in long-term receivables	22,545	3,519
Increase in long-term investments	(1,200,000)	3,006,045
	<u>(14,971)</u>	<u>(1,847,592)</u>
Financing activities		
Net decrease of long-term liabilities	(548,652)	(579,288)
Net change in cash and cash equivalents	1,341,117	(179,756)
Cash, beginning of the year	<u>2,225,177</u>	<u>2,404,933</u>
Cash, end of the year	<u>\$ 3,566,294</u>	<u>\$ 2,225,177</u>

The accompanying summary of significant accounting policies and notes are an integral part of these consolidated financial statements.

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## The Corporation of the Municipality of Meaford Summary of Significant Accounting Policies

December 31, 2019

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**Management Responsibility**      The management of the Corporation of the Municipality of Meaford is responsible for the integrity, objectivity and accuracy of the financial information presented in these consolidated financial statements. The Council reviews and approves the consolidated financial statements.

**Basis of Accounting**              The consolidated financial statements of the Corporation of the Municipality of Meaford have been prepared by management in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada as prescribed by the Ministry of Municipal Affairs and Housing.

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.

**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 following boards and municipal enterprises owned or controlled by Council have been consolidated:

- Cemetery Board
- Central Business Improvement Area
- Municipality of Meaford Library Board
- Bognor Community Centre
- Riverside Community Centre
- ReNew Meaford Arts and Business Association

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

	2019	2018
Inter-Township Fire Department	25.00%	25.00%

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## The Corporation of the Municipality of Meaford Summary of Significant Accounting Policies

December 31, 2019

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### Use of Estimates

The preparation of consolidated 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 consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Estimates are used when accounting for items such as useful lives for tangible capital assets, accrued liabilities, post-employment benefits, solid waste closure and post-closure liabilities and taxes receivable.

### Revenue Recognition

Revenues are recognized as follows:

- a) 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 an allowance for anticipated uncollectible amounts.
- 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) Government transfers are recognized as revenue in the consolidated financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.
- e) 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.

### Temporary Investments

Temporary investments are recorded at lower of cost or market.

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The Corporation of the Municipality of Meaford  
Summary of Significant Accounting Policies

December 31, 2019

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Long-Term Investments Long-term 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.

Inventory Inventory held for consumption is recorded at the lower of cost and replacement cost. Inventory held for resale is recorded at lower of cost and net realizable value. Cost is determined on the average cost basis.

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. 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 management. The following rates are used:

Land improvements	20 to 95 years
Facilities	15 to 95 years
Fleet	7 to 20 years
Machinery and equipment	2 to 20 years
Transportation infrastructure	3 to 100 years
Environmental services infrastructure	80 years

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

Solid Waste Closure and Post-Closure Liabilities Site closure and post-closure care costs are recognized over the operating life of the landfill based on capacity used. The liability is recorded at its discounted value, based on the average long-term borrowing rate of the municipality.

Post-Employment Benefits The municipality provides post-employment travel, extended health, dental and life insurance benefits to eligible retired employees. The benefits earned by employees are determined using management's best estimate of expected benefit cost and are expensed as services are rendered.

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The Corporation of the Municipality of Meaford  
Summary of Significant Accounting Policies

December 31, 2019

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Liability for Contaminated Sites	A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the organization is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. The liability is recorded net of any expected recoveries. Management is not aware of any contaminated sites for which a liability needs to be recognized.
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.
Trust Funds	Funds held in trust by the municipality, and their related operations, are not included in these consolidated financial statements. The financial activity and position of the trust funds are reported separately on the trust funds statement of continuity and balance sheet.

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The Corporation of the Municipality of Meaford  
Notes to Consolidated Financial Statements

December 31, 2019

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1. Cash

On December 31, 2019, the municipality had deposits of \$4,967,531 in a Canadian Chartered bank. The Canadian Deposit Insurance Corporation insures deposits up to a maximum of \$100,000 per depositor per financial institution. Investment deposits of \$11,350,000 are also held at a second financial institution.

The Municipality of Meaford has an undrawn credit facility of \$3,800,000. Interest is calculated at TD bank prime less 0.5%.

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2. Investments

	2019	2018
One Fund - Public Sector Group of Funds	\$ -	\$ 1,500,000
Term deposits, interest rate of 2.15%, maturity January 2020	600,000	1,000,000
Guaranteed investment certificates, interest rates of 2.25% to 2.9%, maturity dates May 2020 to December 2021	11,350,000	9,422,746
Accrued interest	22,479	12,217
	<b>\$11,972,479</b>	<b>\$ 11,934,963</b>
Total investments are presented as:		
Temporary investments	\$ 9,272,479	\$ 10,434,963
Long-term investments	2,700,000	1,500,000
	<b>\$11,972,479</b>	<b>\$ 11,934,963</b>

Investments have a market value of \$11,975,231 (2018 - \$11,902,213) at the end of the year.

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3. Trade and Other Receivables

	2019	2018
Government transfers and HST	\$ 915,930	\$ 649,247
Trade and other receivables	1,374,576	1,180,421
	<b>\$ 2,290,506</b>	<b>\$ 1,829,668</b>

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The Corporation of the Municipality of Meaford  
Notes to Consolidated Financial Statements

December 31, 2019

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4. Long-Term Receivables

	<u>2019</u>	<u>2018</u>
Tile drainage loans, 6%, various repayments, due 2020 to 2029	\$ 46,665	\$ 41,214
Water and sewer connection charges receivable, 5%, due 2020 to 2025	<u>209,315</u>	<u>237,311</u>
	<u>\$ 255,980</u>	<u>\$ 278,525</u>

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5. Solid Waste Landfill Post-Closure Liabilities

Solid waste landfill post-closure care requirements have been defined in accordance with industry standards and include ongoing environmental monitoring, site inspection and maintenance.

The liability for the landfill site is recorded at \$170,952 (2018 - \$140,034) and represents the present value of the post-closure costs for the Meaford landfill site, using a discount rate of 2.71% (2018 - 3.92%).

The landfill was closed in 1992 and the liability is based on future monitoring and post-closure costs. The total estimated future expenses for post-closure care is \$235,390, leaving an amount to be recognized of \$64,438. The estimated remaining monitoring period is 22 years.

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The Corporation of the Municipality of Meaford  
Notes to Consolidated Financial Statements

December 31, 2019

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6. Retirement and Post-Employment Benefit

The Corporation of the Municipality of Meaford provides a defined benefit plan for retirement benefits other than pensions to employees who meet certain requirements when they retire. The municipality pays for the cost of travel, extended health, dental and life insurance benefits for the employees until age 65. For a group of specified employees who were grandfathered-in during amalgamation, the benefits coverage is for life. The post-employment benefit at December 31 includes the following components:

	2019	2018
Retirement benefits	\$ 1,912,400	\$ 1,876,000
Unamortized actuarial gain	146,100	159,800
	\$ 2,058,500	\$ 2,035,800

Actuarial valuations for accounting purposes are performed using the projected benefit method, pro-rated on services. The most recent actuarial report was prepared as at December 31, 2018.

The actuarial valuation was based on a number of assumptions about future events, such as inflation rates, medical inflation rates, wage increases, employee turnover and mortality rates. There was no changes in assumptions as at December 31, 2019.

The assumptions used reflect management's best estimates. The post-employment benefit liability was determined using a discount rate of 3.5% (2018 - 3.5%). For extended health care costs a 5.83% annual rate of increase was assumed for 2019, decreasing to a rate of 3.89% per year in 2038. For dental costs, a 4.0% (2018 - 4.0%) annual rate of increase was assumed.

	2019	2018
Current period benefit cost	\$ 61,400	\$ 59,600
Interest costs	66,200	59,100
Amortization of actuarial gain	(13,700)	(4,500)
Total expense for the year	\$ 113,900	\$ 114,200

Total benefit payments on behalf of retirees during the year were \$75,634 (2018 - \$75,155).

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The Corporation of the Municipality of Meaford  
Notes to Consolidated Financial Statements

December 31, 2019

7. Long-Term Liabilities

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

	<u>2019</u>	<u>2018</u>
Meaford Hall loan, OSIFA, interest at 5.14%, payable in blended semi-annual payments of \$130,028, due September 2028	\$ 1,854,596	\$ 2,013,115
Meaford waste pollution control plant loan, OSIFA, 2.62%, payable in blended semi-annual installments of \$30,665, due December 2027	440,051	488,890
Tile drain loans, 6%, various repayment terms, due from 2020 to 2029	50,850	45,399
Leith capital projects, TD Bank, 3.46%, payable in blended monthly installments of \$4,919, due August 2024	235,255	280,917
Meaford capital water projects, TD Bank, 3.55%, payable in blended monthly installments of \$19,674, due August 2028	1,556,394	1,707,148
Meaford capital water projects, TD Bank, 3.15%, payable in blended monthly installments of \$2,431, due February 2022	<u>61,071</u>	<u>87,862</u>
Carried forward	<u>\$ 4,198,217</u>	<u>\$ 4,623,331</u>

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The Corporation of the Municipality of Meaford  
Notes to Consolidated Financial Statements

December 31, 2019

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7. Long-Term Liabilities - (continued)

	2019	2018
Brought forward	\$ 4,198,217	\$ 4,623,331
Meaford capital sewer projects, TD Bank, 2.62%, payable in blended monthly installments of \$4,350, due August 2028	414,586	457,558
Meaford capital roads projects, TD Bank, 2.62%, payable in blended monthly installments of \$8,160, due August 2028	777,340	857,906
	\$ 5,390,143	\$ 5,938,795

Principal payments for the next five fiscal years and thereafter are as follows:

2020	\$	576,877
2021		601,555
2022		598,144
2023		618,052
2024		604,756
Thereafter		2,390,759
	\$	5,390,143

Interest expense in the amount of \$217,791 (2018 - \$268,183) has been recognized on the consolidated statement of operations.

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The Corporation of the Municipality of Meaford  
Notes to Consolidated Financial Statements

December 31, 2019

8. Tangible Capital Assets

2019

	Land	Land Improvements	Facilities	Fleet	Machinery & Equipment	Transportation Infrastructure	Environmental Infrastructure	Asset Under Construction	Total
Cost, beginning of the year	\$ 4,635,841	\$ 3,840,015	\$ 34,356,580	\$ 7,911,520	\$ 7,049,011	\$ 69,477,985	\$ 26,396,377	\$ 2,642,525	\$ 156,309,854
Additions	15,000	343,499	461,264	737,674	603,538	2,804,135	182,030	3,626,799	8,773,939
Disposals	(5,509)	(20,890)	(19,854)	(541,417)	(190,181)	(590,691)	(1,137)	-	(1,369,679)
Re-allocation	387,732	-	8,158	-	184,759	1,063,958	-	(1,644,607)	-
Cost, end of the year	5,033,064	4,162,624	34,806,148	8,107,777	7,647,127	72,755,387	26,577,270	4,624,717	163,714,114
Accumulated amortization, beginning of the year	-	2,120,263	25,397,120	3,916,918	2,622,595	37,675,224	6,517,730	-	78,249,850
Amortization	-	107,535	530,492	504,985	420,054	2,219,796	342,362	-	4,125,224
Disposals	-	(14,065)	(19,470)	(334,747)	(234,638)	(581,667)	(838)	-	(1,185,425)
Accumulated amortization, end of the year	-	2,213,733	25,908,142	4,087,156	2,808,011	39,313,353	6,859,254	-	81,189,649
Net carrying amount, end of the year	\$ 5,033,064	\$ 1,948,891	\$ 8,898,006	\$ 4,020,621	\$ 4,839,116	\$ 33,442,034	\$ 19,718,016	\$ 4,624,717	\$ 82,524,465

The Corporation of the Municipality of Meaford  
Notes to Consolidated Financial Statements

December 31, 2019

8. Tangible Capital Assets - (continued)

2018

	Land	Land Improvements	Facilities	Fleet	Machinery & Equipment	Transportation Infrastructure	Environmental Infrastructure	Asset Under Construction	Total
Cost, beginning of the year	\$ 4,665,112	\$ 3,858,955	\$ 34,241,768	\$ 7,519,657	\$ 5,573,401	\$ 67,402,933	\$ 24,825,957	\$ 283,620	\$ 148,371,403
Additions	-	187,628	194,679	493,191	1,300,932	3,069,069	633,219	3,563,429	9,442,147
Disposals	(29,271)	(206,568)	(434)	(101,328)	(32,619)	(1,119,834)	(13,642)	-	(1,503,696)
Re-allocation	-	-	(79,433)	-	207,297	125,817	950,843	(1,204,524)	-
Cost, end of the year	4,635,841	3,840,015	34,356,580	7,911,520	7,049,011	69,477,985	26,396,377	2,642,525	156,309,854
Accumulated amortization, beginning of the year	-	2,215,507	24,876,805	3,538,802	2,192,939	36,803,846	6,203,473	-	75,831,372
Amortization	-	111,324	520,580	424,839	484,843	1,989,591	322,942	-	3,854,119
Disposals	-	(206,568)	(265)	(46,723)	(55,187)	(1,118,213)	(8,685)	-	(1,435,641)
Accumulated amortization, end of the year	-	2,120,263	25,397,120	3,916,918	2,622,595	37,675,224	6,517,730	-	78,249,850
Net carrying amount, end of the year	\$ 4,635,841	\$ 1,719,752	\$ 8,959,460	\$ 3,994,602	\$ 4,426,416	\$ 31,802,761	\$ 19,878,647	\$ 2,642,525	\$ 78,060,004

The Corporation of the Municipality of Meaford  
Notes to Consolidated Financial Statements

December 31, 2019

8. Tangible Capital Assets - (continued)

The municipality holds various works of art and historical treasures pertaining to the Meaford Museum. These items are not recognized as tangible capital assets in the consolidated financial statements because a reasonable estimate of the future benefits associated with such property cannot be made.

9. Accumulated Surplus

Accumulated surplus consists of individual fund surplus (deficit) and reserves as follows:

	2019	2018
Invested in tangible capital assets		
Tangible capital assets purchased	\$ 82,524,465	\$ 78,060,004
Unfinanced capital assets	(1,654,486)	(2,157,808)
Capital assets financed by Internal debentures and to be funded in future years	(259,566)	-
Capital assets financed by long-term liabilities and to be funded in future years	(5,339,293)	(5,893,396)
Total invested in capital assets	75,271,120	70,008,800
Unfunded post-employment benefits	(2,058,500)	(2,035,800)
Unfunded solid waste closure and post-closure costs	(170,952)	(140,034)
Unfunded liability - North East Grey Health Clinic	(75,000)	(100,000)
Bognor Community Centre	28,330	21,661
Riverside Community Centre	19,710	19,386
Business Improvement Area	39,331	33,955
General surplus (Note 11)	411,812	1,048,562
	73,465,851	68,856,530
Reserves and reserve funds (Note 10)	12,685,027	11,085,353
Accumulated surplus	\$ 86,150,878	\$ 79,941,883

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The Corporation of the Municipality of Meaford  
Notes to Consolidated Financial Statements

December 31, 2019

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10. Reserves and Reserve Funds Set Aside for Specific Purpose by Council

	<u>2019</u>	<u>2018</u>
Reserves		
Working funds	\$ 1,565,614	\$ 1,565,614
Contingencies	551,315	675,640
Insurance	196,155	176,155
Current purposes	164,331	164,331
Capital purposes	<u>1,469,240</u>	<u>1,409,101</u>
	3,946,655	3,990,841
Reserve funds		
Capital purposes	<u>8,738,372</u>	<u>7,094,512</u>
Reserves and reserve funds set aside for specific purpose by Council	<u>\$12,685,027</u>	<u>\$ 11,085,353</u>

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The Corporation of the Municipality of Meaford  
Notes to Consolidated Financial Statements

December 31, 2019

11. Budgets

Under Canadian public sector accounting standards, budget amounts are to be reported on the consolidated statement of operations and accumulated surplus and changes in net financial assets for comparative purposes. The 2019 budget amounts for the Corporation of the Municipality of Meaford approved by Council have been reclassified to conform to the presentation of the consolidated statements of operations and accumulated surplus and changes in net financial assets. The following is a reconciliation of the budget approved by Council.

	2019 Budget	2019 Actual	2018 Actual
Annual surplus (Page 6)	\$ 9,812,725	\$ 6,208,995	\$ 4,611,615
Amortization	-	4,125,224	3,854,119
	9,812,725	10,334,219	8,465,734
Net transfers (to) from reserves	2,869,300	(1,116,355)	65,845
Capital acquisitions, disposals and write-down	(13,415,100)	(8,589,685)	(9,374,092)
Current capital projects not funded	-	361,339	1,744,657
Prior year capital projects funded	-	(299,418)	-
Proceeds from long-term debt	1,327,750	-	-
Proceeds from internal debentures	-	299,418	-
Debt and debenture principal repayments	(569,675)	(593,955)	(602,094)
Change in unfunded liabilities	(25,000)	28,618	5,062
Change in other surpluses	-	(12,369)	(9,669)
Current year surplus	-	411,812	295,443
Prior year general surplus (Note 9)	-	1,048,562	753,119
Prior year surplus transferred to reserves for specific future capital projects	-	(483,319)	-
Prior year surplus used to fund New Library Construction	-	(565,243)	-
Accumulated general surplus (Note 9)	\$ -	\$ 411,812	\$ 1,048,562

The Corporation of the Municipality of Meaford  
Notes to Consolidated Financial Statements

December 31, 2019

12. Government Transfers

	2019 Budget	2019 Actual	2018 Actual
Operating transfers			
Province of Ontario			
Ontario Municipal Partnership Fund (OMPF)	\$ 1,225,700	\$ 1,234,100	\$ 1,225,700
Roads and transit	91,650	133,081	35,941
Roads sewer water projects	-	-	291,416
Environmental services	-	147,116	155,036
Fire	-	10,647	16,715
Other	222,675	57,926	138,041
	1,540,025	1,582,870	1,862,849
Government of Canada			
Other	12,200	13,972	13,566
Other municipalities	-	3,693	25,757
Total operating transfers	1,552,225	1,600,535	1,902,172
Capital transfers			
Province of Ontario			
Roads	1,454,000	1,688,959	33,526
Water, sewer, other	-	-	17,296
Other	45,350	139,663	-
	1,499,350	1,828,622	50,822
Government of Canada			
Federal Gas Tax - Roads	354,000	354,000	354,000
Sewer and water	-	-	34,591
Other	-	221,054	-
	354,000	575,054	388,591
Other Municipalities	-	19,107	123,503
Total capital transfers	1,853,350	2,422,783	562,916
Total government transfers	\$ 3,405,575	\$ 4,023,318	\$ 2,465,088

The Corporation of the Municipality of Meaford  
Notes to Consolidated Financial Statements

December 31, 2019

13. Other Income

	2019 Budget	2019 Actual	2018 Actual
Penalties, fines and interest on taxation	\$ 237,000	\$ 225,025	\$ 230,394
Other fines and penalties	-	-	840
Investment income	71,000	442,485	199,521
Licenses, permits and rents	351,950	441,633	370,419
Donations and fundraising	1,236,500	326,720	48,350
Other income	44,500	73,232	119,195
Loss on disposal of tangible capital assets	-	14,570	11,411
Sewer debt charges	18,175	18,171	18,171
Development charges recognized	1,407,525	266,655	53,576
Recreation land	-	55,196	2,152
	<u>\$ 3,366,650</u>	<u>\$ 1,863,687</u>	<u>\$ 1,054,029</u>

14. Government Business Partnership

The following summarizes the financial position and operations of the government business partnership which have been reported in these consolidated financial statements using the proportionate consolidation method:

Inter-Township Fire Department

Inter-Township Fire Department is a joint board under the shared control of the Corporation of the Municipality of Meaford, and the Corporation of the Municipality of Georgian Bluffs. The consolidated financial statements include the municipality's 25% proportionate interest of the following:

	2019	2018
Financial assets	\$ 1,585,525	\$ 1,359,194
Liabilities	<u>142,246</u>	<u>140,451</u>
Net financial assets	1,443,279	1,218,743
Non-financial assets	<u>1,352,365</u>	<u>1,439,714</u>
Accumulated surplus	<u>\$ 2,795,644</u>	<u>\$ 2,658,457</u>
Revenues	\$ 1,000,560	\$ 1,035,275
Expenses	<u>863,373</u>	<u>827,406</u>
Annual surplus	<u>\$ 137,187</u>	<u>\$ 207,869</u>

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The Corporation of the Municipality of Meaford  
Notes to Consolidated Financial Statements

December 31, 2019

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15. Pension Agreements

The municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 77 members of its staff. This plan is a defined benefit plan which specifies the amount of the retirement 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 amount contributed to OMERS by the municipality for 2019 was \$447,565 (2018 - \$417,444). The contribution rate for 2019 was 9.0% to 15.8% depending on age and income level (2018 - 9.0% to 15.8%).

OMERS is a multi-employer pension plan, therefore any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. 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, 2019. At that time the plan reported a \$3.40 billion actuarial deficit (2018 - \$4.19 billion actuarial deficit), based on actuarial liabilities of \$106.44 billion (2018 - \$99.06 billion) and actuarial assets of \$103.04 billion (2018 - \$94.87 billion). Ongoing adequacy of the current contribution rates will need to be monitored as fluctuations in the financial markets may lead to increased future funding requirements.

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16. Operations of School Boards and the County of Grey

During the year, the following taxation revenue was raised and remitted to the school boards and the County of Grey:

	2019	2018
School boards	\$ 3,441,453	\$ 3,491,054
County of Grey	6,530,396	6,325,463
	<u>\$ 9,971,849</u>	<u>\$ 9,816,517</u>

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17. Trust Funds

The trust funds administered by the municipality amounting to \$715,655 (2018 - \$702,242) have not been included in the consolidated statement of financial position nor have the operations been included in the consolidated statement of operations and accumulated surplus.

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The Corporation of the Municipality of Meaford  
Notes to Consolidated Financial Statements

December 31, 2019

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18. Commitments

The Municipality of Meaford has authorized an annual financial contribution of \$50,000 per year for 10 years to Grey Bruce Health Service - Meaford Hospital Foundation commencing in 2013 and ending in 2022.

The Municipality of Meaford has authorized an annual financial contribution of \$25,000 per year for 10 years to North East Grey Health Clinics Hospital commencing in 2013 and ending in 2022.

The Municipality of Meaford has entered into contracts totaling \$6,955,216 for the purchase and repairs of significant capital assets with \$4,352,800 remaining to be spent.

The Municipality of Meaford has entered into agreements with various contractors for waste collection, disposal and recycling, winter maintenance, and water and sewer operations for the following amounts excluding HST:

2020	\$ 1,494,356
2021	\$ 571,100
2022	\$ 356,652
2023	\$ 287,156
2024	\$ 285,986

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19. Contingent Liabilities

- (a) The municipality has been served with claims as a result of motor vehicle accidents and personal injury claims. The municipality is not aware of any possible settlements in excess of its liability insurance coverage. The outcomes of these claims are not determinable at this time.
  - (b) The municipality has been served with claims as a result of building code and property matters. The outcomes of these claims are not determinable at this time.
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## The Corporation of the Municipality of Meaford

### Notes to Consolidated Financial Statements

December 31, 2019

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#### 20. Subsequent Event

Subsequent to year end, the impact of COVID-19 in Canada and on the global economy increased significantly. As the impacts of COVID-19 continue, there could be further impact on the Municipality, its citizens, employees, suppliers and other third party business associates that could impact the timing and amounts realized on the Municipality's assets and future ability to deliver services and projects. At this time, the full potential impact of COVID-19 on the Municipality is not known. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of disruption and the related financial impact cannot be reasonably estimated at this time. The Municipality's ability to continue delivering non-essential services and employ related staff will depend on the legislative mandates from the various levels of government. The Municipality will continue to focus on collecting receivables, managing expenditures, and leveraging existing reserves and available credit facilities to ensure it is able to continue providing essential services to its citizens.

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#### 21. Segmented Information

The Corporation of the Municipality of Meaford 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:

##### General Government

General government includes revenues and expenses that relate to the governance and operations of the municipality itself and cannot be directly attributed to a specific segment.

##### Protection to Persons and Property

Protection is comprised of police services, fire protection, conservation authority, emergency measures, animal control and building and structural inspection.

##### Transportation

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

##### Environmental

Environmental services consists of providing waste collection, disposal and recycling to its citizens. It also consists of providing the municipality's drinking water and processing and cleaning sewage. The municipality ensures water and sewage systems meet all Provincial standards.

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The Corporation of the Municipality of Meaford  
Notes to Consolidated Financial Statements

December 31, 2019

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21. Segmented Information - (continued)

Health

Health services include contributions to the operations of local cemeteries.

Recreational and Cultural Services

This service area provides services meant to improve the health and development of the municipality's citizens. The municipality operates and maintains parks and arenas. The municipality also provides library services and recreational programs. This segment also includes contributions to the operations of local cemeteries.

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, and payments-in-lieu	Allocated to those segments that are funded by these amounts based on the budget for the year
OMPF Grants	Allocated to segments based on the budget for the year

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The Corporation of the Municipality of Meaford  
Notes to Consolidated Financial Statements

December 31, 2019

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmental Services	Recreation and Cultural Services	Planning and Development	2019 Total
<b>Revenue</b>							
Taxation	\$ 2,393,500	\$ 3,590,250	\$ 6,731,719	\$ 1,196,750	\$ 448,781	\$ 598,375	\$ 14,959,376
Fees and user charges	73,382	61,824	19,510	4,342,695	1,932,937	116,227	6,626,119
Specific grants	24,891	11,247	2,176,041	118,569	430,080	28,390	2,789,218
OMPF grant	197,456	296,184	555,345	98,728	37,023	49,364	1,234,100
Other revenue	755,738	471,083	(31,630)	74,508	579,610	14,378	1,863,687
	<u>3,444,967</u>	<u>4,430,588</u>	<u>9,450,985</u>	<u>5,831,250</u>	<u>3,428,431</u>	<u>806,734</u>	<u>27,472,500</u>
<b>Expenses</b>							
Salaries and benefits	2,199,451	784,391	1,808,399	788,219	1,728,215	276,981	7,585,656
Post-employment benefit	113,900	-	-	-	-	-	113,900
Interest on debt	-	-	25,109	91,217	98,564	2,901	217,791
Materials and supplies	697,609	487,386	1,341,855	1,104,420	1,212,850	220,033	5,064,153
Contracted services	51,437	1,963,260	369,047	964,833	414,724	-	3,763,301
Other transfers	102,000	160,500	-	-	-	-	262,500
Rents and financial expenses	9,168	-	4,061	9,906	107,845	-	130,980
Amortization	99,090	160,398	2,713,491	686,124	462,482	3,639	4,125,224
	<u>3,272,655</u>	<u>3,555,935</u>	<u>6,261,962</u>	<u>3,644,719</u>	<u>4,024,680</u>	<u>503,554</u>	<u>21,263,505</u>
<b>Annual surplus (deficit)</b>	<b>\$ 172,312</b>	<b>\$ 874,653</b>	<b>\$ 3,189,023</b>	<b>\$ 2,186,531</b>	<b>\$ (596,249)</b>	<b>\$ 303,180</b>	<b>\$ 6,208,995</b>

The Corporation of the Municipality of Meaford  
Notes to Consolidated Financial Statements

December 31, 2019

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmental Services	Recreation and Cultural Services	Planning and Development	2018 Total
<b>Revenue</b>							
Taxation	\$ 5,287,350	\$ 1,321,838	\$ 4,112,384	\$ 881,225	\$ 2,643,675	\$ 440,613	\$ 14,687,085
Fees and user charges	72,402	42,570	89,513	4,364,890	1,704,089	87,093	6,360,557
Specific grants	55,855	16,715	899,171	206,922	60,725	-	1,239,388
OMPF grant	441,252	110,313	343,196	73,542	220,626	36,771	1,225,700
Other revenue	457,890	382,257	86,870	52,592	73,880	540	1,054,029
	<u>6,314,749</u>	<u>1,873,693</u>	<u>5,531,134</u>	<u>5,579,171</u>	<u>4,702,995</u>	<u>565,017</u>	<u>24,566,759</u>
<b>Expenses</b>							
Salaries and benefits	1,727,321	694,679	1,589,635	774,086	1,599,020	516,477	6,901,218
Post-employment benefit	114,200	-	-	-	-	-	114,200
Interest on debt	-	297	25,247	133,393	106,719	1,533	267,189
Materials and supplies	802,129	379,796	1,389,160	879,015	1,108,629	130,686	4,689,415
Contracted services	99,053	1,954,061	347,417	873,128	344,590	-	3,618,249
Other transfers	78,473	244,190	-	-	1,176	-	323,839
Rents and financial expenses	12,958	-	42,355	30,276	101,326	-	186,915
Amortization	125,210	168,903	2,464,378	637,508	454,481	3,639	3,854,119
	<u>2,959,344</u>	<u>3,441,926</u>	<u>5,858,192</u>	<u>3,327,406</u>	<u>3,715,941</u>	<u>652,335</u>	<u>19,955,144</u>
<b>Annual surplus (deficit)</b>	<b>\$ 3,355,405</b>	<b>\$ (1,568,233)</b>	<b>\$ (327,058)</b>	<b>\$ 2,251,765</b>	<b>\$ 987,054</b>	<b>\$ (87,318)</b>	<b>\$ 4,611,615</b>

The Corporation of the Municipality of Meaford  
Schedule of Deferred Revenue

For the year ended December 31, 2019

	Opening	Contributions Received	Investment Income	Revenue Recognized	Ending
Obligatory Reserve Funds					
Development charges	\$ 3,019,913	\$ 522,484	\$ 90,559	\$ (266,655)	\$3,366,301
Recreational land	384,662	17,938	11,043	(55,196)	358,447
Federal gas tax funding	277,994	693,556	13,278	(354,000)	630,828
MTO transit funding	526,206	73,439	15,888	(46,932)	568,601
	4,208,775	1,307,417	130,768	(722,783)	4,924,177
Other	578,427	353,619	-	(510,897)	421,149
	\$ 4,787,202	\$ 1,661,036	\$ 130,768	\$(1,233,680)	\$5,345,326