

The Corporation of the
Municipality of Meaford
Consolidated Financial Statements
For the year ended December 31, 2021

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Independent Auditor's Report

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, 2021, 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, 2021, 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.

Chartered Professional Accountants, Licensed Public Accountants

Owen Sound, Ontario
November 9, 2022

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

December 31	2021	2020
Financial assets		
Cash (Note 1)	\$ 4,069,812	\$ 1,959,699
Investments (Note 2)	14,436,316	14,318,836
Taxes receivable	2,026,016	1,660,705
Trade and other receivables (Note 3)	2,635,265	2,554,689
Inventory held for resale	4,053	4,854
Long-term receivables (Note 4)	875,215	501,651
	<u>24,046,677</u>	<u>21,000,434</u>
Liabilities		
Accounts payable and accrued liabilities	4,894,636	6,273,378
Solid waste closure and post-closure liabilities (Note 5)	179,894	149,320
Post-employment benefits (Note 6)	2,132,100	2,085,200
Deferred revenue (Page 30)	7,420,737	5,932,209
Long-term liabilities (Note 7)	4,231,378	4,834,928
	<u>18,858,745</u>	<u>19,275,035</u>
Net financial assets	<u>5,187,932</u>	<u>1,725,399</u>
Non-financial assets		
Inventory of supplies	336,836	288,911
Prepaid expenses	575,445	255,965
Tangible capital assets (Note 8)	95,327,726	90,293,926
	<u>96,240,007</u>	<u>90,838,802</u>
Accumulated surplus (Note 9)	<u>\$ 101,427,939</u>	<u>\$ 92,564,201</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	2021 Budget (Note 11)	2021 Actual	2020 Actual
Revenue			
Taxation	\$ 16,295,525	\$18,215,908	\$ 15,679,964
Fees and user charges	7,141,000	7,207,379	5,985,966
Government transfers (Note 12)	3,469,730	3,925,441	3,589,062
Other income (Note 13)	1,271,925	2,159,607	2,570,772
	<u>28,178,180</u>	<u>31,508,335</u>	<u>27,825,764</u>
Expenses			
General government	3,861,450	3,949,774	3,690,542
Protection services	3,644,725	3,919,611	3,863,943
Transportation services	3,909,550	6,301,272	6,203,949
Environmental services	3,961,950	4,072,098	3,760,637
Recreation and cultural services	3,578,975	3,774,396	3,383,773
Planning and development	769,175	627,446	509,597
	<u>19,725,825</u>	<u>22,644,597</u>	<u>21,412,441</u>
Annual surplus (Note 11)	8,452,355	8,863,738	6,413,323
Accumulated surplus, beginning of the year	<u>92,564,201</u>	<u>92,564,201</u>	<u>86,150,878</u>
Accumulated surplus, end of the year	<u>\$101,016,556</u>	<u>\$101,427,939</u>	<u>\$ 92,564,201</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 (Debt)

For the year ended December 31	2021 Budget (Note 11)	2021 Actual	2020 Actual
Annual surplus (Page 6)	\$ 8,452,355	\$ 8,863,738	\$ 6,413,323
Acquisition of tangible capital assets	(12,581,430)	(9,793,213)	(12,374,482)
Amortization of tangible capital assets	-	4,391,778	4,306,703
(Gain) loss on disposal of tangible capital assets	-	174,628	(733,279)
Proceeds on disposal of tangible capital assets	-	193,007	1,031,597
	<u>(12,581,430)</u>	<u>(5,033,800)</u>	<u>(7,769,461)</u>
Change in prepaid expenses	-	(319,480)	(26,420)
Change in inventories of supplies	-	(47,925)	(42,942)
	<u>-</u>	<u>(367,405)</u>	<u>(69,362)</u>
Increase (d ecrease) in net financial assets	(4,129,075)	3,462,533	(1,425,500)
Net financial assets, beginning of the year	<u>1,725,399</u>	<u>1,725,399</u>	<u>3,150,899</u>
Net financial assets (debt), end of the year	<u>\$ (2,403,676)</u>	<u>\$ 5,187,932</u>	<u>\$ 1,725,399</u>

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

For the year ended December 31	2021	2020
Cash provided by (used in)		
Operating activities		
Annual surplus (Page 6)	\$ 8,863,738	\$ 6,413,323
Items not involving cash		
Increase (decrease) in landfill liabilities	30,574	(21,632)
Increase in post-employment benefits	46,900	26,700
Amortization	4,391,778	4,306,703
Contributed capital assets	(75,000)	(58,059)
Deferred revenue recognized	(1,607,547)	(1,005,000)
(Gain) loss on disposal of capital assets	174,628	(733,279)
	<u>11,825,071</u>	<u>8,928,756</u>
Changes in non-cash working capital balances		
Taxes receivable	(365,311)	(136,707)
Trade and other receivables	(80,576)	(376,463)
Inventory held for resale	801	3,263
Accounts payable and accrued liabilities	(1,378,742)	2,771,824
Deferred revenue received	3,096,075	1,591,883
Change in prepaid expenses	(319,480)	(26,420)
Change in inventory of supplies	(47,925)	(42,942)
	<u>904,842</u>	<u>3,784,438</u>
	<u>12,729,913</u>	<u>12,713,194</u>
Capital transactions		
Cash used to acquire capital assets	(9,718,213)	(12,316,423)
Proceeds on sale of capital assets	193,007	1,031,597
	<u>(9,525,206)</u>	<u>(11,284,826)</u>
Investing activities		
Increase in investments	(117,480)	(2,346,357)
Additions to long-term receivables	(532,339)	(211,960)
Decrease in long-term receivables	158,775	78,569
	<u>(491,044)</u>	<u>(2,479,748)</u>
Financing activities		
Net decrease of long-term liabilities	(603,550)	(555,215)
Net change in cash and cash equivalents	2,110,113	(1,606,595)
Cash, beginning of the year	<u>1,959,699</u>	<u>3,566,294</u>
Cash, end of the year	<u>\$ 4,069,812</u>	<u>\$ 1,959,699</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 Summary of Significant Accounting Policies

December 31, 2021

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:

	2021	2020
Inter-Township Fire Department	25.00%	25.00%

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

December 31, 2021

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. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals and court decisions, could result in a change in the amount of tax revenue recognized. 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.

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

December 31, 2021

Investments 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 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.

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

December 31, 2021

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.

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

December 31, 2021

1. Cash

On December 31, 2021, the municipality had deposits of \$4,026,971 in a Canadian Chartered bank. The Canadian Deposit Insurance Corporation insures deposits up to a maximum of \$100,000 per depositor per financial institution.

On December 31, 2021, the municipality had deposits of cash and investments held in an Ontario credit union of \$12,268,496. The Deposit Insurance Corporation of Ontario (DICO) insures deposits to a maximum of \$250,000 per depositor.

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

2. Investments

	<u>2021</u>	<u>2020</u>
One Investment - Canadian Equity Portfolio	\$ 2,118,811	\$ 2,000,000
Savings account	3,500,115	-
Guaranteed investment certificates, interest rates of 1.20% to 2.09% (2020 - 0.85% to 2.70%), maturity dates May 2022 to December 2022 (2020 - May 2021 to May 2022)	8,772,785	12,272,900
Accrued interest	<u>44,605</u>	<u>45,936</u>
	<u>\$14,436,316</u>	<u>\$ 14,318,836</u>

Investments have a market value of \$14,339,876 (2020 - \$14,327,060) at the end of the year.

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

December 31, 2021

3. Trade and Other Receivables

	2021	2020
Government transfers and HST	\$ 1,302,166	\$ 1,386,241
Trade and other receivables	1,333,099	1,168,448
	\$ 2,635,265	\$ 2,554,689

4. Long-Term Receivables

	2021	2020
Tile drainage loans, 6%, various repayments, due 2022 to 2030	\$ 58,125	\$ 67,653
Water and sewer connection charges receivable, 5%, due 2022 to 2025	140,688	172,579
Community improvement loans, 0% interest, repayable monthly, due 2028 to 2030	101,882	146,502
Local improvements, 3.45% interest, repayable quarterly, due 2025	42,181	114,917
Deferred development charges, 3.45% interest, due 2023	532,339	-
	\$ 875,215	\$ 501,651

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 \$179,894 (2020 - \$149,320) and represents the present value of the post-closure costs for the Meaford landfill site, using a discount rate of 3.89% (2020 - 2.65%). The landfill was closed in 1992 and the liability is based on future monitoring and post-closure costs. The estimated remaining monitoring period is 20 years.

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

December 31, 2021

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:

	2021	2020
Retirement benefits	\$ 2,335,700	\$ 1,952,800
Unamortized actuarial gain (loss)	(203,600)	132,400
	\$ 2,132,100	\$ 2,085,200

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, 2021.

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, 2021

The assumptions used reflect management's best estimates. The post-employment benefit liability was determined using a discount rate of 2.6% (2020 - 3.5%). For extended health care costs a 6.43% annual rate of increase was assumed for 2021, decreasing to a rate of 4.00% per year in 2042. For dental costs, a 4.0% (2020 - 4.0%) annual rate of increase was assumed.

	2021	2020
Current period benefit cost	\$ 81,800	\$ 63,500
Interest costs	73,100	67,600
Amortization of actuarial gain	(4,900)	(13,700)
Total expense for the year	\$ 150,000	\$ 117,400

Total benefit payments on behalf of retirees during the year were \$81,241 (2020 - \$76,505).

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

December 31, 2021

7. Long-Term Liabilities

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

	2021	2020
Meaford Hall loan, OSIFA, interest at 5.14%, payable in blended semi-annual payments of \$130,028, due September 2028	\$ 1,512,371	\$ 1,687,825
Meaford waste pollution control plant loan, OSIFA, 2.62%, payable in blended semi-annual instalments of \$30,665, due December 2027	338,474	389,923
Tile drain loans, 6%, various repayment terms, due from 2022 to 2030	58,125	67,653
Leith capital projects, TD Bank, 3.46%, payable in blended monthly instalments of \$4,919, due August 2024	139,084	188,011
Meaford capital water projects, TD Bank, 3.55%, payable in blended monthly instalments of \$19,674, due August 2028	1,237,956	1,400,201
Meaford capital water projects, TD Bank, 3.15%, payable in blended monthly instalments of \$2,431, due February 2022	4,900	33,430
Carried forward	\$ 3,290,910	\$ 3,767,043

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

December 31, 2021

7. Long-Term Liabilities - (continued)

	2021	2020
Brought forward	\$ 3,290,910	\$ 3,767,043
Meaford capital sewer projects, TD Bank, 2.62%, payable in blended monthly instalments of \$4,350, due August 2028	327,122	371,441
Meaford capital roads projects, TD Bank, 2.62%, payable in blended monthly instalments of \$8,160, due August 2028	613,346	696,444
	\$ 4,231,378	\$ 4,834,928

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

2022	\$	597,747
2023		615,484
2024		620,311
2025		607,150
2026		630,908
Thereafter		1,159,778
	\$	4,231,378

Interest expense in the amount of \$183,909 (2020 - \$201,909) has been recognized on the consolidated statement of operations.

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

December 31, 2021

8. Tangible Capital Assets

2021

	Land	Land Improvements	Facilities	Fleet	Machinery and Equipment	Transportation Infrastructure	Environmental Infrastructure	Asset Under Construction	Total
Cost, beginning of the year	\$ 5,082,726	\$ 4,428,014	\$ 34,830,159	\$ 8,123,549	\$ 9,309,370	\$ 76,346,695	\$ 27,998,990	\$ 8,035,408	\$ 174,154,911
Additions	75,000	88,694	249,323	297,437	540,156	1,592,173	-	6,950,430	9,793,213
Disposals	(24,672)	(75,617)	(15,612)	(611,610)	-	(700,957)	(18,811)	-	(1,447,279)
Re-allocation	-	1,190,214	5,724,649	-	1,000,810	1,428,875	1,176,284	(10,520,832)	-
Cost, end of the year	5,133,054	5,631,305	40,788,519	7,809,376	10,850,336	78,666,786	29,156,463	4,465,006	182,500,845
Accumulated amortization, beginning of the year	-	2,325,195	25,880,084	4,138,860	3,243,843	41,068,283	7,204,720	-	83,860,985
Amortization	-	110,816	494,467	539,121	510,807	2,373,916	362,651	-	4,391,778
Disposals	-	(75,617)	(8,823)	(553,192)	-	(429,119)	(12,893)	-	(1,079,644)
Accumulated amortization, end of the year	-	2,360,394	26,365,728	4,124,789	3,754,650	43,013,080	7,554,478	-	87,173,119
Net carrying amount, end of the year	\$ 5,133,054	\$ 3,270,911	\$ 14,422,791	\$ 3,684,587	\$ 7,095,686	\$ 35,653,706	\$ 21,601,985	\$ 4,465,006	\$ 95,327,726

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

December 31, 2021

8. Tangible Capital Assets - (continued)

2020

	Land	Land Improvements	Facilities	Fleet	Machinery and Equipment	Transportation Infrastructure	Environmental Infrastructure	Asset Under Construction	Total
Cost, beginning 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
Additions	50,000	216,623	317,218	486,570	699,321	2,513,668	56,982	8,034,100	12,374,482
Disposals	(338)	-	(841,666)	(470,798)	(14,859)	(606,024)	-	-	(1,933,685)
Re-allocation	-	48,767	548,459	-	977,781	1,683,664	1,364,738	(4,623,409)	-
Cost, end of the year	5,082,726	4,428,014	34,830,159	8,123,549	9,309,370	76,346,695	27,998,990	8,035,408	174,154,911
Accumulated amortization, beginning of the year	-	2,213,733	25,908,142	4,087,156	2,808,011	39,313,353	6,859,254	-	81,189,649
Amortization	-	111,462	525,070	516,564	450,691	2,357,450	345,466	-	4,306,703
Disposals	-	-	(553,128)	(464,860)	(14,859)	(602,520)	-	-	(1,635,367)
Accumulated amortization, end of the year	-	2,325,195	25,880,084	4,138,860	3,243,843	41,068,283	7,204,720	-	83,860,985
Net carrying amount, end of the year	\$ 5,082,726	\$ 2,102,819	\$ 8,950,075	\$ 3,984,689	\$ 6,065,527	\$ 35,278,412	\$ 20,794,270	\$ 8,035,408	\$ 90,293,926

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

December 31, 2021

8. Tangible Capital Assets - (continued)

During the year, \$75,000 in contributed land (2020 - \$58,059) was recognized in the financial statements.

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:

	2021	2020
Invested in tangible capital assets		
Tangible capital assets purchased	\$ 95,327,726	\$ 90,293,926
Unfinanced capital assets	(6,859,246)	(4,603,401)
Capital assets financed by Internal debentures and to be funded in future years	(177,031)	(218,778)
Capital assets financed by long-term liabilities and to be funded in future years	(4,173,253)	(4,767,275)
	84,118,196	80,704,472
Total invested in capital assets		
Unfunded post-employment benefits	(2,132,100)	(2,085,200)
Unfunded solid waste closure and post-closure costs	(179,894)	(149,320)
Unfunded liability - North East Grey Health Clinic	(25,000)	(50,000)
Bognor Community Centre	22,510	29,035
Riverside Community Centre	15,542	18,873
Business Improvement Area	61,634	49,981
Inter-Township Fire Department	(43,808)	(36,027)
General surplus (Note 11)	-	372,825
	81,837,080	78,854,639
Reserves and reserve funds (Note 10)	19,590,859	13,709,562
Accumulated surplus	\$ 101,427,939	\$ 92,564,201

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

December 31, 2021

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

	2021	2020
Reserves		
Working funds	\$ 2,504,013	\$ 1,565,614
Contingencies	851,902	551,315
Insurance	216,155	206,155
Current purposes	274,496	173,682
Capital purposes	2,129,749	1,836,873
	5,976,315	4,333,639
Reserve funds		
Capital purposes	13,614,544	9,375,923
Reserves and reserve funds set aside for specific purpose by Council	<u>\$19,590,859</u>	<u>\$ 13,709,562</u>

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 2021 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.

	2021 Budget	2021 Actual	2020 Actual
Annual surplus (Page 6)	\$ 8,452,355	\$ 8,863,738	\$ 6,413,323
Amortization	-	4,391,778	4,306,703
	8,452,355	13,255,516	10,720,026
Net transfers (to) from reserves	1,256,075	(5,881,297)	(1,024,535)
Prior year general surplus (Note 9)	-	372,825	-
Capital acquisitions, disposals and write-down	(12,581,430)	(9,425,578)	(12,076,164)
Change in unfunded capital projects	-	2,214,098	3,319,939
Proceeds from long-term debt	3,771,000	-	-
Debt and debenture principal repayments	(873,000)	(594,022)	(572,018)
Change in unfunded liabilities	(25,000)	52,474	(19,932)
Change in other surpluses	-	5,984	25,509
Accumulated general surplus (Note 9)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 372,825</u>

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

December 31, 2021

12. Government Transfers

	2021 Budget	2021 Actual	2020 Actual
Operating transfers			
Province of Ontario			
Ontario Municipal Partnership Fund (OMPF)	\$ 1,254,900	\$ 1,255,700	\$ 1,254,900
Roads and transit	93,100	73,904	189,507
Environmental services	150,000	141,256	198,074
Fire	2,500	21,823	9,226
Other	330,575	427,899	241,992
	1,831,075	1,920,582	1,893,699
Government of Canada			
Other	1,800	42,079	38,736
Other municipalities	-	12,200	1,482
Total operating transfers	1,832,875	1,974,861	1,933,917
Capital transfers			
Province of Ontario			
Roads	1,032,100	1,246,534	533,888
Water and sewer	-	-	210,738
Other	-	20,000	15,000
	1,032,100	1,266,534	759,626
Government of Canada			
Federal Gas Tax - Roads	384,625	348,600	333,426
Roads	-	47,419	417,583
Other	220,130	198,566	144,510
	604,755	594,585	895,519
Other Municipalities	-	89,461	-
Total capital transfers	1,636,855	1,950,580	1,655,145
Total government transfers	\$ 3,469,730	\$ 3,925,441	\$ 3,589,062

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

December 31, 2021

13. Other Income

	2021	2021	2020
	Budget	Actual	Actual
Penalties, fines and interest on taxation	\$ 226,800	\$ 275,705	\$ 293,310
Investment income	65,000	550,310	441,850
Licenses, permits and rents	329,225	500,986	297,986
Donations and fundraising	205,700	250,292	366,582
Prepaid special charges	-	24,851	53,976
Other income	31,250	63,302	58,796
Gain (loss) on disposal of tangible capital assets	-	(174,628)	733,279
Contributed assets	-	-	58,059
Development charges recognized	413,950	252,969	266,934
Recreation land	-	415,820	-
	<u>\$ 1,271,925</u>	<u>\$ 2,159,607</u>	<u>\$ 2,570,772</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:

	2021	2020
Financial assets	\$ 1,515,908	\$ 1,547,110
Liabilities	205,666	258,875
Net financial assets	1,310,242	1,288,235
Non-financial assets	1,294,744	1,316,126
Accumulated surplus	<u>\$ 2,604,986</u>	<u>\$ 2,604,361</u>
Revenues	\$ 977,280	\$ 819,208
Expenses	976,655	1,010,491
Annual surplus (deficit)	<u>\$ 625</u>	<u>\$ (191,283)</u>

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

December 31, 2021

15. Pension Agreements

The municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 98 members of its staff. This plan is a defined benefit plan which specifies the amount of the retirement entitlement to be received by the employees based on the length of service and rates of pay. Employees and employers contribute jointly to the plan. The employer amount contributed to OMERS for 2021 was \$528,781 (2020 - \$487,279). The contribution rate for 2021 was 9.0% to 15.8% depending on age and income level (2020 - 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. As a result, the municipality does not recognize any share of the OMERS pension surplus or deficit. The last available report for the OMERS plan was December 31, 2021. At that time the plan reported a \$3.10 billion actuarial deficit (2020 - \$3.2 billion actuarial deficit), based on actuarial liabilities of \$119.3 billion (2020 - \$111.8 billion) and actuarial assets of \$116.2 billion (2020 - \$108.6 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.

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:

	2021	2020
School boards	\$ 3,223,705	\$ 3,374,233
County of Grey	6,945,326	6,652,857
	<u>\$10,169,031</u>	<u>\$ 10,027,090</u>

17. Trust Funds

The trust funds administered by the municipality amounting to \$749,720 (2020 - \$715,655) 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.

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

December 31, 2021

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 \$8,635,759 for the purchase and repairs of significant capital assets with \$2,550,442 remaining to be spent.

19. Contingent Liabilities

- (a) The municipality has been served with claims as a result of motor vehicle accidents and other 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) Subsequent to year-end the municipality has been named as a co-defendant in a claim relating to building code and property matters for alleged damages of an estimated \$8 million. The municipality's liability with respect to this action is not determinable at the present time.
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20. Impacts of COVID-19

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. Given the dynamic nature of these circumstances and the duration of disruption, 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.

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

December 31, 2021

21. Comparative Amounts

The comparative amounts presented in the financial statements have been reclassified to conform to the current year's presentation.

22. 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.

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.

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

December 31, 2021

22. Segmented Information - (continued)

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

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

December 31, 2021

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmental Services	Recreation and Cultural Services	Planning and Development	2021 Total
Revenue							
Taxation	\$ 2,914,545	\$ 3,825,341	\$ 6,739,886	\$ 1,275,114	\$ 2,914,545	\$ 546,477	\$ 18,215,908
Fees and user charges	198,674	150,758	44,090	5,365,060	1,234,959	213,838	7,207,379
Specific grants	347,803	21,823	1,805,918	141,256	301,941	51,000	2,669,741
OMPF grant	200,912	263,697	464,609	87,899	200,912	37,671	1,255,700
Other revenue	875,691	537,218	210,625	199,216	298,230	38,627	2,159,607
	<u>4,537,625</u>	<u>4,798,837</u>	<u>9,265,128</u>	<u>7,068,545</u>	<u>4,950,587</u>	<u>887,613</u>	<u>31,508,335</u>
Expenses							
Salaries and benefits	2,672,557	926,960	1,816,528	825,441	1,755,125	387,972	8,384,583
Post-employment benefit	46,900	-	-	-	-	-	46,900
Interest on debt	-	-	22,277	76,059	81,514	4,059	183,909
Materials and supplies	949,169	553,300	1,155,611	907,547	825,211	235,077	4,625,915
Contracted services	111,646	1,987,467	421,019	1,480,082	527,148	-	4,527,362
Other transfers	62,250	266,512	-	-	-	-	328,762
Rents and financial expenses	9,998	-	6,364	10,271	128,094	-	154,727
Amortization	97,254	185,372	2,879,473	772,698	457,304	338	4,392,439
	<u>3,949,774</u>	<u>3,919,611</u>	<u>6,301,272</u>	<u>4,072,098</u>	<u>3,774,396</u>	<u>627,446</u>	<u>22,644,597</u>
Annual surplus (deficit)	\$ 587,851	\$ 879,226	\$ 2,963,856	\$ 2,996,447	\$ 1,176,191	\$ 260,167	\$ 8,863,738

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

December 31, 2021

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmental Services	Recreation and Cultural Services	Planning and Development	2020 Total
Revenue							
Taxation	\$ 2,508,794	\$ 3,919,991	\$ 6,428,785	\$ 940,798	\$ 1,254,397	\$ 627,199	\$ 15,679,964
Fees and user charges	154,903	65,100	23,816	4,721,058	891,025	130,064	5,985,966
Specific grants	214,488	9,226	1,474,403	408,812	227,233	-	2,334,162
OMPF grant	200,784	313,725	514,509	75,294	100,392	50,196	1,254,900
Other revenue	758,887	507,700	(209,047)	91,278	1,421,229	725	2,570,772
	<u>3,837,856</u>	<u>4,815,742</u>	<u>8,232,466</u>	<u>6,237,240</u>	<u>3,894,276</u>	<u>808,184</u>	<u>27,825,764</u>
Expenses							
Salaries and benefits	2,409,970	1,036,097	1,868,044	813,995	1,605,677	373,743	8,107,526
Post-employment benefit	117,400	-	-	-	-	-	117,400
Interest on debt	-	-	25,440	82,721	90,520	3,228	201,909
Materials and supplies	777,168	462,686	953,376	1,024,973	760,591	128,987	4,107,781
Contracted services	89,477	1,980,455	486,608	1,147,738	354,843	-	4,059,121
Other transfers	90,000	215,585	-	-	-	-	305,585
Rents and financial expenses	107,018	-	4,000	10,623	84,775	-	206,416
Amortization	99,509	169,120	2,866,481	680,587	487,367	3,639	4,306,703
	<u>3,690,542</u>	<u>3,863,943</u>	<u>6,203,949</u>	<u>3,760,637</u>	<u>3,383,773</u>	<u>509,597</u>	<u>21,412,441</u>
Annual surplus (deficit)	\$ 147,314	\$ 951,799	\$ 2,028,517	\$ 2,476,603	\$ 510,503	\$ 298,587	\$ 6,413,323

The Corporation of the Municipality of Meaford
Schedule of Deferred Revenue

For the year ended December 31, 2021

	Opening	Contributions Received	Investment Income	Revenue Recognized	Ending
Obligatory Reserve Funds					
Development charges	\$ 3,702,716	\$ 1,132,541	\$ 138,290	\$ (252,969)	\$4,720,578
Recreational land	384,312	42,235	7,520	(415,820)	18,247
Federal gas tax funding	653,513	683,682	25,617	(348,600)	1,014,212
MTO transit funding	641,889	65,797	21,949	(3,048)	726,587
	5,382,430	1,924,255	193,376	(1,020,437)	6,479,624
Other					
OCIF funding	-	458,173	8,202	-	466,375
Other	549,779	512,069	-	(587,110)	474,738
	\$ 5,932,209	\$ 2,894,497	\$ 201,578	\$(1,607,547)	\$7,420,737