

Consolidated Financial Statements of

**THE MUNICIPALITY OF
CENTRAL MANITOULIN**

Year ended December 31, 2020

THE MUNICIPALITY OF CENTRAL MANITOULIN

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Year ended December 31, 2020

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Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of The Municipality of Central Manitoulin (the "Municipality") are the responsibility of the Municipality's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of The Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in note 1 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Municipality's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by Management.

Council meets with Management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the Municipality. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Municipality's consolidated financial statements.

Chief Administrative Officer

Treasurer



KPMG LLP
Claridge Executive Centre
144 Pine Street
Sudbury Ontario P3C 1X3
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INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of
The Municipality of Central Manitoulin

Opinion

We have audited the consolidated financial statements of The Municipality of Central Manitoulin (the "Entity"), which comprise:

- the consolidated statement of financial position as at December 31, 2020
- the consolidated statement of operations for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2020, and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibility under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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.



Responsibility of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

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

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

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

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, internal omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the Entity's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to the events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada
April 22, 2021

THE MUNICIPALITY OF CENTRAL MANITOULIN

Consolidated Statement of Financial Position

December 31, 2020, with comparative information for 2019

	2020	2019
Financial assets		
Cash	\$ 2,581,803	\$ 2,020,532
Investments	259,396	511,460
Taxes receivable	607,974	632,529
Accounts receivable (note 2)	237,017	479,405
	<u>3,686,190</u>	<u>3,643,926</u>
Financial liabilities		
Accounts payable and accrued liabilities (note 3)	624,868	882,613
Deferred revenue	108,609	243,601
Long-term liabilities (note 4)	1,245,722	1,478,793
Solid waste management liabilities (note 5)	1,032,000	853,000
	<u>3,011,199</u>	<u>3,458,007</u>
Net financial assets	674,991	185,919
Non-financial assets		
Tangible capital assets (note 12)	17,575,923	18,028,769
Prepaid expenses	21,306	65,512
	<u>17,597,229</u>	<u>18,094,281</u>
Effects of COVID-19 (note 13)		
Accumulated surplus (note 6)	\$ 18,272,220	\$ 18,280,200

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

THE MUNICIPALITY OF CENTRAL MANITOULIN

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2020, with comparative information for 2019

	Budget 2020 (note 10)	Actual 2020	Actual 2019
Revenue:			
Property taxation	\$ 4,817,540	4,792,307	\$ 4,567,331
Taxation from other governments	25,000	22,467	23,756
User charges	562,985	612,248	613,180
Government of Canada grants	171,347	165,791	298,736
Province of Ontario grants	1,603,133	2,198,443	2,160,102
Rent, licenses and permits	36,150	42,391	34,616
Penalties and interest on taxes	82,000	30,952	89,648
Investment income	31,500	28,413	57,178
Donations and other	2,000	28,316	3,364
Gain (loss) on sale of assets	20,000	12,649	(80,801)
Total revenue	7,351,655	7,933,977	7,767,110
Expenses:			
General government	1,048,168	1,264,404	1,044,127
Protection to persons and property	997,766	996,849	964,032
Transportation services	2,160,409	2,143,874	2,285,088
Environmental services	1,447,796	1,380,495	1,254,966
Health services	746,565	763,598	737,111
Social and family services	199,388	208,412	196,073
Social housing	172,000	167,288	169,435
Recreational and cultural services	966,220	830,834	905,935
Planning and development	212,401	186,203	134,153
Total expenses	7,950,713	7,941,957	7,690,920
Annual surplus (deficit)	(599,058)	(7,980)	76,190
Accumulated surplus, beginning of year	18,280,200	18,280,200	18,204,010
Accumulated surplus, end of year	\$ 17,681,142	18,272,220	\$ 18,280,200

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

THE MUNICIPALITY OF CENTRAL MANITOULIN

Consolidated Statement of Change in Net Financial Assets

Year ended December 31, 2020, with comparative information for 2019

	Budget 2020 (note 10)	Actual 2020	Actual 2019
Annual surplus (deficit)	\$ (599,058)	\$ (7,980)	\$ 76,190
Acquisition of tangible capital assets	(5,264,380)	(957,125)	(1,053,204)
Amortization of tangible capital assets	1,409,971	1,409,971	1,394,908
Loss (gain) on sale of tangible capital assets	-	(12,649)	80,801
Proceeds on sale of tangible capital assets	-	12,649	33,900
	(4,453,467)	444,866	532,595
Change in prepaid expenses	-	44,206	(41,858)
Change in net financial assets	(4,453,467)	489,072	490,737
Net financial assets (debt), beginning of year	185,919	185,919	(304,818)
Net financial assets, end of year	\$ (4,267,548)	\$ 674,991	\$ 185,919

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

THE MUNICIPALITY OF CENTRAL MANITOULIN

Consolidated Statement of Cash Flows

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	\$ (7,980)	\$ 76,190
Items not involving cash:		
Amortization of tangible capital assets	1,409,971	1,394,908
Loss (gain) on sale of tangible capital assets	(12,649)	80,801
Increase in solid waste management liabilities	179,000	32,000
	1,568,342	1,583,899
Change in non-cash assets and liabilities:		
Decrease in taxes receivable	24,555	29,097
Decrease (increase) in accounts receivable	242,388	(25,702)
Decrease (increase) in prepaid expenses	44,206	(41,858)
Increase (decrease) in accounts payable and accrued liabilities	(257,745)	215,472
Increase (decrease) in deferred revenue	(134,992)	53,301
Net change in cash from operating activities	1,486,754	1,814,209
Financing activities:		
Principal repayments on long-term liabilities	(233,071)	(237,022)
Investing activities:		
Decrease (increase) in investments	252,064	(1,415)
Capital activities:		
Proceeds on sale of tangible capital assets	12,649	33,900
Acquisition of tangible capital assets	(957,125)	(1,053,204)
Net change in cash from capital activities	(944,476)	(1,019,304)
Net change in cash	561,271	556,468
Cash, beginning of year	2,020,532	1,464,064
Cash, end of year	\$ 2,581,803	\$ 2,020,532

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

THE MUNICIPALITY OF CENTRAL MANITOULIN

Notes to Consolidated Financial Statements

Year ended December 31, 2020

The Municipality of Central Manitoulin (the “Municipality”) is a municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act and other related legislation.

1. Significant accounting policies:

The consolidated financial statements of the Municipality are prepared by management in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board and the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Municipality are as follows:

(a) Reporting entity:

- (i) These consolidated financial statements reflect the assets, liabilities, revenues and expenses and include the activities of all committees of Council and the following boards which are under the control of Council:

Central Manitoulin Public Library Board
Central Manitoulin Cemetery Board
Community Centre Board

All interfund and inter-organizational transactions and balances between these organizations are eliminated.

- (ii) Non-consolidated entities:

The following joint boards are not consolidated:

Manitoulin Planning Board
Sudbury and District Health Unit
Manitoulin Sudbury District Social Services Administration Board

- (iii) The Municipality collects taxation revenue on behalf of the school boards.

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in the municipal fund balances on these consolidated financial statements (note 7).

- (iv) Cemetery care and maintenance trust funds and their related operations administered by the Municipality are not included in these consolidated financial statements but are reported on separately on the Cemetery care and maintenance trust Funds financial statements (note 8).

(b) Basis of accounting:

Sources of financing and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay. Amounts applied to specific operating and capital projects are recorded as revenue in the fiscal period in which the funds are expended on these projects.

THE MUNICIPALITY OF CENTRAL MANITOULIN

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

1. Significant accounting policies (continued):

(c) Tangible capital assets:

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

Asset	Useful Life - Years
Vehicles	10 - 25
Bridges, roads, signs and culverts	10 - 50
Buildings	10 - 50
Machinery and equipment	5 - 20
Water and sewer	40

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

(i) Contributions of tangible capital assets

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

(ii) Natural resources

Natural resources that have not been purchased are not recognized as assets in the consolidated financial statements.

(iii) Works of art and cultural and historic assets

Works of art and cultural and historic assets are not recorded as assets in these consolidated financial statements.

(d) Deferred revenue:

Grants, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used in the conduct of certain projects or the completion of specific work. In addition, certain fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred or the services are performed.

A requirement for local governments is that the obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial legislation and other agreements restrict how these funds may be used and under certain circumstances these funds may possibly be refunded. Given the restriction in use until spent on qualifying projects or expenses these amounts are deferred.

THE MUNICIPALITY OF CENTRAL MANITOULIN

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

1. Significant accounting policies (continued):

(e) Landfill liability:

The liability for closure of operational sites and post-closure care has been recognized based on estimated future expenses, estimated inflation and the usage of the site's capacity during the year.

(f) Investments:

Investments are carried at market value.

(g) Reserve and reserve funds:

Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future expenses and capital purposes. Transfers to and/or from reserves and reserve funds are recorded as an adjustment to the respective fund when approved.

(h) Post-employment benefits:

The Municipality is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The Board of Trustees representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. The Municipality has adopted defined contribution plan accounting principles for this plan because insufficient information is available to apply defined benefit plan accounting principles. The Municipality records the current service cost within salaries and benefits expense at the time incurred.

(i) Revenue recognition:

Property tax billings are prepared by the Municipality based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established annually by Council, incorporating amounts to be raised for local services and amount the Municipality is required to collect on behalf of the Province of Ontario in respect of education taxes.

A normal part of the assessment process is the issue of supplementary assessment rolls which provide updated information with respect to changes in property assessments. Assessments and related property taxes are subject to appeal by ratepayers. Tax adjustments as a result of supplementary assessments and appeals are estimated based on historical results.

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

Government transfers are recognized in the period that the events giving rise to the transfer have occurred as long as: the transfer is authorized; the eligibility criteria, if any, have been met and the amount can be reasonable estimated. Government transfers received before these criteria have been met are recorded in the accounts as deferred revenue and are recognized as revenue in the period in which all of these criteria are met.

User fees and other revenues are recognized when the services are performed or goods are delivered, collection of the relevant receivable is probable, persuasive evidence of an arrangement exists and fees are fixed or determinable. Amounts received for future services are deferred until the service is provided.

THE MUNICIPALITY OF CENTRAL MANITOULIN

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

1. Significant accounting policies (continued):

(j) Use of estimates:

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the periods specified. Significant items subject to such estimates and assumptions include the valuation allowances for taxes and accounts receivable, the carrying value of tangible capital assets and provisions for accrued liabilities and landfill liabilities.

Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

2. Accounts receivable:

	2020	2019
Government of Canada	\$ 53,955	179,214
Province of Ontario	70,397	162,551
Benefitting landowners	103,722	129,907
Trade and miscellaneous	8,943	7,733
	\$ 237,017	479,405

3. Accounts payable and accrued liabilities:

	2020	2019
Government of Canada	\$ 19,602	–
Province of Ontario	92,660	62,332
Trade and miscellaneous	422,942	678,134
Employee benefits obligation	89,664	142,147
	\$ 624,868	882,613

THE MUNICIPALITY OF CENTRAL MANITOULIN

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

4. Long-term liabilities:

Long-term liabilities reported on the consolidated statement of financial position are made up of the following:

	2020	2019
Building and bridge loans (a)	\$ 898,124	1,098,028
Ontario Strategic Infrastructure Financing Authority (OSIFA) (b)	347,598	380,765
	<u>\$ 1,245,722</u>	<u>\$ 1,478,793</u>

(a) Building and bridge loans are at rates of 3.10% - 3.26% and expire from 2023 to 2028. They are secured by the related asset and a general security agreement over assets of the Municipality

(b) The OSIFA debentures expire in 2028, bear interest at 5.89% and are repayable in blended semi-annual payments of \$27,556.

Principal payments are as follows:

2021	\$ 235,053
2022	237,154
2023	143,750
2024	138,336
2025	140,836
2026 and subsequent years	350,593
	<u>\$ 1,245,722</u>

(c) The Municipality has a credit facility in the amount of \$500,000. As of December 31, 2020 there are no amounts drawn on this facility (2019 - \$Nil).

THE MUNICIPALITY OF CENTRAL MANITOULIN

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

5. Solid waste management liabilities:

The Environmental Protection Act sets out the regulatory requirements to properly close and maintain all active and inactive landfill sites. Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill sites. This requirement is to be provided for over the estimated life of the landfill sites based on usage.

Landfill closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over terms using the best information available to management. Future events may result in significant changes to the estimated total expenditures; capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

Estimated total expenditures represent the sum of the discounted future cash flows for closure care activities discounted at the most recent 10-year annual average of Long-Term Government of Canada Benchmark Bond Yields of 2.57% and the discounted future cash flows for post-closure care activities at the 10-year running average inflation rate for Non-Residential Building Construction Price Indices of 2.56%. The estimated total landfill closure and post-closure care expenditures are calculated to be \$1,502,735 (2019 - \$1,380,826). The estimated liability for these expenditures is recognized as the landfill site's capacity is used. At December 31, 2020, an amount of \$1,032,000 (2019 - \$853,000) with respect to landfill closure and post-closure liabilities has been accrued.

Application to the Province is made to authorize continued use of landfill sites. The estimated remaining capacity of the landfill sites is 52,672 (2019 – 65,539) cubic meters. The Ministry of the Environment, Conservation and Parks has permitted use of the site to June 30, 2020. A design and operations plan has been submitted and is pending approval. Management anticipates this approval. Four of the five sites are closed. The period for post-closure care is estimated to be 25 years. The Municipality has established a reserve of \$386,703 to date to provide for these obligations.

THE MUNICIPALITY OF CENTRAL MANITOULIN

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

6. Accumulated surplus:

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

	2020	2019
Surplus:		
Tangible capital assets	\$ 17,575,923	18,028,769
Long-term liabilities	(1,245,722)	(1,478,793)
Internal borrowings (i)	(1,000,113)	(719,486)
	<u>15,330,088</u>	<u>15,830,490</u>
Amounts to be recovered:		
Landfill closure costs	(1,032,000)	(853,000)
Employee benefits	(89,664)	(142,147)
Total surplus	<u>14,208,424</u>	<u>14,835,343</u>
Reserves set aside by Council for:		
Working funds	2,282,351	1,824,160
Recreation infrastructure	719,773	503,400
Employee benefits	89,664	142,147
Solid Waste management (note 5)	386,703	386,703
Providence Bay Village Square	10,050	5,108
Mindemoya Arena	10,621	10,621
Mindemoya Hall (Euchre)	23,909	23,909
Community Improvement Program	15,832	15,832
	<u>3,538,903</u>	<u>2,911,880</u>
Reserve funds set aside by Council for specific purposes:		
Capital	326,632	322,524
Water and sewer	147,103	154,354
Providence Bay Community Centre Board	49,608	55,897
Animal Welfare Fund	1,550	202
	<u>524,893</u>	<u>532,377</u>
Accumulated surplus	<u>\$ 18,272,220</u>	<u>18,280,200</u>

- i) The Municipality has borrowed internally for capital. The internal loans bear interest at a floating rate equal to the return on short-term investments and are to be repaid over a period ranging from one to five years.

THE MUNICIPALITY OF CENTRAL MANITOULIN

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

7. Operations of school boards:

Further to note 1 (a) (ii), the property taxes collected on behalf of the school boards are comprised of the following:

	2020	2019
Property taxes	\$ 699,471	713,383
Taxation from other governments	7,134	7,408
	<u>\$ 706,605</u>	<u>720,791</u>

8. Trust Funds:

Trust Funds administered by the Municipality amounting to \$98,334 (2019 - \$91,184) have not been included on the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations and accumulated surplus.

9. Pension agreement:

OMERS provides pension services to more than 500,000 active and retired members and approximately 1,000 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the "Plan") by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2020. The results of this valuation disclosed total going concern actuarial liabilities of \$113,055 million (2019 - \$107,687 million) in respect of benefits accrued for service with total going concern actuarial assets at that date of \$109,844 million (2019 - \$104,290 million) indicating a going concern actuarial deficit of \$3,211 million (2019 - \$3,397 million). Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees and the Authority's share is not determinable. As a result, the Municipality does not recognize any share of the OMERS pension surplus or deficit.

The amount contributed to OMERS for 2020 was \$89,465 (2019 - \$90,994) and is included as an expense in the consolidated statement of operations and accumulated surplus.

THE MUNICIPALITY OF CENTRAL MANITOULIN

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

10. Budget information:

The chart below reconciles the approved operating and capital budgets of the Municipality to the budget information reported on the Consolidated Statement of Operations and Accumulated Surplus.

Approved budget:

Total expenses per budget	\$ 12,261,200
Less:	
Capital	5,264,380
Principal debt payments	456,078
	<hr/>
	6,540,742
Amortization of tangible capital assets	1,409,971
	<hr/>
Budget per financial statements	\$ 7,950,713

11. Public Sector Salary Disclosure:

During 2020, one employee was paid a salary, as defined in the Public Sector Salary Disclosure Act, 1996, of \$100,000 or more by the Municipality.

THE MUNICIPALITY OF CENTRAL MANITOULIN

Notes to Consolidated Financial Statements

Year ended December 31, 2020

12. Tangible capital assets:

Cost	Balance at December 31, 2019	Additions	Disposals	Balance at December 31, 2020
Land	\$ 577,592	-	-	577,592
Vehicles	2,243,732	92,171	(200,821)	2,135,082
Bridges, roads, signs and culverts	12,515,466	253,770	-	12,769,236
Buildings	13,863,143	254,589	-	14,117,732
Machinery and equipment	1,573,085	97,625	(69,632)	1,601,078
Water and sewer	7,778,304	-	-	7,778,304
Assets under construction	234,431	261,396	(2,426)	493,401
Total	\$ 38,785,753	959,551	(272,879)	39,472,425

Accumulated Amortization	Balance at December 31, 2019	Amortization	Disposals	Balance at December 31, 2020
Vehicles	\$ 1,281,477	123,341	(200,821)	1,203,997
Bridges, roads, signs and culverts	7,542,634	608,379	-	8,151,013
Buildings	6,755,853	374,858	-	7,130,711
Machinery and equipment	679,790	108,935	(69,632)	719,093
Water and sewer	4,497,230	194,458	-	4,691,688
Total	\$ 20,756,984	1,409,971	(270,453)	21,896,502

	Net book value, December 31, 2019	Net book value, December 31, 2020
Land	\$ 577,592	577,592
Vehicles	962,255	931,085
Bridges, roads, signs and culverts	4,972,832	4,618,223
Buildings	7,107,290	6,987,021
Machinery and equipment	893,295	881,985
Water and sewer	3,281,074	3,086,616
Assets under construction	234,431	493,401
Total	\$ 18,028,769	17,575,923

THE MUNICIPALITY OF CENTRAL MANITOULIN

Notes to Consolidated Financial Statements

Year ended December 31, 2019

12. Tangible capital assets:

Cost	Balance at December 31, 2018	Additions	Disposals	Balance at December 31, 2019
Land	\$ 577,592	-	-	577,592
Vehicles	2,058,496	185,236	-	2,243,732
Bridges, roads, signs and culverts	12,198,479	316,987	-	12,515,466
Buildings	13,547,283	315,860	-	13,863,143
Machinery and equipment	1,384,411	457,972	(269,298)	1,573,085
Water and sewer	7,778,304	-	-	7,778,304
Assets under construction	457,282	95,275	(318,126)	234,431
Total	\$ 38,001,847	1,371,330	(587,424)	38,785,753

Accumulated Amortization	Balance at December 31, 2018	Amortization	Disposals	Balance at December 31, 2019
Vehicles	\$ 1,155,802	125,675	-	1,281,477
Bridges, roads, signs and culverts	6,942,513	600,121	-	7,542,634
Buildings	6,382,486	373,367	-	6,755,853
Machinery and equipment	733,100	101,287	(154,597)	679,790
Water and sewer	4,302,772	194,458	-	4,497,230
Total	\$ 19,516,673	1,394,908	(154,597)	20,756,984

	Net book value, December 31, 2018	Net book value, December 31, 2019
Land	\$ 577,592	577,592
Vehicles	902,694	962,255
Bridges, roads, signs and culverts	5,255,966	4,972,832
Buildings	7,164,797	7,107,290
Machinery and equipment	651,311	893,295
Water and sewer	3,475,532	3,281,074
Assets under construction	457,282	234,431
Total	\$ 18,485,174	18,028,769

THE MUNICIPALITY OF CENTRAL MANITOULIN

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

12. Tangible capital assets (continued):

a) Assets under construction:

Assets under construction having a value of \$493,401 (2019 - \$234,431) have not been amortized. Amortization commences when the asset is put into service.

During the year, the Municipality added \$261,396 (2019 - \$95,275) to assets under construction and transferred \$2,426 (2019 - \$318,126) from assets under construction to tangible capital assets.

b) Contributed tangible capital assets:

Contributed capital assets have been recognized at fair market value at the date of contribution. The value of contributed assets received during the year is \$Nil (2019 - \$Nil).

c) Works of art and historical treasures:

The Municipality manages and controls various works of art and non-operational historical cultural assets including buildings, artifacts, paintings and sculptures located at Municipal sites and public display areas. These assets are not recorded as tangible capital assets and are not amortized. The value of works of art and historical treasures held by the Municipality in the form of buildings totaled \$282,131 (2019 - \$282,131).

d) Write-down of tangible capital assets:

The write-down of tangible capital assets during the year was \$Nil (2019 - \$Nil).

13. Effects of COVID-19:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact.

Financial statements are required to be adjusted for events occurring between the date of the financial statements and the date of the auditors' report which provides additional evidence relating to conditions that existed as at year end. At the time of approval of these financial statements, the Municipality has experienced the following indicators of financial implications and undertaken the following activities in relation to the COVID-19 pandemic:

- The closure of a number of indoor and outdoor facilities to the general public;
- Revisions to the delivery of a number of municipal services in order to contribute toward physical distancing;
- Enhanced protocols implemented in line with Public Health guidelines;
- Put in place measures to limit and control access to the premises by staff and the general public; and
- In certain instances, the Municipality has deferred payment timeframes and reduced penalty and interest charges.

THE MUNICIPALITY OF CENTRAL MANITOULIN

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

14. Segmented information:

The Municipality of Central Manitoulin is a diversified municipal government institution that provides a wide range of services to its citizens, including General Government Services, Protection Services, Transportation Services, Environmental Services, Health Services, Social and Family Services, Recreational and Cultural Services and Planning and Development Services. Service areas were created for the purposes of recording specific activities to attain certain objectives in accordance with regulations, restrictions or limitations (see Schedule to note).

Municipal Services are provided by departments and their activities are reported in these Service Areas. Departments disclosed in the Segmented Information, along with the services they provide, are as follows:

General Government Services

The Departments within General Government Services are responsible for adopting bylaws; adopting administrative policy; levying taxes; acquiring, disposing and managing Municipal assets; ensuring effective financial management; monitoring performance and ensuring that high quality Municipal Service standards are met.

Protection Services

Services provided in this segment include the enforcement of laws, prevention of crime, and maintenance of peace, order, and security by protecting life, property and the environment through the provision of emergency response, thus ensuring safe homes and safe communities.

Transportation Services

Areas of responsibility include planning, design, construction, cleaning, repair, snow removal and signage.

Environmental Services

The environmental services include water and sewer services as well as garbage and recycling services.

Water and Sewer services include the operation and distribution of water and networking sewer mains, storm sewers and the pump station.

The Garbage and Recycling Services Group are responsible for the delivery of municipal services including garbage collection and recycling.

Health Services

The Municipality offers a range of public health services through the Sudbury and District Health Unit.

Social and Family Services / Social Housing

The services are provided indirectly by the Municipality through the District Social Services Board and include family and children's services and housing services.

THE MUNICIPALITY OF CENTRAL MANITOULIN

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

14. Segmented information (continued):

Recreation and Cultural Services

The Department is responsible for providing, facilitating the development of, and maintaining high quality parks, recreational facilities, and cultural services.

Planning and Development

The Planning and Development Department is responsible for preparing land use plans, bylaws and policies for sustainable development of the Municipality and for reviewing and approving new development, some of which is carried out by the Manitoulin Planning Board of which the Municipality is a member.

THE MUNICIPALITY OF CENTRAL MANITOULIN

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

14. Segemented information (continued):

	General Government Services	Protection Services	Transportation Services	Environmental Services	Health Services	Social & Family Services	Social Housing	Recreation & Cultural Services	Planning and Development	Total 2020
Revenue:										
Property taxation	\$ 524,662	726,017	1,617,346	521,476	432,092	152,679	122,553	569,326	126,156	\$ 4,792,307
Taxation from other governments	2,460	3,404	7,581	2,445	2,026	716	575	2,669	591	22,467
User charges	75,996	5,810	13,993	450,298	10,421	-	-	41,736	13,994	612,248
Government of Canada grants	37,030	-	126,504	-	-	-	-	2,257	-	165,791
Province of Ontario grants	557,413	218,930	447,273	375,615	293,653	46,040	36,955	184,521	38,043	2,198,443
Rents	42,391	-	-	-	-	-	-	-	-	42,391
Penalties and interest on taxes	30,952	-	-	-	-	-	-	-	-	30,952
Investment income	28,413	-	-	-	-	-	-	-	-	28,413
Donations and other	28,316	-	-	-	-	-	-	-	-	28,316
Gain on sale of assets	-	-	12,649	-	-	-	-	-	-	12,649
	1,327,633	954,161	2,225,346	1,349,834	738,192	199,435	160,083	800,509	178,784	7,933,977
Expenses:										
Salaries, wages and benefits	687,883	172,993	471,880	45,768	-	-	-	363,855	73,679	1,816,058
Long-term debt charges	-	22,664	30,883	-	-	-	-	-	-	53,547
Materials, services, rents and financial items	531,708	705,015	892,152	952,681	169,890	-	-	319,045	69,517	3,640,008
Amortization of tangible capital assets	28,318	96,177	748,959	382,046	-	2,936	-	147,934	3,601	1,409,971
Transfer to other governments and the public	16,495	-	-	-	593,708	205,476	167,288	-	39,406	1,022,373
	1,264,404	996,849	2,143,874	1,380,495	763,598	208,412	167,288	830,834	186,203	7,941,957
Annual surplus (deficit)	\$ 63,229	(42,688)	81,472	(30,661)	(25,406)	(8,977)	(7,205)	(30,325)	(7,419)	\$ (7,980)

THE MUNICIPALITY OF CENTRAL MANITOULIN

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

14. Segmented information (continued):

	General Government Services	Protection Services	Transportation Services	Environmental Services	Health Services	Social & Family Services	Social Housing	Recreation & Cultural Services	Planning and Development	Total 2019
Revenue:										
Property taxation	\$ 186,706	667,471	1,799,840	547,739	408,417	138,141	119,373	609,559	90,085	\$ 4,567,331
Taxation from other governments	971	3,472	9,361	2,849	2,124	719	621	3,170	469	23,756
User charges	94,699	1,140	10,899	432,173	2,441	-	-	65,539	6,289	613,180
Government of Canada grants	6,919	-	253,493	-	-	-	-	38,324	-	298,736
Province of Ontario grants	598,756	235,449	503,288	225,838	289,556	45,519	39,335	192,677	29,684	2,160,102
Rents	34,616	-	-	-	-	-	-	-	-	34,616
Penalties and interest on taxes	89,648	-	-	-	-	-	-	-	-	89,648
Investment income	57,178	-	-	-	-	-	-	-	-	57,178
Donations and other	3,364	-	-	-	-	-	-	-	-	3,364
Gain on sale of assets	-	-	(80,801)	-	-	-	-	-	-	(80,801)
	1,072,857	907,532	2,496,080	1,208,599	702,538	184,379	159,329	909,269	126,527	7,767,110
Expenses:										
Salaries, wages and benefits	580,189	181,729	496,962	41,478	-	-	-	423,171	64,925	1,788,454
Long-term debt charges	-	25,637	36,147	-	-	-	-	-	-	61,784
Materials, services, rents and financial items	411,030	662,694	1,011,146	836,105	160,696	-	-	334,898	28,778	3,445,347
Amortization of tangible capital assets	28,318	93,972	740,833	377,383	-	2,936	-	147,866	3,601	1,394,909
Transfer to other governments and the public	24,590	-	-	-	576,415	193,137	169,435	-	36,849	1,000,426
	1,044,127	964,032	2,285,088	1,254,966	737,111	196,073	169,435	905,935	134,153	7,690,920
Annual surplus (deficit)	\$ 28,730	(56,500)	210,992	(46,367)	(34,573)	(11,694)	(10,106)	3,334	(7,626)	\$ 76,190