

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

| | Contents |
|---|-----------------|
| Management's Statement of Responsibility for Financial Reporting | 2 |
| Independent Auditor's Report | 3 |
| Consolidated Financial Statements | |
| Consolidated Statement of Financial Position | 5 |
| Consolidated Statement of Operations and Accumulated Surplus | 6 |
| Consolidated Statement of Change in Net Assets | 7 |
| Consolidated Statement of Cash Flows | 8 |
| Notes to the Consolidated Financial Statements | 9 |
| Supplementary Information | |
| Blake Community Hall Board Schedule of Operations (Unaudited) | 25 |
| Crooks Cemetery Board Schedule of Operations (Unaudited) | 26 |

The Corporation of the Municipality of Neebing Management's Statement of Responsibility for Financial Reporting

December 31, 2019

The accompanying consolidated financial statements of the Corporation of the Municipality of Neebing are the responsibility of management and have been approved by the Mayor and Council.

These consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards and include certain amounts based on estimates and judgments. When alternative accounting methods exist management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

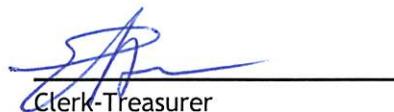
In fulfilling its responsibilities and recognizing the limits inherent in all systems, the administration has developed and maintains a system of internal control designed to provide reasonable assurance that the Corporation's assets are safeguarded from loss and that the accounting records are a reliable basis for the preparation of the consolidated financial statements.

The Mayor and Council are responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The consolidated financial statements have been reported on by the Corporation of the Municipality of Neebing's external auditor, BDO Canada LLP in accordance with Canadian generally accepted auditing standards. The auditor's report outlines the scope of their audit and their opinion on the presentation of the information included in the consolidated financial statements. BDO Canada LLP have access to financial management and the Mayor and Council of the Corporation of the Municipality of Neebing and meet when required.



Mayor



Clerk-Treasurer

Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of The Corporation of the Municipality of Neebing

Opinion

We have audited the consolidated financial statements of the Corporation of the Municipality of Neebing and its subsidiaries (the Municipality), which comprise the consolidated statement of financial position as at December 31, 2019 and the consolidated statements of operations and consolidated accumulated surplus, its consolidated change in net assets and the consolidated cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2019 and the consolidated results of its operations, its consolidated change in net assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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 the 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Independent Auditor's Report (cont'd)

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

We also:

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

Thunder Bay, Ontario
May 6, 2020

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

| December 31 | 2019 | 2018 |
|--|----------------------|----------------------|
| Financial assets | | |
| Cash | \$ 2,770,508 | \$ 2,067,640 |
| Portfolio investments (Note 4) | 1,166,351 | 1,161,176 |
| Taxes receivable | 286,178 | 297,703 |
| Accounts and grants receivable (Note 5) | 186,063 | 234,591 |
| | <u>4,409,100</u> | <u>3,761,110</u> |
| Liabilities | | |
| Accounts payable and accrued liabilities | 147,667 | 235,330 |
| Taxation revenue paid in advance | 50,507 | 37,621 |
| Deferred revenue (Note 6) | 403,929 | 166,070 |
| Vested sick leave liability (Note 7) | 69,612 | 63,308 |
| Landfill closure and post-closure liability (Note 8) | 913,297 | 844,477 |
| | <u>1,585,012</u> | <u>1,346,806</u> |
| Net financial assets | <u>2,824,088</u> | <u>2,414,304</u> |
| Non-financial assets | | |
| Tangible capital assets (Note 9) | 8,549,010 | 8,343,098 |
| Prepaid expenses | 10,402 | - |
| Inventory - supplies | 86,853 | 152,250 |
| | <u>8,646,265</u> | <u>8,495,348</u> |
| Accumulated surplus (Note 10) | <u>\$ 11,470,353</u> | <u>\$ 10,909,652</u> |



Mayor



Clerk-Treasurer

The Corporation of the Municipality of Neebing Consolidated Statement of Operations and Accumulated Surplus

| For the year ended December 31 | 2019 Budget | 2019 Actual | 2018 Actual |
|--|----------------------|----------------------|----------------------|
| | (Note 14) | | |
| Revenue | | | |
| Taxation | | | |
| Residential and farm | \$ 2,613,706 | \$ 2,567,968 | \$ 2,537,955 |
| Commercial and industrial | 26,775 | 26,306 | 27,488 |
| Taxation from other governments | 101,011 | 118,418 | 119,232 |
| User charges | | | |
| Other fees and service charges | 50,200 | 62,387 | 43,561 |
| Government transfers (Note 11) | | | |
| Government of Canada | 251,194 | - | 37,448 |
| Province of Ontario | 817,665 | 1,226,904 | 830,958 |
| Other municipalities | - | 14,890 | 13,292 |
| Other | | | |
| Investment income | 10,000 | 62,893 | 41,434 |
| Penalties and late payment charges | 40,000 | 41,844 | 47,936 |
| Other revenues | 40,500 | 62,011 | 31,167 |
| | 3,951,051 | 4,183,621 | 3,730,471 |
| Expenses (Note 12) | | | |
| General government | 754,394 | 695,322 | 617,216 |
| Protection to persons and property | 626,520 | 555,644 | 626,546 |
| Transportation services | 1,446,239 | 1,407,543 | 1,474,285 |
| Environmental services | 101,796 | 169,119 | 178,053 |
| Health services | 280,446 | 330,249 | 308,311 |
| Social and family services | 375,421 | 375,421 | 364,751 |
| Recreation and cultural services | 58,434 | 53,409 | 64,041 |
| Planning and development | 47,675 | 43,373 | 38,444 |
| | 3,690,925 | 3,630,080 | 3,671,647 |
| Annual surplus before undernoted item | 260,126 | 553,541 | 58,824 |
| Gain on disposal of tangible capital assets | 30,000 | 7,160 | - |
| Annual surplus | 290,126 | 560,701 | 58,824 |
| Accumulated surplus, beginning of year | 10,909,652 | 10,909,652 | 10,850,828 |
| Accumulated surplus, end of year | \$ 11,199,778 | \$ 11,470,353 | \$ 10,909,652 |

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

The Corporation of the Municipality of Neebing Consolidated Statement of Change in Net Assets

| For the year ended December 31 | 2019 Budget | 2019 Actual | 2018 Actual |
|---|---------------------|---------------------|---------------------|
| | (Note 14) | | |
| Annual surplus | \$ 290,126 | \$ 560,701 | \$ 58,824 |
| Net acquisition of tangible capital assets | (2,008,413) | (851,745) | (721,621) |
| Amortization of tangible capital assets | 620,433 | 620,433 | 643,215 |
| Gain on sale of tangible capital assets | - | (7,160) | - |
| Proceeds on sale of tangible capital assets | - | 32,560 | - |
| Change in prepaid expenses | - | (10,402) | - |
| Change in inventory - supplies | - | 65,397 | (85,336) |
| Net change in net assets | (1,097,854) | 409,784 | (104,918) |
| Net assets, beginning of year | 2,414,304 | 2,414,304 | 2,519,222 |
| Net assets, end of year | \$ 1,316,450 | \$ 2,824,088 | \$ 2,414,304 |

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

| For the year ended December 31 | 2019 | 2018 |
|---|----------------------------|---------------------|
| Operating transactions | | |
| Annual surplus | \$ 560,701 | \$ 58,824 |
| Items not involving cash | | |
| Amortization | 620,433 | 643,215 |
| Gain on sale of tangible capital assets | (7,160) | - |
| Landfill closure and post-closure liabilities | 68,820 | 96,680 |
| | <u>1,242,794</u> | 798,719 |
| Changes in non-cash operating balances | | |
| Taxes receivable | 11,525 | 28,720 |
| Accounts and grants receivable | 48,528 | 9,846 |
| Accounts payable and accrued liabilities | (87,663) | 70,413 |
| Deferred taxation revenue | 12,886 | (6,529) |
| Deferred revenue | 237,859 | 166,070 |
| Vested sick leave liability | 6,304 | (710) |
| Inventory - supplies | 65,397 | (85,336) |
| Prepaid expenses | (10,402) | - |
| | <u>1,527,228</u> | 981,193 |
| Capital transactions | | |
| Acquisition of tangible capital assets | (851,745) | (721,621) |
| Proceeds on sale of tangible capital assets | 32,560 | - |
| | <u>(819,185)</u> | (721,621) |
| Investing transactions | | |
| Purchase of portfolio investments | (5,175) | (4,508) |
| Increase in cash for the year | 702,868 | 255,064 |
| Cash, beginning of year | <u>2,067,640</u> | <u>1,812,576</u> |
| Cash, end of year | <u>\$ 2,770,508</u> | <u>\$ 2,067,640</u> |

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

December 31, 2019

1. Significant Accounting Policies

Management's Responsibility for the Financial Statements The consolidated financial statements of the Municipality are the responsibility of management. They have been prepared in accordance with Canadian public sector accounting standards. The Corporation of the Municipality of Neebing (the "Municipality") is a municipality in the Province of Ontario and operates under the provisions of Provincial statutes, such as the Municipal Act and related legislation. The Municipality provides municipal services such as protection to persons and property, public works, planning, recreation and other general government services.

Reporting Entity The consolidated financial statements reflect the assets, liabilities, revenue and expenses of all municipal organizations, committees and Boards which are owned or controlled by the Municipality. The following entities have been consolidated:

Blake Community Hall Board
Crooks Cemetery Board

All inter-entity transactions and balances have been eliminated with the exception of loans or advances between reserve funds and any other fund of the Municipality and the resulting interest income and expenses.

The Municipality contributes to the following joint local boards, which are not proportionately consolidated in these statements:

Thunder Bay District Health Unit
The District of Thunder Bay Social Services Administration Board
Lakehead Rural Planning Board
Lakehead Police Services Board

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

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

December 31, 2019

1. Significant Accounting Policies (cont'd)

| | | | | | | | | | | | | | | | | | | | |
|---|---|----------------|---|----------|----------|---|----------------|-----------------|---|---------------|-------------------|---|----------|-------|---|----------------|------------------------------|---|----------|
| Accounting for School Board Transactions | <p>The Municipality collects taxation revenue on behalf of the school boards.</p> <p>The taxation, other revenue, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in the current fund balances of these consolidated financial statements. Education taxes collected by the Municipality and over-remitted or not remitted to the respective school boards as at December 31 are reported as a financial asset or liability on the consolidated statement of financial position.</p> | | | | | | | | | | | | | | | | | | |
| Tangible Capital Assets | <p>Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the assets are available for productive use as follows:</p> <table border="0" style="margin-left: 40px;"> <tr> <td>Buildings</td> <td style="text-align: right;">-</td> <td style="text-align: right;">50 years</td> </tr> <tr> <td>Vehicles</td> <td style="text-align: right;">-</td> <td style="text-align: right;">10 to 15 years</td> </tr> <tr> <td>Other equipment</td> <td style="text-align: right;">-</td> <td style="text-align: right;">5 to 20 years</td> </tr> <tr> <td>Land improvements</td> <td style="text-align: right;">-</td> <td style="text-align: right;">20 years</td> </tr> <tr> <td>Roads</td> <td style="text-align: right;">-</td> <td style="text-align: right;">20 to 40 years</td> </tr> <tr> <td>Bridges and other structures</td> <td style="text-align: right;">-</td> <td style="text-align: right;">30 years</td> </tr> </table> <p>Assets under construction are not amortized until the asset is available for use.</p> | Buildings | - | 50 years | Vehicles | - | 10 to 15 years | Other equipment | - | 5 to 20 years | Land improvements | - | 20 years | Roads | - | 20 to 40 years | Bridges and other structures | - | 30 years |
| Buildings | - | 50 years | | | | | | | | | | | | | | | | | |
| Vehicles | - | 10 to 15 years | | | | | | | | | | | | | | | | | |
| Other equipment | - | 5 to 20 years | | | | | | | | | | | | | | | | | |
| Land improvements | - | 20 years | | | | | | | | | | | | | | | | | |
| Roads | - | 20 to 40 years | | | | | | | | | | | | | | | | | |
| Bridges and other structures | - | 30 years | | | | | | | | | | | | | | | | | |
| Trust Funds | <p>Any 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.</p> | | | | | | | | | | | | | | | | | | |
| Inventory | <p>Inventory supplies are recorded at the lower of cost or replacement cost.</p> | | | | | | | | | | | | | | | | | | |

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

December 31, 2019

1. Significant Accounting Policies (cont'd)

| | |
|--|--|
| Pension and Employee 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 investments of the assets and administration of the benefits. The Municipality records pension expense when contributions are due. |
| Deferred Revenue | Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the consolidated statement of financial position. The revenue is recognized in the consolidated statement of operations in the year in which it is used for the specified purpose. |
| Landfill Closure and Post-Closure Liability | The obligation to close and maintain solid waste landfill sites is based on the estimated future expenses in current dollars, adjusted for estimated inflation and is charged to expense as the landfill sites' capacity is used. |
| Revenue Recognition | <p>User charges and fees are recognized as revenue in the period in which the related services are performed. Amounts collected for which the related services have yet to be performed are recognized as a liability and recognized as revenue when the related services are performed.</p> <p>Interest is recognized as it is earned. Interest earned on deferred revenue is added to the fund balance and forms part of the deferred revenue balance. Investment income earned on reserve funds is added to the fund balance and forms part of the reserve fund balance.</p> <p>Funds received, other than government transfers and tax revenue, for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general purposes are accounted for as deferred revenue on the consolidated statement of financial position. The revenue is recognized in the consolidated statement of operations and accumulated surplus in the year in which it is used for the specified purpose.</p> |

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

December 31, 2019

1. Significant Accounting Policies (cont'd)

| | |
|-----------------------------|---|
| Government Transfers | Government transfers, which include legislative grants, are recognized in the consolidated financial statements in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made unless the transfer contains stipulations that create a liability. If the transfer contains stipulations that create a liability, the related revenue is recognized over the period that the liability is extinguished. |
| Taxation Revenue | <p>The amount of the total property tax levy is determined each year through Council's approval of the annual operating budget. Municipal tax rates are set annually by Council for each class or type of property, in accordance with legislation and Council approved policies, in order to raise the revenues required to meeting operating budget requirements. Education tax rates are established by the Province each year in order to fund the costs of education on a Province wide basis.</p> <p>Property assessments, on which property taxes are based, are established by the Municipal Property Assessment Corporation. The current value assessment ("CVA") of a property represents an estimated market value of a property as of a fixed date. Assessed value for all properties within the municipality are provided to the Municipality in the form of the returned assessment roll in December of each year.</p> <p>The amount of property taxes levied on an individual property is the product of the CVA of the property and the tax rate for the class, together with any adjustments that reflect Council approved mitigation or other tax policy measures.</p> <p>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 uncollectable amounts.</p> |
| Intangibles | Any items inherited by right of the Crown, such as Crown lands, forests, water and mineral resources, are not recognized in the financial statements as intangibles. |

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

December 31, 2019

1. Significant Accounting Policies (cont'd)

Use of Estimates The preparation of consolidated financial statements in accordance 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 revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Significant estimates in these consolidated financial statements include assumptions used in estimating provisions for doubtful taxes and accounts receivable, useful lives of tangible capital assets, vested sick leave liability, and landfill closure and post closure liabilities.

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 unexpected events result in contamination. A liability for remediation of contaminated sites is recognized when the Municipality 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.

2. Subsequent Event

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve. As such, it is uncertain as to the full magnitude that the pandemic will have on the Township's financial condition, liquidity and the future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Township is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition or liquidity at this time. There is potential for future taxes receivable impairment due to the economic uncertainty.

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

December 31, 2019

3. Cash

| | 2019 | 2018 |
|-------------------------------|--------------|--------------|
| Operating accounts | \$ 1,193,806 | \$ 528,511 |
| High interest savings account | 1,576,626 | 1,539,053 |
| Petty cash | 76 | 76 |
| | \$ 2,770,508 | \$ 2,067,640 |

The Municipality's high interest savings account earns interest at an effective interest rate of 2.415%.

The Municipality's credit facilities include an operating loan with authorized credit of \$200,000 which carries interest at prime less 0.5%. As at December 31, 2019, the Municipality utilized \$nil (2018 - \$nil) of this facility. The prime rate was 3.95% at December 31, 2019.

4. Portfolio Investments

| | 2019 Cost | 2019 Market Value | 2018 Cost | 2018 Market Value |
|--------------|--------------|----------------------|--------------|----------------------|
| Bond Fund | \$ 35,480 | \$ 34,012 | \$ 34,714 | \$ 33,145 |
| Equity Fund | 864,269 | 1,150,030 | 864,269 | 972,107 |
| Money Market | 266,602 | 266,335 | 262,193 | 261,946 |
| | \$ 1,166,351 | \$ 1,450,377 | \$ 1,161,176 | \$ 1,267,198 |

Portfolio investments are comprised of a bond fund, equity fund and money market fund through the ONE Investment.

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

December 31, 2019

5. Accounts and Grants Receivable

| | 2019 | 2018 |
|----------------------|------------|------------|
| Trade receivable | \$ 30,684 | \$ 47,855 |
| Government transfers | 15,891 | 43,511 |
| HST receivable | 139,488 | 143,225 |
| | \$ 186,063 | \$ 234,591 |

6. Deferred Revenue

| | 2019 | 2018 |
|----------------------------|------------|------------|
| Federal Gas Tax | \$ 383,522 | \$ 127,106 |
| Main Street Revitalization | 20,407 | 38,964 |
| | \$ 403,929 | \$ 166,070 |

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

| | 2019 | 2018 |
|----------------------------|------------|------------|
| Balance, beginning of year | \$ 166,070 | \$ - |
| Interest earned | 2,866 | 594 |
| Transfers from revenue | 253,550 | 165,476 |
| Transfers to revenue | (18,557) | - |
| Balance, end of year | \$ 403,929 | \$ 166,070 |

Federal Gas Tax

The Ministry requires the Municipality to put unspent gas tax funding into a reserve fund. The funding and interest earned in the reserve must be spent on approved projects.

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

December 31, 2019

7. Vested Sick Leave Liability

Under the sick leave benefits plan, unused sick leave can accumulate and certain employees may become entitled to a cash payment when they retire or leave the Municipality's employment.

The significant assumptions adopted and estimated for the calculation of the vested sick leave liability are as follows:

| | |
|----------------|-------|
| Discount rate | 3.00% |
| Inflation rate | 1.64% |
| Retirement age | 65 |

The liability for these accumulated days, to the extent that they have vested and could be taken by an employee on retirement or his/her voluntary or involuntary termination amounted to approximately \$69,612 (2018 - \$63,308). The current period expense is \$6,304. An amount of \$63,980 (2018 - \$63,027) has been provided for this past service liability as a reserve fund.

8. Landfill Closure and Post-Closure Liability

The statement of financial position reflects liabilities for anticipated future costs related to the closing and monitoring of the existing landfill sites. This liability is recognized over the operating life of the waste disposal site, in proportion to the site's utilized capacity.

Any unfunded portion of the liability will be funded when the disbursement occurs.

Scoble site:

| | |
|---|-----------|
| Total estimated expenditures for closure and post-closure costs as at December 31, 2019 | \$892,109 |
| Landfill closure and post-closure liabilities as at December 31, 2019 | \$227,201 |
| Total expenditures remaining to be recognized | \$664,908 |
| Remaining capacity of the site (cubic metres) | 65,197 |
| Remaining landfill site life (years) | 31 |
| Number of years required for post-closure care | 25 |

Sandhill site:

| | |
|---|-----------|
| Total estimated expenditures for closure and post-closure costs as at December 31, 2019 | \$909,678 |
| Landfill closure and post-closure liabilities as at December 31, 2019 | \$686,096 |
| Total expenditures remaining to be recognized | \$223,582 |
| Remaining capacity of the site (cubic metres) | 19,810 |
| Remaining landfill site life (years) | 10 |
| Number of years required for post-closure care | 25 |

**The Corporation of the Municipality of Neebing
Notes to Consolidated Financial Statements**

December 31, 2019

9. Tangible Capital Assets

| | Land | Land Improvements | Buildings | Vehicles | Other Equipment | Roads | Bridges and Other Structures | 2019 Total | | | | | | | | |
|---|------|-------------------|-----------|----------|-----------------|---------|------------------------------|------------|----|---------|----|------------|-----------|-----------|------------|-----------|
| Cost, beginning of year | \$ | 424,390 | \$ | 151,406 | \$ | 794,278 | \$ | 2,767,444 | \$ | 344,706 | \$ | 31,340,450 | 2,658,681 | \$ | 38,481,355 | |
| Additions | | - | | 13,606 | | 122,963 | | 46,949 | | 104,826 | | 545,806 | | 17,595 | 851,745 | |
| Disposals | | - | | - | | - | | (63,500) | | - | | - | | - | (63,500) | |
| Cost, end of year | | 424,390 | | 165,012 | | 917,241 | | 2,750,893 | | 449,532 | | 31,886,256 | | 2,676,276 | 39,269,600 | |
| Accumulated amortization, beginning of year | | - | | 7,570 | | 240,335 | | 1,639,698 | | 203,404 | | 26,726,388 | | 1,320,862 | 30,138,257 | |
| Amortization | | - | | 8,251 | | 21,603 | | 139,923 | | 27,981 | | 358,517 | | 64,158 | 620,433 | |
| Disposals | | - | | - | | - | | (38,100) | | - | | - | | - | (38,100) | |
| Accumulated amortization, end of year | | - | | 15,821 | | 261,938 | | 1,741,521 | | 231,385 | | 27,084,905 | | 1,385,020 | 30,720,590 | |
| Net carrying amount, end of year | \$ | 424,390 | \$ | 149,191 | \$ | 655,303 | \$ | 1,009,372 | \$ | 218,147 | \$ | 4,801,351 | \$ | 1,291,256 | \$ | 8,549,010 |

**The Corporation of the Municipality of Neebing
Notes to Consolidated Financial Statements**

December 31, 2019

9. Tangible Capital Assets (cont'd)

| | Land | Land Improvements | Buildings | Vehicles | Other Equipment | Roads | Bridges and Other Structures | 2018 Total |
|---|------------|-------------------|------------|--------------|-----------------|---------------|------------------------------|---------------|
| Cost, beginning of year | \$ 423,217 | \$ - | \$ 772,560 | \$ 2,508,593 | \$ 344,706 | \$ 31,056,705 | \$ 2,653,953 | \$ 37,759,734 |
| Additions | 1,173 | 151,406 | 21,718 | 258,851 | - | 283,745 | 4,728 | 721,621 |
| Cost, end of year | 424,390 | 151,406 | 794,278 | 2,767,444 | 344,706 | 31,340,450 | 2,658,681 | 38,481,355 |
| Accumulated amortization, beginning of year | - | - | 223,675 | 1,497,830 | 180,403 | 26,338,634 | 1,254,500 | 29,495,042 |
| Amortization | - | 7,570 | 16,660 | 141,868 | 23,001 | 387,754 | 66,362 | 643,215 |
| Accumulated amortization, end of year | - | 7,570 | 240,335 | 1,639,698 | 203,404 | 26,726,388 | 1,320,862 | 30,138,257 |
| Net carrying amount, end of year | \$ 424,390 | \$ 143,836 | \$ 553,943 | \$ 1,127,746 | \$ 141,302 | \$ 4,614,062 | \$ 1,337,819 | \$ 8,343,098 |

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

December 31, 2019

10. Accumulated Surplus

The Municipality segregates its accumulated surplus (deficit) into the following categories:

| | 2019 | 2018 |
|---|----------------------|----------------------|
| Surpluses | | |
| General fund | \$ (69,651) | \$ 31,194 |
| Investment in tangible capital assets | 8,549,010 | 8,343,098 |
| Total surpluses | 8,479,359 | 8,374,292 |
| Reserves set aside for specific purposes by Council | | |
| For deferred capital projects | 30,000 | - |
| For municipal modernization | 389,400 | - |
| Total reserves | 419,400 | - |
| Reserve funds set aside for specific purposes by Council | | |
| For fire department | 919,297 | 905,597 |
| For medical bursary | 21,637 | 21,315 |
| For forest fire fighting | 237,764 | 250,006 |
| For recreational purposes | 191,907 | 189,046 |
| For information technology | 5,311 | 12,128 |
| For election material | 8,809 | 6,707 |
| For OMB hearings and planning | 77,646 | 76,489 |
| For building department | 4,003 | 3,944 |
| For sick leave gratuity | 63,980 | 63,027 |
| For landfill | 730,397 | 715,673 |
| For roads department | 237,352 | 223,964 |
| For deferred capital projects | 208 | 204 |
| For taxation rate stabilization | 58,132 | 57,260 |
| For cannabis implementation | 15,151 | 10,000 |
| Total reserve funds | 2,571,594 | 2,535,360 |
| Accumulated surplus | \$ 11,470,353 | \$ 10,909,652 |

The investment in tangible capital assets represents amounts already spent and invested in infrastructure and other non-financial assets.

Reserve funds represent funds set aside by bylaw or council resolution for specific purposes.

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

December 31, 2019

11. Government Transfers

| | Budget 2019 | 2019 | 2018 |
|---|---------------------|---------------------|-------------------|
| Federal | | | |
| AMO - Federal Gas Tax | \$ 251,194 | \$ - | \$ - |
| Federation of Canadian Municipalities | - | - | 37,448 |
| | <u>251,194</u> | <u>-</u> | <u>37,448</u> |
| Provincial | | | |
| Ministry of Municipal Affairs and Housing | - | 389,400 | - |
| Ontario Community Infrastructure Fund | 156,581 | 156,581 | 102,886 |
| Ontario Municipal Partnership Fund | 598,050 | 598,100 | 664,500 |
| Other | 63,034 | 82,823 | 63,572 |
| | <u>817,665</u> | <u>1,226,904</u> | <u>830,958</u> |
| Other Municipalities | | | |
| Provincial offences | - | 14,890 | 13,292 |
| | <u>\$ 1,068,859</u> | <u>\$ 1,241,794</u> | <u>\$ 881,698</u> |

12. Expenses By Object

| | Budget 2019 | 2019 | 2018 |
|---------------------------------------|---------------------|---------------------|---------------------|
| Salaries, wages and employee benefits | \$ 1,008,682 | \$ 977,518 | \$ 982,767 |
| Materials and supplies | 979,617 | 950,891 | 997,170 |
| Contracted services | 409,081 | 396,720 | 399,718 |
| External transfers | 673,112 | 684,518 | 648,777 |
| Amortization | 620,433 | 620,433 | 643,215 |
| | <u>\$ 3,690,925</u> | <u>\$ 3,630,080</u> | <u>\$ 3,671,647</u> |

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

December 31, 2019

13. Pension and Employee Benefits

The Municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of its full time staff. The Plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

OMERS provides pension services to almost half a million 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, 2019. The results of this valuation disclosed total actuarial liabilities of \$107.7 billion (\$100.1 billion in 2018) in respect of benefits accrued for service with actuarial assets at that date of \$104.3 billion (\$95.9 billion in 2018) indicating an actuarial deficit of \$3.4 billion (\$4.2 billion in 2018). Because OMERS is a multi-employer Plan, 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. Contributions made by the Municipality to OMERS for 2019 were \$38,585 (\$38,356 in 2018), which is included as an expense on the consolidated statement of operations and accumulated surplus. Employee contributions for 2019 were \$38,585 (\$38,358 in 2018).

14. Budget

The Financial Plan (Budget) By-Law adopted by Council on June 19, 2019 was not prepared on a basis consistent with that used to report actual results (Canadian public sector accounting standards). The budget was prepared on a modified accrual basis, while Canadian public sector accounting standards require a full accrual basis. The budget figures anticipated using surpluses accumulated in previous years to reduce current year expenditures in excess of current year revenues. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the statements of operations and accumulated surplus and changes in net assets represent the Financial Plan adopted by Council on June 19, 2019, with adjustments as follows:

| | |
|--|-------------------|
| Financial Plan (Budget) Bylaw surplus for the year | \$ (336,125) |
| Add: | |
| Capital expenses | 2,008,413 |
| Budgeted transfers to accumulated surplus | 68,271 |
| Less: | |
| Budgeted transfers from accumulated surplus | (830,000) |
| Amortization | (620,433) |
| | <u>290,126</u> |
| Budget surplus per statement of operations | <u>\$ 290,126</u> |

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

December 31, 2019

15. Trust Fund

The Municipality of Neebing Cemetery Perpetual Care Trust Fund administered by the Municipality amounting to \$28,255 (2018 - \$27,458) has 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.

16. Comparative Amounts

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

17. Segmented Information

The Corporation of the Municipality of Neebing provides a wide range of services to its citizens. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

a) General Government

General government is comprised of various administrative services including general administration and finance, the services of the Mayor and Council, the health and safety program, and the operation and maintenance of the Municipal Office. Municipal office staff provide a variety of services for citizens plus provide support for other departments and programs. Assessment services, provided by Municipal Property Assessment Corporation, are responsible for providing services to both citizens and the Municipality.

b) Protection to Persons and Property

Protection services include Neebing Emergency Services, police services, the Chief Building Official, and services provided by the Lakehead Region Conservation Authority. The volunteer fire department is responsible for being the first response to emergencies in the Municipality and is responsible for staffing, training, and the maintenance of the fire halls, fleet, and personal protective and fire fighting equipment. Police services are contracted through the Ontario Provincial Police and building inspections are currently contracted out to ensure compliance with building code and zoning requirements.

c) Transportation Services

Transportation services include roadway maintenance of the Municipal roadway systems, culverts, brushing and dust suppressant, and winter control that includes plowing and salt/sand application. Included in this segment is maintenance of all public works equipment and the garage.

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

December 31, 2019

16. Segmented Information (cont'd)

d) Environmental Services

The Municipality provides waste disposal at two landfill sites and includes recycling and landfill site operations and waste minimization programs.

e) Health Services

Health services include public health services and ambulance services. Public health services cover the Municipality's contribution to the activities to the Thunder Bay District Health Unit. The Thunder Bay District Health Unit provides health information and prevention-related clinical services; advocates for healthy public policy; investigates reportable diseases; and upholds regulations that apply to public health. This reporting segment also covers the operation and maintenance of the Cloud Bay Cemetery.

f) Social and Family Services

Social and family services represent the Municipality's contribution to the activities of the District of Thunder Bay Social Services Administration Board ("TBDSSAB"). TBDSSAB is responsible for Ontario Works program delivery, child care services and social housing.

g) Recreational and Cultural Services

Recreation service covers the operation and maintenance of Blake Hall which is used for a variety of events held by both citizens and local government, as well as public library services.

h) Planning and Development

Planning and development manages rural development for business interest, environmental concerns, local community, and overall planning and community development including approval of all land development plans.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies.

**The Corporation of the Municipality of Neebing
Notes to Consolidated Financial Statements**

16. Segmented Information (cont'd)

| | General Government | Protection to Persons and Property | Transportation Services | Environmental Services | Health Services | Social and Family Services | Recreation and Cultural Services | Planning and Development | 2019 Total |
|---|-----------------------|--|----------------------------|---------------------------|---------------------|----------------------------------|--|-----------------------------|-------------------|
| Revenue | | | | | | | | | |
| Taxation | \$ 2,712,692 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | 2,712,692 |
| Government transfers - operating | 989,460 | 12,500 | 156,581 | 11,250 | 7,000 | - | 23,549 | 26,564 | 1,226,904 |
| User fees and service charges | 6,735 | 25,389 | 520 | 20,684 | 900 | - | 2,159 | 6,000 | 62,387 |
| Investment income | 62,893 | - | - | - | - | - | - | - | 62,893 |
| Other municipalities | - | 14,890 | - | - | - | - | - | - | 14,890 |
| Other revenues | 76,017 | 6,474 | 5,556 | - | - | - | - | 15,808 | 103,855 |
| | <u>3,847,797</u> | <u>59,253</u> | <u>162,657</u> | <u>31,934</u> | <u>7,900</u> | <u>-</u> | <u>25,708</u> | <u>48,372</u> | <u>4,183,621</u> |
| Expenses | | | | | | | | | |
| Salaries, wages and employee benefits | 347,513 | 73,947 | 453,043 | 60,203 | 575 | - | 5,738 | 36,499 | 977,518 |
| Materials and supplies | 278,870 | 119,810 | 391,457 | 84,880 | 41,922 | - | 27,078 | 6,874 | 950,891 |
| Contracted services | 58,139 | 296,762 | 17,783 | 24,036 | - | - | - | - | 396,720 |
| External transfers | - | 21,345 | - | - | 287,752 | 375,421 | - | - | 684,518 |
| Amortization | 10,800 | 43,780 | 545,260 | - | - | - | 20,593 | - | 620,433 |
| | <u>695,322</u> | <u>555,644</u> | <u>1,407,543</u> | <u>169,119</u> | <u>330,249</u> | <u>375,421</u> | <u>53,409</u> | <u>43,373</u> | <u>3,630,080</u> |
| Net revenues (expenses) before undernoted item | <u>3,152,475</u> | <u>(496,391)</u> | <u>(1,244,886)</u> | <u>(137,185)</u> | <u>(322,349)</u> | <u>(375,421)</u> | <u>(27,701)</u> | <u>4,999</u> | <u>553,541</u> |
| Gain on disposal of tangible capital assets | - | - | 7,160 | - | - | - | - | - | 7,160 |
| Annual surplus (deficit) | <u>\$ 3,152,475</u> | <u>\$ (496,391)</u> | <u>\$ (1,237,726)</u> | <u>\$ (137,185)</u> | <u>\$ (322,349)</u> | <u>\$ (375,421)</u> | <u>\$ (27,701)</u> | <u>\$ 4,999</u> | <u>\$ 560,701</u> |

**The Corporation of the Municipality of Neebing
Notes to Consolidated Financial Statements**

16. Segmented Information (cont'd)

| | General Government | Protection to Persons and Property | Transportation Services | Environmental Services | Health Services | Social and Family Services | Recreation and Cultural Services | Planning and Development | 2018 Total |
|--|-----------------------|--|----------------------------|---------------------------|---------------------|----------------------------------|--|-----------------------------|------------------|
| Revenue | | | | | | | | | |
| Taxation | \$ 2,684,675 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 2,684,675 |
| Government transfers - operating | 666,180 | 16,613 | 102,886 | 11,763 | 7,000 | - | 6,142 | 57,822 | 868,406 |
| User fees and service charges | 3,855 | 21,305 | 310 | 9,844 | 100 | - | 2,147 | 6,000 | 43,561 |
| Investment income | 41,434 | - | - | - | - | - | - | - | 41,434 |
| Other municipalities | - | 13,292 | - | - | - | - | - | - | 13,292 |
| Other revenues | 55,755 | 5,927 | 3,056 | - | - | - | - | 14,365 | 79,103 |
| | <u>3,451,899</u> | <u>57,137</u> | <u>106,252</u> | <u>21,607</u> | <u>7,100</u> | <u>-</u> | <u>8,289</u> | <u>78,187</u> | <u>3,730,471</u> |
| Expenses | | | | | | | | | |
| Salaries, wages and employee benefits | 303,982 | 84,399 | 515,492 | 47,664 | 325 | - | 3,943 | 26,962 | 982,767 |
| Materials and supplies | 247,187 | 179,480 | 361,630 | 106,940 | 44,027 | - | 46,424 | 11,482 | 997,170 |
| Contracted services | 57,164 | 300,588 | 18,517 | 23,449 | - | - | - | - | 399,718 |
| External transfers | - | 20,067 | - | - | 263,959 | 364,751 | - | - | 648,777 |
| Amortization | 8,883 | 42,012 | 578,646 | - | - | - | 13,674 | - | 643,215 |
| | <u>617,216</u> | <u>626,546</u> | <u>1,474,285</u> | <u>178,053</u> | <u>308,311</u> | <u>364,751</u> | <u>64,041</u> | <u>38,444</u> | <u>3,671,647</u> |
| Annual surplus (deficit) | <u>\$ 2,834,683</u> | <u>\$ (569,409)</u> | <u>\$ (1,368,033)</u> | <u>\$ (156,446)</u> | <u>\$ (301,211)</u> | <u>\$ (364,751)</u> | <u>\$ (55,752)</u> | <u>\$ 39,743</u> | <u>\$ 58,824</u> |

**The Corporation of the Municipality of Neebing
Blake Community Hall Board
Schedule of Operations
(Unaudited)**

| For the year ended December 31 | 2019 Budget | 2019 Actual | 2018 Actual |
|---------------------------------------|------------------------|------------------------|------------------------|
| Revenue | | | |
| Hall rentals | \$ 500 | \$ 550 | \$ 1,260 |
| Expenses | | | |
| Fuel | 4,000 | 2,733 | 3,810 |
| Insurance | 750 | 702 | 702 |
| Miscellaneous | 2,500 | 147 | 19 |
| Repairs, maintenance and renovations | 12,000 | 6,957 | 8,693 |
| Salaries and benefits | 1,800 | 5,738 | 3,943 |
| Telephone | 300 | 400 | 587 |
| Utilities | 2,000 | 1,010 | 1,144 |
| | 23,350 | 17,687 | 18,898 |
| Net expenses | \$ (22,850) | \$ (17,137) | \$ (17,638) |

**The Corporation of the Municipality of Neebing
Crooks Cemetery Board
Schedule of Operations
(Unaudited)**

| For the year ended December 31 | 2019 Budget | 2019 Actual | 2018 Actual |
|---------------------------------------|------------------------|------------------------|------------------------|
| Revenue | | | |
| Sale of plots and monuments | \$ 1,500 | \$ 900 | \$ 100 |
| Expenses | | | |
| Maintenance of buildings and grounds | 4,500 | 769 | 1,905 |
| Salaries, honorariums and benefits | 600 | 575 | 325 |
| | 5,100 | 1,344 | 2,230 |
| Net expenses | \$ (3,600) | \$ (444) | \$ (2,130) |