

# Corporation of the Township of North Dundas

## Financial Statements

For the year ended December 31, 2017

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## Management's Responsibility for the Financial Statements

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The accompanying financial statements are prepared in accordance with Canadian public sector accounting standards.

The financial statements are the responsibility of management and have been approved by the municipal council.

To assess certain facts and operations, management has made estimates based on its best judgment of the situation and by taking into account materiality.

Management is responsible for maintaining appropriate internal control and accounting systems that provide reasonable assurance that the Township's policies are adopted, that its operations are carried out in accordance with the appropriate laws and authorizations, that its assets are adequately safeguarded, and that the financial statements are based on reliable accounting records.

The Township's power and responsibilities are exercised by the municipal council.

The responsibilities of the municipal council include overseeing financial reporting and presentation procedures, which includes reviewing and approving the financial statements.

The independent auditor, BDO Canada LLP, has audited the financial statements and presented the following report.

Angela Rutley  
Chief Administrative Officer

Winchester, Ontario  
May 8, 2018

John Gareau, CPA, CA  
Treasurer

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## Independent Auditor's Report

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**To the members of council, inhabitants and ratepayers of the Corporation of the Township of North Dundas**

We have audited the accompanying financial statements of the Corporation of the Township of North Dundas, which comprise the statement of financial position as at December 31, 2017, and the statements of operations, changes in net financial assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Corporation of the Township of North Dundas as at December 31, 2017, and the results of its operations, changes in its net financial assets and its cash flow for the year then ended in accordance with Canadian public sector accounting standards.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario  
May 8, 2018

# Corporation of the Township of North Dundas

## Statement of Financial Position

December 31	2017	2016
<b>Financial assets</b>		
Cash	\$ 8,071,834	\$ 7,336,079
Investments (Note 2)	2,172,337	2,153,907
Taxes receivable	1,745,636	1,522,669
Accounts receivable	1,129,511	968,489
Long-term receivables (Note 1)	369,148	419,704
	<u>13,488,466</u>	<u>12,400,848</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	1,168,127	1,200,445
Other current liabilities	420,705	362,803
Landfill closure and post-closure (Note 3)	1,755,802	1,841,108
Deferred revenue (Note 5)	1,035,345	1,042,700
Net long-term liabilities (Note 6)	1,230,569	1,363,881
	<u>5,610,548</u>	<u>5,810,937</u>
<b>Net financial assets</b>	<u>7,877,918</u>	<u>6,589,911</u>
<b>Non-financial assets</b>		
Tangible capital assets (Note 7)	53,942,859	54,462,978
Prepaid expenses	51,374	47,004
Inventory	49,668	14,845
	<u>54,043,901</u>	<u>54,524,827</u>
<b>Accumulated surplus (Note 12)</b>	<u>\$61,921,819</u>	<u>\$ 61,114,738</u>

Commitments (Note 14)

Contingency (Note 15)

On behalf of the council:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

## Corporation of the Township of North Dundas Statement of Operations

For the year ended December 31	2017 Budget (Note 13)	2017 Actual	2016 Actual
<b>Revenues</b>			
Taxation	\$ 5,974,029	\$ 5,983,097	\$ 5,793,495
User charges	3,473,831	3,917,108	3,511,703
Government transfers			
Government of Canada	467,036	370,557	341,401
Province of Ontario	1,103,032	1,038,889	883,387
Other municipalities	12,000	7,765	22,274
Other revenues (Note 8)	395,641	467,455	570,529
	<u>11,425,569</u>	<u>11,784,871</u>	<u>11,122,789</u>
<b>Expenses (Note 9)</b>			
General government	1,374,522	1,445,006	1,528,394
Environmental services	2,699,935	2,510,541	2,734,428
Planning and development	557,666	417,070	356,280
Protection services	1,142,493	989,204	996,280
Recreation and cultural services	2,050,233	2,122,688	1,913,933
Transportation services	3,716,447	3,659,897	3,770,291
	<u>11,541,296</u>	<u>11,144,406</u>	<u>11,299,606</u>
<b>Other</b>			
Obligatory reserve funds revenue recognized (Note 5)	149,190	166,616	98,307
	<u>33,463</u>	<u>807,081</u>	<u>(78,510)</u>
<b>Annual surplus (deficit)</b>	33,463	807,081	(78,510)
<b>Accumulated surplus, beginning of the year</b>	61,114,738	61,114,738	61,193,248
<b>Accumulated surplus, end of the year</b>	<u>\$ 61,148,201</u>	<u>\$ 61,921,819</u>	<u>\$ 61,114,738</u>

## Corporation of the Township of North Dundas

### Statement of Changes in Net Financial Assets

For the year ended December 31	2017 Budget (Note 13)	2017 Actual	2016 Actual
<b>Annual surplus (deficit)</b>	\$ 33,463	\$ 807,081	\$ (78,510)
Acquisition of tangible capital assets	(2,771,011)	(2,054,109)	(2,340,585)
Amortization of tangible capital assets	2,477,269	2,477,269	2,501,170
(Gain) loss on disposal of tangible capital assets	-	(114,390)	31,532
Proceeds on disposal of tangible capital assets	1,000	211,349	34,414
	<u>(259,279)</u>	<u>1,327,200</u>	<u>148,021</u>
(Increase) decrease in inventory	-	(34,823)	42,832
Increase in prepaid expenses	-	(4,370)	(5,795)
	<u>-</u>	<u>(39,193)</u>	<u>37,037</u>
<b>Net change in net financial assets</b>	(259,279)	1,288,007	185,058
<b>Net financial assets, beginning of the year</b>	<u>6,589,911</u>	<u>6,589,911</u>	<u>6,404,853</u>
<b>Net financial assets, end of the year</b>	<u>\$ 6,330,632</u>	<u>\$ 7,877,918</u>	<u>\$ 6,589,911</u>

# Corporation of the Township of North Dundas

## Statement of Cash Flow

For the year ended December 31	2017	2016
<b>Operating transactions</b>		
Annual surplus (deficit)	\$ 807,081	\$ (78,510)
Items not affecting cash:		
Amortization of tangible capital assets	2,477,269	2,501,170
(Gain) loss on disposal of tangible capital assets	(114,390)	31,532
	<u>3,169,960</u>	<u>2,454,192</u>
Changes in non-cash operating balances:		
Increase in taxes receivable	(222,967)	(23,607)
(Increase) decrease in accounts receivable	(161,022)	349,410
Decrease (increase) in long-term receivables	50,556	(112,395)
(Decrease) increase in accounts payable and accrued liabilities	(32,318)	70,967
Increase (decrease) in other current liabilities	57,902	(242,383)
(Decrease) increase in landfill closure and post-closure	(85,306)	11,362
(Decrease) increase in deferred revenue	(7,355)	44,722
(Increase) decrease in inventory	(34,823)	42,832
Increase in prepaid expenses	(4,370)	(5,795)
	<u>2,730,257</u>	<u>2,589,305</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(2,054,109)	(2,340,585)
Proceeds on disposal of tangible capital assets	211,349	34,414
	<u>(1,842,760)</u>	<u>(2,306,171)</u>
<b>Investing transactions</b>		
Change in investments	(18,430)	(16,728)
<b>Financing transactions</b>		
Repayment of long-term liabilities	(133,312)	(133,313)
<b>Net increase in cash</b>	<u>735,755</u>	<u>133,093</u>
<b>Cash, beginning of the year</b>	<u>7,336,079</u>	<u>7,202,986</u>
<b>Cash, end of the year</b>	<u>\$ 8,071,834</u>	<u>\$ 7,336,079</u>



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## Corporation of the Township of North Dundas

### Summary of Significant Accounting Policies

December 31, 2017

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<b>Nature and Purpose of the Entity</b>	The Corporation of the Township of North Dundas (the "Township") was created through provincial legislation and commenced operations on January 1, 1998. The Township is responsible for providing municipal services such as community services, emergency and protective services including police and fire and public works including roads, sewers and wastewater, drinking water, garbage and recycling.
<b>Basis of Accounting</b>	The financial statements have been prepared in accordance with Canadian public sector accounting standards.
<b>Use of Estimates</b>	The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the statement of financial position, and the reported amounts of revenues and expenses during the reporting year. The amounts that include estimates are those relating to tangible capital assets as well as those relating to the landfill closure and post-closure.
<b>Revenue Recognition</b>	<p>Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurred. For property taxes, the taxable event is the year for which the tax is levied. Taxes receivable are recognized net of an allowance for anticipated uncollectable amounts.</p> <p>Government transfers are recognized as revenue in the financial statements when the transfer is authorized and all eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.</p> <p>Charges for sewer and water usage are recorded as user charges. Connection fee revenues are recognized when the connection has been established.</p> <p>Interest income earned on available funds, other than obligatory reserve funds, are reported as revenue in the year earned. Investment income earned on obligatory reserve funds is added back to the reserve fund balance and forms part of the deferred revenue balance.</p> <p>Sales of services, included in user charges, are recognized on an accrual basis.</p>

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## Corporation of the Township of North Dundas

### Summary of Significant Accounting Policies

December 31, 2017

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<b>Counties and School Boards</b>	The Township collects taxation revenue on behalf of the school boards and the United Counties of Stormont, Dundas and Glengarry. The taxation, other revenue, expenses, assets and liabilities with respect to the operations of the school boards and the United Counties of Stormont, Dundas and Glengarry are not reflected in these financial statements.														
<b>Deferred Revenue</b>	Revenues restricted by legislation, regulation or agreement and not available for general municipal purposes are reported as deferred revenue on the statement of financial position. The revenue is recognized on the statement of operations in the year in which it is used for the specified purpose.														
<b>Inventory</b>	Inventory of goods not held for resale is measured at cost. Cost is determined on a first in, first out basis.														
<b>Tangible Capital Assets</b>	<p>Tangible capital assets are stated 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 provided on the basis of their useful lives using the straight-line method as follows:</p> <table><tr><td>Land improvements</td><td>15 to 75 years</td></tr><tr><td>Buildings</td><td>15 to 50 years</td></tr><tr><td>Roads, sidewalks and bridges</td><td>7 to 75 years</td></tr><tr><td>Equipment, furniture and machinery</td><td>3 to 30 years</td></tr><tr><td>Water infrastructure</td><td>20 to 100 years</td></tr><tr><td>Sewer infrastructure</td><td>75 to 100 years</td></tr><tr><td>Vehicles</td><td>7 to 20 years</td></tr></table> <p>Landfill sites are amortized using the units of production method based upon capacity used during the year.</p>	Land improvements	15 to 75 years	Buildings	15 to 50 years	Roads, sidewalks and bridges	7 to 75 years	Equipment, furniture and machinery	3 to 30 years	Water infrastructure	20 to 100 years	Sewer infrastructure	75 to 100 years	Vehicles	7 to 20 years
Land improvements	15 to 75 years														
Buildings	15 to 50 years														
Roads, sidewalks and bridges	7 to 75 years														
Equipment, furniture and machinery	3 to 30 years														
Water infrastructure	20 to 100 years														
Sewer infrastructure	75 to 100 years														
Vehicles	7 to 20 years														

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## Corporation of the Township of North Dundas

### Notes to Financial Statements

December 31, 2017

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#### 1. Long-Term Receivables

	2017	2016
Mortgage receivable, 3.5%, due July 2021, receivable by annual instalments of \$27,000, principal plus interest	\$ 109,840	\$ 135,000
Property taxes	617,166	642,562
Allowance for doubtful accounts	(357,858)	(357,858)
	<u>\$ 369,148</u>	<u>\$ 419,704</u>

The principal payments receivable for the next four years amount to: 2018, \$27,000; 2019, \$27,000; 2020, \$27,000; 2021, \$27,000;.

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#### 2. Investments

	2017	2016
Guaranteed investment certificates, 1.98% to 2.65%, maturing no later than October 2022.	\$ 126,191	\$ 124,610
Mutual funds	2,046,146	2,029,297
	<u>\$ 2,172,337</u>	<u>\$ 2,153,907</u>

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# Corporation of the Township of North Dundas

## Notes to Financial Statements

December 31, 2017

### 3. Landfill Closure and Post-Closure

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 remaining life of the landfill site 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 groundwater and leachates from the site, ongoing environmental monitoring, site inspection and maintenance and reporting to the Ministry. The reported liability is based on estimates and assumptions with respect to events extending over a 31 year period using the best information available to management. Future events may result in significant changes to the estimated total expenses, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

	<b>Total estimated expenses</b>	<b>2017 Accrued liabilities</b>	<b>2016 Accrued liabilities</b>
Boyne landfill site	\$ 1,411,703	\$ 1,411,703	\$ 1,499,140
Mountain landfill site	344,099	344,099	341,968
	<b>\$ 1,755,802</b>	<b>\$ 1,755,802</b>	<b>\$ 1,841,108</b>

The estimated remaining capacity of the landfill sites, being a percentage of the total estimated capacity and the estimated remaining life of the sites are indicated below. The estimated number of years for post-closure care is also indicated.

	<b>% of remaining capacity</b>	<b>Remaining life</b>	<b>Post-closure period</b>
Boyne landfill site	-	-	25
Mountain landfill site	-	-	25

### 4. Municipal Debt

As issuer, the Township is contingently liable for payment of the long-term liabilities with respect to tile drainage and shore-line property assistance loans in the amount of \$149,943 (2016 - \$201,211) which are not reported on the Statement of Financial Position.

# Corporation of the Township of North Dundas

## Notes to Financial Statements

December 31, 2017

### 5. Deferred Revenue

	2017	2016
<b>Obligatory Reserve Funds</b>		
Development charges	\$ 568,864	\$ 597,087
Recreational land	216,187	205,522
Federal Gas Tax	6,340	-
<b>Other</b>		
Building code act	189,500	175,500
Deposits	54,454	64,591
	<b>\$ 1,035,345</b>	<b>\$ 1,042,700</b>

The net change during the year in the restricted deferred revenue balance is made up of the following:

	Development charges	Recreational land	Federal Gas Tax
Deferred revenue, beginning of the year	\$ 597,087	\$ 205,522	\$ -
Restricted funds received during the year	129,913	8,000	347,317
Interest earned	8,480	2,665	299
Revenue recognized during the year	(166,616)	-	(341,276)
	<b>\$ 568,864</b>	<b>\$ 216,187</b>	<b>\$ 6,340</b>

### 6. Net Long-Term Liabilities

	2017	2016
Loan, 1.52%, due April 2022, payable by monthly instalments of \$4,309, principal plus interest (LED street light conversion).	\$ 224,047	\$ 275,749
Loan, 2.24%, due April 2030, payable by monthly instalments of \$3,475, principal plus interest (Winchester arena slab).	514,282	555,981
Loan, 2.24%, due April 2030, payable by monthly instalments of \$3,326, principal plus interest (Chesterville arena upgrades).	492,240	532,151
	<b>\$ 1,230,569</b>	<b>\$ 1,363,881</b>

The principal payments for the next five years amount to: 2018, \$133,313; 2019, \$133,313; 2020, \$133,313; 2021, \$133,313; 2021, \$98,845.

# Corporation of the Township of North Dundas

## Notes to Financial Statements

December 31, 2017

### 7. Tangible Capital Assets

	2017				
	Land	Land improvements and landfill sites	Buildings	Roads, sidewalks and bridges	Equipment, furniture and machinery
Cost, beginning of year	\$ 2,367,115	\$ 7,532,149	\$ 8,749,418	\$ 36,804,128	\$ 4,134,895
Acquisitions	-	272,067	200,020	868,599	341,080
Disposals	-	-	-	(108,320)	(55,968)
Cost, end of year	2,367,115	7,804,216	8,949,438	37,564,407	4,420,007
Accumulated amortization, beginning of year	-	2,325,414	3,478,477	16,091,733	2,597,356
Amortization	-	213,073	220,982	1,178,019	217,720
Disposals	-	-	-	(88,046)	-
Accumulated amortization, end of year	-	2,538,487	3,699,459	17,181,706	2,815,076
Net carrying amount, end of year	\$ 2,367,115	\$ 5,265,729	\$ 5,249,979	\$ 20,382,701	\$ 1,604,931

  

	Water infrastructure	Sewer infrastructure	Vehicles	Total
Cost, beginning of year	\$ 19,817,577	\$ 5,099,129	\$ 4,115,199	\$ 88,619,610
Acquisitions	-	90,468	281,875	2,054,109
Disposals	(4,521)	-	(266,015)	(434,824)
Cost, end of year	19,813,056	5,189,597	4,131,059	90,238,895
Accumulated amortization, beginning of year	5,725,369	1,335,396	2,602,887	34,156,632
Amortization	409,507	52,847	185,121	2,477,269
Disposals	(2,455)	-	(247,364)	(337,865)
Accumulated amortization, end of year	6,132,421	1,388,243	2,540,644	36,296,036
Net carrying amount, end of year	\$ 13,680,635	\$ 3,801,354	\$ 1,590,415	\$ 53,942,859

# Corporation of the Township of North Dundas

## Notes to Financial Statements

December 31, 2017

### 7. Tangible Capital Assets (continued)

	2016				
	Land	Land improvements and landfill sites	Buildings	Roads, sidewalks and bridges	Equipment, furniture and machinery
Cost, beginning of year	\$ 2,149,330	\$ 7,405,505	\$ 8,432,680	\$ 35,750,645	\$ 3,970,701
Acquisitions	217,785	177,582	322,199	1,154,926	172,268
Disposals	-	(50,938)	(5,461)	(101,443)	(8,074)
Cost, end of year	2,367,115	7,532,149	8,749,418	36,804,128	4,134,895
Accumulated amortization, beginning of year	-	2,137,450	3,269,303	14,968,614	2,392,603
Amortization	-	203,620	211,073	1,215,141	212,827
Disposals	-	(15,656)	(1,899)	(92,022)	(8,074)
Accumulated amortization, end of year	-	2,325,414	3,478,477	16,091,733	2,597,356
Net carrying amount, end of year	\$ 2,367,115	\$ 5,206,735	\$ 5,270,941	\$ 20,712,395	\$ 1,537,539

  

	Water infrastructure	Sewer infrastructure	Vehicles	Total
Cost, beginning of year	\$ 19,723,293	\$ 5,083,081	\$ 3,950,336	\$ 86,465,571
Acquisitions	114,914	16,048	164,863	2,340,585
Disposals	(20,630)	-	-	(186,546)
Cost, end of year	19,817,577	5,099,129	4,115,199	88,619,610
Accumulated amortization, beginning of year	5,319,241	1,282,549	2,406,302	31,776,062
Amortization	409,077	52,847	196,585	2,501,170
Disposals	(2,949)	-	-	(120,600)
Accumulated amortization, end of year	5,725,369	1,335,396	2,602,887	34,156,632
Net carrying amount, end of year	\$ 14,092,208	\$ 3,763,733	\$ 1,512,312	\$ 54,462,978

The book value of tangible capital assets not being amortized because they are under construction is \$385,421 (2016 - \$335,538).

### 8. Other Revenues

	2017 Budget	2017 Actual	2016 Actual
Donations	\$ 65,375	\$ 82,255	\$ 25,218
Interest and penalties on taxes	250,000	278,274	250,344
Interest income	80,266	106,926	105,315
Land sale	-	-	189,652
	\$ 395,641	\$ 467,455	\$ 570,529

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## Corporation of the Township of North Dundas

### Notes to Financial Statements

December 31, 2017

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#### 9. Expenses by Object

Total expenses for the year reported on the statement of operations are as follows:

	2017	2016
Amortization of tangible capital assets	\$ 2,477,269	\$ 2,501,170
Contracted services	1,615,764	1,497,410
Contributions to other organizations	66,652	45,338
(Gain) loss on disposal of tangible capital assets	(114,390)	31,532
Materials	3,040,859	3,317,492
Rents and financial expenses	189,247	164,967
Salaries, wages and benefits	3,869,005	3,741,697
	<b>\$ 11,144,406</b>	<b>\$ 11,299,606</b>

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#### 10. Pension Agreement

The Township 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 Township has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The Township records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the Plan for past employee service.

OMERS provides pension services to more than 482,000 active and retired members and approximately 1,000 employers. Each year an independent actuary determines the funding status of the OMERS Primary Pension Plan (the Plan) by comparing the fair market value of the 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, 2017. The results of this valuation disclosed total actuarial liabilities of \$94,431 million in respect of benefits accrued for service with fair market assets at that date of \$89,028 million indicating an actuarial deficit of \$5,403 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. As a result, the Township does not recognize any share of the OMERS pension surplus or deficit. The amount contributed to OMERS by the Township for 2017 was \$232,239 (2016 - \$220,757).

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# Corporation of the Township of North Dundas

## Notes to Financial Statements

December 31, 2017

### 11. Operations of School Boards and the United Counties of Stormont, Dundas and Glengarry

During the year, the following taxation revenues were raised and remitted to the school boards and the United Counties of Stormont, Dundas and Glengarry:

	2017	2016
School boards	<u>\$ 3,782,383</u>	<u>\$ 3,729,102</u>
United Counties of Stormont, Dundas and Glengarry	<u>\$ 8,360,482</u>	<u>\$ 7,778,980</u>

### 12. Accumulated Surplus

	2017	2016
Reserves		
Working fund	\$ 2,203,766	\$ 1,949,566
Fire	938,055	829,714
Recreation and culture	284,872	229,292
Roads	1,148,906	1,150,350
Sewer and water	3,099,758	2,735,601
Waste management	212,648	181,778
Other	64,497	55,159
	<u>7,952,502</u>	<u>7,131,460</u>
Reserve funds		
Association and events	4,693	9,631
Infrastructure	2,185,931	3,356,506
Recreation and culture	120,134	103,654
Roads	20,137	103,098
South Mountain Union Cemetery	17,875	16,797
Waste management	799,298	623,727
	<u>3,148,068</u>	<u>4,213,413</u>
Investment in tangible capital assets		
Invested in tangible capital assets	53,942,859	54,462,978
Unfinanced tangible capital assets	(135,239)	(1,488,124)
Related net long-term liabilities	(1,230,569)	(1,363,881)
	<u>52,577,051</u>	<u>51,610,973</u>
Unfinanced landfill closure and post-closure	<u>(1,755,802)</u>	<u>(1,841,108)</u>
Accumulated surplus	<u>\$61,921,819</u>	<u>\$ 61,114,738</u>

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## Corporation of the Township of North Dundas

### Notes to Financial Statements

December 31, 2017

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#### 13. Budget

The Financial Plan (Budget) By-Law adopted by Council 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 requires a full accrual basis. In addition, the budget expenses all tangible capital assets rather than including amortization of tangible capital assets expense. As a result, the budget figures presented in the statements of operations and changes in net financial assets represents the Financial Plan adopted by Council with adjustments as follows:

	<u>2017</u>
Budget for the year	\$ -
Add:	
Capital expenses	2,771,011
Less:	
Proceeds on disposal of tangible capital assets	(1,000)
Transfers from accumulated surplus	(259,279)
Amortization of tangible capital assets	<u>(2,477,269)</u>
Budgeted surplus per statement of operations	<u>\$ 33,463</u>

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#### 14. Commitments

The Township has signed a five year contract for operation and maintenance services for water and wastewater treatment plants which expires December 2020. The Township has committed to pay an amount of \$737,923 per year.

The Township has signed a non-expiring contract for fire services. The amount agreed upon for those services is \$38,131 per year.

The Township has signed a five year contract for waste services which expires in December 2021. The amount agreed upon for those services is \$290,000 in 2018, \$306,000 in 2019, \$313,650 in 2020 and \$323,060 in 2021.

The total minimum annual payments over the next five years are as follows:

2018	\$ 1,066,054
2019	\$ 1,082,054
2020	\$ 1,089,704
2021	\$ 361,191
2022	\$ 38,131

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## Corporation of the Township of North Dundas

### Notes to Financial Statements

December 31, 2017

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#### 15. Contingency

During 2014, the Government of Ontario expanded regulations to include six additional cancers presumed to be work-related for firefighters under the Workplace Safety and Insurance Act. This change is retroactive to January 1, 1960. During the years 1997 to 2010, the Township was a Schedule 2 employer for WSIB, meaning that the Township self-insured for WSIB benefits. This change in regulations may give rise to liabilities of the Township for work-related cancers incurred by firefighters during that period. The Township is assessing the impact of this change and is unable to determine whether a liability exists at year end. Consequently, no provision has been made in these financial statements for any liability that may result.

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## Corporation of the Township of North Dundas

### Notes to Financial Statements

December 31, 2017

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#### 16. Segmented information

The Township is a diversified municipal government institution that provides a wide range of services to its citizens such as police, fire, water and sewer, transportation and recreational. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

##### **Environmental**

Environmental services consists of providing the Township's drinking water, waste disposal as well as garbage and recycling collection to citizens, processing and cleaning sewage and ensuring the water and sewer system meet all Provincial standards.

##### **Planning and Development**

This department provides a number of services including city planning, maintenance and enforcement of building and construction codes and review of all property development plans through its application process. It also provides maintenance of municipal drains, which ensures proper drainage for agricultural properties and tile drainage, whereas the Township acts an intermediate between the landowners and the province.

##### **Protection**

Protection is comprised of police services, fire protection, conservation authority, protective inspection and control and emergency measures. The police services work to ensure the safety and protection of the citizens and their property. The fire department is responsible to provide fire suppression service, fire prevention programs, training and education. The inspection and control department includes building inspection, by-law enforcement and dog control services.

##### **Recreation and Cultural**

Recreation and cultural consists of providing services that contribute to neighbourhood development and sustainability through the provision of recreation and leisure programs and facilities including community halls, libraries, parks, recreation fields and arenas.

##### **Transportation**

Transportation is responsible for providing the winter and summer maintenance, the repair and construction of the Township's roads system including bridges, sidewalks and culverts.

##### **General Government**

This item relates to the revenues and expenses from operations of the Township itself and cannot be directly attributed to a specific segment.

## Corporation of the Township of North Dundas Notes to Financial Statements

December 31, 2017

### 16. Segmented information (continued)

For the year ended December 31	Environmental	Planning and Development	Protection	Recreation and Cultural	Transportation	General Government	2017 total
<b>Revenues</b>							
Taxation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,983,097	\$ 5,983,097
User charges	2,445,334	93,462	161,398	1,053,835	103,232	59,847	3,917,108
Government transfers - Federal	-	-	-	-	341,276	29,281	370,557
Government transfers - Provincial	16,246	36,861	-	14,752	854,679	116,351	1,038,889
Government transfers - Other municipalities	4,091	-	-	-	3,674	-	7,765
Other revenues (Note 8)	-	-	-	-	-	467,455	467,455
Obligatory reserve funds revenue (Note 5)	-	-	-	-	-	166,616	166,616
	<b>2,465,671</b>	<b>130,323</b>	<b>161,398</b>	<b>1,068,587</b>	<b>1,302,861</b>	<b>6,822,647</b>	<b>11,951,487</b>
<b>Expenses</b>							
Amortization of tangible capital assets	585,473	35,350	164,595	323,794	1,332,554	35,503	2,477,269
Contracted services	1,236,781	34,087	39,750	84,285	182,040	38,821	1,615,764
Contributions to other organizations	-	-	-	40,652	-	26,000	66,652
(Gain) loss (gain) on disposal of tangible capital assets	(198,917)	-	(11,157)	-	-	95,684	(114,390)
Materials	253,795	113,104	419,880	729,824	1,229,663	294,593	3,040,859
Rents and financial expenses	-	-	-	23,665	6,469	159,113	189,247
Salaries, wages and benefits	633,409	234,529	376,136	920,468	909,171	795,292	3,869,005
	<b>2,510,541</b>	<b>417,070</b>	<b>989,204</b>	<b>2,122,688</b>	<b>3,659,897</b>	<b>1,445,006</b>	<b>11,144,406</b>
<b>Annual surplus (deficit)</b>	<b>\$ (44,870)</b>	<b>\$ (286,747)</b>	<b>\$ (827,806)</b>	<b>\$ (1,054,101)</b>	<b>\$ (2,357,036)</b>	<b>\$ 5,377,641</b>	<b>\$ 807,081</b>

## Corporation of the Township of North Dundas

### Notes to Financial Statements

December 31, 2017

#### 16. Segmented information (continued)

For the year ended December 31	Environmental	Planning and Development	Protection	Recreation and Cultural	Transportation	General Government	2016
<b>Revenues</b>							
Taxation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,793,495	\$ 5,793,495
User charges	2,097,171	69,384	162,990	1,115,711	30,137	36,310	3,511,703
Government transfers - Federal	-	-	-	-	341,401	-	341,401
Government transfers - Provincial	-	36,867	-	3,154	788,976	54,390	883,387
Government transfers - Other municipalities	3,066	-	-	-	19,208	-	22,274
Other revenues (Note 8)	-	-	-	-	-	570,529	570,529
Obligatory reserve funds revenue (Note 5)	1,199	-	-	-	44,001	53,107	98,307
	<u>2,101,436</u>	<u>106,251</u>	<u>162,990</u>	<u>1,118,865</u>	<u>1,223,723</u>	<u>6,507,831</u>	<u>11,221,096</u>
<b>Expenses</b>							
Amortization of tangible capital assets	578,678	35,349	149,221	320,007	1,390,459	27,456	2,501,170
Contracted services	1,167,728	5,658	65,880	36,362	172,195	49,587	1,497,410
Contributions to other organizations	-	-	-	10,838	-	34,500	45,338
(Gain) loss on disposal of tangible capital assets	(2,450)	-	-	-	-	33,982	31,532
Materials	361,392	94,304	455,303	637,578	1,303,858	465,057	3,317,492
Rents and financial expenses	-	-	-	25,517	5,142	134,308	164,967
Salaries, wages and benefits	629,080	220,969	325,876	883,631	898,637	783,504	3,741,697
	<u>2,734,428</u>	<u>356,280</u>	<u>996,280</u>	<u>1,913,933</u>	<u>3,770,291</u>	<u>1,528,394</u>	<u>11,299,606</u>
<b>Annual surplus (deficit)</b>	<u>\$ (632,992)</u>	<u>\$ (250,029)</u>	<u>\$ (833,290)</u>	<u>\$ (795,068)</u>	<u>\$ (2,546,568)</u>	<u>\$ 4,979,437</u>	<u>\$ (78,510)</u>