

Corporation of the Township of North Dundas Financial Statements

For the year ended December 31, 2020

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Management's Responsibility for the Financial Statements

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 judgement 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
July 13, 2021



John Gareau, CPA, CA
Treasurer

Independent Auditor's Report

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

Opinion

We have audited the financial statements of the Corporation of the Township of North Dundas ("the Township"), which comprise the statement of financial position as at December 31, 2020, and the statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Township as at December 31, 2020, and the results of its operations and its 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 Financial Statements section of our report. We are independent of the Township in accordance with the ethical requirements that are relevant to our audit of the 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.

Emphasis of Matter - Restated Comparative Information

We draw attention to Note 1 to the financial statements, which explains that certain comparative information for the year ended December 31, 2019 has been restated. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Township'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 Township or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Township'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 these financial statements.



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

- Identify and assess the risks of material misstatement of the 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 Township'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 Township'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 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 Township 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.

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

Ottawa, Ontario
July 13, 2021

**Corporation of the Township of North Dundas
Statement of Financial Position**

December 31	2020	2019 Restated
Financial assets		
Cash	\$ 8,511,058	\$ 10,876,142
Investments (Note 2)	5,161,406	2,235,625
Taxes receivable	2,150,641	2,135,359
Accounts receivable	1,272,548	1,147,654
Long-term receivables (Note 3)	141,949	205,003
	17,237,602	16,599,783
Liabilities		
Accounts payable and accrued liabilities	1,189,215	1,183,312
Other current liabilities	706,947	565,499
Landfill closure and post-closure (Note 4)	1,833,845	1,773,658
Deferred revenue (Note 5)	1,993,450	1,662,623
Net long-term liabilities (Note 6)	913,445	1,069,513
	6,636,902	6,254,605
Net financial assets	10,600,700	10,345,178
Non-financial assets		
Tangible capital assets (Note 7)	55,746,173	54,766,969
Prepaid expenses	24,550	68,524
Inventory	48,236	71,976
	55,818,959	54,907,469
Accumulated surplus (Note 12)	\$66,419,659	\$ 65,252,647

Commitments (Note 14)
Contingency (Note 15)

On behalf of the council:


 _____ Mayor


 _____ Deputy Mayor

Corporation of the Township of North Dundas
Statement of Operations

For the year ended December 31	2020 Budget (Note 13)	2020 Actual	2019 Actual Restated
Revenues			
Taxation	\$ 6,871,092	\$ 6,884,254	\$ 6,324,754
User charges	4,099,552	3,910,716	3,918,011
Government transfers			
Government of Canada	476,364	548,434	681,722
Province of Ontario	1,298,180	1,582,213	1,883,025
Other municipalities	409,440	385,340	147,267
Other revenues (Note 8)	555,120	912,792	606,573
	<u>13,709,748</u>	<u>14,223,749</u>	<u>13,561,352</u>
Expenses (Note 9)			
General government	1,729,294	1,673,858	1,554,779
Environmental services	2,899,336	3,440,871	2,610,716
Planning and development	747,371	492,091	492,344
Protection services	1,367,249	1,318,143	1,296,891
Recreation and cultural services	2,184,232	1,960,639	2,031,151
Transportation services	3,868,156	4,223,260	3,603,974
	<u>12,795,638</u>	<u>13,108,862</u>	<u>11,589,855</u>
Other			
Obligatory reserve funds revenue recognized (Note 5)	115,451	52,125	3,952
Annual surplus	1,029,561	1,167,012	1,975,449
Accumulated surplus, beginning of the year	<u>65,252,647</u>	<u>65,252,647</u>	<u>63,277,198</u>
Accumulated surplus, end of the year	<u>\$ 66,282,208</u>	<u>\$66,419,659</u>	<u>\$ 65,252,647</u>

**Corporation of the Township of North Dundas
Statement of Changes in Net Financial Assets**

For the year ended December 31	2020 Budget (Note 13)	2020 Actual	2019 Actual Restated
Annual surplus	\$ 1,029,561	\$ 1,167,012	\$ 1,975,449
Acquisition of tangible capital assets	(5,843,852)	(4,736,739)	(3,245,685)
Amortization of tangible capital assets	2,741,768	2,741,768	2,569,909
Loss (gain) on disposal of tangible capital assets	-	558,888	(599,364)
Proceeds on disposal of tangible capital assets	77,165	456,879	651,615
	<u>(1,995,358)</u>	<u>187,808</u>	<u>1,351,924</u>
Decrease (increase) in inventory	-	23,740	(9,873)
Decrease (increase) in prepaid expenses	-	43,974	(22,334)
	<u>-</u>	<u>67,714</u>	<u>(32,207)</u>
Net change in net financial assets	(1,995,358)	255,522	1,319,717
Net financial assets, beginning of the year	<u>10,345,178</u>	<u>10,345,178</u>	<u>9,025,461</u>
Net financial assets, end of the year	<u>\$ 8,349,820</u>	<u>\$10,600,700</u>	<u>\$ 10,345,178</u>

Corporation of the Township of North Dundas
Statement of Cash Flows

For the year ended December 31	2020	2019 Restated
Operating transactions		
Annual surplus	\$ 1,167,012	\$ 1,975,449
Items not affecting cash:		
Amortization of tangible capital assets	2,741,768	2,569,909
Loss (gain) on disposal of tangible capital assets	558,888	(599,364)
	<u>4,467,668</u>	<u>3,945,994</u>
Changes in non-cash operating balances:		
Increase in taxes receivable	(15,282)	(146,952)
Increase in accounts receivable	(124,894)	(53,875)
Decrease in long-term receivables	63,054	21,918
Increase in accounts payable and accrued liabilities	5,903	113,046
Increase in other current liabilities	141,448	97,820
Increase in landfill closure and post-closure	60,187	9,779
Increase in deferred revenue	330,827	396,398
Decrease (increase) in inventory	23,740	(9,873)
Decrease (increase) in prepaid expenses	43,974	(22,334)
	<u>4,996,625</u>	<u>4,351,921</u>
Capital transactions		
Acquisition of tangible capital assets	(4,736,739)	(3,245,685)
Proceeds on disposal of tangible capital assets	456,879	651,615
	<u>(4,279,860)</u>	<u>(2,594,070)</u>
Investing transactions		
Change in investments	(2,925,781)	(35,223)
Financing transactions		
Repayment of long-term liabilities	(156,068)	(128,262)
Net (decrease) increase in cash	(2,365,084)	1,594,366
Cash, beginning of the year	<u>10,876,142</u>	<u>9,281,776</u>
Cash, end of the year	<u>\$ 8,511,058</u>	<u>\$ 10,876,142</u>

Corporation of the Township of North Dundas Summary of Significant Accounting Policies

December 31, 2020

Nature and Purpose of the Entity	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.
Basis of Accounting	The financial statements have been prepared in accordance with Canadian public sector accounting standards.
Use of Estimates	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.
Revenue Recognition	<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, as the services are rendered.</p>

Corporation of the Township of North Dundas Summary of Significant Accounting Policies

December 31, 2020

Landfill	The estimated costs to close and maintain the landfill site are based on estimated future expenses in current dollars, discounted, adjusted for estimated inflation, and are recognized and charged to expense as the landfill site's capacity is used.														
Counties and School Boards	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.														
Deferred Revenue	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.														
Inventory	Inventory of goods not held for resale is measured at cost. Cost is determined on a first in, first out basis.														
Tangible Capital Assets	<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														

Corporation of the Township of North Dundas
Notes to Financial Statements

December 31, 2020

1. Prior Period Correction

During the year-end audit, the Corporation of the Township of North Dundas's management realized there was a significant amount of capital assets missing, due to the fact the tangible capital assets transferred as part of subdivision agreement had never been accounted for. The work performed led to the addition of significant capital assets that should have been accounted for between 2009 and 2015. These assets were accounted for at the fair market value depending on the date it was actually transferred to the Township and amortized over the estimated useful life of the asset. The balance affected opening 2019 accumulated surplus. The impact of this correction of error was as follows:

	2019
<u>Statement of Financial Position</u>	
Increase in non-financial assets	\$ 620,413
Increase in accumulated surplus	<u>\$ 620,413</u>
<u>Statement of Operations</u>	
Decrease in annual surplus	<u>\$ 18,691</u>
Increase in opening accumulated surplus	<u>\$ 639,104</u>

2. Investments

	2020	2019
Guaranteed investment certificates, 2.15% to 3.47%, maturing no later than December 2023.	\$ 5,161,406	\$ 130,173
Mutual funds	-	2,105,452
	<u>\$ 5,161,406</u>	<u>\$ 2,235,625</u>

3. Long-Term Receivables

	2020	2019
Mortgage receivable, 3.5%, due July 2021, receivable by annual instalments of \$29,926, principal and interest	\$ 28,905	\$ 56,825
Municipal drain debentures	82,815	105,570
Loan receivable, Community improvement plans	<u>30,229</u>	<u>42,608</u>
	<u>\$ 141,949</u>	<u>\$ 205,003</u>

The payments receivable for the mortgage receivable for the next two years amount to: 2021, \$27,920; 2022, \$28,905.

Corporation of the Township of North Dundas
Notes to Financial Statements

December 31, 2020

4. 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 30 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.

	Total estimated expenses	2020 Accrued liabilities	2019 Accrued liabilities
Boyne landfill site	\$ 1,487,693	\$ 1,487,693	\$ 1,429,559
Mountain landfill site	346,152	346,152	344,099
	<u>\$ 1,833,845</u>	<u>\$ 1,833,845</u>	<u>\$ 1,773,658</u>

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.

	% of remaining capacity	Remaining life	Post-closure period
Boyne landfill site	-	-	25
Mountain landfill site	-	-	25

Corporation of the Township of North Dundas
Notes to Financial Statements

December 31, 2020

5. Deferred Revenue

	2020	2019
Obligatory Reserve Funds		
Development charges	\$ 1,296,801	\$ 968,380
Recreational land	282,063	244,218
Federal Gas Tax	-	110,187
Ontario Community Infrastructure Fund (OCIF)	2,803	2,038
Other		
Building code act	326,497	278,137
Deposits	85,286	59,663
	\$ 1,993,450	\$ 1,662,623

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	OCIF
Deferred revenue, beginning of the year	\$ 968,380	\$ 244,218	\$ 110,187	\$ 2,038
Restricted funds received during the year	368,305	34,550	342,132	274,880
Interest earned	12,241	3,295	2,875	765
Revenue recognized during the year	(52,125)	-	(455,194)	(274,880)
	\$ 1,296,801	\$ 282,063	\$ -	\$ 2,803

Corporation of the Township of North Dundas
Notes to Financial Statements

December 31, 2020

6. Net Long-Term Liabilities

	2020	2019
Loan, 1.52%, due April 2022, payable by monthly instalments of \$4,309, principal plus interest (LED street light conversion).	\$ 68,938	\$ 120,641
Loan, 2.24%, due April 2030, payable by monthly instalments of \$3,475, principal plus interest (Winchester arena slab).	389,186	430,885
Loan, 2.24%, due April 2030, payable by monthly instalments of \$3,326, principal plus interest (Chesterville arena upgrades).	372,506	412,417
Tile drainage loans bear interest at 6% and are repayable in annual instalments. The loans are due between 2020 and 2029 and are recoverable from benefiting landowners	82,815	105,570
	\$ 913,445	\$ 1,069,513

The principal payments for the next five years amount to: 2021, \$156,068; 2022, \$156,713; 2023, \$116,203; 2024, \$98,366; 2025, \$90,255.

Corporation of the Township of North Dundas Notes to Financial Statements

December 31, 2020

7. Tangible Capital Assets

	2020				
	Land	Land improvements and landfill sites	Buildings	Roads, sidewalks and bridges	Equipment, furniture and machinery
Cost, beginning of year	\$ 2,365,567	\$ 9,920,917	\$ 9,726,151	\$ 39,641,827	\$ 5,366,603
Acquisitions of tangible capital assets	47,717	285,498	433,837	2,396,731	245,788
Disposals of tangible capital assets	(20,096)	(145,758)	(126,505)	(1,514,862)	(451,992)
Cost, end of year	2,393,188	10,060,657	10,033,483	40,523,696	5,160,399
Accumulated amortization, beginning of year	-	3,170,575	4,171,100	19,081,030	3,274,551
Amortization of tangible capital assets	-	188,434	289,510	1,215,466	289,866
Disposals of tangible capital assets	-	(110,012)	(43,017)	(944,386)	(364,883)
Accumulated amortization, end of year	-	3,248,997	4,417,593	19,352,110	3,199,534
Net carrying amount, end of year	\$ 2,393,188	\$ 6,811,660	\$ 5,615,890	\$ 21,171,586	\$ 1,960,865
		Water	Sewer		
		infrastructure	infrastructure	Vehicles	Total
Cost, beginning of year	\$ 14,721,339	\$ 8,821,281	\$ 4,359,000	\$ 94,922,685	
Acquisitions of tangible capital assets	166,822	131,986	1,028,360	4,736,739	
Disposals of tangible capital assets	(77,848)	(158,515)	(199,671)	(2,695,247)	
Cost, end of year	14,810,313	8,794,752	5,187,689	96,964,177	
Accumulated amortization, beginning of year	4,917,076	3,002,811	2,538,573	40,155,716	
Amortization of tangible capital assets	314,770	139,040	304,682	2,741,768	
Disposals of tangible capital assets	(21,742)	-	(195,440)	(1,679,480)	
Accumulated amortization, end of year	5,210,104	3,141,851	2,647,815	41,218,004	
Net carrying amount, end of year	\$ 9,600,209	\$ 5,652,901	\$ 2,539,874	\$ 55,746,173	

Corporation of the Township of North Dundas
Notes to Financial Statements

December 31, 2020

7. Tangible Capital Assets (continued)

	2019				
	Land	Land improvements and landfill sites	Buildings	Roads, sidewalks and bridges	Equipment, furniture and machinery
Cost, beginning of year	\$ 2,367,186	\$ 9,735,092	\$ 9,122,513	\$ 38,963,716	\$ 4,554,355
Acquisitions of tangible capital assets	-	203,572	603,638	1,373,233	863,145
Disposals of tangible capital assets	(1,619)	(17,747)	-	(695,122)	(50,897)
Cost, end of year	2,365,567	9,920,917	9,726,151	39,641,827	5,366,603
Accumulated amortization, beginning of year	-	2,943,998	3,926,447	18,587,175	3,022,155
Amortization of tangible capital assets	-	240,065	244,653	1,188,977	268,209
Disposals of tangible capital assets	-	(13,488)	-	(695,122)	(15,813)
Accumulated amortization, end of year	-	3,170,575	4,171,100	19,081,030	3,274,551
Net carrying amount, end of year	\$ 2,365,567	\$ 6,750,342	\$ 5,555,051	\$ 20,560,797	\$ 2,092,052
		Water infrastructure	Sewer infrastructure	Vehicles	Total
Cost, beginning of year	\$	14,689,309	\$ 8,710,079	\$ 4,505,072	\$ 92,647,322
Acquisitions of tangible capital assets		38,946	111,202	51,949	3,245,685
Disposals of tangible capital assets		(6,916)	-	(198,021)	(970,322)
Cost, end of year		14,721,339	8,821,281	4,359,000	94,922,685
Accumulated amortization, beginning of year		4,605,209	2,856,745	2,562,149	38,503,878
Amortization of tangible capital assets		315,250	146,066	166,689	2,569,909
Disposals of tangible capital assets		(3,383)	-	(190,265)	(918,071)
Accumulated amortization, end of year		4,917,076	3,002,811	2,538,573	40,155,716
Net carrying amount, end of year	\$	9,804,263	\$ 5,818,470	\$ 1,820,427	\$ 54,766,969

The book value of tangible capital assets not being amortized because they are under construction is \$961,399 (2019 - \$800,002).

Corporation of the Township of North Dundas
Notes to Financial Statements

December 31, 2020

8. Other Revenues

	2020 Budget	2020 Actual	2019 Actual
Donations	\$ 61,854	\$ 554,693	\$ 55,260
Interest and penalties on taxes	330,000	254,481	320,273
Interest income	163,266	103,618	231,040
	<u>\$ 555,120</u>	<u>\$ 912,792</u>	<u>\$ 606,573</u>

9. Expenses by Object

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

	2020	2019 Restated
Amortization of tangible capital assets	\$ 2,741,768	\$ 2,569,909
Contracted services	2,248,728	2,175,719
Contributions to other organizations	197,543	234,027
Loss (gain) on disposal of tangible capital assets	558,888	(599,364)
Materials	2,764,065	2,768,746
Rents and financial expenses	55,262	46,627
Salaries, wages and benefits	4,542,608	4,394,191
	<u>\$13,108,862</u>	<u>\$ 11,589,855</u>

Corporation of the Township of North Dundas Notes to Financial Statements

December 31, 2020

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 almost 500,000 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, 2020. The results of this valuation disclosed total actuarial liabilities of \$113,055 million in respect of benefits accrued for service with fair market assets at that date of \$109,844 million indicating an actuarial deficit of \$3,211 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 2020 was \$266,877 (2019 - \$248,836).

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:

	<u>2020</u>	<u>2019</u>
School boards	<u>\$ 3,974,555</u>	<u>\$ 3,945,934</u>
United Counties of Stormont, Dundas and Glengarry	<u>\$ 9,784,723</u>	<u>\$ 9,189,278</u>

Corporation of the Township of North Dundas
Notes to Financial Statements

December 31, 2020

12. Accumulated Surplus

	2020	2019
Reserves		
Working fund	\$ 2,332,308	\$ 2,140,408
Fire	840,570	740,193
Recreation and culture	254,403	347,103
Roads	1,141,243	1,454,404
Sewer and water	4,887,251	4,309,827
Waste management	382,036	414,662
Other	210,064	177,090
	10,047,875	9,583,687
Reserve funds		
Association and events	117,195	82,087
Infrastructure	2,185,931	2,185,931
Recreation and culture	37,803	53,900
Roads	-	20,220
Sewer and Water	869,155	565,869
South Mountain Union Cemetery	17,996	18,176
Waste management	532,297	1,132,830
	3,760,377	4,059,013
Investment in tangible capital assets		
Invested in tangible capital assets	55,746,173	54,766,969
Unfinanced tangible capital assets	(470,291)	(419,421)
Related net long-term liabilities	(830,630)	(963,943)
	54,445,252	53,383,605
Unfinanced landfill closure and post-closure	(1,833,845)	(1,773,658)
Accumulated surplus	\$66,419,659	\$ 65,252,647

Corporation of the Township of North Dundas
Notes to Financial Statements

December 31, 2020

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>2020</u>
Budget for the year	\$ -
Add:	
Acquisition of tangible capital assets	5,843,852
Less:	
Proceeds on disposal of tangible capital assets	(77,165)
Transfers from accumulated surplus	(1,995,358)
Amortization of tangible capital assets	<u>(2,741,768)</u>
Budgeted surplus per statement of operations	<u>\$ 1,029,561</u>

14. Commitments

The Township has signed a non-expiring contract for fire services. The amount agreed upon for those services is \$39,053 per year.

The Township has signed a three year contract for an environmental assesement for a landfill which expires in December 2021. The amount agreed upon for those services is \$60,747 for 2021.

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

2021	\$ 329,634
2022	\$ 99,800
2023	\$ 39,053
2024	\$ 39,053
2025	\$ 39,053

Corporation of the Township of North Dundas Notes to Financial Statements

December 31, 2020

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.

16. Uncertainty due to COVID-19

The global pandemic linked to the COVID-19 virus continues to disrupt economic activities. It has also impacted the Township's operations and, in particular, its ability to provide services to its citizens as normal; this includes temporary closures of municipal sites, the reduction of services offered and more reliance on online services. Although the operational disruption resulting from the virus is expected to be temporary, given the dynamic nature of these circumstances and the duration of the disruption, the financial impacts cannot be reasonably estimated at the date of this report. The Township's ability to pay for its operating costs depends on its ability to continue to maintain liquidity and collect payments from taxation and user charges.

Corporation of the Township of North Dundas

Notes to Financial Statements

December 31, 2020

17. 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 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, control and emergency measures and enforcement of building and construction codes. 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, 2020

17. Segmented Information (continued)

For the year ended December 31	Environmental	Planning and Development	Protection	Recreation and Cultural	Transportation	General Government	2020 total
Revenues							
Taxation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,884,254	\$ 6,884,254
User charges	2,874,447	147,219	190,229	301,644	3,575	393,602	3,910,716
Government transfers - Federal	-	-	-	63,840	478,714	5,880	548,434
Government transfers - Provincial	-	16,483	2,287	-	363,807	1,199,636	1,582,213
Government transfers - Other municipalities	4,542	21,034	16,807	36,139	125,973	180,845	385,340
Other revenues (Note 8)	50,810	456,695	28,329	70,427	25,000	281,531	912,792
Obligatory reserve funds revenue (Note 5)	61	-	5,451	-	46,613	-	52,125
	<u>2,929,860</u>	<u>641,431</u>	<u>243,103</u>	<u>472,050</u>	<u>1,043,682</u>	<u>8,945,748</u>	<u>14,275,874</u>
Expenses							
Amortization of tangible capital assets	732,607	-	174,232	347,300	1,407,078	80,551	2,741,768
Contracted services	1,294,664	128,319	119,472	87,810	451,491	166,972	2,248,728
Contributions to other organizations	-	50,472	91,937	31,134	-	24,000	197,543
Loss on disposal of tangible capital assets	90,096	3,826	13,973	43,277	359,477	48,239	558,888
Materials	583,414	45,030	233,737	565,607	940,537	395,740	2,764,065
Rents and financial expenses	652	596	571	20,001	24,102	9,340	55,262
Salaries, wages and benefits	739,438	263,848	684,221	865,510	1,040,575	949,016	4,542,608
	<u>3,440,871</u>	<u>492,091</u>	<u>1,318,143</u>	<u>1,960,639</u>	<u>4,223,260</u>	<u>1,673,858</u>	<u>13,108,862</u>
Annual surplus (deficit)	\$ (511,011)	\$ 149,340	\$ (1,075,040)	\$ (1,488,589)	\$ (3,179,578)	\$ 7,271,890	\$ 1,167,012

Corporation of the Township of North Dundas Notes to Financial Statements

December 31, 2020

17. Segmented Information (continued)

For the year ended December 31	Environmental	Planning and Development	Protection	Recreation and Cultural	Transportation	General Government	2019
Revenues							
Taxation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,324,754	\$ 6,324,754
User charges	2,527,280	115,640	198,842	663,074	12,000	391,148	3,907,984
Government transfers - Federal	35,651	-	-	37,240	608,831	-	681,722
Government transfers - Provincial	614,769	30,010	23,172	9,357	299,017	906,700	1,883,025
Government transfers - Other municipalities	45,357	19,734	11,604	36,689	11,140	32,770	157,294
Other revenues (Note 8)	50,810	-	28,329	23,987	-	503,447	606,573
Obligatory reserve funds revenue (Note 5)	-	-	-	-	-	3,952	3,952
	<u>3,273,867</u>	<u>165,384</u>	<u>261,947</u>	<u>770,347</u>	<u>930,988</u>	<u>8,162,771</u>	<u>13,565,304</u>
Expenses							
Amortization of tangible capital assets	632,432	30,686	187,535	315,504	1,327,385	76,367	2,569,909
Contracted services	1,296,310	93,654	135,320	111,113	337,045	202,277	2,175,719
Contributions to other organizations	-	41,413	86,792	96,822	-	9,000	234,027
(Gain) loss on disposal of tangible capital assets	(591,248)	-	(1,429)	(13,558)	6,871	-	(599,364)
Materials	573,317	55,693	266,596	583,353	920,299	369,488	2,768,746
Rents and financial expenses	-	655	625	19,879	14,898	10,570	46,627
Salaries, wages and benefits	699,905	270,243	621,452	918,038	997,476	887,077	4,394,191
	<u>2,610,716</u>	<u>492,344</u>	<u>1,296,891</u>	<u>2,031,151</u>	<u>3,603,974</u>	<u>1,554,779</u>	<u>11,589,855</u>
Annual surplus (deficit)	\$ 663,151	\$ (326,960)	\$ (1,034,944)	\$ (1,260,804)	\$ (2,672,986)	\$ 6,607,992	\$ 1,975,449