

Corporation of the Township of North Dundas Financial Statements

For the year ended December 31, 2018

Contents

Management's Responsibility for the Financial Statements	2
Independent Auditor's Report	3 - 4
Financial Statements	
Statement of Financial Position	5
Statement of Operations	6
Statement of Changes in Net Financial Assets	7
Statement of Cash Flows	8
Summary of Significant Accounting Policies	9 - 10
Notes to Financial Statements	11 - 22



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 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 14, 2019

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, 2018, 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, 2018, 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.

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
May 14, 2019

Corporation of the Township of North Dundas
Statement of Financial Position

December 31	2018	2017
Financial assets		
Cash	\$ 9,281,776	\$ 8,071,834
Investments (Note 1)	2,200,402	2,172,337
Taxes receivable	1,988,407	1,745,636
Accounts receivable	1,136,387	1,129,511
Long-term receivables (Note 2)	83,793	369,148
	14,690,765	13,488,466
Liabilities		
Accounts payable and accrued liabilities	1,070,266	1,168,127
Other current liabilities	467,679	420,705
Landfill closure and post-closure (Note 3)	1,763,879	1,755,802
Deferred revenue (Note 5)	1,266,225	1,035,345
Net long-term liabilities (Note 6)	1,097,255	1,230,569
	5,665,304	5,610,548
Net financial assets	9,025,461	7,877,918
Non-financial assets		
Tangible capital assets (Note 7)	53,504,339	53,942,859
Prepaid expenses	46,190	51,374
Inventory	62,104	49,668
	53,612,633	54,043,901
Accumulated surplus (Note 12)	\$62,638,094	\$ 61,921,819

Commitments (Note 14)

Contingency (Note 15)

On behalf of the council:

_____ Mayor

_____ Councillor

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

For the year ended December 31	2018 Budget (Note 13)	2018 Actual	2017 Actual
Revenues			
Taxation	\$ 6,174,122	\$ 6,191,243	\$ 5,983,097
User charges	4,107,525	3,950,992	3,917,108
Government transfers			
Government of Canada	465,027	477,194	370,557
Province of Ontario	1,206,032	1,231,785	1,038,889
Other municipalities	9,000	9,440	7,765
Other revenues (Note 8)	363,038	525,352	467,455
	<u>12,324,744</u>	<u>12,386,006</u>	<u>11,784,871</u>
Expenses (Note 9)			
General government	1,461,291	1,443,778	1,445,006
Environmental services	2,776,558	2,883,308	2,510,541
Planning and development	561,852	497,376	417,070
Protection services	1,273,916	1,127,357	989,204
Recreation and cultural services	2,077,604	2,056,520	2,122,688
Transportation services	3,658,711	3,705,255	3,659,897
	<u>11,809,932</u>	<u>11,713,594</u>	<u>11,144,406</u>
Other			
Obligatory reserve funds revenue recognized (Note 5)	72,600	43,863	166,616
Annual surplus	587,412	716,275	807,081
Accumulated surplus, beginning of the year	<u>61,921,819</u>	<u>61,921,819</u>	<u>61,114,738</u>
Accumulated surplus, end of the year	<u>\$ 62,509,231</u>	<u>\$62,638,094</u>	<u>\$ 61,921,819</u>

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

For the year ended December 31	2018 Budget (Note 13)	2018 Actual	2017 Actual
Annual surplus	\$ 587,412	\$ 716,275	\$ 807,081
Acquisition of tangible capital assets	(3,581,002)	(2,142,521)	(2,054,109)
Amortization of tangible capital assets	2,524,470	2,524,470	2,477,269
Loss (gain) on disposal of tangible capital assets	-	38,738	(114,390)
Proceeds on disposal of tangible capital assets	3,000	17,833	211,349
	<u>(466,120)</u>	<u>1,154,795</u>	<u>1,327,200</u>
Increase in inventory	-	(12,436)	(34,823)
Decrease (increase) in prepaid expenses	-	5,184	(4,370)
	<u>-</u>	<u>(7,252)</u>	<u>(39,193)</u>
Net change in net financial assets	(466,120)	1,147,543	1,288,007
Net financial assets, beginning of the year	<u>7,877,918</u>	<u>7,877,918</u>	<u>6,589,911</u>
Net financial assets, end of the year	<u>\$ 7,411,798</u>	<u>\$ 9,025,461</u>	<u>\$ 7,877,918</u>

**Corporation of the Township of North Dundas
Statement of Cash Flows**

For the year ended December 31	2018	2017
Operating transactions		
Annual surplus	\$ 716,275	\$ 807,081
Items not affecting cash:		
Amortization of tangible capital assets	2,524,470	2,477,269
Loss (gain) on disposal of tangible capital assets	38,738	(114,390)
	<u>3,279,483</u>	<u>3,169,960</u>
Changes in non-cash operating balances:		
Increase in taxes receivable	(242,771)	(222,967)
Increase in accounts receivable	(6,876)	(161,022)
Decrease in long-term receivables	285,355	50,556
Decrease in accounts payable and accrued liabilities	(97,861)	(32,318)
Increase in other current liabilities	46,974	57,902
Increase (Decrease) in landfill closure and post-closure	8,077	(85,306)
Increase (decrease) in deferred revenue	230,880	(7,355)
Increase in inventory	(12,436)	(34,823)
Decrease (increase) in prepaid expenses	5,184	(4,370)
	<u>3,496,009</u>	<u>2,730,257</u>
Capital transactions		
Acquisition of tangible capital assets	(2,142,521)	(2,054,109)
Proceeds on disposal of tangible capital assets	17,833	211,349
	<u>(2,124,688)</u>	<u>(1,842,760)</u>
Investing transactions		
Change in investments	(28,065)	(18,430)
Financing transactions		
Repayment of long-term liabilities	(133,314)	(133,312)
Net increase in cash	1,209,942	735,755
Cash, beginning of the year	<u>8,071,834</u>	<u>7,336,079</u>
Cash, end of the year	<u>\$ 9,281,776</u>	<u>\$ 8,071,834</u>

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

December 31, 2018

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, 2018

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, 2018

1. Investments	2018	2017
Guaranteed investment certificates, 2.15% to 3.47%, maturing no later than December 2023.	\$ 128,349	\$ 126,191
Mutual funds	2,072,053	2,046,146
	\$ 2,200,402	\$ 2,172,337

2. Long-Term Receivables	2018	2017
Mortgage receivable, 3.5%, due July 2021, receivable by annual instalments of \$27,000, principal plus interest	\$ 83,793	\$ 109,840
Property taxes	-	617,166
Allowance for doubtful accounts	-	(357,858)
	\$ 83,793	\$ 369,148

The principal payments receivable for the next three years amount to: 2019, \$26,968; 2020, \$27,920; 2021, \$28,905.

Corporation of the Township of North Dundas Notes to Financial Statements

December 31, 2018

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 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.

		2018	2017
	Total estimated expenses	Accrued liabilities	Accrued liabilities
Boyne landfill site	\$ 1,419,780	\$ 1,419,780	\$ 1,411,703
Mountain landfill site	344,099	344,099	344,099
	<u>\$ 1,763,879</u>	<u>\$ 1,763,879</u>	<u>\$ 1,755,802</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

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 \$100,520 (2017 - \$149,943) which are not reported on the Statement of Financial Position.

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

December 31, 2018

5. Deferred Revenue

	2018	2017
Obligatory Reserve Funds		
Development charges	\$ 751,075	\$ 568,864
Recreational land	226,753	216,187
Federal Gas Tax	6,655	5,581
Ontario Community Infrastructure Fund (OCIF)	1,818	759
Other		
Building code act	231,137	189,500
Deposits	48,787	54,454
	\$ 1,266,225	\$ 1,035,345

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	\$ 568,864	\$ 216,187	\$ 5,581	\$ 759
Restricted funds received during the year	212,669	6,241	358,286	142,632
Interest earned	13,405	4,325	892	1,059
Revenue recognized during the year	(43,863)	-	(358,104)	(142,632)
	\$ 751,075	\$ 226,753	\$ 6,655	\$ 1,818

6. Net Long-Term Liabilities

	2018	2017
Loan, 1.52%, due April 2022, payable by monthly instalments of \$4,309, principal plus interest (LED street light conversion).	\$ 172,344	\$ 224,047
Loan, 2.24%, due April 2030, payable by monthly instalments of \$3,475, principal plus interest (Winchester arena slab).	472,583	514,282
Loan, 2.24%, due April 2030, payable by monthly instalments of \$3,326, principal plus interest (Chesterville arena upgrades).	452,328	492,240
	\$ 1,097,255	\$ 1,230,569

The principal payments for the next five years amount to: 2019, \$133,313; 2020, \$133,313; 2021, \$133,313; 2022, \$98,845; 2023, \$81,610.

Corporation of the Township of North Dundas
Notes to Financial Statements

December 31, 2018

7. Tangible Capital Assets

	2018				
	Land	Land improvements and landfill sites	Buildings	Roads, sidewalks and bridges	Equipment, furniture and machinery
Cost, beginning of year	\$ 2,367,115	\$ 7,804,216	\$ 8,949,438	\$ 37,564,407	\$ 4,420,007
Acquisitions of tangible capital assets	71	97,103	173,075	1,000,957	134,348
Disposals of tangible capital assets	-	-	-	(310,966)	-
Cost, end of year	2,367,186	7,901,319	9,122,513	38,254,398	4,554,355
Accumulated amortization, beginning of year	-	2,538,487	3,699,459	17,181,706	2,815,076
Amortization of tangible capital assets	-	211,506	226,988	1,215,903	207,079
Disposals of tangible capital assets	-	-	-	(255,967)	-
Accumulated amortization, end of year	-	2,749,993	3,926,447	18,141,642	3,022,155
Net carrying amount, end of year	\$ 2,367,186	\$ 5,151,326	\$ 5,196,066	\$ 20,112,756	\$ 1,532,200

	Water infrastructure	Sewer infrastructure	Vehicles	Total
Cost, beginning of year	\$ 19,813,056	\$ 5,189,597	\$ 4,131,059	\$ 90,238,895
Acquisitions of tangible capital assets	70,346	116,482	550,139	2,142,521
Disposals of tangible capital assets	(4,469)	-	(176,126)	(491,561)
Cost, end of year	19,878,933	5,306,079	4,505,072	91,889,855
Accumulated amortization, beginning of year	6,132,421	1,388,243	2,540,644	36,296,036
Amortization of tangible capital assets	412,083	53,280	197,631	2,524,470
Disposals of tangible capital assets	(2,897)	-	(176,126)	(434,990)
Accumulated amortization, end of year	6,541,607	1,441,523	2,562,149	38,385,516
Net carrying amount, end of year	\$ 13,337,326	\$ 3,864,556	\$ 1,942,923	\$ 53,504,339

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

December 31, 2018

7. Tangible Capital Assets (continued)

	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 of tangible capital assets	-	272,067	200,020	868,599	341,080
Disposals of tangible capital assets	-	-	-	(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 of tangible capital assets	-	213,073	220,982	1,178,019	217,720
Disposals of tangible capital assets	-	-	-	(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 of tangible capital assets	-	90,468	281,875	2,054,109
Disposals of tangible capital assets	(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 of tangible capital assets	409,507	52,847	185,121	2,477,269
Disposals of tangible capital assets	(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

The book value of tangible capital assets not being amortized because they are under construction is \$592,515 (2017 - \$385,421).

8. Other Revenues

	2018 Budget	2018 Actual	2017 Actual
Donations	\$ 1,250	\$ 45,485	\$ 82,255
Interest and penalties on taxes	280,000	304,929	278,274
Interest income	81,788	174,938	106,926
	\$ 363,038	\$ 525,352	\$ 467,455

Corporation of the Township of North Dundas Notes to Financial Statements

December 31, 2018

9. Expenses by Object

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

	2018	2017
Amortization of tangible capital assets	\$ 2,524,470	\$ 2,477,269
Contracted services	1,553,555	1,615,764
Contributions to other organizations	13,400	66,652
Loss (gain) on disposal of tangible capital assets	38,738	(114,390)
Materials	3,189,743	3,040,859
Rents and financial expenses	188,874	189,247
Salaries, wages and benefits	4,204,814	3,869,005
	<u>\$11,713,594</u>	<u>\$ 11,144,406</u>

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, 2018. The results of this valuation disclosed total actuarial liabilities of \$100,081 million in respect of benefits accrued for service with fair market assets at that date of \$95,890 million indicating an actuarial deficit of \$4,191 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 2018 was \$248,836 (2017 - \$232,239).

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

December 31, 2018

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:

	2018	2017
School boards	<u>\$ 3,941,963</u>	<u>\$ 3,782,383</u>
United Counties of Stormont, Dundas and Glengarry	<u>\$ 8,839,410</u>	<u>\$ 8,360,482</u>

12. Accumulated Surplus

	2018	2017
Reserves		
Working fund	\$ 2,167,670	\$ 2,203,766
Fire	642,391	938,055
Recreation and culture	377,409	284,872
Roads	1,214,993	1,148,906
Sewer and water	3,755,143	3,099,758
Waste management	358,440	212,648
Other	116,964	64,497
	<u>8,633,010</u>	<u>7,952,502</u>
Reserve funds		
Association and events	2,913	4,693
Infrastructure	2,185,931	2,185,931
Recreation and culture	166,948	120,134
Roads	19,760	20,137
South Mountain Union Cemetery	18,110	17,875
Waste management	976,116	799,298
	<u>3,369,778</u>	<u>3,148,068</u>
Investment in tangible capital assets		
Invested in tangible capital assets	53,504,339	53,942,859
Unfinanced tangible capital assets	(7,899)	(135,239)
Related net long-term liabilities	(1,097,255)	(1,230,569)
	<u>52,399,185</u>	<u>52,577,051</u>
Unfinanced landfill closure and post-closure	<u>(1,763,879)</u>	<u>(1,755,802)</u>
Accumulated surplus	<u>\$62,638,094</u>	<u>\$ 61,921,819</u>

Corporation of the Township of North Dundas Notes to Financial Statements

December 31, 2018

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>2018</u>
Budget for the year	\$ -
Add:	
Acquisition of tangible capital assets	3,581,002
Less:	
Proceeds on disposal of tangible capital assets	(3,000)
Transfers from accumulated surplus	(466,120)
Amortization of tangible capital assets	<u>(2,524,470)</u>
Budgeted surplus per statement of operations	<u>\$ 587,412</u>

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 \$743,608 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 \$306,000 in 2019, \$313,650 in 2020, and \$323,060 in 2021.

The Township has signed a one year contract for highway dust suppressant which expires in December 2019. The amount agreed upon for those services is \$86,205 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 \$308,991 for 2019, \$133,756 for 2020, and \$60,747 for 2021.

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

2019	\$ 1,482,934
2020	\$ 1,229,145
2021	\$ 421,938
2022	\$ 38,131
2023	\$ 38,131

Corporation of the Township of North Dundas Notes to Financial Statements

December 31, 2018

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.

Corporation of the Township of North Dundas

Notes to Financial Statements

December 31, 2018

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, 2018

16. Segmented Information (continued)

For the year ended December 31	Environmental	Planning and Development	Protection	Recreation and Cultural	Transportation	General Government	2018 total
Revenues							
Taxation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,191,243	\$ 6,191,243
User charges	2,529,200	106,394	174,142	1,041,949	12,363	86,944	3,950,992
Government transfers - Federal	-	-	-	-	358,104	119,090	477,194
Government transfers - Provincial	-	51,770	-	-	943,243	236,772	1,231,785
Government transfers - Other municipalities	4,885	-	-	-	4,555	-	9,440
Other revenues (Note 8)	-	-	-	-	-	525,352	525,352
Obligatory reserve funds revenue (Note 5)	1,813	-	13,174	-	22,246	6,630	43,863
	<u>2,535,898</u>	<u>158,164</u>	<u>187,316</u>	<u>1,041,949</u>	<u>1,340,511</u>	<u>7,166,031</u>	<u>12,429,869</u>
Expenses							
Amortization of tangible capital assets	579,973	35,050	177,330	328,104	1,367,511	36,502	2,524,470
Contracted services	1,213,171	2,951	57,322	97,343	115,446	67,322	1,553,555
Contributions to other organizations	-	-	-	5,400	-	8,000	13,400
Loss (gain) on disposal of tangible capital assets	(2,204)	-	(15,000)	-	54,999	943	38,738
Materials	410,827	194,022	368,059	645,794	1,236,490	334,551	3,189,743
Rents and financial expenses	-	-	-	21,707	7,259	159,908	188,874
Salaries, wages and benefits	681,541	265,353	539,646	958,172	923,550	836,552	4,204,814
	<u>2,883,308</u>	<u>497,376</u>	<u>1,127,357</u>	<u>2,056,520</u>	<u>3,705,255</u>	<u>1,443,778</u>	<u>11,713,594</u>
Annual surplus (deficit)	<u>\$ (347,410)</u>	<u>\$ (339,212)</u>	<u>\$ (940,041)</u>	<u>\$ (1,014,571)</u>	<u>\$ (2,364,744)</u>	<u>\$ 5,722,253</u>	<u>\$ 716,275</u>

Corporation of the Township of North Dundas Notes to Financial Statements

December 31, 2018

16. Segmented Information (continued)

For the year ended December 31	Environmental	Planning and Development	Protection	Recreation and Cultural	Transportation	General Government	2017
Revenues							
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
	<u>2,465,671</u>	<u>130,323</u>	<u>161,398</u>	<u>1,068,587</u>	<u>1,302,861</u>	<u>6,822,647</u>	<u>11,951,487</u>
Expenses							
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
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
	<u>2,510,541</u>	<u>417,070</u>	<u>989,204</u>	<u>2,122,688</u>	<u>3,659,897</u>	<u>1,445,006</u>	<u>11,144,406</u>
Annual surplus (deficit)	\$ (44,870)	\$ (286,747)	\$ (827,806)	\$ (1,054,101)	\$ (2,357,036)	\$ 5,377,641	\$ 807,081