

**The Corporation of
the Township of North Dumfries
Financial Statements
For the year ended December 31, 2016**

The Corporation of the Township of North Dumfries
Financial Statements
For the year ended December 31, 2016

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The Corporation of the Township of North Dumfries

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Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of North Dumfries

We have audited the accompanying financial statements of the Corporation of the Township of North Dumfries, which comprise the statement of financial position as at December 31, 2016, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows 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 municipality'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 municipality'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.



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Basis for Qualified Opinion

The completeness of tangible capital assets is not susceptible to satisfactory audit verification as the Township is in the process of undertaking a complete inventory of tangible capital assets. As such we are unable to determine if all tangible capital assets have been recorded. Accordingly, our verification of these assets was limited to the amounts recorded in the records of the Township. We were unable to determine the adjustments necessary to the tangible capital assets, amortization, annual surplus and accumulated surplus.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Corporation of the Township of North Dumfries as at December 31, 2016 and the results of its operations, changes in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matters

The financial statements of the Corporation of the Township of North Dumfries for the year ended December 31, 2015 were audited by another auditor who expressed an unmodified opinion on those statements on June 29, 2016.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

June 19, 2017
Orangeville, Ontario

The Corporation of the Township of North Dumfries
Statement of Financial Position

December 31	2016	2015
		(Re-stated) (See Note 1)
Assets and Liabilities		
Financial assets		
Cash (Note 2)	\$ 7,021,223	\$ 4,118,361
Taxes receivable	1,454,046	1,390,729
Trade and other receivable	485,542	452,003
Long-term investments (Note 3)	<u>10,033,207</u>	<u>9,745,328</u>
	<u>18,994,018</u>	<u>15,706,421</u>
Liabilities		
Accounts payable and accrued liabilities	1,508,897	852,432
Other current liabilities	743,986	498,960
Post-employment benefits (Note 5)	243,100	232,400
Deferred revenue	20,754	17,466
Obligatory reserve funds (schedule page 26)	2,116,992	1,183,092
Long-term liabilities (Note 6)	<u>1,710,830</u>	<u>1,865,639</u>
	<u>6,344,559</u>	<u>4,649,989</u>
Net financial assets	12,649,459	11,056,432
Non-financial assets		
Prepaid expenses	41,469	84,127
Tangible capital assets (Note 4)	<u>23,504,172</u>	<u>24,041,042</u>
	<u>23,545,641</u>	<u>24,125,169</u>
Accumulated surplus (Note 8)	\$ 36,195,100	\$ 35,181,601

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The Corporation of the Township of North Dumfries
Statement of Operations and Accumulated Surplus

For the year ended December 31	2016	2016	2015
	Budget (Note 11)	Actual	Actual (Re-stated) (See Note 1)
Revenue			
Taxation	\$ 4,629,775	\$ 4,618,853	\$ 4,389,229
Fees and user charges	1,547,200	1,796,251	1,177,115
Grants (Note 12)	374,010	384,883	313,749
Other income (Note 10)	661,640	705,077	1,001,472
Change in equity in Energy Plus Inc. (Note 3)	-	287,879	267,966
	<u>7,212,625</u>	<u>7,792,943</u>	<u>7,149,531</u>
Expenses			
General government	1,627,966	1,267,267	708,453
Protection services	1,368,818	1,388,266	1,403,948
Transportation services	1,546,800	1,613,876	1,728,879
Environmental services	39,424	39,424	39,664
Recreation and cultural services	1,655,829	2,301,267	2,099,327
Planning and development	265,999	169,344	192,132
	<u>6,504,836</u>	<u>6,779,444</u>	<u>6,172,403</u>
Annual surplus (Note 11)	707,789	1,013,499	977,128
Accumulated surplus, beginning of year	<u>35,181,601</u>	<u>35,181,601</u>	<u>34,204,473</u>
Accumulated surplus, end of year	<u>\$ 35,889,390</u>	<u>\$ 36,195,100</u>	<u>\$ 35,181,601</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The Corporation of the Township of North Dumfries
Statement of Changes in Net Financial Assets

For the year ended December 31	2016	2016	2015
	Budget (Note 11)	Actual	Actual (Re-stated) (See Note 1)
Annual surplus (Page 5)	\$ 707,789	\$ 1,013,499	\$ 977,128
Acquisition of tangible capital assets	(813,500)	(537,527)	(787,602)
Amortization of tangible capital assets	-	1,074,397	1,051,787
Gain on sale of tangible capital assets	-	(20,322)	(11,238)
Proceeds on disposal of tangible capital assets	-	20,322	38,029
	(813,500)	536,870	290,976
Change in prepaid expenses	-	42,658	(1,168)
Increase (decrease) in net financial assets	(105,711)	1,593,027	1,266,936
Net financial assets, beginning of the year	11,056,432	11,056,432	9,789,496
Net financial assets, end of the year	\$ 10,950,721	\$ 12,649,459	\$ 11,056,432

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The Corporation of the Township of North Dumfries
Statement of Cash Flows

For the year ended December 31	2016	2015
		(Re-stated) (See Note 1)
Cash provided by (used in)		
Operating activities		
Annual surplus	\$ 1,013,499	\$ 977,128
Items not involving cash		
Change in investment in Energy Plus Inc.	(287,879)	(267,966)
Amortization of tangible capital assets	1,074,397	1,051,787
Deferred revenue recognized	-	(152,123)
Gain on sale of capital assets	(20,322)	(11,238)
Change in post employment benefits	10,700	11,539
	<u>1,790,395</u>	<u>1,609,127</u>
Changes in non-cash working capital balances		
Taxes receivable	(63,317)	(114,270)
Trade and other receivable	(33,539)	670,622
Other current liabilities	245,026	(84,415)
Accounts payable and accrued liabilities	656,465	32,975
Prepaid expenses	42,658	(1,168)
Deferred revenue received	937,188	537,127
	<u>1,784,481</u>	<u>1,040,871</u>
	<u>3,574,876</u>	<u>2,649,998</u>
Capital transactions		
Acquisition of tangible capital assets	(537,527)	(787,602)
Proceeds on sale of tangible capital assets	20,322	38,029
	<u>(517,205)</u>	<u>(749,573)</u>
Financing activities		
Repayment of long-term liabilities	(154,809)	(171,348)
Net change in cash	2,902,862	1,729,077
Cash, beginning of year	4,118,361	2,389,284
Cash, end of year	\$ 7,021,223	\$ 4,118,361

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The Corporation of the Township of North Dumfries Summary of Significant Accounting Policies

December 31, 2016

Management Responsibility

The financial statements of the Corporation of the Township of North Dumfries are the representations of management. They have been prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants as prescribed by the Ministry of Municipal Affairs and Housing.

Basis of Accounting

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

Basis of Consolidation

The consolidated statements reflect the assets, liabilities, revenues and expenses of all municipal organizations, committees, and boards which are owned or controlled by Council. All interfund assets and liabilities and revenues and expenses have been eliminated on consolidation.

Government business enterprises are separate legal entities which do not rely on the municipality for funding. Investments in government business enterprises are accounted for using the modified equity method.

Under this method, the government business enterprise's accounting policies, which follow Canadian generally accepted accounting principles for publicly accountable enterprises, are not adjusted to conform with Public Sector Accounting Standards and inter-entity transactions and balances are not eliminated.

The following government business enterprise is reflected in the consolidated financial statements:

Cambridge and North Dumfries Energy Plus Inc. 7.9%

The Corporation of the Township of North Dumfries Summary of Significant Accounting Policies

December 31, 2016

Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates are used when accounting for items such as accrued liabilities, useful lives of tangible capital assets, post-employment benefits, and taxation revenue. By their nature, these estimates are subject to measurement uncertainty and actual results could differ from management's best estimates as additional information becomes available in the future.

Post-Employment Benefits

The contributions to the Ontario Municipal Employees Retirement System ("OMERS"), a multi-employer defined benefit plan are expensed when contributions are due.

The municipality provides post-employment health, dental and life insurance benefits to eligible retired employees. The benefits earned by employees are determined using management's best estimate of expected benefit costs and are expensed as services are rendered.

Trust Funds

Funds held in trust by the municipality, and their related operations, are not included in these financial statements. The financial activity and position of the trust funds are reported separately on the trust funds statement of continuity and balance sheet.

The Corporation of the Township of North Dumfries Summary of Significant Accounting Policies

December 31, 2016

Revenue Recognition

Revenues are recognized as follows:

- a) Taxes are recorded as estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. Taxes receivable are recognized net of an allowance for anticipated uncollectable amounts.
- b) Fees and user charges are recognized when the related service is provided.
- c) Other income is recorded upon sale of goods or provision of service when collection is reasonably assured.
- d) Investment income earned on surplus funds (other than obligatory reserve funds) are reported as revenue in the period earned. Investment income earned on obligatory reserve funds is recorded directly to each fund balance.
- e) Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur providing the transfers are authorized, and eligibility criteria have been met and reasonable estimates of the amounts can be made.

County and School Board

The municipality collects taxation revenue on behalf of the school boards and the Region of Waterloo. The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards and the Region of Waterloo are not reflected in these financial statements.

Non-financial Assets

Tangible capital and other non-financial assets are accounted for as assets by the municipality because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the municipality unless they are sold.

The Corporation of the Township of North Dumfries Summary of Significant Accounting Policies

December 31, 2016

Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Costs include all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Amortization is provided over the estimated useful life of the assets, using the straight-line method. The useful life of the assets is based on estimates made by Council. The following rates are used:

Buildings	40 years
Equipment	14 years
Roads	15 years
Bridges and structures	75 years
Vehicles	7 years
Park equipment	15 years
Land improvements	10 to 30 years
Technology	4 years

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

Intangible Assets

Intangible assets, art and historic treasures, and items inherited by right of the Crown, such as Crown lands, forests, water, and mineral resources, are not recognized in these financial statements.

The Corporation of the Township of North Dumfries
Notes to Financial Statements

December 31, 2016

1. Prior Period Restatement

In reviewing the capital assets listing, it was determined that capital items were incorrectly excluded from capitalization of tangible assets. The impact of adjusting for these additional capital assets and their amortization is as follows:

	2015
Statement of Financial Position:	
Increase in non-financial assets - tangible capital assets	<u>\$ 902,021</u>
Increase in accumulated surplus	<u>\$ 902,021</u>
Statement of Operations:	
Decrease (increase) in operating expenses:	
Transportation services	\$ (8,136)
Recreation and cultural services	<u>20,734</u>
Increase in annual surplus	12,598
Increase in opening accumulated surplus	<u>889,423</u>
	<u>\$ 902,021</u>

2. Cash

	2016	2015
Unrestricted	\$ 5,374,992	\$ 2,472,150
Restricted	<u>1,646,231</u>	<u>1,646,211</u>
	<u>\$ 7,021,223</u>	<u>\$ 4,118,361</u>

The municipality has internally and externally restricted funds that are segregated and will be used only for specific purposes.

The municipality's bank accounts are all held at one financial institution.

The Township has undrawn credit of \$1,500,000 for operating. Interest is calculated at the bank's prime rate + 0.5%. This facility is secured by a current borrowing by-law.

The Corporation of the Township of North Dumfries
Notes to Financial Statements

December 31, 2016

3. Long-Term Investments

	2016	2015
Investment in Energy Plus Inc.		
Investment in common shares (7.9%)	\$ 3,221,948	\$ 3,221,948
Note receivable due on demand, interest at 4.993%	3,019,708	3,019,708
Share of net income	3,791,551	3,503,672
	\$ 10,033,207	\$ 9,745,328

The following summarizes the financial position and operations of the government business enterprise which has been reported in these financial statements using the modified equity method:

Energy Plus Inc.

Energy Plus Inc. is a corporation incorporated under the laws of the Province of Ontario and provides municipal electrical services. The Corporation of the Township of North Dumfries owns 7.9% of the outstanding shares of Energy Plus Inc. The condensed supplementary financial information is as follows:

	2016	2015
Assets	238,732,000	233,550,000
Liabilities	\$ 152,699,000	\$ 151,162,000
Shareholders' equity	86,033,000	82,388,000
	\$ 238,732,000	\$ 233,550,000
Revenues	\$ 254,938,000	\$ 232,259,000
Expenses	248,387,000	226,211,000
	\$ 6,551,000	\$ 6,048,000
Dividends paid during the year	\$ 2,765,000	\$ 2,657,000

The condensed supplementary financial information included above is based on the last available audited statement for the year ended December 31, 2016.

During the year, the Township collected \$150,774 in interest from the government business enterprise, and paid \$4,000 for street lighting maintenance to the government business enterprise.

The Corporation of the Township of North Dumfries
Notes to Financial Statements

December 31, 2016

4. Tangible Capital Assets

									2016
	Land	Buildings	Machinery & Equipment	Roads	Bridges & Culverts	Vehicles	Technology	Parks	Total
Cost, beginning of year	\$ 3,060,883	\$ 20,652,859	\$ 812,171	\$ 5,566,052	\$ 2,168,541	\$ 2,854,444	\$ 183,050	\$ 517,061	\$ 35,815,061
Additions	-	6,818	16,446	291,462	-	172,290	36,353	14,158	537,527
Disposals	-	-	-	-	-	(298,954)	-	-	(298,954)
Cost, end of year	<u>3,060,883</u>	<u>20,659,677</u>	<u>828,617</u>	<u>5,857,514</u>	<u>2,168,541</u>	<u>2,727,780</u>	<u>219,403</u>	<u>531,219</u>	<u>36,053,634</u>
Accumulated amortization, beginning of year	-	3,093,775	324,826	4,547,572	1,158,661	2,197,336	110,854	340,995	11,774,019
Amortization	-	506,790	55,254	212,714	27,736	210,009	41,991	19,903	1,074,397
Disposals	-	-	-	-	-	(298,954)	-	-	(298,954)
Accumulated amortization, end of year	<u>-</u>	<u>3,600,565</u>	<u>380,080</u>	<u>4,760,286</u>	<u>1,186,397</u>	<u>2,108,391</u>	<u>152,845</u>	<u>360,898</u>	<u>12,549,462</u>
Net carrying amount, end of year	<u>\$ 3,060,883</u>	<u>\$ 17,059,112</u>	<u>\$ 448,537</u>	<u>\$ 1,097,228</u>	<u>\$ 982,144</u>	<u>\$ 619,389</u>	<u>\$ 66,558</u>	<u>\$ 170,321</u>	<u>\$ 23,504,172</u>

The Corporation of the Township of North Dumfries
Notes to Financial Statements

December 31, 2016

4. Tangible Capital Assets - (continued)

									2015 (Re-stated)
	Land	Buildings	Machinery & Equipment	Roads	Bridges & Culverts	Vehicles	Technology	Parks	Total
Cost, beginning of year	\$ 3,040,883	\$ 20,447,782	\$ 983,601	\$ 5,204,977	\$ 2,168,541	\$ 2,854,444	\$ 110,564	\$ 480,796	\$ 35,291,588
Additions	20,000	205,077	92,699	361,075	-	-	72,486	36,265	787,602
Disposals	-	-	(264,129)	-	-	-	-	-	(264,129)
Cost, end of year	3,060,883	20,652,859	812,171	5,566,052	2,168,541	2,854,444	183,050	517,061	35,815,061
Accumulated amortization, beginning of year	-	2,587,472	508,084	4,327,909	1,130,336	2,008,339	77,952	319,478	10,959,570
Amortization	-	506,303	54,080	219,663	28,325	188,997	32,902	21,517	1,051,787
Disposals	-	-	(237,338)	-	-	-	-	-	(237,338)
Accumulated amortization, end of year	-	3,093,775	324,826	4,547,572	1,158,661	2,197,336	110,854	340,995	11,774,019
Net carrying amount, end of year	\$ 3,060,883	\$ 17,559,084	\$ 487,345	\$ 1,018,480	\$ 1,009,880	\$ 657,108	\$ 72,196	\$ 176,066	\$ 24,041,042

The Corporation of the Township of North Dumfries
Notes to Financial Statements

December 31, 2016

5. Post-employment Benefits

The Township of North Dumfries provides post employment benefits to employees voluntarily electing retirement before the age of sixty-five. The Township provides an Extended Health Care Plan and a Dental plan to retirees who have at least fifteen years of service and had commenced employment within fifteen years of their normal retirement date. The Township also offers life insurance coverage up to two times salary at retirement. Payments for these benefits totaled \$24,976 (2015 - \$28,900).

	2016	2015
Retirement benefits	\$ 379,400	\$ 379,200
Unamortized actuarial loss	(136,300)	(146,800)
	\$ 243,100	\$ 232,400

Actuarial valuations for accounting purposes are performed using the projected benefit method. The most recent actuarial report was prepared as at December 31, 2015.

The Township has not made allocations to fund these liabilities at this time and future expenditures are anticipated to be recovered from tax billings.

The actuarial valuations were based on a number of assumptions about future events such as inflation rates, interest rates, medical inflation rates, wage and salary increases and employee turnover and mortality. The assumptions used reflect the Township's best estimates.

Discount rate	3.2% per year	
Dental premium rates	4.0% per year	
Health care premium rates	5.67% in 2015 to 4.0% in 2020	
Future salaries	Escalate at 3.0% per year	
Future inflation rate	3.0% per year	

The total expenses related to retirement benefits other than pensions include the following components:

	2016	2015
Current period benefit cost	\$ 18,400	\$ 17,700
Amortization of actuarial loss	10,500	10,539
	28,900	28,239
Retirement benefit expense	12,200	12,200
Interest costs	\$ 41,100	\$ 40,439

The Corporation of the Township of North Dumfries
Notes to Financial Statements

December 31, 2016

6. Long-term Liabilities

The balance of long-term liabilities reported on the statement of financial position is made up of the following:

	2016	2015
Debenture payable, Region of Waterloo, interest rate of 4.5%, repayable in variable annual instalments (2016 - \$5,588, 2015 - \$5,348), due November 2023.	46,830	51,909
Debenture payable, Region of Waterloo, variable interest from 1% to 4.95%, repayable in variable annual instalments (2016 - \$172,000, 2015 - \$166,000), due December 2024.	<u>\$ 1,664,000</u>	<u>\$ 1,813,730</u>
	<u>\$ 1,710,830</u>	<u>\$ 1,865,639</u>

Principal payments for the next 5 fiscal years are as follows:

2017	\$	183,840
2018		191,103
2019		199,377
2020		208,664
2021		217,964
Thereafter		709,882
		<u>\$ 1,710,830</u>

The Corporation of the Township of North Dumfries Notes to Financial Statements

December 31, 2016

7. Pension Agreements

The municipality makes contributions to OMERS, which is a multi-employer plan, on behalf of 27 members of its staff. This plan is a defined benefit plan which specifies the amount of the retirement to be received by the employees based on the length of service and rates of pay. Employees and employers contribute jointly to the plan. The employer amount contributed to OMERS for 2016 by the Township was \$156,783 (2015 - \$158,052). The contribution rate for 2016 was 9.0% to 15.9% depending on age and income level (2015 - 9.0% to 15.9%).

OMERS is a multi-employer plan, therefore, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the municipality does not recognize any share of the OMERS pension surplus or deficit. The last available report for the OMERS plan was December 31, 2016. The plan reported a \$5.7 billion actuarial deficit (2015 - \$7.0 billion deficit) at that time, based on actuarial liabilities of \$87.0 billion (2015 - \$81.9 billion) and actuarial assets of \$81.2 billion (2015 - \$74.9 billion). Ongoing adequacy of the current contribution rates will need to be monitored as fluctuations in the financial markets may lead to increased future funding requirements.

8. Accumulated Surplus

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

	2016	2015 (Re-stated)
Invested in tangible capital assets		
Tangible capital assets at cost less amortization	\$ 23,504,172	\$ 24,041,042
Unfinanced tangible capital assets	-	(150,000)
Capital assets financed by long-term liabilities and to be funded in future years	<u>(1,710,830)</u>	<u>(1,865,639)</u>
Total invested in capital assets	21,793,342	22,025,403
Unfunded post-employment benefits	(243,100)	(232,400)
General surplus (Note 11)	1,697,465	1,465,554
Equity in Energy Plus Inc.	<u>10,033,207</u>	<u>9,745,328</u>
	33,280,914	33,003,885
Reserves and reserve funds (Note 9)	<u>2,914,186</u>	<u>2,177,716</u>
Accumulated surplus	<u>\$ 36,195,100</u>	<u>\$ 35,181,601</u>

The Corporation of the Township of North Dumfries
Notes to Financial Statements

December 31, 2016

9. Reserves and Reserve Funds Set Aside for Specific Purpose by Council

	<u>2016</u>	<u>2015</u>
Reserves		
Current purposes	397,885	65,339
Capital purposes	<u>2,041,968</u>	<u>1,669,128</u>
	<u>2,439,853</u>	<u>1,734,467</u>
 Reserve funds		
Capital purposes	<u>474,333</u>	<u>443,249</u>
 Reserves and reserve funds set aside for specific purpose by Council	<u>\$ 2,914,186</u>	<u>\$ 2,177,716</u>

10. Other Income

	<u>2016</u>	<u>2016</u>	<u>2015</u>
	Budget	Actual	Actual
Penalties and interest on taxation	\$ 222,900	\$ 192,379	\$ 197,033
Interest earned on note receivable	150,774	150,774	150,774
Investment income	40,000	51,133	27,679
Licenses, permits and rents	27,000	25,000	18,929
Donations	8,700	3,310	32,138
Development charges and contributions	-	-	152,123
Dividends from Energy Plus Inc.	210,166	218,493	209,876
Other	2,100	63,988	212,920
	<u>\$ 661,640</u>	<u>\$ 705,077</u>	<u>\$ 1,001,472</u>

The Corporation of the Township of North Dumfries
Notes to Financial Statements

December 31, 2016

11. Budgets

Under Canadian public sector accounting principles, budget amounts are to be reported on the consolidated statement of operations and accumulated surplus and changes in net debt for comparative purposes. The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The following is a reconciliation of the budget approved by Council.

	2016 Budget	2016 Actual	2015 Actual (Re-stated)
Annual surplus (deficit) (Page 5)	\$ 707,789	\$ 1,013,499	\$ 977,128
Amortization of tangible capital assets	-	1,074,397	1,051,787
Change in unfunded liabilities	-	10,700	11,539
Change in other surpluses	-	(287,879)	(267,966)
	707,789	1,810,717	1,772,488
Net transfers (to) from reserves	283,299	(736,470)	(74,977)
Tangible capital assets acquisitions, disposals and write-down	(813,500)	(537,527)	(760,811)
Capital projects not funded	-	-	150,000
Prior year capital projects funded	-	(150,000)	-
Debt principal repayments	(177,588)	(154,809)	(171,348)
	-	231,911	915,352
2008 and prior general surplus	-	1,465,554	550,202
General surplus (Note 8)	\$ -	\$ 1,697,465	\$ 1,465,554

The Corporation of the Township of North Dumfries
Notes to Financial Statements

December 31, 2016

12. Grants

	2016 Budget	2016 Actual	2015 Actual
Province of Ontario			
Ontario Municipal Partnership			
Fund (OMPF)	\$ 265,700	\$ 265,700	\$ 263,600
Conditional - Roads	25,000	25,000	25,000
- Planning and development	-	-	9,827
	<u>290,700</u>	<u>290,700</u>	<u>298,427</u>
Government of Canada			
Conditional - Roads	\$ 66,000	\$ 65,934	\$ -
- Other	17,310	5,900	9,100
	<u>83,310</u>	<u>71,834</u>	<u>9,100</u>
Other Municipalities			
Conditional - Roads	\$ -	\$ 1,662	\$ 6,222
Unconditional - Recreation	-	20,687	-
	<u>-</u>	<u>22,349</u>	<u>6,222</u>
Total grants	<u>\$ 374,010</u>	<u>\$ 384,883</u>	<u>\$ 313,749</u>

The Corporation of the Township of North Dumfries
Notes to Financial Statements

December 31, 2016

13. Operations of School Boards and the Region of Waterloo

During the year, the following taxation revenue was raised and remitted to the school boards and the Region of Waterloo:

	<u>2016</u>	<u>2015</u>
School boards	\$ 7,176,983	\$ 7,044,873
Region of Waterloo	<u>10,643,208</u>	<u>10,350,777</u>
	<u>\$ 17,820,191</u>	<u>\$ 17,395,650</u>

14. Contingent Liability

Subsequent to year end, a claim has been filed against the municipality in connection with construction on a property. The outcome of this claim is not determinable at this time. Any losses resulting from the settlement of this claim will be treated as a charge against income in the year the matter is resolved.

The Corporation of the Township of North Dumfries

Notes to Financial Statements

December 31, 2016

15. Segmented Information

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

General Government

This item relates to the general operations of the municipality itself and cannot be directly attributed to a specific segment.

Protection Services

Protection is comprised of fire protection, maintenance and enforcement of building and construction codes and bylaw enforcement. The fire department is responsible for providing fire suppression services, fire prevention programs, training and education. The by-law enforcement department works to ensure that citizens and their property are protected by ensuring the Township's bylaws are being adhered to.

Transportation

Transportation is responsible for providing the municipality with road maintenance, winter control services, street light maintenance, parking lots and equipment maintenance.

Environmental Services

Environmental services is responsible for the regional cost of water and sewer as well as other local improvement.

Recreational and Cultural Services

This service area provides public services that contribute to the provision of recreation and leisure services and the maintenance of parks and open space.

Planning and Development

This department provides a number of services including Township planning, and review of all property development plans through its application process.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. Amounts that are directly attributable to a number of segments have been allocated on a reasonable basis as follows:

Taxation and payments-in-lieu	Allocated to those segments that are funded by these amounts based on the budget for the year
OMPF Grants	Allocated to segments based on the budget for the year

The Corporation of the Township of North Dumfries
Notes to Financial Statements

December 31, 2016

15. Segmented Information (continued)

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmental Services	Recreational and Cultural Services	Planning and Development	2016 Total
Revenue							
Taxation	\$ 646,639	\$ 1,200,902	\$ 1,108,525	\$ 46,189	\$ 1,616,598	\$ -	\$ 4,618,853
Fees and user charges	7,626	91,532	343,907	-	619,316	733,870	1,796,251
Specific grants	-	10,650	95,664	-	12,869	-	119,183
OMPF grant	37,198	69,082	63,768	2,657	92,995	-	265,700
Other revenue	639,972	25,464	11,127	-	24,964	3,550	705,077
Change in equity in Energy Plus Inc.	287,879	-	-	-	-	-	287,879
	1,619,314	1,397,630	1,622,991	48,846	2,366,742	737,420	7,792,943
Expenses							
Salaries and benefits	733,518	595,718	678,997	-	760,032	130,751	2,899,016
Interest on debt	-	-	-	2,359	82,490	-	84,849
Materials and supplies	314,609	149,389	566,289	37,065	934,436	23,268	2,025,056
Contracted services	143,759	454,731	7,623	-	-	15,326	621,439
Rents and financial expenses	4,441	70,246	-	-	-	-	74,687
Amortization	70,941	118,182	360,967	-	524,307	-	1,074,397
	1,267,268	1,388,266	1,613,876	39,424	2,301,265	169,345	6,779,444
Annual surplus (deficit)	\$ 352,046	\$ 9,364	\$ 9,115	\$ 9,422	\$ 65,477	\$ 568,075	\$ 1,013,499

The Corporation of the Township of North Dumfries
Notes to Financial Statements

December 31, 2016

15. Segmented Information (continued)

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmenta l Services	Recreational and Cultural Services	Planning and Development	2015 Total
Revenue							
Taxation	\$ 438,923	\$ 1,492,338	\$ 877,846	\$ 43,892	\$ 1,536,230	\$ -	\$ 4,389,229
Fees and user charges	6,098	41,515	258,164	-	515,585	355,753	1,177,115
Specific grants	-	-	31,222	9,827	9,100	-	50,149
OMPF grant	26,360	89,624	52,720	2,636	92,260	-	263,600
Other revenue	621,374	22,844	26,336	-	178,754	152,164	733,506
Change in equity in Energy Plus Inc.	267,966	-	-	-	-	-	267,966
	1,360,721	1,646,321	1,246,288	56,355	2,331,929	507,917	7,149,531
Expenses							
Salaries and benefits	761,465	688,281	633,108	-	663,842	156,454	2,903,150
Interest on debt	-	-	-	2,599	88,134	-	90,733
Materials and supplies	359,576	159,702	115,374	37,065	820,749	11,114	1,503,580
Contracted services	118,039	443,211	4,546	-	1,232	24,563	591,591
Other transfers	16,409	-	-	-	-	-	16,409
Rents and financial expenses	14,004	1,149	-	-	-	-	15,153
Amortization	78,975	115,331	332,111	-	525,370	-	1,051,787
	1,348,468	1,407,674	1,085,139	39,664	2,099,327	192,131	6,172,403
Annual surplus (deficit)	\$ 12,253	\$ 238,647	\$ 161,149	\$ 16,691	\$ 232,602	\$ 315,786	\$ 977,128

The Corporation of the Township of North Dumfries
Schedule of Deferred Revenue

For the year ended December 31, 2016

	Opening	Contributions Received	Investment Income	Revenue Recognized	Ending
Obligatory Reserve Funds					
Development charges	\$ 480,896	\$ 529,091	\$ 6,750	\$ -	\$1,016,737
Federal gas tax	544,605	283,783	4,416	-	832,804
Recreational land	157,590	109,861	-	-	267,451
	\$ 1,183,091	\$ 922,735	\$ 11,166	\$ -	\$2,116,992
