

**The Corporation of  
The Township of North Dumfries  
Financial Statements  
For the year ended December 31, 2018**

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Financial Statements  
For the year ended December 31, 2018**

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**Contents**

**The Corporation of The Township of North Dumfries**

Independent Auditor's Report	2 - 3
Statement of Financial Position	4
Statement of Operations and Accumulated Surplus	5
Statement of Changes in Net Financial Assets	6
Statement of Cash Flows	7
Summary of Significant Accounting Policies	8 - 11
Notes to Financial Statements	12 - 24
Schedule of Deferred Revenue	25



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## Independent Auditor's Report

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

### Opinion

We have audited the financial statements of the Corporation of The Township of North Dumfries (the Township), which comprise the statement of financial position as at December 31, 2018, and the statements of operations and accumulated surplus, 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 its results of operations, its change in net financial assets 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

Orangeville, Ontario  
May 27, 2019

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

<b>December 31</b>	<b>2018</b>	<b>2017</b>
<b>Assets and Liabilities</b>		
<b>Financial assets</b>		
Cash (Note 1)	\$ 9,495,135	\$ 8,557,107
Taxes receivable	1,015,076	1,433,096
Trade and other receivable	884,347	626,631
Long-term investments (Note 2)	<u>10,644,746</u>	<u>10,400,794</u>
	<u>22,039,304</u>	<u>21,017,628</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	1,353,660	830,229
Other current liabilities	1,227,309	1,377,956
Post-employment benefits (Note 4)	297,700	271,500
Deferred revenue	67,140	75,563
Obligatory reserve funds (schedule page 25)	2,184,961	2,722,344
Long-term liabilities (Note 5)	<u>1,335,888</u>	<u>1,526,991</u>
	<u>6,466,658</u>	<u>6,804,583</u>
<b>Net financial assets</b>	<u>15,572,646</u>	<u>14,213,045</u>
<b>Non-financial assets</b>		
Prepaid expenses	68,080	46,909
Tangible capital assets (Note 3)	<u>36,149,104</u>	<u>37,331,150</u>
	<u>36,217,184</u>	<u>37,378,059</u>
<b>Accumulated surplus (Note 7)</b>	<u>\$ 51,789,830</u>	<u>\$ 51,591,104</u>

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

<b>For the year ended December 31</b>	<b>2018 Budget (Note 11)</b>	<b>2018 Actual</b>	<b>2017 Actual</b>
<b>Revenue</b>			
Taxation	\$ 5,305,479	\$ 5,332,525	\$ 4,859,761
Fees and user charges	1,678,184	1,565,939	1,785,939
Grants (Note 13)	481,968	457,873	335,193
Other income (Note 9)	2,590,731	2,940,412	1,027,143
Change in equity in Energy Plus Inc. (Note 2)	-	243,952	367,587
	<u>10,056,362</u>	<u>10,540,701</u>	<u>8,375,623</u>
<b>Expenses</b>			
General government	1,451,846	1,536,404	1,336,364
Protection services	1,529,546	1,606,563	1,379,576
Transportation services	1,919,061	4,383,784	4,030,843
Environmental services	52,359	1,845	11,951
Recreation and cultural services	1,957,001	2,526,407	2,336,967
Planning and development	410,834	286,972	224,799
	<u>7,320,647</u>	<u>10,341,975</u>	<u>9,320,500</u>
<b>Annual surplus (deficit) (Note 11)</b>	2,735,715	198,726	(944,877)
<b>Accumulated surplus, beginning of year</b>	51,591,104	51,591,104	52,535,981
<b>Accumulated surplus, end of year</b>	<u>\$ 54,326,819</u>	<u>\$ 51,789,830</u>	<u>\$ 51,591,104</u>

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

<b>For the year ended December 31</b>	<b>2018</b>	<b>2018</b>	<b>2017</b>
	Budget (Note 11)	Actual	Actual
<b>Annual surplus (deficit) (Page 5)</b>	\$ 2,735,715	\$ 198,726	\$ (944,877)
Acquisition of tangible capital assets	(3,211,999)	(2,393,079)	(485,555)
Amortization of tangible capital assets	-	3,500,038	3,473,792
Gain on sale of tangible capital assets	-	(537,963)	(8,600)
Proceeds on disposal of tangible capital assets	-	613,050	8,600
	<u>(3,211,999)</u>	<u>1,182,046</u>	<u>2,988,237</u>
Change in prepaid expenses	-	(21,171)	(5,440)
<b>Increase (decrease) in net financial assets</b>	(476,284)	1,359,601	2,037,920
<b>Net financial assets, beginning of the year</b>	<u>14,213,045</u>	<u>14,213,045</u>	<u>12,175,125</u>
<b>Net financial assets, end of the year</b>	<u>\$ 13,736,761</u>	<u>\$ 15,572,646</u>	<u>\$ 14,213,045</u>

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

For the year ended December 31	2018	2017
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Annual surplus	\$ 198,726	\$ (944,877)
Items not involving cash		
Change in investment in Energy Plus Inc.	(243,952)	(367,587)
Amortization of tangible capital assets	3,500,038	3,473,792
Deferred revenue recognized	(1,200,381)	(189,177)
Gain on sale of capital assets	(537,963)	(8,600)
Change in post employment benefits	26,200	28,400
	<u>1,742,668</u>	<u>1,991,951</u>
Changes in non-cash working capital balances		
Taxes receivable	418,020	20,950
Trade and other receivable	(257,716)	(141,089)
Other current liabilities	(150,647)	159,637
Accounts payable and accrued liabilities	523,429	(678,669)
Prepaid expenses	(21,171)	(5,440)
Deferred revenue received	654,577	849,338
	<u>1,166,492</u>	<u>204,727</u>
	<u>2,909,160</u>	<u>2,196,678</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(2,393,079)	(485,555)
Proceeds on sale of tangible capital assets	613,050	8,600
	<u>(1,780,029)</u>	<u>(476,955)</u>
<b>Financing activities</b>		
Repayment of long-term liabilities	(191,103)	(183,839)
<b>Net change in cash</b>	<b>938,028</b>	<b>1,535,884</b>
<b>Cash, beginning of year</b>	<b>8,557,107</b>	<b>7,021,223</b>
<b>Cash, end of year</b>	<b>\$ 9,495,135</b>	<b>\$ 8,557,107</b>

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



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

**December 31, 2018**

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**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 Chartered Professional Accountants of Canada as prescribed by the Ministry of Municipal Affairs and Housing.

**Basis of Accounting**              The financial statements have been prepared using Canadian public sector accounting standards.

**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%

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## The Corporation of The Township of North Dumfries

### Summary of Significant Accounting Policies

December 31, 2018

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#### 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 taxation revenue, 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.

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

**December 31, 2018**

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### **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.

### **Region 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.

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

**December 31, 2018**

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### **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.

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

**December 31, 2018**

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**1. Cash**

Included in cash are externally restricted funds of \$2,184,961 (2017 - \$2,722,344).

The Township's bank accounts are all held at one financial institution. The Township has undrawn credit of \$2,500,000 for operating. Interest is calculated on this facility at the bank's prime rate + 0.5%. This facility is secured by a current borrowing by-law.

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

**December 31, 2018**

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**2. Long-Term Investments**

	2018	2017
<b>Investment in Energy Plus Inc.</b>		
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	4,403,090	4,159,138
	<b>\$ 10,644,746</b>	<b>\$ 10,400,794</b>

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:

	2018	2017
Assets	242,252,000	246,593,000
Liabilities	\$ 152,489,000	\$ 159,886,000
Shareholders' equity	89,763,000	86,707,000
	<b>\$ 242,252,000</b>	<b>\$ 246,593,000</b>
Revenues	\$ 229,883,000	\$ 237,598,000
Expenses	222,810,000	229,648,000
Net income for the year	<b>\$ 7,073,000</b>	<b>\$ 7,950,000</b>
Dividends paid during the year	<b>\$ 4,017,000</b>	<b>\$ 3,282,000</b>

The condensed supplementary financial information included above is based on the last available audited statement for the year ended December 31, 2018.

During the year, the Township collected \$150,774 (2017 - \$150,774) in interest from the government business enterprise.

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

**December 31, 2018**

**3. Tangible Capital Assets**

	<b>2018</b>								
	<b>Land</b>	<b>Buildings</b>	<b>Machinery &amp; Equipment</b>	<b>Roads</b>	<b>Bridges &amp; Culverts</b>	<b>Vehicles</b>	<b>Technology</b>	<b>Parks</b>	<b>Total</b>
Cost, beginning of year	\$ 3,069,366	\$ 20,718,195	\$ 895,496	\$ 67,694,554	\$ 2,358,955	\$ 2,811,878	\$ 227,779	\$ 664,821	\$ 98,441,044
Additions	20,633	148,043	287,478	1,164,648	31,932	669,166	-	71,179	2,393,079
Disposals	(75,087)	(11,745)	-	-	-	(326,197)	-	-	(413,029)
Cost, end of year	3,014,912	20,854,493	1,182,974	68,859,202	2,390,887	3,154,847	227,779	736,000	100,421,094
Accumulated amortization, beginning of year	-	4,112,983	447,259	52,394,299	1,287,630	2,296,186	185,200	386,337	61,109,894
Amortization	-	515,948	87,713	2,529,541	31,575	278,266	29,304	27,691	3,500,038
Disposals	-	(11,745)	-	-	-	(326,197)	-	-	(337,942)
Accumulated amortization, end of year	-	4,617,186	534,972	54,923,840	1,319,205	2,248,255	214,504	414,028	64,271,990
Net carrying amount, end of year	\$ 3,014,912	\$ 16,237,307	\$ 648,002	\$ 13,935,362	\$ 1,071,682	\$ 906,592	\$ 13,275	\$ 321,972	\$ 36,149,104

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

**December 31, 2018**

**3. Tangible Capital Assets - (continued)**

	2017								
	Land	Buildings	Machinery & Equipment	Roads	Bridges & Culverts	Vehicles	Technology	Parks	Total
Cost, beginning of year	\$ 3,060,883	\$ 20,659,677	\$ 828,617	\$ 67,603,195	\$ 2,358,955	\$ 2,727,780	\$ 219,403	\$ 531,219	\$ 97,989,729
Additions	8,483	58,518	66,879	91,359	-	118,338	8,376	133,602	485,555
Disposals	-	-	-	-	-	(34,240)	-	-	(34,240)
Cost, end of year	3,069,366	20,718,195	895,496	67,694,554	2,358,955	2,811,878	227,779	664,821	98,441,044
Accumulated amortization, beginning of year	-	3,600,565	380,080	49,811,082	1,256,481	2,108,391	152,845	360,898	57,670,342
Amortization	-	512,418	67,179	2,583,217	31,149	222,035	32,355	25,439	3,473,792
Disposals	-	-	-	-	-	(34,240)	-	-	(34,240)
Accumulated amortization, end of year	-	4,112,983	447,259	52,394,299	1,287,630	2,296,186	185,200	386,337	61,109,894
Net carrying amount, end of year	\$ 3,069,366	\$ 16,605,212	\$ 448,237	\$ 15,300,255	\$ 1,071,325	\$ 515,692	\$ 42,579	\$ 278,484	\$ 37,331,150



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

**December 31, 2018**

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**4. 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 \$15,400 (2017 - \$16,209).

	<b>2018</b>	<b>2017</b>
Retirement benefits	\$ 351,000	\$ 397,300
Unamortized actuarial loss	(53,300)	(125,800)
Post-employment benefits	<b>\$ 297,700</b>	<b>\$ 271,500</b>

Actuarial valuations for accounting purposes are performed using the projected benefit method. The most recent actuarial report was prepared as at December 31, 2018.

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	3.4% per year
Dental premium rates	4.0% per year
Health care premium rates	4.0% per year
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:

	<b>2018</b>	<b>2017</b>
Current period benefit cost	\$ 24,900	\$ 19,100
Amortization of actuarial loss	5,400	10,500
Retirement benefit expense	30,300	29,600
Interest costs	11,300	12,500
	<b>\$ 41,600</b>	<b>\$ 42,100</b>

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

**December 31, 2018**

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**5. Long-term Liabilities**

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

	<b>2018</b>	<b>2017</b>
Debenture payable, Region of Waterloo, interest rate of 4.5%, repayable in variable annual instalments (2018 - \$6,103, 2017 - \$5,840), due November 2023.	\$ 34,888	\$ 40,991
Debenture payable, Region of Waterloo, variable interest from 1% to 4.95%, repayable in variable annual instalments (2018 - \$185,000, 2017 - \$178,000), due December 2024.	1,301,000	1,486,000
	<b>\$ 1,335,888</b>	<b>\$ 1,526,991</b>

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

2019	\$	199,377
2020		208,664
2021		217,914
2022		228,277
2023		238,605
Thereafter		243,051
	<b>\$</b>	<b>1,335,888</b>

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

**December 31, 2018**

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### 6. Pension Agreements

The municipality makes contributions to OMERS, which is a multi-employer plan, on behalf of 32 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 2018 by the Township was \$183,523 (2017 - \$163,653). The contribution rate for 2018 was 9.0% to 15.8% depending on age and income level (2017 - 9.0% to 15.8%).

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, 2018. The plan reported a \$4.19 billion actuarial deficit (2017 - \$5.40 billion deficit) at that time, based on actuarial liabilities of \$99.06 billion (2017 - \$93.61 billion) and actuarial assets of \$94.87 billion (2017 - \$88.21 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.

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### 7. Accumulated Surplus

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

	2018	2017
Invested in tangible capital assets		
Tangible capital assets at cost less amortization	\$ 36,149,104	\$ 37,331,150
Capital assets financed by long-term liabilities and to be funded in future years	(1,335,888)	(1,526,991)
Total invested in capital assets	34,813,216	35,804,159
Unfunded post-employment benefits	(297,700)	(271,500)
General surplus (Note 11)	493,697	259,962
Equity in Energy Plus Inc.	10,644,746	10,400,794
	45,653,959	46,193,415
Reserves (Note 8)	6,135,871	5,397,689
Accumulated surplus	\$ 51,789,830	\$ 51,591,104

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

**December 31, 2018**

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**8. Reserves Set Aside for Specific Purpose by Council**

	2018	2017
<b>Reserves</b>		
Current purposes	2,355,558	2,334,995
Capital purposes	3,780,313	3,062,694
<b>Reserves set aside for specific purpose by Council</b>	<b>\$ 6,135,871</b>	<b>\$ 5,397,689</b>

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**9. Other Income**

	2018	2018	2017
	Budget	Actual	Actual
Penalties and interest on taxation	\$ 222,900	\$ 180,936	\$ 225,122
Interest earned on note receivable	150,774	150,774	150,774
Investment income	40,000	161,352	77,292
Licenses, permits and rents	45,500	45,500	29,000
Donations	17,840	21,630	82,592
Contributions from beneficial landowners	365,625	406,004	-
Dividends from Energy Plus Inc.	220,000	316,513	258,812
Development charges and contributions	1,455,347	1,092,621	189,177
Gain on disposal of assets	-	537,963	8,600
Other	72,745	27,119	5,774
	<b>\$ 2,590,731</b>	<b>\$ 2,940,412</b>	<b>\$ 1,027,143</b>

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**10. Contingencies**

- (a) The Township has been served with statements of claims as a result of slip and fall accidents and other claims. The likelihood of the success of these actions is undeterminable at this time. The Township is not aware of any possible settlements in excess of its liability insurance coverage.
- (b) The Township has been served with a claim in connection with construction on a property. The likelihood of the success of this action is undeterminable at this time, as such no provision has been made in the financial statements in regards to this claim.
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**The Corporation of The Township of North Dumfries**  
Notes to Financial Statements

**December 31, 2018**

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**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.

	2018 Budget	2018 Actual	2017 Actual
Annual surplus (deficit) (Page 5)	\$ 2,735,715	\$ 198,726	\$ (944,877)
Amortization of tangible capital assets	-	3,500,038	3,473,792
Change in unfunded liabilities	-	26,200	28,400
Change in other surpluses	-	(243,952)	(367,587)
	2,735,715	3,481,012	2,189,728
Net transfers (to) from reserves	653,872	(738,183)	(2,957,836)
Tangible capital assets acquisitions, disposals and write-down	(3,211,999)	(2,317,991)	(485,555)
Debt principal repayments	(177,588)	(191,103)	(183,840)
	-	233,735	(1,437,503)
Prior general surplus	-	259,962	1,697,465
General surplus (Note 7)	\$ -	\$ 493,697	\$ 259,962

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**12. Trust Funds**

The trust funds administered by the Township amounting to \$213,377 (2017 - \$181,009) have not been included in the statements of financial position nor have the operations been included in the statement of operations and accumulated surplus.

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

**December 31, 2018**

**13. Grants**

	2018 Budget	2018 Actual	2017 Actual
Province of Ontario			
Ontario Municipal Partnership Fund (OMPF)	\$ 315,300	\$ 315,300	\$ 265,400
Conditional - Roads	100,000	102,108	-
- Other	18,250	5,257	5,837
	<u>433,550</u>	<u>422,665</u>	<u>271,237</u>
Government of Canada			
- Recreation	9,576	10,321	15,236
- Other	28,192	3,811	6,096
	<u>37,768</u>	<u>14,132</u>	<u>21,332</u>
Other Municipalities			
Conditional - Roads	-	3,676	1,710
Unconditional - Other	10,650	17,400	40,914
	<u>\$ 10,650</u>	<u>\$ 21,076</u>	<u>\$ 42,624</u>
Total grants	<u>\$ 481,968</u>	<u>\$ 457,873</u>	<u>\$ 335,193</u>

**14. 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:

	2018	2017
School boards	\$ 7,245,675	\$ 7,015,203
Region of Waterloo	11,353,892	10,796,506
	<u>\$ 18,599,567</u>	<u>\$ 17,811,709</u>

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# The Corporation of The Township of North Dumfries

## Notes to Financial Statements

December 31, 2018

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### 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:

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

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

**December 31, 2018**

**15. Segmented Information (continued)**

<b>For the year ended December 31</b>	<b>General Government</b>	<b>Protection Services</b>	<b>Transportation Services</b>	<b>Environmental Services</b>	<b>Recreational and Cultural Services</b>	<b>Planning and Development</b>	<b>2018 Total</b>
<b>Revenue</b>							
Taxation	\$ 159,975	\$ 1,439,782	\$ 2,506,287	\$ -	\$ 1,226,481	\$ -	\$ 5,332,525
Fees and user charges	9,964	59,132	354,704	81	678,061	463,997	1,565,939
Specific grants	13,450	984	105,784	1,846	20,509	-	142,573
OMPF grant	9,459	85,131	148,191	-	72,519	-	315,300
Other revenue	1,367,389	5,870	1,237,517	-	289,536	40,100	2,940,412
Change in equity in Energy Plus Inc.	243,952	-	-	-	-	-	243,952
	<b>1,804,189</b>	<b>1,590,899</b>	<b>4,352,483</b>	<b>1,927</b>	<b>2,287,106</b>	<b>504,097</b>	<b>10,540,701</b>
<b>Expenses</b>							
Salaries and benefits	836,776	700,514	670,227	-	982,995	153,203	3,343,715
Interest on debt	-	-	-	1,845	69,095	-	70,940
Materials and supplies	378,735	180,485	985,350	-	922,420	130,587	2,597,577
Contracted services	132,076	465,703	13,894	-	24	3,182	614,879
Other transfers	20,000	-	-	-	-	-	20,000
Rents and financial expenses	103,924	90,902	-	-	-	-	194,826
Amortization	64,893	168,959	2,714,313	-	551,873	-	3,500,038
	<b>1,536,404</b>	<b>1,606,563</b>	<b>4,383,784</b>	<b>1,845</b>	<b>2,526,407</b>	<b>286,972</b>	<b>10,341,975</b>
<b>Annual surplus (deficit)</b>	<b>\$ 267,785</b>	<b>\$ (15,664)</b>	<b>\$ (31,301)</b>	<b>\$ 82</b>	<b>\$ (239,301)</b>	<b>\$ 217,125</b>	<b>\$ 198,726</b>



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

**December 31, 2018**

**15. Segmented Information (continued)**

<b>For the year ended December 31</b>	<b>General Government</b>	<b>Protection Services</b>	<b>Transportation Services</b>	<b>Environmental Services</b>	<b>Recreational and Cultural Services</b>	<b>Planning and Development</b>	<b>2017 Total</b>
<b>Revenue</b>							
Taxation	\$ 388,782	\$ 971,952	\$ 2,672,868	\$ -	\$ 826,159	\$ -	\$ 4,859,761
Fees and user charges	9,607	70,486	395,948	35	662,724	647,139	1,785,939
Specific grants	16,375	984	14,710	8,544	26,776	2,404	69,793
OMPF grant	21,232	53,080	145,970	-	45,118	-	265,400
Other revenue	785,153	34,686	36,976	-	170,328	-	1,027,143
Change in equity in Energy Plus Inc.	367,587	-	-	-	-	-	367,587
	<b>1,588,736</b>	<b>1,131,188</b>	<b>3,266,472</b>	<b>8,579</b>	<b>1,731,105</b>	<b>649,543</b>	<b>8,375,623</b>
<b>Expenses</b>							
Salaries and benefits	831,712	536,427	671,569	-	851,019	173,098	3,063,825
Interest on debt	-	-	-	2,107	76,126	-	78,233
Materials and supplies	298,239	172,358	624,546	9,844	856,323	44,307	2,005,617
Contracted services	114,675	460,748	11,905	-	4,000	7,394	598,722
Other transfers	20,000	-	-	-	6,217	-	26,217
Rents and financial expenses	3,769	70,324	-	-	-	-	74,093
Amortization	67,969	139,719	2,722,823	-	543,282	-	3,473,793
	<b>1,336,364</b>	<b>1,379,576</b>	<b>4,030,843</b>	<b>11,951</b>	<b>2,336,967</b>	<b>224,799</b>	<b>9,320,500</b>
<b>Annual surplus (deficit)</b>	<b>\$ 252,372</b>	<b>\$ (248,388)</b>	<b>\$ (764,371)</b>	<b>\$ (3,372)</b>	<b>\$ (605,862)</b>	<b>\$ 424,744</b>	<b>\$ (944,877)</b>

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

**For the year ended December 31, 2018**

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	Opening	Contributions Received	Investment Income	Revenue Recognized	Ending
<b>Obligatory Reserve Funds</b>					
Development charges	\$ 1,384,660	\$ 82,119	\$ 28,605	\$ (176,823)	<b>\$1,318,561</b>
Federal gas tax	1,133,844	297,297	24,446	(850,000)	<b>605,587</b>
Recreational land	203,840	122,771	-	(65,798)	<b>260,813</b>
	<b>\$ 2,722,344</b>	<b>\$ 502,187</b>	<b>\$ 53,051</b>	<b>\$(1,092,621)</b>	<b>\$2,184,961</b>

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