

The Corporation of
The Township of North Dumfries
Financial Statements
For the year ended December 31, 2020

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For the year ended December 31, 2020

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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

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, 2020, 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, 2020, 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Township to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Chartered Professional Accountants, Licensed Public Accountants

Owen Sound, Ontario
August 18, 2021

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

December 31	2020	2019
Assets and Liabilities		
Financial assets		
Cash (Note 4)	\$13,725,027	\$ 11,529,139
Taxes receivable	1,133,989	893,331
Trade and other receivable	484,082	524,264
Long-term investments (Note 1)	<u>11,089,683</u>	<u>10,921,289</u>
	<u>26,432,781</u>	<u>23,868,023</u>
Liabilities		
Accounts payable and accrued liabilities	1,550,825	830,181
Other current liabilities	1,336,281	1,296,515
Post-employment benefits (Note 2)	321,700	309,400
Deferred revenue	77,327	117,168
Obligatory reserve funds (schedule page 25)	2,277,591	2,355,268
Long-term liabilities (Note 3)	<u>927,846</u>	<u>1,136,511</u>
	<u>6,491,570</u>	<u>6,045,043</u>
Net financial assets	<u>19,941,211</u>	<u>17,822,980</u>
Non-financial assets		
Prepaid expenses	78,089	67,662
Tangible capital assets (Note 5)	<u>33,725,855</u>	<u>34,580,290</u>
	<u>33,803,944</u>	<u>34,647,952</u>
Accumulated surplus (Note 7)	<u>\$53,745,155</u>	<u>\$ 52,470,932</u>

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

For the year ended December 31	2020 Budget (Note 9)	2020 Actual	2019 Actual
Revenue			
Taxation	\$ 6,322,047	\$ 6,342,354	\$ 5,839,281
Fees and user charges	1,948,805	1,587,617	1,696,904
Grants (Note 10)	2,489,803	1,518,505	1,473,227
Other income (Note 11)	1,809,270	1,964,936	1,657,931
Change in equity in Energy Plus Inc. (Note 1)	-	168,394	276,543
	<u>12,569,925</u>	<u>11,581,806</u>	<u>10,943,886</u>
Expenses			
General government	1,776,586	1,652,164	1,563,714
Protection services	1,735,148	1,710,308	1,658,202
Transportation services	1,845,137	4,284,241	4,108,301
Environmental services	51,283	115,546	17,702
Recreation and cultural services	2,194,561	2,263,795	2,658,423
Planning and development	385,229	281,529	256,442
	<u>7,987,944</u>	<u>10,307,583</u>	<u>10,262,784</u>
Annual surplus (Note 9)	4,581,981	1,274,223	681,102
Accumulated surplus, beginning of year	<u>52,470,932</u>	<u>52,470,932</u>	<u>51,789,830</u>
Accumulated surplus, end of year	<u>\$ 57,052,913</u>	<u>\$ 53,745,155</u>	<u>\$ 52,470,932</u>

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

For the year ended December 31	2020 Budget (Note 9)	2020 Actual	2019 Actual
Annual surplus (Page 5)	\$ 4,581,981	\$ 1,274,223	\$ 681,102
Acquisition of tangible capital assets	(4,586,975)	(2,587,850)	(1,843,963)
Amortization of tangible capital assets	-	3,442,284	3,412,777
Gain on sale of tangible capital assets	-	(522,444)	-
Proceeds on disposal of tangible capital assets	-	522,445	-
	<u>(4,586,975)</u>	<u>854,435</u>	<u>1,568,814</u>
Change in prepaid expenses	-	(10,427)	418
Increase in net financial assets	(4,994)	2,118,231	2,250,334
Net financial assets, beginning of the year	<u>17,822,980</u>	<u>17,822,980</u>	<u>15,572,646</u>
Net financial assets, end of the year	<u>\$ 17,817,986</u>	<u>\$ 19,941,211</u>	<u>\$ 17,822,980</u>

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

For the year ended December 31	2020	2019
Cash provided by (used in)		
Operating activities		
Annual surplus	\$ 1,274,223	\$ 681,102
Items not involving cash		
Change in investment in Energy Plus Inc.	(168,394)	(276,543)
Change in post employment benefits	12,300	11,700
Amortization of tangible capital assets	3,442,284	3,412,777
Gain on sale of capital assets	(522,444)	-
Obligatory reserve fund revenue recognized	(975,601)	(850,129)
	<u>3,062,368</u>	<u>2,978,907</u>
Changes in non-cash working capital balances		
Taxes receivable	(240,658)	121,745
Trade and other receivable	40,182	360,083
Other current liabilities	39,766	69,206
Accounts payable and accrued liabilities	720,644	(523,479)
Prepaid expenses	(10,427)	418
Deferred revenue	(39,841)	50,028
Obligatory reserve funds received	897,924	1,020,436
	<u>1,407,590</u>	<u>1,098,437</u>
	<u>4,469,958</u>	<u>4,077,344</u>
Capital transactions		
Acquisition of tangible capital assets	(2,587,850)	(1,843,963)
Proceeds on sale of tangible capital assets	522,445	-
	<u>(2,065,405)</u>	<u>(1,843,963)</u>
Financing activities		
Repayment of long-term liabilities	(208,665)	(199,377)
Net change in cash	2,195,888	2,034,004
Cash, beginning of year	<u>11,529,139</u>	<u>9,495,135</u>
Cash, end of year	<u>\$13,725,027</u>	<u>\$ 11,529,139</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 Summary of Significant Accounting Policies

December 31, 2020

Management Responsibility The management of the Corporation of The Township of North Dumfries has prepared and is responsible for the integrity, objectivity and accuracy of the financial information presented in the financial statements. Council reviews and approves the financial statements.

Basis of Accounting The financial statements have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada as prescribed by the Ministry of Municipal Affairs and Housing.

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available 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.

Accounting for Government Business Enterprises 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. 7.89%

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

December 31, 2020

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, and post-employment benefits. 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.

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
Machinery and equipment	14 years
Roads	15 years
Bridges and culverts	75 years
Vehicles	7 years
Technology	4 years
Park equipment	15 years
Park land improvements	10 to 30 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 Summary of Significant Accounting Policies

December 31, 2020

Post-Employment Benefits	<p>The contributions to the Ontario Municipal Employees Retirement System ("OMERS"), a multi-employer defined benefit plan are expensed when contributions are due.</p> <p>The municipality provides post-employment health, dental and life insurance benefits to eligible retired employees. The costs of post-employment future benefits are actuarially determined using management's best estimate of health care costs, disability recovery rates and discount rates. Actuarial gains and losses are amortized on a straight-line basis over the expected average remaining service life of the employee groups.</p>
Trust Funds	<p>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.</p>
Liability for Contaminated Sites	<p>A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the organization is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. The liability is recorded net of any expected recoveries. Management has not identified any contaminated sites for which a liability needs to be recognized.</p>
Region and School Board	<p>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.</p>

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

December 31, 2020

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 obligatory reserve fund balance.
 - e) Government transfers are recognized as revenue in the financial statements when the transfer is authorized and any 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.
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The Corporation of The Township of North Dumfries
Notes to Financial Statements

December 31, 2020

1. Long-Term Investments

	2020	2019
Investment in Energy Plus Inc.		
Investment in common shares (7.89%)	\$ 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	4,848,027	4,679,633
	\$11,089,683	\$ 10,921,289

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:

	2020	2019
Assets	\$ 276,720,000	\$ 245,670,000
Liabilities	\$ 185,511,000	\$ 153,862,000
Shareholders' equity	91,209,000	91,808,000
	\$ 276,720,000	\$ 245,670,000
Revenues	\$ 256,388,000	\$ 234,183,000
Expenses	249,004,000	226,851,000
Net income for the year	\$ 7,384,000	\$ 7,332,000
Dividends paid during the year	\$ 3,192,000	\$ 3,425,000

The condensed supplementary financial information included above is based on the last available audited statement for the year ended December 31, 2020.

During the year, the Township collected \$150,774 (2019 - \$150,774) in interest and dividends of \$252,173 (2019 - \$270,538) from the government business enterprise.

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

December 31, 2020

2. 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 totalled \$31,700 (2019 - \$31,200).

	2020	2019
Retirement benefits	\$ 365,200	\$ 357,800
Unamortized actuarial loss	(43,500)	(48,400)
	\$ 321,700	\$ 309,400

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:

	2020	2019
Current period benefit cost	\$ 26,600	\$ 25,700
Amortization of actuarial loss	4,900	4,900
	31,500	30,600
Retirement benefit expense	12,500	12,300
Interest costs	\$ 44,000	\$ 42,900

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

December 31, 2020

3. Long-term Liabilities

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

	<u>2020</u>	<u>2019</u>
Debenture payable, Region of Waterloo, interest rate of 4.5%, repayable in variable annual instalments (2020 - \$6,664, 2019 - \$6,377), due November 2023.	\$ 21,846	\$ 28,511
Debenture payable, Region of Waterloo, variable interest increasing annually from 1.0% to 4.95%, repayable in variable annual instalments (2020 - \$202,000, 2019 - \$193,000), due December 2024.	<u>906,000</u>	<u>1,108,000</u>
	<u>\$ 927,846</u>	<u>\$ 1,136,511</u>

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

2021	\$ 217,964
2022	228,278
2023	238,605
2024	<u>243,000</u>
	<u>\$ 927,846</u>

The interest paid and expensed relating to the above long-term debt was \$54,757.

4. Cash

Included in cash are externally restricted funds of \$2,277,591 (2019 - \$2,355,268).

The Township's bank accounts are all held at one financial institution. The Canadian Deposit Insurance Corporation insures deposits up to \$100,000 per depositor. The Township has undrawn credit of \$2,500,000 by way of a revolving demand facility. Interest is calculated on this facility at the bank's prime rate minus 0.5%.

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

December 31, 2020

5. Tangible Capital Assets

	2020								
	Land	Buildings	Machinery and Equipment	Roads	Bridges and Culverts	Vehicles	Technology	Parks and Equipment	Total
Cost, beginning of year	\$ 3,014,912	\$ 21,132,505	\$ 1,311,136	\$ 69,657,424	\$ 2,390,887	\$ 3,452,485	\$ 287,220	\$ 1,018,488	\$ 102,265,057
Additions	-	16,220	55,422	1,410,690	-	296,880	39,956	768,682	2,587,850
Disposals	(1)	-	-	-	-	(405,835)	-	-	(405,836)
Cost, end of year	3,014,911	21,148,725	1,366,558	71,068,114	2,390,887	3,343,530	327,176	1,787,170	104,447,071
Accumulated amortization, beginning of year	-	5,139,962	631,840	57,335,822	1,350,780	2,532,905	234,190	459,268	67,684,767
Amortization	-	523,611	100,826	2,392,478	31,575	267,607	26,943	99,244	3,442,284
Disposals	-	-	-	-	-	(405,835)	-	-	(405,835)
Accumulated amortization, end of year	-	5,663,573	732,666	59,728,300	1,382,355	2,394,677	261,133	558,512	70,721,216
Net carrying amount, end of year	\$ 3,014,911	\$ 15,485,152	\$ 633,892	\$ 11,339,814	\$ 1,008,532	\$ 948,853	\$ 66,043	\$ 1,228,658	\$ 33,725,855

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

December 31, 2020

5. Tangible Capital Assets - (continued)

	2019								
	Land	Buildings	Machinery and Equipment	Roads	Bridges and Culverts	Vehicles	Technology	Parks and Equipment	Total
Cost, beginning 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
Additions	-	278,012	128,162	798,222	-	297,638	59,441	282,488	1,843,963
Disposals	-	-	-	-	-	-	-	-	-
Cost, end of year	<u>3,014,912</u>	<u>21,132,505</u>	<u>1,311,136</u>	<u>69,657,424</u>	<u>2,390,887</u>	<u>3,452,485</u>	<u>287,220</u>	<u>1,018,488</u>	<u>102,265,057</u>
Accumulated amortization, beginning of year	-	4,617,186	534,972	54,923,840	1,319,205	2,248,255	214,504	414,028	64,271,990
Amortization	-	522,776	96,868	2,411,982	31,575	284,650	19,686	45,240	3,412,777
Disposals	-	-	-	-	-	-	-	-	-
Accumulated amortization, end of year	<u>-</u>	<u>5,139,962</u>	<u>631,840</u>	<u>57,335,822</u>	<u>1,350,780</u>	<u>2,532,905</u>	<u>234,190</u>	<u>459,268</u>	<u>67,684,767</u>
Net carrying amount, end of year	<u>\$ 3,014,912</u>	<u>\$ 15,992,543</u>	<u>\$ 679,296</u>	<u>\$ 12,321,602</u>	<u>\$ 1,040,107</u>	<u>\$ 919,580</u>	<u>\$ 53,030</u>	<u>\$ 559,220</u>	<u>\$ 34,580,290</u>

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

December 31, 2020

6. Pension Agreements

The municipality makes contributions to OMERS, which is a multi-employer plan, on behalf of 31 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 2020 by the Township was \$211,851 (2019 - \$201,104). The contribution rate for 2020 was 9.0% to 15.8% depending on age and income level (2019 - 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, 2020. The plan reported a \$3.2 billion actuarial deficit (2019 - \$3.4 billion deficit) at that time, based on actuarial liabilities of \$111.8 billion (2019 - \$104.4 billion) and actuarial assets of \$108.6 billion (2019 - \$103 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.

7. Accumulated Surplus

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

	<u>2020</u>	<u>2019</u>
Invested in tangible capital assets		
Tangible capital assets at cost less amortization	\$33,725,855	\$ 34,580,290
Capital assets financed by long-term liabilities and to be funded in future years	<u>(927,846)</u>	<u>(1,136,511)</u>
Total invested in capital assets	32,798,009	33,443,779
Unfunded post-employment benefits	(321,700)	(309,400)
General surplus (Note 9)	636,953	512,204
Equity in Energy Plus Inc.	<u>11,089,683</u>	<u>10,921,289</u>
	44,202,945	44,567,872
Reserves (Note 8)	<u>9,542,210</u>	<u>7,903,060</u>
Accumulated surplus	<u>\$53,745,155</u>	<u>\$ 52,470,932</u>

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

December 31, 2020

8. Reserves Set Aside for Specific Purpose by Council

	2020	2019
Reserves		
Current purposes	\$ 3,003,824	\$ 2,928,709
Capital purposes	6,538,386	4,974,351
Reserves set aside for specific purpose by Council	\$ 9,542,210	\$ 7,903,060

9. 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.

	2020 Budget	2020 Actual	2019 Actual
Annual surplus (Page 5)	\$ 4,581,981	\$ 1,274,223	\$ 681,102
Amortization of tangible capital assets	-	3,442,284	3,412,777
Change in unfunded liabilities	-	12,300	11,700
Change in other surpluses	-	(168,394)	(276,543)
	4,581,981	4,560,413	3,829,036
Prior general surplus	-	512,204	493,697
Net transfers (to) from reserves	213,659	(1,639,150)	(1,767,189)
Tangible capital assets acquisitions, disposals and write-down	(4,586,975)	(2,587,849)	(1,843,963)
Debt principal repayments	(208,665)	(208,665)	(199,377)
General surplus (Note 7)	\$ -	\$ 636,953	\$ 512,204

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

December 31, 2020

10. Grants

	2020 Budget	2020 Actual	2019 Actual
Province of Ontario			
Ontario Municipal Partnership Fund (OMPF)	\$ 323,300	\$ 323,300	\$ 318,800
Roads	50,000	50,000	50,000
Other	731,668	409,460	687,601
	<u>1,104,968</u>	<u>782,760</u>	<u>1,056,401</u>
Government of Canada			
Roads	600,000	600,000	350,000
Other	704,185	47,233	43,566
	<u>1,304,185</u>	<u>647,233</u>	<u>393,566</u>
Other Municipalities			
Roads	-	1,776	15,610
Other	80,650	86,736	7,650
	<u>80,650</u>	<u>88,512</u>	<u>23,260</u>
Total grants	<u>\$ 2,489,803</u>	<u>\$ 1,518,505</u>	<u>\$ 1,473,227</u>

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

December 31, 2020

11. Other Income

	2020	2020	2019
	Budget	Actual	Actual
Penalties and interest on taxation	\$ 160,000	\$ 137,894	\$ 163,922
Interest earned on note receivable	150,774	150,774	150,774
Investment income	160,000	159,749	244,767
Licenses, permits and rents	86,500	86,500	46,500
Donations	226,700	69,862	180,547
Contributions from beneficial landowners	-	-	59,550
Dividends from Energy Plus Inc.	256,000	252,173	270,538
Development charges and contributions	392,996	423,983	500,129
Gain on disposal of assets	350,000	522,444	-
Other	26,300	161,557	41,204
	\$ 1,809,270	\$ 1,964,936	\$ 1,657,931

12. Trust Funds

The trust funds administered by the Township amounting to \$200,319 (2019 - \$202,617) have not been included in the statements of financial position nor have the operations been included in the statement of operations and accumulated surplus.

13. 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 and denial of a building permit. 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.
-

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

December 31, 2020

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:

	<u>2020</u>	<u>2019</u>
School boards	\$ 7,482,888	\$ 7,384,595
Region of Waterloo	<u>12,488,262</u>	<u>11,880,499</u>
	<u>\$19,971,150</u>	<u>\$ 19,265,094</u>

15. Uncertainty due to COVID-19

The impact of COVID-19 in Canada and on the global economy increased significantly. As the impacts of COVID-19 continue, there could be further impact on the Township, its citizens, employees, suppliers and other third party business associates that could impact the timing and amounts realized on the Township's assets and future ability to deliver services and projects. At this time, the full potential impact of COVID-19 on the Township is not known. Given the dynamic nature of these circumstances and the duration of disruption, the related financial impact cannot be reasonably estimated at this time. The Township's ability to continue delivering non-essential services and employ related staff will depend on the legislative mandates from the various levels of government. The Township will continue to focus on collecting receivables, managing expenditures, and leveraging existing reserves and available credit facilities to ensure it is able to continue providing essential services to its citizens.

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

December 31, 2020

16. 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, 2020

16. Segmented Information (continued)

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmental Services	Recreational and Cultural Services	Planning and Development	2020 Total
Revenue							
Taxation	\$ 126,847	\$ 1,458,741	\$ 3,298,024	\$ 63,424	\$ 1,268,471	\$ 126,847	\$ 6,342,354
Fees and user charges	9,813	437,408	665,919	51	310,425	164,001	1,587,617
Specific grants	267,144	-	651,776	37,500	238,785	-	1,195,205
OMPF grant	6,466	74,359	168,116	-	64,660	6,466	323,300
Other revenue	1,269,138	8,334	37,466	-	618,027	31,971	1,964,936
Change in equity in Energy Plus Inc.	168,394	-	-	-	-	-	168,394
	<u>1,847,802</u>	<u>1,978,842</u>	<u>4,821,301</u>	<u>100,975</u>	<u>2,500,368</u>	<u>329,285</u>	<u>11,581,806</u>
Expenses							
Salaries and benefits	1,042,307	739,762	748,884	-	849,080	184,792	3,564,825
Interest on debt	-	-	-	1,924	52,833	-	54,757
Materials and supplies	350,486	282,134	862,333	113,622	721,882	85,404	2,415,861
Contracted services	203,508	460,552	27,254	-	9,617	11,333	712,264
Other transfers	30,000	-	-	-	-	-	30,000
Rents and financial expenses	2,393	85,199	-	-	-	-	87,592
Amortization	23,470	142,661	2,645,770	-	630,383	-	3,442,284
	<u>1,652,164</u>	<u>1,710,308</u>	<u>4,284,241</u>	<u>115,546</u>	<u>2,263,795</u>	<u>281,529</u>	<u>10,307,583</u>
Annual surplus (deficit)	<u>\$ 195,638</u>	<u>\$ 268,534</u>	<u>\$ 537,060</u>	<u>\$ (14,571)</u>	<u>\$ 236,573</u>	<u>\$ 47,756</u>	<u>\$ 1,274,223</u>

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

December 31, 2020

16. Segmented Information (continued)

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmental Services	Recreational and Cultural Services	Planning and Development	2019 Total
Revenue							
Taxation	\$ 58,393	\$ 1,576,606	\$ 2,627,676	\$ -	\$ 1,576,606	\$ -	\$ 5,839,281
Fees and user charges	9,607	99,031	655,234	51	631,443	301,538	1,696,904
Specific grants	689,450	-	417,378	12,099	35,500	-	1,154,427
OMPF grant	3,188	86,076	143,460	-	86,076	-	318,800
Other revenue	881,589	15,331	318,409	-	411,328	31,274	1,657,931
Change in equity in Energy Plus Inc.	276,543	-	-	-	-	-	276,543
	<u>1,918,770</u>	<u>1,777,044</u>	<u>4,162,157</u>	<u>12,150</u>	<u>2,740,953</u>	<u>332,812</u>	<u>10,943,886</u>
Expenses							
Salaries and benefits	994,510	730,746	725,344	-	993,038	172,422	3,616,060
Interest on debt	-	-	-	1,570	61,325	-	62,895
Materials and supplies	321,465	199,201	745,722	16,132	1,015,088	78,022	2,375,630
Contracted services	184,267	429,173	21,914	-	-	5,998	641,352
Other transfers	20,020	-	-	-	-	-	20,020
Rents and financial expenses	2,996	131,054	-	-	-	-	134,050
Amortization	40,456	168,028	2,615,321	-	588,972	-	3,412,777
	<u>1,563,714</u>	<u>1,658,202</u>	<u>4,108,301</u>	<u>17,702</u>	<u>2,658,423</u>	<u>256,442</u>	<u>10,262,784</u>
Annual surplus (deficit)	\$ 355,056	\$ 118,842	\$ 53,856	\$ (5,552)	\$ 82,530	\$ 76,370	\$ 681,102

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

For the year ended December 31, 2020

	Opening	Contributions Received	Investment Income	Revenue Recognized	Ending
Obligatory Reserve Funds					
Development charges	\$ 1,113,686	\$ 430,678	\$ 9,969	\$ (309,161)	\$1,245,172
Federal gas tax	885,838	309,885	6,965	(600,000)	602,688
Recreational land	355,744	137,139	3,288	(66,440)	429,731
	<u>\$ 2,355,268</u>	<u>\$ 877,702</u>	<u>\$ 20,222</u>	<u>\$ (975,601)</u>	<u>\$2,277,591</u>

The Corporation of the
Township of North Dumfries
Trust Funds
Financial Information
For the year ended December 31, 2020



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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

Opinion

We have audited the accompanying financial information for the Corporation of the Township of North Dumfries Trust Funds ("Trust Funds"), which comprise the balance sheet as at December 31, 2020, and the statement of continuity for the year then ended, and notes to the financial information, including a summary of significant accounting policies.

In our opinion, the financial information presents fairly, in all material respects, the balance sheet for the Trust Funds as at December 31, 2020, and the statement of continuity 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 Information section of our report. We are independent of the Trust Funds in accordance with the ethical requirements that are relevant to our audit of the financial information 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 Information

Management is responsible for the preparation and fair presentation of this financial information in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Trust Funds' financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Information

Our objectives are to obtain reasonable assurance about whether the financial information as a whole is 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 this financial information.



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 information, 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 Trust Funds' 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 Trust Funds' 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 information 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 Trust Funds to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial information, including the disclosures, and whether the financial information represents 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.

Chartered Professional Accountants, Licensed Public Accountants

August 18, 2021
Owen Sound, Ontario

The Corporation of the The Township of North Dumfries
Trust Funds
Balance Sheet

December 31, 2020

Assets	Harry Griffin	Ayr BIA	The Friends of the Ayr Library	2020	2019
Current					
Cash	\$ 2,955	\$ -	\$ 26,105	\$ 29,060	\$ 26,488
Due from the Township of North Dumfries	-	4,367	-	4,367	4,367
Investments	190,626	-	-	190,626	184,281
Interest receivable	-	-	18	18	105
	<u>\$ 193,581</u>	<u>\$ 4,367</u>	<u>\$ 26,123</u>	<u>\$ 224,071</u>	<u>\$ 215,241</u>
Liabilities					
Due to the Township of North Dumfries	\$ 21,218	\$ -	\$ 2,534	\$ 23,752	\$ 12,624
Fund Balance	<u>172,363</u>	<u>4,367</u>	<u>23,589</u>	<u>200,319</u>	<u>202,617</u>
	<u>\$ 193,581</u>	<u>\$ 4,367</u>	<u>\$ 26,123</u>	<u>\$ 224,071</u>	<u>\$ 215,241</u>

Statement of Continuity

December 31, 2020

	Harry Griffin	Ayr BIA	The Friends of the Ayr Library	2020	2019
Balance, beginning of the year	<u>\$172,363</u>	<u>\$ 4,367</u>	<u>\$ 25,887</u>	<u>\$ 202,617</u>	<u>\$ 204,937</u>
Revenue					
Investment income	6,387	-	235	6,622	4,864
Donation receipts	-	-	467	467	-
	<u>6,387</u>	<u>-</u>	<u>702</u>	<u>7,089</u>	<u>4,864</u>
Expenses					
Donation expense	<u>6,387</u>	<u>-</u>	<u>3,000</u>	<u>9,387</u>	<u>7,184</u>
Balance, end of the year	<u>\$172,363</u>	<u>\$ 4,367</u>	<u>\$ 23,589</u>	<u>\$ 200,319</u>	<u>\$ 202,617</u>

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

The Corporation of the The Township of North Dumfries
Trust Funds

Summary of Significant Accounting Policies

December 31, 2020

Management Responsibility	The management of the Corporation of the Township of North Dumfries Trust Funds has prepared and is responsible for the integrity, objectivity and accuracy of the financial information. The Council reviews and approves the financial information.
Basis of Accounting	<p>The financial information has been prepared in accordance with Canadian public sector accounting standards as established by the Public Sector Accounting Board of Chartered Professional Accountants of Canada as prescribed by the Ministry of Municipal Affairs and Housing.</p> <p>Sources of financing 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.</p>
Use of Estimates	The preparation of the financial information 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 information, and the reported amounts of revenues and expenses during the reporting period. Estimates are used when accounting for items such as accrued liabilities. 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.
Basis of Consolidation	These trust funds have not been consolidated with the consolidated financial statements of the municipality.
Investments	Investments are recorded at cost unless there has been a decline in the market value which is other than temporary in nature in which case the investments are written down to market value.

The Corporation of the The Township of North Dumfries
Trust Funds
Notes to Financial Information

December 31, 2020

1. Investments

The investments are held in Universe Corp Bond funds with ONE Investments. The total investments of \$190,626 (2019 - \$184,281) reported on the balance sheet at cost have a market value of \$192,591 (2019 - \$179,083) at the end of the year.
