

The Corporation of
The Township of North Dumfries
Financial Statements
For the year ended December 31, 2022

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For the year ended December 31, 2022

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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, 2022, 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, 2022, 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

Owen Sound, Ontario
July 13, 2023

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

December 31	2022	2021
Financial assets		
Cash (Note 1)	\$19,227,884	\$ 15,732,841
Taxes receivable	1,203,884	1,119,700
Trade and other receivables (Note 2)	2,101,239	866,154
Long-term investment (Note 3)	<u>11,239,785</u>	<u>11,322,336</u>
	<u>33,772,792</u>	<u>29,041,031</u>
Liabilities		
Accounts payable and accrued liabilities	2,885,300	1,669,297
Other current liabilities	2,204,616	1,581,610
Post-employment benefits (Note 4)	323,800	323,000
Deferred revenue	91,743	76,356
Obligatory reserve funds (Page 26)	5,285,830	3,508,004
Long-term liabilities (Note 5)	<u>481,605</u>	<u>709,882</u>
	<u>11,272,894</u>	<u>7,868,149</u>
Net financial assets	<u>22,499,898</u>	<u>21,172,882</u>
Non-financial assets		
Prepaid expenses	111,683	91,946
Tangible capital assets (Note 6)	<u>37,407,412</u>	<u>34,608,230</u>
	<u>37,519,095</u>	<u>34,700,176</u>
Accumulated surplus (Note 8)	<u>\$60,018,993</u>	<u>\$ 55,873,058</u>

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

<u>For the year ended December 31</u>	<u>2022</u>	<u>2022</u>	<u>2021</u>
	Budget (Note 10)	Actual	Actual
Revenue			
Taxation	\$ 6,687,630	\$ 6,747,298	\$ 6,393,798
Fees and user charges	709,710	912,138	607,817
Grants (Note 11)	3,414,625	2,878,904	1,140,928
Other income (Note 12)	4,280,559	3,850,703	2,726,120
Change in equity of long-term investment (Note 3)	-	(82,551)	232,653
	<u>15,092,524</u>	<u>14,306,492</u>	<u>11,101,316</u>
Expenses			
General government	2,060,881	1,913,550	1,586,965
Protection services	1,964,133	2,097,956	2,085,814
Transportation services	2,223,635	2,956,749	2,448,997
Environmental services	1,077	670	983
Recreation and cultural services	2,244,269	2,874,688	2,542,684
Planning and development	903,681	316,944	307,970
	<u>9,397,676</u>	<u>10,160,557</u>	<u>8,973,413</u>
Annual surplus (Note 10)	5,694,848	4,145,935	2,127,903
Accumulated surplus, beginning of year	<u>55,873,058</u>	<u>55,873,058</u>	<u>53,745,155</u>
Accumulated surplus, end of year	<u>\$ 61,567,906</u>	<u>\$60,018,993</u>	<u>\$ 55,873,058</u>

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

<u>For the year ended December 31</u>	<u>2022</u>	<u>2022</u>	<u>2021</u>
	Budget (Note 10)	Actual	Actual
Annual surplus (Page 5)	\$ 5,694,848	\$ 4,145,935	\$ 2,127,903
Acquisition of tangible capital assets	(7,843,661)	(4,595,837)	(2,453,549)
Amortization of tangible capital assets	-	1,796,655	1,571,174
Gain on disposal of tangible capital assets	-	(32,520)	(50,433)
Proceeds on disposal of tangible capital assets	-	32,520	50,433
	<u>(7,843,661)</u>	<u>(2,799,182)</u>	<u>(882,375)</u>
Change in prepaid expenses	-	(19,737)	(13,857)
Increase (decrease) in net financial assets	(2,148,813)	1,327,016	1,231,671
Net financial assets, beginning of the year	<u>21,172,882</u>	<u>21,172,882</u>	<u>19,941,211</u>
Net financial assets, end of the year	\$ 19,024,069	\$ 22,499,898	\$ 21,172,882

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

For the year ended December 31	2022	2021
Cash provided by (used in)		
Operating activities		
Annual surplus	\$ 4,145,935	\$ 2,127,903
Items not involving cash		
Change in long-term investment	82,551	(232,653)
Change in post employment benefits	800	1,300
Amortization of tangible capital assets	1,796,655	1,571,174
Gain on sale of capital assets	(32,520)	(50,433)
Obligatory reserve fund revenue recognized	(1,514,920)	(815,485)
	<u>4,478,501</u>	<u>2,601,806</u>
Changes in non-cash working capital balances		
Taxes receivable	(84,184)	14,289
Trade and other receivable	(1,235,085)	(430,826)
Other current liabilities	623,006	839,541
Accounts payable and accrued liabilities	1,216,003	(426,986)
Prepaid expenses	(19,737)	(13,857)
Deferred revenue	15,387	(971)
Obligatory reserve funds received	3,292,746	2,045,898
	<u>3,808,136</u>	<u>2,027,088</u>
	<u>8,286,637</u>	<u>4,628,894</u>
Capital transactions		
Acquisition of tangible capital assets	(4,595,837)	(2,453,549)
Proceeds on sale of tangible capital assets	32,520	50,433
	<u>(4,563,317)</u>	<u>(2,403,116)</u>
Financing activities		
Repayment of long-term liabilities	(228,277)	(217,964)
Net change in cash	<u>3,495,043</u>	<u>2,007,814</u>
Cash, beginning of year	<u>15,732,841</u>	<u>13,725,027</u>
Cash, end of year	<u>\$19,227,884</u>	<u>\$ 15,732,841</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, 2022

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	<p>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.</p> <p>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.</p>
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.
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.
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.

The Corporation of The Township of North Dumfries

Summary of Significant Accounting Policies

December 31, 2022

Long-term Investment

The portfolio Investment represents a 4.661% interest in an organization that amalgamated with an entity previously accounted for as a government business partnership. As of the date of amalgamation, the carrying value of the previous investment in the government business partnership under the modified equity method became the Township's cost of the portfolio investment in the new entity. The carrying value will be reduced if the accumulated dividends received by the Township in subsequent periods exceeds its share of accumulated earnings for the period. Portfolio investments are recorded at cost and are written down where there has been a loss in value that is other than a temporary decline.

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 to 40 years
Bridges and culverts	75 years
Vehicles	7 years
Technology	4 years
Park equipment	15 years
Park 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.

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, 2022

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 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.

Liability for Contaminated Sites 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.

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

December 31, 2022

Revenue Recognition

Revenues are recognized as follows:

- a) Taxes are recorded at 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. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals and court decisions, could result in a change in the amount of tax revenue recognized. Taxes receivable are recognized net of an allowance for anticipated uncollectible amounts.
 - b) Fees and user charges are recognized when the related service is provided and collection is reasonably assured.
 - 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 and forms part of the respective deferred revenue balances.
 - 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, 2022

1. Cash

The Township's bank accounts are all held at one financial institution earning interest of prime less 1.85%. 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%.

2. Trade and Other Receivables

	<u>2022</u>	<u>2021</u>
Trade and other receivables	\$ 207,925	\$ 332,839
Government transfer receivables	1,126,733	25,875
HST Receivable	677,505	418,364
Allowance for doubtful accounts	<u>(89,076)</u>	<u>(89,076)</u>
	<u>\$ 2,101,239</u>	<u>\$ 866,154</u>

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

December 31, 2022

3. Long-Term Investments

On May 2, 2022, Energy Plus Inc. and Brantford Energy Corporation amalgamated to form GrandBridge Energy Inc. Prior to May 2, 2022 the Township owned 7.89% of the outstanding shares of Energy Plus Inc., a government business partnership. The investment was reported in the Township's financial statements using the modified equity method. The Township now owns 4.661% of the outstanding common shares of GrandBridge Energy Inc., a private company incorporated under the laws of the Province of Ontario. The change in corporate structure means that the Township's interest in GrandBridge Energy Inc. does not represent a government business partnership, but instead is a portfolio investment. As a result, the Township has discontinued the modified equity method as of May 2, 2022. The carrying value of the previous investment in Energy Plus Inc. as of May 2, 2022 became the Township's cost of its portfolio investment in GrandBridge Energy Inc. Accumulated dividends received by the Township in subsequent periods that exceed its share of accumulated earnings for the period will be applied as a reduction of the carrying value of the investment.

Details of the investment are as follows:

	2022	2021
Investment in GrandBridge Energy Inc.		
Investment in common shares	\$ 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 up until May 1, 2022	4,998,129	5,080,680
	\$11,239,785	\$ 11,322,336

The following summarizes the operations of Energy Plus Inc. up until May 1, 2022, which is reported in these financial statements using the modified equity method:

	2022	2021
Revenues	\$76,872,000	\$229,036,000
Expenses	72,220,000	219,152,000
Net income for the period	\$ 4,652,000	\$ 9,884,000
Dividends paid during the period	\$ 3,757,000	\$ 2,843,000

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

December 31, 2022

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 totalled \$69,700 (2021 - \$62,700).

	2022	2021
Retirement benefits	\$ 500,100	\$ 518,200
Unamortized actuarial loss	(176,300)	(195,200)
Post-employment benefits	\$ 323,800	\$ 323,000

Actuarial valuations for accounting purposes are performed using the projected benefit method. The most recent actuarial report was prepared as at December 31, 2021.

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	2.6% 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	5.2% per year

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

	2022	2021
Current period benefit cost	\$ 38,000	\$ 30,900
Amortization of actuarial loss	18,900	16,100
Retirement benefit expense	56,900	47,000
Interest costs	13,600	17,000
	\$ 70,500	\$ 64,000

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

December 31, 2022

5. Long-term Liabilities

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

	<u>2022</u>	<u>2021</u>
Debenture payable, Region of Waterloo, interest rate of 4.5%, repayable in variable annual instalments of \$7,277, (2021 - \$6,664), due November 2023.	\$ 7,605	\$ 14,882
Debenture payable, Region of Waterloo, variable interest increasing annually from 1.0% to 4.95%, repayable in variable annual instalments of \$221,000, (2021 - \$211,000), due December 2024.	<u>474,000</u>	<u>695,000</u>
	<u>\$ 481,605</u>	<u>\$ 709,882</u>

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

2023	\$ 238,605
2024	<u>243,000</u>
	<u>\$ 481,605</u>

The interest paid and expensed relating to the above long-term debt was \$34,399.

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

December 31, 2022

6. Tangible Capital Assets

	2022								
	Land	Buildings	Machinery and Equipment	Roads	Bridges and Culverts	Vehicles	Technology	Parks	Total
Cost, beginning of Year	\$ 3,014,911	\$ 21,288,871	\$ 1,834,930	\$ 72,777,193	\$ 2,390,887	\$ 3,116,359	\$ 389,921	\$ 1,860,377	\$ 106,673,449
Additions	-	422,956	438,580	1,944,086	90,566	355,224	1,166	1,343,259	4,595,837
Disposals	-	-	-	-	-	(130,000)	-	-	(130,000)
Cost, end of year	3,014,911	21,711,827	2,273,510	74,721,279	2,481,453	3,341,583	391,087	3,203,636	111,139,286
Accumulated amortization, beginning of year	-	6,188,049	859,901	60,264,585	1,413,930	2,387,814	292,919	658,021	72,065,219
Amortization	-	535,255	155,712	654,345	31,575	253,185	32,077	134,506	1,796,655
Disposals	-	-	-	-	-	(130,000)	-	-	(130,000)
Accumulated amortization, end of year	-	6,723,304	1,015,613	60,918,930	1,445,505	2,510,999	324,996	792,527	73,731,874
Net carrying amount, end of year	\$ 3,014,911	\$ 14,988,523	\$ 1,257,897	\$ 13,802,349	\$ 1,035,948	\$ 830,584	\$ 66,091	\$ 2,411,109	\$ 37,407,412

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

December 31, 2022

6. Tangible Capital Assets - (continued)

								2021	
	Land	Buildings	Machinery and Equipment	Roads	Bridges and Culverts	Vehicles	Technology	Parks	Total
Cost, beginning 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
Additions	-	140,146	468,372	1,709,079	-	-	62,745	73,207	2,453,549
Disposals	-	-	-	-	-	(227,171)	-	-	(227,171)
Cost, end of year	3,014,911	21,288,871	1,834,930	72,777,193	2,390,887	3,116,359	389,921	1,860,377	106,673,449
Accumulated amortization, beginning of year	-	5,663,573	732,666	59,728,300	1,382,355	2,394,677	261,133	558,512	70,721,216
Amortization	-	524,476	127,235	536,285	31,575	220,308	31,786	99,509	1,571,174
Disposals	-	-	-	-	-	(227,171)	-	-	(227,171)
Accumulated amortization, end of year	-	6,188,049	859,901	60,264,585	1,413,930	2,387,814	292,919	658,021	72,065,219
Net carrying amount, end of year	\$ 3,014,911	\$ 15,100,822	\$ 975,029	\$ 12,512,608	\$ 976,957	\$ 728,545	\$ 97,002	\$ 1,202,356	\$ 34,608,230

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

December 31, 2022

7. Pension Agreements

The Township makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 38 members of its staff. This plan is a defined benefit plan which specifies the amount of the retirement entitlement 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 2022 by the Township was \$282,202 (2021 - \$253,732). The contribution rate for 2022 was 9.0% to 15.8% depending on age and income level (2021 - 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 Township does not recognize any share of the OMERS pension surplus or deficit. The last available report for the OMERS plan was December 31, 2022. At that time the plan reported a \$6.68 billion actuarial deficit (2021 - \$3.1 billion deficit), based on actuarial liabilities of \$128.79 billion (2021 - \$119.3 billion) and actuarial assets of \$122.11 billion (2021 - \$116.2 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:

	<u>2022</u>	<u>2021</u>
Invested in tangible capital assets		
Tangible capital assets at cost less amortization	\$37,407,412	\$ 34,608,230
Capital assets financed by long-term liabilities and to be funded in future years	<u>(481,605)</u>	<u>(709,882)</u>
Total invested in capital assets	36,925,807	33,898,348
Unfunded post-employment benefits	(323,800)	(323,000)
General surplus (Note 10)	412,798	454,524
Investment in GrandBridge Energy Inc.	<u>11,239,785</u>	<u>11,322,336</u>
	48,254,590	45,352,208
Reserves (Note 9)	<u>11,764,403</u>	<u>10,520,850</u>
Accumulated surplus	<u>\$60,018,993</u>	<u>\$ 55,873,058</u>

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

December 31, 2022

9. Reserves Set Aside for Specific Purpose by Council

	2022	2021
Reserves		
Current purposes	\$ 3,602,632	\$ 3,041,204
Capital purposes	8,161,771	7,479,646
Reserves set aside for specific purpose by Council	\$11,764,403	\$ 10,520,850

10. 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.

	2022 Budget	2022 Actual	2021 Actual
Annual surplus (Page 5)	\$ 5,694,848	\$ 4,145,935	\$ 2,127,903
Amortization of tangible capital assets	-	1,796,655	1,571,174
Change in unfunded liabilities	-	800	1,300
Change in other surpluses	-	82,551	(232,653)
	5,694,848	6,025,941	3,467,724
Net transfers to reserves	(2,039,965)	(3,002,386)	(2,433,126)
Transfers from reserves	4,416,742	2,213,357	2,091,439
Tangible capital assets acquisitions, disposals and write-down	(7,843,661)	(4,595,837)	(2,453,549)
Debt principal repayments	(227,964)	(228,277)	(217,964)
Current year surplus	-	412,798	454,524
Prior year surplus	-	454,524	636,953
Transfer to reserves per resolution	-	(454,524)	(636,953)
General surplus (Note 8)	\$ -	\$ 412,798	\$ 454,524

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

December 31, 2022

11. Grants

	2022 Budget	2022 Actual	2021 Actual
Province of Ontario			
Ontario Municipal Partnership Fund (OMPF)	\$ 327,300	\$ 327,300	\$ 326,700
Roads	521,092	521,092	50,000
Other	752,086	367,203	296,851
	<u>1,600,478</u>	<u>1,215,595</u>	<u>673,551</u>
Government of Canada			
Roads	550,000	800,000	402,875
Other	1,253,497	810,907	52,455
	<u>1,803,497</u>	<u>1,610,907</u>	<u>455,330</u>
Other Municipalities			
Roads	-	1,931	1,776
Other	10,650	50,471	10,271
	<u>10,650</u>	<u>52,402</u>	<u>12,047</u>
Total grants	<u>\$ 3,414,625</u>	<u>\$ 2,878,904</u>	<u>\$ 1,140,928</u>

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

December 31, 2022

12. Other Income

	2022	2022	2021
	Budget	Actual	Actual
Penalties and interest on taxation	\$ 160,000	\$ 192,081	\$ 182,341
Interest earned on note receivable	150,774	150,774	150,774
Investment income	100,000	292,751	104,207
Licenses, permits and rents	573,880	1,242,819	832,401
Aggregate license fee	700,000	750,376	716,755
Donations	97,820	29,383	41,481
Dividends from GrandBridge Energy Inc.	255,191	369,195	224,636
Development charges and park contributions	2,240,494	714,920	412,611
Gain on disposal of assets	-	32,520	50,433
Other	2,400	75,884	10,481
	<u>\$ 4,280,559</u>	<u>\$ 3,850,703</u>	<u>\$ 2,726,120</u>

13. Trust Funds

The trust funds administered by the Township amounting to \$195,583 (2021 - \$197,035) have not been included in the statements of financial position nor have the operations been included in the statement of operations and accumulated surplus.

14. Contingencies

(a) The Township has been served with statements of claims as a result of motor vehicle accidents, property and other matters. 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 regarding enforcement of a bylaw. The claim includes \$1 million in punitive and aggravated damages not covered by insurance. The Township has been successful in previous litigation relating to the case and management believes the Township will be successful in defending the current claim, however the outcome is undeterminable at this time.

15. Commitments

As of December 31, 2022 the Township had entered into contracts for capital projects with approximately \$1,433,000 still to be completed in 2023.

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

December 31, 2022

16. 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>2022</u>	<u>2021</u>
School boards	\$ 6,527,298	\$ 6,423,869
Region of Waterloo	<u>13,399,134</u>	<u>12,609,461</u>
	<u>\$19,926,432</u>	<u>\$ 19,033,330</u>

17. Comparative Figures

Certain comparative figures have been reclassified to conform with the current year's financial statement presentation.

The Corporation of The Township of North Dumfries

Notes to Financial Statements

December 31, 2022

18. 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, 2022

18. Segmented Information (continued)

	For the year ended December 31							2022
	General Government	Protection Services	Transportation Services	Environmental Services	Recreational and Cultural Services	Planning and Development	Total	Total
Revenue								
Taxation	\$ 472,311	\$ 1,956,716	\$ 1,349,460	\$ -	\$ 2,563,973	\$ 404,838	\$	6,747,298
Fees and user charges	9,799	74,442	73,551	64	614,665	139,617		912,138
Specific grants	537,379	-	1,423,023	-	588,202	3,000		2,551,604
OMPF grant	22,911	94,917	65,460	-	124,374	19,638		327,300
Other revenue	1,170,624	1,194,189	902,667	-	583,223	-		3,850,703
Change in equity in GrandBridge Energy Inc.	(82,551)	-	-	-	-	-		(82,551)
	2,130,473	3,320,264	3,814,161	64	4,474,437	567,093		14,306,492
Expenses								
Salaries and benefits	1,189,689	1,113,832	977,587	-	1,133,375	238,946		4,653,429
Interest on debt	-	-	-	670	33,729	-		34,399
Materials and supplies	456,252	322,269	1,017,992	-	1,014,313	51,279		2,862,105
Contracted services	136,767	466,923	73,667	-	12,614	26,719		716,690
Other transfers	93,302	-	-	-	-	-		93,302
Rents and financial expenses	3,717	260	-	-	-	-		3,977
Amortization	33,823	194,672	887,503	-	680,657	-		1,796,655
	1,913,550	2,097,956	2,956,749	670	2,874,688	316,944		10,160,557
Annual surplus (deficit)	\$ 216,923	\$ 1,222,308	\$ 857,412	\$ (606)	\$ 1,599,749	\$ 250,149	\$	4,145,935

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

December 31, 2022

18. Segmented Information (continued)

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmental Services	Recreational and Cultural Services	Planning and Development	2021 Total
Revenue							
Taxation	\$ 703,319	\$ 1,662,387	\$ 1,598,449	\$ -	\$ 2,301,767	\$ 127,876	\$ 6,393,798
Fees and user charges	10,404	66,559	35,596	76	307,968	187,214	607,817
Specific grants	287,588	6,608	454,651	-	65,381	-	814,228
OMPF grant	35,937	84,942	81,675	-	117,612	6,534	326,700
Other revenue	751,940	765,361	768,270	-	438,952	1,597	2,726,120
Change in equity in GrandBridge Energy Inc.	232,653	-	-	-	-	-	232,653
	<u>2,021,841</u>	<u>2,585,857</u>	<u>2,938,641</u>	<u>76</u>	<u>3,231,680</u>	<u>323,221</u>	<u>11,101,316</u>
Expenses							
Salaries and benefits	1,064,892	994,953	895,963	-	978,275	242,424	4,176,507
Interest on debt	-	-	-	983	43,541	-	44,524
Materials and supplies	301,277	294,692	716,557	-	852,130	50,593	2,215,249
Contracted services	126,497	645,807	70,644	-	27,170	14,953	885,071
Other transfers	74,960	-	-	-	-	-	74,960
Rents and financial expenses	4,203	232	1,493	-	-	-	5,928
Amortization	15,136	150,130	764,340	-	641,568	-	1,571,174
	<u>1,586,965</u>	<u>2,085,814</u>	<u>2,448,997</u>	<u>983</u>	<u>2,542,684</u>	<u>307,970</u>	<u>8,973,413</u>
Annual surplus (deficit)	<u>\$ 434,876</u>	<u>\$ 500,043</u>	<u>\$ 489,644</u>	<u>\$ (907)</u>	<u>\$ 688,996</u>	<u>\$ 15,251</u>	<u>\$ 2,127,903</u>

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

For the year ended December 31, 2022

	Opening	Contributions Received	Investment Income	Revenue Recognized	Ending
Obligatory Reserve Funds					
Development charges	\$ 2,049,033	\$ 2,607,460	\$ 84,484	\$ (529,717)	\$4,211,260
Canada Community					
Building Fund	840,859	323,970	13,865	(800,000)	378,694
Recreational land	618,112	248,027	14,940	(185,203)	695,876
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 3,508,004	\$ 3,179,457	\$ 113,289	\$ (1,514,920)	\$5,285,830

**The Corporation of the
Township of North Dumfries
Trust Funds
Financial Information
For the year ended December 31, 2022**



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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, 2022, 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, 2022, 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

July 13, 2023
Owen Sound, Ontario

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

December 31, 2022

Assets	Harry Griffin	Ayr BIA	The Friends of the Ayr Library	2022	2021
Current					
Cash	\$ 3,035	\$ -	\$ 26,801	\$ 29,836	\$ 29,268
Due from the Township of North Dumfries	-	4,367	-	4,367	4,367
Investments	198,233	-	-	198,233	194,272
Interest receivable	-	-	102	102	13
	201,268	4,367	26,903	232,538	227,920
Liabilities					
Due to the Township of North Dumfries	28,905	-	8,050	36,955	30,885
Fund Balance	172,363	4,367	18,853	195,583	197,035
	\$ 201,268	\$ 4,367	\$ 26,903	\$ 232,538	\$ 227,920

Statement of Continuity

December 31, 2022

	Harry Griffin	Ayr BIA	The Friends of the Ayr Library	2022	2021
Balance, beginning of the year	\$ 172,363	\$ 4,367	\$ 20,305	\$ 197,035	\$ 200,319
Revenue					
Investment income	4,020	-	598	4,618	3,850
Donation receipts	-	-	950	950	-
	4,020	-	1,548	5,568	3,850
Expenses					
Donation expense	4,020	-	3,000	7,020	7,134
Balance, end of the year	\$ 172,363	\$ 4,367	\$ 18,853	\$ 195,583	\$ 197,035

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 Trust Funds

Summary of Significant Accounting Policies

December 31, 2022

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

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.

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.

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 Township of North Dumfries
Trust Funds
Notes to Financial Information**

December 31, 2022

1. Investments

The investments are held in Universe Corp Bond funds with ONE Investments. The total investments of \$198,233 (2021 - \$194,272) reported on the balance sheet at cost have a market value of \$172,292 (2021 - \$188,021) at the end of the year.
