

The Corporation of
The Township of North Dumfries
Financial Statements
For the year ended December 31, 2023

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Financial Statements
For the year ended December 31, 2023

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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
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, 2023, 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, 2023, 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
December 20, 2024

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

December 31	2023	2022 (Restated Note 1)
Financial assets		
Cash (Note 2)	\$21,870,088	\$ 19,227,884
Taxes receivable	1,548,895	1,203,884
Trade and other receivables (Note 3)	1,702,562	2,101,239
Long-term investment (Note 4)	11,239,785	11,239,785
	<u>36,361,330</u>	<u>33,772,792</u>
Liabilities		
Accounts payable and accrued liabilities	1,948,757	2,885,300
Other current liabilities	2,790,580	2,204,616
Asset retirement obligation (Note 5)	30,000	28,874
Post-employment benefits (Note 6)	316,700	323,800
Deferred revenue (Page 28)	722,089	91,743
Obligatory reserve funds (Page 28)	5,878,497	5,285,830
Long-term liabilities (Note 7)	243,000	481,605
	<u>11,929,623</u>	<u>11,301,768</u>
Net financial assets	<u>24,431,707</u>	<u>22,471,024</u>
Non-financial assets		
Prepaid expenses	151,360	111,683
Tangible capital assets (Note 8)	38,791,347	37,413,942
	<u>38,942,707</u>	<u>37,525,625</u>
Accumulated surplus (Note 10)	<u>\$63,374,414</u>	<u>\$ 59,996,649</u>

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

For the year ended December 31	2023 Budget (Note 12)	2023 Actual	2022 Actual (Restated (Note 1))
Revenue			
Taxation	\$ 7,235,946	\$ 7,375,254	\$ 6,747,298
Fees and user charges	785,608	1,012,098	912,138
Grants (Note 13)	2,712,643	609,711	2,878,904
Other income (Note 14)	5,786,318	5,050,400	3,850,703
Change in equity of long-term investment (Note 3)	-	-	(82,551)
	<u>16,520,515</u>	<u>14,047,463</u>	<u>14,306,492</u>
Expenses			
General government	2,037,991	2,043,692	1,913,550
Protection services	1,963,455	2,131,220	2,097,956
Transportation services	2,879,273	3,180,571	2,958,335
Environmental services	1,077	342	670
Recreation and cultural services	2,484,255	3,008,248	2,874,688
Planning and development	901,671	305,625	316,944
	<u>10,267,722</u>	<u>10,669,698</u>	<u>10,162,143</u>
Annual surplus (Note 12)	<u>6,252,793</u>	<u>3,377,765</u>	<u>4,144,349</u>
Accumulated surplus, beginning of year as previously stated	59,996,649	59,996,649	55,873,058
Change in accounting policy (Note 1)	-	-	(20,758)
Accumulated surplus, beginning of year restated	<u>59,996,649</u>	<u>59,996,649</u>	<u>55,852,300</u>
Accumulated surplus, end of year	<u>\$ 66,249,442</u>	<u>\$ 63,374,414</u>	<u>\$ 59,996,649</u>

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

For the year ended December 31	2023	2023	2022
	Budget (Note 12)	Actual	Actual (Restated Note 1)
Annual surplus (Page 5)	\$ 6,252,793	\$ 3,377,765	\$ 4,144,349
Acquisition of tangible capital assets	(8,524,753)	(3,337,535)	(4,595,837)
Amortization of tangible capital assets	-	1,938,422	1,797,157
Gain (loss) on disposal of tangible capital assets	-	1,673	(32,520)
Proceeds on disposal of tangible capital assets	-	20,035	32,520
	<u>(8,524,753)</u>	<u>(1,377,405)</u>	<u>(2,798,680)</u>
Change in prepaid expenses	-	(39,677)	(19,737)
Increase (decrease) in net financial assets	<u>(2,271,960)</u>	<u>1,960,683</u>	<u>1,325,932</u>
Net financial assets, beginning of the year, as previously stated	22,471,024	22,471,024	21,172,882
Change in accounting policy (Note 1)	-	-	(27,790)
Net financial assets, beginning of the year restated	<u>22,471,024</u>	<u>22,471,024</u>	<u>21,145,092</u>
Net financial assets, end of the year	<u>\$ 20,199,064</u>	<u>\$ 24,431,707</u>	<u>\$ 22,471,024</u>

The Corporation of The Township of North Dumfries

Statement of Cash Flows

For the year ended December 31	2023	2022
		(Restated Note 1)
Cash provided by (used in)		
Operating activities		
Annual surplus	\$ 3,377,765	\$ 4,144,349
Items not involving cash		
Asset retirement obligation accretion	1,126	1,084
Change in long-term investment	-	82,551
Change in post employment benefits	(7,100)	800
Amortization of tangible capital assets	1,938,422	1,797,157
(Gain) loss on sale of capital assets	1,673	(32,520)
Obligatory reserve fund revenue recognized	(1,758,336)	(1,514,920)
	<u>3,553,550</u>	<u>4,478,501</u>
Changes in non-cash working capital balances		
Taxes receivable	(345,011)	(84,184)
Trade and other receivable	398,677	(1,235,085)
Other current liabilities	585,964	623,006
Accounts payable and accrued liabilities	(936,543)	1,216,003
Prepaid expenses	(39,677)	(19,737)
Deferred revenue	630,346	15,387
Obligatory reserve funds received	2,351,003	3,292,746
	<u>2,644,759</u>	<u>3,808,136</u>
	<u>6,198,309</u>	<u>8,286,637</u>
Capital transactions		
Acquisition of tangible capital assets	(3,337,535)	(4,595,837)
Proceeds on sale of tangible capital assets	20,035	32,520
	<u>(3,317,500)</u>	<u>(4,563,317)</u>
Financing activities		
Repayment of long-term liabilities	(238,605)	(228,277)
Net change in cash	2,642,204	3,495,043
Cash, beginning of year	<u>19,227,884</u>	<u>15,732,841</u>
Cash, end of year	<u>\$21,870,088</u>	<u>\$ 19,227,884</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, 2023

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 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>
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, asset retirement obligations, 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, 2023

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, May 2, 2023, 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, 2023

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. Management has not identified any contaminated sites for which a liability needs to be recognized.

Asset Retirement Obligation A liability for an asset retirement obligation is recognized when there is a legal obligation to incur retirement costs in relation to a tangible capital asset; the past transaction or event giving rise to the liability has occurred; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability is recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date. This liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate. Upon the initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related tangible capital asset if it is still in productive use. This cost is amortized over the useful life of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

The Corporation of The Township of North Dumfries

Summary of Significant Accounting Policies

December 31, 2023

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.
- f) Revenue restricted by legislation, regulation or agreement and not available for general municipal purposes, is reported as deferred revenue on the consolidated statement of financial position. The revenue is reported on the consolidated statement of operations and accumulated surplus in the year in which it is used for the specified purpose.

The Corporation of The Township of North Dumfries

Summary of Significant Accounting Policies

December 31, 2023

Financial Instruments

Cash is measured at fair value. All other financial assets; taxes receivable, trade and other receivables, accounts payable and accrued liabilities, other current liabilities and long-term liabilities are measured at amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position.

When investment income is externally restricted, the investment income is recognized as revenue in the period in which the resources are used for the purpose specified.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

The Corporation of The Township of North Dumfries

Notes to Financial Statements

December 31, 2023

1. Change in Accounting Policy

Effective January 1, 2023, the County adopted new Public Sector Accounting Handbook Standard 3280: Asset Retirement Obligations. The standard requires that the County evaluate their assets for any potential asset retirement obligations. This change in accounting policy has been made in accordance with the modified retrospective approach of the standard. Under this method, the asset retirement obligation liability, adjusted for accumulated accretion to date, was measured as of January 1, 2022 with a corresponding adjustment to capital assets, accumulated amortization, and net assets.

The impact of adoption of this standard at January 1, 2022 was as follows:

Increase in capital assets	\$ 7,032
Increase in asset retirement obligation	\$ 27,790
Decrease in accumulated surplus	\$ 20,758

The impact of adoption of this standard at December 31, 2022 was as follows:

Increase in amortization	\$ 502
Increase in accretion expense	\$ 1,084
Decrease in annual surplus	\$ 1,586
Decrease in accumulated surplus	\$ 22,344
Increase in asset retirement obligation	\$ 28,874
Increase in capital assets	\$ 6,530

On January 1, 2023 the County adopted PS 3450 Financial Instruments which establishes standards for recognizing and measuring financial assets, financial liabilities and derivatives. This standard is required to be adopted prospectively, therefore comparative figures have not been restated.

2. Cash

The Township's bank accounts earn interest of prime less 1.80%. 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%.

3. Trade and Other Receivables

	2023	2022
Trade and other receivables	225,144	307,925
Government transfer receivables	878,540	1,126,733
HST Receivable	609,802	677,505
Allowance for doubtful accounts	(10,924)	(10,924)
	<u>\$ 1,702,562</u>	<u>\$ 2,101,239</u>

The Corporation of The Township of North Dumfries

Notes to Financial Statements

December 31, 2023

4. 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:

	2023	2022
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	4,998,129
	<u>\$11,239,785</u>	<u>\$ 11,239,785</u>

5. Asset Retirement Obligation

The Township's financial statements include an asset retirement obligation for underground fuel tanks. The related asset retirement costs are being amortized on a straight line basis. The liability has been estimated using a net present value technique with a discount rate of 3.9% (2022 - 3.9%).

The estimated total undiscounted future expenditures of the underground fuel tanks are \$47,480, which is expected to be incurred over the next 12 years and settled in 2035.

The carrying amount of the liability is as follows:

Asset Retirement Obligation as at December 31, 2022	\$ 28,874
Increase due to accretion expense	<u>1,126</u>
Asset retirement obligation as at December 31, 2023	<u>\$ 30,000</u>

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

December 31, 2023

6. 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 \$78,000 (2022 - \$69,700).

	2023	2022
Retirement benefits	\$ 474,100	\$ 500,100
Unamortized actuarial loss	(157,400)	(176,300)
Post-employment benefits	<u>\$ 316,700</u>	<u>\$ 323,800</u>

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	3.5% per year

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

	2023	2022
Current period benefit cost	\$ 39,000	\$ 38,000
Amortization of actuarial loss	18,900	18,900
Retirement benefit expense	57,900	56,900
Interest costs	13,000	13,600
	<u>\$ 70,900</u>	<u>\$ 70,500</u>

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

December 31, 2023

7. Long-term Liabilities

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

	<u>2023</u>	<u>2022</u>
Debenture payable, Region of Waterloo, interest rate of 4.5%, matured November 2023.	\$ -	\$ 7,605
Debenture payable, Region of Waterloo, variable interest increasing annually from 1.0% to 4.95%, repayable in variable annual instalments of \$231,000, (2022 - \$221,000), due December 2024.	<u>243,000</u>	<u>474,000</u>
	<u>\$ 243,000</u>	<u>\$ 481,605</u>

Principal payments for the next fiscal year is as follows:

2024	<u>\$ 243,000</u>
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The interest paid and expensed relating to the above long-term debt was \$23,574.

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

December 31, 2023

8. Tangible Capital Assets

	2023								
	Land	Buildings	Machinery and Equipment	Roads	Bridges and Culverts	Vehicles	Technology	Parks	Total
Cost, beginning of year	\$ 3,014,911	\$ 21,711,827	\$ 2,273,510	\$ 74,736,347	\$ 2,481,453	\$ 3,341,583	\$ 391,087	\$ 3,203,636	\$ 111,154,354
Additions	-	434,711	305,208	461,431	-	118,560	89,872	1,927,753	3,337,535
Disposals	-	(90,725)	-	-	-	(63,437)	-	(17,240)	(171,402)
Transfers	(4,566)	-	-	2,623	-	-	-	1,943	-
Cost, end of year	3,010,345	22,055,813	2,578,718	75,200,401	2,481,453	3,396,706	480,959	5,116,092	114,320,487
Accumulated amortization, beginning of year	-	6,723,304	1,015,613	60,927,468	1,445,505	2,510,999	324,996	792,527	73,740,412
Amortization	-	557,745	167,657	721,151	31,575	245,509	54,609	160,176	1,938,422
Disposals	-	(69,017)	-	-	-	(63,437)	-	(17,240)	(149,694)
Accumulated amortization, end of year	-	7,212,032	1,183,270	61,648,619	1,477,080	2,693,071	379,605	935,463	75,529,140
Net carrying amount, end of year	\$ 3,010,345	\$ 14,843,781	\$ 1,395,448	\$ 13,551,782	\$ 1,004,373	\$ 703,635	\$ 101,354	\$ 4,180,629	\$ 38,791,347

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

December 31, 2023

8. Tangible Capital Assets - (continued)

	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	\$ 72,792,261	\$ 2,390,887	\$ 3,116,359	\$ 389,921	\$ 1,860,377	\$ 106,688,517
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	74,736,347	2,481,453	3,341,583	391,087	3,203,636	111,154,354
Accumulated amortization, beginning of year	-	6,188,049	859,901	60,272,621	1,413,930	2,387,814	292,919	658,021	72,073,255
Amortization	-	535,255	155,712	654,847	31,575	253,185	32,077	134,506	1,797,157
Disposals	-	-	-	-	-	(130,000)	-	-	(130,000)
Accumulated amortization, end of year	-	6,723,304	1,015,613	60,927,468	1,445,505	2,510,999	324,996	792,527	73,740,412
Net carrying amount, end of year	\$ 3,014,911	\$ 14,988,523	\$ 1,257,897	\$ 13,808,879	\$ 1,035,948	\$ 830,584	\$ 66,091	\$ 2,411,109	\$ 37,413,942

The Corporation of The Township of North Dumfries

Notes to Financial Statements

December 31, 2023

9. Pension Agreements

The Township makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 53 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 2023 by the Township was \$311,291 (2022 - \$282,202). The contribution rate for 2023 was 9% to 15.8% depending on age and income level (2022 - 9% 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, 2023. At that time the plan reported a \$4.20 billion actuarial deficit (2022 - \$6.68 billion deficit), based on actuarial liabilities of \$134.57 billion (2022 - \$128.79 billion) and actuarial assets of \$130.37 billion (2022 - \$122.11 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.

10. Accumulated Surplus

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

	<u>2023</u>	<u>2022</u>
Invested in tangible capital assets		
Tangible capital assets at cost less amortization	\$38,791,347	\$ 37,413,942
Capital assets financed by long-term liabilities and to be funded in future years	<u>(243,000)</u>	<u>(481,605)</u>
Total invested in capital assets	38,548,347	36,932,337
Unfunded post-employment benefits	(316,700)	(323,800)
Unfunded asset retirement obligation	(30,000)	(28,874)
General surplus (Note 12)	1,232,833	412,798
Investment in GrandBridge Energy Inc.	<u>11,239,785</u>	<u>11,239,785</u>
	50,674,265	48,232,246
Reserves (Note 11)	<u>12,700,149</u>	<u>11,764,403</u>
Accumulated surplus	<u>\$63,374,414</u>	<u>\$ 59,996,649</u>

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

December 31, 2023

11. Reserves Set Aside for Specific Purpose by Council

	2023	2022
Reserves		
Current purposes	\$ 3,861,934	\$ 3,602,632
Capital purposes	8,838,215	8,161,771
Reserves set aside for specific purpose by Council	<u>\$12,700,149</u>	<u>\$ 11,764,403</u>

12. 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.

	2023 Budget	2023 Actual	2022 Actual
Annual surplus (Page 5)	\$ 6,252,793	\$ 3,377,765	\$ 4,144,349
Amortization of tangible capital assets	-	1,938,422	1,797,157
Change in unfunded liabilities	-	(5,974)	1,884
Change in other surpluses	-	-	82,551
	6,252,793	5,310,213	6,025,941
Transfers to reserves	(1,858,704)	(2,309,552)	(3,002,386)
Transfers from reserves	4,367,628	1,786,604	2,213,357
Tangible capital assets acquisitions, disposals and write-down	(8,524,753)	(3,315,827)	(4,595,837)
Debt principal repayments	(236,964)	(238,605)	(228,277)
Current year surplus	-	1,232,833	412,798
Prior year surplus	-	412,798	454,524
Transfer to reserves per resolution	-	(412,798)	(454,524)
General surplus (Note 10)	<u>\$ -</u>	<u>\$ 1,232,833</u>	<u>\$ 412,798</u>

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

December 31, 2023

13. Grants

	2023 Budget	2023 Actual	2022 Actual
Province of Ontario			
Ontario Municipal Partnership Fund (OMPF)	\$ 278,300	\$ 278,300	\$ 327,300
Roads	449,134	-	521,092
Other	221,221	90,384	367,203
	<u>948,655</u>	<u>368,684</u>	<u>1,215,595</u>
Government of Canada			
Roads	675,000	-	800,000
Other	1,071,444	204,559	810,907
	<u>1,746,444</u>	<u>204,559</u>	<u>1,610,907</u>
Other Municipalities			
Roads	2,544	2,699	1,931
Other	15,000	33,769	50,471
	<u>17,544</u>	<u>36,468</u>	<u>52,402</u>
Total grants	<u>\$ 2,712,643</u>	<u>\$ 609,711</u>	<u>\$ 2,878,904</u>

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

December 31, 2023

14. Other Income

	2023	2023	2022
	Budget	Actual	Actual
Penalties and interest on taxation	\$ 185,000	\$ 226,773	\$ 192,081
Interest earned on note receivable	150,774	150,774	150,774
Investment income	210,000	845,329	292,751
Licenses, permits and rents	580,435	821,703	1,242,819
Aggregate license fee	750,000	748,489	750,376
Donations	105,735	134,539	29,383
Dividends from GrandBridge Energy Inc.	220,000	343,206	369,195
Development charges and park contributions	3,536,574	1,754,736	714,920
Gain (loss) on disposal of assets	-	(1,673)	32,520
Other	47,800	26,524	75,884
	<u>\$ 5,786,318</u>	<u>\$ 5,050,400</u>	<u>\$ 3,850,703</u>

15. Trust Funds

The trust funds administered by the Township amounting to \$193,499 (2022 - \$195,583) have not been included in the statements of financial position nor have the operations been included in the statement of operations and accumulated surplus.

16. Contingencies

The Township has been named in claims that are in proceedings through their insurance company. The Township's liability with respect to these claims is not determinable at this time. Management is of the opinion that the Township maintains adequate and appropriate liability and errors and omissions insurance to protect the Township against such claims.

17. Commitments

As of December 31, 2023 the Township had entered into various contracts for projects relating to roads, vehicles and public works depot building with approximately \$4,066,000 still to be completed in 2024.

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

December 31, 2023

18. 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:

	2023	2022
School boards	\$ 6,721,454	\$ 6,527,298
Region of Waterloo	15,135,496	13,399,134
	<u>\$21,856,950</u>	<u>\$ 19,926,432</u>

19. Financial Instruments

Financial Instrument Risk Management

The Township is exposed to credit risk, liquidity risk, and interest rate risk from its financial instruments. This note describes the Township's objectives, policies and processes for managing those risks and the methods used to measure them. Further qualitative and quantitative information in respect of these risks is presented below and throughout these financial statements.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Township is exposed to interest rate risk arising from the changes in interest rates on its variable rate bank account.

Credit Risk

The Township is exposed to credit risk arising from its cash, taxes receivable and trade and other receivables. On December 31, 2023, the Township had deposits of \$22,025,448 in a Canadian Chartered bank. The Canadian Deposit Insurance Corporation insures deposits up to a maximum of \$100,000 per depositor. There is the possibility of non-collection of taxes receivable and trade and other receivables. The majority of the Township's receivables are from ratepayers and government entities. For receivables, the Township measures impairment of each receivable type based on how long the amounts have been outstanding. The amounts outstanding at year end, which is the Township's maximum exposure to credit risk related to receivables, were as follows:

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

December 31, 2023

19. Financial Instruments - (continued)

	0 - 30 days	31 - 90 days	91 - 365 days	1 to 2 years	3 to 10 years
Cash	\$ 21,870,088	\$ -	\$ -	\$ -	-
Taxes receivable	1,786	951,326	-	375,222	220,561
Trade and other receivables	1,358,903	16,442	184,038	138,361	4,818
Total	\$ 23,230,777	\$ 967,768	\$ 184,038	\$ 513,583	\$ 225,379

Liquidity Risk

Liquidity risk is the risk that the Township encounters difficulty in meeting its obligations as they fall due. The Township has a planning and budgeting process in place to help determine the funds required to support the Township's normal operating requirements on an ongoing basis. The Township is exposed to liquidity risk through its accounts payable and accrued liabilities, other current liabilities and long-term debt. The Township ensures that there are sufficient funds to meet its short-term requirements, taking into account its anticipated cash flows from operations and its holdings of cash. Further, the Township seeks to maintain an available line of credit balance as approved by the appropriate borrowing by-law to meet, at a minimum, expected requirements for a period of at least 90 days. The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

	Within 6 months	6 months to 1 year	1 - 5 years	Over 5 years
Accounts payable and accrued liabilities	\$ 1,948,757	\$ -	\$ -	-
Other current liabilities	-	428,298	2,042,592	319,690
Long-term debt	-	243,000	-	-
Total financial liabilities	\$ 1,948,757	\$ 671,298	\$ 2,042,592	\$ 319,690

The Corporation of The Township of North Dumfries

Notes to Financial Statements

December 31, 2023

20. 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, 2023

20. Segmented Information (continued)

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmental Services	Recreational and Cultural Services	Planning and Development	2023 Total
Revenue							
Taxation	\$ 221,259	\$ 2,212,576	\$ 3,908,884	\$ -	\$ 737,525	\$ 295,010	\$ 7,375,254
Fees and user charges	10,441	90,265	79,817	92	699,499	131,984	1,012,098
Specific grants	121,072	-	2,699	-	207,640	-	331,411
OMPF grant	11,132	83,490	147,499	-	25,047	11,132	278,300
Other revenue	1,720,892	771,940	839,913	-	1,704,275	13,380	5,050,400
Change in equity in GrandBridge Energy Inc.	-	-	-	-	-	-	-
	2,084,796	3,158,271	4,978,812	92	3,373,986	451,506	14,047,463
Expenses							
Salaries and benefits	1,174,766	1,168,474	1,115,656	-	1,240,705	217,355	4,916,956
Interest on debt	-	-	-	342	23,232	-	23,574
Materials and supplies	403,575	321,862	1,054,014	-	1,034,922	75,192	2,889,565
Contracted services	213,816	471,919	103,506	-	-	13,078	802,319
Other transfers	78,625	-	-	-	-	-	78,625
Rents and financial expenses	19,898	339	-	-	-	-	20,237
Amortization	153,012	168,626	907,395	-	709,389	-	1,938,422
	2,043,692	2,131,220	3,180,571	342	3,008,248	305,625	10,669,698
Annual surplus (deficit)	\$ 41,104	\$ 1,027,051	\$ 1,798,241	\$ (250)	\$ 365,738	\$ 145,881	\$ 3,377,765

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

December 31, 2023

20. Segmented Information (continued)

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmental Services	Recreational and Cultural Services	Planning and Development	2022 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	977,586	-	1,133,375	238,946	4,653,428
Interest on debt	-	-	-	670	33,729	-	34,399
Materials and supplies	456,253	322,269	1,019,076	-	1,014,313	51,279	2,863,190
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	33,822	194,672	888,006	-	680,657	-	1,797,157
	1,913,550	2,097,956	2,958,335	670	2,874,688	316,944	10,162,143
Annual surplus (deficit)	\$ 216,923	\$ 1,222,308	\$ 855,826	\$ (606)	\$ 1,599,749	\$ 250,149	\$ 4,144,349

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

For the year ended December 31, 2023

	Opening	Contributions Received	Investment Income	Revenue Recognized	Ending
Obligatory Reserve Funds					
Development charges	\$ 4,211,260	\$ 1,664,892	\$ 279,936	\$(1,605,886)	\$4,550,202
Canada Community Building Fund	378,694	338,056	27,978	-	744,728
Recreational land	695,876	4,185	32,356	(148,850)	583,567
	<hr/> 5,285,830	<hr/> 2,007,133	<hr/> 340,270	<hr/> (1,754,736)	<hr/> 5,878,497
Other					
OCIF grant	-	449,134	11,325	-	460,459
Other grants	22,466	100,000	-	-	122,466
Recreation deposits and other	69,277	73,487	-	(3,600)	139,164
	<hr/> 91,743	<hr/> 622,621	<hr/> 11,325	<hr/> (3,600)	<hr/> 722,089
	<hr/> \$ 5,377,573	<hr/> \$ 2,629,754	<hr/> \$ 351,595	<hr/> \$(1,758,336)	<hr/> \$6,600,586
