

**The Corporation of
the Township of North Dumfries
Financial Statements
For the year ended December 31, 2024**

The Corporation of the Township of North Dumfries
Financial Statements
For the year ended December 31, 2024

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The Corporation of the Township of North Dumfries

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To the Members of Council of the Township of North Dumfries:

Opinion

We have audited the financial statements of the Township of North Dumfries (the "Township"), which comprise the statement of financial position as at December 31, 2024, 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, 2024, and the results of its operations, changes in its 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.

Other Matter

The financial statements for the year ended December 31, 2023 were audited by another auditor who expressed an unmodified opinion on those statements on December 20, 2024.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

Owen Sound, Ontario

August 21, 2025



Chartered Professional Accountants

Licensed Public Accountants

The Corporation of the Township of North Dumfries

Statement of Financial Position

December 31	2024	2023
Financial assets		
Cash (Note 1)	\$ 19,685,637	\$ 21,870,088
Taxes receivable	2,238,567	1,548,895
Trade and other receivables (Note 2)	2,055,801	1,702,562
Long-term investment (Note 3)	11,239,785	11,239,785
	<u>35,219,790</u>	<u>36,361,330</u>
Liabilities		
Accounts payable and accrued liabilities	3,104,137	1,948,757
Other current liabilities	2,879,727	2,790,580
Asset retirement obligation (Note 4)	31,170	30,000
Post-employment benefits (Note 5)	367,000	316,700
Deferred revenue (Page 28)	179,342	722,089
Obligatory reserve funds (Page 28)	3,812,232	5,878,497
Long-term liabilities (Note 6)	-	243,000
	<u>10,373,608</u>	<u>11,929,623</u>
Net financial assets	<u>24,846,182</u>	<u>24,431,707</u>
Non-financial assets		
Prepaid expenses	161,037	151,360
Tangible capital assets (Note 7)	43,934,934	38,791,347
	<u>44,095,971</u>	<u>38,942,707</u>
Accumulated surplus (Note 9)	<u>\$ 68,942,153</u>	<u>\$ 63,374,414</u>

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

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

For the year ended December 31	2024 Budget (Note 11)	2024 Actual	2023 Actual
Revenue			
Taxation	\$ 7,941,423	\$ 8,190,464	\$ 7,375,254
Fees and user charges	833,000	1,168,839	1,012,098
Grants (Note 12)	2,196,142	2,129,665	609,711
Other income (Note 13)	6,602,413	6,311,745	5,050,400
	<u>17,572,978</u>	<u>17,800,713</u>	<u>14,047,463</u>
Expenses			
General government	2,550,984	2,552,279	2,043,692
Protection services	2,335,916	2,403,762	2,131,220
Transportation services	2,693,614	3,470,948	3,180,571
Environmental services	-	-	342
Recreation and cultural services	2,465,549	3,359,494	3,008,248
Planning and development	832,363	446,491	305,625
	<u>10,878,426</u>	<u>12,232,974</u>	<u>10,669,698</u>
Annual surplus (Note 11)	6,694,552	5,567,739	3,377,765
Accumulated surplus, beginning of year	63,374,414	63,374,414	59,996,649
Accumulated surplus, end of year	<u>\$ 70,068,966</u>	<u>\$ 68,942,153</u>	<u>\$ 63,374,414</u>

The Corporation of the Township of North Dumfries

Statement of Changes in Net Financial Assets

For the year ended December 31	2024	2024	2023
	Budget (Note 11)	Actual	Actual
Annual surplus (Page 5)	\$ 6,694,552	\$ 5,567,739	\$ 3,377,765
Acquisition of tangible capital assets	(10,625,402)	(7,547,831)	(3,337,535)
Amortization of tangible capital assets	-	2,385,027	1,938,422
(Gain) loss on disposal of tangible capital assets	-	(17,983)	1,673
Proceeds on disposal of tangible capital assets	-	37,200	20,035
	(10,625,402)	(5,143,587)	(1,377,405)
Change in prepaid expenses	-	(9,677)	(39,677)
Increase (decrease) in net financial assets	(3,930,850)	414,475	1,960,683
Net financial assets, beginning of the year	24,431,707	24,431,707	22,471,024
Net financial assets, end of the year	\$ 20,500,857	\$ 24,846,182	\$ 24,431,707

The Corporation of the Township of North Dumfries

Statement of Cash Flows

For the year ended December 31	2024	2023
Cash provided by (used in)		
Operating activities		
Annual surplus	\$ 5,567,739	\$ 3,377,765
Items not involving cash		
Asset retirement obligation accretion	1,170	1,126
Change in post employment benefits	50,300	(7,100)
Amortization of tangible capital assets	2,385,027	1,938,422
(Gain) loss on sale of capital assets	(17,983)	1,673
Obligatory reserve fund revenue recognized	(3,432,340)	(1,758,336)
	<u>4,553,913</u>	<u>3,553,550</u>
 Changes in non-cash working capital balances		
Taxes receivable	(689,672)	(345,011)
Trade and other receivable	(353,239)	398,677
Other current liabilities	89,147	585,964
Accounts payable and accrued liabilities	1,155,380	(936,543)
Prepaid expenses	(9,677)	(39,677)
Deferred revenue	(542,747)	630,346
Obligatory reserve funds received	1,366,075	2,351,003
	<u>1,015,267</u>	<u>2,644,759</u>
	<u>5,569,180</u>	<u>6,198,309</u>
 Capital transactions		
Acquisition of tangible capital assets	(7,547,831)	(3,337,535)
Proceeds on sale of tangible capital assets	37,200	20,035
	<u>(7,510,631)</u>	<u>(3,317,500)</u>
 Financing activities		
Repayment of long-term liabilities	(243,000)	(238,605)
 Net change in cash	<u>(2,184,451)</u>	<u>2,642,204</u>
Cash, beginning of year	<u>21,870,088</u>	<u>19,227,884</u>
Cash, end of year	<u>\$ 19,685,637</u>	<u>\$ 21,870,088</u>

The Corporation of the Township of North Dumfries

Summary of Significant Accounting Policies

December 31, 2024

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, 2024

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, 2022, 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, 2024

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

The Corporation of the Township of North Dumfries

Summary of Significant Accounting Policies

December 31, 2024

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, 2024

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.

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

December 31, 2024

1. 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%.

2. Trade and Other Receivables

	2024	2023
Trade and other receivables	\$ 378,554	\$ 225,144
Government transfer receivables	50,862	878,540
HST Receivable	1,637,309	609,802
Allowance for doubtful accounts	(10,924)	(10,924)
	\$ 2,055,801	\$ 1,702,562

The Corporation of the Township of North Dumfries

Notes to Financial Statements

December 31, 2024

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:

	<u>2024</u>	<u>2023</u>
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>

4. 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% (2023 - 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:

	<u>2024</u>	<u>2023</u>
Asset retirement obligation, beginning of the year	\$ 30,000	\$ 28,874
Increase due to accretion expense	1,170	1,126
Asset retirement obligation, end of the year	<u>\$ 31,170</u>	<u>\$ 30,000</u>

The Corporation of the Township of North Dumfries

Notes to Financial Statements

December 31, 2024

5. Post-employment Benefits

The Township of North Dumfries provides post employment benefits to employees voluntarily electing retirement before the age of sixty-five. The Township provides an Extended Health Care Plan and a Dental plan to retirees who have at least fifteen years of service and had commenced employment within fifteen years of their normal retirement date. The Township also offers life insurance coverage up to two times salary at retirement. Payments for these benefits totalled \$88,400 (2023 - \$69,700).

	<u>2024</u>	<u>2023</u>
Retirement benefits	\$ 411,300	\$ 474,100
Unamortized actuarial loss	<u>(44,300)</u>	<u>(157,400)</u>
Post-employment benefits	<u>\$ 367,000</u>	<u>\$ 316,700</u>

Actuarial valuations for accounting purposes are performed using the projected benefit method. The most recent actuarial report was prepared as at May 15, 2025.

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	4.4% per year
Dental premium rates	4.0% per year
Health care premium rates	4.0% per year
Future salaries	Escalate at 3.0% per year
Future inflation rate	3.5% per year

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

	<u>2024</u>	<u>2023</u>
Current period benefit cost	\$ 52,400	\$ 39,000
Amortization of actuarial loss	<u>22,000</u>	<u>18,900</u>
Retirement benefit expense	74,400	57,900
Interest costs	<u>14,000</u>	<u>13,000</u>
	<u>\$ 88,400</u>	<u>\$ 70,900</u>

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

December 31, 2024

6. Long-term Liabilities

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

	<u>2024</u>	<u>2023</u>
Debenture payable, Region of Waterloo, variable interest increasing annually from 1.0% to 4.95%, paid in variable annual instalments of \$243,000.	<u>\$ -</u>	<u>\$ 243,000</u>
	<u>\$ -</u>	<u>\$ 243,000</u>

The interest paid and expensed relating to the above long-term debt was \$12,028.

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

December 31, 2024

7. Tangible Capital Assets

	2024								
	Land	Buildings	Machinery and Equipment	Roads	Bridges and Culverts	Vehicles	Technology	Parks	Total
Cost, beginning 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
Additions	-	2,629,423	243,943	3,646,563	-	579,394	80,513	367,995	7,547,831
Disposals	-	-	(6,747)	-	-	(261,229)	-	(36,070)	(304,046)
Cost, end of year	3,010,345	24,685,236	2,815,914	78,846,964	2,481,453	3,714,871	561,472	5,448,017	121,564,272
Accumulated amortization, beginning of year	-	7,212,032	1,183,270	61,648,619	1,477,080	2,693,071	379,605	935,463	75,529,140
Amortization	-	617,154	173,939	885,892	31,575	317,782	58,392	300,293	2,385,027
Disposals	-	(502)	(6,265)	-	-	(261,229)	-	(16,833)	(284,829)
Accumulated amortization, end of year	-	7,828,684	1,350,944	62,534,511	1,508,655	2,749,624	437,997	1,218,923	77,629,338
Net carrying amount, end of year	\$ 3,010,345	\$ 16,856,552	\$ 1,464,970	\$ 16,312,453	\$ 972,798	\$ 965,247	\$ 123,475	\$ 4,229,094	\$ 43,934,934

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

December 31, 2024

7. Tangible Capital Assets - (continued)

	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)
Transfer	(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, 2024

8. Pension Agreements

The Township makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 65 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 2024 by the Township was \$333,348 (2023 - \$311,291). The contribution rate for 2024 was 9% to 15.8% depending on age and income level (2023 - 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, 2024. At that time the plan reported a \$2.9 billion actuarial deficit (2023 - \$4.2 billion deficit), based on actuarial liabilities of \$140.8 billion (2023 - \$134.6 billion) and actuarial assets of \$137.9 billion (2023 - \$130.4 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.

9. Accumulated Surplus

Accumulated surplus consists of individual fund surplus(defici) and reserves as follows:

	2024	2023
Invested in tangible capital assets		
Tangible capital assets at cost less amortization	\$ 43,934,934	\$ 38,791,347
Capital assets financed by long-term liabilities and to be funded in future years	-	(243,000)
	<u>43,934,934</u>	<u>38,548,347</u>
Total invested in capital assets	43,934,934	38,548,347
Unfunded post-employment benefits	(367,000)	(316,700)
Unfunded asset retirement obligation	(31,170)	(30,000)
General surplus (Note 11)	1,029,510	1,232,833
Investment in GrandBridge Energy Inc.	<u>11,239,785</u>	<u>11,239,785</u>
	55,806,059	50,674,265
Reserves (Note 10)	<u>13,136,094</u>	<u>12,700,149</u>
Accumulated surplus	<u>\$ 68,942,153</u>	<u>\$ 63,374,414</u>

The Corporation of the Township of North Dumfries

Notes to Financial Statements

December 31, 2024

10. Reserves Set Aside for Specific Purpose by Council

	2024	2023
Reserves		
Current purposes	\$ 4,220,590	\$ 3,861,934
Capital purposes	<u>8,915,504</u>	<u>8,838,215</u>
Reserves set aside for specific purpose by Council	<u>\$ 13,136,094</u>	<u>\$ 12,700,149</u>

11. Budgets

Under Canadian public sector accounting principles, budget amounts are to be reported on the consolidated statement of operations and accumulated surplus and changes in net financial assets 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.

	2024 Budget	2024 Actual	2023 Actual
Annual surplus (Page 5)	\$ 6,694,552	\$ 5,567,739	\$ 3,377,765
Amortization of tangible capital assets	-	2,385,027	1,938,422
Change in unfunded liabilities	-	<u>51,470</u>	<u>(5,974)</u>
	6,694,552	8,004,236	5,310,213
Transfers to reserves	(2,379,274)	(3,346,177)	2,309,552
Transfers from reserves	6,553,124	4,142,970	1,786,604
Tangible capital assets acquisitions, disposals and write-down	(10,625,402)	(7,528,614)	(3,315,827)
Debt principal repayments	<u>(243,000)</u>	<u>(243,000)</u>	<u>(238,605)</u>
Current year surplus	-	1,029,415	1,232,833
Prior year surplus	-	1,232,833	412,798
Transfer to reserves per resolution	-	<u>(1,232,738)</u>	<u>(412,798)</u>
General surplus (Note 9)	<u>\$ -</u>	<u>\$ 1,029,510</u>	<u>\$ 1,232,833</u>

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

December 31, 2024

12. Grants

	2024 Budget	2024 Actual	2023 Actual
Province of Ontario			
Ontario Municipal Partnership Fund (OMPF)	\$ 236,600	\$ 236,600	\$ 278,300
Roads	965,638	988,097	-
Other	118,860	14,730	90,384
	<u>1,321,098</u>	<u>1,239,427</u>	<u>368,684</u>
Government of Canada			
Roads	750,000	750,000	-
Other	107,500	109,274	204,559
	<u>857,500</u>	<u>859,274</u>	<u>204,559</u>
Other Municipalities			
Roads	2,544	3,814	2,699
Other	15,000	27,150	33,769
	<u>17,544</u>	<u>30,964</u>	<u>36,468</u>
Total grants	<u>\$ 2,196,142</u>	<u>\$ 2,129,665</u>	<u>\$ 609,711</u>

The Corporation of the Township of North Dumfries

Notes to Financial Statements

December 31, 2024

13. Other Income

	2024	2024	2023
	Budget	Actual	Actual
Penalties and interest on taxation	\$ 215,000	\$ 281,332	\$ 226,773
Interest earned on note receivable	150,774	150,774	150,774
Investment income	250,000	846,064	845,329
Licenses, permits and rents	601,425	453,968	821,703
Aggregate license fee	750,000	1,064,292	748,489
Donations	43,625	260,008	134,539
Dividends from GrandBridge Energy Inc.	387,000	407,820	343,206
Development charges and park contributions	4,170,239	2,682,340	1,754,736
Gain (loss) on disposal of assets	-	17,983	(1,673)
Other	34,350	147,164	26,524
	<u>\$ 6,602,413</u>	<u>\$ 6,311,745</u>	<u>\$ 5,050,400</u>

14. Trust Funds

The trust funds administered by the Township amounting to \$190,499 (2023 - \$193,499) have not been included in the statements of financial position nor have the operations been included in the statement of operations and accumulated surplus.

15. 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.

16. Commitments

As of December 31, 2024 the Township had entered into various contracts for projects relating to vehicles purchases and a barrier free lift installation at the recreation complex with approximately \$775,000 still to be completed in 2025.

The Corporation of the Township of North Dumfries

Notes to Financial Statements

December 31, 2024

17. 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:

	2024	2023
School boards	\$ 6,946,987	\$ 6,721,454
Region of Waterloo	17,540,666	15,135,496
	<u>\$ 24,487,653</u>	<u>\$ 21,856,950</u>

18. 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, 2024, 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, 2024

18. Financial Instruments - (continued)

	<u>0 - 30 days</u>	<u>31 - 90 days</u>	<u>91 - 365 days</u>	<u>1 to 2 years</u>	<u>3 to 10 years</u>
Cash	\$ 19,685,637	\$ -	\$ -	\$ -	-
Taxes receivable	-	1,704,590	-	237,697	296,137
Trade and other receivables	1,794,537	23,177	48,852	123,242	65,993
Total	<u>\$ 21,480,174</u>	<u>\$ 1,727,767</u>	<u>\$ 48,852</u>	<u>\$ 360,939</u>	<u>\$ 362,130</u>

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:

	<u>Within 6 months</u>	<u>6 months to 1 year</u>	<u>1 - 5 years</u>	<u>Over 5 years</u>
Accounts payable and accrued liabilities	\$ 3,104,137	\$ -	\$ -	-
Other current liabilities	-	18,549	2,391,488	469,690
Total financial liabilities	<u>\$ 3,104,137</u>	<u>\$ 18,549</u>	<u>\$ 2,391,488</u>	<u>\$ 469,690</u>

The Corporation of the Township of North Dumfries

Notes to Financial Statements

December 31, 2024

19. 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, 2024

19. Segmented Information (continued)

For the year ended December 31	General Government	Protection Services	Transportation Services	Recreational and Cultural Services	Planning and Development	2024 Total
Revenue						
Taxation	\$ 245,714	\$ 2,457,139	\$ 4,340,946	\$ 819,046	\$ 327,619	\$ 8,190,464
Fees and user charges	13,044	96,956	110,786	803,283	144,649	1,168,839
Specific grants	27,151	-	1,741,911	124,003	-	1,893,065
OMPF grant	7,098	70,980	125,398	23,660	9,464	236,600
Other revenue	1,798,841	837,903	2,951,186	624,249	99,566	6,311,745
	2,091,848	3,462,978	9,270,227	2,394,241	581,298	17,800,713
Expenses						
Salaries and benefits	1,273,901	1,286,777	1,182,530	1,294,609	338,819	5,376,636
Interest on debt	-	-	-	12,028	-	12,028
Materials and supplies	699,045	475,107	1,028,034	1,195,228	94,943	3,492,357
Contracted services	171,100	456,283	74,539	-	12,729	714,651
Other transfers	63,484	-	-	-	-	63,484
Rents and financial expenses	188,575	216	-	-	-	188,791
Amortization	156,174	185,379	1,185,845	857,629	-	2,385,027
	2,552,279	2,403,762	3,470,948	3,359,494	446,491	12,232,974
Annual surplus (deficit)	\$ (460,431)	\$ 1,059,216	\$ 5,799,279	\$ (965,253)	\$ 134,807	\$ 5,567,739

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

December 31, 2024

19. Segmented Information (continued)

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmenta l Services	Recreational and Cultural Services	Planning and Development	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
	<u>2,084,796</u>	<u>3,158,271</u>	<u>4,978,812</u>	<u>92</u>	<u>3,373,986</u>	<u>451,506</u>	<u>14,047,463</u>
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
	<u>2,043,692</u>	<u>2,131,220</u>	<u>3,180,571</u>	<u>342</u>	<u>3,008,248</u>	<u>305,625</u>	<u>10,669,698</u>
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
Schedule of Deferred Revenue

For the year ended December 31, 2024

	Opening	Contributions Received	Investment Income	Revenue Recognized	Ending
Obligatory Reserve Funds					
Development charges	\$ 4,550,202	\$ 665,687	\$ 238,948	\$ (2,642,144)	\$ 2,812,693
Canada Community Building Fund	744,728	338,910	26,405	(750,000)	360,043
Recreational land	583,567	65,833	30,292	(40,196)	639,496
	<u>5,878,497</u>	<u>1,070,430</u>	<u>295,645</u>	<u>(3,432,340)</u>	<u>3,812,232</u>
Other					
OCIF grant	460,459	516,504	11,274	(988,237)	-
Other grants	122,466	30,000	-	(100,000)	52,466
Recreation deposits and other	139,164	65,492	-	(77,780)	126,876
	<u>722,089</u>	<u>611,996</u>	<u>11,274</u>	<u>(1,166,017)</u>	<u>179,342</u>
	<u>\$ 6,600,586</u>	<u>\$ 1,682,426</u>	<u>\$ 306,919</u>	<u>\$ (4,598,357)</u>	<u>\$ 3,991,574</u>
