

**The Corporation of  
The Township of North Dumfries  
Financial Statements  
For the year ended December 31, 2017**

**The Corporation of The Township of North Dumfries**  
**Financial Statements**  
**For the year ended December 31, 2017**

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**Contents**

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

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



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## Independent Auditor's Report

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

We have audited the accompanying financial statements of the Corporation of The Township of North Dumfries, which comprise the statement of financial position as at December 31, 2017, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility 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.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipality's preparation and fair presentation of the financial statements 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 municipality's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Corporation of the The Township of North Dumfries as at December 31, 2017 and the results of its operations, changes in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants

May 14, 2018  
Orangeville, Ontario

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

<b>December 31</b>	<b>2017</b>	<b>2016</b>
		(Re-stated) (See Note 1)
<b>Assets and Liabilities</b>		
<b>Financial assets</b>		
Cash (Note 2)	\$ 8,557,107	\$ 7,021,223
Taxes receivable	1,433,096	1,454,046
Trade and other receivable	626,631	485,542
Long-term investments (Note 3)	<u>10,400,794</u>	<u>10,033,207</u>
	<u>21,017,628</u>	<u>18,994,018</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	830,229	1,508,898
Other current liabilities	1,377,956	1,218,319
Post-employment benefits (Note 5)	271,500	243,100
Deferred revenue	75,563	20,754
Obligatory reserve funds (schedule page 25)	2,722,344	2,116,992
Long-term liabilities (Note 6)	<u>1,526,991</u>	<u>1,710,830</u>
	<u>6,804,583</u>	<u>6,818,893</u>
<b>Net financial assets</b>	14,213,045	12,175,125
<b>Non-financial assets</b>		
Prepaid expenses	46,909	41,469
Tangible capital assets (Note 4)	<u>37,331,150</u>	<u>40,319,387</u>
	<u>37,378,059</u>	<u>40,360,856</u>
<b>Accumulated surplus (Note 8)</b>	<u>\$ 51,591,104</u>	<u>\$ 52,535,981</u>

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

<b>For the year ended December 31</b>	<b>2017</b>	<b>2017</b>	<b>2016</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
	<b>(Note 12)</b>		<b>(Re-stated)</b>
			<b>(See Note 1)</b>
<b>Revenue</b>			
Taxation	\$ 4,932,682	\$ 4,859,761	\$ 4,618,853
Fees and user charges	1,497,040	1,785,939	1,796,251
Grants (Note 13)	474,810	335,193	384,883
Other income (Note 10)	1,452,070	1,027,143	705,077
Change in equity in Energy Plus Inc. (Note 3)	-	367,587	287,879
	<u>8,356,602</u>	<u>8,375,623</u>	<u>7,792,943</u>
<b>Expenses</b>			
General government	1,311,973	1,336,364	1,267,267
Protection services	1,470,453	1,379,576	1,419,350
Transportation services	1,687,973	4,030,843	4,119,390
Environmental services	102,359	11,951	39,424
Recreation and cultural services	1,819,494	2,336,967	2,301,267
Planning and development	344,367	224,799	169,344
	<u>6,736,619</u>	<u>9,320,500</u>	<u>9,316,042</u>
<b>Annual surplus (deficit) (Note 12)</b>	<b>1,619,983</b>	<b>(944,877)</b>	<b>(1,523,099)</b>
<b>Accumulated surplus, beginning of year</b>	<b>52,535,981</b>	<b>52,535,981</b>	<b>35,181,601</b>
<b>Prior period adjustment (Note 1)</b>	<b>-</b>	<b>-</b>	<b>18,877,479</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 54,155,964</b>	<b>\$ 51,591,104</b>	<b>\$ 52,535,981</b>

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

<b>For the year ended December 31</b>	<b>2017</b>	<b>2017</b>	<b>2016</b>
(Note 12)	Budget	Actual (Re-stated)	(See Note 1)
<b>Annual surplus (deficit) (Page 5)</b>	<b>\$ 1,619,983</b>	<b>\$ (944,877)</b>	<b>\$ (1,523,099)</b>
Acquisition of tangible capital assets	(1,996,943)	(485,555)	(537,527)
Amortization of tangible capital assets	-	3,473,792	3,579,911
Gain on sale of tangible capital assets	-	(8,600)	(20,322)
Proceeds on disposal of tangible capital assets	-	8,600	20,322
	<u>(1,996,943)</u>	<u>2,988,237</u>	<u>3,042,384</u>
Change in prepaid expenses	-	(5,440)	42,658
<b>Increase (decrease) in net financial assets</b>	<b>(376,960)</b>	<b>2,037,920</b>	<b>1,561,943</b>
<b>Net financial assets, beginning of the year</b>	<b>12,175,125</b>	<b>12,175,125</b>	<b>10,613,182</b>
<b>Net financial assets, end of the year</b>	<b>\$ 11,798,165</b>	<b>\$ 14,213,045</b>	<b>\$ 12,175,125</b>

# The Corporation of The Township of North Dumfries

## Statement of Cash Flows

For the year ended December 31	2017	2016
		(Re-stated) (See Note 1)
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Annual surplus	\$ (944,877)	\$ (1,523,099)
Items not involving cash		
Change in investment in Energy Plus Inc.	(367,587)	(287,879)
Amortization of tangible capital assets	3,473,792	3,579,911
Deferred revenue recognized	(189,177)	-
Gain on sale of capital assets	(8,600)	(20,322)
Change in post employment benefits	28,400	10,700
	<u>1,991,951</u>	<u>1,759,311</u>
 Changes in non-cash working capital balances		
Taxes receivable	20,950	(63,317)
Trade and other receivable	(141,089)	(33,539)
Other current liabilities	159,637	245,026
Accounts payable and accrued liabilities	(678,669)	687,549
Prepaid expenses	(5,440)	42,658
Deferred revenue received	849,338	937,188
	<u>204,727</u>	<u>1,815,565</u>
	<u>2,196,678</u>	<u>3,574,876</u>
 <b>Capital transactions</b>		
Acquisition of tangible capital assets	(485,555)	(537,527)
Proceeds on sale of tangible capital assets	8,600	20,322
	<u>(476,955)</u>	<u>(517,205)</u>
 <b>Financing activities</b>		
Repayment of long-term liabilities	(183,839)	(154,809)
 <b>Net change in cash</b>	<u>1,535,884</u>	<u>2,902,862</u>
<b>Cash, beginning of year</b>	<u>7,021,223</u>	<u>4,118,361</u>
<b>Cash, end of year</b>	<u>\$ 8,557,107</u>	<u>\$ 7,021,223</u>

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



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## The Corporation of The Township of North Dumfries

### Summary of Significant Accounting Policies

**December 31, 2017**

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<b>Management Responsibility</b>	<p>The financial statements of the Corporation of The Township of North Dumfries are the representations of management. They have been prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants as prescribed by the Ministry of Municipal Affairs and Housing.</p>		
<b>Basis of Accounting</b>	<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>		
<b>Basis of Consolidation</b>	<p>The consolidated statements reflect the assets, liabilities, revenues and expenses of all municipal organizations, committees, and boards which are owned or controlled by Council. All interfund assets and liabilities and revenues and expenses have been eliminated on consolidation.</p> <p>Government business enterprises are separate legal entities which do not rely on the municipality for funding. Investments in government business enterprises are accounted for using the modified equity method.</p> <p>Under this method, the government business enterprise's accounting policies, which follow Canadian generally accepted accounting principles for publicly accountable enterprises, are not adjusted to conform with Public Sector Accounting Standards and inter-entity transactions and balances are not eliminated.</p> <p>The following government business enterprise is reflected in the consolidated financial statements:</p> <table><tr><td>Cambridge and North Dumfries Energy Plus Inc.</td><td>7.9%</td></tr></table>	Cambridge and North Dumfries Energy Plus Inc.	7.9%
Cambridge and North Dumfries Energy Plus Inc.	7.9%		

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## The Corporation of The Township of North Dumfries

### Summary of Significant Accounting Policies

**December 31, 2017**

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**Use of Estimates**

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates are used when accounting for items such as accrued liabilities, useful lives of tangible capital assets, post-employment benefits, and taxation revenue. By their nature, these estimates are subject to measurement uncertainty and actual results could differ from management's best estimates as additional information becomes available in the future.

**Post-Employment Benefits**

The contributions to the Ontario Municipal Employees Retirement System ("OMERS"), a multi-employer defined benefit plan are expensed when contributions are due.

The municipality provides post-employment health, dental and life insurance benefits to eligible retired employees. The benefits earned by employees are determined using management's best estimate of expected benefit costs and are expensed as services are rendered.

**Trust Funds**

Funds held in trust by the municipality, and their related operations, are not included in these financial statements. The financial activity and position of the trust funds are reported separately on the trust funds statement of continuity and balance sheet.

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## The Corporation of The Township of North Dumfries

### Summary of Significant Accounting Policies

December 31, 2017

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#### Revenue Recognition

Revenues are recognized as follows:

- a) Taxes are recorded as estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. Taxes receivable are recognized net of an allowance for anticipated uncollectable amounts.
- b) Fees and user charges are recognized when the related service is provided.
- c) Other income is recorded upon sale of goods or provision of service when collection is reasonably assured.
- d) Investment income earned on surplus funds (other than obligatory reserve funds) are reported as revenue in the period earned. Investment income earned on obligatory reserve funds is recorded directly to each fund balance.
- e) Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur providing the transfers are authorized, and eligibility criteria have been met and reasonable estimates of the amounts can be made.

#### County and School Board

The municipality collects taxation revenue on behalf of the school boards and the Region of Waterloo. The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards and the Region of Waterloo are not reflected in these financial statements.

#### Non-financial Assets

Tangible capital and other non-financial assets are accounted for as assets by the municipality because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the municipality unless they are sold.

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## The Corporation of The Township of North Dumfries

### Summary of Significant Accounting Policies

**December 31, 2017**

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#### **Tangible Capital Assets**

Tangible capital assets are recorded at cost less accumulated amortization. Costs include all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Amortization is provided over the estimated useful life of the assets, using the straight-line method. The useful life of the assets is based on estimates made by Council. The following rates are used:

Buildings	40 years
Equipment	14 years
Roads	15 years
Bridges and structures	75 years
Vehicles	7 years
Park equipment	15 years
Land improvements	10 to 30 years
Technology	4 years

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

#### **Intangible Assets**

Intangible assets, art and historic treasures, and items inherited by right of the Crown, such as Crown lands, forests, water, and mineral resources, are not recognized in these financial statements.

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## The Corporation of The Township of North Dumfries

### Notes to Financial Statements

**December 31, 2017**

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#### 1. Prior Period Restatement

In 2017, the Township completed a Road Needs Study which reviewed all of the roads and bridges located within its boundaries. The review was compared to the capital assets listing. It was determined that capital items were incorrectly excluded from capitalization of tangible assets. During the year, it was discovered that refundable deposits had been incorrectly included within discretionary reserve funds. The impact of adjusting for these changes is as follows:

	<u>2016</u>
<b>Statement of Financial Position:</b>	
Increase in non-financial assets - tangible capital assets	\$ 16,815,215
Increase in other current liabilities	<u>(474,333)</u>
	<u>\$ 16,340,882</u>
 <b>Statement of Operations:</b>	
Increase in operating expenses:	
Transportation services	\$ 2,505,514
Protection services	<u>31,083</u>
	<u>2,536,597</u>
Decrease in annual surplus	2,536,597
Increase in opening accumulated surplus	<u>18,877,479</u>
	<u>\$ 16,340,882</u>

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#### 2. Cash

	<u>2017</u>	<u>2016</u>
Unrestricted	\$ 6,910,876	\$ 5,374,992
Restricted	<u>1,646,231</u>	<u>1,646,231</u>
	<u>\$ 8,557,107</u>	<u>\$ 7,021,223</u>

The municipality has internally and externally restricted funds that are segregated and will be used only for specific purposes. The municipality's bank accounts are all held at one financial institution. The Township has undrawn credit of \$2,500,000 for operating. Interest is calculated on this facility at the bank's prime rate + 0.5%. This facility is secured by a current borrowing by-law.

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## The Corporation of The Township of North Dumfries

### Notes to Financial Statements

**December 31, 2017**

#### 3. Long-Term Investments

	2017	2016
<b>Investment in Energy Plus Inc.</b>		
Investment in common shares (7.9%)	\$ 3,221,948	\$ 3,221,948
Note receivable due on demand, interest at 4.993%	3,019,708	3,019,708
Share of net income	4,159,138	3,791,551
	<b>\$ 10,400,794</b>	<b>\$ 10,033,207</b>

The following summarizes the financial position and operations of the government business enterprise which has been reported in these financial statements using the modified equity method:

#### Energy Plus Inc.

Energy Plus Inc. is a corporation incorporated under the laws of the Province of Ontario and provides municipal electrical services. The Corporation of The Township of North Dumfries owns 7.9% of the outstanding shares of Energy Plus Inc. The condensed supplementary financial information is as follows:

	2017	2016
<b>Assets</b>	<b>246,979,000</b>	<b>238,732,000</b>
 <b>Liabilities</b>	 <b>\$ 156,293,000</b>	 <b>\$ 152,699,000</b>
Shareholders' equity	90,686,000	86,033,000
	<b>\$ 246,979,000</b>	<b>\$ 238,732,000</b>
 <b>Revenues</b>	 <b>\$ 238,228,000</b>	 <b>\$ 254,938,000</b>
Expenses	230,299,000	248,528,000
 Net income for the year	 <b>\$ 7,929,000</b>	 <b>\$ 6,410,000</b>
 Dividends paid during the year	 <b>\$ 3,276,000</b>	 <b>\$ 2,765,000</b>

The condensed supplementary financial information included above is based on the last available audited statement for the year ended December 31, 2017.

During the year, the Township collected \$150,744 (2016 - \$150,774) in interest from the government business enterprise, and paid \$4,000 (2016 - \$4,000) for street lighting maintenance to the government business enterprise.

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

**December 31, 2017**

**4. Tangible Capital Assets**

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

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

**December 31, 2017**

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

	2016 (Restated)								
	Land	Buildings	Machinery & Equipment	Roads	Bridges & Culverts	Vehicles	Technology	Parks	Total
Cost, beginning of year	\$ 3,060,883	\$ 20,652,859	\$ 812,171	\$ 67,311,733	\$ 2,358,955	\$ 2,854,444	\$ 183,050	\$ 517,061	\$ 97,751,156
Additions	-	6,818	16,446	291,462	-	172,290	36,353	14,158	537,527
Disposals	-	-	-	-	-	(298,954)	-	-	(298,954)
Cost, end of year	3,060,883	20,659,677	828,617	67,603,195	2,358,955	2,727,780	219,403	531,219	97,989,729
Accumulated amortization, beginning of year	-	3,093,775	324,826	47,096,267	1,225,332	2,197,336	110,854	340,995	54,389,385
Amortization	-	506,790	55,254	2,714,815	31,149	210,009	41,991	19,903	3,579,911
Disposals	-	-	-	-	-	(298,954)	-	-	(298,954)
Accumulated amortization, end of year	-	3,600,565	380,080	49,811,082	1,256,481	2,108,391	152,845	360,898	57,670,342
Net carrying amount, end of year	\$ 3,060,883	\$ 17,059,112	\$ 448,537	\$ 17,792,113	\$ 1,102,474	\$ 619,389	\$ 66,558	\$ 170,321	\$ 40,319,387



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## The Corporation of The Township of North Dumfries

### Notes to Financial Statements

**December 31, 2017**

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#### 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 totaled \$16,209 (2016 - \$24,976).

	<u>2017</u>	<u>2016</u>
Retirement benefits	\$ 397,300	\$ 379,400
Unamortized actuarial loss	<u>(125,800)</u>	<u>(136,300)</u>
Post-employment benefits	<u>\$ 271,500</u>	<u>\$ 243,100</u>

Actuarial valuations for accounting purposes are performed using the projected benefit method. The most recent actuarial report was prepared as at December 31, 2015.

The Township has not made allocations to fund these liabilities at this time and future expenditures are anticipated to be recovered from tax billings. The actuarial valuations were based on a number of assumptions about future events such as inflation rates, interest rates, medical inflation rates, wage and salary increases and employee turnover and mortality. The assumptions used reflect the Township's best estimates.

Discount rate	3.2% per year
Dental premium rates	4.0% per year
Health care premium rates	5.67% in 2015 to 4.0% in 2020
Future salaries	Escalate at 3.0% per year
Future inflation rate	3.0% per year

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

	<u>2017</u>	<u>2016</u>
Current period benefit cost	\$ 19,100	\$ 18,400
Amortization of actuarial loss	<u>10,500</u>	<u>10,500</u>
Retirement benefit expense	29,600	28,900
Interest costs	<u>12,500</u>	<u>12,200</u>
	<u>\$ 42,100</u>	<u>\$ 41,100</u>

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## The Corporation of The Township of North Dumfries

### Notes to Financial Statements

December 31, 2017

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#### 6. Long-term Liabilities

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

	<u>2017</u>	<u>2016</u>
Debenture payable, Region of Waterloo, interest rate of 4.5%, repayable in variable annual instalments (2017 - \$5,840, 2016 - \$5,588), due November 2023.	\$ 40,991	\$ 46,830
Debenture payable, Region of Waterloo, variable interest from 1% to 4.95%, repayable in variable annual instalments (2017 - \$178,000, 2016 - \$172,000), due December 2024.	<u>1,486,000</u>	<u>1,664,000</u>
	<u>\$ 1,526,991</u>	<u>\$ 1,710,830</u>

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

2018	\$ 191,103
2019	199,377
2020	208,664
2021	217,964
2022	228,277
Thereafter	<u>481,606</u>
	<u>\$ 1,526,991</u>

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## The Corporation of The Township of North Dumfries

### Notes to Financial Statements

December 31, 2017

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#### 7. Pension Agreements

The municipality makes contributions to OMERS, which is a multi-employer plan, on behalf of 32 members of its staff. This plan is a defined benefit plan which specifies the amount of the retirement to be received by the employees based on the length of service and rates of pay. Employees and employers contribute jointly to the plan. The employer amount contributed to OMERS for 2017 by the Township was \$163,653 (2016 - \$156,783). The contribution rate for 2017 was 9.0% to 15.8% depending on age and income level (2016 - 9.0% to 15.9%).

OMERS is a multi-employer plan, therefore, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the municipality does not recognize any share of the OMERS pension surplus or deficit. The last available report for the OMERS plan was December 31, 2017. The plan reported a \$5.4 billion actuarial deficit (2016 - \$5.7 billion deficit) at that time, based on actuarial liabilities of \$93.6 billion (2016 - \$87.0 billion) and actuarial assets of \$88.2 billion (2016 - \$81.2 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.

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#### 8. Accumulated Surplus

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

	2017	2016 (Restated)
Invested in tangible capital assets		
Tangible capital assets at cost less amortization	\$ 37,331,150	\$ 40,319,387
Capital assets financed by long-term liabilities and to be funded in future years	<u>(1,526,991)</u>	<u>(1,710,830)</u>
Total invested in capital assets	35,804,159	38,608,557
Unfunded post-employment benefits	(271,500)	(243,100)
General surplus (Note 12)	259,962	1,697,464
Equity in Energy Plus Inc.	<u>10,400,794</u>	<u>10,033,207</u>
	46,193,415	50,096,128
Reserves (Note 9)	<u>5,397,689</u>	<u>2,439,853</u>
Accumulated surplus	<u>\$ 51,591,104</u>	<u>\$ 52,535,981</u>

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

**December 31, 2017**

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

	<u>2017</u>	<u>2016</u>
<b>Reserves</b>		
Current purposes	2,334,995	397,885
Capital purposes	<u>3,062,694</u>	<u>2,041,968</u>
<b>Reserves set aside for specific purpose by Council</b>	<b><u>\$ 5,397,689</u></b>	<b><u>\$ 2,439,853</u></b>

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**10. Other Income**

	<u>2017</u>	<u>2017</u>	<u>2016</u>
	Budget	Actual	Actual
Penalties and interest on taxation	\$ 222,900	\$ 225,122	\$ 192,379
Interest earned on note receivable	150,774	150,774	150,774
Investment income	40,000	77,292	51,133
Licenses, permits and rents	29,000	29,000	25,000
Donations	500	82,592	3,310
Dividends from Energy Plus Inc.	260,000	258,812	218,493
Development charges and contributions	336,083	189,177	-
Gain on disposal of assets	-	8,600	-
Other	412,813	5,774	63,988
	<u>\$ 1,452,070</u>	<u>\$ 1,027,143</u>	<u>\$ 705,077</u>

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**11. Contingencies**

- (a) The Township has been served with statements of claims as a result of slip and fall accidents and other claims. The likelihood of the success of these actions is undeterminable at this time. The Township is not aware of any possible settlements in excess of its liability insurance coverage.
- (b) The Township has been served with a claim in connection with construction on a property. The likelihood of the success of this action is undeterminable at this time. Any losses resulting from the settlement of this claim will be treated as a charge against income in the year the matter is resolved.
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## The Corporation of The Township of North Dumfries

### Notes to Financial Statements

**December 31, 2017**

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#### 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.

	2017 Budget	2017 Actual	2016 Actual (Restated)
Annual surplus (deficit) (Page 5)	\$ 1,619,983	\$ (944,877)	\$ (1,523,099)
Amortization of tangible capital assets	-	3,473,792	3,579,911
Change in unfunded liabilities	-	28,400	10,700
Change in other surpluses	-	(367,587)	(287,879)
	1,619,983	2,189,728	1,779,633
Net transfers (to) from reserves	554,548	(2,957,836)	(705,386)
Tangible capital assets acquisitions, disposals and write-down	(1,996,943)	(485,555)	(537,527)
Prior year capital projects funded	-	-	(150,000)
Debt principal repayments	(177,588)	(183,840)	(154,809)
	-	(1,437,503)	231,911
2008 and prior general surplus	-	1,697,465	1,465,554
General surplus (Note 8)	\$ -	\$ 259,962	\$ 1,697,465

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

**December 31, 2017**

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**13. Grants**

	2017 Budget	2017 Actual	2016 Actual
Province of Ontario			
Ontario Municipal Partnership Fund (OMPF)	\$ 265,300	\$ 265,400	\$ 265,700
Conditional - Roads	50,000	-	25,000
- Other	25,000	5,837	-
	<u>340,300</u>	<u>271,237</u>	<u>290,700</u>
Government of Canada			
Conditional - Roads	\$ -	\$ -	\$ 65,934
- Recreation	58,860	15,236	-
- Other	50,000	6,096	5,900
	<u>108,860</u>	<u>21,332</u>	<u>71,834</u>
Other Municipalities			
Conditional - Roads	\$ -	\$ 1,710	\$ 1,662
Unconditional - Other	25,650	40,914	20,687
	<u>25,650</u>	<u>42,624</u>	<u>22,349</u>
Total grants	<u>\$ 474,810</u>	<u>\$ 335,193</u>	<u>\$ 384,883</u>

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**14. Operations of School Boards and the Region of Waterloo**

During the year, the following taxation revenue was raised and remitted to the school boards and the Region of Waterloo:

	2017	2016
School boards	\$ 7,015,203	\$ 7,176,983
Region of Waterloo	10,796,506	10,643,208
	<u>\$ 17,811,709</u>	<u>\$ 17,820,191</u>

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## The Corporation of The Township of North Dumfries

### Notes to Financial Statements

December 31, 2017

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#### 15. Segmented Information

The Township of North Dumfries is a diversified municipal government institution that provides a wide range of services to its citizens such as recreational and cultural services, planning and development, protective services, and transportation services. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

##### **General Government**

This item relates to the general operations of the municipality itself and cannot be directly attributed to a specific segment.

##### **Protection Services**

Protection is comprised of fire protection, maintenance and enforcement of building and construction codes and bylaw enforcement. The fire department is responsible for providing fire suppression services, fire prevention programs, training and education. The by-law enforcement department works to ensure that citizens and their property are protected by ensuring the Township's bylaws are being adhered to.

##### **Transportation**

Transportation is responsible for providing the municipality with road maintenance, winter control services, street light maintenance, parking lots and equipment maintenance.

##### **Environmental Services**

Environmental services is responsible for the regional cost of water and sewer as well as other local improvement.

##### **Recreational and Cultural Services**

This service area provides public services that contribute to the provision of recreation and leisure services and the maintenance of parks and open space.

##### **Planning and Development**

This department provides a number of services including Township planning, and review of all property development plans through its application process.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. Amounts that are directly attributable to a number of segments have been allocated on a reasonable basis as follows:

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

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

**December 31, 2017**

**15. Segmented Information (continued)**

<b>For the year ended December 31</b>	<b>General Government</b>	<b>Protection Services</b>	<b>Transportation Services</b>	<b>Environmental Services</b>	<b>Recreational and Cultural Services</b>	<b>Planning and Development</b>	<b>2017 Total</b>
<b>Revenue</b>							
Taxation	\$ 388,782	\$ 971,952	\$ 2,672,868	\$ -	\$ 826,159	\$ -	\$ 4,859,761
Fees and user charges	9,607	70,486	395,948	35	662,724	647,139	1,785,939
Specific grants	-	17,359	14,710	8,544	26,776	2,404	69,793
OMPF grant	21,232	53,080	145,970	-	45,118	-	265,400
Other revenue	785,153	34,686	36,976	-	170,328	-	1,027,143
Change in equity in Energy Plus Inc.	367,587	-	-	-	-	-	367,587
	<b>1,572,361</b>	<b>1,147,563</b>	<b>3,266,472</b>	<b>8,579</b>	<b>1,731,105</b>	<b>649,543</b>	<b>8,375,623</b>
<b>Expenses</b>							
Salaries and benefits	831,712	536,427	671,569	-	851,019	173,098	3,063,825
Interest on debt	-	-	-	2,107	76,126	-	78,233
Materials and supplies	298,240	172,359	624,546	9,844	809,061	91,567	2,005,617
Contracted services	114,675	460,748	11,905	-	4,000	7,394	598,722
Other transfers	20,000	-	-	-	6,217	-	26,217
Rents and financial expenses	3,769	70,324	-	-	-	-	74,093
Amortization	67,969	139,719	2,722,823	-	543,282	-	3,473,793
	<b>1,336,365</b>	<b>1,379,577</b>	<b>4,030,843</b>	<b>11,951</b>	<b>2,289,705</b>	<b>272,059</b>	<b>9,320,500</b>
<b>Annual surplus (deficit)</b>	<b>\$ 235,996</b>	<b>\$ (232,014)</b>	<b>\$ (764,371)</b>	<b>\$ (3,372)</b>	<b>\$ (558,600)</b>	<b>\$ 377,484</b>	<b>\$ (944,877)</b>



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

**December 31, 2017**

**15. Segmented Information (continued)**

<b>For the year ended December 31</b>	<b>General Government</b>	<b>Protection Services</b>	<b>Transportation Services</b>	<b>Environmenta l Services</b>	<b>Recreational and Cultural Services</b>	<b>Planning and Development</b>	<b>2016 Total</b>
<b>Revenue</b>							
Taxation	\$ 646,639	\$ 1,200,902	\$ 1,108,525	\$ 46,189	\$ 1,616,598	\$ -	\$ 4,618,853
Fees and user charges	7,626	91,532	343,907	-	619,316	733,870	1,796,251
Specific grants	-	10,650	95,664	-	12,869	-	119,183
OMPF grant	37,198	69,082	63,768	2,657	92,995	-	265,700
Other revenue	639,972	25,464	11,127	-	24,964	3,550	705,077
Change in equity in Energy Plus Inc.	287,879	-	-	-	-	-	287,879
	<u>1,619,314</u>	<u>1,397,630</u>	<u>1,622,991</u>	<u>48,846</u>	<u>2,366,742</u>	<u>737,420</u>	<u>7,792,943</u>
<b>Expenses</b>							
Salaries and benefits	733,518	595,718	678,997	-	760,032	130,751	2,899,016
Interest on debt	-	-	-	2,359	82,490	-	84,849
Materials and supplies	314,609	180,473	566,289	37,065	934,436	23,268	2,056,140
Contracted services	143,759	454,731	7,623	-	-	15,326	621,439
Rents and financial expenses	4,441	70,246	-	-	-	-	74,687
Amortization	70,941	118,182	2,866,481	-	524,307	-	3,579,911
	<u>1,267,268</u>	<u>1,419,350</u>	<u>4,119,390</u>	<u>39,424</u>	<u>2,301,265</u>	<u>169,345</u>	<u>9,316,042</u>
<b>Annual surplus (deficit)</b>	<b>\$ 352,046</b>	<b>\$ (21,720)</b>	<b>\$ (2,496,399)</b>	<b>\$ 9,422</b>	<b>\$ 65,477</b>	<b>\$ 568,075</b>	<b>\$ (1,523,099)</b>

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

**For the year ended December 31, 2017**

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	Opening	Contributions Received	Investment Income	Revenue Recognized	Ending
<b>Obligatory Reserve Funds</b>					
Development charges	\$ 1,016,737	\$ 449,649	\$ -	\$ (81,726)	<b>\$1,384,660</b>
Federal gas tax	832,804	288,807	12,233	-	<b>1,133,844</b>
Recreational land	267,451	43,840	-	(107,451)	<b>203,840</b>
	<b>\$ 2,116,992</b>	<b>\$ 782,296</b>	<b>\$ 12,233</b>	<b>\$ (189,177)</b>	<b>\$2,722,344</b>

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