

**FINANCIAL STATEMENTS**  
**For the**  
**CORPORATION OF THE TOWNSHIP OF NORTH STORMONT**  
**For year ended**  
**DECEMBER 31, 2017**

**CORPORATION OF THE TOWNSHIP OF NORTH STORMONT**

**INDEX TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

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## Management's Responsibility for the Financial Statements

The accompanying financial statements of the **Corporation of the Township of North Stormont** are the responsibility of management and have been approved by Council.

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada and as such include amounts that are the best estimates and judgments of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the financial statements.

The Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the financial statements and the external auditor's report.


The external auditors, Welch LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of the Corporation of the Township of North Stormont and meet when required.

On behalf of the Corporation of the Township of North Stormont:



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**Marc Chénier**  
Chief Administrative Officer/Clerk



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**Catherine Borelly, CPA, CGA**  
Director of Finance/Treasurer

**Berwick, Ontario**  
**April 10, 2018**



**INDEPENDENT AUDITOR'S REPORT**

To the Members of Council of the:

**CORPORATION OF THE TOWNSHIP OF NORTH STORMONT**

We have audited the accompanying financial statements of the **Corporation of the Township of North Stormont** which comprise the statement of financial position as at December 31, 2017 and the statements of operations, changes in net financial assets (liabilities) 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 of 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 Township'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 Township'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 Township of North Stormont** as at December 31, 2017 and its results of operations, changes in net financial assets (liabilities) and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Welch LLP*

**Cornwall, Ontario  
April 10, 2018**

**CHARTERED PROFESSIONAL ACCOUNTANTS  
LICENSED PUBLIC ACCOUNTANTS**

**CORPORATION OF THE TOWNSHIP OF NORTH STORMONT**

**STATEMENT OF FINANCIAL POSITION**

**DECEMBER 31, 2017**

	<b><u>2017</u></b>	<b><u>2016</u></b>
<b>Financial assets</b>		
Cash (note 2)	\$ 1,333,261	\$ 829,892
Taxes receivable	843,709	985,409
Accounts receivable (note 4)	1,283,575	1,237,631
Long-term receivables	<u>190,999</u>	<u>202,199</u>
	<u>3,651,544</u>	<u>3,255,131</u>
<b>Financial liabilities</b>		
Temporary borrowings (note 3)	200,000	-
Accounts payable and accrued liabilities	405,808	403,803
Employee benefits payable (note 6)	202,979	220,208
Deferred revenue - obligatory reserve funds (note 5)	4,926	43,166
Deferred revenue - other	7,553	-
Municipal debt (note 8)	<u>2,748,122</u>	<u>3,012,015</u>
	<u>3,569,388</u>	<u>3,679,192</u>
<b>Net financial assets (liabilities)</b>	<u>82,156</u>	<u>(424,061)</u>
<b>Non-financial assets</b>		
Tangible capital assets (note 7)	31,946,481	32,351,544
Inventories	87,775	69,900
Prepaid expenses	<u>-</u>	<u>2,753</u>
	<u>32,034,256</u>	<u>32,424,197</u>
<b>Accumulated surplus</b> (note 9)	<b><u>\$ 32,116,412</u></b>	<b><u>\$ 32,000,136</u></b>

**Contingencies** (note 14)

The accompanying notes are an integral part of these financial statements.

(See accompanying notes)

**Welch LLP<sup>®</sup>**

An Independent Member of BKR International

**CORPORATION OF THE TOWNSHIP OF NORTH STORMONT**

**STATEMENT OF OPERATIONS**

**YEAR ENDED DECEMBER 31, 2017**

	<b><u>2017</u></b> <b><u>Budget</u></b> (Note 10)	<b><u>2017</u></b> <b><u>Actual</u></b>	<b><u>2016</u></b> <b><u>Actual</u></b>
<b>Operating revenues</b>			
Municipal taxation	\$ 2,717,429	\$ 2,723,018	\$ 2,720,200
User charges	1,918,212	1,929,549	1,922,355
Government transfers - operating	1,023,400	1,137,323	1,220,754
Investment income	15,000	12,836	7,685
Interest and penalties on taxes	162,800	147,156	151,878
Donations and other income	<u>3,994</u>	<u>3,056</u>	<u>10,264</u>
	<u>5,840,835</u>	<u>5,952,938</u>	<u>6,033,136</u>
<b>Operating expenditures</b>			
General government	1,009,891	958,731	929,608
Protection to persons and property	730,179	786,389	724,727
Transportation services	2,241,469	2,275,590	2,203,995
Environmental services	385,653	428,005	410,944
Water and sewer services	817,115	746,785	749,876
Health services	24,500	23,523	38,743
Recreational and cultural services	661,158	765,384	801,464
Planning and development	<u>159,268</u>	<u>256,624</u>	<u>372,282</u>
	<u>6,029,233</u>	<u>6,241,031</u>	<u>6,231,639</u>
<b>Net operating expenditures</b>	<u>(188,398)</u>	<u>(288,093)</u>	<u>(198,503)</u>
<b>Other income related to capital</b>			
Government transfers - capital	205,982	365,827	401,771
Donations	-	36,042	-
Gain on disposal of tangible capital assets	<u>-</u>	<u>2,500</u>	<u>-</u>
	<u>205,982</u>	<u>404,369</u>	<u>401,771</u>
<b>Annual surplus</b>	17,584	116,276	203,268
<b>Accumulated surplus at beginning of year</b>	<u>32,000,136</u>	<u>32,000,136</u>	<u>31,796,868</u>
<b>Accumulated surplus at end of year</b>	<b><u>\$ 32,017,720</u></b>	<b><u>\$ 32,116,412</u></b>	<b><u>\$ 32,000,136</u></b>

(See accompanying notes)

Welch LLP<sup>®</sup>

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**CORPORATION OF THE TOWNSHIP OF NORTH STORMONT**  
**STATEMENT OF CHANGES IN NET FINANCIAL ASSETS (LIABILITIES)**  
**YEAR ENDED DECEMBER 31, 2017**

	<b><u>2017</u></b> <b><u>Budget</u></b> (Note 10)	<b><u>2017</u></b> <b><u>Actual</u></b>	<b><u>2016</u></b> <b><u>Actual</u></b>
<b>Annual surplus</b>	\$ 17,584	\$ 116,276	\$ 203,268
Amortization of tangible capital assets	1,154,779	1,154,779	1,181,180
Acquisition of tangible capital assets	(697,750)	(749,716)	(1,133,739)
Gain on disposal of tangible capital assets	-	(2,500)	-
Proceeds on sale of tangible capital assets	-	2,500	-
Change in inventory	-	(17,875)	12,331
Change in prepaid expenses	<u>-</u>	<u>2,753</u>	<u>1,601</u>
<b>Decrease in net financial liabilities</b>	474,613	506,217	264,641
<b>Net financial liabilities at beginning of year</b>	<u>(424,061)</u>	<u>(424,061)</u>	<u>(688,702)</u>
<b>Net financial assets (liabilities) at end of year</b>	<b><u>\$ 50,552</u></b>	<b><u>\$ 82,156</u></b>	<b><u>\$ (424,061)</u></b>

(See accompanying notes)

**CORPORATION OF THE TOWNSHIP OF NORTH STORMONT**

**STATEMENT OF CASH FLOWS**

**YEAR ENDED DECEMBER 31, 2017**

	<b><u>2017</u></b>	<b><u>2016</u></b>
<b>Cash flows from operating activities</b>		
Annual surplus	\$ 116,276	\$ 203,268
Items not affecting cash:		
Amortization	1,154,779	1,181,180
Gain on disposal of tangible capital assets	<u>(2,500)</u>	<u>-</u>
	1,268,555	1,384,448
Net changes in non-cash working capital items:		
Taxes receivable	141,700	(30,686)
Accounts receivable	(45,944)	(1,140)
Inventories	(17,875)	12,331
Prepaid expenses	2,753	1,601
Accounts payable and accrued liabilities	2,005	(46,326)
Employee benefits payable	(17,229)	168,256
Deferred revenue	<u>(30,687)</u>	<u>(154,908)</u>
	<u>1,303,278</u>	<u>1,333,576</u>
<b>Cash flows from capital activities</b>		
Acquisition of tangible capital assets	(749,716)	(1,133,739)
Proceeds on disposal of tangible capital assets	<u>2,500</u>	<u>-</u>
	<u>(747,216)</u>	<u>(1,133,739)</u>
<b>Cash flows from investing activities</b>		
Advances of long-term receivables	(19,200)	(50,000)
Repayment of long-term receivable	<u>30,400</u>	<u>40,068</u>
	<u>11,200</u>	<u>(9,932)</u>
<b>Cash flows from financing activities</b>		
Temporary borrowings	200,000	-
Municipal debt repaid	(283,093)	(336,416)
Proceeds from long-term debt	<u>19,200</u>	<u>462,500</u>
	<u>(63,893)</u>	<u>126,084</u>
<b>Increase in cash</b>	503,369	315,989
<b>Cash at beginning of year</b>	<u>829,892</u>	<u>513,903</u>
<b>Cash at end of year</b>	<b><u>\$ 1,333,261</u></b>	<b><u>\$ 829,892</u></b>

(See accompanying notes)



**CORPORATION OF THE TOWNSHIP OF NORTH STORMONT**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2017**

**NATURE OF OPERATIONS**

The Corporation of the Township of North Stormont (the "Township") was incorporated on January 1, 1998 and is a lower tier municipality in the Province of Ontario. The Township is responsible for providing a variety of municipal services to its residents. The Township conducts its operations under the direction of its elected Council, guided by the provisions of provincial statutes such as the Municipal Act, 2001, Municipal Affairs Act and related legislation.

**1. SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Township are prepared by management in accordance with Canadian generally accepted accounting policies for local governments as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. These financial statements include the following significant accounting policies:

a) *Reporting entity*

These financial statements reflect the assets, liabilities, revenues and expenses and accumulated surplus of the reporting entity. The reporting entity is comprised of all municipal organizations, committees, and local boards accountable to the Township, and which are owned or controlled by the Township.

b) *Accounting for United Counties and School Board transactions*

The assets, liabilities, revenues, and expenditures with respect to the operations of the school boards and the United Counties of Stormont, Dundas and Glengarry are not reflected in these financial statements.

c) *Trust funds*

Trust funds and their related operations administered by the Township are not reflected in these financial statements, but are reported separately.

d) *Basis of accounting*

These financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable. Expenses are recognized as they are incurred and measurable based upon cost of goods or services acquired.

e) *Deferred revenue*

The Township receives contributions under the authority of federal and provincial legislation and funding agencies. These funds, by their nature, are restricted in their use, and until applied to applicable projects, are recorded as deferred revenue. Amounts applied to projects are recorded as revenue in the fiscal period in which they are expended.

f) *Reserve and reserve funds*

Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future operating and capital expenditures. Transfers to and from reserves and reserve funds are recorded as an adjustment to the respective fund when approved.

**CORPORATION OF THE TOWNSHIP OF NORTH STORMONT**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2017**

**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

g) *Government transfers*

Government transfers are recognized as revenues or expenditures in the period in which the events giving rise to the transfer occurred, provided the transfers are authorized, any eligibility criteria have been met by the recipient, and a reasonable estimates of the amounts can be made.

h) *Taxation and related revenues*

Property tax billings are prepared by the Township based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established annually by Council incorporating amounts to be raised for local services and amounts the Township is required to collect on behalf of the United Counties of Stormont, Dundas and Glengarry and the Province of Ontario in respect of education taxes. Realty taxes are billed based on the assessment rolls provided by MPAC. Taxation revenues are recorded at the time tax billings are issued.

A normal part of the assessment process is the issue of supplementary assessment rolls that provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the Township determines the taxes applicable and renders supplementary tax billings. Assessments and the related property taxes are subject to appeal. Any supplementary billing adjustments made necessary by the determination of such changes will be recognized in the period they are determined and the effect shared with the school boards as appropriate.

i) *Contaminated Sites Liability*

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when, as at the financial reporting date, all of the following criteria are met for a site or a portion of a site which is no longer in productive use:

- (a) an environmental standard exists;
- (b) contamination exceeds environmental standard;
- (c) the Township is directly responsible or accepts responsibility; and
- (d) a reasonable estimate of the amount can be made.

j) *Use of Estimates*

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are reviewed periodically and adjustments are made as appropriate in the year they become known. Management makes accounting estimates when determining the estimated useful life of the Township's tangible capital assets, its allowance for doubtful accounts, and the accrued liability for employee benefits. Actual results could differ from those estimates.

**CORPORATION OF THE TOWNSHIP OF NORTH STORMONT**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2017**

**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

k) *Tangible capital assets*

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over their estimated useful life as follows:

Buildings	40 years
Vehicles	25 years
Machinery and equipment	15 to 25 years
Transportation:	
- roads	15 to 50 years
- bridges and structures	90 years
- sidewalks	50 years
- illumination	50 years
Water and waste plants and networks:	
- underground networks	80 to 100 years
- sewage treatment plants	80 years
- water pumping stations and reservoirs	80 years
- flood stations and other infrastructure	80 years

Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue. Similarly, transfer of assets to third parties are recorded as an expense equal to the net book value of the assets as of the date of transfer.

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

**2. CASH**

Cash consists of the following:

	<b><u>2017</u></b>	<b><u>2016</u></b>
Unappropriated cash	\$ 86,910	\$ 650,549
Restricted under federal gas tax agreement	4,926	43,166
Restricted for general reserves	259,784	-
Restricted for water and sewer reserves	<u>981,641</u>	<u>136,177</u>
	<b><u>\$ 1,333,261</u></b>	<b><u>\$ 829,892</u></b>

**3. CREDIT FACILITY**

The Township has a revolving operating credit facility of up to \$2,700,000 with its main financial institution to finance current expenditures pending receipt of property taxes. The credit facility bears interest at prime. At December 31, 2017 the Township had drawn \$200,000 (2016 - \$nil) on the credit facility.

**CORPORATION OF THE TOWNSHIP OF NORTH STORMONT**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2017**

**4. ACCOUNTS RECEIVABLE**

Accounts receivable consists of the following:

	<b><u>2017</u></b>	<b><u>2016</u></b>
Water and sewer user fees receivables	\$ 236,002	\$ 214,191
Excise tax rebates receivable	41,652	76,122
Municipal drains charges receivable	65,713	139,417
Zoning charges receivable	76,385	65,356
Accounts receivable - other	<u>863,823</u>	<u>742,545</u>
	<b><u>\$1,283,575</u></b>	<b><u>\$1,237,631</u></b>

**5. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS**

A requirement of Canadian public sector accounting standards is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as legislation restricts how these funds may be used and under certain circumstances these funds may possibly be refunded. The balance held under the federal gas tax program is summarized as follows:

	<b><u>2017</u></b>	<b><u>2016</u></b>
Balance at beginning of year	\$ <u>43,166</u>	\$ <u>198,074</u>
Transactions in year:		
Grants received in year	209,628	205,982
Interest earned and other	1,166	1,321
Transferred to revenue	<u>(249,034)</u>	<u>(362,211)</u>
	<u>(38,240)</u>	<u>154,908</u>
Balance at end of year	<b><u>\$ 4,926</u></b>	<b><u>\$ 43,166</u></b>

**6. EMPLOYEE BENEFITS PAYABLE**

The Township provides certain employee benefits that will require funding in future periods for sick leave benefits, vacation pay and banked time owing. The Township is eliminating its accumulated sick leave bank within the next eight years by allowing active employees to use their banked sick time to pay for disability premiums. The liability for sick leave benefits at December 31, 2017 has been estimated based on the following assumptions: a discount rate of 3.2%, future salary rate increases of 1.2% per annum and projected cash payments as estimated by management. Vacation pay and banked time liabilities have been estimated based on pay rates in effect at December 31, 2017 and are expected to be paid out over the next fiscal year.

Employee benefits payable is comprised of:

	<b><u>2017</u></b>	<b><u>2016</u></b>
Sick leave benefits	\$123,535	\$143,371
Vacation pay	46,767	44,579
Banked time	<u>32,677</u>	<u>32,258</u>
	<b><u>\$202,979</u></b>	<b><u>\$220,208</u></b>

**CORPORATION OF THE TOWNSHIP OF NORTH STORMONT**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2017**

**7. TANGIBLE CAPITAL ASSETS**

Tangible capital assets consists of the following:

<b><u>Cost</u></b>	<b><u>Balance December 31, 2016</u></b>	<b><u>Additions</u></b>	<b><u>Disposals</u></b>	<b><u>Balance December 31, 2017</u></b>
Land	\$ 20,557	\$ 20,426	\$ -	\$ 40,983
Buildings	10,317,220	146,899	-	10,464,119
Vehicles	4,988,246	-	-	4,988,246
Equipment	1,893,438	159,428	-	2,052,866
Roads	8,422,990	103,944	-	8,526,934
Bridges	4,138,053	202,281	-	4,340,334
Water and sewer	<u>20,080,387</u>	<u>116,738</u>	<u>-</u>	<u>20,197,125</u>
	<b><u>\$49,860,891</u></b>	<b><u>\$ 749,716</u></b>	<b><u>\$ -</u></b>	<b><u>\$50,610,607</u></b>

<b><u>Accumulated Amortization</u></b>	<b><u>Balance December 31, 2016</u></b>	<b><u>Amortization Expense</u></b>	<b><u>Disposals</u></b>	<b><u>Balance December 31, 2017</u></b>
Land	\$ -	\$ -	\$ -	\$ -
Buildings	3,670,912	247,192	-	3,918,104
Vehicles	1,823,479	258,721	-	2,082,200
Equipment	928,689	89,134	-	1,017,823
Roads	3,542,208	292,290	-	3,834,498
Bridges	1,624,662	47,453	-	1,672,115
Water and sewer	<u>5,919,397</u>	<u>219,989</u>	<u>-</u>	<u>6,139,386</u>
	<b><u>\$17,509,347</u></b>	<b><u>\$1,154,779</u></b>	<b><u>\$ -</u></b>	<b><u>\$18,664,126</u></b>

<b><u>Net book value</u></b>	<b><u>December 31, 2016</u></b>	<b><u>December 31, 2017</u></b>
Land	\$ 20,557	\$ 40,983
Buildings	6,646,308	6,546,015
Vehicles	3,164,767	2,906,046
Equipment	964,749	1,035,043
Roads	4,880,782	4,692,436
Bridges	2,513,391	2,668,219
Water and sewer	<u>14,160,990</u>	<u>14,057,739</u>
	<b><u>\$32,351,544</u></b>	<b><u>\$31,946,481</u></b>

**CORPORATION OF THE TOWNSHIP OF NORTH STORMONT**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2017**

**8. MUNICIPAL DEBT**

Municipal debt consists of the following:

	<b><u>2017</u></b>	<b><u>2016</u></b>
<b><u>Ontario Infrastructure and Lands Corporation:</u></b>		
Debenture loan - 3.24% repayable in blended semi-annual payments of \$51,246, due November, 2034	\$1,331,634	\$1,389,570
Debenture loans - 2.38% repayable in blended semi-annual payments of \$35,990, due July, 2025	521,539	580,062
Debenture loan - 2.39% repayable in blended semi-annual payments of \$23,310, due December, 2026	375,519	412,500
Debenture loan - 1.66% repayable in blended semi-annual payments of \$23,605, due July, 2020	137,605	181,977
Debenture loan - 3.23% repayable in blended semi-annual payments of \$14,433, due September, 2023	156,346	179,596
Debenture loan - 4.46% repayable in blended semi-annual payments of \$16,787, due March, 2019	<u>48,195</u>	<u>78,598</u>
	<u>2,570,838</u>	<u>2,822,303</u>
<b><u>Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA):</u></b>		
Tile drainage debenture loans - 6% repayable over a ten year period in blended annual payments ranging between \$870 and \$6,793, maturity dates ranging from 2018 to 2027	177,284	185,525
Other	<u>-</u>	<u>4,187</u>
	<b><u>\$2,748,122</u></b>	<b><u>\$3,012,015</u></b>

The Township has offsetting tile drain loans receivable from property owners with the same terms and maturity dates as the OMAFRA tile drain loans above. These loans receivable have been included in long-term receivables on the statement of financial position.

Principal repayments on municipal debt are estimated to be as follows:

2018	\$ 287,171
2019	272,861
2020	263,863
2021	221,928
2022	228,935
2023 and subsequent	<u>1,473,364</u>
	<b><u>\$2,748,122</u></b>

**CORPORATION OF THE TOWNSHIP OF NORTH STORMONT**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2017**

**9. ACCUMULATED SURPLUS**

Accumulated surplus consists of restricted and unrestricted amounts and equity in tangible capital assets as follows:

	<b><u>2017</u></b>	<b><u>2016</u></b>
Reserves:		
Working capital	\$ 1,032,170	\$ 1,088,087
Transportation	402,090	299,000
Elections	15,002	10,000
Fire	212,747	100,000
Water and sewer	1,065,659	980,434
Capital	69,855	69,840
Landfill	20,004	20,000
Infrastructure	145,102	145,070
Less funded by reserve funds	<u>(1,241,425)</u>	<u>(136,177)</u>
	<u>1,721,204</u>	<u>2,576,254</u>
Reserve funds:		
General reserve funds	259,784	-
Water and sewer reserve funds	<u>981,641</u>	<u>136,177</u>
	<u>1,241,425</u>	<u>136,177</u>
Reserves and reserve funds - total	<u>2,962,629</u>	<u>2,712,431</u>
Invested in tangible capital assets:		
Equity in tangible capital assets	31,946,481	32,351,544
Less: related debt	<u>(2,570,838)</u>	<u>(2,826,490)</u>
	<u>29,375,643</u>	<u>29,525,054</u>
Amounts to be recovered from future revenues:		
Accrued interest	(18,881)	(17,143)
Future employee benefits	<u>(202,979)</u>	<u>(220,207)</u>
	<u>(221,860)</u>	<u>(237,350)</u>
	<b><u>\$ 32,116,412</u></b>	<b><u>\$ 32,000,135</u></b>

**10. BUDGETED FIGURES**

The budgeted figures are presented for comparison purposes as prepared and approved by the Township's Council. The budget figures have been adjusted from the cash basis of accounting as originally prepared and have been restated as follows to conform with Canadian public sector accounting standards:

	<b><u>2017</u></b>
Annual surplus as budgeted	\$ -
Add:	
Capital expenditures expensed	697,750
Principal repayment of municipal debt expensed	251,464
Transfers to reserves expensed	312,018
Less:	
Principal repayment of tile drain loans receivable included as income	(88,869)
Amortization of tangible capital assets not recorded	<u>(1,154,779)</u>
Annual surplus as presented on the statement of operations	<b><u>\$ 17,584</u></b>

**CORPORATION OF THE TOWNSHIP OF NORTH STORMONT**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2017**

**11. SEGMENTED INFORMATION**

The Township is a diversified municipal government that provides a wide range of services to its citizens. The services are provided by departments and their activities are reported in the statement of operations. Departments have been separately disclosed in the segmented information. For each reported segment, revenues and expenditures represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore certain allocation methodologies are employed in the preparation of segmented financial information. The accounting policies used in these segments are consistent with those in the preparation of the financial statements as disclosed in note 1. The nature of the Township's segments and the activities they encompass are as follows:

**General Government**

General government includes corporate services and governance of the Township. Administration as a segment includes operating and maintaining municipal owned buildings, human resource management, legal, communications, information systems and technology, support to Council for policy development in compliance with the Municipal Act, tax billing and collection responsibilities, financial management reporting and overall budget status as well as frontline reception and customer service.

**Protection to Persons and Property**

Protection services includes fire protection, conservation authority, protective inspection and control, and emergency measures. Fire protection includes inspection, extinguishing and suppression services, emergency first response, and prevention education and training programs. Inspection and control includes building inspection, by-law enforcement and dog control services.

**Transportation Services**

Transportation services includes administration and operation of traffic and parking services for the Township. In addition, services are provided for the winter and summer road maintenance along with the repair and construction of the municipal roads system including bridges and culverts, as well as operation and maintenance of a fleet of vehicles and equipment for use in providing services to the Township.

**Environmental Services**

Environmental services includes waste collection, disposal and recycling services.

**Water and Sewer Services**

Water and sewer services includes the operation of water and waste water facilities and infrastructure for the collection and distribution of both water and sewer services within the Township.

**Health Services**

Health services includes health and safety programs, cemetery maintenance and costs related to medical centres.

**Recreation and Cultural Services**

Recreation and cultural services includes services that contribute to the Township's development and sustainability through the provision of recreation and leisure programs including community halls, libraries, parks, recreation fields and arenas.

**Planning and Development**

Planning and development manages development for business interest, environmental concerns, heritage matters, local neighbourhoods and community development. It also facilitates economic development by providing services for the approval of all land development plans and the application and enforcement of the zoning by-law and official plan.



**CORPORATION OF THE TOWNSHIP OF NORTH STORMONT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

**11. SEGMENTED INFORMATION (continued)**

	<u>General Government</u>	<u>Protection</u>	<u>Transportation</u>	<u>Environment</u>	<u>Water and Sewer</u>	<u>Health</u>	<u>Recreation and Cultural</u>	<u>Planning and Development</u>	<u>2017 Totals</u>	<u>2016 Totals</u>
<b>Revenues</b>										
Municipal taxation	\$ 371,273	\$ 480,989	\$ 1,503,349	\$ -	\$ -	\$ 8,662	\$ 320,603	\$ 38,142	\$ 2,723,018	\$ 2,724,895
User charges	79,939	215,172	12,648	520,568	819,439	12,600	210,126	59,057	1,929,549	1,917,660
Government transfers	155,070	200,895	627,904	-	-	3,618	133,906	15,930	1,137,323	1,220,754
- operating										
Government transfers	-	-	249,033	-	41,747	-	75,047	-	365,827	401,771
- capital										
Other	<u>158,523</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,025</u>	<u>-</u>	<u>36,042</u>	<u>-</u>	<u>201,590</u>	<u>169,827</u>
	<u>764,805</u>	<u>897,056</u>	<u>2,392,934</u>	<u>520,568</u>	<u>868,211</u>	<u>24,880</u>	<u>775,724</u>	<u>113,129</u>	<u>6,357,307</u>	<u>6,434,907</u>
<b>Expenditures</b>										
Wages and benefits	642,715	314,600	704,671	112,731	-	-	161,667	89,303	2,025,687	2,119,949
Interest municipal debt	-	11,189	11,829	8,311	-	-	49,686	11,131	92,146	84,045
Materials and services	278,158	175,958	785,785	107,640	14,672	9,857	237,566	156,190	1,765,826	1,753,069
Contracted services	10,606	77,914	199,900	136,116	496,346	-	-	-	920,882	814,904
Insurance and	19,224	27,891	38,133	-	15,778	13,666	48,487	-	163,179	166,921
financial costs										
Third party transfers	-	40,460	-	-	-	-	78,072	-	118,532	111,571
Amortization	<u>8,028</u>	<u>138,377</u>	<u>535,272</u>	<u>63,207</u>	<u>219,989</u>	<u>-</u>	<u>189,906</u>	<u>-</u>	<u>1,154,779</u>	<u>1,181,180</u>
	<u>958,731</u>	<u>786,389</u>	<u>2,275,590</u>	<u>428,005</u>	<u>746,785</u>	<u>23,523</u>	<u>765,384</u>	<u>256,624</u>	<u>6,241,031</u>	<u>6,231,639</u>
<b>Net surplus (deficit)</b>	<b>\$ (193,926)</b>	<b>\$ 110,667</b>	<b>\$ 117,344</b>	<b>\$ 92,563</b>	<b>\$ 121,426</b>	<b>\$ 1,357</b>	<b>\$ 10,340</b>	<b>\$ (143,495)</b>	<b>\$ 116,276</b>	<b>\$ 203,268</b>

**CORPORATION OF THE TOWNSHIP OF NORTH STORMONT**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2017**

**12. OPERATION OF SCHOOL BOARDS AND THE UNITED COUNTIES**

The following taxation revenues were raised and remitted to school boards and the United Counties of Stormont, Dundas and Glengarry:

	<b><u>2017</u></b>	<b><u>2016</u></b>
School boards	<b><u>\$ 1,648,554</u></b>	<b><u>\$ 1,676,337</u></b>
United Counties of Stormont, Dundas and Glengarry	<b><u>\$ 4,250,276</u></b>	<b><u>\$ 3,952,840</u></b>

**13. PENSION AGREEMENTS**

The Township makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of its employees. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees, based on length of service and rates of pay. OMERS provides pension services to approximately 1,000 employers and 480,000 plan members.

Each year an independent actuary determines the funding status of the OMERS pension plan (the Plan) by comparing the actuarial value of the invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2017. The results of this valuation disclosed total actuarial liabilities of \$94,431 million in respect of defined benefit obligations with actuarial assets of \$89,028 million indicating an actuarial deficit of \$5,403 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of employers and plan members participating in the Plan. The Township has adopted defined contribution plan accounting principles for this plan because insufficient information is available to apply defined benefit plan accounting principles. As a result, the Township does not recognize any share of the OMERS pension deficit.

The amount contributed to OMERS for 2017 was \$112,436 (2016 - \$100,564) for current service and is included as an expenditure on the statement of operations.

**14. CONTINGENCIES**

In 2014, the Government of Ontario expanded regulations to include six additional cancers presumed to be work related for firefighters under the Workplace Safety and Insurance Act. This change is retroactive to January 1, 1960. The Workplace Safety and Insurance Board (WSIB) has determined a potential liability for all Schedule 2 employers based on the total number of firefighters employed across the province. As the WSIB potential liability has been based on assumptions and general allocations and no specific claims have been filed with the Township, no provision for potential claims has been recorded in these financial statements.

The nature of municipal activities is such that there may be litigation pending or in prospect at any time. With respect to claims at December 31, 2017, management believes that the Township has valid defences and appropriate insurance coverages in place. In the event any claims are successful, the amount of any potential liability is not determinable, therefore, no amount has been accrued in these financial statements.

**CORPORATION OF THE TOWNSHIP OF NORTH STORMONT**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2017**

**15. EXPENSES BY OBJECT**

Operating expenditures by object is summarized as follows:

	<b><u>2017</u></b>	<b><u>2016</u></b>
Wages and benefits	\$2,025,687	\$2,119,949
Interest on municipal debt	92,146	84,045
Materials and services	1,765,826	1,753,069
Contracted services	920,882	814,904
Insurance and financial costs	163,179	166,921
Third party transfers	118,532	111,571
Amortization	<u>1,154,779</u>	<u>1,181,180</u>
	<b><u>\$6,241,031</u></b>	<b><u>\$6,231,639</u></b>

**16. COMPARATIVE FIGURES**

Comparative figures have been reclassified where necessary to conform to the presentation adopted for 2017.

**CORPORATION OF THE TOWNSHIP OF NORTH STORMONT**

**SCHEDULE 1 - FIVE YEAR FINANCIAL REVIEW (unaudited)**

**DECEMBER 31, 2017**

	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>
<b>Population (MPAC)</b>	5,770	5,766	5,804	5,938	5,938
<b>Number of Households (MPAC)</b>	2,881	2,922	2,828	2,815	2,815
<b>Taxable Assessment (000's)</b>					
Residential and farm	\$ 989,347	\$ 885,865	\$ 818,476	\$ 742,590	\$ 675,077
Commercial and industrial	34,407	31,748	29,885	26,672	24,648
Exempt	<u>24,469</u>	<u>24,442</u>	<u>22,928</u>	<u>22,463</u>	<u>22,188</u>
Total	<u>\$1,048,223</u>	<u>\$942,055</u>	<u>\$871,289</u>	<u>\$791,725</u>	<u>\$721,913</u>
<b>Property Taxes Billed (000's)</b>					
Own purpose	\$ 2,723	\$ 2,720	\$ 2,474	\$ 2,343	\$ 2,337
Upper-Tier Municipality	4,250	3,953	3,766	3,578	3,414
School Boards	<u>1,649</u>	<u>1,676</u>	<u>1,573</u>	<u>1,505</u>	<u>1,424</u>
Total	<u>\$ 8,622</u>	<u>\$ 8,349</u>	<u>\$ 7,813</u>	<u>\$ 7,426</u>	<u>\$ 7,175</u>
<b>Tax Arrears</b>					
% of own levy	31 %	36 %	39 %	42 %	47 %
% of total levy	10 %	12 %	12 %	13 %	15 %
<b>Municipal Debt (000's)</b>					
Municipal debt	\$ 2,748	\$ 3,012	\$ 2,886	\$ 2,299	\$ 960
Annual debt charges	\$ 331	\$ 356	\$ 294	\$ 210	\$ 174
<b>Municipal Equity (000's)</b>					
Surplus and reserves	\$ 2,963	\$ 2,712	\$ 2,038	\$ 2,102	\$ 2,916
Invested in tangible capital assets	\$ 29,376	\$ 29,525	\$ 29,706	\$ 30,871	\$ 30,916
Reserves as % of operating expenses	47.48 %	43.52 %	35.85 %	33.00 %	38.00 %
<b>Financial Indicators:</b>					
<b>Sustainability:</b>					
Financial assets to liabilities	1.02 %	0.88 %	0.81 %	0.85 %	1.57 %
Municipal debt to tangible capital assets	8.60 %	9.31 %	8.91 %	6.99 %	3.04 %
<b>Flexibility:</b>					
Debt charges to total operating revenue	5.56 %	5.90 %	5.42 %	3.86 %	2.97 %
Total operating revenue to taxable assessment	0.57 %	0.64 %	0.62 %	0.69 %	0.81 %
<b>Vulnerability:</b>					
Operating government transfers to operating revenues	19.11 %	20.23 %	20.12 %	22.20 %	23.03 %
Total government transfers to total revenues	25.25 %	26.89 %	20.12 %	25.62 %	28.83 %