

**FINANCIAL STATEMENTS**  
For the  
**CORPORATION OF THE TOWNSHIP OF NORTH GLENGARRY**  
For year ended  
**DECEMBER 31, 2022**

**CORPORATION OF THE TOWNSHIP OF NORTH GLENGARRY**

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**DECEMBER 31, 2022**

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## **Management's Responsibility for the Financial Statements**

The accompanying financial statements of the **Corporation of the Township of North Glengarry** 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 Glengarry and meet when required.

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

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**Sarah Huskinson, CPA, CGA**  
Chief Administrative Officer/Clerk

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**Kimberley Goyette**  
Director of Finance/Treasurer

Alexandria, Ontario  
May 23, 2023

**INDEPENDENT AUDITOR'S REPORT**

To the Members of Council of the:

**CORPORATION OF THE TOWNSHIP OF NORTH GLENGARRY***Opinion*

We have audited the accompanying financial statements of the **Corporation of the Township of North Glengarry** (the Township), which comprise the statement of financial position as at December 31, 2022 and the statements of operations, changes in net financial liabilities and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, excepts for the effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Township as at December 31, 2022 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 Qualified Opinion*

The Township is expected to receive insurance proceeds related to an investigation into its taxes receivable. A provision in the amount of \$550,000 for estimated insurance recoveries has been recorded in these financial statements. We were unable to obtain sufficient appropriate audit evidence about the carrying amount of this expected insurance recovery due to the measurement uncertainty of the insurable loss. Consequently, we were unable to determine whether any adjustments might have been necessary to the financial assets recorded in the statement of financial position as at December 31, 2022, as well as any related adjustments to the statements of operations, changes in net assets and the cash flows.

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 Consolidated 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 qualified audit opinion.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Township's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Township or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Township's financial reporting process.

*Auditor's Responsibilities for the Audit of the Consolidated 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 consolidated 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 and 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 the audit.

*Welch LLP*

**Cornwall, Ontario  
May 23, 2023**

**CHARTERED PROFESSIONAL ACCOUNTANTS  
LICENSED PUBLIC ACCOUNTANTS**

**Welch LLP<sup>®</sup>**

**CORPORATION OF THE TOWNSHIP OF NORTH GLENGARRY**

**STATEMENT OF FINANCIAL POSITION**

**DECEMBER 31, 2022**

	<b><u>2022</u></b>	<b><u>2021</u></b>
<b>Financial assets</b>		
Cash (note 2)	\$ 3,986,478	\$ 3,365,145
Taxes receivable	1,253,377	1,543,661
Accounts receivable (note 3)	3,762,108	3,269,291
Long-term receivables (note 5)	<u>247,878</u>	<u>264,538</u>
	<u>9,249,841</u>	<u>8,442,635</u>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	1,905,819	1,353,932
Employee benefits payable (note 7)	274,237	245,563
Deferred revenue - obligatory reserve funds (note 6)	460,940	131,012
Landfill closure and post-closure liabilities	1,799,758	1,788,157
Municipal debt (note 9)	<u>8,757,064</u>	<u>9,420,236</u>
	<u>13,197,818</u>	<u>12,938,900</u>
<b>Net financial liabilities</b>	<u>(3,947,977)</u>	<u>(4,496,265)</u>
<b>Non-financial assets</b>		
Tangible capital assets (note 8)	81,282,988	78,547,033
Tangible capital assets under construction	43,591	16,790
Inventory	139,832	114,536
Prepaid expenses	<u>23,955</u>	<u>33,692</u>
	<u>81,490,366</u>	<u>78,712,051</u>
<b>Accumulated surplus</b> (note 10)	<b><u>\$ 77,542,389</u></b>	<b><u>\$ 74,215,786</u></b>

**Contingencies** (note 14)

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

(See accompanying notes)

**CORPORATION OF THE TOWNSHIP OF NORTH GLENGARRY**

**STATEMENT OF OPERATIONS**

**YEAR ENDED DECEMBER 31, 2022**

	<b><u>2022</u></b> <b><u>Budget</u></b> (Note 15)	<b><u>2022</u></b> <b><u>Actual</u></b>	<b><u>2021</u></b> <b><u>Actual</u></b>
<b>Operating revenues</b>			
Municipal taxation	\$ 6,454,693	\$ 6,353,704	\$ 6,213,069
User charges	5,738,384	5,547,576	5,181,231
Government transfers - operating	2,365,700	2,527,175	2,789,733
Investment income	33,000	152,660	39,696
Interest and penalties on taxes	300,000	242,003	293,490
Donations and other income	-	250	1,600
	<u>14,891,777</u>	<u>14,823,368</u>	<u>14,518,819</u>
<b>Operating expenditures</b>			
General government	1,563,450	1,462,080	1,636,491
Protection to persons and property	1,876,057	1,938,941	1,654,375
Transportation services	3,971,926	4,006,801	3,591,964
Environmental services	4,568,491	4,610,500	4,703,280
Health services	23,000	411	59
Recreational and cultural services	2,094,432	2,247,877	2,013,523
Planning and development	824,092	514,660	579,403
	<u>14,921,448</u>	<u>14,781,270</u>	<u>14,179,095</u>
<b>Net operating surplus</b>	<u>(29,671)</u>	<u>42,098</u>	<u>339,724</u>
<b>Other income related to capital</b>			
Government transfers - capital	2,693,711	2,404,385	2,763,251
Gain on disposal of tangible capital assets	20,000	880,120	40,472
	<u>2,713,711</u>	<u>3,284,505</u>	<u>2,803,723</u>
<b>Annual surplus</b>	2,684,040	3,326,603	3,143,447
<b>Accumulated surplus at beginning of year</b>	<u>74,215,786</u>	<u>74,215,786</u>	<u>71,072,339</u>
<b>Accumulated surplus at end of year</b>	<b><u>\$ 76,899,826</u></b>	<b><u>\$ 77,542,389</u></b>	<b><u>\$ 74,215,786</u></b>

(See accompanying notes)

**CORPORATION OF THE TOWNSHIP OF NORTH GLENGARRY**  
**STATEMENT OF CHANGES IN NET FINANCIAL LIABILITIES**  
**YEAR ENDED DECEMBER 31, 2022**

	<b><u>2022</u></b> <b><u>Budget</u></b> <b>(Note 15)</b>	<b><u>2022</u></b> <b><u>Actual</u></b>	<b><u>2021</u></b> <b><u>Actual</u></b>
<b>Annual surplus</b>	\$ 2,684,040	\$ 3,326,603	\$ 3,143,447
Amortization of tangible capital assets	2,923,898	2,923,898	2,782,759
Acquisition of tangible capital assets and tangible capital assets under construction	(7,647,433)	(6,595,404)	(4,368,123)
Gain on disposal of tangible capital assets	(20,000)	(880,120)	(40,472)
Proceeds on disposal of tangible capital assets	20,000	1,788,870	40,472
Change in inventory	-	(25,296)	6,075
Change in prepaid expenses	<u>-</u>	<u>9,737</u>	<u>(28,960)</u>
<b>(Increase) decrease in net financial liabilities</b>	(2,039,495)	548,288	1,535,198
<b>Net financial liabilities at beginning of year</b>	<u>(4,496,265)</u>	<u>(4,496,265)</u>	<u>(6,031,463)</u>
<b>Net financial liabilities at end of year</b>	<b><u>\$ (6,535,760)</u></b>	<b><u>\$ (3,947,977)</u></b>	<b><u>\$ (4,496,265)</u></b>

(See accompanying notes)



**CORPORATION OF THE TOWNSHIP OF NORTH GLENGARRY**

**STATEMENT OF CASH FLOWS**

**YEAR ENDED DECEMBER 31, 2022**

	<b><u>2022</u></b>	<b><u>2021</u></b>
<b>Cash flows from operating activities</b>		
Annual surplus	\$ 3,326,603	\$ 3,143,447
Items not affecting cash:		
Amortization	2,923,898	2,782,759
Gain on disposal of tangible capital assets	<u>(880,120)</u>	<u>(40,472)</u>
	5,370,381	5,885,734
Net changes in non-cash working capital items:		
Taxes receivable	290,284	222,340
Accounts receivable	(492,817)	(373,946)
Inventory	(25,296)	6,075
Prepaid expenses	9,737	(28,960)
Accounts payable and accrued liabilities	551,887	(503,429)
Employee benefits payable	28,674	(3,316)
Landfill closure and post-closure liabilities	11,601	202,018
Deferred revenue	<u>329,928</u>	<u>(276,759)</u>
	<u>6,074,379</u>	<u>5,129,757</u>
<b>Cash flows from capital activities</b>		
Acquisition of tangible capital assets and tangible capital assets under construction	(6,595,404)	(4,727,127)
Proceeds on disposal of tangible capital assets	<u>1,788,870</u>	<u>40,472</u>
	<u>(4,806,534)</u>	<u>(4,686,655)</u>
<b>Cash flows from investing activities</b>		
Advances of long-term receivables	(44,200)	-
Repayment of long-term receivable	<u>60,860</u>	<u>84,689</u>
	<u>16,660</u>	<u>84,689</u>
<b>Cash flows from financing activities</b>		
Municipal debt repaid	(707,372)	(717,519)
Proceeds from municipal debt	<u>44,200</u>	<u>793,000</u>
	<u>(663,172)</u>	<u>75,481</u>
<b>Increase in cash</b>	621,333	603,272
<b>Cash at beginning of year</b>	<u>3,365,145</u>	<u>2,761,873</u>
<b>Cash at end of year</b>	<b><u>\$ 3,986,478</u></b>	<b><u>\$ 3,365,145</u></b>

(See accompanying notes)

**CORPORATION OF THE TOWNSHIP OF NORTH GLENGARRY**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2022**

**NATURE OF OPERATIONS**

The Corporation of the Township of North Glengarry (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) *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.

d) *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.

e) *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 GLENGARRY**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2022**

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

f) *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.

g) *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.

h) *Landfill Closure and Post-closure Liability*

The Township accrues landfill closure and post-closure care requirements that have been defined in accordance with industry standards and include final covering, landscaping, as well as surface and ground water monitoring and visual inspections. The reported liability is based on estimated future expenses in current dollars, adjusted for estimated inflation and charges to expense are based on usage.

i) *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 accounts receivable, the accrued liability for employee benefits and the accrued liability for landfill closure and post closure costs. Actual results could differ from those estimates.

**CORPORATION OF THE TOWNSHIP OF NORTH GLENGARRY**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2022**

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

j) *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:

Land improvements	10 years
Buildings	40 years
Vehicles	10 to 25 years
Machinery and equipment	5 to 50 years
Transportation:	
- roads	7 to 40 years
- bridges and structures	40 years
Water and waste plants and networks	50 to 100 years

Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized. One half of the annual amortization is charged in the year of acquisition and in the year of disposal.

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>2022</u></b>	<b><u>2021</u></b>
Unappropriated cash	\$ 2,446,398	\$ 1,630,337
Restricted under federal gas tax agreement	460,940	131,012
Restricted for reserve funds	<u>1,079,140</u>	<u>1,603,796</u>
	<b><u>\$ 3,986,478</u></b>	<b><u>\$ 3,365,145</u></b>

**3. ACCOUNTS RECEIVABLE**

Accounts receivable consists of the following:

	<b><u>2022</u></b>	<b><u>2021</u></b>
Water and sewer user fees receivables	\$ 419,303	\$ 402,578
Excise tax rebates receivable	287,682	237,366
Municipal drains charges receivable	652,785	648,217
Due from School Boards and the United Counties	55,901	90,412
Accounts receivable - other	<u>2,346,437</u>	<u>1,890,718</u>
	<b><u>\$ 3,762,108</u></b>	<b><u>\$ 3,269,291</u></b>

**CORPORATION OF THE TOWNSHIP OF NORTH GLENGARRY**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2022**

**4. CREDIT FACILITY**

The Township has an authorized revolving operating line of credit facility with a maximum limit of \$2,000,000. The credit facility bears interest at prime and was unused at December 31, 2022.

**5. LONG-TERM RECEIVABLES**

Long-term receivables consists of the following:

	<u>2022</u>	<u>2021</u>
Community improvement program loans receivable	\$ 58,250	\$ 79,397
Tile drainage loans receivable	<u>189,628</u>	<u>185,141</u>
	<u>\$ 247,878</u>	<u>\$ 264,538</u>

**6. 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 balances held in the obligatory reserve funds are as follows:

	<u>Balance December 31, 2021</u>	<u>Additions</u>	<u>Transferred to Income</u>	<u>Balance December 31, 2022</u>
Federal gas tax	<u>\$ 131,012</u>	<u>\$ 329,928</u>	<u>\$ -</u>	<u>\$ 460,940</u>

**7. EMPLOYEE BENEFITS PAYABLE**

The Township provides employee benefits that will require funding in future periods for vacation pay. The vacation pay liability has been estimated based on pay rates in effect at December 31, 2022 and is expected to be paid out over the next fiscal year.

Employee benefits payable is comprised of:

	<u>2022</u>	<u>2021</u>
Vacation pay	<u>\$ 274,237</u>	<u>\$ 245,563</u>

**CORPORATION OF THE TOWNSHIP OF NORTH GLENGARRY**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2022**

**8. TANGIBLE CAPITAL ASSETS**

Tangible capital assets consists of the following:

<b><u>Cost</u></b>	<b><u>Balance December 31, 2021</u></b>	<b><u>Additions</u></b>	<b><u>Disposals</u></b>	<b><u>Balance December 31, 2022</u></b>
Land	\$ 536,999	\$ 168,262	\$ (190,000)	\$ 515,261
Land improvements	1,564,905	20,518	-	1,585,423
Buildings	26,049,574	3,636,352	(838,643)	28,847,283
Vehicles	9,770,582	711,091	-	10,481,673
Equipment	5,013,050	409,535	-	5,422,585
Roads	21,131,573	1,182,004	-	22,313,577
Bridges	8,677,034	-	-	8,677,034
Water and sewer	<u>57,738,068</u>	<u>440,844</u>	<u>-</u>	<u>58,178,912</u>
	<b><u>\$130,481,785</u></b>	<b><u>\$ 6,568,606</u></b>	<b><u>\$(1,028,643)</u></b>	<b><u>\$136,021,748</u></b>

<b><u>Accumulated Amortization</u></b>	<b><u>Balance December 31, 2021</u></b>	<b><u>Amortization Expense</u></b>	<b><u>Disposals</u></b>	<b><u>Balance December 31, 2022</u></b>
Land	\$ -	\$ -	\$ -	\$ -
Land improvements	1,095,845	47,795	-	1,143,640
Buildings	18,731,636	736,818	(119,890)	19,348,564
Vehicles	5,435,813	497,896	-	5,933,709
Equipment	4,112,086	160,801	-	4,272,887
Roads	13,923,420	795,504	-	14,718,924
Bridges	3,349,918	136,217	-	3,486,135
Water and sewer	<u>5,286,034</u>	<u>548,867</u>	<u>-</u>	<u>5,834,901</u>
	<b><u>\$ 51,934,752</u></b>	<b><u>\$2,923,898</u></b>	<b><u>\$ (119,890)</u></b>	<b><u>\$ 54,738,760</u></b>

<b><u>Net book value</u></b>	<b><u>December 31, 2021</u></b>	<b><u>December 31, 2022</u></b>
Land	\$ 536,999	\$ 515,261
Land improvements	469,060	441,783
Buildings	7,317,938	9,498,719
Vehicles	4,334,769	4,547,964
Equipment	900,964	1,149,698
Roads	7,208,153	7,594,653
Bridges	5,327,116	5,190,899
Water and sewer	<u>52,452,034</u>	<u>52,344,011</u>
	<b><u>\$ 78,547,033</u></b>	<b><u>\$ 81,282,988</u></b>

**CORPORATION OF THE TOWNSHIP OF NORTH GLENGARRY**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2022**

**9. MUNICIPAL DEBT**

Municipal debt consists of the following:

	<b><u>2022</u></b>	<b><u>2021</u></b>
<u>Royal Bank of Canada</u>		
Term loans - interest rates between 2.49% and 3.35%, repayable in monthly blended payments ranging between \$1,445 and \$2,391, maturity dates ranging from 2026 to 2031	\$ 737,443	\$ 924,219
<u>Ontario Infrastructure and Lands Corporation</u>		
Debenture loans - interest rates between 1.86% and 3.01%, repayable in semi-annual payments ranging between \$13,000 and \$125,000 plus interest, maturity dates ranging from 2024 to 2049	7,829,993	8,310,876
<u>Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA):</u>		
Tile drainage debenture loans - 6% repayable over a ten year period in blended annual payments ranging between \$734 and \$6,793, maturity dates ranging from 2024 to 2032	<u>189,628</u>	<u>185,141</u>
	<b><u>\$8,757,064</u></b>	<b><u>\$9,420,236</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:

2023	\$ 497,358
2024	487,171
2025	457,779
2026	444,533
2027	419,024
2028 and subsequent	<u>6,451,199</u>
	<b><u>\$ 8,757,064</u></b>

**CORPORATION OF THE TOWNSHIP OF NORTH GLENGARRY**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2022**

**10. ACCUMULATED SURPLUS**

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

	<b><u>2022</u></b>	<b><u>2021</u></b>
Reserves:		
Working funds	\$ 766,397	\$ 716,144
CEMC contingency fund	43,653	43,500
Fire	39,700	86,560
Major capital	1,003,517	-
Modernization & efficiency	385,231	604,568
Recreation	50,522	300,345
Parkland	75,082	60,819
Roads	357,262	656,010
Safe restart fund	-	22,000
Waste management	1,060,110	1,018,394
RARE	376,852	387,531
Water & sewer	2,718,014	2,358,487
WSIB	54,634	54,443
Zoning and elections	90,317	117,500
Other	507,531	531,155
Less funded by reserve funds	<u>(1,079,140)</u>	<u>(1,603,796)</u>
	<u>6,449,682</u>	<u>5,353,660</u>
Reserve funds:		
General reserve funds	693,909	999,228
Modernization & efficiency reserve fund	<u>385,231</u>	<u>604,568</u>
	<u>1,079,140</u>	<u>1,603,796</u>
Reserves and reserve funds - total	<u>7,528,822</u>	<u>6,957,456</u>
Invested in tangible capital assets:		
Equity in tangible capital assets	81,326,579	78,563,823
Less: related debt	(8,567,436)	(9,235,095)
Less: unfinanced tangible capital assets	<u>(638,000)</u>	<u>-</u>
	<u>72,121,143</u>	<u>69,328,728</u>
Amounts to be recovered from future revenues:		
Accrued interest	(33,581)	(36,678)
Accrued landfill closure and post-closure costs	(1,799,758)	(1,788,157)
Employee benefits payable	<u>(274,237)</u>	<u>(245,563)</u>
	<u>(2,107,576)</u>	<u>(2,070,398)</u>
	<b><u>\$ 77,542,389</u></b>	<b><u>\$ 74,215,786</u></b>



**CORPORATION OF THE TOWNSHIP OF NORTH GLENGARRY**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2022**

**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 the operation of water and waste water facilities and infrastructure for the collection and distribution of both water and sewer services as well as solid waste collection, disposal and recycling services.

Health Services

Health services includes health and safety programs, and contributions to the Glengarry Memorial Hospital.

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 GLENGARRY**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2022**

**11. SEGMENTED INFORMATION (continued)**

	<u>General Government</u>	<u>Protection</u>	<u>Transportation</u>	<u>Environment</u>	<u>Health</u>	<u>Recreation and Cultural</u>	<u>Planning and Development</u>	<u>2022 Totals</u>	<u>2021 Totals</u>
<b>Revenues</b>									
Municipal taxation	\$ 673,631	\$ 951,020	\$ 2,800,417	\$ 536,062	\$ 16,630	\$ 1,046,292	\$ 329,652	\$ 6,353,704	\$ 6,213,069
User charges	111,290	400,204	57,821	4,149,477	-	557,129	271,655	5,547,576	5,181,231
Government transfers									
- operating	267,934	378,267	1,113,861	213,218	6,615	416,161	131,119	2,527,175	2,789,733
- capital	-	-	488,992	-	-	1,915,393	-	2,404,385	2,763,251
Other	<u>394,913</u>	<u>880,120</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,275,033</u>	<u>375,258</u>
	<u>1,447,768</u>	<u>2,609,611</u>	<u>4,461,091</u>	<u>4,898,757</u>	<u>23,245</u>	<u>3,934,975</u>	<u>732,426</u>	<u>18,107,873</u>	<u>17,322,542</u>
<b>Expenditures</b>									
Wages and benefits	728,457	896,208	1,390,073	1,160,045	-	925,318	307,712	5,407,813	5,261,372
Interest municipal debt	-	44,637	8,304	199,701	-	-	11,189	263,831	277,522
Materials and services	558,890	465,058	1,262,366	1,641,295	411	802,631	185,415	4,916,066	4,677,059
Contracted services	-	31,157	59,457	464,528	-	10,461	-	565,603	535,014
Insurance and financial costs	93,450	99,640	69,528	107,162	-	45,823	-	415,603	349,674
Third party transfers	-	127,776	-	-	-	163,180	(2,500)	288,456	295,695
Amortization	<u>81,283</u>	<u>274,465</u>	<u>1,217,073</u>	<u>1,037,769</u>	<u>-</u>	<u>300,464</u>	<u>12,844</u>	<u>2,923,898</u>	<u>2,782,759</u>
	<u>1,462,080</u>	<u>1,938,941</u>	<u>4,006,801</u>	<u>4,610,500</u>	<u>411</u>	<u>2,247,877</u>	<u>514,660</u>	<u>14,781,270</u>	<u>14,179,095</u>
<b>Net surplus (deficit)</b>	<b><u>\$ (14,312)</u></b>	<b><u>\$ 670,670</u></b>	<b><u>\$ 454,290</u></b>	<b><u>\$ 288,257</u></b>	<b><u>\$ 22,834</u></b>	<b><u>\$ 1,687,098</u></b>	<b><u>\$ 217,766</u></b>	<b><u>\$ 3,326,603</u></b>	<b><u>\$ 3,143,447</u></b>

**CORPORATION OF THE TOWNSHIP OF NORTH GLENGARRY**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2022**

**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>2022</u></b>	<b><u>2021</u></b>
School boards	<b><u>\$ 2,587,608</u></b>	<b><u>\$ 2,572,516</u></b>
United Counties of Stormont, Dundas and Glengarry	<b><u>\$ 7,064,926</u></b>	<b><u>\$ 6,893,293</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 559,000 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, 2022. The results of this valuation disclosed total actuarial liabilities of \$130,306 million with actuarial assets of \$123,628 million indicating an actuarial deficit of \$6,678 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 2022 was \$326,401 (2021 - \$294,632) 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 Township previously established a reserve for future WSIB costs in the amount of \$54,634 to mitigate any claims from when it previously was a Schedule 2 employer.

The nature of municipal activities is such that there may be litigation pending or in prospect at any time. Litigation is subject to many uncertainties and the outcome of individual matters is not predictable. A provision for litigation claims has been recorded in these consolidated financial statements based on management's best estimate of the likely outcomes. Should claims be settled for amounts other than established accruals, the outstanding amounts will be offset against operations in the year of settlement.

**CORPORATION OF THE TOWNSHIP OF NORTH GLENGARRY**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2022**

**15. 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>2022</u></b>
Annual surplus as budgeted	\$ -
Add:	
Capital expenditures expensed	7,647,433
Principal repayment of municipal debt expensed	759,798
Transfers to reserves expensed	109,575
Less:	
Loan proceeds included as income	(1,005,000)
Transfers from reserves included as income	(1,812,618)
Principal repayment of tile drain loans receivable included as income	(91,250)
Amortization of tangible capital assets not recorded	<u>(2,923,898)</u>
Annual budgeted surplus as presented on the statement of operations	<b><u>\$ 2,684,040</u></b>

**16. EXPENSES BY OBJECT**

Operating expenditures by object is summarized as follows:

	<b><u>2022</u></b>	<b><u>2021</u></b>
Wages and benefits	\$ 5,407,813	\$ 5,261,372
Interest on municipal debt	263,831	277,522
Materials and services	4,916,066	4,677,059
Contracted services	565,603	535,014
Insurance and financial costs	415,603	349,674
Third party transfers	288,456	295,695
Amortization	<u>2,923,898</u>	<u>2,782,759</u>
	<b><u>\$ 14,781,270</u></b>	<b><u>\$ 14,179,095</u></b>

**17. MEASUREMENT UNCERTAINTY - LANDFILL LIABILITIES**

Management's estimate for the landfill closure and post-closure liability is subject to measurement uncertainty. The estimate is based on assumptions and calculations contained in the engineer's reports completed in 2021, modified as necessary for the passage of time and actual use of the landfill site. Actual results could differ significantly from those estimates because of the uncertainty related to future cost estimates and future use of the landfill site.

**CORPORATION OF THE TOWNSHIP OF NORTH GLENGARRY**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2022**

**18. FUTURE ACCOUNTING PRONOUNCEMENTS**

Standards effective beginning on or after April 1, 2022

*Financial instruments*

PS 3450 establishes recognition, measurement, and disclosure requirements for derivative and non-derivative financial instruments. The standard requires fair value measurement of derivatives and equity instruments that are quoted in an active market; all other financial instruments can be measured at cost/amortized cost or fair value at the election of the government. Unrealized gains and losses are presented in a new statement of remeasurement gains and losses. There is the requirement to disclose the nature and extent of risks arising from financial instruments and clarification is given for the de-recognition of financial liabilities.

This standard is effective for fiscal years beginning on or after April 1, 2022. Early adoption is permitted.

*Asset Retirement Obligations*

PS 3280 establishes standards on how to account for and report a liability for asset retirement obligations ("ARO"). As asset retirement obligations associated with landfills are included in the scope of PS 3280, PS 3270 Solid Waste Landfill Closure and Post-Closure Liability will be withdrawn. The main features of this standard are as follows:

- An ARO represents a legal obligation associated with the retirement of a tangible capital asset.
- Asset retirement costs increase the carrying amount of the related tangible capital asset and are expensed in a rational and systematic manner.
- When an asset is no longer in productive use, the associated asset retirement costs are expensed.
- Measurement of the ARO liability should result in the best estimate of the amount required to retire a tangible capital asset at the financial statement date.
- Subsequent measurement of the ARO liability results in either a change in the carrying amount of the related tangible capital asset or an expense. The accounting treatment depends on the nature of the remeasurement and whether the asset remains in productive use.

This standard is effective for fiscal years beginning on or after April 1, 2022. Early adoption is permitted

**CORPORATION OF THE TOWNSHIP OF NORTH GLENGARRY**

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

**DECEMBER 31, 2022**

	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>
<b>Population (MPAC)</b>	8,444	8,325	8,407	8,379	8,511
<b>Number of Households (MPAC)</b>	4,940	4,910	4,898	4,879	4,887
<b>Taxable Assessment (000's)</b>					
Residential and farm	\$ 1,374,561	\$ 1,363,904	\$ 1,358,395	\$ 1,255,913	\$ 1,158,414
Commercial and industrial	<u>114,926</u>	<u>114,753</u>	<u>114,598</u>	<u>109,351</u>	<u>103,960</u>
Total	<u>\$ 1,489,487</u>	<u>\$ 1,478,657</u>	<u>\$ 1,472,993</u>	<u>\$ 1,365,264</u>	<u>\$ 1,262,374</u>
<b>Property Taxes Billed (000's)</b>					
Own purpose	\$ 6,354	\$ 6,213	\$ 6,254	\$ 5,743	\$ 5,597
Upper-Tier Municipality	7,065	6,893	6,904	6,533	6,289
School Boards	<u>2,588</u>	<u>2,573</u>	<u>2,883</u>	<u>2,872</u>	<u>2,826</u>
Total	<u>\$ 16,007</u>	<u>\$ 15,679</u>	<u>\$ 16,041</u>	<u>\$ 15,148</u>	<u>\$ 14,712</u>
<b>Tax Arrears</b>					
% of own levy	20 %	25 %	28 %	34 %	35 %
% of total levy	8 %	11 %	11 %	13 %	13 %
<b>Municipal Debt (000's)</b>					
Municipal debt	\$ 8,757	\$ 9,420	\$ 9,345	\$ 9,733	\$ 8,116
Annual debt charges	\$ 923	\$ 913	\$ 1,029	\$ 705	\$ 648
<b>Municipal Equity (000's)</b>					
Surplus and reserves	\$ 7,529	\$ 6,957	\$ 5,058	\$ 6,203	\$ 9,459
Invested in tangible capital assets	\$ 72,121	\$ 69,329	\$ 67,885	\$ 63,216	\$ 52,349
Reserves as % of operating expenses	50.94 %	49.07 %	37.00 %	43.75 %	68.71 %
<b>Financial Indicators:</b>					
<b>Sustainability:</b>					
Financial assets to liabilities	0.70 %	0.65 %	0.56 %	0.69 %	0.99 %
Municipal debt to tangible capital assets	10.77 %	11.99 %	12.14 %	13.40 %	13.49 %
<b>Flexibility:</b>					
Debt charges to total operating revenue	6.23 %	6.29 %	7.26 %	4.83 %	4.58 %
Total operating revenue to taxable assessment	1.00 %	0.98 %	0.96 %	1.07 %	1.12 %
<b>Vulnerability:</b>					
Operating government transfers to operating revenues	17.05 %	19.21 %	20.24 %	21.45 %	17.20 %
Total government transfers to total revenues	33.27 %	38.25 %	39.59 %	65.60 %	129.02 %