

FINANCIAL STATEMENTS
For the
CORPORATION OF THE TOWNSHIP OF NORTH GLENGARRY
For year ended
DECEMBER 31, 2023

CORPORATION OF THE TOWNSHIP OF NORTH GLENGARRY

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DECEMBER 31, 2023

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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:

Sarah Huskinson, CPA, CGA
Chief Administrative Officer/Clerk

Zoe Bougie
Director of Finance/Treasurer

Alexandria, Ontario
August 12, 2024

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, 2023 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, 2023 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, 2023, as well as any related adjustments to the statements of operations, changes in net assets and the cash flows.

Under Public Sector Accounting Standards as of the year ended December 31, 2023, the Township was required to adopt PS 3280 Asset Retirement Obligations. Asset retirement obligations are legal obligations associated with the eventual retirement of tangible capital assets. The Township was required to identify all legal obligations associated with the retirement of its assets, and record, and estimate the future costs of remediation for these obligations to determine their valuation. Legal liabilities may exist, including the costs for the removal and disposal of asbestos within the Township buildings that will undergo renovations or demolition, as well as decommissioning or removal costs associated with arena infrastructure, underground storage tanks, site restoration for salt storage facilities, lagoons site restoration and costs associated with the removal of sewage infrastructure. The Township did not complete its analysis as described in note 1(h), and thus liabilities arising from legal obligations associated with the retirement of certain tangible capital assets and their related disclosures were not recorded in the financial statements for the year ended December 31, 2023.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Township in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud 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.



Cornwall, Ontario
August 12, 2024

**CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS**

Welch LLP[®]

CORPORATION OF THE TOWNSHIP OF NORTH GLENGARRY

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2023

	<u>2023</u>	<u>2022</u>
Financial assets		
Cash (note 2)	\$ 7,255,037	\$ 3,986,478
Taxes receivable	1,289,315	1,253,377
Accounts receivable (note 3)	2,086,648	3,762,108
Long-term receivables (note 5)	<u>264,771</u>	<u>247,878</u>
	<u>10,895,771</u>	<u>9,249,841</u>
Financial liabilities		
Accounts payable and accrued liabilities	1,655,119	1,905,819
Employee benefits payable (note 6)	247,575	274,237
Deferred revenue - obligatory reserve funds (note 7)	500,522	460,940
Landfill closure and post-closure liabilities	2,050,119	1,799,758
Municipal debt (note 9)	<u>8,922,022</u>	<u>8,757,064</u>
	<u>13,375,357</u>	<u>13,197,818</u>
Net financial liabilities	<u>(2,479,586)</u>	<u>(3,947,977)</u>
Non-financial assets		
Tangible capital assets (note 8)	80,726,508	81,282,988
Tangible capital assets under construction	-	43,591
Inventory	166,782	139,832
Prepaid expenses	<u>97,059</u>	<u>23,955</u>
	<u>80,990,349</u>	<u>81,490,366</u>
Accumulated surplus (note 10)	<u>\$ 78,510,763</u>	<u>\$ 77,542,389</u>

Contingencies (note 14)

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

(See accompanying notes)

Welch LLP[®]

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CORPORATION OF THE TOWNSHIP OF NORTH GLENGARRY

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2023

	<u>2023</u> <u>Budget</u> (Note 15)	<u>2023</u> <u>Actual</u>	<u>2022</u> <u>Actual</u>
Operating revenues			
Municipal taxation	\$ 6,652,352	\$ 6,629,937	\$ 6,353,704
User charges	5,874,149	5,589,967	5,547,576
Government transfers - operating	2,468,400	2,638,738	2,527,173
Investment income	93,000	337,666	152,660
Interest and penalties on taxes	300,000	239,499	242,003
Donations and other income	<u>-</u>	<u>300</u>	<u>250</u>
	<u>15,387,901</u>	<u>15,436,107</u>	<u>14,823,366</u>
Operating expenditures			
General government	1,572,133	1,714,164	1,462,080
Protection to persons and property	1,966,276	2,012,954	1,938,941
Transportation services	4,210,391	4,216,909	4,006,801
Environmental services	4,622,827	5,008,216	4,610,500
Health services	3,000	6,059	411
Recreational and cultural services	2,154,820	2,510,227	2,247,877
Planning and development	<u>690,175</u>	<u>474,271</u>	<u>514,660</u>
	<u>15,219,622</u>	<u>15,942,800</u>	<u>14,781,270</u>
Net operating surplus (deficit)	<u>168,279</u>	<u>(506,693)</u>	<u>42,096</u>
Other income related to capital			
Government transfers - capital	1,424,153	1,157,455	2,404,387
Gain on disposal of tangible capital assets	<u>20,000</u>	<u>317,612</u>	<u>880,120</u>
	<u>1,444,153</u>	<u>1,475,067</u>	<u>3,284,507</u>
Annual surplus	1,612,432	968,374	3,326,603
Accumulated surplus at beginning of year	<u>77,542,389</u>	<u>77,542,389</u>	<u>74,215,786</u>
Accumulated surplus at end of year	<u>\$ 79,154,821</u>	<u>\$ 78,510,763</u>	<u>\$ 77,542,389</u>

(See accompanying notes)

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CORPORATION OF THE TOWNSHIP OF NORTH GLENGARRY
STATEMENT OF CHANGES IN NET FINANCIAL LIABILITIES
YEAR ENDED DECEMBER 31, 2023

	<u>2023</u> <u>Budget</u> (Note 15)	<u>2023</u> <u>Actual</u>	<u>2022</u> <u>Actual</u>
Annual surplus	\$ 1,612,432	\$ 968,374	\$ 3,326,603
Amortization of tangible capital assets	3,033,297	3,033,297	2,923,898
Acquisition of tangible capital assets and tangible capital assets under construction	(6,759,408)	(2,464,818)	(6,595,404)
Gain on disposal of tangible capital assets	(20,000)	(317,612)	(880,120)
Proceeds on disposal of tangible capital assets	20,000	349,204	1,788,870
Change in inventory	-	(26,950)	(25,296)
Change in prepaid expenses	<u>-</u>	<u>(73,104)</u>	<u>9,737</u>
(Increase) decrease in net financial liabilities	(2,113,679)	1,468,391	548,288
Net financial liabilities at beginning of year	<u>(3,947,977)</u>	<u>(3,947,977)</u>	<u>(4,496,265)</u>
Net financial liabilities at end of year	<u>\$ (6,061,656)</u>	<u>\$ (2,479,586)</u>	<u>\$ (3,947,977)</u>

(See accompanying notes)

CORPORATION OF THE TOWNSHIP OF NORTH GLENGARRY

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2023

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Annual surplus	\$ 968,374	\$ 3,326,603
Items not affecting cash:		
Amortization	3,033,297	2,923,898
Gain on disposal of tangible capital assets	<u>(317,612)</u>	<u>(880,120)</u>
	3,684,059	5,370,381
Net changes in non-cash working capital items:		
Taxes receivable	(35,938)	290,284
Accounts receivable	1,675,460	(492,817)
Inventory	(26,950)	(25,296)
Prepaid expenses	(73,104)	9,737
Accounts payable and accrued liabilities	(250,700)	551,887
Employee benefits payable	(26,662)	28,674
Landfill closure and post-closure liabilities	250,361	11,601
Deferred revenue	<u>39,582</u>	<u>329,928</u>
	<u>5,236,108</u>	<u>6,074,379</u>
Cash flows from capital activities		
Acquisition of tangible capital assets and tangible capital assets under construction	(2,464,818)	(6,595,404)
Proceeds on disposal of tangible capital assets	<u>349,204</u>	<u>1,788,870</u>
	<u>(2,115,614)</u>	<u>(4,806,534)</u>
Cash flows from investing activities		
Advances of long-term receivables	(68,300)	(44,200)
Repayment of long-term receivable	<u>51,407</u>	<u>60,860</u>
	<u>(16,893)</u>	<u>16,660</u>
Cash flows from financing activities		
Municipal debt repaid	(521,342)	(707,372)
Proceeds from municipal debt	<u>686,300</u>	<u>44,200</u>
	<u>164,958</u>	<u>(663,172)</u>
Increase in cash	3,268,559	621,333
Cash at beginning of year	<u>3,986,478</u>	<u>3,365,145</u>
Cash at end of year	<u>\$ 7,255,037</u>	<u>\$ 3,986,478</u>

(See accompanying notes)

CORPORATION OF THE TOWNSHIP OF NORTH GLENGARRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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, 2023

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) *Asset Retirement Obligations ("ARO")*

Public Sector Accounting Standard PS 3280 - Asset Retirement Obligations came into effect on April 1, 2022. This new standard provides guidance on the reporting of legal obligations associated with the retirement of tangible capital assets. An ARO is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

The estimate of a liability would include costs directly attributable to asset retirement activities. Costs would include post-retirement operation, maintenance and monitoring that are an integral part of the retirement of the tangible capital asset. The estimate would include costs of tangible capital assets acquired as part of asset retirement activities to the extent those assets have no alternative use.

The Township accrues landfill closure and post-closure care requirements that have been defined in accordance with PS 3280 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.

The Township is currently in the process of completing its assessment on the impact of PS 3280's implementation on assets other than the landfill liability described above.

CORPORATION OF THE TOWNSHIP OF NORTH GLENGARRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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:

	<u>2023</u>	<u>2022</u>
Unappropriated cash	\$ 2,510,627	\$ 2,446,398
Restricted under the Canada Community-Building Fund	500,522	460,940
Restricted for reserve funds	<u>4,243,888</u>	<u>1,079,140</u>
	<u>\$ 7,255,037</u>	<u>\$ 3,986,478</u>

CORPORATION OF THE TOWNSHIP OF NORTH GLENGARRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

3. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	<u>2023</u>	<u>2022</u>
Water and sewer user fees receivables	\$ 418,680	\$ 419,303
Excise tax rebates receivable	108,635	287,682
Municipal drains charges receivable	640,323	652,785
Due from School Boards and the United Counties	48,442	55,901
Accounts receivable - other	<u>870,568</u>	<u>2,346,437</u>
	<u>\$ 2,086,648</u>	<u>\$ 3,762,108</u>

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, 2023.

5. LONG-TERM RECEIVABLES

Long-term receivables consists of the following:

	<u>2023</u>	<u>2022</u>
Community improvement program loans receivable	\$ 56,062	\$ 58,250
Tile drainage loans receivable	<u>208,709</u>	<u>189,628</u>
	<u>\$ 264,771</u>	<u>\$ 247,878</u>

6. 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, 2023 and is expected to be paid out over the next fiscal year.

Employee benefits payable is comprised of:

	<u>2023</u>	<u>2022</u>
Vacation pay	<u>\$ 247,575</u>	<u>\$ 274,237</u>

7. 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:

	Balance December 31, <u>2022</u>	<u>Additions</u>	Transferred to <u>Income</u>	Balance December 31, <u>2023</u>
Canada Community-Building Fund	<u>\$ 460,940</u>	<u>\$ 359,696</u>	<u>\$ (320,114)</u>	<u>\$ 500,522</u>

CORPORATION OF THE TOWNSHIP OF NORTH GLENGARRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

8. TANGIBLE CAPITAL ASSETS

Tangible capital assets consists of the following:

<u>Cost</u>	<u>Balance December 31, 2022</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance December 31, 2023</u>
Land	\$ 515,261	\$ -	\$ (2)	\$ 515,259
Land improvements	1,585,423	428,865	-	2,014,288
Buildings	28,847,283	64,092	(156,901)	28,754,474
Vehicles	10,481,673	145,800	-	10,627,473
Equipment	5,422,585	412,096	-	5,834,681
Roads	22,313,577	1,158,093	-	23,471,670
Bridges	8,677,034	45,029	-	8,722,063
Water and sewer	<u>58,178,912</u>	<u>254,434</u>	<u>-</u>	<u>58,433,346</u>
	<u>\$136,021,748</u>	<u>\$ 2,508,409</u>	<u>\$ (156,903)</u>	<u>\$138,373,254</u>

<u>Accumulated Amortization</u>	<u>Balance December 31, 2022</u>	<u>Amortization Expense</u>	<u>Disposals</u>	<u>Balance December 31, 2023</u>
Land	\$ -	\$ -	\$ -	\$ -
Land improvements	1,143,640	56,375	-	1,200,015
Buildings	19,348,564	719,685	(125,307)	19,942,942
Vehicles	5,933,709	442,730	-	6,376,439
Equipment	4,272,887	272,839	-	4,545,726
Roads	14,718,924	796,223	-	15,515,147
Bridges	3,486,135	136,309	-	3,622,444
Water and sewer	<u>5,834,901</u>	<u>609,132</u>	<u>-</u>	<u>6,444,033</u>
	<u>\$ 54,738,760</u>	<u>\$3,033,293</u>	<u>\$ (125,307)</u>	<u>\$ 57,646,746</u>

<u>Net book value</u>	<u>December 31, 2022</u>	<u>December 31, 2023</u>
Land	\$ 515,261	\$ 515,259
Land improvements	441,783	814,273
Buildings	9,498,719	8,811,532
Vehicles	4,547,964	4,251,034
Equipment	1,149,698	1,288,955
Roads	7,594,653	7,956,523
Bridges	5,190,899	5,099,619
Water and sewer	<u>52,344,011</u>	<u>51,989,313</u>
	<u>\$ 81,282,988</u>	<u>\$ 80,726,508</u>

CORPORATION OF THE TOWNSHIP OF NORTH GLENGARRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

9. MUNICIPAL DEBT

Municipal debt consists of the following:

	<u>2023</u>	<u>2022</u>
<u>Royal Bank of Canada</u>		
Term loans - interest rates between 2.49% and 5.20%, repayable in monthly blended payments ranging between \$1,445 and \$5,112, maturity dates ranging from 2026 to 2031	\$1,300,385	\$ 737,443
<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	7,412,929	7,829,993
<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 2033	<u>208,708</u>	<u>189,628</u>
	<u>\$8,922,022</u>	<u>\$8,757,064</u>

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:

2024	\$ 520,959
2025	493,391
2026	482,068
2027	458,587
2028	412,911
2029 and subsequent	<u>6,554,106</u>
	<u>\$ 8,922,022</u>

CORPORATION OF THE TOWNSHIP OF NORTH GLENGARRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

10. ACCUMULATED SURPLUS

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

	<u>2023</u>	<u>2022</u>
Reserves:		
Working funds	\$ 1,809,987	\$ 766,397
CEMC contingency fund	44,201	43,653
Fire	40,198	39,700
Major capital	1,030,902	1,003,517
Modernization & efficiency	297,152	385,231
Recreation	30,834	50,522
Parkland	90,200	75,082
Roads	361,746	357,262
Waste management	1,124,042	1,060,110
RARE	368,337	376,852
Water & sewer	2,752,127	2,718,014
WSIB	55,320	54,634
Zoning and elections	101,491	90,317
Other	719,751	507,531
Less funded by reserve funds	<u>(4,243,888)</u>	<u>(1,079,140)</u>
	<u>4,582,400</u>	<u>6,449,682</u>
Reserve funds:		
General reserve funds	2,915,834	693,909
Major capital fund	1,030,902	-
Modernization & efficiency reserve fund	<u>297,152</u>	<u>385,231</u>
	<u>4,243,888</u>	<u>1,079,140</u>
Reserves and reserve funds - total	<u>8,826,288</u>	<u>7,528,822</u>
Invested in tangible capital assets:		
Equity in tangible capital assets	80,726,508	81,326,579
Less: related debt	(8,713,314)	(8,567,436)
Less: unfinanced tangible capital assets	<u>-</u>	<u>(638,000)</u>
	<u>72,013,194</u>	<u>72,121,143</u>
Amounts to be recovered from future revenues:		
Accrued interest	(31,025)	(33,581)
Accrued landfill closure and post-closure costs	(2,050,119)	(1,799,758)
Employee benefits payable	<u>(247,575)</u>	<u>(274,237)</u>
	<u>(2,328,719)</u>	<u>(2,107,576)</u>
	<u>\$ 78,510,763</u>	<u>\$ 77,542,389</u>

CORPORATION OF THE TOWNSHIP OF NORTH GLENGARRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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, 2023

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>2023 Totals</u>	<u>2022 Totals</u>
Revenues									
Municipal taxation	\$ 731,508	\$ 1,737,974	\$ 2,513,809	\$ 443,100	\$ 2,181	\$ 1,012,703	\$ 188,662	\$ 6,629,937	\$ 6,353,704
User charges	88,935	330,591	52,814	4,252,335	-	714,726	150,566	5,589,967	5,547,576
Government transfers									
- operating	291,143	691,720	1,000,505	176,355	868	403,059	75,088	2,638,738	2,527,173
- capital	-	-	882,455	-	-	275,000	-	1,157,455	2,404,387
Other	<u>873,843</u>	<u>-</u>	<u>21,234</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>895,077</u>	<u>1,275,033</u>
	<u>1,985,429</u>	<u>2,760,285</u>	<u>4,470,817</u>	<u>4,871,790</u>	<u>3,049</u>	<u>2,405,488</u>	<u>414,316</u>	<u>16,911,174</u>	<u>18,107,873</u>
Expenditures									
Wages and benefits	958,282	929,024	1,454,950	1,214,282	-	1,005,092	268,059	5,829,689	5,407,813
Interest municipal debt	-	39,643	33,228	190,215	-	-	11,378	274,464	263,831
Materials and services	553,288	570,032	1,293,301	1,970,759	6,059	852,454	140,012	5,385,905	4,916,066
Contracted services	-	18,381	88,627	487,199	-	1,657	-	595,864	565,603
Insurance and financial costs	123,548	55,783	102,068	75,110	-	115,237	2,446	474,192	415,603
Third party transfers	-	135,854	-	-	-	177,035	36,500	349,389	288,456
Amortization	<u>79,046</u>	<u>264,237</u>	<u>1,244,735</u>	<u>1,070,651</u>	<u>-</u>	<u>358,752</u>	<u>15,876</u>	<u>3,033,297</u>	<u>2,923,898</u>
	<u>1,714,164</u>	<u>2,012,954</u>	<u>4,216,909</u>	<u>5,008,216</u>	<u>6,059</u>	<u>2,510,227</u>	<u>474,271</u>	<u>15,942,800</u>	<u>14,781,270</u>
Net surplus (deficit)	<u>\$ 271,265</u>	<u>\$ 747,331</u>	<u>\$ 253,908</u>	<u>\$ (136,426)</u>	<u>\$ (3,010)</u>	<u>\$ (104,739)</u>	<u>\$ (59,955)</u>	<u>\$ 968,374</u>	<u>\$ 3,326,603</u>

CORPORATION OF THE TOWNSHIP OF NORTH GLENGARRY

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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:

	<u>2023</u>	<u>2022</u>
School boards	<u>\$ 2,654,419</u>	<u>\$ 2,587,608</u>
United Counties of Stormont, Dundas and Glengarry	<u>\$ 7,464,684</u>	<u>\$ 7,064,926</u>

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 over 600,000 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, 2023. The results of this valuation disclosed total actuarial liabilities of \$136,185 million with actuarial assets of \$131,983 million indicating an actuarial deficit of \$4,202 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 2023 was \$353,925 (2022 - \$326,401) 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 \$55,320 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, 2023

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:

	<u>2023</u>
Annual surplus as budgeted	\$ -
Add:	
Capital expenditures expensed	6,759,408
Principal repayment of municipal debt expensed	677,946
Transfers to reserves expensed	152,230
Less:	
Loan proceeds included as income	(1,810,000)
Transfers from reserves included as income	(1,042,603)
Principal repayment of tile drain loans receivable included as income	(91,250)
Amortization of tangible capital assets not recorded	<u>(3,033,299)</u>
Annual budgeted surplus as presented on the statement of operations	<u>\$ 1,612,432</u>

16. EXPENSES BY OBJECT

Operating expenditures by object is summarized as follows:

	<u>2023</u>	<u>2022</u>
Wages and benefits	\$ 5,829,689	\$ 5,407,813
Interest on municipal debt	274,464	263,831
Materials and services	5,385,905	4,916,066
Contracted services	595,864	565,603
Insurance and financial costs	474,192	415,603
Third party transfers	349,389	288,456
Amortization	<u>3,033,297</u>	<u>2,923,898</u>
	<u>\$ 15,942,800</u>	<u>\$ 14,781,270</u>

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, 2023

18. FUTURE ACCOUNTING PRONOUNCEMENTS

Standards effective beginning on or after April 1, 2023:

Revenues

PS 3400 - Revenue establishes standards on how to account for and report on revenue, specifically differentiating between revenue arising from transactions that include performance obligations, referred to as exchange transactions, and transactions that do not have performance obligations, referred to as non-exchange transactions.

This standard is effective for fiscal years beginning on or after April 1, 2023. Early adoption is permitted.

19. SUBSEQUENT EVENT

The Township announced the closing of Recyclage Alexandria Recycling Equipe (RARE) scheduled for December 31, 2024 due to changes in the Blue Box regulations and requirements wherein recycling collection and processing will no longer be the responsibility of municipalities and will be conducted by producers.

CORPORATION OF THE TOWNSHIP OF NORTH GLENGARRY**SCHEDULE 1 - FIVE YEAR FINANCIAL REVIEW (unaudited)****DECEMBER 31, 2023**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Population	10,811	8,444	8,325	8,407	8,379
Number of Households (MPAC)	4,957	4,940	4,910	4,898	4,879
Taxable Assessment (000's)					
Residential and farm	\$ 1,391,893	\$ 1,374,561	\$ 1,363,904	\$ 1,358,395	\$ 1,255,913
Commercial and industrial	<u>117,209</u>	<u>114,926</u>	<u>114,753</u>	<u>114,598</u>	<u>109,351</u>
Total	<u>\$ 1,509,102</u>	<u>\$ 1,489,487</u>	<u>\$ 1,478,657</u>	<u>\$ 1,472,993</u>	<u>\$ 1,365,264</u>
Property Taxes Billed (000's)					
Own purpose	\$ 6,630	\$ 6,354	\$ 6,213	\$ 6,254	\$ 5,743
Upper-Tier Municipality	7,465	7,065	6,893	6,904	6,533
School Boards	<u>2,654</u>	<u>2,588</u>	<u>2,573</u>	<u>2,883</u>	<u>2,872</u>
Total	<u>\$ 16,749</u>	<u>\$ 16,007</u>	<u>\$ 15,679</u>	<u>\$ 16,041</u>	<u>\$ 15,148</u>
Tax Arrears					
% of own levy	19 %	20 %	25 %	28 %	34 %
% of total levy	8 %	8 %	11 %	11 %	13 %
Municipal Debt (000's)					
Municipal debt	\$ 8,922	\$ 8,757	\$ 9,420	\$ 9,345	\$ 9,733
Annual debt charges	\$ 758	\$ 923	\$ 913	\$ 1,029	\$ 705
Municipal Equity (000's)					
Surplus and reserves	\$ 8,826	\$ 7,529	\$ 6,957	\$ 5,058	\$ 6,203
Invested in tangible capital assets	\$ 72,013	\$ 72,121	\$ 69,329	\$ 67,885	\$ 63,216
Reserves as % of operating expenses	55.36 %	50.94 %	49.07 %	37.00 %	43.75 %
Financial Indicators:					
Sustainability:					
Financial assets to liabilities	0.81 %	0.70 %	0.65 %	0.56 %	0.69 %
Municipal debt to tangible capital assets	11.05 %	10.77 %	11.99 %	12.14 %	13.40 %
Flexibility:					
Debt charges to total operating revenue	4.91 %	6.23 %	6.29 %	7.26 %	4.83 %
Total operating revenue to taxable assessment	1.02 %	1.00 %	0.98 %	0.96 %	1.07 %
Vulnerability:					
Operating government transfers to operating revenues	17.09 %	17.05 %	19.21 %	20.24 %	21.45 %
Total government transfers to total revenues	24.59 %	33.27 %	38.25 %	39.59 %	65.60 %