

**CORPORATION OF THE MUNICIPALITY  
OF DUTTON/DUNWICH**

**Consolidated Financial Statements**

**December 31, 2018**

**Corporation of the Municipality of Dutton/Dunwich**  
**Consolidated Financial Statements**  
**For the Year Ended December 31, 2018**

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**GRAHAM SCOTT ENNS** LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

P. 519-633-0700 · F. 519-633-7009  
450 Sunset Drive, St. Thomas, ON N5R 5V1

P. 519-773-9265 · F. 519-773-9683  
25 John Street South, Aylmer, ON N5H 2C1

[www.grahamscottenns.com](http://www.grahamscottenns.com)

### **INDEPENDENT AUDITORS' REPORT**

To the Members of Council, Inhabitants and Ratepayers of **Corporation of the Municipality of Dutton/Dunwich**:

#### **Opinion**

We have audited the consolidated financial statements of **Corporation of the Municipality of Dutton/Dunwich**, which comprise the statement of financial position as at December 31, 2018, and the statement of earnings, statement of changes in net assets and statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the Municipality's consolidated financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for public sector entities.

#### **Basis for Opinion**

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Municipality'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 Municipality or to cease operations, or has no realistic alternative but to do so.

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

#### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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.



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[www.grahamscottens.com](http://www.grahamscottens.com)

**INDEPENDENT AUDITORS' REPORT (CONTINUED)**

**Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (Continued)**

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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality'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 Municipality'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 consolidated 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 Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

St. Thomas, Ontario

September 11, 2019

*Graham Scott Enns LLP*

CHARTERED PROFESSIONAL ACCOUNTANTS

Licensed Public Accountants

# Corporation of the Municipality of Dutton/Dunwich

## Consolidated Statement of Financial Position As at December 31, 2018

|  | 2018               | (Note 2)<br>2017   |
|--|--------------------|--------------------|
|  | <u>\$</u>          | <u>\$</u>          |
| <b>FINANCIAL ASSETS</b>                              |                    |                    |
| Cash   | 160,122            | -                  |
| Taxes receivable (Note 4)                            | 869,471            | 883,725            |
| Accounts receivable (Note 5)                         | 1,173,477          | 1,025,939          |
| Loan receivable (Note 6)                             | <u>129,034</u>     | <u>158,978</u>     |
| <b>Total financial assets</b>                        | <u>2,332,104</u>   | <u>2,068,642</u>   |
| <b>LIABILITIES</b>                                   |                    |                    |
| Temporary bank advances (Note 8)                     | -                  | 129,441            |
| Accounts payable and accrued liabilities             | 876,604            | 1,056,507          |
| Security deposits                                    | 456,576            | 524,927            |
| Deferred revenue (Note 10)                           | 482,284            | 164,494            |
| Landfill closure and post-closure liability (Note 9) | 162,561            | 40,239             |
| Net long-term liabilities (Note 12)                  | <u>4,734,677</u>   | <u>3,964,386</u>   |
| <b>Total liabilities</b>                             | <u>6,712,702</u>   | <u>5,879,994</u>   |
| <b>NET FINANCIAL DEBT</b>                            | <u>(4,380,598)</u> | <u>(3,811,352)</u> |
| <b>NON-FINANCIAL ASSETS</b>                          |                    |                    |
| Tangible capital assets (Note 7)                     | 34,745,054         | 33,937,199         |
| Inventories  | 32,676             | 47,728             |
| Land held for resale                                 | 128,708            | 128,708            |
| Prepaid expenses                                     | <u>16,495</u>      | <u>31,851</u>      |
| <b>Total non-financial assets</b>                    | <u>34,922,933</u>  | <u>34,145,486</u>  |
| <b>ACCUMULATED SURPLUS (NOTE 13)</b>                 | <u>30,542,335</u>  | <u>30,334,134</u>  |

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

## Corporation of the Municipality of Dutton/Dunwich

### Consolidated Statement of Operations and Accumulated Surplus For the Year Ended December 31, 2018

|   | Budget<br>(Note 17)<br>\$ | Actual<br>2018<br>\$     | (Note 2)<br>Actual<br>2017<br>\$ |
|---|---------------------------|--------------------------|----------------------------------|
| <b>REVENUES</b>   |                           |                          |                                  |
| Property taxation   | 3,557,778                 | <b>3,550,542</b>         | 3,386,908                        |
| Taxation from other governments   | 143,900                   | <b>155,703</b>           | 167,179                          |
| Local improvement levies  | 165,361                   | <b>148,190</b>           | 682,024                          |
| User charges and other  | 2,601,486                 | <b>2,678,735</b>         | 2,483,661                        |
| Government transfers:   |                           |                          |                                  |
| Federal   | 118,000                   | <b>143,950</b>           | 71,415                           |
| Provincial  | 551,436                   | <b>1,034,386</b>         | 1,383,179                        |
| Other municipalities  | 525,413                   | <b>520,204</b>           | 608,547                          |
| Penalties and interest on taxes   | 100,000                   | <b>134,552</b>           | 110,193                          |
| Other   | 12,092                    | <b>86,696</b>            | 11,684                           |
| Gain (loss) on disposal of tangible capital assets  | -                         | <b>(14,527)</b>          | 108,580                          |
| Total revenues  | <u>7,775,466</u>          | <u><b>8,438,431</b></u>  | <u>9,013,370</u>                 |
| <b>EXPENSES</b>   |                           |                          |                                  |
| General government  | 1,117,141                 | <b>1,059,188</b>         | 990,885                          |
| Fire and police protection  | 937,132                   | <b>851,124</b>           | 890,087                          |
| Other protective services   | 224,732                   | <b>209,611</b>           | 307,984                          |
| Transportation services   | 2,269,270                 | <b>2,394,860</b>         | 2,057,917                        |
| Waterworks and sewer  | 2,640,029                 | <b>2,561,052</b>         | 2,111,868                        |
| Garbage collection and disposal   | 373,530                   | <b>483,651</b>           | 390,803                          |
| Health services   | 238,789                   | <b>291,276</b>           | 263,974                          |
| Recreation and cultural services  | 478,839                   | <b>558,730</b>           | 476,625                          |
| Planning and zoning   | 59,900                    | <b>62,577</b>            | 40,932                           |
| Agriculture   | 144,900                   | <b>412,867</b>           | 791,007                          |
| Total expenses (Note 18(a))   | <u>8,484,262</u>          | <u><b>8,884,936</b></u>  | <u>8,322,082</u>                 |
| <b>ANNUAL SURPLUS (DEFICIT)</b>   | (708,796)                 | <b>(446,505)</b>         | 691,288                          |
| <b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>   | 30,334,134                | <b>30,334,134</b>        | 29,642,846                       |
| <b>ACQUISITION OF INVESTMENT IN ELGIN AREA<br/>PRIMARY WATER SUPPLY SYSTEM<br/>(NOTE 3)</b> | -                         | <b>654,706</b>           | -                                |
| <b>ACCUMULATED SURPLUS, END OF YEAR<br/>(NOTE 13)</b>                                       | <u>29,625,338</u>         | <u><b>30,542,335</b></u> | <u>30,334,134</u>                |

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

**Corporation of the Municipality of Dutton/Dunwich**  
**Consolidated Statement of Change in Net Financial Debt**  
**For the Year Ended December 31, 2018**

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|   | Budget<br>(Note 17)<br><u>\$</u> | Actual<br>2018<br><u>\$</u> | (Note 2)<br>Actual<br>2017<br><u>\$</u> |
|---|----------------------------------|-----------------------------|---|
| <b>ANNUAL SURPLUS (DEFICIT)</b>   | (708,796)                        | <b>(446,505)</b>            | 691,288                                 |
| Acquisition of tangible capital assets  | (1,279,059)                      | <b>(1,279,059)</b>          | (1,544,891)                             |
| Amortization of tangible capital assets   | 1,198,872                        | <b>1,198,872</b>            | 1,068,681                               |
| Proceeds on disposal of tangible capital assets                                 | -                                | <b>15,426</b>               | 222,038                                 |
| Change in inventories and prepaid expenses                                      | -                                | <b>30,405</b>               | (25,623)                                |
| Gain (loss) on disposal of tangible capital assets                              | -                                | <b>14,527</b>               | (108,580)                               |
| Acquisition of investment in Elgin Area<br>Primary Water Supply System (Note 3) | <u>-</u>                         | <u><b>(102,912)</b></u>     | <u>-</u>                                |
| <b>DECREASE (INCREASE) IN NET FINANCIAL DEBT</b>                                | (788,983)                        | <b>(569,246)</b>            | 302,913                                 |
| <b>NET FINANCIAL DEBT, BEGINNING OF YEAR</b>                                    | <u>(3,811,352)</u>               | <u><b>(3,811,352)</b></u>   | <u>(4,114,265)</u>                      |
| <b>NET FINANCIAL DEBT, END OF YEAR</b>  | <u>(4,600,335)</u>               | <u><b>(4,380,598)</b></u>   | <u>(3,811,352)</u>                      |

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

**Corporation of the Municipality of Dutton/Dunwich**

**Consolidated Statement of Cash Flows  
For the Year Ended December 31, 2018**

|   | 2018               | (Note 2)<br>2017   |
|---|--------------------|--------------------|
|   | <u>\$</u>          | <u>\$</u>          |
| <b>OPERATING ACTIVITIES</b>   |                    |                    |
| Annual surplus (deficit)  | (446,505)          | 691,288            |
| Add (deduct) items not involving cash:  |                    |                    |
| Amortization of tangible capital assets                                       | 1,198,872          | 1,068,681          |
| Landfill closure and post-closure liability                                   | 122,322            | 3,999              |
| (Gain) loss on disposal of tangible capital assets                            | <u>14,527</u>      | <u>(108,580)</u>   |
|   | 889,216            | 1,655,388          |
| Change in non-cash assets and liabilities related to operations (Note 18 (b)) | <u>51,938</u>      | <u>675,783</u>     |
|   | <u>941,154</u>     | <u>2,331,171</u>   |
| <b>INVESTING ACTIVITIES</b>   |                    |                    |
| Advances of loan receivable   | <u>29,945</u>      | <u>(158,978)</u>   |
| <b>CAPITAL ACTIVITIES</b>   |                    |                    |
| Acquisition of tangible capital assets  | (1,279,059)        | (1,544,891)        |
| Proceeds on disposal of tangible capital assets                               | <u>15,426</u>      | <u>222,038</u>     |
|   | <u>(1,263,633)</u> | <u>(1,322,853)</u> |
| <b>FINANCING ACTIVITIES</b>   |                    |                    |
| Proceeds from long-term debt issued   | 1,203,233          | 104,448            |
| Long-term debt repayments   | <u>(621,136)</u>   | <u>(615,134)</u>   |
|   | <u>582,097</u>     | <u>(510,686)</u>   |
| <b>NET INCREASE (DECREASE) IN CASH</b>  | 289,563            | 338,654            |
| <b>BANK INDEBTEDNESS, BEGINNING OF YEAR</b>                                   | <u>(129,441)</u>   | <u>(468,095)</u>   |
| <b>CASH(BANK INDEBTEDNESS), END OF YEAR</b>                                   | <u>160,122</u>     | <u>(129,441)</u>   |
| <b>(BANK INDEBTEDNESS) CASH REPRESENTED BY:</b>                               |                    |                    |
| Cash  | 160,122            | 2,090              |
| Temporary bank advances   | <u>-</u>           | <u>(131,531)</u>   |
|   | <u>160,122</u>     | <u>(129,441)</u>   |

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



# Corporation of the Municipality of Dutton/Dunwich

## Notes to the Consolidated Financial Statements For the Year Ended December 31, 2018

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The Municipality of Dutton/Dunwich (the "Municipality") is a lower tier municipality in the Province of Ontario. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Municipality are prepared by management in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Municipality are as follows:

#### **Reporting Entity**

The consolidated financial statements reflect the assets, liabilities, revenues, expenses of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Municipality and which are owned or controlled by the Municipality.

#### **Consolidated Entities**

There are no organizations or local boards that are consolidated in these consolidated financial statements.

#### **Proportionate Consolidation**

The Elgin Area Primary Water Supply System and the Tri-County Water Board have been consolidated on a proportionate basis. They are proportionately consolidated based upon the water flow used by the Municipality in proportion to the entire flows provided by the joint boards. This amounts to 1% and 26% respectively. The Elgin Area Primary Water Supply System was invested in 2018 for \$250,000 (note 3).

#### **Trust Funds**

Trust funds and their related operations administered by the Municipality are not included in the consolidated financial statements. Trust funds administered are reported in note 11.

#### **Basis of Accounting**

The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the creation of a legal obligation to pay.

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# Corporation of the Municipality of Dutton/Dunwich

## Notes to the Consolidated Financial Statements For the Year Ended December 31, 2018

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Accounting for County and School Board Transactions

Although the Municipality collects taxation on behalf of the County of Elgin and the School Boards, the taxation, other revenues, expenses, assets and liabilities with respect to the operations of the County and the school boards are not reflected in these consolidated financial statements.

#### Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Change in Net Debt for the year.

##### i) 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 are amortized on a straight-line basis over their estimated useful lives as follows:

|                             |               |
|-----------------------------|---------------|
| Buildings                   | 10 - 60 years |
| Equipment                   | 5 - 15 years  |
| Vehicles                    | 10 - 15 years |
| Transportation              | 15 - 30 years |
| Bridges                     | 25 - 75 years |
| Water system infrastructure | 100 years     |
| Wastewater infrastructure   | 80 years      |

Amortization is recorded on a straight-line basis over the estimated useful lives of the asset commencing the year the asset is available for productive use. Half the normal rate of amortization is recorded in the initial year of productive use.

##### ii) Contributions of tangible capital assets

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

# Corporation of the Municipality of Dutton/Dunwich

## Notes to the Consolidated Financial Statements For the Year Ended December 31, 2018

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Non-Financial Assets (Continued)

##### iii) Inventories

Inventories held for consumption are recorded at the lower of cost and replacement cost.

##### iv) Works of art and cultural and historic assets

Works of art and cultural and historic assets are not recorded as assets in these financial statements.

#### Deferred Revenue

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs, in the completion of specific work. In addition, certain user charges and fees which have been collected but for which the related services have yet to be performed. Revenue is recognized in the period when the related expense is incurred and services performed.

#### Solid Waste Landfill Closure and Post-Closure Liability

Landfill closure and post-closure care requirements have been defined in accordance with industry standards and include covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. The Municipality discounts these future cash flows for closure and post-closure care activities at the Municipality's average long-term borrowing rate.

#### Government Transfers

Government transfers are recognized in the consolidated financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met including performance and return requirements, and reasonable estimates of the amounts can be determined. Any amount received but restricted is recorded as deferred revenue in accordance with Section 3100 of the Public Sector Accounting Handbook and recognized as revenue in the period in which the resources are used for the purpose specified.

In addition, the Municipality periodically receives senior government capital funding in the form of infrastructure grants and receives ongoing funding from the federal government as a result of an allocation of the gas tax funds.

# Corporation of the Municipality of Dutton/Dunwich

## Notes to the Consolidated Financial Statements For the Year Ended December 31, 2018

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Employee Benefit Plans

The Municipality accounts for its participation in the Ontario Municipal Employees Retirement System (OMERS), a multi-employer public sector pension fund, as a defined contribution plan. The OMERS plan specifies the retirement benefits to be received by the employees based on the length of service and pay rates. Employee benefits include post employment benefits. Post employment benefits are subject to actuarial valuations and are accrued in accordance with the projected benefit method, prorated on service and management's best estimate of salary escalation and retirement ages of employees. Any actuarial gains and losses related to past service of employees are amortized over the expected average remaining service period.

#### Tax Revenues

In 2018 the Municipality received \$3,706,245 (2017 - \$3,554,087) in property tax revenues for municipal purposes. The authority to levy and collect property taxes is established under the Municipal Act 2001, the Assessment Act, the Education Act, and other legislation.

The property tax levy is determined each year through Council's approval of the annual budget. Municipal tax rates are set annually by Council for each class or type of property, in accordance with legislation and Council-approved policies, in order to raise the revenue required to meet operating budget requirements. Education tax rates are established by the Province each year in order to fund costs of education on a Province-wide basis.

Taxation revenues are recorded at the time billings are issued. Additional property tax revenue can be added throughout the year, related to new properties that become occupied, or that become subject to property tax, after the return of the annual assessment roll used for billing purposes. The Municipality may receive supplementary assessment rolls over the course of the year from MPAC that identify new or omitted assessments. Property taxes for these supplementary/omitted amounts are then billed according to the approved tax rate for the property class.

Taxation revenues in any year may also be reduced as a result of reductions in assessment value rising from assessment and/or tax appeals. Each year, an amount is identified to cover the estimated amount of revenue loss attributable to assessment appeals, tax appeals or other deficiencies in tax revenue (e.g. uncollectible amounts, write-offs, etc.).

# **Corporation of the Municipality of Dutton/Dunwich**

## **Notes to the Consolidated Financial Statements For the Year Ended December 31, 2018**

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### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **Use of Estimates**

The preparation of consolidated 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 period. Significant estimates include assumptions used in estimating provisions for accrued liabilities, allowances for vacancies, rebates and uncollectible property taxes and in performing actuarial valuations of employee future benefits.

Actual results could differ from management's best estimates as additional information becomes available in the future.

#### **Financial Instruments**

The Municipality's financial instruments and consist of cash and cash equivalents, accounts receivable, taxes receivable, accounts payable and accrued liabilities and long-term liabilities. Unless otherwise noted, it is management's opinion that the Municipality is not exposed to significant interest, currency, or credit risk arising from these consolidated financial instruments.

#### **Environmental Provisions and Contaminated Sites**

The Municipality's may be exposed to litigation or other costs of remediation due to contaminated properties in it's jurisdiction. A liability for remediation is recognized in the financial statements when an environmental standard exists, contamination exceeds the standard, the government is responsible for the remediation and a reasonable estimate of the liability can be made. As at December 31, 2018 there were no properties that the Municipality was responsible to remedy and has accrued any known liabilities and expensed all known costs (if any).

## Corporation of the Municipality of Dutton/Dunwich

### Notes to the Consolidated Financial Statements For the Year Ended December 31, 2018

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#### 2. COMPARATIVE FINANCIAL STATEMENTS

The Municipality restated the prior year figures to consolidate 26% of the operations of the Tri-County Water Board. This restatement increased the tangible capital assets, and the accumulated surplus amounts reported at December 31, 2017. The annual surplus was decreased by \$115,093 for the loss reported by The Tri-County Water Board in 2017, but there was no impact on the operating surplus of the Municipality.

|   |                         |
|---|-------------------------|
|   | <u>\$</u>               |
| Accounts receivable   | 103,245                 |
| Accounts payable and accrued liabilities                                | <u>(5,768)</u>          |
| Decrease in net financial debt  | 97,477                  |
| <br>  |                         |
| Tangible capital assets, water infrastructure, cost                     | 5,192,067               |
| Tangible capital assets, water infrastructure, accumulated amortization | <u>(1,711,522)</u>      |
| <br>  |                         |
| Increase in tangible capital assets                                     | <u>3,480,545</u>        |
| <br>  |                         |
| Increase in accumulated surplus   | <u><u>3,578,022</u></u> |

#### 3. INVESTMENT IN ELGIN AREA PRIMARY WATER SUPPLY SYSTEM

On January 1, 2018, the Municipality acquired approximately 1% of the Elgin Area Primary Water Supply System for \$252,000. The result of this acquisition increased the assets, liabilities and surplus of the Municipality. The increases in the financial position were as follows:

|   |                       |
|---|-----------------------|
|   | <u>\$</u>             |
| Accounts receivable   | 114,149               |
| Prepays   | 1,010                 |
| Accounts payable  | (29,876)              |
| Long-term debt  | <u>(188,195)</u>      |
| <br>  |                       |
| Increase in net financial debt  | (102,912)             |
| <br>  |                       |
| Tangible capital assets, water infrastructure, cost                     | 991,570               |
| Tangible capital assets, water infrastructure, accumulated amortization | <u>(233,952)</u>      |
| <br>  |                       |
| Increase in tangible capital assets                                     | <u>757,618</u>        |
| <br>  |                       |
| Accumulated surplus   | <u><u>654,706</u></u> |

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## Corporation of the Municipality of Dutton/Dunwich

### Notes to the Consolidated Financial Statements For the Year Ended December 31, 2018

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#### 4. TAXES RECEIVABLE

|                          | 2018                  | 2017                  |
|--------------------------|-----------------------|-----------------------|
|                          | <u>\$</u>             | <u>\$</u>             |
| Current taxes receivable | 585,724               | 569,383               |
| Arrears taxes receivable | 244,061               | 263,872               |
| Penalties and interest   | <u>39,686</u>         | <u>50,470</u>         |
|                          | <u><u>869,471</u></u> | <u><u>883,725</u></u> |

#### 5. ACCOUNTS RECEIVABLE

|  | 2018                    | 2017                    |
|--|-------------------------|-------------------------|
|  | <u>\$</u>               | <u>\$</u>               |
| Trade and other                        | 387,603                 | 243,531                 |
| Water and sewer receivables            | 424,132                 | 401,918                 |
| HST receivable                         | 112,209                 | 146,515                 |
| Other municipalities and school boards | 116,721                 | 133,399                 |
| Drain grants                           | <u>132,812</u>          | <u>100,576</u>          |
|  | <u><u>1,173,477</u></u> | <u><u>1,025,939</u></u> |

#### 6. LOAN RECEIVABLE

The Municipality has issued a loan in the amount of \$158,978, at 3% per annum, due in annual blended instalments of principal and interest of \$34,714 due August 2022.

# Corporation of the Municipality of Dutton/Dunwich

## Notes to the Consolidated Financial Statements For the Year Ended December 31, 2018

### 7. TANGIBLE CAPITAL ASSETS

| December 31, 2018                     |                   |                  |                           |                   |
|---------------------------------------|-------------------|------------------|---------------------------|-------------------|
| Cost                                  | Opening           | Additions        | Disposals/<br>adjustments | Ending            |
| <b><u>Infrastructure</u></b>          |                   |                  |                           |                   |
| Linear - Roadways                     | 7,112,353         | 453,607          | (66,912)                  | 7,499,048         |
| Linear - Water Services               | 19,060,192        | 399,827          | 973,344                   | 20,433,363        |
| Linear - Waste Water                  | 4,653,172         | -                | -                         | 4,653,172         |
| Bridges                               | 2,896,387         | 54,610           | -                         | 2,950,997         |
| <b>Infrastructure Total</b>           | <u>33,722,104</u> | <u>908,044</u>   | <u>906,432</u>            | <u>35,536,580</u> |
| <b><u>General</u></b>                 |                   |                  |                           |                   |
| Land                                  | 2,319,641         | 109,502          | -                         | 2,429,143         |
| Land Improvements                     | 270,670           | -                | -                         | 270,670           |
| Building                              | 9,145,423         | 79,361           | -                         | 9,224,784         |
| Machinery and Equipment               | 1,359,129         | 93,213           | -                         | 1,452,342         |
| Vehicles                              | 3,521,904         | 88,939           | (21,953)                  | 3,588,890         |
| <b>General Total</b>                  | <u>16,616,767</u> | <u>371,015</u>   | <u>(21,953)</u>           | <u>16,965,829</u> |
| <b>Total Cost</b>                     | <u>50,338,871</u> | <u>1,279,059</u> | <u>884,479</u>            | <u>52,502,409</u> |
| <b>Accumulated Amortization</b>       |                   |                  |                           |                   |
|                                       | Opening           | Amortization     | Disposal/<br>adjustments  | Ending            |
| <b><u>Infrastructure</u></b>          |                   |                  |                           |                   |
| Linear - Roadways                     | 3,611,969         | 255,699          | (44,637)                  | 3,823,031         |
| Linear - Water Services               | 3,989,974         | 351,835          | 215,722                   | 4,557,531         |
| Linear - Waste Water                  | 1,061,063         | 56,778           | -                         | 1,117,841         |
| Bridges                               | 1,064,638         | 35,344           | -                         | 1,099,982         |
| <b>Infrastructure Total</b>           | <u>9,727,644</u>  | <u>699,656</u>   | <u>171,085</u>            | <u>10,598,385</u> |
| <b><u>General</u></b>                 |                   |                  |                           |                   |
| Land Improvements                     | 14,884            | 13,262           | -                         | 28,146            |
| Building                              | 4,471,591         | 191,285          | -                         | 4,662,876         |
| Machinery and Equipment               | 509,817           | 87,366           | -                         | 597,183           |
| Vehicles                              | 1,677,736         | 207,303          | (14,274)                  | 1,870,765         |
| <b>General Total</b>                  | <u>6,674,028</u>  | <u>499,216</u>   | <u>(14,274)</u>           | <u>7,158,970</u>  |
| <b>Total Accumulated Amortization</b> | <u>16,401,672</u> | <u>1,198,872</u> | <u>156,811</u>            | <u>17,757,355</u> |
| <b>Net Book Value</b>                 |                   |                  |                           |                   |
|                                       | Opening           |                  |                           | Ending            |
| <b><u>Infrastructure</u></b>          |                   |                  |                           |                   |
| Linear - Roadways                     | 3,500,384         |                  |                           | 3,676,017         |
| Linear - Water Services               | 15,070,218        |                  |                           | 15,875,832        |
| Linear - Waste Water                  | 3,592,109         |                  |                           | 3,535,331         |
| Utility infrastructure                | 1,831,749         |                  |                           | 1,851,015         |
|                                       | <u>23,994,460</u> |                  |                           | <u>24,938,195</u> |
| <b><u>General</u></b>                 |                   |                  |                           |                   |
| Land                                  | 2,319,641         |                  |                           | 2,429,143         |
| Land Improvements                     | 255,786           |                  |                           | 242,524           |
| Building                              | 4,673,832         |                  |                           | 4,561,908         |
| Machinery and Equipment               | 849,312           |                  |                           | 855,159           |
| Vehicles                              | 1,844,168         |                  |                           | 1,718,125         |
|                                       | <u>9,942,739</u>  |                  |                           | <u>9,806,859</u>  |
| <b>Total Net Book Value</b>           | <u>33,937,199</u> |                  |                           | <u>34,745,054</u> |



# Corporation of the Municipality of Dutton/Dunwich

## Notes to the Consolidated Financial Statements For the Year Ended December 31, 2018

### 7. TANGIBLE CAPITAL ASSETS (CONTINUED)

December 31, 2017

| Cost                                  | Opening           | Additions        | Disposals        | Ending            |
|---------------------------------------|-------------------|------------------|------------------|-------------------|
| <b><u>Infrastructure</u></b>          |                   |                  |                  |                   |
| Linear - Roadways                     | 6,639,949         | 488,554          | (16,150)         | 7,112,353         |
| Linear - Water Services               | 18,837,096        | 229,656          | (6,560)          | 19,060,192        |
| Linear - Waste Water                  | 4,398,245         | 254,927          | -                | 4,653,172         |
| Bridges                               | 2,896,387         | -                | -                | 2,896,387         |
| <b>Infrastructure Total</b>           | <u>32,771,677</u> | <u>973,137</u>   | <u>(22,710)</u>  | <u>33,722,104</u> |
| <b><u>General</u></b>                 |                   |                  |                  |                   |
| Land                                  | 2,344,641         | -                | (25,000)         | 2,319,641         |
| Land Improvements                     | 200,985           | 69,685           | -                | 270,670           |
| Building                              | 9,329,287         | 66,136           | (250,000)        | 9,145,423         |
| Machinery and Equipment               | 1,331,688         | 27,441           | -                | 1,359,129         |
| Vehicle                               | 3,423,117         | 408,492          | (309,705)        | 3,521,904         |
| <b>General Total</b>                  | <u>16,629,718</u> | <u>571,754</u>   | <u>(584,705)</u> | <u>16,616,767</u> |
| <b>Total Cost</b>                     | <u>49,401,395</u> | <u>1,544,891</u> | <u>(607,415)</u> | <u>50,338,871</u> |
| <b>Accumulated Amortization</b>       |                   |                  |                  |                   |
|                                       | Opening           | Amortization     | Disposal         | Ending            |
| <b><u>Infrastructure</u></b>          |                   |                  |                  |                   |
| Linear - Roadways                     | 3,376,022         | 242,245          | (6,298)          | 3,611,969         |
| Linear - Water Services               | 3,683,624         | 309,696          | (3,346)          | 3,989,974         |
| Linear - Waste Water                  | 1,005,353         | 55,710           | -                | 1,061,063         |
| Bridges                               | 1,029,294         | 35,344           | -                | 1,064,638         |
| <b>Infrastructure Total</b>           | <u>9,094,293</u>  | <u>642,995</u>   | <u>(9,644)</u>   | <u>9,727,644</u>  |
| <b><u>General</u></b>                 |                   |                  |                  |                   |
| Land Improvements                     | 4,320             | 10,564           | -                | 14,884            |
| Building                              | 4,464,239         | 187,362          | (180,010)        | 4,471,591         |
| Machinery and Equipment               | 440,941           | 68,876           | -                | 509,817           |
| Vehicle                               | 1,823,154         | 158,884          | (304,302)        | 1,677,736         |
| <b>General Total</b>                  | <u>6,732,654</u>  | <u>425,686</u>   | <u>(484,312)</u> | <u>6,674,028</u>  |
| <b>Total Accumulated Amortization</b> | <u>15,826,947</u> | <u>1,068,681</u> | <u>(493,956)</u> | <u>16,401,672</u> |
| <b>Net Book Value</b>                 |                   |                  |                  |                   |
|                                       | Opening           |                  |                  | Ending            |
| <b><u>Infrastructure</u></b>          |                   |                  |                  |                   |
| Linear - Roadways                     | 3,263,927         |                  |                  | 3,500,384         |
| Linear - Water Services               | 15,153,472        |                  |                  | 15,070,218        |
| Linear - Waste Water                  | 3,392,892         |                  |                  | 3,592,109         |
| Utility infrastructure                | 1,867,093         |                  |                  | 1,831,749         |
|                                       | <u>23,677,384</u> |                  |                  | <u>23,994,460</u> |
| <b><u>General</u></b>                 |                   |                  |                  |                   |
| Land                                  | 2,344,641         |                  |                  | 2,319,641         |
| Land improvements                     | 196,665           |                  |                  | 255,786           |
| Building                              | 4,865,048         |                  |                  | 4,673,832         |
| Machinery and Equipment               | 890,747           |                  |                  | 849,312           |
| Vehicles                              | 1,599,963         |                  |                  | 1,844,168         |
|                                       | <u>9,897,064</u>  |                  |                  | <u>9,942,739</u>  |
| <b>Total Net Book Value</b>           | <u>33,574,448</u> |                  |                  | <u>33,937,199</u> |

# Corporation of the Municipality of Dutton/Dunwich

## Notes to the Consolidated Financial Statements For the Year Ended December 31, 2018

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### 8. BANK INDEBTEDNESS

The Municipality has available a \$2,300,000 overdraft facility. This facility bears interest at the bank prime rate (December 31, 2017 - 2.70%). At year-end the Municipality had drawn \$nil (2017 - \$110,000) on this facility.

### 9. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

The Ontario Environmental and Protection Act sets out regulatory requirements to properly close and maintain all active and inactive landfill sites. Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill sites.

The total undiscounted closure and post-closure care costs at December 31, 2018 are estimated to be \$2 million (2017 - \$15 million).

The estimated liability of \$162,561 (2017 - \$40,239) represents the sum of the discounted future cash flows for closure and post-closure care activities discounted at the Municipality's current long term borrowing rate of 4.0%. The estimated remaining capacity of the Municipality site is approximately 230,000 (2017 - 229,000) cubic metres, which will be filled in 61 years (2017 - 115 years). Post-closure care is estimated to continue for a period of 25 years.

The liability is expected to be funded through budget allocation to a landfill reserve over the remaining life of the landfill.

# Corporation of the Municipality of Dutton/Dunwich

## Notes to the Consolidated Financial Statements For the Year Ended December 31, 2018

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### 10. DEFERRED REVENUE

A requirement of the public sector accounting principles of the Canadian Institute of Chartered Accountants, is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial legislation restricts how these funds may be used and under certain circumstances these funds may possibly be refunded. The balances in the obligatory reserve funds of the Municipality are summarized below, in addition to other deferred revenues:

|                                 | <b>2018</b>           | 2017           |
|---------------------------------|-----------------------|----------------|
|                                 | <u>\$</u>             | <u>\$</u>      |
| <b>Obligatory Reserve Funds</b> |                       |                |
| Recreation land                 | <b>3,500</b>          | 3,500          |
| Sewage debt                     | <b>113,220</b>        | 121,939        |
| Federal Gas Tax                 | <u><b>8,077</b></u>   | <u>8,077</u>   |
|                                 | <b>124,797</b>        | 133,516        |
| <b>Other Deferred Revenue</b>   | <u><b>357,487</b></u> | <u>30,978</u>  |
|                                 | <u><b>482,284</b></u> | <u>164,494</u> |

### 11. TRUST FUNDS

Trust funds administered by the Municipality amounting to \$42,756 (2017 - \$72,948) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations.

## Corporation of the Municipality of Dutton/Dunwich

### Notes to the Consolidated Financial Statements For the Year Ended December 31, 2018

#### 12. NET LONG-TERM LIABILITIES

- a) The balance of net long-term liabilities reported on the Consolidated Statement of Financial Position consists of the following:

|   | <b>2018</b>             | 2017                    |
|---|-------------------------|-------------------------|
|   | <u>\$</u>               | <u>\$</u>               |
| Long-term liabilities incurred by the Municipality and outstanding at the end of the year | 4,617,526               | 4,028,018               |
| Long-term liabilities assumed through consolidation by the Municipality                   | 155,539                 | -                       |
| Tile drainage loans assumed by individuals  | <u>(38,388)</u>         | <u>(63,632)</u>         |
| Total long-term liabilities at the end of the year  | <u><b>4,734,677</b></u> | <u><b>3,964,386</b></u> |

- b) Principal repayments are summarized as follows:

|                     | 2019                  | 2020                  | 2021                  | 2022                  | 2023                  | Beyond                  | Total                   |
|---------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-------------------------|-------------------------|
|                     | <u>\$</u>             | <u>\$</u>             | <u>\$</u>             | <u>\$</u>             | <u>\$</u>             | <u>\$</u>               | <u>\$</u>               |
| Recoverable from:   |                       |                       |                       |                       |                       |                         |                         |
| General tax revenue | 199,450               | 200,188               | 199,255               | 182,109               | 187,663               | 1,425,468               | 2,394,133               |
| User charges        | <u>398,624</u>        | <u>370,017</u>        | <u>215,028</u>        | <u>175,641</u>        | <u>167,917</u>        | <u>1,013,317</u>        | <u>2,340,544</u>        |
|                     | <u><b>598,074</b></u> | <u><b>570,205</b></u> | <u><b>414,283</b></u> | <u><b>357,750</b></u> | <u><b>355,580</b></u> | <u><b>2,438,785</b></u> | <u><b>4,734,677</b></u> |

- c) The Municipality has an annual debt repayment limit of \$866,195 as of January 1, 2018.
- d) Interest rates range from 2.11% to 8.85%. Interest expense on long-term liabilities in 2018 amounted to \$151,926 (2017 - \$150,154).
- e) The Municipality is contingently liable for municipality debt with respect to tile drainage loans. The total amount outstanding as at December 31, 2018 is \$38,388 (2017 - \$63,632) and is not recorded on the Consolidated Statement of Financial Position.

# Corporation of the Municipality of Dutton/Dunwich

## Notes to the Consolidated Financial Statements For the Year Ended December 31, 2018

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### 13. ACCUMULATED SURPLUS

The accumulated surplus consists of individual fund surplus/(deficit), reserves and amounts invested in tangible capital assets as follows:

|  | <u>2018</u>              | <u>2017</u>              |
|--|--------------------------|--------------------------|
|  | <u>\$</u>                | <u>\$</u>                |
| <b>SURPLUS (DEFICIT)</b>                             |                          |                          |
| General revenue fund                                 | (34,673)                 | 172,267                  |
| Benefiting land owners                               | (671,441)                | (540,846)                |
| Invested in tangible capital assets                  | 34,745,054               | 33,937,199               |
| Unfunded capital                                     | (130,491)                | (466,955)                |
| Reserves   | <u>1,531,124</u>         | <u>1,237,094</u>         |
|  | 35,439,573               | 34,338,759               |
| <b>AMOUNTS TO BE RECOVERED</b>                       |                          |                          |
| Landfill costs                                       | (162,561)                | (40,239)                 |
| Net long-term liabilities                            | <u>(4,734,677)</u>       | <u>(3,964,386)</u>       |
|  | <u>(4,897,238)</u>       | <u>(4,004,625)</u>       |
| <b>ACCUMULATED SURPLUS</b>                           | <u><u>30,542,335</u></u> | <u><u>30,334,134</u></u> |
| <b>RESERVES</b>                                      |                          |                          |
| Reserves set aside for specific purposes by Council: |                          |                          |
| Working capital                                      | 264,231                  | 264,231                  |
| Election purposes                                    | -                        | 15,000                   |
| Fire purposes  | 146,988                  | 41,215                   |
| Roadway purposes                                     | 168,908                  | 168,908                  |
| Sewage purposes                                      | (63,447)                 | (64,882)                 |
| Waterworks purposes                                  | 203,178                  | 236,120                  |
| Landfill purposes                                    | 10,000                   | 10,000                   |
| Recreation purposes                                  | 277,105                  | 53,193                   |
| Tri-county water system                              | 180,608                  | 180,608                  |
| Dutton Hydro Limited                                 | -                        | 141,815                  |
| Other purposes                                       | 25,513                   | 35,148                   |
| Consolidated water reserves                          | <u>318,040</u>           | <u>155,738</u>           |
| Total reserves                                       | <u><u>1,531,124</u></u>  | <u><u>1,237,094</u></u>  |

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# Corporation of the Municipality of Dutton/Dunwich

## Notes to the Consolidated Financial Statements For the Year Ended December 31, 2018

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### 14. PENSION AGREEMENTS

The Municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Each year, an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits the members have earned to date. The most recent actuarial valuation of the Plan was conducted December 31, 2018, and the results of this valuation disclosed actuarial liabilities of \$100.1 billion in respect of benefits accrued for service with actuarial assets at that date of \$95.9 billion leaving an actuarial deficit of \$4.2 billion.

Since any surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees, the Municipality does not recognize any share of the OMERS Pension surplus or deficit in these consolidated financial statements.

The amount contributed to OMERS for 2018 was \$144,101 (2017 - \$151,304).

### 15. OPERATION OF THE COUNTY OF ELGIN AND SCHOOL BOARDS

During 2018, requisitions were made by the County of Elgin and the school boards requiring the Municipality to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are summarized below:

|                                    | <b>School<br/>Boards<br/>2018<br/>\$</b> | <b>County<br/>2018<br/>\$</b> | <b>School<br/>Boards<br/>2017<br/>\$</b> | <b>County<br/>2017<br/>\$</b> |
|------------------------------------|--|-------------------------------|--|-------------------------------|
| Taxation                           | <b>862,268</b>                           | <b>2,639,955</b>              | 842,169                                  | 2,516,840                     |
| Share of payments in lieu of taxes | <b><u>94,390</u></b>                     | <b><u>102,584</u></b>         | <u>91,842</u>                            | <u>104,415</u>                |
| Amounts requisitioned              | <b><u>956,658</u></b>                    | <b><u>2,742,539</u></b>       | <u>934,011</u>                           | <u>2,621,255</u>              |

### 16. CONTINGENT LIABILITIES

From time to time, the Municipality is subject to claims and other lawsuits that arise in the ordinary course of business. These claims may be covered by the Municipality's insurance up to a maximum amount per occurrence. In the opinion of management, any litigation, if successful would not have a material impact on the financial position of the Municipality.

## Corporation of the Municipality of Dutton/Dunwich

### Notes to the Consolidated Financial Statements For the Year Ended December 31, 2018

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#### 17. BUDGET FIGURES

The operating budget approved by the council of the Municipality for 2018 is reflected on the consolidated statement of operations. Budget figures have been reclassified for the purposes of these financial statements to comply with PSAB reporting requirements. These adjustments include reserve transfers, capital expenditures, amortization and debt financing and repayment.

|                                  | Approved<br>Budget<br>\$ | Adjustments<br>\$ | PSAB<br>Budget<br>\$ |
|----------------------------------|--------------------------|-------------------|----------------------|
| <b>REVENUES</b>                  |                          |                   |                      |
| Property taxation                | 3,557,778                | -                 | 3,557,778            |
| Taxation from other governments  | 143,900                  | -                 | 143,900              |
| User charges and other           | 2,148,661                | 452,825           | 2,601,486            |
| Government transfers:            |                          |                   |                      |
| Federal                          | -                        | 118,000           | 118,000              |
| Provincial                       | 530,500                  | 20,936            | 551,436              |
| Other municipalities             | 525,413                  | -                 | 525,413              |
| Penalties and interest on taxes  | 100,000                  | -                 | 100,000              |
| Local improvement levies         | 165,361                  | -                 | 165,361              |
| Other                            | 8,300                    | 3,792             | 12,092               |
| Capital funding                  | <u>643,235</u>           | <u>(643,235)</u>  | <u>-</u>             |
| Total Revenues                   | <u>7,823,148</u>         | <u>(47,682)</u>   | <u>7,775,466</u>     |
| <b>EXPENSES</b>                  |                          |                   |                      |
| General government               | 1,141,475                | (24,334)          | 1,117,141            |
| Fire and police protection       | 885,798                  | 51,334            | 937,132              |
| Other protective services        | 224,732                  | -                 | 224,732              |
| Transportation services          | 2,336,939                | (67,669)          | 2,269,270            |
| Waterworks and sewer             | 1,540,677                | 1,099,352         | 2,640,029            |
| Garbage collection and disposal  | 374,779                  | (1,249)           | 373,530              |
| Health services                  | 234,122                  | 4,667             | 238,789              |
| Recreation and cultural services | 674,118                  | (195,279)         | 478,839              |
| Planning and zoning              | 59,900                   | -                 | 59,900               |
| Agriculture                      | 144,900                  | -                 | 144,900              |
| Reserve transfers                | <u>205,708</u>           | <u>(205,708)</u>  | <u>-</u>             |
| Total Expenses                   | <u>7,823,148</u>         | <u>661,114</u>    | <u>8,484,262</u>     |
| <b>BUDGETED ANNUAL SURPLUS</b>   | <u>-</u>                 | <u>(708,796)</u>  | <u>(708,796)</u>     |

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**Corporation of the Municipality of Dutton/Dunwich**

**Notes to the Consolidated Financial Statements  
For the Year Ended December 31, 2018**

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**18. SUPPLEMENTARY INFORMATION:**

|   | <b>2018</b>             | 2017                    |
|---|-------------------------|-------------------------|
|   | <u>\$</u>               | <u>\$</u>               |
| <b>[a] Current fund expenditures by object:</b>                             |                         |                         |
| Salaries, wages and employee benefits                                       | 2,511,994               | 2,465,834               |
| Long-term debt interest expense   | 151,926                 | 150,154                 |
| Materials and supplies  | 3,865,366               | 3,472,176               |
| Contracted services   | 1,030,431               | 1,081,417               |
| Rents and financial expenses  | 7,508                   | 25,646                  |
| Amortization  | 1,198,872               | 1,068,681               |
| Transfer to others  | <u>118,839</u>          | <u>58,174</u>           |
|   | <u><b>8,884,936</b></u> | <u><b>8,322,082</b></u> |
| <br>  |                         |                         |
| <b>[b] Change in non-cash assets and liabilities related to operations:</b> |                         |                         |
| (Increase) in taxes receivable  | 14,254                  | (73,322)                |
| (Increase) in accounts receivable   | (33,391)                | 393,081                 |
| (Increase) decrease in inventories and prepaid expenses                     | 31,414                  | (25,624)                |
| Increase (decrease) in accounts payable and accrued liabilities             | (209,779)               | 307,315                 |
| Increase (decrease) in deposits   | (68,350)                | 22,282                  |
| Increase (decrease) in deferred revenue                                     | <u>317,790</u>          | <u>52,051</u>           |
|   | <u><b>51,938</b></u>    | <u><b>675,783</b></u>   |



# **Corporation of the Municipality of Dutton/Dunwich**

## **Notes to the Consolidated Financial Statements For the Year Ended December 31, 2018**

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### **19. SEGMENTED INFORMATION**

The Municipality is a diversified municipal government institution that provides a wide range of services to its citizens, including police, fire, transportation, recreation and environmental. For management reporting purposes the Municipality's operations and activities are organized and reported by department. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

Municipal services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provided, are as follows:

#### **General government**

General government is comprised of municipal council, corporate management and program support.

#### **Protection services**

Protection services are comprised of fire protection, policing, conservation authority, building inspection and animal control, and emergency measures.

#### **Transportation services**

Transportation services are comprised of roads, bridges, winter control, parking and street lighting.

#### **Environmental services**

Environmental services are comprised of the provision of safe drinking water, the collection and treatment of waste water, and waste collection, disposal and recycling.

#### **Health services**

Health services include operation of the medical centre and maintenance of municipal cemeteries.

# Corporation of the Municipality of Dutton/Dunwich

## Notes to the Consolidated Financial Statements For the Year Ended December 31, 2018

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### 19. SEGMENTED INFORMATION (CONTINUED)

#### Recreation and cultural services

Recreation and cultural services are comprised of parks, recreation programs and facilities, and cultural services.

#### Planning and development services

Planning and development services are comprised of planning and zoning, commercial and industrial development, economic development and tourism, and agricultural and drainage services.

For each reported segment, revenues and expenses 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. Property taxation and taxation from other governments have been allocated to the general government segment.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1. For additional information see the Schedule of Segment Disclosure.

**Corporation of the Municipality of Dutton/Dunwich**

**Consolidated Schedule of Segment Disclosure  
For the Year Ended December 31, 2018**

|  | General<br>Government<br>\$ | Protection<br>Services<br>\$ | Transportation<br>Services<br>\$ | Environmental<br>Services<br>\$ | Health<br>Services<br>\$ | Recreation<br>Services<br>\$ | Planning and<br>Development<br>Services<br>\$ | Total<br>\$      |
|--|-----------------------------|------------------------------|----------------------------------|---------------------------------|--------------------------|------------------------------|---|------------------|
| <b>REVENUES</b>                          |                             |                              |                                  |                                 |                          |                              |   |                  |
| Taxation and local improvements          | 681,484                     | 903,277                      | 1,486,755                        | 349,753                         | 82,822                   | 232,132                      | 118,211                                       | 3,854,434        |
| Sales of services and regulatory fees    | 174,843                     | 58,701                       | 21,635                           | 2,218,309                       | 116,620                  | 70,627                       | 18,000  | 2,678,735        |
| Government transfers                     | 447,500                     | 129,096                      | 566,999                          | 394,566                         | -                        | 20,496                       | 139,883                                       | 1,698,540        |
| Other                                    | 134,570                     | -                            | -                                | 3,792                           | 100                      | 82,787                       | -   | 221,249          |
| Gain on disposal of capital assets       | -                           | -                            | -                                | (14,527)                        | -                        | -                            | -   | (14,527)         |
|  | <u>1,438,397</u>            | <u>1,091,074</u>             | <u>2,075,389</u>                 | <u>2,951,893</u>                | <u>199,542</u>           | <u>406,042</u>               | <u>276,094</u>                                | <u>8,438,431</u> |
| <b>EXPENSES</b>                          |                             |                              |                                  |                                 |                          |                              |   |                  |
| Salaries, wages and employee benefits    | 670,893                     | 240,098                      | 745,319                          | 384,320                         | 183,922                  | 198,718                      | 88,724  | 2,511,994        |
| Interest on long-term debt               | 1,960                       | 793                          | 47,448                           | 86,080                          | 2,502                    | 9,562                        | 3,581   | 151,926          |
| Materials and supplies                   | 329,795                     | 125,510                      | 1,124,725                        | 1,666,767                       | 77,595                   | 157,836                      | 383,138                                       | 3,865,366        |
| Contracted services, rents and financial | 24,301                      | 640,011                      | 3,358                            | 340,006                         | 20,093                   | 10,170                       | -   | 1,037,939        |
| External transfers                       | -                           | -                            | -                                | -                               | -                        | 118,839                      | -   | 118,839          |
| Amortization                             | <u>32,238</u>               | <u>54,323</u>                | <u>474,010</u>                   | <u>567,530</u>                  | <u>7,165</u>             | <u>63,606</u>                | <u>-</u>                                      | <u>1,198,872</u> |
|  | <u>1,059,187</u>            | <u>1,060,735</u>             | <u>2,394,860</u>                 | <u>3,044,703</u>                | <u>291,277</u>           | <u>558,731</u>               | <u>475,443</u>                                | <u>8,884,936</u> |
| <b>ANNUAL SURPLUS (DEFICIT)</b>          | <u>379,210</u>              | <u>30,339</u>                | <u>(319,471)</u>                 | <u>(92,810)</u>                 | <u>(91,735)</u>          | <u>(152,689)</u>             | <u>(199,349)</u>                              | <u>(446,505)</u> |

**Corporation of the Municipality of Dutton/Dunwich**

**Consolidated Schedule of Segment Disclosure  
For the Year Ended December 31, 2017**

|  | General<br>Government<br>\$ | Protection<br>Services<br>\$ | Transportation<br>Services<br>\$ | Environmental<br>Services<br>\$ | Health<br>Services<br>\$ | Recreation<br>Services<br>\$ | Planning and<br>Development<br>Services<br>\$ | Total<br>\$      |
|--|-----------------------------|------------------------------|----------------------------------|---------------------------------|--------------------------|------------------------------|---|------------------|
| <b>REVENUES</b>                          |                             |                              |                                  |                                 |                          |                              |   |                  |
| Taxation and local improvements          | 666,508                     | 1,108,832                    | 1,528,590                        | 292,452                         | 153,237                  | 397,549                      | 88,943  | 4,236,111        |
| Sales of services and regulatory fees    | 175,253                     | 101,086                      | 19,442                           | 1,951,604                       | 130,147                  | 86,110                       | 20,019  | 2,483,661        |
| Government transfers                     | 1,114,930                   | 204,911                      | 507,595                          | 101,187                         | -                        | 3,572                        | 130,946                                       | 2,063,141        |
| Other                                    | 110,193                     | -                            | -                                | 750                             | 200                      | 10,734                       | -   | 121,877          |
| Gain on disposal of capital assets       | -                           | -                            | -                                | 108,580                         | -                        | -                            | -   | 108,580          |
|  | <u>2,066,884</u>            | <u>1,414,829</u>             | <u>2,055,627</u>                 | <u>2,454,573</u>                | <u>283,584</u>           | <u>497,965</u>               | <u>239,908</u>                                | <u>9,013,370</u> |
| <b>EXPENSES</b>                          |                             |                              |                                  |                                 |                          |                              |   |                  |
| Salaries, wages and employee benefits    | 660,825                     | 333,252                      | 710,809                          | 373,442                         | 165,316                  | 144,043                      | 78,147  | 2,465,834        |
| Interest on long-term debt               | 1,874                       | 2,234                        | 41,857                           | 88,637                          | 2,634                    | 10,623                       | 2,295   | 150,154          |
| Materials and supplies                   | 277,368                     | 154,446                      | 881,438                          | 1,150,026                       | 64,289                   | 193,437                      | 751,172                                       | 3,472,176        |
| Contracted services, rents and financial | 22,131                      | 653,222                      | 9,562                            | 387,075                         | 24,570                   | 10,178                       | 325   | 1,107,063        |
| External transfers                       | -                           | -                            | -                                | -                               | -                        | 58,174                       | -   | 58,174           |
| Amortization                             | 28,687                      | 54,915                       | 414,250                          | 503,491                         | 7,165                    | 60,173                       | -   | 1,068,681        |
|  | <u>990,885</u>              | <u>1,198,069</u>             | <u>2,057,916</u>                 | <u>2,502,671</u>                | <u>263,974</u>           | <u>476,628</u>               | <u>831,939</u>                                | <u>8,322,082</u> |
| <b>ANNUAL SURPLUS (DEFICIT)</b>          | <u>1,075,999</u>            | <u>216,760</u>               | <u>(2,289)</u>                   | <u>(48,098)</u>                 | <u>19,610</u>            | <u>21,337</u>                | <u>(592,031)</u>                              | <u>691,288</u>   |