

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

**Consolidated Financial Statements**

**December 31, 2020**

**Corporation of the Municipality of Dutton/Dunwich**  
**Consolidated Financial Statements**  
**For The Year Ended December 31, 2020**

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## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

The accompanying consolidated financial statements are the responsibility of the management of Municipality of Dutton/Dunwich and have been prepared in accordance with Canadian accounting standards for public sector entities.

These consolidated financial statements include:

- Independent Auditors' Report
- Consolidated Statement of Financial Position
- Consolidated Statement of Operations and Accumulated Surplus
- Consolidated Statement of Change in Net Financial Debt
- Consolidated Statement of Cash Flows
- Notes to the Consolidated Financial Statements
- Consolidated Schedule of Segment Disclosure

The Chief Administrative Officer and the Treasurer are responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing the consolidated financial statements before they are submitted to Council for approval.

The integrity and reliability of Municipality of Dutton/Dunwich reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The consolidated financial statements have been audited on behalf of the Members of Council, Inhabitants and Ratepayers of Municipality of Dutton/Dunwich by Graham Scott Enns LLP in accordance with Canadian generally accepted auditing standards.

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Ms. Heather Bouw  
Chief Administrative Officer

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Ms. Tracy Johnson  
Treasurer

Dutton, Ontario  
October 13, 2021



**GRAHAM SCOTT ENNS** LLP  
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## **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, 2020, 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, 2020, 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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## **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

October 13, 2021

*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, 2020**

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	2020	2019
	<u>\$</u>	<u>\$</u>
<b>FINANCIAL ASSETS</b>		
Cash (Note 6)	146,881	-
Taxes receivable (Note 2)	753,695	867,718
Accounts receivable (Note 3)	1,192,414	1,301,094
Loan receivable (Note 4)	<u>-</u>	<u>98,191</u>
<b>Total financial assets</b>	<u><b>2,092,990</b></u>	<u><b>2,267,003</b></u>
<b>LIABILITIES</b>		
Temporary bank advances (Note 6)	-	380,232
Accounts payable and accrued liabilities	759,481	1,061,155
Security deposits	333,576	329,576
Deferred revenue (Note 8)	406,911	490,974
Landfill closure and post-closure liability (Note 7)	169,828	166,562
Net long-term liabilities (Note 10)	<u>4,118,453</u>	<u>4,121,865</u>
<b>Total liabilities</b>	<u><b>5,788,249</b></u>	<u><b>6,550,364</b></u>
<b>NET FINANCIAL DEBT</b>	<u><b>(3,695,259)</b></u>	<u><b>(4,283,361)</b></u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 5)	35,083,651	35,254,196
Inventories	62,615	46,231
Land inventory	128,708	128,708
Prepaid expenses	<u>51,038</u>	<u>53,485</u>
<b>Total non-financial assets</b>	<u><b>35,326,012</b></u>	<u><b>35,482,620</b></u>
<b>ACCUMULATED SURPLUS (NOTE 11)</b>	<u><b>31,630,753</b></u>	<u><b>31,199,259</b></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 Operations and Accumulated Surplus  
For The Year Ended December 31, 2020**

	Budget (Note 15) <u>\$</u>	Actual 2020 <u>\$</u>	Actual 2019 <u>\$</u>
<b>REVENUES</b>			
Property taxation	4,047,117	<b>3,914,111</b>	3,738,919
Taxation from other governments	163,642	<b>154,752</b>	155,709
Local improvement levies	224,588	<b>218,336</b>	442,774
User charges and other	2,776,091	<b>2,800,043</b>	2,749,043
Government transfers:			
Federal	124,056	<b>151,666</b>	248,861
Provincial	685,187	<b>712,246</b>	1,344,542
Other municipalities	541,438	<b>558,022</b>	519,377
Penalties and interest on taxes	120,000	<b>103,042</b>	121,345
Other	60,310	<b>267,030</b>	54,091
Gain (loss) on disposal of tangible capital assets	<u>-</u>	<u><b>46,673</b></u>	<u>(170,191)</u>
Total revenues	<u>8,742,429</u>	<u><b>8,925,921</b></u>	<u>9,204,470</u>
<b>EXPENSES</b>			
General government	1,045,374	<b>1,005,232</b>	1,068,469
Fire and police protection	953,685	<b>873,767</b>	891,163
Other protective services	227,920	<b>259,549</b>	207,936
Transportation services	2,521,541	<b>2,376,247</b>	2,406,111
Waterworks and sewer	2,403,057	<b>2,440,699</b>	2,293,150
Garbage collection and disposal	416,971	<b>459,443</b>	438,971
Health services	304,887	<b>311,040</b>	321,212
Recreation and cultural services	625,303	<b>498,751</b>	545,564
Planning and zoning	85,141	<b>90,355</b>	68,032
Agriculture	<u>254,463</u>	<u><b>179,344</b></u>	<u>306,938</u>
Total expenses (Note 16 (a))	<u>8,838,342</u>	<u><b>8,494,427</b></u>	<u>8,547,546</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	(95,913)	<b>431,494</b>	656,924
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>31,199,259</u>	<u><b>31,199,259</b></u>	<u>30,542,335</u>
<b>ACCUMULATED SURPLUS, END OF YEAR (NOTE 11)</b>	<u><u>31,103,346</u></u>	<u><u><b>31,630,753</b></u></u>	<u><u>31,199,259</u></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, 2020**

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	Budget (Note 15) <u>\$</u>	Actual <b>2020</b> <u>\$</u>	Actual 2019 <u>\$</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	(95,913)	<b>431,494</b>	656,924
Acquisition of tangible capital assets	(1,171,352)	<b>(1,171,352)</b>	(2,087,312)
Amortization of tangible capital assets	1,330,723	<b>1,330,723</b>	1,248,305
Proceeds on disposal of tangible capital assets	-	<b>57,847</b>	159,675
Change in inventories and prepaid expenses	-	<b>(13,937)</b>	(50,546)
Gain (loss) on disposal of tangible capital assets	<u>-</u>	<u><b>(46,673)</b></u>	<u>170,191</u>
<b>CHANGE IN NET FINANCIAL DEBT</b>	63,458	<b>588,102</b>	97,237
<b>NET FINANCIAL DEBT, BEGINNING OF YEAR</b>	<u>(4,283,361)</u>	<u><b>(4,283,361)</b></u>	<u>(4,380,598)</u>
<b>NET FINANCIAL DEBT, END OF YEAR</b>	<u><u>(4,219,903)</u></u>	<u><u><b>(3,695,259)</b></u></u>	<u><u>(4,283,361)</u></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, 2020

	2020	2019
	<u>\$</u>	<u>\$</u>
<b>OPERATING ACTIVITIES</b>		
Annual surplus (deficit)	431,494	656,924
Add (deduct) items not involving cash:		
Amortization of tangible capital assets	1,330,723	1,248,305
Landfill closure and post-closure liability	3,266	4,001
(Gain) loss on disposal of tangible capital assets	<u>(46,673)</u>	<u>170,191</u>
	1,718,810	2,079,421
Change in non-cash assets and liabilities related to operations (Note 16 (b))	<u>(172,971)</u>	<u>(110,169)</u>
	<u>1,545,839</u>	<u>1,969,252</u>
<b>INVESTING ACTIVITIES</b>		
Proceeds from loan receivable	<u>98,191</u>	<u>30,843</u>
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(1,171,352)	(2,087,312)
Proceeds on disposal of tangible capital assets	<u>57,847</u>	<u>159,675</u>
	<u>(1,113,505)</u>	<u>(1,927,637)</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from long-term debt issued	605,567	-
Long-term debt repayments	<u>(608,979)</u>	<u>(612,812)</u>
	<u>(3,412)</u>	<u>(612,812)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	527,113	(540,354)
<b>CASH (BANK INDEBTEDNESS), BEGINNING OF YEAR</b>	<u>(380,232)</u>	<u>160,122</u>
<b>CASH (BANK INDEBTEDNESS), END OF YEAR</b>	<u>146,881</u>	<u>(380,232)</u>
<b>CASH (BANK INDEBTEDNESS) REPRESENTED BY:</b>		
Cash and short-term investments	256,742	46,841
Temporary bank advances	<u>(109,861)</u>	<u>(427,073)</u>
	<u>146,881</u>	<u>(380,232)</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, 2020**

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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.

#### **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 9.

#### **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.

# Corporation of the Municipality of Dutton/Dunwich

## Notes to the Consolidated Financial Statements For The Year Ended December 31, 2020

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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 after the asset is available for 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, 2020

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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, 2020

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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 2020 the Municipality received \$4,068,863 (2019 - \$3,894,628) 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, 2020**

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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, 2020 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, 2020

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#### 2. TAXES RECEIVABLE

	2020	2019
	<u>\$</u>	<u>\$</u>
Current taxes receivable	523,387	518,052
Arrears taxes receivable	242,632	292,865
Penalties and interest	48,861	56,801
Allowance for doubtful accounts	<u>(61,185)</u>	<u>-</u>
	<u>753,695</u>	<u>867,718</u>

#### 3. ACCOUNTS RECEIVABLE

	2020	2019
	<u>\$</u>	<u>\$</u>
Trade and other	543,503	381,121
Water and sewer receivables	342,015	399,557
HST receivable	129,603	154,920
Other municipalities and school boards	36,803	130,371
Provincial funding	<u>140,490</u>	<u>235,125</u>
	<u>1,192,414</u>	<u>1,301,094</u>

#### 4. LOAN RECEIVABLE

The Municipality had issued a loan receivable 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. This loan was repaid in full in 2020.

# Corporation of the Municipality of Dutton/Dunwich

## Notes to the Consolidated Financial Statements For The Year Ended December 31, 2020

### 5. TANGIBLE CAPITAL ASSETS

December 31, 2020				
Cost	Opening	Additions	Disposals	Ending
<b><u>Infrastructure</u></b>				
Linear - Roadways	7,865,149	525,804	(83,325)	8,307,628
Linear - Water Services	20,720,640	96,985	(61,565)	20,756,060
Linear - Waste Water	4,653,172	11,671	-	4,664,843
Bridges	3,229,912	45,922	-	3,275,834
<b>Infrastructure Total</b>	<u>36,468,873</u>	<u>680,382</u>	<u>(144,890)</u>	<u>37,004,365</u>
<b><u>General</u></b>				
Land	2,328,971	63,367	-	2,392,338
Land Improvements	427,681	182,839	-	610,520
Building	9,263,594	34,029	(6,373)	9,291,250
Machinery and Equipment	1,624,229	57,839	-	1,682,068
Vehicles	3,659,933	152,896	(120,675)	3,692,154
<b>General Total</b>	<u>17,304,408</u>	<u>490,970</u>	<u>(127,048)</u>	<u>17,668,330</u>
<b>Total Cost</b>	<u>53,773,281</u>	<u>1,171,352</u>	<u>(271,938)</u>	<u>54,672,695</u>
<b>Accumulated Amortization</b>				
	Opening	Amortization	Disposals	Ending
<b><u>Infrastructure</u></b>				
Linear - Roadways	4,081,521	301,461	(75,911)	4,307,071
Linear - Water Services	4,891,111	390,802	(61,565)	5,220,348
Linear - Waste Water	1,174,619	56,934	-	1,231,553
Bridges	963,484	39,480	-	1,002,964
<b>Infrastructure Total</b>	<u>11,110,735</u>	<u>788,677</u>	<u>(137,476)</u>	<u>11,761,936</u>
<b><u>General</u></b>				
Land Improvements	46,629	29,851	-	76,480
Building	4,860,863	190,598	(2,613)	5,048,848
Machinery and Equipment	689,339	101,705	-	791,044
Vehicles	1,811,519	219,892	(120,675)	1,910,736
<b>General Total</b>	<u>7,408,350</u>	<u>542,046</u>	<u>(123,288)</u>	<u>7,827,108</u>
<b>Total Accumulated Amortization</b>	<u>18,519,085</u>	<u>1,330,723</u>	<u>(260,764)</u>	<u>19,589,044</u>
<b>Net Book Value</b>				
	Opening			Ending
<b><u>Infrastructure</u></b>				
Linear - Roadways	3,783,628			4,000,557
Linear - Water Services	15,829,529			15,535,712
Linear - Waste Water	3,478,553			3,433,290
Bridges	2,266,428			2,272,870
	<u>25,358,138</u>			<u>25,242,429</u>
<b><u>General</u></b>				
Land	2,328,971			2,392,338
Land Improvements	381,052			534,040
Building	4,402,731			4,242,402
Machinery and Equipment	934,890			891,024
Vehicles	1,848,414			1,781,418
	<u>9,896,058</u>			<u>9,841,222</u>
<b>Total Net Book Value</b>	<u>35,254,196</u>			<u>35,083,651</u>



# Corporation of the Municipality of Dutton/Dunwich

## Notes to the Consolidated Financial Statements For The Year Ended December 31, 2020

### 5. TANGIBLE CAPITAL ASSETS (CONTINUED)

December 31, 2019				
Cost	Opening	Additions	Disposals	Ending
<b><u>Infrastructure</u></b>				
Linear - Roadways	7,499,048	387,947	(21,846)	7,865,149
Linear - Water Services	20,433,363	308,817	(21,540)	20,720,640
Linear - Waste Water	4,653,172	-	-	4,653,172
Bridges	2,950,997	641,615	(362,700)	3,229,912
<b>Infrastructure Total</b>	<u>35,536,580</u>	<u>1,338,379</u>	<u>(406,086)</u>	<u>36,468,873</u>
<b><u>General</u></b>				
Land	2,429,143	-	(100,172)	2,328,971
Land Improvements	270,670	157,011	-	427,681
Building	9,224,784	38,810	-	9,263,594
Machinery and Equipment	1,452,342	171,887	-	1,624,229
Vehicle	3,588,890	381,225	(310,182)	3,659,933
<b>General Total</b>	<u>16,965,829</u>	<u>748,933</u>	<u>(410,354)</u>	<u>17,304,408</u>
<b>Total Cost</b>	<u>52,502,409</u>	<u>2,087,312</u>	<u>(816,440)</u>	<u>53,773,281</u>
<b>Accumulated Amortization</b>				
	Opening	Amortization	Disposals	Ending
<b><u>Infrastructure</u></b>				
Linear - Roadways	3,823,031	280,336	(21,846)	4,081,521
Linear - Water Services	4,557,531	354,306	(20,726)	4,891,111
Linear - Waste Water	1,117,841	56,778	-	1,174,619
Bridges	1,099,982	35,788	(172,286)	963,484
<b>Infrastructure Total</b>	<u>10,598,385</u>	<u>727,208</u>	<u>(214,858)</u>	<u>11,110,735</u>
<b><u>General</u></b>				
Land Improvements	28,146	18,483	-	46,629
Building	4,662,876	197,987	-	4,860,863
Machinery and Equipment	597,183	92,156	-	689,339
Vehicle	1,870,765	212,471	(271,717)	1,811,519
<b>General Total</b>	<u>7,158,970</u>	<u>521,097</u>	<u>(271,717)</u>	<u>7,408,350</u>
<b>Total Accumulated Amortization</b>	<u>17,757,355</u>	<u>1,248,305</u>	<u>(486,575)</u>	<u>18,519,085</u>
<b>Net Book Value</b>				
	Opening			Ending
<b><u>Infrastructure</u></b>				
Linear - Roadways	3,676,017			3,783,628
Linear - Water Services	15,875,832			15,829,529
Linear - Waste Water	3,535,331			3,478,553
Bridges	1,851,015			2,266,428
	<u>24,938,195</u>			<u>25,358,138</u>
<b><u>General</u></b>				
Land	2,429,143			2,328,971
Land improvements	242,524			381,052
Building	4,561,908			4,402,731
Machinery and Equipment	855,159			934,890
Vehicles	1,718,125			1,848,414
	<u>9,806,859</u>			<u>9,896,058</u>
<b>Total Net Book Value</b>	<u>34,745,054</u>			<u>35,254,196</u>

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

### **Notes to the Consolidated Financial Statements For The Year Ended December 31, 2020**

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#### **6. BANK INDEBTEDNESS**

The Municipality has available a \$2,300,000 overdraft facility. This facility bears interest at the bank prime rate (December 31, 2019 - 2.45%). At year-end the Municipality had drawn \$110,000 (2019 - \$nil) on this facility.

#### **7. 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, 2020 are estimated to be \$925,000 (2019 - \$925,000).

The estimated liability of \$169,828 (2019 - \$166,562) 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 228,000 (2019 - 230,000) cubic metres, which will be filled in approximately 59 years (2019 - 60 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, 2020

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### 8. 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>2020</b>	2019
	<u>\$</u>	<u>\$</u>
<b>Obligatory Reserve Funds</b>		
Recreation land	<b>9,000</b>	6,500
Sewage debt	-	76,887
Federal Gas Tax	-	5,689
	<u>9,000</u>	89,076
<b>Other Deferred Revenue</b>	<u><b>397,911</b></u>	<u>401,898</u>
	<u><b>406,911</b></u>	<u>490,974</u>

### 9. TRUST FUNDS

Trust funds administered by the Municipality amounting to \$76,485 (2019 - \$74,015) 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, 2020

#### 10. 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>2020</b>	2019
	<u>\$</u>	<u>\$</u>
Long-term liabilities incurred by the Municipality and outstanding at the end of the year	4,066,902	4,059,187
Long-term liabilities assumed through consolidation by the Municipality	107,894	131,970
Tile drainage loans assumed by individuals	<u>(56,343)</u>	<u>(69,292)</u>
Total long-term liabilities at the end of the year	<u><b>4,118,453</b></u>	<u><b>4,121,865</b></u>

- b) Principal repayments are summarized as follows:

	2021	2022	2023	2024	2025	Beyond	Total
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Recoverable from General tax revenue:	194,581	192,007	197,915	185,598	191,149	1,376,762	2,338,012
Recoverable from User charges	<u>227,345</u>	<u>188,471</u>	<u>181,260</u>	<u>141,855</u>	<u>145,794</u>	<u>895,716</u>	<u>1,780,441</u>
	<u><b>421,926</b></u>	<u><b>380,478</b></u>	<u><b>379,175</b></u>	<u><b>327,453</b></u>	<u><b>336,943</b></u>	<u><b>2,272,478</b></u>	<u><b>4,118,453</b></u>

- c) The Municipality has an annual debt repayment limit of \$944,603 as of January 1, 2020;
- d) Interest rates range from 1.90% to 3.99%. Interest expense on long-term liabilities in 2020 amounted to \$138,126 (2019 - \$145,514);
- e) The Municipality is contingently liable for municipality debt with respect to tile drainage loans. The total amount outstanding as at December 31, 2020 is \$56,343 (2019 - \$69,292) and is not recorded on the Consolidated Statement of Financial Position;
- f) Subsequent to the year end, the Municipality obtained \$175,925 in long-term debt to fund capital asset additions in 2020. This new debt will be repaid over 5 years with an interest rate of 1.90%.

# Corporation of the Municipality of Dutton/Dunwich

## Notes to the Consolidated Financial Statements For The Year Ended December 31, 2020

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### 11. ACCUMULATED SURPLUS

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

	<u>2020</u>	<u>2019</u>
	<u>\$</u>	<u>\$</u>
<b>SURPLUS (DEFICIT)</b>		
General revenue fund	78,106	(10,949)
Benefiting land owners	(338,248)	(430,927)
Invested in tangible capital assets	35,083,651	35,254,197
Unfunded capital	(364,868)	(777,137)
Reserves	<u>1,460,393</u>	<u>1,452,502</u>
	35,919,034	35,487,686
<b>AMOUNTS TO BE RECOVERED</b>		
Landfill costs	(169,828)	(166,562)
Net long-term liabilities	<u>(4,118,453)</u>	<u>(4,121,865)</u>
	<u>(4,288,281)</u>	<u>(4,288,427)</u>
<b>ACCUMULATED SURPLUS</b>	<u><b>31,630,753</b></u>	<u><b>31,199,259</b></u>
<b>RESERVES</b>		
Reserves set aside for specific purposes by Council:		
Working capital	139,190	264,232
Election purposes	11,548	5,774
Fire purposes	120,762	176,988
Roadway purposes	293,908	168,908
Sewage purposes	(26,404)	(30,890)
Waterworks purposes	83,238	146,273
Landfill purposes	10,000	10,000
Recreation purposes	129,845	130,771
Tri-county water system	180,608	180,608
Other purposes	131,274	25,412
Consolidated water reserves	<u>386,424</u>	<u>374,426</u>
Total reserves	<u><b>1,460,393</b></u>	<u><b>1,452,502</b></u>

# Corporation of the Municipality of Dutton/Dunwich

## Notes to the Consolidated Financial Statements For The Year Ended December 31, 2020

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### 12. 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, 2020, and the results of this valuation disclosed actuarial liabilities of \$106.4 billion in respect of benefits accrued for service with actuarial assets at that date of \$103 billion leaving an actuarial deficit of \$3.4 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 2020 was \$168,243 (2019 - \$154,486).

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

During 2020, 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 Boards 2020</b>	<b>County 2020</b>	<b>School Boards 2019</b>	<b>County 2019</b>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Taxation	<b>873,905</b>	<b>2,950,571</b>	884,272	2,815,585
Share of payments in lieu of taxes	<u><b>81,836</b></u>	<u><b>97,478</b></u>	<u>90,586</u>	<u>106,054</u>
Amounts requisitioned	<u><b>955,741</b></u>	<u><b>3,048,049</b></u>	<u>974,858</u>	<u>2,921,639</u>

### 14. 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, 2020

### 15. BUDGET FIGURES

The operating budget approved by the council of the Municipality for 2020 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 Budget \$	Adjustments \$	PSAB Budget \$
<b>REVENUES</b>			
Property taxation	4,047,117	-	4,047,117
Taxation from other governments	163,642	-	163,642
User charges and other	2,281,837	494,254	2,776,091
Government transfers:			
Federal	750	123,306	124,056
Provincial	531,200	153,987	685,187
Other municipalities	541,438	-	541,438
Penalties and interest on taxes	120,000	-	120,000
Local improvement levies	58,633	165,955	224,588
Other	<u>14,400</u>	<u>45,910</u>	<u>60,310</u>
Total Revenues	<u>7,759,017</u>	<u>983,412</u>	<u>8,742,429</u>
<b>EXPENSES</b>			
General government	1,019,445	25,929	1,045,374
Fire and police protection	906,938	46,747	953,685
Other protective services	227,920	-	227,920
Transportation services	2,152,817	368,724	2,521,541
Waterworks and sewer	1,709,513	693,544	2,403,057
Garbage collection and disposal	418,571	(1,600)	416,971
Health services	300,817	4,070	304,887
Recreation and cultural services	575,859	49,444	625,303
Planning and zoning	85,141	-	85,141
Agriculture	146,961	107,502	254,463
Reserve transfers	<u>215,035</u>	<u>(215,035)</u>	<u>-</u>
Total Expenses	<u>7,759,017</u>	<u>1,079,325</u>	<u>8,838,342</u>
<b>BUDGETED ANNUAL SURPLUS</b>	<u>-</u>	<u>(95,913)</u>	<u>(95,913)</u>

## Corporation of the Municipality of Dutton/Dunwich

### Notes to the Consolidated Financial Statements For The Year Ended December 31, 2020

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#### 16. SUPPLEMENTARY INFORMATION:

	2020	2019
	<u>\$</u>	<u>\$</u>
<b>[a] Current fund expenditures by object:</b>		
Salaries, wages and employee benefits	2,587,935	2,612,815
Long-term debt interest	138,126	145,514
Materials and supplies	3,201,490	3,377,394
Contracted services	1,113,124	1,070,329
Rents and financial expenses	9,350	25,646
Amortization	1,330,723	1,248,305
Transfer to others	<u>113,679</u>	<u>67,543</u>
	<u>8,494,427</u>	<u>8,547,546</u>
<b>[b] Change in non-cash assets and liabilities related to operations:</b>		
Taxes receivable	114,023	1,753
Accounts receivable	108,680	(127,617)
Inventories and prepaid expenses	(13,937)	(50,546)
Accounts payable and accrued liabilities	(301,674)	184,551
Deposits	4,000	(127,000)
Deferred revenue	<u>(84,063)</u>	<u>8,690</u>
	<u>(172,971)</u>	<u>(110,169)</u>

#### 17. SIGNIFICANT AND SUBSEQUENT EVENT

During and subsequent to year end, the Municipality was exposed to economic risks associated with the coronavirus pandemic. These risks are beyond the Municipality's control. The overall impact of these risks cannot be identified at this time but could impact the Municipality's operations, future net surplus, cash flows and financial condition.



# Corporation of the Municipality of Dutton/Dunwich

## Notes to the Consolidated Financial Statements For The Year Ended December 31, 2020

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### 18. 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, 2020

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### 18. 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.

### 19. COMPARATIVE FIGURES

Certain comparative figures presented in the consolidated financial statements have been reclassified to conform to the presentation adopted in the current year.

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

**Consolidated Schedule of Segment Disclosure  
For The Year Ended December 31, 2020**

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Recreation Services \$	Planning and Development Services \$	Total \$
<b>REVENUES</b>								
Taxation and local improvements	629,342	926,897	1,669,270	344,371	134,421	459,700	123,198	4,287,199
Sales of services and regulatory fees	155,521	156,288	32,753	2,297,015	172,869	10,785	41,304	2,866,535
Government transfers	405,700	55,009	622,271	261,438	-	27,268	50,248	1,421,934
Other	106,077	3,490	-	2,905	68,493	122,615	-	303,580
Gain on disposal of tangible capital assets	46,673	-	-	-	-	-	-	46,673
	<u>1,343,313</u>	<u>1,141,684</u>	<u>2,324,294</u>	<u>2,905,729</u>	<u>375,783</u>	<u>620,368</u>	<u>214,750</u>	<u>8,925,921</u>
<b>EXPENSES</b>								
Salaries, wages and employee benefits	694,184	251,956	765,582	375,266	233,270	154,720	110,957	2,587,935
Interest on long-term debt	203	833	57,147	59,088	2,258	16,988	1,609	138,126
Materials and supplies	249,181	150,903	994,925	1,470,394	59,659	119,295	157,133	3,201,490
Contracted services, rents and financial	20,745	677,722	3,313	396,502	10,994	13,198	-	1,122,474
External transfers	-	-	-	-	-	113,679	-	113,679
Amortization	40,921	49,900	552,612	598,893	7,526	80,871	-	1,330,723
	<u>1,005,234</u>	<u>1,133,314</u>	<u>2,373,579</u>	<u>2,900,143</u>	<u>313,707</u>	<u>498,751</u>	<u>269,699</u>	<u>8,494,427</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<u>338,079</u>	<u>8,370</u>	<u>(49,285)</u>	<u>5,586</u>	<u>62,076</u>	<u>121,617</u>	<u>(54,949)</u>	<u>431,494</u>

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

**Consolidated Schedule of Segment Disclosure  
For The Year Ended December 31, 2019**

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Recreation Services \$	Planning and Development Services \$	Total \$
<b>REVENUES</b>								
Taxation and local improvements	834,350	860,460	1,566,503	368,974	128,983	401,148	176,984	4,337,402
Sales of services and regulatory fees	161,714	78,201	30,522	2,205,860	160,792	92,506	23,450	2,753,045
Government transfers	403,200	89,150	1,332,441	164,993	-	6,076	116,919	2,112,779
Other	129,632	-	-	6,625	100	35,078	-	171,435
Gain on disposal of tangible capital assets	-	3,572	-	(173,763)	-	-	-	(170,191)
	<u>1,528,896</u>	<u>1,031,383</u>	<u>2,929,466</u>	<u>2,572,689</u>	<u>289,875</u>	<u>534,808</u>	<u>317,353</u>	<u>9,204,470</u>
<b>EXPENSES</b>								
Salaries, wages and employee benefits	709,847	254,910	775,880	363,369	221,852	208,222	78,735	2,612,815
Interest on long-term debt	3,052	716	52,245	75,146	2,504	9,339	2,512	145,514
Materials and supplies	292,273	126,020	1,063,693	1,369,794	68,808	163,083	293,723	3,377,394
Contracted services, rents and financial	24,884	663,725	3,858	361,983	20,883	20,642	-	1,095,975
External transfers	-	-	-	-	-	67,543	-	67,543
Amortization	38,413	53,728	510,435	561,829	7,165	76,735	-	1,248,305
	<u>1,068,469</u>	<u>1,099,099</u>	<u>2,406,111</u>	<u>2,732,121</u>	<u>321,212</u>	<u>545,564</u>	<u>374,970</u>	<u>8,547,546</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<u>460,427</u>	<u>(67,716)</u>	<u>523,355</u>	<u>(159,432)</u>	<u>(31,337)</u>	<u>(10,756)</u>	<u>(57,617)</u>	<u>656,924</u>