

CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2022

CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS

December 31, 2022

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CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

To the Members of Council, Inhabitants and Ratepayers of the
Corporation of the Municipality of South Dundas

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Corporation of the Municipality of South Dundas' Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors.

MNP LLP is appointed by the Council to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and management to discuss their audit findings.

June 19, 2023



Chief Administrative Officer



Treasurer

To the Members of Council, Inhabitants and Ratepayers of Corporation of the Municipality of South Dundas:

Opinion

We have audited the financial statements of Corporation of the Municipality of South Dundas (the "Municipality"), which comprise the statement of financial position as at December 31, 2022, and the statements of operations, accumulated surplus, changes in net debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2022, and the results of its operations, changes in its net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 Auditor's 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 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 Financial Statements

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

In preparing the financial statements, management is responsible for assessing the 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Municipality to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Cornwall, Ontario

June 19, 2023

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2022

	2022	2021
NET DEBT		
Assets		
Cash	\$ 5,354,011	\$ 8,391,823
Taxes receivable	1,072,748	764,462
Accounts receivable	4,842,268	2,683,361
Long-term investments (Note 2)	2,018,085	2,086,364
Investment in Rideau St. Lawrence Holdings Inc. (Note 3)	1,936,684	1,939,621
	15,223,796	15,865,631
 Liabilities		
Accounts payable	1,934,124	1,844,824
Accrued interest on municipal debt	56,433	51,338
Deferred revenue (Note 4)	386,175	391,433
Deferred revenue, obligatory reserve funds (Note 5)	293,158	834,445
Municipal debt (Note 7)	8,301,480	8,759,861
Accrued landfill closure and post closure costs (Note 8)	4,819,958	4,467,653
	15,791,328	16,349,554
Net Debt	(567,532)	(483,923)
NON-FINANCIAL ASSETS		
Tangible capital assets	109,957,056	105,274,619
Inventory	159,784	79,805
	110,116,840	105,354,424
ACCUMULATED SURPLUS	\$ 109,549,308	\$ 104,870,501

See Accompanying Notes

CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

For the year ended December 31, 2022

	BUDGET 2022 (Note 16)	ACTUAL 2022	ACTUAL 2021
REVENUE			
Taxation	\$ 8,040,829	\$ 8,071,071	\$ 7,719,695
Fees and service charges	4,428,467	4,456,044	3,902,650
Grants	1,541,908	1,572,673	1,647,650
Investment income	271,000	462,824	379,175
Permits and licenses	213,500	241,356	248,583
Donations and miscellaneous	250	64,849	24,541
Equity increase from Rideau St. Lawrence Holdings Inc.	-	(2,937)	10,634
	14,495,954	14,865,880	13,932,928
EXPENSES			
General government	2,095,843	2,041,546	1,932,251
Protection to persons and property	1,711,073	1,453,010	1,591,952
Transportation services	3,565,868	3,492,415	3,376,820
Environmental services	4,902,323	6,102,332	4,646,145
Health services	130,389	50,590	25,938
Recreation and cultural services	2,178,608	2,268,488	1,946,568
Planning and development	527,033	500,701	498,662
	15,111,137	15,909,082	14,018,336
DEFICIT BEFORE OTHER ITEMS	(615,183)	(1,043,202)	(85,408)
OTHER REVENUE FOR CAPITAL PURPOSES			
Deferred revenue earned	395,721	855,133	939,625
Grants	497,800	2,456,457	874,916
Direct billings, donations and other	-	2,716,280	664,589
Loss on disposal of tangible capital assets	-	(305,861)	(31,200)
	893,521	5,722,009	2,447,930
ANNUAL SURPLUS	278,338	4,678,807	2,362,522
ACCUMULATED SURPLUS, beginning of year	104,870,501	104,870,501	102,507,979
ACCUMULATED SURPLUS, end of year	\$ 105,148,839	\$ 109,549,308	\$ 104,870,501

See Accompanying Notes

CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the year ended December 31, 2022

	BUDGET 2022 (Note 16)	ACTUAL 2022	ACTUAL 2021
Annual surplus	\$ 278,338	\$ 4,678,807	\$ 2,362,522
Amortization of tangible capital assets	2,970,975	3,737,486	2,913,133
Acquisition of tangible capital assets	(5,538,282)	(8,725,783)	(5,551,999)
Loss on disposal of tangible capital assets	-	305,861	31,200
Change in inventory	-	(79,980)	89,511
Increase in net debt	(2,288,969)	(83,609)	(155,633)
Net debt, beginning of year	(483,923)	(483,923)	(328,290)
Net debt, end of year	\$ (2,772,892)	\$ (567,532)	\$ (483,923)

See Accompanying Notes

CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS
CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2022

	2022	2021
CASH FROM OPERATING ACTIVITIES		
Annual surplus	\$ 4,678,807	\$ 2,362,522
Items not affecting cash		
Amortization of tangible capital assets	3,737,486	2,913,133
Loss on disposal of tangible capital assets	305,861	31,200
Equity income from from Rideau St. Lawrence Holdings Inc.	(50,871)	(57,783)
Changes in non-cash working capital balances		
Taxes receivable	(308,286)	377,710
Accounts receivable	(2,158,907)	65,280
Accounts payable	89,300	170,036
Accrued interest on municipal debt	5,095	(4,318)
Deferred revenue	(5,258)	(285,107)
Deferred revenue, obligatory reserve funds	(541,287)	402,887
Accrued landfill closure and post closure costs	352,305	151,927
Inventory	(79,980)	89,511
	6,024,265	6,216,998
CASH (USED IN) FROM FINANCING ACTIVITIES		
Proceeds from municipal debt	332,212	1,653,159
Repayment of municipal debt	(790,593)	(755,362)
	(458,381)	897,797
CASH FROM INVESTING ACTIVITIES		
Decrease in long term investments	68,279	62,325
Dividends received from Rideau St. Lawrence Holdings Inc.	53,808	47,148
	122,087	109,473
CASH USED IN CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(8,725,783)	(5,551,999)
(DECREASE) INCREASE IN CASH	(3,037,812)	1,672,269
CASH, beginning of year	8,391,823	6,719,554
CASH, end of year	\$ 5,354,011	\$ 8,391,823

See Accompanying Notes

CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS - BY ASSET TYPE

For the year ended December 31, 2022

	Land and land improvements	Buildings	Vehicles	Equipment	Plants and facilities	Roads	Water and waste water	Bridges	Assets under construction	2022	2021
Cost											
Balance, beginning of year	\$ 2,101,745	\$ 13,990,446	\$ 6,271,858	\$ 3,960,467	\$ 57,911,353	\$ 22,569,763	\$ 28,806,422	\$ 5,715,481	\$ 1,634,867	\$ 142,962,402	\$ 137,522,230
Additions during the year	854,832	25,577	212,738	66,416	984,765	2,213,214	4,490,644	819,830	(942,233)	8,725,783	5,551,999
Disposals during the year	-	-	-	-	34,002	-	-	817,582	-	851,584	111,827
Balance, end of year	2,956,577	14,016,023	6,484,596	4,026,883	58,862,116	24,782,977	33,297,066	5,717,729	692,634	150,836,601	142,962,402
Accumulated amortization											
Balance, beginning of year	241,856	4,926,025	3,277,870	1,985,417	10,353,651	8,376,977	6,089,002	2,436,985	-	37,687,783	34,855,277
Amortization during the year	17,909	394,495	405,610	216,539	764,753	522,177	1,345,439	70,564	-	3,737,486	2,913,133
Amortization on disposals	-	-	-	-	-	153,285	-	392,439	-	545,724	80,627
Balance, end of year	259,765	5,320,520	3,683,480	2,201,956	11,118,404	8,745,869	7,434,441	2,115,110	-	40,879,545	37,687,783
Net book value 2022	\$ 2,696,812	\$ 8,695,503	\$ 2,801,116	\$ 1,824,927	\$ 47,743,712	\$ 16,037,108	\$ 25,862,625	\$ 3,602,619	\$ 692,634	\$ 109,957,056	\$ 105,274,619
Net book value 2021	\$ 1,859,889	\$ 9,064,421	\$ 2,993,988	\$ 1,975,050	\$ 47,557,702	\$ 14,192,786	\$ 22,717,420	\$ 3,278,496	\$ 1,634,867	\$ 105,274,619	

See Accompanying Notes

CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS - BY SEGMENT

For the year ended December 31, 2022

	General Government	Protection Services	Transportation Services	Environmental Services	Health and Recreation	Planning and Development	2022	2021
Cost								
Balance, beginning of year	\$ 5,983,371	\$ 4,083,140	\$ 38,376,363	\$ 84,844,529	\$ 7,992,251	\$ 47,881	\$ 141,327,535	\$ 136,517,977
Additions during the year	-	58,638	3,854,532	5,555,701	199,145	-	9,668,016	4,921,385
Disposals during the year	-	-	817,582	34,002	-	-	851,584	111,827
Assets in service, end of year	5,983,371	4,141,778	41,413,313	90,366,228	8,191,396	47,881	150,143,967	141,327,535
Assets under construction	-	-	117,150	208,827	366,657	-	692,634	1,634,867
Balance, end of year	5,983,371	4,141,778	41,530,463	90,575,055	8,558,053	47,881	150,836,601	142,962,402
Accumulated Amortization								
Balance, beginning of year	1,259,358	2,176,594	14,908,291	16,379,406	2,916,253	47,881	37,687,783	34,855,277
Amortization during the year	139,568	172,852	944,859	2,250,546	229,661	-	3,737,486	2,913,133
Amortization on disposals	-	-	545,724	-	-	-	545,724	80,627
Balance, end of year	1,398,926	2,349,446	15,307,426	18,629,952	3,145,914	47,881	40,879,545	37,687,783
Net book value 2022	\$ 4,584,445	\$ 1,792,332	\$ 26,223,037	\$ 71,945,103	\$ 5,412,139	\$ -	\$ 109,957,056	\$ 105,274,619
Net book value 2021	\$ 4,724,013	\$ 1,906,546	\$ 23,961,525	\$ 69,208,103	\$ 5,474,432	\$ -	\$ 105,274,619	

See Accompanying Notes

CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS
CONSOLIDATED SCHEDULE OF ACCUMULATED SURPLUS

For the year ended December 31, 2022

	2022	2021
Operating surpluses (deficits)		
Operating surplus (Note 9)	\$ -	\$ -
Water and waste water surplus (Note 10)	-	-
Local board surplus, Morrisburg Business Improvement Area	68,467	68,467
Capital surplus (unfunded capital projects)	75,190	160,393
Investment in Rideau St. Lawrence Holdings Inc.	1,936,684	1,939,621
Liabilities to be recovered from future revenues (Note 11)		
Accrued interest on municipal debt	(56,433)	(51,338)
Internal debenture to reserve funds	(383,654)	(427,997)
Long-term debt for landfill closure costs	(1,602,914)	(1,711,748)
Accrued landfill closure and post closure	(4,819,958)	(4,467,653)
Net deficit	(4,782,618)	(4,490,255)
Reserves and reserve funds (Note 14)		
Reserves	7,376,820	7,284,167
Reserve funds	3,591,212	3,720,165
Total reserves and reserve funds	10,968,032	11,004,332
Invested in tangible capital assets		
Tangible capital assets	109,957,056	105,274,619
Less: related municipal debt	(6,593,162)	(6,918,195)
Total invested in tangible capital assets	103,363,894	98,356,424
ACCUMULATED SURPLUS	\$ 109,549,308	\$ 104,870,501

CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS

CONSOLIDATED SCHEDULE OF CHANGE IN ACCUMULATED SURPLUS

For the year ended December 31, 2022

	Deficit	Reserves and Reserve Funds	Invested in Tangible Capital Assets	2022	2021
Balance, beginning of year	\$ (4,490,255)	\$ 11,004,332	\$ 98,356,424	\$104,870,501	\$102,507,979
Annual surplus	4,549,531	129,276	-	4,678,807	2,362,522
Operating funds transferred to reserves and reserve funds	(2,752,564)	2,752,564	-	-	-
Reserves and reserve funds transferred to operating	766,100	(766,100)	-	-	-
Reserves and reserve funds transferred for tangible capital assets	-	(2,152,040)	2,152,040	-	-
Operating funds used for tangible capital assets	(6,573,743)	-	6,573,743	-	-
Disposal of tangible capital assets	305,860	-	(305,860)	-	-
Amortization expense of tangible capital assets	3,737,486	-	(3,737,486)	-	-
Proceeds from municipal debt	332,212	-	(332,212)	-	-
Repayment of municipal debt related to capital	(657,245)	-	657,245	-	-
Change in accumulated surplus	(292,363)	(36,300)	5,007,470	4,678,807	2,362,522
Balance, end of year	\$ (4,782,618)	\$ 10,968,032	\$103,363,894	\$ 109,549,308	\$104,870,501

See Accompanying Notes

CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS

CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE

For the year ended December 31, 2022

	General Government	Protection Services	Transportation Services	Environmental Services	Water and waste water Services	Health Services	Recreation and Cultural Services	Planning and Development	2022	2021
REVENUE										
Taxation	\$ 1,084,157	\$ 1,571,608	\$ 2,369,777	\$ 1,067,580	\$ 51,120	\$ 200,886	\$ 1,229,438	\$ 496,505	\$ 8,071,071	\$ 7,719,695
Fees and service charges	122,403	74,075	57,699	292,464	3,220,217	19,380	620,768	49,038	4,456,044	3,902,650
Grants	1,269,435	-	-	183,089	19,230	-	79,147	21,772	1,572,673	1,647,650
Investment income	448,232	-	-	-	14,592	-	-	-	462,824	379,175
Permits and licenses	74,327	16,040	5,150	-	-	-	-	145,839	241,356	248,583
Donations and other	-	17,874	-	-	-	-	46,975	-	64,849	24,541
Equity (decrease) increase	(2,937)	-	-	-	-	-	-	-	(2,937)	10,634
	2,995,617	1,679,597	2,432,626	1,543,133	3,305,159	220,266	1,976,328	713,154	14,865,880	13,932,928
EXPENSES										
Wages and benefits	1,237,986	679,882	1,058,298	162,915	516,294	-	860,597	222,806	4,738,778	4,689,961
Interest on municipal debt	81,818	-	10,657	29,088	99,678	50,590	-	15,668	287,499	293,715
Materials and services	428,721	419,857	1,208,736	669,497	962,269	-	1,059,140	208,589	4,956,809	4,130,394
Contracted services	29,057	25,682	219,513	999,316	253,742	-	73,494	9,286	1,610,090	1,482,262
Insurance and financial costs	124,396	67,810	50,352	-	158,987	-	45,596	-	447,141	417,769
Third party transfers	-	86,927	-	-	-	-	-	44,352	131,279	91,102
Amortization	139,568	172,852	944,859	-	2,250,546	-	229,661	-	3,737,486	2,913,133
	2,041,546	1,453,010	3,492,415	1,860,816	4,241,516	50,590	2,268,488	500,701	15,909,082	14,018,336
SURPLUS (DEFICIT)										
BEFORE OTHER ITEMS	954,071	226,587	(1,059,789)	(317,683)	(936,357)	169,676	(292,160)	212,453	(1,043,202)	(85,408)
OTHER REVENUE FOR CAPITAL PURPOSES										
Deferred revenue earned	-	-	830,133	-	-	-	25,000	-	855,133	939,625
Grants	-	-	821,722	-	1,581,658	-	53,077	-	2,456,457	874,916
Donations and other	-	-	2,583,214	-	-	-	133,066	-	2,716,280	664,589
Loss on disposal of tangible capital assets	-	-	(305,861)	-	-	-	-	-	(305,861)	(31,200)
	-	-	3,929,208	-	1,581,658	-	211,143	-	5,722,009	2,447,930
ANNUAL SURPLUS (DEFICIT)	\$ 954,071	\$ 226,587	\$ 2,869,419	\$ (317,683)	\$ 645,301	\$ 169,676	\$ (81,017)	\$ 212,453	\$ 4,678,807	\$ 2,362,522

See Accompanying Notes

CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

DESCRIPTION OF ORGANIZATION

The Corporation of the Municipality of South Dundas (the "Municipality") is a municipality in the Province of Ontario, Canada. 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 are prepared in accordance with Canadian public sector accounting standards and include the following significant accounting policies:

(a) Basis of consolidation

(i) Consolidated entities

These consolidated financial statements reflect the assets, liabilities, sources of financing and expenditures and include the activities of all committees of Council and the following local boards:

Iroquois Golf Course Municipal Service Board

Morrisburg Business Improvement Area

Galop Canal Iroquois Landing Marina

All interfund assets and liabilities and sources of financing and expenditures have been eliminated.

These consolidated financial statements reflect the investment in any government business enterprises and are consolidated using the modified equity method. Under the modified equity basis, the enterprises accounting principles are not adjusted to conform with those of the Municipality and intergovernmental transactions and balances are not eliminated. The following government business enterprise is consolidated based on the Municipality's share of ownership.

Rideau St. Lawrence Holdings Inc.

(ii) Non-consolidated entities

There are no non-consolidated entities.

(iii) Accounting for United Counties and school board transactions

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

(iv) Trust funds

Trust funds and their related operations administered by the Municipality are not consolidated, but are reported separately in the trust funds' financial statements.

(b) Accrual basis of accounting

Revenues and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Taxation and related revenues

Property tax billings are issued by the Municipality based on assessment rolls prepared by the Municipal Property Assessment Corporation ("MPAC") and collects property tax revenue for municipal purposes, provincial education taxes on behalf of the Province of Ontario, payment in lieu of taxation, local improvements and other charges. The authority to levy and collect property taxes is established under the *Municipal Act 2001*, the *Assessment Act*, the *Education Act* and other legislation.

Taxation revenue consists of non-exchange transactions and is recognized in the period to which the assessment relates and a reasonable estimate of the amounts can be made. Annual taxation revenue also includes adjustments related to reassessments and appeals to prior years' assessments. The Municipality is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.

(d) Government grants and transfers

Government grants and transfers are the transfer of assets from other levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return. The Municipality recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the Municipality recognizes revenue as the liability is settled.

(e) Fees and services and other revenues

Fees and services and other revenues are recognized when the activity is performed or when the services are rendered. Examples include, but are not limited to, water and waste water charges, solid waste tipping fees, licensing fees, permits, and other fees from various recreation programs and facilities.

(f) Investment income

Investment income earned on surplus funds and dividends received are reported as revenue in the period earned. Investment income earned on obligatory funds such as parkland allowances and gas tax funds is added to the associated funds and forms part of the respective deferred revenue, obligatory reserve fund balances.

(g) Cash and cash equivalents

Cash and cash equivalents is defined as cash on hand, cash on deposit and short term investments, which includes guaranteed investment certificates with maturities of three months or less.

(h) Long-term investments

Long-term investments are recorded at cost. Temporary declines in the market value of these investments are not adjusted.

(i) Reserves and reserve funds

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

(j) Deferred revenue

Deferred revenue represents government grants and transfers that have been received for specific purposes, but the respective expenditure has not been incurred to date. These amounts will be recognized as revenues in the fiscal year the expenditure is incurred.

CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Deferred revenue, obligatory reserve funds

The Municipality receives restricted contributions under the authority of federal and provincial legislations. These funds by their nature are restricted in their use and are recorded as deferred revenue until applied to applicable costs. Amounts applied to qualifying expenditures are recorded as revenue in the fiscal period they are expended.

(l) Future employee benefits payable

Employee benefits include vacation entitlement and sick leave benefits. Vacation and sick leave benefits are accrued in accordance with the Municipality's policy. The Municipality accounts for its participation in the Ontario Municipal Employees Retirement System ("OMERS"), as a defined contribution plan.

(m) Landfill closure costs

The estimated costs to close and maintain solid waste landfill sites are based on estimated future expenses in current dollars, adjusted for estimated inflation, and are charged to expenses as the landfill site's capacity is used.

(n) 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 financial assets 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:

Land improvements	25 to 40 years
Buildings	20 to 40 years
Machinery and equipment	15 to 25 years
Vehicles	5 to 20 years
Water and waste plants and networks	
underground networks	75 to 100 years
sewage treatment plants	75 years
water pumping stations and reservoirs	75 years
flood stations and other infrastructure	75 years
Transportation	
roads	10 to 40 years
bridges and structures	25 to 75 years

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

The Municipality has a capitalization threshold of \$25,000 so that individual tangible capital assets of lesser value are expensed, unless they are pooled because, collectively they have significant value, or for operational reasons. Examples of pooled assets are desktop computer systems, utility poles and defibrillators.

CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Non-financial assets (continued)

(ii) Contributions of tangible capital assets

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

(iii) Leases

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

(iv) Inventory

Inventory held for consumption are recorded at the lower of cost or replacement cost.

(o) Liability for contaminated sites

A liability for contaminated sites arises when contamination is being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds the maximum acceptable concentrations under an environmental standard. A liability for remediation of contaminated sites is recognized when all of the following criteria are met:

- i. An environmental standard exists;
- ii. Contamination exceeds the environmental standard;
- iii. The municipality is directly responsible, or accepts responsibility to remediate the site;
- iv. The municipality expects that future economic benefits will be given up; and
- v. A reasonable estimate of the amount can be made.

Liabilities are accrued to record the estimated costs related to the management and remediation of contaminated sites. The liability estimate includes costs that are directly attributable to the remediation activities and includes integral post-remediation operation, maintenance and monitoring costs that are a part of the remediation strategy for the contaminated site. The costs that would be included in a liability are:

- Costs directly attributable to remediation activities (for example, payroll and benefits, equipment and facilities, materials, and legal and other professional services); and
- Costs of tangible capital assets acquired as part of remediation activities to the extent they have no other alternative use.

The measurement of a liability is based on estimates and professional judgment. The liability is recorded net of any expected recoveries. The carrying amount of a liability is reviewed at each financial reporting date with any revisions to the amount previously recognized accounted for in the period in which revisions are made.

A contingency is disclosed if all of the above criteria are not met.

CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Measurement uncertainty (use of estimates)

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires administration 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 consolidated financial statements, and the reported amounts of revenues and expenditures during the current period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known. Significant items subject to such estimates and assumptions include the estimated useful life of tangible capital assets, the valuation of allowances for doubtful taxes and accounts receivable, the valuation of inventories, future employment benefits payable, future landfill closure and post closure costs, and the estimated liability for remediation of contaminated sites. Actual results could differ from these estimates.

(q) Segment disclosure

A segment is defined as a distinguishable activity or group of activities of a government for which it is appropriate to separately report financial information to achieve the objectives of the standard. The Municipality has provided definitions of the segments used and presented financial information in segmented format in Note 18 .

(r) Future accounting pronouncements

Standards effective beginning on or after April 1, 2022

Financial instruments

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

This standard is effective for fiscal years beginning on or after April 1, 2022. Early adoption is permitted. The Municipality has not yet determined the impact of this standard on its consolidated financial statements.

Asset Retirement Obligations

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

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

This standard is effective for fiscal years beginning on or after April 1, 2022. Early adoption is permitted. The Municipality has not yet determined the impact of this standard on its consolidated financial statements.

CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Future accounting pronouncements (continued)

Revenues

PS 3400 Revenues establishes standards on how to account for and report on revenue by distinguishing between revenue arising from transactions that include performance obligations and transactions that do not have performance obligations. The main features of this Section are as follows:

- Performance obligations are enforceable promises to provide specific goods or services to a specific payor;
- Performance obligations can be satisfied at a point in time or over a period of time;
- The new standard outlines five indicators to determine if the revenue would be recognized over a period of time;
- Revenue from a transaction with a performance obligation(s) is recognized when, or as, the entity has satisfied the performance obligation(s); and
- Revenue from transactions with no performance obligation is recognized when a public sector entity has the authority to claim or retain an inflow of economic resources and a past event that gives rise to a claim of economic resources has occurred.

This standard is effective for annual financial statements relating to fiscal years beginning on or after April 1, 2023. Early application continues to be permitted. The Municipality has not yet determined the impact of this standard on its consolidated financial statements.

Public Private Partnerships

PS 3160 Public Private Partnerships, which contains requirements for recognizing, measuring, and classifying infrastructure procured through a public private partnership PS 3160 applies when public private partnership infrastructure is procured by the public sector entity using a private sector partner that is obligated to:

- Design, build, acquire or better new or existing infrastructure;
- Finance the transaction past the point where the infrastructure is ready for use; and
- Operate and/or maintain the infrastructure.

Public private partnership infrastructure should be recognized as an asset when the public sector entity acquires control of the infrastructure. A liability, which could be in the form of a financial liability, a performance obligation, or a combination of both, should be recognized when the public private partnership recognizes an asset.

This new Section is effective for fiscal years beginning on or after April 1, 2023. Earlier application is permitted. The Municipality has not yet determined the impact of this standard on its consolidated financial statements.

2. LONG-TERM INVESTMENTS

	2022	2021
Promissory note, Rideau St. Lawrence Holdings Inc., 4.09% interest, no specific terms of repayment, unsecured	\$ 938,352	\$ 938,352
South Dundas Water Plant debentures, 5.5% interest, repayable in annual payments of \$23,889, due 2026, secured by property	83,733	102,012
South Dundas Water Plant, long-term growth receivable, 5% interest no specific terms of repayment, unsecured	996,000	1,046,000
	\$ 2,018,085	\$ 2,086,364

CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

3. INVESTMENT IN RIDEAU ST. LAWRENCE HOLDINGS INC.

	2022	2021
Investment, beginning of year	\$ 1,939,621	\$ 1,928,986
Share of net income for the year	50,871	57,783
Dividends received	(53,808)	(47,148)
Investment, end of year	\$ 1,936,684	\$ 1,939,621

The Municipality of South Dundas owns 33.63% of the outstanding share capital of Rideau St. Lawrence Holdings Inc.

The following table provides condensed supplementary financial information for Rideau St. Lawrence Holdings Inc.:

Financial Position

	2022	2021
Current assets	\$ 4,379,443	\$ 3,711,548
Deferred taxes	-	5,840
Capital	10,073,319	9,058,080
Regulatory assets	1,186,540	728,708
Total Assets	15,639,302	13,504,176
Current liabilities	7,536,138	5,824,461
Long-term portion of customer deposits	209,106	216,020
Contributions in aid of construction	1,621,495	1,141,862
Deferred tax liabilities	14,427	-
Long-term debt	291,039	334,172
Regulatory liabilities	208,292	220,122
Total Liabilities	9,880,497	7,736,637
Shareholders' Equity	\$ 5,758,805	\$ 5,767,539

Financial Activities

	2022	2021
Total revenue	\$ 17,421,237	\$ 16,492,905
Total expenses	17,269,970	16,321,085
Net income	\$ 151,267	\$ 171,820
Municipality share of net income (33.63%)	\$ 50,871	\$ 57,783

CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

4. DEFERRED REVENUE

Deferred revenue represents funds received from the Province of Ontario that were allocated to its separate bank accounts as directed by Council. Deferred revenue consists of the Ontario Small Town and Rural Development Infrastructure Initiative ("OSTAR") that were deferred to finance the future long-term debt payments resulting from the financing of the South Dundas Water Treatment Plant in 2008. Deferred revenue also consists of the Green Infrastructure Fund ("GIF") to finance the provincial portion of construction costs of the Iroquois Waste Water Treatment Plant; and the Ontario Community Infrastructure Fund ("OCIF") to finance reconstruction costs of specific roads. The balances and transactions are summarized as follows:

	OCIF	OSTAR	GIF	2022	2021
Balance, beginning of year	\$ 1,732	\$ 16,750	\$ 372,951	\$ 391,433	\$ 676,540
Grants received	-	-	-	-	418,782
Interest earned	3,176	-	8,316	11,492	4,784
Utilized for operating purposes	-	(16,750)	-	(16,750)	-
Utilized for capital acquisitions	-	-	-	-	(708,673)
Balance, end of year	\$ 4,908	\$ -	\$ 381,267	\$ 386,175	\$ 391,433

5. DEFERRED REVENUE, OBLIGATORY RESERVE FUNDS

A requirement of Canadian public sector accounting standards is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial legislation restricts how these funds may be used and under certain circumstances these funds may possibly be refunded. The obligatory reserve funds consist of the gas tax, COVID-19 funding and parkland reserve fund. The balance and transactions are summarized as follows:

	COVID-19	Gas Tax	Parkland	2022	2021
Balance, beginning of year	\$ 107,954	\$ 512,072	\$ 214,419	\$ 834,445	\$ 431,558
Grants received	-	343,570	-	343,570	898,832
Prepaid special charges	-	-	615	615	-
Interest earned	-	12,944	4,788	17,732	2,782
Utilized for operating purposes	(48,071)	-	-	(48,071)	(183,814)
Utilized for capital acquisitions	-	(830,133)	(25,000)	(855,133)	(314,913)
Balance, end of year	\$ 59,883	\$ 38,453	\$ 194,822	\$ 293,158	\$ 834,445

6. FUTURE EMPLOYMENT BENEFITS PAYABLE

The Municipality provides employee benefits that will require funding in future periods. With respect to responsibilities under the Workplace Safety and Insurance Board ("WSIB") Act the Municipality has elected to be a Schedule 2 employer and remits payments to the WSIB as required to fund disability payments. There is no liability recorded in these consolidated financial statements with respects to any WSIB liability.

CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

7. MUNICIPAL DEBT

	2022	2021
Loan payable, interest at 3.35%, repayable in monthly payments of \$16,667 plus interest, due September 2034, South Dundas Municipal Centre	\$ 2,350,000	\$ 2,550,000
Loan payable, interest at 3.90%, repayable in semi-annual payments of \$25,841 plus interest, due November 2033, Iroquois Medical Centre	568,510	620,192
Loan payable, interest at 4.75%, repayable in semi-annual payments of \$104,500 plus interest, due August 2028, South Dundas Municipal Water Plant	1,149,500	1,358,500
Loan payable, interest at 3.31%, repayable in monthly payments of \$54,529 plus interest, due November 15, 2028, Industrial Park	654,349	763,407
Loan payable, interest at 1.76%, repayable in blended semi-annual payments of \$69,242, due September 2035, Williamsburg landfill closure costs	1,602,914	1,711,748
Equipment capital lease, interest at 0%, repayable in monthly payments of \$252, due December 2022, secured by equipment	267	3,296
Loan payable, interest at 2.00%, repayable in blended semi-annual payments of \$40,920, due March 2036, Water Tower Rehabilitation	964,059	1,025,692
Loan payable, interest at 2.71%, repayable in blended semi-annual payments of \$19,453, due July 2041, Dutch Meadows Pumping Station	574,264	597,107
Loan payable, interest at 4.26%, repayable in blended semi-annual payments of \$20,573, due October 2032, Taylor Road Bridge	332,212	-
Tile drain loans, interest at 6%, repayable over ten years in blended annual payments between \$163 and \$6,263, due between one year and ten years	105,405	129,919
	\$ 8,301,480	\$ 8,759,861

Repayment of municipal debt, assuming the loans are renewed under the same terms and conditions, is as follows:

	2023	\$	816,293
	2024		820,108
	2025		826,530
	2026		819,246
	2027		825,255
	Thereafter		4,194,048
		\$	8,301,480

Principal payments are payable from the following sources as follows:

	2023 to 2027	2028 to 2042
General municipal revenues	\$ 2,194,934	\$ 2,057,272
Rental revenues	331,420	924,626
User charges	1,496,160	1,191,663
Tile drain loans receivable	84,918	20,487
	\$ 4,107,432	\$ 4,194,048

CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

8. ACCRUED LANDFILL CLOSURE AND POST CLOSURE COSTS

The Municipality operates two solid waste landfill sites of which one site was closed in 2019. The estimated remaining useful life of its open site is approximately two years. The estimate associated with closure and post-closure include costs such as clay, topsoil, hydro seed, site preparation, equipment, ditching, drainage, fencing and post closure monitoring for eighty one years from the date of site closure.

The estimated closure and post closure costs for both sites of \$4,819,958 (2021 - \$4,467,653) have been adjusted by applying a discount rate of 2.89%, based on Bank of Canada's long-term benchmark rate of 1.67% adjusted by 1.22% for the Municipality's risk factor. These costs are to be recovered from future taxation revenue and reserves. The Municipality has \$547,558 (2021 - \$935,437) in the landfill reserve to fund future landfill closure and post closure costs.

The reported liability is based on estimates and assumptions using the best information available at the end of the reporting period. Future events, such as changes to regulatory requirements, may result in significant changes to the estimated total liability and will be recognized prospectively, as a change in estimate, when applicable.

9. OPERATING SURPLUS

The budget figures presented in these consolidated financial statements are based upon the 2022 operating and capital budgets that have been approved by Council on June 14, 2021. The following schedule reconciles the budget and actual results presented in these consolidated financial statements to the approved operating budget for the year.

	BUDGET 2022 (Note 16)	ACTUAL 2022	ACTUAL 2021
Annual Surplus (Deficit)	\$ 278,338	\$ 4,678,807	\$ 2,362,522
Operating funds transferred to reserves and reserve funds	(1,005,832)	(1,307,562)	(1,443,667)
Reserve and reserve funds transferred for tangible capital assets	2,249,050	2,152,040	1,467,273
Reserve fund interest	-	(129,276)	(95,386)
Acquisition of tangible capital assets	(5,538,282)	(8,725,783)	(5,551,999)
Amortization of tangible capital assets	2,970,975	3,737,486	2,913,133
Proceeds from the issuance of municipal debt	1,800,000	332,212	1,653,159
Principal repayments on municipal debt	(754,249)	(810,422)	(739,692)
Change in surplus for future capital acquisitions	-	85,200	(216,486)
Equity (increase) decrease of Rideau St. Lawrence Holdings Inc.	-	2,937	(10,634)
Accrued landfill closure and post closure costs	-	352,306	151,927
Accrued interest on municipal debt	-	5,096	(4,319)
Loss (gain) loss on disposal of tangible capital assets	-	305,861	31,200
Surplus for the year before year-end transfers	-	678,902	517,031
Transfer of water and waste water surplus to reserves	-	(454,433)	(137,405)
Transfer of operating surplus to reserves	-	(224,469)	(379,626)
	\$ -	\$ -	\$ -

The operating surplus for the fiscal year ending December 31, 2022 was \$224,469 (2021 - \$379,626), which \$128,587 was transferred to the working capital reserve and \$95,882 to the fire reserve.

CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

10. WATER AND WASTE WATER OPERATIONS

The water and waste water operations are made up of four local areas, the respective surpluses for the fiscal year ended December 31, 2022 are listed below. Any surpluses are transferred to and deficits are funded by the respective local area reserve or reserve fund.

	2022	2021
South Dundas municipal water	\$ 68,518	\$ 31,037
Iroquois waste water	83,463	8,055
Morrisburg waste water	295,162	87,882
Williamsburg waste water	7,290	10,431
Total water and waste water surplus	\$ 454,433	\$ 137,405

Water and waste water operations included in the schedule of the operating fund is summarized as follows:

	BUDGET 2022 (Note 16)	ACTUAL 2022	ACTUAL 2021
Revenues			
Taxation and local improvement charges	\$ 51,120	\$ 51,120	\$ 51,120
Fees and service charges	3,278,250	3,220,217	2,856,054
Grants	16,708	19,230	-
Interest	3,000	14,592	3,107
	3,349,078	3,305,159	2,910,281
Expenditures, excluding amortization	2,257,392	1,990,970	1,994,646
Surplus for the year	1,091,686	1,314,189	915,635
Financing and transfers			
Transfers to reserve and reserve funds	(479,506)	(709,433)	(638,714)
Funds used for capital asset acquisitions and expenditures	(327,505)	(311,281)	(37,561)
Net change in municipal debt	(284,675)	(293,475)	(239,360)
	(1,091,686)	(1,314,189)	(915,635)
Water and waste water surplus for the year	\$ -	\$ -	\$ -

CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

11. AMOUNTS TO BE RECOVERED FROM FUTURE REVENUES

Amounts to be recovered from future taxation, local improvement charges and reserves are as follows:

	2022	2021
Municipal debt	\$ 8,301,480	\$ 8,759,861
Accrued interest on municipal debt	56,433	51,338
Accrued landfill closure and post-closure	4,819,958	4,467,653
	\$ 13,177,871	\$ 13,278,852

Amounts are to be recovered from the following sources:

Reserves and reserve funds	\$ 547,558	\$ 935,437
General municipal revenues	4,252,206	6,651,250
User charges	8,293,189	5,671,678
Tile drain loans receivable	84,918	20,487
	\$ 13,177,871	\$ 13,278,852

12. PENSION AGREEMENTS

The Municipality is a member of the Ontario Municipal Employees Retirement System ("OMERS") which is a multi-employer retirement plan. The plan is a contributory defined benefit plan that specifies the amount of retirement benefit to be received by the employees based on the length of service and rates pay. Employers and employee contribute to the plan. 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 deficit of \$3.1 billion (2020 - \$3.2 billion) in these consolidated financial statements.

The employer amount contributed to OMERS for 2022 in the amount of \$356,953 (2021 - \$325,684) for current service and is included as an expenditure on the consolidated statement of financial activities.

13. EXPENDITURES BY OBJECT

	BUDGET 2022 (Note 16)	ACTUAL 2022	ACTUAL 2021
Wages and benefits	\$ 5,054,192	\$ 4,738,778	\$ 4,689,961
Interest on municipal debt	491,354	287,499	293,715
Materials and services	4,371,687	4,956,809	4,130,394
Contracted services	1,557,294	1,610,090	1,482,262
Insurance and other financial costs	435,690	447,141	417,769
Third party transfers	229,945	131,279	91,102
Amortization	2,970,975	3,737,486	2,913,133
	\$ 15,111,137	\$ 15,909,082	\$ 14,018,336

CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

14. RESERVES AND RESERVE FUNDS

	2022	2021
Reserves set aside for specific purposes by Council are as follows:		
Working capital	\$ 2,066,956	\$ 2,003,362
Water	828,196	835,042
Waste water	1,511,633	1,099,860
Service delivery	36,371	174,529
Planning and development	120,496	81,223
Recreation and facilities	581,653	553,367
Cemeteries and funeral assistance program	45,139	45,139
Campground	192,791	124,296
Roads	515,917	499,128
Landfill	547,558	935,437
Tax stabilization	51,376	21,057
Winter control	28,523	119,169
Elections	24,120	50,710
Treasury	61,563	61,563
Protection to persons and property	377,544	270,620
Future debenture payments	379,216	373,064
Accessibility	-	30,000
Miscellaneous	7,768	6,601
	7,376,820	7,284,167
Reserve funds set aside for specific purpose by legislation, regulation or agreement:		
Equipment replacement	983,151	789,600
Water	102,992	130,371
Waste water	552,200	524,264
Infrastructure	1,480,608	1,765,879
Fire	57,741	55,553
General purposes	300,916	365,820
EDP community benefits	113,604	88,678
	3,591,212	3,720,165
Total reserves and reserve funds	\$ 10,968,032	\$ 11,004,332

15. TRUST FUNDS

Trust funds administered by the Municipality amounting to \$105,382 (2021 - \$97,860) have not been included in the Consolidated Statement of Financial Activities.

16. BUDGET FIGURES

The 2022 budget which includes operating, capital, reserves and reserve funds transactions were approved by Council on January 24, 2022. The budgets established for capital, reserves and reserve funds are based on a project-oriented basis, the costs of which may be carried out over one or more years.

CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

17. CONTINGENCIES

Legal action

The Municipality is involved in various legal actions in the normal course of business. The Municipality and its insurers are defending all actions against the Municipality. In the opinion of administration, the aggregate amount of any potential liability is not expected to have a material adverse effect on the Municipality's financial position. Losses, if any, will be accounted for in the period they become determinable.

Contaminated sites

The Municipality identified one parcel of land that is non-productive or partially productive for PS 3260 purposes, liability for contaminated sites, that could be environmentally impacted. The estimated cost of undertaking various types of Environmental Site Assessments is unknown. A liability has not been recorded in these consolidated financial statements because the Municipality's expectation of future economic benefits being given up to remediate this site is unlikely and the liability cost of remediation cannot be determined.

WSIB disability

As a result of recent changes to the Workplace Safety and Insurance Act, the Municipality would be responsible to reimburse WSIB for disability payments under the revised regulations for work-related disabilities for firefighters. The estimated future benefit and administrative costs if claims are made as at December 31, 2022 is \$12,535.

18. SEGMENTED INFORMATION

The Municipality is responsible for providing a range of services to its citizens. For administration reporting purposes the Municipality's operations and activities are organized and reported by department. These departments are reported by functional area in the body of the consolidated financial statements similar to reporting reflected in the Ontario Financial Information Return. These functional areas represent segments for the Municipality and expended disclosure by object has been reflected in the schedule of segmented disclosure.

For each segment separately reported, the segment revenue 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.

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.

A brief description of each segment follows:

(a) General government

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

(b) Protection services

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

CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

18. SEGMENTED INFORMATION (Continued)

(c) Transportation services

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

(d) Environmental services

Environmental services include waste collection, disposal and recycling services, the operation of landfill sites and water and waste water facilities and the related infrastructure for the collection and distribution of both water and waste water services within the Municipality.

(e) Health and recreation

Health and recreation provides services that contribute to neighbourhood development and sustainability through the provision of recreation and leisure programs and facilities including community halls, libraries, parks, recreation fields, and arenas.

(f) Planning and development

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

CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS

FIVE YEAR FINANCIAL REVIEW

For the year ended December 31, 2022

FINANCIAL ACTIVITIES (000's)

	2022	2021	2020	2019	2018
Revenues					
Taxation	\$ 8,071	\$ 7,720	\$ 7,610	\$ 7,232	\$ 6,941
Fees and service charges	4,456	3,903	3,515	3,567	3,561
Grants	1,573	1,648	1,537	1,950	1,353
Investment income	463	379	333	501	462
Permits and licenses	241	249	209	218	161
Donations and other revenue	65	25	48	173	2
Equity (decrease) increase	(3)	11	74	(3)	(4)
	14,866	13,935	13,326	13,638	12,476
Expenses					
General government	2,042	1,932	1,975	1,998	1,789
Protection to persons and property	1,453	1,592	1,416	1,341	1,274
Transportation services	3,492	3,377	3,553	3,369	3,629
Environmental	6,102	4,646	4,298	9,072	3,832
Health services	51	26	38	34	32
Recreation and cultural services	2,268	1,947	1,786	1,856	1,852
Planning and development	501	499	559	498	669
	15,909	14,019	13,625	18,168	13,077
Annual deficit before other items	(1,043)	(84)	(299)	(4,530)	(601)
Other revenue for capital purposes					
Deferred revenue earned	855	940	2,207	621	684
Grants	2,456	875	730	163	180
Donations and other	2,716	665	165	115	30
Gain (loss) of tangible capital assets	(306)	(31)	(40)	104	51
	5,721	2,449	3,062	1,003	945
Annual surplus	\$ 4,678	\$ 2,365	\$ 2,763	\$ (3,527)	\$ 344

PROPERTY TAXES BILLED (000's)

	2022	2021	2020	2019	2018
Own purposes	\$ 8,071	\$ 7,720	\$ 7,610	\$ 7,232	\$ 6,941
Upper-Tier Municipality	8,577	8,331	8,350	8,044	7,853
School Boards	5,110	5,057	5,895	5,987	5,976
	\$ 21,758	\$ 21,108	\$ 21,855	\$ 21,263	\$ 20,770

CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS

FIVE YEAR FINANCIAL REVIEW

For the year ended December 31, 2022

TAXABLE ASSESSMENT (000's)

	2022	2021	2020	2019	2018
Residential and farm	\$ 1,499,442	\$ 1,491,540	\$ 1,408,054	\$ 1,326,180	\$ 1,248,501
Commercial and industrial	201,186	201,397	194,186	186,990	177,404
	1,700,628	1,692,937	1,602,240	1,513,170	1,425,905
Exempt	50,237	50,484	46,808	43,730	42,080
	\$ 1,750,865	\$ 1,743,421	\$ 1,649,048	\$ 1,556,900	\$ 1,467,985
Commercial and industrial	11.83%	11.90%	12.12%	12.36%	12.44%
Municipal residential tax rate	0.517%	0.511%	0.498%	0.500%	0.486%

FINANCIAL INDICATORS

	2022	2021	2020	2019	2018
Tax arrears					
Percentage of own levy	13 %	10 %	15 %	19 %	19 %
Percentage of total levy	5 %	4 %	5 %	6 %	6 %
Municipal debt	\$ 8,301,480	\$ 8,759,861	\$ 7,862,063	\$ 6,578,176	\$ 7,211,785
Long-term debt charges	\$ 1,097,921	\$ 1,033,407	\$ 936,986	\$ 866,349	\$ 724,238
Sustainability					
Financial assets to liabilities	0.96	0.97	0.96	1.01	1.21
Financial assets to liabilities excluding long-term debt	1.77	1.83	1.78	1.43	2.64
Long-term debt to tangible capital assets	7.55 %	8.32 %	7.64 %	6.54 %	7.87 %
Flexibility					
Debt charges to total operating revenue	7.39 %	7.42 %	7.03 %	6.35 %	5.81 %
Total operating revenue to taxable assessment	8.49 %	7.99 %	8.10 %	8.65 %	8.50 %
Vulnerability					
Operating grants to operating revenue	10.58 %	11.83 %	11.55 %	14.38 %	10.84 %
Total grants to total revenues	23.72 %	21.14 %	27.30 %	18.67 %	16.52 %
Reserve coverage					
Reserves	\$ 7,376,820	\$ 7,284,167	\$ 6,132,140	\$ 6,237,355	\$ 5,774,618
Reserves to operating expenses	46.37 %	51.96 %	45.01 %	34.33 %	44.16 %
Working capital reserve	\$ 2,066,956	\$ 2,003,362	\$ 1,777,932	\$ 1,324,199	\$ 1,879,706
Working capital reserve to operating expenses	12.99 %	12.59 %	11.18 %	8.32 %	11.82 %
Reserves to working capital	0.99	0.97	0.88	0.82	0.92