

**CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS**  
**CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2024**

# **CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS**

December 31, 2024

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

## Opinion

We have audited the consolidated financial statements of Corporation of the Municipality of South Dundas (the "Municipality"), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statements of financial activities, accumulated surplus, change in net assets (debt) and 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 accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Municipality as at December 31, 2024, and the results of its consolidated operations, changes in its consolidated net assets (debt) and its consolidated 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 Consolidated 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 public sector accounting standards, 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.

## Auditor's 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.

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.
- 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

August 13, 2025

**MNP LLP**

Chartered Professional Accountants

Licensed Public Accountants

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

As at December 31, 2024

	<b>2024</b>	<b>2023</b>
<b>NET ASSETS</b>		
<b>Assets</b>		
Cash	\$ 10,034,393	\$ 9,939,856
Taxes receivable	1,428,962	1,078,703
Accounts receivable	1,683,299	1,747,116
Long-term investments (Note 3)	1,898,458	1,963,802
Investment in Rideau St. Lawrence Holdings Inc. (Note 4)	2,102,071	1,999,526
	<b>17,147,183</b>	16,729,003
<b>Liabilities</b>		
Accounts payable	1,238,464	1,327,686
Accrued interest on municipal debt	47,118	49,705
Deferred revenue (Note 5)	87,000	116,019
Deferred revenue, obligatory reserve funds (Note 6)	348,236	440,429
Municipal debt (Note 8)	6,707,482	7,508,887
Asset retirement obligations (Note 9)	3,651,177	4,969,557
	<b>12,079,477</b>	14,412,283
<b>Net Assets</b>	<b>5,067,706</b>	2,316,720
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets	114,781,788	114,500,441
Inventory	242,241	225,204
	<b>115,024,029</b>	114,725,645
<b>ACCUMULATED SURPLUS</b>	<b>\$ 120,091,735</b>	\$ 117,042,365

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

For the year ended December 31, 2024

	BUDGET 2024 (Note 11)	ACTUAL 2024	ACTUAL 2023
<b>REVENUE</b>			
Taxation	\$ 9,185,734	<b>9,154,154</b>	\$ 8,585,410
Fees and service charges	4,506,718	<b>4,584,929</b>	4,598,012
Grants	1,702,015	<b>1,716,636</b>	1,602,556
Investment income	363,000	<b>926,401</b>	759,187
Permits and licenses	230,000	<b>410,323</b>	230,478
Donations and miscellaneous	10,750	<b>13,645</b>	16,688
Equity increase from Rideau St. Lawrence Holdings Inc.	-	<b>102,545</b>	62,842
	<b>15,998,217</b>	<b>16,908,633</b>	15,855,173
<b>EXPENSES</b>			
General government	2,135,198	<b>2,167,862</b>	2,256,092
Protection to persons and property	1,858,861	<b>1,830,327</b>	1,633,096
Transportation services	4,889,438	<b>4,095,479</b>	4,810,601
Environmental services	5,719,512	<b>3,796,548</b>	5,377,250
Health services	36,891	<b>35,979</b>	50,326
Recreation and cultural services	2,588,248	<b>2,716,135</b>	2,812,157
Planning and development	377,935	<b>367,528</b>	511,312
	<b>17,606,083</b>	<b>15,009,858</b>	17,450,834
<b>SURPLUS (DEFICIT) BEFORE OTHER ITEMS</b>	<b>(1,607,866)</b>	<b>1,898,775</b>	<b>(1,595,661)</b>
<b>OTHER REVENUE FOR CAPITAL PURPOSES</b>			
Deferred revenue earned	-	<b>1,029,590</b>	1,337,655
Grants and donations	301,018	<b>223,349</b>	182,470
Contributions from developers and transfers from Untied Counties	-	-	3,773,795
(Loss) gain on disposal of tangible capital assets	-	<b>(102,344)</b>	296,820
Reversal of landfill closure and post-closure costs	-	-	3,497,978
	<b>301,018</b>	<b>1,150,595</b>	9,088,718
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>(1,306,848)</b>	<b>3,049,370</b>	7,493,057
<b>ACCUMULATED SURPLUS, beginning of year</b>	<b>117,042,365</b>	<b>117,042,365</b>	109,549,308
<b>ACCUMULATED SURPLUS, end of year</b>	<b>\$ 115,735,517</b>	<b>\$ 120,091,735</b>	<b>\$ 117,042,365</b>

**CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET ASSETS (DEBT)**

For the year ended December 31, 2024

	BUDGET 2024 (Note 11)	ACTUAL 2024	ACTUAL 2023
Annual surplus	\$ (1,306,848)	<b>\$ 3,049,370</b>	\$ 7,493,057
Amortization of tangible capital assets	5,023,639	<b>3,451,125</b>	4,939,345
Acquisition of tangible capital assets	(4,796,568)	<b>(3,914,729)</b>	(6,328,143)
Asset retirement obligations	-	-	(3,647,577)
Loss (gain) on disposal of tangible capital assets	-	<b>102,344</b>	(296,820)
Proceeds on disposal of tangible capital assets	-	<b>79,913</b>	789,810
Change in inventory	-	<b>(17,037)</b>	(65,420)
 Increase (decrease) in net assets	 (1,079,777)	 <b>2,750,986</b>	 2,884,252
 Net assets (debt), beginning of year	 2,316,720	 <b>2,316,720</b>	 (567,532)
 Net assets, end of year	 \$ 1,236,943	 <b>\$ 5,067,706</b>	 \$ 2,316,720

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

For the year ended December 31, 2024

	<b>2024</b>	<b>2023</b>
<b>CASH FROM OPERATING ACTIVITIES</b>		
Annual surplus	\$ 3,049,370	\$ 7,493,057
Items not affecting cash		
Amortization of tangible capital assets	3,451,125	4,939,345
(Gain) loss on disposal of tangible capital assets	102,344	(296,820)
Equity income from from Rideau St. Lawrence Holdings Inc.	(159,716)	(116,650)
Reversal of landfill closure and post closure cost liability	-	(3,497,978)
Asset retirement obligations	(1,318,380)	-
Contributions from developers and transfers from United Counties	-	(3,773,795)
	<b>5,124,743</b>	4,747,159
Changes in non-cash working capital balances		
Taxes receivable	(350,259)	(5,955)
Accounts receivable	63,817	3,095,152
Accounts payable	(89,222)	(606,438)
Accrued interest on municipal debt	(2,587)	(6,728)
Deferred revenue	(29,019)	(270,156)
Deferred revenue, obligatory reserve funds	(92,193)	147,271
Inventory	(17,037)	(65,420)
	<b>4,608,243</b>	7,034,885
<b>CASH USED IN FINANCING ACTIVITIES</b>		
Proceeds from municipal debt	-	23,700
Repayment of municipal debt	(801,405)	(816,293)
	<b>(801,405)</b>	(792,593)
<b>CASH FROM INVESTING ACTIVITIES</b>		
Decrease in long term investments	65,344	54,283
Dividends received from Rideau St. Lawrence Holdings Inc.	57,171	53,808
	<b>122,515</b>	108,091
<b>CASH USED IN CAPITAL ACTIVITIES</b>		
Proceeds on sale of tangible capital assets	79,913	789,810
Acquisition of tangible capital assets	(3,914,729)	(2,554,348)
	<b>(3,834,816)</b>	(1,764,538)
<b>INCREASE IN CASH</b>	<b>94,537</b>	4,585,845
<b>CASH, beginning of year</b>	<b>9,939,856</b>	5,354,011
<b>CASH, end of year</b>	<b>\$ 10,034,393</b>	\$ 9,939,856

**CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS**  
**CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS - BY ASSET TYPE**

For the year ended December 31, 2024

	Land and land improvements	Buildings	Vehicles	Equipment	Plants and facilities	Roads	Water and waste water	Bridges	Assets under construction	2024	2023
<b>Cost</b>											
Balance, beginning of year	\$ 6,671,245	\$ 14,409,885	\$ 7,061,518	\$ 5,513,377	\$ 57,917,123	\$ 28,122,341	\$ 33,788,371	\$ 5,717,729	\$ 715,628	\$ 159,917,217	\$ 150,836,601
Additions during the year	180,737	261,816	1,418,496	835,938	-	1,318,667	178,201	-	(279,126)	3,914,729	6,328,143
Disposals during the year	-	-	417,643	107,464	-	31,889	7,945	-	152,532	717,473	895,104
Asset retirement obligations	-	-	-	-	-	-	-	-	-	-	3,647,577
Balance, end of year	<b>6,851,982</b>	<b>14,671,701</b>	<b>8,062,371</b>	<b>6,241,851</b>	<b>57,917,123</b>	<b>29,409,119</b>	<b>33,958,627</b>	<b>5,717,729</b>	<b>283,970</b>	<b>163,114,473</b>	<b>159,917,217</b>
<b>Accumulated amortization</b>											
Balance, beginning of year	278,397	5,841,547	4,139,515	3,124,041	11,755,545	10,263,795	7,828,264	2,185,672	-	45,416,776	40,879,545
Amortization during the year	32,235	399,457	531,166	366,959	762,056	899,374	389,317	70,561	-	3,451,125	4,939,345
Amortization on disposals	-	-	417,643	93,568	-	19,601	4,404	-	-	535,216	402,114
Balance, end of year	<b>310,632</b>	<b>6,241,004</b>	<b>4,253,038</b>	<b>3,397,432</b>	<b>12,517,601</b>	<b>11,143,568</b>	<b>8,213,177</b>	<b>2,256,233</b>	<b>-</b>	<b>48,332,685</b>	<b>45,416,776</b>
<b>Net book value 2024</b>	<b>\$ 6,541,350</b>	<b>\$ 8,430,697</b>	<b>\$ 3,809,333</b>	<b>\$ 2,844,419</b>	<b>\$ 45,399,522</b>	<b>\$ 18,265,551</b>	<b>\$ 25,745,450</b>	<b>\$ 3,461,496</b>	<b>\$ 283,970</b>	<b>\$ 114,781,788</b>	<b>\$ 114,500,441</b>
<b>Net book value 2023</b>	<b>\$ 6,392,848</b>	<b>\$ 8,568,338</b>	<b>\$ 2,922,003</b>	<b>\$ 2,389,336</b>	<b>\$ 46,161,578</b>	<b>\$ 17,858,546</b>	<b>\$ 25,960,107</b>	<b>\$ 3,532,057</b>	<b>\$ 715,628</b>	<b>\$ 114,500,441</b>	

**CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS**  
**CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS - BY SEGMENT**

For the year ended December 31, 2024

	General Government	Protection Services	Transportation Services	Environmental Services	Health and Recreation	Planning and Development	2024	2023
<b>Cost</b>								
Balance, beginning of year	\$ 6,020,944	\$ 4,421,607	\$ 45,655,801	\$ 94,336,830	\$ 8,718,526	\$ 47,881	\$ 159,201,589	\$ 150,143,967
Additions during the year	136,265	1,153,205	2,127,945	312,132	616,840	-	4,346,387	6,305,149
Disposals during the year	-	29,037	443,520	134,080	88,497	22,339	717,473	895,104
Asset retirement obligations	-	-	-	-	-	-	-	3,647,577
Assets in service, end of year	<b>6,157,209</b>	<b>5,545,775</b>	<b>47,340,226</b>	<b>94,514,882</b>	<b>9,246,869</b>	<b>25,542</b>	<b>162,830,503</b>	<b>159,201,589</b>
Assets under construction	-	-	30,479	-	253,491	-	283,970	715,628
Balance, end of year	<b>6,157,209</b>	<b>5,545,775</b>	<b>47,370,705</b>	<b>94,514,882</b>	<b>9,500,360</b>	<b>25,542</b>	<b>163,114,473</b>	<b>159,917,217</b>
<b>Accumulated Amortization</b>								
Balance, beginning of year	1,543,075	2,627,443	17,342,080	20,313,736	3,542,561	47,881	45,416,776	40,879,545
Amortization during the year	149,679	240,586	1,442,205	1,305,428	313,227	-	3,451,125	4,939,345
Amortization on disposals	-	29,037	314,082	84,964	84,794	22,339	535,216	402,114
Balance, end of year	<b>1,692,754</b>	<b>2,838,992</b>	<b>18,470,203</b>	<b>21,534,200</b>	<b>3,770,994</b>	<b>25,542</b>	<b>48,332,685</b>	<b>45,416,776</b>
<b>Net book value 2024</b>	<b>\$ 4,464,455</b>	<b>\$ 2,706,783</b>	<b>\$ 28,900,502</b>	<b>\$ 72,980,682</b>	<b>\$ 5,729,366</b>	<b>\$ -</b>	<b>\$ 114,781,788</b>	<b>\$ 114,500,441</b>
<b>Net book value 2023</b>	<b>\$ 4,477,869</b>	<b>\$ 1,794,164</b>	<b>\$ 28,430,871</b>	<b>\$ 74,231,921</b>	<b>\$ 5,565,616</b>	<b>\$ -</b>	<b>\$ 114,500,441</b>	

See Accompanying Notes

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

For the year ended December 31, 2024

	<b>2024</b>	<b>2023</b>
<b>Operating surpluses (deficits)</b>		
Operating surplus (Note 12)	\$ -	\$ -
Water and waste water surplus (Note 13)	- -	- -
Local board surplus, Morrisburg Business Improvement Area	- -	45,226
Capital surplus	43,856 -	- -
Investment in Rideau St. Lawrence Holdings Inc.	2,102,071	1,999,526
Liabilities to be recovered from future revenues (Note 14)		
Accrued interest on municipal debt	(47,118)	(49,705)
Internal debenture to reserve funds	(291,625)	(338,206)
Long-term debt for asset retirement obligations	(1,379,441)	(1,492,156)
<b>Net deficit</b>	<b>427,743</b>	<b>164,685</b>
<b>Reserves and reserve funds (Note 15)</b>		
Reserves	6,654,989	6,053,668
Reserve funds	7,101,489	7,202,664
<b>Total reserves and reserve funds</b>	<b>13,756,478</b>	<b>13,256,332</b>
<b>Invested in tangible capital assets</b>		
Tangible capital assets	114,781,788	114,500,441
Less: related municipal debt	(5,223,097)	(5,909,536)
Less: asset retirement obligations	(3,651,177)	(4,969,557)
<b>Total invested in tangible capital assets</b>	<b>105,907,514</b>	<b>103,621,348</b>
<b>ACCUMULATED SURPLUS</b>	<b>\$ 120,091,735</b>	<b>\$ 117,042,365</b>

**CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS**  
**CONSOLIDATED SCHEDULE OF CHANGE IN ACCUMULATED SURPLUS**

For the year ended December 31, 2024

	Operating Surpluses	Reserves and Reserve Funds	Invested in Tangible Capital Assets	2024	2023
<b>Balance, beginning of year</b>	<b>\$ 164,685</b>	<b>\$ 13,256,332</b>	<b>\$103,621,348</b>	<b>\$117,042,365</b>	<b>\$109,549,308</b>
Annual surplus	2,747,287	302,083	-	3,049,370	7,493,057
Operating funds transferred to reserves and reserve funds	(3,144,991)	3,144,991	-	-	-
Reserves and reserve funds transferred to operating	710,261	(710,261)	-	-	-
Reserves and reserve funds transferred for tangible capital assets	-	(2,236,667)	2,236,667	-	-
Operating funds used for tangible capital assets	(1,678,062)	-	1,678,062	-	-
Change in asset retirement obligations	(1,318,380)	-	1,318,380	-	-
Disposal of tangible capital assets	182,257	-	(182,257)	-	-
Amortization expense of tangible capital assets	3,451,125	-	(3,451,125)	-	-
Repayment of municipal debt related to capital	(686,439)	-	686,439	-	-
Change in accumulated surplus	263,058	500,146	2,286,166	3,049,370	7,493,057
<b>Balance, end of year</b>	<b>\$ 427,743</b>	<b>\$ 13,756,478</b>	<b>\$105,907,514</b>	<b>\$ 120,091,735</b>	<b>\$117,042,365</b>

**CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS**  
**CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE**

For the year ended December 31, 2024

	General Government	Protection Services	Transportation Services	Environmental Services	Water and waste water Services	Health Services	Recreation and Cultural Services	Planning and Development	2024	2023
<b>REVENUE</b>										
Taxation	\$ 279,321	\$ 1,469,162	\$ 3,209,857	\$ 1,377,102	\$ 71,560	\$ 138,339	\$ 2,327,995	\$ 280,818	\$ 9,154,154	\$ 8,585,410
Fees and service charges	130,939	66,382	39,919	133,792	3,385,902	19,380	772,595	36,020	4,584,929	4,598,012
Grants	1,297,636	-	4,637	252,983	2,318	-	145,394	13,668	1,716,636	1,602,556
Investment income	920,596	-	-	-	5,805	-	-	-	926,401	759,187
Permits and licenses	79,868	23,145	3,700	-	-	-	-	303,610	410,323	230,478
Donations and other	-	100	-	-	-	-	13,545	-	13,645	16,688
Equity increase	102,545	-	-	-	-	-	-	-	102,545	62,842
	2,810,905	1,558,789	3,258,113	1,763,877	3,465,585	157,719	3,259,529	634,116	16,908,633	15,855,173
<b>EXPENSES</b>										
Wages and benefits	1,296,251	909,451	1,202,376	160,020	710,301	-	1,287,363	168,521	5,734,283	5,400,223
Interest on municipal debt	68,612	-	20,654	25,187	78,230	35,979	-	-	228,662	259,919
Materials and services	466,726	470,321	1,082,214	(1,079,235)	1,105,232	-	964,475	179,367	3,189,100	4,538,464
Contracted services	33,094	43,376	289,349	1,055,772	255,121	-	87,218	2,817	1,766,747	1,746,120
Insurance and financial costs	153,500	74,109	58,681	-	180,492	-	63,852	-	530,634	469,684
Third party transfers	-	92,484	-	-	-	-	-	16,823	109,307	97,079
Amortization	149,679	240,586	1,442,205	-	1,305,428	-	313,227	-	3,451,125	4,939,345
	2,167,862	1,830,327	4,095,479	161,744	3,634,804	35,979	2,716,135	367,528	15,009,858	17,450,834
<b>SURPLUS (DEFICIT) BEFORE OTHER ITEMS</b>										
	643,043	(271,538)	(837,366)	1,602,133	(169,219)	121,740	543,394	266,588	1,898,775	(1,595,661)
<b>OTHER REVENUE FOR CAPITAL PURPOSES</b>										
Deferred revenue earned	-	-	1,029,590	-	-	-	-	-	1,029,590	1,337,655
Grants and donations	-	-	-	-	-	-	223,349	-	223,349	182,470
Contributions from developers and transfers from United Counties	-	-	-	-	-	-	-	-	-	3,773,795
Gain (loss) on disposal of tangible capital assets	-	-	(102,344)	-	-	-	-	-	(102,344)	296,820
Reversal of landfill closure costs	-	-	-	-	-	-	-	-	-	3,497,978
	-	-	927,246	-	-	-	223,349	-	1,150,595	9,088,718
<b>ANNUAL SURPLUS (DEFICIT)</b>										
	\$ 643,043	\$ (271,538)	\$ 89,880	\$ 1,602,133	\$ (169,219)	\$ 121,740	\$ 766,743	\$ 266,588	\$ 3,049,370	\$ 7,493,057

See Accompanying Notes

# **CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended December 31, 2024

### **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:

Morrisburg Business Improvement Area

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, 2024

### **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, 2024

### **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) 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, 2024

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

#### **(m) 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.

#### **(n) Asset retirement obligations**

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset at the financial statement date when there is a legal obligation for the Municipality to incur retirement costs in relation to a tangible capital asset, the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at fiscal year-end. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset. The asset retirement cost is amortized over the useful life of the related asset.

At each financial reporting date, the Municipality reviews the carrying amount of the asset retirement obligation liability. The Municipality recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset.

The Municipality continues to recognize the asset retirement obligation liability relating to the landfill post-closure costs until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

# **CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended December 31, 2024

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

#### **(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.

#### **(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 19.

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

For the year ended December 31, 2024

**2. CHANGE IN ACCOUNTING POLICIES**

**Revenue recognition**

Effective January 1, 2024, the Township adopted the Public Sector Accounting Board's (PSAB) new standard for the recognition, measurement and disclosure of revenue under PS 3400 Revenue. The new standard establishes when to recognize and how to measure revenue and provides the related financial statement presentation and disclosure requirements. Pursuant to these recommendations, the change was applied retroactively, and prior periods have not been restated.

Under the new standard, revenue is differentiated between revenue arising from transactions that include performance obligations, referred to as "exchange transactions", and transactions that do not have performance obligations, referred to as "non-exchange transactions."

There was no material impact on the financial statements from the retroactive application of the new accounting recommendations.

**3. LONG-TERM INVESTMENTS**

	<b>2024</b>	<b>2023</b>
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	44,106	64,450
South Dundas Water Plant, long-term growth receivable, 5% interest no specific terms of repayment, unsecured	916,000	961,000
	<b>\$ 1,898,458</b>	<b>\$ 1,963,802</b>

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

For the year ended December 31, 2024

**4. INVESTMENT IN RIDEAU ST. LAWRENCE HOLDINGS INC.**

	2024	2023
Investment, beginning of year	\$ 1,999,526	\$ 1,936,684
Share of net income for the year	159,716	116,650
Dividends received	(57,171)	(53,808)
 Investment, end of year	 \$ 2,102,071	 \$ 1,999,526

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**

	2024	2023
Current assets	\$ 5,177,864	\$ 5,196,654
Deferred taxes	57,228	-
Capital	11,741,133	11,173,230
Regulatory assets	1,256,192	1,049,497
 Total Assets	 18,232,417	 17,419,381
Current liabilities	6,275,441	6,616,567
Long-term portion of customer deposits	206,312	223,834
Contributions in aid of construction	1,883,097	1,745,545
Deferred tax liabilities	-	8,991
Long-term debt	3,109,222	2,622,974
Regulatory liabilities	507,757	255,802
 Total Liabilities	 11,981,829	 11,473,713
Shareholders' Equity	\$ 6,250,588	\$ 5,945,668

**Financial Activities**

	2024	2023
Total revenue	\$ 18,824,498	\$ 17,354,838
Total expenses	18,349,578	17,007,975
 Net income	 \$ 474,920	 \$ 346,863
 Municipality share of net income (33.63%)	 \$ 159,716	 \$ 116,650

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

For the year ended December 31, 2024

**5. 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 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	Campsite and Marina		2024	2023
Balance, beginning of year	\$ 116,019	\$ -	\$ 116,019	\$ 386,175	
Grants received	588,108	-	588,108	691,892	
Interest earned	20,412	-	20,412	34,500	
Funds received for 2025	-	2,993	2,993	-	
Utilized for capital acquisitions	(640,532)	-	(640,532)	(996,548)	
Balance, end of year	\$ 84,007	\$ 2,993	\$ 87,000	\$ 116,019	

**6. DEFERRED REVENUE, OBLIGATORY RESERVE FUNDS**

A requirement of Canadian public sector accounting standards is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as 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	2024	2023
Balance, beginning of year	\$ 54,831	\$ 62,835	\$ 322,763	\$ 440,429	\$ 293,158
Grants received	-	352,577	44,250	396,827	514,134
Interest earned	-	5,495	13,774	19,269	6,981
Utilized for operating purposes	(21,000)	-	(98,231)	(119,231)	(32,737)
Utilized for capital acquisitions	-	(389,058)	-	(389,058)	(341,107)
Balance, end of year	\$ 33,831	\$ 31,849	\$ 282,556	\$ 348,236	\$ 440,429

**7. 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, 2024

**8. MUNICIPAL DEBT**

	<b>2024</b>	<b>2023</b>
Loan payable, interest at 3.35%, repayable in monthly payments of \$16,667 plus interest, due September 2034, South Dundas Municipal Centre	\$ 1,950,000	\$ 2,150,000
Loan payable, interest at 3.90%, repayable in semi-annual payments of \$25,841 plus interest, due November 2033, Iroquois Medical Centre	465,144	516,827
Loan payable, interest at 4.75%, repayable in semi-annual payments of \$104,500 plus interest, due August 2028, South Dundas Municipal Water Plant	731,500	940,500
Loan payable, interest at 3.31%, repayable in monthly payments of \$54,529 plus interest, due November 15, 2028, Industrial Park	436,233	545,291
Loan payable, interest at 1.76%, repayable in blended semi-annual payments of \$69,242, due September 2035, Williamsburg landfill closure costs	1,379,441	1,492,156
Loan payable, interest at 2.00%, repayable in blended semi-annual payments of \$40,920, due March 2036, Water Tower Rehabilitation	837,052	901,188
Loan payable, interest at 2.71%, repayable in blended semi-annual payments of \$19,453, due July 2041, Dutch Meadows Pumping Station	526,693	550,799
Loan payable, interest at 4.26%, repayable in blended semi-annual payments of \$20,573, due October 2032, Taylor Road Bridge	276,476	304,931
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	104,943	107,195
	<b>\$ 6,707,482</b>	<b>\$ 7,508,887</b>

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

2025	\$ 826,412
2026	833,056
2027	826,004
2028	727,756
2029	635,368
Thereafter	2,858,886
	<b>\$ 6,707,482</b>

Principal payments are payable from the following sources as follows:

	2025 to 2029	2030 to 2044
General municipal revenues	\$ 2,306,888	\$ 1,017,367
Rental revenues	258,413	924,626
User charges	1,199,329	895,916
Tile drain loans receivable	83,966	20,977
	<b>\$ 3,848,596</b>	<b>\$ 2,858,886</b>

# **CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended December 31, 2024

### **9. ASSET RETIREMENT OBLIGATIONS**

The Municipality's asset retirement obligations include one future solid waste landfill sites closure costs and the post closure monitoring costs of two landfill sites of which one site was closed in 2019; and the estimated future contamination removal costs of asbestos from municipal buildings. The estimated remaining useful life of its open landfill 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 twenty eight years from the date of site closure.

The estimated closure and post closure costs for both sites are \$3,492,626 (2023 - \$4,811,006) of which 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 \$910,842 (2023 - \$661,132) in the landfill reserve to fund future landfill closure and post closure costs.

The reported liabilities are 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. No accretion expense was recorded during the year

The change in asset retirement obligations for the year is as follows:

	<b>2024</b>	<b>2023</b>
Original balance, landfill closure and post-closure liability	\$ 4,969,557	\$ 4,819,958
Change in estimates relating to landfill closure and post closure costs	(1,343,296)	-
Liabilities relating to contamination removal costs from buildings	-	158,551
Landfill monitoring costs incurred during the year	-	(8,952)
Accretion	24,916	-
Balance, end of year	<b>\$ 3,651,177</b>	<b>\$ 4,969,557</b>

### **10. 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 \$2.9 billion (2023 - \$4.2 billion) in these consolidated financial statements.

The employer amount contributed to OMERS for 2024 in the amount of \$429,988 (2023 - \$382,037) for current service and is included as an expenditure on the consolidated statement of financial activities.

### **11. BUDGET FIGURES**

The 2024 budget which includes operating, capital, reserves and reserve funds transactions were approved by Council on February 14, 2024. 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, 2024

**12. OPERATING SURPLUS**

The budget figures presented in these consolidated financial statements are based upon the 2024 operating and capital budgets that have been approved by Council on February 14, 2024. The following schedule reconciles the budget and actual results presented in these consolidated financial statements to the approved operating budget for the year.

	BUDGET 2024 (Note 11)	ACTUAL 2024	ACTUAL 2023
<b>Annual Surplus (Deficit)</b>	\$ (1,306,848)	<b>3,049,370</b>	\$ 7,493,057
Change in local board surpluses for the year	-	<b>45,226</b>	23,241
Operating funds transferred to reserves and reserve funds	(2,078,077)	<b>(2,127,279)</b>	(3,016,452)
Reserve and reserve funds transferred for tangible capital assets	4,003,587	<b>2,236,667</b>	1,335,399
Reserve fund interest	-	<b>(302,083)</b>	(220,856)
Acquisition of tangible capital assets	(4,796,568)	<b>(3,914,729)</b>	(2,554,348)
Amortization of tangible capital assets	5,023,639	<b>3,451,125</b>	4,939,345
Principal repayments on municipal debt	(845,733)	<b>(845,735)</b>	(839,833)
Change in surplus for future capital acquisitions	-	<b>(43,856)</b>	75,190
Equity increase of Rideau St. Lawrence Holdings Inc.	-	<b>(102,545)</b>	(62,842)
Asset retirement obligations	-	<b>(1,318,380)</b>	(3,497,977)
Accrued interest on municipal debt	-	<b>(2,587)</b>	(6,728)
Proceeds on disposal of tangible capital assets	-	<b>79,913</b>	789,810
Loss (gain) on disposal of tangible capital assets	-	<b>102,344</b>	(296,820)
Contributions from developers and transfers from United Counties	-	-	(3,773,795)
Surplus for the year before year-end transfers	-	<b>307,451</b>	386,391
Transfer of water and waste water surplus to reserves	-	<b>(61,365)</b>	(257,980)
Transfer of operating surplus to reserves	-	<b>(246,086)</b>	(128,411)
	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

The operating surplus for the fiscal year ending December 31, 2024 was \$246,086 (2023 - \$128,411), which was transferred to the general working capital reserve.

**13. 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, 2024 are listed below. Any surpluses are transferred to and deficits are funded by the respective local area reserve or reserve fund.

	2024	2023
South Dundas municipal water	\$ 97,907	\$ 153,155
Iroquois waste water	13,157	33,557
Morrisburg waste water	(54,221)	74,053
Williamsburg waste water	4,522	(2,785)
Total water and waste water surplus	<b>\$ 61,365</b>	\$ 257,980

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

For the year ended December 31, 2024

**13. WATER AND WASTE WATER OPERATIONS (Continued)**

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

	BUDGET 2024 (Note 11)	ACTUAL 2024	ACTUAL 2023
<b>Revenues</b>			
Taxation and local improvement charges	\$ 71,560	\$ 71,560	\$ 53,165
Fees and service charges	3,362,375	3,385,902	3,284,537
Grants	2,000	2,318	4,671
Interest	14,000	5,805	15,076
	3,449,935	3,465,585	3,357,449
<b>Expenditures, excluding amortization</b>	<b>2,347,911</b>	<b>2,329,375</b>	2,004,995
<b>Surplus for the year</b>	<b>1,102,024</b>	<b>1,136,210</b>	1,352,454
<b>Financing and transfers</b>			
Transfers to reserve and reserve funds	(836,668)	(898,033)	(1,413,112)
Operating funds for capital asset acquisitions and expenditures	31,885	59,065	355,996
Net change in municipal debt	(297,241)	(297,242)	(295,338)
	(1,102,024)	(1,136,210)	(1,352,454)
<b>Water and waste water surplus for the year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**14. AMOUNTS TO BE RECOVERED FROM FUTURE REVENUES**

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

	2024	2023
Municipal debt	\$ 6,707,482	\$ 7,508,887
Accrued interest on municipal debt	47,118	49,705
Asset retirement obligations	3,651,177	4,969,557
	\$ 10,405,777	\$ 12,528,149

Amounts are to be recovered from the following sources:

Reserves and reserve funds	\$ 910,842	\$ 661,132
General municipal revenues	3,324,255	3,753,139
User charges	6,065,737	8,006,683
Tile drain loans receivable	104,943	107,195
	\$ 10,405,777	\$ 12,528,149

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

For the year ended December 31, 2024

**15. RESERVES AND RESERVE FUNDS**

	<b>2024</b>	<b>2023</b>
<b>Reserves set aside for specific purposes by Council are as follows:</b>		
Working capital	\$ 2,086,596	\$ 1,871,561
Water	319,579	221,672
Waste water	380,132	416,674
Service delivery	32,970	36,371
Planning and development	150,691	116,869
Recreation and facilities	841,719	592,473
Cemeteries and funeral assistance program	60,632	55,549
Campground	223,368	259,033
Roads	942,922	745,140
Landfill	910,842	661,132
Tax stabilization	51,376	51,376
Winter control	28,523	28,523
Elections	50,120	37,120
Treasury	61,563	61,563
Protection to persons and property	170,129	561,983
Future debenture payments	337,383	331,878
Miscellaneous	6,444	4,751
	<b>6,654,989</b>	6,053,668
<b>Reserve funds set aside for specific purpose by legislation, regulation or agreement:</b>		
Equipment replacement	247,991	1,075,023
Water	3,049,659	2,359,560
Waste water	1,395,880	1,270,208
Infrastructure	1,717,026	1,596,878
Fire	9,655	60,830
General purposes	695,873	790,980
EDP community benefits	(14,595)	49,185
	<b>7,101,489</b>	7,202,664
<b>Total reserves and reserve funds</b>	<b>\$ 13,756,478</b>	\$ 13,256,332

**16. EXPENDITURES BY OBJECT**

	BUDGET 2024 (Note 11)	ACTUAL 2024	ACTUAL 2023
Wages and benefits	\$ 5,716,894	\$ 5,734,283	\$ 5,400,223
Interest on municipal debt	284,607	228,662	259,919
Materials and services	4,181,507	3,189,100	4,538,464
Contracted services	1,805,143	1,766,747	1,746,120
Insurance and other financial costs	491,809	530,634	469,684
Third party transfers	102,484	109,307	97,079
Amortization	5,023,639	3,451,125	4,939,345
	<b>\$ 17,606,083</b>	<b>\$ 15,009,858</b>	\$ 17,450,834

# **CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended December 31, 2024

### **17. TRUST FUNDS**

Trust funds administered by the Municipality amounting to \$112,592 (2023 - \$106,139) have not been included in the Consolidated Statement of Financial Activities.

### **18. 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.

### **19. 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, 2024

### **19. 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.

### **20. FINANCIAL INSTRUMENTS**

The Municipality, as part of its operations, carries a number of financial instruments. It is management's opinion that the Municipality is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

#### *Credit concentration*

Financial instruments that potentially subject the Municipality to concentrations of credit risk consist primarily of taxes and accounts receivable. However, credit exposure is limited due to the Municipality's large customer base.

#### *Interest rate risk*

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Municipality is exposed to interest rate cash flow risk with respect to long-term debt and taxes receivable. However, the exposure is limited as all long-term debt and taxes receivable are at a fixed interest rate.

#### *Liquidity risk*

Liquidity risk is the risk that the Municipality will not be able to meet its financial obligations as they become due.

The Municipality manages liquidity risk by continually monitoring actual and forecasted cash flows from operations to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due.

### **21. COMPARATIVE FIGURES**

Certain comparative figures have been restated to conform with the current year's financial statements.

# CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS

## FIVE YEAR FINANCIAL REVIEW

For the year ended December 31, 2024

### FINANCIAL ACTIVITIES (000's)

	2024	2023	2022	2021	2020
<b>Revenues</b>					
Taxation	\$ 9,154	\$ 8,585	\$ 8,071	\$ 7,720	\$ 7,610
Fees and service charges	4,585	4,598	4,456	3,903	3,515
Grants	1,717	1,603	1,573	1,648	1,537
Investment income	926	759	463	379	333
Permits and licenses	410	230	241	249	209
Donations and other revenue	14	17	65	25	48
<u>Equity (decrease) increase</u>	<u>103</u>	<u>63</u>	<u>(3)</u>	<u>11</u>	<u>74</u>
	16,909	15,855	14,866	13,935	13,326
<b>Expenses</b>					
General government	2,168	2,256	2,042	1,932	1,975
Protection to persons and property	1,830	1,633	1,453	1,592	1,416
Transportation services	4,095	4,811	3,492	3,377	3,553
Environmental	3,797	5,377	6,102	4,646	4,298
Health services	36	50	51	26	38
Recreation and cultural services	2,716	2,812	2,268	1,947	1,786
<u>Planning and development</u>	<u>368</u>	<u>511</u>	<u>501</u>	<u>499</u>	<u>559</u>
	15,010	17,450	15,909	14,019	13,625
<b>Annual deficit before other items</b>	<b>1,899</b>	<b>(1,595)</b>	<b>(1,043)</b>	<b>(84)</b>	<b>(299)</b>
<b>Other revenue for capital purposes</b>					
Deferred revenue earned	1,030	1,338	855	940	2,207
Grants and donations	223	182	2,590	875	730
Contributions and transfers	-	3,774	2,583	665	165
Other	(102)	3,795	(306)	(31)	(40)
	1,151	9,089	5,722	2,449	3,062
<b>Annual surplus</b>	<b>\$ 3,050</b>	<b>\$ 7,494</b>	<b>\$ 4,679</b>	<b>\$ 2,365</b>	<b>\$ 2,763</b>

### PROPERTY TAXES BILLED (000's)

	2024	2023	2022	2021	2020
Own purposes	\$ 9,154	\$ 8,585	\$ 8,071	\$ 7,720	\$ 7,610
Upper-Tier Municipality	9,481	8,958	8,577	8,331	8,350
School Boards	5,218	5,067	5,110	5,057	5,895
	\$ 23,853	\$ 22,610	\$ 21,758	\$ 21,108	\$ 21,855

# CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS

## FIVE YEAR FINANCIAL REVIEW

For the year ended December 31, 2024

### TAXABLE ASSESSMENT (000's)

	2024	2023	2022	2021	2020
Residential and farm	\$ 1,540,490	\$ 1,525,962	\$ 1,499,442	\$ 1,491,540	\$ 1,408,054
Commercial and industrial	203,812	202,615	201,186	201,397	194,186
	1,744,302	1,728,577	1,700,628	1,692,937	1,602,240
Exempt	57,921	50,610	50,237	50,484	46,808
	\$ 1,802,223	\$ 1,779,187	\$ 1,750,865	\$ 1,743,421	\$ 1,649,048
Commercial and industrial	11.68%	11.72%	11.83%	11.90%	12.12%
Municipal residential tax rate	0.599%	0.561%	0.517%	0.511%	0.498%

### FINANCIAL INDICATORS

	2024	2023	2022	2021	2020
<b>Tax arrears</b>					
Percentage of own levy	16 %	13 %	13 %	10 %	15 %
Percentage of total levy	6 %	5 %	5 %	4 %	5 %
<b>Municipal debt</b>	\$ 6,707,482	\$ 7,508,887	\$ 8,301,480	\$ 8,759,861	\$ 7,862,063
<b>Long-term debt charges</b>	\$ 1,050,290	\$ 1,076,287	\$ 1,097,921	\$ 1,033,407	\$ 936,986
<b>Sustainability</b>					
Financial assets to liabilities	1.42	1.16	0.96	0.97	0.96
Financial assets to liabilities excluding long-term debt	2.80	2.13	1.77	1.83	1.78
Long-term debt to tangible capital assets	5.84 %	6.56 %	7.55 %	8.32 %	7.64 %
<b>Flexibility</b>					
Debt charges to total operating revenue	6.21 %	6.79 %	7.39 %	7.42 %	7.03 %
Total operating revenue to taxable assessment	9.38 %	8.91 %	8.49 %	7.99 %	8.10 %
<b>Vulnerability</b>					
Operating grants to operating revenue	10.15 %	10.11 %	10.58 %	11.83 %	11.55 %
Total grants to total revenues	16.45 %	12.52 %	24.37 %	21.14 %	27.30 %
<b>Reserve coverage</b>					
Reserves	\$ 6,654,989	\$ 6,053,668	\$ 7,376,820	\$ 7,284,167	\$ 6,132,140
Reserves to operating expenses	44.34 %	34.69 %	46.37 %	51.96 %	45.01 %
Working capital reserve	\$ 2,086,596	\$ 1,871,561	\$ 2,066,956	\$ 2,003,362	\$ 1,777,932
Working capital reserve to operating expenses	13.90 %	11.67 %	14.06 %	13.63 %	12.09 %
Reserves to working capital	1.05	1.06	0.99	0.97	0.88