

CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS

FINANCIAL STATEMENTS

December 31, 2017

CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS

December 31, 2017

CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Financial Activities	3
Statement of Change in Net Financial Assets	4
Statement of Cash Flows	5
Schedule of Tangible Capital Assets	6 - 7
Schedule of Accumulated Surplus	8
Schedule of Change in Accumulated Surplus	9
Schedule of Segmented Disclosure	10
Notes to the Financial Statements	11 - 23



INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Corporation of the Municipality of South Dundas, which comprise the statement of financial position as at December 31, 2017, and the statements of financial activities, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Administration's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the entity's control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by administration, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Corporation of the Municipality of South Dundas as at December 31, 2017, and its results of operations, its change in net assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matters

The financial statements of the Corporation of the Municipality of South Dundas for the year ended December 31, 2016 were audited by CKDM LLP of Cornwall, Ontario, Canada, prior to its merger with MNP LLP. CKDM LLP expressed an unqualified opinion on those statements dated June 6, 2017.

Cornwall, Ontario
July 17, 2018

MNP LLP

Chartered Professional Accountants
Licensed Public Accountants



ACCOUNTING > CONSULTING > TAX
709 COTTON MILL STREET, CORNWALL ON, K6H 7K7
T: 613.932.3610 F: 613.938.3215 **MNP.ca**

CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS

STATEMENT OF FINANCIAL POSITION

As at December 31, 2017

	2017	2016
NET FINANCIAL ASSETS		
Assets		
Cash	\$ 4,553,891	\$ 4,220,199
Taxes receivable	1,367,125	1,155,184
Accounts receivable	3,794,755	3,641,857
Long-term investments (Note 2)	2,288,431	2,335,416
Investment in Rideau St. Lawrence Holdings Inc. (Note 3)	1,861,586	1,871,762
	13,865,788	13,224,418
Liabilities		
Accounts payable	1,480,591	1,231,663
Accrued interest on municipal debt	56,593	61,499
Deferred revenue (Note 4)	1,216,666	1,205,962
Deferred revenue, obligatory reserve funds (Note 5)	725,007	373,753
Municipal debt (Note 7)	6,559,120	7,036,540
Accrued landfill closure and post closure costs (Note 8)	1,044,650	1,009,575
	11,082,627	10,918,992
Net Financial Assets	2,783,161	2,305,426
NON-FINANCIAL ASSETS		
Tangible capital assets	91,191,263	91,053,592
Inventory	160,303	149,247
	91,351,566	91,202,839
ACCUMULATED SURPLUS	\$ 94,134,727	\$ 93,508,265

See Accompanying Notes

CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS

STATEMENT OF FINANCIAL ACTIVITIES

For the year ended December 31, 2017

	(Unaudited) BUDGET 2017	ACTUAL 2017	ACTUAL 2016
REVENUE			
Taxation (Note 1(a)(iii))	\$ 6,544,073	\$ 6,559,121	\$ 6,301,365
Fees and service charges	3,230,415	3,409,895	3,373,510
Grants	1,152,583	1,265,824	1,269,946
Investment income	230,000	426,201	398,594
Permits and licenses	164,700	168,872	182,903
Donations and sale of property	-	18,746	2,737
Equity decrease from Rideau St. Lawrence Holdings Inc.	-	(10,176)	(3,210)
	11,321,771	11,838,483	11,525,845
EXPENSES			
General government	1,656,608	1,631,861	1,518,021
Protection to persons and property	1,298,349	1,304,726	1,173,751
Transportation services	2,833,495	2,856,285	3,105,465
Environmental services	3,593,837	3,680,285	3,574,226
Health services	53,757	32,905	35,552
Recreation and cultural services	1,857,819	1,830,531	1,694,081
Planning and development	547,114	677,433	649,755
	11,840,979	12,014,026	11,750,851
DEFICIT BEFORE OTHER ITEMS	(519,208)	(175,543)	(225,006)
OTHER REVENUE FOR CAPITAL PURPOSES			
Deferred revenue earned	189,330	131,533	359,926
Grants	315,000	446,532	110,456
Direct billings, donations and other	-	71,597	112,274
Gain on disposal of tangible capital assets	-	152,343	60,635
	504,330	802,005	643,291
ANNUAL SURPLUS (DEFICIT)	(14,878)	626,462	418,285
ACCUMULATED SURPLUS, beginning of year	93,508,265	93,508,265	93,089,980
ACCUMULATED SURPLUS, end of year	\$ 93,493,387	\$ 94,134,727	\$ 93,508,265

See Accompanying Notes

CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS

STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

For the year ended December 31, 2017

	(Unaudited) BUDGET 2017	ACTUAL 2017	ACTUAL 2016
Annual surplus (deficit)	\$ (14,878)	\$ 626,462	\$ 418,285
Amortization of tangible capital assets	2,217,464	2,191,572	2,144,211
Acquisition of tangible capital assets	(4,023,060)	(2,371,239)	(1,800,781)
Gain on disposal of tangible capital assets	-	(152,343)	(60,635)
Proceeds on disposal of tangible capital assets	-	194,339	87,135
Change in inventory	-	(11,056)	68,233
Increase (decrease) in net financial assets	(1,820,474)	477,735	856,448
Net financial assets, beginning of year	2,305,426	2,305,426	1,448,978
Net financial assets, end of year	\$ 484,952	\$ 2,783,161	\$ 2,305,426

See Accompanying Notes

CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS

STATEMENT OF CASH FLOWS

For the year ended December 31, 2017

	2017	2016
CASH FROM OPERATING ACTIVITIES		
Annual surplus	\$ 626,462	\$ 418,285
Items not affecting cash or equivalent		
Amortization expense	2,191,572	2,144,211
Gain on disposal of tangible capital assets	(152,343)	(60,635)
Changes in non-cash working capital balances		
Taxes receivable	(211,941)	(122,790)
Accounts receivable	(152,898)	55,038
Accounts payable	248,928	(42,370)
Accrued interest on municipal debt	(4,906)	(4,905)
Deferred revenue	10,704	(91,372)
Deferred revenue, obligatory reserve funds	351,254	51,907
Future employment benefits payable	-	(6,318)
Landfill closure and post closure costs	35,075	35,075
Inventory	(11,056)	68,233
	2,930,851	2,444,359
CASH USED IN FINANCING ACTIVITIES		
Proceeds from municipal debt	15,412	46,100
Repayment of municipal debt	(492,832)	(567,809)
	(477,420)	(521,709)
CASH FROM INVESTING ACTIVITIES		
Decrease in long term investments	46,985	40,256
Decrease in investment in Rideau St. Lawrence Holdings Inc.	10,176	3,210
	57,161	43,466
CASH USED IN CAPITAL ACTIVITIES		
Proceeds on sale of tangible capital assets	194,339	87,135
Acquisition of tangible capital assets	(2,371,239)	(1,800,781)
	(2,176,900)	(1,713,646)
INCREASE IN CASH	333,692	252,470
CASH, beginning of year	4,220,199	3,967,729
CASH, end of year	\$ 4,553,891	\$ 4,220,199
REPRESENTED BY :		
Cash	\$ 4,553,891	\$ 4,220,199

See Accompanying Notes

CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS

SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the year ended December 31, 2017

	Land and land improvements	Buildings	Vehicles	Equipment	Plants and facilities	Roads	Water and waste water	Bridges	Assets under construction	2017	2016
Cost											
Balance, beginning of year	\$ 1,895,664	\$ 11,401,882	\$ 6,084,900	\$ 2,036,575	\$ 55,296,610	\$ 18,272,791	\$ 13,264,758	\$ 5,431,571	\$ 1,614,665	\$ 115,299,416	\$ 113,703,179
Additions during the year	22,285	868,220	-	516,448	263,066	410,002	-	-	291,218	2,371,239	1,800,781
Disposals during the year	28,964	188,828	188,135	-	-	-	-	-	-	405,927	204,544
Balance, end of year	1,888,985	12,081,274	5,896,765	2,553,023	55,559,676	18,682,793	13,264,758	5,431,571	1,905,883	117,264,728	115,299,416
Accumulated amortization											
Balance, beginning of year	185,754	3,295,359	3,431,659	1,109,412	6,306,191	5,583,398	2,552,423	1,781,628	-	24,245,824	22,279,657
Amortization during the year	9,502	328,644	260,170	133,759	726,859	504,489	149,506	78,643	-	2,191,572	2,144,211
Amortization on disposals	6,108	181,276	176,547	-	-	-	-	-	-	363,931	178,044
Balance, end of year	189,148	3,442,727	3,515,282	1,243,171	7,033,050	6,087,887	2,701,929	1,860,271	-	26,073,465	24,245,824
Net book value	\$ 1,699,837	\$ 8,638,547	\$ 2,381,483	\$ 1,309,852	\$ 48,526,626	\$ 12,594,906	\$ 10,562,829	\$ 3,571,300	\$ 1,905,883	\$ 91,191,263	\$ 91,053,592

See Accompanying Notes

CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS

SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the year ended December 31, 2017

	General Government	Protection Services	Transportation Services	Environmental Services	Health and Recreation	Planning and Development	2017	2016
Cost								
Balance, beginning of year	\$ 6,152,620	\$ 3,975,062	\$ 29,015,178	\$ 69,419,853	\$ 5,074,157	\$ 47,881	\$ 113,684,751	\$ 113,036,037
Additions during the year	37,547	22,881	419,111	340,792	1,259,690	-	2,080,021	853,258
Disposals during the year	200,828	159,167	28,968	-	16,964	-	405,927	204,544
Assets in service, end of year	5,989,339	3,838,776	29,405,321	69,760,645	6,316,883	47,881	115,358,845	113,684,751
Assets under construction	-	-	152,887	411,293	251,121	1,090,582	1,905,883	1,614,665
Balance, end of year	5,989,339	3,838,776	29,558,208	70,171,938	6,568,004	1,138,463	117,264,728	115,299,416
Accumulated Amortization								
Balance, beginning of year	714,828	2,243,929	10,318,387	9,053,241	1,876,073	39,366	24,245,824	22,279,657
Amortization during the year	143,377	127,283	786,696	933,224	196,735	4,257	2,191,572	2,144,211
Amortization on disposals	179,384	159,167	17,380	-	8,000	-	363,931	178,044
Balance, end of year	678,821	2,212,045	11,087,703	9,986,465	2,064,808	43,623	26,073,465	24,245,824
Net book value	\$ 5,310,518	\$ 1,626,731	\$ 18,470,505	\$ 60,185,473	\$ 4,503,196	\$ 1,094,840	\$ 91,191,263	\$ 91,053,592

See Accompanying Notes

CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS

SCHEDULE OF ACCUMULATED SURPLUS

For the year ended December 31, 2017

	2017	2016
Operating (deficits) surpluses		
Operating surplus (Note 9)	\$ -	\$ -
Water and waste water surplus (Note 10)	-	-
Local board surplus, Morrisburg Business Improvement Area	10,984	10,984
Unfunded capital projects	(1,981,213)	(1,961,918)
Investment in Rideau St. Lawrence Holdings Inc.	1,861,586	1,871,762
Liabilities to be recovered from future revenues (Note 11)		
Accrued interest on municipal debt	(56,593)	(61,499)
Accrued landfill closure and post closure	(1,044,650)	(1,009,575)
Total operating (deficit) surplus	(1,209,886)	(1,150,246)
Reserves and reserve funds (Note 15)		
Reserves	6,123,346	6,568,478
Reserve funds	4,416,838	3,868,547
Total reserves and reserve funds	10,540,184	10,437,025
Invested in tangible capital assets		
Tangible capital assets	91,191,263	91,053,592
Less: related municipal debt	(6,386,834)	(6,832,106)
Total invested in tangible capital assets	84,804,429	84,221,486
ACCUMULATED SURPLUS	\$ 94,134,727	\$ 93,508,265

CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS

SCHEDULE OF CHANGE IN ACCUMULATED SURPLUS

For the year ended December 31, 2017

	Operating (Deficits) Surpluses	Reserves and Reserve Funds	Invested in Tangible Capital Assets	2017	2016
Balance, beginning of year	\$ (1,150,246)	\$ 10,437,025	\$ 84,221,486	\$ 93,508,265	\$ 93,089,980
Annual surplus	509,234	117,228	-	626,462	418,285
Operating funds transferred to reserves and reserve funds	(1,855,240)	1,855,240	-	-	-
Reserves and reserve funds transferred to operating	527,565	(527,565)	-	-	-
Reserves and reserve funds transferred for tangible capital assets	-	(1,341,744)	1,341,744	-	-
Operating funds used for tangible capital assets	(1,029,495)	-	1,029,495	-	-
Disposal of tangible capital assets	41,996	-	(41,996)	-	-
Annual amortization expense	2,191,572	-	(2,191,572)	-	-
Proceeds from municipal debt	15,412	-	(15,412)	-	-
Repayment of municipal debt related to capital	(460,684)	-	460,684	-	-
Change in accumulated surplus	(59,640)	103,159	582,943	626,462	418,285
Balance, end of year	\$ (1,209,886)	\$ 10,540,184	\$ 84,804,429	\$ 94,134,727	\$ 93,508,265

See Accompanying Notes

CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS

SCHEDULE OF SEGMENTED DISCLOSURE

For the year ended December 31, 2017

	General Government	Protection Services	Transportation Services	Environmental Services	Water and waste water Services	Health Services	Recreation and Cultural Services	Planning and Development	2017	2016
REVENUE										
Taxation	\$ 1,309,849	\$ 981,505	\$ 2,181,153	\$ 571,318	\$ 42,600	\$ 22,003	\$ 1,095,099	\$ 355,594	\$ 6,559,121	\$ 6,301,365
Fees and service charges	189,628	91,799	49,567	166,704	2,315,611	71,944	384,105	140,537	3,409,895	3,373,510
Grants	214,922	132,514	294,321	184,116	74,883	11,285	219,369	134,414	1,265,824	1,269,946
Investment income	426,201	-	-	-	-	-	-	-	426,201	398,594
Permits and licenses	64,476	21,830	1,900	-	-	-	-	80,666	168,872	182,903
Donations and sale of property	-	-	-	-	-	-	18,746	-	18,746	2,737
Equity decrease	(10,176)	-	-	-	-	-	-	-	(10,176)	(3,210)
	2,194,900	1,227,648	2,526,941	922,138	2,433,094	105,232	1,717,319	711,211	11,838,483	11,525,845
EXPENSES										
Wages and benefits	825,003	640,028	1,024,589	133,272	469,153	-	675,683	266,468	4,034,196	3,878,656
Interest on municipal debt	115,851	-	-	-	117,556	32,905	-	15,152	281,464	304,786
Materials and services	325,686	378,313	753,511	164,630	926,480	-	829,412	344,590	3,722,622	3,840,495
Contracted services	63,861	27,198	253,527	567,965	241,021	-	91,411	46,966	1,291,949	1,081,222
Insurance and financial costs	158,083	51,382	37,962	-	126,984	-	34,703	-	409,114	427,055
Third party transfers	-	80,522	-	-	-	-	2,587	-	83,109	74,426
Amortization	143,377	127,283	786,696	-	933,224	-	196,735	4,257	2,191,572	2,144,211
	1,631,861	1,304,726	2,856,285	865,867	2,814,418	32,905	1,830,531	677,433	12,014,026	11,750,851
SURPLUS (DEFICIT)										
BEFORE OTHER ITEMS	563,039	(77,078)	(329,344)	56,271	(381,324)	72,327	(113,212)	33,778	(175,543)	(225,006)
OTHER REVENUE FOR CAPITAL PURPOSES										
Deferred revenue earned	-	-	-	-	131,533	-	-	-	131,533	359,926
Grants	-	-	-	-	131,532	-	315,000	-	446,532	110,456
Donations and other	-	-	-	-	-	-	71,597	-	71,597	112,274
Gain on disposal of tangible capital assets	152,343	-	-	-	-	-	-	-	152,343	60,635
	152,343	-	-	-	263,065	-	386,597	-	802,005	643,291
ANNUAL SURPLUS (DEFICIT)	\$ 715,382	\$ (77,078)	\$ (329,344)	\$ 56,271	\$ (118,259)	\$ 72,327	\$ 273,385	\$ 33,778	\$ 626,462	\$ 418,285

See Accompanying Notes

CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

DESCRIPTION OF ORGANIZATION

The Corporation of the Municipality of South Dundas 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 financial statements are prepared in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada.

Significant aspects of the accounting policies adopted by the Municipality are as follows:

(a) Basis of consolidation

(i) Consolidated entities

These financial statements reflect the assets, liabilities, sources of financing and expenditures of the revenue fund, capital fund and reserves 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 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 financial statements.

(iv) Trust funds

Trust funds and their related operations administered by the Municipality are not consolidated, but are reported separately on the trust funds' statement of financial position and statement of continuity.

(b) Fund accounting

Funds within the consolidated financial statements consists of the operating fund, capital fund and reserves and reserve funds. Transfers between funds are recorded as adjustments to the appropriate fund balance.

CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

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 legalisation.

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

Conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled. Unconditional grant revenue is recognized when monies are receivable. Grants for the acquisition of tangible capital assets are recognized in the period in which eligible expenditures are made.

(e) Government transfer payments

Government transfer payments, which include legislative grants, are recognized in the financial statements in the period which the events giving rise to the transfer occurs, providing the transfers are authorized, any eligibility criteria have been met and a reasonable estimate of the amount can be determined.

(f) 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.

(g) 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.

(h) Cash and cash equivalents

Cash and cash equivalents are defined as cash on hand, cash on deposit and temporary borrowings.

(i) Long-term investments

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

(j) Deferred revenue

Deferred revenue represents government 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 FINANCIAL STATEMENTS

For the year ended December 31, 2017

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) Accrued landfill closure and post closure costs

The Municipality accrues landfill closure costs which includes final covering and landscaping of the site, pumping of ground water and leachates from the site and ongoing environmental monitoring, site inspection and maintenance. The reported liabilities have been recognized based on the landfill site's capacity usage, management's best estimate of future expenditures, long-term inflation rates and discount rates.

(n) Reserves and reserve funds

Reserves and reserve funds are comprised of funds set aside for specific purposes by Council. Reserve funds and reserves are presented as part of the Municipality's accumulated surplus. Transfers to and from reserves and reserve funds are an adjustment to the respective fund when approved.

(o) Amounts to be recovered from future revenues

Amounts to be recovered from future revenues represents the outstanding principal portion of unmatured long-term liabilities for expenditures, accrued interest on long-term liabilities and future employment benefits payable that will be financed through future revenues of the Municipality and is reported on the statement of financial position.

(p) Use of estimates

The preparation of 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 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) 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.

CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Non-financial assets (continued)

(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.

(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.

CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) 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.

2. LONG-TERM INVESTMENTS

	2017	2016
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	166,079	180,064
South Dundas Water Plant, long-term growth receivable, 5% interest no specific terms of repayment, unsecured	1,184,000	1,217,000
	\$ 2,288,431	\$ 2,335,416

CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

3. INVESTMENT IN RIDEAU ST. LAWRENCE HOLDINGS INC.

	2017	2016
Investment, beginning of year	\$ 1,871,762	\$ 1,874,972
Share of net income for the year	43,634	50,600
Dividends received	(53,810)	(53,810)
Investment, end of year	\$ 1,861,586	\$ 1,871,762

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

	2017	2016
Current assets	\$ 4,108,558	\$ 5,195,985
Deferred taxes	121,430	145,508
Capital	7,743,250	7,095,360
Regulatory deferrals	185,916	321,320
Total Assets	12,159,154	12,758,173
Current liabilities	5,126,974	5,719,775
Long-term portion of customer deposits	275,002	272,341
Contributions in aid of construction	251,261	131,427
Long-term debt	523,065	596,576
Regulatory deferrals	447,357	472,299
Total Liabilities	6,623,659	7,192,418
Shareholders' Equity	\$ 5,535,495	\$ 5,565,755

Financial Activities

	2017	2016
Total revenue	\$ 16,252,835	\$ 17,570,445
Total expenses	16,123,095	17,419,989
Net Income	\$ 129,740	\$ 150,456
Municipality share of net income (33.63%)	\$ 43,634	\$ 50,600

CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

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	2017	2016
Balance, beginning of year	\$ -	\$ 144,903	\$ 1,061,059	\$ 1,205,962	\$ 1,297,334
Grants received	189,330	-	-	189,330	-
Interest earned	-	5,331	3,943	9,274	9,363
Utilized for operating purposes	-	(56,367)	-	(56,367)	(66,890)
Utilized for capital acquisitions	-	-	(131,533)	(131,533)	(33,845)
Balance, end of year	\$ 189,330	\$ 93,867	\$ 933,469	\$ 1,216,666	\$ 1,205,962

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 and parkland reserve fund. The balance and transactions are summarized as follows:

	Gas Tax	Parkland	2017	2016
Balance, beginning of year	\$ 183,217	\$ 190,536	\$ 373,753	\$ 321,846
Grants received	333,982	-	333,982	328,172
Prepaid special charges	-	14,588	14,588	48,450
Interest earned	1,922	762	2,684	1,366
Utilized for capital acquisitions	-	-	-	(326,081)
Balance, end of year	\$ 519,121	\$ 205,886	\$ 725,007	\$ 373,753

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 financial statements with respects to any WSIB liability.

CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

7. MUNICIPAL DEBT

	2017	2016
Loan Payable, 3.35%, repayable in monthly payments of \$16,667 plus interest, due September 2034, South Dundas Municipal Centre	\$ 3,350,000	\$ 3,550,000
Loan payable, 3.9%, repayable in semi-annual payments of \$25,841 plus interest, due November 2033, Iroquois Medical Centre	826,922	878,606
Loan payable, 4.75%, repayable in semi-annual payments of \$104,500 plus interest, due 2028, South Dundas Municipal Water Plant	2,194,500	2,403,500
Tile drain loans, 6%, repayable over a ten years in blended annual payments between \$163 and \$6,263, due between one year and ten years	172,286	204,434
Equipment capital lease, 0%, repayable in monthly payments of \$252, due December 2022, secured by equipment	15,412	-
	\$ 6,559,120	\$ 7,036,540

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

	2018	\$	488,084
	2019		485,799
	2020		485,398
	2021		485,518
	2022		485,277
	Thereafter		4,129,044
		\$	6,559,120

Principal payments are payable from the following sources as follows:

	2018 to 2022	2023 to 2037
General municipal revenues	\$ 790,414	\$ 1,584,998
Rental revenues	483,410	1,333,512
User charges	1,045,000	1,149,500
Tile drain loans receivable	111,252	61,034
	\$ 2,430,076	\$ 4,129,044

8. ACCRUED LANDFILL CLOSURE AND POST CLOSURE COSTS

The Municipality operates two solid waste landfill sites. The estimated remaining useful lives range between one and four 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 five years. The total estimated closure and post closure costs for both sites is \$1,166,225 with \$1,044,650 (2016 - \$1,009,575) being accrued at the end of the current fiscal year. These costs are to be recovered from future taxation revenue and reserves. The Municipality has \$540,683 (2016 - \$487,443) in the landfill reserve to fund future landfill closure and post closure costs.

CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

9. OPERATING SURPLUS

The unaudited budget figures presented in these financial statements are based upon the 2017 operating and capital budgets that have been approved by Council. The following schedule reconciles the budget and actual results presented in these financial statements to the approved operating budget for the year.

	(Unaudited) BUDGET 2017	ACTUAL 2017	ACTUAL 2016
Annual Surplus	\$ (14,878)	\$ 626,462	\$ 418,285
Change in local board surpluses for the year	-	-	394
Operating funds transferred to reserves and reserve funds	(1,015,082)	(1,319,687)	(1,416,662)
Reserves and reserve funds transferred for tangible capital assets	3,296,239	1,341,744	525,672
Reserve fund interest	-	(117,228)	(117,664)
Acquisition of tangible capital assets	(4,023,060)	(2,371,239)	(1,800,781)
Amortization of tangible capital assets	2,217,464	2,191,572	2,144,211
Proceeds from the issuance of municipal debt	-	15,412	-
Principal repayments on municipal debt	(460,683)	(460,684)	(460,684)
Change in surplus for future capital acquisitions	-	19,295	610,760
Equity decrease of Rideau St. Lawrence Holdings Inc.	-	10,176	3,210
Accrued landfill closure and post closure costs	-	35,075	35,075
Retirement benefits and accrued interest	-	(4,906)	(11,224)
Proceeds on disposal of tangible capital assets	-	194,339	87,135
Gain loss on disposal of tangible capital assets	-	(152,343)	(60,635)
Surplus (deficit) for the year before year-end transfers	-	7,988	(42,908)
Transfer of water and waste water surplus to reserves and reserve funds	-	(61,347)	(72,552)
Transfer from reserves to fund operating deficit	-	53,359	115,460
	\$ -	\$ -	\$ -

The operating deficit for the fiscal year ending December 31, 2017 was \$53,359 of which the amount was financed from the working capital reserve.

10. WATER AND WASTE WATER OPERATIONS

The water and waste water operations are made up of four local areas, the respective surpluses (deficits) for the fiscal year ended December 31, 2017 are listed below. Any surpluses are transferred to and deficits are funded by the respective local area reserve or reserve fund.

	2017	2016
South Dundas municipal water	\$ 66,742	\$ (29,128)
Iroquois waste water	(2,087)	(3,122)
Morrisburg waste water	13,098	100,969
Williamsburg waste water	(16,406)	3,833
Total water and waste water surplus	\$ 61,347	\$ 72,552

CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

10. WATER AND WASTE WATER OPERATIONS (Continued)

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

	(Unaudited) BUDGET 2017	ACTUAL 2017	ACTUAL 2016
Revenues			
Taxation and local improvement charges	\$ 42,600	\$ 42,600	\$ 42,600
Fees and service charges	2,308,264	2,315,611	2,251,136
Grants	74,883	74,883	66,890
	2,425,747	2,433,094	2,360,626
Expenditures, excluding amortization	1,828,040	1,881,195	1,844,203
Surplus for the year	597,707	551,899	516,423
Financing and transfers			
Transfers (to) from reserve and reserve funds	(161,497)	(61,347)	(233,695)
Funds used for capital asset acquisitions and expenditures	(227,210)	(277,500)	(69,676)
Net change in municipal debt	(209,000)	(209,000)	(209,000)
Change in accrued interest on municipal debt	-	(4,052)	(4,052)
	(597,707)	(551,899)	(516,423)
Water and waste water surplus for the year	\$ -	\$ -	\$ -

11. AMOUNTS TO BE RECOVERED FROM FUTURE REVENUES

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

	2017	2016
Municipal debt	\$ 6,559,120	\$ 7,036,540
Accrued interest on municipal debt	56,593	61,499
Accrued landfill closure and post-closure	1,044,650	1,009,575
	\$ 7,660,363	\$ 8,107,614

Amounts are to be recovered from the following sources:

Reserves and reserve funds	\$ 540,683	\$ 487,443
General municipal revenues	2,375,412	2,515,000
User charges	4,571,982	4,900,737
Tile drain loans receivable	172,286	204,434
	\$ 7,660,363	\$ 8,107,614

CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

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 surplus or deficit in these financial statements.

The employer amount contributed to OMERS for 2017 in the amount of \$235,278 (2016 - \$219,156) for current service and is included as an expenditure on the statement of financial activities.

13. EXPENDITURES BY OBJECT

	(Unaudited) BUDGET 2017	ACTUAL 2017	ACTUAL 2016
Wages and benefits	\$ 3,884,715	\$ 4,034,196	\$ 3,878,656
Interest on municipal debt	279,163	281,464	304,786
Materials and services	3,625,340	3,722,622	3,840,495
Contracted services	1,342,160	1,291,949	1,081,222
Insurance and other financial costs	413,002	409,114	427,055
Third party transfers	79,135	83,109	74,426
Amortization	2,217,464	2,191,572	2,144,211
	\$ 11,840,979	\$ 12,014,026	\$ 11,750,851

14. 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 management, 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 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 is \$812,800. As at December 31, 2017, no claims have been filed. The WSIB has calculated a provision for benefits not yet awarded based on the current benefits liability. The amount with administration costs is estimated at \$820,604, which would only become a liability if awarded by the WSIB.

CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

15. RESERVES AND RESERVE FUNDS

	2017	2016
Reserves set aside for specific purposes by Council are as follows:		
Working capital	\$ 2,144,726	\$ 2,740,230
Water	287,665	357,298
Waste water	956,983	945,972
Employment benefits	3,594	3,334
Planning and development	83,832	65,105
Recreation and facilities	471,398	484,500
Cemeteries and funeral assistance program	10,212	11,564
Social housing	8,390	2,390
Roads	881,363	695,916
Landfill	540,683	487,443
Tax stabilization	50,531	63,806
Winter control	50,000	-
Elections	33,328	20,828
Treasury	52,380	52,380
Protection to persons and property	69,003	103,331
Future debenture payments	449,258	524,381
Accessibility	30,000	10,000
	6,123,346	6,568,478
Reserve funds set aside for specific purpose by legislation, regulation or agreement:		
Equipment replacement	991,786	663,495
Water	114,495	83,604
Waste water	389,812	392,400
Infrastructure	2,300,567	2,192,988
Fire	225,093	231,694
General purposes	390,308	302,174
EDP community benefits	4,777	2,192
	4,416,838	3,868,547
Total reserves and reserve funds	\$ 10,540,184	\$ 10,437,025

16. TRUST FUNDS

Trust funds administered by the Municipality amounting to \$79,889 (2016 - \$72,399) have not been included in the Statement of Financial Activities.

17. BUDGET FIGURES

Budgets established for capital funds, reserves and reserve funds are based on a project-oriented basis, the costs of which may be carried out over one or more years.

18. COMPARATIVE FIGURES

Certain comparative figures have been restated to conform to current year's financial statement presentation.

CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

19. SEGMENTED INFORMATION

The Municipality is responsible for providing a range of services to its citizens. For management 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 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 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.

(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, 2017

FINANCIAL ACTIVITIES (000's)

	2017	2016	2015	2014	2013
Revenues					
Taxation	\$ 6,559	\$ 6,301	\$ 5,871	\$ 5,598	\$ 5,407
Fees and service charges	3,410	3,373	3,259	3,277	2,957
Grants	1,266	1,270	2,165	1,256	1,421
Investment income	426	399	437	464	430
Permits and licenses	169	183	199	140	174
Donations and other revenue	19	3	25	58	7
Equity (decrease) increase	(10)	(3)	90	58	94
	11,839	11,526	12,046	10,851	10,490
Expenses					
General government	1,632	1,518	1,555	1,417	1,332
Protection to persons and property	1,305	1,174	1,098	1,228	1,104
Transportation services	2,856	3,105	2,722	2,690	2,173
Environmental	3,681	3,574	3,761	3,524	3,110
Health services	33	36	37	33	13
Recreation and cultural services	1,832	1,694	1,559	1,656	1,478
Planning and development	677	650	527	511	643
	12,016	11,751	11,259	11,059	9,853
Annual surplus (deficit)					
before other items	(177)	(225)	787	(208)	637
Other revenue for capital purposes					
Deferred revenue earned	132	360	436	1,337	4,518
Grants	447	110	569	1,778	6,838
Donations and other	72	112	181	-	-
Gain/(loss) of tangible capital assets	152	61	(9)	(135)	(258)
	803	643	1,177	2,980	11,098
Annual surplus	\$ 626	\$ 418	\$ 1,964	\$ 2,772	\$ 11,735

PROPERTY TAXES BILLED (000's)

	2017	2016	2015	2014	2013
Own purposes	\$ 6,559	\$ 6,301	\$ 5,871	\$ 5,598	\$ 5,407
Upper-Tier Municipality	7,650	7,457	7,258	7,072	6,932
School Boards	5,939	6,046	5,883	5,740	5,701
	\$ 20,148	\$ 19,804	\$ 19,012	\$ 18,410	\$ 18,040

CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS

FIVE YEAR FINANCIAL REVIEW

For the year ended December 31, 2017

TAXABLE ASSESSMENT (000's)

	2017	2016	2015	2014	2013
Residential and farm	\$ 1,248,501	\$ 1,185,964	\$ 1,118,171	\$ 1,042,949	\$ 973,115
Commercial and industrial	177,404	174,076	167,482	158,057	152,761
	1,425,905	1,360,040	1,285,653	1,201,006	1,125,876
Exempt	42,080	42,803	39,301	36,244	33,830
	\$ 1,467,985	\$ 1,402,843	\$ 1,324,954	\$ 1,237,250	\$ 1,159,706
Commercial and industrial	12.44%	12.80%	13.03%	13.16%	13.57%
Municipal residential tax rate	0.486%	0.471%	0.462%	0.460%	0.476%

FINANCIAL INDICATORS

	2017	2016	2015	2014	2013
Tax arrears					
Percentage of own levy	21 %	18 %	18 %	25 %	25 %
Percentage of total levy	7 %	6 %	5 %	7 %	7 %
Municipal debt	\$ 6,559,120	\$ 7,036,540	\$ 7,558,249	\$ 5,335,043	\$ 6,920,003
Long-term debt charges	\$ 742,147	\$ 765,469	\$ 781,210	\$ 550,647	\$ 481,155
Sustainability					
Financial assets to liabilities	1.25	1.21	1.13	0.64	0.61
Financial assets to liabilities excluding long-term debt	2.65	2.92	2.81	2.45	1.73
Long-term debt to tangible capital assets	7.19 %	7.73 %	8.27 %	8.84 %	7.92 %
Flexibility					
Debt charges to total operating revenue	6.27 %	6.64 %	6.49 %	5.07 %	4.59 %
Total operating revenue to taxable assessment	8.06 %	8.22 %	8.80 %	8.42 %	8.76 %
Vulnerability					
Operating grants to operating revenue	10.69 %	11.02 %	17.94 %	12.04 %	13.99 %
Total grants to total revenues	14.59 %	14.30 %	23.97 %	31.60 %	59.19 %
Reserve coverage					
Reserves	\$ 6,123,346	\$ 6,568,478	\$ 6,178,752	\$ 4,954,508	\$ 4,005,753
Reserves to operating expenses	51 %	56 %	55 %	45 %	41 %
Reserves to working capital	1.15	1.13	1.01	0.82	0.84