

**CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS**

**FINANCIAL STATEMENTS**

**December 31, 2018**

# CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS

December 31, 2018

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## INDEPENDENT AUDITOR'S REPORT

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

### Opinion

We have audited the financial statements of the Corporation of the Municipality of South Dundas (the "Municipality"), which comprise the statement of financial position as at December 31, 2018, and the statements of financial activities, change in net financial assets, cash flows and related schedules for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

### Basis for Opinion

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

### Responsibilities of Administration and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, Administration 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 Administration either intends to liquidate the Municipality or to cease operations, or has no realistic alternative but to do so.

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

### Auditor's Responsibilities for the Audit of the Financial Statements

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

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



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- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Administration.
- Conclude on the appropriateness of Administration's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Cornwall, Ontario  
July 11, 2019

**MNP LLP**

**Chartered Professional Accountants**  
Licensed Public Accountants



# CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS

## STATEMENT OF FINANCIAL POSITION

As at December 31, 2018

	2018	2017
<b>NET FINANCIAL ASSETS</b>		
<b>Assets</b>		
Cash	\$ 5,574,046	\$ 4,553,891
Taxes receivable	1,327,404	1,367,125
Accounts receivable	3,188,353	3,794,755
Long-term investments (Note 2)	2,258,677	2,288,431
Investment in Rideau St. Lawrence Holdings Inc. (Note 3)	1,858,016	1,861,586
	<b>14,206,496</b>	13,865,788
<b>Liabilities</b>		
Accounts payable	1,670,889	1,480,591
Accrued interest on municipal debt	57,178	56,593
Deferred revenue (Note 4)	1,396,151	1,216,666
Deferred revenue, obligatory reserve funds (Note 5)	470,691	725,007
Municipal debt (Note 7)	7,211,784	6,559,120
Accrued landfill closure and post closure costs (Note 8)	1,079,725	1,044,650
	<b>11,886,418</b>	11,082,627
<b>Net Financial Assets</b>	<b>2,320,078</b>	2,783,161
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets	92,024,773	91,191,263
Inventory	131,346	160,303
	<b>92,156,119</b>	91,351,566
<b>ACCUMULATED SURPLUS</b>	<b>\$ 94,476,197</b>	\$ 94,134,727

See Accompanying Notes

# CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS

## STATEMENT OF FINANCIAL ACTIVITIES

For the year ended December 31, 2018

	(Unaudited) BUDGET 2018	ACTUAL 2018	ACTUAL 2017
<b>REVENUE</b>			
Taxation (Note 1(a)(iii))	\$ 6,927,703	\$ 6,940,890	\$ 6,559,121
Fees and service charges	3,397,029	3,561,428	3,407,032
Grants	1,254,470	1,352,990	1,265,824
Investment income	233,000	457,944	426,201
Permits and licenses	155,900	160,842	168,872
Donations and sale of property	250	1,805	21,609
Equity decrease from Rideau St. Lawrence Holdings Inc.	-	(3,570)	(10,176)
	11,968,352	12,472,329	11,838,483
<b>EXPENSES</b>			
General government	1,700,199	1,788,624	1,631,861
Protection to persons and property	1,338,131	1,274,205	1,304,726
Transportation services	3,083,431	3,628,646	2,856,285
Environmental services	3,943,938	3,832,397	3,680,285
Health services	31,742	31,587	32,905
Recreation and cultural services	1,837,119	1,852,049	1,830,531
Planning and development	554,516	669,411	677,433
	12,489,076	13,076,919	12,014,026
<b>DEFICIT BEFORE OTHER ITEMS</b>	(520,724)	(604,590)	(175,543)
<b>OTHER REVENUE FOR CAPITAL PURPOSES</b>			
Deferred revenue earned	268,027	684,371	131,533
Grants	157,500	180,153	446,532
Direct billings, donations and other	-	30,471	71,597
Gain on disposal of tangible capital assets	-	51,065	152,343
	425,527	946,060	802,005
<b>ANNUAL SURPLUS (DEFICIT)</b>	(95,197)	341,470	626,462
<b>ACCUMULATED SURPLUS, beginning of year</b>	94,134,727	94,134,727	93,508,265
<b>ACCUMULATED SURPLUS, end of year</b>	\$ 94,039,530	\$ 94,476,197	\$ 94,134,727

See Accompanying Notes

# CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS

## STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

For the year ended December 31, 2018

	(Unaudited) BUDGET 2018	ACTUAL 2018	ACTUAL 2017
Annual surplus (deficit)	\$ (95,197)	\$ 341,470	\$ 626,462
Amortization of tangible capital assets	2,294,309	2,668,851	2,191,572
Acquisition of tangible capital assets	(5,541,069)	(3,638,749)	(2,371,239)
Gain on disposal of tangible capital assets	-	(51,065)	(152,343)
Proceeds on disposal of tangible capital assets	-	187,453	194,339
Change in inventory	-	28,957	(11,056)
(Decrease) increase in net financial assets	(3,341,957)	(463,083)	477,735
Net financial assets, beginning of year	2,783,161	2,783,161	2,305,426
Net financial assets, end of year	\$ (558,796)	\$ 2,320,078	\$ 2,783,161

See Accompanying Notes

# CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS

## STATEMENT OF CASH FLOWS

For the year ended December 31, 2018

	<b>2018</b>	<b>2017</b>
<b>CASH FROM OPERATING ACTIVITIES</b>		
Annual surplus	\$ 341,470	\$ 626,462
Items not affecting cash or equivalent		
Amortization of tangible capital assets	2,668,851	2,191,572
Gain on disposal of tangible capital assets	(51,065)	(152,343)
Changes in non-cash working capital balances		
Taxes receivable	39,721	(211,941)
Accounts receivable	606,402	(152,898)
Accounts payable	190,298	248,928
Accrued interest on municipal debt	585	(4,906)
Deferred revenue	179,485	10,704
Deferred revenue, obligatory reserve funds	(254,316)	351,254
Accrued landfill closure and post closure costs	35,075	35,075
Inventory	28,957	(11,056)
	<b>3,785,463</b>	<b>2,930,851</b>
<b>CASH FROM (USED IN) FINANCING ACTIVITIES</b>		
Proceeds from municipal debt	1,090,582	15,412
Repayment of municipal debt	(437,918)	(492,832)
	<b>652,664</b>	<b>(477,420)</b>
<b>CASH FROM INVESTING ACTIVITIES</b>		
Decrease in long term investments	29,754	46,985
Decrease in investment in Rideau St. Lawrence Holdings Inc.	3,570	10,176
	<b>33,324</b>	<b>57,161</b>
<b>CASH USED IN CAPITAL ACTIVITIES</b>		
Proceeds on sale of tangible capital assets	187,453	194,339
Acquisition of tangible capital assets	(3,638,749)	(2,371,239)
	<b>(3,451,296)</b>	<b>(2,176,900)</b>
<b>INCREASE IN CASH</b>	<b>1,020,155</b>	<b>333,692</b>
<b>CASH, beginning of year</b>	<b>4,553,891</b>	<b>4,220,199</b>
<b>CASH, end of year</b>	<b>\$ 5,574,046</b>	<b>\$ 4,553,891</b>
<b>REPRESENTED BY :</b>		
Cash	<b>\$ 5,574,046</b>	<b>\$ 4,553,891</b>

See Accompanying Notes



**CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS**

**SCHEDULE OF TANGIBLE CAPITAL ASSETS**

For the year ended December 31, 2018

	Land and land improvements	Buildings	Vehicles	Equipment	Plants and facilities	Roads	Water and waste water	Bridges	Assets under construction	2018	2017
<b>Cost</b>											
Balance, beginning 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
Additions during the year	81,968	668,273	991,420	289,673	24,542	1,100,752	542,766	306,917	735,430	4,741,741	2,371,239
Disposals during the year	-	-	959,434	88,832	-	107,690	-	-	1,102,992	2,258,948	405,927
<b>Balance, end of year</b>	<b>1,970,953</b>	<b>12,749,547</b>	<b>5,928,751</b>	<b>2,753,864</b>	<b>55,584,218</b>	<b>19,675,855</b>	<b>13,807,524</b>	<b>5,738,488</b>	<b>1,538,321</b>	<b>119,747,521</b>	<b>117,264,728</b>
<b>Accumulated amortization</b>											
Balance, beginning 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
Amortization during the year	11,551	344,639	332,492	158,980	747,139	554,786	156,376	362,888	-	2,668,851	2,191,572
Amortization on disposals	-	-	895,910	88,832	-	34,826	-	-	-	1,019,568	363,931
<b>Balance, end of year</b>	<b>200,699</b>	<b>3,787,366</b>	<b>2,951,864</b>	<b>1,313,319</b>	<b>7,780,189</b>	<b>6,607,847</b>	<b>2,858,305</b>	<b>2,223,159</b>	<b>-</b>	<b>27,722,748</b>	<b>26,073,465</b>
<b>Net book value</b>	<b>\$ 1,770,254</b>	<b>\$ 8,962,181</b>	<b>\$ 2,976,887</b>	<b>\$ 1,440,545</b>	<b>\$ 47,804,029</b>	<b>\$ 13,068,008</b>	<b>\$ 10,949,219</b>	<b>\$ 3,515,329</b>	<b>\$ 1,538,321</b>	<b>\$ 92,024,773</b>	<b>\$ 91,191,263</b>

See Accompanying Notes

# CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS

## SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the year ended December 31, 2018

	General Government	Protection Services	Transportation Services	Environmental Services	Health and Recreation	Planning and Development	2018	2017
<b>Cost</b>								
Balance, beginning 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
Additions during the year	-	402,451	2,626,887	537,417	439,556	-	4,006,311	2,080,021
Disposals during the year	-	370,633	785,323	-	-	-	1,155,956	405,927
Assets in service, end of year	5,989,339	3,870,594	31,246,885	70,298,062	6,756,439	47,881	118,209,200	115,358,845
Assets under construction	-	-	444,972	748,889	344,460	-	1,538,321	1,905,883
Balance, end of year	5,989,339	3,870,594	31,691,857	71,046,951	7,100,899	47,881	119,747,521	117,264,728
<b>Accumulated Amortization</b>								
Balance, beginning of year	678,821	2,212,045	11,087,703	9,986,465	2,064,808	43,623	26,073,465	24,245,824
Amortization during the year	143,377	136,918	1,218,364	959,895	206,039	4,258	2,668,851	2,191,572
Amortization on disposals	-	307,109	712,459	-	-	-	1,019,568	363,931
Balance, end of year	822,198	2,041,854	11,593,608	10,946,360	2,270,847	47,881	27,722,748	26,073,465
<b>Net book value</b>	<b>\$ 5,167,141</b>	<b>\$ 1,828,740</b>	<b>\$ 20,098,249</b>	<b>\$ 60,100,591</b>	<b>\$ 4,830,052</b>	<b>\$ -</b>	<b>\$ 92,024,773</b>	<b>\$ 91,191,263</b>

See Accompanying Notes

# CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS

## SCHEDULE OF ACCUMULATED SURPLUS

For the year ended December 31, 2018

	<b>2018</b>	<b>2017</b>
<b>Operating (deficits) surpluses</b>		
Operating surplus (Note 9)	\$ -	\$ -
Water and waste water surplus (Note 10)	-	-
Local board surplus, Morrisburg Business Improvement Area	<b>15,508</b>	10,984
Unfunded capital projects	<b>(890,624)</b>	(1,981,213)
Investment in Rideau St. Lawrence Holdings Inc.	<b>1,858,016</b>	1,861,586
Liabilities to be recovered from future revenues (Note 11)		
Accrued interest on municipal debt	<b>(57,178)</b>	(56,593)
Accrued landfill closure and post closure	<b>(1,079,725)</b>	(1,044,650)
<b>Total operating (deficit) surplus</b>	<b>(154,003)</b>	(1,209,886)
<b>Reserves and reserve funds (Note 15)</b>		
Reserves	<b>5,774,617</b>	6,123,346
Reserve funds	<b>3,844,515</b>	4,416,838
<b>Total reserves and reserve funds</b>	<b>9,619,132</b>	10,540,184
<b>Invested in tangible capital assets</b>		
Tangible capital assets	<b>92,024,773</b>	91,191,263
Less: related municipal debt	<b>(7,013,705)</b>	(6,386,834)
<b>Total invested in tangible capital assets</b>	<b>85,011,068</b>	84,804,429
<b>ACCUMULATED SURPLUS</b>	<b>\$ 94,476,197</b>	<b>\$ 94,134,727</b>

**CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS**

**SCHEDULE OF CHANGE IN ACCUMULATED SURPLUS**

For the year ended December 31, 2018

	<b>Operating (Deficits) Surpluses</b>	<b>Reserves and Reserve Funds</b>	<b>Invested in Tangible Capital Assets</b>	<b>2018</b>	<b>2017</b>
<b>Balance, beginning of year</b>	\$ (1,209,886)	\$ 10,540,184	\$ 84,804,429	\$ 94,134,727	\$ 93,508,265
Annual surplus	219,566	121,904	-	341,470	626,462
Operating funds transferred to reserves and reserve funds	(2,002,688)	2,002,688	-	-	-
Reserves and reserve funds transferred to operating	562,823	(562,823)	-	-	-
Reserves and reserve funds transferred for tangible capital assets	-	(2,482,821)	2,482,821	-	-
Operating funds used for tangible capital assets	(1,155,928)	-	1,155,928	-	-
Disposal of tangible capital assets	136,388	-	(136,388)	-	-
Amortization expense of tangible capital assets	2,668,851	-	(2,668,851)	-	-
Proceeds from municipal debt	1,090,582	-	(1,090,582)	-	-
Repayment of municipal debt related to capital	(463,711)	-	463,711	-	-
<b>Change in accumulated surplus</b>	<b>1,055,883</b>	<b>(921,052)</b>	<b>206,639</b>	<b>341,470</b>	<b>626,462</b>
<b>Balance, end of year</b>	<b>\$ (154,003)</b>	<b>\$ 9,619,132</b>	<b>\$ 85,011,068</b>	<b>\$ 94,476,197</b>	<b>\$ 94,134,727</b>

See Accompanying Notes

# CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS

## SCHEDULE OF SEGMENTED DISCLOSURE

For the year ended December 31, 2018

	General Government	Protection Services	Transportation Services	Environmental Services	Water and waste water Services	Health Services	Recreation and Cultural Services	Planning and Development	2018	2017
<b>REVENUE</b>										
Taxation	\$ 874,113	\$ 1,010,485	\$ 2,539,414	\$ 843,967	\$ 46,860	\$ 99,579	\$ 1,104,161	\$ 422,311	\$ 6,940,890	\$ 6,559,121
Fees and service charges	227,050	84,866	78,108	136,018	2,412,698	71,944	416,529	134,215	3,561,428	3,407,032
Grants	1,080,252	-	-	85,598	55,977	-	74,140	57,023	1,352,990	1,265,824
Investment income	457,944	-	-	-	-	-	-	-	457,944	426,201
Permits and licenses	68,758	23,151	1,300	-	-	-	-	67,633	160,842	168,872
Donations and sale of property	-	150	-	-	-	-	1,655	-	1,805	21,609
Equity decrease	(3,570)	-	-	-	-	-	-	-	(3,570)	(10,176)
	<b>2,704,547</b>	<b>1,118,652</b>	<b>2,618,822</b>	<b>1,065,583</b>	<b>2,515,535</b>	<b>171,523</b>	<b>1,596,485</b>	<b>681,182</b>	<b>12,472,329</b>	<b>11,838,483</b>
<b>EXPENSES</b>										
Wages and benefits	899,802	649,417	1,027,702	126,754	493,121	-	713,331	282,918	4,193,045	4,034,196
Interest on municipal debt	108,618	-	-	-	112,184	31,587	-	8,136	260,525	281,464
Materials and services	402,939	335,277	1,053,228	162,878	1,144,092	-	811,131	310,803	4,220,348	3,722,622
Contracted services	57,625	19,874	290,644	554,987	151,456	-	84,962	48,296	1,207,844	1,291,949
Insurance and financial costs	176,263	47,047	38,708	-	127,030	-	35,086	-	424,134	409,114
Third party transfers	-	85,672	-	-	-	-	1,500	15,000	102,172	83,109
Amortization	143,377	136,918	1,218,364	-	959,895	-	206,039	4,258	2,668,851	2,191,572
	<b>1,788,624</b>	<b>1,274,205</b>	<b>3,628,646</b>	<b>844,619</b>	<b>2,987,778</b>	<b>31,587</b>	<b>1,852,049</b>	<b>669,411</b>	<b>13,076,919</b>	<b>12,014,026</b>
<b>SURPLUS (DEFICIT)</b>										
<b>BEFORE OTHER ITEMS</b>	<b>915,923</b>	<b>(155,553)</b>	<b>(1,009,824)</b>	<b>220,964</b>	<b>(472,243)</b>	<b>139,936</b>	<b>(255,564)</b>	<b>11,771</b>	<b>(604,590)</b>	<b>(175,543)</b>
<b>OTHER REVENUE FOR CAPITAL PURPOSES</b>										
Deferred revenue earned	-	-	665,655	-	2,847	-	15,869	-	684,371	131,533
Grants	47,229	111,882	-	-	21,042	-	-	-	180,153	446,532
Donations and other	-	-	-	-	-	-	30,471	-	30,471	71,597
Gain on disposal of tangible capital assets	51,065	-	-	-	-	-	-	-	51,065	152,343
	<b>98,294</b>	<b>111,882</b>	<b>665,655</b>	<b>-</b>	<b>23,889</b>	<b>-</b>	<b>46,340</b>	<b>-</b>	<b>946,060</b>	<b>802,005</b>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>\$ 1,014,217</b>	<b>\$ (43,671)</b>	<b>\$ (344,169)</b>	<b>\$ 220,964</b>	<b>\$ (448,354)</b>	<b>\$ 139,936</b>	<b>\$ (209,224)</b>	<b>\$ 11,771</b>	<b>\$ 341,470</b>	<b>\$ 626,462</b>

See Accompanying Notes

# CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

### 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 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, 2018

### 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, 2018

### 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, 2018

### 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, 2018

### 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

	2018	2017
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	151,325	166,079
South Dundas Water Plant, long-term growth receivable, 5% interest no specific terms of repayment, unsecured	1,169,000	1,184,000
	<b>\$ 2,258,677</b>	<b>\$ 2,288,431</b>

# CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

### 3. INVESTMENT IN RIDEAU ST. LAWRENCE HOLDINGS INC.

	<b>2018</b>	<b>2017</b>
Investment, beginning of year	\$ 1,861,586	\$ 1,871,762
Share of net income for the year	50,240	43,634
Dividends received	(53,810)	(53,810)
<b>Investment, end of year</b>	<b>\$ 1,858,016</b>	<b>\$ 1,861,586</b>

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

	<b>2018</b>	<b>2017</b>
Current assets	\$ 4,274,633	\$ 4,108,558
Deferred taxes	80,651	121,430
Capital	7,847,414	7,743,250
Regulatory deferrals	189,321	185,916
<b>Total Assets</b>	<b>12,392,019</b>	<b>12,159,154</b>
Current liabilities	5,277,484	5,126,974
Long-term portion of customer deposits	260,103	275,002
Contributions in aid of construction	308,734	251,261
Long-term debt	457,135	523,065
Regulatory deferrals	563,678	447,357
<b>Total Liabilities</b>	<b>6,867,134</b>	<b>6,623,659</b>
<b>Shareholders' Equity</b>	<b>\$ 5,524,885</b>	<b>\$ 5,535,495</b>

#### Financial Activities

	<b>2018</b>	<b>2017</b>
Total revenue	\$ 15,748,324	\$ 16,252,835
Total expenses	15,598,934	16,123,095
<b>Net Income</b>	<b>\$ 149,390</b>	<b>\$ 129,740</b>
<b>Municipality share of net income (33.63%)</b>	<b>\$ 50,240</b>	<b>\$ 43,634</b>

# CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

### 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	2018	2017
Balance, beginning of year	\$ 189,330	\$ 93,867	\$ 933,469	\$ 1,216,666	\$ 1,205,962
Grants received	268,027	-	2,847	270,874	189,330
Interest earned	7,630	8,042	9,570	25,242	9,274
Utilized for operating purposes	-	(53,129)	-	(53,129)	(56,367)
Utilized for capital acquisitions	(60,655)	-	(2,847)	(63,502)	(131,533)
<b>Balance, end of year</b>	<b>\$ 404,332</b>	<b>\$ 48,780</b>	<b>\$ 943,039</b>	<b>\$ 1,396,151</b>	<b>\$ 1,216,666</b>

### 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	2018	2017
Balance, beginning of year	\$ 519,121	\$ 205,886	\$ 725,007	\$ 373,753
Grants received	343,799	17,275	361,074	333,982
Prepaid special charges	-	-	-	14,588
Interest earned	3,038	2,441	5,479	2,684
Utilized for capital acquisitions	(605,000)	(15,869)	(620,869)	-
<b>Balance, end of year</b>	<b>\$ 260,958</b>	<b>\$ 209,733</b>	<b>\$ 470,691</b>	<b>\$ 725,007</b>

### 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, 2018

### 7. MUNICIPAL DEBT

	<b>2018</b>	<b>2017</b>
Loan Payable, 3.35%, repayable in monthly payments of \$16,667 plus interest, due September 2034, South Dundas Municipal Centre	<b>\$ 3,150,000</b>	\$ 3,350,000
Loan payable, 3.9%, repayable in semi-annual payments of \$25,841 plus interest, due November 2033, Iroquois Medical Centre	<b>775,240</b>	826,922
Loan payable, 4.75%, repayable in semi-annual payments of \$104,500 plus interest, due 2028, South Dundas Municipal Water Plant	<b>1,985,500</b>	2,194,500
Loan payable, 3.31% repayable in monthly payments of \$54,529 plus interest, due November 15, 2028, Industrial Park	<b>1,090,582</b>	-
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	<b>198,079</b>	172,286
Equipment capital lease, 0%, repayable in monthly payments of \$252, due December 2022, secured by equipment	<b>12,383</b>	15,412
	<b>\$ 7,211,784</b>	<b>\$ 6,559,120</b>

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

	2019	\$	544,114
	2020		543,941
	2021		544,301
	2022		544,582
	2023		538,775
	Thereafter		4,496,071
		<b>\$</b>	<b>7,211,784</b>

Principal payments are payable from the following sources as follows:

	2019 to 2023	2024 to 2038
General municipal revenues	\$ 1,285,030	\$ 2,967,935
Rental revenues	258,413	516,827
User charges	1,045,000	940,500
Tile drain loans receivable	127,270	70,809
	<b>\$ 2,715,713</b>	<b>\$ 4,496,071</b>

### 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 \$1,079,725 (2017 - \$1,044,650) 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 \$615,683 (2017 - \$540,683) in the landfill reserve to fund future landfill closure and post closure costs.

The Williamsburg landfill site was ordered to be closed by the Ontario's Ministry of Environment effective June 30, 2019.

# CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

### 9. OPERATING SURPLUS

The unaudited budget figures presented in these financial statements are based upon the 2018 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 2018	ACTUAL 2018	ACTUAL 2017
<b>Annual Surplus</b>	\$ (95,197)	\$ 341,470	\$ 626,462
Change in local board surpluses for the year	-	(4,524)	-
Operating funds transferred to reserves and reserve funds	(786,658)	(1,562,877)	(1,319,687)
Reserves and reserve funds transferred for tangible capital assets	4,589,298	2,482,821	1,341,744
Reserve fund interest	-	(121,904)	(117,228)
Acquisition of tangible capital assets	(5,541,069)	(3,638,749)	(2,371,239)
Amortization of tangible capital assets	2,294,309	2,668,851	2,191,572
Proceeds from the issuance of municipal debt	-	1,090,582	15,412
Principal repayments on municipal debt	(460,683)	(463,711)	(460,684)
Change in surplus for future capital acquisitions	-	(1,090,589)	19,295
Equity decrease of Rideau St. Lawrence Holdings Inc.	-	3,570	10,176
Accrued landfill closure and post closure costs	-	35,075	35,075
Retirement benefits and accrued interest	-	585	(4,905)
Proceeds on disposal of tangible capital assets	-	187,453	194,338
Gain loss on disposal of tangible capital assets	-	(51,065)	(152,343)
<b>(Deficit) surplus for the year before year-end transfers</b>	-	<b>(123,012)</b>	7,988
Transfer of water and waste water deficit from (surplus to) reserves	-	108,632	(61,347)
Transfer from reserves to finance deficit	-	14,380	53,359
	\$ -	\$ -	\$ -

The operating deficit for the fiscal year ending December 31, 2018 was \$14,380 of which the amount was transferred 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 (deficits) surpluses for the fiscal year ended December 31, 2018 are listed below. Any surpluses are transferred to and deficits are funded by the respective local area reserve or reserve fund.

	2018	2017
South Dundas municipal water	\$ (2,928)	\$ 66,742
Iroquois waste water	(110,094)	(2,087)
Morrisburg waste water	(9,945)	13,098
Williamsburg waste water	14,335	(16,406)
<b>Total water and waste water (deficit) surplus</b>	<b>\$ (108,632)</b>	<b>\$ 61,347</b>

# CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

### 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 2018	ACTUAL 2018	ACTUAL 2017
<b>Revenues</b>			
Taxation and local improvement charges	\$ 46,860	\$ 46,860	\$ 42,600
Fees and service charges	2,363,199	2,412,698	2,315,611
Grants	70,274	55,977	74,883
	2,480,333	2,515,535	2,433,094
<b>Expenditures, excluding amortization</b>	2,021,561	2,027,882	1,881,195
<b>Surplus for the year</b>	458,772	487,653	551,899
<b>Financing and transfers</b>			
Transfers (to) from reserve and reserve funds	(89,998)	(60,927)	(65,399)
Funds used for capital asset acquisitions and expenditures	(159,774)	(217,726)	(277,500)
Net change in municipal debt	(209,000)	(209,000)	(209,000)
	(458,772)	(487,653)	(551,899)
<b>Water and waste water surplus for the year</b>	\$ -	\$ -	\$ -

### 11. AMOUNTS TO BE RECOVERED FROM FUTURE REVENUES

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

	2018	2017
Municipal debt	\$ 7,211,784	\$ 6,559,120
Accrued interest on municipal debt	57,178	56,593
Accrued landfill closure and post-closure	1,079,725	1,044,650
	\$ 8,348,687	\$ 7,660,363

Amounts are to be recovered from the following sources:

Reserves and reserve funds	\$ 615,683	\$ 540,683
General municipal revenues	4,252,965	2,375,412
User charges	3,281,960	4,571,982
Tile drain loans receivable	198,079	172,286
	\$ 8,348,687	\$ 7,660,363

# CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

### 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 2018 in the amount of \$301,379 (2017 - \$235,278) for current service and is included as an expenditure on the statement of financial activities.

### 13. EXPENDITURES BY OBJECT

	(Unaudited) BUDGET 2018	ACTUAL 2018	ACTUAL 2017
Wages and benefits	\$ 4,195,566	\$ 4,193,045	\$ 4,034,196
Interest on municipal debt	292,669	260,525	281,464
Materials and services	3,821,075	4,220,348	3,722,622
Contracted services	1,385,920	1,207,844	1,291,949
Insurance and other financial costs	396,337	424,134	409,114
Third party transfers	103,200	102,172	83,109
Amortization	2,294,309	2,668,851	2,191,572
	\$ 12,489,076	\$ 13,076,919	\$ 12,014,026

### 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, 2018, 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, 2018

### 15. RESERVES AND RESERVE FUNDS

	2018	2017
<b>Reserves set aside for specific purposes by Council are as follows:</b>		
Working capital	\$ 1,879,706	\$ 2,144,726
Water	334,253	287,665
Waste water	836,944	956,983
Employment benefits	4,334	3,594
Planning and development	87,533	83,832
Recreation and facilities	601,604	471,398
Cemeteries and funeral assistance program	15,000	10,212
Social housing	8,390	8,390
Roads	391,128	881,363
Landfill	615,683	540,683
Tax stabilization	57,763	50,531
Winter control	-	50,000
Elections	13,210	33,328
Treasury	52,380	52,380
Protection to persons and property	126,536	69,003
Future debenture payments	717,475	449,258
Accessibility	30,000	30,000
Animal shelter	2,678	-
	<b>5,774,617</b>	<b>6,123,346</b>
<b>Reserve funds set aside for specific purpose by legislation, regulation or agreement:</b>		
Equipment replacement	381,189	991,786
Water	117,677	114,495
Waste water	421,451	389,812
Infrastructure	2,406,372	2,300,567
Fire	236,615	225,093
General purposes	265,929	390,308
EDP community benefits	15,282	4,777
	<b>3,844,515</b>	<b>4,416,838</b>
<b>Total reserves and reserve funds</b>	<b>\$ 9,619,132</b>	<b>\$ 10,540,184</b>

### 16. TRUST FUNDS

Trust funds administered by the Municipality amounting to \$81,305 (2017 - \$79,889) 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.

# CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

### 18. 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, 2018

### FINANCIAL ACTIVITIES (000's)

	2018	2017	2016	2015	2014
<b>Revenues</b>					
Taxation	\$ 6,941	\$ 6,559	\$ 6,301	\$ 5,871	\$ 5,598
Fees and service charges	3,561	3,410	3,373	3,259	3,277
Grants	1,353	1,266	1,270	2,165	1,256
Investment income	458	426	399	437	464
Permits and licenses	161	169	183	199	140
Donations and other revenue	2	19	3	25	58
Equity (decrease) increase	(4)	(10)	(3)	90	58
	12,472	11,839	11,526	12,046	10,851
<b>Expenses</b>					
General government	1,789	1,632	1,518	1,555	1,417
Protection to persons and property	1,274	1,305	1,174	1,098	1,228
Transportation services	3,629	2,856	3,105	2,722	2,690
Environmental	3,832	3,681	3,574	3,761	3,524
Health services	32	33	36	37	33
Recreation and cultural services	1,852	1,832	1,694	1,559	1,656
Planning and development	669	677	650	527	511
	13,077	12,016	11,751	11,259	11,059
<b>Annual surplus (deficit) before other items</b>	(605)	(177)	(225)	787	(208)
<b>Other revenue for capital purposes</b>					
Deferred revenue earned	684	132	360	436	4,518
Grants	180	447	110	569	(1,403)
Donations and other	30	72	112	181	-
Gain (loss) of tangible capital assets	51	152	61	(9)	(135)
	945	803	643	1,177	2,980
<b>Annual surplus</b>	\$ 340	\$ 626	\$ 418	\$ 1,964	\$ 2,772

### PROPERTY TAXES BILLED (000's)

	2018	2017	2016	2015	2014
Own purposes	\$ 6,941	\$ 6,559	\$ 6,301	\$ 5,871	\$ 5,598
Upper-Tier Municipality	7,853	7,650	7,457	7,258	7,072
School Boards	5,976	5,939	6,046	5,883	5,740
	\$ 20,770	\$ 20,148	\$ 19,804	\$ 19,012	\$ 18,410

# CORPORATION OF THE MUNICIPALITY OF SOUTH DUNDAS

## FIVE YEAR FINANCIAL REVIEW

For the year ended December 31, 2018

### TAXABLE ASSESSMENT (000's)

	2018	2017	2016	2015	2014
Residential and farm	\$ 1,326,180	\$ 1,248,501	\$ 1,185,964	\$ 1,118,171	\$ 1,042,949
Commercial and industrial	186,990	177,404	174,076	167,482	158,057
	1,513,170	1,425,905	1,360,040	1,285,653	1,201,006
Exempt	43,730	42,080	42,803	39,301	36,244
	\$ 1,556,900	\$ 1,467,985	\$ 1,402,843	\$ 1,324,954	\$ 1,237,250
Commercial and industrial	12.36%	12.44%	12.80%	13.03%	13.16%
Municipal residential tax rate	0.500%	0.486%	0.471%	0.462%	0.460%

### FINANCIAL INDICATORS

	2018	2017	2016	2015	2014
<b>Tax arrears</b>					
Percentage of own levy	19 %	21 %	18 %	18 %	25 %
Percentage of total levy	6 %	7 %	6 %	5 %	7 %
<b>Municipal debt</b>	\$ 7,211,784	\$ 6,559,120	\$ 7,036,540	\$ 7,558,249	\$ 5,335,043
<b>Long-term debt charges</b>	\$ 724,237	\$ 742,147	\$ 765,468	\$ 781,210	\$ 550,647
<b>Sustainability</b>					
Financial assets to liabilities	1.20	1.25	1.21	1.13	0.64
Financial assets to liabilities excluding long-term debt	2.64	2.65	2.92	2.81	2.45
Long-term debt to tangible capital assets	7.84 %	7.19 %	7.73 %	8.27 %	8.84 %
<b>Flexibility</b>					
Debt charges to total operating revenue	5.81 %	6.27 %	6.64 %	6.49 %	5.07 %
Total operating revenue to taxable assessment	8.01 %	8.06 %	8.22 %	8.80 %	8.42 %
<b>Vulnerability</b>					
Operating grants to operating revenue	10.85 %	10.69 %	11.02 %	17.94 %	12.04 %
Total grants to total revenues	16.52 %	14.59 %	14.30 %	23.97 %	31.60 %
<b>Reserve coverage</b>					
Reserves	\$ 5,774,617	\$ 6,123,346	\$ 6,568,478	\$ 6,178,752	\$ 4,954,508
Reserves to operating expenses	44 %	51 %	56 %	55 %	45 %
Reserves to working capital	0.92	1.15	1.13	1.01	0.82