

**UNITED COUNTIES OF STORMONT, DUNDAS AND GLENGARRY**

**CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2022**

# UNITED COUNTIES OF STORMONT, DUNDAS AND GLENGARRY

December 31, 2022

## CONTENTS

	Page
<b>ADMINISTRATION'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS</b>	
<b>INDEPENDENT AUDITOR'S REPORT</b>	
<b>CONSOLIDATED FINANCIAL STATEMENTS</b>	
Consolidated Statement of Financial Position	1
Consolidated Statement of Financial Activities	2
Consolidated Statement of Change in Net Financial Assets	3
Consolidated Statement of Cash Flows	4
Consolidated Schedule of Tangible Capital Assets	5 - 6
Consolidated Schedule of Accumulated Surplus	7
Consolidated Schedule of Change in Accumulated Surplus	8
Consolidated Schedule of Segmented Disclosure	9
Notes to the Consolidated Financial Statements	10 - 19

# UNITED COUNTIES OF STORMONT, DUNDAS AND GLENGARRY

## ADMINISTRATION'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

To the Members of Council, Inhabitants and Ratepayers of  
the United Counties of Stormont, Dundas and Glengarry

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

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

The United Counties of Stormont, Dundas and Glengarry's Council is responsible for overseeing Administration in the performance of its financial reporting responsibilities, and for approving the financial statements. The Council fulfils these responsibilities by reviewing the financial information prepared by Administration and discussing relevant matters with Administration and external auditors.

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



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Director of Finance/Treasurer

To the Members of Council, Inhabitants and Ratepayers of the United Counties of Stormont, Dundas and Glengarry:

## Opinion

We have audited the consolidated financial statements of United Counties of Stormont, Dundas and Glengarry and those of the Library Board and the Police Board (collectively referred to as the "Counties"), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statements of financial activities, change in net financial assets, cash flows and related schedules for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

## Basis for Opinion

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Counties' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Counties or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Cornwall, Ontario  
June 19, 2023

*MNP LLP*

Chartered Professional Accountants  
Licensed Public Accountants

**UNITED COUNTIES OF STORMONT, DUNDAS AND GLENGARRY**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at December 31, 2022

	2022	2021
<b>NET FINANCIAL ASSETS</b>		
<b>Assets</b>		
Cash	\$ 28,603,057	\$ 29,711,777
Accounts receivable	4,548,924	6,434,138
	<b>33,151,981</b>	<b>36,145,915</b>
 <b>Liabilities</b>		
Accounts payable	4,469,493	4,929,903
Deferred revenue - obligatory reserve funds (Note 2)	-	1,341,455
Future employment benefits payable	14,658	14,658
Municipal debt (Note 3)	2,815	7,641
	<b>4,486,966</b>	<b>6,293,657</b>
<b>Net Financial Assets</b>	<b>28,665,015</b>	<b>29,852,258</b>
 <b>Non-Financial Assets</b>		
Tangible capital assets	137,249,518	126,990,626
Inventory	1,600,058	1,933,211
Prepaid expenses	199,316	287,048
	<b>139,048,892</b>	<b>129,210,885</b>
<b>Accumulated Surplus</b>	<b>\$ 167,713,907</b>	<b>\$ 159,063,143</b>

See Accompanying Notes

**UNITED COUNTIES OF STORMONT, DUNDAS AND GLENGARRY**  
**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**

For the year ended December 31, 2022

	BUDGET 2022 (Note 6)	ACTUAL 2022	ACTUAL 2021
<b>REVENUE</b>			
Taxation	\$ 52,642,485	\$ 53,083,626	\$ 51,115,784
Fees and service charges	3,327,193	7,731,285	5,235,019
Grants	4,312,370	5,195,857	6,075,541
Investment income	267,141	654,981	265,407
Donations	-	244,800	-
Rents and other	63,240	26,415	44,006
	<b>60,612,429</b>	<b>66,936,964</b>	<b>62,735,757</b>
<b>EXPENSES</b>			
General government	4,885,952	4,319,925	3,980,659
Protection to persons and property	12,224,763	11,712,151	11,979,984
Transportation services	21,676,874	28,578,987	24,406,061
Health services	7,016,801	6,989,705	6,268,651
Social and family services	1,980,170	2,273,703	1,892,123
Social housing	1,821,238	1,557,386	1,650,840
Recreation and cultural services	3,207,889	3,079,712	2,729,537
Planning and development	2,318,585	1,490,980	1,280,152
	<b>55,132,272</b>	<b>60,002,549</b>	<b>54,188,007</b>
<b>SURPLUS BEFORE OTHER ITEMS</b>	<b>5,480,157</b>	<b>6,934,415</b>	<b>8,547,750</b>
<b>OTHER REVENUE FOR CAPITAL PURPOSES</b>			
Deferred revenue earned (Note 2)	2,072,680	2,072,680	4,065,207
Net (loss) gain on disposal of tangible capital assets	45,000	(356,331)	(451,300)
	<b>2,117,680</b>	<b>1,716,349</b>	<b>3,613,907</b>
<b>SURPLUS FOR THE YEAR</b>	<b>7,597,837</b>	<b>8,650,764</b>	<b>12,161,657</b>
<b>ACCUMULATED SURPLUS, beginning of year</b>	<b>159,063,143</b>	<b>159,063,143</b>	<b>146,901,486</b>
<b>ACCUMULATED SURPLUS, end of year</b>	<b>\$ 166,660,980</b>	<b>\$ 167,713,907</b>	<b>\$ 159,063,143</b>

See Accompanying Notes

**UNITED COUNTIES OF STORMONT, DUNDAS AND GLENGARRY**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**

For the year ended December 31, 2022

	BUDGET 2022 (Note 6)	ACTUAL 2022	ACTUAL 2021
Surplus for the year	\$ 7,597,837	\$ <b>8,650,764</b>	\$ 12,161,657
Amortization of tangible assets	10,990,648	<b>11,391,819</b>	10,763,927
Acquisition of tangible capital assets	(21,617,912)	<b>(22,024,996)</b>	(20,074,570)
Proceeds on disposal of tangible capital assets	-	<b>17,954</b>	53,926
Net loss (gain) on disposals of tangible capital assets	(45,000)	<b>356,331</b>	451,300
Change in inventory	-	<b>333,153</b>	458,645
Change in prepaid expenses	-	<b>87,732</b>	(174,021)
(Decrease) increase in net financial assets	(3,074,427)	<b>(1,187,243)</b>	3,640,864
Net financial assets, beginning of year	29,852,258	<b>29,852,258</b>	26,211,394
Net financial assets, end of year	\$ 26,777,831	<b>\$ 28,665,015</b>	\$ 29,852,258

See Accompanying Notes



**UNITED COUNTIES OF STORMONT, DUNDAS AND GLENGARRY**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the year ended December 31, 2022

	<b>2022</b>	<b>2021</b>
<b>CASH FROM OPERATING ACTIVITIES</b>		
Surplus for the year	<b>\$ 8,650,764</b>	\$ 12,161,657
Items not affecting cash		
Amortization expense	<b>11,391,819</b>	10,763,927
Net loss on disposal of tangible capital assets	<b>356,331</b>	451,300
Changes in non-cash working capital balances		
Accounts receivable	<b>1,885,214</b>	(5,089,059)
Accounts payable	<b>(460,410)</b>	2,408,880
Deferred revenue - obligatory reserve funds	<b>(1,341,455)</b>	82,687
Future employment benefits payable	<b>-</b>	(8,731)
Inventory	<b>333,153</b>	458,645
Prepaid expenses	<b>87,732</b>	(174,023)
	<b>20,903,148</b>	21,055,283
<b>CASH USED IN FINANCING ACTIVITIES</b>		
Repayment of capital lease	<b>(4,826)</b>	(4,826)
<b>CASH USED IN CAPITAL ACTIVITIES</b>		
Proceeds on disposal of tangible capital assets	<b>17,954</b>	53,926
Acquisition of tangible capital assets	<b>(22,024,996)</b>	(20,074,570)
	<b>(22,007,042)</b>	(20,020,644)
<b>(DECREASE) INCREASE IN CASH</b>	<b>(1,108,720)</b>	1,029,813
<b>CASH, beginning of year</b>	<b>29,711,777</b>	28,681,964
<b>CASH, end of year</b>	<b>\$ 28,603,057</b>	\$ 29,711,777

See Accompanying Notes

# UNITED COUNTIES OF STORMONT, DUNDAS AND GLENGARRY

## CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS - BY ASSET TYPE

For the year ended December 31, 2022

	Land and Land Improvements	Buildings	Vehicles	Equipment	Street Lights	Roads	Storm Drains	Bridges	Construction in Process	2022	2021
<b>Cost</b>											
Balance, beginning of year	\$ 2,141,416	\$ 10,417,302	\$ 8,577,740	\$ 4,409,140	\$ 1,252,243	\$ 228,042,461	\$ 5,418,415	\$ 39,566,191	\$ 4,084,490	\$ 303,909,398	\$ 289,006,529
Additions during the year	253,592	381,444	377,846	115,083	572,169	18,293,526	761,771	4,691,531	(3,421,966)	22,024,996	20,436,949
Disposals during the year	-	-	60,445	49,101	115,781	9,120,315	10,322	250,798	-	9,606,762	5,534,080
<b>Balance, end of year</b>	<b>2,395,008</b>	<b>10,798,746</b>	<b>8,895,141</b>	<b>4,475,122</b>	<b>1,708,631</b>	<b>237,215,672</b>	<b>6,169,864</b>	<b>44,006,924</b>	<b>662,524</b>	<b>316,327,632</b>	<b>303,909,398</b>
<b>Accumulated Amortization</b>											
Balance, beginning of year	242,933	5,288,733	5,879,229	3,137,031	541,159	143,764,383	2,549,724	15,515,580	-	176,918,772	170,821,320
Amortization during the year	27,550	246,662	454,380	211,727	39,231	9,448,535	106,719	857,015	-	11,391,819	10,763,927
Amortization on disposals	-	-	60,445	49,101	115,781	8,750,247	10,322	246,581	-	9,232,477	4,666,475
<b>Balance, end of year</b>	<b>270,483</b>	<b>5,535,395</b>	<b>6,273,164</b>	<b>3,299,657</b>	<b>464,609</b>	<b>144,462,671</b>	<b>2,646,121</b>	<b>16,126,014</b>	<b>-</b>	<b>179,078,114</b>	<b>176,918,772</b>
<b>Net book value 2022</b>	<b>\$ 2,124,525</b>	<b>\$ 5,263,351</b>	<b>\$ 2,621,977</b>	<b>\$ 1,175,465</b>	<b>\$ 1,244,022</b>	<b>\$ 92,753,001</b>	<b>\$ 3,523,743</b>	<b>\$ 27,880,910</b>	<b>\$ 662,524</b>	<b>\$ 137,249,518</b>	<b>\$ 126,990,626</b>
<b>Net book value 2021</b>	<b>\$ 1,898,483</b>	<b>\$ 5,128,569</b>	<b>\$ 2,698,511</b>	<b>\$ 1,272,109</b>	<b>\$ 711,084</b>	<b>\$ 84,278,078</b>	<b>\$ 2,868,691</b>	<b>\$ 24,050,611</b>	<b>\$ 4,084,490</b>	<b>\$ 126,990,626</b>	

See Accompanying Notes

**UNITED COUNTIES OF STORMONT, DUNDAS AND GLENGARRY**  
**CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS - BY SEGMENT**

For the year ended December 31, 2022

	Buildings	Development	Library	Planning	POA	Roads	Treasury & IT	2022	2021
<b>Cost</b>									
Balance, beginning of year	\$ 3,489,236	\$ 25,369	\$ 2,967,025	\$ 1,200,458	\$ -	\$ 295,675,060	\$ 552,250	\$ 303,909,398	\$ 289,006,529
Additions during the year	168,400	-	115,083	252,734	-	25,489,890	-	26,026,107	20,436,949
Disposals during the year	117,290	-	49,101	-	-	13,441,482	-	13,607,873	5,534,080
<b>Balance, end of year</b>	<b>3,540,346</b>	<b>25,369</b>	<b>3,033,007</b>	<b>1,453,192</b>	<b>-</b>	<b>307,723,468</b>	<b>552,250</b>	<b>316,327,632</b>	<b>303,909,398</b>
<b>Accumulated Amortization</b>									
Balance, beginning of year	2,104,553	25,369	2,258,074	3,900	-	172,080,611	446,265	176,918,772	170,821,320
Amortization during the year	81,107	-	139,455	780	-	11,107,969	42,508	11,371,819	10,763,927
Amortization on disposals	-	-	49,101	-	-	9,183,376	-	9,232,477	4,666,475
<b>Balance, end of year</b>	<b>2,185,660</b>	<b>25,369</b>	<b>2,348,428</b>	<b>4,680</b>	<b>-</b>	<b>174,005,204</b>	<b>488,773</b>	<b>179,058,114</b>	<b>176,918,772</b>
<b>Net book value 2022</b>	<b>\$ 1,354,686</b>	<b>\$ -</b>	<b>\$ 684,579</b>	<b>\$ 1,448,512</b>	<b>\$ -</b>	<b>\$ 133,718,264</b>	<b>\$ 63,477</b>	<b>\$ 137,269,518</b>	<b>\$ 126,990,626</b>
<b>Net book value 2021</b>	<b>\$ 1,384,683</b>	<b>\$ -</b>	<b>\$ 708,951</b>	<b>\$ 1,196,558</b>	<b>\$ -</b>	<b>\$ 123,594,449</b>	<b>\$ 105,985</b>	<b>\$ 126,990,626</b>	

See Accompanying Notes

**UNITED COUNTIES OF STORMONT, DUNDAS AND GLENGARRY**  
**CONSOLIDATED SCHEDULE OF ACCUMULATED SURPLUS**

For the year ended December 31, 2022

	2022	2021
<b>Surpluses</b>		
Operating surplus	\$ -	\$ -
Stormont, Dundas and Glengarry County Library Board	594,186	441,041
Stormont, Dundas and Glengarry Police Services Board	217,653	273,428
Unfunded liabilities to be recovered from future revenues		
Future employment benefits payable	(14,658)	(14,658)
<b>Total surpluses</b>	<b>797,181</b>	<b>699,811</b>
<b>Reserves</b>		
<b>Reserves set aside for specific purposes by Council:</b>		
Working capital	7,056,370	7,110,962
Capital expenditure	6,500,000	6,500,000
Roads	11,379,143	13,445,262
Library	63,742	63,742
Tax rate stabilization	1,565,793	1,565,793
Buildings	611,634	561,634
Other	2,493,341	2,132,954
<b>Total reserves</b>	<b>29,670,023</b>	<b>31,380,347</b>
<b>Invested in tangible capital assets</b>		
Tangible capital assets	137,249,518	126,990,626
Less: related debt	(2,815)	(7,641)
<b>Total invested in tangible capital assets</b>	<b>137,246,703</b>	<b>126,982,985</b>
<b>ACCUMULATED SURPLUS</b>	<b>\$ 167,713,907</b>	<b>\$ 159,063,143</b>

See Accompanying Notes

**UNITED COUNTIES OF STORMONT, DUNDAS AND GLENGARRY**  
**CONSOLIDATED SCHEDULE OF CHANGE IN ACCUMULATED SURPLUS**

For the year ended December 31, 2022

	Surpluses	Reserves	Invested in Tangible Capital Assets	2022	2021
<b>Balance, beginning of year</b>	<b>\$ 699,811</b>	<b>\$ 31,380,347</b>	<b>\$ 126,982,985</b>	<b>\$ 159,063,143</b>	<b>\$ 146,901,486</b>
Surplus for the year	8,650,764	-	-	8,650,764	12,161,657
Reserves used for operations	4,983,983	(4,983,983)	-	-	-
Transfer to reserves	(3,273,659)	3,273,659	-	-	-
Current year funds used for tangible capital assets	(22,024,996)	-	22,024,996	-	-
Amortization of tangible capital assets	11,391,819	-	(11,391,819)	-	-
Disposal of tangible capital assets	374,285	-	(374,285)	-	-
Repayment of municipal debt	(4,826)	-	4,826	-	-
<b>Change in accumulated surplus</b>	<b>97,370</b>	<b>(1,710,324)</b>	<b>10,263,718</b>	<b>8,650,764</b>	<b>12,161,657</b>
<b>Balance, end of year</b>	<b>\$ 797,181</b>	<b>\$ 29,670,023</b>	<b>\$ 137,246,703</b>	<b>\$ 167,713,907</b>	<b>\$ 159,063,143</b>

See Accompanying Notes

# UNITED COUNTIES OF STORMONT, DUNDAS AND GLENGARRY

## CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE

For the year ended December 31, 2022

	General Government	Protection Services	Transportation Services	Health Services	Social and Family Services	Social Housing	Recreation and Cultural Services	Planning and Development	2022	2021
<b>REVENUE</b>										
Taxation	\$ 7,686,488	\$ 14,684,636	\$ 15,129,200	\$ 7,016,801	\$ 1,980,170	\$ 1,768,123	\$ 3,049,073	\$ 1,769,135	\$ 53,083,626	\$ 51,115,784
Fees and service charges	67,753	1,912,032	5,317,245	-	-	-	86,543	347,712	7,731,285	5,235,019
Grants	1,597,863	492,273	2,567,401	-	-	-	377,347	160,973	5,195,857	6,075,541
Investment income	654,981	-	-	-	-	-	-	-	654,981	265,407
Donations	-	-	-	-	-	-	-	244,800	244,800	-
Rents and other	17,035	-	-	-	-	-	8,910	470	26,415	44,006
	10,024,120	17,088,941	23,013,846	7,016,801	1,980,170	1,768,123	3,521,873	2,523,090	66,936,964	62,735,757
<b>EXPENSES</b>										
Wages and benefits	1,966,719	736,871	3,590,602	-	-	-	1,690,263	757,758	8,742,213	8,255,050
Materials and services	543,450	322,895	13,401,838	-	-	-	892,638	358,933	15,519,754	12,422,780
Contracted services	1,274,601	10,310,994	319,858	27,427	-	-	71,347	154,803	12,159,030	11,832,119
Insurance and financial costs	128,985	5,946	138,716	-	-	-	220,187	-	493,834	394,640
Third party transfers	282,559	335,445	-	6,962,278	2,273,703	1,557,386	65,822	218,706	11,695,899	10,519,490
Amortization	123,611	-	11,127,973	-	-	-	139,455	780	11,391,819	10,763,929
	4,319,925	11,712,151	28,578,987	6,989,705	2,273,703	1,557,386	3,079,712	1,490,980	60,002,549	54,188,008
<b>SURPLUS (DEFICIT)</b>										
<b>BEFORE OTHER ITEMS</b>	5,704,195	5,376,790	(5,565,141)	27,096	(293,533)	210,737	442,161	1,032,110	6,934,415	8,547,749
<b>OTHER REVENUE FOR CAPITAL PURPOSES</b>										
Deferred revenue earned	-	-	2,072,680	-	-	-	-	-	2,072,680	4,065,207
Loss on disposal of tangible capital assets	-	-	(356,331)	-	-	-	-	-	(356,331)	(451,300)
	-	-	1,716,349	-	-	-	-	-	1,716,349	3,613,907
<b>SURPLUS (DEFICIT)</b>										
<b>FOR THE YEAR</b>	\$ 5,704,195	\$ 5,376,790	\$ (3,848,792)	\$ 27,096	\$ (293,533)	\$ 210,737	\$ 442,161	\$ 1,032,110	\$ 8,650,764	\$ 12,161,656

See Accompanying Notes

# UNITED COUNTIES OF STORMONT, DUNDAS AND GLENGARRY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements are prepared in accordance with Canadian public sector accounting standards and include the following significant accounting policies:

#### (a) Basis of consolidation

##### (i) Consolidated entities

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

Stormont, Dundas and Glengarry County Library Board  
Stormont, Dundas and Glengarry Police Services Board

All interfund assets and liabilities and sources of financing and expenditures have been eliminated with the exception of any funds of the Counties which results in consolidated interest income and expenditures during the year.

##### (ii) Non-consolidated entities

Eastern Ontario Health Unit

##### (iii) Accounting for school board transactions

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in the balances of these consolidated financial statements.

#### (b) Accrual basis of accounting

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

#### (c) Taxation and related revenue

Property tax billings are issued by the Counties based on assessment rolls prepared by the Municipal Property Assessment Corporation ("MPAC") and collects property tax revenue billed through the lower tier municipalities. The authority to levy and collect property taxes is established under the *Municipal Act 2001*, the *Assessment Act*, the *Education Act* and other legislation.

Taxation revenue consists of non-exchange transactions and is recognized in the period to which the assessment relates and a reasonable estimate of the amounts can be made. Annual taxation revenue also includes adjustments related to reassessments and appeals to prior years' assessments.

# UNITED COUNTIES OF STORMONT, DUNDAS AND GLENGARRY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

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

#### (d) Government transfers

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

#### (e) Fees and service charges

Fees and service charges are recognized when the activity is performed or when the services are rendered. Examples include, but are not limited to, Provincial Offenses Act fines, rental revenue, permits, and other fees from various recreation programs.

#### (f) Investment income

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

#### (g) Cash and cash equivalents

Cash and cash equivalents is defined as cash on hand, cash on deposit and short term investments, which includes guaranteed investment certificates with maturities of three months or less. The Counties did not have any cash equivalents at December 31, 2022 and December 31, 2021.

#### (h) Deferred revenue

Deferred revenue represents government transfers that have been received for specific purposes, but the respective expenses have not been incurred to date. These amounts will be recognized as revenues in the year the expenses are incurred.

#### (i) Future employment benefits

Employee benefits include vacation entitlement and sick leave benefits. Vacation and sick leave benefits are accrued in accordance with the Counties' policy. The Counties account for their participation in the Ontario Municipal Employees Retirement System (OMERS) as a defined contribution plan.

#### (j) 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.



**UNITED COUNTIES OF STORMONT, DUNDAS AND GLENGARRY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended December 31, 2022

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

**(j) Non-financial assets (Continued)**

(i) Tangible capital assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to the 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	10 to 50 years
Vehicles	4 to 20 years
Equipment	
General equipment	3 to 30 years
Library materials	7 years
Leased assets	5 to 40 years
Computer hardware and software	3 years
Storm drains	50 years
Street lights	30 years
Transportation	
Roads	10 to 50 years
Bridges and structures	25 to 75 years

A full month of amortization is charged in the month of acquisition and continues until fully depreciated or disposed. Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

The Counties have a capitalization threshold of \$50,000, based on the asset class 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.

(ii) Works of art and historical treasures

The Counties own various works of art and historical treasures dating back to 1850. The Counties also own a Harkness historical clock from 1893. Works of art and historical treasures are not recorded in the Counties' consolidated financial statements.

(iii) 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.

(iv) 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.

(v) Inventory

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

# UNITED COUNTIES OF STORMONT, DUNDAS AND GLENGARRY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

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

#### (k) Liability for contaminated sites

A liability for contaminated sites arises when contamination is being introduced into the 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 Counties are directly responsible, or accepts responsibility to remediate the site;
- (iv) The Counties expect 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.

#### (l) Measurement uncertainty (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 consolidated financial statements, and the reported amounts of revenues and expenses 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, and the valuation of inventories. Actual results could differ from these estimates.

#### (m) Segments

The Counties conducts its operations through eight reportable segments: General Government, Protection Services, Transportation Services, Health Services, Social and Family Services, Social Housing, Recreation and Cultural Services, and Planning and Development. These segments are established by senior management to facilitate the achievement of the Counties' long-term objectives to aid in resource allocation decisions and to assess operational performance.

# UNITED COUNTIES OF STORMONT, DUNDAS AND GLENGARRY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

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

#### (n) Future accounting pronouncements

##### Asset Retirement Obligations

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

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

This standard is effective for fiscal years beginning on or after April 1, 2022. Early adoption is permitted.

### 2. 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 balance in the obligatory reserve funds represent funds set aside under the federal gas tax reserve and COVID-19 funding; transactions are summarized as follows:

<b>Canada Community Building fund (Previously Gas Tax)</b>	<b>2022</b>	<b>2021</b>
Balance, beginning of year	\$ -	\$ -
Grants received	<b>2,072,680</b>	4,065,207
Deferred revenue earned	<b>(2,072,680)</b>	(4,065,207)
<b>Balance, end of year</b>	<b>\$ -</b>	<b>\$ -</b>

<b>COVID-19 funding</b>	<b>2022</b>	<b>2021</b>
Balance, beginning of year	\$ <b>1,341,455</b>	\$ 1,258,768
Grants received	-	1,110,049
Deferred revenue earned	<b>(1,341,455)</b>	(1,027,362)
<b>Balance, end of year</b>	<b>\$ -</b>	<b>\$ 1,341,455</b>
<b>Balance of deferred revenue - obligatory reserve fund, end of year</b>	<b>\$ -</b>	<b>\$ 1,341,455</b>

# UNITED COUNTIES OF STORMONT, DUNDAS AND GLENGARRY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

### 3. MUNICIPAL DEBT

(a) The balance of municipal debt reported on the Consolidated Statement of Financial Position is made up of the following:

	<b>2022</b>	<b>2021</b>
Capital lease obligations on vehicles, 0% interest, secured by assets, maturing July 2023	\$ <b>2,815</b>	\$ 7,641

Principal payment due in the next year is as follows:

2023	\$	2,815
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(b) The municipal debt reported in (a) of this note is payable from general municipal revenues.

### 4. PENSION AGREEMENTS

The Counties are 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 employees contribute to the plan. Since any surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees, the Counties do not recognize any share of the OMERS pension deficit of \$6.7 billion (2021 - \$3.1 billion) in these consolidated financial statements.

The employer amount contributed to OMERS for 2022 was \$575,532 (2021 - \$551,045) for current service and is included as an expense on the Consolidated Statement of Financial Activities.

### 5. PROVINCIAL OFFENCES

The Counties are the service provider for Provincial Offences on behalf of the Counties and the City of Cornwall. The provision of service began February 4, 2001. The net revenues are shared based on the share of population pursuant to the agreement between the City of Cornwall and the Counties.

	<b>2022</b>	<b>2021</b>
Revenue	\$ <b>1,786,320</b>	\$ 2,272,615
Expenses	<b>1,222,908</b>	1,029,190
	<b>\$ 563,412</b>	<b>\$ 1,243,425</b>

Net revenue is shared as follows:

United Counties of Stormont, Dundas and Glengarry	\$	328,553	\$ 722,926
City of Cornwall		<b>234,859</b>	520,499
	<b>\$</b>	<b>563,412</b>	<b>\$ 1,243,425</b>

# UNITED COUNTIES OF STORMONT, DUNDAS AND GLENGARRY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

### 6. BUDGET FIGURES

The 2022 budget amounts that were approved on January 24, 2022 were established for Capital, Reserves and Reserve Funds and are based on a project-oriented basis, the costs of which may be carried out over one or more years.

### 7. FINAL SETTLEMENTS

The Counties have services provided by third party service providers such as land ambulance, homes for the aged, social housing, social services and policing. As well, the Province of Ontario provides funding for the current year that requires a final settlement. Some of these final settlements may not be known at the date of these consolidated financial statements. Administration has recorded an estimate of the settlements not yet finalized for 2022. Any adjustments required as a result of differences between the estimates and the final settlements will be recorded in next year's consolidated financial statements.

### 8. OPERATING EXPENSES BY OBJECT

	BUDGET 2022 (Note 6)	ACTUAL 2022	ACTUAL 2021
Wages and benefits	\$ 8,151,989	\$ 8,742,213	\$ 8,255,050
Materials and services	10,816,416	15,519,754	12,422,780
Contracted services	12,231,991	12,159,030	11,832,119
Insurance and financial costs	405,343	493,834	394,640
Third party transfers	12,535,885	11,695,899	10,519,490
Amortization	10,990,648	11,391,819	10,763,929
	\$ 55,132,272	\$ 60,002,549	\$ 54,188,008

# UNITED COUNTIES OF STORMONT, DUNDAS AND GLENGARRY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

### 9. OPERATING SURPLUS

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

	BUDGET 2022	ACTUAL 2022	ACTUAL 2021
Surplus for the year	\$ 7,597,837	\$ <b>8,650,764</b>	\$ 12,161,657
Funds transferred to reserves	(430,000)	<b>(2,225,069)</b>	(4,637,818)
Reserves used for operations	3,327,427	<b>4,983,983</b>	2,599,908
Change in future employment benefits payable	-	-	(8,729)
Acquisition of tangible capital assets	(21,617,912)	<b>(22,024,996)</b>	(20,074,570)
Amortization expense	10,990,648	<b>11,391,819</b>	10,763,927
Net loss (gain) on sale of tangible capital assets	(45,000)	<b>356,331</b>	451,300
Proceeds on sale of tangible capital assets	45,000	<b>17,954</b>	53,926
Principal payments on municipal debt	-	<b>(4,826)</b>	(4,826)
<b>Operating surplus for the year</b>	<b>(132,000)</b>	<b>1,145,960</b>	1,304,775
Transfer from (to) Library board surplus	-	<b>(153,145)</b>	(233,677)
Transfer from (to) Police services board surplus	132,000	<b>55,774</b>	(95,120)
<b>General surplus (deficit) for the year</b>	<b>-</b>	<b>1,048,589</b>	975,978
Transfer to reserves	-	<b>(1,048,589)</b>	(975,978)
<b>Operating surplus, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

The total operating surplus for the fiscal year ending December 31, 2022 was \$1,145,960 (2021 - \$1,304,775). The Library Board surplus of \$153,145 was allocated to the Library board surplus account and the Police Services Board deficit of \$55,774 was funded from the Police services board's surplus account. The general surplus of \$1,048,589 (2021 - \$975,978) was transferred to various reserves as follows:

	ACTUAL 2022	ACTUAL 2021
Working Capital Reserve	\$ -	\$ 975,978
Roads Projects Reserve	<b>371,918</b>	-
Roads Reserve (Permit Project)	<b>64,222</b>	-
IT Reserve	<b>50,000</b>	-
Tourism Reserve	<b>50,000</b>	-
Planning Reserve	<b>206,600</b>	-
Regional Incentives Program Reserve	<b>250,000</b>	-
Building Reserve	<b>50,000</b>	-
Police and Alarm Reserves	<b>5,849</b>	-
	<b>\$ 1,048,589</b>	<b>\$ 975,978</b>

# UNITED COUNTIES OF STORMONT, DUNDAS AND GLENGARRY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

### 10. COMMITMENTS

The Counties have committed to contribute up to \$4,000,000 for capital improvements to a long-term care facility within Stormont, Dundas and Glengarry. The commitment is payable in installments according to the following schedule:

At start of construction project	\$	1,000,000
At 50% completion of project	\$	2,000,000
At 75% completion of project	\$	1,000,000

The Counties have committed to contribute up to \$2,500,000 for capital improvements to a second long-term care facility. The commitment is payable in installments according to the following schedule:

At start of construction project	\$	625,000
At 50% completion of project	\$	1,250,000
At 75% completion of project	\$	625,000

At December 31, 2022, \$6,500,000 has been set aside in the capital reserve to fund these commitments.

### 11. SEGMENTED INFORMATION

The Counties are responsible for providing a range of services to their citizens. For management reporting purposes the Counties' operations and activities are organized and reported by department. These departments are reported by functional area in the body of the consolidated financial statements similar to reporting reflected in the Ontario Financial Information Return. These functional areas represent segments for the United Counties of Stormont, Dundas and Glengarry 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.

# UNITED COUNTIES OF STORMONT, DUNDAS AND GLENGARRY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

### 11. SEGMENTED INFORMATION (Continued)

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

A brief description of each segment follows:

(a) General government

General government includes corporate services and governance of the Counties. 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, financial management reporting, monitoring and overall budget status as well as frontline reception and customer service.

(b) Protection services

Protection services includes police protection, and emergency measures and obligations under the Provincial Offenses Act.

(c) Transportation services

Transportation services includes administration and operation of traffic and parking services for the Counties. 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 Counties.

(d) Health services

Health services provide emergency medical services, land ambulance and funding for local public health organizations.

(e) Social and family services

Social and family services provide long-term care home at the Glen-Stor-Dun Lodge, and provincial programs such as social assistance and subsidized child care.

(f) Social housing

Social housing provide housing services for geared to income individuals in the United Counties of Stormont, Dundas and Glengarry.

(g) Recreation and cultural services

Recreation and cultural services includes libraries.

(h) Planning and development

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