

**CORPORATION OF THE TOWNSHIP**  
**OF SOUTHWOLD**  
**Consolidated Financial Statements**  
**December 31, 2024**

# **CORPORATION OF THE TOWNSHIP OF SOUTHWOLD**

## **Consolidated Financial Statements**

**For The Year Ended December 31, 2024**

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## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

The accompanying consolidated financial statements are the responsibility of the management of Corporation of the Township of Southwold and have been prepared in accordance with Canadian Public Sector Accounting Standards.

These consolidated financial statements include:

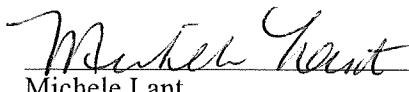
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- Consolidated Statement of Change in Net Financial Assets
- Consolidated Statement of Remeasurement Gains and Losses
- Consolidated Statement of Cash Flows
- Notes to the Consolidated Financial Statements
- Consolidated Schedule of Segment Disclosure

The Chief Administrative Officer and the Treasurer are responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing the consolidated financial statements before they are submitted to Council for approval.

The integrity and reliability of Corporation of the Township of Southwold reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The consolidated financial statements have been audited on behalf of the Members of Council, Inhabitants and Ratepayers of Corporation of the Township of Southwold by Graham Scott Enns LLP in accordance with Canadian generally accepted auditing standards.

  
\_\_\_\_\_  
Jeff Carswell  
Chief Administrative Officer

  
\_\_\_\_\_  
Michele Lant  
Treasurer

Fingal, Ontario  
September 8, 2025



**GRAHAM SCOTT ENNS** LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

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## **INDEPENDENT AUDITORS' REPORT**

To the Members of Council, Inhabitants and Ratepayers of **The Corporation of the Township of Southwold:**

### **Opinion**

We have audited the consolidated financial statements of **The Corporation of the Township of Southwold**, which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statement of operations and accumulated surplus, consolidated statement of changes in net assets, consolidated statement of remeasurement gains and losses and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the Municipality's consolidated financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2024, and the results of its operations 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 *Auditors' 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 consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

### **Auditors' 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 financial statements.



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### **INDEPENDENT AUDITORS' REPORT (CONTINUED)**

#### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (Continued)**

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

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

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.

St. Thomas, Ontario

September 8, 2025

*Graham Scott Enns LLP*

CHARTERED PROFESSIONAL ACCOUNTANTS

Licensed Public Accountants

# CORPORATION OF THE TOWNSHIP OF SOUTHWOLD

## Consolidated Statement of Financial Position December 31, 2024

	2024	Restated Note 8 2023
	<u>\$</u>	<u>\$</u>
<b>FINANCIAL ASSETS</b>		
Cash	6,076,753	4,928,832
Investments (Note 4)	6,901,348	6,602,214
Taxes receivable	1,265,322	990,245
Accounts receivable (Note 3)	4,065,503	4,557,642
Land held for resale (Note 10)	<u>441,065</u>	<u>441,065</u>
<b>Total financial assets</b>	<u>18,749,991</u>	<u>17,519,998</u>
<b>FINANCIAL LIABILITIES</b>		
Accounts payable and accrued liabilities	3,092,918	1,597,162
Deferred revenue (Note 6, 8)	5,620,562	3,975,915
Net long-term liabilities (Note 7)	<u>1,585,969</u>	<u>1,767,030</u>
<b>Total financial liabilities</b>	<u>10,299,449</u>	<u>7,340,107</u>
<b>NET FINANCIAL ASSETS</b>	<u>8,450,542</u>	<u>10,179,891</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 5)	68,775,321	63,264,934
Inventories	170,633	159,562
Prepaid expenses	<u>23,022</u>	<u>16,786</u>
<b>Total non-financial assets</b>	<u>68,968,976</u>	<u>63,441,282</u>
<b>ACCUMULATED SURPLUS (NOTE 11)</b>	<u>77,419,518</u>	<u>73,621,173</u>
<b>ACCUMULATED SURPLUS IS COMPRISED OF:</b>		
Accumulated operating surplus (Page 6)	77,627,084	73,899,131
Accumulated remeasurement gains and losses (Page 8)	<u>(207,566)</u>	<u>(277,958)</u>
	<u>77,419,518</u>	<u>73,621,173</u>

The accompanying notes are an integral part of these consolidated financial statements.

# CORPORATION OF THE TOWNSHIP OF SOUTHWOLD

## Consolidated Statement of Operations and Accumulated Surplus For The Year Ended December 31, 2024

	Budget (Note 14)	Actual 2024	Restated Note 8 Actual 2023
	\$	\$	\$
<b>REVENUES</b>			
Property taxation	6,863,999	<b>6,819,179</b>	5,622,074
Taxation from other governments	1,163,600	<b>1,196,208</b>	1,164,753
Local improvement levies	-	<b>342,084</b>	322,352
User charges	4,949,368	<b>3,882,863</b>	938,660
Government transfers:			
Federal	155,066	<b>155,279</b>	150,649
Provincial	480,000	<b>1,167,326</b>	1,368,748
Other municipalities	1,228,702	<b>1,358,805</b>	1,206,977
Investment and interest income	254,712	<b>649,580</b>	273,759
Penalties and interest on taxes	75,000	<b>141,510</b>	95,175
Other revenues	5,027,366	<b>491,332</b>	2,563,076
Contributed tangible capital assets	-	<b>1,789,316</b>	-
Total revenues	<u>20,197,813</u>	<u><b>17,993,482</b></u>	<u>13,706,223</u>
<b>EXPENSES</b>			
General government	1,029,517	<b>1,116,048</b>	1,180,261
Fire and police protection	877,784	<b>1,735,084</b>	1,673,781
Other protective services	490,482	<b>494,028</b>	439,901
Transportation services	4,226,008	<b>3,916,924</b>	3,172,534
Waterworks and sewer	3,506,709	<b>4,115,261</b>	3,745,622
Garbage collection and disposal	341,500	<b>401,162</b>	387,430
Health services	74,524	<b>68,931</b>	61,124
Recreation and cultural services	702,874	<b>682,127</b>	519,950
Planning and zoning	155,780	<b>217,241</b>	172,115
Agriculture	681,310	<b>672,884</b>	990,771
Total expenses (Note 15(a))	<u>12,086,488</u>	<u><b>13,419,690</b></u>	<u>12,343,489</u>
<b>ANNUAL SURPLUS</b>	8,111,325	<b>4,573,792</b>	1,362,734

The accompanying notes are an integral part of these consolidated financial statements.

# CORPORATION OF THE TOWNSHIP OF SOUTHWOLD

## Consolidated Statement of Operations and Accumulated Surplus For The Year Ended December 31, 2024

CONTINUED

	Budget (Note 14) \$	Actual 2024 \$	Restated Note 8 Actual 2023 \$
ACCUMULATED SURPLUS, BEGINNING OF YEAR, AS PREVIOUSLY STATED	73,899,131	<b>73,899,131</b>	73,297,958
PRIOR PERIOD ADJUSTMENT (NOTE 8)	<u>-</u>	<u>-</u>	<u>(2,017,966)</u>
SURPLUS, BEGINNING OF YEAR, AS RESTATED	<u>73,899,131</u>	<u><b>73,899,131</b></u>	<u>72,642,726</u>
CHANGE IN PROPORTIONATE CONSOLIDATION (NOTE 9)	<u>-</u>	<u><b>(845,839)</b></u>	<u>1,256,405</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>82,010,456</u>	<u><b>77,627,084</b></u>	<u>73,899,131</u>

The accompanying notes are an integral part of these consolidated financial statements.



# CORPORATION OF THE TOWNSHIP OF SOUTHWOLD

## Consolidated Statement of Change in Net Financial Assets For The Year Ended December 31, 2024

	Budget (Note 14) \$	Actual 2024 \$	Restated Note 8 Actual 2023 \$
<b>ANNUAL SURPLUS</b>	8,111,325	<b>4,573,792</b>	1,362,734
Acquisition of tangible capital assets	(8,439,158)	<b>(8,439,158)</b>	(3,523,714)
Amortization of tangible capital assets	2,203,549	<b>2,203,549</b>	1,990,507
Proceeds on disposal of tangible capital assets	-	<b>21,988</b>	116,788
Change in inventories and prepaid expenses	-	<b>(17,307)</b>	(71,069)
Loss (gain) on sale of tangible capital assets	-	<b>46,541</b>	(104,131)
Change in unrealized (gain) loss on investments	<u>-</u>	<u><b>70,392</b></u>	<u>127,582</u>
<b>CHANGE IN NET FINANCIAL ASSETS</b>	1,875,716	<b>(1,540,203)</b>	(2,524,809)
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	10,179,891	<b>10,179,891</b>	12,470,142
Change in proportionate consolidation (Note 9)	-	<b>(189,146)</b>	234,558
Prior period adjustment - permits and recoveries (Note 8)	<u>-</u>	<u>-</u>	<u>(2,423,506)</u>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<u>12,055,607</u>	<u><b>8,450,542</b></u>	<u>10,179,891</u>

The accompanying notes are an integral part of these consolidated financial statements.

# CORPORATION OF THE TOWNSHIP OF SOUTHWOLD

## Consolidated Statement of Remeasurement Gains and Losses For The Year Ended December 31, 2024

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	2024	2023
	<u>\$</u>	<u>\$</u>
<b>ACCUMULATED REMEASUREMENT GAINS AND (LOSSES), BEGINNING OF YEAR (Note 1)</b>	<b>(277,958)</b>	<b>(405,540)</b>
Unrealized gain attributable to investments	<b>70,392</b>	135,322
Amounts reclassified to statement of operations through realization of (gain) loss on sale	<u>-</u>	<u>(7,740)</u>
Change in accumulated remeasurement gains	<u><b>70,392</b></u>	<u>127,582</u>
<b>ACCUMULATED REMEASUREMENT GAINS AND (LOSSES), END OF YEAR</b>	<u><b>(207,566)</b></u>	<u><b>(277,958)</b></u>
Accumulated remeasurement loss is comprised of:		
Investments	<u><b>(207,566)</b></u>	<u><b>(277,958)</b></u>

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The accompanying notes are an integral part of these consolidated financial statements.

# CORPORATION OF THE TOWNSHIP OF SOUTHWOLD

## Consolidated Statement of Cash Flows For The Year Ended December 31, 2024

	2024	Restated Note 8 2023
	<u>\$</u>	<u>\$</u>
<b>OPERATING ACTIVITIES</b>		
Annual surplus	4,573,792	1,362,734
Add (deduct) items not involving cash:		
Amortization of tangible capital assets	2,203,549	1,990,507
Contributed tangible capital assets	(1,789,316)	-
Loss on disposal of investments	-	7,740
Loss (gain) on disposal of tangible capital assets	<u>46,541</u>	<u>(104,131)</u>
	5,034,566	3,256,850
Change in non-cash assets and liabilities related to operations (Note 15 [b])	<u>3,340,158</u>	<u>(1,977,945)</u>
Cash provided by operating activities	<u>8,374,724</u>	<u>1,278,905</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of investments	<u>(228,742)</u>	<u>324,734</u>
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(6,649,842)	(3,523,714)
Proceeds on disposal of tangible capital assets	<u>21,988</u>	<u>116,788</u>
	<u>(6,627,854)</u>	<u>(3,406,926)</u>
<b>FINANCING ACTIVITIES</b>		
Long-term debt repayments	<u>(181,061)</u>	<u>(57,918)</u>
<b>NET CHANGE IN CASH</b>	1,337,067	(1,861,205)
<b>CASH, BEGINNING OF YEAR</b>	4,928,832	6,555,479
Change in proportionate consolidation (Note 9)	<u>(189,146)</u>	<u>234,558</u>
<b>CASH, END OF YEAR</b>	<u><u>6,076,753</u></u>	<u><u>4,928,832</u></u>

The accompanying notes are an integral part of these consolidated financial statements.

# **CORPORATION OF THE TOWNSHIP OF SOUTHWOLD**

## **Notes to the Consolidated Financial Statements For The Year Ended December 31, 2024**

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The Corporation of the Township of Southwold (the "Municipality") is a municipality in the Province of Ontario. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

### **1. CHANGE IN ACCOUNTING POLICIES**

On January 1, 2024 Municipality adopted accounting policies to conform to new standards issued under Canadian public sector accounting standards. The Municipality adopted the following standards which had the following impact:

- PS 3400 - Revenue - These standard may impact the timing of the revenue reported by the Municipality. There is no impact on the Municipality's financial reporting as a result of the adoption of this standard.

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements of the Municipality are prepared by management in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Municipality are as follows:

#### **Reporting Entity**

The financial statements reflect the assets, liabilities, revenues, expenses of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Municipality and which are owned or controlled by the Municipality.

#### **Consolidated Entities**

There are no organizations or local boards that are consolidated in these financial statements.

#### **Proportionate Consolidation**

The Elgin Area Primary Water Supply System has been consolidated on a proportionate basis. They are proportionately consolidated based upon the water flow used by the Municipality in proportion to the entire flows provided by the board. This amounts to 4.23% (2023 - 5.26%) of the flows from the board.

# **CORPORATION OF THE TOWNSHIP OF SOUTHWOLD**

## **Notes to the Consolidated Financial Statements For The Year Ended December 31, 2024**

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### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **Basis of Accounting**

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the creation of a legal obligation to pay.

#### **Investment Income**

Investment income consists of interest, dividends and realized gains or losses on sale of investments is recognized as revenue in the period when it is earned. Unrealized gains and losses on investments are recognized in the accumulated remeasurement gains and losses until settlement. Once realized, these gains and losses are recognized as revenue or expenses in the consolidated statement of operations. When required by funding government or related Act, investment income earned on deferred revenue is added to the investment and forms part of the deferred revenue balance.

#### **Deferred Revenue**

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs, in the completion of specific work. In addition, certain user charges and fees which have been collected but for which the related services have yet to be performed. Revenue is recognized in the period when the related expense are incurred, services performed.

#### **Financial Instruments**

The Municipality's financial instruments consist of cash , accounts receivable, accounts payable and accrued liabilities, deferred revenues, due to Province, and long-term debt.

The Municipality's financial instruments are measured as follows:

- i. Cash at fair value;
- ii. Portfolio investments at fair value (if any);
- iii. Accounts receivable at amortized cost;
- iv. Accounts payable and accrued liabilities at amortized cost;
- v. Long-term debt at amortized cost;

# CORPORATION OF THE TOWNSHIP OF SOUTHWOLD

## Notes to the Consolidated Financial Statements For The Year Ended December 31, 2024

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The fair value is determined as follows:

- i. Level 1 - Fair value measurements are those derived from quoted prices (in active markets);
- ii. Level 2 - Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the assets, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- iii. Level 3 - Fair value measurements are those derived from valuation techniques that include inputs for the asset that are not based on observable data (unobservable inputs).

For financial instruments measured using amortized cost the transaction costs and any other fees are expensed as incurred.

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

#### **Non-Financial Assets**

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Change in Net Financial Assets for the year.

#### **i) Tangible capital assets**

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements	10 years
Buildings	50 years
Machinery & Equipment	5 - 10 years
Vehicles	7 - 20 years
Transportation infrastructure	20 - 75 years
Water system infrastructure	75 years
Wastewater infrastructure	75 years

# **CORPORATION OF THE TOWNSHIP OF SOUTHWOLD**

## **Notes to the Consolidated Financial Statements For The Year Ended December 31, 2024**

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### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Amortization begins the first month of the year following the year the asset is placed in service and to the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

#### **ii) Contributions of tangible capital assets**

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

#### **iii) Inventories**

Inventories held for consumption are recorded at the lower of cost and replacement cost.

#### **iv) Works of art and cultural and historic assets**

Works of art and cultural and historic assets are not recorded as assets in these financial statements.

#### **Land Held For Resale**

Land held for resale is recorded at the lower of cost and net realizable value. Cost includes amounts for improvements to prepare the land for sale or servicing.

#### **Government Transfers**

Government transfers are recognized in the financial statements as revenues in the financial period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met including performance and return requirements, and reasonable estimates of the amounts can be determined. Any amount received but restricted is recorded as deferred revenue in accordance with Section 3100 of the Public Sector Accounting Handbook and recognized as revenue in the period in which the resources are used for the purpose specified.

In addition, the Municipality periodically receives senior government capital funding in the form of infrastructure grants and receives ongoing funding from both senior levels of government as a result of an allocation of the gas tax funds.

# **CORPORATION OF THE TOWNSHIP OF SOUTHWOLD**

## **Notes to the Consolidated Financial Statements For The Year Ended December 31, 2024**

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### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **Use of Estimates**

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management 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 period. Significant estimates include assumptions used in estimating provisions for accounts receivable, accrued liabilities, allowances for vacancies, rebates and uncollectible property taxes and in performing actuarial valuations of employee future benefits. In addition, the Municipality's implementation of the Public Sector Accounting Handbook PS3150 has required management to make estimates of historical costs and useful lives of tangible capital assets. Actual results could differ from these estimates.

#### **Employee Benefit Plans**

The Municipality accounts for its participation in the Ontario Municipal Employees Retirement System (OMERS), a multi-employer public sector pension fund, as a defined contribution plan. The OMERS plan specifies the retirement benefits to be received by the employees based on the length of service and pay rates. Employee benefits include post employment benefits. Post employment benefits are subject to actuarial valuations and are accrued in accordance with the projected benefit method, prorated on service and management's best estimate of salary escalation and retirement ages of employees. Any actuarial gains and losses related to past service of employees are amortized over the expected average remaining service period. For those self-insured benefit obligations that arise from specific events that occur from time to time, such as obligations for workers' compensation and life insurance and health care benefits for those on disability leave, the cost is recognized immediately in the period the events occur. Any actuarial gains or losses that are related to these benefits are amortized over the expected service period.

#### **Accounting for County and School Board Transactions**

Although the Municipality collects taxation on behalf of the County of Elgin and the School Boards, the taxation, other revenues, expenses, assets and liabilities with respect to the operations of the County and the School Boards are not reflected in these financial statements.

#### **Financial Instruments**

The Municipality's financial instruments consist of cash and cash equivalents, accounts receivable, taxes receivable, accounts payable and accrued liabilities and long-term liabilities. Unless otherwise noted, it is management's opinion that the Municipality is not exposed to significant interest, currency, or credit risk arising from these financial instruments.



# **CORPORATION OF THE TOWNSHIP OF SOUTHWOLD**

## **Notes to the Consolidated Financial Statements For The Year Ended December 31, 2024**

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### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **Tax Revenues**

In 2024 the Municipality received \$8,015,387 (2023 - \$6,786,827) in property tax revenues for municipal purposes. The authority to levy and collect property taxes is established under the Municipal Act 2001, the Assessment Act, the Education Act, and other legislation.

The amount of the total annual property tax levy is determined each year through Council's approval of the annual budget. Municipal tax rates are set annually by Council for each class or type of property, in accordance with legislation and Council-approved policies, in order to raise the revenue required to meet operating budget requirements. Education tax rates are established by the Province each year in order to fund costs of education on a Province-wide basis.

Taxation revenues are recorded at the time billings are issued. Additional property tax revenue can be added throughout the year, related to new properties that become occupied, or that become subject to property tax, after the return of the annual assessment roll used for billing purposes. The Municipality may receive supplementary assessment rolls over the course of the year from MPAC that identify new or omitted assessments. Property taxes for these supplementary/omitted amounts are then billed according to the approved tax rate for the property class.

Taxation revenues in any year may also be reduced as a result of reductions in assessment value arising from reassessment and/or tax appeals. Each year, an amount is identified to cover the estimated amount of revenue loss attributable to reassessment and tax appeals or other deficiencies in tax revenue (e.g. uncollectible amounts, write-offs, etc.).

#### **User Charges**

User charges relate to various programs and fees imposed based on specific activities, such park and recreation services, water, wastewater and solid waste. Revenue is recognized when the activity is performed or when the services are rendered.

#### **Other Revenues**

Revenues are recognized in the year that the events giving rise to the revenues occur and the revenues are earned. Amounts received which relate to revenues that will be earned in a subsequent year are deferred and reported as liabilities.

# CORPORATION OF THE TOWNSHIP OF SOUTHWOLD

## Notes to the Consolidated Financial Statements For The Year Ended December 31, 2024

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Asset retirement obligations

The Municipality may be exposed to obligations of remediation associated with their tangible capital assets. If a legal obligation exists of remediation for a tangible capital asset then the Municipality would be required to set up an estimated future cost and liability associated with these obligations. As at December 31, 2024 there were no tangible capital assets that Municipality has controlled, constructed, owned or used that would have a legal obligation of remediation.

### 3. ACCOUNTS RECEIVABLE

Included in accounts receivable is \$441,874 (2023 - \$530,076) representing funds fronted by the Municipality directly which are to be recovered from future subdivision development charges and sanitary sewer connection charges relating to the developments in the Municipality. It is anticipated a significant portion of the directly fronted charges will be recovered in the next two years.

### 4. INVESTMENTS

	2024		2023	
	Cost	Market Value	Cost	Market Value
	\$	\$	\$	\$
Cash, money market funds and investment certificates	2,875,945	2,863,370	2,754,283	2,741,848
Federal and provincial bonds	80,185	73,391	78,385	69,994
Corporate bonds	<u>4,152,784</u>	<u>3,964,587</u>	<u>4,048,676</u>	<u>3,790,372</u>
	<u>7,108,914</u>	<u>6,901,348</u>	<u>6,881,344</u>	<u>6,602,214</u>

These investments earned income of \$227,891 (2023 - \$232,354). At year end, these investments reported an unrealized loss of \$207,566 (2023 - \$277,958) on the statement of remeasurement gains (losses).

All of the above investments are valued as Level 1 investments. The investments are valued based on the degree to which the fair value is observable, as follows:

- [i] Level 1 - Fair value measurements are those derived from quoted prices (in active markets);
- [ii] Level 2 - Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the assets, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- [iii] Level 3 - Fair value measurements are those derived from valuation techniques that include inputs for the asset that are not based on observable data (unobservable inputs).

# CORPORATION OF THE TOWNSHIP OF SOUTHWOLD

## Notes to the Consolidated Financial Statements For The Year Ended December 31, 2024

### 5. TANGIBLE CAPITAL ASSETS

December 31, 2024

Cost	Opening	Additions	Disposals	Ending
<b><u>Infrastructure</u></b>				
Roads and related transportation assets	20,063,588	1,458,090	(1,840,398)	<b>19,681,280</b>
Utility infrastructure	41,495,108	2,594,923	(268,094)	<b>43,821,937</b>
<b>Infrastructure Total</b>	<b>61,558,696</b>	<b>4,053,013</b>	<b>(2,108,492)</b>	<b>63,503,217</b>
<b><u>General</u></b>				
Land	1,873,612	-	(12,891)	<b>1,860,721</b>
Land Improvements	1,872,317	28,804	-	<b>1,901,121</b>
Building	10,004,685	403,969	(444,046)	<b>9,964,608</b>
Machinery and Equipment	4,770,430	322,023	(479,576)	<b>4,612,877</b>
Vehicles	7,577,219	689,968	(360,175)	<b>7,907,012</b>
<b>General Total</b>	<b>26,098,263</b>	<b>1,444,764</b>	<b>(1,296,688)</b>	<b>26,246,339</b>
Work In Progress	760,879	4,693,448	(106,862)	<b>5,347,465</b>
<b>Total Cost</b>	<b>88,417,838</b>	<b>10,191,225</b>	<b>(3,512,042)</b>	<b>95,097,021</b>
<b>Accumulated Amortization</b>	<b>Opening</b>	<b>Amortization</b>	<b>Disposal</b>	<b>Ending</b>
<b><u>Infrastructure</u></b>				
Roads and related transportation assets	7,912,922	577,853	(441,213)	<b>8,049,562</b>
Utility infrastructure	9,163,949	528,209	(4,804)	<b>9,687,354</b>
<b>Infrastructure Total</b>	<b>17,076,871</b>	<b>1,106,062</b>	<b>(446,017)</b>	<b>17,736,916</b>
<b><u>General</u></b>				
Land Improvements	226,685	55,212	-	<b>281,897</b>
Building	2,479,243	271,187	(31,372)	<b>2,719,058</b>
Machinery and Equipment	2,329,056	103,733	(28,927)	<b>2,403,862</b>
Vehicles	3,041,049	473,581	(334,663)	<b>3,179,967</b>
<b>General Total</b>	<b>8,076,033</b>	<b>903,713</b>	<b>(394,962)</b>	<b>8,584,784</b>
<b>Total Accumulated Amortization</b>	<b>25,152,904</b>	<b>2,009,775</b>	<b>(840,979)</b>	<b>26,321,700</b>
<b>Net Book Value</b>	<b>Opening</b>			<b>Ending</b>
<b><u>Infrastructure</u></b>				
Roads and related transportation assets	12,150,666			<b>11,631,718</b>
Utility infrastructure	32,331,159			<b>34,134,583</b>
	44,481,825			<b>45,766,301</b>
<b><u>General</u></b>				
Land	1,873,612			<b>1,860,721</b>
Land Improvements	1,645,632			<b>1,619,224</b>
Building	7,525,442			<b>7,245,550</b>
Machinery and Equipment	2,441,374			<b>2,209,015</b>
Vehicles	4,536,170			<b>4,727,045</b>
	18,022,230			<b>17,661,555</b>
Work In Progress	760,879			<b>5,347,465</b>
<b>Total Net Book Value</b>	<b>63,264,934</b>			<b>68,775,321</b>

# CORPORATION OF THE TOWNSHIP OF SOUTHWOLD

## Notes to the Consolidated Financial Statements For The Year Ended December 31, 2024

### 5. TANGIBLE CAPITAL ASSETS (CONTINUED)

December 31, 2023				
Cost	Opening	Additions	Disposals	Ending
<b><u>Infrastructure</u></b>				
Roads and related transportation assets	18,713,671	1,381,612	(31,695)	<b>20,063,588</b>
Utility infrastructure	<u>41,120,627</u>	<u>374,481</u>	<u>-</u>	<b><u>41,495,108</u></b>
<b>Infrastructure Total</b>	<b><u>59,834,298</u></b>	<b><u>1,756,093</u></b>	<b><u>(31,695)</u></b>	<b><u>61,558,696</u></b>
<b><u>General</u></b>				
Land	1,852,836	20,776	-	<b>1,873,612</b>
Land Improvements	848,314	1,024,003	-	<b>1,872,317</b>
Building	8,711,197	1,293,762	(274)	<b>10,004,685</b>
Machinery and Equipment	3,867,521	1,082,645	(179,736)	<b>4,770,430</b>
Vehicle	<u>6,477,055</u>	<u>1,580,284</u>	<u>(480,120)</u>	<b><u>7,577,219</u></b>
<b>General Total</b>	<b><u>21,756,923</u></b>	<b><u>5,001,470</u></b>	<b><u>(660,130)</u></b>	<b><u>26,098,263</u></b>
Work In Progress	<u>2,408,415</u>	<u>256,065</u>	<u>(1,903,601)</u>	<b><u>760,879</u></b>
<b>Total Cost</b>	<b><u>83,999,636</u></b>	<b><u>7,013,628</u></b>	<b><u>(2,595,426)</u></b>	<b><u>88,417,838</u></b>
<b>Accumulated Amortization</b>	<b>Opening</b>	<b>Amortization</b>	<b>Disposal</b>	<b>Ending</b>
<b><u>Infrastructure</u></b>				
Roads and related transportation assets	7,388,736	555,881	(31,695)	<b>7,912,922</b>
Utility infrastructure	<u>8,515,037</u>	<u>648,912</u>	<u>-</u>	<b><u>9,163,949</u></b>
<b>Infrastructure Total</b>	<b><u>15,903,773</u></b>	<b><u>1,204,793</u></b>	<b><u>(31,695)</u></b>	<b><u>17,076,871</u></b>
<b><u>General</u></b>				
Land Improvements	196,466	30,219	-	<b>226,685</b>
Building	2,083,268	396,249	(274)	<b>2,479,243</b>
Machinery and Equipment	1,987,540	521,252	(179,736)	<b>2,329,056</b>
Vehicle	<u>3,106,052</u>	<u>402,373</u>	<u>(467,376)</u>	<b><u>3,041,049</u></b>
<b>General Total</b>	<b><u>7,373,326</u></b>	<b><u>1,350,093</u></b>	<b><u>(647,386)</u></b>	<b><u>8,076,033</u></b>
<b>Total Accumulated Amortization</b>	<b><u>23,277,099</u></b>	<b><u>2,554,886</u></b>	<b><u>(679,081)</u></b>	<b><u>25,152,904</u></b>
<b>Net Book Value</b>	<b>Opening</b>			<b>Ending</b>
<b><u>Infrastructure</u></b>				
Roads and related transportation assets	11,324,935			<b>12,150,666</b>
Utility infrastructure	<u>32,605,590</u>			<b><u>32,331,159</u></b>
	43,930,525			<b>44,481,825</b>
<b><u>General</u></b>				
Land	1,852,836			<b>1,873,612</b>
Land improvements	651,848			<b>1,645,632</b>
Building	6,627,929			<b>7,525,442</b>
Machinery and Equipment	1,879,981			<b>2,441,374</b>
Vehicles	<u>3,371,003</u>			<b><u>4,536,170</u></b>
	14,383,597			<b>18,022,230</b>
Work In Progress	<u>2,408,415</u>			<b><u>760,879</u></b>
<b>Total Net Book Value</b>	<b><u>60,722,537</u></b>			<b><u>63,264,934</u></b>

# CORPORATION OF THE TOWNSHIP OF SOUTHWOLD

## Notes to the Consolidated Financial Statements For The Year Ended December 31, 2024

### 6. DEFERRED REVENUE

A requirement of the public sector accounting principles of the Chartered Professional Accountants of Canada, 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.

	2024	Restated Note 8 2023
	<u>\$</u>	<u>\$</u>
Obligatory Reserve Funds		
Recreation land	(68,447)	(64,293)
Development charges	68,221	159,594
Building Code Act	<u>2,482,539</u>	<u>2,573,882</u>
	2,482,313	2,669,183
Talbotville Firehall	1,427,500	900,000
Deposit on Property Held for Sale	1,575,000	225,000
Other Deferred Revenue	<u>135,749</u>	<u>181,732</u>
	<u><u>5,620,562</u></u>	<u><u>3,975,915</u></u>

### 7. NET LONG-TERM LIABILITIES

- a) The balance of net long-term liabilities reported on the Consolidated Statement of Financial Position consists of the following:

	2024	2023
	<u>\$</u>	<u>\$</u>
Long-term liabilities incurred by the Municipality and outstanding at the end of the year	1,460,276	1,547,957
Long-term liabilities assumed through consolidation by the Municipality	<u>125,693</u>	<u>219,073</u>
Total long-term liabilities at the end of the year	<u><u>1,585,969</u></u>	<u><u>1,767,030</u></u>

- b) Principal repayments are summarized as follows:

	2025	2026	2027	2028	2029	Beyond	Total
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Recoverable from:							
General tax revenue	10,000	10,000	10,000	-	-	-	30,000
User charges	<u>132,391</u>	<u>136,447</u>	<u>106,992</u>	<u>89,422</u>	<u>92,625</u>	<u>998,092</u>	<u>1,555,969</u>
	<u><u>142,391</u></u>	<u><u>146,447</u></u>	<u><u>116,992</u></u>	<u><u>89,422</u></u>	<u><u>92,625</u></u>	<u><u>998,092</u></u>	<u><u>1,585,969</u></u>

# CORPORATION OF THE TOWNSHIP OF SOUTHWOLD

## Notes to the Consolidated Financial Statements For The Year Ended December 31, 2024

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### 7. NET LONG-TERM LIABILITIES (CONTINUED)

- c) All long-term liabilities issued on or before December 31, 1992 have received approval of the Ontario Municipal Board. Long-term liabilities issued after January 31, 1993 have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.
- d) Interest rates range from 3.55% to 6.00%. Interest on long-term liabilities in 2024 amounted to \$52,849 (2023 - \$55,673). Of this interest \$52,849 (2023 - \$55,535) was reported in accounts receivable to be recovered from future connection charges (Note 3).

### 8. PRIOR PERIOD ADJUSTMENTS

#### Building Permits

During the year, the Municipality identified an error recording revenues from the sale of building permits. As a result, the balances relating to the comparative December 31, 2023 figures were adjusted as follows:

Adjustments to the Consolidated Statement of Financial Position:

Decrease in Reserves	(2,573,882)
Decrease in Annual Surplus	(2,573,882)

Adjustments to the Consolidated Statement of Operations:

Increase in Obligatory Deferred revenues	2,573,882
Increase in Net Financial Assets	2,573,882

Adjustments to the Consolidated Statement of Changes in  
Net Financial Assets:

Decrease in Accumulated surplus	<u>(2,573,882)</u>
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#### Accumulated Remeasurements Gains and (Losses)

During the year, the Municipality identified an error recording accumulated remeasurement gains and (losses) in the prior period. As a result, the balances relating to the comparative December 31, 2023 figures were adjusted as follows:

Adjustments to the Consolidated Statement of Remeasurement Gains and Losses:

Increase in Investment Income	(150,376)
Increase in Opening Accumulated surplus	<u>(405,540)</u>

Adjustments to the Consolidated Statement of Changes in  
Net Financial Assets:

Increase in Accumulated surplus	<u>555,916</u>
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# CORPORATION OF THE TOWNSHIP OF SOUTHWOLD

## Notes to the Consolidated Financial Statements For The Year Ended December 31, 2024

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### 8. PRIOR PERIOD ADJUSTMENTS (CONTINUED)

#### Recovery of Sanitary Sewers

During the year, the Municipality identified an error in the recording of recoveries relating to the Sanitary Sewers. As a result, the balances relating to the comparative December 31, 2023 figures were adjusted as follows:

#### Adjustments to the Consolidated Statement of Financial Position:

Decrease in Accounts Receivable	319,625
Decrease in Accumulated Surplus	319,625

#### Adjustments to the Consolidated Statement of Operations:

Decrease in User charges	319,625
Decrease in Annual Surplus	319,625

#### Adjustments to the Consolidated Statement of Changes in Net Financial Assets:

Decrease in Accumulated surplus	<u>(319,625)</u>
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The net impact on the opening numbers for 2023 in the financial position were as follows:

Increase in Obligatory Deferred revenues	(2,573,882)
Decrease in User Charges	319,625
Decrease in annual surplus	319,625
Decrease in Accumulated surplus	2,017,966
Decrease in remeasurement gains and losses	555,916

# CORPORATION OF THE TOWNSHIP OF SOUTHWOLD

## Notes to the Consolidated Financial Statements For The Year Ended December 31, 2024

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### 9. CHANGE IN PROPORTIONATE CONSOLIDATION

The change in proportionate consolidation is the result of a significant decrease in water flow through the 2024 year. The resulting changes in water supply percentages decreased from 5.26% 2023 to 4.23% 2024. The effects are as follows:

	2024	2023
Effect of Change in Funding Percentages	<u>\$</u>	<u>\$</u>
Tangible Capital Assets		
Cost	(1,058,950)	1,561,417
Accumulated amortization	<u>(402,257)</u>	<u>539,570</u>
Net book value	(656,693)	1,021,847
Net financial assets	(185,887)	230,303
Other non-financial assets	<u>(3,259)</u>	<u>4,255</u>
Change in Net Municipal Position	<u>(845,839)</u>	<u>1,256,405</u>

### 10. SUBSEQUENT EVENTS

Subsequent to year end, the Municipality closed on the sale of land held for sale totalling \$4.5 million. Additionally there is an agreement in place for the sale of the land held for sale. A deposit has been recieved but the sale is still to be finalized later this year.



# CORPORATION OF THE TOWNSHIP OF SOUTHWOLD

## Notes to the Consolidated Financial Statements For The Year Ended December 31, 2024

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### 11. ACCUMULATED SURPLUS

The accumulated surplus consists of the following individual fund surplus/(deficit) and reserves as follows:

	2024	2023
	<u>\$</u>	<u>\$</u>
<b>SURPLUS</b>		
General revenue fund	(4,394,636)	(1,724,828)
Benefiting land owners	(1,220,705)	(1,340,612)
Invested in tangible capital assets	68,775,321	63,264,934
Unfunded capital	(2,738,348)	(196,288)
Reserves (Note 8)	<u>18,791,421</u>	<u>15,662,955</u>
	79,213,053	75,666,161
<b>AMOUNTS TO BE RECOVERED</b>		
Net long-term debt	<u>(1,585,969)</u>	<u>(1,767,030)</u>
<b>ACCUMULATED SURPLUS</b>	<u>77,627,084</u>	<u>73,899,131</u>
<b>RESERVES</b>		
Reserves set aside for specific purposes by council:		
Working capital	1,036,147	1,036,147
Property tax assessment appeals	2,664,533	1,812,211
Protection services	2,349,380	1,631,614
Roadway purposes	4,580,668	3,202,711
Water and sewer purposes	6,029,030	5,922,877
Building purposes	3,209	3,209
Other municipal services	1,202,634	1,061,751
Consolidated water reserves	<u>925,820</u>	<u>992,435</u>
Total reserves	<u>18,791,421</u>	<u>15,662,955</u>

# CORPORATION OF THE TOWNSHIP OF SOUTHWOLD

## Notes to the Consolidated Financial Statements For The Year Ended December 31, 2024

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### 12. PENSION AGREEMENTS

The Municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Each year, an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits the members have earned to date. The most recent actuarial valuation of the Plan was conducted December 31, 2024, and the results of this valuation disclosed actuarial liabilities of \$142.5 billion in respect of benefits accrued for service with actuarial assets at that date of \$139.6 billion leaving an actuarial deficit of \$2.9 billion.

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 consolidated financial statements.

The amount contributed to OMERS for 2024 was \$146,101 (2023 - \$191,400). OMERS contribution rates for 2024 and 2023, depending on income level and retirement dates, ranged from 9.2% to 15.8%.

### 13. FINANCIAL INSTRUMENTS

#### Risks and Concentrations

The Municipality is exposed to various risks through its financial instruments. The following analysis provides a measure of the Municipality's risk exposure and concentrations at the balance sheet date.

#### Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Municipality is mainly exposed to interest and price risk.

#### Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Municipality is exposed to interest rate risk on its fixed rate long-term debt. As the interest rates are fixed the Municipality doesn't believe that interest rate risk is a significant risk.

# CORPORATION OF THE TOWNSHIP OF SOUTHWOLD

## Notes to the Consolidated Financial Statements For The Year Ended December 31, 2024

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### 13. FINANCIAL INSTRUMENTS (CONTINUED)

#### Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Municipality is exposed to price risk through its investments in quoted One Fund investments. The following details the Municipality's portfolio sensitivity to a 1.0% increase or decrease in the market prices. At December 31, 2024, if market prices had a 1% increase or decrease with all other variables remaining the same the increase or decrease in accumulated remeasurement gains and losses on the investments for the year would have totaled \$2,076 (2023 -\$2,279).

It is management's opinion that the Municipality is not exposed to significant currency risk.

#### Liquidity Risk

Liquidity risk is the risk that a Municipality will encounter difficulty in meeting obligations associated with financial liabilities. The Municipality is exposed to this risk mainly in respect of its accounts payable, accrued liabilities and long-term debt. The Municipality doesn't believe that liquidity risk is a significant risk.

#### Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Municipality's main credit risks relate to its accounts receivable and taxes receivable. The Municipality manages this risk by monitoring active receivable balances and forces tax sale on properties considered unrecoverable.

At year end, the Municipality had approximately \$626,078 (2023 - \$610,651) in accounts receivable over 90 days of which the Municipality has deemed no allowance is necessary. The balances of taxes and utility receivables (water and sewer) are normally collectible from the property owner and the Municipality is able to force tax sale on properties to recover. In some instances the property owner may challenge property values which will in impact future recovery of taxes and potential repayments to the property owners. The Municipality actively monitors these assessment challenges and provides provisions when reasonable estimates can be made. At year end the Municipality has provided an allowance of \$nil (2023 - \$nil) for these assessment challenges and \$nil (2023 - \$nil) in potential uncollectible tax assessments.

# CORPORATION OF THE TOWNSHIP OF SOUTHWOLD

## Notes to the Consolidated Financial Statements For The Year Ended December 31, 2024

### 14. BUDGET FIGURES

The operating budget approved by Council on February 26, 2024 is reflected on the statement of operations. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual expenditure amounts. As well, the Municipality does not budget activity within Reserve Funds, with the exception being those transactions, which affect either operations or capital investments. Budget figures have been reclassified for the purposes of these financial statements to comply with PSAB reporting requirements.

	Approved Budget \$	Adjustments \$	PSAB Budget \$
<b>REVENUES</b>			
Property taxation	6,863,999	-	6,863,999
Taxation from other governments	1,163,600	-	1,163,600
User charges	4,949,368	-	4,949,368
Government transfers			
Federal	155,066	-	155,066
Provincial	480,000	-	480,000
Other municipalities	1,228,702	-	1,228,702
Investment income	235,000	19,712	254,712
Penalties and interest on taxes	75,000	-	75,000
Sales on land held for sale and other revenues	5,027,620	(254)	5,027,366
Reserve transfers	<u>6,302,290</u>	<u>(6,302,290)</u>	<u>-</u>
Total revenues	<u>26,480,645</u>	<u>(6,282,832)</u>	<u>20,197,813</u>
<b>EXPENSES</b>			
General government	1,109,026	(79,509)	1,029,517
Fire and police protection	3,364,665	(2,486,881)	877,784
Other protective services	477,722	12,760	490,482
Transportation services	6,645,868	(2,419,860)	4,226,008
Waterworks and sewers	4,669,460	(1,162,751)	3,506,709
Garbage collection and disposal	341,500	-	341,500
Health Services	71,396	3,128	74,524
Recreation and cultural services	573,836	129,038	702,874
Planning and zoning	155,780	-	155,780
Agriculture	142,312	538,998	681,310
Reserve transfers	<u>8,929,080</u>	<u>(8,929,080)</u>	<u>-</u>
Total expenses	<u>26,480,645</u>	<u>(14,394,157)</u>	<u>12,086,488</u>
<b>BUDGETED ANNUAL SURPLUS</b>	<u><u>-</u></u>	<u><u>8,111,325</u></u>	<u><u>8,111,325</u></u>

# CORPORATION OF THE TOWNSHIP OF SOUTHWOLD

## Notes to the Consolidated Financial Statements For The Year Ended December 31, 2024

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### 15. SUPPLEMENTARY INFORMATION:

	2024	2023
	<u>\$</u>	<u>\$</u>
<b>[a] Current fund expenditures by object:</b>		
Salaries, wages and employee benefits	3,818,121	3,403,346
Long-term debt interest	-	138
Materials and supplies	5,766,275	5,432,607
Contracted services	1,561,221	1,451,580
Amortization	2,203,549	1,990,508
Transfer to others	<u>70,524</u>	<u>65,309</u>
	<u><b>13,419,690</b></u>	<u><b>12,343,488</b></u>
 <b>[b] Change in non-cash assets and liabilities related to operations:</b>		
Taxes receivable	(275,077)	(291,865)
Accounts receivable	492,139	1,447,988
Inventories and prepaid expenses	(17,307)	(71,069)
Accounts payable and accrued liabilities	1,495,756	(1,038,597)
Deferred revenue	<u>1,644,647</u>	<u>(2,024,402)</u>
	<u><b>3,340,158</b></u>	<u><b>(1,977,945)</b></u>

### 16. COMPARATIVE FIGURES

Certain comparative figures presented in the financial statements have been reclassified to conform to the presentation adopted in the current year.

# CORPORATION OF THE TOWNSHIP OF SOUTHWOLD

## Notes to the Consolidated Financial Statements For The Year Ended December 31, 2024

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### 17. OPERATION OF THE COUNTY OF ELGIN AND SCHOOL BOARDS

During 2024, requisitions were made by the County of Elgin and the school boards requiring the Municipality to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are summarized below:

	School Boards \$	County \$
Taxation and user charges	3,563,408	8,284,489
Share of payments in lieu of taxes	<u>17,114</u>	<u>669,946</u>
Amounts requisitioned	<u>3,580,522</u>	<u>8,954,435</u>

### 18. SEGMENTED INFORMATION

The Municipality is a diversified municipal government institution that provides a wide range of services to its citizens, including contract police services, fire, roads, community services, water and sewer. For management reporting purposes the Municipality's operations and activities are organized and reported by Fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

The Municipality services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provided, are as follows:

#### General government

General government is comprised of municipal council, corporate management and program support.

#### Protection services

Protection services are comprised of the fire, police, conservation authority, building inspection and animal control, emergency measures and provincial offences.

#### Transportation services

Transportation services are comprised of roads, bridges, winter control, parking and street lighting.

#### Environmental services

Environmental services are comprised of the provision of safe drinking water, the collection and treatment of waste water and waste collection, disposal and recycling.

# **CORPORATION OF THE TOWNSHIP OF SOUTHWOLD**

## **Notes to the Consolidated Financial Statements For The Year Ended December 31, 2024**

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### **18. SEGMENTED INFORMATION (CONTINUED)**

#### **Health services**

Health services are comprised of public health services and cemeteries.

#### **Recreation and cultural services**

Recreation and cultural services are comprised of parks, recreation programs, recreation facilities, and cultural services.

#### **Planning and development services**

Planning and development is comprised of planning and zoning, commercial and industrial development, economic development and tourism, and agricultural and reforestation.

For each reported segment, revenues 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 General Revenue Fund reports on municipal services that are funded primarily by taxation such as property and business tax revenues. Taxation and payments-in-lieu of taxes are apportioned to General Revenue Fund services based on the Fund's net surplus. Certain government transfers, transfer from other funds, and other revenues have been apportioned based on a percentage of budgeted expenses.

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. For additional information see the Consolidated Schedule of Segment Disclosure.

# CORPORATION OF THE TOWNSHIP OF SOUTHWOLD

## Consolidated Schedule of Segment Disclosure For The Year Ended December 31, 2024

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Recreation Services \$	Planning and Development Services \$	Total \$
<b>REVENUES</b>								
Taxation and local improvements	528,081	1,829,617	3,164,541	2,386,052	33,996	273,242	141,942	<b>8,357,471</b>
Sales of services and regulatory fees	65,763	271,611	-	2,357,940	-	67,947	1,119,602	<b>3,882,863</b>
Government transfers	91,857	303,195	1,239,698	605,234	1,742	375,020	64,664	<b>2,681,410</b>
Other	<u>753,745</u>	<u>40,011</u>	<u>2,047,268</u>	<u>124,895</u>	<u>-</u>	<u>75,594</u>	<u>30,225</u>	<b><u>3,071,738</u></b>
	<u>1,439,446</u>	<u>2,444,434</u>	<u>6,451,507</u>	<u>5,474,121</u>	<u>35,738</u>	<u>791,803</u>	<u>1,356,433</u>	<b><u>17,993,482</u></b>
<b>EXPENSES</b>								
Materials and supplies	258,091	254,568	1,683,109	2,627,406	60,970	313,625	568,506	<b>5,766,275</b>
Salaries, wages and employee benefits	812,170	973,831	1,210,109	376,273	4,833	167,506	273,399	<b>3,818,121</b>
Amortization	36,682	202,669	963,761	825,725	3,128	171,584	-	<b>2,203,549</b>
Contracted services	9,105	727,520	59,945	687,019	-	29,412	48,220	<b>1,561,221</b>
External transfers	-	70,524	-	-	-	-	-	<b>70,524</b>
Long-term debt interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<b><u>-</u></b>
	<u>1,116,048</u>	<u>2,229,112</u>	<u>3,916,924</u>	<u>4,516,423</u>	<u>68,931</u>	<u>682,127</u>	<u>890,125</u>	<b><u>13,419,690</u></b>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<u>323,398</u>	<u>215,322</u>	<u>2,534,583</u>	<u>957,698</u>	<u>(33,193)</u>	<u>109,676</u>	<u>466,308</u>	<b><u>4,573,792</u></b>



# CORPORATION OF THE TOWNSHIP OF SOUTHWOLD

## Consolidated Schedule of Segment Disclosure For The Year Ended December 31, 2023

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Recreation Services \$	Planning and Development Services \$	Total \$
<b>REVENUES</b>								
Taxation and local improvements	514,605	1,724,840	1,388,728	3,037,499	25,715	295,561	122,231	7,109,179
Sales of services and regulatory fees	78,499	171,097	15,924	70,326	-	84,213	518,601	938,660
Government transfers	96,520	213,046	1,671,228	631,079	1,500	50,599	62,402	2,726,374
Other	<u>344,524</u>	<u>12,399</u>	<u>630,471</u>	<u>135,391</u>	<u>-</u>	<u>1,809,225</u>	<u>-</u>	<u>2,932,010</u>
	<u>1,034,148</u>	<u>2,121,382</u>	<u>3,706,351</u>	<u>3,874,295</u>	<u>27,215</u>	<u>2,239,598</u>	<u>703,234</u>	<u>13,706,223</u>
<b>EXPENSES</b>								
Materials and supplies	252,142	281,365	1,265,127	2,397,535	57,997	270,300	908,142	5,432,608
Salaries, wages and employee benefits	846,814	842,719	1,054,966	329,168	-	101,619	228,060	3,403,346
Amortization	29,426	206,538	852,441	771,631	3,128	127,344	-	1,990,508
Contracted services	51,879	717,751	-	634,717	-	20,686	26,547	1,451,580
External transfers	-	65,309	-	-	-	-	-	65,309
Long-term debt interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>138</u>	<u>138</u>
	<u>1,180,261</u>	<u>2,113,682</u>	<u>3,172,534</u>	<u>4,133,051</u>	<u>61,125</u>	<u>519,949</u>	<u>1,162,887</u>	<u>12,343,489</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<u>(146,113)</u>	<u>7,700</u>	<u>533,817</u>	<u>(258,756)</u>	<u>(33,910)</u>	<u>1,719,649</u>	<u>(459,653)</u>	<u>1,362,734</u>