UNITED COUNTIES OF STORMONT, DUNDAS AND GLENGARRY

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024

UNITED COUNTIES OF STORMONT, DUNDAS AND GLENGARRY

December 31, 2024

CONTENTS

Independent Auditor's Report

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, 2024, 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, 2024, 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.

MNP LLP
709 Cotton Mill Street, Cornwall ON,   K6H 7K7 T: 613.932.3610   F: 613.938.3215

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.

MNP LLP

June 16, 2025
Cornwall, Ontario

Chartered Professional Accountants
Licensed Public Accountants

UNITED COUNTIES OF STORMONT, DUNDAS AND GLENGARRY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2024

	2024	2023
NET FINANCIAL ASSETS		
Assets		
Cash	**$ 29,979,315**	$ 31,248,678
Accounts receivable	**5,972,740**	2,611,849
	35,952,055	33,860,527
Liabilities		
Accounts payable	**6,775,715**	2,779,516
Future employment benefits payable	**19,373**	19,373
	6,795,088	2,798,889
Net Financial Assets	**29,156,967**	31,061,638
Non-Financial Assets		
Tangible capital assets	**146,754,704**	142,059,402
Inventory	**2,227,747**	1,996,646
Prepaid expenses	**626,552**	300,341
	149,609,003	144,356,389
Accumulated Surplus	**$ 178,765,970**	$ 175,418,027

See Accompanying Notes

UNITED COUNTIES OF STORMONT, DUNDAS AND GLENGARRY

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

For the year ended December 31, 2024

	BUDGET 2024 (Note 6)	**ACTUAL 2024**	ACTUAL 2023
REVENUE			
Taxation	$ 58,564,510	**$ 58,990,461**	$ 55,756,499
Fees and service charges	9,765,150	**10,142,987**	5,419,752
Grants	2,576,623	**2,704,401**	2,884,765
Investment income	1,450,900	**1,510,914**	1,604,536
Donations	-	**9,898**	69,000
Rents and other	24,330	**5,962**	54,808
	72,381,513	**73,364,623**	65,789,360
EXPENSES			
General government	10,867,228	**8,298,141**	3,990,566
Protection to persons and property	11,913,498	**11,870,152**	11,993,314
Transportation services	31,211,923	**33,048,471**	27,533,737
Health services	8,565,887	**8,473,227**	7,561,018
Social and family services	2,043,599	**2,386,440**	1,598,422
Social housing	2,352,604	**2,265,470**	2,121,019
Recreation and cultural services	3,721,929	**3,574,508**	3,335,183
Planning and development	2,526,557	**2,029,085**	1,876,845
	73,203,225	**71,945,494**	60,010,104
SURPLUS (DEFICIT) BEFORE OTHER ITEMS	(821,712)	**1,419,129**	5,779,256
OTHER REVENUE FOR CAPITAL PURPOSES			
Deferred revenue earned (Note 3)	2,162,797	**2,143,588**	2,162,797
Net (loss) gain on disposal of tangible capital assets	70,000	**(214,774)**	(237,933)
	2,232,797	**1,928,814**	1,924,864
SURPLUS FOR THE YEAR	1,411,085	**3,347,943**	7,704,120
ACCUMULATED SURPLUS, beginning of year	175,418,027	**175,418,027**	167,713,907
ACCUMULATED SURPLUS, end of year	$ 176,829,112	**$ 178,765,970**	$ 175,418,027

UNITED COUNTIES OF STORMONT, DUNDAS AND GLENGARRY

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

For the year ended December 31, 2024

	BUDGET 2024 (Note 6)	**ACTUAL 2024**	ACTUAL 2023
Surplus for the year	$ 1,411,085	**$ 3,347,943**	$ 7,704,120
Amortization of tangible assets	12,193,990	**12,403,968**	12,009,773
Acquisition of tangible capital assets	(24,447,500)	**(17,375,100)**	(17,199,267)
Proceeds on disposal of tangible capital assets	(70,000)	**61,056**	141,677
Net loss (gain) on disposals of tangible capital assets	(70,000)	**214,774**	237,933
Change in inventory	-	**(231,101)**	(396,588)
Change in prepaid expenses	-	**(326,211)**	(101,025)
(Decrease) increase in net financial assets	(10,982,425)	**(1,904,671)**	2,396,623
Net financial assets, beginning of year	31,061,638	**31,061,638**	28,665,015
Net financial assets, end of year	$ 20,079,213	**$ 29,156,967**	$ 31,061,638

UNITED COUNTIES OF STORMONT, DUNDAS AND GLENGARRY

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2024

	2024	2023
CASH FROM OPERATING ACTIVITIES		
Surplus for the year	**$ 3,347,943**	$ 7,704,120
Items not affecting cash		
Amortization expense	**12,403,968**	12,009,773
Net loss on disposal of tangible capital assets	**214,774**	237,933
	15,966,685	19,951,826
Changes in non-cash working capital balances		
Accounts receivable	**(3,360,891)**	1,937,075
Accounts payable	**3,996,199**	(1,689,977)
Future employment benefits payable	**-**	4,715
Inventory	**(231,101)**	(396,588)
Prepaid expenses	**(326,211)**	(101,025)
	16,044,681	19,706,026
CASH USED IN FINANCING ACTIVITIES		
Repayment of capital lease	**-**	(2,815)
CASH USED IN CAPITAL ACTIVITIES		
Proceeds on disposal of tangible capital assets	**61,056**	141,677
Acquisition of tangible capital assets	**(17,375,100)**	(17,199,267)
	(17,314,044)	(17,057,590)
(DECREASE) INCREASE IN CASH	**(1,269,363)**	2,645,621
CASH, beginning of year	**31,248,678**	28,603,057
CASH, end of year	**$ 29,979,315**	$ 31,248,678

UNITED COUNTIES OF STORMONT, DUNDAS AND GLENGARRY

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS - BY ASSET TYPE

For the year ended December 31, 2024

	Land and Land Improvements	Buildings	Vehicles	Equipment	Street Lights	Roads	Storm Drains	Bridges	Construction in Process	2024	2023
Cost											
Balance, beginning of year	$ 2,460,764	$ 10,735,922	$ 9,500,149	$ 4,480,114	$ 1,852,919	$ 241,897,428	$ 6,269,229	$ 47,827,051	$ 515,882	$ 325,539,458	$ 316,327,632
Additions during the year	-	-	788,011	179,763	-	11,657,270	153,952	4,292,914	303,190	17,375,100	17,199,267
Disposals during the year	-	-	257,607	46,408	13,553	8,798,528	-	674,181	-	9,790,277	7,987,441
Balance, end of year	2,460,764	10,735,922	10,030,553	4,613,469	1,839,366	244,756,170	6,423,181	51,445,784	819,072	333,124,281	325,539,458
Accumulated Amortization											
Balance, beginning of year	298,033	5,437,075	6,321,341	3,353,754	494,452	148,101,918	2,763,955	16,709,528	-	183,480,056	179,078,114
Amortization during the year	27,550	252,853	493,262	176,661	66,386	10,235,365	116,574	1,035,317	-	12,403,968	12,009,773
Amortization on disposals	-	-	257,607	46,408	12,381	8,646,272	-	551,779	-	9,514,447	7,607,831
Balance, end of year	325,583	5,689,928	6,556,996	3,484,007	548,457	149,691,011	2,880,529	17,193,066	-	186,369,577	183,480,056
Net book value 2024	$ 2,135,181	$ 5,045,994	$ 3,473,557	$ 1,129,462	$ 1,290,909	$ 95,065,159	$ 3,542,652	$ 34,252,718	$ 819,072	$ 146,754,704	$ 142,059,402
Net book value 2023	$ 2,162,731	$ 5,298,847	$ 3,178,808	$ 1,126,360	$ 1,358,467	$ 93,795,510	$ 3,505,274	$ 31,117,523	$ 515,882	$ 142,059,402	

See Accompanying Notes

UNITED COUNTIES OF STORMONT, DUNDAS AND GLENGARRY

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS - BY SEGMENT

For the year ended December 31, 2024

	Buildings	Development	Library	Planning	POA	Roads	Treasury & IT	2024	2023
Cost									
Balance, beginning of year	$ 3,456,537	$ 25,369	$ 3,037,999	$ 1,539,927	$ -	$ 316,927,376	$ 552,250	$ 325,539,458	$ 316,327,632
Additions during the year	-	-	179,763	-	-	17,263,979	-	17,443,742	17,650,963
Disposals during the year	-	-	46,408	-	-	9,812,511	-	9,858,919	8,439,137
Balance, end of year	3,456,537	25,369	3,171,354	1,539,927	-	324,378,844	552,250	333,124,281	325,539,458
Accumulated Amortization									
Balance, beginning of year	1,910,779	25,369	2,332,370	5,460	-	178,679,332	526,746	183,480,056	179,078,114
Amortization during the year	80,921	-	125,779	780	-	12,180,199	16,289	12,403,968	12,009,773
Amortization on disposals	-	-	46,408	-	-	9,468,039	-	9,514,447	7,607,831
Balance, end of year	1,991,700	25,369	2,411,741	6,240	-	181,391,492	543,035	186,369,577	183,480,056
Net book value 2024	$ 1,464,837	$ -	$ 759,613	$ 1,533,687	$ -	$ 142,987,352	$ 9,215	$ 146,754,704	$ 142,059,402
Net book value 2023	$ 1,545,758	$ -	$ 705,629	$ 1,534,467	$ -	$ 138,248,044	$ 25,504	$ 142,059,402	

UNITED COUNTIES OF STORMONT, DUNDAS AND GLENGARRY

CONSOLIDATED SCHEDULE OF ACCUMULATED SURPLUS

For the year ended December 31, 2024

	2024	2023
Surpluses		
Operating surplus	$ -	$ -
Stormont, Dundas and Glengarry County Library Board	**336,810**	555,573
Stormont, Dundas and Glengarry Police Services Board	**106,657**	97,653
Unfunded liabilities to be recovered from future revenues		
Future employment benefits payable	**(19,373)**	(19,373)
Total surpluses	**424,094**	633,853
Reserves		
Reserves set aside for specific purposes by Council:		
Working capital	**8,478,312**	7,946,516
Capital expenditure	**2,500,000**	6,500,000
Roads	**16,624,421**	14,245,518
Library	**87,252**	83,999
Tax rate stabilization	**1,565,793**	1,565,793
Buildings	**394,729**	354,729
Other	**1,936,665**	2,028,217
Total reserves	**31,587,172**	32,724,772
Total Invested in tangible capital assets		
Tangible capital assets	**146,754,704**	142,059,402
ACCUMULATED SURPLUS	**$ 178,765,970**	$ 175,418,027

UNITED COUNTIES OF STORMONT, DUNDAS AND GLENGARRY

CONSOLIDATED SCHEDULE OF CHANGE IN ACCUMULATED SURPLUS

For the year ended December 31, 2024

	Surpluses	Reserves	Invested in Tangible Capital Assets	2024	2023
Balance, beginning of year	**$ 633,853**	**$ 32,724,772**	**$ 142,059,402**	**$ 175,418,027**	$ 167,713,907
Surplus for the year	**3,347,943**	**-**	**-**	**3,347,943**	7,704,120
Reserves used for operations	**4,670,561**	**(4,670,561)**	**-**	**-**	-
Transfer to reserves	**(3,532,961)**	**3,532,961**	**-**	**-**	-
Current year funds used for tangible capital assets	**(17,375,100)**	**-**	**17,375,100**	**-**	-
Amortization of tangible capital assets	**12,403,968**	**-**	**(12,403,968)**	**-**	-
Disposal of tangible capital assets	**275,830**	**-**	**(275,830)**	**-**	-
Change in accumulated surplus	**(209,759)**	**(1,137,600)**	**4,695,302**	**3,347,943**	7,704,120
Balance, end of year	**$ 424,094**	**$ 31,587,172**	**$ 146,754,704**	**$ 178,765,970**	$ 175,418,027

See Accompanying Notes

UNITED COUNTIES OF STORMONT, DUNDAS AND GLENGARRY

CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE

For the year ended December 31, 2024

	General Government	Protection Services	Transportation Services	Health Services	Social and Family Services	Social Housing	Recreation and Cultural Services	Planning and Development	2024	2023
REVENUE										
Taxation	$ 2,659,422	$ 9,558,687	$ 29,247,812	$ 8,473,227	$ 2,386,440	$ 2,265,470	$ 3,071,090	$ 1,328,313	$ 58,990,461	$ 55,756,499
Fees and service charges	44,869	2,159,546	7,385,356	-	-	-	170,291	382,925	10,142,987	5,419,752
Grants	505,100	137,416	1,890,721	-	-	-	168,846	2,318	2,704,401	2,884,765
Investment income	1,510,914	-	-	-	-	-	-	-	1,510,914	1,604,536
Donations	-	-	-	-	-	-	9,698	200	9,898	69,000
Rents and other	-	-	-	-	-	-	62	5,900	5,962	54,808
	4,720,305	11,855,649	38,523,889	8,473,227	2,386,440	2,265,470	3,419,987	1,719,656	73,364,623	65,789,360
EXPENSES										
Wages and benefits	2,346,460	931,213	4,596,373	-	-	-	2,125,882	1,116,613	11,116,541	9,657,134
Materials and services	69,991	279,811	16,129,021	-	-	-	997,116	408,329	17,884,268	13,678,096
Contracted services	1,350,118	10,105,165	28,457	36,775	-	-	33,630	216,726	11,770,871	12,029,967
Insurance and financial costs	111,692	1,890	114,421	-	-	-	235,605	544	464,152	512,879
Third party transfers	4,322,670	552,073	-	8,436,452	2,386,440	2,265,470	56,496	286,093	18,305,694	12,122,255
Amortization	97,210	-	12,180,199	-	-	-	125,779	780	12,403,968	12,009,773
	8,298,141	11,870,152	33,048,471	8,473,227	2,386,440	2,265,470	3,574,508	2,029,085	71,945,494	60,010,104
SURPLUS (DEFICIT) BEFORE OTHER ITEMS	(3,577,836)	(14,503)	5,475,418	-	-	-	(154,521)	(309,429)	1,419,129	5,779,256
OTHER REVENUE FOR CAPITAL PURPOSES										
Deferred revenue earned	-	-	2,143,588	-	-	-	-	-	2,143,588	2,162,797
Loss on disposal of tangible capital assets	-	-	(214,774)	-	-	-	-	-	(214,774)	(237,933)
	-	-	1,928,814	-	-	-	-	-	1,928,814	1,924,864
SURPLUS (DEFICIT) FOR THE YEAR	$ (3,577,836)	$ (14,503)	$ 7,404,232	$ -	$ -	$ -	$ (154,521)	$ (309,429)	$ 3,347,943	$ 7,704,120

See Accompanying Notes

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) 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.

(d) 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 legalisation.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) 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.

(f) 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.

(g) 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.

(h) 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, 2024 and December 31, 2023.

(i) 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.

(j) 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.

(k) 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) 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, the 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Asset retirement obligations

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

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

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

(m) 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) 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.

(o) Financial Instruments

The Counties recognizes its financial instruments when the Counties becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

At initial recognition, the Counties may irrevocably elect to subsequently measure any financial instrument at fair value. The Counties has made no such election during the year. The Counties subsequently measures all its financial assets and liabilities at amortized cost.

The Counties subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Transactions to purchase or sell these items are recorded on the trade date. Net gains and losses arising from changes in fair value are recognized in the statement of remeasurement gains and losses. The Counties has not presented a statement of remeasurement gains and losses as it does not have any items giving rise to remeasurement gains (losses). Interest income is recognized in the statement of financial activities.

Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost. With the exception of those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost using the effective interest rate method.

Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized into income. Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

All financial assets except derivatives are tested annually for impairment. Management considers whether the investee has experienced continued losses for a period of years, recent collection experience for the loan, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. Any impairment, which is not considered temporary, is recorded in the statement of operations. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value. Reversals of any net remeasurements of financial assets measured at fair value are reported in the statement of remeasurement gains and losses in the fiscal year it occurs.

2. CHANGE IN ACCOUNTING POLICIES

Revenue Recognition

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

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

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

3. 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 Canada Community Building fund; transactions are summarized as follows:

Canada Community Building fund (Previously Gas Tax)	**2024**	2023
Balance, beginning of year	**$ -**	$ -
Grants received	**2,143,588**	2,162,797
Revenue earned	**(2,143,588)**	(2,162,797)
Balance, end of year	**$ -**	$ -

4. PENSION AGREEMENTS

The Counties is a member of the Ontario Municipal Employees Retirement System (OMERS) which is a multi-employer retirement plan. The plan is a contributory defined benefit plan that specifies the amount of retirement benefit to be received by the employees based on the length of service and rates pay. Employers and 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 $2.9 billion (2023 - $4.2 billion) in these consolidated financial statements.

The employer amount contributed to OMERS for 2024 was $770,898 (2023 - $672,209) 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.

		2024		2023
Revenue	**$**	**2,020,052**	$	1,910,839
Expenses		**1,416,579**		1,647,040
	$	**603,473**	$	263,799

Net revenue is shared as follows:

United Counties of Stormont, Dundas and Glengarry	**$**	**352,302**	$	28,385
City of Cornwall		**251,171**		235,414
	$	**603,473**	$	263,799

6. BUDGET FIGURES

The 2024 budget amounts that were approved on February 20, 2024 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 2024. 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 2024 (Note 6)		**ACTUAL 2024**		ACTUAL 2023
Wages and benefits	$	9,803,175	**$**	**11,116,541**	$	9,657,134
Materials and services		18,161,959		**17,884,268**		13,678,096
Contracted services		11,786,786		**11,770,871**		12,029,967
Insurance and financial costs		462,142		**464,152**		512,879
Third party transfers		20,795,173		**18,305,694**		12,122,255
Amortization		12,193,990		**12,403,968**		12,009,773
	$	73,203,225	**$**	**71,945,494**	$	60,010,104

9. OPERATING SURPLUS

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

	BUDGET 2024 (Note 6)	**ACTUAL 2024**	ACTUAL 2023
Surplus for the year	$ 1,411,085	**$ 3,347,943**	$ 7,704,120
Funds transferred to reserves	(186,566)	**(220,498)**	(4,630,680)
Reserves used for operations	7,144,581	**4,670,561**	564,559
Reserve funds used for capital	3,493,000	**-**	1,901,518
Change in future employment benefits payable	19,373	**-**	4,715
Acquisition of tangible capital assets	(24,447,500)	**(17,375,100)**	(17,199,267)
Amortization expense	12,193,990	**12,403,968**	12,009,773
Net loss (gain) on sale of tangible capital assets	(70,000)	**214,774**	237,933
Proceeds on sale of tangible capital assets	70,000	**61,056**	141,677
Principal payments on municipal debt	-	**-**	(2,815)
Operating surplus for the year	(372,037)	**3,102,704**	731,533
Transfer from (to) Library board surplus	308,332	**218,758**	38,615
Transfer from (to) Police services board surplus	63,705	**(9,004)**	120,000
General surplus (deficit) for the year	-	**3,312,463**	890,148
Transfer to reserves	-	**(3,312,463)**	(890,148)
Operating surplus, end of year	$ -	**$ -**	$ -

The total operating surplus for the fiscal year ending December 31, 2024 was $3,102,704 (2023 - $731,533). The Library Board's deficit of $218,758 was funded from the Library board surplus account and the Police Services Board's surplus of $9,004 was transferred to the Police Services Board`s surplus account. The general surplus of $3,312,463 (2023 - $890,148) was transferred to (from) various reserves as follows:

	ACTUAL 2024	ACTUAL 2023
Working Capital Reserve	**$ 710,776**	$ 890,148
Roads Projects Reserve	**220,166**	-
Now Needs Roads Reserve	**2,102,216**	-
Regional Incentives Program Reserve	**250,000**	-
GIS Reserve	**19,526**	-
Police and Alarm Reserves	**6,526**	-
Library Reserve	**3,253**	-
	$ 3,312,463	$ 890,148

10. COMMITMENTS

The Counties have committed to contribute up to $8,000,000 for capital improvements to long-term care facilities within Stormont, Dundas and Glengarry. The remaining commitment is $4,000,000 as of December 31, 2024, of which $2,500,000 will be funded by the capital expenditure reserve and the remaining $1,500,000 from the 2025 operating budget.

11. CONTINGENCIES

The Counties are involved in legal actions in the normal course of business. The Counties and its insurers are defending all actions against the Counties. In the opinion of management, the aggregate amount of any potential liability is not expected to have a material adverse effect on the Counties' financial position. Losses, if any, will be accounted for in the period they become determinable.

12. 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.

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.

13. SEGMENTED INFORMATION (Continued)

(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.

13. FINANCIAL INSTRUMENTS

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

Credit concentration

Financial instruments that potentially subject the Counties to concentrations of credit risk consist primarily of accounts receivable. However, credit exposure is limited as the Counties' accounts receivable consist mainly of amounts due from the lower tier municipalities.

Interest rate risk

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

However, risk exposure relating to changes in interest rates, cash flows and fair values is limited as the Counties do not have any long-term debt. Risk due to fluctuations of interest on cash balances is minimal.

Liquidity risk

Liquidity risk is the risk that the Counties will not be able to meet their financial obligations as they become due. The Counties manages liquidity risk by continually monitoring actual and forecasted cash flows from operations to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they become due.