

Consolidated Financial Statements of

**CORPORATION OF THE
VILLAGE OF WESTPORT**

Year ended December 31, 2022

CORPORATION OF THE VILLAGE OF WESTPORT

Consolidated Financial Statements

Year ended December 31, 2022

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Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Corporation of the Village of Westport (the "Village") are the responsibility of the Village's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards. A summary of significant accounting policies are described in note 1 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Village's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of consolidated financial statements. These systems are monitored and evaluated by management.

Management meets with the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to Council approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the Village. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Village's consolidated financial statements.

Kimberly Westgate, CAO / Clerk

Joe Whyte, Treasurer



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INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Village of Westport:

Opinion

We have audited the consolidated financial statements of the Corporation of the Village of Westport (the "Village"), which comprise:

- the consolidated statement of financial position as at December 31, 2022
- the consolidated statement of operations and municipal equity for the year then ended
- the consolidated statement of changes in net debt for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at December 31, 2022, and its consolidated results of operations 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 Financial Statements***" section of our auditor's report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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



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

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

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the 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 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.



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- 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Perth, Canada

September 19, 2023

CORPORATION OF THE VILLAGE OF WESTPORT

Consolidated Statement of Financial Position

December 31, 2022, with comparative information for 2021

	2022	2021
Financial assets:		
Cash	\$ 963,599	\$ 1,013,389
Taxes receivable	48,584	34,865
Accounts receivable	595,460	274,848
Investment in Rideau St. Lawrence Holdings Inc. (note 3)	571,348	572,214
	<u>2,178,991</u>	<u>1,895,316</u>
Financial liabilities:		
Accounts payable and accrued liabilities	394,245	152,382
Security deposits	463,688	463,688
Accrued landfill post-closure costs (note 9)	124,483	227,812
Prepaid property taxes	83,843	73,768
Deferred revenue - obligatory reserve fund (note 4)	226,954	168,085
Long-term debt (note 5)	2,684,956	2,745,180
	<u>3,978,169</u>	<u>3,830,915</u>
Net debt	(1,799,178)	(1,935,599)
Non-financial assets:		
Tangible capital assets (note 12)	13,928,589	13,664,934
Prepaid expenses	25,527	18,272
	<u>13,954,116</u>	<u>13,683,206</u>
Contractual obligations (note 10)		
Contingent liabilities (note 11)		
Municipal equity (note 6)	\$ 12,154,938	\$ 11,747,607

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

CORPORATION OF THE VILLAGE OF WESTPORT

Consolidated Statement of Operations and Municipal Equity

Year ended December 31, 2022, with comparative information for 2021

	Budget 2022	Actual 2022	Actual 2021
	(note 14)		
Revenue:			
Taxation	\$ 1,060,271	\$ 1,055,669	\$ 972,177
User charges	1,132,300	1,266,895	1,132,520
Government transfers	379,400	610,676	2,114,869
Licences and permits	5,000	3,384	6,107
Investment income	4,500	25,105	6,183
Penalties and interest on taxes	7,000	12,409	6,601
Government business enterprises	15,866	15,006	17,045
Other	44,820	498,269	140,057
Total revenue	2,649,157	3,487,413	4,395,559
Expenses (note 13):			
General government	470,670	796,999	599,293
Protection to persons and property	247,801	285,185	242,323
Transportation services	168,700	423,338	394,473
Environmental services	633,250	979,248	860,502
Recreation and cultural services	372,200	576,607	444,311
Planning and development	73,750	122,034	92,201
Landfill post-closure costs (recovery)	—	(103,329)	8,944
Total expenses	1,966,371	3,080,082	2,642,047
Annual surplus	682,786	407,331	1,753,512
Municipal equity, beginning of year	11,747,607	11,747,607	9,994,095
Municipal equity, end of year	\$ 12,430,393	\$ 12,154,938	\$ 11,747,607

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

CORPORATION OF THE VILLAGE OF WESTPORT

Consolidated Statement of Changes in Net Debt

Year ended December 31, 2022, with comparative information for 2021

	Budget 2022	Actual 2022	Actual 2021
	(note 14)		
Annual surplus	\$ 682,786	\$ 407,331	\$ 1,753,512
Amortization of tangible capital assets	–	574,768	538,679
Acquisition of tangible capital assets	(628,750)	(838,423)	(2,110,530)
Acquisition of prepaid expenses	–	(7,255)	7,723
	(628,750)	(270,910)	(1,564,128)
Change in net debt	54,036	136,421	189,384
Net debt, beginning of year	(1,935,599)	(1,935,599)	(2,124,983)
Net debt, end of year	\$ (1,881,563)	\$ (1,799,178)	\$ (1,935,599)

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

CORPORATION OF THE VILLAGE OF WESTPORT

Consolidated Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Operating activities:		
Annual surplus	\$ 407,331	\$ 1,753,512
Item not involving cash:		
Amortization of tangible capital assets	574,768	538,679
Change in accrued landfill post closure costs	(103,329)	8,944
	878,770	2,301,135
Change in non-cash operating working capital:		
Taxes receivable	(13,719)	20,122
Accounts receivable	(320,612)	163,906
Prepaid expenses	(7,255)	7,723
Accounts payable and accrued liabilities	241,863	(5,602)
Security deposits	–	463,688
Prepaid property taxes	10,075	20,848
Deferred revenue - obligatory reserve fund	58,869	153,185
Net change in cash from operations	847,991	3,125,005
Capital activities:		
Acquisition of tangible capital assets	(838,423)	(2,110,530)
Investing activities:		
Investment in Rideau St. Lawrence Holdings Inc.	866	(1,173)
Financing activities:		
Proceeds of long-term debt	129,728	650,000
Repayment of long-term debt	(189,952)	(160,822)
	(60,224)	489,178
Increase (decrease) in cash	(49,790)	1,502,480
Cash (bank indebtedness), beginning of year	1,013,389	(489,091)
Cash, end of year	\$ 963,599	\$ 1,013,389
Cash represented by:		
Cash and outstanding items	\$ 963,599	\$ 1,013,389
Bank indebtedness	–	–
	\$ 963,599	\$ 1,013,389

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

CORPORATION OF THE VILLAGE OF WESTPORT

Notes to Consolidated Financial Statements

Year ended December 31, 2022

The Corporation of the Village of Westport (the "Village") was established in 1904 and assumed its responsibilities under the authority of the Provincial Secretary. The Village operates as a lower tier government in the United Counties of Leeds and Grenville, in the Province of Ontario, Canada and provides municipal services such as police, fire, public works, planning, parks and recreation, library and other general government operations.

1. Significant accounting policies:

The consolidated financial statements of the Village are the representations of management and have been prepared in all material respects in accordance with Canadian Public Sector Accounting Standards. Significant aspects of the accounting policies by the Village are as follows:

(a) Basis of consolidation:

Consolidated entities:

(i) The consolidated financial statements reflect financial assets, liabilities, operating revenue and expenses, reserves, reserve funds and changes in investment in tangible capital assets of the Village. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Village and which are owned or controlled by the Village. Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated. These consolidated financial statements include:

- Westport Public Library Board

(ii) Investment in Rideau St. Lawrence Holdings Inc.:

The investment in Rideau St. Lawrence Holdings Inc. ("RSL") is accounted for on a modified equity basis, consistent with Canadian public sector accounting standards. Under the modified equity basis, the business enterprises accounting principles are not adjusted to conform to those of the Village and inter-organizational transactions and balance are not eliminated. The Village recognized its equity interest in the annual income or loss of RSL in its consolidated statement of operations with a corresponding increase or decrease in its investment asset account. Any dividends the Village may receive from RSL will be reflected as reductions in the investment asset account.

(iii) The taxation, other revenue, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in the municipal fund balances of these consolidated financial statements.

CORPORATION OF THE VILLAGE OF WESTPORT

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(b) Basis of accounting:

- (i) The consolidated 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 on receipt of goods and services and/or the creation of a legal obligation to pay.
- (ii) 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 annual surplus, provides the change in net financial assets for the year.

(c) Taxation and related revenues:

Property tax billings are prepared by the Village based on assessment rolls issued by the Municipal Property Assessment Corporation (MPAC). Tax rates are established by the Village Council, incorporating amounts to be raised for local services, amounts to be raised on behalf of the United Counties of Leeds and Grenville for regional services, and amounts the Village is required to collect on behalf of the Province of Ontario in respect of education taxes. Taxation revenues are recorded at the time tax billings are issued. Adjustments to taxation revenues can occur during the year related to the issuance of supplementary tax billings and/or assessment appeals. These adjustments are recorded when the amount of the adjustments can be quantified. The Village is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period in which the interest and penalties are applied.

CORPORATION OF THE VILLAGE OF WESTPORT

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(d) Tangible capital assets:

Tangible capital assets are recorded at historical cost or where historical cost records were not available, other methods determined to provide a best estimate of historical cost and accumulated amortization of the assets. Costs include 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:

Asset	Useful Life - Years
Land improvements	10, 20 and 25
Buildings	45
Equipment	15
Vehicles	20
Water, waste plants and networks	
Water distribution	40
Sewage collection	40
Linear assets	
Roads	40
Sidewalks	25

Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

The Village has a capitalization threshold of \$5,000 for vehicles and equipment and \$20,000 for linear assets and buildings so that individual capital assets of lesser value are expensed, unless they are pooled because, collectively, they have significant value, or for operations reasons.

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 other asset as of the date of transfer.

When tangible capital assets are disposed of, either by way of a sale, destruction or loss, or abandonment of the asset, the asset's net book value, historical cost less accumulated amortization, is written off. Any resulting gain or loss, equal to the proceeds on disposal less the asset's net book value, is reported on the statement of operations and municipal equity in the year of disposal. 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 transfer.

CORPORATION OF THE VILLAGE OF WESTPORT

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(d) Tangible capital assets (continued):

When conditions indicate that a tangible capital asset no longer contributes to the Village's ability to provide services or the value of the future economic benefits associated with the tangible capital asset are less than its net book value, and the decline is expected to be permanent, the cost and accumulated amortization of the asset are reduced to reflect the revised estimate of the value of the asset's remaining service potential. The resulting net adjustment is reported as an expense on the statement of operations and municipal equity.

(e) 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.

(f) Inventories:

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

(g) Employee future benefit obligations:

The Village 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 employees based on length of service and pay rates.

Employee benefits include vacation entitlement and sick leave benefits. Vacation entitlements are accrued as entitlements are earned. Sick leave benefits are accrued in accordance with the Village's policy. Sick leave benefits and vacation entitlements are not permitted to be carried forward from year to year.

(h) Government transfers:

Government transfers are recognized in the consolidated financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

CORPORATION OF THE VILLAGE OF WESTPORT

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(i) Deferred revenue:

These amounts will be recognized as revenues in the fiscal year the services are performed. The Village defers recognition of user charges and fees which have been collected but for which the related services have yet to be performed. Government transfers of gas taxes and recreational land collected under the Planning Act are reported as deferred revenues in the consolidated statement of financial position. These amounts will be recognized as revenues in the fiscal year the services are performed.

The Village receives restricted contributions under the authority of Federal and Provincial legislation and Village by-laws. These funds by their nature are restricted in their use and until applied to applicable costs are recorded as deferred revenue. Amounts applied to qualifying expenses are recorded as revenue in the fiscal period they are expended.

(j) Landfill closure and post-closure liabilities:

The Village accrues landfill closure and post-closure care requirements that have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over a twenty-five year period using the best information available to management.

Future events may result in significant changes to the estimated total expenses, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

CORPORATION OF THE VILLAGE OF WESTPORT

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(k) Liability for contaminated sites:

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when a site is not in productive use and all the following criteria are met:

- (a) an environmental standard exists;
- (b) contamination exceeds the environmental standard;
- (c) the Village:
 - (i) is directly responsible; or
 - (ii) accepts responsibility
- (d) it is expected that future economic benefit will be given up; and
- (e) a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

(l) Use of estimates:

The preparation of consolidated financial statements 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 consolidated financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

2. Operations of the school boards and United Counties of Leeds and Grenville

The Village collected and made property tax transfers including payments in lieu of property taxes, to the United Counties of Leeds and Grenville and School Boards as follows:

	School boards 2022	School boards 2021	United Counties 2022	United Counties 2021
Property taxes	\$ 272,780	\$ 270,836	\$ 413,444	\$ 381,042
Taxation from other governments	–	–	3,911	4,164
	<u>\$ 272,780</u>	<u>\$ 270,836</u>	<u>\$ 417,355</u>	<u>\$ 385,206</u>

CORPORATION OF THE VILLAGE OF WESTPORT

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

3. Investment in Rideau St. Lawrence Holdings Inc. (RSL):

Rideau St. Lawrence Holdings Inc. ("RSL"), a government business enterprise, is accounted for on the modified equity basis by the Village for its proportionate share of ownership. The Village owns approximately 9.92% (2021 - 9.92%) of the RSL. The principal business of RSL is to distribute electric power to four communities including the Village.

The following tables present condensed supplementary financial information for RSL setting out the Village's proportionate share for the year ended December 31.

	2022	2021
Financial Position :		
Current assets	\$ 434,441	\$ 368,765
Capital assets	999,273	898,562
Net regulatory assets	117,705	72,288
	1,551,419	1,339,615
Current liabilities	930,537	712,415
Long-term debt	49,534	54,986
	980,071	767,401
Net assets	571,348	572,214
Share capital	340,287	340,287
Accumulated earnings	233,374	233,903
Accumulated other comprehensive loss	(2,313)	(1,976)
Investment in Government Business Enterprises	\$ 571,348	\$ 572,214
Result of operations:		
Revenues	\$ 1,727,880	\$ 1,635,924
Operating expenses	1,712,874	1,618,879
Net earnings	15,006	17,045
Less: dividends paid during the year	(15,872)	(15,872)
	(866)	1,173
Accumulated earnings, beginning of year	572,214	571,041
Accumulated earnings, end of year	\$ 571,348	\$ 572,214

CORPORATION OF THE VILLAGE OF WESTPORT

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

4. Deferred revenue - obligatory reserve fund:

A requirement of public sector accounting principles of the Chartered Professional Accountants of Canada is that obligatory reserve funds be reported as deferred revenues. 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 balances in the obligatory reserve funds of the Village are summarized below:

	Canada Community Building fund	OCIF	General	Parkland	Total
January 1, 2022	\$ 18,802	\$ 17,696	\$ 116,687	\$ 14,900	\$ 168,085
Government grants	18,712	100,000	–	–	118,712
Contributions from developers	–	–	53,700	–	53,700
Interest	456	–	–	–	456
Transfer to capital fund	(33,265)	(23,996)	(56,738)	–	(113,999)
December 31, 2022	\$ 4,705	\$ 93,700	\$ 113,649	\$ 14,900	\$ 226,954

CORPORATION OF THE VILLAGE OF WESTPORT

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

5. Long-term debt:

- (a) The balance of long-term debt reported on the consolidated statement of financial position is comprised of the following:

	2022	2021
Ontario Infrastructure Projects Corporation (2.38%), repayable in monthly principal instalments of \$2,167 plus interest, due March 2046	\$ 604,500	\$ 630,500
Ontario Infrastructure Projects Corporation loan (3.36%), repayable in monthly principal instalments of \$2,417 plus interest, due July 2043	596,916	625,917
Bank loan (3.20%), repayable in blended monthly instalments of \$1,797, due February 2025	370,113	391,673
Bank loan (3.28%), repayable in blended monthly instalments of \$1,577 due December 2024	294,177	303,937
Bank loan (3.00%), repayable in monthly principal instalments of \$1,160, due December 2026	267,378	277,574
Bank loan (3.20%), repayable in blended monthly instalments of \$1,929, due February 2025	136,997	160,151
Bank loan (3.20%), repayable in blended monthly instalments of \$2,893 due February 2025	68,839	100,428
Bank loan (3.95%), repayable in monthly instalments of \$750 due December 2023	144,000	153,000
Bank loan (3.73%), repayable in monthly principal instalments of \$500, due December 2023	96,000	102,000
Bank loan (5.08%), repayable in blended monthly instalments of \$2,595 due May 2025	106,036	-
	\$ 2,684,956	\$ 2,745,180

- (b) Principal payments fall due as follows:

	User charges	General revenues	Total
2023	\$ 210,794	\$ 6,000	\$ 216,794
2024	483,047	6,000	489,047
2025	654,211	6,000	660,211
2026	93,770	6,000	99,770
2027 to 2031	396,010	30,000	426,010
2032 and thereafter	751,124	42,000	793,124
	\$ 2,588,956	\$ 96,000	\$ 2,684,956

CORPORATION OF THE VILLAGE OF WESTPORT

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

5. Long-term liabilities (continued):

- (c) Interest expense on long-term liabilities amounted to \$79,777 (2021 - \$81,545).
- (d) These payments are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

6. Municipal equity:

	2022	2021
Investment in tangible capital assets:		
Tangible capital assets	\$ 13,928,589	\$ 13,664,934
Long-term liabilities	(2,684,956)	(2,745,180)
	11,243,633	10,919,754
Unrestricted surplus (deficit):		
Village of Westport	(460,675)	(247,314)
Library	37,989	23,532
Equity:		
Rideau St. Lawrence Holdings Inc. (RSL)	571,348	572,214
Reserves (Schedule 1)	887,126	707,233
Unfunded landfill post-closure costs	(124,483)	(227,812)
Total accumulated municipal equity	\$ 12,154,938	\$ 11,747,607

CORPORATION OF THE VILLAGE OF WESTPORT

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

7. Pension contributions:

The Village makes contributions to the Ontario Municipal Employees Retirement System (“OMERS”), which is a multi-employer plan, on behalf of all permanent members 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. Employers and employees contribute to the plan. Since any surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees, the Village does not recognize any share of the OMERS pension surplus or deficit in these consolidated financial statements.

The last available report was at December 31, 2022, and at that time, the plan reported a \$6.7 billion actuarial deficit (2021 - \$3.1 billion actuarial deficit).

The amount contributed to OMERS was \$51,098 (2021 - \$47,137) for current services and is included as an expense on the consolidated statement of operations and municipal equity classified under the appropriate functional expenditure.

8. Provincial Offences Administration (POA):

The United Counties of Leeds and Grenville has assumed the administration of the Provincial Offences office for all County of Leeds and Grenville resident municipalities. The transfer of administration from the Ministry of the Attorney General to the Village was a result of the Provincial Offences Act (POA) 1997, which provides the framework for the transfer of responsibility and administration of POA courts.

The POA is a procedural law for administering and prosecuting provincial offences, including those committed under the Highway Traffic Act, Compulsory Automobile Insurance Act, Trespass to Property Act, Liquor Licence Act, Municipal By-Laws and minor federal offences. The POA governs all aspects of legal process from serving notice to a defendant, to conducting trials, including sentencing and appeals.

The Village’s share of net revenues arising from operation of the POA office have been consolidated with these consolidated financial statements. The revenue of the court office consists of fines levied under Parts I and III (including delay penalties) for POA charges filed in the County court.

If fines are paid at other court offices, the receipt is recorded in the Integrated Courts Operation Network System (“ICON”) operated by the Province of Ontario. Revenue is recognized when receipt of funds is recorded by the provincial ICON system regardless of the location where payment is made.

The Village shares net POA revenues based on weighted assessment.

CORPORATION OF THE VILLAGE OF WESTPORT

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

9. Landfill post-closure liability:

The Environment Protection Act sets out the regulatory requirements to properly close and maintain all active and inactive landfill sites. Under environmental law, there is a requirement post-closure care of solid waste landfill sites. This requirement is to be provided for over the estimated remaining life of the landfill site based on usage and is in accordance with the Village's accounting policy.

Landfill post-closure care requirements have been defined in accordance with industry standards and include pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. The reported liabilities are based on estimates and assumptions with respect to events extending over a twenty-five-year period using the best information available to management. Future events may result in significant changes to the estimated total expenses, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

The Village has one inactive site which was closed in 2010. As the site is jointly shared with the Corporation of the Township of Rideau Lakes, post-closure maintenance and monitoring costs are shared on an equal basis. Estimated total expenses (recoveries) represent the sum of discounted future cash flows for post-closure care activities using an estimated inflation rate of 3.27% (2021 - 2.0%) and a discount rate of 4.25% (2021 - 2.0%), which approximates the Village's average long-term borrowing rate.

10. Contractual obligations:

There is no contract for policing services. The Village is provided police services by the Ontario Provincial Police under Section 5.1 of the Police Services Act. The annual charges are determined based on level of service and are reconciled to actual costs in the following year. The amount paid in 2022 for police service usage was \$150,248 less \$1,832 (2021 - \$153,491 less \$1,636) paid in reimbursement funds.

11. Contingent liabilities:

The nature of municipal activities is such that there may be litigation pending or in prospect at any time. With respect to claims as at December 31, 2022, management believes that the Village has valid defences and appropriate reserves and insurance coverages in place.

In the event any claims are successful, the amount of any potential liability is not determinable, therefore, no amount has been accrued in the consolidated financial statements.

CORPORATION OF THE VILLAGE OF WESTPORT

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

12. Tangible capital assets:

Cost	Balance at December 31, 2021	Transfers and additions	Disposals and adjustments	Balance at December 31, 2022
Land	\$ 9	\$ -	\$ -	\$ 9
Land improvements	577,999	-	-	577,999
Buildings	4,581,405	-	-	4,581,405
Equipment	536,848	344,711	(3,568)	877,991
Vehicles	259,448	-	-	259,448
Water and Waste, Plants and Networks:				
Water distributions	1,446,559	-	-	1,446,559
Sewage collection	5,967,937	-	-	5,967,937
Linear Assets:				
Roads	4,257,448	-	-	4,257,448
Sidewalks	1,521,437	364,301	-	1,885,738
Work-in-process	-	129,411	-	129,411
Total	\$ 19,149,090	\$ 838,423	\$ (3,568)	\$ 19,983,945

Accumulated amortization	Balance at December 31, 2021	Amortization and adjustments	Transfers, and disposals	Balance at December 31, 2022
Land	\$ -	\$ -	\$ -	\$ -
Land improvements	315,003	24,754	-	339,757
Buildings	2,066,202	162,614	-	2,228,816
Equipment	137,089	51,335	(3,568)	184,856
Vehicles	235,920	11,508	-	247,428
Water and Waste, Plants and Networks:				
Water distributions	507,393	45,147	-	552,540
Sewage collection	599,821	99,084	-	698,905
Linear Assets:				
Roads	865,751	107,391	-	973,142
Sidewalks	756,977	72,935	-	829,912
Work-in-process	-	-	-	-
Total	\$ 5,484,156	\$ 574,768	\$ (3,568)	\$ 6,055,356

CORPORATION OF THE VILLAGE OF WESTPORT

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

12. Tangible capital assets (continued):

	Net book value 2021	Net book value 2022
Land	\$ 9	\$ 9
Land improvements	262,996	238,242
Buildings	2,515,203	2,352,589
Equipment	399,759	693,135
Vehicles	23,528	12,020
Water and Waste, Plants and Networks:		
Water distributions	939,166	894,019
Sewage collection	5,368,116	5,269,032
Linear Assets:		
Roads	3,391,697	3,284,306
Sidewalks	764,460	1,055,826
Work-in-process	—	129,411
Total	\$ 13,664,934	\$ 13,928,589

13. Segmented information:

The Village is a diversified municipal government that provides a wide range of services to its citizens. The services are provided by departments and their activities are reported in the consolidated statement of operations and accumulated municipal equity.

Departments have been separately disclosed in the segmented information, along with the service they provide, are set out in the schedule below.

For each reported segment, 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.

CORPORATION OF THE VILLAGE OF WESTPORT

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

13. Segmented information (continued):

2022	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Landfill Post- Closure Costs	Recreation and culture Services	Planning and Development	Total
Revenue								
Taxation	\$ 1,055,669	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,055,669
User charges	3,896	-	-	996,711	-	266,288	-	1,266,895
Government transfers	193,810	-	317,247	14,435	-	85,184	-	610,676
Licences and permits	3,384	-	-	-	-	-	-	3,384
Investment income	25,105	-	-	-	-	-	-	25,105
Penalties and interest on taxes	12,409	-	-	-	-	-	-	12,409
Government business enterprises	15,006	-	-	-	-	-	-	15,006
Other	-	1,478	6,455	-	-	490,336	-	498,269
Total revenue	1,309,279	1,478	323,702	1,011,146	-	841,808	-	3,487,413
Expenses								
Salaries and wages	405,088	-	106,216	169,597	-	193,516	74,048	948,465
Debt interest	3,813	-	-	75,964	-	-	-	79,777
Materials and services	282,720	189,993	136,798	509,056	(103,329)	346,086	47,986	1,409,310
External transfers	-	67,762	-	-	-	-	-	67,762
Amortization	105,378	27,430	180,324	224,631	-	37,005	-	574,768
Total expenses	796,999	285,185	423,338	979,248	(103,329)	576,607	122,034	3,080,082
Annual surplus (deficit)	\$ 512,280	\$ (283,707)	\$ (99,636)	\$ 31,898	\$ 103,329	\$ 265,201	\$ (122,034)	\$ 407,331

CORPORATION OF THE VILLAGE OF WESTPORT

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

13. Segmented information (continued):

2021	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Landfill Post- Closure Costs	Recreation and culture Services	Planning and Development	Total
Revenue								
Taxation	\$ 972,177	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 972,177
User charges	7,537	-	450	852,445	-	227,148	44,940	1,132,520
Government transfers	245,157	-	1,855,005	14,707	-	-	-	2,114,869
Licences and permits	6,107	-	-	-	-	-	-	6,107
Investment income	6,183	-	-	-	-	-	-	6,183
Penalties and interest on taxes	6,601	-	-	-	-	-	-	6,601
Government business enterprises	17,039	-	-	-	-	-	-	17,039
Other	-	1,930	-	-	-	109,867	28,266	140,063
Total revenue	1,260,801	1,930	1,855,455	867,152		337,015	73,206	4,395,559
Expenses								
Salaries and wages	358,478	-	121,936	134,526	-	121,226	-	736,166
Debt interest	3,924	-	-	77,621	-	-	-	81,545
Materials and services	130,421	175,433	106,782	436,544	8,944	226,432	92,201	1,176,757
External transfers	-	44,941	-	4,559	-	61,668	-	111,168
Amortization	106,470	21,950	165,754	207,252	-	34,985	-	536,411
Total expenses	599,293	242,324	394,472	860,502	8,944	444,311	92,201	2,642,047
Annual surplus (deficit)	\$ 661,508	\$ (240,394)	\$ 1,460,983	\$ 6,650	\$ (8,944)	\$ (107,296)	\$ (18,995)	\$ 1,753,512

CORPORATION OF THE VILLAGE OF WESTPORT

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

14. Budget figures:

The 2022 approved budget was prepared on a cash based approach with a reconciliation to a budget based on Public Sector Accounting Standards. The cash based approach includes capital expenses, repayment of long-term debt and transfers to and from reserves which are removed in the year end consolidated statement of operations and municipal equity. The revenue attributable to these items continue to be included in the consolidated statement of operations and municipal equity, resulting in a significant variance. The following analysis is provided to assist readers in their understanding of differences between the approved budget and the audited consolidated financial statements.

	2022 Budget	2022 Actual
Total revenue	\$ 2,649,157	\$ 3,487,413
Total expenses	1,966,371	3,080,082
Net earnings	682,786	407,331
Amortization	–	574,768
Funds available	682,786	982,099
Capital expenses	(628,750)	(838,423)
Principal repayments	(160,000)	(189,954)
Long-term debt acquired	–	129,728
Increase (decrease) in operating surplus	\$ (105,964)	\$ 83,450
Allocated as follows:		
Net transfers (from) to reserves	\$ (105,964)	\$ 179,893
Village of Westport surplus	–	(6,705)
Library surplus	–	14,457
Equity - RSL Holdings	–	(866)
Unfunded landfill post closure costs	–	(103,329)
	\$ (105,964)	\$ 83,450

CORPORATION OF THE VILLAGE OF WESTPORT

Schedule 1 - Continuity of Reserves and Reserve Funds

Year ended December 31, 2022, with comparative information for 2021

	Budget 2022	Actual 2022	Actual 2021
	(note 14)		
Net transfers from (to) other funds			
Transfers from (to) operations	\$ 39,434	\$ 272,703	\$ (202,791)
Transfers from (to) capital	(145,398)	(92,810)	172,752
Total net transfers	(105,964)	179,893	(30,039)
Reserves and reserve fund balances, change in year	(105,964)	179,893	(30,039)
Reserves and reserve fund balances, beginning of year	707,233	707,233	737,272
Reserves and reserve fund balances, end of year	\$ 601,269	\$ 887,126	\$ 707,233

Composition of Reserves and Reserve Funds

	Actual 2022	Actual 2021
Reserves set aside for specific purposes by Council:		
Reserves set aside for specific purposes by Council		
For operating purposes:		
Working capital	\$ 77,950	\$ 77,950
Contingency	287,981	116,044
	365,931	193,994
For capital purposes:		
Acquisition of capital assets	198,752	184,751
Road capital	20,000	20,000
Harbour improvements	83,300	26,300
Water and sewer	157,388	250,202
Recreation	44,344	14,575
	503,784	495,828
Total reserves	869,715	689,822
Reserve funds	17,411	17,411
Total reserves and reserve funds	\$ 887,126	\$ 707,233