
TOWNSHIP OF SOUTH GLENGARRY

FINANCIAL STATEMENTS

December 31, 2013

TOWNSHIP OF SOUTH GLENGARRY

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INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of
the Township of South Glengarry

We have audited the financial statements of the Township of South Glengarry, which comprise the statement of financial position as at December 31, 2013, and the statements of financial activities, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Administration's Responsibility for the Financial Statements

Administration is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles prescribed by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants for local municipalities and its local boards and for such internal control as administration determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Township of South Glengarry as at December 31, 2013 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Craig Keen Despatie Markell LLP

Chartered Professional Accountants
Licensed Public Accountants

September 8, 2014
Cornwall, Ontario

TOWNSHIP OF SOUTH GLENGARRY

STATEMENT OF FINANCIAL POSITION

As at December 31, 2013

	2013	2012
NET FINANCIAL ASSETS		
Assets		
Cash	\$ 2,951,598	\$ 3,026,949
Taxes receivable	4,560,412	3,611,585
Accounts receivable	1,339,290	1,728,383
	8,851,300	8,366,917
Liabilities		
Accounts payable	1,297,118	1,294,430
Due to counties and school boards	315,351	162,962
Deferred revenue - obligatory reserve funds (Note 2)	345,969	339,068
Municipal debt (Note 3)	238,949	233,035
Accrued landfill closure and post closure costs (Note 4)	1,216,725	1,185,140
	3,414,112	3,214,635
Net Financial Assets	5,437,188	5,152,282
NON-FINANCIAL ASSETS		
Tangible capital assets	48,688,991	49,514,409
Inventory	22,043	11,310
	48,711,034	49,525,719
Accumulated Surplus	\$ 54,148,222	\$ 54,678,001

See Accompanying Notes



TOWNSHIP OF SOUTH GLENGARRY

STATEMENT OF FINANCIAL ACTIVITIES

For the year ended December 31, 2013

	BUDGET 2013 (Unaudited)	ACTUAL 2013	ACTUAL 2012
REVENUES			
Taxation (Note 1(a)(iii))	\$ 6,568,440	\$ 6,762,419	\$ 6,622,061
Fees and service charges	1,856,741	1,991,865	2,131,552
Grants	1,279,311	1,445,918	1,458,262
Investment income	504,000	562,509	507,902
Other	-	29,290	13,221
	10,208,492	10,792,001	10,732,998
EXPENSES			
General government	1,158,567	1,206,298	1,164,107
Protection to persons and property	1,429,871	1,405,305	1,434,210
Transportation services	4,257,141	4,581,317	4,783,991
Environmental services	2,776,717	3,066,083	2,624,895
Health services	35,019	30,997	48,342
Recreation and cultural services	1,143,626	1,170,241	1,139,942
Planning and development	246,905	245,900	285,456
	11,047,846	11,706,141	11,480,943
OTHER REVENUE RELATED TO CAPITAL			
Deferred revenue earned (Note 2)	395,094	395,094	434,188
Loss on disposal of tangible capital assets	-	(10,733)	(146,979)
	395,094	384,361	287,209
DEFICIT FOR THE YEAR	(444,260)	(529,779)	(460,736)
ACCUMULATED SURPLUS, beginning of year	54,678,001	54,678,001	55,138,737
ACCUMULATED SURPLUS, end of year	\$ 54,233,741	\$ 54,148,222	\$ 54,678,001

See Accompanying Notes

TOWNSHIP OF SOUTH GLENGARRY
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the year ended December 31, 2013

	BUDGET 2013 (Unaudited)	ACTUAL 2013	ACTUAL 2012
Deficit for the year	\$ (444,260)	\$ (529,779)	\$ (460,736)
Amortization of tangible assets	2,582,759	2,580,845	2,582,758
Acquisition of tangible capital assets	(2,306,925)	(1,766,160)	(1,587,038)
Proceeds on sale of tangible capital assets	-	-	28,987
Loss on sale of tangible capital assets	-	10,733	146,979
Change in inventory	-	(10,733)	3,873
Increase in net financial assets	(168,426)	284,906	714,823
Net financial assets, beginning of year	5,152,282	5,152,282	4,437,459
Net financial assets, end of year	\$ 4,983,856	\$ 5,437,188	\$ 5,152,282

See Accompanying Notes

TOWNSHIP OF SOUTH GLENGARRY

STATEMENT OF CASH FLOWS

For the year ended December 31, 2013

	2013	2012
CASH FROM OPERATING ACTIVITIES		
Deficit for the year	\$ (529,779)	\$ (460,736)
Items not affecting cash		
Amortization expense	2,580,845	2,582,758
Loss on disposal of tangible capital assets	10,733	146,979
Changes in non-cash working capital balances		
Taxes receivable	(948,827)	260,283
Accounts receivable	389,093	(112,157)
Inventory	(10,733)	3,873
Accounts payable	2,688	(248,984)
Accrued interest on municipal debt	-	(833)
Due to counties and school boards	152,389	(75,639)
Deferred revenue - obligatory reserve funds	6,901	(20,581)
Landfill closure and post closure costs	31,585	31,585
	1,684,895	2,106,548
CASH FROM (USED IN) FINANCING ACTIVITIES		
Repayment of municipal debt	(42,786)	(176,810)
Proceeds from the issue of municipal debt	48,700	-
	5,914	(176,810)
CASH USED IN CAPITAL ACTIVITIES		
Proceeds on disposal of capital assets	-	28,987
Acquisition of tangible capital assets	(1,766,160)	(1,587,038)
	(1,766,160)	(1,558,051)
(DECREASE) INCREASE IN CASH AND EQUIVALENT	(75,351)	371,687
CASH AND EQUIVALENT, beginning of year	3,026,949	2,655,262
CASH AND EQUIVALENT, end of year	\$ 2,951,598	\$ 3,026,949
REPRESENTED BY :		
Cash	\$ 2,951,598	\$ 3,026,949

See Accompanying Notes

TOWNSHIP OF SOUTH GLENGARRY

SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the year ended December 31, 2013

Cost	Land	Buildings	Vehicles	Equipment	Plants and Facilities	Roads	Water and Sewer	Bridges	WIP	2013	2012
Balance, beginning of year	\$ 1,213,871	\$ 8,054,063	\$ 3,232,675	\$ 1,687,259	\$ 21,198,092	\$ 36,199,998	\$ 12,305,365	\$ 8,720,553	\$ 33,006	\$ 92,644,882	\$ 91,689,844
Additions during the year	-	-	656,523	26,560	-	717,731	-	354,272	11,074	1,766,160	1,587,038
Disposals during the year	1,799	-	218,240	-	-	114,665	-	49,207	-	383,911	632,000
Transfers	-	-	-	-	-	-	-	14,501	(14,501)	-	-
Balance, end of year	1,212,072	8,054,063	3,670,958	1,713,819	21,198,092	36,803,064	12,305,365	9,040,119	29,579	94,027,131	92,644,882
Accumulated Amortization											
Balance, beginning of year	-	3,104,815	2,282,790	795,021	9,699,584	20,193,096	2,319,111	4,736,056	-	43,130,473	41,003,749
Amortization during the year	-	184,841	220,240	141,302	549,976	1,185,979	128,706	169,801	-	2,580,845	2,582,758
Amortization on disposals	-	-	218,240	-	-	105,731	-	49,207	-	373,178	456,034
Balance, end of year	-	3,289,656	2,284,790	936,323	10,249,560	21,273,344	2,447,817	4,856,650	-	45,338,140	43,130,473
Net book value	\$ 1,212,072	\$ 4,764,407	\$ 1,386,168	\$ 777,496	\$ 10,948,532	\$ 15,529,720	\$ 9,857,548	\$ 4,183,469	\$ 29,579	\$ 48,688,991	\$ 49,514,409

See Accompanying Notes



TOWNSHIP OF SOUTH GLENGARRY

SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the year ended December 31, 2013

	General Government	Protection Services	Transportation Services	Environmental Services	Health and Recreation	2013	2012
Cost							
Balance, beginning of year	\$ 1,663,515	\$ 4,242,624	\$ 48,120,285	\$ 33,970,210	\$ 4,615,242	\$ 92,611,876	\$ 91,673,637
Additions during the year	-	387,804	1,381,783	-	-	1,769,587	1,570,239
Disposals during the year	1,799	80,000	302,112	-	-	383,911	632,000
Assets in service, end of year	1,661,716	4,550,428	49,199,956	33,970,210	4,615,242	93,997,552	92,611,876
Assets under construction	-	-	29,579	-	-	29,579	33,006
Balance, end of year	1,661,716	4,550,428	49,229,535	33,970,210	4,615,242	94,027,131	92,644,882
Accumulated Amortization							
Balance, beginning of year	342,297	1,972,457	26,647,886	12,189,190	1,978,643	43,130,473	41,003,749
Amortization during the year	49,739	180,385	1,542,091	692,866	115,764	2,580,845	2,582,758
Amortization on disposals	-	80,000	293,178	-	-	373,178	456,034
Balance, end of year	392,036	2,072,842	27,896,799	12,882,056	2,094,407	45,338,140	43,130,473
Net book value	\$ 1,269,680	\$ 2,477,586	\$ 21,332,736	\$ 21,088,154	\$ 2,520,835	\$ 48,688,991	\$ 49,514,409

See Accompanying Notes

TOWNSHIP OF SOUTH GLENGARRY

SCHEDULE OF ACCUMULATED SURPLUS

For the year ended December 31, 2013

	2013	2012
Surpluses (deficits)		
Operating surplus	\$ -	\$ -
Water and sewer surplus	487,827	600,180
Street lights deficit	(3,129)	(4,836)
Unfunded liabilities to be recovered from future revenues		
Accrued landfill closure and post closure	(1,216,725)	(1,185,140)
Total deficit	(732,027)	(589,796)
Reserves		
Reserves set aside for specific purposes by Council:		
. for working capital	1,971,399	1,574,615
. for waste management	100,000	100,000
. for capital	157,433	126,107
. for fire	1,510,678	1,601,678
. for planning	60,000	60,000
. for recreation and culture	519,911	396,296
. for roads	1,129,526	1,239,501
. for sewer and water	507,433	453,174
. for other	234,878	202,017
Total reserves	6,191,258	5,753,388
Equity in tangible capital assets		
Invested in tangible capital assets	48,688,991	49,514,409
ACCUMULATED SURPLUS	\$ 54,148,222	\$ 54,678,001

See Accompanying Notes

TOWNSHIP OF SOUTH GLENGARRY

SCHEDULE OF CHANGE IN ACCUMULATED SURPLUS

For the year ended December 31, 2013

	(Deficits) Surpluses	Reserves	Equity in Tangible Capital Assets	2013	2012
Balance, beginning of year	\$ (589,796)	\$ 5,753,388	\$ 49,514,409	\$ 54,678,001	\$ 55,138,737
Deficit for the year	2,051,066	-	(2,580,845)	(529,779)	(460,736)
Reserve funds used for operations	823,643	(823,643)	-	-	-
Funds transferred to reserves	(1,261,513)	1,261,513	-	-	-
Current year funds used for tangible capital assets	(1,766,160)	-	1,766,160	-	-
Disposal of tangible capital assets	10,733	-	(10,733)	-	-
Change in accumulated surplus	(142,231)	437,870	(825,418)	(529,779)	(460,736)
Balance, end of year	\$ (732,027)	\$ 6,191,258	\$ 48,688,991	\$ 54,148,222	\$ 54,678,001

TOWNSHIP OF SOUTH GLENGARRY

SCHEDULE OF SEGMENTED DISCLOSURE

For the year ended December 31, 2013

	General Government	Protection Services	Transportation Services	Environmental Services	Water and Sewer Services	Health Services	Recreation and Cultural Services	Planning and Development	2013	2012
REVENUE										
Taxation	\$ 832,577	\$ 1,186,618	\$ 2,996,672	\$ 737,138	\$ -	\$ 3,193	\$ 810,597	\$ 195,624	\$ 6,762,419	\$ 6,622,061
Fees and service charges	113,475	8,622	42,003	121,084	1,015,177	38,800	319,831	332,873	1,991,865	2,131,552
Grants	215,577	177,271	416,260	323,212	152,648	4,707	122,207	34,036	1,445,918	1,458,262
Investment income	541,024	-	-	-	21,485	-	-	-	562,509	507,902
Other	-	-	-	-	-	-	29,290	-	29,290	13,221
	1,702,653	1,372,511	3,454,935	1,181,434	1,189,310	46,700	1,281,925	562,533	10,792,001	10,732,998
EXPENSES										
Wages and benefits	658,283	542,768	851,000	18,106	350,919	-	479,300	177,254	3,077,630	3,096,574
Interest on municipal debt	-	-	-	-	105,770	-	-	12,743	118,513	19,467
Materials and services	414,821	542,748	1,677,683	384,914	703,386	25,918	477,263	50,639	4,277,372	4,073,130
Contracted services	-	24,421	429,840	740,260	6,229	-	-	-	1,200,750	1,186,388
Insurance and financial costs	26,767	43,300	70,702	17,654	45,979	560	26,076	5,264	236,302	222,343
Third party transfers	56,688	71,684	10,000	-	-	-	76,357	-	214,729	300,280
Amortization	49,739	180,384	1,542,092	14,184	678,682	4,519	111,245	-	2,580,845	2,582,759
	1,206,298	1,405,305	4,581,317	1,175,118	1,890,965	30,997	1,170,241	245,900	11,706,141	11,480,941
OTHER REVENUE RELATED TO CAPITAL										
Deferred revenue earned	-	-	395,094	-	-	-	-	-	395,094	434,188
Loss on disposal of tangible capital assets	(10,733)	-	-	-	-	-	-	-	(10,733)	(146,979)
	(10,733)	-	395,094	-	-	-	-	-	384,361	287,209
DEFICIT FOR THE YEAR	\$ 485,622	\$ (32,794)	\$ (731,288)	\$ 6,316	\$ (701,655)	\$ 15,703	\$ 111,684	\$ 316,633	\$ (529,779)	\$ (460,734)

See Accompanying Notes
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TOWNSHIP OF SOUTH GLENGARRY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The 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 financial statements reflect the assets, liabilities, sources of financing and expenditures of the revenue fund, capital fund and reserves and include the activities of all committees of Council.

All interfund assets and liabilities and sources of financing and expenditures have been eliminated.

These financial statements reflect the investment in any government business enterprises and are consolidated using the modified equity method. Under the modified equity basis, the enterprises accounting principles are not adjusted to conform with those of the Township and intergovernmental transactions and balances are not eliminated.

There are no government business enterprises.

(ii) Non-consolidated entities

There are no non-consolidated entities.

(iii) Accounting for United Counties and school board transactions

The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards, and the United Counties of Stormont, Dundas and Glengarry are not reflected in the municipal fund balances of these financial statements.

(b) Basis of accounting

The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures 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.

TOWNSHIP OF SOUTH GLENGARRY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Fund accounting

Funds within the financial statements consists of the operating fund, capital fund and reserve funds. Transfers between funds are recorded as adjustments to the appropriate fund balance.

(d) Cash

Cash is defined as cash on hand and cash on deposit.

(e) Reserve funds

Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to and from reserves and reserve funds are an adjustment to the respective fund when approved.

(f) Government transfers

Government transfers are recognized in the 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.

(g) Deferred revenue

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

(h) Landfill closure costs

The estimated costs to close and maintain solid waste landfill sites are based on estimated future expenses in current dollars, adjusted for estimated inflation, and are charged to expense as the landfill site's capacity is used.

(i) Employee benefits

Employee benefits include vacation entitlement and sick leave benefits. Vacation and sick leave benefits are accrued in accordance with the Township's policy. The Township accounts for its participation in the Ontario Municipal Employees Retirement System (OMERS), as a defined benefit plan.

TOWNSHIP OF SOUTH GLENGARRY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Amounts to be recovered from future revenues

Amounts to be recovered from future revenues represents the outstanding principal portion of unmatured long-term liabilities for expenditures, accrued interest on long-term liabilities and future employment benefits payable that will be financed through future revenues of the Township and is reported on the Statement of Financial Position.

(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.

(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	20 to 40 years
Buildings	20 to 50 years
Vehicles	5 to 20 years
Machinery and equipment	3 to 10 years
Water and waste plants and networks	
underground networks	50 to 100 years
sewage treatment plants	50 to 75 years
water pumping stations and reservoirs	50 to 75 years
flood stations and other infrastructure	50 to 75 years
Transportation	
roads	7 to 50 years
bridges and structures	25 to 75 years

One half of the annual amortization is charged in the year of acquisition and the year of disposal. Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

Active landfills are amortized annually based on the remaining estimated useful life. The estimated costs to close and maintain currently active landfill sites are based on estimated future expenses in current dollars, adjusted for estimated inflation, and are charged to expense as the landfill sites capacity is used.

The Township has a capitalization threshold of \$25,000 so that individual tangible capital assets of lesser value are expensed, unless they are pooled because, collectively, they have significant value, or for operational reasons. Examples of pooled assets are desktop computer systems, vehicles, utility poles and defibrillators.

TOWNSHIP OF SOUTH GLENGARRY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Non-financial assets (Continued)

(ii) Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of the asset as of the date of the transfer.

(iii) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

(iv) Inventory

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

(l) Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires administration to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the current period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known. Significant items subject to such estimates and assumptions include the estimated useful life of tangible capital assets, the valuation of allowances for doubtful taxes and accounts receivable, the valuation of inventories, and the estimated landfill closure and post closure costs. Actual results could differ from these estimates.

2. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

A requirement of Canadian public sector accounting standards is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial legislation restricts how these funds may be used and under certain circumstances these funds may possibly be refunded. The balances in the obligatory reserve funds are summarized as follows:

	Federal Gas Tax	Parkland	Development Charges	2013	2012
Balance, beginning of year	\$ 10,297	\$ 38,060	\$ 290,711	\$ 339,068	\$ 359,649
Grants received	395,094	-	-	395,094	395,095
Interest and other	946	2,300	3,655	6,901	18,512
Deferred revenue earned	(395,094)	-	-	(395,094)	(434,188)
Balance, end of year	\$ 11,243	\$ 40,360	\$ 294,366	\$ 345,969	\$ 339,068

TOWNSHIP OF SOUTH GLENGARRY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2013

3. MUNICIPAL DEBT

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

	2013	2012
Tile drain loans, interest rates ranging from 6-8%, repayable over a ten year period in blended payments ranging between \$665 and \$4,171, maturity dates ranging from 2015 to 2023	\$ 238,949	\$ 233,035
Principal payments assuming the loans are renewed under the same terms and conditions are as follows:		
2014	\$ 38,801	
2015	41,129	
2016	36,178	
2017	33,947	
2018	25,413	
Thereafter	63,481	
	\$ 238,949	

(b) Of the municipal debt reported in (a) of this note, all principal payments are payable from the following sources as follows:

	2014 - 2018	2019 - 2023
General municipal revenues	\$ -	\$ -
Benefiting landowners	181,694	57,255
	\$ 181,694	\$ 57,255

(c) The Township is contingently liable for municipal debt with respect to tile drainage. The total amount outstanding as at December 31, 2013 is \$238,949 (2012 - \$233,035).

4. ACCRUED LANDFILL CLOSURE AND POST-CLOSURE

The Township operates two solid waste landfill sites. The North Lancaster landfill site has an estimated remaining life of 30 years as the result of an amended provisional certificate of approval from the Ministry of the Environment dated March 2010. The Beaverbrook landfill site has an estimated remaining life of 30 years as the result of an amended provisional certificate of approval from the Ministry of the Environment dated December 2008. The estimate associated with closure and post-closure include costs such as clay, topsoil, hydro seed, site preparation, equipment, ditching, drainage, fencing and post closure monitoring estimated for 5 years. Total closure and post-closure costs are estimated to be \$1,433,300 with \$1,216,725 (2012 - \$1,185,140) being accrued at the end of the current fiscal year. These costs are to be recovered from future taxation revenue and reserves.

TOWNSHIP OF SOUTH GLENGARRY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2013

5. AMOUNTS TO BE RECOVERED FROM FUTURE REVENUES

Amounts to be recovered from future taxation, benefitting landowners and reserves are as follows:

	2013		2012
Municipal debt	\$ 238,949	\$	233,035
Accrued landfill closure and post-closure	1,216,725		1,185,140
	\$ 1,455,674	\$	1,418,175

Amounts are to be recovered from the following sources:

General municipal revenues	\$ 1,216,725	\$	1,185,140
Benefitting landowners	238,949		233,035
	\$ 1,455,674	\$	1,418,175

6. OPERATING EXPENDITURES BY OBJECT

	BUDGET 2013		ACTUAL 2013		ACTUAL 2012
Wages and benefits	\$ 3,041,688	\$	3,077,630	\$	3,096,574
Interest on municipal debt	12,745		118,513		19,467
Materials and services	3,852,417		4,277,372		4,073,132
Contracted services	1,148,100		1,200,750		1,186,388
Insurance and other financial costs	179,291		236,302		222,343
Third party transfers	230,846		214,729		300,280
Amortization	2,582,759		2,580,845		2,582,759
	\$ 11,047,846	\$	11,706,141	\$	11,480,943

7. PENSION AGREEMENTS

The Township 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 Township does not recognize any share of the OMERS pension surplus or deficit in these financial statements.

The employer amount contributed to OMERS for 2013 was \$164,995 (2012 - \$153,954) for current service and is included as an expenditure on the statement of financial activities.

TOWNSHIP OF SOUTH GLENGARRY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2013

8. SEGMENTED INFORMATION

The Township is responsible for providing a range of services to its citizens. For management reporting purposes the Township's operations and activities are organized and reported by department. These departments are reported by functional area in the body of the financial statements similar to reporting reflected in the Ontario Financial Information Return. These functional areas represent segments for the Township of South 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 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 Township. Administration as a segment includes operating and maintaining municipal owned buildings, human resource management, legal, communications, information systems and technology, support to Council for policy development, by-law development in compliance with the Municipal Act, tax billing and collection responsibilities, financial management reporting, monitoring and overall budget status as well as frontline reception and customer service.

(b) Protection services

Protection services includes fire protection, conservation authority, protective inspection and control and emergency measures. Fire protection includes inspection, extinguishing and suppression services, emergency medical first response, and prevention education and training programs. Inspection and control includes building inspection, by-law enforcement and dog control services.

(c) Transportation services

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

(d) Environmental services

Environmental services includes waste collection, disposal and recycling services.

(e) Water and sewer services

Water and sewer services includes the operation of water and waste water facilities and infrastructure for the collection and distribution of both water and sewer services within the Township.

(f) Health services

Health services provides funding for local public health organizations.

TOWNSHIP OF SOUTH GLENGARRY
NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2013

8. SEGMENTED INFORMATION (Continued)

(g) Recreation and cultural services

Recreation and cultural services provides services that contribute to neighbourhood development and sustainability through the provision of recreation and leisure programs and facilities including community halls, libraries, parks, recreation fields, and arenas.

(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 zoning by-law and official plan.

9. BUDGET FIGURES

Budgets established for Capital, Reserves and Reserve Funds are based on a project-oriented basis, the costs of which may be carried out over one or more years.

10. OPERATING SURPLUS

The operating surplus for the fiscal year ended December 31, 2013 was \$307,609 (2012 deficit of \$73,809) which was transferred to the working capital reserves.

TOWNSHIP OF SOUTH GLENGARRY

FIVE YEAR FINANCIAL REVIEW

For the year ended December 31, 2013

FINANCIAL ACTIVITIES (000's)

	2013	2012	2011	2010	2009
Revenues					
Taxation	\$ 6,762	\$ 6,622	\$ 6,463	\$ 6,181	\$ 5,935
Fees and service charges	1,992	2,132	2,156	2,044	1,914
Grants	1,446	1,458	1,369	1,723	1,266
Investment income	563	508	571	503	488
Other	29	13	-	-	127
	10,792	10,733	10,559	10,451	9,730
Expenses					
General government	1,206	1,164	1,479	1,380	1,040
Protection to persons and property	1,405	1,434	1,378	1,412	1,809
Transportation services	4,581	4,784	4,465	4,283	4,653
Environmental	3,066	2,625	2,896	2,902	2,618
Health services	31	48	35	100	33
Recreation and cultural services	1,170	1,140	1,391	1,333	1,447
Planning and development	246	285	236	276	200
	11,705	11,480	11,880	11,686	11,800
Other revenue related to capital					
Deferred revenue earned	395	434	347	397	840
Grants	-	-	-	-	2,604
Gain on disposal of tangible capital assets	(11)	(147)	-	1	11
Contribution from developers	-	-	412	-	-
	384	287	759	398	3,455
(Deficit) surplus for the year	\$ (529)	\$ (460)	\$ (562)	\$ (837)	\$ 1,385

PROPERTY TAXES BILLED (000's)

	2013	2012	2011	2010	2009
Own Purposes	\$ 6,762	\$ 6,622	\$ 6,463	\$ 6,181	\$ 5,935
Upper-Tier Municipality	8,606	8,357	8,048	7,235	6,979
School Boards	4,002	4,066	4,047	4,006	3,929
	\$ 19,370	\$ 19,045	\$ 18,558	\$ 17,422	\$ 16,843

TOWNSHIP OF SOUTH GLENGARRY

FIVE YEAR FINANCIAL REVIEW

For the year ended December 31, 2013

TAXABLE ASSESSMENT (000's)

	2013	2012	2011	2010	2009
Residential and farm	\$ 1,363,563	\$ 1,266,625	\$ 1,189,054	\$ 1,116,732	\$ 1,047,700
Commercial and industrial	118,994	115,156	112,038	108,339	103,271
	1,482,557	1,381,781	1,301,092	1,225,071	1,150,971
Exempt	41,964	40,753	40,178	39,775	39,317
	\$ 1,524,521	\$ 1,422,534	\$ 1,341,270	\$ 1,264,846	\$ 1,190,288
Commercial and industrial	8.03%	8.33%	8.61%	8.84%	8.97%

FINANCIAL INDICATORS

	2013	2012	2011	2010	2009
Tax arrears					
Percentage of own levy	67 %	56 %	61 %	62 %	62 %
Percentage of total levy	24 %	19 %	21 %	22 %	22 %
Municipal debt	\$ 238,949	\$ 233,035	\$ 409,845	\$ 651,857	\$ 856,721
Municipal debt charges	\$ 118,513	\$ 139,768	\$ 434,979	\$ 318,857	\$ 235,086
Sustainability					
Financial assets to liabilities	2.59	2.60	2.25	2.29	1.95
Financial assets to liabilities excluding municipal debt	2.90	2.84	2.55	2.89	2.57
Municipal debt to tangible capital assets	0.49 %	0.47 %	0.81 %	1.26 %	1.62 %
Flexibility					
Debt charges to total operating revenue	1.10 %	1.30 %	3.84 %	2.94 %	1.78 %
Total operating revenue to taxable assessment	7.08 %	7.54 %	8.44 %	8.58 %	11.08 %
Vulnerability					
Operating grants to operating revenue	13.40 %	13.59 %	15.17 %	19.54 %	35.72 %
Total grants to total revenues	13.40 %	13.58 %	12.97 %	16.49 %	13.01 %
Reserve coverage					
Reserves	\$ 6,191,258	\$ 5,753,388	\$ 5,514,610	\$ 5,732,428	\$ 5,147,409
Reserves to operating expenses	53 %	50 %	46 %	49 %	44 %
Reserves to working capital	0.90	0.88	0.92	0.97	0.95