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**TOWNSHIP OF SOUTH GLENGARRY**

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**FINANCIAL STATEMENTS**

**December 31, 2014**

# TOWNSHIP OF SOUTH GLENGARRY

## CONTENTS

	Page
<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>FINANCIAL STATEMENTS</b>	
Statement of Financial Position	2
Statement of Financial Activities	3
Statement of Change in Net Financial Assets	4
Statement of Cash Flows	5
Schedule of Tangible Capital Assets	6 - 7
Schedule of Accumulated Surplus	8
Schedule of Change in Accumulated Surplus	9
Schedule of Segmented Disclosure	10
Notes to the Financial Statements	11 - 19
Five Year Financial Review	20 - 21



CRAIG KEEN DESPATIE MARKELL LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

## 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, 2014, 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, 2014 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

June 8, 2015  
Cornwall, Ontario

# TOWNSHIP OF SOUTH GLENGARRY

## STATEMENT OF FINANCIAL POSITION

As at December 31, 2014

	2014	2013
<b>NET FINANCIAL ASSETS</b>		
<b>Assets</b>		
Cash	\$ 3,941,671	\$ 2,951,598
Taxes receivable	3,877,714	4,560,412
Accounts receivable	1,177,772	1,339,290
	<b>8,997,157</b>	<b>8,851,300</b>
<b>Liabilities</b>		
Accounts payable	1,212,055	1,297,119
Due to counties and school boards	5,887	315,351
Deferred revenue - obligatory reserve funds (Note 2)	356,169	345,969
Municipal debt (Note 3)	198,952	238,949
Accrued landfill closure and post closure costs (Note 4)	1,248,310	1,216,725
	<b>3,021,373</b>	<b>3,414,113</b>
<b>Net Financial Assets</b>	<b>5,975,784</b>	<b>5,437,187</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets	47,722,027	48,688,993
Inventory	51,431	22,045
	<b>47,773,458</b>	<b>48,711,038</b>
<b>Accumulated Surplus</b>	<b>\$ 53,749,242</b>	<b>\$ 54,148,225</b>

See Accompanying Notes



# TOWNSHIP OF SOUTH GLENGARRY

## STATEMENT OF FINANCIAL ACTIVITIES

For the year ended December 31, 2014

	BUDGET 2014 (Unaudited)	ACTUAL 2014	ACTUAL 2013
<b>REVENUES</b>			
Taxation (Note 1(a)(iii))	\$ 7,088,262	\$ 7,265,615	\$ 6,762,419
Fees and service charges	1,790,775	1,945,596	1,991,864
Grants	1,150,411	1,197,747	1,445,919
Investment income	542,000	610,682	562,508
Other	55,000	199,126	29,290
	10,626,448	11,218,766	10,792,000
<b>EXPENSES</b>			
General government	1,448,344	1,536,967	1,206,298
Protection to persons and property	1,492,129	1,555,106	1,405,305
Transportation services	4,502,290	4,613,365	4,581,318
Environmental services	2,761,337	2,724,760	3,066,084
Health services	40,600	98,749	30,996
Recreation and cultural services	1,446,486	1,230,353	1,170,241
Planning and development	269,975	253,283	245,900
	11,961,161	12,012,583	11,706,142
<b>OTHER REVENUE RELATED TO CAPITAL</b>			
Deferred revenue earned (Note 2)	395,000	395,000	395,094
Loss on disposal of tangible capital assets	-	(166)	(10,733)
	395,000	394,834	384,361
<b>DEFICIT FOR THE YEAR</b>	(939,713)	(398,983)	(529,781)
<b>ACCUMULATED SURPLUS, beginning of year</b>	54,148,225	54,148,225	54,678,006
<b>ACCUMULATED SURPLUS, end of year</b>	\$ 53,208,512	\$ 53,749,242	\$ 54,148,225

See Accompanying Notes

# TOWNSHIP OF SOUTH GLENGARRY

## STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

For the year ended December 31, 2014

	BUDGET 2014 (Unaudited)	ACTUAL 2014	ACTUAL 2013
Deficit for the year	\$ (939,713)	\$ (398,983)	\$ (529,781)
Amortization of tangible assets	2,610,000	2,507,174	2,580,845
Acquisition of tangible capital assets	(2,585,125)	(1,540,373)	(1,766,162)
Loss on sale of tangible capital assets	-	166	10,733
Change in inventory	-	(29,387)	(10,735)
Increase in net financial assets	(914,838)	538,597	284,900
Net financial assets, beginning of year	5,437,187	5,437,187	5,152,287
Net financial assets, end of year	\$ 4,522,349	\$ 5,975,784	\$ 5,437,187

See Accompanying Notes



# TOWNSHIP OF SOUTH GLENGARRY

## STATEMENT OF CASH FLOWS

For the year ended December 31, 2014

	2014	2013
<b>CASH FROM OPERATING ACTIVITIES</b>		
Deficit for the year	\$ (398,983)	\$ (529,781)
Items not affecting cash		
Amortization expense	2,507,174	2,580,845
Loss on disposal of tangible capital assets	166	10,733
Changes in non-cash working capital balances		
Taxes receivable	682,698	(948,827)
Accounts receivable	161,518	389,093
Inventory	(29,386)	(10,735)
Accounts payable	(85,065)	2,695
Due to counties and school boards	(309,464)	152,389
Deferred revenue - obligatory reserve funds	10,200	6,900
Landfill closure and post closure costs	31,585	31,585
	<b>2,570,443</b>	<b>1,684,897</b>
<b>CASH (USED IN) FROM FINANCING ACTIVITIES</b>		
Repayment of municipal debt	(54,547)	(42,786)
Proceeds from the issue of municipal debt	14,550	48,700
	<b>(39,997)</b>	<b>5,914</b>
<b>CASH USED IN CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(1,540,373)	(1,766,162)
<b>INCREASE (DECREASE) IN CASH AND EQUIVALENT</b>	<b>990,073</b>	<b>(75,351)</b>
<b>CASH AND EQUIVALENT, beginning of year</b>	<b>2,951,598</b>	<b>3,026,949</b>
<b>CASH AND EQUIVALENT, end of year</b>	<b>\$ 3,941,671</b>	<b>\$ 2,951,598</b>
<b>REPRESENTED BY :</b>		
Cash	\$ 3,941,671	\$ 2,951,598

See Accompanying Notes

# TOWNSHIP OF SOUTH GLENGARRY

## SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the year ended December 31, 2014

	Land	Buildings	Vehicles	Equipment	Plants and Facilities	Roads	Water and Sewer	Bridges	Assets under Construction	2014	2013
<b>Cost</b>											
Balance, beginning of year	\$ 1,212,072	\$ 8,054,063	\$ 3,670,959	\$ 1,713,819	\$ 21,198,093	\$ 36,803,064	\$ 12,305,365	\$ 9,040,119	\$ 29,579	\$ 94,027,133	\$ 92,644,882
Additions during the year	401,341	87,253	-	11,769	-	691,101	-	262,450	86,459	1,540,373	1,766,162
Disposals during the year	-	-	-	9,504	-	24,008	-	12,432	-	45,944	383,911
Balance, end of year	1,613,413	8,141,316	3,670,959	1,716,084	21,198,093	37,470,157	12,305,365	9,290,137	116,038	95,521,562	94,027,133
<b>Accumulated Amortization</b>											
Balance, beginning of year	-	3,289,657	2,284,790	936,323	10,249,560	21,273,342	2,447,818	4,856,650	-	45,338,140	43,130,473
Amortization during the year	-	197,179	196,371	116,084	469,009	1,226,690	128,706	173,135	-	2,507,174	2,580,845
Amortization on disposals	-	-	-	9,504	-	24,008	-	12,267	-	45,779	373,178
Balance, end of year	-	3,486,836	2,481,161	1,042,903	10,718,569	22,476,024	2,576,524	5,017,518	-	47,799,535	45,338,140
<b>Net book value</b>	<b>\$ 1,613,413</b>	<b>\$ 4,654,480</b>	<b>\$ 1,189,798</b>	<b>\$ 673,181</b>	<b>\$ 10,479,524</b>	<b>\$ 14,994,133</b>	<b>\$ 9,728,841</b>	<b>\$ 4,272,619</b>	<b>\$ 116,038</b>	<b>\$ 47,722,027</b>	<b>\$ 48,688,993</b>



# TOWNSHIP OF SOUTH GLENGARRY

## SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the year ended December 31, 2014

	General Government	Protection Services	Transportation Services	Environmental Services	Health and Recreation	2014	2013
<b>Cost</b>							
Balance, beginning of year	\$ 1,661,716	\$ 4,550,428	\$ 49,199,958	\$ 33,970,210	\$ 4,615,242	\$ 93,997,554	\$ 92,611,878
Additions during the year	-	188,953	965,320	-	299,641	1,453,914	1,769,587
Disposals during the year	-	-	45,944	-	-	45,944	383,911
Assets in service, end of year	1,661,716	4,739,381	50,119,334	33,970,210	4,914,883	95,405,524	93,997,554
Assets under construction	14,106	16,434	83,983	1,515	-	116,038	29,579
Balance, end of year	1,675,822	4,755,815	50,203,317	33,971,725	4,914,883	95,521,562	94,027,133
<b>Accumulated Amortization</b>							
Balance, beginning of year	395,625	2,072,841	27,896,800	12,882,056	2,090,818	45,338,140	43,130,473
Amortization during the year	48,692	167,404	1,565,459	598,508	127,111	2,507,174	2,580,845
Amortization on disposals	-	-	45,779	-	-	45,779	373,178
Balance, end of year	444,317	2,240,245	29,416,480	13,480,564	2,217,929	47,799,535	45,338,140
<b>Net book value</b>	<b>\$ 1,231,505</b>	<b>\$ 2,515,570</b>	<b>\$ 20,786,837</b>	<b>\$ 20,491,161</b>	<b>\$ 2,696,954</b>	<b>\$ 47,722,027</b>	<b>\$ 48,688,993</b>

# TOWNSHIP OF SOUTH GLENGARRY

## SCHEDULE OF ACCUMULATED SURPLUS

For the year ended December 31, 2014

	2014	2013
<b>Surpluses (deficits)</b>		
Operating surplus (Note 8)	\$ -	\$ -
Water and sewer surplus	70,122	487,828
Street lights surplus (deficit)	8,036	(3,129)
Unfunded liabilities to be recovered from future revenues		
Accrued landfill closure and post closure	(1,248,310)	(1,216,725)
<b>Total deficit</b>	<b>(1,170,152)</b>	<b>(732,026)</b>
<b>Reserves</b>		
<b>Reserves set aside for specific purposes by Council:</b>		
Working capital	2,026,056	1,971,399
Waste management	100,000	100,000
Capital	297,237	157,433
Fire	1,595,792	1,510,678
Planning	23,000	60,000
Recreation and culture	560,930	519,911
Roads	1,557,078	1,129,526
Sewer and water	821,857	507,433
Other	215,417	234,878
<b>Total reserves</b>	<b>7,197,367</b>	<b>6,191,258</b>
<b>Equity in tangible capital assets</b>		
Invested in tangible capital assets	47,722,027	48,688,993
<b>ACCUMULATED SURPLUS</b>	<b>\$ 53,749,242</b>	<b>\$ 54,148,225</b>

See Accompanying Notes

# TOWNSHIP OF SOUTH GLENGARRY

## SCHEDULE OF CHANGE IN ACCUMULATED SURPLUS

For the year ended December 31, 2014

	Surpluses (Deficits)	Reserves	Equity in Tangible Capital Assets	2014	2013
<b>Balance, beginning of year</b>	\$ (732,026)	\$ 6,191,258	\$ 48,688,993	\$ 54,148,225	\$ 54,678,006
Deficit for the year	2,108,191	-	(2,507,174)	(398,983)	(529,781)
Reserve funds used for operations	752,572	(752,572)	-	-	-
Funds transferred to reserves	(1,758,681)	1,758,681	-	-	-
Current year funds used for tangible capital assets	(1,540,373)	-	1,540,373	-	-
Disposal of tangible capital assets	165	-	(165)	-	-
<b>Change in accumulated surplus</b>	<b>(438,126)</b>	<b>1,006,109</b>	<b>(966,966)</b>	<b>(398,983)</b>	<b>(529,781)</b>
<b>Balance, end of year</b>	<b>\$ (1,170,152)</b>	<b>\$ 7,197,367</b>	<b>\$ 47,722,027</b>	<b>\$ 53,749,242</b>	<b>\$ 54,148,225</b>

# TOWNSHIP OF SOUTH GLENGARRY

## SCHEDULE OF SEGMENTED DISCLOSURE

For the year ended December 31, 2014

	General Government	Protection Services	Transportation Services	Environmental Services	Water and Sewer Services	Health Services	Recreation and Cultural Services	Planning and Development	2014	2013
<b>REVENUE</b>										
Taxation	\$ 598,122	\$ 1,379,449	\$ 3,595,265	\$ 817,343	\$ -	\$ 9,366	\$ 866,070	\$ -	\$ 7,265,615	\$ 6,762,419
Fees and service charges	45,836	12,165	10,242	104,141	1,010,136	38,700	293,277	431,099	1,945,596	1,991,864
Grants	200,060	240,745	346,924	270,758	-	3,859	109,751	25,650	1,197,747	1,445,919
Investment income	586,194	-	-	-	24,488	-	-	-	610,682	562,508
Other	-	39,500	-	-	-	-	159,626	-	199,126	29,290
	1,430,212	1,671,859	3,952,431	1,192,242	1,034,624	51,925	1,428,724	456,749	11,218,766	10,792,000
<b>EXPENSES</b>										
Wages and benefits	1,047,550	588,733	832,182	20,135	275,907	64,940	552,100	176,962	3,558,509	3,077,631
Interest on municipal debt	-	-	-	-	-	-	-	14,462	14,462	118,513
Materials and services	378,681	600,976	1,717,562	329,217	712,510	28,714	455,678	56,896	4,280,234	4,277,375
Contracted services	-	27,850	420,893	736,966	3,111	-	-	-	1,188,820	1,200,750
Insurance and financial costs	17,849	18,599	66,326	17,893	30,513	576	28,182	4,963	184,901	236,299
Third party transfers	44,195	151,544	10,942	-	-	-	71,801	-	278,482	214,729
Amortization	48,692	167,404	1,565,460	792	597,716	4,519	122,592	-	2,507,175	2,580,845
	1,536,967	1,555,106	4,613,365	1,105,003	1,619,757	98,749	1,230,353	253,283	12,012,583	11,706,142
<b>OTHER REVENUE RELATED TO CAPITAL</b>										
Deferred revenue earned	-	-	395,000	-	-	-	-	-	395,000	395,094
Loss on disposal of tangible capital assets	-	-	(166)	-	-	-	-	-	(166)	(10,733)
	-	-	394,834	-	-	-	-	-	394,834	384,361
<b>DEFICIT FOR THE YEAR</b>	\$ (106,755)	\$ 116,753	\$ (266,100)	\$ 87,239	\$ (585,133)	\$ (46,824)	\$ 198,371	\$ 203,466	\$ (398,983)	\$ (529,781)

See Accompanying Notes  
10





# TOWNSHIP OF SOUTH GLENGARRY

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2014

### 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) 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.

#### (c) Taxation and related revenue

Property tax billings are issued by the Township based on assessment rolls prepared by the Municipal Property Assessment Corporation ("MPAC") and collects property tax revenue for municipal purposes, county taxes on behalf of the United Counties of Stormont, Dundas and Glengarry, provincial education taxes on behalf of the Province of Ontario, payment in lieu of taxation, local improvements and other charges. The authority to levy and collect property taxes is established under the *Municipal Act 2001*, the *Assessment Act*, the *Education Act* and other legislation.

Taxation revenue consists of non-exchange transactions and is recognized in the period to which the assessment relates and a reasonable estimate of the amounts can be made. Annual taxation revenue also includes adjustments related to reassessments and appeals to prior years' assessments. The Township is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.

# **TOWNSHIP OF SOUTH GLENGARRY**

## **NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2014

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

#### **(d) Government grants**

Conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled. Unconditional grant revenue is recognized when monies are receivable. Grants for the acquisition of tangible capital assets are recognized in the period in which eligible expenditures are made.

#### **(e) 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.

#### **(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, water and waste water charges, solid waste tipping fees, licensing fees, permits, and other fees from various recreation programs and facilities.

#### **(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**

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

#### **(i) Reserves and 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.

#### **(j) 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.

#### **(k) 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.

# TOWNSHIP OF SOUTH GLENGARRY

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2014

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

#### (l) 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.

#### (m) 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.

#### (n) 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.



# TOWNSHIP OF SOUTH GLENGARRY

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2014

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

#### (n) Non-financial assets (Continued)

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.

#### (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.

#### (o) 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.



# TOWNSHIP OF SOUTH GLENGARRY

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2014

### 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	2014	2013
Balance, beginning of year	\$ 11,243	\$ 40,360	\$ 294,366	\$ 345,969	\$ 339,068
Grants received	391,666	-	-	391,666	395,094
Interest and other	2,392	7,441	3,701	13,534	6,901
Deferred revenue earned	(395,000)	-	-	(395,000)	(395,094)
Balance, end of year	\$ 10,301	\$ 47,801	\$ 298,067	\$ 356,169	\$ 345,969

### 3. MUNICIPAL DEBT

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

	2014	2013
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 2024	\$ 198,952	\$ 238,949

Principal payments assuming the loans are renewed under the same terms and conditions are as follows:

2015	\$ 39,435
2016	34,382
2017	32,043
2018	23,395
2019	20,940
Thereafter	48,757
	\$ 198,952

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

	2015 - 2019	2020 - 2024
General municipal revenues	\$ -	\$ -
Benefiting landowners	150,195	48,757
	\$ 150,195	\$ 48,757

# TOWNSHIP OF SOUTH GLENGARRY

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2014

### 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 40 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 40 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 \$1,248,310 (2013 - \$1,216,725) being accrued at the end of the current fiscal year. These costs are to be recovered from future taxation revenue and reserves.

### 5. AMOUNTS TO BE RECOVERED FROM FUTURE REVENUES

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

	2014	2013
Municipal debt	\$ 198,952	\$ 238,949
Accrued landfill closure and post-closure	1,248,310	1,216,725
	<b>\$ 1,447,262</b>	<b>\$ 1,455,674</b>

Amounts are to be recovered from the following sources:

General municipal revenues	\$ 1,248,310	\$ 1,216,725
Benefiting landowners	198,952	238,949
	<b>\$ 1,447,262</b>	<b>\$ 1,455,674</b>

### 6. OPERATING EXPENDITURES BY OBJECT

	BUDGET 2014	ACTUAL 2014	ACTUAL 2013
Wages and benefits	\$ 3,487,600	\$ 3,558,509	\$ 3,077,631
Interest on municipal debt	21,200	14,462	118,513
Materials and services	4,159,472	4,280,234	4,277,375
Contracted services	1,232,900	1,188,820	1,200,750
Insurance and other financial costs	211,950	184,901	236,299
Third party transfers	238,039	278,482	214,729
Amortization	2,610,000	2,507,175	2,580,845
	<b>\$ 11,961,161</b>	<b>\$ 12,012,583</b>	<b>\$ 11,706,142</b>



# TOWNSHIP OF SOUTH GLENGARRY

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2014

### 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 2014 was \$189,834 (2013 - \$164,995) for current service and is included as an expenditure on the statement of financial activities.

### 8. OPERATING SURPLUS

	BUDGET 2014	ACTUAL 2014	ACTUAL 2013
Deficit for the year	\$ (939,713)	\$ (398,983)	\$ (529,781)
Funds transferred to reserves	(1,007,865)	(1,455,429)	(953,904)
Reserve funds used for operations	1,512,116	752,572	823,643
Change in accrued landfill costs	-	31,585	31,585
Acquisition of tangible capital assets	(2,585,125)	(1,540,373)	(1,766,162)
Annual amortization expense	2,610,000	2,507,174	2,580,845
Loss on sale of tangible capital assets	-	166	10,735
Operating (deficit) surplus for the year	(410,587)	(103,288)	196,961
Transfer to street lights surplus	-	(11,166)	(1,706)
Transfer from water and sewer surplus	410,587	417,706	112,354
Transfer to working capital reserves	-	(303,252)	(307,609)
	\$ -	\$ -	\$ -

### 9. 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:

# TOWNSHIP OF SOUTH GLENGARRY

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2014

### 9. SEGMENTED INFORMATION (Continued)

(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.

(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.



# **TOWNSHIP OF SOUTH GLENGARRY**

## **NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2014

### **10. 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.

### **11. CONTINGENCY**

As a result of recent changes to the Workplace Safety and Insurance Act, the Township would be responsible to reimburse WSIB for disability payments under the revised regulations for work-related disabilities for firefighters. The estimated future benefit and administrative costs if claims are made are estimated at \$307,032. As at December 31, 2014 no claims have been filed.

# TOWNSHIP OF SOUTH GLENGARRY

## FIVE YEAR FINANCIAL REVIEW

For the year ended December 31, 2014

### FINANCIAL ACTIVITIES (000's)

	2014	2013	2012	2011	2010
<b>Revenues</b>					
Taxation	\$ 7,266	\$ 6,762	\$ 6,622	\$ 6,463	\$ 6,181
Fees and service charges	1,946	1,992	2,132	2,156	2,044
Grants	1,198	1,446	1,458	1,370	1,723
Investment income	611	563	508	571	503
Other	199	29	13	-	-
	11,220	10,792	10,733	10,560	10,451
<b>Expenses</b>					
General government	1,537	1,206	1,164	1,479	1,380
Protection to persons and property	1,555	1,405	1,434	1,378	1,412
Transportation services	4,613	4,581	4,784	4,465	4,283
Environmental	2,725	3,066	2,625	2,896	2,902
Health services	99	31	48	35	100
Recreation and cultural services	1,230	1,170	1,140	1,391	1,333
Planning and development	253	246	285	236	276
	12,012	11,705	11,480	11,880	11,686
<b>Other revenue related to capital</b>					
Deferred revenue earned	395	395	434	347	397
(Loss) gain on disposal of tangible capital assets	-	(11)	(147)	-	1
Contribution from developers	-	-	-	412	-
	395	384	287	759	398
<b>Deficit for the year</b>	\$ (397)	\$ (529)	\$ (460)	\$ (561)	\$ (837)

### PROPERTY TAXES BILLED (000's)

	2014	2013	2012	2011	2010
Own Purposes	\$ 7,266	\$ 6,762	\$ 6,622	\$ 6,463	\$ 6,181
Upper-Tier Municipality	8,782	8,606	8,357	8,048	7,235
School Boards	4,064	4,002	4,066	4,047	4,006
	\$ 20,112	\$ 19,370	\$ 19,045	\$ 18,558	\$ 17,422

# TOWNSHIP OF SOUTH GLENGARRY

## FIVE YEAR FINANCIAL REVIEW

For the year ended December 31, 2014

### TAXABLE ASSESSMENT (000's)

	2014	2013	2012	2011	2010
Residential and farm	\$ 1,467,642	\$ 1,363,563	\$ 1,266,625	\$ 1,189,054	\$ 1,116,732
Commercial and industrial	122,584	118,994	115,156	112,038	108,339
	1,590,226	1,482,557	1,381,781	1,301,092	1,225,071
Exempt	43,388	41,964	40,753	40,178	39,775
	\$ 1,633,614	\$ 1,524,521	\$ 1,422,534	\$ 1,341,270	\$ 1,264,846
Commercial and industrial	7.71%	8.03%	8.33%	8.61%	8.84%

### FINANCIAL INDICATORS

	2014	2013	2012	2011	2010
<b>Tax arrears</b>					
Percentage of own levy	53 %	69 %	56 %	61 %	62 %
Percentage of total levy	19 %	24 %	19 %	21 %	22 %
<b>Municipal debt</b>	\$ 198,952	\$ 238,949	\$ 233,035	\$ 409,845	\$ 651,857
<b>Municipal debt charges</b>	\$ 14,462	\$ 118,513	\$ 139,768	\$ 434,979	\$ 318,857
<b>Sustainability</b>					
Financial assets to liabilities	2.98	2.59	2.62	2.25	2.29
Financial assets to liabilities excluding municipal debt	3.07	2.90	2.84	2.55	2.89
Municipal debt to tangible capital assets	0.42 %	0.49 %	0.47 %	0.81 %	1.26 %
<b>Flexibility</b>					
Debt charges to total operating revenue	0.13 %	1.10 %	1.27 %	3.84 %	2.94 %
Total operating revenue to taxable assessment	6.87 %	7.08 %	7.74 %	8.44 %	8.58 %
<b>Vulnerability</b>					
Operating grants to operating revenue	10.68 %	13.40 %	13.58 %	12.97 %	16.49 %
Total grants to total revenues	10.31 %	12.94 %	13.23 %	12.10 %	15.88 %
<b>Reserve coverage</b>					
Reserves	\$ 7,197,367	\$ 6,191,258	\$ 5,753,388	\$ 5,514,610	\$ 5,732,428
Reserves to operating expenses	60 %	53 %	50 %	46 %	49 %
Reserves to working capital	0.97	0.90	0.88	0.92	0.97