

---

**TOWNSHIP OF SOUTH GLENGARRY**

---

**FINANCIAL STATEMENTS**

**December 31, 2015**

# TOWNSHIP OF SOUTH GLENGARRY

December 31, 2015

## CONTENTS

	Page
<b>INDEPENDENT AUDITORS' REPORT</b>	1
<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 - 20
Five Year Financial Review	21 - 22





## 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, 2015, 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, 2015 and the results of its operations, changes in net assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

June 27, 2016  
Cornwall, Ontario

**Chartered Professional Accountants**  
Licensed Public Accountants

**TOWNSHIP OF SOUTH GLENGARRY**  
**STATEMENT OF FINANCIAL POSITION**

As at December 31, 2015

	2015	2014
<b>NET FINANCIAL ASSETS</b>		
<b>Assets</b>		
Cash	\$ 3,425,447	\$ 3,941,671
Taxes receivable	3,902,409	3,877,714
Accounts receivable	1,422,891	1,177,772
	<b>8,750,747</b>	8,997,157
<b>Liabilities</b>		
Accounts payable	1,345,571	1,212,054
Due to counties and school boards	4,509	5,887
Deferred revenue - obligatory reserve funds (Note 3)	338,920	356,168
Municipal debt (Note 4)	185,117	198,952
Accrued landfill closure and post closure costs (Note 5)	1,278,310	1,248,310
	<b>3,152,427</b>	3,021,371
<b>Net Financial Assets</b>	<b>5,598,320</b>	5,975,786
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets	48,812,585	47,722,021
Inventory	70,919	51,430
	<b>48,883,504</b>	47,773,451
<b>Accumulated Surplus</b>	<b>\$ 54,481,824</b>	\$ 53,749,237

See Accompanying Notes



**TOWNSHIP OF SOUTH GLENGARRY**  
**STATEMENT OF FINANCIAL ACTIVITIES**

For the year ended December 31, 2015

	BUDGET 2015 (Unaudited)	ACTUAL 2015	ACTUAL 2014
<b>REVENUES</b>			
Taxation (Note 1(a)(iii))	\$ 7,765,345	\$ 7,860,668	\$ 7,265,615
Fees and service charges	1,857,846	1,954,826	1,945,596
Grants	1,282,808	1,325,155	1,197,747
Investment income	530,000	574,166	610,682
Other	-	254,183	199,126
	<b>11,435,999</b>	<b>11,968,998</b>	11,218,766
<b>EXPENSES</b>			
General government	1,301,430	1,195,298	1,537,201
Protection to persons and property	1,607,417	1,611,675	1,554,209
Transportation services	4,394,381	4,509,380	4,613,365
Environmental services	2,692,660	2,595,946	2,725,426
Health services	26,400	45,601	33,809
Social and family services	-	-	64,940
Recreation and cultural services	1,247,102	1,404,378	1,230,354
Planning and development	285,950	265,133	253,283
	<b>11,555,340</b>	<b>11,627,411</b>	12,012,587
<b>OTHER REVENUE RELATED TO CAPITAL</b>			
Deferred revenue earned (Note 3)	391,000	391,000	395,000
Loss on disposal of tangible capital assets	(50,000)	-	(166)
	<b>341,000</b>	<b>391,000</b>	394,834
<b>SURPLUS (DEFICIT) FOR THE YEAR</b>	<b>221,659</b>	<b>732,587</b>	<b>(398,987)</b>
<b>ACCUMULATED SURPLUS, beginning of year</b>	<b>53,749,237</b>	<b>53,749,237</b>	<b>54,148,224</b>
<b>ACCUMULATED SURPLUS, end of year</b>	<b>\$ 53,970,896</b>	<b>\$ 54,481,824</b>	<b>\$ 53,749,237</b>

See Accompanying Notes



**TOWNSHIP OF SOUTH GLENGARRY**  
**STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**

For the year ended December 31, 2015

	BUDGET 2015 (Unaudited)	ACTUAL 2015	ACTUAL 2014
Surplus (deficit) for the year	\$ 221,659	\$ <b>732,587</b>	\$ (398,987)
Amortization of tangible assets	2,515,250	<b>2,293,141</b>	2,507,175
Acquisition of tangible capital assets	(4,785,886)	<b>(3,449,347)</b>	(1,540,372)
Loss on sale of tangible capital assets	50,000	-	166
Transfers of capital assets from WIP to tangible capital assets	-	<b>65,642</b>	-
Change in inventory	-	<b>(19,489)</b>	(29,385)
(Decrease) increase in net financial assets	(1,998,977)	<b>(377,466)</b>	538,597
Net financial assets, beginning of year	5,975,786	<b>5,975,786</b>	5,437,189
Net financial assets, end of year	\$ 3,976,809	<b>\$ 5,598,320</b>	\$ 5,975,786

See Accompanying Notes



# TOWNSHIP OF SOUTH GLENGARRY

## STATEMENT OF CASH FLOWS

For the year ended December 31, 2015

	2015	2014
<b>CASH FROM OPERATING ACTIVITIES</b>		
Surplus (deficit) for the year	\$ 732,587	\$ (398,987)
Items not affecting cash		
Amortization expense	2,293,141	2,507,175
Loss on disposal of tangible capital assets	-	166
Changes in non-cash working capital balances		
Taxes receivable	(24,695)	682,698
Accounts receivable	(245,119)	161,518
Inventory	(19,489)	(29,386)
Accounts payable	133,512	(85,062)
Due to counties and school boards	(1,378)	(309,464)
Deferred revenue - obligatory reserve funds	(17,248)	10,199
Landfill closure and post closure costs	30,000	31,585
	<b>2,881,311</b>	<b>2,570,442</b>
<b>CASH USED IN FINANCING ACTIVITIES</b>		
Repayment of municipal debt	(39,430)	(54,547)
Proceeds from the issue of municipal debt	25,600	14,550
	<b>(13,830)</b>	<b>(39,997)</b>
<b>CASH USED IN CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(3,449,347)	(1,540,372)
Transfer of transfer of capital assets from WIP to tangible capital assets	65,642	-
	<b>(3,383,705)</b>	<b>(1,540,372)</b>
<b>(DECREASE) INCREASE IN CASH AND EQUIVALENT</b>	<b>(516,224)</b>	<b>990,073</b>
<b>CASH AND EQUIVALENT, beginning of year</b>	<b>3,941,671</b>	<b>2,951,598</b>
<b>CASH AND EQUIVALENT, end of year</b>	<b>\$ 3,425,447</b>	<b>\$ 3,941,671</b>
<b>REPRESENTED BY :</b>		
Cash	<b>\$ 3,425,447</b>	<b>\$ 3,941,671</b>

See Accompanying Notes



**TOWNSHIP OF SOUTH GLENGARRY**  
**SCHEDULE OF TANGIBLE CAPITAL ASSETS**

For the year ended December 31, 2015

	Land	Buildings	Vehicles	Equipment	Plants and Facilities	Roads	Water and Sewer	Bridges	Assets under Construction	2015	2014
<b>Cost</b>											
Balance, beginning of year	\$ 1,613,412	\$ 8,141,315	\$ 3,670,957	\$ 1,716,084	\$ 21,198,091	\$ 37,470,157	\$ 12,305,365	\$ 9,290,137	\$ 116,038	\$ 95,521,556	\$ 94,027,128
Additions during the year	1,515	322,397	261,904	324,319	-	1,226,864	259,383	17,417	1,035,548	3,449,347	1,540,372
Disposals during the year	-	-	-	-	-	18,643	-	-	65,642	84,285	45,944
<b>Balance, end of year</b>	<b>1,614,927</b>	<b>8,463,712</b>	<b>3,932,861</b>	<b>2,040,403</b>	<b>21,198,091</b>	<b>38,678,378</b>	<b>12,564,748</b>	<b>9,307,554</b>	<b>1,085,944</b>	<b>98,886,618</b>	<b>95,521,556</b>
<b>Accumulated Amortization</b>											
Balance, beginning of year	-	3,486,836	2,481,161	1,042,902	10,718,570	22,476,024	2,576,524	5,017,518	-	47,799,535	45,338,139
Amortization during the year	-	203,215	203,156	90,140	454,219	1,040,789	128,706	172,916	-	2,293,141	2,507,175
Amortization on disposals	-	18,643	-	-	-	-	-	-	-	18,643	45,779
<b>Balance, end of year</b>	<b>-</b>	<b>3,671,408</b>	<b>2,684,317</b>	<b>1,133,042</b>	<b>11,172,789</b>	<b>23,516,813</b>	<b>2,705,230</b>	<b>5,190,434</b>	<b>-</b>	<b>50,074,033</b>	<b>47,799,535</b>
<b>Net book value</b>	<b>\$ 1,614,927</b>	<b>\$ 4,792,304</b>	<b>\$ 1,248,544</b>	<b>\$ 907,361</b>	<b>\$ 10,025,302</b>	<b>\$ 15,161,565</b>	<b>\$ 9,859,518</b>	<b>\$ 4,117,120</b>	<b>\$ 1,085,944</b>	<b>\$ 48,812,585</b>	<b>\$ 47,722,021</b>

See Accompanying Notes





**TOWNSHIP OF SOUTH GLENGARRY**  
**SCHEDULE OF TANGIBLE CAPITAL ASSETS**

For the year ended December 31, 2015

	General Government	Protection Services	Transportation Services	Environmental Services	Health and Recreation	2015	2014
<b>Cost</b>							
Balance, beginning of year	\$ 1,661,715	\$ 4,739,381	\$ 50,119,331	\$ 33,970,209	\$ 4,914,882	\$ 95,405,518	\$ 93,994,124
Additions during the year	317,894	277,983	1,552,521	260,898	4,503	2,413,799	1,457,338
Disposals during the year	-	-	18,643	-	-	18,643	45,944
Assets in service, end of year	1,979,609	5,017,364	51,653,209	34,231,107	4,919,385	97,800,674	95,405,518
Assets under construction	-	903,126	179,274	-	3,544	1,085,944	116,038
Balance, end of year	1,979,609	5,920,490	51,832,483	34,231,107	4,922,929	98,886,618	95,521,556
<b>Accumulated Amortization</b>							
Balance, beginning of year	447,907	2,240,245	29,416,480	13,480,564	2,214,339	47,799,535	45,338,139
Amortization during the year	24,042	160,288	1,397,984	583,717	127,110	2,293,141	2,507,175
Amortization on disposals	-	-	18,643	-	-	18,643	45,779
Balance, end of year	471,949	2,400,533	30,795,821	14,064,281	2,341,449	50,074,033	47,799,535
<b>Net book value</b>	<b>\$ 1,507,660</b>	<b>\$ 3,519,957</b>	<b>\$ 21,036,662</b>	<b>\$ 20,166,826</b>	<b>\$ 2,581,480</b>	<b>\$ 48,812,585</b>	<b>\$ 47,722,021</b>

See Accompanying Notes



**TOWNSHIP OF SOUTH GLENGARRY**  
**SCHEDULE OF ACCUMULATED SURPLUS**

For the year ended December 31, 2015

	2015	2014
<b>Surpluses (deficits)</b>		
Operating surplus (Note 9)	\$ -	\$ -
Water and sewer surplus	90,324	70,125
Street lights surplus	22,700	8,037
Unfunded liabilities to be recovered from future revenues		
Accrued landfill closure and post closure	(1,278,310)	(1,248,310)
<b>Total deficit</b>	<b>(1,165,286)</b>	<b>(1,170,148)</b>
<b>Reserves</b>		
<b>Reserves set aside for specific purposes by Council:</b>		
Working capital	1,993,188	2,026,056
Waste management	295,750	100,000
Capital	361,370	297,237
Fire	534,008	1,595,792
Planning	45,000	23,000
Recreation and health	693,585	560,930
Roads	1,771,491	1,557,078
Sewer and water	850,016	821,857
Other	290,117	215,417
<b>Total reserves</b>	<b>6,834,525</b>	<b>7,197,364</b>
<b>Equity in tangible capital assets</b>		
Invested in tangible capital assets	48,812,585	47,722,021
<b>ACCUMULATED SURPLUS</b>	<b>\$ 54,481,824</b>	<b>\$ 53,749,237</b>

See Accompanying Notes



**TOWNSHIP OF SOUTH GLENGARRY**

**SCHEDULE OF CHANGE IN ACCUMULATED SURPLUS**

For the year ended December 31, 2015

	Surpluses (Deficits)	Reserves	Equity in Tangible Capital Assets	2015	2014
<b>Balance, beginning of year</b>	<b>\$ (1,170,148)</b>	<b>\$ 7,197,364</b>	<b>\$ 47,722,021</b>	<b>\$ 53,749,237</b>	<b>\$ 54,148,224</b>
Surplus (deficit) for the year	3,025,733	-	(2,293,146)	732,587	(398,987)
Reserve funds used for operations	1,642,964	(1,642,964)	-	-	-
Funds transferred to reserves	(1,280,125)	1,280,125	-	-	-
Current year funds used for tangible capital assets	(3,449,347)	-	3,449,347	-	-
Transfer of capital assets from WIP to tangible capital assets	65,637	-	(65,637)	-	-
Change in accumulated surplus	4,862	(362,839)	1,090,564	732,587	(398,987)
<b>Balance, end of year</b>	<b>\$ (1,165,286)</b>	<b>\$ 6,834,525</b>	<b>\$ 48,812,585</b>	<b>\$ 54,481,824</b>	<b>\$ 53,749,237</b>



**TOWNSHIP OF SOUTH GLENGARRY**  
**SCHEDULE OF SEGMENTED DISCLOSURE**

For the year ended December 31, 2015

	General Government	Protection Services	Transportation Services	Environmental Services	Water and Sewer Services	Health Services	Recreation and Cultural Services	Planning and Development	2015	2014
<b>REVENUE</b>										
Taxation	\$ 679,597	\$ 1,538,428	\$ 3,930,386	\$ 770,582	\$ -	\$ 17,989	\$ 920,712	\$ 2,974	\$ 7,860,668	\$ 7,265,615
Fees and service charges	71,581	21,497	39,472	189,259	976,051	38,700	308,197	310,069	1,954,826	1,945,596
Grants	264,182	280,704	411,844	255,458	-	3,936	87,655	21,376	1,325,155	1,197,747
Investment income	552,395	-	-	-	21,771	-	-	-	574,166	610,682
Other	228,788	-	-	-	-	-	25,395	-	254,183	199,126
	1,796,543	1,840,629	4,381,702	1,215,299	997,822	60,625	1,341,959	334,419	11,968,998	11,218,766
<b>EXPENSES</b>										
Wages and benefits	768,416	641,180	973,577	20,464	278,460	-	524,545	196,931	3,403,573	3,558,509
Interest on municipal debt	-	-	-	-	-	-	-	11,937	11,937	14,462
Materials and services	347,127	603,828	1,663,109	318,194	604,185	40,505	650,486	52,119	4,279,553	4,280,237
Contracted services	-	22,635	400,196	741,341	3,997	-	-	-	1,168,169	1,188,820
Insurance and financial costs	19,387	31,730	64,514	17,131	27,792	577	23,620	4,146	188,897	184,903
Third party transfers	36,326	152,679	10,000	-	-	-	83,135	-	282,140	278,481
Amortization	24,042	159,623	1,397,984	1,457	582,925	4,519	122,592	-	2,293,142	2,507,175
	1,195,298	1,611,675	4,509,380	1,098,587	1,497,359	45,601	1,404,378	265,133	11,627,411	12,012,587
<b>OTHER REVENUE RELATED TO CAPITAL</b>										
Deferred revenue earned	-	-	391,000	-	-	-	-	-	391,000	395,000
Loss on disposal of tangible capital assets	-	-	-	-	-	-	-	-	-	(166)
	-	-	391,000	-	-	-	-	-	391,000	394,834
<b>SURPLUS (DEFICIT)</b>	\$ 601,245	\$ 228,954	\$ 263,322	\$ 116,712	\$ (499,537)	\$ 15,024	\$ (62,419)	\$ 69,286	\$ 732,587	\$ (398,987)

See Accompanying Notes  
10



**TOWNSHIP OF SOUTH GLENGARRY**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2015

**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, 2015

**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, 2015

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

#### (l) Employee benefits

Employee benefits include vacation entitlement. Vacation 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, 2015

**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, 2015

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

**(p) Liability for contaminated sites**

A liability for contaminated sites arises when contamination is being introduced into the air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds the maximum acceptable concentrations under an environmental standard. A liability for remediation of contaminated sites is recognized when all of the following criteria are met:

- (i) An environmental standard exists;
- (ii) Contamination exceeds the environmental standard;
- (iii) The Township is directly responsible, or accepts responsibility to remediate the site;
- (iv) The Township expects that future economic benefits will be given up; and
- (v) A reasonable estimate of the amount can be made.

Liabilities are accrued to record the estimated costs related to the management and remediation of contaminated sites. The liability estimate includes costs that are directly attributable to the remediation activities and includes integral post-remediation operation, maintenance and monitoring costs that are a part of the remediation strategy for the contaminated site. The costs that would be included in a liability are:

- Costs directly attributable to remediation activities (for example, payroll and benefits, equipment and facilities, materials, and legal and other professional services); and
- Costs of tangible capital assets acquired as part of remediation activities to the extent they have no other alternative use.

The measurement of a liability is based on estimates and professional judgment. The liability is recorded net of any expected recoveries. The carrying amount of a liability is reviewed at each financial reporting date with any revisions to the amount previously recognized accounted for in the period in which revisions are made.

A contingency is disclosed if all of the above criteria are not met.

**2. CHANGE IN ACCOUNTING POLICY**

*Liability for Contaminated Sites*, PS 3260 is effective for year-ends beginning on or after April 1, 2014. PS 3260 provides comprehensive guidance on the recognition, measurement and disclosure of liabilities relating to contaminations for non-productive sites. The standard requires the recognition of a liability for the remediation of contaminated sites in the financial statements when the recognition criteria outlined in the standard is met. No liability is presented in the financial statements since all of the recognition criteria are not met by the Township.

**TOWNSHIP OF SOUTH GLENGARRY**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2015

**3. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS**

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

	<b>Federal Gas Tax</b>	<b>Parkland</b>	<b>Development Charges</b>	<b>2015</b>	<b>2014</b>
Balance, beginning of year	\$ 10,301	\$ 47,801	\$ 298,066	\$ 356,168	\$ 345,968
Grants received	381,993	-	-	381,993	391,666
Interest and other	-	13,372	3,387	16,759	13,534
Deferred revenue earned	(391,000)	(25,000)	-	(416,000)	(395,000)
<b>Balance, end of year</b>	<b>\$ 1,294</b>	<b>\$ 36,173</b>	<b>\$ 301,453</b>	<b>\$ 338,920</b>	<b>\$ 356,168</b>

**4. MUNICIPAL DEBT**

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

	<b>2015</b>	<b>2014</b>
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 2016 to 2025	\$ 185,117	\$ 198,952

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

2016	\$ 36,324
2017	34,101
2018	25,577
2019	23,253
2020	21,931
Thereafter	43,931
	<b>\$ 185,117</b>

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

	<b>2016 - 2020</b>	<b>2021 - 2025</b>
General municipal revenues	\$ -	\$ -
Benefiting landowners	141,186	43,931
	<b>\$ 141,186</b>	<b>\$ 43,931</b>



**TOWNSHIP OF SOUTH GLENGARRY**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2015

**5. ACCRUED LANDFILL CLOSURE AND POST-CLOSURE COSTS**

The Township operates two solid waste landfill sites. The North Lancaster landfill site has an estimated remaining life of 25 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 25 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 \$1,278,310 (2014 - \$1,248,310) being accrued at the end of the current fiscal year. These costs are to be recovered from future taxation revenue and reserves.

**6. AMOUNTS TO BE RECOVERED FROM FUTURE REVENUES**

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

	<b>2015</b>	<b>2014</b>
Municipal debt	\$ <b>185,117</b>	\$ 198,952
Accrued landfill closure and post-closure	<b>1,278,310</b>	1,248,310
	<b>\$ 1,463,427</b>	\$ 1,447,262

Amounts are to be recovered from the following sources:

General municipal revenues	\$ <b>1,278,310</b>	\$ 1,248,310
Benefiting landowners	<b>185,117</b>	198,952
	<b>\$ 1,463,427</b>	\$ 1,447,262

**7. OPERATING EXPENDITURES BY OBJECT**

	BUDGET 2015	ACTUAL 2015	ACTUAL 2014
Wages and benefits	\$ 3,366,660	\$ <b>3,403,573</b>	\$ 3,558,509
Interest on municipal debt	11,900	<b>11,937</b>	14,462
Materials and services	3,985,061	<b>4,279,553</b>	4,280,237
Contracted services	1,156,100	<b>1,168,169</b>	1,188,820
Insurance and other financial costs	183,750	<b>188,897</b>	184,903
Third party transfers	336,619	<b>282,140</b>	278,481
Amortization	2,515,250	<b>2,293,142</b>	2,507,175
	<b>\$ 11,555,340</b>	<b>\$ 11,627,411</b>	\$ 12,012,587

**TOWNSHIP OF SOUTH GLENGARRY**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2015

**8. 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 2015 was \$189,175 (2014 - \$189,834) for current service and is included as an expenditure on the statement of financial activities.

**9. OPERATING SURPLUS**

	BUDGET 2015	ACTUAL 2015	ACTUAL 2014
Surplus (deficit) for the year	\$ 221,659	\$ 732,587	\$ (398,987)
Funds transferred to reserves	(1,054,086)	(1,280,125)	(1,455,429)
Reserves used for operations	2,989,853	1,608,596	752,576
Change in accrued landfill costs	-	30,000	31,585
Acquisition of tangible capital assets	(4,785,886)	(3,449,347)	(1,540,372)
Annual amortization expense	2,515,250	2,293,141	2,507,175
Loss on sale of tangible capital assets	50,000	-	166
Transfer of WIP to tangible capital assets	-	65,642	-
Operating surplus (deficit) for the year	(63,210)	494	(103,286)
Transfer to street lights surplus	-	(14,663)	(11,167)
Transfer (to) from water and sewer surplus	63,210	(20,199)	417,705
Transfer from (to) working capital reserves	-	34,368	(303,252)
	\$ -	\$ -	\$ -

**10. 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, 2015

**10. 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, 2015

**11. 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.

**12. 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 potential future benefit and administrative costs if claims are made are estimated at \$669,271. As at December 31, 2015 no claims have been filed.

# TOWNSHIP OF SOUTH GLENGARRY

## FIVE YEAR FINANCIAL REVIEW

For the year ended December 31, 2015

### FINANCIAL ACTIVITIES (000's)

	2015	2014	2013	2012	2011
<b>Revenues</b>					
Taxation	\$ 7,861	\$ 7,266	\$ 6,762	\$ 6,622	\$ 6,463
Fees and service charges	1,955	1,946	1,992	1,720	2,568
Grants	1,325	1,198	1,841	1,458	1,370
Investment income	574	611	563	508	571
Other	254	199	29	-	-
	11,969	11,220	11,187	10,308	10,972
<b>Expenses</b>					
General government	1,195	1,537	1,206	1,164	1,479
Protection to persons and property	1,612	1,554	1,405	1,434	1,378
Transportation services	4,509	4,613	4,581	4,784	4,465
Environmental	2,596	2,725	3,067	2,626	2,896
Health services	46	34	31	48	35
Social and family services	-	65	-	-	-
Recreation and cultural services	1,404	1,230	1,170	1,140	1,391
Planning and development	265	253	246	285	236
	11,627	12,011	11,706	11,481	11,880
<b>Other revenue related to capital</b>					
Deferred revenue earned	391	395	395	434	347
Gain on disposal of tangible capital assets	-	-	(11)	(147)	-
Contribution from developers	-	-	-	412	-
	391	395	384	699	347
Surplus (deficit) for the year	\$ 733	\$ (396)	\$ (135)	\$ (474)	\$ (561)

### PROPERTY TAXES BILLED (000's)

	2015	2014	2013	2012	2011
Own Purposes	\$ 7,861	\$ 7,266	\$ 6,762	\$ 6,622	\$ 6,463
Upper-Tier Municipality	9,152	8,782	8,606	8,537	8,048
School Boards	4,163	4,064	4,002	4,606	4,047
	\$ 21,176	\$ 20,112	\$ 19,370	\$ 19,765	\$ 18,558

# TOWNSHIP OF SOUTH GLENGARRY

## FIVE YEAR FINANCIAL REVIEW

For the year ended December 31, 2015

### TAXABLE ASSESSMENT (000's)

	2015	2014	2013	2012	2011
Residential and farm	\$ 1,575,873	\$ 1,467,642	\$ 1,363,563	\$ 1,266,625	\$ 1,189,054
Commercial and industrial	131,071	122,584	118,994	115,156	112,038
	1,706,944	1,590,226	1,482,557	1,381,781	1,301,092
Exempt	42,092	43,388	41,964	40,753	40,178
	\$ 1,749,036	\$ 1,633,614	\$ 1,524,521	\$ 1,422,534	\$ 1,341,270
Commercial and industrial	7.68%	7.71%	8.03%	8.33%	8.61%

### FINANCIAL INDICATORS

	2015	2014	2013	2012	2011
<b>Tax arrears</b>					
Percentage of own levy	50 %	54 %	69 %	56 %	61 %
Percentage of total levy	18 %	19 %	24 %	18 %	21 %
<b>Municipal debt</b>	\$ 185,117	\$ 198,952	\$ 238,949	\$ 233,035	\$ 409,845
<b>Municipal debt charges</b>	\$ 11,937	\$ 14,462	\$ 118,513	\$ 306,274	\$ 268,473
<b>Sustainability</b>					
Financial assets to liabilities	2.78	2.98	2.67	2.62	2.25
Financial assets to liabilities excluding municipal debt	2.84	3.07	2.90	2.84	2.55
Municipal debt to tangible capital assets	0.38 %	0.42 %	0.49 %	0.47 %	0.81 %
<b>Flexibility</b>					
Debt charges to total operating revenue	0.10 %	0.13 %	1.06 %	2.78 %	2.37 %
Total operating revenue to taxable assessment	6.84 %	6.87 %	7.31 %	7.74 %	8.44 %
<b>Vulnerability</b>					
Operating grants to operating revenue	11.07 %	10.68 %	16.46 %	14.14 %	12.49 %
Total grants to total revenues	10.72 %	10.31 %	15.91 %	13.25 %	12.10 %
<b>Reserve coverage</b>					
Reserves	\$ 6,834,525	\$ 7,197,364	\$ 6,191,258	\$ 5,753,388	\$ 5,514,610
Reserves to operating expenses	59 %	60 %	53 %	50 %	46 %
Reserves to working capital	0.97	0.97	0.90	0.88	0.92