
CORPORATION OF THE TOWNSHIP OF SOUTH GLENGARRY

FINANCIAL STATEMENTS

December 31, 2001

CORPORATION OF THE TOWNSHIP OF SOUTH GLENGARRY

December 31, 2001

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CORPORATION OF THE TOWNSHIP OF SOUTH GLENGARRY

AUDITORS' REPORT

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

We have audited the consolidated statement of financial position of the Corporation of the Township of South Glengarry as at December 31, 2001, and the consolidated statements of financial activities and changes in financial position for the year then ended. These financial statements are the responsibility of the Township's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation of the Township of South Glengarry as at December 31, 2001 and the results of operations for the year then ended, in accordance with Canadian generally accepted accounting principles.

Craig Keen Despatie Markell LLP

Cornwall, Ontario
March 26, 2002

Chartered Accountants

CORPORATION OF THE TOWNSHIP OF SOUTH GLENGARRY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2001	2000
ASSETS		
Financial Assets		
Cash	\$ 1,247,977	\$ 1,576,575
Short term investments (Note 2)	310,158	353,333
Taxes receivable	2,236,082	2,021,875
Accounts receivable	495,885	979,705
Other current assets	83,505	28,363
Investment in South Glengarry Hydro Electric Commission	-	597,990
	\$ 4,373,607	\$ 5,557,841
 LIABILITIES		
Temporary borrowings	\$ 2,749,000	\$ 2,170,000
Accounts payable	690,264	1,416,327
Accrued landfill closure and post-closure (Note 3)	1,240,855	1,203,345
Accrued interest on municipal debt	7,196	7,399
Deferred revenue (Note 4)	403,833	365,326
Municipal debt (Note 5)	431,699	486,152
	5,522,847	5,648,549
 Municipal Position (Note 6)		
Operating fund	(125,287)	(117,264)
Capital fund	(3,226,289)	(2,759,584)
Reserves	3,882,086	3,885,046
Equity in South Glengarry Hydro Electric Commission	-	597,990
Fund balances	530,510	1,606,188
Amounts to be recovered from future revenues	(1,679,750)	(1,696,896)
Municipal position	(1,149,240)	(90,708)
	\$ 4,373,607	\$ 5,557,841

See Auditor's Report and Notes to the Financial Reports

CORPORATION OF THE TOWNSHIP OF SOUTH GLENGARRY

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES - REVENUE

	BUDGET 2001	ACTUAL 2001	ACTUAL 2000
REVENUE			
Taxation and user charges (Note 1(a)(iii))			
Taxation	\$ 2,986,000	\$ 3,017,945	\$ 2,518,355
Taxation from other governments	49,640	73,854	42,215
Fees and service charges	1,065,648	1,338,714	1,246,252
	4,101,288	4,430,513	3,806,822
Grants			
Province of Ontario	1,247,800	2,576,477	8,331,054
	1,247,800	2,576,477	8,331,054
Other			
Investment income	368,500	336,038	388,840
Sale of land and equipment	8,800	23,027	66,668
Lot levies earned	-	-	88,816
Donations	-	-	23,000
Other revenue	723,000	905,282	-
South Glengarry Hydro Electric Commission net income	-	-	59,191
Equity reduction of South Glengarry Hydro Electric Commission	-	(597,990)	-
	1,100,300	666,357	626,515
Total revenues for the year	\$ 6,449,388	\$ 7,673,347	\$ 12,764,391

See Auditor's Report and Notes to the Financial Reports

CORPORATION OF THE TOWNSHIP OF SOUTH GLENGARRY

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES - EXPENDITURE

	BUDGET 2001	ACTUAL 2001	ACTUAL 2000
EXPENDITURE			
Current operations			
General government	\$ 775,694	\$ 882,270	\$ 769,407
Protection to persons and property	450,700	485,451	397,781
Transportation services	1,809,830	1,808,792	1,776,421
Environmental services	1,054,648	1,004,627	1,109,382
Health services	20,140	20,451	19,263
Social and family services	46,250	62,916	43,431
Recreation and cultural services	633,560	775,468	675,498
Planning and development	163,500	217,011	76,561
	4,954,322	5,256,986	4,867,744
Capital			
General government	-	3,813	-
Protection to persons and property	894,500	624,735	299,618
Transportation services	749,000	726,412	798,044
Environmental services	79,000	2,029,167	9,030,263
Health services	2,000	1,822	4,120
Social and family services	4,500	7,748	670
Recreation and cultural services	96,000	81,197	41,552
Planning and development	-	-	516,206
	1,825,000	3,474,894	10,690,473
Total expenditures for the year	6,779,322	8,731,880	15,558,217
Net revenues (expenditures) for the year	(329,934)	(1,058,533)	(2,793,826)
CHANGES IN AMOUNTS TO BE RECOVERED FROM FUTURE REVENUES (Note 6)			
Accrued landfill closure and post-closure	-	37,510	37,510
Debt principal repayment	(54,453)	(54,453)	(52,585)
Retirement benefits and accrued interest	-	(202)	7,399
	(54,453)	(17,145)	(7,676)
Change in fund balance	\$ (384,387)	\$ (1,075,678)	\$ (2,801,502)

See Auditor's Report and Notes to the Financial Reports

CORPORATION OF THE TOWNSHIP OF SOUTH GLENGARRY

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

For the year ended December 31, 2001
2001 2000

CASH FROM (USED IN) OPERATING ACTIVITIES

Net expenditure for the year	\$ (1,058,533)	\$ (2,793,826)
Taxes receivable	(214,207)	(78,879)
Accounts receivable	483,820	(401,750)
Other current assets	(55,141)	(28,362)
Accounts payable	(715,468)	674,394
Other current liabilities	(10,595)	(358)
Deferred revenue	38,507	(42,820)
Accrued interest on debt	(203)	7,399
Accrued land closure and post-closure	37,510	37,510

(1,494,310) (2,626,692)

CASH FROM (USED IN) FINANCING ACTIVITIES

Decrease in long-term debt	(54,453)	(52,585)
Increase in temporary borrowings	579,000	2,170,000

524,547 2,117,415

CASH FROM (USED IN) INVESTING ACTIVITIES

Decrease (increase) in investment in South Glengarry Hydro Electric Commission	597,990	(59,191)
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597,990 (59,191)

DECREASE IN CASH AND EQUIVALENT

(371,773) (568,468)

CASH AND EQUIVALENT, beginning of year

1,929,908 2,498,376

CASH AND EQUIVALENT, end of year

\$ 1,558,135 \$ 1,929,908

REPRESENTED BY :

Cash	\$ 1,247,977	\$ 1,576,575
Short-term investments	310,158	353,333

\$ 1,558,135 \$ 1,929,908

See Auditor's Report and Notes to the Financial Reports

CORPORATION OF THE TOWNSHIP OF SOUTH GLENGARRY

SCHEDULE OF OPERATING FUND

For the year ended December 31, 2001

	BUDGET 2001	ACTUAL 2001	ACTUAL 2000
Revenue			
Taxation	\$ 3,035,640	\$ 3,091,799	\$ 2,560,570
Fees and service charges	1,065,648	1,301,712	1,194,185
Grants	1,247,800	1,358,309	1,277,468
Interest	368,500	336,038	388,840
Other	731,800	849,309	178,484
	6,449,388	6,937,167	5,599,547
Expenditure			
General government	775,694	882,270	769,407
Protection to persons and property	450,700	485,451	397,781
Transportation services	1,809,830	1,808,792	1,776,421
Environmental services	1,054,648	1,004,627	1,109,382
Health services	20,140	20,451	19,263
Social	46,250	62,916	43,431
Recreation and cultural services	633,560	775,468	675,498
Planning and development	163,500	217,011	76,560
	4,954,322	5,256,986	4,867,743
Net revenue(expenditure)	1,495,066	1,680,181	731,804
Financing and transfers			
Transfer from(to) reserves and reserve funds	409,560	165,197	(39,132)
Transfer from(to) capital fund	(1,825,000)	(1,836,256)	(703,232)
Debt principal repayments	(54,453)	(54,453)	(52,585)
Accrued landfill closure and post-closure	-	37,510	37,510
Retirement benefits and accrued interest	-	(202)	7,399
	(1,469,893)	(1,688,204)	(750,040)
Change in operating fund balance	25,173	(8,023)	(18,236)
Operating fund - beginning of the year	(117,264)	(117,264)	(99,028)
Operating fund - end of the year	\$ (92,091)	\$ (125,287)	\$ (117,264)

See Auditor's Report and Notes to the Financial Reports

CORPORATION OF THE TOWNSHIP OF SOUTH GLENGARRY

SCHEDULE OF CAPITAL FUND

For the year ended December 31, 2001

	BUDGET 2001	ACTUAL 2001	ACTUAL 2000
Revenue			
Grants	\$ -	\$ 1,218,168	\$ 6,931,787
Direct billings	-	37,002	52,067
Other	-	13,000	-
	-	1,268,170	6,983,854
Expenditure			
General government	-	3,813	-
Protection to persons and property	894,500	624,735	299,618
Transportation services	749,000	726,412	798,044
Environmental services	79,000	2,029,167	9,030,263
Health services	2,000	1,822	4,120
Social	4,500	7,748	670
Recreation and cultural services	96,000	81,197	41,552
Planning and development	-	-	516,206
	1,825,000	3,474,894	10,690,473
Net revenue (expenditure)	(1,825,000)	(2,206,724)	(3,706,619)
Financing and transfers			
Transfer from reserves and reserve funds	-	(96,237)	400,496
Transfer from operating fund	1,825,000	1,836,256	703,232
	1,825,000	1,740,019	1,103,728
Change in capital fund	-	(466,705)	(2,602,891)
Capital fund - beginning of the year	(2,759,584)	(2,759,584)	(156,693)
Capital fund - end of the year	\$ (2,759,584)	\$ (3,226,289)	\$ (2,759,584)

See Auditor's Report and Notes to the Financial Reports

CORPORATION OF THE TOWNSHIP OF SOUTH GLENGARRY

SCHEDULE OF RESERVES

For the year ended December 31, 2001

	BUDGET 2001	ACTUAL 2001	ACTUAL 2000
Revenue			
Grants	\$ -	\$ -	\$ 121,800
Other	-	66,000	-
	-	66,000	121,800
Financing and transfers			
Transfer from(to) capital fund	-	96,237	(400,496)
Transfer from(to) operating fund	(409,560)	(165,197)	39,132
	(409,560)	(68,960)	(361,364)
Change in reserves	(409,560)	(2,960)	(239,564)
Reserves - beginning of the year	3,885,046	3,885,046	4,124,610
Reserves - end of the year	\$ 3,475,486	\$ 3,882,086	\$ 3,885,046
Analyzed as follows:			
Reserves set aside for specific purposes by Council:			
. for working capital		\$ 1,878,669	\$ 1,952,055
. for fire		70,000	50,000
. for sewer and water		227,564	65,327
. for roads		776,084	724,484
. for recreation and culture		262,747	163,647
. for waste management		363,846	527,996
. for other		303,176	401,537
Total reserves		\$ 3,882,086	\$ 3,885,046

See Auditor's Report and Notes to the Financial Reports

CORPORATION OF THE TOWNSHIP OF SOUTH GLENGARRY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Corporation of the Township of South Glengarry are the representations of management prepared in accordance with accounting policies prescribed by the Public Accounting Standards Board (PSAB) for Ontario municipalities by the Ministry of Municipal Affairs. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgements.

(a) Basis of Consolidation

(i) Consolidated Entities

These consolidated financial statements reflect the assets, liabilities, sources of financing and expenditures of the revenue fund, capital fund and reserve funds and reserves and include the activities of all committees of Council and the following local boards:

There are no local boards

All interfund assets and liabilities and sources of financing and expenditures have been eliminated with the exception of loans or advances between reserve funds and any other fund of the municipality and the resulting interest income and expenditures.

These consolidated 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. The following government business enterprise is consolidated:

South Glengarry Public Utility Commission

(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.

(iv) Trust funds and their related operations administered by the municipality are not consolidated, but are reported separately on the Trust Funds Balance Sheet and Statement of Continuity.

CORPORATION OF THE TOWNSHIP OF SOUTH GLENGARRY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of Accounting

(i) Revenues and expenditures are reported on the accrual basis of accounting with the exception of principal and interest charges on long term liabilities which are charged against operations in the periods in which they are paid.

(ii) 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.

(iii) The historical cost and accumulated amortization for capital assets are not recorded for municipal purposes. Capital assets are reported as an expenditure in the year of acquisition.

(iv) 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 municipal expenditures, accrued interest on long term liabilities and retirement benefits payable that will be financed through future revenues of the municipality and is reported on the Consolidated Statement of Financial Position.

(v) Deferred revenue

Deferred revenues represent user charges and fees that have been collected but the services have yet to be performed. These amounts will be recognised as revenues in the year the services are performed.

2. INVESTMENTS

The total of investments of \$310,158 reported on the Consolidated Statement of Financial Position at cost, has a market value of \$310,158 at year end.

CORPORATION OF THE TOWNSHIP OF SOUTH GLENGARRY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2001

3. ACCRUED LANDFILL CLOSURE AND POST-CLOSURE

Commencing in 2001, the Municipality has adopted the accounting standards issued by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants for Accrued Landfill Closure and Post-Closure. This standard states that the costs related to the closing of solid waste landfill sites and post-closure monitoring are to be accrued as the sites' capacity are used.

The Municipality operates two solid waste landfill sites. One with an estimated remaining life of 9 years and the other with an estimated remaining life of 2 years. 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 \$ 1,240,855 being accrued at the end of the current fiscal year. These costs are to be recovered from future revenues. The Municipality has \$ 363,846 in a reserve fund for waste management expenditures.

The comparative figures have been restated to conform with the accounting standard adopted for the current year. The adoption of this standard has resulted in the following changes to the comparative figures on the consolidated statement of financial position and the consolidated statement of financial activities:

- (a) increase in accrued landfill closure and post-closure from \$ 0 to \$ 1,203,345
- (b) increase in amounts to be recovered from future revenues from \$ 493,551 to \$ 1,696,896
- (c) increase in environmental services expenditures from \$ 1,071,872 to \$ 1,109,382
- (d) increase in net expenditures from \$ 2,756,315 to \$ 2,793,826
- (e) increase in changes in amounts to be recovered from future revenues from (\$ 45,186) to (\$ 7,676).

4. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

A requirement of "PSAB" 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:

	2001	2000
Parkland	\$ 136,494	\$ 109,967
Development charges	267,339	255,359
	\$ 403,833	\$ 365,326

CORPORATION OF THE TOWNSHIP OF SOUTH GLENGARRY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2001

5. MUNICIPAL DEBT

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

	2001	2000
Total municipal debt incurred by the municipality including those incurred on behalf of school boards, other municipalities and municipal enterprises and outstanding at the end of the year amount to	\$ 1,236,602	\$ 1,377,290
Of the municipal debt shown above, the responsibility for payment of principal and interest charges for tile drainage loans has been assumed by individuals. At the end of the year, the outstanding principal amount of this liability is	(804,903)	(891,138)
Municipal debt at the end of the year	\$ 431,699	\$ 486,152

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

	2002 to 2006	2007 to 2011
from special area rates	\$ 431,699	\$ 486,152

(c) Approval of the Ontario Municipal Board has been obtained where necessary for the municipal debt in (a) issued in the name of the municipality.

(d) The municipality is contingently liable for municipal debt with respect to tile drainage. The total amount outstanding as at December 31, 2001 is \$804,903 and is not recorded on the Consolidated Statement of Financial Position.

CORPORATION OF THE TOWNSHIP OF SOUTH GLENGARRY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2001

6. MUNICIPAL POSITION AT THE END OF THE YEAR

(a) The balances on the Consolidated Statement of Financial Position of municipal position (future revenue requirement) of \$(1,149,240) at the end of the year are comprised of the following:

	2001	2000
Operating fund		
. for general reduction of taxation	\$ (92,445)	\$ (16,724)
. for general reduction (increase) of user charges	4,683	3,668
. for benefitting landowners related to special charges and special areas	(37,525)	(104,208)
Total operating fund balance	(125,287)	(117,264)
Capital fund		
. acquisition of capital assets to be recovered through taxation or user charges	(396,624)	(332,685)
. acquisition of capital assets to be financed from the proceeds of municipal debt	(2,829,665)	(2,426,899)
Total capital fund balance	(3,226,289)	(2,759,584)
Reserves and reserve funds		
. reserves	3,882,086	3,885,046
Total reserves and reserve fund balance	3,882,086	3,885,046
Amounts to be recovered from future revenues		
. municipal debt	(431,699)	(486,152)
. accrued interest on municipal debt	(7,196)	(7,399)
. accrued landfill closure and post-closure	(1,240,855)	(1,203,345)
Amounts to be recovered from future revenues	(1,679,750)	(1,696,896)
Equity in South Glengarry Hydro Electric Commission	-	597,990
Municipal position	\$ (1,149,240)	\$ (90,708)

(b) Approval of the Ontario Municipal Board has been obtained where necessary for the pending issues of municipal debt and for those commitments to be financed from revenues extending beyond the term of Council.

CORPORATION OF THE TOWNSHIP OF SOUTH GLENGARRY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2001

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 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. Due to significant surpluses, OMERS has declared a temporary contribution holiday for all active employees and participating employees, effective August 1, 1998 to December 31, 2001.

As result of the contribution holiday, no contributions were required on account of current service in 2001.

8. TRUST FUNDS

Trust funds administered by the municipality amounting to \$12,555 have not been included in the Consolidated Statement of Financial Activities.

9. BUDGET FIGURES

Budgets established for Capital Funds, 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. PUBLIC SECTOR SALARY DISCLOSURE ACT

In 2001 no employees were paid a salary, as defined in the Public Sector Salary Disclosure Act, 1996, of \$100,000 or more.

11. COMMITMENTS

In 2001, the Municipality approved commitments to provide funding to the City of Cornwall Aquatic Centre in the amount of \$25,000 per year for 5 years and to the Glengarry Highland Games in the amount of \$10,000 per year for 5 years.

12. FAIRNESS FOR PROPERTY TAXPAYERS ACT 1998

The United Counties of Stormont, Dundas & Glengarry adopted Division C under Bill 79. As a result, the Township portion of the 2001 rebate to commercial, industrial and multi-residential taxpayers amounts to \$101,090.