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**CORPORATION OF THE TOWNSHIP OF SOUTH GLENGARRY**

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**FINANCIAL STATEMENTS**

**December 31, 2006**

# CORPORATION OF THE TOWNSHIP OF SOUTH GLENGARRY

December 31, 2006

## CONTENTS

|  | Page |
|--|------|
| <b>AUDITORS' REPORT</b>                                      | 1    |
| <b>FINANCIAL STATEMENTS</b>                                  |      |
| Consolidated Statement of Financial Position                 | 2    |
| Consolidated Statement of Financial Activities - Revenue     | 3    |
| Consolidated Statement of Financial Activities - Expenditure | 4    |
| Consolidated Statement of Cash Flows                         | 5    |
| Schedule of Operating Fund                                   | 6    |
| Schedule of Capital Fund                                     | 7    |
| Schedule of Reserves   | 8    |
| Notes to the Financial Statements                            | 9-14 |

## **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, 2006, and the consolidated statements of financial activities and cash flows 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, 2006 and the results of its operations and changes in cash flows for the year then ended, in accordance with Canadian generally accepted accounting principles.

**Craig Keen Despatie Markell LLP**

Cornwall, Ontario  
May 2, 2007

**Chartered Accountants**

# CORPORATION OF THE TOWNSHIP OF SOUTH GLENGARRY

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2006

|  | 2006                | 2005                |
|--|---------------------|---------------------|
| <b>NET FINANCIAL ASSETS</b>                        |                     |                     |
| <b>Assets</b>                                      |                     |                     |
| Cash   | \$ 1,919,163        | \$ 3,100,571        |
| Taxes receivable                                   | 3,677,660           | 3,017,543           |
| Accounts receivable                                | 1,880,849           | 839,691             |
| Other current assets                               | 15,218              | 6,940               |
| Long-term receivables                              | 58,110              | 113,430             |
|  | <b>7,551,000</b>    | <b>7,078,175</b>    |
| <br><b>Liabilities</b>                             |                     |                     |
| Accounts payable                                   | 1,503,727           | 1,119,907           |
| Accrued landfill closure and post-closure (Note 2) | 995,630             | 964,045             |
| Accrued interest on municipal debt                 | 3,425               | 3,829               |
| Deferred revenue (Note 3)                          | 504,224             | 595,845             |
| Net municipal debt (Note 4)                        | 1,167,103           | 1,338,943           |
|  | <b>4,174,109</b>    | <b>4,022,569</b>    |
|  | <b>\$ 3,376,891</b> | <b>\$ 3,055,606</b> |

### MUNICIPAL POSITION

|  |                     |                     |
|--|---------------------|---------------------|
| <b>Fund Balances (Note 5)</b>                                |                     |                     |
| Operating fund   | \$ 199,176          | \$ 197,678          |
| Capital fund   | (191,573)           | (93,014)            |
| Reserves   | 5,535,446           | 5,257,759           |
|  | <b>5,543,049</b>    | <b>5,362,423</b>    |
| <b>Amounts To Be Recovered From Future Revenues (Note 6)</b> |                     |                     |
| Future taxation revenue                                      | (995,630)           | (964,045)           |
| Local improvement charges                                    | (1,170,528)         | (1,342,772)         |
|  | <b>(2,166,158)</b>  | <b>(2,306,817)</b>  |
|  | <b>\$ 3,376,891</b> | <b>\$ 3,055,606</b> |

See Accompanying Notes

# CORPORATION OF THE TOWNSHIP OF SOUTH GLENGARRY

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES - REVENUE

For the year ended December 31, 2006

|   | BUDGET<br>2006 | ACTUAL<br>2006 | ACTUAL<br>2005 |
|---|----------------|----------------|----------------|
| <b>REVENUE</b>                                    |                |                |                |
| <b>Taxation and user charges (Note 1(a)(iii))</b> |                |                |                |
| Taxation  | \$ 5,287,772   | \$ 5,381,134   | \$ 5,183,866   |
| Taxation from other governments                   | 110,900        | 118,475        | 109,236        |
| Fees and service charges                          | 1,471,948      | 1,733,181      | 1,695,146      |
|   | 6,870,620      | 7,232,790      | 6,988,248      |
| <b>Grants</b>                                     |                |                |                |
| Government of Canada                              | 16,767         | 16,780         | 16,273         |
| Province of Ontario                               | 2,254,204      | 3,147,992      | 1,977,621      |
|   | 2,270,971      | 3,164,772      | 1,993,894      |
| <b>Other</b>                                      |                |                |                |
| Investment income                                 | 425,120        | 479,259        | 437,403        |
| Sale of land and equipment                        | -              | -              | 50,355         |
| Lot levies earned                                 | 41,250         | -              | -              |
| Other revenue                                     | -              | 79,910         | -              |
|   | 466,370        | 559,169        | 487,758        |
| <b>Total revenue for the year</b>                 | \$ 9,607,961   | \$ 10,956,731  | \$ 9,469,900   |

See Accompanying Notes

# CORPORATION OF THE TOWNSHIP OF SOUTH GLENGARRY

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES - EXPENDITURE

For the year ended December 31, 2006

|   | BUDGET         | ACTUAL       | ACTUAL     |
|---|----------------|--------------|------------|
|   | 2006           | 2006         | 2005       |
| <b>EXPENDITURE</b>  |                |              |            |
| <b>Current operations</b>   |                |              |            |
| General government  | \$ 1,169,145   | \$ 1,155,772 | \$ 918,333 |
| Protection to persons and property                                      | 908,908        | 757,695      | 778,528    |
| Transportation services   | 2,620,743      | 2,401,209    | 2,175,820  |
| Environmental services  | 1,479,020      | 1,472,728    | 1,368,547  |
| Health services   | 24,100         | 24,472       | 19,397     |
| Social and family services  | 120,750        | 111,952      | 114,796    |
| Recreation and cultural services  | 964,228        | 1,145,161    | 1,056,434  |
| Planning and development  | 195,390        | 230,853      | 149,432    |
|   | 7,482,284      | 7,299,842    | 6,581,287  |
| <b>Capital</b>  |                |              |            |
| General government  | 104,275        | 66,513       | 25,350     |
| Protection to persons and property                                      | 1,244,526      | 230,890      | 347,735    |
| Transportation services   | 1,511,150      | 2,640,109    | 1,139,671  |
| Environmental services  | 315,000        | 21,877       | 172,758    |
| Health services   | 5,000          | 5,760        | 105,198    |
| Social and family services  | -              | 5,194        | -          |
| Recreation and cultural services  | 249,700        | 185,025      | 171,203    |
| Planning and development  | -              | 180,240      | 46,228     |
|   | 3,429,651      | 3,335,608    | 2,008,143  |
| <b>Total expenditure for the year</b>                                   | 10,911,935     | 10,635,450   | 8,589,430  |
| <b>Net revenue (expenditure) for the year</b>                           | (1,303,974)    | 321,281      | 880,470    |
| <b>CHANGES IN AMOUNTS TO BE RECOVERED FROM FUTURE REVENUES (Note 6)</b> |                |              |            |
| Accrued landfill closure and post-closure                               | 31,585         | 31,585       | 31,585     |
| Municipal debt principal repayment                                      | (171,840)      | (171,840)    | (170,829)  |
| Accrued interest  | -              | (404)        | (1,283)    |
|   | (140,255)      | (140,659)    | (140,527)  |
| <b>Change in fund balance</b>   | \$ (1,444,229) | \$ 180,622   | \$ 739,943 |

See Accompanying Notes

# CORPORATION OF THE TOWNSHIP OF SOUTH GLENGARRY

## CONSOLIDATED STATEMENT OF CHANGES IN CASH FLOWS

For the year ended December 31, 2006

|   | 2006                | 2005                |
|---|---------------------|---------------------|
| <b>CASH FROM OPERATING ACTIVITIES</b>             |                     |                     |
| Net revenue for the year                          | \$ 321,281          | \$ 880,470          |
| Taxes receivable                                  | (660,114)           | (178,935)           |
| Accounts receivable                               | (1,041,158)         | (314,524)           |
| Other current assets                              | (8,277)             | 5,527               |
| Accounts payable                                  | 376,429             | 513,017             |
| Other current liabilities                         | 7,391               | (23,505)            |
| Deferred revenue                                  | (91,622)            | 143,705             |
| Accrued interest on municipal debt                | (404)               | (843)               |
| Accrued landfill closure and post-closure         | 31,585              | 31,585              |
| Long-term receivables                             | 55,320              | 52,654              |
|   | <b>(1,009,569)</b>  | 1,109,151           |
| <b>CASH USED IN FINANCING ACTIVITIES</b>          |                     |                     |
| Decrease in net municipal debt                    | (171,839)           | (170,830)           |
|   | <b>(171,839)</b>    | (170,830)           |
| <b>INCREASE (DECREASE) IN CASH AND EQUIVALENT</b> | <b>(1,181,408)</b>  | 938,321             |
| <b>CASH AND EQUIVALENT, beginning of year</b>     | <b>3,100,571</b>    | 2,162,250           |
| <b>CASH AND EQUIVALENT, end of year</b>           | <b>\$ 1,919,163</b> | <b>\$ 3,100,571</b> |
| <b>REPRESENTED BY :</b>                           |                     |                     |
| Cash  | \$ 1,919,163        | \$ 3,100,571        |
|   | <b>\$ 1,919,163</b> | <b>\$ 3,100,571</b> |

See Accompanying Notes

# CORPORATION OF THE TOWNSHIP OF SOUTH GLENGARRY

## SCHEDULE OF OPERATING FUND

For the year ended December 31, 2006

|   | BUDGET<br>2006 | ACTUAL<br>2006 | ACTUAL<br>2005 |
|---|----------------|----------------|----------------|
| <b>Revenue</b>                                |                |                |                |
| Taxation                                      | \$ 5,398,672   | \$ 5,499,608   | \$ 5,293,102   |
| Fees and service charges                      | 1,471,948      | 1,689,173      | 1,676,448      |
| Grants  | 2,023,331      | 1,823,926      | 1,986,076      |
| Interest                                      | 425,120        | 479,259        | 437,403        |
|   | 9,319,071      | 9,491,966      | 9,393,029      |
| <b>Expenditure</b>                            |                |                |                |
| General government                            | 1,169,145      | 1,155,772      | 918,333        |
| Protection to persons and property            | 908,908        | 757,695        | 778,528        |
| Transportation services                       | 2,620,743      | 2,401,209      | 2,175,820      |
| Environmental services                        | 1,479,020      | 1,472,728      | 1,368,547      |
| Health services                               | 24,100         | 24,472         | 19,397         |
| Social  | 120,750        | 111,952        | 114,796        |
| Recreation and cultural services              | 964,228        | 1,145,161      | 1,056,434      |
| Planning and development                      | 195,390        | 230,853        | 149,430        |
|   | 7,482,284      | 7,299,842      | 6,581,285      |
| <b>Net revenue (expenditure)</b>              | 1,836,787      | 2,192,124      | 2,811,744      |
| <b>Financing and transfers</b>                |                |                |                |
| Transfer from (to) reserves and reserve funds | 744,722        | (197,776)      | (1,584,467)    |
| Transfer from (to) capital fund               | (2,705,696)    | (1,852,194)    | (2,086,669)    |
| Debt principal repayments                     | (171,840)      | (171,840)      | (170,829)      |
| Accrued landfill closure and post-closure     | -              | 31,585         | 31,585         |
| Accrued interest                              | -              | (404)          | (1,283)        |
|   | (2,132,814)    | (2,190,629)    | (3,811,663)    |
| <b>Change in operating fund balance</b>       | (296,027)      | 1,495          | (999,919)      |
| <b>Operating fund - beginning of the year</b> | 197,680        | 197,681        | 1,197,600      |
| <b>Operating fund - end of the year</b>       | \$ (98,347)    | \$ 199,176     | \$ 197,681     |

See Accompanying Notes



# CORPORATION OF THE TOWNSHIP OF SOUTH GLENGARRY

## SCHEDULE OF CAPITAL FUND

For the year ended December 31, 2006

|   | BUDGET<br>2006 | ACTUAL<br>2006 | ACTUAL<br>2005 |
|---|----------------|----------------|----------------|
| <b>Revenue</b>                              |                |                |                |
| Grants                                      | \$ 247,640     | \$ 1,340,847   | \$ 7,819       |
| Direct billings                             | -              | 44,008         | 18,697         |
| Lot levies earned                           | 41,250         | -              | -              |
| Other                                       | -              | -              | 50,355         |
|   | 288,890        | 1,384,855      | 76,871         |
| <b>Expenditure</b>                          |                |                |                |
| General government                          | 104,275        | 66,513         | 25,350         |
| Protection to persons and property          | 1,244,526      | 230,890        | 347,735        |
| Transportation services                     | 1,511,150      | 2,640,109      | 1,139,671      |
| Environmental services                      | 315,000        | 21,877         | 172,758        |
| Health services                             | 5,000          | 5,760          | 105,198        |
| Social                                      | -              | 5,194          | -              |
| Recreation and cultural services            | 249,700        | 185,025        | 171,203        |
| Planning and development                    | -              | 180,240        | 46,229         |
|   | 3,429,651      | 3,335,608      | 2,008,144      |
| <b>Net revenue (expenditure)</b>            | (3,140,761)    | (1,950,753)    | (1,931,273)    |
| <b>Financing and transfers</b>              |                |                |                |
| Transfer from (to) operating fund           | 2,705,696      | 1,852,194      | 2,086,669      |
|   | 2,705,696      | 1,852,194      | 2,086,669      |
| <b>Change in capital fund balance</b>       | (435,065)      | (98,559)       | 155,396        |
| <b>Capital fund - beginning of the year</b> | (93,014)       | (93,014)       | (248,410)      |
| <b>Capital fund - end of the year</b>       | \$ (528,079)   | \$ (191,573)   | \$ (93,014)    |

See Accompanying Notes

# CORPORATION OF THE TOWNSHIP OF SOUTH GLENGARRY

## SCHEDULE OF RESERVES

For the year ended December 31, 2006

|   | BUDGET<br>2006 | ACTUAL<br>2006 | ACTUAL<br>2005 |
|---|----------------|----------------|----------------|
| <b>Revenue</b>  |                |                |                |
| Interest  | \$ -           | \$ 2           | \$ -           |
| Other   | -              | 79,910         | -              |
|   | -              | 79,912         | -              |
| <b>Financing and transfers</b>                              |                |                |                |
| Transfer from (to) operating fund                           | (744,722)      | 197,776        | 1,584,467      |
|   | (744,722)      | 197,776        | 1,584,467      |
| <b>Change in reserves</b>                                   | (744,722)      | 277,688        | 1,584,467      |
| <b>Reserves - beginning of the year</b>                     | 5,257,758      | 5,257,758      | 3,673,292      |
| <b>Reserves - end of the year</b>                           | \$ 4,513,036   | \$ 5,535,446   | \$ 5,257,759   |
| <b>Analyzed as follows:</b>                                 |                |                |                |
| <b>Reserves set aside for specific purposes by Council:</b> |                |                |                |
| . for working capital                                       |                | \$ 2,087,983   | \$ 2,414,992   |
| . for hospital commitments                                  |                | 151,820        | 100,910        |
| . for fire  |                | 527,205        | 453,015        |
| . for sewer and water                                       |                | 263,032        | 259,032        |
| . for planning  |                | 45,000         | 45,000         |
| . for roads   |                | 953,964        | 753,964        |
| . for recreation and culture                                |                | 356,535        | 284,335        |
| . for other   |                | 1,149,907      | 946,511        |
| <b>Total reserves</b>                                       |                | \$ 5,535,446   | \$ 5,257,759   |

See Accompanying Notes

# CORPORATION OF THE TOWNSHIP OF SOUTH GLENGARRY

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2006

### 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 Canadian generally accepted accounting policies for local governments, as recommended by the Public Accounting Standards Board (PSAB) of the Canadian Institute of Chartered Accountants, prescribed for Ontario municipalities by the Ministry of Municipal Affairs and Housing. 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 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 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.

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.

(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, 2006

### 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.

#### (c) Financial instruments

(i) Fair value of financial instruments

The carrying amounts reported on the balance sheet for cash, accounts receivable, taxes receivable, long-term receivables and accounts payable approximate fair values due to the immediate and short term maturities of these financial instruments.

(ii) Concentration of credit risk

The Corporation does not believe it is subject to any significant concentration of credit risk. Cash is in place with major financial institutions. Accounts and taxes receivable are the result of services and taxation to corporations, public sector organizations and individuals geographically concentrated within Eastern Ontario.

# CORPORATION OF THE TOWNSHIP OF SOUTH GLENGARRY

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2006

### 2. ACCRUED LANDFILL CLOSURE AND POST-CLOSURE

The Municipality operates two solid waste landfill sites. One has an estimated remaining life of seven years and the other has an estimated remaining life of 30 to 40 years as the result of an amended provisional certificate of approval from the Ministry of the Environment dated December 15, 2003. 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 \$995,630 (2005 - 964,045) being accrued at the end of the current fiscal year. The accrual was reduced by \$371,190 in 2003 to reflect the extended life of the one site that received the certificate of approval. These costs are to be recovered from future taxation revenue and reserves.

### 3. 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:

|                        | 2006              | 2005              |
|------------------------|-------------------|-------------------|
| Parkland               | \$ 198,950        | \$ 182,955        |
| Development charges    | 300,131           | 289,070           |
| Federal gas tax rebate | 5,143             | 123,821           |
|                        | <b>\$ 504,224</b> | <b>\$ 595,846</b> |

# CORPORATION OF THE TOWNSHIP OF SOUTH GLENGARRY

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2006

### 4. MUNICIPAL DEBT

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

|  | <b>2006</b>         | <b>2005</b>         |
|--|---------------------|---------------------|
| Total municipal debt incurred by the municipality including those incurred on behalf of school boards, other municipalities and municipal enterprises.       | <b>\$ 1,633,903</b> | \$ 1,803,417        |
| Of the municipal debt shown above, the responsibility for payment of principal and interest charges for tile drainage loans has been assumed by individuals. | <b>(350,579)</b>    | (351,044)           |
| Interfund municipal debt eliminated upon consolidation   | <b>(58,110)</b>     | (113,430)           |
| <b>Municipal debt at the end of the year</b>   | <b>\$ 1,225,214</b> | <b>\$ 1,338,943</b> |

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

|                           | 2007 to 2011 | 2012 to 2016 |
|---------------------------|--------------|--------------|
| Local improvement charges | \$ 1,104,366 | \$ 120,848   |

(c) All municipal debt issued on or before December 31, 1992 has received approval from the Ontario Municipal Board. Municipal debt issued on or after January 1, 1993 has been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

(d) The municipality is contingently liable for municipal debt with respect to tile drainage. The total amount outstanding as at December 31, 2006 is \$350,579 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, 2006

### 5. FUND BALANCES

(a) The corporation's fund balances are comprised of the following:

|                              | 2006                | 2005                |
|------------------------------|---------------------|---------------------|
| Operating fund               |                     |                     |
| General taxation             | \$ -                | \$ (1)              |
| Water and sewer              | 22,234              | 53,041              |
| Street lights                | 3,001               | 1,250               |
| Minor sports                 | 173,941             | 143,388             |
| Total operating fund balance | 199,176             | 197,678             |
| Capital fund                 | (191,573)           | (93,014)            |
| Reserves                     | 5,535,446           | 5,257,759           |
|                              | <b>\$ 5,543,049</b> | <b>\$ 5,362,423</b> |

(b) The balance available for the general reduction of taxation for the fiscal year ending has been reduced (increased) by an amount of \$(75,284) transferred to the Reserve for Working Capital as authorized by Council. Had this reduction not been made the balance would have shown the general reduction (increase) of taxation balance of \$(75,284).

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

Amounts to be recovered from future taxation, local improvement charges and reserves are as follows:

|   | 2006                | 2005                |
|---|---------------------|---------------------|
| Net municipal debt                        | \$ 1,167,103        | \$ 1,338,943        |
| Accrued interest on municipal debt        | 3,425               | 3,829               |
| Accrued landfill closure and post-closure | 995,630             | 964,045             |
|   | <b>\$ 2,166,158</b> | <b>\$ 2,306,817</b> |

### 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.

Contributions were required on account of current service in 2006 in the amount of \$196,973.

# CORPORATION OF THE TOWNSHIP OF SOUTH GLENGARRY

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2006

### 8. TRUST FUNDS

Trust funds administered by the municipality amounting to \$2,197 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. COMMITMENTS

The Township has committed to provide funding to the Cornwall Community Hospital in the amount of \$379,555 of which \$151,820 has been placed into a reserve. As well, a commitment was approved to provide funding to the Glengarry Memorial Hospital in the amount of \$75,000 of which \$50,000 has been paid.

### 11. CONTINGENCY

The Township is a co-defendant in a lawsuit for damages in the amount of \$850,000. The outcome of the case is unknown at this time. No liability has been recorded in the accounts.