
CORPORATION OF THE TOWNSHIP OF SOUTH GLENGARRY

FINANCIAL STATEMENTS

December 31, 2007

CORPORATION OF THE TOWNSHIP OF SOUTH GLENGARRY

December 31, 2007

CONTENTS

	Page
AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
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, 2007, 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, 2007 and the results of its operations and cash flows for the year then ended, in accordance with Canadian generally accepted accounting principles.

Craig Keen Despatie Markell LLP

Cornwall, Ontario
April 3, 2008

Chartered Accountants
Licensed Public Accountants

CORPORATION OF THE TOWNSHIP OF SOUTH GLENGARRY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2007

	2007	2006
NET FINANCIAL ASSETS		
Assets		
Cash	\$ 3,878,137	\$ 1,919,163
Taxes receivable	3,877,563	3,677,661
Accounts receivable	1,230,220	1,880,849
Other current assets	8,761	15,218
Long-term receivables	-	58,110
	8,994,681	7,551,001
 Liabilities		
Accounts payable	1,350,098	1,503,731
Accrued landfill closure and post-closure (Note 2)	1,027,215	995,630
Accrued interest on municipal debt	3,143	3,425
Deferred revenue (Note 3)	602,648	504,223
Net municipal debt (Note 4)	983,865	1,167,103
	3,966,969	4,174,112
	\$ 5,027,712	\$ 3,376,889

MUNICIPAL POSITION

Fund Balances (Note 5)		
Operating fund	\$ 112,963	\$ 199,173
Capital fund	615,185	(191,573)
Reserves	6,313,787	5,535,447
	7,041,935	5,543,047
Amounts To Be Recovered From Future Revenues (Note 6)		
Future taxation revenue	(1,027,215)	(995,630)
Local improvement charges	(987,008)	(1,170,528)
	(2,014,223)	(2,166,158)
	\$ 5,027,712	\$ 3,376,889

See Accompanying Notes

CORPORATION OF THE TOWNSHIP OF SOUTH GLENGARRY

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES - REVENUE

For the year ended December 31, 2007

	BUDGET 2007	ACTUAL 2007	ACTUAL 2006
REVENUE			
Taxation and user charges (Note 1(a)(iii))			
Taxation	\$ 5,499,789	\$ 5,481,687	\$ 5,381,134
Taxation from other governments	118,920	102,975	118,475
Fees and service charges	1,897,512	1,986,754	1,733,181
	7,516,221	7,571,416	7,232,790
Grants			
Government of Canada	51,233	68,060	16,780
Province of Ontario	2,090,333	2,171,689	3,147,992
	2,141,566	2,239,749	3,164,772
Other			
Investment income	452,500	585,397	479,259
Sale of land and equipment	-	114,910	-
Other revenue	-	21,500	79,910
	452,500	721,807	559,169
Total revenue for the year	\$ 10,110,287	\$ 10,532,972	\$ 10,956,731

See Accompanying Notes

CORPORATION OF THE TOWNSHIP OF SOUTH GLENGARRY

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES - EXPENDITURE

For the year ended December 31, 2007

	BUDGET	ACTUAL	ACTUAL
	2007	2007	2006
EXPENDITURE			
Current operations			
General government	\$ 1,032,813	\$ 1,033,979	\$ 1,155,772
Protection to persons and property	836,744	875,372	757,695
Transportation services	2,343,609	2,439,246	2,401,209
Environmental services	1,824,887	1,607,519	1,472,728
Health services	26,700	25,358	24,472
Social and family services	109,300	105,103	111,952
Recreation and cultural services	1,034,950	1,111,104	1,145,161
Planning and development	215,510	220,586	230,853
	7,424,513	7,418,267	7,299,842
Capital			
General government	63,000	56,744	66,513
Protection to persons and property	1,756,973	404,633	230,890
Transportation services	1,359,119	699,951	2,640,109
Environmental services	249,800	73,879	21,877
Health services	-	4,912	5,760
Social and family services	2,368	1,808	5,194
Recreation and cultural services	205,015	180,695	185,025
Planning and development	-	41,317	180,239
	3,636,275	1,463,939	3,335,607
Total expenditure for the year	11,060,788	8,882,206	10,635,449
Net revenue (expenditure) for the year	(950,501)	1,650,766	321,282
CHANGES IN AMOUNTS TO BE RECOVERED FROM FUTURE REVENUES (Note 6)			
Accrued landfill closure and post-closure	31,585	31,585	31,585
Municipal debt principal repayment	(183,238)	(183,184)	(171,840)
Accrued interest	-	(282)	(404)
	(151,653)	(151,881)	(140,659)
Change in fund balance	\$ (1,102,154)	\$ 1,498,885	\$ 180,623

See Accompanying Notes

CORPORATION OF THE TOWNSHIP OF SOUTH GLENGARRY

CONSOLIDATED STATEMENT OF CHANGES IN CASH FLOWS

For the year ended December 31, 2007

	2007	2006
CASH FROM OPERATING ACTIVITIES		
Net revenue for the year	\$ 1,650,766	\$ 321,282
Taxes receivable	(199,848)	(660,118)
Accounts receivable	650,630	(1,041,155)
Other current assets	6,457	(8,277)
Accounts payable	(150,441)	376,429
Other current liabilities	(3,189)	7,391
Deferred revenue	98,424	(91,622)
Accrued interest on municipal debt	(282)	(404)
Accrued landfill closure and post-closure	31,585	31,585
Long-term receivables	58,110	55,320
	2,142,212	(1,009,569)
CASH USED IN FINANCING ACTIVITIES		
Decrease in net municipal debt	(183,238)	(171,839)
	(183,238)	(171,839)
INCREASE (DECREASE) IN CASH AND EQUIVALENT	1,958,974	(1,181,408)
CASH AND EQUIVALENT, beginning of year	1,919,163	3,100,571
CASH AND EQUIVALENT, end of year	\$ 3,878,137	\$ 1,919,163
REPRESENTED BY :		
Cash	\$ 3,878,137	\$ 1,919,163
	\$ 3,878,137	\$ 1,919,163

See Accompanying Notes

CORPORATION OF THE TOWNSHIP OF SOUTH GLENGARRY

SCHEDULE OF OPERATING FUND

For the year ended December 31, 2007

	BUDGET 2007	ACTUAL 2007	ACTUAL 2006
Revenue			
Taxation	\$ 5,618,709	\$ 5,584,664	\$ 5,499,609
Fees and service charges	1,897,512	1,860,795	1,689,173
Grants	2,141,566	2,234,518	1,823,926
Interest	452,500	585,397	479,259
	10,110,287	10,265,374	9,491,967
Expenditure			
General government	1,032,813	1,033,979	1,155,772
Protection to persons and property	836,744	875,372	757,695
Transportation services	2,343,609	2,439,246	2,401,209
Environmental services	1,824,887	1,607,519	1,472,728
Health services	26,700	25,358	24,472
Social	109,300	105,103	111,952
Recreation and cultural services	1,034,950	1,111,104	1,145,161
Planning and development	215,510	220,586	230,853
	7,424,513	7,418,267	7,299,842
Net revenue	2,685,774	2,847,107	2,192,125
Financing and transfers			
Transfer from (to) reserves and reserve funds	634,017	(756,840)	(197,777)
Transfer from (to) capital fund	(3,194,438)	(2,024,596)	(1,852,194)
Debt principal repayments	(183,238)	(183,184)	(171,840)
Accrued landfill closure and post-closure	31,585	31,585	31,585
Accrued interest	-	(282)	(404)
	(2,712,074)	(2,933,317)	(2,190,630)
Change in operating fund balance	(26,300)	(86,210)	1,495
Operating fund - beginning of the year	199,173	199,173	197,678
Operating fund - end of the year	\$ 172,873	\$ 112,963	\$ 199,173

See Accompanying Notes

CORPORATION OF THE TOWNSHIP OF SOUTH GLENGARRY

SCHEDULE OF CAPITAL FUND

For the year ended December 31, 2007

	BUDGET 2007	ACTUAL 2007	ACTUAL 2006
Revenue			
Grants	\$ -	\$ 5,232	\$ 1,340,846
Direct billings	-	125,959	44,008
Other	-	114,910	-
	-	246,101	1,384,854
Expenditure			
General government	63,000	56,744	66,513
Protection to persons and property	1,756,973	404,633	230,890
Transportation services	1,359,119	699,951	2,640,109
Environmental services	249,800	73,879	21,877
Health services	-	4,912	5,760
Social	2,368	1,808	5,194
Recreation and cultural services	205,015	180,695	185,025
Planning and development	-	41,317	180,239
	3,636,275	1,463,939	3,335,607
Net expenditure	(3,636,275)	(1,217,838)	(1,950,753)
Financing and transfers			
Transfer from operating fund	3,194,438	2,024,596	1,852,194
	3,194,438	2,024,596	1,852,194
Change in capital fund balance	(441,837)	806,758	(98,559)
Capital fund - beginning of the year	(191,573)	(191,573)	(93,014)
Capital fund - end of the year	\$ (633,410)	\$ 615,185	\$ (191,573)

See Accompanying Notes

CORPORATION OF THE TOWNSHIP OF SOUTH GLENGARRY

SCHEDULE OF RESERVES

For the year ended December 31, 2007

	BUDGET 2007	ACTUAL 2007	ACTUAL 2006
Revenue			
Other	\$ -	\$ 21,501	\$ 79,912
	-	21,501	79,912
Financing and transfers			
Transfer from (to) operating fund	(634,017)	756,840	197,777
	(634,017)	756,840	197,777
Change in reserves	(634,017)	778,341	277,689
Reserves - beginning of the year	5,535,446	5,535,446	5,257,758
Reserves - end of the year	\$ 4,901,429	\$ 6,313,787	\$ 5,535,447
Analyzed as follows:			
Reserves set aside for specific purposes by Council:			
. for working capital		\$ 2,315,523	\$ 2,087,984
. for hospital commitments		227,730	151,820
. for fire		712,685	527,205
. for sewer and water		284,532	263,032
. for planning		45,000	45,000
. for roads		877,464	953,964
. for recreation and culture		405,285	356,535
. for other		1,445,568	1,149,907
Total reserves		\$ 6,313,787	\$ 5,535,447

See Accompanying Notes

CORPORATION OF THE TOWNSHIP OF SOUTH GLENGARRY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2007

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, 2007

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, 2007

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 \$1,027,215 (2006 - 995,630). being accrued at the end of the current fiscal year. 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:

	2007	2006
Parkland	\$ 157,258	\$ 198,950
Development charges	270,967	300,131
Federal gas tax rebate	174,423	5,142
	\$ 602,648	\$ 504,223

See Auditor's Report dated April 3, 2008

CORPORATION OF THE TOWNSHIP OF SOUTH GLENGARRY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2007

4. MUNICIPAL DEBT

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

	200711	2006
Total municipal debt incurred by the municipality including those incurred on behalf of school boards, other municipalities and municipal enterprises.	\$ 1,341,467	\$ 1,575,792
Of the municipal debt shown above, the responsibility for payment of principal and interest charges for tile drainage loans has been assumed by individuals.	(357,602)	(350,579)
<u>Interfund municipal debt eliminated upon consolidation</u>	-	(58,110)
Municipal debt at the end of the year	\$ 983,865	\$ 1,167,103

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

2008	\$ 195,400	
2009	208,378	
2010	222,228	
2011	237,010	
2012	120,849	
Thereafter	-	
	\$ 983,865	

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

General municipal revenues	\$ -	
Local improvement charges	983,865	
	\$ 983,865	

(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, 2007 is \$357,602 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, 2007

5. FUND BALANCES

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

	2007	2006
Operating fund		
General taxation	\$ -	\$ -
Water and sewer	18,566	22,232
Street lights	(10,792)	3,001
Minor sports	105,189	173,940
Total operating fund balance	112,963	199,173
Capital fund	615,185	(191,573)
Reserves	6,313,787	5,535,447
	\$ 7,041,935	\$ 5,543,047

(b) The balance available for the general reduction of taxation for the fiscal year ending has been reduced by an amount of \$366,591 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 of taxation balance of \$366,591.

6. AMOUNTS TO BE RECOVERED FROM FUTURE REVENUES

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

	2007	2006
Net municipal debt	\$ 983,865	\$ 1,167,103
Accrued interest on municipal debt	3,143	3,425
Accrued landfill closure and post-closure	1,027,215	995,630
	\$ 2,014,223	\$ 2,166,158

CORPORATION OF THE TOWNSHIP OF SOUTH GLENGARRY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2007

7. OPERATING EXPENDITURES BY OBJECT

	BUDGET 2007	ACTUAL 2007	ACTUAL 2006
Wages and benefits	\$ 2,572,417	\$ 2,539,991	\$ 2,392,810
Interest on municipal debt	131,472	130,083	81,721
Materials and services	3,333,498	3,323,737	3,562,690
Contracted services	875,500	940,008	671,223
Insurance and other financial costs	206,950	222,486	244,340
Third party transfers	304,676	261,962	347,058
	\$ 7,424,513	\$ 7,418,267	\$ 7,299,842

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 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 2007 in the amount of \$196,982.

9. TRUST FUNDS

Trust funds administered by the municipality amounting to \$2,197 have not been included in the Consolidated Statement of Financial Activities.

10. 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.

11. TANGIBLE CAPITAL ASSETS

The Township will be adopting PSAB 3150, "Accounting for Tangible Capital Assets" effective January 1, 2009. Administration has commenced the process by establishing guidelines.

12. COMMITMENTS

The Township has committed to provide funding to the Cornwall Community Hospital in the amount of \$379,555 of which \$227,730 has been placed into a reserve.

13. 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.

See Auditor's Report dated April 3, 2008