

Township of South Stormont Financial Statements

For the year ended December 31, 2015

Contents

Management's Responsibility for the Financial Statements	2
Independent Auditor's Report	3 - 4
Financial Statements	
Statement of Financial Position	5
Statement of Operations	6
Statement of Changes in Net Debt	7
Statement of Cash Flows	8
Summary of Significant Accounting Policies	9 - 10
Notes to Financial Statements	11 - 22

Management's Responsibility for the Financial Statements

The accompanying financial statements are prepared in accordance with Canadian public sector accounting standards.

The financial statements are the responsibility of management and have been approved by the municipal council.

To assess certain facts and operations, management has made estimates based on its best judgment of the situation and by taking into account materiality.

Management is responsible for maintaining appropriate internal control and accounting systems that provide reasonable assurance that the Township's policies are adopted, that its operations are carried out in accordance with the appropriate laws and authorizations, that its assets are adequately safeguarded, and that the financial statements are based on reliable accounting records.

The Township's power and responsibilities are exercised by the municipal council.

The responsibilities of the municipal council includes overseeing financial reporting and presentation procedures, which includes reviewing and approving the financial statements.

The independent auditor, BDO Canada LLP, has audited the financial statements and presented the following report.



Betty De Haan, CMO
Chief Administrative Officer

Long Sault, Ontario
April 13, 2016



Johanna Barkley
Director of Finance

Independent Auditor's Report

To the members of council, inhabitants and ratepayers of the
Township of South Stormont

We have audited the accompanying financial statements of the Township of South Stormont, which comprise the statement of financial position as at December 31, 2015, and the statements of operations, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 the audit to obtain reasonable assurance about whether the financial statements are free from 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 auditor's 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 auditor considers 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 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, the financial statements present fairly, in all material respects, the financial position of the Township of South Stormont as at December 31, 2015, and the results of its operations, changes in its net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matter

The financial statements of the Township of South Stormont for the year ended December 31, 2014 were audited by another auditor who expressed an unmodified opinion on those financial statements on May 13, 2015.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Embrun, Ontario
April 13, 2016

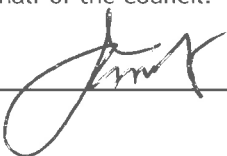
Township of South Stormont Statement of Financial Position

December 31	2015	2014
Financial assets		
Cash	\$ 8,246,507	\$ 6,168,305
Taxes receivable	1,793,053	1,428,593
Accounts receivable	1,708,820	1,810,750
Land held for sale	348,595	345,431
	12,096,975	9,753,079
Liabilities		
Accounts payable and accrued liabilities	\$ 1,134,039	\$ 1,669,932
Other current liabilities	376,153	383,938
Landfill closure and post-closure (Note 1)	929,643	700,000
Deferred revenue (Note 3)	812,038	995,918
Net long-term liabilities (Note 4)	9,200,310	8,328,886
	12,452,183	12,078,674
Net debt	(355,208)	(2,325,595)
Non-financial assets		
Tangible capital assets (Note 5)	55,646,690	56,152,572
Inventory	271,488	224,883
	55,918,178	56,377,455
Accumulated surplus (Note 10)	\$55,562,970	\$ 54,051,860

Contractual obligation (Note 12)

Contingency (Note 2)

On behalf of the council:


 _____ Mayor


 _____ Deputy mayor

Township of South Stormont Statement of Operations

For the year ended December 31	2015 Budget	2015 Actual	2014 Actual
	(Note 11)		
Revenues			
Taxation	\$ 5,626,019	\$ 5,743,557	\$ 5,181,765
Taxation from other governments	480,781	480,603	478,504
User charges	3,868,876	4,882,868	4,086,806
Government transfers			
Government of Canada	3,500	2,640	3,605
Province of Ontario	1,143,048	1,077,092	1,069,782
Other revenues (Note 6)	836,278	884,401	728,552
	<u>11,958,502</u>	<u>13,071,161</u>	<u>11,549,014</u>
Expenses (Note 7)			
General government	1,373,715	1,250,557	1,248,848
Environmental services	4,555,273	4,977,510	4,522,527
Planning and development	324,308	289,999	385,512
Protection services	1,381,994	1,446,728	1,079,815
Health and recreation services	1,065,419	1,105,489	1,040,864
Transportation services	3,120,539	2,970,913	2,785,535
	<u>11,821,248</u>	<u>12,041,196</u>	<u>11,063,101</u>
Other			
Government transfers related to tangible capital assets			
Government of Canada	365,330	365,330	474,866
Province of Ontario	86,899	101,368	571,041
Other revenues related to tangible capital assets (Note 6)	7,000	14,447	7,812
	<u>459,229</u>	<u>481,145</u>	<u>1,053,719</u>
Annual surplus	596,483	1,511,110	1,539,632
Accumulated surplus, beginning of the year	<u>54,051,860</u>	<u>54,051,860</u>	<u>52,512,228</u>
Accumulated surplus, end of the year	<u>\$ 54,648,343</u>	<u>\$ 55,562,970</u>	<u>\$ 54,051,860</u>

**Township of South Stormont
Statement of Changes in Net Debt**

For the year ended December 31	2015 Budget	2015 Actual	2014 Actual
	(Note 11)		
Annual surplus	\$ 596,483	\$ 1,511,110	\$ 1,539,632
Acquisition of tangible capital assets	(4,329,382)	(2,063,829)	(4,434,985)
Amortization of tangible capital assets	2,399,291	2,453,554	2,351,904
Loss on disposal of tangible capital assets	-	116,157	109,322
Proceeds on disposal of tangible capital assets	-	-	25,168
	(1,333,608)	2,016,992	(408,959)
Increase in inventory	-	(46,605)	(6,354)
Net change in net debt	(1,333,608)	1,970,387	(415,313)
Net debt, beginning of the year	(2,325,595)	(2,325,595)	(1,910,282)
Net debt, end of the year	\$ (3,659,203)	\$ (355,208)	\$ (2,325,595)

Township of South Stormont Statement of Cash Flows

For the year ended December 31	2015	2014
Operating transactions		
Annual surplus	\$ 1,511,110	\$ 1,539,632
Items not affecting cash:		
Amortization of tangible capital assets	2,453,555	2,351,903
Loss on disposal of tangible capital assets	116,157	109,322
	4,080,822	4,000,857
Changes in non-cash operating balances:		
(Increase) decrease in taxes receivable	(364,460)	273,144
Decrease (increase) in accounts receivable	101,930	(314,892)
Increase in land held for sale	(3,164)	-
(Decrease) increase in accounts payable and accrued liabilities	(535,893)	163,252
(Decrease) increase in other current liabilities	(7,785)	166,377
Increase in landfill closure and post-closure	229,643	21,875
Decrease in deferred revenue	(183,880)	(43,781)
Increase in inventory	(46,605)	(6,354)
	3,270,608	4,260,478
Capital transactions		
Acquisition of tangible capital assets	(2,063,829)	(4,434,985)
Proceeds on disposal of tangible capital assets	-	25,168
	(2,063,829)	(4,409,817)
Financing transactions		
Proceeds from long-term debt	1,455,000	550,000
Repayment of long-term debt	(583,576)	(516,143)
	871,424	33,857
Net increase (decrease) in cash	2,078,203	(115,482)
Cash, beginning of the year	6,168,304	6,283,786
Cash, end of the year	\$ 8,246,507	\$ 6,168,304

Township of South Stormont Summary of Significant Accounting Policies

December 31, 2015

Nature and Purpose of the Entity	The Township of South Stormont (the "Township") was created through provincial legislation and commenced operations on January 1, 1998. The Township is responsible for providing municipal services such as community services, emergency and protective services including fire and public works including roads, sewers and wastewater, drinking water, garbage and recycling.
Basis of Accounting	The financial statements have been prepared in accordance with Canadian public sector accounting standards.
Use of Estimates	The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the statement of financial position, and the reported amounts of revenues and expenses during the reporting year. The amounts that include estimates are those relating to tangible capital assets as well as those relating to the landfill closure and post-closure.
Revenue Recognition	<p>Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurred. For property taxes, the taxable event is the year for which the tax is levied. Taxes receivable are recognized net of an allowance for anticipated uncollectable amounts.</p> <p>Government transfers are recognized as revenue in the financial statements when the transfer is authorized and all eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.</p> <p>Charges for sewer and water usage are recorded as user charges when the services are rendered. Connection fee revenues are recognized when the connection has been established. Sales of services, included in user charges, are recognized on an accrual basis.</p> <p>Interest income earned on available funds, other than obligatory reserve funds, are reported as revenue in the year earned. Investment income earned on obligatory reserve funds is added back to the reserve fund balance and forms part of the deferred revenue balance.</p>

Township of South Stormont Summary of Significant Accounting Policies

December 31, 2015

Counties and School Boards	The Township collects taxation revenue on behalf of the school boards and the United Counties of Stormont, Dundas and Glengarry. The taxation, other revenue, expenses, 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 these financial statements.														
Deferred Revenue	Revenues restricted by legislation, regulation or agreement and not available for general municipal purposes are reported as deferred revenue on the statement of financial position. The revenue is reported on the statement of operations in the year in which it is used for the specified purpose.														
Inventory	Inventory of goods not held for resale is measured at the lower of cost or replacement cost.														
Land Held for Sale	Land held for sale is measured at the lower of cost and net realizable value. Cost is determined using the replacement cost method.														
Tangible Capital Assets	<p>Tangible capital assets are stated at cost less accumulated amortization. Cost includes all costs directly attributable to the acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is provided on the basis of their useful lives using the straight-line method as follows:</p> <table border="0" style="margin-left: 40px;"> <tr> <td>Land improvements</td> <td style="text-align: right;">5 to 40 years</td> </tr> <tr> <td>Buildings</td> <td style="text-align: right;">10 to 40 years</td> </tr> <tr> <td>Roads, sidewalks and bridges</td> <td style="text-align: right;">5 to 75 years</td> </tr> <tr> <td>Equipment, furniture and machinery</td> <td style="text-align: right;">5 to 30 years</td> </tr> <tr> <td>Water infrastructure</td> <td style="text-align: right;">40 to 100 years</td> </tr> <tr> <td>Plant and facilities</td> <td style="text-align: right;">5 to 40 years</td> </tr> <tr> <td>Vehicles</td> <td style="text-align: right;">6 to 24 years</td> </tr> </table> <p>Landfill sites are amortized using the units of production method based upon capacity used during the year.</p>	Land improvements	5 to 40 years	Buildings	10 to 40 years	Roads, sidewalks and bridges	5 to 75 years	Equipment, furniture and machinery	5 to 30 years	Water infrastructure	40 to 100 years	Plant and facilities	5 to 40 years	Vehicles	6 to 24 years
Land improvements	5 to 40 years														
Buildings	10 to 40 years														
Roads, sidewalks and bridges	5 to 75 years														
Equipment, furniture and machinery	5 to 30 years														
Water infrastructure	40 to 100 years														
Plant and facilities	5 to 40 years														
Vehicles	6 to 24 years														

Township of South Stormont Notes to Financial Statements

December 31, 2015

1. Landfill Closure and Post-Closure

The Environmental Protection Act sets out the regulatory requirements to properly close and maintain all active and inactive landfill sites. Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill sites. This requirement is to be provided for over the estimated remaining life of the landfill site based on usage.

Landfill closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of groundwater and leachates from the site, ongoing environmental monitoring, site inspection and maintenance and reporting to the Ministry. The reported liability is based on estimates and assumptions with respect to events extending over a 34 year period using the best information available to management. Future events may result in significant changes to the estimated total expenses, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

	Total estimated expenses	2015 Accrued liabilities	2014 Accrued liabilities
County Road 29 landfill site	\$ 404,768	\$ 325,440	\$ 259,259
Trillium landfill site	1,307,808	604,203	440,741
	\$ 1,712,576	\$ 929,643	\$ 700,000

The estimated remaining capacity of the landfill sites, being a percentage of the total estimated capacity and the estimated remaining life of the sites are indicated below. The estimated number of years for post-closure care is also indicated.

	% of remaining capacity	Remaining life	Post-closure period
County Road 29 landfill site	-	-	13
Trillium landfill site	11	9	25

Township of South Stormont Notes to Financial Statements

December 31, 2015

2. Contingencies

The Township is contingently liable for payment of the long-term liabilities with respect to tile drainage and shore-line property assistance loans in the amount of \$203,817 (2014 - \$284,608) which are not reported on the Statement of Financial Position.

During 2014, the Government of Ontario expanded regulations to include six additional cancers presumed to be work-related for firefighters under the Workplace Safety and Insurance Act. This change is retroactive to January 1, 1960. During the years 1998 to 2010, the Township was a schedule 2 employer for WSIB, meaning that the Township self-insured for WSIB benefits. This change in regulations may give rise to liabilities of the Township for work-related cancers incurred by firefighters during this time. The Township is assessing the impact of this change and is unable to determine whether a liability exists at year end. Consequently, no provision has been made in these financial statements for any liability that may result.

3. Deferred Revenue

	2015	2014
Obligatory Reserve Funds		
Parkland	\$ 113,417	\$ 87,557
Federal Gas Tax	272,733	233,368
Other		
Deposits	28,640	-
Deferred revenue	397,248	674,993
	\$ 812,038	\$ 995,918

The net change during the year in the restricted deferred revenue balance is made up of the following:

	Parkland	Federal Gas Tax
Deferred revenue, beginning of the year	\$ 87,557	\$ 233,368
Restricted funds received during the year for the next year	23,575	35,330
Interest earned	2,285	4,035
	\$ 113,417	\$ 272,733

Township of South Stormont Notes to Financial Statements

December 31, 2015

4. Net Long-Term Liabilities

	2015	2014
Loan, 2.71%, due July 2036, payable by semi-annual instalments of \$145,247, principal and interest. (South Stormont Water Treatment facilities)	\$ 4,628,581	\$ 4,790,344
Loan, 3.15%, due June 2035, payable by monthly instalments of \$8,179, principal and interest. (Medical Clinic)	1,428,669	-
Loan, 3.52%, due November 2026, payable by semi-annual instalments of \$122,357, principal and interest. (Municipal Infrastructure)	2,216,016	2,378,427
Loan, 2.69%, due September 2024, payable by semi-annual instalments of \$31,548, principal and interest. (LED Street Lights)	501,375	550,000
Loan, 3.52%, due December 2020, payable by semi-annual instalments of \$9,235, principal and interest. (Wales Village - Osnabruck Centre Waterline Extension)	84,005	99,117
Loan, 5.58%, due November 2017, payable by monthly instalments of \$15,689, principal and interest. (South Stormont Water Treatment facilities)	341,664	506,330
Loan, 2.04%, repaid during the year	-	4,668
	\$ 9,200,310	\$ 8,328,886

The principal payments for the next five years and thereafter are as follows:

2016	\$	627,700
2017	\$	635,834
2018	\$	482,590
2019	\$	497,634
2020	\$	513,157
Thereafter	\$	6,443,395

The annual principal and interest payments required to service the long-term liabilities of the Municipality are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

Township of South Stormont Notes to Financial Statements

December 31, 2015

5. Tangible Capital Assets

	2015				
	Land	Land improvements	Buildings	Roads, sidewalks and bridges	Equipment, furniture and machinery
Cost, beginning of year	\$ 1,143,493	\$ 2,036,412	\$ 11,198,663	\$ 29,999,468	\$ 2,935,367
Acquisitions	12,590	62,409	24,015	775,201	328,784
Disposals	-	-	-	(355,708)	(69,672)
Cost, end of year	1,156,083	2,098,821	11,222,678	30,418,961	3,194,479
Accumulated amortization, beginning of year	-	1,262,658	2,823,470	12,530,925	1,968,092
Amortization	-	78,340	301,010	795,145	127,108
Disposals	-	-	-	(316,138)	(5,247)
Accumulated amortization, end of year	-	1,340,998	3,124,480	13,009,932	2,089,953
Net carrying amount, end of year	\$ 1,156,083	\$ 757,823	\$ 8,098,198	\$ 17,409,029	\$ 1,104,526
	Water infrastructure	Plant and facilities	Vehicles	Work in Progress	Total
Cost, beginning of year	\$ 16,925,120	\$ 28,809,284	\$ 5,518,219	\$ 150,509	\$ 98,716,535
Acquisitions	26,687	474,763	57,849	301,531	2,063,829
Disposals	-	(212,165)	-	-	(637,545)
Reclassification	-	-	35,977	(35,977)	-
Cost, end of year	16,951,807	29,071,882	5,612,045	416,063	100,142,819
Accumulated amortization, beginning of year	3,868,548	17,444,924	2,665,346	-	42,563,963
Amortization	182,268	664,145	305,538	-	2,453,554
Disposals	-	(200,003)	-	-	(521,388)
Accumulated amortization, end of year	4,050,816	17,909,066	2,970,884	-	44,496,129
Net carrying amount, end of year	\$ 12,900,991	\$ 11,162,816	\$ 2,641,161	\$ 416,063	\$ 55,646,690

Township of South Stormont Notes to Financial Statements

December 31, 2015

5. Tangible Capital Assets (continued)

	2014				
	Land	Land improvements	Buildings	Roads, sidewalks and bridges	Equipment, furniture and machinery
Cost, beginning of year	\$ 1,143,004	\$ 1,798,418	\$ 9,747,154	\$ 27,597,761	\$ 2,860,547
Acquisitions	489	87,610	1,504,697	1,354,206	72,320
Disposals	-	(34,465)	(53,188)	(505,933)	-
Reclassification	-	184,849	-	1,553,434	2,500
Cost, end of year	1,143,493	2,036,412	11,198,663	29,999,468	2,935,367
Accumulated amortization, beginning of year	-	1,199,641	2,605,255	12,215,579	1,845,328
Amortization	-	68,772	262,014	733,841	122,764
Disposals	-	(5,755)	(43,799)	(418,495)	-
Accumulated amortization, end of year	-	1,262,658	2,823,470	12,530,925	1,968,092
Net carrying amount, end of year	\$ 1,143,493	\$ 773,754	\$ 8,375,193	\$ 17,468,543	\$ 967,275
	Water and sewer infrastructure	Plant and facilities	Vehicles	Work in progress	Total
Cost, beginning of year	\$ 15,949,007	\$ 28,494,104	\$ 5,004,375	\$ 2,359,088	\$ 94,953,458
Acquisitions	500,313	315,180	552,179	47,991	4,434,985
Disposals	(39,987)	-	(38,335)	-	(671,908)
Reclassification	515,787	-	-	(2,256,570)	-
Cost, end of year	16,925,120	28,809,284	5,518,219	150,509	98,716,535
Accumulated amortization, beginning of year	3,675,143	16,800,834	2,407,695	-	40,749,475
Amortization	224,437	644,090	295,986	-	2,351,904
Disposals	(31,032)	-	(38,335)	-	(537,416)
Accumulated amortization, end of year	3,868,548	17,444,924	2,665,346	-	42,563,963
Net carrying amount, end of year	\$ 13,056,572	\$ 11,364,360	\$ 2,852,873	\$ 150,509	\$ 56,152,572

6. Other Revenues

	2015 Budget	2015 Actual	2014 Actual
Donations	\$ -	\$ -	\$ 5,000
Donations for tangible capital assets	7,000	14,447	7,812
Interest and penalties on taxes	267,000	305,899	265,141
Grant from other organizations	20,472	30,473	-
Rental income	443,806	406,929	343,240
Interest income	105,000	141,100	115,171
	\$ 843,278	\$ 898,848	\$ 736,364

**Township of South Stormont
Notes to Financial Statements**

December 31, 2015

7. Expenses by Object

Total expenses for the year reported on the statement of operations are as follows:

	<u>2015</u>	<u>2014</u>
Amortization of tangible capital assets	\$ 2,453,555	\$ 2,351,903
Contracted services	2,062,491	1,667,006
Contributions to other organizations	134,751	117,637
Financial expenses	78,537	77,742
Interest on long-term debt	281,829	294,114
Loss on disposal of tangible capital assets	116,157	109,322
Materials	4,168,840	3,997,240
Salaries, wages and benefits	2,745,036	2,448,137
	<u>\$ 12,041,196</u>	<u>\$ 11,063,101</u>

8. Operations of School Boards and the United Counties of Stormont, Dundas and Glengarry

During the year, the following taxation revenues were levied and remitted to the school boards and the United Counties of Stormont, Dundas and Glengarry:

	<u>2015</u>	<u>2014</u>
School boards	\$ 3,656,268	\$ 3,519,239
United Counties of Stormont, Dundas and Glengarry	<u>\$ 7,941,801</u>	<u>\$ 7,548,501</u>

Township of South Stormont Notes to Financial Statements

December 31, 2015

9. Pension Agreements

The Township is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of all full-time members of its staff. The plan is a defined benefit pension plan which specifies the amount of the retirement benefits to be received by the employees based on length of service and rates of pay. The Board of Trustees representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. The Township has adopted defined contribution plan accounting principles for this plan because insufficient information is available to apply defined benefit plan accounting principles. OMERS provides pension services to approximately 461,000 active and retired members and approximately 1,000 employers.

Each year an independent actuary determines the funding status of the OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of the invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2015. The results of this valuation disclosed total actuarial liabilities of \$82,369 million in respect of benefits accrued for service with actuarial assets at that date of \$75,392 million indicating an actuarial deficit of \$6,977 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Township does not recognize any share of the OMERS pension surplus or deficit. The amount contributed to OMERS by the Township for 2015 was \$155,993 (2014 - \$150,695).

**Township of South Stormont
Notes to Financial Statements**

December 31, 2015

10. Accumulated Surplus

	2015	2014
Reserves		
Working fund	\$ 1,630,338	\$ 1,264,598
Election	14,967	-
Fire	1,225,595	1,016,190
Health and recreation	296,538	210,498
Water and sewer	4,436,450	4,018,672
Waste management	164,250	164,250
Other	548,530	485,885
	8,316,668	7,160,093
Reserve funds		
Water and sewer	507,532	496,121
Library	7,534	8,353
Senior support	23,571	16,035
	538,637	520,509
Water and sewer surplus	92,633	56,369
Land inventory for sale surplus	67,987	67,987
	160,620	124,356
Invested in tangible capital assets	55,646,690	56,152,572
Overfinanced (unfinanced) tangible capital assets	1,295,297	(667,220)
Net long-term debt	(9,200,310)	(8,328,886)
Unfunded interest on long-term debt	(74,918)	(74,918)
Unfinanced internal debt	(190,071)	(134,646)
Unfinanced landfill closure and post-closure	(929,643)	(700,000)
	46,547,045	46,246,902
Accumulated surplus	\$55,562,970	\$ 54,051,860

Township of South Stormont Notes to Financial Statements

December 31, 2015

11. Budget

The Financial Plan (Budget) By-Law adopted by Council was not prepared on a basis consistent with that used to report actual results (Canadian public sector accounting standards). The budget was prepared on a modified accrual basis while Canadian public sector accounting standards requires a full accrual basis. In addition, the budget expensed all tangible capital assets rather than including amortization of tangible capital assets expense. As a result, the budget figures presented in the statements of operations and changes in net financial assets represents the Financial Plan adopted by Council with adjustments as follows:

	<u>2015</u>
Budgeted deficit for the year	\$ (192,717)
Add:	
Capital expenses	4,329,382
Transfer to reserves	609,148
Repayment of long-term liabilities	571,012
Less:	
Transfers from accumulated surplus	(314,238)
Proceeds on issuance of long-term liabilities	(2,006,813)
Amortization of tangible capital assets	<u>(2,399,291)</u>
Budgeted surplus per statement of operations	<u>\$ 596,483</u>

12. Contractual Obligation

The Township has signed a five year contract for operation and maintenance services for water and wastewater treatment plants which expires May 2016. The Township has committed to pay an amount of \$256,278 for the remainder of the term stipulated in the contract.

Township of South Stormont

Notes to Financial Statements

December 31, 2015

13. Comparative Figures

Certain figures for the previous year have been reclassified to conform to the presentation adopted in the current year.

14. Segmented Information

The Township is a diversified municipal government institution that provides a wide range of services to its citizens such as fire, water and sewer, transportation and recreational. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

Environmental Services

Environmental services consists of providing the Township's drinking water, waste disposal as well as garbage and recycling collection for citizens, processing and cleaning sewage and ensuring the water and sewer system meets all Provincial standards.

Planning and Development

This department provides a number of services including Township planning, maintenance and enforcement of building and construction codes and review of all property development plans through its application process. It also provides maintenance of municipal drains, which ensures proper drainage for agricultural properties and tile drainage, whereas the Township acts an intermediate between the landowners and the province.

Protection Services

Protection is comprised of fire protection, conservation authority, protective inspection and control and emergency measures. The fire department is responsible to provide fire suppression service, fire prevention programs, training and education. The inspection and control department includes building inspection, by-law enforcement and animals control services.

Health and Recreation Services

Health and Recreation consists of providing 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 arena.

Transportation Services

Transportation is responsible for providing the winter and summer maintenance, the repair and construction of the Township's roads system including bridges, sidewalks and culverts. In addition, Transportation services operate traffic and parking services for the Township.

General Government

This item relates to the revenues and expenses from operations of the Township itself and cannot be directly attributed to a specific segment.

**Township of South Stormont
Notes to Financial Statements**

December 31, 2015

14. Segmented Information (continued)

For the year ended December 31	Environmental Services	Planning and Development	Protection Services	Health and Recreation Services	Transportation Services	General Government	2015 total
Revenues							
Taxation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,743,557	\$ 5,743,557
Taxation from other governments	-	-	-	-	-	480,603	480,603
User charges	3,985,081	257,733	187,059	372,999	11,612	68,384	4,882,868
Government transfers - Federal	-	-	-	-	365,330	2,640	367,970
Government transfers - Provincial	86,800	23,932	28,943	-	54,057	984,728	1,178,460
Other revenues	24,301	-	20,000	34,083	-	820,464	898,848
	<u>4,096,182</u>	<u>281,665</u>	<u>236,002</u>	<u>407,082</u>	<u>430,999</u>	<u>8,100,376</u>	<u>13,552,306</u>
Expenses							
Amortization of tangible capital assets	955,573	10,006	180,112	182,120	974,389	151,355	2,453,555
Contracted services	1,517,831	94,468	142,325	1,390	234,164	72,313	2,062,491
Contributions to other organizations	-	-	134,751	-	-	-	134,751
Financial expenses	43,636	-	3,804	9,301	-	21,796	78,537
Interest on long-term debt	155,775	-	3,018	-	17,988	105,048	281,829
Loss on disposal of tangible capital assets	12,164	-	3,821	(231)	89,753	10,650	116,157
Materials	1,984,326	77,203	267,440	622,000	889,918	327,953	4,168,840
Salaries, wages and benefits	308,205	108,322	711,457	290,909	764,701	561,442	2,745,036
	<u>4,977,510</u>	<u>289,999</u>	<u>1,446,728</u>	<u>1,105,489</u>	<u>2,970,913</u>	<u>1,250,557</u>	<u>12,041,196</u>
Net surplus (deficit)	<u>\$ (881,328)</u>	<u>\$ (8,334)</u>	<u>\$ (1,210,726)</u>	<u>\$ (698,407)</u>	<u>\$ (2,539,914)</u>	<u>\$ 6,849,819</u>	<u>\$ 1,511,110</u>

Township of South Stormont Notes to Financial Statements

December 31, 2015

14. Segmented Information (continued)

For the year ended December 31	Environmental Services	Planning and Development	Protection Services	Health and Recreation Services	Transportation Services	General Government	2014 total
Revenues							
Taxation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,181,765	\$ 5,181,765
Taxation from other governments	-	-	-	-	-	478,504	\$ 478,504
User charges	3,410,274	102,594	153,661	368,919	14,250	37,108	4,086,806
Government transfers - Federal	-	-	8	22,234	452,632	3,597	478,471
Government transfers - Provincial	323,391	16,698	23,703	-	380,939	896,092	1,640,823
Other revenues	29,075	-	-	18,192	-	689,097	736,364
	<u>3,762,740</u>	<u>119,292</u>	<u>177,372</u>	<u>409,345</u>	<u>847,821</u>	<u>7,286,163</u>	<u>12,602,733</u>
Expenses							
Amortization of tangible capital assets	977,104	12,070	182,108	171,066	895,452	114,103	2,351,903
Contracted services	1,192,871	79,715	78,369	890	198,786	116,375	1,667,006
Contributions to other organizations	-	-	117,637	-	-	-	117,637
Financial expenses	44,472	-	2,142	4,258	-	26,870	77,742
Interest on long-term debt	169,348	21,300	4,183	-	1,088	98,195	294,114
Loss on disposal of tangible capital assets	8,956	-	-	15,826	84,540	-	109,322
Materials	1,803,494	159,111	207,246	590,698	885,373	351,318	3,997,240
Salaries, wages and benefits	326,282	113,316	488,130	258,126	720,296	541,987	2,448,137
	<u>4,522,527</u>	<u>385,512</u>	<u>1,079,815</u>	<u>1,040,864</u>	<u>2,785,535</u>	<u>1,248,848</u>	<u>11,063,101</u>
Net surplus (deficit)	<u>\$ (759,787)</u>	<u>\$ (266,220)</u>	<u>\$ (902,443)</u>	<u>\$ (631,519)</u>	<u>\$ (1,937,714)</u>	<u>\$ 6,037,315</u>	<u>\$ 1,539,632</u>