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**UNITED COUNTIES OF STORMONT, DUNDAS AND GLENGARRY**

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**FINANCIAL STATEMENTS**

**December 31, 2015**

# UNITED COUNTIES OF STORMONT, DUNDAS AND GLENGARRY

December 31, 2015

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## INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of  
the United Counties of Stormont, Dundas and Glengarry

We have audited the financial statements of the United Counties of Stormont, Dundas and Glengarry, which comprise the statement of financial position as at December 31, 2015, and the statements of financial activities, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Administration's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, these financial statements present fairly, in all material respects, the financial position of the United Counties of Stormont, Dundas and Glengarry as at December 31, 2015 and the results of its operations, change in net assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Cornwall, Ontario  
June 20, 2016

**Chartered Professional Accountants**  
Licensed Public Accountants

**UNITED COUNTIES OF STORMONT, DUNDAS AND GLENGARRY**  
**STATEMENT OF FINANCIAL POSITION**

As at December 31, 2015

	2015	2014
<b>NET FINANCIAL ASSETS</b>		
<b>Assets</b>		
Cash	\$ 15,433,522	\$ 12,445,341
Accounts receivable	1,542,568	1,695,154
	<b>16,976,090</b>	<b>14,140,495</b>
 <b>Liabilities</b>		
Accounts payable	3,439,677	3,342,611
Deferred revenue	-	260,000
Future employment benefits payable (Note 3)	74,318	101,577
Municipal debt (Note 4)	11,916	21,355
	<b>3,525,911</b>	<b>3,725,543</b>
<b>Net Financial Assets</b>	<b>13,450,179</b>	<b>10,414,952</b>
 <b>Non-Financial Assets</b>		
Tangible capital assets	92,024,689	88,472,652
Inventory	1,946,429	1,710,033
Prepaid expenses	143,966	135,600
	<b>94,115,084</b>	<b>90,318,285</b>
<b>Accumulated Surplus</b>	<b>\$ 107,565,263</b>	<b>\$ 100,733,237</b>

See Accompanying Notes



**UNITED COUNTIES OF STORMONT, DUNDAS AND GLENGARRY**  
**STATEMENT OF FINANCIAL ACTIVITIES**

For the year ended December 31, 2015

	(Unaudited) BUDGET 2015	ACTUAL 2015	ACTUAL 2014
<b>REVENUE</b>			
Taxation (Note 1(a)(iii))	\$ 41,408,434	\$ 41,443,760	\$ 39,762,738
Fees and service charges	3,488,150	6,731,486	3,226,775
Grants	3,254,814	3,340,417	4,523,175
Investment income	175,782	169,711	182,365
Rents and other	180,375	167,633	154,253
	48,507,555	51,853,007	47,849,306
<b>EXPENSES</b>			
General government	2,794,127	2,601,649	2,891,309
Protection to persons and property	13,464,378	13,264,836	14,222,136
Transportation services	18,741,678	19,094,971	16,835,283
Health services	4,985,606	4,878,886	4,673,928
Social and family services	2,087,928	1,985,787	2,169,089
Social housing	1,541,234	1,527,507	1,473,924
Recreation and cultural services	2,174,237	2,193,931	2,104,373
Planning and development	1,453,127	1,351,300	1,046,262
	47,242,315	46,898,867	45,416,304
<b>OTHER REVENUE FOR CAPITAL PURPOSES</b>			
Deferred revenue earned (Note 2)	1,877,000	1,877,006	1,929,812
Loss on disposal of tangible capital assets	-	880	(103,846)
	1,877,000	1,877,886	1,825,966
<b>SURPLUS FOR THE YEAR</b>	3,142,240	6,832,026	4,258,968
<b>ACCUMULATED SURPLUS, beginning of year</b>	100,733,237	100,733,237	96,474,269
<b>ACCUMULATED SURPLUS, end of year</b>	\$ 103,875,477	\$ 107,565,263	\$ 100,733,237

See Accompanying Notes



**UNITED COUNTIES OF STORMONT, DUNDAS AND GLENGARRY**  
**STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**

For the year ended December 31, 2015

	(Unaudited) BUDGET 2015	ACTUAL 2015	ACTUAL 2014
Surplus for the year	\$ 3,142,240	\$ <b>6,832,026</b>	\$ 4,258,968
Amortization of tangible assets	8,779,600	<b>8,238,704</b>	7,962,759
Acquisition of tangible capital assets	(12,718,148)	<b>(12,770,828)</b>	(12,509,825)
Proceeds on disposal of tangible capital assets	-	<b>144,383</b>	16,274
Loss on disposals of tangible capital assets	-	<b>(880)</b>	103,846
Transfer of WIP to tangible capital assets	-	<b>836,580</b>	590,882
Change in inventory	-	<b>(236,392)</b>	(408,234)
Change in prepaid expenses	-	<b>(8,366)</b>	(9,076)
Increase in net financial assets	(796,308)	<b>3,035,227</b>	5,594
Net financial assets, beginning of year	10,414,952	<b>10,414,952</b>	10,409,358
Net financial assets, end of year	\$ 9,618,644	\$ <b>13,450,179</b>	\$ 10,414,952

See Accompanying Notes



# UNITED COUNTIES OF STORMONT, DUNDAS AND GLENGARRY

## STATEMENT OF CASH FLOWS

For the year ended December 31, 2015

	2015	2014
<b>CASH FROM OPERATING ACTIVITIES</b>		
Surplus for the year	\$ 6,832,026	\$ 4,258,968
Items not affecting cash		
Amortization expense	8,238,704	7,962,759
Loss on disposal of tangible capital assets	(880)	103,846
Changes in non-cash working capital balances		
Accounts receivable	152,586	(124,416)
Accounts payable	97,066	(456,686)
Deferred revenue	(260,000)	(840,000)
Future employment benefits payable	(27,259)	(38,664)
Inventory	(236,392)	(408,234)
Prepaid expenses	(8,366)	(9,074)
	<b>14,787,485</b>	<b>10,448,499</b>
<b>CASH USED IN FINANCING ACTIVITIES</b>		
Repayment of municipal debt	(9,439)	(9,921)
<b>CASH USED IN CAPITAL ACTIVITIES</b>		
Proceeds on disposal of tangible capital assets	144,383	16,274
Acquisition of tangible capital assets	(12,770,828)	(12,509,825)
Transfer of WIP to tangible capital assets	836,580	590,882
	<b>(11,789,865)</b>	<b>(11,902,669)</b>
<b>INCREASE (DECREASE) IN CASH AND EQUIVALENT</b>	<b>2,988,181</b>	<b>(1,464,091)</b>
<b>CASH AND EQUIVALENT, beginning of year</b>	<b>12,445,341</b>	<b>13,909,432</b>
<b>CASH AND EQUIVALENT, end of year</b>	<b>\$ 15,433,522</b>	<b>\$ 12,445,341</b>
<b>REPRESENTED BY :</b>		
Cash	<b>\$ 15,433,522</b>	<b>\$ 12,445,341</b>

See Accompanying Notes



# UNITED COUNTIES OF STORMONT, DUNDAS AND GLENGARRY

## SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the year ended December 31, 2015

	Land and Land Improvements	Buildings	Vehicles	Equipment	Street Lights	Roads	Storm Drains	Bridges	Construction in Process	2015	2014
<b>Cost</b>											
Balance, beginning of year	\$ 1,627,787	\$ 9,705,618	\$ 6,583,345	\$ 4,048,002	\$ 677,471	\$ 176,482,265	\$ 4,163,284	\$ 25,254,175	\$ 896,580	\$ 229,438,527	\$ 218,656,741
Additions during the year	3,019	96,756	388,275	166,419	-	9,905,870	395,717	1,781,294	33,478	12,770,828	12,509,825
Disposals during the year	1	130,241	140,148	591,808	-	1,072,100	44,201	-	836,580	2,815,079	1,728,039
<b>Balance, end of year</b>	<b>1,630,805</b>	<b>9,672,133</b>	<b>6,831,472</b>	<b>3,622,613</b>	<b>677,471</b>	<b>185,316,035</b>	<b>4,514,800</b>	<b>27,035,469</b>	<b>93,478</b>	<b>239,394,276</b>	<b>229,438,527</b>
<b>Accumulated Amortization</b>											
Balance, beginning of year	245,190	3,859,277	4,211,089	3,209,755	338,400	115,102,750	2,063,072	11,936,342	-	140,965,875	134,020,153
Amortization during the year	6,566	245,454	439,913	205,987	21,406	6,720,959	89,725	508,694	-	8,238,704	7,962,759
Amortization on disposals	-	66,882	93,760	591,808	-	1,040,019	42,523	-	-	1,834,992	1,017,037
<b>Balance, end of year</b>	<b>251,756</b>	<b>4,037,849</b>	<b>4,557,242</b>	<b>2,823,934</b>	<b>359,806</b>	<b>120,783,690</b>	<b>2,110,274</b>	<b>12,445,036</b>	<b>-</b>	<b>147,369,587</b>	<b>140,965,875</b>
<b>Net book value</b>	<b>\$ 1,379,049</b>	<b>\$ 5,634,284</b>	<b>\$ 2,274,230</b>	<b>\$ 798,679</b>	<b>\$ 317,665</b>	<b>\$ 64,532,345</b>	<b>\$ 2,404,526</b>	<b>\$ 14,590,433</b>	<b>\$ 93,478</b>	<b>\$ 92,024,689</b>	<b>\$ 88,472,652</b>

See Accompanying Notes





# UNITED COUNTIES OF STORMONT, DUNDAS AND GLENGARRY

## SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the year ended December 31, 2015

	Buildings	Police Services	Development	Library	Planning	POA	Roads	Treasury & IT	2015	2014
<b>Cost</b>										
Balance, beginning of year	\$ 3,044,664	\$ 32,303	\$ 25,369	\$ 2,988,032	\$ 1,030,214	\$ 10,499	\$ 221,854,967	\$ 452,479	\$ 229,438,527	\$ 218,656,741
Additions during the year	-	-	-	166,421	-	-	12,604,407	-	12,770,828	12,509,825
Disposals during the year	130,242	32,303	-	319,355	39,429	5,398	2,178,652	109,700	2,815,079	1,728,039
<b>Balance, end of year</b>	<b>2,914,422</b>	<b>-</b>	<b>25,369</b>	<b>2,835,098</b>	<b>990,785</b>	<b>5,101</b>	<b>232,280,722</b>	<b>342,779</b>	<b>239,394,276</b>	<b>229,438,527</b>
<b>Accumulated Amortization</b>										
Balance, beginning of year	1,915,834	32,303	16,487	2,333,077	89,809	8,459	136,119,471	450,435	140,965,875	134,020,153
Amortization during the year	67,537	-	1,268	182,541	-	1,020	7,985,318	1,020	8,238,704	7,962,759
Amortization on disposals	66,883	32,303	-	319,355	39,429	5,398	1,261,924	109,700	1,834,992	1,017,037
<b>Balance, end of year</b>	<b>1,916,488</b>	<b>-</b>	<b>17,755</b>	<b>2,196,263</b>	<b>50,380</b>	<b>4,081</b>	<b>142,842,865</b>	<b>341,755</b>	<b>147,369,587</b>	<b>140,965,875</b>
<b>Net book value</b>	<b>\$ 997,934</b>	<b>\$ -</b>	<b>\$ 7,614</b>	<b>\$ 638,835</b>	<b>\$ 940,405</b>	<b>\$ 1,020</b>	<b>\$ 89,437,857</b>	<b>\$ 1,024</b>	<b>\$ 92,024,689</b>	<b>\$ 88,472,652</b>

See Accompanying Notes



**UNITED COUNTIES OF STORMONT, DUNDAS AND GLENGARRY**  
**SCHEDULE OF ACCUMULATED SURPLUS**

For the year ended December 31, 2015

	<b>2015</b>	<b>2014</b>
<b>Surpluses</b>		
Operating surplus	\$ 936,759	\$ 659,954
Stormont, Dundas and Glengarry County Library Board	49,855	107,860
Stormont, Dundas and Glengarry Police Services Board	651,335	1,040,038
Unapplied capital financing	120,000	-
Unfunded liabilities to be recovered from future revenues		
Future employment benefits payable	(74,318)	(101,577)
<b>Total surpluses</b>	<b>1,683,631</b>	<b>1,706,275</b>
<b>Reserves</b>		
<b>Reserves set aside for specific purposes by Council:</b>		
Working capital	5,118,758	5,118,758
Sick leave	74,318	101,577
Capital expenditure	1,316,101	1,316,101
Roads	6,085,598	3,380,717
Library	127,680	89,000
Tax rate stabilization	400,000	-
Buildings	588,535	467,529
Other	157,869	101,983
<b>Total reserves</b>	<b>13,868,859</b>	<b>10,575,665</b>
<b>Invested in tangible capital assets</b>		
Tangible capital assets	92,024,689	88,472,652
Less: related debt	(11,916)	(21,355)
<b>Total invested in tangible capital assets</b>	<b>92,012,773</b>	<b>88,451,297</b>
<b>ACCUMULATED SURPLUS</b>	<b>\$ 107,565,263</b>	<b>\$ 100,733,237</b>

# UNITED COUNTIES OF STORMONT, DUNDAS AND GLENGARRY

## SCHEDULE OF CHANGE IN ACCUMULATED SURPLUS

For the year ended December 31, 2015

	Surpluses	Reserves	Invested in Tangible Capital Assets	2015	2014
<b>Balance, beginning of year</b>	<b>\$ 1,706,275</b>	<b>\$ 10,575,665</b>	<b>\$ 88,451,297</b>	<b>\$100,733,237</b>	<b>\$ 96,474,269</b>
Surplus for the year	15,070,730	-	(8,238,704)	6,832,026	4,258,968
Reserves used for operations	83,582	(83,582)	-	-	-
Transfer to reserves	(3,376,776)	3,376,776	-	-	-
Current year funds used for tangible capital assets	(12,770,828)	-	12,770,828	-	-
Disposal of tangible capital assets	980,087	-	(980,087)	-	-
Repayment of municipal debt	(9,439)	-	9,439	-	-
<b>Change in accumulated surplus</b>	<b>(22,644)</b>	<b>3,293,194</b>	<b>3,561,476</b>	<b>6,832,026</b>	<b>4,258,968</b>
<b>Balance, end of year</b>	<b>\$ 1,683,631</b>	<b>\$ 13,868,859</b>	<b>\$ 92,012,773</b>	<b>\$107,565,263</b>	<b>\$100,733,237</b>

See Accompanying Notes



# UNITED COUNTIES OF STORMONT, DUNDAS AND GLENGARRY

## SCHEDULE OF SEGMENTED DISCLOSURE

For the year ended December 31, 2015

	General Government	Protection Services	Transportation Services	Health Services	Social and Family Services	Social Housing	Recreation and Cultural Services	Planning and Development	2015	2014
<b>REVENUE</b>										
Taxation	\$ 3,102,448	\$ 10,950,171	\$ 15,889,030	\$ 4,985,606	\$ 2,087,928	\$ 1,541,234	\$ 1,924,636	\$ 962,707	\$ 41,443,760	\$ 39,762,738
Fees and service charges	133,872	2,710,392	3,627,534	-	-	-	13,428	246,260	6,731,486	3,226,775
Grants	2,221,834	54,877	823,788	-	-	-	196,573	43,345	3,340,417	4,523,175
Investment income	169,711	-	-	-	-	-	-	-	169,711	182,365
Rents and other	120,215	-	-	-	-	-	8,546	38,872	167,633	154,253
	<b>5,748,080</b>	<b>13,715,440</b>	<b>20,340,352</b>	<b>4,985,606</b>	<b>2,087,928</b>	<b>1,541,234</b>	<b>2,143,183</b>	<b>1,291,184</b>	<b>51,853,007</b>	<b>47,849,306</b>
<b>EXPENSES</b>										
Wages and benefits	1,221,558	612,926	2,735,331	-	-	-	1,422,344	637,816	6,629,975	6,457,193
Materials and services	78,780	289,294	8,319,634	-	-	-	567,843	613,757	9,869,308	6,832,994
Contracted services	1,098,893	11,715,692	-	28,424	-	-	13,884	17,285	12,874,178	14,620,442
Insurance and financial costs	66,582	49,113	54,690	-	-	-	7,319	149	177,853	187,605
Third party transfers	67,278	596,791	-	4,850,462	1,985,787	1,527,507	-	81,025	9,108,850	9,355,310
Amortization	68,558	1,020	7,985,316	-	-	-	182,541	1,268	8,238,703	7,962,760
	<b>2,601,649</b>	<b>13,264,836</b>	<b>19,094,971</b>	<b>4,878,886</b>	<b>1,985,787</b>	<b>1,527,507</b>	<b>2,193,931</b>	<b>1,351,300</b>	<b>46,898,867</b>	<b>45,416,304</b>
<b>OTHER REVENUE FOR CAPITAL PURPOSES</b>										
Deferred revenue earned	-	-	1,877,006	-	-	-	-	-	1,877,006	1,929,812
Loss on disposal of tangible capital assets	-	-	880	-	-	-	-	-	880	(103,846)
	<b>-</b>	<b>-</b>	<b>1,877,886</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,877,886</b>	<b>1,825,966</b>
<b>SURPLUS FOR THE YEAR</b>	<b>\$ 3,146,431</b>	<b>\$ 450,604</b>	<b>\$ 3,123,267</b>	<b>\$ 106,720</b>	<b>\$ 102,141</b>	<b>\$ 13,727</b>	<b>\$ (50,748)</b>	<b>\$ (60,116)</b>	<b>\$ 6,832,026</b>	<b>\$ 4,258,968</b>

See Accompanying Notes



# UNITED COUNTIES OF STORMONT, DUNDAS AND GLENGARRY

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared in accordance with Canadian public sector accounting standards and include the following significant accounting policies:

#### (a) Basis of consolidation

##### (i) Consolidated entities

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

Stormont, Dundas and Glengarry County Library Board  
Stormont, Dundas and Glengarry Police Services Board

All interfund assets and liabilities and sources of financing and expenditures have been eliminated with the exception of any funds of the Counties which results in consolidated interest income and expenditures during the year.

These financial statements reflect the investment in any government business enterprises and are consolidated using the modified equity method. Under the modified equity basis, the enterprises accounting principles are not adjusted to conform with those of the Counties and intergovernmental transactions and balances are not eliminated. The following government business enterprise is consolidated based on the Counties's share of ownership.

There are no government business enterprises

##### (ii) Non-consolidated entities

Eastern Ontario Health Unit

##### (iii) Accounting for school board transactions

The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards are not reflected in the balances of these financial statements.

##### (iv) Trust funds

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

#### (b) Taxation and related revenue

Property tax billings are issued by the Counties based on assessment rolls prepared by the Municipal Property Assessment Corporation ("MPAC") and collects property tax revenue billed through the lower tier municipalities. The authority to levy and collect property taxes is established under the *Municipal Act 2001*, the *Assessment Act*, the *Education Act* and other legalisation.

Taxation revenue consists of non-exchange transactions and is recognized in the period to which the assessment relates and a reasonable estimate of the amounts can be made. Annual taxation revenue also includes adjustments related to reassessments and appeals to prior years' assessments.

# UNITED COUNTIES OF STORMONT, DUNDAS AND GLENGARRY

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

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

#### (c) Government grants

Conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled. Unconditional grant revenue is recognized when monies are receivable. Grants for the acquisition of tangible capital assets are recognized in the period in which eligible expenditures are made.

#### (d) Government transfers

Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

#### (e) Fees and service charges

Fees and service charges are recognized when the activity is performed or when the services are rendered. Examples include, but are not limited to, Provincial Offenses Act fines, rental revenue, permits, and other fees from various recreation programs.

#### (f) Investment income

Investment income earned on surplus funds is reported as revenue in the period earned.

#### (g) Cash and cash equivalents

Cash and cash equivalents is defined as cash on hand, cash on deposit and short term investments.

#### (h) Deferred revenue

Deferred revenue represents government transfers that have been received for specific purposes, but the respective expenditures have not been incurred to date. These amounts will be recognized as revenues in the year the expenditures are incurred.

#### (i) Future employment benefits

Employee benefits include vacation entitlement and sick leave benefits. Vacation and sick leave benefits are accrued in accordance with the Counties' policy. The Counties account for its participation in the Ontario Municipal Employees Retirement System (OMERS) as a defined benefit plan.

#### (j) Amounts to be recovered from future revenues

Amounts to be recovered from future revenues represents the outstanding principal portion of unmatured long-term liabilities for expenditures, accrued interest on long-term liabilities and future employment benefits payable that will be financed through future revenues of the Counties and is reported on the Statement of Financial Position.

#### (k) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year.

# UNITED COUNTIES OF STORMONT, DUNDAS AND GLENGARRY

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

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

#### (k) Non-financial assets (Continued)

##### (i) Tangible capital assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements	25 to 40 years
Buildings	10 to 50 years
Vehicles	4 to 20 years
Equipment	
general equipment	3 to 30 years
library materials	7 years
leased assets	5 to 40 years
computer hardware and software	3 years
Storm drains	50 years
Street lights	30 years
Transportation	
roads	10 to 50 years
bridges and structures	25 to 75 years

A full year of amortization is charged in the year of acquisition and none in the year of disposal. Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

The Counties have a capitalization threshold of between \$5,000 to \$25,000, based on the asset class so that individual tangible capital assets of lesser value are expensed, unless they are pooled because, collectively, they have significant value, or for operational reasons.

##### (ii) Works of art and historical treasures

The Counties own various works of art and historical treasures dating back to 1850. The Counties also own a Harkness historical clock from 1893. Works of art and historical treasures are not recorded in the Counties' financial statements.

##### (iii) Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of the asset as of the date of the transfer.

##### (iv) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

##### (v) Inventory

Inventory held for consumption is recorded at the lower of cost or replacement cost.

# UNITED COUNTIES OF STORMONT, DUNDAS AND GLENGARRY

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

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

#### (l) Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires administration to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the current period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known. Significant items subject to such estimates and assumptions include the estimated useful life of tangible capital assets, the valuation of allowances for accounts receivable, and the valuation of inventories. Actual results could differ from these estimates.

### 2. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

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

	2015	2014
Balance, beginning of year	\$ -	\$ -
Grants received	1,877,006	1,929,812
Deferred revenue earned	(1,877,006)	(1,929,812)
Balance, end of year	\$ -	\$ -

### 3. FUTURE EMPLOYMENT BENEFITS PAYABLE

The Counties provide employee benefits that will require funding in future periods. Under the former sick leave benefit plan, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the Counties' employment. The Reserve for Sick Leave in the amount of \$74,318 (2014 - \$140,241) has been established to provide for this liability. With respect to the Workplace Safety and Insurance Act the Counties have elected to be a Schedule 2 employer and remit payments to the WSIB as required to fund disability payments. The estimate of future benefit costs as estimated by WSIB is \$NIL.



# UNITED COUNTIES OF STORMONT, DUNDAS AND GLENGARRY

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

### 4. MUNICIPAL DEBT

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

	2015	2014
Capital lease obligations, vehicles and equipment at various interest rates ranging from 0% to 6.75%, secured by assets, maturity dates ranging from May 2016 to July 2018	\$ 11,916	\$ 21,355
Principal payment due in the next three years are as follows:		
2016	\$ 5,260	
2017	4,310	
2018	2,346	
	\$ 11,916	

(b) The municipal debt reported in (a) of this note are payable from general municipal revenues.

### 5. PENSION AGREEMENTS

The Counties are a member of the Ontario Municipal Employees Retirement System (OMERS) which is a multi-employer retirement plan. The plan is a contributory defined benefit plan that specifies the amount of retirement benefit to be received by the employees based on the length of service and rates pay. Employers and employees contribute to the plan. Since any surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees, the Counties does not recognize any share of the OMERS pension surplus or deficit in these financial statements.

The employer amount contributed to OMERS for 2015 was \$429,787 (2014 - \$416,122) for current service and is included as an expenditure on the Statement of Financial Activities.

# UNITED COUNTIES OF STORMONT, DUNDAS AND GLENGARRY

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

### 6. PROVINCIAL OFFENCES

The Counties are the service provider for Provincial Offences on behalf of the Counties and the City of Cornwall. The provision of service began February 4, 2001. The net revenues are shared based on the share of population pursuant to the agreement between the City of Cornwall and the Counties.

	2015	2014
Revenue	\$ 2,592,663	\$ 2,695,840
Expenditures	1,161,509	1,167,255
	<b>\$ 1,431,154</b>	<b>\$ 1,528,585</b>
Net revenue is shared as follows:		
United Counties of Stormont, Dundas and Glengarry	\$ 834,363	\$ 901,342
City of Cornwall	596,791	627,243
	<b>\$ 1,431,154</b>	<b>\$ 1,528,585</b>

### 7. 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.

### 8. FINAL SETTLEMENTS

The Counties have services provided by third party service providers such as land ambulance, home for the aged, social housing, social services and policing. As well, the Province of Ontario provides funding for the current year that requires a final settlement. Some of these final settlements may not be known at the date of these financial statements. Administration has recorded an estimate of the settlements not yet finalized for 2015. Any adjustments required as a result of differences between the estimates and the final settlements will be recorded in next year's financial statements.

### 9. OPERATING EXPENDITURES BY OBJECT

	(Unaudited) BUDGET 2015	ACTUAL 2015	ACTUAL 2014
Wages and benefits	\$ 5,735,124	\$ 6,629,975	\$ 6,457,193
Materials and services	10,197,463	9,869,308	6,832,994
Contracted services	12,974,529	12,874,178	14,620,442
Insurance and financial costs	196,300	177,853	187,605
Third party transfers	9,359,299	9,108,850	9,355,310
Amortization	8,779,600	8,238,703	7,962,760
	<b>\$ 47,242,315</b>	<b>\$ 46,898,867</b>	<b>\$ 45,416,304</b>

# UNITED COUNTIES OF STORMONT, DUNDAS AND GLENGARRY

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

### 10. OPERATING SURPLUS

The total operating (deficit) surplus for the fiscal year ending December 31, 2015 was \$(169,900) (2014 - \$135,177). The general surplus of \$276,807 (2014 - \$74,810) was allocated to the operating surplus. The Library Board deficit of \$58,004 (2014 - \$75,039) was covered by the Library board surplus and the Police Services Board (deficit) surplus of \$(388,703) (2014 - \$135,406) was allocated to the Police services board's surplus.

	(Unaudited) BUDGET 2015	ACTUAL 2015	ACTUAL 2014
Surplus for the year	\$ 3,142,240	\$ 6,832,026	\$ 4,258,968
Funds transferred to reserves	(699,492)	(3,376,776)	(295,265)
Reserves used for operations	250,000	83,582	56,125
Change in future employment benefits payable	-	(27,252)	(38,664)
Acquisition of tangible capital assets	(12,718,148)	(12,770,828)	(12,509,825)
Transfer of work in progress to tangible capital assets	-	836,580	590,882
Amortization expense	8,779,600	8,238,704	7,962,758
Loss on sale of tangible capital assets	-	(880)	103,846
Proceeds on sale of tangible capital assets	-	144,383	16,274
Change in unexpended capital financing	-	(120,000)	-
Principal payments on municipal debt	-	(9,439)	(9,922)
Operating (deficit) surplus for the year	(1,245,800)	(169,900)	135,177
General surplus	700,000	(276,807)	(74,810)
Library board deficit	53,500	58,004	75,039
Police services board deficit (surplus)	492,300	388,703	(135,406)
	\$ -	\$ -	\$ -

### 11. SEGMENTED INFORMATION

The Counties is responsible for providing a range of services to its citizens. For management reporting purposes the Counties's operations and activities are organized and reported by department. These departments are reported by functional area in the body of the financial statements similar to reporting reflected in the Ontario Financial Information Return. These functional areas represent segments for the United Counties of Stormont, Dundas and Glengarry and expended disclosure by object has been reflected in the schedule of segmented disclosure.

For each segment separately reported, the segment revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

A brief description of each segment follows:

# UNITED COUNTIES OF STORMONT, DUNDAS AND GLENGARRY

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

### 11. SEGMENTED INFORMATION (Continued)

(a) General government

General government includes corporate services and governance of the Counties. Administration as a segment includes operating and maintaining municipal owned buildings, human resource management, legal, communications, information systems and technology, support to Council for policy development, by-law development in compliance with the Municipal Act, financial management reporting, monitoring and overall budget status as well as frontline reception and customer service.

(b) Protection services

Protection services includes police protection, and emergency measures and obligations under the Provincial Offenses Act.

(c) Transportation services

Transportation services includes administration and operation of traffic and parking services for the Counties. In addition, services are provided for the winter and summer road maintenance along with the repair and construction of the municipal roads system including bridges and culverts, as well as operation and maintenance of a fleet of vehicles and equipment for use in providing services to the Counties.

(d) Health services

Health services provide emergency medical services, land ambulance and funding for local public health organizations.

(e) Social and family services

Social and family services provide long-term care home at the Glen-Stor-Dun Lodge, and provincial programs such as social assistance and subsidized child care.

(f) Social housing

Social housing provide housing services for geared to income individuals in the United Counties of Stormont, Dundas and Glengarry.

(g) Recreation and cultural services

Recreation and cultural services includes libraries.

(h) Planning and development

Planning and development manages development for business interests, environmental concerns, heritage matters, local neighbourhoods and community development. It also facilitates economic development by providing services for the approval of all land development plans and the application and enforcement of the official plan.

# UNITED COUNTIES OF STORMONT, DUNDAS AND GLENGARRY

## FIVE YEAR FINANCIAL REVIEW

For the year ended December 31, 2015

### FINANCIAL ACTIVITIES (000's)

	2015	2014	2013	2012	2011
<b>Revenues</b>					
Taxation	\$ 41,444	\$ 39,763	\$ 38,892	\$ 37,641	\$ 36,042
Fees and service charges	6,731	3,227	3,364	3,616	3,651
Grants	3,340	4,524	3,021	558	4,334
Investment income	170	182	46	157	352
Rents and other	168	154	165	163	153
	51,853	47,850	45,488	42,135	44,532
<b>Expenses</b>					
General government	2,602	2,891	2,847	2,465	2,468
Protection to persons and property	13,265	14,222	13,341	13,548	13,431
Transportation services	19,095	16,835	16,997	16,462	15,669
Health services	4,879	4,674	4,593	6,691	4,402
Social and family services	1,986	2,169	2,345	2,715	2,780
Social housing	1,528	1,474	1,416	1,378	1,358
Recreation and cultural services	2,194	2,104	2,094	1,991	2,066
Planning and development	1,351	1,046	901	1,306	1,269
	46,900	45,415	44,534	46,556	43,443
<b>Other Revenue for Capital Purposes</b>					
Deferred revenue earned	1,877	1,930	2,976	2,800	1,401
Grants	-	-	-	2,902	1,162
(Loss) gain on disposal of tangible capital assets	1	(104)	(453)	(3)	(143)
	1,878	1,826	2,523	5,699	2,420
<b>Surplus for the year</b>	<b>\$ 6,831</b>	<b>\$ 4,261</b>	<b>\$ 3,477</b>	<b>\$ 1,278</b>	<b>\$ 3,509</b>

### TAXABLE ASSESSMENT (000's)

	2015	2014	2013	2012	2011
Residential and farm	\$ 6,914,365	\$ 6,394,962	\$ 5,925,388	\$ 5,430,027	\$ 5,086,628
Commercial and industrial	677,950	635,840	615,574	594,521	568,881
	7,592,315	7,030,802	6,540,962	6,024,548	5,655,509
Exempt	246,255	240,235	235,003	220,924	216,087
	\$ 7,838,570	\$ 7,271,037	\$ 6,775,965	\$ 6,245,472	\$ 5,871,596
Commercial and industrial	8.93%	9.04%	9.41%	9.87%	10.06%

# UNITED COUNTIES OF STORMONT, DUNDAS AND GLENGARRY

## FIVE YEAR FINANCIAL REVIEW

For the year ended December 31, 2015

### FINANCIAL INDICATORS

	2015	2014	2013	2012	2011
<b>Net long-term debt</b>	\$ 11,916	\$ 21,355	\$ 31,277	\$ 101,430	\$ 147,502
<b>Sustainability</b>					
Financial assets to liabilities	4.81	3.80	4.04	3.17	3.77
Financial assets to liabilities excluding long-term debt	4.83	3.82	4.07	3.25	3.93
Long-term debt to tangible capital assets	0.01 %	0.02 %	0.04 %	0.12 %	0.18 %
<b>Flexibility</b>					
Debt charges to total operating revenue	0.14 %	0.17 %	0.18 %	0.21 %	0.14 %
Total operating revenue to taxable assessment	0.66 %	0.66 %	0.71 %	0.76 %	0.80 %
<b>Vulnerability</b>					
Operating grants to operating revenue	6.44 %	9.45 %	12.42 %	13.13 %	14.69 %
Total grants to total revenues	10.06 %	13.46 %	13.18 %	14.85 %	15.49 %
<b>Reserve Coverage</b>					
Reserves to operating revenue	26.75 %	22.10 %	21.40 %	19.96 %	24.06 %
Reserves to working capital	0.90 %	0.85 %	0.82 %	0.99 %	0.84 %
Reserves	\$ 13,868,859	\$ 10,575,665	\$ 10,336,530	\$ 9,515,185	\$ 11,293,299