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**CORPORATION OF THE TOWNSHIP OF EDWARDSBURGH/CARDINAL**

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**FINANCIAL STATEMENTS**

**December 31, 2014**

# CORPORATION OF THE TOWNSHIP OF EDWARDSBURGH/CARDINAL

December 31, 2014

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## INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of  
the Corporation of the Township of Edwardsburgh/Cardinal

We have audited the financial statements of the Corporation of the Township of Edwardsburgh/Cardinal, which comprise the statement of financial position as at December 31, 2014, 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' 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 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.

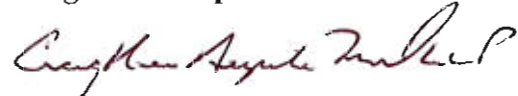
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation of the Township of Edwardsburgh/Cardinal as at December 31, 2014 and its results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Cornwall, Ontario  
May 4, 2015

**Craig Keen Despatie Markell LLP**



**Chartered Professional Accountants**  
Licensed Public Accountants

**CORPORATION OF THE TOWNSHIP OF EDWARDSBURGH/CARDINAL**  
**STATEMENT OF FINANCIAL POSITION**

As at December 31, 2014

	2014	2013
<b>NET FINANCIAL ASSETS</b>		
<b>Assets</b>		
Cash	\$ 7,499,141	\$ 7,798,826
Short-term investments	4,087,310	6,262,500
Taxes receivable	783,146	717,458
Accounts receivable	4,187,135	3,079,225
Inventory for resale	803,661	825,281
Long-term receivable (Note 2)	225,000	225,000
Investment in Rideau St. Lawrence Holdings Inc. (Note 3)	632,682	611,881
	<b>18,218,075</b>	<b>19,520,171</b>
 <b>Liabilities</b>		
Accounts payable	2,585,735	1,917,580
Accrued interest on municipal debt	64,985	65,782
Deferred revenue - obligatory reserve funds (Note 4)	189,808	178,587
Municipal debt (Note 5)	6,814,665	6,957,537
Accrued landfill closure and post closure costs (Note 6)	398,250	348,388
	<b>10,053,443</b>	<b>9,467,874</b>
<b>Net Financial Assets</b>	<b>8,164,632</b>	<b>10,052,297</b>
 <b>Non-Financial Assets</b>		
Tangible capital assets	67,728,696	60,715,557
Deferred revenue - Port of Johnstown	(22,076,583)	(18,480,676)
Inventory	103,807	74,347
Prepaid expenses	93,175	45,744
	<b>45,849,095</b>	<b>42,354,972</b>
<b>Accumulated Surplus</b>	<b>\$ 54,013,727</b>	<b>\$ 52,407,269</b>

See Accompanying Notes



# CORPORATION OF THE TOWNSHIP OF EDWARDSBURGH/CARDINAL

## STATEMENT OF FINANCIAL ACTIVITIES

For the year ended December 31, 2014

	BUDGET 2014 (unaudited)	ACTUAL 2014	ACTUAL 2013
<b>REVENUE</b>			
Taxation (Note 1(a)(iii))	\$ 4,307,000	\$ 4,329,062	\$ 4,149,319
Fees and service charges	2,992,949	2,872,416	3,629,613
Grants	929,732	918,089	1,090,224
Investment income	149,000	210,270	210,390
Donations	150,000	158,460	12,305
Port of Johnstown	6,306,400	6,845,049	6,873,388
Equity income from Rideau St. Lawrence Holdings Inc.	-	20,801	33,381
	14,835,081	15,354,147	15,998,620
<b>EXPENSES</b>			
General government	959,309	991,594	906,688
Protection to persons and property	1,751,838	1,830,140	1,626,895
Transportation services	1,890,588	2,137,184	2,106,940
Environmental services	2,427,085	2,472,607	2,768,662
Recreation and cultural services	1,723,178	1,930,287	1,652,452
Planning and development	223,230	208,285	249,571
Port of Johnstown	4,532,457	4,387,212	4,091,727
	13,507,685	13,957,309	13,402,935
<b>OTHER REVENUE RELATED TO CAPITAL</b>			
Deferred revenue earned (Note 4)	200,000	200,000	100,175
Grants	-	-	331,205
Gain (loss) on disposal of tangible capital assets	-	9,620	(135,419)
	200,000	209,620	295,961
<b>SURPLUS FOR THE YEAR</b>	1,527,396	1,606,458	2,891,646
<b>ACCUMULATED SURPLUS, beginning of year</b>	52,407,269	52,407,269	49,515,623
<b>ACCUMULATED SURPLUS, end of year</b>	\$ 53,934,665	\$ 54,013,727	\$ 52,407,269

See Accompanying Notes



**CORPORATION OF THE TOWNSHIP OF EDWARDSBURGH/CARDINAL**  
**STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**

For the year ended December 31, 2014

	BUDGET 2014 (unaudited)	ACTUAL 2014	ACTUAL 2013
Surplus for the year	\$ 1,527,396	\$ 1,606,458	\$ 2,891,646
Amortization of tangible assets	1,569,242	1,941,799	1,895,729
Acquisition of tangible capital assets	(2,080,500)	(8,954,940)	(11,432,877)
Proceeds on sale of tangible capital assets	-	9,620	4,000
Change in deferred revenue - Port of Johnstown	-	3,595,907	1,078,933
Gain (loss) on disposal of tangible capital assets	-	(9,620)	135,419
Change in inventory	-	(29,458)	1,773
Change in prepaid expenses	-	(47,431)	9,827
Decrease in net financial liabilities	1,016,138	(1,887,665)	(5,415,550)
Net financial assets, beginning of year	10,052,297	10,052,297	15,467,847
Net financial assets, end of year	\$ 11,068,435	\$ 8,164,632	\$ 10,052,297

See Accompanying Notes



# CORPORATION OF THE TOWNSHIP OF EDWARDSBURGH/CARDINAL

## STATEMENT OF CASH FLOWS

For the year ended December 31, 2014

	2014	2013
<b>CASH FROM OPERATING ACTIVITIES</b>		
Surplus for the year	\$ 1,606,458	\$ 2,891,646
Items not affecting cash		
Amortization expense	1,941,799	1,895,729
Gain (loss) on disposal of tangible capital assets	(9,620)	135,419
Changes in non-cash working capital balances		
Taxes receivable	(65,688)	17,050
Accounts receivable	(1,107,910)	320,255
Inventory for resale	21,620	59,558
Accounts payable	668,155	(99,202)
Accrued interest on municipal debt	(797)	60,335
Deferred revenue - Port of Johnstown	3,595,907	1,078,933
Deferred revenue - obligatory reserve funds	11,221	106,648
Accrued landfill closure and post closure costs	49,862	49,863
Inventory	(29,458)	1,776
Prepaid expenses	(47,431)	9,827
	6,634,118	6,527,837
<b>CASH USED IN FINANCING ACTIVITIES</b>		
Repayment of municipal debt	(335,063)	(389,078)
Proceeds from the issue of municipal debt	192,191	150,288
	(142,872)	(238,790)
<b>CASH USED IN INVESTING ACTIVITIES</b>		
Increase in investment in Rideau St. Lawrence Holdings Inc.	(20,801)	(33,381)
<b>CASH USED IN CAPITAL ACTIVITIES</b>		
Proceeds on disposal of capital assets	9,620	4,000
Acquisition of tangible capital assets	(8,954,940)	(11,432,877)
Loan proceeds used to finance capital projects	-	5,265,000
	(8,945,320)	(6,163,877)
<b>(DECREASE) INCREASE IN CASH AND EQUIVALENT</b>	(2,474,875)	91,789
<b>CASH AND EQUIVALENT, beginning of year</b>	14,061,326	13,969,537
<b>CASH AND EQUIVALENT, end of year</b>	\$ 11,586,451	\$ 14,061,326
<b>REPRESENTED BY :</b>		
Cash	\$ 7,499,141	\$ 7,798,826
Short-term investments	4,087,310	6,262,500
	\$ 11,586,451	\$ 14,061,326

See Accompanying Notes



**CORPORATION OF THE TOWNSHIP OF EDWARDSBURGH/CARDINAL**

**SCHEDULE OF TANGIBLE CAPITAL ASSETS**

For the year ended December 31, 2014

	Land	Buildings	Vehicles	Equipment	Plants and Facilities	Roads	Water and Sewer	Bridges	Port of Johnstown	2014	2013
<b>Cost</b>											
Balance, beginning of year	\$ 695,111	\$ 10,718,698	\$ 3,374,704	\$ 2,740,381	\$ 16,132,198	\$ 13,894,951	\$ 7,909,323	\$ 2,790,652	\$ 32,525,749	\$ 90,781,767	\$ 80,047,625
Additions during the year	-	361,957	245,184	101,492	1,038,831	548,892	39,452	354,148	6,264,984	8,954,940	11,432,877
Disposals during the year	-	-	299,336	364,247	-	86,151	-	-	-	749,934	698,735
<b>Balance, end of year</b>	<b>695,111</b>	<b>11,080,655</b>	<b>3,320,352</b>	<b>2,477,626</b>	<b>17,171,029</b>	<b>14,357,692</b>	<b>7,948,775</b>	<b>3,144,800</b>	<b>38,790,733</b>	<b>98,986,773</b>	<b>90,781,767</b>
<b>Accumulated Amortization</b>											
Balance, beginning of year	-	2,128,017	2,047,826	2,150,552	6,816,683	10,368,294	2,945,428	1,100,959	2,508,451	30,066,210	28,729,798
Amortization during the year	-	266,848	177,778	128,104	443,298	391,418	132,185	78,385	323,783	1,941,799	1,895,729
Amortization on disposals	-	-	299,336	364,245	-	86,151	-	-	-	749,932	559,317
<b>Balance, end of year</b>	<b>-</b>	<b>2,394,865</b>	<b>1,926,068</b>	<b>1,914,411</b>	<b>7,259,981</b>	<b>10,673,561</b>	<b>3,077,613</b>	<b>1,179,344</b>	<b>2,832,234</b>	<b>31,258,077</b>	<b>30,066,210</b>
<b>Net book value</b>	<b>\$ 695,111</b>	<b>\$ 8,685,790</b>	<b>\$ 1,394,284</b>	<b>\$ 563,215</b>	<b>\$ 9,911,048</b>	<b>\$ 3,684,131</b>	<b>\$ 4,871,162</b>	<b>\$ 1,965,456</b>	<b>\$ 35,958,499</b>	<b>\$ 67,728,696</b>	<b>\$ 60,715,557</b>

See Accompanying Notes





**CORPORATION OF THE TOWNSHIP OF EDWARDSBURGH/CARDINAL**

**SCHEDULE OF TANGIBLE CAPITAL ASSETS**

For the year ended December 31, 2014

	2014					2013
	General Government	Protection Services	Transportation Services	Environmental Services	Health and Recreation	Port of Johnstown
<b>Cost</b>						
Balance, beginning of year	\$ 696,725	\$ 3,095,622	\$ 19,485,343	\$ 25,048,757	\$ 9,929,571	\$ 9,843,312
Additions during the year	23,593	-	1,108,289	1,150,473	69,770	3,048,112
Disposals during the year	42,457	159,064	344,759	47,671	155,983	749,934
Assets in service, end of year	677,861	2,936,558	20,248,873	26,151,559	9,843,358	70,397,508
Assets under construction	161,301	-	176,529	-	-	28,251,435
Balance, end of year	839,162	2,936,558	20,072,344	26,151,559	9,843,358	98,986,773
<b>Accumulated Amortization</b>						
Balance, beginning of year	306,705	1,472,605	13,556,807	10,143,810	2,077,832	2,508,451
Amortization during the year	14,588	123,486	594,040	605,718	280,184	323,783
Amortization on disposals	42,457	159,064	344,757	47,671	155,983	-
Balance, end of year	278,836	1,437,027	13,806,090	10,701,857	2,202,033	2,832,234
<b>Net book value</b>	\$ 560,326	\$ 1,499,531	\$ 6,442,783	\$ 15,449,702	\$ 7,641,325	\$ 35,958,500
						\$ 67,728,696
						\$ 60,715,557

See Accompanying Notes



**CORPORATION OF THE TOWNSHIP OF EDWARDSBURGH/CARDINAL**

**SCHEDULE OF ACCUMULATED SURPLUS**

For the year ended December 31, 2014

	2014	2013
<b>Surpluses</b>		
Operating surplus	\$ -	\$ -
Land inventory surplus	804,641	804,641
Library board surplus	17,670	20,623
Capital surplus	(127,830)	181,000
Port of Johnstown	9,492,335	10,138,133
Investment in Government Business Enterprises	632,681	611,881
Unfunded liabilities to be recovered from future revenues		
Accrued interest on municipal debt	(64,985)	(65,782)
Accrued landfill closure and post closure	(398,250)	(348,388)
<b>Total surplus</b>	<b>10,356,262</b>	<b>11,342,108</b>
<b>Reserves and reserve funds</b>		
<b>Reserves set aside for specific purposes by Council:</b>		
Working capital	750,000	750,000
Capital expenditures	2,297,919	2,509,459
<b>Total reserves</b>	<b>3,047,919</b>	<b>3,259,459</b>
<b>Reserve funds set aside for specific purpose by legislation, regulation or agreement:</b>		
Water and sewer	915,645	988,025
Subdivision	130,961	101,208
Industrial park	365,721	1,074,997
Endowment	111,395	138,374
Recreation	-	28,700
<b>Total reserve funds</b>	<b>1,523,722</b>	<b>2,331,304</b>
<b>Total reserves and reserve funds</b>	<b>4,571,641</b>	<b>5,590,763</b>
<b>Invested in tangible capital assets</b>		
Tangible capital assets	67,728,696	60,715,557
Less: deferred revenue - Port of Johnstown	(22,076,583)	(18,480,676)
Less: related debt	(6,566,289)	(6,760,483)
<b>Invested in tangible capital assets</b>	<b>39,085,824</b>	<b>35,474,398</b>
<b>ACCUMULATED SURPLUS</b>	<b>\$ 54,013,727</b>	<b>\$ 52,407,269</b>

See Accompanying Notes



**CORPORATION OF THE TOWNSHIP OF EDWARDSBURGH/CARDINAL**

**SCHEDULE OF CHANGE IN ACCUMULATED SURPLUS**

For the year ended December 31, 2014

	Surpluses	Reserve Funds	Invested in Tangible Capital Assets	2014	2013
<b>Balance, beginning of year</b>	<b>\$ 11,342,108</b>	<b>\$ 5,590,763</b>	<b>\$ 35,474,398</b>	<b>\$ 52,407,269</b>	<b>\$ 49,515,623</b>
Surplus for the year	3,500,237	48,020	(1,941,799)	1,606,458	2,891,646
Reserve funds used for operations	1,863,405	(1,863,405)	-	-	-
Funds transferred to reserves	(796,263)	796,263	-	-	-
Current year funds used for tangible capital assets	(8,954,940)	-	8,954,940	-	-
Change in deferred revenue - Port of Johnstown	3,595,907	-	(3,595,907)	-	-
Repayment of municipal debt	(194,192)	-	194,192	-	-
<b>Change in accumulated surplus</b>	<b>(985,846)</b>	<b>(1,019,122)</b>	<b>3,611,426</b>	<b>1,606,458</b>	<b>2,891,646</b>
<b>Balance, end of year</b>	<b>\$ 10,356,262</b>	<b>\$ 4,571,641</b>	<b>\$ 39,085,824</b>	<b>\$ 54,013,727</b>	<b>\$ 52,407,269</b>

See Accompanying Notes



# CORPORATION OF THE TOWNSHIP OF EDWARDSBURGH/CARDINAL

## SCHEDULE OF SEGMENTED DISCLOSURE

For the year ended December 31, 2014

	General Government	Protection Services	Transportation Services	Environmental Services	Water and Sewer Services	Recreation and Cultural Services	Planning and Development	Port of Johnstown	2014	2013
<b>REVENUE</b>										
Taxation	\$ 167,897	\$ 1,335,502	\$ 1,659,754	\$ 308,338	\$ 42,107	\$ 722,146	\$ 93,318	\$ -	\$ 4,329,062	\$ 4,149,319
Fees and service charges	520,200	62,660	7,042	301,916	1,266,336	620,074	94,188	6,569,827	9,442,243	10,215,522
Grants	30,414	255,970	317,317	111,876	11,264	170,295	20,953	-	918,089	1,236,828
Investment income	207,043	-	-	-	3,224	3	-	133,131	343,401	351,265
Donations	-	-	-	-	-	158,460	-	-	158,460	12,305
Equity income	20,801	-	-	-	-	-	-	-	20,801	33,381
	946,355	1,654,132	1,984,113	722,130	1,322,931	1,670,978	208,459	6,702,958	15,212,056	15,998,620
<b>EXPENSES</b>										
Wages and benefits	629,769	219,254	662,944	59,805	438,599	799,921	31,729	2,402,467	5,244,488	4,245,036
Interest on municipal debt	58,569	740	-	-	-	240,226	7,675	-	307,210	208,482
Materials and services	166,553	307,742	820,814	258,070	469,023	551,469	146,260	990,527	3,710,458	4,519,742
Contracted services	102,704	1,136,477	4,400	404,937	159,748	6,199	21,143	412,600	2,248,208	2,043,851
Insurance and financial costs	19,411	42,441	54,986	21,234	55,473	52,288	1,478	257,835	505,146	490,095
Amortization	14,588	123,486	594,040	845	604,873	280,184	-	323,783	1,941,799	1,895,729
	991,594	1,830,140	2,137,184	744,891	1,727,716	1,930,287	208,285	4,387,212	13,957,309	13,402,935
<b>OTHER REVENUE RELATED TO CAPITAL</b>										
Deferred revenue earned	-	-	200,000	-	-	-	-	142,091	342,091	100,175
Grants	-	-	-	-	-	-	-	-	-	331,205
Gain (loss) on disposal of tangible capital assets	9,620	-	-	-	-	-	-	-	9,620	(135,419)
	9,620	-	200,000	-	-	-	-	142,091	351,711	295,961
<b>SURPLUS FOR THE YEAR</b>	\$ (35,619)	\$ (176,008)	\$ 46,929	\$ (22,761)	\$ (404,785)	\$ (259,309)	\$ 174	\$ 2,457,837	\$ 1,606,458	\$ 2,891,646

See Accompanying Notes  
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# CORPORATION OF THE TOWNSHIP OF EDWARDSBURGH/CARDINAL

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2014

### 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 board and other government organization:

Township of Edwardsburgh/Cardinal Library Board

Port of Johnstown

All interfund assets and liabilities and sources of financing and expenditures have been eliminated with the exception of any funds of the Township 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 Township and intergovernmental transactions and balances are not eliminated. The following government business enterprise is consolidated based on the Township's share of ownership.

Rideau St. Lawrence Holdings Inc.

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

There are no non-consolidated entities.

##### (iii) Accounting for United Counties of Leeds and Grenville 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 Leeds and Grenville are not reflected in the municipal fund balances of these financial statements.

##### (iv) Trust funds

Trust funds and their related operations administered by the Township are not consolidated.

#### (b) Fund accounting

Funds within the financial statements consists of the operating fund, capital fund and reserve funds. Transfers between funds are recorded as adjustments to the appropriate fund balance.

# CORPORATION OF THE TOWNSHIP OF EDWARDSBURGH/CARDINAL

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2014

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

#### (c) Taxation and related revenue

Property tax billings are issued by the Township based on assessment rolls prepared by the Municipal Property Assessment Corporation ("MPAC") and collects property tax revenue for municipal purposes, county taxes on behalf of the United Counties of Leeds and Grenville, provincial education taxes on behalf of the Province of Ontario, payment in lieu of taxation, local improvements and other charges. The authority to levy and collect property taxes is established under the *Municipal Act 2001*, the *Assessment Act*, the *Education Act* and other legislation.

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. The Township is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.

#### (d) 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.

#### (e) 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.

#### (f) Fees and service charges

Fees and service charges are recognized when the activity is performed or when the services are rendered. Examples include, but not are limited to, water and waste water charges, solid waste tipping fees, licensing fees, permits, and other fees from various recreation programs and facilities.

#### (g) Investment income

Investment income earned on surplus funds is reported as revenue in the period earned. Investment income earned on obligatory funds such as parkland allowances and gas tax funds is added to the associated funds and forms part of the respective deferred revenue, obligatory reserve fund balances.

#### (h) Cash and cash equivalents

Cash and cash equivalents is defined as cash on hand, cash on deposit and short term investments, which includes guaranteed investment certificates.

# CORPORATION OF THE TOWNSHIP OF EDWARDSBURGH/CARDINAL

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2014

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

#### (i) Reserve funds

Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to and from reserves and reserve funds are an adjustment to the respective fund when approved.

#### (j) 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.

#### (k) Landfill closure costs

The estimated costs to close and maintain solid waste landfill sites are based on estimated future expenses in current dollars, adjusted for estimated inflation, and are charged to expense as the landfill site's capacity is used.

#### (l) Employee benefits

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

#### (m) 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 Township and is reported on the statement of financial position.

# CORPORATION OF THE TOWNSHIP OF EDWARDSBURGH/CARDINAL

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2014

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

#### (n) 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.

#### (i) Tangible capital assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to 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	15 years
Buildings	10 to 50 years
Machinery and equipment	10 years
Vehicles	5 to 10 years
Computer hardware and software	5 to 10 years
Water and waste plants and networks	
underground networks	50 to 100 years
sewage treatment plants	50 to 75 years
water pumping stations and reservoirs	50 to 75 years
flood stations and other infrastructure	50 to 75 years
Transportation	
roads	10 to 50 years
bridges and structures	25 to 75 years
Leased assets	5 to 40 years

Full 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.

Active landfills are amortized annually based on the remaining estimated useful life. The estimated costs to close and maintain currently active landfill sites are based on estimated future expenses in current dollars, adjusted for estimated inflation, and are charged to expense as the landfill sites capacity is used.

The Township has a capitalization threshold of \$25,000 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. Examples of pooled assets are desktop computer systems, bunker gear and furniture.

#### (ii) 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.



# CORPORATION OF THE TOWNSHIP OF EDWARDSBURGH/CARDINAL

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2014

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

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

##### (iii) 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.

##### (iv) Inventory

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

#### (o) 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 doubtful taxes and accounts receivable, the valuation of inventories, and the estimated landfill closure and post closure costs. Actual results could differ from these estimates.

### 2. LONG-TERM RECEIVABLE

The long-term receivable is due from Rideau St. Lawrence Holdings Inc., is interest bearing 4.41%, paid quarterly, has no specific terms of repayment, and is unsecured.

### 3. INVESTMENT IN RIDEAU ST. LAWRENCE HOLDINGS INC.

	2014	2013
Investment, beginning of year	\$ 611,881	\$ 578,500
Share of net income for the year	39,878	48,877
Dividends received	(19,077)	(15,496)
Investment, end of year	\$ 632,682	\$ 611,881

The Township of Edwardsburgh/Cardinal owns 11.92 % of the outstanding share capital of Rideau St. Lawrence Holdings Inc.

# CORPORATION OF THE TOWNSHIP OF EDWARDSBURGH/CARDINAL

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2014

### 3. INVESTMENT IN RIDEAU ST. LAWRENCE HOLDINGS INC. (Continued)

The following table provides condensed supplementary financial information for Rideau St. Lawrence Holdings Inc.:

#### Financial Position

	2014	2013
Current assets	\$ 4,450,285	\$ 4,281,411
Capital	6,243,618	5,783,113
Regulatory assets	551,685	819,572
<b>Total Assets</b>	<b>11,245,588</b>	<b>10,884,096</b>
Current liabilities	4,283,860	3,845,811
Customer deposits	150,215	114,177
Regulatory liabilities	203,080	459,754
Long-term debt	1,300,651	1,331,120
<b>Total Liabilities</b>	<b>5,937,806</b>	<b>5,750,862</b>
<b>Net Assets</b>	<b>\$ 5,307,782</b>	<b>\$ 5,133,234</b>

#### Financial Activities

	2014	2013
Total Revenue	\$ 15,401,167	\$ 14,425,433
Total Expenses	15,066,619	14,015,388
<b>Net Income</b>	<b>\$ 334,548</b>	<b>\$ 410,045</b>
Township share of net income (11.92%)	\$ 39,878	\$ 48,877

### 4. 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 transactions in the federal gas tax obligatory reserve fund are summarized as follows:

	2014	2013
Balance, beginning of year	\$ 178,587	\$ 71,938
Grants received	206,983	205,185
Interest and other	4,238	1,639
Deferred revenue earned	(200,000)	(100,175)
<b>Balance, end of year</b>	<b>\$ 189,808</b>	<b>\$ 178,587</b>

**CORPORATION OF THE TOWNSHIP OF EDWARDSBURGH/CARDINAL**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2014

**5. MUNICIPAL DEBT**

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

	2014	2013
Loan payable, interest at 4.59%, payable in blended semi-annual payments of \$151,849, due October 2043	\$ 5,202,254	\$ 5,265,000
Loan payable, interest at 2.88%, payable in blended monthly payments of \$7,052, due October 2024	121,791	-
Loan payable, interest at 4.3%, payable in blended monthly payments of \$21,708, due November 2019	1,242,245	1,495,483
Loan payable, interest at 3.25%, payable in blended monthly payments of \$1,469, due May 2023	129,619	142,796
Tile drainage loans, interest at 6%, repayable over a ten year period in blended payments ranging between \$850 and \$6,800, maturity dates ranging from 2018 to 2024	118,756	54,258
	<b>\$ 6,814,665</b>	<b>\$ 6,957,537</b>

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

2015	\$ 365,886
2016	381,982
2017	398,794
2018	416,354
2019	231,571
Thereafter	5,020,078
	<b>\$ 6,814,665</b>

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

	2015 - 2019	Thereafter
General municipal revenues	\$ 416,779	\$ 4,907,266
Benefiting landowners	1,377,808	112,812
	<b>\$ 1,794,587</b>	<b>\$ 5,020,078</b>



# CORPORATION OF THE TOWNSHIP OF EDWARDSBURGH/CARDINAL

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2014

### 6. ACCRUED LANDFILL CLOSURE AND POST CLOSURE COSTS

The Township operates one solid waste landfill site. The landfill site has reached its useful life and capping procedures are planned to commence in 2015. 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 ten years. Total closure and post-closure costs are estimated to be \$398,250 with \$398,250 (2013 - \$348,388) being accrued at the end of the current fiscal year. These costs are to be recovered from future taxation revenue and reserves.

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

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

	<b>2014</b>	<b>2013</b>
Municipal debt	\$ 6,814,665	\$ 6,957,537
Accrued interest on municipal debt	64,985	65,782
Accrued landfill closure and post-closure	398,250	348,388
	<b>\$ 7,277,900</b>	<b>\$ 7,371,707</b>

Amounts are to be recovered from the following sources:

General municipal revenues	\$ 5,783,221	\$ 5,674,300
Benefiting landowners	1,494,679	1,697,407
	<b>\$ 7,277,900</b>	<b>\$ 7,371,707</b>

### 8. OPERATING EXPENDITURES BY OBJECT

Municipal operating expenditures, excluding Port of Johnstown, are summarized as follows:

	BUDGET 2014 (unaudited)	ACTUAL 2014	ACTUAL 2013
Wages and benefits	\$ 2,806,900	\$ 2,842,021	\$ 2,720,603
Interest on long-term debt	281,236	307,210	208,482
Materials and services	2,212,350	2,719,931	2,899,659
Contracted services	1,866,600	1,835,608	1,679,224
Insurance and financial expenses	233,700	247,311	233,535
Amortization	1,569,242	1,618,016	1,569,705
	<b>\$ 8,970,028</b>	<b>\$ 9,570,097</b>	<b>\$ 9,311,208</b>

# CORPORATION OF THE TOWNSHIP OF EDWARDSBURGH/CARDINAL

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2014

### 9. OPERATING AND WATERWORKS AND SEWER OPERATIONS SURPLUSES AND DEFICITS

The operating surplus for the fiscal year ending December 31, 2014 was \$161,087 (2013 - \$372,952), which was transferred to the capital expenditures reserve.

The waterworks and sewer operations deficit for the fiscal year ending December 31, 2014 was \$93,088 (2013 - \$71,696), of which a deficit of \$69,176 was funded from the Cardinal wastewater reserve, \$31,765 was funded from the Cardinal water reserve and a surplus of \$7,853 was transferred to the Spencerville wastewater reserve.

	BUDGET 2014 (unaudited)	ACTUAL 2014	ACTUAL 2013
Surplus for the year	\$ 1,527,396	\$ 1,606,458	\$ 2,891,646
Funds transferred to reserves	(837,285)	(635,176)	(921,649)
Reserve funds used for operations	991,501	1,770,317	1,501,491
Reserve fund interest	-	(48,020)	(51,140)
Change in accrued landfill costs	-	49,863	49,863
Acquisition of tangible capital assets	(2,080,500)	(2,689,956)	(7,706,780)
Annual amortization expense	1,569,242	1,618,016	1,569,705
(Gain) loss on sale of tangible capital assets	-	(9,620)	127,915
Proceeds on sale of tangible capital assets	-	9,620	4,000
Change in accrued interest on municipal debt	-	(797)	60,335
Port of Johnstown	(1,015,943)	(1,699,498)	(2,015,817)
Rideau St. Lawrence Holdings Inc.	-	(20,801)	(33,381)
Change in capital surplus	181,000	308,830	(126,300)
Change in land inventory surplus	-	-	65,853
Principal payments on municipal debt	(335,064)	(315,981)	(376,017)
Proceeds from municipal debt	-	121,792	5,265,000
<b>Operating surplus for the year</b>	<b>347</b>	<b>65,047</b>	<b>304,724</b>
Library board surplus	(347)	2,952	(3,468)
Transfer for water and sewer reserves	-	93,088	71,696
Transfer to capital expenditures reserve	-	(161,087)	(372,952)
	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

### 10. TRUST FUNDS

Trust funds administered by the Township amounting to \$1,828,122 (2013 - \$1,807,229) have not been included in the statement of financial activities.

# CORPORATION OF THE TOWNSHIP OF EDWARDSBURGH/CARDINAL

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2014

### 11. 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 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 employee contribute to the plan. Since any surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees, the Township does not recognize any share of the OMERS pension surplus or deficit in these financial statements.

The employer amount contributed to OMERS for 2014 was \$166,372 (2013 - \$153,009) for current service and is included as an expenditure on the statement of financial activities. The Township also contributed \$147,153 (2013 - \$144,716) for current service relating to the Port of Johnstown.

### 12. SEGMENTED INFORMATION

The Township is responsible for providing a range of services to its citizens. For management reporting purposes the Township'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 Township of Edwardsburgh/Cardinal 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:

#### (a) General government

General government includes corporate services and governance of the Township. 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, tax billing and collection responsibilities, financial management reporting, monitoring and overall budget status as well as frontline reception and customer service.

#### (b) Protection services

Protection services includes fire protection, conservation authority, protective inspection and control, and emergency measures. Fire protection includes inspection, extinguishing and suppression services, emergency medical first response, and prevention education and training programs. Inspection and control includes building inspection, by-law enforcement and dog control services.

#### (c) Transportation services

Transportation services includes administration and operation of traffic and parking services for the Township. 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 Township.

# CORPORATION OF THE TOWNSHIP OF EDWARDSBURGH/CARDINAL

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2014

### 12. SEGMENTED INFORMATION (Continued)

(d) Environmental services

Environmental services includes waste collection, disposal and recycling services.

(e) Water and sewer services

Water and sewer services includes the operation of water and waste water facilities and infrastructure for the collection and distribution of both water and sewer services within the Township.

(f) Recreation and cultural services

Recreation and cultural services provides 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 arenas.

(g) 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 zoning by-law and official plan.

(h) Port of Johnstown

The Port of Johnstown is a government organization which provides multi-modal transportation hub and seasonal river port services for dry bulk products. The Port's main functions include bulk cargo handling and storage, grain cleaning, and marine, rail and truck loading and unloading services.

### 13. BUDGET FIGURES

Budgets established for Capital, Reserves and Reserve Funds are based on a project-oriented basis, the costs of which may be carried out over one or more years.

### 14. PORT OF JOHNSTOWN

On October 12, 2000, the Township acquired ownership of the assets of the Port of Johnstown from Canada Ports Corporation for \$60. This agreement stipulates the protocol for the disposition of Port of Johnstown assets by the Township during the operating period (four years) and the monitoring period (thirty-one years).

The Port has changed its name as of January 1, 2014 to Port of Johnstown. It was previously operating as Port of Prescott.

### 15. COMPARATIVE FIGURES

Certain comparative figures have been restated to conform to current year's financial statement presentation.

# CORPORATION OF THE TOWNSHIP OF EDWARDSBURGH/CARDINAL

## FIVE YEAR FINANCIAL REVIEW

For the year ended December 31, 2014

### FINANCIAL ACTIVITIES (000's)

	2014	2013	2012	2011	2010
<b>Revenues</b>					
Taxation	\$ 4,329	\$ 4,150	\$ 3,976	\$ 3,754	\$ 3,607
Fees and service charges	2,873	3,631	2,919	2,814	4,077
Grants	918	1,090	854	544	698
Investment income	210	210	218	182	151
Donations	158	12	11	25	24
Port of Johnstown	6,845	6,873	6,706	6,566	7,286
Equity income	21	33	8	12	34
	15,354	15,999	14,692	13,897	15,877
<b>Expenses</b>					
General government	992	906	901	1,229	1,098
Protection to persons and property	1,830	1,627	1,731	1,689	1,721
Transportation services	2,137	2,107	2,147	2,036	1,893
Environmental	2,473	2,769	2,253	2,195	2,099
Recreation and cultural services	1,930	1,652	1,358	1,083	1,016
Planning and development	208	250	204	170	73
Port of Johnstown	4,387	4,092	3,796	3,916	4,949
	13,957	13,403	12,390	12,318	12,849
<b>Other Revenue Related to Capital</b>					
Deferred revenue earned	200	100	300	625	-
Grants	-	331	159	124	-
Gain (loss) on disposal of tangible capital assets	10	(135)	(30)	(18)	3
	210	296	429	731	3
<b>Surplus for the year</b>	<b>\$ 1,607</b>	<b>\$ 2,892</b>	<b>\$ 2,731</b>	<b>\$ 2,310</b>	<b>\$ 3,031</b>

### PROPERTY TAXES BILLED (000's)

	2014	2013	2012	2011	2010
Own purposes	\$ 4,329	\$ 4,149	\$ 3,976	\$ 3,754	\$ 3,607
Upper-tier municipality	2,589	2,513	2,353	2,329	2,770
School boards	2,097	2,084	2,047	2,116	2,257
	<b>\$ 9,015</b>	<b>\$ 8,746</b>	<b>\$ 8,376</b>	<b>\$ 8,199</b>	<b>\$ 8,634</b>



# CORPORATION OF THE TOWNSHIP OF EDWARDSBURGH/CARDINAL

## FIVE YEAR FINANCIAL REVIEW

For the year ended December 31, 2014

### TAXABLE ASSESSMENT (000's)

	2014	2013	2012	2011	2010
Residential and farm	\$ 611,757	\$ 579,252	\$ 548,806	\$ 516,885	\$ 486,550
Commercial and industrial	71,744	68,477	68,557	62,217	58,699
	683,501	647,729	617,363	579,102	545,249
Exempt	31,439	30,749	31,110	30,267	30,769
	\$ 714,940	\$ 678,478	\$ 648,473	\$ 609,369	\$ 576,018
Commercial and industrial	10.50%	10.57%	11.10%	10.74%	10.77%

### FINANCIAL INDICATORS

	2014	2013	2012	2011	2010
<b>Tax arrears</b>					
Percentage of own levy	18 %	18 %	15 %	16 %	16 %
Percentage of total levy	9 %	8 %	9 %	7 %	7 %
<b>Municipal debt</b>	\$ 6,814,664	\$ 6,957,538	\$ 1,931,328	\$ 2,278,691	\$ 2,620,497
<b>Municipal debt charges</b>	\$ 642,274	\$ 591,992	\$ 583,177	\$ 580,609	\$ 535,039
<b>Sustainability</b>					
Financial assets to liabilities	1.81	2.06	4.24	3.86	3.86
Financial assets to liabilities excluding municipal debt	5.18	7.20	7.66	6.54	8.16
Municipal debt to tangible capital assets	10.06 %	11.46 %	3.76 %	6.37 %	8.13 %
<b>Flexibility</b>					
Debt charges to total operating revenue	4.18 %	3.70 %	6.92 %	7.22 %	5.99 %
Total operating revenue to taxable assessment	2.15 %	2.36 %	1.30 %	1.32 %	1.55 %
<b>Vulnerability</b>					
Operating grants to operating revenue	5.98 %	6.81 %	5.81 %	3.91 %	4.40 %
Total grants to total revenues	5.90 %	8.72 %	6.70 %	4.57 %	4.40 %
<b>Reserve coverage</b>					
Reserves and reserve funds	\$ 4,571,641	\$ 5,590,763	\$ 5,818,209	\$ 5,730,589	\$ 4,810,520
Reserves to operating expenses	33 %	42 %	47 %	47 %	37 %
Reserves to working capital	0.37	0.43	0.44	0.37	0.32