

**CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

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**Township of Leeds and  
The Thousand Islands  
Consolidated  
Financial Statements  
December 31, 2015**

**Township of Leeds and The Thousand Islands**  
**Five Year Financial Review**  
(not subject to audit)

December 31	2015	2014	2013	2012	2011
<b>Population</b> (Statistics Canada)	9,277	9,277	9,277	9,277	9,277
<b>Number of Households</b> (MPAC)	5,902	5,882	5,858	5,845	5,819
<b>Taxable Assessment</b> (000's)	\$	\$	\$	\$	\$
Residential and farm	1,829,038	1,770,097	1,710,837	1,688,440	1,554,505
Commercial and industrial	75,932	74,006	70,757	72,799	69,904
<b>Total</b>	<b>1,904,970</b>	1,844,103	1,781,594	1,761,339	1,624,409
Commercial, industrial as % of assessment	4.00%	4.01%	3.97%	4.13%	4.30%
<b>Rates of Taxation</b>					
Residential					
▸ for general municipal purposes	0.361239	0.353634	0.321424	0.304087	0.313341
▸ for counties' purposes	0.367257	0.367257	0.373523	0.375854	0.381958
▸ for school board purposes	0.195000	0.203000	0.212000	0.221000	0.231000
<b>Total</b>	<b>0.923496</b>	0.923891	0.906947	0.900941	0.926299
Multi-Residential (total)	0.923496	0.923891	0.906947	0.900941	0.926299
Commercial (total)	2.325005	2.352049	2.356733	2.352829	2.429737
Industrial (total)	2.849597	2.865821	2.848827	2.821645	3.189465
<b>Tax Arrears</b> ▸ percentage of current levy (<10%)**	11.11%	12.73%	11.85%	11.89%	11.48%
<b>Taxes Transferred</b> (000's)					
▸ Counties	7,598	7,316	7,104	7,071	6,714
▸ School Boards	4,608	4,602	4,635	4,747	4,650
<b>Revenues</b> (000's)	\$	\$	\$	\$	\$
▸ Taxation and payments in lieu	7,240	6,862	5,983	5,640	5,366
▸ Government transfers	1,160	1,032	1,357	1,360	1,456
▸ Fees and service charges	1,035	1,208	991	968	988
▸ Other	2,529	2,387	2,352	2,331	2,185
▸ Revenues related to capital assets	912	623	603	8	1,022
<b>Total</b>	<b>12,876</b>	12,112	11,286	10,307	11,017
<b>Expenditures</b> (000's)					
▸ Operations	11,140	10,559	9,703	9,762	9,936
▸ Amortization	1,638	1,502	1,427	1,419	1,335
<b>Net Financial Assets (Net Debt)</b>					
▸ % of Operating Revenue (>(20%))**	53.70%	55.67%	49.15%	30.81%	26.89%
▸ % of Taxation and User Charges (>(50%))**	77.64%	79.25%	75.28%	48.02%	42.30%

\*\* Represents the Provincial Low Risk Indicator.  
(Note: All dollar amounts are in thousands of dollars.)

**Township of Leeds and The Thousand Islands**  
**Five Year Financial Review**  
(not subject to audit)

<b>December 31</b>	<b>2015</b>	2014	2012	2011	2010
	\$	\$	\$	\$	\$
<b>Long Term Debt</b>					
▸ Net long term debt (000's)	<b>871</b>	930	989	1,051	1,114
▸ Long term debt charges (000's)	<b>95</b>	92	96	99	102
▸ Total annual repayment limit (000's)	<b>2,587</b>	2,329	2,235	2,109	2,133
▸ Long term debt per household	<b>148</b>	158	169	180	191
▸ Debt charges (000's)					
▸ tax supported	<b>95</b>	92	96	99	102
<hr/>					
<b>Municipal Equity (000's)</b>					
▸ Surplus and Reserves	<b>8,071</b>	7,400	6,283	4,315	3,865
▸ Invested in capital assets	<b>30,829</b>	29,763	29,327	29,712	29,617
▸ Asset consumption ratio	<b>46.47%</b>	46.70%	45.58%	43.83%	42.39%
▸ Reserves as % of operating expenses (>20%) **	<b>71.61%</b>	69.38%	63.80%	43.31%	35.19%
<hr/>					
<b>Financial Indicators</b>					
▸ Sustainability					
▸ financial assets to liabilities	<b>2.38</b>	2.27	2.03	1.68	1.67
▸ financial assets to liabilities excluding long term debt	<b>3.03</b>	2.88	2.61	2.29	2.50
▸ long term debt to tangible capital assets	<b>3.06%</b>	3.44%	3.78%	4.08%	4.30%
▸ capital reserves to accumulated amortization	<b>20.97%</b>	19.26%	17.08%	10.25%	7.70%
▸ Flexibility					
▸ Debt charges to total operating revenue (<5%) **	<b>1.19%</b>	1.14%	1.41%	1.31%	1.02%
▸ Total operating revenue to taxable assessment	<b>0.62%</b>	0.62%	0.60%	0.58%	0.62%
▸ Working capital to operating expenses (>10%) **	<b>66.58%</b>	70.58%	65.92%	45.35%	40.35%
▸ Vulnerability					
▸ Operating government transfers ▸ to operating revenue	<b>9.66%</b>	8.98%	12.70%	13.20%	15.42%
▸ Total government transfers ▸ to total revenues	<b>12.28%</b>	13.66%	17.39%	13.27%	23.26%



## Management's Responsibility for the Consolidated Financial Statements

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The accompanying consolidated financial statements of the Corporation of the Township of Leeds and The Thousand Islands are the responsibility of the Township's management and have been prepared in compliance with legislation, and in accordance with Canadian Public Sector Accounting Standards. A summary of significant accounting policies are described in note 2 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Township's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of consolidated financial statements. These systems are monitored and evaluated by management.

Management meets with the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to Council approval of the consolidated financial statements.

The consolidated financial statements have been audited by Allan and Partners LLP, independent external auditors appointed by the Township. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Township's consolidated financial statements.

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Michael Touw, Acting CAO

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Sarah Huskinson, CPA, CGA,  
Treasurer, Acting CAO



## INDEPENDENT AUDITOR'S REPORT

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### **To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Leeds and The Thousand Islands:**

We have audited the accompanying consolidated financial statements of the Corporation of the Township of Leeds and The Thousand Islands which comprise the consolidated statement of financial position as at December 31, 2015 and the consolidated statement of operations, changes in net financial assets and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Consolidated Financial Statements**

The Corporation of the Township of Leeds and The Thousand Islands' management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation of the Township of Leeds and The Thousand Islands as at December 31, 2015 and its consolidated results of operations, changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

A handwritten signature in cursive script, appearing to read "Allan".

Allan and Partners LLP  
Chartered Professional Accountants  
Licensed Public Accountants

Perth, Ontario,  
June 6, 2016.

**Township of Leeds and The Thousand Islands  
Consolidated Statement of Financial Position**

December 31	2015	2014
	\$	\$
<b>ASSETS</b>		
<b>Financial Assets</b>		
Cash and short term deposits	7,839,005	8,028,160
Taxes receivable (net of allowance \$5,500)	2,155,858	2,322,906
Accounts receivable	661,799	642,527
Long term receivables (note 6)	121,040	125,886
Note receivable (note 4)	300,000	300,000
	<b>11,077,702</b>	<b>11,419,479</b>
<b>LIABILITIES</b>		
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities	531,172	631,455
Accrued landfill closure and post closure (note 11)	2,227,732	2,140,000
Prepaid property taxes	261,028	203,878
Accrued employee benefit obligations (note 10)	---	32,314
Other current liabilities	395,942	238,538
Deferred revenues (note 5)	244,783	721,202
Long term liabilities (note 6)	992,349	1,056,267
	<b>4,653,006</b>	<b>5,023,654</b>
<b>NET FINANCIAL ASSETS</b>	<b>6,424,696</b>	<b>6,395,825</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 15)	32,381,341	30,693,393
Inventories	93,532	73,999
	<b>32,474,873</b>	<b>30,767,392</b>
Contingent Liabilities (note 13)		
<b>MUNICIPAL EQUITY</b> (note 7)	<b>38,899,569</b>	<b>37,163,217</b>

The accompanying notes are an integral part of these consolidated financial statements.

**Township of Leeds and The Thousand Islands  
Consolidated Statement of Operations**

For the year ended December 31	(Note 17) Budget	2015	2014
	\$	\$	\$
<b>REVENUES</b>			
Taxation ▶ residential	6,440,158	<b>6,458,955</b>	6,123,653
▶ commercial	408,608	<b>409,759</b>	390,512
▶ local improvement	34,490	<b>28,740</b>	28,740
▶ other governments	251,100	<b>342,512</b>	318,908
User charges ▶ general government	37,395	<b>71,780</b>	111,932
▶ transportation services	---	<b>15,879</b>	1,054
▶ protection to persons and property	76,450	<b>156,736</b>	197,839
▶ environment	642,637	<b>644,893</b>	620,176
▶ parks and recreation	82,856	<b>80,919</b>	76,034
▶ planning and zoning	96,100	<b>64,844</b>	72,493
Government grants	1,124,494	<b>1,159,931</b>	1,130,568
Licenses and permits	245,083	<b>305,669</b>	260,427
Investment income	82,130	<b>92,774</b>	103,558
Penalties and interest on taxes	268,500	<b>318,991</b>	313,454
Other	1,713,950	<b>1,811,951</b>	1,739,266
<b>TOTAL REVENUES</b>	11,503,951	<b>11,964,333</b>	11,488,614
<b>EXPENDITURES</b>			
General government	1,699,801	<b>1,705,114</b>	1,735,751
Protection to persons and property	3,028,490	<b>3,418,697</b>	3,089,719
Transportation services	2,111,562	<b>3,152,200</b>	2,920,823
Environmental services	1,190,646	<b>1,049,592</b>	1,199,607
Health services	41,753	<b>42,018</b>	41,345
Recreation and cultural services	1,268,944	<b>1,429,883</b>	1,321,363
Planning and development	369,614	<b>342,184</b>	250,433
<b>TOTAL EXPENDITURES</b>	9,710,810	<b>11,139,688</b>	10,559,041
<b>NET REVENUES FROM OPERATIONS</b>	1,793,141	<b>824,645</b>	929,573
<b>OTHER</b>			
Grants and transfers related to capital			
Deferred revenues earned (note 5)	543,714	<b>562,913</b>	347,727
Government transfers	268,619	<b>300,794</b>	275,650
Other	---	<b>48,000</b>	---
	812,333	<b>911,707</b>	623,377
<b>ANNUAL SURPLUS</b>	2,605,474	<b>1,736,352</b>	1,552,950
<b>MUNICIPAL EQUITY, BEGINNING OF YEAR</b>	37,163,217	<b>37,163,217</b>	35,610,267
<b>MUNICIPAL EQUITY, END OF YEAR</b>	39,768,691	<b>38,899,569</b>	37,163,217

The accompanying notes are an integral part of these consolidated financial statements.

**Township of Leeds and The Thousand Islands  
Consolidated Statement of Changes in Net Financial Assets**

For the year ended December 31	(Note 17) Budget	2015	2014
	\$	\$	\$
<b>ANNUAL SURPLUS</b>	2,605,474	<b>1,736,352</b>	1,552,950
Amortization of tangible capital assets	---	<b>1,638,182</b>	1,501,723
Acquisition of tangible capital assets	(3,150,000)	<b>(3,326,130)</b>	(1,878,992)
Acquisition of supplies inventories	---	<b>(19,533)</b>	(30,069)
	(3,150,000)	<b>(1,707,481)</b>	(407,338)
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	(544,526)	<b>28,871</b>	1,145,612
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	6,395,825	<b>6,395,825</b>	5,250,213
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	5,851,299	<b>6,424,696</b>	6,395,825

The accompanying notes are an integral part of these consolidated financial statements.

## Township of Leeds and The Thousand Islands Consolidated Statement of Cash Flows

For the year ended December 31	2015	2014
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Annual surplus for the year	1,736,352	1,552,950
Amortization	1,638,182	1,501,723
	<b>3,374,534</b>	<b>3,054,673</b>
Net Change in Non-Cash Working Capital Balances		
Taxes receivable	167,048	(278,813)
Accounts receivable	(19,272)	161,704
Long term receivables	4,846	30,446
Note receivable	---	(300,000)
Accounts payable and accrued liabilities	(100,283)	(7,552)
Accrued landfill closure and post closure	87,732	300,000
Prepaid property taxes	57,150	(13,184)
Accrued employee benefit obligations	(32,314)	---
Other current liabilities	157,404	28,131
Deferred revenues	(476,419)	(302,050)
Inventories	(19,533)	(30,069)
	<b>(173,641)</b>	<b>(411,387)</b>
<b>Working Capital from Operations</b>	<b>3,200,893</b>	<b>2,643,286</b>
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(3,326,130)	(1,878,992)
<b>Net investment in tangible capital assets</b>	<b>(3,326,130)</b>	<b>(1,878,992)</b>
<b>FINANCING ACTIVITIES</b>		
Debt issued for tile loan debentures	35,300	---
Debt principal repayments	(99,218)	(89,518)
<b>Net decrease in cash from financing activities</b>	<b>(63,918)</b>	<b>(89,518)</b>
<b>NET (DECREASE) INCREASE IN CASH</b>	<b>(189,155)</b>	<b>674,776</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>8,028,160</b>	<b>7,353,384</b>
<b>CASH, END OF YEAR</b>	<b>7,839,005</b>	<b>8,028,160</b>

The accompanying notes are an integral part of these consolidated financial statements.

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# Township of Leeds and The Thousand Islands

## Notes to the Consolidated Financial Statements

December 31, 2015

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### 1. Status of the Township of Leeds and The Thousand Islands

The Township of Leeds and The Thousand Islands (the 'Township') was incorporated January 1, 2001 by amalgamating three historic municipalities, the Front of Leeds and Lansdowne, the Rear of Leeds and Lansdowne and the Front of Escott and assumed its responsibilities under the authority of the Provincial Secretary. The Township operates as a lower tier government in the United Counties of Leeds and Grenville, in the Province of Ontario, Canada and provides municipal services such as police, fire, public works, planning, parks and recreation, library and other general government operations.

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### 2. Significant Accounting Policies

The consolidated financial statements of the Corporation of the Township of Leeds and The Thousand Islands are the representations of management and have been prepared in all material respects in accordance with Canadian Public Sector Accounting Standards. Significant aspects of the accounting policies by the Township are as follows:

#### Reporting Entity

- (i) The consolidated financial statements reflect financial assets, liabilities, operating revenues and expenditures, reserves, reserve funds and changes in investments in tangible capital assets of the Township. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Township and which are owned or controlled by the Township. Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated. These consolidated financial statements include:

- Public Library Board

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

#### Basis of Accounting

- (i) The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenditures are recognized as they are incurred and measurable based on receipt of goods and services and/or the creation of a legal obligation to pay.
- (ii) 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.
- (iii) Trust funds and their related operations administered by the Township are not included in these consolidated financial statements but are reported separately on the Trust Funds Statement of Financial Activities and Financial Position.

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# Township of Leeds and The Thousand Islands

## Notes to the Consolidated Financial Statements

December 31, 2015

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### 2. Significant Accounting Policies / continued

#### Tangible Capital Assets

Tangible capital assets are recorded at cost, which include 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	
Buildings	50 years
Vehicles and Equipment	7 to 20 years
Signs	20 years
Linear Assets	
Roads	40 years
Bridges	75 years
Streetlights	40 years
Storm drains	40 years
Water and sewer	40 years
Construction in Progress	

Amortization is charged from the date of acquisition. Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

The Township has a capitalization threshold of \$5,000 for vehicles and equipment and \$20,000 for linear assets and buildings so that individual capital assets of lesser value are expensed, unless they are pooled because, collectively, they have significant value, or for operations reasons.

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 other asset as of the date of transfer.

When tangible capital assets are disposed of, either by way of a sale, destruction or loss, or abandonment of the asset, the asset's net book value, historical cost less accumulated amortization, is written off. Any resulting gain or loss, equal to the proceeds on disposal less the asset's net book value, is reported on the consolidated statement of operations in the year of disposal. 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 transfer.

When conditions indicate that a tangible capital asset no longer contributes to the Township's ability to provide services or the value of the future economic benefits associated with the tangible capital asset are less than its net book value, and the decline is expected to be permanent, the cost and accumulated amortization of the asset are reduced to reflect the revised estimate of the value of the asset's remaining service potential. The resulting net adjustment is reported as an expense on the consolidated statement of operations.

#### 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.

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# Township of Leeds and The Thousand Islands

## Notes to the Consolidated Financial Statements

December 31, 2015

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### 2. Significant Accounting Policies / continued

#### Inventories and Prepaid Expenses

Inventories and prepaid expenses held for consumption are recorded at the lower of cost or replacement cost.

#### Pension and Employee Benefits

The Township accounts for its participation in the Ontario Municipal Employees Retirement System ('OMERS'), a multi-employer public sector pension fund, as a defined benefit plan. The OMERS plan specifies the retirement benefits to be received by employees based on length of service and pay rates.

Employee benefits include vacation entitlement and sick leave benefits. Vacation entitlements are accrued as entitlements are earned. Sick leave benefits are accrued in accordance with the Township's policy.

#### Cash and Cash Equivalents

The Township considers cash and cash equivalents to be highly liquid investments with original maturities of three months or less.

#### Government Transfers

Government transfers are recognized in the consolidated 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.

#### Deferred Revenues

The Township defers recognition of user charges and fees which have been collected but for which the related services have yet to be performed. Government transfers of gas taxes, development charges collected under the *Development Charges Act, 1997*, and recreational land collected under the Planning Act are reported as deferred revenues in the Consolidated Statement of Financial Position. These amounts will be recognized as revenues in the fiscal year the services are performed.

The Township receives restricted contributions under the authority of Federal and Provincial legislation and Township by-laws. These funds by their nature are restricted in their use and until applied to applicable costs are recorded as deferred revenue. Amounts applied to qualifying expenses are recorded as revenue in the fiscal period they are expended.

Deferred revenue represents certain user charges and fees which have been collected but for which the related services have yet to be performed. Deferred revenue also represents contributions that the Township has received pursuant to legislation, regulation or agreement that may only be used for certain programs or in the completion of specific work. These amounts are recognized as revenue in the fiscal year the services are performed or related expenses incurred.

#### Investments

Short-term and long-term investments are recorded at cost plus accrual interest. If the market value of investments become lower than cost and the decline in value is considered to be other than temporary, the investments are written down to market value.

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# Township of Leeds and The Thousand Islands

## Notes to the Consolidated Financial Statements

December 31, 2015

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### 2. Significant Accounting Policies / continued

#### Investments / continued

Investment income earned on surplus current funds, capital funds, reserves and reserve funds (other than obligatory reserve funds) are reported as revenue in the period earned. Investment income earned on development charges and parkland obligatory reserve funds is added to the fund balance and forms part of respective deferred revenue balances.

#### Landfill Closure and Post-Closure Liabilities

The Township accrues landfill closure and post-closure care requirements that have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over a twenty-five year period using the best information available to management.

Future events may result in significant changes to the estimated total expenditures, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

#### Financial Instruments

All financial instruments are initially recognized at fair value on the consolidated statement of financial position. The Township has classified each financial instrument into one of the following categories: held-for-trading financial assets and liabilities, loans and receivables, held-to-maturity financial assets and other financial liabilities. Subsequent measurement of financial instruments is based on their classification.

Held-for-trading financial assets and liabilities are subsequently measured at fair value with changes in those fair values recognized in net revenues.

Loans and receivables, held-to-maturity financial assets and other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The Township classifies cash and cash equivalents as held-for-trading financial assets, accounts receivable as loans and receivables and accounts payable and accrued liabilities as other financial liabilities.

#### Measurement Uncertainty

The preparation of consolidated financial statements requires management 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 consolidated financial statements and the reported amounts of revenue and expenditures during the period. Actual results could differ from these estimates. These estimates are reviewed periodically and as adjustments become necessary, they are recorded in the consolidated financial statements in the period in which they become known.

# Township of Leeds and The Thousand Islands Notes to the Consolidated Financial Statements

**December 31, 2015**

### 3. Operations of the School Boards and United Counties of Leeds and Grenville

During 2015, the Township collected and made property tax transfers including payments in lieu of property taxes, to the United Counties of Leeds and Grenville and School Boards as follows:

	School Boards \$	United Counties \$
Property taxes	4,588,698	7,035,592
Taxation from other governments	18,991	562,422
<b>Amounts requisitioned and paid</b>	<b>4,607,689</b>	<b>7,598,014</b>

### 4. Note Receivable

The note receivable is a loan agreement with St. Lawrence District Medical Centre. The funds were used for the expansion of the existing medical centre owned by St. Lawrence Medical Centre. The initial term of the loan is five years, followed by four more automatically renewing five year terms.

The loan is interest free for the 25 year term of the loan. Monthly principal payments of \$1,000 are to commence April 1, 2016. The borrower has the privilege of prepaying all or part of the principal sum outstanding at any time without notice or bonus.

### 5. Deferred Revenues

A requirement of the public sector accounting standards of the Chartered Professional Accountants of Canada is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial legislation restricts how these funds may be used and under certain circumstances these funds may possibly be refunded. The balances in the obligatory reserve funds of the Township are summarized below:

	Federal Gas Tax \$	Development Charges \$	Parkland \$	Total \$
January 1, 2015	200,039	153,128	368,035	<b>721,202</b>
Contributions from developers	---	---	76,733	<b>76,733</b>
Interest	1,950	3,788	4,023	<b>9,761</b>
Transfer for tangible capital assets	(124,194)	(150,988)	(287,731)	<b>(562,913)</b>
<b>December 31, 2015</b>	<b>77,795</b>	<b>5,928</b>	<b>161,060</b>	<b>244,783</b>

## Township of Leeds and The Thousand Islands Notes to the Consolidated Financial Statements

December 31, 2015

### 6. Long Term Liabilities

- (a) The balance of long term liabilities reported on the "Consolidated Statement of Financial Position" is comprised of the following:

	2015	2014
	\$	\$
Fixed rate bank loan with the Bank of Montreal (2.55%), with monthly principal payments of \$4,922.65. due September 2030.	<b>871,309</b>	930,381
Instalment debentures with the Province of Ontario under the Ontario Tile Loan Program. The responsibility for payment of principal and interest charges for tile drainage assistance loans has been assumed by individuals. At the end of the year, the outstanding principal of this liability is:	<b>121,040</b>	125,886
<b>Net long term liabilities at the end of the year</b>	<b>992,349</b>	1,056,267

- (b) Principal payments fall due as follows:

	Individuals	General Revenues	Total
	\$	\$	\$
2016	22,914	59,072	<b>81,986</b>
2017	24,289	59,072	<b>83,361</b>
2018	20,172	59,072	<b>79,244</b>
2019	16,277	59,072	<b>75,349</b>
2020	10,460	59,072	<b>69,532</b>
2021 and thereafter	26,928	575,949	<b>602,877</b>
	<b>121,040</b>	<b>871,309</b>	<b>992,349</b>

- (c) Interest expense on long term liabilities in 2015 amounted to \$43,357 (2014 \$41,769).
- (d) These payments are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

# Township of Leeds and The Thousand Islands Notes to the Consolidated Financial Statements

December 31, 2015

## 7. Municipal Equity

Municipal equity consists of:

	2015	2014
	\$	\$
Investment in tangible capital assets		
Tangible capital assets	32,381,341	30,693,393
Long term liabilities	(871,309)	(930,381)
Unfinanced capital	(681,348)	---
	<b>30,828,684</b>	29,763,012
Unrestricted surplus	93,532	73,999
Reserves (Schedule 1)	7,977,353	7,326,206
<b>Total Municipal Equity</b>	<b>38,899,569</b>	37,163,217

## 8. Pension Contributions

The Township makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of all permanent members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of 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 Township does not recognize any share of the OMERS pension surplus or deficit in these consolidated financial statements.

The amount contributed to OMERS was \$207,728 (2014 \$185,353) for current services and is included as an expenditure on the Consolidated Statement of Operations classified under the appropriate functional expenditure. Contributions by employees were a similar amount.

## 9. Trust Funds

Trust funds administered by the Township amounting to \$63,369 (2014 \$9,109) are presented in a separate financial statement of trust fund balances and operations. As such balances are held in trust by the Township for the benefit of others, they are not presented as part of the Township's financial position or financial activities.

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# Township of Leeds and The Thousand Islands

## Notes to the Consolidated Financial Statements

December 31, 2015

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### 10. Employee Benefit Obligations

The Township provides extended health care, dental and life insurance benefits to employees who have taken early retirement during the amalgamation. Beginning in 2005, the accrued benefit obligation has been recognized using a present value approach with a discount rate of 3%. The obligation expired in 2015.

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### 11. Landfill Closure and Post Closure Liability

The Environment 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 ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. The reported liabilities is based on estimates and assumptions with respect to events extending over a twenty-five year period using the best information available to management. Future events may result in significant changes to the estimated total expenditures, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

The Township currently has three active landfill sites Lansdowne, Briar Hill and Escott and one inactive site, Leeds. Closure, post closure and remaining life for the sites are summarized as follows:

	Remaining Life	Closure Costs	Post Closure Costs
		\$	\$
Lansdowne	4 years	1,784,375	31,400
Briar Hill	13 years	699,225	33,400
Escott	13 years	395,875	34,400
Leeds	closed	Nil	17,400

For the active sites, the anticipated closure plan involves placing and compacting a minimum of 600mm of low permeability material over the waste, placing a 150mm layer of soil capable of maintaining vegetative growth, seeding the covered waste mound and improving drainage at each site. Monitoring costs are the annual costs to monitor the groundwater and surface water at each site and report the findings to the Ministry of Environment. Post monitoring costs are typically required for at least 25 years following landfill closure.

The landfill closure costs are accrued on an annual basis based on the estimated life of the landfill sites.

The estimated total landfill closure and post closure care expenditures are calculated to be approximately \$3.0 million. Included in the liabilities on the Consolidated Statement of Financial Position at December 31, 2015 is \$2,227,732 (2014 \$2,140,000).

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# Township of Leeds and The Thousand Islands

## Notes to the Consolidated Financial Statements

December 31, 2015

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### 12. Contractual Obligations

The Township has negotiated a five year contract with Ontario Clean Water Agency to manage the water treatment plant and the sewage treatment plant. The contract base is \$244,600 and provides an annual adjustment for inflation, hydro costs and insurance. The contract does not include capital expenditures or unexpected expenses in the nature of addressing equipment failure. The initial term of the contract expires December 2020 and then may be renewed for successive two year terms.

Included in the consolidated statement of financial activities are the costs paid to the Ontario Clean Water Agency of \$239,806 (2014 \$233,726).

The Township receives policing services from the Ontario Provincial Police. Annual charges are based on an estimate determined at the beginning of the year and reconciled to actual costs in the following year. The fees paid in the current year and adjusted for the previous year's reconciliation were \$1,416,552 (2014 \$1,194,693).

The Township has entered into a three year agreement with Zycom for the provision of information technology services. The contract may be extended a further two years. The contract expires April 2017. The cost for 2015 was \$33,900 (2014 \$33,900).

The Township has entered into a two year agreement with Manco Recycling Systems Inc. for the collection and disposal of recycled materials. The contract is based on the volume of recycled goods. The contract expires December 2016. The cost for 2015 was \$73,967 (2014 \$67,970).

The Township awarded a contract in the amount of \$321,650 for the Smith Bolger Drain. The contract will be completed in 2016.

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### 13. Contingent Liabilities

The nature of municipal activities is such that there may be litigation pending or in prospect at any time. With respect to claims as at December 31, 2015, management believes that the Township has valid defences and appropriate insurance coverages in place.

In the event any claims are successful, management believes that such claims are not expected to have a material effect on the Township's financial position.

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### 14. Risk Management

In the normal course of operations, the Township is exposed to a variety of financial risks which are actively managed by the Township.

The Township's financial instruments consist of cash, investments, accounts receivable and accounts payable and accrued liabilities. The fair values of cash, accounts receivable, investments and accounts payable and accrued liabilities approximate their carrying values because of their expected short term maturity and treatment on normal trade terms.

The Township's exposure to and management of risk has not changed materially from December 31, 2014.

# Township of Leeds and The Thousand Islands Notes to the Consolidated Financial Statements

December 31, 2015

## 14. Risk Management / continued

### Credit Risk

Credit risk arises from the possibility that the entities to which the Township provides services to may experience difficulty and be unable to fulfill their obligations. The Township is exposed to financial risk that arises from the credit quality of the entities to which it provides services. The Township does not have a significant exposure to any individual customer or counter party. As a result, the requirement for credit risk related reserves for accounts receivable is minimal.

### Interest Rate Risk

Interest rate risk arises from the possibility that the value of, or cash flows related to, a financial instrument will fluctuate as a result of changes in market interest rates. The Township is exposed to financial risk that arises from the interest rate differentials between the market interest rate and the rates on its cash and cash equivalents and operating loan. Changes in variable interest rates could cause unanticipated fluctuations in the Township's operating results.

### Liquidity Risk

Liquidity risk is the risk that the Township will not be able to meet its obligations as they fall due. The Township requires working capital to meet day-to-day operating activities. Management expects that the Township's cash flows from operating activities will be sufficient to meet these requirements.

## 15. Tangible Capital Assets

	2015	2014
	\$	\$
Land	233,872	233,872
Buildings	9,391,661	9,628,841
Vehicles and Equipment	3,467,592	2,984,860
Signs	63,152	67,937
Linear Assets		
Roads	14,357,275	13,137,109
Bridges	1,961,533	1,574,815
Streetlights	35,468	36,576
Storm drains	2,489,251	2,560,440
Water and sewer	381,537	168,821
Construction in progress		
Bridges	---	79,126
Water and sewer	---	220,996
	<b>32,381,341</b>	<b>30,693,393</b>

For additional information, see Schedule 2 ▶ Tangible Capital Assets.

# Township of Leeds and The Thousand Islands Notes to the Consolidated Financial Statements

December 31, 2015

## 16. Segmented Information

The Township is a diversified municipal government that provides a wide range of services to its citizens. The services are provided by departments and their activities are reported in the consolidated statement of operations.

Departments have been separately disclosed in the segmented information, along with the service they provide, are set out in the schedule below.

For each reported segment, expenditures 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 consolidated financial statements as disclosed in note 2.

2015	Salaries, Wages & Employee Benefits	Debenture Debt Interest	Materials & Services	External Transfers	Amortization	Total
\$	\$	\$	\$	\$	\$	\$
<b>General Government</b>						
Governance	124,577	---	27,850	---	---	152,427
Corporate Management & Program Support	979,057	15,369	459,554	88,983	9,724	1,552,687
<b>Protection to Persons &amp; Property</b>						
Fire	343,543	20,375	744,698	31,058	223,652	1,363,326
Police	---	---	1,416,552	---	---	1,416,552
Conservation Authority	---	---	---	138,981	---	138,981
Protective Inspection	151,029	---	348,809	---	---	499,838
<b>Transportation</b>						
Roadways	857,458	---	888,249	---	1,124,576	2,870,283
Winter Control	126,981	---	125,904	---	---	252,885
Street Lighting	---	---	27,924	---	1,108	29,032
<b>Environmental</b>						
Water and Sewer Services	---	---	263,991	---	8,280	272,271
Waste Services	286,213	---	417,836	---	6,663	710,712
Recycling	---	---	66,609	---	---	66,609
<b>Health Services</b>						
Hospitals	---	---	33,129	---	---	33,129
Cemeteries	3,420	---	5,469	---	---	8,889
<b>Recreation &amp; Cultural Services</b>						
Parks	127,373	---	47,695	---	---	175,068
Recreation Facilities & Programs	118,154	---	311,823	116,498	216,554	763,029
Libraries	311,264	---	128,008	---	41,079	480,351
Cultural Services	7,373	---	4,062	---	---	11,435
<b>Planning &amp; Development</b>						
Planning & Zoning	214,317	---	94,016	16,474	6,546	331,353
Municipal Drains	---	7,613	3,218	---	---	10,831
<b>2015</b>	<b>3,650,759</b>	<b>43,357</b>	<b>5,415,396</b>	<b>391,994</b>	<b>1,638,182</b>	<b>11,139,688</b>

# Township of Leeds and The Thousand Islands Notes to the Consolidated Financial Statements

December 31, 2015

## 16. Segmented Information / continued

2014	Salaries, Wages & Employee Benefits	Debenture Debt Interest	Materials & Services	External Transfers	Amortization	Total
\$	\$	\$	\$	\$	\$	\$
<b>General Government</b>						
Governance	121,429	---	22,958	---	---	144,387
Corporate Management & Program Support	995,445	13,738	494,986	79,950	7,245	1,591,364
<b>Protection to Persons &amp; Property</b>						
Fire	322,440	18,778	745,414	30,330	213,721	1,330,683
Police	---	---	1,194,693	---	---	1,194,693
Conservation Authority	---	---	---	135,940	---	135,940
Protective Inspection	143,405	---	284,998	---	---	428,403
<b>Transportation</b>						
Roadways	755,016	---	817,014	---	992,489	2,564,519
Winter Control	173,202	---	157,021	---	---	330,223
Street Lighting	---	---	24,973	---	1,108	26,081
<b>Environmental</b>						
Water and Sewer Services	---	---	256,300	---	40,317	296,617
Waste Services	274,107	---	561,013	---	6,663	841,783
Recycling	---	---	61,207	---	---	61,207
<b>Health Services</b>						
Hospitals	---	---	32,551	---	---	32,551
Cemeteries	3,498	---	5,296	---	---	8,794
<b>Recreation &amp; Cultural Services</b>						
Parks	112,083	---	36,717	---	---	148,800
Recreation Facilities & Programs	121,503	---	296,726	72,177	195,633	686,039
Libraries	299,524	---	138,591	---	41,821	479,936
Cultural Services	3,920	---	2,668	---	---	6,588
<b>Planning &amp; Development</b>						
Planning & Zoning	155,222	---	81,076	---	2,726	239,024
Municipal Drains	---	9,253	2,156	---	---	11,409
<b>2014</b>	<b>3,480,794</b>	<b>41,769</b>	<b>5,216,358</b>	<b>318,397</b>	<b>1,501,723</b>	<b>10,559,041</b>

## 17. Budget Figures

The operating budget approved by Township Council, for 2015 is reflected on the Consolidated Statement of Operations. The Township has not included amortization in the budget. The budgets established for capital investment in tangible capital assets are on a project oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual expenditure amounts. As well, the Township does not budget activity within Reserves and Reserve Funds, with the exception being those transactions, which affect either operations or capital investments.

**Township of Leeds and The Thousand Islands  
Schedule 1 ▶ Continuity of Reserves and Reserve Funds**

For the year ended December 31	(Note 17) Budget	2015	2014
	\$	\$	\$
<b>Net Transfers From / (To) Other Funds</b>			
Transfers from operations	1,952,069	<b>2,199,088</b>	2,342,224
Transfers to capital acquisitions	(1,180,667)	<b>(1,547,941)</b>	(1,206,470)
<b>Total Net Transfers</b>	771,402	<b>651,147</b>	1,135,754
<b>Reserves and Reserve Fund Balances, Change in Year</b>	771,402	<b>651,147</b>	1,135,754
<b>Reserves and Reserve Fund Balances, Beginning of Year</b>	7,326,206	<b>7,326,206</b>	6,190,452
<b>Reserves and Reserve Fund Balances, End of Year</b>	8,097,608	<b>7,977,353</b>	7,326,206

**Composition of Reserves and Reserve Funds**

For the year ended December 31	2015	2014
	\$	\$
<b>Reserves set aside for specific purposes by Council:</b>		
▶ for working capital	<b>1,351,192</b>	1,185,777
▶ for election purposes	<b>16,725</b>	475
▶ for contingencies	<b>444,254</b>	386,037
▶ for waste management	<b>1,751</b>	7,958
▶ for heritage	<b>219,794</b>	515,873
▶ for winter control	<b>50,000</b>	50,000
<b>For Capital Purposes:</b>		
▶ for tax rate stabilization	<b>2,438,378</b>	1,800,222
▶ for capital assets	<b>1,556,158</b>	1,687,593
▶ for equipment	<b>26,814</b>	239,810
▶ for recreation and culture	<b>768,144</b>	612,053
▶ for library	<b>295,799</b>	225,471
▶ for water system	<b>808,344</b>	614,937
<b>Total Reserves and Reserve Funds</b>	<b>7,977,353</b>	7,326,206

The accompany notes are an integral part of these consolidated financial statements.

**Township of Leeds and The Thousand Islands  
Schedule 2 ▶ 2015 Tangible Capital Assets**

Asset Class	Cost 01/01/15	Additions	(Disposals)	Cost 31/12/15
	\$	\$	\$	\$
Land	233,872	---	---	<b>233,872</b>
Buildings	12,342,044	---	---	<b>12,342,044</b>
Vehicles and Equipment	5,883,672	950,827	(202,449)	<b>6,632,050</b>
Signs	95,702	---	---	<b>95,702</b>
Linear Assets				
Roads	31,640,772	1,982,499	---	<b>33,623,271</b>
Bridges	2,494,332	471,930	(221,483)	<b>2,744,779</b>
Streetlights	44,330	---	---	<b>44,330</b>
Storm drains	2,847,557	---	---	<b>2,847,557</b>
Water and sewer	1,706,265	220,996	---	<b>1,927,261</b>
Construction in Progress				
Bridges	79,126	(79,126)	---	---
Water and sewer	220,996	(220,996)	---	---
	<b>57,588,668</b>	<b>3,326,130</b>	<b>(423,932)</b>	<b>60,490,866</b>

Asset Class	Accumulated Amortization 01/01/15	Amortization	(Disposals)	Accumulated Amortization 31/12/15	Net Book Value 31/12/15
	\$	\$	\$	\$	\$
Land	---	---	---	---	<b>233,872</b>
Buildings	2,713,203	237,180	---	<b>2,950,383</b>	<b>9,391,661</b>
Vehicles and Equipment	2,898,812	468,095	(202,449)	<b>3,164,458</b>	<b>3,467,592</b>
Signs	27,765	4,785	---	<b>32,550</b>	<b>63,152</b>
Linear Assets					
Roads	18,503,663	762,333	---	<b>19,265,996</b>	<b>14,357,275</b>
Bridges	919,517	85,212	(221,483)	<b>783,246</b>	<b>1,961,533</b>
Streetlights	7,754	1,108	---	<b>8,862</b>	<b>35,468</b>
Storm drains	287,117	71,189	---	<b>358,306</b>	<b>2,489,251</b>
Water and sewer	1,537,444	8,280	---	<b>1,545,724</b>	<b>381,537</b>
Construction in Progress					
Bridges	---	---	---	---	---
Water and sewer	---	---	---	---	---
	<b>26,895,275</b>	<b>1,638,182</b>	<b>(423,932)</b>	<b>28,109,525</b>	<b>32,381,341</b>

The accompany notes are an integral part of these consolidated financial statements.

**Township of Leeds and The Thousand Islands  
Schedule 2 ▶ 2014 Tangible Capital Assets**

Asset Class	Cost 01/01/14	Additions	(Disposals)	Cost 31/12/14
	\$	\$	\$	\$
Land	233,872	---	---	233,872
Buildings	12,123,768	218,276	---	12,342,044
Vehicles and Equipment	5,276,614	607,058	---	5,883,672
Signs	95,702	---	---	95,702
Linear Assets				
Roads	30,883,386	757,386	---	31,640,772
Bridges	2,494,332	---	---	2,494,332
Streetlights	44,330	---	---	44,330
Storm drains	2,847,557	---	---	2,847,557
Water and sewer	1,612,684	93,581	---	1,706,265
Construction in Progress				
Buildings	64,674	(64,674)	---	---
Bridges	---	79,126	---	79,126
Water and sewer	32,757	188,239	---	220,996
	55,709,676	1,878,992	---	57,588,668

Asset Class	Accumulated Amortization 01/01/14	Amortization	(Disposals)	Accumulated Amortization 31/12/14	Net Book Value 31/12/14
	\$	\$	\$	\$	\$
Land	---	---	---	---	233,872
Buildings	2,476,023	237,180	---	2,713,203	9,628,841
Vehicles and Equipment	2,529,549	369,263	---	2,898,812	2,984,860
Signs	22,980	4,785	---	27,765	67,937
Linear Assets					
Roads	17,760,264	743,399	---	18,503,663	13,137,109
Bridges	885,035	34,482	---	919,517	1,574,815
Streetlights	6,646	1,108	---	7,754	36,576
Storm drains	215,928	71,189	---	287,117	2,560,440
Water and sewer	1,497,127	40,317	---	1,537,444	168,821
Construction in Progress					
Buildings	---	---	---	---	---
Bridges	---	---	---	---	79,126
Water and sewer	---	---	---	---	220,996
	25,393,552	1,501,723	---	26,895,275	30,693,393

The accompany notes are an integral part of these consolidated financial statements.



## INDEPENDENT AUDITOR'S REPORT

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### **To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Leeds and The Thousand Islands:**

We have audited the accompanying statement of financial position of the trust funds of the Corporation of the Township of Leeds and The Thousand Islands as at December 31, 2015 and the statement of financial activities of the trust funds for the year then ended and a summary of significant accounting policies and other explanatory information.

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

The Corporation of the Township of Leeds and The Thousand Islands' 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 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 auditor's judgment, including 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 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 trust funds of the Corporation of the Township of Leeds and The Thousand Islands as at December 31, 2015 and the financial activities for the year then ended in accordance with Canadian Public Sector Accounting Standards.

A handwritten signature in cursive script that reads "Allan".

Allan and Partners LLP  
Chartered Professional Accountants  
Licensed Public Accountants

Perth, Ontario,  
June 6, 2016.

**Township of Leeds and The Thousand Islands  
Trust Funds  
Statement of Financial Position**

December 31	Subdivision Security	Pine Hill Cemetery	OHRP	2015	2014
	\$	\$	\$	\$	\$
<b>ASSETS</b>					
Cash					
Investments	55,565	---	---	55,565	891
(market value \$8,165)	---	7,804	---	7,804	7,732
Long term receivables	---	---	---	---	1,377
	55,565	7,804	---	63,369	10,000
<b>LIABILITIES</b>					
Accounts payable	---	---	---	---	891
Fund balance	55,565	7,804	---	63,369	9,109
	55,565	7,804	---	63,369	10,000

**Statement of Financial Activities**

For the year ended December 31	Subdivision Security	Cemeteries	OHRP	2015	2014
	\$	\$	\$	\$	\$
<b>REVENUES</b>					
Received from developers	53,901	---	---	53,901	---
Loan paid out	---	---	---	---	696
Bank interest	1,664	251	---	1,915	284
	55,565	251	---	55,816	980
<b>EXPENDITURES</b>					
Administration charges	---	179	1,377	1,556	228
<b>NET REVENUES FOR THE YEAR</b>					
	55,565	72	(1,377)	54,260	752
<b>BALANCE AT THE BEGINNING OF THE YEAR</b>					
	---	7,732	1,377	9,109	8,357
<b>BALANCE AT THE END OF THE YEAR</b>					
	55,565	7,804	---	63,369	9,109

The accompanying notes are an integral part of these financial statements.

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**Township of Leeds and The Thousand Islands  
Trust Funds  
Notes to the Financial Statements**

**December 31, 2015**

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**1. Significant Accounting Policies**

**Reporting Entity**

Perpetual care receipts are reported on the cash basis of accounting and interest income is reported on the accrual basis of accounting.

Expenditures are reported on the cash basis of accounting with the exception of administrative expenses which are reported on the accrual basis of accounting, which recognizes expenditures as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

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**2. Ontario Home Renewal Program (O.H.R.P.)**

The Ontario Home Renewal Program was established by the Ontario Ministry of Housing in 1973 to provide grants for municipalities to make loans to assist owner occupants to repair, rehabilitate and improve their homes to local property standards. Individual loans are limited to \$7,500 of which the maximum forgivable portion is \$4,000.

Ontario Home Renewal Program loans receivable at December 31, are repayable by the owner occupant. In the event of the sale or lease of the home or in the event of the homeowner ceasing to occupy the home, the balances of the loan immediately become due and payable by the homeowner.

The OHRP program was discontinued by the Ontario Ministry of Housing in July 1993. At that time the Ministry requested the repayment of all trust funds held by the Township. The cash accumulated in the trust fund is being repaid to the Ministry on an annual basis.

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Leeds and the Thousand Islands  
Public Library  
*resourcefully yours*

## Management's Responsibility for the Financial Statements

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The accompanying financial statements of the Township of Leeds and The Thousand Islands Public Library Board are the responsibility of the Board's management and have been prepared in compliance with legislation, and in accordance with Canadian Public Sector Accounting Standards. A summary of significant accounting policies are described in note 2 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Board's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of financial statements. These systems are monitored and evaluated by management.

Management meets with the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to Council approval of the financial statements.

The financial statements have been audited by Allan and Partners LLP, independent external auditors appointed by the Board. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Board's financial statements.

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Tara Mendez, CEO



## INDEPENDENT AUDITOR'S REPORT

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### **To the Members of Council, Inhabitants and Ratepayers of the Township of Leeds and The Thousand Islands Public Library Board:**

We have audited the accompanying financial statements of the Corporation of the Township of Leeds and The Thousand Islands Public Library Board which comprise the statement of financial position as at December 31, 2015 and the statement of operations, changes in net financial assets 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**

The Corporation of the Township of Leeds and The Thousand Islands Public Library Board's 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 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 auditor's judgment, including 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, these financial statements present fairly, in all material respects, the financial position of the Township of Leeds and The Thousand Islands Public Library Board as at December 31, 2015 and the results of its operations, changes in net financial assets and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.



Allan and Partners LLP  
Chartered Professional Accountants  
Licensed Public Accountants

Perth, Ontario,  
May 25, 2016.

**Township of Leeds and The Thousand Islands  
Public Library Board  
Statement of Financial Position**

December 31	2015	2014
	\$	\$
<b>ASSETS</b>		
<b>Financial Assets</b>		
Cash and short term deposits	323,271	318,541
Accounts receivable	12,538	11,085
	<b>335,809</b>	329,626
<b>LIABILITIES</b>		
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities	12,323	13,387
Due to Township	18,770	90,768
Deferred revenue	8,917	---
	<b>40,010</b>	104,155
<b>NET FINANCIAL ASSETS</b>	<b>295,799</b>	225,471
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 5)	115,687	123,371
<b>ACCUMULATED SURPLUS (note 4)</b>	<b>411,486</b>	348,842

The accompanying notes are an integral part of these financial statements.

**Township of Leeds and The Thousand Islands  
Public Library Board  
Statement of Operations**

For the year ended December 31	(Note 6) Budget	2015	2014
	\$	\$	\$
<b>REVENUES</b>			
Government Grants			
Municipal Grants	485,570	<b>485,570</b>	430,401
Province of Ontario ▶ operating	28,494	<b>28,494</b>	30,894
Other Grants	9,500	<b>13,934</b>	11,402
Service charges and fines	6,656	<b>9,596</b>	8,570
Investment Income	1,830	<b>3,082</b>	3,013
Donations and fundraising	2,050	<b>2,349</b>	1,764
<b>TOTAL REVENUES</b>	534,100	<b>543,025</b>	486,044
<b>EXPENDITURES</b>			
Amortization	36,500	<b>41,079</b>	41,821
Salaries and benefits	339,734	<b>311,264</b>	299,524
Telephone and internet	14,359	<b>13,366</b>	12,609
Other supplies and services	44,105	<b>42,563</b>	30,335
Technical services	19,554	<b>12,810</b>	32,293
Facility maintenance and utilities	50,788	<b>40,505</b>	44,235
Other special grant expenses	10,060	<b>1,438</b>	1,733
Minor Capital			
Equipment and furniture	19,000	<b>17,356</b>	15,386
<b>TOTAL EXPENDITURES</b>	534,100	<b>480,381</b>	477,936
<b>ANNUAL SURPLUS</b>	---	<b>62,644</b>	8,108
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	348,842	<b>348,842</b>	340,734
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	348,842	<b>411,486</b>	348,842

The accompanying notes are an integral part of these financial statements.

**Township of Leeds and The Thousand Islands  
Public Library Board  
Statement of Changes in Net Financial Assets**

For the year ended December 31	2015	2014
	\$	\$
<b>ANNUAL SURPLUS</b>	<b>62,644</b>	8,108
Amortization of tangible capital assets	41,079	41,821
Acquisition of tangible capital assets	(33,395)	(36,347)
<b>INCREASE IN NET FINANCIAL ASSETS</b>	<b>70,328</b>	13,582
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<b>225,471</b>	211,889
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<b>295,799</b>	225,471

**Statement of Cash Flows**

For the year ended December 31	2015	2014
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Annual surplus	62,644	8,108
Non cash changes ▶ amortization	41,079	41,821
	<b>103,723</b>	49,929
<b>Net Change in Non-Cash Working Capital Items</b>		
Accounts receivable	(1,453)	17,409
Accounts payable and accrued liabilities	(1,064)	(8,806)
Due to the Township	(71,998)	90,768
Deferred revenue	8,917	---
	<b>(65,598)</b>	99,371
<b>Working Capital from Operations</b>	<b>38,125</b>	149,300
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(33,395)	(36,347)
<b>NET INCREASE IN CASH</b>	<b>4,730</b>	112,953
<b>CASH, BEGINNING OF YEAR</b>	<b>318,541</b>	205,588
<b>CASH, END OF YEAR</b>	<b>323,271</b>	318,541

The accompanying notes are an integral part of these financial statements.

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# Township of Leeds and The Thousand Islands Public Library Board Notes to the Financial Statements

December 31, 2015

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## 1. Status of the Board

The Leeds and The Thousand Islands Public Library Board (the 'Board') was established under the Public Library Act, 1992, R.S.O. 1990 in accordance with the Section 15 of the Minister of Municipal Affairs Restructuring Order which amalgamated the former Townships of Front of Leeds and Lansdowne, Rear of Leeds and Lansdowne and Front of Escott effective January 1, 2001.

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## 2. Significant Accounting Policies

The financial statements of the Township of Leeds and The Thousand Islands Public Library Board are the representations of management and have been prepared in all material respects in accordance with Canadian Public Sector Accounting Standards. Significant aspects of the accounting policies by the Board are as follows:

### Reporting Entity

The financial statements reflect financial assets, liabilities, operating revenues and expenditures, reserves, reserve funds and changes in investment in tangible capital assets of the Board.

### Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenditures are recognized as they are incurred and measurable based on receipt of goods and services and/or the creation of a legal obligation to pay.

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.

### Tangible Capital Assets

Tangible capital assets are recorded at cost, which include 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:

Assets	Estimated Useful Life
Library Collection	7 years

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 other assets as of the date of transfer.

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**Township of Leeds and The Thousand Islands  
Public Library Board  
Notes to the Financial Statements**

**December 31, 2015**

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**2. Significant Accounting Policies / continued**

**Tangible Capital Assets / continued**

When tangible capital assets are disposed of, either by way of a sale, destruction or loss, or abandonment of the asset, the asset's net book value, historical cost less accumulated amortization, is written off. Any resulting gain or loss, equal to the proceeds on disposal less the asset's net book value, is reported on the statement of operations in the year of disposal. 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 transfer.

When conditions indicate that a tangible capital asset no longer contributes to the Board's ability to provide services or the value of the future economic benefits associated with the tangible capital asset are less than its net book value, and the decline is expected to be permanent, the cost and accumulated amortization of the asset are reduced to reflect the revised estimate of the value of the asset's remaining service potential. The resulting net adjustment is reported as an expense on the statement of operations.

**Cash and Cash Equivalents**

The Board considers cash and cash equivalents to be highly liquid investments with original maturities of three months or less.

**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.

**Deferred Revenues**

The Board defers recognition of user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

The Board receives restricted contributions under the authority of Federal and Provincial legislation and Board by-laws. These funds by their nature are restricted in their use and until applied to applicable costs are recorded as deferred revenue. Amounts applied to qualifying expenses are recorded as revenue in the fiscal period they are expended.

Deferred revenue represents certain user charges and fees which have been collected but for which the related services have yet to be performed. Deferred revenue also represents contributions that the Board has received pursuant to legislation, regulation or agreement that may only be used for certain programs or in the completion of specific work. These amounts are recognized as revenue in the fiscal year the services are performed or related expenses incurred.

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**Township of Leeds and The Thousand Islands  
Public Library Board  
Notes to the Financial Statements**

**December 31, 2015**

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**2. Significant Accounting Policies / continued**

**Financial Instruments**

All financial instruments are initially recognized at fair value on the statement of financial position. The Board has classified each financial instrument into one of the following categories: held-for-trading financial assets and liabilities, loans and receivables, held-to-maturity financial assets and other financial liabilities. Subsequent measurement of financial instruments is based on their classification.

Held-for-trading financial assets and liabilities are subsequently measured at fair value with changes in those fair values recognized in net revenues.

Loans and receivables, held-to-maturity financial assets and other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The Board classifies cash and cash equivalents as held-for-trading financial assets, accounts receivable as loans and receivables, and accounts payable and accrued liabilities as other financial liabilities.

**Measurement Uncertainty**

The preparation of financial statements requires management 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 revenue and expenditures during the period. Actual results could differ from these estimates. These estimates are reviewed periodically and as adjustments become necessary, they are recorded in the financial statements in the period in which they become known.

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**3. Risk Management**

In the normal course of operations, the Board is exposed to a variety of financial risks which are actively managed by the Board.

The Board's financial instruments consist of cash, investments, accounts receivable, accounts payable and accrued liabilities. The fair values of cash, investments, accounts payable and accrued liabilities approximate their carrying values because of their expected short term maturity and treatment on normal trade terms.

The Board's exposure to and management of risk has not changed materially from December 31, 2014.

**Credit Risk**

Credit risk arises from the possibility that the entities to which the Board provides services to may experience difficulty and be unable to fulfill their obligations. The Board is exposed to financial risk that arises from the credit quality of the entities to which it provides services. The Board does not have a significant exposure to any individual customer or counter party. As a result, the requirement for credit risk related reserves for accounts receivable is minimal.

**Township of Leeds and The Thousand Islands  
Public Library Board  
Notes to the Financial Statements**

**December 31, 2015**

**3. Risk Management / continued**

**Interest Rate Risk**

Interest rate risk arises from the possibility that the value of, or cash flows related to, a financial instrument will fluctuate as a result of changes in market interest rates. The Board is exposed to financial risk that arises from the interest rate differentials between the market interest rate and the rates on its cash and cash equivalents and operating loan. Changes in variable interest rates could cause unanticipated fluctuations in the Board's operating results.

**Liquidity Risk**

Liquidity risk is the risk that the Board will not be able to meet its obligations as they fall due. The Board requires working capital to meet day-to-day operating activities. Management expects that the Board's cash flows from operating activities will be sufficient to meet these requirements.

**4. Accumulated Surplus**

Accumulated surplus consists of individual fund surplus (deficit) and reserves as follows:

	<b>2015</b>	2014
	\$	\$
<b>Surplus</b>		
Invested in tangible capital assets	<b>115,687</b>	123,371
<b>Reserves</b>		
Working fund	<b>62,568</b>	62,568
Technology	<b>62,620</b>	62,620
Building and capital	<b>154,136</b>	83,808
Literacy	<b>14,491</b>	14,491
Ada Hare	<b>1,984</b>	1,984
	<b>295,799</b>	225,471
<b>Accumulated Surplus</b>	<b>411,486</b>	348,842

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**Township of Leeds and The Thousand Islands  
Public Library Board  
Notes to the Financial Statements**

**December 31, 2015**

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**5. Tangible Capital Assets**

<b>Net Book Value of Assets</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Library Collection	<b>115,687</b>	123,371

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For additional information, see Schedule 1 ▶ Tangible Capital Assets.

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**6. Budget Figures**

Leeds and The Thousand Islands Public Library Board reviews its operating and capital budgets each year. The approved operating budget for 2015 is included in the budget figures presented in the Statement of Operations.

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**Township of Leeds and The Thousand Islands  
Public Library Board  
Schedule 1 ▶ Tangible Capital Assets**

**December 31, 2015**

Assets	<b>Cost 01/01/15</b>	Net Additions (Disposals)	Cost 31/12/15	Accumulated Amortization 01/01/15	Net Amortization 2015	Accumulated Amortization 31/12/15	<b>Net Book Value 31/12/15</b>
	\$	\$	\$	\$	\$	\$	\$
Library Collection	<b>390,752</b>	33,395	424,147	267,381	41,079	308,460	<b>115,687</b>

**December 31, 2014**

Assets	<b>Cost 01/01/14</b>	Net Additions (Disposals)	Cost 31/12/14	Accumulated Amortization 01/01/14	Net Amortization 2014	Accumulated Amortization 31/12/14	<b>Net Book Value 31/12/14</b>
	\$	\$	\$	\$	\$	\$	\$
Library Collection	<b>354,405</b>	36,347	390,752	225,560	41,821	267,381	<b>123,371</b>

The accompany notes are an integral part of these financial statements.

**Township of Leeds and The Thousand Islands  
Schedule of Water and Sewer Operations  
Statement of Financial Activities**

For the year ended December 31	(Note 17) Budget	2015	2014
	\$	\$	\$
<b>REVENUES</b>			
Taxation ▶ frontage and connection charges	8,490	<b>8,490</b>	8,490
User charges ▶ water and sewer bill revenue	453,737	<b>445,941</b>	429,526
▶ miscellaneous fees and service charges	1,000	<b>734</b>	1,010
▶ penalty and interest	2,200	<b>3,220</b>	3,135
▶ rent	---	<b>823</b>	823
OSWAP Funding	---	---	167,865
Interest	4,800	<b>6,681</b>	8,497
<b>TOTAL REVENUES</b>	470,227	<b>465,889</b>	619,346
<b>EXPENDITURES</b>			
OCWA contract	239,803	<b>239,806</b>	233,726
Insurance	9,776	<b>10,353</b>	9,836
Materials and supplies	30,370	<b>6,403</b>	7,468
Professional fees	27,000	---	11,145
Minor capital repair	---	<b>10,045</b>	---
Program Support - internal	5,875	<b>5,875</b>	---
Amortization	---	<b>8,280</b>	40,317
<b>TOTAL EXPENDITURES</b>	312,824	<b>280,762</b>	302,492
<b>INCREASE IN FUND BALANCES</b>	157,403	<b>185,127</b>	316,854
<b>FUND BALANCES, BEGINNING OF YEAR</b>			
Invested in capital assets	389,817	<b>389,817</b>	389,817
Reserves	614,937	<b>614,937</b>	614,937
	1,004,754	<b>1,004,754</b>	1,004,754
<b>FUND BALANCES, END OF YEAR</b>			
Invested in capital assets	389,817	<b>381,537</b>	389,817
Reserves	772,340	<b>808,344</b>	614,937
	1,162,157	<b>1,189,881</b>	1,004,754
<b>Net Book Value of Capital Assets</b>			
Water tower		<b>110,938</b>	114,966
Pumping stations		<b>270,599</b>	53,855
Construction in progress		---	220,996
		<b>381,537</b>	389,817