

**The Corporation of the
Municipality of Arran-Elderslie
Financial Information
December 31, 2014**

The Corporation of the Municipality of Arran-Elderslie
Financial Information
December 31, 2014

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Municipality of Arran-Elderslie
Financial Statements
For the year ended December 31, 2014**

The Corporation of the Municipality of Arran-Elderslie
Financial Statements
For the year ended December 31, 2014

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Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers
of the Corporation of the Municipality of Arran-Elderslie

We have audited the accompanying consolidated financial statements of the Corporation of the Municipality of Arran-Elderslie, which comprise the consolidated statement of financial position as at December 31, 2014, and the consolidated statements of operations and accumulated surplus, 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

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 about whether the consolidated financial statements are free from 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 the assessment of the risks of material misstatement of the consolidated 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 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, the consolidated financial statements present fairly, in all material respects, the financial position of the Municipality of Arran-Elderslie as at December 31, 2014 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.

Chartered Professional Accountants, Licensed Public Accountants

Owen Sound, Ontario
June 25, 2015

The Corporation of the Municipality of Arran-Elderslie
Consolidated Statement of Financial Position

December 31	2014	2013
Financial assets		
Cash and temporary investments (Note 1)	\$ 12,341,713	\$ 12,615,649
Taxes receivable	1,208,470	1,115,699
Trade and other receivables	737,184	785,316
Inventory held for resale	7,466	4,235
Long-term receivables (Note 2)	880,053	900,828
	<u>15,174,886</u>	<u>15,421,727</u>
Liabilities		
Accounts payable and accrued liabilities	644,225	798,993
Solid waste closure and post-closure liabilities (Note 4)	487,748	489,278
Post-employment benefits liabilities (Note 10)	237,256	214,902
Deferred revenue (Page 29)	314,993	1,076,455
Net long-term liabilities (Note 5)	747,378	662,596
	<u>2,431,600</u>	<u>3,242,224</u>
Net financial assets	<u>12,743,286</u>	<u>12,179,503</u>
Non-financial assets		
Prepaid expenses	56,056	44,572
Tangible capital assets (Note 6)	30,266,959	29,006,635
	<u>30,323,015</u>	<u>29,051,207</u>
Accumulated surplus (Note 7)	<u>\$ 43,066,301</u>	<u>\$ 41,230,710</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The Corporation of the Municipality of Arran-Elderslie
Consolidated Statement of Operations and Accumulated Surplus

<u>For the year ended December 31</u>	<u>2014</u>	<u>2014</u>	<u>2013</u>
	Budget (Note)	Actual	Actual
Revenue			
Taxation	\$ 4,168,833	\$ 4,036,782	\$ 4,033,426
Fees and user charges	3,163,013	3,376,449	3,400,105
Government transfers (Note 11)	2,839,417	2,819,607	1,902,301
Other income (Note 12)	781,916	917,048	959,375
Obligatory reserve fund revenue recognized	160,000	159,076	206,143
	<u>11,113,179</u>	<u>11,308,962</u>	<u>10,501,350</u>
Expenses			
General government	767,225	800,158	803,776
Protection services	1,827,887	1,856,011	1,773,328
Transportation services	1,754,185	3,007,066	2,824,545
Environmental services	1,253,688	1,932,341	1,835,073
Health services	167,889	217,307	212,496
Recreation and cultural services	1,295,173	1,416,055	1,390,723
Planning and development	69,603	244,433	97,866
	<u>7,135,650</u>	<u>9,473,371</u>	<u>8,937,807</u>
Annual surplus (Note 9)	3,977,529	1,835,591	1,563,543
Accumulated surplus, beginning of the year	41,230,710	41,230,710	39,667,167
Accumulated surplus, end of the year	\$ 45,208,239	\$43,066,301	\$ 41,230,710

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The Corporation of the Municipality of Arran-Elderslie
Consolidated Statement of Changes in Net Financial Assets

<u>For the year ended December 31</u>	2014	2014	2013
	Budget (Note)	Actual	Actual
Annual surplus (Page 5)	\$ 3,977,529	\$ 1,835,591	\$ 1,563,543
Acquisition of tangible capital assets	(4,217,581)	(3,283,055)	(1,856,028)
Amortization of tangible capital assets	-	1,956,842	1,812,721
Loss (gain) on sale of tangible capital assets	-	(48,948)	1,121
Proceeds on disposal of capital assets	-	114,837	-
	<u>(4,217,581)</u>	<u>(1,260,324)</u>	<u>(42,186)</u>
Acquisition of inventories of supplies	-	-	(715)
Change in prepaid expenses	-	(11,484)	(40,930)
	<u>-</u>	<u>(11,484)</u>	<u>(41,645)</u>
Increase (decrease) in net financial assets	(240,052)	563,783	1,479,712
Net financial assets, beginning of the year	<u>12,179,503</u>	<u>12,179,503</u>	<u>10,699,791</u>
Net financial assets, end of the year	\$ 11,939,451	\$ 12,743,286	\$ 12,179,503

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The Corporation of the Municipality of Arran-Elderslie
Consolidated Statement of Cash Flows

<u>For the year ended December 31</u>	<u>2014</u>	<u>2013</u>
Cash provided by (used in)		
Operating activities		
Annual surplus	\$ 1,835,591	\$ 1,563,543
Items not involving cash		
Solid waste closure and post-closure liabilities	(1,530)	(20,708)
Amortization	1,956,842	1,812,721
Post-employment benefits liabilities	22,354	16,697
Deferred revenue recognized	(984,076)	(206,143)
Change in prepaid expenses	(11,484)	(41,645)
Loss (gain) on sale of capital assets	(48,948)	1,121
Contributed capital assets	(75,000)	-
	<u>2,693,749</u>	<u>3,125,586</u>
Changes in non-cash working capital balances		
Taxes receivable	(92,771)	55,022
Trade and other receivables	48,132	513,346
Inventory held for resale	(3,231)	2,036
Accounts payable and accrued liabilities	(154,768)	(417,102)
Deferred revenue received	222,614	1,034,190
	<u>2,713,725</u>	<u>4,313,078</u>
Capital transactions		
Cash used to acquire capital assets	(3,208,055)	(1,856,028)
Proceeds on sale of capital assets	114,837	-
	<u>(3,093,218)</u>	<u>(1,856,028)</u>
Investing activities		
Increase in long-term receivables	(200,000)	(127,400)
Repayment of long-term receivables	220,775	243,219
	<u>20,775</u>	<u>115,819</u>
Financing activities		
Additions to long-term liabilities	200,000	127,400
Repayment of long-term liabilities	(115,218)	(116,526)
	<u>84,782</u>	<u>10,874</u>
Net change in cash and cash equivalents	(273,936)	2,583,743
Cash and cash equivalents, beginning of the year	<u>12,615,649</u>	<u>10,031,906</u>
Cash and cash equivalents, end of the year	<u>\$12,341,713</u>	<u>\$ 12,615,649</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The Corporation of the Municipality of Arran-Elderslie

Summary of Significant Accounting Policies

December 31, 2014

Basis of Accounting

The consolidated financial statements of the Corporation of the Municipality of Arran-Elderslie are the representations of management. They have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants as prescribed by the Ontario Ministry of Municipal Affairs and Housing.

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

Basis of Consolidation

The consolidated statements reflect the assets, liabilities, revenues and expenses of all municipal organizations, committees, and boards which are owned or controlled by Council. All interfund assets and liabilities and revenues and expenses have been eliminated on consolidation.

The following boards and municipal enterprises owned or controlled by Council have been consolidated:

Paisley Local Architectural Conservation Advisory Committee

A government partnership exists where the municipality has shared control over the board or entity. The municipality's pro-rata share of the assets, liabilities, revenues and expenses are reflected in the financial statements using the proportionate consolidation method. The municipality's proportionate interest of the following government partnerships are reflected in the consolidated financial statements:

Chesley and District Fire Board	65.70%
Bruce Area Solid Waste Recycling Association	8.96%
Saugeen Mobility and Regional Transit	9.60%

The Corporation of the Municipality of Arran-Elderslie

Summary of Significant Accounting Policies

December 31, 2014

Revenue Recognition

Revenues are recognized as follows:

- a) Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. Taxes receivable are recognized net of an allowance for anticipated uncollectible amounts.
- b) Fines and donations are recognized when collected.
- c) Other revenues and user fees are recorded upon sale of goods or provision of service when collection is reasonably assured.
- d) Investment income earned on surplus funds (other than obligatory reserve funds) are reported as revenue in the period earned. Investment income earned on obligatory reserve funds is recorded directly to each fund balance.
- e) Government transfers are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.
- f) Revenue restricted by legislation, regulation or agreement and not available for general municipal purposes is reported as deferred revenue on the consolidated statement of financial position. The revenue is reported on the consolidated statement of financial activities in the year in which it is used for the specified purpose

Cash and Cash Equivalents

Cash and cash equivalents include all cash balances and short- term highly liquid investments that are readily converted into cash.

Temporary Investments

Temporary investments are recorded at cost unless there has been a decline in the market value which is other than temporary in nature in which case the investments are written down to market.

Other Receivables

Other receivables are recorded at cost.

The Corporation of the Municipality of Arran-Elderslie

Summary of Significant Accounting Policies

December 31, 2014

Inventory Inventory of goods held for resale is recorded at the lower of cost and net realizable value. Cost is determined on the average cost basis.

Post-Employment Benefits The municipality provides post-employment health, dental, travel, and life insurance benefits to eligible retired employees. The benefits earned by employees are determined using management's best estimate of expected benefit costs and are expensed as services are rendered.

The contributions to the Ontario Municipal Employers Retirement System ("OMERS"), a multi-employer defined benefit plan, are expensed when contributions are due.

Solid Waste Landfill Closure and Post-Closure Costs Site closure and post-closure care costs are recognized over the operating life of the landfill based on capacity used. The liability is recorded at its discounted value, based on the average long-term borrowing rate of the municipality.

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. Amortization is provided over the estimated useful life of the assets, using the straight-line method. The useful life of the assets is based on estimates made by management. The following useful lives are used:

Land improvements	40 years
Buildings	40 years
Equipment	5 to 15 years
Roads - paved	15 - 20 years
Roads - gravel	10 years
Water and other utility systems	30 - 80 years
Bridges and culverts	20 - 50 years
Vehicles	5 to 12 years

Tangible capital assets received as contributions are recorded at fair value at the date of receipt.

Non-Financial Assets Tangible capital assets and other non-financial assets are accounted for as assets by the municipality because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the municipality unless they are sold.

The Corporation of the Municipality of Arran-Elderslie

Summary of Significant Accounting Policies

December 31, 2014

County and School Board	The municipality collects taxation revenue on behalf of the school boards and the County of Bruce. The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards and the County of Bruce are not reflected in these financial statements.
Trust Funds	Funds held in trust by the municipality, and their related operations, are not included in these financial statements. The financial activity and position of the trust funds are reported separately on the trust funds statement of continuity and balance sheet.
Use of Estimates	The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates are used when accounting for items such as accrued grant receivables, useful life of assets, accrued liabilities, post-employment benefits, solid waste landfill closure and post-closure costs and taxation revenue. By their nature, these estimates are subject to measurement uncertainty and actual results could differ from management's best estimates as additional information becomes available in the future.

The Corporation of the Municipality of Arran-Elderslie
Notes to Consolidated Financial Statements

December 31, 2014

1. Cash and Temporary Investments

	2014	2013
Cash	\$ 4,130,578	\$ 4,530,225
Temporary investments - GIC's	8,042,000	8,000,000
Accrued interest	169,135	85,424
	\$12,341,713	\$ 12,615,649

On December 31, 2014, the Municipality had bank accounts of \$4,677,632 and GIC's of \$8,042,000 in a chartered bank. The Canadian Deposit Insurance Corporation insures deposits to a maximum of \$100,000 per depositor.

The bank account earns interest at the average prime rate less 1.75%. The GIC's have interest rates between 1.25% and 1.85% and mature April 2015 to May 2016.

2. Long-Term Receivables

	2014	2013
Paisley water system loans, 7.65%, due 2015	\$ 8,877	\$ 18,494
Tara water system loans, 4% to 6%, due 2015 and 2020	123,798	219,738
Tile drainage loans, 6% to 8%, due 2015 to 2024	747,378	662,596
	\$ 880,053	\$ 900,828

3. Temporary Borrowings

The Municipality of Arran Elderslie has a demand operating facility with interest charged at prime less 0.5% per annum. This facility is secured by a current borrowing by-law. At December 31, 2014, the municipality had a \$2,000,000 unused operating facility.

The Corporation of the Municipality of Arran-Elderslie
Notes to Consolidated Financial Statements

December 31, 2014

4. Solid Waste Closure and Post-Closure Liabilities

Solid waste closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, removal of ground water and leachates, and ongoing environmental monitoring, site inspection and maintenance.

The liability for the Chesley Landfill site is recorded at \$333,167 and represents the present value of closure and post-closure costs for 100% of the current site's capacity, using a discount rate of 2%. As at December 31, 2012, there was no remaining fill capacity available, and the Chesley Landfill was closed to the public. The total estimated future expenditures for closure and post-closure care are \$390,070. Post-closure care is estimated to continue for a period of 25 years.

The Arran Landfill site was expanded and assumed landfilling operations for the entire Municipality on October 1, 2012. The useable area was divided into three phases, each requiring separate approval with Plans of Development for each phase. Currently, only Phase I has a Plan of Development and Operation (PDO). The liability for the previously approved area within Phase I of the Arran Landfill site is recorded at \$154,581 and represents the present value of closure and post-closure costs for 77% of the current site's capacity, using the municipality's average long-term borrowing rate of 3.52%. The liability is recorded based on the capacity of the landfill used to date. The total estimated future expenditures for closure and post-closure care are \$275,329 leaving an amount to be recognized of \$120,748. The estimated remaining open capacity of Phase I is approximately 60,000 cubic meters, which will be filled in 2 years. Post-closure care is estimated to continue for a period of 20 years.

The liabilities have been partially funded through budget allocations.

The Corporation of the Municipality of Arran-Elderslie
Notes to Consolidated Financial Statements

December 31, 2014

5. Long-Term Liabilities

The balance of long-term liabilities reported on the consolidated statement of financial position is made up of the following:

	<u>2014</u>	<u>2013</u>
Tile drainage loans, 6% to 8%, due from 2015 to 2024	\$ 747,378	\$ 662,596

Principal payments for the next five fiscal years and thereafter are as follows:

2015	\$ 113,878
2016	115,534
2017	113,377
2018	89,432
2019	82,258
Thereafter	<u>232,899</u>
	<u>\$ 747,378</u>

Interest paid during the year totalled \$39,539.

The Corporation of the Municipality of Arran-Elderslie
Notes to Financial Statements

December 31, 2014

6. Tangible Capital Assets

	2014							
	Land and Land Improvements	Buildings	Equipment	Roads	Water and Other Utility Systems	Bridges and Culverts	Vehicles	Total
Cost, beginning of the year	\$ 624,456	\$ 6,203,559	\$ 1,782,037	\$ 41,365,853	\$ 23,813,386	\$ 6,119,902	\$ 5,238,867	\$ 85,148,060
Additions	157,449	91,723	201,314	482,499	363,586	1,058,251	928,233	3,283,055
Disposals	(45,000)	(19,307)	-	-	-	-	(26,246)	(90,553)
Cost, end of the year	736,905	6,275,975	1,983,351	41,848,352	24,176,972	7,178,153	6,140,854	88,340,562
Accumulated amortization, beginning of the year	54,360	3,487,031	805,379	36,874,712	7,376,720	3,676,709	3,866,514	56,141,425
Amortization	15,129	153,254	165,752	669,514	580,802	113,234	259,157	1,956,842
Disposals	-	(1,019)	-	-	-	-	(23,645)	(24,664)
Accumulated amortization, end of the year	69,489	3,639,266	971,131	37,544,226	7,957,522	3,789,943	4,102,026	58,073,603
Net carrying amount, end of the year	\$ 667,416	\$ 2,636,709	\$ 1,012,220	\$ 4,304,126	\$ 16,219,450	\$ 3,388,210	\$ 2,038,828	\$ 30,266,959

The Corporation of the Municipality of Arran-Elderslie
Notes to Financial Statements

December 31, 2014

6. Tangible Capital Assets - (continued)

	2013							
	Land and Land Improvements	Buildings	Equipment	Roads	Water and Other Utility Systems	Bridges and Culverts	Vehicles	Total
Cost, beginning of the year	\$ 684,753	\$ 6,034,084	\$ 1,085,446	\$ 40,896,046	\$ 23,502,184	\$ 5,933,245	\$ 5,221,503	\$ 83,357,261
Adjustments	(60,825)	30,399	48,481	213	(16,175)	(7,043)	(5,414)	(10,364)
Additions	528	139,076	649,188	469,594	327,377	193,700	86,929	1,866,392
Disposals	-	-	(1,078)	-	-	-	(64,151)	(65,229)
Cost, end of the year	624,456	6,203,559	1,782,037	41,365,853	23,813,386	6,119,902	5,238,867	85,148,060
Accumulated amortization, beginning of the year	25,493	3,317,366	679,858	36,131,685	6,943,417	3,581,783	3,713,210	54,392,812
Adjustments	16,013	21,617	4,075	7,929	(154,446)	(9,461)	(11,238)	(125,511)
Amortization	12,854	148,048	122,319	735,098	587,749	104,387	227,777	1,938,232
Disposals	-	-	(873)	-	-	-	(63,235)	(64,108)
Accumulated amortization, end of the year	54,360	3,487,031	805,379	36,874,712	7,376,720	3,676,709	3,866,514	56,141,425
Net carrying amount, end of the year	\$ 570,096	\$ 2,716,528	\$ 976,658	\$ 4,491,141	\$ 16,436,666	\$ 2,443,193	\$ 1,372,353	\$ 29,006,635

The Corporation of the Municipality of Arran-Elderslie
Notes to Financial Statements

December 31, 2014

6. Tangible Capital Assets - (continued)

The net book value of tangible capital assets not being amortized because they are under construction or development is \$Nil (2013 - \$NIL).

The municipality received a contribution of land valued at \$75,000. No contributed capital assets were recognized in the financial statements during the prior year.

7. Accumulated Surplus

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

	2014	2013
Invested in tangible capital assets		
Tangible capital assets at cost less amortization	\$ 30,266,959	\$ 29,006,635
Unfinanced capital assets	(97,416)	(125,885)
	30,169,543	28,880,750
Total invested in capital assets		
Unfunded post-employment benefits	(237,256)	(214,902)
Unfunded solid waste closure and post-closure costs	(322,710)	(324,240)
Unfunded Grey Bruce Health Services contribution	(20,000)	-
Operating surplus (deficit) (Note 9)	(158,393)	326,906
Fire surplus	277	277
Saugeen Mobility and Regional Transit (S.M.A.R.T.)	270	270
	29,431,731	28,669,061
Reserves and reserve funds (Note 8)	13,634,570	12,561,649
Accumulated surplus	\$43,066,301	\$ 41,230,710

The Corporation of the Municipality of Arran-Elderslie
Notes to Financial Statements

December 31, 2014

8. Reserves and Reserve Funds Set Aside for Specific Purpose by Council

	2014	2013
Reserves		
Working funds	\$ 1,087,201	\$ 1,005,000
Sick leave and WSIB	337,050	306,635
Capital purposes	12,177,006	11,217,078
	13,601,257	12,528,713
Reserve funds		
Capital purposes	33,313	32,936
Reserves and reserve funds set aside for specific purpose by Council	\$13,634,570	\$ 12,561,649

9. Budgets

Under Canadian public sector accounting standards, budget amounts are to be reported on the consolidated statements of operations and accumulated surplus and changes in net financial assets for comparative purposes. The 2014 budget amounts for the Corporation of the Municipality of Arran-Elderslie approved by Council have been restated to conform to the presentation of the consolidated statements of operations and accumulated surplus and changes in net financial assets. The following is a reconciliation of the budget approved by Council.

	2014 Budget	2014 Actual	2013 Actual
Annual surplus (Page 6)	\$ 3,977,529	\$ 1,835,591	\$ 1,563,543
Amortization	-	1,956,842	1,812,721
Change in unfunded liabilities	-	20,824	(4,011)
	3,977,529	3,813,257	3,372,253
Prior year general surplus	-	326,906	219,102
Net transfers (to) from reserves	272,352	(1,072,921)	(716,747)
Capital acquisitions, disposals and write-down	(4,217,581)	(3,217,166)	(1,854,907)
Prior year capital projects funded	(32,300)	(28,469)	(692,795)
Unfunded Grey Bruce Health Services	-	20,000	-
Operating surplus (deficit) (Note 7)	\$ -	\$ (158,393)	\$ 326,906

The Corporation of the Municipality of Arran-Elderslie
Notes to Financial Statements

December 31, 2014

10. Post-Employment Benefit

	2014	2013
Accumulating sick leave	\$ 162,808	\$ 146,271
Post-employment benefits	74,448	68,631
	\$ 237,256	\$ 214,902

- a) The municipality provides its employees with an accumulating sick leave plan which allows employees to use days accumulated in prior years, and allows for partial payout upon death, termination or retirement.

	2014	2013
Sick leave liability, beginning of the year	\$ 146,271	\$ 135,439
Current year benefit expense	15,710	14,775
Interest accrued	6,431	5,862
Benefits paid	(5,604)	(9,805)
	\$ 162,808	\$ 146,271

As per the collective agreement, the unused portion of annual earned sick leave days plus interest, is accumulated in a reserve account. The reserve tracks the number and dollar value of the unused days for each employee. When an employee ceases to work for the municipality, the employee receives 50% of the value credited in the reserve for that employee. The estimated liability at December 31, 2014 is \$162,808. The reserve account maintained by the municipality at December 31, 2014 per the agreement is \$337,049 and any future sick leave payouts will be funded from the reserve.

- b) The municipality pays certain health, dental, travel and life insurance benefits on behalf of its retired members to the age of 70. The municipality recognizes these post-employment costs in the period in which the employees rendered the services. The assumptions used reflect management's best estimates. The post-employment benefit liability was determined using a discount rate of 4.25%. For future salaries, a 3% annual rate of increase was used for 2014 and forward. For dental and travel premiums, a 4% annual rate of increase was assumed for 2014 and forward. For health care premiums, a 6.3% increase was used for 2014 and a decreasing rate used until 2019 where 4% was used thereafter.

	2014	2013
Accrued benefit liability, beginning of the year	\$ 68,631	\$ 62,766
Current year benefit expense	4,100	3,856
Interest accrued	2,977	2,734
Benefit payments	(1,260)	(725)
	\$ 74,448	\$ 68,631

The Corporation of the Municipality of Arran-Elderslie
Notes to Financial Statements

December 31, 2014

11. Government Transfers

	2014	2014	2013
	Budget	Actual	Actual
Operating			
Province of Ontario			
Ontario Municipal Partnership Fund (OMPF)	\$ 1,559,500	\$ 1,559,500	\$ 1,735,900
Conditional - Roads	175,783	12,899	9,139
- Sewer and water	40,184	40,184	-
- Other	20,100	159,370	128,584
	<u>1,795,567</u>	<u>1,771,953</u>	<u>1,873,623</u>
Government of Canada			
- Other	-	-	6,238
	<u>1,795,567</u>	<u>1,771,953</u>	<u>1,879,861</u>
Tangible Capital Asset			
Province of Ontario			
Conditional - Roads	990,000	918,283	-
- Other	35,000	100,316	14,808
	<u>1,025,000</u>	<u>1,018,599</u>	<u>14,808</u>
Government of Canada			
- Sewer and water	-	-	(11,851)
- General Government	13,850	24,088	19,483
	<u>13,850</u>	<u>24,088</u>	<u>7,632</u>
Other Municipalities			
Conditional - Roads	5,000	4,967	-
	<u>1,043,850</u>	<u>1,047,654</u>	<u>22,440</u>
Total tangible capital asset transfers	<u>1,043,850</u>	<u>1,047,654</u>	<u>22,440</u>
Total transfers	<u>\$ 2,839,417</u>	<u>\$ 2,819,607</u>	<u>\$ 1,902,301</u>

The Corporation of the Municipality of Arran-Elderslie
Notes to Financial Statements

December 31, 2014

12. Other Income

	2014	2014	2013
	Budget	Actual	Actual
Penalties and interest on taxation	\$ 170,500	\$ 173,658	\$ 152,844
Other fines and penalties	960	2,568	1,051
Investment income	162,200	184,467	157,826
Licenses, permits and rents	308,412	294,213	308,979
Donations	130,840	187,400	81,259
Local improvement special charges	4,000	21,476	16,835
Other	5,004	53,266	240,581
	<u>\$ 781,916</u>	<u>\$ 917,048</u>	<u>\$ 959,375</u>

13. Pension Agreements

The municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 28 members of its staff. This plan is a defined benefit plan which specifies the amount of the retirement to be received by the employees based on the length of service and rates of pay. Employees and employers contribute jointly to the plan. The amount contributed to OMERS for 2014 by the municipality was \$179,166 (2013 - \$165,274). The contribution rate for 2014 was 9.0% to 15.9% depending on age and income level (2013 - 9.0% to 15.9%).

OMERS is a multi-employer plan, therefore any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the municipality does not recognize any share of the OMERS pension surplus or deficit. The last available report for the OMERS plan was December 31, 2014. At that time the plan reported a \$7.1 billion actuarial deficit (2013 - \$8.6 billion actuarial deficit), based on actuarial liabilities of \$76.9 billion (2013 - \$73.0 billion) and actuarial assets of \$69.8 billion (2013 - \$64.4 billion). Ongoing adequacy of the current contribution rates will need to be monitored as fluctuations in financial markets may lead to increased future funding requirements.

The Corporation of the Municipality of Arran-Elderslie
Notes to Financial Statements

December 31, 2014

14. Operations of School Boards and the County of Bruce

During the year, the following taxation revenue was raised and remitted to the school boards and the County of Bruce:

	<u>2014</u>	<u>2013</u>
School boards	\$ 1,475,399	\$ 1,472,234
County of Bruce	<u>2,154,443</u>	<u>2,076,895</u>
	<u>\$ 3,629,842</u>	<u>\$ 3,549,129</u>

15. Contingencies

- (a) The Municipality of Arran-Elderslie has been named as a defendant in a legal action for damages arising from an alleged breach of contract in the amount of \$1,100,000 plus costs. The municipality's liability with respect to this action is not determinable at the present time. Amounts owing by the municipality, if any, pursuant to this claim will be recorded when they are determinable.

 - (b) Claims totalling \$9,750,000 plus court costs have been filed by various plaintiffs against the Municipality of Arran-Elderslie and other parties for damages arising from an automobile accident that occurred on municipal property. The municipality's liability with respect to this action is not determinable at the present time. Amounts owing by the municipality, if any, pursuant to this claim will be recorded when they are determinable. Management believes there is adequate insurance coverage for any amount that may become payable.
-

16. Commitments

Arran-Elderslie has approved the tender for the replacement of watermains in the amount of \$285,456. This amount will be funded from reserves. Payment will be processed once the work is completed.

17. Trust Funds

The trust funds administered by the municipality amounting to \$489,745 (2013 - \$450,954) have not been included in the consolidated statement of financial position, nor have the operations been included in the consolidated statement of financial activities.

The Corporation of the Municipality of Arran-Elderslie
Notes to Financial Statements

December 31, 2014

18. Bruce Area Solid Waste Recycling

The following summarizes the financial position and operations of Bruce Area Solid Waste Recycling, which is a Joint Board of Management of which Arran-Elderslie has a 8.96% interest. The Bruce Area Solid Waste Recycling has been consolidated into these financial statements.

	2014	2013
Financial assets	\$ 2,399,265	\$ 2,262,678
Liabilities	97,823	103,583
Net financial assets	2,301,442	2,159,095
Non-financial assets	1,665,922	1,651,414
Accumulated surplus	\$ 3,967,364	\$ 3,810,509
Revenues	\$ 2,559,346	\$ 2,392,547
Expenses	2,402,491	2,309,648
Annual surplus	\$ 156,855	\$ 82,899

19. Saugeen Mobility and Regional Transit (S.M.A.R.T.)

The following summarizes the financial position and operations of the Saugeen Mobility and Regional Transit non-profit organization, which the municipality funds through a service agreement. The Saugeen Mobility and Regional Transit organization has been consolidated into these financial statements. The municipality's proportionate share is 9.6%.

	2014	2013 (restated)
Financial assets	\$ 228,716	\$ 166,004
Liabilities	260,185	201,128
Net financial debt	(31,469)	(35,124)
Non-financial assets	703,747	535,855
Accumulated surplus	\$ 672,278	\$ 500,731
Revenues	\$ 1,573,192	\$ 1,160,941
Expenses	1,401,645	971,770
Annual surplus	\$ 171,547	\$ 189,171

The Corporation of the Municipality of Arran-Elderslie
Notes to Financial Statements

December 31, 2014

20. Chesley and District Fire Board

The following summarizes the financial position and operations of the Chesley and District Fire Board, which the municipality funds through a service agreement. The Chesley District Fire Board has been consolidated into these financial statements. The municipality's proportionate share is 65.70%.

	2014	2013
Financial assets	\$ 54,465	\$ 46,828
Liabilities	75,068	82,431
Net financial debt	(20,603)	(35,603)
Non-financial assets	261,722	295,175
Accumulated surplus	\$ 241,119	\$ 259,572
Revenues	\$ 185,815	\$ 175,397
Expenses	204,268	190,361
Annual deficit	\$ (18,453)	\$ (14,964)

21. Comparative Figures

Comparative figures have been restated to conform to the current year financial statement presentation.

The Corporation of the Municipality of Arran-Elderslie

Notes to Financial Statements

December 31, 2014

22. Segmented Information

The Municipality of Arran-Elderslie is a diversified municipal government institution that provides a wide range of services to its citizens such as police, fire, sewer, water, waste, collection, disposal and recycling, recreational, library and planning. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

General Government

This item includes revenues and expenses that relate to the governance and operations of the municipality itself and cannot be directly attributed to a specific segment.

Protection to Persons and Property

Protection is comprised of police services, fire protection, conservation authority, emergency measures, animal control and building and structural inspection. The police services work to ensure the safety and protection of the citizens and their property. The fire department is responsible to provide fire suppression service, fire prevention programs, training and education. The members of the fire department consist of volunteers. The building department provides a number of services including maintenance and enforcement of building and construction codes and review of all property development plans through its application process.

Transportation

Transportation is responsible for construction and maintenance of the municipality's roadways, bridges, storm sewers, parking areas, streetlighting and air transportation.

Sewer and Water

This service provides the municipality's drinking water. The municipality also processes and cleans sewage and ensures sewer and water systems meet all Provincial standards.

Environmental

Environmental services consists of providing waste collection, disposal and recycling to its citizens.

Health

Health services include contributions to support local Hospitals. Health services also includes the operations of local cemeteries.

The Corporation of the Municipality of Arran-Elderslie
Notes to Financial Statements

December 31, 2014

22. Segmented Information - (continued)

Recreational and Cultural Services

This service area provides services meant to improve the health and development of the municipality's citizens. The municipality operates and maintains or contributes to parks, arenas, community centres, a campground, and museums. The municipality also provides library services and recreational programs.

Planning and Development

This department is responsible for planning and zoning and downtown revitalization. This service area also includes municipal and tile drainage.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. Amounts that are directly attributable to a number of segments have been allocated on a reasonable basis as follows:

Taxation, payments-in-lieu and penalties and interest	Allocated to those segments that are funded by these amounts based on the budget for the year.
OMPF grants	Allocated to segments based on the budget for the year.

The Corporation of the Municipality of Arran-Elderslie
Notes to the Financial Statements

For the year ended December 31, 2014	General Government	Protection Services	Transportation Services	Sewer and Water	Environmental Services	Health Services	Recreation and Cultural Services	Planning and Development	2014 Total
Revenue									
Taxation	\$ 322,943	\$ 1,291,770	\$ 1,695,448	\$ -	\$ 40,368	\$ 40,368	\$ 605,517	\$ 40,368	\$ 4,036,782
Fees and user charges	21,828	124,423	61,796	2,160,873	525,101	31,587	411,101	39,740	3,376,449
Specific grants	-	-	1,021,737	40,184	39,605	-	145,199	13,382	1,260,107
OMPF grant	124,760	499,040	654,990	-	15,595	15,595	233,925	15,595	1,559,500
Other revenue	396,638	127,967	1,634	-	28,328	125,072	237,409	-	917,048
Transfers from obligatory reserve	-	-	159,076	-	-	-	-	-	159,076
	866,169	2,043,200	3,594,681	2,201,057	648,997	212,622	1,633,151	109,085	11,308,962
Expenses									
Salaries and benefits	536,688	278,242	943,375	376,440	187,015	56,018	675,253	34,464	3,087,495
Interest on debt	-	-	-	-	-	-	-	39,539	39,539
Materials and supplies	110,418	176,006	618,795	276,079	94,420	101,878	542,244	1,807	1,921,647
Contracted services	82,311	1,193,254	374,014	178,158	246,293	18,248	78,100	168,623	2,339,001
Other transfers	45,438	70,085	-	-	-	-	-	-	115,523
Rents and financial expenses	5,740	-	2,023	41	549	955	4,016	-	13,324
Amortization	19,563	138,424	1,068,859	552,623	20,723	40,208	116,442	-	1,956,842
	800,158	1,856,011	3,007,066	1,383,341	549,000	217,307	1,416,055	244,433	9,473,371
Annual surplus (deficit)	\$ 66,011	\$ 187,189	\$ 587,615	\$ 817,716	\$ 99,997	\$ (4,685)	\$ 217,096	\$ (135,348)	\$ 1,835,591

The Corporation of the Municipality of Arran-Elderslie
Notes to the Financial Statements

For the year ended December 31, 2013	General Government	Protection Services	Transportation Services	Sewer and Water	Environmental Services	Health Services	Recreation and Cultural Services	Planning and Development	2013 Total
Revenue									
Taxation	\$ 282,340	\$ 1,210,028	\$ 1,815,041	\$ -	\$ 80,669	\$ -	\$ 605,014	\$ 40,334	\$ 4,033,426
Fees and user charges	26,899	236,638	64,226	2,360,502	245,424	40,928	386,818	38,670	3,400,105
Specific grants	14,808	-	65,724	(11,851)	39,931	-	45,298	12,491	166,401
OMPF grant	121,513	520,770	781,155	-	34,718	-	260,385	17,359	1,735,900
Other revenue	456,618	148,755	275	21,235	1,697	110,195	220,600	-	959,375
Transfers from obligatory reserve	-	-	206,143	-	-	-	-	-	206,143
	<u>902,178</u>	<u>2,116,191</u>	<u>2,932,564</u>	<u>2,369,886</u>	<u>402,439</u>	<u>151,123</u>	<u>1,518,115</u>	<u>108,854</u>	<u>10,501,350</u>
Expenses									
Salaries and benefits	534,813	300,385	827,146	370,212	184,281	67,749	646,683	26,376	2,957,645
Interest on debt	-	-	-	-	-	-	-	38,181	38,181
Materials and supplies	89,807	174,976	579,596	257,233	81,260	71,567	541,773	5,780	1,801,992
Contracted services	144,814	1,161,981	354,897	171,648	250,824	29,043	82,090	27,529	2,222,826
Other transfers	19,954	67,613	-	-	-	-	-	-	87,567
Rents and financial expenses	4,016	-	2,334	1,733	858	4,014	3,920	-	16,875
Amortization	10,372	68,373	1,060,572	497,315	19,709	40,123	116,257	-	1,812,721
	<u>803,776</u>	<u>1,773,328</u>	<u>2,824,545</u>	<u>1,298,141</u>	<u>536,932</u>	<u>212,496</u>	<u>1,390,723</u>	<u>97,866</u>	<u>8,937,807</u>
Annual surplus (deficit)	\$ 98,402	\$ 342,863	\$ 108,019	\$ 1,071,745	\$ (134,493)	\$ (61,373)	\$ 127,392	\$ 10,988	\$ 1,563,543

The Corporation of the Municipality of Arran-Elderslie
Schedule of Deferred Revenue

For the year ended December 31, 2014

	Opening	Contributions Received	Investment Income	Revenue Recognized	Ending
Obligatory Reserve Funds					
In lieu of parkland	\$ 2,864	\$ -	\$ 34	\$ -	\$ 2,898
Federal gas tax	227,808	202,716	2,626	(159,076)	274,074
Subdivider contributions	20,783	-	238	-	21,021
	251,455	202,716	2,898	(159,076)	297,993
Other					
Roads and bridges grant	825,000	17,000	-	(825,000)	17,000
	\$ 1,076,455	\$ 219,716	\$ 2,898	\$ (984,076)	\$ 314,993

The Corporation of the
Municipality of Arran-Elderslie
Trust Funds
For the year ended December 31, 2014

The Corporation of the Municipality of Arran-Elderslie
Trust Funds
For the year ended December 31, 2014

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Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers
of the Corporation of the Municipality of Arran-Elderslie
Trust Funds

We have audited the accompanying financial information for the trust funds of the Municipality of Arran-Elderslie, which comprise the balance sheet as at December 31, 2014, the statement of continuity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Information

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial information. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial information, 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 information 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 information.

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



Opinion

In our opinion, the financial information presents fairly, in all material respects, the balance sheet for the trust funds of the Municipality of Arran-Elderslie as at December 31, 2014 and the statement of continuity for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants

Owen Sound, Ontario
June 25, 2015

The Corporation of the Municipality of Arran-Elderslie
Trust Funds
Balance Sheet

December 31, 2014

	Total	Care and Maintenance	Cemetery Prepaid	Gravel Deposits	Forbes Gravel Pit
Assets					
Cash	\$ 137,724	\$ 111,954	\$ 13,122	\$ -	\$ 12,648
Investments	377,097	361,097	-	16,000	-
	514,821	473,051	13,122	16,000	12,648
Other					
Accrued interest	5,964	5,964	-	-	-
	\$ 520,785	\$ 479,015	\$ 13,122	\$ 16,000	\$ 12,648
Liabilities					
Due to the Municipality of Arran-Elderslie	\$ 31,040	\$ 31,040	\$ -	\$ -	\$ -
Fund balance	489,745	447,975	13,122	16,000	12,648
	\$ 520,785	\$ 479,015	\$ 13,122	\$ 16,000	\$ 12,648

Statement of Continuity

	Total	Care and Maintenance	Cemetery Prepaid	Gravel Deposits	Forbes Gravel Pit
Balance, beginning of the year	\$ 450,954	\$ 409,475	\$ 12,974	\$ 16,000	\$ 12,505
Receipts					
Donations	25,000	25,000	-	-	-
Interest	291	-	148	-	143
Plot sales and monument fees	13,500	13,500	-	-	-
	38,791	38,500	148	-	143
Balance, end of the year	\$ 489,745	\$ 447,975	\$ 13,122	\$ 16,000	\$ 12,648

The Corporation of the Municipality of Arran-Elderslie
Trust Funds
Notes to Financial Information

December 31, 2014

1. Summary of Significant Accounting Policies

Basis of Accounting The financial information of the Corporation of the Municipality of Arran-Elderslie Trust Funds are the representation of management. They have been prepared in accordance with accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants as prescribed by the Ontario Ministry of Municipal Affairs and Housing.

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

Use of Estimates The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and actual results could differ from management's best estimates as additional information becomes available in the future.

Basis of Consolidation These trust funds have not been consolidated with the financial statements of the municipality.

2. Investments

The total investments of \$377,097 (2013 - \$377,097) reported on the Balance Sheet at cost have a market value of \$377,097 (2013 - \$377,097) at the end of the year.

**Chesley and District Fire Board
Financial Statements
For the year ended December 31, 2014**

Chesley and District Fire Board
Financial Statements
For the year ended December 31, 2014

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Independent Auditor's Report

To the Board Members, Members of Council
Inhabitants and Ratepayers of the
Participating Municipalities of the
Chesley and District Fire Board

We have audited the accompanying financial statements of the Chesley and District Fire Board, which comprise the statement of financial position as at December 31, 2014, and the statements of operations and accumulated surplus, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Chesley and District Fire Board as at December 31, 2014 and the results of its operations, changes in net debt and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants

Owen Sound, Ontario
June 25, 2015

Chesley and District Fire Board
Statement of Financial Position

<u>December 31</u>	<u>2014</u>	<u>2013</u>
Financial assets		
Due from the Township of Chatsworth	\$ 54,465	\$ 46,828
Liabilities		
Due to the Municipality of Arran-Elderslie	<u>75,068</u>	<u>82,431</u>
Net debt	(20,603)	(35,603)
Non-financial assets		
Tangible capital assets (Note 2)	<u>261,722</u>	<u>295,175</u>
Accumulated surplus (Note 3)	<u>\$ 241,119</u>	<u>\$ 259,572</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Chesley and District Fire Board
Statement of Operations and Accumulated Surplus

For the year ended December 31	2014	2014	2013
	Budget	Actual	Actual
	(Note 1)		
Revenue			
Municipal contributions			
Municipality of Arran-Elderslie	\$ 73,386	\$ 124,794	\$ 104,467
Township of Chatsworth	43,680	54,465	46,828
Donations and other income	8,000	6,556	24,102
Obligatory reserve fund revenue recognized	2,925	-	-
	<u>127,991</u>	<u>185,815</u>	<u>175,397</u>
Expenses			
Salaries and wages	64,032	77,973	83,672
Tanker expense	1,100	2,187	2,467
Materials, supplies and services	62,859	59,256	53,277
Amortization	-	64,852	50,945
	<u>127,991</u>	<u>204,268</u>	<u>190,361</u>
Annual deficit (Note 1)	-	(18,453)	(14,964)
Accumulated surplus, beginning of the year	<u>259,572</u>	<u>259,572</u>	<u>274,536</u>
Accumulated surplus, end of the year	<u>\$ 259,572</u>	<u>\$ 241,119</u>	<u>\$ 259,572</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Chesley and District Fire Board
Statement of Changes in Net Debt

<u>For the year ended December 31</u>	2014 Budget (Note 1)	2014 Actual	2013 Actual
Annual deficit (Page 5)	\$ -	\$ (18,453)	\$ (14,964)
Acquisition of tangible capital assets	-	(31,399)	(20,981)
Amortization of tangible capital assets	-	64,852	50,945
	-	33,453	29,964
Decrease in net debt	-	15,000	15,000
Net debt, beginning of the year	(35,603)	(35,603)	(50,603)
Net debt, end of the year	\$ (35,603)	\$ (20,603)	\$ (35,603)

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Chesley and District Fire Board
Statement of Cash Flows

<u>For the year ended December 31</u>	<u>2014</u>	<u>2013</u>
Cash provided by (used in)		
Operating activities		
Annual deficit	\$ (18,453)	\$ (14,964)
Items not involving cash		
Amortization	<u>64,852</u>	<u>50,945</u>
	46,399	35,981
Changes in non-cash working capital balances		
Due from the Township of Chatsworth	(7,637)	1,006
Due to the Municipality of Arran-Elderslie	<u>(7,363)</u>	<u>(16,006)</u>
	31,399	20,981
Capital transactions		
Cash used to acquire capital assets	<u>(31,399)</u>	<u>(20,981)</u>
Net change in cash and cash equivalents	-	-
Cash and cash equivalents, beginning of the year	<u>-</u>	<u>-</u>
Cash and cash equivalents, end of the year	<u>\$ -</u>	<u>\$ -</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Chesley and District Fire Board Summary of Significant Accounting Policies

December 31, 2014

Basis of Accounting

The financial statements of the Chesley and District Fire Board are the representations of management. They have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants as prescribed by the Ontario Ministry of Municipal Affairs and Housing.

Revenues and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. By their nature, these estimates are subject to measurement uncertainty and actual results could differ from management's best estimates as additional information becomes available in the future.

Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Costs include all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Amortization is provided over the estimated useful life of the assets, using the straight-line method. The useful life of the assets is based on estimates made by Council. The following rates are used:

Vehicles	10 years
Equipment and clothing	12 years

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

Chesley and District Fire Board
Summary of Significant Accounting Policies

December 31, 2014

Revenue Recognition

Revenues are reported on the accrual basis of accounting. Revenues are recognized as follows:

- (a) Other revenues are recorded upon sale of goods or provision of service when collection is reasonably assured.

 - (b) Government transfers are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.
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Chesley and District Fire Board
Notes to Financial Statements

December 31, 2014

1. Budgets

Under Canadian public sector accounting standards, budget amounts are to be reported on the consolidated statement of operations and accumulated surplus and changes in net debt for comparative purposes. The following is a reconciliation of the budget approved by Council.

	2014	2014	2013
	Budget	Actual	Actual
Annual deficit (Page 5)	\$ -	\$ (18,453)	\$ (14,964)
Capital acquisitions	-	(31,399)	(20,981)
Amortization	-	64,852	50,945
Unfinanced (funded) capital	-	(15,000)	(15,000)
	\$ -	\$ -	\$ -

2. Tangible Capital Assets

	2014		2013	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Vehicles	\$ 805,511	\$ 658,173	\$ 805,511	\$ 612,397
Equipment and clothing	215,756	101,372	184,357	82,296
	\$ 1,021,267	\$ 759,545	\$ 989,868	\$ 694,693
Net book value		\$ 261,722		\$ 295,175

3. Accumulated Surplus

	2014	2013
Invested in tangible assets	\$ 261,722	\$ 295,175
Unfinanced capital assets	(20,603)	(35,603)
	\$ 241,119	\$ 259,572