

The Corporation of the Township of Adjala-Tosorontio  
Consolidated Financial Statements  
Year ended December 31, 2014

---

	<b>Contents</b>
<b>Independent Auditor's Report</b>	<b>2</b>
<b>Consolidated Financial Statements</b>	
Statement of Financial Position	3
Statement of Operations and Accumulated Surplus	4
Statement of Change in Net Financial Assets (Debt)	5
Statement of Cash Flows	6
Notes to the Financial Statements	7



Tel: 905 898 1221  
Fax: 905 898 0028  
Toll-Free: 866 275 8836  
www.bdo.ca

BDO Canada LLP  
The Gates of York Plaza  
17310 Yonge Street, Unit 11  
Newmarket ON L3Y 7R9 Canada

---

## Independent Auditor's Report

---

### To the Mayor and Councilors of The Corporation of the Township of Adjala-Tosorontio

We have audited the accompanying consolidated financial statements of The Corporation of the Township of Adjala-Tosorontio, which comprise the statement of financial position as at December 31, 2014, and the statements of operations, statement of change in net financial assets (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 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 Corporation of the Township of Adjala-Tosorontio as at December 31, 2014 and the results of its operations, changes in its net financial assets (debt) and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

July 13, 2015  
Newmarket, Ontario

**The Corporation of the Township of Adjala-Tosorontio  
Consolidated Statement of Financial Position**

<b>December 31</b>	<b>2014</b>	<b>2013</b>
<b>Financial assets</b>		
Cash and cash equivalents (Note 2)	\$ 2,757,741	\$ 3,105,743
Short term investments (Note 4)	1,861,567	2,057,744
Taxes receivable	1,224,783	1,182,573
Accounts receivable (Note 3)	999,082	789,350
Portfolio investments (Note 5)	1,375,051	1,112,242
	<u>8,218,224</u>	<u>8,247,652</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	817,999	618,257
Employee benefits plan liability (Note 6)	1,353,004	1,274,394
Deferred revenue (Note 7)	1,063,536	1,063,698
Net long-term debt (Note 8)	4,141,543	4,330,943
Other liabilities	339,172	191,885
	<u>7,715,254</u>	<u>7,479,177</u>
<b>Net financial assets</b>	<u>502,970</u>	<u>768,475</u>
<b>Non-financial assets</b>		
Tangible capital assets (Note 9)	43,781,303	43,557,576
Prepaid expenses and inventories of supplies	147,645	140,691
	<u>43,928,948</u>	<u>43,698,267</u>
<b>Accumulated surplus</b>	<u>\$ 44,431,918</u>	<u>\$ 44,466,742</u>

**The Corporation of the Township of Adjala-Tosorontio  
Consolidated Statement of Operations and Accumulated Surplus**

Year ended December 31	Budget 2014	2014	2013
	(Note 13)		
<b>Revenue</b>			
Taxation (Note 10)	\$ 4,794,753	\$ 5,278,345	\$ 5,172,669
Government grants - Federal	303,800	4,721	26,898
Government grants - Provincial	805,700	1,701,978	999,634
User fees and service charges	1,134,025	1,144,625	1,140,906
Deferred revenue earned	-	385,367	587,936
Other	610,750	942,891	811,697
	<u>7,649,028</u>	<u>9,457,927</u>	<u>8,739,740</u>
<b>Expenses</b>			
General government	1,437,737	1,591,917	1,570,885
Protection services	2,897,413	2,805,453	2,769,403
Transportation services	3,047,552	3,025,799	2,983,928
Environmental services	1,582,728	1,311,201	1,289,167
Health services	14,500	8,873	9,287
Recreation and cultural services	249,637	224,291	244,588
Planning and development	457,605	525,217	370,092
	<u>9,687,172</u>	<u>9,492,751</u>	<u>9,237,350</u>
<b>Annual deficit</b>	<u>(2,038,144)</u>	<u>(34,824)</u>	<u>(497,610)</u>
<b>Accumulated surplus, beginning of the year</b>	<u>44,466,742</u>	<u>44,466,742</u>	<u>44,964,352</u>
<b>Accumulated surplus, end of the year</b>	<u>\$ 42,428,598</u>	<u>\$ 44,431,918</u>	<u>\$ 44,466,742</u>

**The Corporation of the Township of Adjala-Tosorontio  
Consolidated Statement of Change in Net Financial Assets (Debt)**

Year ended December 31	Budget 2014	2014	2013
	(Note 13)		
Annual deficit	\$ (2,038,144)	\$ (34,824)	\$ (497,610)
Acquisition of tangible capital assets	(1,839,000)	(1,773,774)	(832,204)
Amortization of tangible capital assets	1,424,411	1,424,411	1,417,099
Gain (loss) on disposal of tangible capital assets	-	(49,364)	114,442
Proceeds on sale of tangible capital assets	-	175,000	-
	<u>(2,452,733)</u>	<u>(258,551)</u>	<u>201,727</u>
Use (acquisition) of prepaid expenses and inventory of supplies	-	(6,954)	342
Net change in net financial assets (debt)	(2,452,733)	(265,505)	202,069
Net financial assets, beginning of the year	<u>768,475</u>	<u>768,475</u>	<u>566,406</u>
Net financial assets (debt), end of the year	<u>\$ (1,684,258)</u>	<u>\$ 502,970</u>	<u>\$ 768,475</u>

**The Corporation of the Township of Adjala-Tosorontio  
Consolidated Statement of Cash Flows**

Year ended December 31	2014	2013
<b>Operating transactions</b>		
Annual deficit	\$ (34,824)	\$ (497,610)
Items not involving cash		
Amortization	1,424,411	1,417,099
Loss (gain) on disposal of tangible capital assets	(49,364)	114,442
Changes in non-cash operating balances		
Taxes receivable	(42,210)	(124,535)
Accounts receivable	(209,732)	(137,361)
Prepaid expenses and inventories of supplies	(6,954)	342
Accounts payable and accrued liabilities	199,742	(137,911)
Other current liabilities	147,287	60,907
Employee benefits plan liability	78,610	346,713
Deferred revenue	(162)	(116,953)
	<u>1,506,804</u>	<u>925,133</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(1,773,774)	(832,204)
Proceeds on sale of tangible capital assets	175,000	-
	<u>(1,598,774)</u>	<u>(832,204)</u>
<b>Investing transactions</b>		
Acquisition of short term and portfolio investments	(66,632)	(40,343)
<b>Financing transactions</b>		
Repayment of long-term debt	(189,400)	(184,631)
<b>Net change in cash and cash equivalents</b>	<b>(348,002)</b>	<b>(132,045)</b>
<b>Cash and cash equivalents, beginning of the year</b>	<b><u>3,105,743</u></b>	<b><u>3,237,788</u></b>
<b>Cash and cash equivalents, end of the year</b>	<b><u>\$ 2,757,741</u></b>	<b><u>\$ 3,105,743</u></b>

---

**The Corporation of the Township of Adjala-Tosorontio  
Notes to Consolidated Financial Statements**

**December 31, 2014**

---

**1. Summary of Accounting Policies**

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

The consolidated financial statements of the Municipality are the responsibility of management. They have been prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. The Corporation of the Township of Adjala-Tosorontio (the "Municipality") is a municipality in the Province of Ontario and operates under the provisions of the Community Charter. The Municipality provides municipal services such as fire, public works, planning, parks, recreation and other general government services.

**Basis of Consolidation**

The financial statements reflect the assets, liabilities, revenue and expenses of all municipal organizations, committees and Boards which are owned or controlled by the Municipality.

All inter-entity transactions and balances have been eliminated.

**Basis of Accounting**

Sources of financing and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which the transactions or events occurred that give rise to the revenues; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

**Non-financial assets**

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

**Cash and Cash  
Equivalents**

Management considers all highly liquid investments with maturity of three months or less to be cash equivalents.

**Portfolio Investments**

Portfolio 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 value.

**Short Term  
Investments**

Short term investments are recorded at lower of cost and market value.

---

**The Corporation of the Township of Adjala-Tosorontio**  
**Notes to Consolidated Financial Statements**

**December 31, 2014**

---

**1. Summary of Accounting Policies (continued)**

**Tangible Capital Assets**

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

Buildings	30 to 50 years
Roads	40 to 85 years
Machinery and equipment	5 to 20 years
Water/Sewer infrastructure	10 to 100 years
Bridges	80 to 100 years
Vehicles	5 to 15 years
Communications	5 to 10 years
Furniture and fixtures	10 years
Computer hardware and software	3 to 7 years

**Tangible Capital Assets Under Construction**

Tangible capital assets under construction are recorded at cost. When construction is completed, the tangible capital asset under construction will be transferred to tangible capital assets and amortized based on its classification.

**Collection of Taxes on Behalf of Other Taxation Authorities**

The Municipality collects taxation revenue on behalf of the school boards and the County of Simcoe. Such levies, other revenues, expenses, assets and liabilities with respect to the operations of these entities are not reflected in these financial statements.

**Non-pension Post Retirement Benefits**

Actuarial cost method:

Accrued benefit obligations are computed using the projected benefit method prorated on service, as defined in PSAB 3250. The objective under this method is to expense each member's benefit under the plan taking into consideration projections of benefit costs to and during retirement. Under this method an equal portion of total estimated future benefit is attributed to each year of service.

Funding policy:

The non-pension post retirement benefits are funded on a pay-as-you-go basis. The Municipality funds on a cash basis as benefits are paid. No assets have been formally segregated and restricted to provide the non-pension post retirement benefits.



---

**The Corporation of the Township of Adjala-Tosorontio**  
**Notes to Consolidated Financial Statements**

**December 31, 2014**

---

**1. Summary of Accounting Policies (continued)**

Accounting policies:

Actuarial gains and losses are amortized on a linear basis over the expected average remaining service life ('EARSLS') (expected remaining payment period in respect of the retiring allowance) of members expected to receive benefits under the plan, with amortization commencing in the period following the determination of the gain or loss. Obligations are attributed to the period beginning on the member's date of hire and ending on the expected date of death or retirement, depending on the benefit value.

**Pension Plan**

The Municipality is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of assets and administration of the benefits. The Municipality has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The Municipality records as pension expense the amount paid to OMERS during the year plus any amounts owing to OMERS for the year ended.

**Deferred Revenue**

Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the consolidated statement of financial position. The revenue is recognized in the consolidated statement of operations in the year in which it is used for the specified purpose.

**Government Transfers**

Revenue is recognized 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.

**Revenue Recognition**

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 uncollectable amounts.

Charges for sewer and water usage are recorded as user fees. Connection fee revenues are recognized when the connection has been established.

Sales of service and other revenue is recognized on an accrual basis, when services have been rendered.

---

**The Corporation of the Township of Adjala-Tosorontio**  
**Notes to Consolidated Financial Statements**

**December 31, 2014**

---

**1. Summary of Accounting Policies (continued)**

**Use of Estimates**      The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions 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. The principal estimates used in the preparation of these financial statements include the useful life and valuation of tangible capital assets and significant accruals. Actual results could differ from management's best estimates as additional information becomes available in the future.

---

**2. Cash and Cash Equivalents**

	<u>2014</u>	<u>2013</u>
Unrestricted cash	\$ 1,366,210	\$ 1,611,247
Restricted cash	<u>1,391,531</u>	<u>1,494,496</u>
	<u>\$ 2,757,741</u>	<u>\$ 3,105,743</u>

---

**3. Accounts Receivable**

	<u>2014</u>	<u>2013</u>
Long term receivables	\$ 1,474	\$ 2,865
Accounts receivable	<u>997,608</u>	<u>786,485</u>
	<u>\$ 999,082</u>	<u>\$ 789,350</u>

---

The balance in long term receivables is made up of amounts to be recovered from benefiting landowners with respect to drain loans.

---

The Corporation of the Township of Adjala-Tosorontio  
Notes to Consolidated Financial Statements

December 31, 2014

**4. Short Term Investments**

Short term investments comprise the following:

	2014	2013
Cash	\$ 16,441	\$ 17,279
Guaranteed Investment Certificates, interest rates ranging from 2.25% to 2.5%, maturing from February 2, 2015 to November 3, 2015	1,845,126	2,019,386
Bank of Nova Scotia, interest rate 3.35%, effective yield rate of 3.31% matures November 18, 2014	-	8,088
Province of Ontario Bond, interest rate 5.00%, effective yield rate of 4.62% matures March 8, 2014	-	12,991
	<b>\$ 1,861,567</b>	<b>\$ 2,057,744</b>

The market value of short term investments is \$1,910,308 (2013 - \$2,076,449).

**5. Portfolio Term Investments**

Portfolio investments comprise the following:

	2014	2013
Guaranteed Investment Certificate, interest rates ranging from 1.84% to 2.25%, maturing from November 4, 2016 to July 25, 2017	\$ 1,168,431	\$ 927,846
Government and Corporate Bonds, with effective yield rates ranging from 2.36% to 5.78%, maturing from June 1, 2016 to December 1, 2045	206,620	184,396
	<b>\$ 1,375,051</b>	<b>\$ 1,112,242</b>

The market values of guaranteed investment certificate and government and corporate bonds are \$1,178,545 and \$217,520 respectively.

The Corporation of the Township of Adjala-Tosorontio  
Notes to Consolidated Financial Statements

December 31, 2014

6. Employee Benefits Plan Liability

	2014	2013
Accumulated post retirement benefits - accrued obligation	\$ 1,250,054	\$ 1,190,861
Unamortized net actuarial loss	30,919	34,681
	1,219,135	1,156,180
Vacation	133,869	118,214
	\$ 1,353,004	\$ 1,274,394

The post employment benefit expense is reported as a component of current expenses on the statement of financial activities. Composition of the amount is as follows:

	2014	2013
Current year benefit cost	\$ 60,842	\$ 57,831
Interest on accrued benefit obligation	55,051	35,014
Actuarial losses	3,762	6,699
Past service costs	-	272,044
Total expense related to post-employment benefits	\$ 119,655	\$ 371,588

The amount of benefits paid during the year was \$36,651 (2013 - \$32,827) for post retirement benefits.

**Retirement Benefits**

Municipal Employees Retirement System

OMERS provides pension services to more than 451,115 active and retired members and approximately 974 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2014. The results of this valuation disclosed total actuarial liabilities of \$76,924 million in respect of benefits accrued for service with actuarial assets at that date of \$69,846 million indicating an actuarial deficit of \$7,078 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the municipality does not recognize any share of the OMERS pension surplus or deficit. Contributions made by the municipality to OMERS for 2014 were \$157,030 (2013 - \$155,793).

Retirement Life Insurance and Health Care Benefits

The Municipality provides life insurance benefits to certain employee groups after retirement until the members reach 70 years of age. The Municipality also provides dental and health care benefits to certain employee groups after retirement until the members reach 80 years of age. The benefit costs and liabilities related to this plan are based on an actuarial valuation prepared by an independent firm. The date of the last actuarial valuation was as of December 31, 2013.

The Corporation of the Township of Adjala-Tosorontio  
Notes to Consolidated Financial Statements

December 31, 2014

**6. Employee Benefits Plan Liability (continued)**

The accrued benefit obligations for the Municipality's employee future benefit plans as at December 31, 2014 are based on actuarial valuations for accounting purposes as at December 31, 2014. These actuarial valuations were based on assumptions about future events. The economic assumptions used in these valuations are the Board's best estimates of expected rates of:

	2014	2013
Expected wage and salary increases	3.0%	3.0%
Discount on accrued benefit obligations	4.50%	4.50%
Health care cost escalation - current year	7.25%	7.5%
- decreasing over 10 years to	5.0%	5.0%
Dental costs escalation	4.0%	4.0%

**7. Deferred Revenue**

	Opening balance	Contributions received	Externally restricted investment income	Revenue recognized	Ending balance
Federal gas tax	\$ 547,823	\$ 315,779	\$ 8,287	\$ (385,367)	\$ 486,522
Development charges	450,735	54,433	5,887	-	511,055
Recreational land	65,140	-	819	-	65,959
	<u>\$ 1,063,698</u>	<u>\$ 370,212</u>	<u>\$ 14,993</u>	<u>\$ (385,367)</u>	<u>\$ 1,063,536</u>

Federal gas tax

Gas tax revenue is provided by the Government of Canada. The use of the funding is established by a funding agreement between the Municipality and the Province of Ontario. Gas tax funding may be used towards designated community energy, water, wastewater, solid waste and capacity building projects as specified in the funding agreements.

Development charges

Revenue recognition for development charges occurs after the funds have been collected and when the Municipality has approved the expenditures for the capital work for which the development charges were raised. These funds have been set aside, as required by the Development Charges Act, to defray the cost of growth related capital projects associated with new developments.

Recreational land

The parkland reserve funds have been set aside as required by Provincial legislation which restricts how these funds may be used and, under certain circumstances, how these funds may be refunded.

---

The Corporation of the Township of Adjala-Tosorontio  
Notes to Consolidated Financial Statements

December 31, 2014

---

**8. Net Long-term Debt**

Net long-term debt reported on the statement of financial position is comprised of the following:

	<u>2014</u>	<u>2013</u>
Ontario Infrastructure Projects Corporation, 4.61%, blended semi-annual payments of \$192,696, due December 2029	\$ 4,140,069	\$ 4,328,078
Tile drain loan maturing 2015 at an interest rate of 6%	<u>1,474</u>	<u>2,865</u>
	<u>\$ 4,141,543</u>	<u>\$ 4,330,943</u>

Interest expense of \$197,382 (2013 - \$205,759) is included in Environmental Services. Interest paid during the year is \$198,824.

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

2015	\$ 198,250
2016	205,952
2017	215,556
2018	225,608
2019	236,128
Thereafter	<u>3,060,049</u>
	<u>\$ 4,141,543</u>

---

**The Corporation of the Township of Adjala-Tosoronto**  
**Notes to Consolidated Financial Statements**

**December 31, 2014**

**9. Tangible Capital Assets**

	Land	Buildings	Equipment	Roads	Water and Sewer	Bridges	Communi-cations	Vehicles	Furniture	Computer Hardware and Software	Work in Process	Total
Cost, beginning of year	\$ 3,242,589	\$ 5,233,764	\$ 2,189,440	\$ 33,787,662	\$ 11,430,309	\$ 5,885,094	\$ 201,481	\$ 3,468,346	\$ 77,066	\$ 257,927	\$ 76,129	\$ 65,849,807
Additions	-	-	60,132	439,744	26,306	1,022,250	11,073	71,232	6,435	33,687	102,915	1,773,774
Disposals	(88,639)	-	(47,468)	(202,348)	-	(45,991)	-	(139,528)	(1,272)	(51,145)	-	(576,391)
Transfer	-	-	-	-	-	76,129	-	-	-	-	(76,129)	-
Cost, end of year	\$ 3,153,950	\$ 5,233,764	\$ 2,202,104	\$ 34,025,058	\$ 11,456,615	\$ 6,937,482	\$ 212,554	\$ 3,400,050	\$ 82,229	\$ 240,469	\$ 102,915	\$ 67,047,190
Accumulated amortization, beginning of year	\$ -	\$ 1,926,808	\$ 1,230,889	\$ 10,694,601	\$ 3,806,999	\$ 2,243,796	\$ 144,369	\$ 2,003,050	\$ 48,117	\$ 193,602	\$ -	\$ 22,292,231
Amortization	-	124,969	126,594	556,389	299,353	81,259	13,552	190,503	4,716	27,076	-	1,424,411
Disposals	-	-	(40,670)	(199,795)	-	(36,697)	-	(124,186)	(1,272)	(48,135)	-	(450,755)
Accumulated amortization, end of year	\$ -	\$ 2,051,777	\$ 1,316,813	\$ 11,051,195	\$ 4,106,352	\$ 2,288,358	\$ 157,921	\$ 2,069,367	\$ 51,561	\$ 172,543	\$ -	\$ 23,265,887
Net carrying amount, end of year	\$ 3,153,950	\$ 3,181,987	\$ 885,291	\$ 22,973,863	\$ 7,350,263	\$ 4,649,124	\$ 54,633	\$ 1,330,683	\$ 30,668	\$ 67,926	\$ 102,915	\$ 43,781,303

The Corporation of the Township of Adjala-Tosorontio  
Notes to Consolidated Financial Statements

December 31, 2014

9. Tangible Capital Assets (continued)

	Land	Buildings	Equipment	Roads	Water and Sewer	Bridges	Communi-cations	Vehicles	Furniture	Computer Hardware and Software	Work in Process	Total
Cost, beginning of year	\$ 3,242,589	\$ 5,233,764	\$ 2,114,168	\$33,710,347	\$11,536,905	\$ 5,858,555	\$ 165,961	\$ 3,513,276	\$ 77,066	\$ 222,729	\$ 57,971	\$65,733,330
Additions	-	-	84,697	383,322	22,144	26,539	35,520	212,906	-	48,918	18,158	832,204
Disposals	-	-	(15,493)	(299,939)	(128,739)	-	-	(257,836)	-	(13,720)	-	(715,727)
Transfer	-	-	6,068	(6,068)	-	-	-	-	-	-	-	-
Cost, end of year	\$ 3,242,589	\$ 5,233,764	\$ 2,189,440	\$33,787,662	\$11,430,309	\$ 5,885,094	\$ 201,481	\$ 3,468,346	\$ 77,066	\$ 257,927	\$ 76,129	\$65,849,807
Accumulated amortization, beginning of year	\$ -	\$ 1,801,213	\$ 1,119,169	\$10,393,074	\$ 3,568,996	\$ 2,162,831	\$ 129,507	\$ 2,075,349	\$ 41,116	\$ 185,162	\$ -	\$21,476,417
Amortization	125,595	-	125,325	555,032	300,359	80,965	14,862	185,537	7,001	22,423	-	1,417,099
Disposals	-	-	(13,605)	(253,505)	(62,356)	-	-	(257,836)	-	(13,983)	-	(601,285)
Accumulated amortization, end of year	\$ -	\$ 1,926,808	\$ 1,230,889	\$10,694,601	\$ 3,806,999	\$ 2,243,796	\$ 144,369	\$ 2,003,050	\$ 48,117	\$ 193,602	\$ -	\$22,292,231
Net carrying amount, end of year	\$ 3,242,589	\$ 3,306,956	\$ 958,551	\$23,093,061	\$ 7,623,310	\$ 3,641,298	\$ 57,112	\$ 1,465,296	\$ 28,949	\$ 64,325	\$ 76,129	\$43,557,576

The net book value of tangible capital assets not being amortized because they are under construction (or development or have been removed from service) is \$102,915 (2013 - \$76,129).



**The Corporation of the Township of Adjala-Tosorontio  
Notes to Consolidated Financial Statements**

**December 31, 2014**

**10. Taxation**

	Budget 2014 (Note 13)	2014	2013
Property taxes	\$ 14,106,333	\$ 14,004,509	\$ 13,864,374
Payments to County and school boards	(9,311,580)	(8,726,164)	(8,691,705)
Available for general municipal purposes	<u>\$ 4,794,753</u>	<u>\$ 5,278,345</u>	<u>\$ 5,172,669</u>

**11. Comparative Information**

The comparative amounts presented in the financial statements have been restated to conform to the current year's presentation.

**12. Contingent Liability**

The Municipality has been named as a defendant in certain legal actions in which damages have been sought. The outcome of these actions is not determinable as at the date of reporting and accordingly, no provision has been made in these consolidated financial statements for any liability which may arise.

**13. Budget**

The Financial Plan (Budget) By-Law adopted by Council on December 2, 2013 was not prepared on a basis consistent with that used to report actual results (Canadian public sector accounting standards). The budget was prepared on a modified accrual basis while Canadian public sector accounting standards now require a full accrual basis. The budget figures anticipated use of surpluses accumulated in previous years to reduce current year expenditures in excess of current year revenues to \$nil. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the statements of operations and change in net financial assets (debt) represent the Financial Plan adopted by Council on December 2, 2013 with adjustments as follows:

	2014
Financial Plan (Budget) Bylaw surplus for the year	\$ -
Add:	
Capital expenditures	1,839,000
Less:	
Budgeted transfers from accumulated surplus	(2,452,733)
Amortization	<u>(1,424,411)</u>
Budget deficit per statement of operations	<u>\$ (2,038,144)</u>

---

The Corporation of the Township of Adjala-Tosorontio  
Notes to Consolidated Financial Statements

December 31, 2014

---

**14. Segmented Information**

The Municipality is a diversified municipal government institution that provides a wide range of services to its citizens such as police, fire and water and roads. 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 related to the revenues and expenses that relate to the 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 and canine control. 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. Canine control ensures the safety through the licensing of dogs.

**Transportation**

Transportation is responsible for maintaining and constructing roads in the Municipality.

**Environmental**

This service provides the Municipality's drinking water. They process and clean sewage and ensure the Municipality's water system meets all Provincial standards. It also consists of providing waste disposal to citizens.

**Health**

Health services oversees the care and maintenance of the cemetery.

**Recreation and Culture**

Recreational programs and cultural programs like swimming and skating lessons and English as a second language are provided at arenas, aquatic centres and community centres. Also, the Municipality provides library services to assist with its citizens' informational needs.

**Planning and Development**

This department provides a number of services including city planning, maintenance and enforcement of building and construction codes and review of all property development plans through its application process.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. In measuring and reporting segment revenue from transactions with other segments, inter-segment transfers are measured on the basis of cost. Amounts that are directly attributable to a number of segments have been allocated on a reasonable basis as follows:

Taxation, fees and user charges	allocated to those segments that are funded by these amounts based on the net surplus (deficit) for the year
Grants	based on nature of grant

The Corporation of the Township of Adjala-Tosorontio  
Notes to Consolidated Financial Statements

December 31, 2014

14. Segmented Information (continued)

For the year ended December 31	General government	Protection to persons and property	Transportation	Environment	Health	Recreation and culture	Planning and development	2014 Total
<b>Revenue</b>								
Taxation	\$ 787,669	\$ 2,100,387	\$ 1,593,419	\$ 166,443	\$ 8,873	\$ 186,831	\$ 434,724	\$ 5,278,345
Government grants - Federal	-	-	2,321	-	-	2,400	-	4,721
Government grants - Provincial	1,466,318	212,179	9,501	-	-	13,980	-	1,701,978
User fees and service charges	23,676	51,504	3,200	1,000,170	-	10,651	55,424	1,144,625
Deferred revenue earned	-	-	385,367	-	-	-	-	385,367
Other	177,551	441,383	133,870	144,588	-	10,429	35,069	942,891
	<u>2,455,214</u>	<u>2,805,453</u>	<u>2,127,678</u>	<u>1,311,201</u>	<u>8,873</u>	<u>224,291</u>	<u>525,217</u>	<u>9,457,927</u>
<b>Expenses</b>								
Salaries and wages	848,720	670,300	983,253	49,587	-	5,531	263,889	2,821,280
Supplies and services	654,062	505,083	1,250,676	717,209	8,873	38,070	261,328	3,435,301
Interest	1,440	-	-	197,382	-	-	-	198,822
Fee and contract services	-	1,465,284	-	-	-	147,653	-	1,612,937
Amortization	87,695	164,786	791,870	347,023	-	33,037	-	1,424,411
	<u>1,591,917</u>	<u>2,805,453</u>	<u>3,025,799</u>	<u>1,311,201</u>	<u>8,873</u>	<u>224,291</u>	<u>525,217</u>	<u>9,492,751</u>
<b>Net deficit</b>	<b>\$ 863,297</b>	<b>\$ -</b>	<b>\$ (898,121)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (34,824)</b>

**The Corporation of the Township of Adjala-Tosorontio**  
**Notes to Consolidated Financial Statements**

**December 31, 2014**

**14. Segmented Information (continued)**

For the year ended December 31	General government	Protection to persons and property	Transportation	Environment	Health	Recreation and culture	Planning and development	2013 Total
<b>Revenue</b>								
Taxation	\$ 139,528	\$ 1,975,372	\$ 2,209,908	\$ 354,667	\$ 9,287	\$ 179,293	\$ 304,614	\$ 5,172,669
Government grants - Federal	23,266	-	1,232	-	-	2,400	-	26,898
Government grants - Provincial	693,975	246,480	11,931	-	-	47,248	-	999,634
User fees and service charges	27,233	91,123	100	967,646	-	6,904	47,900	1,140,906
Deferred revenue earned	15,407	-	572,529	-	-	-	-	587,936
Other	173,865	456,428	188,229	(33,146)	-	8,743	17,578	811,697
	<u>1,073,274</u>	<u>2,769,403</u>	<u>2,983,929</u>	<u>1,289,167</u>	<u>9,287</u>	<u>244,588</u>	<u>370,092</u>	<u>8,739,740</u>
<b>Expenses</b>								
Salaries and wages	1,062,122	641,834	995,944	64,602	-	4,440	270,353	3,039,295
Supplies and services	419,923	497,469	1,199,784	670,512	9,287	46,231	99,739	2,942,945
Interest	396	-	-	205,759	-	-	-	206,155
Fee and contract services	-	1,469,331	-	-	-	162,525	-	1,631,856
Amortization	88,443	160,769	788,201	348,294	-	31,392	-	1,417,099
	<u>1,570,884</u>	<u>2,769,403</u>	<u>2,983,929</u>	<u>1,289,167</u>	<u>9,287</u>	<u>244,588</u>	<u>370,092</u>	<u>9,237,350</u>
<b>Net deficit</b>	<u>\$ (497,610)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (497,610)</u>