


**The Corporation of the
Municipality of West Grey
Consolidated Financial
Statements**
For the year ended December 31, 2014



**The Corporation of the
Municipality of West Grey
Consolidated Financial Statements
For the year ended December 31, 2014**

Contents

The Corporation of the Municipality of West Grey	
Independent Auditor's Report	2 - 3
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations	5
Consolidated Statement of Change in Net Financial Assets	6
Consolidated Statement of Cash Flow	7
Summary of Significant Accounting Policies	8 - 10
Notes to Financial Statements	11 - 28
The Corporation of the Municipality of West Grey Trust Funds	
Independent Auditor's Report	29 - 30
Balance Sheet and Statement of Continuity	31
Notes to Financial Statements	32 - 33
The Corporation of the Municipality of West Grey Public Library Board	
Independent Auditor's Report	34 - 35
Statement of Financial Position	36
Statement of Operations	37
Statement of Change in Net Financial Assets	38
Statement of Cash Flow	39
Summary of Significant Accounting Policies	40 - 41
Notes to Financial Statements	42 - 44
Elmwood Fire Department	
Independent Auditor's Report	45 - 46
Statement of Financial Position	47
Statement of Operations	48
Statement of Change in Net Debt	49
Statement of Cash Flow	50
Summary of Significant Accounting Policies	51 - 52
Notes to Financial Statements	53 - 55
Saugeen Mobility and Regional Transit (S.M.A.R.T.)	
Independent Auditor's Report	56 - 57
Statement of Financial Position	58
Statement of Operations	59
Statement of Change in Net Debt	60
Statement of Cash Flow	61
Notes to Financial Statements	62 - 68



Tel: 519 364 3790
Fax: 519 364 5334
www.bdo.ca

BDO Canada LLP
485 - 10th Street
Hanover ON N4N 1R2 Canada

Independent Auditor's Report

**To the Members of Council,
Inhabitants and Ratepayers of
The Corporation of the Municipality of West Grey**

We have audited the accompanying consolidated financial statements of The Corporation of the Municipality of West Grey, which comprise the consolidated statement of financial position as at December 31, 2014, and the consolidated statements of operations, change in net financial assets, and cash flow 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 Municipality of West Grey as at December 31, 2014 and the results of its operations, its change in net 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

Hanover, Ontario
June 15, 2015

The Corporation of the Municipality of West Grey Consolidated Statement of Financial Position

December 31	2014	2013
Financial assets		
Cash (Note 1)	\$ 2,523,961	\$ 2,522,757
Temporary investments (Note 2)	238,238	250,021
Taxes receivable	3,085,258	2,675,480
Grants and subsidies receivable	190,550	134,299
Trade and other receivables (Note 3)	1,207,562	784,992
	<u>7,245,569</u>	<u>6,367,549</u>
Commitments and Contingencies (Notes 19 and 20)		
Liabilities		
Accounts payable and accrued liabilities	1,902,352	1,381,078
Deferred revenue (Note 4)	894,281	781,794
Long-term debt (Note 5)	1,489,676	1,723,269
Landfill site closure and post-closure care liability (Note 6)	574,748	821,815
Employee future benefits liability (Note 7)	232,745	218,250
	<u>5,093,802</u>	<u>4,926,206</u>
Net financial assets	<u>2,151,767</u>	<u>1,441,343</u>
Non-financial assets		
Prepaid expenses	15,062	15,635
Inventory of supplies	171,034	122,560
Tangible capital assets (Note 8)	74,524,020	75,438,276
	<u>74,710,116</u>	<u>75,576,471</u>
Accumulated surplus (Note 9)	<u>\$76,861,883</u>	<u>\$ 77,017,814</u>

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

The Corporation of the Municipality of West Grey Consolidated Statement of Operations

<u>For the year ended December 31</u>	<u>2014</u>	<u>2014</u>	<u>2013</u>
	Budget	Actual	Actual
Revenue			
Taxation	\$ 7,691,335	\$ 7,835,509	\$ 7,572,375
Government transfers (Note 12)	3,326,346	3,293,647	3,374,102
Water and wastewater charges	1,036,562	1,037,347	1,034,664
User fees and service charges	1,323,527	1,733,684	1,280,373
Investment income	11,800	35,838	33,532
Other income (Note 13)	534,208	801,682	445,795
Obligatory reserve fund revenue recognized	-	26,468	78,769
	<u>13,923,778</u>	<u>14,764,175</u>	<u>13,819,610</u>
Expenses			
General government	1,291,264	1,381,257	1,191,387
Protection services	4,433,411	4,732,363	4,360,182
Transportation services	5,287,858	5,425,566	5,108,518
Environmental services	1,901,435	1,734,672	1,930,690
Health and social services	46,223	35,581	47,279
Recreation and cultural services	1,408,374	1,452,134	1,320,839
Planning and development	94,503	158,533	168,481
	<u>14,463,068</u>	<u>14,920,106</u>	<u>14,127,376</u>
Annual surplus (deficit)	<u>(539,290)</u>	<u>(155,931)</u>	<u>(307,766)</u>
Accumulated surplus, beginning of the year	<u>77,017,814</u>	<u>77,017,814</u>	<u>77,325,580</u>
Accumulated surplus, end of the year	<u>\$ 76,478,524</u>	<u>\$ 76,861,883</u>	<u>\$ 77,017,814</u>

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

The Corporation of the Municipality of West Grey Consolidated Statement of Change in Net Financial Assets

For the year ended December 31	2014 Budget	2014 Actual	2013 Actual
Annual surplus (deficit)	\$ (539,290)	\$ (155,931)	\$ (307,766)
Acquisition of tangible capital assets	(2,463,108)	(1,955,106)	(2,055,268)
Proceeds on disposal of tangible capital assets	-	126,867	237,271
Amortization expense	2,641,122	2,705,848	2,701,677
(Gain)/loss on disposal of tangible capital assets	-	36,647	(187,053)
Write down of tangible capital assets	-	-	90,648
	<u>178,014</u>	<u>914,256</u>	<u>787,275</u>
Decrease in prepaid expenses	-	573	148
Decrease (Increase) in inventory of supplies	-	(48,474)	26,264
	-	<u>(47,901)</u>	<u>26,412</u>
Change in net financial assets	(361,276)	710,424	505,921
Net financial assets, beginning of year	<u>1,441,343</u>	<u>1,441,343</u>	<u>935,422</u>
Net financial assets, end of year	<u>\$ 1,080,067</u>	<u>\$ 2,151,767</u>	<u>\$ 1,441,343</u>

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

The Corporation of the Municipality of West Grey Consolidated Statement of Cash Flow

For the year ended December 31	2014	2013
Cash provided by (used in)		
Operating activities		
Annual surplus (deficit)	\$ (155,931)	\$ (307,766)
Items not involving cash		
Amortization of tangible capital assets	2,705,848	2,701,677
Employee future benefits	14,495	15,974
Landfill site closure and post-closure care	(247,067)	43,745
(Gain)/loss on disposal of tangible capital assets	36,647	(187,053)
Write down of tangible capital assets	-	90,648
	<u>2,353,992</u>	<u>2,357,225</u>
Change in balances		
Taxes receivable	(409,778)	(477,618)
Accounts receivable	(478,821)	113,780
Accounts payable	521,274	(51,280)
Deferred revenue	112,487	(11,533)
Non-financial assets	(47,901)	26,412
	<u>2,051,253</u>	<u>1,956,986</u>
Capital activities		
Acquisition of tangible capital assets	(1,955,106)	(2,055,268)
Proceeds on disposal of tangible capital assets	126,867	237,271
	<u>(1,828,239)</u>	<u>(1,817,997)</u>
Financing activities		
Additions to long-term liabilities	-	13,200
Repayment of long-term liabilities	(233,593)	(297,687)
	<u>(233,593)</u>	<u>(284,487)</u>
Net change in cash and cash equivalents	(10,579)	(145,498)
Cash and cash equivalents, beginning of year	2,772,778	2,918,276
Cash and cash equivalents, end of year	\$ 2,762,199	\$ 2,772,778
Comprised of:		
Cash	\$ 2,523,961	\$ 2,522,757
Temporary investments	238,238	250,021
	<u>\$ 2,762,199</u>	<u>\$ 2,772,778</u>

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

The Corporation of the Municipality of West Grey

Summary of Significant Accounting Policies

December 31, 2014

Basis of Accounting

The consolidated financial statements of The Corporation of the Municipality of West Grey are the representations of management. They have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board (PSAB) of CPA Canada as prescribed by the 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 financial statements reflect the assets, liabilities, revenues and expenses of all municipal organizations, committees and boards which are controlled by Council. All interfund assets, liabilities, revenues and expenses have been eliminated on consolidation.

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

West Grey Library Board
Ayton Union Cemetery Board
Durham Business Improvement Area
Durham Cemetery Board

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:

Elmwood Fire Department	60%
Saugeen Municipal Airport	27%
Elmwood Community Centre Board	50%
Saugeen Mobility and Regional Transit (S.M.A.R.T.)	11%

The Corporation of the Municipality of West Grey

Summary of Significant Accounting Policies

December 31, 2014

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, accrued liabilities, useful lives of capital assets, 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.

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) Fees, user charges and other revenues are recorded upon sale of goods or provision of service when collection is reasonably assured.
- d) 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.

Cash and Cash Equivalents

Cash and cash equivalents include 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.

The Corporation of the Municipality of West Grey 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 Grey. The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards and the County of Grey are not reflected in these financial statements.																
Non-Financial Assets	Tangible capital and other non-financial assets are accounted for as assets by the organization because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the organization unless they are sold.																
Inventory	Inventory of supplies is recorded at the lower of cost and replacement cost.																
Tangible Capital Assets	<p>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 lives of the assets are based on estimates made by management as follows:</p> <table><tr><td>Land improvements</td><td>30 to 100 years</td></tr><tr><td>Buildings</td><td>50 to 80 years</td></tr><tr><td>Building components</td><td>10 to 80 years</td></tr><tr><td>Equipment</td><td>5 to 25 years</td></tr><tr><td>Vehicles</td><td>2 to 25 years</td></tr><tr><td>Infrastructure:</td><td></td></tr><tr><td> Road surfaces</td><td>20 to 80 years</td></tr><tr><td> Utility systems</td><td>70 to 100 years</td></tr></table> <p>Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue. Where fair market value cannot be reasonably determined, contributed tangible capital assets are recorded at a nominal amount.</p>	Land improvements	30 to 100 years	Buildings	50 to 80 years	Building components	10 to 80 years	Equipment	5 to 25 years	Vehicles	2 to 25 years	Infrastructure:		Road surfaces	20 to 80 years	Utility systems	70 to 100 years
Land improvements	30 to 100 years																
Buildings	50 to 80 years																
Building components	10 to 80 years																
Equipment	5 to 25 years																
Vehicles	2 to 25 years																
Infrastructure:																	
Road surfaces	20 to 80 years																
Utility systems	70 to 100 years																
Intangible Assets	Intangible assets, art and historic treasures, and items inherited by right of the Crown, such as Crown lands, forests, water, and mineral resources, are not recognized 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 position and activity of the trust funds are reported separately on the trust fund balance sheet and statement of continuity.																

The Corporation of the Municipality of West Grey Notes to Financial Statements

December 31, 2014

1. Cash	2014	2013
Unrestricted	\$ 1,697,446	\$ 1,803,231
Restricted	826,515	719,526
	<u>\$ 2,523,961</u>	<u>\$ 2,522,757</u>

At December 31, 2014, the municipality had an undrawn line of credit of \$2,500,000 that bears interest at the bank's prime rate minus 0.5%.

2. Temporary Investments	2014	2013
Carrying value	<u>\$ 238,238</u>	<u>\$ 250,021</u>
Market value	<u>\$ 238,238</u>	<u>\$ 250,021</u>

3. Trade and Other Receivables	2014	2013
Trade and other receivable	\$ 1,142,865	\$ 711,088
Tile drainage loans receivable	64,697	73,904
	<u>\$ 1,207,562</u>	<u>\$ 784,992</u>

The Corporation of the Municipality of West Grey Notes to Financial Statements

December 31, 2014

4. Deferred Revenue

	Opening	Contributions Received	Investment Income	Revenue Recognized	Ending
Obligatory Reserve Funds					
Development charges	\$ 508,672	\$ 113,750	\$ 6,505	\$ (19,000)	\$ 609,927
Recreational land	40,931	2,500	489	(3,523)	40,397
Subdivider contributions	135,729	19,896	1,657	(3,945)	153,337
	685,332	136,146	8,651	(26,468)	803,661
Other					
Deposits	21,650	(1,600)	-	-	20,050
Gas tax grant	74,812	365,739	857	(411,022)	30,386
Source water protection	-	40,184	-	-	40,184
	\$ 781,794	\$ 540,469	\$ 9,508	\$ (437,490)	\$ 894,281

The Corporation of the Municipality of West Grey Notes to 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:

	2014	2013
Tile drainage loans payable, 6 - 8%, due from 2015 to 2023	\$ 64,697	\$ 73,904
Loan payable (Durham Water and Wastewater), 4.83%, payable \$5,250 monthly principal and interest, due May 2018	193,769	246,138
Loan payable (Durham Water and Wastewater), 4.85%, payable \$6,244 monthly principal and interest, due May 2023	513,763	562,739
Loan payable (Durham Fire), 4.4%, payable \$3,650 monthly principal and interest, due July 2015	25,183	66,895
OIPC loan payable (Neustadt Water), 5.2%, payable \$8,126 semi-annually principal and interest, due September 2017	44,609	58,016
OIPC loan payable (Durham Water), 5.26%, payable \$37,224 semi-annually principal and interest, due September 2022	481,075	528,346
OIPC loan payable (Durham Wastewater), 5.26%, payable \$12,889 semi-annually principal and interest, due September 2022	166,580	182,948
Capital leases payable	-	4,283
	\$ 1,489,676	\$ 1,723,269

Principal payments in the next 5 fiscal years and thereafter are as follows:

2015	\$	222,394
2016		207,320
2017		217,947
2018		166,358
2019		151,781
Thereafter		523,876
	\$	1,489,676

The Corporation of the Municipality of West Grey

Notes to Financial Statements

December 31, 2014

6. Landfill Site Closure and Post-Closure Care Liability

Landfill 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 recorded is \$574,748 (2013 - \$821,815) and represents the present value of closure and post-closure costs for three active sites and two closed sites, using the municipality's average long-term borrowing rate of 5.25% adjusted for inflation. The liability is recorded based on the capacity of the landfills used to date. The total estimated future expenditures for closure and post-closure care are \$764,904 leaving an amount to be recognized of \$190,156.

The estimated remaining capacity of the three sites is approximately 216,825 (2013 - 221,087) cubic meters. The sites have remaining life of 2 to 21 years. Post-closure care is estimated to continue for a period of 20 years (2013 - 25 years).

7. Employee Future Benefits Liability

Pension Plan

The municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 52 (2013 - 51) members of its staff. The plan is a defined benefit plan, which specifies the amount of the retirement benefits 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 by the municipality for 2014 was \$357,813 (2013 - \$354,878). 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 surplus or deficit is the joint responsibility of the 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 as at December 31, 2014. At that time, the plan reported an actuarial deficit of \$7.1 billion (2013 - deficit of \$8.6 billion), 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 West Grey Notes to Financial Statements

December 31, 2014

7. Employee Future Benefits Liability (continued)

Other Benefits

The municipality provides post-employment health and dental insurance benefits to eligible retired employees. The municipality recognizes these post-employment costs in the period in which the employees rendered the services. Payments for these benefits totalled \$6,219 for the year and are included as an expenditure on the consolidated statement of operations. The accrued benefit obligation at December 31, 2014 was \$232,745 (2013 - \$218,250).

Actuarial valuations for accounting purposes are performed using the projected benefit method, pro-rated on services. The most recent actuarial report was prepared as at December 31, 2014.

The actuarial valuation was based on a number of assumptions about future events, such as inflation rates, interest rates, medical inflation rates, employee turnover and mortality rates. The assumptions used reflect management's best estimates. A discount rate of 3.75% was assumed to determine the accrued benefit obligation, along with an annual rate of increase in extended health benefit costs of 8% after the first year, decreasing annually to an ultimate rate of 4% in 17 years and an annual rate of increase in dental benefit costs of 3.5%. The post-employment benefit expenditure includes current period benefit costs of \$15,777, interest on the obligation of \$8,512 and amortization of gains (losses) of (\$3,575).

	<u>2014</u>	<u>2013</u>
Other benefits	<u>\$ 232,745</u>	<u>\$ 218,250</u>

**The Corporation of the Municipality of West Grey
Notes to Financial Statements**

December 31, 2014

8. Tangible Capital Assets

For the year ended December 31, 2014

	Land and Land Improvements	Buildings	Equipment	Vehicles	Infrastructure	Construction in progress	2014 Total
Cost, beginning of year	\$ 5,494,228	\$ 12,594,866	\$ 7,467,636	\$ 6,392,120	\$ 90,600,694	\$ 226,995	\$ 122,776,539
Additions	327,701	108,567	413,753	424,743	612,792	67,550	1,955,106
Disposals	(1,500)	(110,534)	(141,529)	(31,901)	(8,452)	-	(293,916)
Transfers from Construction in progress	-	-	86,004	-	2,647	(88,651)	-
Cost, end of year	5,820,429	12,592,899	7,825,864	6,784,962	91,207,681	205,894	124,437,729
Accumulated amortization, beginning of year	750,422	5,445,165	4,029,001	3,106,198	34,007,477	-	47,338,263
Amortization	55,643	267,186	331,015	366,014	1,685,990	-	2,705,848
Disposals	-	(7,130)	(104,517)	(15,542)	(3,213)	-	(130,402)
Accumulated amortization, end of year	806,065	5,705,221	4,255,499	3,456,670	35,690,254	-	49,913,709
Net carrying amount, end of year	\$ 5,014,364	\$ 6,887,678	\$ 3,570,365	\$ 3,328,292	\$ 55,517,427	\$ 205,894	\$ 74,524,020

**The Corporation of the Municipality of West Grey
Notes to Financial Statements**

December 31, 2014

8. Tangible Capital Assets (continued)

For the year ended December 31, 2013

	Land and Land Improvements	Buildings	Equipment	Vehicles	Infrastructure	Construction in progress	2013 Total
Cost, beginning of Year	\$ 5,465,140	\$ 12,186,841	\$ 7,276,646	\$ 6,608,221	\$ 90,178,380	\$ 172,692	\$ 121,887,920
Additions	40,713	389,809	212,538	780,126	444,383	187,699	2,055,268
Disposals	(13,753)	(10,411)	(23,703)	(996,227)	(31,907)	(90,648)	(1,166,649)
Transfers from Construction in progress	2,128	28,627	2,155	-	9,838	(42,748)	-
Cost, end of year	5,494,228	12,594,866	7,467,636	6,392,120	90,600,694	226,995	122,776,539
Accumulated amortization, beginning of year	698,018	5,187,512	3,723,503	3,670,004	32,383,332	-	45,662,369
Amortization	52,404	268,064	329,202	397,532	1,654,475	-	2,701,677
Disposals		(10,411)	(23,704)	(961,338)	(30,330)	-	(1,025,783)
Accumulated amortization, end of year	750,422	5,445,165	4,029,001	3,106,198	34,007,477	-	47,338,263
Net carrying amount, end of year	\$ 4,743,806	\$ 7,149,701	\$ 3,438,635	\$ 3,285,922	\$ 56,593,217	\$ 226,995	\$ 75,438,276

The Corporation of the Municipality of West Grey Notes to Financial Statements

December 31, 2014

8. Tangible Capital Assets (continued)

Expenses reported on the consolidated statement of operations include the gain/(loss) on disposal of assets during the year of \$(36,647) (2013 - \$187,053) and write down of assets during the year of \$nil (2013 - \$90,648).

The carrying value of tangible capital assets not being amortized because they are under construction, development, or have been removed from service is \$205,894 (2013 - \$226,995).

9. Accumulated Surplus

The accumulated surplus reported on the consolidated statement of financial position is comprised of the following:

	2014	2013
General surplus	\$ 348,629	\$ 501,189
Capital amounts to be spent (financed)	(339,017)	(451,031)
Amounts invested in tangible capital assets	74,524,020	75,438,276
Reserves and reserve funds		
set aside for specific purpose by council (Note 10)	4,560,724	4,218,810
Amounts to be recovered (Note 11)	(2,232,473)	(2,689,430)
	\$ 76,861,883	\$ 77,017,814

The general surplus is comprised of the following:

General area taxation	\$ 501,884	\$ 501,884
Waterworks system	101,325	289,881
Wastewater system	(288,074)	(349,123)
Public Library Board	-	11,542
Cemeteries	22,857	21,049
Business Improvement Area	11,619	9,900
Elmwood Community Centre	3,777	3,777
Saugeen Municipal Airport	(5,057)	12,025
Saugeen Mobility and Regional Transit	298	254
	\$ 348,629	\$ 501,189

The capital amounts to be spent (financed) is comprised of the following:

Acquisition of capital assets to be financed through:		
Taxation or user charges	\$ (339,017)	\$ (451,031)

**The Corporation of the Municipality of West Grey
Notes to Financial Statements**

December 31, 2014

10. Reserves and Reserve Funds

	2014	2013
Reserves set aside for specific purpose by Council:		
Working funds	\$ 1,520,567	\$ 1,473,436
Contingencies	135,044	135,044
Recreation facilities	206,752	150,586
Protection services	357,008	262,901
Roadways	354,108	291,284
Water/wastewater services	84,888	84,888
Waste disposal	387,372	379,883
Library	37,190	35,865
General government	682,419	545,716
Planning and development	366,231	336,545
Other	269,828	255,929
	4,401,407	3,952,077
Reserve funds set aside for specific purpose by Council:		
Roadways	14,007	13,870
Parks	78,265	80,225
Protection services	35,021	140,033
Elmwood Hydro proceeds	17,949	17,745
St. George's Cemetery	14,075	14,860
	159,317	266,733
Reserves and reserve funds, end of the year	\$ 4,560,724	\$ 4,218,810

The Corporation of the Municipality of West Grey Notes to Financial Statements

December 31, 2014

11. Amounts to be recovered

The balance of the amounts to be recovered is comprised of the following:

	<u>2014</u>	<u>2013</u>
Long-term debt	\$ 1,424,980	\$ 1,649,365
Employee future benefits liability	232,745	218,250
Landfill closure and post-closure care liability	574,748	821,815
	<u>\$ 2,232,473</u>	<u>\$ 2,689,430</u>

The net change during the year in the amounts to be recovered is made up of the following:

	<u>2014</u>	<u>2013</u>
Principal payments on long-term debt	\$ (224,385)	\$ (220,810)
Increase (decrease) in employee future benefits liability	14,495	15,974
Change in Solid Waste Closure and Post Closure Liability	(247,067)	43,745
	<u>\$ (456,957)</u>	<u>\$ (161,091)</u>

The Corporation of the Municipality of West Grey Notes to Financial Statements

December 31, 2014

12. Government Transfers

	2014 Budget	2014 Actual	2013 Actual
Operating			
Province of Ontario Municipal Partnership Fund (OMPF)	\$ 2,236,600	\$ 2,236,600	\$ 2,545,400
Province of Ontario conditional grants			
Protection services	74,500	76,241	82,203
Transit	68,476	94,504	53,148
Other	216,690	145,719	175,301
	<u>2,596,266</u>	<u>2,553,064</u>	<u>2,856,052</u>
Government of Canada conditional grants	-	-	1,699
Other Municipalities conditional grants			
Protection services	34,000	35,110	34,886
Other	38,000	37,434	3,700
	<u>72,000</u>	<u>72,544</u>	<u>38,586</u>
Total operating transfers	<u>2,668,266</u>	<u>2,625,608</u>	<u>2,896,337</u>
Capital			
Province of Ontario conditional grants			
Protection services	-	-	9,830
Recreation and cultural services	112,592	110,531	29,800
	<u>112,592</u>	<u>110,531</u>	<u>39,630</u>
Government of Canada conditional grants			
Roadways	374,000	411,021	338,827
Recreation and cultural services	-	-	50,000
Other	25,000	-	24,158
	<u>399,000</u>	<u>411,021</u>	<u>412,985</u>
Other Municipalities conditional grants	146,488	146,487	25,150
Total capital transfers	<u>658,080</u>	<u>668,039</u>	<u>477,765</u>
Total government transfers	<u>\$ 3,326,346</u>	<u>\$ 3,293,647</u>	<u>\$ 3,374,102</u>

The Corporation of the Municipality of West Grey Notes to Financial Statements

December 31, 2014

13. Other Income

	2014	2014	2013
	Budget	Actual	Actual
Penalties and interest on taxation	\$ 243,500	\$ 380,535	\$ 327,180
Donations and prepaid special charges	229,458	330,409	53,386
Rents	40,050	63,040	42,821
Other	21,200	27,698	22,408
	\$ 534,208	\$ 801,682	\$ 445,795

14. Segmented Information

The Corporation of the Municipality of West Grey is a diversified municipal government institution that provides a wide range of services to its citizens such as police, fire, wastewater, 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 segment relates to the 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, parking areas and streetlighting. Transportation also includes the provision of air transportation through the Saugeen Municipal Airport.

The Corporation of the Municipality of West Grey

Notes to Financial Statements

December 31, 2014

14. Segmented Information (continued)

Wastewater and Water

This service provides the municipality's drinking water. They process and clean sewage and ensure the municipality's water system meets 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.

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 parks, arenas, a swimming pool and community centres. The municipality also provides library services and recreational programs.

Planning and Development

This department is responsible for planning and zoning including the Official plan. This service area also includes tourist information and promotion, business improvement area, weed control, and 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 and payments-in-lieu	Allocated to those segments that are funded by these amounts based on the net surplus for the year.
OMPF Grants	Allocated to segments based on the net surplus for the year.

The Corporation of the Municipality of West Grey Notes to Financial Statements

December 31, 2014

14. Segmented Information (continued)

For the Year ended December 31, 2014	General Government	Protection Services	Transportation Services	Wastewater and Water	Environmental Services	Health Services	Recreation and Cultural Services	Planning and Development	2014 Total
Revenue	\$ 705,196	\$ 2,899,138	\$ 3,525,979	\$ -	\$ -	\$ -	\$ 626,841	\$ 78,355	\$ 7,835,509
Taxation									
Fees and user charges	37,034	706,222	84,979	1,037,347	345,568	48,124	430,323	81,434	2,771,031
Specific grants	-	257,838	539,034	-	105,210	-	144,487	10,478	1,057,047
OMPF grant	201,294	827,542	1,006,470	-	-	-	178,928	22,366	2,236,600
Other revenue	475,907	24,845	257,600	4,020	-	7,065	90,375	4,176	863,988
	1,419,431	4,715,585	5,414,062	1,041,367	450,778	55,189	1,470,954	196,809	14,764,175
Expenses									
Salaries and benefits	759,610	2,979,131	1,427,257	47,419	79,471	5,525	565,265	18,822	5,882,500
Interest on debt	-	2,200	-	74,670	-	566	-	4,434	81,870
Materials and supplies	518,976	840,611	2,192,390	378,610	(150,200)	(3,992)	598,651	77,954	4,453,000
Contracted services	4,678	203,321	23,219	412,063	465,817	19,336	27,593	57,324	1,213,351
Other transfers	23,054	429,905	33,644	-	-	-	29,837	-	516,440
Rents and financial expenses	14,474	3,019	-	-	-	12,960	-	-	30,453
Amortization and Loss on Disposal	60,465	274,176	1,749,056	419,660	7,162	1,186	230,787	-	2,742,492
	1,381,257	4,732,363	5,425,566	1,332,422	402,250	35,581	1,452,133	158,534	14,920,106
Annual surplus (deficit)	\$ 38,174	\$ (16,778)	\$ (11,504)	\$ (291,055)	\$ 48,528	\$ 19,608	\$ 18,821	\$ 38,275	\$ (155,931)

The Corporation of the Municipality of West Grey Notes to Financial Statements

December 31, 2014

14. Segmented Information (continued)

For the year ended December 31, 2013	General Government	Protection Services	Transportation Services	Wastewater and Water	Environmental Services	Health Services	Recreation and Cultural Services	Planning and Development	2013 Total
Revenue	\$ 605,790	\$ 2,877,503	\$ 3,331,845	\$ -	\$ 151,448	\$ -	\$ 530,066	\$ 75,723	\$ 7,572,375
Taxation									
Fees and user charges	25,690	345,593	60,753	1,035,350	333,531	38,785	422,569	52,766	2,315,037
Specific grants	25,742	152,069	416,133	-	110,628	-	113,899	10,231	828,702
OMPF grant	203,632	967,252	1,119,976	-	50,908	-	178,178	25,454	2,545,400
Other revenue	361,694	25,178	103,873	4,720	-	6,402	56,219	10	558,096
	1,222,548	4,367,595	5,032,580	1,040,070	646,515	45,187	1,300,931	164,184	13,819,610
Expenses									
Salaries and benefits	782,515	2,945,505	1,311,796	34,986	77,276	3,714	568,122	18,568	5,742,482
Interest on debt	-	4,974	-	83,361	-	37	-	6,957	95,329
Materials and supplies	400,957	548,780	2,103,426	291,190	124,614	21,319	534,405	96,468	4,121,159
Contracted services	6,446	248,377	-	387,152	438,877	16,473	28,822	46,487	1,172,634
Other transfers	11,550	301,614	32,930	-	-	-	29,422	-	375,516
Rents and financial expenses	7,267	2,644	-	-	-	4,756	316	-	14,983
Amortization and Loss on Disposal	(17,348)	308,288	1,660,366	485,709	7,525	980	159,753	-	2,605,273
	1,191,387	4,360,182	5,108,518	1,282,398	648,292	47,279	1,320,840	168,480	14,127,376
Annual surplus (deficit)	\$ 31,161	\$ 7,413	\$ (75,938)	\$ (242,328)	\$ (1,777)	\$ (2,092)	\$ (19,909)	\$ (4,296)	\$ (307,766)

The Corporation of the Municipality of West Grey Notes to Financial Statements

December 31, 2014

15. Government Partnerships

The following summarizes the financial position and operations of the municipal joint boards. The Municipality of West Grey's pro-rata share of these amounts have been reported in the financial statements using the proportionate consolidation method:

	Saugeen Municipal Airport 27%	Elmwood Fire Department 60%	S.M.A.R.T. 11%
Financial Assets			
Cash and temporary investments	\$ -	\$ 19,859	\$ 14,972
Accounts receivable	22,482	2,315	213,744
Other financial assets	-	62,332	-
	<u>22,482</u>	<u>84,506</u>	<u>228,716</u>
Liabilities			
Accounts payable	19,442	21,084	144,614
Other liabilities	19,504	-	115,571
	<u>38,946</u>	<u>21,084</u>	<u>260,185</u>
Net financial assets (net debt)	(16,464)	63,422	(31,469)
Non-financial assets	817,132	843,500	703,747
Accumulated Surplus	<u>\$ 800,668</u>	<u>\$ 906,922</u>	<u>\$ 672,278</u>
Accumulated Surplus			
General surplus	\$ (18,912)	-	\$ 2,812
Invested in tangible capital assets	799,283	843,500	669,466
Reserves and reserve funds	20,297	63,422	-
	<u>\$ 800,668</u>	<u>\$ 906,922</u>	<u>\$ 672,278</u>
Revenues	\$ 170,524	\$ 460,056	\$ 1,573,192
Expenses	<u>(212,521)</u>	<u>(206,163)</u>	<u>(1,401,645)</u>
Annual surplus (deficit)	<u>\$ (41,997)</u>	<u>\$ 253,893</u>	<u>\$ 171,547</u>

The Corporation of the Municipality of West Grey Notes to Financial Statements

December 31, 2014

15. Government Partnerships (continued)

Saugeen Mobility and Regional Transit (S.M.A.R.T.) operates a specialty transit service; Saugeen Municipal Airport operates a municipal airport; and the Elmwood Fire Department provides fire protection services for ratepayers.

16. Budget Amounts

Under Canadian generally accepted accounting principles, budget amounts are to be reported on the consolidated statements of operations and change in net debt for comparative purposes. The budget amounts for The Corporation of the Municipality of West Grey are as approved by council and have been reclassified to conform to the presentation of the consolidated statements of operations and change in net debt.

The following is a reconciliation of the budget approved by council:

	2014 Budget	2014 Actual	2013 Actual
Annual surplus (deficit)	\$ (539,290)	\$ (155,931)	\$ (307,766)
Acquisition of tangible capital assets	(2,463,108)	(1,955,106)	(2,055,268)
Proceeds on disposal of tangible capital assets	-	126,867	237,271
Amortization	2,641,122	2,705,848	2,701,677
(Gain)/loss on disposal of tangible capital assets	-	36,647	(187,053)
Write down of tangible capital assets	-	-	90,648
Debt principal repayments	(220,104)	(224,385)	(220,810)
	(581,380)	533,940	258,699
Transfers from (to) reserves for operations	(138,160)	(364,323)	(385,759)
Transfers from (to) reserves for capital	333,500	25,377	(209,894)
Change in unfunded liabilities	-	(232,572)	59,719
Reserve funds annual surplus	-	(2,967)	(2,976)
Capital projects not funded (expended)	-	(112,015)	(45,623)
	(386,040)	(152,560)	(325,834)
General surplus, beginning of year	386,040	501,189	827,023
	\$ -	\$ 348,629	\$ 501,189

The Corporation of the Municipality of West Grey

Notes to Financial Statements

December 31, 2014

17. Operations of School Boards and the County of Grey

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

	2014	2013
School boards	\$ 3,401,205	\$ 3,411,163
County of Grey	4,962,382	4,849,062
	\$ 8,363,587	\$ 8,260,225

18. Trust Funds

The trust funds administered by the municipality amounting to \$299,937 (2013 - \$294,366) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of financial activities. At December 31, 2014, the trust fund balances are as follows:

	2014	2013
Cemetery Pre-need Assurance Fund	\$ 4,156	\$ 5,018
Cemetery Care and Maintenance Funds	295,073	288,640
Ontario Home Renewal Program	708	708
	\$ 299,937	\$ 294,366

19. Contractual Commitments

The municipality has pledged support to the Markdale Hospital in the amount of \$190,000 over 10 years, contingent on the building project proceeding. At December 31, 2014, \$147,500 was set aside in reserve for this purpose.

20. Contingencies

The municipality has entered into an employment contract with certain municipal employees that requires a monthly payment of 100% of the employee's disposable after tax income less payments received from WSIB and Canada Pension Plan to the family of the employee if the employee is killed or dies as a direct result of injuries received in the performance of their duties. The municipality has an insurance policy to minimize the cost to the municipality.



Tel: 519 364 3790
Fax: 519 364 5334
www.bdo.ca

BDO Canada LLP
485 - 10th Street
Hanover ON N4N 1R2 Canada

Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of The Corporation of the Municipality of West Grey

We have audited the accompanying financial information of the Trust Funds of The Corporation of the Municipality of West Grey, which comprise the balance sheet as at December 31, 2014, and the statement of continuity, 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, this financial information presents fairly, in all material respects, the financial position of the Trust Funds of The Corporation of the Municipality of West Grey as at December 31, 2014 and the continuity of the trust funds for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Hanover, Ontario
June 15, 2015

**The Corporation of the Municipality of West Grey
Trust Funds
Balance Sheet**

December 31, 2014

Assets	Cemetery Pre-Need Assurance Fund	Cemetery Care and Maintenance Fund	Ontario Home Renewal Program	Total
Cash	\$ 5,084	\$ 51,445	\$ -	\$ 56,529
Investment and accrued interest	-	246,758	-	246,758
Loans receivable	-	-	708	708
Due from general account	-	-	-	-
	\$ 5,084	\$ 298,203	\$ 708	\$ 303,995
Liabilities and Fund Balances				
Due to general account	\$ 928	\$ 3,130	\$ -	\$ 4,058
Fund balance	4,156	295,073	708	299,937
	\$ 5,084	\$ 298,203	\$ 708	\$ 303,995

Statement of Continuity

For the year ended December 31, 2014

	Cemetery Pre-Need Assurance Fund	Cemetery Care and Maintenance Fund	Ontario Home Renewal Program	Total
Balance, beginning of the year	\$ 5,018	\$ 288,640	\$ 708	\$ 294,366
Receipts				
Loan interest	-	-	-	-
Bank interest	66	7,448	-	7,514
Care and maintenance	-	6,433	-	6,433
	66	13,881	-	13,947
Expenses				
Transfer to Province of Ontario	-	-	-	-
Transfer to municipality	928	7,448	-	8,376
	928	7,448	-	8,376
Balance, end of the year	\$ 4,156	\$ 295,073	\$ 708	\$ 299,937

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

**The Corporation of the Municipality of West Grey
Trust Funds
Notes to Financial Statements**

December 31, 2014

1. Summary of Significant Accounting Policies

Basis of Accounting

The financial information of The Corporation of the Municipality of West Grey Trust Funds are the representation of management prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board (PSAB) of CPA Canada 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 information 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 information, 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 of West Grey.

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.

**The Corporation of the Municipality of West Grey
Trust Funds
Notes to Financial Statements**

December 31, 2014

2. Temporary Investments

Temporary investments consist of investment certificates with a stated interest rate of 2.6% (2013 - 2.6%), maturing in 2016, and mutual funds. No temporary investments are callable at the option of the issuer in 2014. The investments have a market value of \$249,506 at the end of the year.

3. Ontario Home Renewal Program

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

Ontario Home Renewal Program loans receivable at December 31, 2014 comprise repayable loans of \$708 and forgivable loans of \$nil. Loan forgiveness is earned and recorded at a rate of up to \$600 per year of continuous ownership and occupancy. In the event of the sale or lease of the home or in the event of the homeowner ceasing to occupy the home, the balance of the repayable loan and the unearned forgivable loan immediately becomes due and payable by the homeowner.

As of July 16, 1993 the Ontario Home Renewal Program was discontinued and municipalities were prohibited from issuing further loans as of that date. All OHRP funds held in municipal trust accounts as of December 31, 1993 were remitted to the Province by March 1, 1994. Any loans receivable under the program which are collected subsequent to December 31, 1993 were remitted to the Province by March 1st of the following year. However, municipalities will be provided an administration fee of five per cent of the balances collected after December 31, 1993 and are permitted to retain the interest earned on unremitted OHRP trust account balances.



Tel: 519 364 3790
Fax: 519 364 5334
www.bdo.ca

BDO Canada LLP
485 - 10th Street
Hanover ON N4N 1R2 Canada

Independent Auditor's Report

**To the Members of Council,
Inhabitants and Ratepayers of
The Corporation of the Municipality of West Grey**

We have audited the accompanying financial statements of The Corporation of the Municipality of West Grey Public Library Board, which comprise the statement of financial position as at December 31, 2014 and the statements of operations, change in net financial assets and cash flow 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 Corporation of the Municipality of West Grey Public Library Board as at December 31, 2014 and the results of its operations 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

Hanover, Ontario
June 15, 2015

**The Corporation of the Municipality of West Grey
Public Library Board
Statement of Financial Position**

December 31	2014	2013
Financial assets		
Cash	\$ 28,138	\$ 8,755
Accounts receivable	3,203	27,509
Due from Municipality of West Grey	14,240	15,323
	<u>45,581</u>	<u>51,587</u>
Commitments (Note 5)		
Liabilities		
Accounts payable and accrued liabilities	<u>8,391</u>	4,179
Net financial assets	37,190	47,408
Non-Financial Assets		
Tangible capital assets (Note 1)	<u>224,321</u>	218,656
Accumulated surplus (Note 3)	\$ 261,511	\$ 266,064

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

**The Corporation of the Municipality of West Grey
Public Library Board
Statement of Operations**

For the year ended December 31	2014	2014	2013
	Budget	Actual	Actual
Revenue			
Province of Ontario grants	\$ 25,190	\$ 27,328	\$ 29,035
Municipal grants	242,115	242,115	228,331
Investment income	-	168	247
Miscellaneous	5,025	21,122	15,510
	<u>272,330</u>	<u>290,733</u>	<u>273,123</u>
Expenses			
Amortization of tangible capital assets	31,478	31,586	31,478
Materials and periodical purchases	3,600	4,500	2,797
Supplies and office	89,315	78,732	62,531
Wages and benefits	187,070	180,468	172,050
	<u>311,463</u>	<u>295,286</u>	<u>268,856</u>
Annual surplus (deficit)	<u>(39,133)</u>	<u>(4,553)</u>	<u>4,267</u>
Accumulated surplus, beginning of year	<u>266,064</u>	<u>266,064</u>	<u>261,797</u>
Accumulated surplus, end of year	<u>\$ 226,931</u>	<u>\$ 261,511</u>	<u>\$ 266,064</u>

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

**The Corporation of the Municipality of West Grey
Public Library Board
Statement of Change in Net Financial Assets**

<u>For the year ended December 31</u>	2014 Budget	2014 Actual	2013 Actual
Annual surplus (deficit)	\$ (39,133)	\$ (4,553)	\$ 4,267
Acquisition of tangible capital assets	(25,100)	(37,251)	(23,536)
Amortization	31,478	31,586	31,478
	<u>6,378</u>	<u>(5,665)</u>	<u>7,942</u>
Change in net financial assets	(32,755)	(10,218)	12,209
Net financial assets, beginning of year	<u>47,408</u>	<u>47,408</u>	<u>35,199</u>
Net financial assets, end of year	\$ 14,653	\$ 37,190	\$ 47,408

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

**The Corporation of the Municipality of West Grey
Public Library Board
Statement of Cash Flow**

<u>For the year ended December 31</u>	<u>2014</u>	<u>2013</u>
Cash provided by (used in)		
Operating activities		
Annual surplus (deficit)	\$ (4,553)	\$ 4,267
Items not involving cash		
Amortization	31,586	31,478
Decrease (increase) in accounts receivable	24,307	(268)
Decrease (increase) in Due from Municipality	1,082	(2,480)
Increase (decrease) in accounts payable	4,212	(3,683)
	<u>56,634</u>	<u>29,314</u>
Capital activities		
Acquisition of tangible capital assets	<u>(37,251)</u>	<u>(23,536)</u>
Net change in cash and cash equivalents	19,383	5,778
Cash and cash equivalents, beginning of year	<u>8,755</u>	<u>2,977</u>
Cash and cash equivalents, end of year	\$ 28,138	\$ 8,755

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

**The Corporation of the Municipality of West Grey
Public Library Board
Summary of Significant Accounting Policies**

December 31, 2014

Management Responsibility	The financial statements of The Corporation of the Municipality of West Grey Public Library 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 (PSAB) of CPA Canada as prescribed by the Ministry of Municipal Affairs and Housing.
Basis of Accounting	These financial statements are prepared using the accrual basis of accounting. The accrual basis recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipts 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 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.
Revenue Recognition	User fee revenue is recognized when earned, as services are rendered to customers, providing the amount is fixed or determinable, and collectibility is reasonably assured.
Government Transfers	Government transfers are recognized in the financial statements as revenue in the period that the events giving rise to the transfer occur; providing that the transfer is authorized, eligibility criteria, if any, have been met by the recipient, and a reasonable estimate of the amount can be made.
Non-Financial Assets	Tangible capital and other non-financial assets are accounted for as assets by the organization because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the organization unless they are sold.

**The Corporation of the Municipality of West Grey
Public Library Board
Summary of Significant Accounting Policies**

December 31, 2014

**Tangible
Capital Assets**

Purchased tangible capital assets are recorded at cost. Contributed tangible capital assets are recorded at fair market value at the date of contribution. Where fair market value cannot be reasonably determined, contributed tangible capital assets are recorded at a nominal amount. Amortization is calculated on a straight-line basis over the estimated useful life of the asset. The useful lives of the assets are based on estimates made by management as follows:

Books - 15 years
Furniture, fixtures, and computers - 7 to 50 years

**Employee
Future Benefits**

Defined contribution plan accounting is applied to the board's multi-employer defined benefit pension plan.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, bank balances, and investments in money market instruments with maturities of three months or less.

**The Corporation of the Municipality of West Grey
Public Library Board
Notes to Financial Statements**

December 31, 2014

1. Tangible Capital Assets

	2014		2013	
	Furniture, fixtures and computer	Total	Furniture, fixtures and computer	Total
Cost, beginning of year	\$ 472,559	\$ 472,559	\$ 470,800	\$ 470,800
Additions	37,251	37,251	23,536	23,536
Disposals	(22,207)	(22,207)	(21,777)	(21,777)
Cost, end of year	487,603	487,603	472,559	472,559
Accumulated amortization, beginning of year	253,903	253,903	244,202	244,202
Amortization	31,586	31,586	31,478	31,478
Disposals	(22,207)	(22,207)	(21,777)	(21,777)
Accumulated amortization, end of year	263,282	263,282	253,903	253,903
Net carrying amount, end of year	\$ 224,321	\$ 224,321	\$ 218,656	\$ 218,656

**The Corporation of the Municipality of West Grey
Public Library Board
Notes to Financial Statements**

December 31, 2014

2. Employee Future Benefits Liability

Pension Plan

The Board makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 2 members of its staff. This plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Employees and employers contribute jointly to the plan. The amount contributed to OMERS for 2014 was \$4,832 (2013 - \$7,143). 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 surplus or deficit is 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 an actuarial deficit of \$7.1 billion (2013 - deficit of \$8.6 billion), 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.

3. Accumulated Surplus

The accumulated surplus reported on the statement of financial position is comprised of the following:

	2014	2013
General surplus	\$ -	\$ 11,542
Amount invested in tangible capital assets	224,321	218,656
Reserves	37,190	35,866
	\$ 261,511	\$ 266,064

**The Corporation of the Municipality of West Grey
Public Library Board
Notes to Financial Statements**

December 31, 2014

4. Budget Amounts

Under Canadian generally accepted accounting principles, budget amounts are to be reported on the statement of financial activities for comparative purposes. The budget amounts for The Corporation of the Municipality of West Grey Public Library Board are as approved by council and have been restated to conform to the basis of presentation of the revenues and expenditures on the statement of financial activities.

The following is a reconciliation of the budget approved by Council:

	2014 Budget	2014 Actual	2013 Actual
Annual surplus (deficit)	\$ (39,133)	\$ (4,553)	\$ 4,267
Capital acquisitions, disposals and write-down	(25,100)	(37,251)	(23,536)
Amortization	31,478	31,586	31,478
Transfers from reserves for operations	32,755	(10,908)	(267)
Transfers (to) from reserves for capital	-	9,584	(400)
	-	(11,542)	11,542
General surplus (deficit), beginning of year	-	11,542	-
General surplus (deficit), end of year	\$ -	\$ -	\$ 11,542

5. Contractual Commitments

The Board has entered into a five year agreement with the Municipality of Grey Highlands which expires December 31, 2016, to allow West Grey residents to use the Grey Highlands Library services at no cost. In exchange the board will pay Grey Highlands Library \$13,500 per year, increasing by 2% per year.



Tel: 519 364 3790
Fax: 519 364 5334
www.bdo.ca

BDO Canada LLP
485 - 10th Street
Hanover ON N4N 1R2 Canada

Independent Auditor's Report

**To the Members of Council, Inhabitants and Ratepayers
of The Corporation of the Municipality of Brockton and
The Corporation of the Municipality of West Grey**

We have audited the accompanying financial statements of the Elmwood Fire Department, which comprise the statement of financial position as at December 31, 2014, and the statements of operations, change in net debt and cash flow 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 Elmwood Fire Department as at December 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LP

Chartered Professional Accountants, Licensed Public Accountants

Hanover, Ontario
May 29, 2015

Elmwood Fire Department Statement of Financial Position

December 31	2014	2013
Assets and Liabilities		
Financial assets		
Cash	\$ 19,859	\$ 203,858
Accounts receivable	2,315	34
Due from West Grey	62,332	38,363
	84,506	242,255
Liabilities		
Accounts payable and accrued liabilities	21,084	2,640
Net financial assets	63,422	239,615
Non-financial assets		
Tangible capital assets (Note 1)	843,500	413,414
Accumulated surplus (Note 2)	\$ 906,922	\$ 653,029

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

Elmwood Fire Department Statement of Operations

For the year ended December 31	Budget 2014	Actual 2014	Actual 2013
Revenue			
Requisitions			
Municipality of Brockton (Note 4)	\$ 175,226	\$ 175,226	\$ 96,297
Municipality of West Grey (Note 4)	258,502	258,502	136,564
Fire calls	5,000	11,440	820
Interest income	-	2,606	2,243
Donations	-	12,282	-
	<u>438,728</u>	<u>460,056</u>	<u>235,924</u>
Expenses			
Amortization	42,378	41,990	42,378
Salaries and contract labour	117,900	112,283	108,465
Benefits	3,410	2,919	2,812
Mileage	2,000	1,268	1,127
Training	13,000	4,699	5,054
Memberships	2,500	723	936
Supplies	2,000	2,010	1,513
Telephone and office	4,000	2,941	2,375
Dispatch	5,150	5,474	5,157
Communications	1,550	1,567	2,002
Maintenance - equipment	10,000	3,852	7,027
- vehicle	11,000	5,693	6,811
- building	4,000	558	483
Professional fees	1,400	1,425	1,425
Insurance	10,895	8,988	8,741
Utilities	7,500	7,404	5,967
Fuel	4,000	2,369	3,416
Interest	-	-	28
	<u>242,683</u>	<u>206,163</u>	<u>205,717</u>
Annual surplus	<u>196,045</u>	<u>253,893</u>	<u>30,207</u>
Accumulated surplus, beginning of the year	<u>653,029</u>	<u>653,029</u>	<u>622,822</u>
Accumulated surplus, end of year	<u>\$ 849,074</u>	<u>\$ 906,922</u>	<u>\$ 653,029</u>

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

Elmwood Fire Department Statement of Change in Net Debt

For the year ended December 31	Budget 2014	Actual 2014	Actual 2013
Annual surplus	\$ 196,045	\$ 253,893	\$ 30,207
Acquisition of tangible capital assets	(460,785)	(472,076)	(36,741)
Amortization expense	42,378	41,990	42,378
	<u>(418,407)</u>	<u>(430,086)</u>	<u>5,637</u>
Change in net financial assets	(222,362)	(176,193)	35,844
Net financial assets, beginning of year	<u>239,615</u>	<u>239,615</u>	<u>203,771</u>
Net financial assets, end of year	<u>\$ 17,253</u>	<u>\$ 63,422</u>	<u>\$ 239,615</u>

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

Elmwood Fire Department Statement of Cash Flow

For the year ended December 31	2014	2013
Cash provided by (used in)		
Operating activities		
Annual surplus	\$ 253,893	\$ 30,207
Items not involving cash		
Amortization of tangible capital assets	41,990	42,378
	295,883	72,585
Change in balances		
Increase in accounts receivable	(2,281)	(34)
Decrease (increase) in amount due from West Grey	(23,969)	2,757
Increase (decrease) in accounts payable	18,444	(8,417)
	288,077	66,891
Capital activities		
Acquisition of tangible capital assets	(472,076)	(36,741)
Financing activities		
Repayment of long-term liabilities	-	(1,351)
Net change in cash and cash equivalents	(183,999)	28,799
Cash and cash equivalents, beginning of year	203,858	175,059
Cash and cash equivalents, end of year	\$ 19,859	\$ 203,858

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

Elmwood Fire Department Summary of Significant Accounting Policies

December 31, 2014

Management Responsibility	The financial statements of the Elmwood Fire Department are the representations of management. They have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board (PSAB) of CPA Canada as prescribed by the Ministry of Municipal Affairs and Housing.				
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. Actual results could differ from management's best estimates as additional information becomes available in the future.				
Basis of Consolidation	<p>The Elmwood Fire Department has been proportionately consolidated with the financial statements of the Municipality of Brockton and the Municipality of West Grey as follows:</p> <table><tr><td>Municipality of Brockton</td><td style="text-align: right;">40.40%</td></tr><tr><td>Municipality of West Grey</td><td style="text-align: right;">59.60%</td></tr></table>	Municipality of Brockton	40.40%	Municipality of West Grey	59.60%
Municipality of Brockton	40.40%				
Municipality of West Grey	59.60%				
Basis of Accounting	These financial statements are prepared using 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.				
Revenue Recognition	User fee revenue is recognized when earned, as services are rendered to customers, providing the amount is fixed or determinable, and collectibility is reasonably assured.				
Government Transfers	Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, and eligibility criteria have been met by the recipient and reasonable estimates of the amounts can be made.				

Elmwood Fire Department Summary of Significant Accounting Policies

December 31, 2014

Non-Financial Assets

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

Tangible Capital Assets

Purchased tangible capital assets are recorded at cost. Contributed tangible capital assets are recorded at fair market value at the date of contribution. Where fair market value cannot be reasonably determined, contributed tangible capital assets are recorded at a nominal amount. Amortization is calculated on a straight-line basis over the estimated useful life of the asset. The useful lives of the assets are based on estimates made by management as follows:

Buildings	25 to 50 years
Vehicles	5 to 30 years
Equipment	5 to 25 years

Elmwood Fire Department Notes to Financial Statements

December 31, 2014

1. Tangible Capital Assets

	2014				2013			
	Land and buildings	Machinery and equipment	Vehicles	Total	Land and buildings	Machinery and equipment	Vehicles	Total
Cost, beginning of year	\$ 200,419	\$ 235,953	\$ 560,426	\$ 996,798	\$ 195,582	\$ 204,049	\$ 560,426	\$ 960,057
Additions		37,535	434,541	472,076	4,837	31,904	-	36,741
Cost, end of year	200,419	273,488	994,967	1,468,874	200,419	235,953	560,426	996,798
Accumulated amortization, beginning of year	114,457	110,703	358,224	583,384	110,879	96,308	333,819	541,006
Amortization	3,675	17,586	20,729	41,990	3,578	14,395	24,405	42,378
Accumulated amortization, end of year	118,132	128,289	378,953	625,374	114,457	110,703	358,224	583,384
Net carrying amount, end of year	\$ 82,287	\$ 145,199	\$ 616,014	\$ 843,500	\$ 85,962	\$ 125,250	\$ 202,202	\$ 413,414

Elmwood Fire Department Notes to Financial Statements

December 31, 2014

2. Accumulated Surplus

The accumulated surplus reported on the statement of financial position is comprised of the following:

	2014	2013
Amount invested in tangible capital assets	\$ 843,500	\$ 413,414
Reserve Fund	63,422	239,615
	\$ 906,922	\$ 653,029

3. Budget Amounts

Under Canadian public sector accounting standards, budget amounts are to be reported on the statement of financial activities for comparative purposes. The budget amounts for the Elmwood Fire Department are as approved by council and have been restated to conform to the basis of presentation of the revenues and expenditures on the statement of financial activities.

The following is a reconciliation of the budget approved by Council:

	2014 Budget	2014 Actual	2013 Actual
Annual surplus (deficit)	\$ 196,045	\$ 253,893	\$ 30,207
Annual surplus pertaining to reserve funds	-	(2,606)	(2,243)
Amortization	42,378	41,990	42,378
Acquisition of tangible capital assets	(460,785)	(472,076)	(36,741)
Change in unfunded liabilities	-	-	(1,351)
Transfers from reserves for capital	215,000	215,000	-
General surplus, beginning of year	(7,362)	36,201	32,250
	-	-	-
Surplus before transfers to reserves	(7,362)	36,201	32,250
Transfers to reserves per resolution	7,362	(36,201)	(32,250)
	\$ -	\$ -	\$ -

Elmwood Fire Department Notes to Financial Statements

December 31, 2014

4. Municipal Contributions

Municipal contributions reported in the Statement of Operations are received from the municipalities in which the organization provides services from the following sources:

	2014 Budget	2014 Actual		2013 Actual
Municipal contributions - operating				
Municipality of Brockton	\$ 75,929	\$ 75,929	40.4 %	\$ 77,415
Municipality of West Grey	112,014	112,014	59.6	113,075
	<u>187,943</u>	<u>187,943</u>	<u>100.0</u>	<u>190,490</u>
Municipal contributions - capital				
Municipality of Brockton	99,297	99,297	40.4	18,882
Municipality of West Grey	146,488	146,488	59.6	23,489
	<u>245,785</u>	<u>245,785</u>	<u>100.0 %</u>	<u>42,371</u>
	<u>\$ 433,728</u>	<u>\$ 433,728</u>		<u>\$ 232,861</u>



Tel: 519 364 3790
Fax: 519 364 5334
www.bdo.ca

BDO Canada LLP
485 - 10th Street
Hanover ON N4N 1R2 Canada

Independent Auditor's Report

**To the Members of
Saugeen Mobility and Regional Transit (S.M.A.R.T.)**

We have audited the accompanying financial statements of Saugeen Mobility and Regional Transit (S.M.A.R.T.), which comprise the statement of financial position as at December 31, 2014, and the statements of operations, change 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 Saugeen Mobility and Regional Transit (S.M.A.R.T.) as at December 31, 2014 and the results of its operations, its change in net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada Ltd

Chartered Professional Accountants, Licensed Public Accountants

Hanover, Ontario
March 27, 2015

**Saugeen Mobility and Regional Transit (S.M.A.R.T.)
Statement of Financial Position**

December 31	2014	2013
		(Note 9)
Financial assets		
Cash	\$ 14,972	\$ 23,452
Grants receivable	147,241	103,753
Accounts receivable (Note 2)	66,503	38,799
	228,716	166,004
Liabilities		
Bank indebtedness (Note 4)	115,571	94,008
Accounts payable and accrued liabilities	144,614	107,120
	260,185	201,128
Net debt	(31,469)	(35,124)
Non-financial assets		
Prepaid expenses	34,281	37,936
Tangible capital assets (Note 3)	669,466	497,919
	703,747	535,855
Accumulated surplus (Note 5)	\$ 672,278	\$ 500,731

On behalf of the Board:

_____ Director

_____ Director

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

**Saugeen Mobility and Regional Transit (S.M.A.R.T.)
Statement of Operations**

For the year ended December 31	2014	2014	2013
	Budget	Actual	Actual
			(Note 9)
Revenue			
Provincial Dedicated Gas Tax Funds			
Operating grant	\$ 271,000	\$ 513,987	\$ 262,230
Capital grant	375,000	377,559	336,260
Municipal contributions (Note 6)	410,000	410,000	375,000
Municipal contract	7,125	7,125	-
User fees	180,000	257,100	186,335
Donations	3,000	4,000	3,680
Loss on disposal of tangible capital assets	-	-	(4,736)
Other revenue	1,000	3,421	2,172
	<u>1,247,125</u>	<u>1,573,192</u>	<u>1,160,941</u>
Expenses			
Advertising and promotion	27,000	31,181	31,455
Amortization of tangible capital assets	140,000	206,012	142,354
Bad debts	2,000	2,419	1,862
Bank charges and interest	2,925	3,842	3,011
Insurance	7,000	6,414	7,000
Office	26,000	27,356	25,079
Membership fees	1,500	1,394	1,061
Professional	23,500	16,109	17,551
Rent	7,000	7,012	6,737
Wages and benefits	552,000	798,888	527,354
Telephone	20,000	19,538	17,307
Vehicles			
Fuel	100,000	164,377	98,854
Other	103,200	117,103	92,145
	<u>1,012,125</u>	<u>1,401,645</u>	<u>971,770</u>
Annual surplus	235,000	171,547	189,171
Accumulated surplus, beginning of year	500,731	500,731	311,560
Accumulated surplus, end of year	<u>\$ 735,731</u>	<u>\$ 672,278</u>	<u>\$ 500,731</u>

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

**Saugeen Mobility and Regional Transit (S.M.A.R.T.)
Statement of Change in Net Debt**

For the year ended December 31	2014	2014	2013
	Budget	Actual	Actual
Annual surplus	\$ 235,000	\$ 171,547	\$ 189,171
Acquisition of tangible capital assets	(377,000)	(377,559)	(343,194)
Proceeds on sale of tangible capital assets	2,000	-	6,933
Amortization of tangible capital assets	140,000	206,012	142,354
Loss on disposal of tangible capital assets	-	-	4,736
	<u>(235,000)</u>	<u>(171,547)</u>	<u>(189,171)</u>
 Change in prepaid expenses	 -	 3,655	 (7,448)
 Change in net debt	 -	 3,655	 (7,448)
Net debt, beginning of the year	<u>(35,124)</u>	<u>(35,124)</u>	<u>(27,676)</u>
Net debt, end of the year	\$ (35,124)	\$ (31,469)	\$ (35,124)

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

**Saugeen Mobility and Regional Transit (S.M.A.R.T.)
Statement of Cash Flow**

For the year ended December 31	2014	2013
Cash provided by (used in)		
Operating activities		
Annual surplus	\$ 171,547	\$ 189,171
Items not involving cash		
Amortization of tangible capital assets	206,012	142,354
Loss on disposal of assets	-	4,736
	<u>377,559</u>	<u>336,261</u>
Changes in non-cash balances		
Grants receivable	(43,488)	(40,043)
Accounts receivable	(27,704)	8,178
Prepaid expenses	3,655	(7,448)
Accounts payable and accrued liabilities	37,494	43,249
	<u>347,516</u>	<u>340,197</u>
Capital activities		
Acquisition of capital assets	(377,559)	(343,194)
Proceeds on sale of capital assets	-	6,933
	<u>(377,559)</u>	<u>(336,261)</u>
Increase (decrease) in cash during the year	(30,043)	3,936
Bank indebtedness, beginning of year	(70,556)	(74,492)
Bank indebtedness, end of year	\$ (100,599)	\$ (70,556)
Represented by		
Cash	\$ 14,972	\$ 23,452
Bank indebtedness	(115,571)	(94,008)
	<u>\$ (100,599)</u>	<u>\$ (70,556)</u>

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

Saugeen Mobility and Regional Transit (S.M.A.R.T.) Notes to Financial Statements

December 31, 2014

1. Significant Accounting Policies

Nature and Purpose of Organization

Saugeen Mobility and Regional Transit (S.M.A.R.T.) is a government not-for-profit organization (GNPO) incorporated without share capital under the laws of the Province of Ontario. The organization provides transportation services to the physically disabled.

The organization is a registered charity and, as such, is exempt from income tax and may issue income tax receipts to donors.

The organization is dependant on funding received from area municipalities through a service agreement with Town of Hanover, Municipality of Brockton, Municipality of West Grey, Municipality of Arran-Elderslie, Municipality of Kincardine, Township of Southgate, Town of Saugeen Shores and Township of Huron Kinloss. The participating municipalities make up the majority of the board of directors.

Management Responsibility

The financial statements of the Saugeen Mobility and Regional Transit (S.M.A.R.T.) are the representations of management. They have been prepared in accordance with Canadian generally accepted accounting standards established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. S.M.A.R.T. has elected not to follow the 4200 series of NPO-specific standards.

Basis of Accounting

These financial statements are prepared using the accrual basis of accounting. The accrual basis recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipts 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. The use of estimates is primarily related to the useful lives of tangible capital assets.

Saugeen Mobility and Regional Transit (S.M.A.R.T.) Notes to Financial Statements

December 31, 2014

1. Significant Accounting Policies (continued)

Revenue Recognition User fee revenue is recognized when earned, as services are rendered to customers, providing the amount is fixed or determinable, and collectibility is reasonably assured.

Government Transfers Government transfers are recognized in the financial statements as revenues or expenses in the period that the events giving rise to the transfer occur; providing that the transfer is authorized, eligibility criteria, if any, have been met by the recipient, and a reasonable estimate of the amount can be made.

Contributed Materials and Services Contributed materials and services which are used in the normal course of the organization's operations and would otherwise have been purchased are recorded at their fair value at the date of contribution if fair value can be reasonably estimated.

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

Tangible Capital Assets Purchased tangible capital assets are recorded at cost. Contributed tangible capital assets are recorded at fair market value at the date of contribution. Where fair market value cannot be reasonably determined, contributed tangible capital assets are recorded at a nominal amount. Amortization is based on the estimated useful life of the asset and is calculated as follows:

Automotive equipment - 30% diminishing balance basis
Furniture and fixtures - 20 - 30% diminishing balance basis

Saugen Mobility and Regional Transit (S.M.A.R.T.)
Notes to Financial Statements

December 31, 2014

2. Accounts Receivable

	<u>2014</u>	<u>2013</u>
Trade	\$ 61,245	\$ 28,170
Allowance for doubtful accounts	(4,925)	(2,740)
	<u>56,320</u>	<u>25,430</u>
Other	10,183	13,369
	<u>\$ 66,503</u>	<u>\$ 38,799</u>

Sageen Mobility and Regional Transit (S.M.A.R.T.)
Notes to Financial Statements

December 31, 2014

3. Tangible Capital Assets

	2014			2013		
	Automotive equipment	Furniture and fixtures	Total	Automotive equipment	Furniture and fixtures	Total
Cost, beginning of year	\$ 1,125,272	\$ 14,317	\$ 1,139,589	\$ 911,228	\$ 23,083	\$ 934,311
Additions	376,551	1,008	377,559	340,731	2,463	343,194
Disposals	-	-	-	(126,687)	(11,229)	(137,916)
Cost, end of year	1,501,823	15,325	1,517,148	1,125,272	14,317	1,139,589
Accumulated amortization, beginning of year	632,521	9,149	641,670	609,462	16,101	625,563
Amortization	204,309	1,703	206,012	140,210	2,144	142,354
Disposals	-	-	-	(117,151)	(9,096)	(126,247)
Accumulated amortization, end of year	836,830	10,852	847,682	632,521	9,149	641,670
Net carrying amount, end of year	\$ 664,993	\$ 4,473	\$ 669,466	\$ 492,751	\$ 5,168	\$ 497,919

Sageen Mobility and Regional Transit (S.M.A.R.T.)
Notes to Financial Statements

December 31, 2014

4. Bank Indebtedness

	<u>2014</u>	<u>2013</u>
Credit union operating loan	\$ 115,571	\$ 94,008

The credit union operating loan is due on demand and bears interest at the credit union's prime rate plus 0.50%, calculated and payable monthly. The loan is secured by a general security agreement covering the assets of the corporation.

5. Accumulated Surplus

The accumulated surplus reported on the statement of financial position is comprised of the following:

	<u>2014</u>	<u>2013</u>
Invested in tangible capital assets	\$ 669,466	\$ 497,919
General surplus	2,812	2,812
Accumulated surplus	<u>\$ 672,278</u>	<u>\$ 500,731</u>

**Saugeen Mobility and Regional Transit (S.M.A.R.T.)
Notes to Financial Statements**

December 31, 2014

6. Municipal Contributions

Municipal contributions reported in the Statement of Operations are received from the municipalities in which the organization provides services from the following sources:

	2014		2014		2013
	Budget		Actual		Actual
<hr/>					
Municipal contributions					
Town of Hanover	\$ 129,830		\$ 129,830	31.7 %	\$ 140,462
Municipality of Brockton	76,745		76,745	18.7	74,850
Municipality of Kincardine	49,968		49,968	12.2	46,040
Municipality of West Grey	43,594		43,594	10.6	33,827
Municipality of Arran-Elderslie	28,418		28,418	7.0	24,943
Township of Southgate	14,516		14,516	3.5	13,412
Township of Huron Kinloss	15,597		15,597	3.8	13,740
Town of Saugeen Shores	51,332		51,332	12.5	27,726
	<hr/>		<hr/>		<hr/>
	\$ 410,000		\$ 410,000	100 %	\$ 375,000

The Provincial Dedicated Gas Tax Funds are flowed through the Town of Hanover who act as the administrator, and are reported separately on the statement of operations.

7. Public Sector Salary Disclosure Act

No employees of Saugeen Mobility and Regional Transit (S.M.A.R.T.) were paid a salary of \$100,000 or more during the year.

Saugeen Mobility and Regional Transit (S.M.A.R.T.) Notes to Financial Statements

December 31, 2014

8. Contractual Commitments

In 2014 the organization ordered two 2015 minivan's that were delivered in March 2015. The value of the vehicles ordered total approximately \$91,000, which will be fully funded by the provincial gas tax program.

The organization has also entered into a three year lease agreement with the Municipality of Brockton for use of the former Township of Brant Municipal Office expiring December 2016. Total minimum lease payments over the three year lease agreement are approximately \$16,800.

9. Prior Period Adjustment

During the current year, the organization determined that the obligation to make employer health tax (EHT) remittances was missed for the fiscal years ending December 31, 2009 to 2014. Also, the organization did not apply for the Provincial Dedicated Gas Tax operating grant funding to cover these costs in the prior years. As a result, accounts payable, accounts receivable, wages and grant revenue were understated at the prior year end. The result of this correction to the prior year is as follows:

Increase in accounts payable	\$	25,272
Increase in accounts receivable		25,272
Increase in grant revenue		9,061
Increase in wages and benefits		9,061
