

**The Corporation of the  
Municipality of West Grey  
Consolidated Financial  
Statements  
For the year ended December 31, 2015**

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Municipality of West Grey  
Consolidated Financial Statements  
For the year ended December 31, 2015**

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**The Corporation of the Municipality of West Grey**

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## Independent Auditor's Report

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**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, 2015, 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, 2015 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  
May 16, 2016

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

| <b>December 31</b>   | <b>2015</b>          | <b>2014</b>          |
|--|----------------------|----------------------|
| <b>Financial assets</b>  |                      |                      |
| Cash (Note 1)  | \$ 2,526,938         | \$ 2,523,961         |
| Temporary investments (Note 2)                                 | 441,601              | 238,238              |
| Taxes receivable   | 3,330,919            | 3,085,258            |
| Grants and subsidies receivable                                | 158,238              | 190,550              |
| Trade receivables  | 1,513,547            | 1,142,865            |
| Loans receivable (Note 3)                                      | 468,801              | 64,697               |
|  | <u>8,440,044</u>     | <u>7,245,569</u>     |
| <b>Commitments and Contingencies (Notes 19 and 20)</b>         |                      |                      |
| <b>Liabilities</b>   |                      |                      |
| Accounts payable and accrued liabilities                       | 1,305,433            | 1,902,352            |
| Deferred revenue (Note 4)                                      | 1,073,619            | 894,281              |
| Long-term debt (Note 5)  | 1,340,895            | 1,489,676            |
| Landfill site closure and post-closure care liability (Note 6) | 579,752              | 574,748              |
| Employee future benefits liability (Note 7)                    | 254,359              | 232,745              |
|  | <u>4,554,058</u>     | <u>5,093,802</u>     |
| <b>Net financial assets</b>                                    | <u>3,885,986</u>     | <u>2,151,767</u>     |
| <b>Non-financial assets</b>                                    |                      |                      |
| Prepaid expenses   | 18,463               | 15,062               |
| Inventory of supplies  | 186,200              | 171,034              |
| Tangible capital assets (Note 8)                               | 73,779,108           | 74,524,020           |
|  | <u>73,983,771</u>    | <u>74,710,116</u>    |
| <b>Accumulated surplus (Note 9)</b>                            | <u>\$ 77,869,757</u> | <u>\$ 76,861,883</u> |

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

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

| For the year ended December 31                    | 2015<br>Budget       | 2015<br>Actual       | 2014<br>Actual       |
|---|----------------------|----------------------|----------------------|
| <b>Revenue</b>                                    |                      |                      |                      |
| Taxation  | \$ 8,594,198         | \$ 8,720,368         | \$ 7,835,509         |
| Government transfers (Note 12)                    | 3,583,154            | 3,629,269            | 3,293,647            |
| Water and wastewater charges                      | 1,218,602            | 1,173,403            | 1,037,347            |
| User fees and service charges                     | 1,457,136            | 1,599,935            | 1,733,684            |
| Investment income                                 | 27,000               | 26,745               | 35,838               |
| Other income (Note 13)                            | 457,650              | 880,575              | 801,682              |
| Obligatory reserve fund revenue recognized        | -                    | 34,057               | 26,468               |
|   | <u>15,337,740</u>    | <u>16,064,352</u>    | <u>14,764,175</u>    |
| <b>Expenses</b>                                   |                      |                      |                      |
| General government                                | 1,297,392            | 1,348,798            | 1,381,257            |
| Protection services                               | 4,477,582            | 4,660,333            | 4,732,363            |
| Transportation services                           | 3,773,047            | 5,225,032            | 5,425,566            |
| Environmental services                            | 1,571,973            | 2,048,249            | 1,734,672            |
| Health and social services                        | 48,035               | 81,593               | 35,581               |
| Recreation and cultural services                  | 1,275,642            | 1,565,136            | 1,452,134            |
| Planning and development                          | 200,721              | 127,337              | 158,533              |
|   | <u>12,644,392</u>    | <u>15,056,478</u>    | <u>14,920,106</u>    |
| <b>Annual surplus (deficit)</b>                   | <u>2,693,348</u>     | <u>1,007,874</u>     | <u>(155,931)</u>     |
| <b>Accumulated surplus, beginning of the year</b> | <u>76,861,883</u>    | <u>76,861,883</u>    | <u>77,017,814</u>    |
| <b>Accumulated surplus, end of the year</b>       | <u>\$ 79,555,231</u> | <u>\$ 77,869,757</u> | <u>\$ 76,861,883</u> |

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

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

| <u>For the year ended December 31</u>              | 2015<br>Budget      | 2015<br>Actual      | 2014<br>Actual      |
|--|---------------------|---------------------|---------------------|
| Annual surplus (deficit)                           | \$ 2,693,348        | \$ 1,007,874        | \$ (155,931)        |
| Acquisition of tangible capital assets             | (2,733,291)         | (2,408,449)         | (1,955,106)         |
| Proceeds on disposal of tangible capital assets    | -                   | 460,433             | 126,867             |
| Amortization expense                               | 23,625              | 2,706,135           | 2,705,848           |
| (Gain)/loss on disposal of tangible capital assets | -                   | (13,207)            | 36,647              |
|  | <u>(2,709,666)</u>  | <u>744,912</u>      | <u>914,256</u>      |
| Decrease in prepaid expenses                       | -                   | (3,401)             | 573                 |
| Decrease (Increase) in inventory of supplies       | -                   | (15,166)            | (48,474)            |
|  | <u>-</u>            | <u>(18,567)</u>     | <u>(47,901)</u>     |
| <b>Change in net financial assets</b>              | <b>(16,318)</b>     | <b>1,734,219</b>    | <b>710,424</b>      |
| Net financial assets, beginning of year            | <u>2,151,767</u>    | <u>2,151,767</u>    | <u>1,441,343</u>    |
| <b>Net financial assets, end of year</b>           | <b>\$ 2,135,449</b> | <b>\$ 3,885,986</b> | <b>\$ 2,151,767</b> |

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

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

| For the year ended December 31                      | 2015                | 2014                |
|---|---------------------|---------------------|
| <b>Cash provided by (used in)</b>                   |                     |                     |
| <b>Operating activities</b>                         |                     |                     |
| Annual surplus (deficit)                            | \$ 1,007,874        | \$ (155,931)        |
| Items not involving cash                            |                     |                     |
| Amortization of tangible capital assets             | 2,706,135           | 2,705,848           |
| Employee future benefits                            | 21,614              | 14,495              |
| Landfill site closure and post-closure care         | 5,004               | (247,067)           |
| (Gain)/loss on disposal of tangible capital assets  | (13,207)            | 36,647              |
| Donated capital asset                               | (220,500)           | -                   |
|   | <u>3,506,920</u>    | <u>2,353,992</u>    |
| Change in balances                                  |                     |                     |
| Taxes receivable                                    | (245,661)           | (409,778)           |
| Accounts receivable                                 | (338,370)           | (478,821)           |
| Loan receivable                                     | (404,104)           | -                   |
| Accounts payable                                    | (596,919)           | 521,274             |
| Deferred revenue                                    | 179,338             | 112,487             |
| Non-financial assets                                | (18,567)            | (47,901)            |
|   | <u>2,082,637</u>    | <u>2,051,253</u>    |
| <b>Capital activities</b>                           |                     |                     |
| Acquisition of tangible capital assets              | (2,187,949)         | (1,955,106)         |
| Proceeds on disposal of tangible capital assets     | 460,433             | 126,867             |
|   | <u>(1,727,516)</u>  | <u>(1,828,239)</u>  |
| <b>Financing activities</b>                         |                     |                     |
| Additions to long-term liabilities                  | 113,000             | -                   |
| Repayment of long-term liabilities                  | (261,781)           | (233,593)           |
|   | <u>(148,781)</u>    | <u>(233,593)</u>    |
| <b>Net change in cash and cash equivalents</b>      | <b>206,340</b>      | <b>(10,579)</b>     |
| <b>Cash and cash equivalents, beginning of year</b> | <b>2,762,199</b>    | <b>2,772,778</b>    |
| <b>Cash and cash equivalents, end of year</b>       | <b>\$ 2,968,539</b> | <b>\$ 2,762,199</b> |
| <b>Comprised of:</b>                                |                     |                     |
| Cash  | \$ 2,526,938        | \$ 2,523,961        |
| Temporary investments                               | 441,601             | 238,238             |
|   | <u>\$ 2,968,539</u> | <u>\$ 2,762,199</u> |

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



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# The Corporation of the Municipality of West Grey Summary of Significant Accounting Policies

December 31, 2015

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## Management Responsibility

The management of the Municipality of West Grey is responsible for the integrity, objectivity and accuracy of the financial information presented in these consolidated financial statements. Management reviews and approves the consolidated financial statements before they are submitted to Council.

## 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 Mobility and Regional Transit | 14% |
| Elmwood Community Centre Board        | 50% |

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# The Corporation of the Municipality of West Grey

## Summary of Significant Accounting Policies

December 31, 2015

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### 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.

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# The Corporation of the Municipality of West Grey

## Summary of Significant Accounting Policies

December 31, 2015

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|  |  |                   |                 |           |                |                     |                |           |               |          |               |                 |  |               |                |                 |                 |
|--|--|-------------------|-----------------|-----------|----------------|---------------------|----------------|-----------|---------------|----------|---------------|-----------------|--|---------------|----------------|-----------------|-----------------|
| <b>County and School Board</b>             | 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.   |                   |                 |           |                |                     |                |           |               |          |               |                 |  |               |                |                 |                 |
| <b>Non-Financial Assets</b>                | 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.  |                   |                 |           |                |                     |                |           |               |          |               |                 |  |               |                |                 |                 |
| <b>Inventory</b>                           | Inventory of supplies is recorded at the lower of cost and replacement cost.   |                   |                 |           |                |                     |                |           |               |          |               |                 |  |               |                |                 |                 |
| <b>Loans Receivable</b>                    | Loans receivable are recorded at cost.   |                   |                 |           |                |                     |                |           |               |          |               |                 |  |               |                |                 |                 |
| <b>Portfolio and Long-term Investments</b> | Portfolio and long-term investments are recorded at cost.  |                   |                 |           |                |                     |                |           |               |          |               |                 |  |               |                |                 |                 |
| <b>Tangible Capital Assets</b>             | <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  |                   |                 |           |                |                     |                |           |               |          |               |                 |  |               |                |                 |                 |
| <b>Intangible Assets</b>                   | 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.  |                   |                 |           |                |                     |                |           |               |          |               |                 |  |               |                |                 |                 |

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## The Corporation of the Municipality of West Grey Summary of Significant Accounting Policies

**December 31, 2015**

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|   |   |
|---|---|
| <b>Liability for Contaminated Sites</b> | A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the organization is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. The liability is recorded net of any expected recoveries. Management is not aware of any contaminated sites. |
| <b>Trust Funds</b>                      | 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.  |

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

**December 31, 2015**

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**1. Cash**

|              | 2015         | 2014         |
|--------------|--------------|--------------|
| Unrestricted | \$ 1,791,420 | \$ 1,697,446 |
| Restricted   | 735,518      | 826,515      |
|              | \$ 2,526,938 | \$ 2,523,961 |

At December 31, 2015, the municipality had an undrawn line of credit of \$2,500,000 that bears interest at the bank's prime rate minus 0.5%.

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**2. Temporary Investments**

|                  | 2015           | 2014           |
|------------------|----------------|----------------|
| GICs             | \$ 191,601     | \$ 238,238     |
| Mutual Funds     | 250,000        | -              |
|                  | \$ 441,601     | \$ 238,238     |
| <br>Market value | <br>\$ 443,201 | <br>\$ 238,238 |

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**3. Loans Receivable**

|  | 2015       | 2014      |
|--|------------|-----------|
| Mortgage receivable, 2485400 Ontario Inc., 4.79%<br>\$2,421 payable monthly principal and interest<br>secured by building and property | \$ 425,000 | \$ -      |
| Tile drainage loans receivable   | 43,801     | 64,697    |
|  | \$ 468,801 | \$ 64,697 |

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

**December 31, 2015**

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**4. Deferred Revenue**

|                                 | Contributions<br>Opening | Received   | Investment<br>Income | Revenue<br>Recognized | Ending       |
|---------------------------------|--------------------------|------------|----------------------|-----------------------|--------------|
| <b>Obligatory Reserve Funds</b> |                          |            |                      |                       |              |
| Development charges             | \$ 606,404               | \$ 117,000 | \$ 7,934             | \$ (9,240)            | \$ 722,098   |
| Recreational land               | 43,920                   | -          | 358                  | (20,000)              | 24,278       |
| Subdivider contributions        | 153,337                  | 79,000     | 1,600                | (4,817)               | 229,120      |
|                                 | <hr/>                    |            |                      |                       |              |
|                                 | 803,661                  | 196,000    | 9,892                | (34,057)              | 975,496      |
| <b>Other</b>                    |                          |            |                      |                       |              |
| Deposits                        | 20,050                   | 4,800      | -                    | (2,400)               | 22,450       |
| Gas tax grant                   | 30,386                   | 355,746    | 434                  | (364,827)             | 21,739       |
| Source water protection         | 40,184                   | 13,750     | -                    | -                     | 53,934       |
|                                 | <hr/>                    |            |                      |                       |              |
|                                 | \$ 894,281               | \$ 570,296 | \$ 10,326            | \$ (401,284)          | \$ 1,073,619 |
|                                 | <hr/>                    |            |                      |                       |              |

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

**December 31, 2015**

### 5. Long-Term Liabilities

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

|   | 2015                | 2014                |
|---|---------------------|---------------------|
| Tile drainage loans payable, 6%, due from 2016 to 2023  | \$ 43,801           | \$ 64,697           |
| Loan payable (Durham Water and Wastewater), 4.83%, payable \$5,250 monthly principal and interest, due May 2018         | 138,839             | 193,769             |
| Loan payable (Durham Water and Wastewater), 4.85%, payable \$6,244 monthly principal and interest, due May 2023         | 462,383             | 513,763             |
| Loan payable (Public Works), 0%, payable \$28,250 principal annually, due July 2018                                     | 84,750              | -                   |
| Loan payable (Durham Fire), 4.4%, payable \$3,650 monthly principal and interest, due July 2015                         | -                   | 25,183              |
| OIPC loan payable (Neustadt Water), 5.2%, payable \$8,126 semi-annually principal and interest, due September 2017      | 30,496              | 44,609              |
| OIPC loan payable (Durham Water), 5.26%, payable \$37,224 semi-annually principal and interest, due September 2022      | 431,286             | 481,075             |
| OIPC loan payable (Durham Wastewater), 5.26%, payable \$12,889 semi-annually principal and interest, due September 2022 | 149,340             | 166,580             |
|   | <b>\$ 1,340,895</b> | <b>\$ 1,489,676</b> |

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

|            |    |                     |
|------------|----|---------------------|
| 2016       | \$ | 234,444             |
| 2017       |    | 245,009             |
| 2018       |    | 193,344             |
| 2019       |    | 150,441             |
| 2020       |    | 158,235             |
| Thereafter |    | 359,422             |
|            |    | <b>\$ 1,340,895</b> |

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# The Corporation of the Municipality of West Grey

## Notes to Financial Statements

December 31, 2015

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### 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 \$579,752 (2014 - \$574,748) 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 \$670,955 leaving an amount to be recognized of \$91,203.

The estimated remaining capacity of the three sites is approximately 208,190 (2014 - 216,825) cubic meters. The sites have remaining life of 1 to 20 years. Post-closure care is estimated to continue for a period of 20 years.

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### 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 51 (2014 - 52) 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 2015 was \$383,208 (2014 - \$357,813). The contribution rate for 2015 was 9.0% to 15.8% depending on age and income level (2014 - 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, 2015. At that time, the plan reported an actuarial deficit of \$7.0 billion (2014 - deficit of \$7.1 billion), based on actuarial liabilities of \$81.9 billion (2014 - \$76.9 billion) and actuarial assets of \$74.9 billion (2014 - \$69.8 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.



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

**December 31, 2015**

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**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 \$9,931 for the year and are included as an expenditure on the consolidated statement of operations. The accrued benefit obligation at December 31, 2015 was \$254,359 (2014 - \$232,745).

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 16 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 \$18,680, interest on the obligation of \$9,350 and amortization of gains (losses) of 1,084.

|                | <u>2015</u>       | <u>2014</u>       |
|----------------|-------------------|-------------------|
| Other benefits | <u>\$ 254,359</u> | <u>\$ 232,745</u> |

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

**December 31, 2015**

**8. Tangible Capital Assets**

For the year ended December 31, 2015

|  | Land and Land<br>Improvements | Buildings           | Equipment           | Vehicles            | Infrastructure       | Construction in<br>progress | 2015<br>Total        |
|--|-------------------------------|---------------------|---------------------|---------------------|----------------------|-----------------------------|----------------------|
| Cost, beginning of year                        | \$ 5,820,429                  | \$ 12,592,899       | \$ 7,825,864        | \$ 6,784,962        | \$ 91,207,681        | \$ 205,894                  | \$124,437,729        |
| Additions                                      | 170,259                       | 120,478             | 515,844             | 360,700             | 891,319              | 349,849                     | 2,408,449            |
| Disposals                                      | (31,336)                      | (375,000)           | (61,508)            | (254,918)           | (9,217)              | -                           | (731,979)            |
| Transfers from Construction<br>in progress     | -                             | -                   | 17,225              | -                   | -                    | (17,225)                    | -                    |
| Cost, end of year                              | <u>5,959,352</u>              | <u>12,338,377</u>   | <u>8,297,425</u>    | <u>6,890,744</u>    | <u>92,089,783</u>    | <u>538,518</u>              | <u>126,114,199</u>   |
| Accumulated amortization,<br>beginning of year | 806,065                       | 5,705,221           | 4,255,499           | 3,456,670           | 35,690,254           | -                           | 49,913,709           |
| Amortization                                   | 60,543                        | 251,054             | 351,722             | 368,924             | 1,673,892            | -                           | 2,706,135            |
| Disposals                                      | (3,536)                       | (17,475)            | (27,794)            | (228,855)           | (7,093)              | -                           | (284,753)            |
| Accumulated amortization,<br>end of year       | <u>863,072</u>                | <u>5,938,800</u>    | <u>4,579,427</u>    | <u>3,596,739</u>    | <u>37,357,053</u>    | <u>-</u>                    | <u>52,335,091</u>    |
| Net carrying amount,<br>end of year            | <u>\$ 5,096,280</u>           | <u>\$ 6,399,577</u> | <u>\$ 3,717,998</u> | <u>\$ 3,294,005</u> | <u>\$ 54,732,730</u> | <u>\$ 538,518</u>           | <u>\$ 73,779,108</u> |

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

**December 31, 2015**

**8. Tangible Capital Assets (continued)**

For the year ended December 31, 2014

|   | Land and Land<br>Improvements | Buildings           | Equipment           | Vehicles            | Infrastructure       | Construction in<br>progress | 2014<br>Total        |
|---|-------------------------------|---------------------|---------------------|---------------------|----------------------|-----------------------------|----------------------|
| Cost, beginning of<br>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<br>Construction in<br>progress     | -                             | -                   | 86,004              | -                   | 2,647                | (88,651)                    | -                    |
| Cost, end of year                                 | <u>5,820,429</u>              | <u>12,592,899</u>   | <u>7,825,864</u>    | <u>6,784,962</u>    | <u>91,207,681</u>    | <u>205,894</u>              | <u>124,437,729</u>   |
| Accumulated<br>amortization,<br>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<br>amortization,<br>end of year       | <u>806,065</u>                | <u>5,705,221</u>    | <u>4,255,499</u>    | <u>3,456,670</u>    | <u>35,690,254</u>    | <u>-</u>                    | <u>49,913,709</u>    |
| Net carrying<br>amount, end of<br>year            | <u>\$ 5,014,364</u>           | <u>\$ 6,887,678</u> | <u>\$ 3,570,365</u> | <u>\$ 3,328,292</u> | <u>\$ 55,517,427</u> | <u>\$ 205,894</u>           | <u>\$ 74,524,020</u> |

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

December 31, 2015

### 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 \$13,207 (2014 - \$(36,647)) and write down of assets during the year of \$nil (2014 - \$nil).

The carrying value of tangible capital assets not being amortized because they are under construction, development, or have been removed from service is \$538,518 (2014 - \$205,894).

### 9. Accumulated Surplus

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

|   | 2015          | 2014          |
|---|---------------|---------------|
| General surplus                                     | \$ 288,149    | \$ 348,629    |
| Capital amounts to be spent (financed)              | (198,474)     | (339,017)     |
| Amounts invested in tangible capital assets         | 73,779,108    | 74,524,020    |
| Reserves and reserve funds                          |               |               |
| set aside for specific purpose by council (Note 10) | 6,132,179     | 4,560,724     |
| Amounts to be recovered (Note 11)                   | (2,131,205)   | (2,232,473)   |
|   | \$ 77,869,757 | \$ 76,861,883 |

The general surplus is comprised of the following:

|                                       |            |            |
|---------------------------------------|------------|------------|
| General area taxation                 | \$ 501,884 | \$ 501,884 |
| Waterworks system                     | (28,295)   | 101,325    |
| Wastewater system                     | (220,854)  | (288,074)  |
| Cemeteries                            | 22,398     | 22,857     |
| Business Improvement Area             | 13,915     | 11,619     |
| Elmwood Community Centre              | 3,777      | 3,777      |
| Saugeen Municipal Airport             | (5,057)    | (5,057)    |
| Saugeen Mobility and Regional Transit | 381        | 298        |
|                                       | \$ 288,149 | \$ 348,629 |

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

|   |              |              |
|---|--------------|--------------|
| Acquisition of capital assets to be financed through: |              |              |
| Taxation or user charges                              | \$ (198,474) | \$ (339,017) |

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

**December 31, 2015**

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**10. Reserves and Reserve Funds**

|   | 2015                | 2014                |
|---|---------------------|---------------------|
| <b>Reserves set aside for specific purpose by Council:</b>      |                     |                     |
| Working funds   | \$ 2,098,098        | \$ 1,520,567        |
| Contingencies   | 135,044             | 135,044             |
| Recreation facilities   | 222,559             | 206,752             |
| Protection services   | 361,517             | 357,008             |
| Roadways  | 414,608             | 354,108             |
| Water/wastewater services                                       | 95,178              | 84,888              |
| Waste disposal  | 401,499             | 387,372             |
| Library   | 20,277              | 37,190              |
| General government  | 1,556,182           | 682,419             |
| Planning and development  | 365,097             | 366,231             |
| Other   | 270,889             | 269,828             |
|   | <b>5,940,948</b>    | <b>4,401,407</b>    |
| <b>Reserve funds set aside for specific purpose by Council:</b> |                     |                     |
| Roadways  | 14,146              | 14,007              |
| Parks   | 71,054              | 78,265              |
| Protection services   | 74,607              | 35,021              |
| Elmwood Hydro proceeds  | 18,102              | 17,949              |
| St. George's Cemetery   | 13,322              | 14,075              |
|   | <b>191,231</b>      | <b>159,317</b>      |
| <b>Reserves and reserve funds, end of the year</b>              | <b>\$ 6,132,179</b> | <b>\$ 4,560,724</b> |

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

**December 31, 2015**

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**11. Amounts to be recovered**

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

|  | <u>2015</u>         | <u>2014</u>         |
|--|---------------------|---------------------|
| Long-term debt                                   | \$ 1,297,094        | \$ 1,424,980        |
| Employee future benefits liability               | 254,359             | 232,745             |
| Landfill closure and post-closure care liability | 579,752             | 574,748             |
|  | <u>\$ 2,131,205</u> | <u>\$ 2,232,473</u> |

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

|   | <u>2015</u>         | <u>2014</u>         |
|---|---------------------|---------------------|
| New debt issued   | \$ 113,000          | \$ -                |
| Principal payments on long-term debt                      | (240,886)           | (224,385)           |
| Increase (decrease) in employee future benefits liability | 21,614              | 14,495              |
| Change in Solid Waste Closure and Post Closure Liability  | 5,004               | (247,067)           |
|   | <u>\$ (101,268)</u> | <u>\$ (456,957)</u> |

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

December 31, 2015

### 12. Government Transfers

|   | 2015<br>Budget      | 2015<br>Actual      | 2014<br>Actual      |
|---|---------------------|---------------------|---------------------|
| <b>Operating</b>                                      |                     |                     |                     |
| Province of Ontario Municipal Partnership Fund (OMPF) | \$ 1,887,700        | \$ 1,887,700        | \$ 2,236,600        |
| Province of Ontario conditional grants                |                     |                     |                     |
| Protection services                                   | 75,900              | 84,787              | 76,241              |
| Water and wastewater                                  | 56,434              | -                   | -                   |
| Transit   | 63,720              | 59,490              | 94,504              |
| Other   | 231,211             | 150,414             | 145,719             |
|   | <u>2,314,965</u>    | <u>2,182,391</u>    | <u>2,553,064</u>    |
| Other Municipalities conditional grants               |                     |                     |                     |
| Protection services                                   | 35,000              | 35,953              | 35,110              |
| Other   | 12,500              | 13,403              | 37,434              |
|   | <u>47,500</u>       | <u>49,356</u>       | <u>72,544</u>       |
| <b>Total operating transfers</b>                      | <u>2,362,465</u>    | <u>2,231,747</u>    | <u>2,625,608</u>    |
| <b>Capital</b>  |                     |                     |                     |
| Province of Ontario conditional grants                |                     |                     |                     |
| Protection services                                   | 38,000              | 36,928              | -                   |
| Roadways  | 266,688             | 116,688             | -                   |
| Recreation and cultural services                      | 50,000              | 60,613              | 110,531             |
| General Government                                    | 206,912             | -                   | -                   |
|   | <u>561,600</u>      | <u>214,229</u>      | <u>110,531</u>      |
| Government of Canada conditional grants               |                     |                     |                     |
| Roadways  | 365,000             | 364,829             | 411,021             |
| Recreation and cultural services                      | -                   | 24,375              | -                   |
|   | <u>365,000</u>      | <u>389,204</u>      | <u>411,021</u>      |
| Other Municipalities conditional grants               | 294,089             | 794,089             | 146,487             |
| <b>Total capital transfers</b>                        | <u>1,220,689</u>    | <u>1,397,522</u>    | <u>668,039</u>      |
| <b>Total government transfers</b>                     | <u>\$ 3,583,154</u> | <u>\$ 3,629,269</u> | <u>\$ 3,293,647</u> |

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

December 31, 2015

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### 13. Other Income

|                                       | 2015              |                   | 2014              |
|---------------------------------------|-------------------|-------------------|-------------------|
|                                       | Budget            | Actual            | Actual            |
| Penalties and interest on taxation    | \$ 288,500        | \$ 431,264        | \$ 380,535        |
| Donations and prepaid special charges | 96,050            | 354,211           | 330,409           |
| Rents                                 | 48,900            | 53,323            | 63,040            |
| Other                                 | 24,200            | 41,777            | 27,698            |
|                                       | <u>\$ 457,650</u> | <u>\$ 880,575</u> | <u>\$ 801,682</u> |

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### 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.



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

December 31, 2015

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## 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:

|                                      |   |
|--------------------------------------|---|
| <b>Taxation and payments-in-lieu</b> | Allocated to those segments that are funded by these amounts based on the net surplus for the year. |
|--------------------------------------|---|

|                    |  |
|--------------------|--|
| <b>OMPF Grants</b> | 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, 2015**

**14. Segmented Information (continued)**

| For the<br>year ended<br>December 31, 2015 | General<br>Government | Protection<br>Services | Transportation<br>Services | Wastewater<br>and Water | Environmental<br>Services | Health<br>Services | Recreation and<br>Cultural<br>Services | Planning and<br>Development | 2015<br>Total       |
|--|-----------------------|------------------------|----------------------------|-------------------------|---------------------------|--------------------|--|-----------------------------|---------------------|
| <b>Revenue</b>                             |                       |                        |                            |                         |                           |                    |  |                             |                     |
| Taxation                                   | \$ 436,018            | \$ 3,662,555           | \$ 3,575,351               | \$ -                    | \$ 174,407                | \$ -               | \$ 784,833                             | \$ 87,204                   | \$ 8,720,368        |
| Fees and user charges                      | 62,986                | 492,141                | 168,280                    | 1,173,916               | 338,794                   | 38,944             | 434,397                                | 63,880                      | 2,773,338           |
| Specific grants                            | 266,897               | 193,859                | 1,041,007                  | -                       | 106,765                   | -                  | 119,685                                | 13,356                      | 1,741,569           |
| OMPF grant                                 | 94,385                | 792,834                | 773,957                    | -                       | 37,754                    | -                  | 169,893                                | 18,877                      | 1,887,700           |
| Other revenue                              | 545,193               | 21,054                 | 243,449                    | 4,312                   | -                         | 6,956              | 119,703                                | 710                         | 941,377             |
|  | <u>1,405,479</u>      | <u>5,162,443</u>       | <u>5,802,044</u>           | <u>1,178,228</u>        | <u>657,720</u>            | <u>45,900</u>      | <u>1,628,511</u>                       | <u>184,027</u>              | <u>16,064,352</u>   |
| <b>Expenses</b>                            |                       |                        |                            |                         |                           |                    |  |                             |                     |
| Salaries and benefits                      | 772,736               | 3,098,929              | 1,444,998                  | 53,738                  | 82,604                    | 3,240              | 587,380                                | 20,988                      | 6,064,613           |
| Interest on debt                           | -                     | 354                    | -                          | 65,536                  | -                         | 446                | -                                      | 4,104                       | 70,440              |
| Materials and supplies                     | 456,689               | 662,385                | 1,996,793                  | 433,224                 | 89,914                    | 50,879             | 674,669                                | 66,864                      | 4,431,417           |
| Contracted services                        | 5,419                 | 317,884                | -                          | 409,004                 | 497,241                   | 19,963             | 34,918                                 | 35,382                      | 1,319,811           |
| Other transfers                            | 24,050                | 326,869                | 34,419                     | -                       | -                         | -                  | 34,576                                 | -                           | 419,914             |
| Rents and financial expenses               | 46,338                | 2,756                  | -                          | -                       | -                         | 7,984              | 277                                    | -                           | 57,355              |
| Amortization and Loss on Disposal          | 43,566                | 251,156                | 1,748,821                  | 409,719                 | 7,269                     | (919)              | 233,316                                | -                           | 2,692,928           |
|  | <u>1,348,798</u>      | <u>4,660,333</u>       | <u>5,225,031</u>           | <u>1,371,221</u>        | <u>677,028</u>            | <u>81,593</u>      | <u>1,565,136</u>                       | <u>127,338</u>              | <u>15,056,478</u>   |
| <b>Annual surplus (deficit)</b>            | <b>\$ 56,681</b>      | <b>\$ 502,110</b>      | <b>\$ 577,013</b>          | <b>\$ (192,993)</b>     | <b>\$ (19,308)</b>        | <b>\$ (35,693)</b> | <b>\$ 63,375</b>                       | <b>\$ 56,689</b>            | <b>\$ 1,007,874</b> |

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

December 31, 2015

### 14. Segmented Information (continued)

| For the year ended<br>December 31, 2014 | General<br>Government | Protection<br>Services | Transportation<br>Services | Wastewater<br>and Water | Environmental<br>Services | Health<br>Services | Recreation and<br>Cultural<br>Services | Planning and<br>Development | 2014<br>Total       |
|---|-----------------------|------------------------|----------------------------|-------------------------|---------------------------|--------------------|--|-----------------------------|---------------------|
| <b>Revenue</b>                          |                       |                        |                            |                         |                           |                    |  |                             |                     |
| Taxation                                | \$ 705,196            | \$ 2,899,138           | \$ 3,525,979               | \$ -                    | \$ -                      | \$ -               | \$ 626,841                             | \$ 78,355                   | \$ 7,835,509        |
| 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             |
|   | <u>1,419,431</u>      | <u>4,715,585</u>       | <u>5,414,062</u>           | <u>1,041,367</u>        | <u>450,778</u>            | <u>55,189</u>      | <u>1,470,954</u>                       | <u>196,809</u>              | <u>14,764,175</u>   |
| <b>Expenses</b>                         |                       |                        |                            |                         |                           |                    |  |                             |                     |
| 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           |
|   | <u>1,381,257</u>      | <u>4,732,363</u>       | <u>5,425,566</u>           | <u>1,332,422</u>        | <u>402,250</u>            | <u>35,581</u>      | <u>1,452,133</u>                       | <u>158,534</u>              | <u>14,920,106</u>   |
| <b>Annual surplus (deficit)</b>         | <b>\$ 38,174</b>      | <b>\$ (16,778)</b>     | <b>\$ (11,504)</b>         | <b>\$ (291,055)</b>     | <b>\$ 48,528</b>          | <b>\$ 19,608</b>   | <b>\$ 18,821</b>                       | <b>\$ 38,275</b>            | <b>\$ (155,931)</b> |

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

**December 31, 2015**

## 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:

|                                     | <b>Elmwood<br/>Fire<br/>Department<br/>60%</b> | <b>S.M.A.R.T.<br/><br/>14%</b> |
|-------------------------------------|--|--------------------------------|
| <b>Financial Assets</b>             |  |                                |
| Cash and temporary investments      | \$ 38,846                                      | \$ 4,657                       |
| Accounts receivable                 | -  | 235,657                        |
| Other financial assets              | 92,151   | -                              |
|                                     | <u>130,997</u>                                 | <u>240,314</u>                 |
| <b>Liabilities</b>                  |  |                                |
| Accounts payable                    | 1,851  | 105,927                        |
| Other liabilities                   | -  | 163,562                        |
|                                     | <u>1,851</u>                                   | <u>269,489</u>                 |
| Net financial assets (net debt)     | 129,146  | (29,175)                       |
| Non-financial assets                | <u>857,782</u>                                 | <u>596,074</u>                 |
| Accumulated Surplus                 | <u>\$ 986,928</u>                              | <u>\$ 566,899</u>              |
| <b>Accumulated Surplus</b>          |  |                                |
| General surplus                     | \$ -   | \$ 2,812                       |
| Invested in tangible capital assets | 857,442  | 564,087                        |
| Reserves and reserve funds          | 129,486  | -                              |
|                                     | <u>\$ 986,928</u>                              | <u>\$ 566,899</u>              |
| <b>Revenues</b>                     | \$ 306,375                                     | \$ 1,372,543                   |
| <b>Expenses</b>                     | <u>(226,367)</u>                               | <u>(1,477,922)</u>             |
| Annual surplus (deficit)            | <u>\$ 80,008</u>                               | <u>\$ (105,379)</u>            |

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

**December 31, 2015**

### 15. Government Partnerships (continued)

Saugeen Mobility and Regional Transit (S.M.A.R.T.) operates a specialty transit service 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:

|   | 2015<br>Budget | 2015<br>Actual | 2014<br>Actual |
|---|----------------|----------------|----------------|
| Annual surplus (deficit)                              | \$ 2,693,348   | \$ 1,007,874   | \$ (155,931)   |
| Acquisition of tangible capital assets                | (2,733,291)    | (2,408,449)    | (1,955,106)    |
| Proceeds on disposal<br>of tangible capital assets    | -              | 460,433        | 126,867        |
| Amortization  | 23,625         | 2,706,135      | 2,705,848      |
| (Gain)/loss on disposal of tangible<br>capital assets | -              | (13,207)       | 36,647         |
| Proceeds from issue of long-term debt                 | 366,123        | 113,000        | -              |
| Debt principal repayments                             | (208,267)      | (240,885)      | (224,385)      |
|   | 141,538        | 1,624,901      | 533,940        |
| Transfers from (to) reserves for operations           | (623,166)      | (1,248,918)    | (364,323)      |
| Transfers from (to) reserves for capital              | 139,605        | (321,070)      | 25,377         |
| Change in unfunded liabilities                        | -              | 26,618         | (232,572)      |
| Reserve funds annual surplus                          | -              | (1,468)        | (2,967)        |
| Capital projects not funded (expended)                | (136,236)      | (140,543)      | (112,015)      |
|   | (478,259)      | (60,480)       | (152,560)      |
| General surplus, beginning of year                    | 478,259        | 348,629        | 501,189        |
|   | \$ -           | \$ 288,149     | \$ 348,629     |

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

December 31, 2015

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### 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:

|                | <u>2015</u>         | <u>2014</u>         |
|----------------|---------------------|---------------------|
| School boards  | \$ 3,430,583        | \$ 3,401,205        |
| County of Grey | 4,891,899           | 4,962,382           |
|                | <u>\$ 8,322,482</u> | <u>\$ 8,363,587</u> |

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### 18. Trust Funds

The trust funds administered by the municipality amounting to \$335,926 (2014 - \$299,937) 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, 2015, the trust fund balances are as follows:

|                                     | <u>2015</u>       | <u>2014</u>       |
|-------------------------------------|-------------------|-------------------|
| Cemetery Pre-need Assurance Fund    | \$ 4,204          | \$ 4,156          |
| Cemetery Care and Maintenance Funds | 331,014           | 295,073           |
| Ontario Home Renewal Program        | 708               | 708               |
|                                     | <u>\$ 335,926</u> | <u>\$ 299,937</u> |

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### 19. Contractual Commitments

The municipality has entered into an agreement to purchase a fire truck in the amount of \$376,511.

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, 2015 \$147,500 was set aside in reserve for this purpose.

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# The Corporation of the Municipality of West Grey

## Notes to Financial Statements

**December 31, 2015**

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### **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.

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### **21. Subsequent Events**

On April 4, 2016, the municipality entered into an agreement to purchase a building for \$315,000.

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## Independent Auditor's Report

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### 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, 2015, 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, 2015 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  
May 16, 2016

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

**December 31, 2015**

| <b>Assets</b>                        | <b>Cemetery<br/>Pre-Need<br/>Assurance<br/>Fund</b> | <b>Cemetery<br/>Care and<br/>Maintenance<br/>Fund</b> | <b>Ontario<br/>Home<br/>Renewal<br/>Program</b> | <b>Total</b>      |
|--------------------------------------|---|---|---|-------------------|
| Cash                                 | \$ 4,204  | \$ 65,080   | \$ -  | \$ 69,284         |
| Investment and accrued interest      | -   | 270,355   | -   | 270,355           |
| Loans receivable                     | -   | -   | 708   | 708               |
|                                      | <b>\$ 4,204</b>                                     | <b>\$ 335,435</b>                                     | <b>\$ 708</b>                                   | <b>\$ 340,347</b> |
| <b>Liabilities and Fund Balances</b> |   |   |   |                   |
| Due to general account               | \$ -  | \$ 4,421  | \$ -  | \$ 4,421          |
| Fund balance                         | 4,204   | 331,014   | 708   | 335,926           |
|                                      | <b>\$ 4,204</b>                                     | <b>\$ 335,435</b>                                     | <b>\$ 708</b>                                   | <b>\$ 340,347</b> |

**Statement of Continuity**

**For the year ended December 31, 2015**

|                                       | <b>Cemetery<br/>Pre-Need<br/>Assurance<br/>Fund</b> | <b>Cemetery<br/>Care and<br/>Maintenance<br/>Fund</b> | <b>Ontario<br/>Home<br/>Renewal<br/>Program</b> | <b>Total</b>      |
|---------------------------------------|---|---|---|-------------------|
| <b>Balance, beginning of the year</b> | <b>\$ 4,156</b>                                     | <b>\$ 295,073</b>                                     | <b>\$ 708</b>                                   | <b>\$ 299,937</b> |
| <b>Receipts</b>                       |   |   |   |                   |
| Loan interest                         | -   | -   | -   | -                 |
| Bank interest                         | 48  | 7,416   | -   | 7,464             |
| Care and maintenance                  | -   | 35,941  | -   | 35,941            |
|                                       | <b>48</b>   | <b>43,357</b>   | <b>-</b>  | <b>43,405</b>     |
| <b>Expenses</b>                       |   |   |   |                   |
| Transfer to Province of Ontario       | -   | -   | -   | -                 |
| Transfer to municipality              | -   | 7,416   | -   | 7,416             |
|                                       | <b>-</b>  | <b>7,416</b>  | <b>-</b>  | <b>7,416</b>      |
| <b>Balance, end of the year</b>       | <b>\$ 4,204</b>                                     | <b>\$ 331,014</b>                                     | <b>\$ 708</b>                                   | <b>\$ 335,926</b> |

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

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

December 31, 2015

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## 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.

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

**December 31, 2015**

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**2. Temporary Investments**

Temporary investments consist of investment certificates with a stated interest rate of 2.6% (2014 - 2.6%), maturing in 2016, and mutual funds. No temporary investments are callable at the option of the issuer in 2015. The investments have a market value of \$273,543 at the end of the year.

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**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, 2015 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.

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## Independent Auditor's Report

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**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, 2015 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, 2015 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  
May 16, 2016

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

| <b>December 31</b>                       | <b>2015</b>       | <b>2014</b>       |
|--|-------------------|-------------------|
| <b>Financial assets</b>                  |                   |                   |
| Cash                                     | \$ 23,241         | \$ 28,138         |
| Accounts receivable                      | 6,070             | 3,203             |
| Due from Municipality of West Grey       | -                 | 14,240            |
|  | <u>29,311</u>     | <u>45,581</u>     |
| <b>Commitments (Note 5)</b>              |                   |                   |
| <b>Liabilities</b>                       |                   |                   |
| Accounts payable and accrued liabilities | 5,251             | 8,391             |
| Due to Town of Hanover                   | 3,784             | -                 |
|  | <u>9,035</u>      | <u>8,391</u>      |
| <b>Net financial assets</b>              | <b>20,276</b>     | <b>37,190</b>     |
| <b>Non-Financial Assets</b>              |                   |                   |
| Tangible capital assets (Note 1)         | <u>227,720</u>    | <u>224,321</u>    |
| <b>Accumulated surplus (Note 3)</b>      | <b>\$ 247,996</b> | <b>\$ 261,511</b> |

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**

| <b>For the year ended December 31</b>         | <b>2015</b>       | <b>2015</b>       | <b>2014</b>       |
|---|-------------------|-------------------|-------------------|
|   | <b>Budget</b>     | <b>Actual</b>     | <b>Actual</b>     |
| <b>Revenue</b>                                |                   |                   |                   |
| Province of Ontario grants                    | \$ 32,190         | \$ 39,652         | \$ 27,328         |
| Municipal grants                              | 249,321           | 228,922           | 242,115           |
| Investment income                             | -                 | 132               | 168               |
| Miscellaneous                                 | 10,025            | 12,951            | 21,122            |
|   | <u>291,536</u>    | <u>281,657</u>    | <u>290,733</u>    |
| <b>Expenses</b>                               |                   |                   |                   |
| Amortization of tangible capital assets       | -                 | 32,321            | 31,586            |
| Materials and periodical purchases            | 2,600             | 1,898             | 4,500             |
| Supplies and office                           | 92,358            | 75,741            | 78,732            |
| Wages and benefits                            | 192,678           | 185,212           | 180,468           |
|   | <u>287,636</u>    | <u>295,172</u>    | <u>295,286</u>    |
| <b>Annual surplus (deficit)</b>               | <u>3,900</u>      | <u>(13,515)</u>   | <u>(4,553)</u>    |
| <b>Accumulated surplus, beginning of year</b> | <u>261,511</u>    | <u>261,511</u>    | <u>266,064</u>    |
| <b>Accumulated surplus, end of year</b>       | <u>\$ 265,411</u> | <u>\$ 247,996</u> | <u>\$ 261,511</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**

| <b>For the year ended December 31</b>          | <b>2015</b>      | <b>2015</b>        | <b>2014</b>       |
|--|------------------|--------------------|-------------------|
|  | <b>Budget</b>    | <b>Actual</b>      | <b>Actual</b>     |
| <b>Annual surplus (deficit)</b>                | <b>\$ 3,900</b>  | <b>\$ (13,515)</b> | <b>\$ (4,553)</b> |
| <b>Acquisition of tangible capital assets</b>  | <b>(26,100)</b>  | <b>(35,720)</b>    | <b>(37,251)</b>   |
| <b>Amortization</b>                            | <b>-</b>         | <b>32,321</b>      | <b>31,586</b>     |
|  | <b>(26,100)</b>  | <b>(3,399)</b>     | <b>(5,665)</b>    |
| <b>Change in net financial assets</b>          | <b>(22,200)</b>  | <b>(16,914)</b>    | <b>(10,218)</b>   |
| <b>Net financial assets, beginning of year</b> | <b>37,190</b>    | <b>37,190</b>      | <b>47,408</b>     |
| <b>Net financial assets, end of year</b>       | <b>\$ 14,990</b> | <b>\$ 20,276</b>   | <b>\$ 37,190</b>  |

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**

| <b>For the year ended December 31</b>               | <b>2015</b>             | <b>2014</b>             |
|---|-------------------------|-------------------------|
| <b>Cash provided by (used in)</b>                   |                         |                         |
| <b>Operating activities</b>                         |                         |                         |
| Annual surplus (deficit)                            | \$ (13,515)             | \$ (4,553)              |
| Items not involving cash                            |                         |                         |
| Amortization  | 32,321                  | 31,586                  |
| Decrease (increase) in accounts receivable          | (2,867)                 | 24,307                  |
| Decrease in Due from Municipality                   | 18,024                  | 1,082                   |
| Increase (decrease) in accounts payable             | (3,140)                 | 4,212                   |
|   | <u>30,823</u>           | <u>56,634</u>           |
| <b>Capital activities</b>                           |                         |                         |
| Acquisition of tangible capital assets              | <u>(35,720)</u>         | <u>(37,251)</u>         |
| <b>Net change in cash and cash equivalents</b>      | <b>(4,897)</b>          | <b>19,383</b>           |
| <b>Cash and cash equivalents, beginning of year</b> | <u><b>28,138</b></u>    | <u><b>8,755</b></u>     |
| <b>Cash and cash equivalents, end of year</b>       | <u><b>\$ 23,241</b></u> | <u><b>\$ 28,138</b></u> |

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

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

December 31, 2015

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|                                  |   |
|----------------------------------|---|
| <b>Management Responsibility</b> | 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.  |
| <b>Basis of Accounting</b>       | 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.   |
| <b>Use of Estimates</b>          | 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. |
| <b>Revenue Recognition</b>       | 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.   |
| <b>Government Transfers</b>      | 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.   |
| <b>Non-Financial Assets</b>      | 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.   |

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

**December 31, 2015**

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**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.

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

**December 31, 2015**

**1. Tangible Capital Assets**

|  | 2015                                |                   | 2014                                |                   |
|--|-------------------------------------|-------------------|-------------------------------------|-------------------|
|  | Furniture, fixtures<br>and computer | Total             | Furniture, fixtures<br>and computer | Total             |
| Cost, beginning of year                        | \$ 487,603                          | \$ 487,603        | \$ 472,559                          | \$ 472,559        |
| Additions                                      | 35,720                              | 35,720            | 37,251                              | 37,251            |
| Disposals                                      | (22,881)                            | (22,881)          | (22,207)                            | (22,207)          |
| Cost, end of year                              | <u>500,442</u>                      | <u>500,442</u>    | <u>487,603</u>                      | <u>487,603</u>    |
| Accumulated amortization,<br>beginning of year | 263,282                             | 263,282           | 253,903                             | 253,903           |
| Amortization                                   | 32,321                              | 32,321            | 31,586                              | 31,586            |
| Disposals                                      | (22,881)                            | (22,881)          | (22,207)                            | (22,207)          |
| Accumulated amortization,<br>end of year       | <u>272,722</u>                      | <u>272,722</u>    | <u>263,282</u>                      | <u>263,282</u>    |
| Net carrying<br>amount, end of year            | <u>\$ 227,720</u>                   | <u>\$ 227,720</u> | <u>\$ 224,321</u>                   | <u>\$ 224,321</u> |

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

**December 31, 2015**

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**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 1 member 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 2015 was \$5,049 (2014 - \$4,832). The contribution rate for 2015 was 9.0% to 15.8% depending on age and income level (2014 - 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, 2015. At that time the plan reported an actuarial deficit of \$7.0 billion (2014 - deficit of \$7.1 billion), based on actuarial liabilities of \$81.9 billion (2014 - \$76.9 billion) and actuarial assets of \$74.9 billion (2014 - \$69.8 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.

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**3. Accumulated Surplus**

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

|  | <u>2015</u>       | <u>2014</u>       |
|--|-------------------|-------------------|
| Amount invested in tangible capital assets | \$ 227,720        | \$ 224,321        |
| Reserves                                   | 20,276            | 37,190            |
|  | <u>\$ 247,996</u> | <u>\$ 261,511</u> |

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

**December 31, 2015**

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**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:

|   | 2015<br>Budget | 2015<br>Actual | 2014<br>Actual |
|---|----------------|----------------|----------------|
| Annual surplus (deficit)                          | \$ 3,900       | \$ (13,515)    | \$ (4,553)     |
| Capital acquisitions, disposals<br>and write-down | (26,100)       | (35,720)       | (37,251)       |
| Amortization                                      | -              | 32,321         | 31,586         |
| Transfers from reserves for operations            | 22,200         | 19,546         | (10,908)       |
| Transfers (to) from reserves for capital          | -              | (2,632)        | 9,584          |
|   | -              | -              | (11,542)       |
| General surplus (deficit), beginning of year      | -              | -              | 11,542         |
| General surplus (deficit), end of year            | \$ -           | \$ -           | \$ -           |

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**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.

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## Independent Auditor's Report

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**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, 2015, 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, 2015 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  
May 11, 2016

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## Elmwood Fire Department Statement of Financial Position

| December 31                              | 2015       | 2014       |
|--|------------|------------|
| <b>Assets and Liabilities</b>            |            |            |
| <b>Financial assets</b>                  |            |            |
| Cash                                     | \$ 38,846  | \$ 19,859  |
| Accounts receivable                      | -          | 2,315      |
| Due from West Grey                       | 92,151     | 62,332     |
|  | 130,997    | 84,506     |
| <b>Liabilities</b>                       |            |            |
| Accounts payable and accrued liabilities | 1,851      | 21,084     |
| <b>Net financial assets</b>              | 129,146    | 63,422     |
| <b>Non-financial assets</b>              |            |            |
| Prepaid expense                          | 340        | -          |
| Tangible capital assets (Note 1)         | 857,444    | 843,500    |
| <b>Accumulated surplus (Note 2)</b>      | \$ 986,930 | \$ 906,922 |

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

## Elmwood Fire Department Statement of Operations

| For the year ended December 31                    | Budget<br>2015 | Actual<br>2015 | Actual<br>2014 |
|---|----------------|----------------|----------------|
| <b>Revenue</b>                                    |                |                |                |
| Requisitions                                      |                |                |                |
| Municipality of Brockton (Note 4)                 | \$ 102,788     | \$ 102,788     | \$ 175,226     |
| Municipality of West Grey (Note 4)                | 153,669        | 153,669        | 258,502        |
| Fire calls  | 5,000          | 13,286         | 11,440         |
| Gain on sale of capital assets                    | -              | 32,702         | -              |
| Interest income                                   | -              | 424            | 2,606          |
| Donations   | -              | 3,506          | 12,282         |
|   | 261,457        | 306,375        | 460,056        |
| <b>Expenses</b>                                   |                |                |                |
| Amortization                                      | -              | 54,047         | 41,990         |
| Salaries and contract labour                      | 125,750        | 114,231        | 112,283        |
| Benefits  | 3,500          | 3,536          | 2,919          |
| Mileage   | 2,000          | 495            | 1,268          |
| Training  | 8,600          | 4,618          | 4,699          |
| Memberships                                       | 1,000          | 687            | 723            |
| Supplies  | 2,000          | 539            | 2,010          |
| Telephone and office                              | 4,000          | 3,192          | 2,941          |
| Dispatch  | 5,420          | 5,707          | 5,474          |
| Communications                                    | 1,600          | 1,812          | 1,567          |
| Maintenance - equipment                           | 10,000         | 8,419          | 3,852          |
| - vehicle   | 9,000          | 4,445          | 5,693          |
| - building  | 4,000          | 3,667          | 558            |
| Professional fees                                 | 1,400          | 1,400          | 1,425          |
| Insurance   | 11,287         | 9,729          | 8,988          |
| Utilities   | 8,000          | 7,008          | 7,404          |
| Fuel  | 3,500          | 2,835          | 2,369          |
|   | 201,057        | 226,367        | 206,163        |
| <b>Annual surplus</b>                             | 60,400         | 80,008         | 253,893        |
| <b>Accumulated surplus, beginning of the year</b> | 906,922        | 906,922        | 653,029        |
| <b>Accumulated surplus, end of year</b>           | \$ 967,322     | \$ 986,930     | \$ 906,922     |

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

## Elmwood Fire Department Statement of Change in Net Debt

| <b>For the year ended December 31</b>            | Budget<br>2015   | Actual<br>2015    | Actual<br>2014   |
|--|------------------|-------------------|------------------|
| <b>Annual surplus</b>                            | \$ 60,400        | \$ 80,008         | \$ 253,893       |
| Acquisition of tangible capital assets           | (85,400)         | (69,990)          | (472,076)        |
| Proceeds on disposal of tangible capital assets  | -                | 34,702            | -                |
| Amortization expense                             | -                | 54,047            | 41,990           |
| Gain/loss on disposal of tangible capital assets | -                | (32,702)          | -                |
|  | <u>(85,400)</u>  | <u>(13,943)</u>   | <u>(430,086)</u> |
| Increase in prepaid expenses                     | -                | (341)             | -                |
| Change in net financial assets                   | (25,000)         | 65,724            | (176,193)        |
| Net financial assets, beginning of year          | <u>63,422</u>    | <u>63,422</u>     | <u>239,615</u>   |
| <b>Net financial assets, end of year</b>         | <u>\$ 38,422</u> | <u>\$ 129,146</u> | <u>\$ 63,422</u> |

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

## Elmwood Fire Department Statement of Cash Flow

| For the year ended December 31                      | 2015             | 2014             |
|---|------------------|------------------|
| <b>Cash provided by (used in)</b>                   |                  |                  |
| <b>Operating activities</b>                         |                  |                  |
| Annual surplus                                      | \$ 80,008        | \$ 253,893       |
| Items not involving cash                            |                  |                  |
| Amortization of tangible capital assets             | 54,047           | 41,990           |
| Gain/loss on disposal of tangible capital assets    | (32,702)         | -                |
|   | 101,353          | 295,883          |
| <b>Change in balances</b>                           |                  |                  |
| Decrease (increase) in accounts receivable          | 2,315            | (2,281)          |
| Increase in amount due from West Grey               | (29,819)         | (23,969)         |
| Increase (decrease) in accounts payable             | (19,233)         | 18,444           |
| Decrease (increase) in non-financial assets         | (341)            | -                |
|   | 54,275           | 288,077          |
| <b>Capital activities</b>                           |                  |                  |
| Acquisition of tangible capital assets              | (69,990)         | (472,076)        |
| Proceeds on disposal of tangible capital assets     | 34,702           | -                |
|   |                  |                  |
| <b>Net change in cash and cash equivalents</b>      | <b>18,987</b>    | <b>(183,999)</b> |
| <b>Cash and cash equivalents, beginning of year</b> | <b>19,859</b>    | <b>203,858</b>   |
| <b>Cash and cash equivalents, end of year</b>       | <b>\$ 38,846</b> | <b>\$ 19,859</b> |

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

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## Elmwood Fire Department Summary of Significant Accounting Policies

December 31, 2015

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|                                  |   |                          |        |                           |        |
|----------------------------------|---|--------------------------|--------|---------------------------|--------|
| <b>Management Responsibility</b> | 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.  |                          |        |                           |        |
| <b>Use of Estimates</b>          | 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. |                          |        |                           |        |
| <b>Basis of Consolidation</b>    | <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;">40.08%</td></tr><tr><td>Municipality of West Grey</td><td style="text-align: right;">59.92%</td></tr></table>   | Municipality of Brockton | 40.08% | Municipality of West Grey | 59.92% |
| Municipality of Brockton         | 40.08%  |                          |        |                           |        |
| Municipality of West Grey        | 59.92%  |                          |        |                           |        |
| <b>Basis of Accounting</b>       | 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.  |                          |        |                           |        |
| <b>Revenue Recognition</b>       | 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.   |                          |        |                           |        |
| <b>Government Transfers</b>      | 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.   |                          |        |                           |        |

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## Elmwood Fire Department Summary of Significant Accounting Policies

**December 31, 2015**

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**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, 2015**

**1. Tangible Capital Assets**

|   | 2015               |                         |            |              | 2014               |                         |            |            |
|---|--------------------|-------------------------|------------|--------------|--------------------|-------------------------|------------|------------|
|   | Land and buildings | Machinery and equipment | Vehicles   | Total        | Land and buildings | Machinery and equipment | Vehicles   | Total      |
| Cost, beginning of year                     | \$ 200,419         | \$ 273,488              | \$ 994,967 | \$ 1,468,874 | \$ 200,419         | \$ 235,953              | \$ 560,426 | \$ 996,798 |
| Additions                                   |                    | 69,990                  | -          | 69,990       | -                  | 37,535                  | 434,541    | 472,076    |
| Disposals                                   |                    | -                       | 219,043    | 219,043      | -                  | -                       | -          | -          |
| Cost, end of year                           | 200,419            | 343,478                 | 775,924    | 1,319,821    | 200,419            | 273,488                 | 994,967    | 1,468,874  |
| Accumulated amortization, beginning of year | 118,132            | 128,289                 | 378,953    | 625,374      | 114,457            | 110,703                 | 358,224    | 583,384    |
| Amortization                                | 3,675              | 25,102                  | 25,269     | 54,046       | 3,675              | 17,586                  | 20,729     | 41,990     |
| Disposals                                   | -                  | -                       | (217,043)  | (217,043)    | -                  | -                       | -          | -          |
| Accumulated amortization, end of year       | 121,807            | 153,391                 | 187,179    | 462,377      | 118,132            | 128,289                 | 378,953    | 625,374    |
| Net carrying amount, end of year            | \$ 78,612          | \$ 190,087              | \$ 588,745 | \$ 857,444   | \$ 82,287          | \$ 145,199              | \$ 616,014 | \$ 843,500 |



## Elmwood Fire Department Notes to Financial Statements

**December 31, 2015**

### 2. Accumulated Surplus

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

|  | 2015       | 2014       |
|--|------------|------------|
| Amount invested in tangible capital assets | \$ 857,444 | \$ 843,500 |
| Reserve Fund                               | 129,486    | 63,422     |
|  | \$ 986,930 | \$ 906,922 |

### 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:

|   | 2015<br>Budget | 2015<br>Actual | 2014<br>Actual |
|---|----------------|----------------|----------------|
| Annual surplus (deficit)                        | \$ 60,400      | \$ 80,008      | \$ 253,893     |
| Annual surplus pertaining to reserve funds      | -              | (424)          | (2,606)        |
| Amortization                                    | -              | 54,047         | 41,990         |
| Acquisition of tangible capital assets          | (85,400)       | (69,990)       | (472,076)      |
| Gain on sale of assets                          | -              | (32,702)       | -              |
| Proceeds on disposal of tangible capital assets | -              | 34,702         | -              |
| Transfers from reserves for capital             | 25,000         | 25,000         | 215,000        |
| General surplus, beginning of year              | -              | 90,641         | 36,201         |
| Surplus before transfers to reserves            | -              | 90,641         | 36,201         |
| Transfers to reserves per resolution            | -              | (90,641)       | (36,201)       |
|   | \$ -           | \$ -           | \$ -           |

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## Elmwood Fire Department Notes to Financial Statements

**December 31, 2015**

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#### 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:

|  | 2015              | 2015              | 2014                 |
|--|-------------------|-------------------|----------------------|
|  | Budget            | Actual            | Actual               |
| <b>Municipal contributions - operating</b> |                   |                   |                      |
| Municipality of Brockton                   | \$ 78,580         | \$ 78,580         | 40.1 % \$ 75,929     |
| Municipality of West Grey                  | 117,477           | 117,477           | 59.9 112,014         |
|  | <b>196,057</b>    | <b>196,057</b>    | <b>100 187,943</b>   |
| <b>Municipal contributions - capital</b>   |                   |                   |                      |
| Municipality of Brockton                   | 24,208            | 24,208            | 40.1 99,297          |
| Municipality of West Grey                  | 36,192            | 36,192            | 59.9 146,488         |
|  | <b>60,400</b>     | <b>60,400</b>     | <b>100 % 245,785</b> |
|  | <b>\$ 256,457</b> | <b>\$ 256,457</b> | <b>\$ 433,728</b>    |

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## Independent Auditor's Report

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### 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, 2015, 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, 2015 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  
March 18, 2016

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

| <b>December 31</b>                       | <b>2015</b>       | <b>2014</b>       |
|--|-------------------|-------------------|
| <b>Financial assets</b>                  |                   |                   |
| Cash                                     | \$ 4,657          | \$ 14,972         |
| Grants receivable                        | 141,129           | 147,241           |
| Accounts receivable (Note 2)             | 94,528            | 66,503            |
|  | <u>240,314</u>    | <u>228,716</u>    |
| <b>Liabilities</b>                       |                   |                   |
| Bank indebtedness (Note 4)               | 163,562           | 115,571           |
| Accounts payable and accrued liabilities | 105,927           | 144,614           |
|  | <u>269,489</u>    | <u>260,185</u>    |
| <b>Net debt</b>                          | <u>(29,175)</u>   | <u>(31,469)</u>   |
| <b>Non-financial assets</b>              |                   |                   |
| Prepaid expenses                         | 31,987            | 34,281            |
| Tangible capital assets (Note 3)         | 564,087           | 669,466           |
|  | <u>596,074</u>    | <u>703,747</u>    |
| <b>Accumulated surplus (Note 5)</b>      | <u>\$ 566,899</u> | <u>\$ 672,278</u> |

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

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

| For the year ended December 31                | 2015              | 2015              | 2014              |
|---|-------------------|-------------------|-------------------|
|   | Budget            | Actual            | Actual            |
| <b>Revenue</b>                                |                   |                   |                   |
| Provincial Dedicated Gas Tax Funds            |                   |                   |                   |
| Operating grant                               | \$ 370,000        | \$ 330,089        | \$ 513,987        |
| Capital grant                                 | 102,000           | 110,581           | 377,559           |
| Municipal contributions (Note 6)              | 536,000           | 536,000           | 410,000           |
| Municipal contract                            | 16,000            | 16,000            | 7,125             |
| User fees                                     | 250,000           | 369,402           | 257,100           |
| Donations                                     | 3,000             | 6,478             | 4,000             |
| Other revenue                                 | 1,000             | 3,993             | 3,421             |
|   | <u>1,278,000</u>  | <u>1,372,543</u>  | <u>1,573,192</u>  |
| <b>Expenses</b>                               |                   |                   |                   |
| Advertising and promotion                     | 20,000            | 29,675            | 31,181            |
| Amortization of tangible capital assets       | 175,000           | 215,960           | 206,012           |
| Bad debts (recovery)                          | 2,500             | (60)              | 2,419             |
| Bank charges and interest                     | 4,300             | 3,455             | 3,842             |
| Insurance                                     | 10,000            | 7,123             | 6,414             |
| Office  | 28,700            | 26,888            | 27,356            |
| Membership fees                               | 1,500             | 2,135             | 1,394             |
| Professional                                  | 20,500            | 19,768            | 16,109            |
| Rent  | 7,500             | 7,212             | 7,012             |
| Wages and benefits                            | 802,000           | 882,612           | 798,888           |
| Telephone                                     | 20,000            | 20,718            | 19,538            |
| Vehicles                                      |                   |                   |                   |
| Fuel  | 135,000           | 140,050           | 164,377           |
| Other   | 124,000           | 122,386           | 117,103           |
|   | <u>1,351,000</u>  | <u>1,477,922</u>  | <u>1,401,645</u>  |
| <b>Annual surplus (deficit)</b>               | <b>(73,000)</b>   | <b>(105,379)</b>  | <b>171,547</b>    |
| <b>Accumulated surplus, beginning of year</b> | <b>672,278</b>    | <b>672,278</b>    | <b>500,731</b>    |
| <b>Accumulated surplus, end of year</b>       | <b>\$ 599,278</b> | <b>\$ 566,899</b> | <b>\$ 672,278</b> |

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**

| <b>For the year ended December 31</b>       | <b>2015</b>        | <b>2015</b>         | <b>2014</b>        |
|---|--------------------|---------------------|--------------------|
|   | <b>Budget</b>      | <b>Actual</b>       | <b>Actual</b>      |
| <b>Annual surplus (deficit)</b>             | <b>\$ (73,000)</b> | <b>\$ (105,379)</b> | <b>\$ 171,547</b>  |
| Acquisition of tangible capital assets      | (107,000)          | (119,581)           | (377,559)          |
| Proceeds on sale of tangible capital assets | 5,000              | 9,000               | -                  |
| Amortization of tangible capital assets     | 175,000            | 215,960             | 206,012            |
|   | <u>73,000</u>      | <u>105,379</u>      | <u>(171,547)</u>   |
| <br>Change in prepaid expenses              | <br>-              | <br>2,294           | <br>3,655          |
| <br>Change in net debt                      | <br>-              | <br>2,294           | <br>3,655          |
| Net debt, beginning of the year             | <u>(31,469)</u>    | <u>(31,469)</u>     | <u>(35,124)</u>    |
| <b>Net debt, end of the year</b>            | <b>\$ (31,469)</b> | <b>\$ (29,175)</b>  | <b>\$ (31,469)</b> |

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

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

| <b>For the year ended December 31</b>       | <b>2015</b>             | <b>2014</b>            |
|---|-------------------------|------------------------|
| <b>Cash provided by (used in)</b>           |                         |                        |
| <b>Operating activities</b>                 |                         |                        |
| Annual surplus (deficit)                    | \$ (105,379)            | \$ 171,547             |
| Items not involving cash                    |                         |                        |
| Amortization of tangible capital assets     | <u>215,960</u>          | <u>206,012</u>         |
|   | 110,581                 | 377,559                |
| Changes in non-cash balances                |                         |                        |
| Grants receivable                           | 6,112                   | (43,488)               |
| Accounts receivable                         | (28,025)                | (27,704)               |
| Prepaid expenses                            | 2,294                   | 3,655                  |
| Accounts payable and accrued liabilities    | <u>(38,687)</u>         | <u>37,494</u>          |
|   | <u>52,275</u>           | <u>347,516</u>         |
| <b>Capital activities</b>                   |                         |                        |
| Acquisition of capital assets               | (119,581)               | (377,559)              |
| Proceeds on sale of capital assets          | <u>9,000</u>            | <u>-</u>               |
|   | <u>(110,581)</u>        | <u>(377,559)</u>       |
| <b>Decrease in cash during the year</b>     | <b>(58,306)</b>         | <b>(30,043)</b>        |
| <b>Bank indebtedness, beginning of year</b> | <b><u>(100,599)</u></b> | <b><u>(70,556)</u></b> |
| <b>Bank indebtedness, end of year</b>       | <b>\$ (158,905)</b>     | <b>\$ (100,599)</b>    |
| <b>Represented by</b>                       |                         |                        |
| Cash  | \$ 4,657                | \$ 14,972              |
| Bank indebtedness                           | <u>(163,562)</u>        | <u>(115,571)</u>       |
|   | <u>\$ (158,905)</u>     | <u>\$ (100,599)</u>    |

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



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

## Notes to Financial Statements

**December 31, 2015**

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### 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 Chartered Professional Accountants of Canada. 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.

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

**December 31, 2015**

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### 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

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

**December 31, 2015**

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**2. Accounts Receivable**

|                                 | <u>2015</u>      | <u>2014</u>      |
|---------------------------------|------------------|------------------|
| Trade                           | \$ 63,303        | \$ 61,245        |
| Allowance for doubtful accounts | <u>(5,372)</u>   | <u>(4,925)</u>   |
|                                 | 57,931           | 56,320           |
| Other                           | <u>36,597</u>    | <u>10,183</u>    |
|                                 | <u>\$ 94,528</u> | <u>\$ 66,503</u> |

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

**December 31, 2015**

**3. Tangible Capital Assets**

|   | 2015                    |                           |              | 2014                    |                           |              |
|---|-------------------------|---------------------------|--------------|-------------------------|---------------------------|--------------|
|   | Automotive<br>equipment | Furniture<br>and fixtures | Total        | Automotive<br>equipment | Furniture<br>and fixtures | Total        |
| Cost, beginning of year                           | \$ 1,501,823            | \$ 15,325                 | \$ 1,517,148 | \$ 1,125,272            | \$ 14,317                 | \$ 1,139,589 |
| Additions   | 112,781                 | 6,800                     | 119,581      | 376,551                 | 1,008                     | 377,559      |
| Disposals   | (126,011)               | -                         | (126,011)    | -                       | -                         | -            |
| Cost, end of year                                 | 1,488,593               | 22,125                    | 1,510,718    | 1,501,823               | 15,325                    | 1,517,148    |
| Accumulated<br>amortization, beginning<br>of year | 836,830                 | 10,852                    | 847,682      | 632,521                 | 9,149                     | 641,670      |
| Amortization                                      | 213,595                 | 2,365                     | 215,960      | 204,309                 | 1,703                     | 206,012      |
| Disposals   | (117,011)               | -                         | (117,011)    | -                       | -                         | -            |
| Accumulated<br>amortization, end of year          | 933,414                 | 13,217                    | 946,631      | 836,830                 | 10,852                    | 847,682      |
| Net carrying<br>amount, end of year               | \$ 555,179              | \$ 8,908                  | \$ 564,087   | \$ 664,993              | \$ 4,473                  | \$ 669,466   |

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

**December 31, 2015**

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**4. Bank Indebtedness**

|                             | <u>2015</u>       | <u>2014</u>       |
|-----------------------------|-------------------|-------------------|
| Credit union operating loan | <u>\$ 163,562</u> | <u>\$ 115,571</u> |

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

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**5. Accumulated Surplus**

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

|                                     | <u>2015</u>       | <u>2014</u>       |
|-------------------------------------|-------------------|-------------------|
| Invested in tangible capital assets | <u>\$ 564,087</u> | <u>\$ 669,466</u> |
| General surplus                     | <u>2,812</u>      | <u>2,812</u>      |
| Accumulated surplus                 | <u>\$ 566,899</u> | <u>\$ 672,278</u> |

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

**December 31, 2015**

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### 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:

|                                 | 2015<br>Budget | 2015<br>Actual | 2014<br>Actual    |
|---------------------------------|----------------|----------------|-------------------|
| Municipal contributions         |                |                |                   |
| Town of Hanover                 | \$ 139,978     | \$ 139,978     | 26.1 % \$ 129,830 |
| Municipality of Brockton        | 89,825         | 89,825         | 16.8 76,745       |
| Town of Saugeen Shores          | 86,866         | 86,866         | 16.2 51,332       |
| Municipality of West Grey       | 72,599         | 72,599         | 13.5 43,594       |
| Municipality of Kincardine      | 66,692         | 66,692         | 12.4 49,968       |
| Municipality of Arran-Elderslie | 38,282         | 38,282         | 7.2 28,418        |
| Township of Southgate           | 21,092         | 21,092         | 3.9 14,516        |
| Township of Huron Kinloss       | 20,666         | 20,666         | 3.9 15,597        |
|                                 | \$ 536,000     | \$ 536,000     | 100 % \$ 410,000  |

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.

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### 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.

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### 8. Contractual Commitments

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.

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