

TOWN OF TILLSONBURG

DECEMBER 31, 2014

CONSOLIDATED FINANCIAL REPORT

SCRIMGEOUR & COMPANY

CHARTERED ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Town of Tillsonburg:

I have audited the accompanying consolidated financial statements of Town of Tillsonburg, which comprise the consolidated statement of financial position as at December 31, 2014 and the consolidated statements of operations and accumulated surplus, cash flows and changes in net financial assets 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Town of Tillsonburg as at December 31, 2014 and its financial performance and its changes in cash flows and net financial assets for the year then ended in accordance with Canadian public sector accounting standards.

London, Canada
June 11, 2015

Scrimgeour Company
LICENSED PUBLIC ACCOUNTANT

TOWN OF TILLSONBURG
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2014

(with comparative balances as at December 31, 2013)

	<u>2014</u>	<u>2013</u>
FINANCIAL ASSETS		
Cash	\$ 2,915,224	\$ 3,759,928
Investments (note 7)	32,259	31,143
Taxes receivable	1,154,761	1,052,328
Accounts receivable	2,767,210	1,419,227
Due from unconsolidated entities (note 15)	574,799	142,844
Other long-term assets (note 5)	1,860,197	1,866,601
Investment in Tillsonburg Hydro Inc. (note 12)	<u>8,659,867</u>	<u>8,202,581</u>
	<u>17,964,317</u>	<u>16,474,652</u>
LIABILITIES		
Accounts payable and accrued liabilities	2,964,024	2,260,233
Other current liabilities	1,012,541	1,269,807
Accrued employee benefits (notes 8, 13 and 14)	861,042	249,380
Deferred revenue (note 9)	2,045,017	1,095,900
Long-term debt (note 10)	<u>10,928,893</u>	<u>11,938,049</u>
	<u>17,811,517</u>	<u>16,813,369</u>
NET FINANCIAL ASSETS (LIABILITIES)	<u>152,800</u>	<u>(338,717)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets - Schedule 1	52,712,458	53,998,398
Capital work in progress	1,307,479	177,163
Inventories	33,505	28,435
Prepaid expenses	<u>33,748</u>	<u>333,397</u>
	<u>54,087,190</u>	<u>54,537,393</u>
ACCUMULATED SURPLUS - Statement 2	<u>\$ 54,239,990</u>	<u>\$ 54,198,676</u>

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

TOWN OF TILLSONBURG
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2014

(with comparative balances for the year ended December 31, 2013)

	<u>Budget</u> <u>2014</u>	<u>Actual</u> <u>2014</u>	<u>Actual</u> <u>2013</u>
REVENUES			
Property taxation	\$ 12,915,495	\$ 13,041,470	\$ 12,854,433
User charges	3,612,039	4,208,266	3,730,770
Government grants	1,178,533	482,748	1,084,462
Investment income	212,100	247,742	599,779
Penalty and interest on taxes	170,000	174,170	124,334
Donations	33,000	30,076	28,130
Development charge revenue	7,000	-	189,996
	<u>18,128,167</u>	<u>18,184,472</u>	<u>18,611,904</u>
EXPENDITURES			
General government	1,781,736	2,712,245	2,395,824
Protection to persons and property	5,558,859	5,659,066	5,079,329
Transportation services	3,037,917	4,640,670	4,257,650
Environmental services	480,954	530,040	539,801
Health services	247,643	304,112	245,558
Recreation and cultural development	4,055,062	4,441,856	4,390,909
Planning and development	875,515	780,006	967,596
	<u>16,037,686</u>	<u>19,067,995</u>	<u>17,876,667</u>
EXCESS REVENUES OVER EXPENDITURES (EXPENDITURES OVER REVENUES)	<u>2,090,481</u>	<u>(883,523)</u>	<u>735,237</u>
OTHER			
Gain (loss) on disposal of tangible capital assets	-	(13,846)	(229,744)
Equity acquired in Tillsonburg Hydro Inc. (note 12)	-	457,286	46,693
Government transfers related to capital	184,750	112,103	223,499
Donations and other revenues related to capital	464,000	182,768	288,000
Developer contributions-in-kind related to capital	-	186,526	-
	<u>648,750</u>	<u>924,837</u>	<u>328,448</u>
Excess revenues over expenditures	2,739,231	41,314	1,063,685
Accumulated surplus, beginning of year	<u>54,198,676</u>	<u>54,198,676</u>	<u>53,134,991</u>
ACCUMULATED SURPLUS, END OF YEAR (note 11)	<u>\$ 56,937,907</u>	<u>\$ 54,239,990</u>	<u>\$ 54,198,676</u>

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

TOWN OF TILLSONBURG
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014

(with comparative balances for the year ended December 31, 2013)

	<u>2014</u>	<u>2013</u>
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess revenues over expenditures - Statement 2	\$ 41,314	\$ 1,063,685
Non-cash changes to operations		
Amortization	2,393,308	2,402,640
Loss on disposal of tangible capital assets	82,251	720,334
Net change in non-cash operating balances (A)	<u>131,338</u>	<u>1,049,058</u>
Net change in cash from operating activities	<u>2,648,211</u>	<u>5,235,717</u>
CAPITAL		
Acquisition of tangible capital assets	(1,189,620)	(2,455,428)
Decrease (increase) in work in progress	(1,130,316)	1,319,744
Decrease (increase) in other non-financial assets	<u>294,579</u>	<u>(317,990)</u>
Net change in cash from capital activities	<u>(2,025,357)</u>	<u>(1,453,674)</u>
INVESTING		
Net change in investment in Tillsonburg Hydro Inc. (note 12)	<u>(457,286)</u>	<u>(46,693)</u>
FINANCING		
Net change in long-term debt (note 10)	<u>(1,009,156)</u>	<u>(2,033,584)</u>
Net change in cash and cash equivalents during the year	(843,588)	1,701,766
Cash and cash equivalents, beginning of year	<u>3,791,071</u>	<u>2,089,305</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 2,947,483</u>	<u>\$ 3,791,071</u>
COMPRISED OF:		
Cash	\$ 2,915,224	\$ 3,759,928
Investments	<u>32,259</u>	<u>31,143</u>
	<u>\$ 2,947,483</u>	<u>\$ 3,791,071</u>

(A) Non-cash operating balances includes taxes and accounts receivable, due from unconsolidated entities, accounts payable and accrued liabilities, other current liabilities, accrued employee benefits and deferred revenue.

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

TOWN OF TILLSONBURG
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (LIABILITIES)
FOR THE YEAR ENDED DECEMBER 31, 2014

(with comparative figures for the year ended December 31, 2013)

	<u>2014</u>	<u>2013</u>
Excess revenues over expenditures - Statement 2	\$ 41,314	\$ 1,063,685
Amortization of tangible capital assets	2,393,308	2,402,640
Acquisition of tangible capital assets	(1,189,620)	(2,455,428)
Loss on sale of tangible capital assets	82,251	720,334
Decrease (increase) in work in progress	(1,130,316)	1,319,744
Disposal of (acquisition of) supplies inventory	(5,069)	10,530
Disposal of (acquisition of) prepaid expenses	<u>299,649</u>	<u>(328,520)</u>
Increase (decrease) in net financial assets	491,517	2,732,985
Net financial assets (liabilities), beginning of year	<u>(338,717)</u>	<u>(3,071,702)</u>
NET FINANCIAL ASSETS (LIABILITIES), END OF YEAR	\$ <u>152,800</u>	\$ <u>(338,717)</u>

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

TOWN OF TILLSONBURG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2014

The Town of Tillsonburg is a Town in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

1. Significant Accounting Policies

The consolidated financial statements of the Corporation of the Town of Tillsonburg are prepared by management in accordance with Canadian public sector accounting standards.

The focus of these consolidated financial statements is on the financial position of the Town and changes thereto. The Consolidated Statement of Financial Position reports financial assets and liabilities. Financial assets are available to provide resources to discharge existing liabilities or finance future operations. Net financial assets represent the financial position of the Town and is the difference between financial assets and liabilities. This information presents the Town's overall future revenue requirements and its ability to finance activities and meet its obligations.

The following outlines the significant accounting policies:

(a) Reporting Entity

These consolidated statements reflect the assets, liabilities, revenues, expenditures and accumulated surpluses and changes in investment in non financial assets of the Town of Tillsonburg. The reporting entity includes the activities of all committees of Council and the following boards, municipal enterprises and utilities which are under the control of Council:

Tillsonburg Business Improvement Area Board of Management

All interfund assets and liabilities and revenues and expenditures have been eliminated. During 2013, the operations of the Tillsonburg Public Library Board were transferred to the County of Oxford.

The following local boards, joint local boards, municipal enterprises and utilities are not consolidated:

Tillsonburg Waterworks Department
Tillsonburg Sanitary Sewer Department

Government business enterprises are separate legal entities that do not rely on the Town for funding. Investments in government business enterprises are accounted for using the modified equity method. Tillsonburg Hydro Inc. is a government business enterprise and the Town's investment in this corporation is reflected in these consolidated financial statements.

TOWN OF TILLSONBURG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2014

1. Significant Accounting Policies continued

(b) Accounting for County and School Board Transactions

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

(c) Trust Funds

Trust funds and their related operations administered by the Town are not consolidated, but are reported separately on the Trust Funds Statements of Financial Position and Statement of Operations.

(d) Accrual Accounting

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

(e) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expense, provides the Consolidated Change in Net Financial Assets for the year.

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The costs, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements	25-50 years
Buildings and structures	30-70 years
Leasehold improvements	term of lease
Vehicles	3-20 years
Information technology	3-10 years
Equipment	5-40 years
Roads	20-50 years
Bridges and other structures	40-50 years

TOWN OF TILLSONBURG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2014

1. Significant Accounting Policies continued

(e) Non-Financial Assets continued

The Town has a capitalization threshold of \$ 5,000 to \$ 25,000, depending on the nature of the assets, so that individual assets of lesser value are expensed unless they are pooled because collectively they have a significant value.

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expense as incurred.

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt. The fair value is also recorded as contributed revenue.

(f) Inventories

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

(g) Revenue Recognition

Government grants and transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

(h) Deferred Revenue

Grants, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenditures are incurred, services performed, or the tangible capital assets are acquired.

(i) Financial Instruments

Financial instruments of the Town consist mainly of cash, investments, accounts and taxes receivable. The carrying values of these financial assets approximate their fair values unless otherwise disclosed.

TOWN OF TILLSONBURG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2014

1. Significant Accounting Policies continued

(j) Use of Estimates

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the period. Actual results could differ from these estimates.

2. Tax Revenues

Property tax billings are prepared by the Town based on an assessment roll prepared by the Ontario Property Assessment Corporation. All assessed property values in the Town were reviewed and new values established based on a common valuation date which was used by the Town in computing the 2014 property tax bills. Property tax revenue and tax receivables are subject to appeals which may not have been heard yet. Any supplementary billing adjustments, made necessary by the determination of such appeals, will be recognized in the fiscal year they are determined and the effect shared with the Town of Tillsonburg and the appropriate school boards.

3. Trust Funds

Trust funds administered by the Town amounting to \$1,187,875 (2013 - \$1,192,320) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations and Accumulated Surplus.

4. Operations of School Boards and the County of Oxford

Further to note 1, the taxation revenues of the school boards and Town of Tillsonburg are comprised of the following:

	<u>School Boards</u>	<u>County</u>
Taxation	\$ <u>5,531,933</u>	\$ <u>7,628,571</u>
Requisitions	\$ <u>5,531,933</u>	\$ <u>7,628,571</u>

5. Other Long-Term Assets

Included in other long-term assets as at December 31, 2014, is land held for resale of \$1,827,011 (2013 - \$1,827,011). Certain of these lands are included in the assets of the reserve funds in note 11.

TOWN OF TILLSONBURG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2014

6 Pension Agreements

The Town makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of services and rates of pay.

The amount contributed to OMERS for 2014 was \$568,688 (2013 - \$572,526) for current service and is included as an expenditure on the Consolidated Statement of Operations.

7. Investments

Investments of \$32,259 (2013 - \$31,143) are recorded at their cost and are short-term in nature. Investments consist of money market funds, which have a market value approximating cost.

8. Liability for Vested Sick Leave Benefits

Effective January 1, 2000, the sick leave benefit plan was replaced by a short term protection plan. Accumulation of sick leave benefits ceased December 31, 1999. Employees with accumulated sick leave benefits are entitled to receive payment of a maximum of fifty percent of their accumulated sick leave benefit as of December 31, 1999. Payments cannot be made in excess of 130 days.

The liability for these accumulated days, to the extent that they have vested and could be taken in cash by the employee, approximated \$41,416 (2013 - \$37,249) at the end of the year. The full amount of this liability has been accrued on the Consolidated Statement of Financial Position.

An amount of \$25,871 was paid out in 2015 and anticipated payments in subsequent years are not determinable at this time.

9. Deferred Revenue

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

	<u>2014</u>	<u>2013</u>
Development charges	\$ 1,147,602	\$ 776,888
Federal gas tax	649,754	-
Building	178,990	-
Deferred operating revenues	<u>68,671</u>	<u>319,012</u>
	<u>\$ 2,045,017</u>	<u>\$ 1,095,900</u>

During 2013, the Town transferred the library development charges to the County of Oxford.

TOWN OF TILLSONBURG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2014

10. Long-term debt

	<u>2014</u>	<u>2013</u>
(a) Long-term debt outstanding, end of the year	\$ <u>10,928,893</u>	\$ <u>11,938,049</u>

(b) Of the net term liabilities reported in (a) of this note, \$5,303,727 in principal payments are payable from 2015 to 2019, \$2,856,868 is payable in 2020 to 2024 and \$2,768,298 is payable thereafter.

(c) Approval of the Ontario Municipal Board has been obtained for the long-term liabilities and commitments to be financed by revenues beyond the term of Council and approved on or before December 31, 1992. Those approved after January 1, 1993 have been approved by by-law. The principal and interest payments required to service these pending issues and commitments are within the debt repayment limit prescribed by the Ministry of Municipal Affairs.

(d) The Town is not contingently liable for any long-term debt with respect to an unconsolidated local board at December 31, 2014.

(e) Included in the long term debt is a capital lease of \$ 69,798 (2013 - \$ 90,154) incurred to finance capital equipment. The lease expires in 2016.

(f) Interest for the year for net long-term debt which is reported on the Consolidated Statement of Operations and Accumulated Surplus is as follows:

	<u>2014</u>	<u>2013</u>
	\$ <u>528,517</u>	\$ <u>674,546</u>

(g) During the year ended December 31, 2013, \$2,250,000 of existing debt was refinanced.

TOWN OF TILLSONBURG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2014

11. Accumulated Surplus

The accumulated surplus on the Consolidated Statement of Financial Position at the end of the year are comprised of the following:

	<u>2014</u>	<u>2013</u>
Operating surpluses (deficits)		
- Revenue fund	\$ 62,671	\$ 463,281
Invested in tangible capital assets	41,447,503	41,561,611
Investment in Tillsonburg Hydro Inc. (note 12)	8,659,867	8,202,581
Unfunded liability for unused vacation (note 14)	(269,797)	-
Reserves set aside for specific purpose		
- for acquisition of capital assets and general purposes	<u>4,339,746</u>	<u>3,971,203</u>
Accumulated surplus	<u>\$ 54,239,990</u>	<u>\$ 54,198,676</u>

TOWN OF TILLSONBURG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2014

12. Investment in Tillsonburg Hydro Inc.

The Town of Tillsonburg accounts for its 100% investment in Tillsonburg Hydro Inc. using the modified equity method. Under this method, the accounting policies of Tillsonburg Hydro Inc. are not adjusted to conform to those of the Town of Tillsonburg. In subsequent years, the cost of this investment is increased by the earnings or decreased by the losses of Tillsonburg Hydro Inc.

Beginning in 2013, Tillsonburg Hydro Inc. prepares their financial statements in accordance with International Financial Reporting Standards ("IFRS").

Condensed financial information of Tillsonburg Hydro Inc. is as follows:

	<u>2014</u>	<u>2013</u>
Statement of Financial Position as at December 31:		
Current assets	\$ 5,481,801	\$ 5,595,602
Property, plant and equipment	9,646,971	9,582,281
Regulatory assets	222,315	-
Non-regulatory assets	<u>103,882</u>	<u>118,654</u>
	<u>\$ 15,454,969</u>	<u>\$ 15,296,537</u>
Current liabilities	\$ 3,049,207	\$ 2,518,682
Long term liabilities	2,555,508	2,880,194
Regulatory liabilities	-	504,693
Equity	<u>9,850,254</u>	<u>9,392,968</u>
	<u>\$ 15,454,969</u>	<u>\$ 15,296,537</u>

TOWN OF TILLSONBURG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2014

12. Investment in Tillsonburg Hydro Inc. continued

Statements of Comprehensive Income and Retained Earnings:

	<u>2014</u>	<u>2013</u>
Power revenue	\$ 22,146,038	\$ 20,128,436
Cost of power	<u>22,146,038</u>	<u>20,128,436</u>
Gross margin	-	-
Distribution revenue	3,545,666	3,996,600
Net non-utility revenue	15,127	25,919
Expenditures	<u>2,894,117</u>	<u>3,406,952</u>
Net operating revenue	666,676	615,567
Provision for taxes	<u>59,390</u>	<u>68,874</u>
Net earnings for the year, before dividends	607,286	546,693
Dividends	150,000	300,000
Return of capital	<u>-</u>	<u>200,000</u>
Net change in investment in Tillsonburg Hydro Inc.	\$ <u>457,286</u>	\$ <u>46,693</u>
Opening, Investment in Tillsonburg Hydro Inc.	\$ 8,202,581	\$ 8,155,888
Net change in investment in Tillsonburg Hydro Inc.	<u>457,286</u>	<u>46,693</u>
Closing, Investment in Tillsonburg Hydro Inc.	\$ <u>8,659,867</u>	\$ <u>8,202,581</u>

13. Post Employment Benefit Liability

Included in the accrued employee benefits is an amount for post employment benefits of \$77,474 (2013 - \$82,857). The Town provides certain employee benefits which will require funding in future periods. An internal estimate of future liabilities was completed and forms the basis for the estimated liability reported in these consolidated financial statements.

TOWN OF TILLSONBURG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2014

14. Liability for Vacation Credits

During 2014, the Town determined that under their vacation plan, some vacation credits are earned as at December 31 of each year, but are generally not utilized until a later date. These credits are available to employees to take in future periods. The approximate value of these credits at December 31, 2014 are \$404,695, of which \$134,898 has been expensed in 2014 and the remaining \$269,797 has been recorded as an unfunded liability to be recognized in future periods.

15. Due (To) From Unconsolidated Entities

The banking activities of the following entities are administered by the Town of Tillsonburg. Accordingly, the amount due (to) from these entities represents the net working capital position between the Town and the entity as follows:

	<u>2014</u>	<u>2013</u>
Tillsonburg Hydro Inc.	\$ 304,949	\$ (61,991)
Town of Tillsonburg - Waterworks Department	185,589	185,589
Town of Tillsonburg - Sanitary Sewer Department	<u>84,261</u>	<u>19,246</u>
	<u>\$ 574,799</u>	<u>\$ 142,844</u>

16. Budget Figures

The Town's Council completes separate budget reviews for its operating and capital budgets each year. The approved operating budget for 2014 is reflected on the Consolidated Statement of Operations and Accumulated Surplus. For capital spending, budgets are set for individual projects and funding for these activities is determined annually and made by transfers from reserve funds and by the application of applicable grants or other funds available to apply to capital projects.

17. Contingent Liabilities

The Public Sector Accounting Board of CPA Canada released a standard, 3510, related to Contaminated Sites. This standard requires municipalities to evaluate sites owned by the municipality and the associated costs, if any, to remediate such sites, as well as financial statement presentation and criteria to recognize these costs.

The Town of Tillsonburg received an order from the Ministry of Natural Resources to clean up the discharge from a failing abandoned oil well. The source well is under an existing road embankment, however, the exact location is not apparent. The responsibility for the cost to clean up and plug the abandoned oil well is in dispute. The matter has been referred to legal counsel and the outcome is not determinable at this time.

The Town is not aware of any other contaminated sites.

TOWN OF TILLSONBURG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2014

18. Subsequent Event

The Town received correspondence from the Ontario Workplace Safety and Insurance Board (WSIB) which estimates the cost to the Town of future benefits payable under presumptive cancer legislation for volunteer firefighters of \$495,609. This estimate was prepared by WSIB using Province wide estimates based on actuarial assumptions. The Town is in the process of determining their future benefits based on assumptions that are particular to the Town's circumstances.

19. Public Sector Salary Disclosure

There were seven employees in 2014 paid a salary, as defined in the Public Sector Disclosure Act, 1996 of \$100,000 or more.

20. Segmented Information

Segmented information is presented on Schedule 2. The Town of Tillsonburg is a diversified municipality and provides a wide range of services to its citizens including police, fire, transportation and community services, including recreation and planning. The general government segment includes such functions as finance and information services, council and administrative offices.

TOWN OF TILLSONBURG
SCHEDULE OF CONSOLIDATED TANGIBLE CAPITAL ASSETS
DECEMBER 31, 2014

(with comparative balances as at December 31, 2013)

	Land	Buildings & Fixtures	Furniture & Equipment	Computer Hardware	Transportation Equipment	Roads & Bridges	Communication Equipment	Other Equipment	2014 Total	2013 Total
COST										
Balance, beginning of year	\$ 1,881,721	\$ 21,004,280	\$ 125,004	\$ 766,700	\$ 5,656,909	\$ 54,907,692	\$ 1,564,176	\$ 3,007,403	\$ 88,913,885	\$ 88,957,152
Add: Additions during the year	-	187,758	-	261,267	-	642,625	-	97,970	1,189,620	2,455,428
Less: Disposals during the year	-	(14,918)	-	-	(229,654)	(111,641)	-	(7,036)	(363,249)	(2,498,695)
Balance, end of year	<u>1,881,721</u>	<u>21,177,120</u>	<u>125,004</u>	<u>1,027,967</u>	<u>5,427,255</u>	<u>55,438,676</u>	<u>1,564,176</u>	<u>3,098,337</u>	<u>89,740,256</u>	<u>88,913,885</u>
ACCUMULATED AMORTIZATION										
Balance, beginning of year	-	6,778,959	76,456	587,989	3,708,556	21,404,025	93,665	2,265,837	34,915,487	34,291,208
Add: Amortization during the year	-	441,550	7,334	119,579	334,144	1,236,108	91,360	163,233	2,393,308	2,402,640
Less: Disposals during the year	-	(14,918)	-	-	(232,395)	(29,756)	-	(3,928)	(280,997)	(1,778,361)
Balance, end of year	-	<u>7,205,591</u>	<u>83,790</u>	<u>707,568</u>	<u>3,810,305</u>	<u>22,610,377</u>	<u>185,025</u>	<u>2,425,142</u>	<u>37,027,798</u>	<u>34,915,487</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 1,881,721</u>	<u>\$ 13,971,529</u>	<u>\$ 41,214</u>	<u>\$ 320,399</u>	<u>\$ 1,616,950</u>	<u>\$ 32,828,299</u>	<u>\$ 1,379,151</u>	<u>\$ 673,195</u>	<u>\$ 52,712,458</u>	<u>\$ 53,998,398</u>

This schedule is provided for information purposes only.

**TOWN OF TILLSONBURG
CONSOLIDATED SCHEDULE OF SEGMENTED INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General Government	Protective Services	Transportation	Environmental	Health Services	Recreation and Culture	Planning and Development	Total
REVENUES								
Property taxation	\$ 12,797,957	\$ -	\$ 140,253	\$ -	\$ -	\$ -	\$ 103,260	\$ 13,041,470
User charges	533,802	1,046,103	725,716	140,934	117,402	1,311,454	332,855	4,208,266
Government grants	6,644	151,728	83,949	146,994	1,854	90,889	690	482,748
Investment income	234,471	-	-	-	12,919	-	352	247,742
Penalties and interest on taxes	174,170	-	-	-	-	-	-	174,170
Donations	-	-	-	-	500	19,582	9,994	30,076
	<u>13,747,044</u>	<u>1,197,831</u>	<u>949,918</u>	<u>287,928</u>	<u>132,675</u>	<u>1,421,925</u>	<u>447,151</u>	<u>18,184,472</u>
EXPENDITURES								
Salaries and benefits	2,291,098	1,485,825	1,681,971	128,215	112,338	2,385,442	321,574	8,406,463
Materials and supplies	744,355	186,041	909,453	132,584	35,783	974,989	59,925	3,043,130
Contracted expenditures	638,508	3,488,254	279,271	115,062	21,201	229,962	66,594	4,838,852
Other	330,875	268,504	215,332	595	35,850	243,559	156,003	1,250,718
Interfunctional transfers	(1,957,257)	172,920	104,957	134,376	97,920	54,091	-	(1,392,993)
Debt interest	56,177	759	178,129	10,516	-	192,352	90,584	528,517
Amortization	608,489	56,763	1,271,557	8,692	1,020	361,461	85,326	2,393,308
	<u>2,712,245</u>	<u>5,659,066</u>	<u>4,640,670</u>	<u>530,040</u>	<u>304,112</u>	<u>4,441,856</u>	<u>780,006</u>	<u>19,067,995</u>
EXCESS EXPENDITURES OVER REVENUES	11,034,799	(4,461,235)	(3,690,752)	(242,112)	(171,437)	(3,019,931)	(332,855)	(883,523)
OTHER								
Gain (loss) on disposal	19,039	-	(81,885)	-	-	-	49,000	(13,846)
Equity in Tillsong Hydro	457,286	-	-	-	-	-	-	457,286
Government transfers related to capital	-	-	-	-	43,431	68,672	-	112,103
Donations and other revenues related to capital	-	6,000	144,726	-	4,137	27,905	-	182,768
related to capital	-	-	186,526	-	-	-	-	186,526
	<u>476,325</u>	<u>6,000</u>	<u>249,367</u>	<u>-</u>	<u>47,568</u>	<u>96,577</u>	<u>49,000</u>	<u>924,837</u>
EXCESS REVENUES OVER EXPENDITURES	\$ 11,511,124	\$ (4,455,235)	\$ (3,441,385)	\$ (242,112)	\$ (123,869)	\$ (2,923,354)	\$ (283,855)	\$ 41,314

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