

**CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

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**Tay Valley Township  
Consolidated  
Financial Statements  
December 31, 2013**

**Tay Valley Township**  
**Five Year Financial Review**  
(not subject to audit)

December 31	2013	2012	2011	2010	2009
<b>Population</b> (Statistics Canada)	<b>5,771</b>	5,571	5,571	6,000	5,912
<b>Number of Households</b> (MPAC)	<b>3,875</b>	3,868	3,843	3,825	3,814
<b>Taxable Assessment</b> (000's)	\$	\$	\$	\$	\$
Residential and farm	<b>1,006,684</b>	973,455	902,035	831,170	761,827
Commercial and industrial	<b>47,794</b>	47,310	42,272	40,894	40,618
<b>Total</b>	<b>1,054,478</b>	1,020,765	944,307	872,064	802,445
Commercial, industrial as % of assessment	<b>4.53%</b>	4.63%	4.40%	4.70%	5.10%
<b>Rates of Taxation</b>					
Residential					
▸ for general municipal purposes	<b>0.397489</b>	0.396556	0.404645	0.413418	0.433828
▸ for county purposes	<b>0.410042</b>	0.418354	0.431698	0.443520	0.456070
▸ for school board purposes	<b>0.212000</b>	0.221000	0.231000	0.241000	0.252000
<b>Total</b>	<b>1.019531</b>	1.035910	1.067343	1.097938	1.141898
Multi-Residential (total)	<b>2.160636</b>	2.235244	2.267276	2.293008	2.344241
Commercial (total)	<b>2.710667</b>	2.717630	2.802743	2.895237	3.002690
Industrial (total)	<b>3.768390</b>	3.886101	4.268753	4.856974	5.141215
<b>Tax Arrears</b> ▸ percentage of current levy (>10%)**	<b>5.74%</b>	5.61%	5.30%	3.96%	5.11%
<b>Taxes Transferred</b> (000's)					
▸ County	<b>4,555</b>	4,519	4,315	4,110	3,892
▸ School Boards	<b>2,844</b>	2,804	2,813	2,850	2,832
<b>Revenues</b> (000's)	\$	\$	\$	\$	\$
▸ Taxation and payments in lieu	<b>4,414</b>	4,278	4,057	3,837	3,696
▸ Government transfers	<b>716</b>	750	731	710	692
▸ Fees and service charges	<b>430</b>	352	353	281	205
▸ Other	<b>478</b>	431	434	428	295
▸ Revenues related to capital assets	<b>320</b>	6	763	954	598
<b>Total</b>	<b>6,358</b>	5,817	6,338	6,210	5,486
<b>Expenditures</b> (000's)					
▸ Operations	<b>5,750</b>	5,707	5,497	5,490	4,751
▸ Amortization	<b>669</b>	651	630	582	508
<b>Net Assets (Net Debt)</b>					
▸ % of Operating Revenue (>(20%)) **	<b>55.16%</b>	43.77%	38.48%	41.30%	56.74%
▸ % of Taxation (>(50%)) **	<b>75.41%</b>	59.45%	52.88%	56.58%	75.03%

\*\* Represents the Provincial Low Risk Indicator.  
(Note: All dollar amounts are in thousands of dollars.)

**Tay Valley Township**  
**Five Year Financial Review**  
(not subject to audit)

December 31	2013	2012	2011	2010	2009
	\$	\$	\$	\$	\$
<b>Long Term Debt</b>					
▸ Net long term debt (000's)	935	923	955	732	43
▸ Long term debt charges (000's)	84	81	58	12	12
▸ Annual repayment limit (000's)	1,087	1,089	1,019	1,013	994
▸ Long term debt per household	241	239	248	191	11
▸ Debt charges (000's)					
▸ tax supported	84	81	58	12	12
<b>Municipal Equity (000's)</b>					
▸ Surplus and Reserves	4,329	3,524	3,116	2,962	2,876
▸ Invested in capital assets	9,025	9,221	9,518	8,862	8,229
▸ Net book value of original cost	56.22%	58.50%	61.54%	61.85%	60.79%
▸ Reserves as % of operating expenses (>20%) **	74.23%	61.52%	56.32%	53.21%	54.87%
<b>Financial Indicators</b>					
▸ Sustainability					
▸ financial assets to liabilities	2.07	1.95	1.85	1.85	2.85
▸ financial assets to liabilities excluding long term debt	2.95	3.06	3.02	2.60	2.94
▸ Flexibility					
▸ Debt charges to total operating revenue (<5%) **	1.41%	1.40%	0.88%	0.24%	0.26%
▸ Total operating revenue to taxable assessment	0.57%	0.57%	0.59%	0.60%	0.61%
▸ Working capital to operating expenses (>10%)**	77.12%	61.69%	56.93%	53.19%	59.27%
▸ Vulnerability					
▸ Operating government transfers ▸ to operating revenue	11.86%	12.90%	13.12%	13.37%	13.81%
▸ Total government transfers ▸ to total revenues	15.23%	12.89%	22.47%	25.63%	20.24%



# Tay Valley Township

## Management's Responsibility for the Consolidated Financial Statements

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The accompanying consolidated financial statements of the Corporation of Tay Valley Township are the responsibility of the Township's management and have been prepared in compliance with legislation, and in accordance with Canadian Public Sector Accounting Standards established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of significant accounting policies are described in note 2 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Township's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of consolidated financial statements. These systems are monitored and evaluated by management.

The Committee of the Whole meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to Council approval of the consolidated financial statements.

The consolidated financial statements have been audited by Allan Chartered Accountant Professional Corporation, independent external auditors appointed by the Township. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Township's consolidated financial statements.

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Malcolm Morris  
Chief Administrative Officer

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Peter Tranter  
Treasurer





Chartered Accountant Professional Corporation

## INDEPENDENT AUDITOR'S REPORT

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**To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Tay Valley Township:**

We have audited the consolidated statement of financial position of the Corporation of the Tay Valley Township as at December 31, 2013 and the consolidated statement of operations, change in net financial assets and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

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

The Corporation of the Tay Valley Township's 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 whether the consolidated financial statements are free of 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 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, these consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation of the Tay Valley Township as at December 31, 2013 and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Chartered Accountants

Licensed Public Accountants

Allan Chartered Accountants Professional Corporation

Authorized to practice public accounting by the Institute of Chartered Accountants of Ontario

Perth, Ontario,  
May 6, 2014.

**Tay Valley Township**  
**Consolidated Statement of Financial Position**

December 31	2013	2012
	\$	\$
<b>ASSETS</b>		
<b>Financial Assets</b>		
Cash and short term deposits	5,424,549	4,518,334
Taxes receivable (allowance \$50,000)	625,574	597,398
Accounts receivable	350,090	330,534
Other	1,550	1,550
Long term receivables (note 5)	46,437	54,140
	<b>6,448,200</b>	<b>5,501,956</b>
<b>LIABILITIES</b>		
<b>Financial Liabilities</b>		
Accounts payable	356,032	371,712
Accrued landfill closure and post closure (note 10)	412,500	387,500
Accrued post employment benefits	39,652	47,198
Prepaid property taxes	320,197	271,301
Deferred revenues (note 4)	677,368	680,832
Other current liabilities	210,162	222,624
Solar farm security deposit	166,666	---
Long term liabilities (note 5)	935,378	976,828
	<b>3,117,955</b>	<b>2,957,995</b>
<b>NET FINANCIAL ASSETS</b>	<b>3,330,245</b>	<b>2,543,961</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 15)	9,960,463	10,143,286
Inventories	63,500	58,750
	<b>10,023,963</b>	<b>10,202,036</b>
Commitments (note 13) Contingent Liabilities (note 12)		
<b>MUNICIPAL EQUITY (note 6)</b>	<b>13,354,208</b>	<b>12,745,997</b>

Approved On Behalf of Council:

Reeve

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

# Tay Valley Township

## Consolidated Statement of Operations

For the year ended December 31	(Note 17) Budget	2013	2012
	\$	\$	\$
<b>REVENUES</b>			
Taxation ▶ residential	3,882,300	3,922,122	3,824,149
▶ commercial and industrial	435,000	438,943	397,449
▶ other governments	51,700	52,816	56,987
User charges ▶ protection to persons and property	7,500	26,021	28,739
▶ waste disposal	66,500	71,110	95,853
▶ planning and zoning	55,000	199,365	57,146
▶ other	125,800	133,620	169,856
Government transfers	677,029	715,873	749,693
Contribution from developers	5,000	20,000	---
Licences and permits	106,000	113,121	114,272
Investment income	77,688	96,260	73,998
Penalties and interest on taxes	90,000	115,102	104,977
Provincial offences	88,000	86,596	100,385
Other	33,888	47,228	38,336
<b>TOTAL REVENUES</b>	5,701,405	6,038,177	5,811,840
<b>EXPENDITURES</b>			
General government	960,084	996,787	874,580
Protection to persons and property	1,282,063	1,227,396	1,280,887
Transportation services	2,194,018	2,103,243	2,165,357
Environmental services	637,100	690,945	637,072
Social and health services	---	2,748	2,866
Recreation and cultural services	515,398	518,799	528,168
Planning and development	236,350	210,125	217,898
<b>TOTAL EXPENDITURES</b>	5,825,013	5,750,043	5,706,828
<b>NET REVENUES (EXPENDITURES) FROM OPERATIONS</b>	(123,608)	288,134	105,012
<b>OTHER</b>			
Grants and transfers related to capital			
Gain on disposal of capital asset	---	117,000	---
Government transfers	---	203,077	---
Contributions from developers	---	---	6,393
	---	320,077	6,393
<b>ANNUAL SURPLUS (DEFICIT)</b>	(123,608)	608,211	111,405
<b>MUNICIPAL EQUITY, BEGINNING OF YEAR</b>	12,745,997	12,745,997	12,634,592
<b>MUNICIPAL EQUITY, END OF YEAR</b>	12,622,389	13,354,208	12,745,997

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



**Tay Valley Township**

**Consolidated Statement of Changes in Net Financial Assets**

For the year ended December 31	(Note 17) Budget	2013	2012
	\$	\$	\$
<b>ANNUAL SURPLUS (DEFICIT)</b>	(123,608)	<b>608,211</b>	111,405
Amortization of tangible capital assets	669,182	<b>669,182</b>	650,675
Acquisition of tangible capital assets	(486,359)	<b>(486,359)</b>	(319,663)
Acquisition of supplies inventories	(4,750)	<b>(4,750)</b>	(43,750)
<b>INCREASE IN NET FINANCIAL ASSETS</b>	54,465	<b>786,284</b>	398,667
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	2,543,961	<b>2,543,961</b>	2,145,294
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	2,598,426	<b>3,330,245</b>	2,543,961

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



# Tay Valley Township

## Consolidated Statement of Cash Flows

For the year ended December 31	2013	2012
	\$	\$
<b>OPERATING</b>		
Annual surplus for the year	608,211	111,405
Amortization	669,182	650,675
	1,277,393	762,080
Net Change in Non-Cash Working Capital Balances		
Taxes receivable	(28,176)	(135,112)
Accounts receivable	(19,556)	288,360
Long term receivables	7,703	---
Accounts payable	(15,681)	80,803
Accrued landfill closure and post closure	25,000	25,000
Accrued post employment benefits	(7,546)	(2,368)
Prepaid property taxes	48,896	96,295
Deferred revenues	(3,463)	212,825
Other current liabilities	(12,462)	(6,984)
Solar farm security deposit	166,666	---
Inventories	(4,750)	(43,750)
	156,631	515,069
<b>Working Capital from Operations</b>	1,434,024	1,277,149
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(486,359)	(319,663)
<b>Net investment in tangible capital assets</b>	(486,359)	(319,663)
<b>FINANCING</b>		
Debt issued under tile loan program	---	30,600
Debt principal repayments	(41,450)	(37,840)
<b>Net decrease in cash from financing activities</b>	(41,450)	(7,240)
<b>NET INCREASE IN CASH</b>	906,215	950,246
<b>CASH, BEGINNING OF YEAR</b>	4,518,334	3,568,088
<b>CASH, END OF YEAR</b>	5,424,549	4,518,334

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

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# Tay Valley Township

## Notes to the Consolidated Financial Statements

December 31, 2013

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### 1. Status of Tay Valley Township

Tay Valley Township (the 'Township') was created in 1998 with the amalgamation of the former Township of Bathurst, Township of North Burgess and Township of South Sherbrooke and assumed its responsibilities under the authority of the Provincial Secretary. The Township operates as a lower tier government in the County of Lanark, in the Province of Ontario, Canada and provides municipal services such as police, fire, public works, planning, parks and recreation, library and other general government operations.

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### 2. Significant Accounting Policies

#### Basis of Presentation

The consolidated financial statements of the Corporation of Tay Valley Township are the representations of management and have been prepared in all material respects in accordance with Canadian Public Sector Accounting Standards for local governments as recommended by the Public Sector Accounting Board ('PSAB') of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies by the Township are as follows:

#### Reporting Entity

- (i) The consolidated financial statements reflect financial assets, liabilities, operating revenues and expenditures, reserves, reserve funds and changes in investment in tangible capital assets of the Township. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Township and which are owned or controlled by the Township. Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated. These consolidated financial statements include:

▸ Pinehurst Cemetery

The following joint local boards, which are not controlled by the Township, have been consolidated on a proportionate basis:

- Perth and District Public Library Board  
▸ Drummond/North Elmsley Tay Valley Fire Rescue

- (ii) The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards are not reflected in the municipal fund balances of these financial statements.

#### Basis of Accounting

- (i) The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenditures are recognized as they are incurred and measurable based on receipt of goods and services and/or the creation of a legal obligation to pay.

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**Tay Valley Township**  
**Notes to the Consolidated Financial Statements**

**December 31, 2013**

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**2. Significant Accounting Policies / continued**

**Basis of Accounting / continued**

- (ii) 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 expenses, provides the change in net financial assets for the year.
- (iii) Trust funds and their related operations administered by the Township are not included in these financial statements but are reported separately on the Trust Funds Statement of Financial Activities and Financial Position.

**Tangible Capital Assets**

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

Land	
Buildings	20 to 60 years
Bridges	50 to 75 years
Equipment	5 to 30 years
Roads	5 to 30 years
Vehicles	5 to 30 years

One half of the annual amortization is charged in the year of acquisition and in the years of disposal. Amortization is charged from the date of acquisition. Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

The Township has a capitalization threshold of \$20,000 for vehicles and equipment and \$50,000 for linear assets, bridges and buildings so that individual capital assets of lesser value are expensed, unless they are pooled because, collectively, they have significant value, or for operations reasons.

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of other asset as of the date of transfer.

**Leases**

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 expenses as incurred.

**Inventories and Prepaid Expenses**

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



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**Tay Valley Township**  
**Notes to the Consolidated Financial Statements**

**December 31, 2013**

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**2. Significant Accounting Policies / continued**

**Pension and Employee Benefits**

The Township accounts for its participation in the Ontario Municipal Employees Retirement System ('OMERS'), a multi-employer public sector pension fund, as a defined benefit plan. The OMERS plan specifies the retirement benefits to be received by employees based on length of service and pay rates.

Employee benefits include vacation entitlement and sick leave benefits. Vacation entitlements are accrued as entitlements are earned. Sick leave benefits are accrued in accordance with the Township's policy.

**Cash and Cash Equivalents**

The Township considers cash and cash equivalents to be highly liquid investments with original maturities of three months or less.

**Government Transfers**

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

**Deferred Revenues**

The Township defers recognition of user charges and fees which have been collected but for which the related services have yet to be performed. Government transfers of gas taxes, development charges collected under the *Development Charges Act, 1997*, and Parkland funds collected under the Planning Act are reported as deferred revenues in the Consolidated Statement of Financial Position. These amounts will be recognized as revenues in the fiscal year the services are performed.

**Investments**

Short-term and long-term investments are recorded at cost plus accrual interest. If the market value of investments become lower than cost and the decline in value is considered to be other than temporary, the investments are written down to market value.

Investment income earned on surplus current funds, capital funds, reserves and reserve funds (other than obligatory reserve funds) are reported as revenue in the period earned. Investment income earned on development charges and parkland obligatory reserve funds is added to the fund balance and forms part of respective deferred revenue balances.

**Landfill Closure and Post-Closure Liabilities**

The Township accrues landfill closure and post-closure care requirements that have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over a twenty-five year period using the best information available to management.



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**Tay Valley Township**  
**Notes to the Consolidated Financial Statements**

**December 31, 2013**

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**2. Significant Accounting Policies / continued**

**Landfill Closure and Post-Closure Liabilities / continued**

Future events may result in significant changes to the estimated total expenditures, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

**Financial Instruments**

All financial instruments are initially recognized at fair value on the statement of financial position. The Township has classified each financial instrument into one of the following categories: held-for-trading financial assets and liabilities, loans and receivables, held-to-maturity financial assets and other financial liabilities. Subsequent measurement of financial instruments is based on their classification.

Held-for-trading financial assets and liabilities are subsequently measured at fair value with changes in those fair values recognized in net revenues.

Loans and receivables, held-to-maturity financial assets and other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The Township classifies cash and cash equivalents as held-for-trading financial assets, accounts receivable as loans and receivables, and accounts payable and accrued liabilities as other financial liabilities.

**Measurement Uncertainty**

The preparation of consolidated financial statements in conformity with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions on such areas as employee benefits, assessment appeals and environmental provisions. These estimates and assumptions are based on the Township's best information and judgment and may differ significantly based on actual results.

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**3. Operations of the School Boards and County of Lanark**

During 2013, the Township collected and made property tax transfers including payments in lieu of property taxes, to the County of Lanark and School Boards as follows:

	School Boards \$	County \$
Property taxes	2,844,046	4,512,905
Taxation from other governments	---	42,164
Amounts requisitioned and paid	2,844,046	4,555,069

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# Tay Valley Township

## Notes to the Consolidated Financial Statements

December 31, 2013

### 4. Deferred Revenues

A requirement of the public sector accounting principles of the Canadian Institute of Chartered Accountants 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 Township are summarized below:

	Gravel Pit Rehabilitation	Development Charges	Parkland	Federal Gas Tax	Total
	\$	\$	\$	\$	\$
January 1, 2013	1,550	139,670	37,337	502,275	680,832
Contributions from developers	---	35,000	1,800	---	36,800
Interest	---	2,262	557	7,171	9,990
Government grants	---	---	---	172,823	172,823
Transfer to capital fund	---	(20,000)	---	(203,077)	(223,077)
December 31, 2013	1,550	156,932	39,694	479,192	677,368

### 5. Long Term Liabilities

- (a) The balance of long term liabilities reported on the "Consolidated Statement of Financial Position" is comprised of the following:

	2013	2012
	\$	\$
Ontario Infrastructure Projects Corporation (4.45%), debenture for the Township offices with semi annual blended payments of \$46,686 maturing 2035.	650,723	667,877
Ontario Infrastructure Projects Corporation (4.25%), debenture for the South Sherbrooke Fire Hall with semi annual blended payments of \$16,333 maturing 2036.	238,218	244,231
Serial debenture debt issued by the Township of Drummond/North Elmsley in respect of the Drummond/North Elmsley Tay Valley Fire Rescue joint board, maturing 2013 with an interest rate of 3.90%	---	10,580
Instalment debentures with the Province of Ontario under the Ontario Tile Loan Program. The responsibility for payment of principal and interest charges for tile drainage and shoreline property assistance loans has been assumed by individuals. At the end of the year, the outstanding principal amount of this liability is	46,437	54,140
Net long term liabilities at the end of the year	935,378	976,828

**Tay Valley Township**  
**Notes to the Consolidated Financial Statements**

**December 31, 2013**

**5. Long Term Liabilities / continued**

(b) Principal payments fall due as follows:

	General Revenues
	\$
2014	32,365
2015	33,931
2016	35,574
2017	30,505
2018	31,907
2019 and thereafter	771,096
	<b>935,378</b>

(c) These payments are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

(d) Interest expense on long term liabilities in 2013 amounted to \$43,410 (2012 \$43,258).

**6. Municipal Equity**

Municipal equity consists of:

	2013	2012
	\$	\$
Invested in tangible capital assets	9,960,463	10,143,286
Long term liabilities	(935,378)	(922,688)
	<b>9,025,085</b>	9,220,598
Unrestricted surplus	<b>62,710</b>	14,415
Reserves (Schedule 1)	<b>4,221,258</b>	3,472,260
Reserve Funds (Schedule 1)	<b>45,155</b>	38,724
Total Municipal Equity	<b>13,354,208</b>	12,745,997



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## Tay Valley Township

### Notes to the Consolidated Financial Statements

December 31, 2013

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#### 7. Pension Contributions

The Township makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of all permanent 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 service and rates of pay. The amount contributed to OMERS was \$118,124 (2012 \$95,943) for current services and is included as an expenditure on the Consolidated Statement of Operations classified under the appropriate functional expenditure. Contributions by employees were a similar amount.

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#### 8. Trust Funds

Trust funds administered by the Township amounting to \$26,559 (2012 \$26,562) are presented in a separate financial statement of trust fund balances and operations. As such balances are held in trust by the Township for the benefit of others, they are not presented as part of the Township's financial position or financial activities.

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#### 9. Provincial Offences Administration (POA)

The Town of Perth has assumed the administration of the Provincial Offences office for all County of Lanark resident municipalities. The transfer of administration from the Ministry of Attorney General to the Township was a result of the Provincial Offences Act (POA) 1997, which provides the framework for the transfer of responsibility and administration of POA courts.

The POA is a procedural law for administering and prosecuting provincial offences, including those committed under the Highway Traffic Act, Compulsory Automobile Insurance Act, Trespass to Property Act, Liquor Licence Act, Municipal By-Laws and minor federal offences. The POA governs all aspects of legal process from serving notice to a defendant, to conducting trials, including sentencing and appeals.

The Township's share of net revenues arising from operation of the POA office have been consolidated with these financial statements. The revenue of the court office consists of fines levied under Parts I and III (including delay penalties) for POA charges filed in the Perth court.

If fines are paid at other court offices, the receipt is recorded in the Integrated Courts Operation Network System ("ICON") operated by the Province of Ontario. Revenue is recognized when receipt of funds is recorded by the provincial ICON system regardless of the location where payment is made.

Tay Valley Township shares net POA revenues based on weighted assessment.

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**Tay Valley Township**  
**Notes to the Consolidated Financial Statements**

**December 31, 2013**

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**10. Landfill Closure and Post Closure Liability**

The Environment Protection Act sets out the regulatory requirements to properly close and maintain all active and inactive landfill sites. Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill sites and is in accordance with the Township's accounting policy. This requirement is to be provided for over the estimated remaining life of the landfill site based on usage.

The Township currently has three active and two inactive landfill sites. The Maberly site is a transfer site and has been rendered inactive, although there is capacity available for emergency use. The site has been capped with a clay cap as per MOE closure guidelines. The Stanleyville site is also a transfer site and has been temporarily capped until such time as the Township determines it is required to be put into service. The Stanleyville site and the Glen Tay site have estimated lives beyond 2020 and no projected closure dates have been determined. The remaining volume is estimated at 154,000 cubic metres for the Stanleyville site and 140,000 cubic metres for the Glen Tay site, with annual usage projected as 4,300 cubic metres for Glen Tay. The anticipated closure plan involves placement of a clay cap and soil cover, landscaping and revegetation and ongoing annual monitoring and maintenance at an estimated cost of \$162,500 for the Stanleyville site and \$372,850 for the Glen Tay site. Annual post closure maintenance and monitoring requirements are estimated to be \$13,750 per annum.

The inactive sites, Christie Lake and Noonan, have been closed using a clay cap cover and soil. Hydrogeological samples are taken annually to test the surface and ground water. Annual site monitoring costs are estimated at \$10,800 per annum.

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**11. Contractual Obligations**

The Municipality has negotiated a long term contract with the Ontario Provincial Police for the provision of policing services. The contract ended December 31, 2013 but the agreement has been amended to extend the contract to December 31, 2014. Annual charges are determined based on the level of service and are reconciled to actual costs in the following year. The contract for 2013 was \$490,362 (2012 \$492,157).

The Municipality has negotiated a long term contract with Stanley Sanitation Ltd. for the disposal and transfer of recycled materials and waste. The contract ends August 31, 2014. Annual charges are determined based on the volume of recycled goods that are transferred. The contract for 2013 approximated \$223,229 (2012 \$207,377).

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**12. Contingent Liabilities**

The nature of municipal activities is such that there may be litigation pending or in prospect at any time. With respect to claims as at December 31, 2013, management believes that the Township has valid defences and appropriate insurance coverages in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the Township's financial position.

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**Tay Valley Township**  
**Notes to the Consolidated Financial Statements**

**December 31, 2013**

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**13. Commitments**

The Township has committed to donate \$27,000 annually to the Perth and Smiths Falls District Hospital commencing in 2009, ending in 2013.

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**14. Risk Management**

In the normal course of operations, the Township is exposed to a variety of financial risks which are actively managed by the Township.

The Township's financial instruments consist of cash, investments, accounts receivable, accounts payable and accrued liabilities. The fair values of cash, investments, accounts payable and accrued liabilities approximate their carrying values because of their expected short term maturity and treatment on normal trade terms.

The Township's exposure to and management of risk has not changed materially from December 31, 2012.

**Credit Risk**

Credit risk arises from the possibility that the entities to which the Township provides services to may experience difficulty and be unable to fulfill their obligations. The Township is exposed to financial risk that arises from the credit quality of the entities to which it provides services. The Township does not have a significant exposure to any individual customer or counter party. As a result, the requirement for credit risk related reserves for accounts receivable is minimal.

**Interest Rate Risk**

Interest rate risk arises from the possibility that the value of, or cash flows related to, a financial instrument will fluctuate as a result of changes in market interest rates. The Township is exposed to financial risk that arises from the interest rate differentials between the market interest rate and the rates on its cash and cash equivalents and operating loan. Changes in variable interest rates could cause unanticipated fluctuations in the Township's operating results.

**Liquidity Risk**

Liquidity risk is the risk that the Township will not be able to meet its obligations as they fall due. The Township requires working capital to meet day-to-day operating activities. Management expects that the Township's cash flows from operating activities will be sufficient to meet these requirements.

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**Tay Valley Township**  
**Notes to the Consolidated Financial Statements**

**December 31, 2013**

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**15. Tangible Capital Assets**

	2013	2012
	\$	\$
Land	136,257	136,257
Buildings	3,413,721	3,485,236
Bridges	2,634,614	2,698,921
Equipment	617,268	653,064
Roads	2,116,906	2,221,904
Vehicles	1,041,697	947,904
	<b>9,960,463</b>	<b>10,143,286</b>

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For additional information, see Schedule 2 ► Tangible Capital Assets.

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**16. Segmented Information**

The Township is a diversified municipal government that provides a wide range of services to its citizens. The services are provided by departments and their activities are reported in the consolidated statement of operations.

Departments have been separately disclosed in the segmented information, along with the service they provide, are set out in the schedule below.

For each reported segment, expenditures represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in note 2.



**Tay Valley Township**  
**Notes to the Consolidated Financial Statements**

December 31, 2013

**16. Segmented Information / continued**

<b>2013</b>	<b>Salaries, Wages &amp; Employee Benefits</b>	<b>Debt Interest</b>	<b>Materials &amp; Services</b>	<b>External Transfers</b>	<b>Amortization</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>General Government</b>						
Governance	118,799	---	12,934	---	---	131,733
Corporate Management & Program Support	535,145	39,851	270,132	4,075	15,851	865,054
<b>Protection to Persons and Property</b>						
Fire	206,640	480	192,698	---	92,075	491,893
Police	---	---	487,749	---	---	487,749
Conservation Authority	---	---	---	60,972	---	60,972
Protective Inspection	86,684	---	100,098	---	---	186,782
<b>Transportation</b>						
Roadways	456,265	---	854,610	---	537,818	1,848,693
Winter Control	84,537	---	163,387	---	---	247,924
Street Lighting	---	---	6,626	---	---	6,626
<b>Environmental</b>						
Waste Services	191,227	---	324,826	---	---	516,053
Recycling	---	---	174,892	---	---	174,892
<b>Health Services</b>						
Cemeteries	---	---	2,748	---	---	2,748
<b>Recreation and Cultural Services</b>						
Recreation Facilities & Programs	---	---	29,876	---	---	29,876
Recreation Facilities Other	13,886	---	80,566	216,288	---	310,740
Libraries	111,713	---	35,529	7,502	23,439	178,183
<b>Planning and Development</b>						
Planning & Zoning	134,691	---	72,184	3,250	---	210,125
<b>2013</b>	<b>1,939,587</b>	<b>40,331</b>	<b>2,808,855</b>	<b>292,087</b>	<b>669,183</b>	<b>5,750,043</b>



**Tay Valley Township**  
**Notes to the Consolidated Financial Statements**

December 31, 2013

**16. Segmented Information / continued**

2012	Salaries, Wages & Employee Benefits	Debt Interest	Materials & Services	External Transfers	Amortization	Total
	\$	\$	\$	\$	\$	\$
<b>General Government</b>						
Governance	117,409	---	14,422	---	---	131,831
Corporate Management & Program Support	560,781	40,834	120,433	4,850	15,851	742,749
<b>Protection to Persons and Property</b>						
Fire	214,929	740	199,937	---	98,832	514,438
Police	---	---	485,218	---	---	485,218
Conservation Authority	---	---	---	59,286	---	59,286
Protective Inspection	92,628	---	129,317	---	---	221,945
<b>Transportation</b>						
Roadways	467,235	---	903,618	---	512,072	1,882,925
Winter Control	70,506	---	198,486	---	---	268,992
Street Lighting	---	---	13,440	---	---	13,440
<b>Environmental</b>						
Waste Services	180,116	---	282,616	---	---	462,732
Recycling	---	---	174,340	---	---	174,340
<b>Health Services</b>						
Cemeteries	---	---	2,866	---	---	2,866
<b>Recreation and Cultural Services</b>						
Recreation Facilities & Programs	---	---	29,720	35,250	---	64,970
Recreation Facilities Other	18,837	---	263,716	---	---	282,553
Libraries	113,994	---	40,035	2,696	23,920	180,645
<b>Planning and Development</b>						
Planning & Zoning	141,760	---	73,438	2,700	---	217,898
<b>2012</b>	<b>1,978,195</b>	<b>41,574</b>	<b>2,931,602</b>	<b>104,782</b>	<b>650,675</b>	<b>5,706,828</b>

**17. Budget Figures**

The operating budget approved by Township Council for 2013 is reflected on the Consolidated Statement of Operations. The budgets established for capital investment in tangible capital assets are on a project oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual expenditure amounts. As well, the Township does not budget activity within Reserves and Reserve Funds, with the exception being those transactions which affect either operations or capital investments. Budget figures have been reclassified for the purposes of these consolidated financial statements to comply with PSAB reporting requirements.

**Tay Valley Township**  
**Schedule 1 ▶ Continuity of Reserves and Reserve Funds**

For the year ended December 31	(Note 17) Budget	2013	2012
	\$	\$	\$
<b>Revenues</b>			
Investment income	---	---	81
<b>Total Net Revenues</b>	---	---	81
<b>Net Transfers From / (To) Other Funds</b>			
Transfers from operations	(955,605)	(387,659)	(36,549)
Transfers to capital acquisitions	926,600	1,143,088	451,220
<b>Total Net Transfers</b>	(29,005)	755,429	414,671
<b>Reserves and Reserve Fund Balances, Change in Year</b>	(29,005)	755,429	414,752
<b>Reserves and Reserve Fund Balances, Beginning of Year</b>	3,510,984	3,510,984	3,096,232
<b>Reserves and Reserve Fund Balances, End of Year</b>	3,481,979	4,266,413	3,510,984

**Composition of Reserves and Reserve Funds**

For the year ended December 31	2013	2012
	\$	\$
<b>Reserves set aside for specific purposes by Council:</b>		
▶ for working capital	450,000	450,000
▶ for acquisition of capital assets	2,938,227	2,276,704
▶ for contingencies	439,535	438,734
▶ for Pinehurst cemetery	6,753	6,253
▶ for library and fire joint boards	386,743	300,569
<b>Total Reserves</b>	4,221,258	3,472,260
<b>Reserve Funds</b>		
▶ for library	45,155	38,724
<b>Total Reserves and Reserve Funds</b>	4,266,413	3,510,984

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

**Tay Valley Township**  
**Schedule 2 ▶ 2013 Tangible Capital Assets**

Asset Class	Cost 01/01/13	Additions	(Disposals)	Cost 31/12/13
	\$	\$	\$	\$
Land	136,257	---	---	136,257
Buildings	4,241,045	---	(110,000)	4,131,045
Bridges	4,449,165	---	---	4,449,165
Equipment	1,182,886	38,640	---	1,221,526
Roads	5,076,190	215,800	---	5,291,990
Vehicles	2,254,799	231,919	---	2,486,718
	17,340,342	486,359	(110,000)	17,716,701

Asset Class	Accumulated Amortization 01/01/13	Amortization	(Disposals)	Accumulated Amortization 31/12/13	Net Book Value 31/12/13
	\$	\$	\$	\$	\$
Land	---	---	---	---	136,257
Buildings	755,809	71,515	(110,000)	717,324	3,413,721
Bridges	1,750,244	64,307	---	1,814,551	2,634,614
Equipment	529,822	74,436	---	604,258	617,268
Roads	2,854,286	320,798	---	3,175,084	2,116,906
Vehicles	1,306,895	138,126	---	1,445,021	1,041,697
	7,197,056	669,182	(110,000)	7,756,238	9,960,463

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



**Tay Valley Township**  
**Schedule 2 ▶ 2012 Tangible Capital Assets**

Asset Class	Cost 01/01/12	Additions	(Disposals)	Cost 31/12/12
	\$	\$	\$	\$
Land	136,257	---	---	136,257
Buildings	4,185,760	55,285	---	4,241,045
Bridges	4,423,999	25,166	---	4,449,165
Equipment	999,103	183,783	---	1,182,886
Roads	5,076,190	---	---	5,076,190
Vehicles	2,199,370	55,429	---	2,254,799
	17,020,679	319,663	---	17,340,342

Asset Class	Accumulated Amortization 01/01/12	Amortization	(Disposals)	Accumulated Amortization 31/12/12	Net Book Value 31/12/12
	\$	\$	\$	\$	\$
Land	---	---	---	---	136,257
Buildings	680,235	75,574	---	755,809	3,485,236
Bridges	1,685,937	64,307	---	1,750,244	2,698,921
Equipment	459,288	70,534	---	529,822	653,064
Roads	2,538,883	315,403	---	2,854,286	2,221,904
Vehicles	1,182,038	124,857	---	1,306,895	947,904
	6,546,381	650,675	---	7,197,056	10,143,286

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



Chartered Accountant Professional Corporation

## INDEPENDENT AUDITOR'S REPORT

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### To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Tay Valley Township:

We have audited the statement of financial position of the trust funds of the Corporation of the Tay Valley Township as at December 31, 2013 and the statement of financial activities of the trust funds for the year then ended and a summary of significant accounting policies and other explanatory information.

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

The Corporation of the Tay Valley Township's 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 whether the financial statements are free of 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 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, these financial statements present fairly, in all material respects, the financial position of the trust funds of the Corporation of the Tay Valley Township as at December 31, 2013 and the financial activities for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Chartered Accountants

Licensed Public Accountants

Allan Chartered Accountants Professional Corporation

Authorized to practice public accounting by the Institute of Chartered Accountants of Ontario

Perth, Ontario,  
May 6, 2014.

**Tay Valley Township  
Trust Funds  
Statement of Financial Position**

<b>December 31</b>	<b>Education</b>	<b>Pinehurst Cemetery</b>	<b>2013</b>	<b>2012</b>
	\$	\$	\$	\$
<b>ASSETS</b>				
Cash	343	26,216	<b>26,559</b>	26,562
<b>LIABILITIES</b>				
Fund balance	343	26,216	<b>26,559</b>	26,562

**Statement of Financial Activities**

<b>For the year ended December 31</b>	<b>Education</b>	<b>Pinehurst Cemetery</b>	<b>2013</b>	<b>2012</b>
	\$	\$	\$	\$
<b>REVENUES</b>				
Bank interest	7	315	<b>322</b>	371
Sale of plots, donations	---	---	---	1,200
	7	315	<b>322</b>	1,571
<b>EXPENDITURES</b>				
Admin fees	---	---	---	108
Bursary	325	---	<b>325</b>	---
Loan forgiveness	---	---	---	8,928
Pinehurst Cemetery	---	---	---	328
	325	---	<b>325</b>	9,364
<b>NET (EXPENDITURES) REVENUES FOR THE YEAR</b>				
	(318)	315	<b>(3)</b>	(7,993)
<b>BALANCE AT THE BEGINNING OF THE YEAR</b>				
	661	25,901	<b>26,562</b>	34,355
<b>BALANCE AT THE END OF THE YEAR</b>				
	343	26,216	<b>26,559</b>	26,562

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



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**Tay Valley Township  
Trust Funds  
Notes to the Financial Statements**

**December 31, 2013**

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**1. Significant Accounting Policies**

**Reporting Entity**

Perpetual care receipts are reported on the cash basis of accounting and interest income is reported on the accrual basis of accounting.

Expenditures are reported on the cash basis of accounting with the exception of administrative expenses which are reported on the accrual basis of accounting, which recognizes expenditures as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

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**Tay Valley Township  
Pinehurst Cemetery  
Statement of Financial Position**

<b>December 31</b>	<b>2013</b>	<b>2012</b>
	\$	\$
<b>ASSETS</b>		
Cash	16,273	14,418
<b>FUND BALANCES</b>		
Current fund	15,228	13,373
Reserves	1,045	1,045
	16,273	14,418

**Statement of Operations**

<b>For the year ended December 31</b>	<b>2013</b>	<b>2012</b>
	\$	\$
<b>REVENUES</b>		
Other		
Investment income	362	329
Sale of plots, donations	3,941	3,686
Perpetual Care	300	1,200
	4,603	5,215
<b>EXPENDITURES</b>		
Honorariums, salaries and wages	1,949	1,325
Materials and services	499	341
Trustee	300	1,200
	2,748	2,866
<b>NET REVENUES FOR THE YEAR</b>	1,855	2,349

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

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

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The accompanying financial statements of the Perth & District Union Public Library Board are the responsibility of the Board's management and have been prepared in compliance with legislation, and in accordance with Canadian Public Sector Accounting Standards established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of significant accounting policies are described in note 2 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Board's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of financial statements. These systems are monitored and evaluated by management.

The Board meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to Council approval of the financial statements.

The financial statements have been audited by Allan Chartered Accountant Professional Corporation, independent external auditors appointed by the Board. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Board's financial statements.

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Elizabeth Goldman, CEO





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Chartered Accountant Professional Corporation

## INDEPENDENT AUDITOR'S REPORT

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### **To the Board Members, Inhabitants and Ratepayers of the Perth & District Union Public Library Board:**

We have audited the statement of financial position of the Perth & District Union Public Library Board as at December 31, 2013 and the statements of operations, changes in net financial assets and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

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

The Perth & District Union Public Library Board's 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 whether the financial statements are free of 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 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, these financial statements present fairly, in all material respects, the financial position of the Perth & District Union Public Library Board as at December 31, 2013 and the results of its operations and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Chartered Accountants

Licensed Public Accountants

Allan Chartered Accountants Professional Corporation

Authorized to practice public accounting by the Institute of Chartered Accountants of Ontario

Perth, Ontario,  
April 8, 2014.

**Perth & District Union Public Library Board**  
**Statement of Financial Position**

<b>December 31</b>	<b>2013</b>	<b>2012</b>
	\$	\$
<b>ASSETS</b>		
<b>Financial Assets</b>		
Cash	318,244	252,174
Accounts receivable	12,795	53,642
	<b>331,039</b>	<b>305,816</b>
<b>LIABILITIES</b>		
<b>Financial Liabilities</b>		
Accounts payable	16,076	36,648
<b>NET FINANCIAL ASSETS</b>	<b>314,963</b>	<b>269,168</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 4) (Schedule 2)	481,989	503,467
<b>ACCUMULATED SURPLUS (note 3)</b>	<b>796,952</b>	<b>772,635</b>

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

# Perth & District Union Public Library Board

## Statement of Operations

For the year ended December 31	(Note 6) Budget	2013	2012
	\$	\$	\$
<b>REVENUES</b>			
Government Grants			
Municipal Grants ▶ Perth	189,157	189,158	186,496
▶ Tay Valley	149,845	149,845	147,627
▶ Drummond/North Elmsley	140,397	140,397	135,877
Provincial Grants ▶ Operating	42,800	42,817	42,817
Other Grants	---	39,313	15,374
User Charges ▶ fees and service charges	4,800	7,967	8,670
Other Income			
Fines, other	8,600	9,596	9,083
Interest	---	4,742	3,854
Rentals	200	970	310
Book sales	2,000	1,949	2,033
Donations	---	52,111	46,397
<b>TOTAL REVENUES</b>	537,799	638,865	598,538
<b>EXPENDITURES</b>			
Salaries, wages and employee benefits	361,700	357,367	362,923
Amortization of books	53,500	56,880	56,482
Periodicals and newspapers	4,400	4,040	3,862
Utilities, telephone	21,500	20,589	17,435
Special programs, activities	6,500	62,718	55,098
Insurance, professional fees	15,700	19,758	18,483
Internet, videos, miscellaneous	2,800	2,844	3,157
Library, photocopy supplies	12,800	12,182	12,069
Building amortization	---	18,100	18,100
Maintenance and repairs	15,900	29,528	16,825
Equipment and shelving amortization	---	---	1,573
Grants to other libraries	3,300	6,542	---
Donation to Perth and District Community Foundation	---	24,000	---
<b>TOTAL EXPENDITURES</b>	497,900	614,548	566,007
<b>ANNUAL SURPLUS</b>	39,899	24,317	32,531
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	772,635	772,635	740,104
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	812,534	796,952	772,635

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



**Perth & District Union Public Library Board  
Statement of Changes in Net Financial Assets**

For the year ended December 31	2013	2012
	\$	\$
<b>ANNUAL SURPLUS</b>	<b>24,317</b>	<b>32,530</b>
Amortization of tangible capital assets	74,980	76,155
Acquisition of tangible capital assets	(53,502)	(51,472)
<b>INCREASE IN NET FINANCIAL ASSETS</b>	<b>45795</b>	<b>57213</b>
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<b>269168</b>	<b>211955</b>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<b>314963</b>	<b>269168</b>

**Statement of Cash Flows**

For the year ended December 31	2013	2012
	\$	\$
<b>OPERATING</b>		
Annual surplus	24,317	32,530
<b>Net Change in Non-Cash Working Capital Items</b>		
Accounts receivable	40,847	(41,443)
Accounts payable	(21,824)	16,671
Due to Town of Perth	1,252	503
	<b>20,275</b>	<b>(24,269)</b>
Non-cash change to operations		
Amortization	74,980	76,155
<b>Working Capital from Operations</b>	<b>74,980</b>	<b>76,155</b>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(53,502)	(51,472)
<b>NET INCREASE IN CASH</b>	<b>66,070</b>	<b>32,944</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>252,174</b>	<b>219,230</b>
<b>CASH, END OF YEAR</b>	<b>318,244</b>	<b>252,174</b>

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

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# Perth & District Union Public Library Board

## Notes to the Financial Statements

December 31, 2013

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### 1. Status of the Board

The Perth & District Union Public Library Board (the 'Board') was formed November 14, 1983 pursuant to the Public Libraries Act and an agreement between the Town of Perth and the Township of Bathurst, Drummond, North Burgess, North Elmsley and South Sherbrooke. Subsequently, the Township of Drummond and North Elmsley amalgamated as the Township of Drummond/North Elmsley and the remaining three townships amalgamated as Tay Valley Township.

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### 2. Significant Accounting Policies

The financial statements of the Perth & District Union Public Library Board are the representations of management and have been prepared in all material respects in accordance with Canadian Public Sector Accounting Standards for local governments as recommended by the Public Sector Accounting Board ('PSAB') of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies by the Board are as follows:

#### Reporting Entity

The financial statements reflect financial assets, liabilities, operating revenues and expenditures, reserves, reserve funds and changes in investment in tangible capital assets of the Board.

#### Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenditures are recognized as they are incurred and measurable based on receipt of goods and services and/or the creation of a legal obligation to pay.

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 expenses, provides the Change in Net Financial Assets for the year.

#### Tangible Capital Assets

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

Assets	Estimated Useful Life
Land	
Building	40 years
Books	7 years
Shelving	10 years
Machinery and Equipment	5 years

Amortization is charged from the date of acquisition. Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

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## Perth & District Union Public Library Board

### Notes to the Financial Statements

December 31, 2013

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#### 2. Significant Accounting Policies / continued

##### **Tangible Capital Assets / continued**

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of other assets as of the date of transfer.

##### **Cash and Cash Equivalents**

The Board considers cash and cash equivalents to be highly liquid investments with original maturities of three months or less.

##### **Government Transfers**

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

##### **Deferred Revenues**

The Board defers recognition of user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

##### **Financial Instruments**

All financial instruments are initially recognized at fair value on the statement of financial position. The Board has classified each financial instrument into one of the following categories: held-for-trading financial assets and liabilities, loans and receivables, held-to-maturity financial assets and other financial liabilities. Subsequent measurement of financial instruments is based on their classification.

Held-for-trading financial assets and liabilities are subsequently measured at fair value with changes in those fair values recognized in net revenues.

Loans and receivables, held-to-maturity financial assets and other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The Board classifies cash and cash equivalents as held-for-trading financial assets, accounts receivable as loans and receivables, and accounts payable and accrued liabilities as other financial liabilities.

##### **Measurement Uncertainty**

The preparation of 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.



**Perth & District Union Public Library Board**  
**Notes to the Financial Statements**

**December 31, 2013**

**3. Accumulated Surplus**

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

	2013	2012
	\$	\$
<b>Surplus</b>		
Invested in tangible capital assets	481,989	503,467
<b>Reserves</b>		
Insurance	3,000	3,000
Contingency	34,330	34,330
Infrastructure	94,528	74,529
Pay equity	3,366	3,366
Literacy	5,403	5,659
Books	25,000	25,000
Total Reserves	165,627	145,884
<b>Reserve Funds</b>		
B & M	11,373	2,548
Capital	104,360	79,575
Books	27,278	24,901
Hooper	6,325	16,260
	149,336	123,284
<b>Total Reserves and Reserve Funds</b>	314,963	269,168
<b>Accumulated Surplus</b>	796,952	772,635

**4. Tangible Capital Assets**

Net Book Value of Assets	2013	2012
	\$	\$
Land	125,000	125,000
Buildings	193,221	211,321
Books	163,768	167,146
	481,989	503,467

For additional information, see Schedule 2 ▶ Tangible Capital Assets.



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## Perth & District Union Public Library Board

### Notes to the Financial Statements

December 31, 2013

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#### 5. Risk Management

In the normal course of operations, the Board is exposed to a variety of financial risks which are actively managed by the Board.

The Board's financial instruments consist of cash, investments, accounts receivable, accounts payable and accrued liabilities. The fair values of cash, investments, accounts payable and accrued liabilities approximate their carrying values because of their expected short term maturity and treatment on normal trade terms.

The Board's exposure to and management of risk has not changed materially from December 31, 2012.

##### **Credit Risk**

Credit risk arises from the possibility that the entities to which the Board provides services to may experience difficulty and be unable to fulfill their obligations. The Board is exposed to financial risk that arises from the credit quality of the entities to which it provides services. The Board does not have a significant exposure to any individual customer or counter party. As a result, the requirement for credit risk related reserves for accounts receivable is minimal.

##### **Interest Rate Risk**

Interest rate risk arises from the possibility that the value of, or cash flows related to, a financial instrument will fluctuate as a result of changes in market interest rates. The Board is exposed to financial risk that arises from the interest rate differentials between the market interest rate and the rates on its cash and cash equivalents and operating loan. Changes in variable interest rates could cause unanticipated fluctuations in the Board's operating results.

##### **Liquidity Risk**

Liquidity risk is the risk that the Board will not be able to meet its obligations as they fall due. The Board requires working capital to meet day-to-day operating activities. Management expects that the Board's cash flows from operating activities will be sufficient to meet these requirements.

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#### 6. Budget Figures

Perth & District Union Public Library Board reviews its operating and capital budgets each year. The approved operating budget for 2013 is included in the budget figures presented in the Statement of Operations.

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**Perth & District Union Public Library Board  
Schedule 1 ► Continuity of Reserves**

For the year ended December 31	(Note 6) Budget	2013	2012
	\$	\$	\$
<b>Revenues</b>			
Interest	---	216	231
<b>Total Net Transfers Approved By Board</b>	39,900	44,996	56,982
<b>Reserves, Change in Year</b>	39,900	45,212	57,213
<b>Reserves, Beginning of Year</b>	269,168	269,168	211,955
<b>Reserves, End of Year</b>	309,068	314,963	269,168

**Composition of Reserves**

For the year ended December 31	2013	2012
	\$	\$
<b>Reserves</b>		
Insurance	3,000	3,000
Contingency	34,330	34,330
Building expansion	94,528	74,529
Pay equity	3,366	3,366
Literacy	5,403	5,659
Books	25,000	25,000
<b>Total Reserves</b>	165,627	145,884
<b>Reserve Funds</b>		
B & M	11,373	2,548
Capital	104,360	79,575
Books	27,278	24,901
Hooper	6,325	16,260
<b>Total Reserve Funds</b>	149,336	123,284
<b>Total Reserves and Reserve Funds</b>	314,963	269,168

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

# Perth & District Union Public Library Board

## Schedule 2 ► Tangible Capital Assets

**December 31, 2013**

Assets	Cost 01/01/13	Additions (Disposals)	Cost 31/12/13	Accumulated Amortization 01/01/13	Amortization 2013	Accumulated Amortization 31/12/13	Net Book Value 31/12/13
	\$	\$	\$	\$	\$	\$	\$
Land	125,000	---	125,000	---	---	---	125,000
Building	724,006	---	724,006	414,608	18,100	530,785	193,221
Books	575,589	53,502	629,091	408,443	56,880	414,608	163,768
Shelving	84,627	---	84,627	84,627	---	84,627	---
Machinery & Equipment	13,798	---	13,798	13,798	---	13,798	---
	<b>1,523,020</b>	<b>53,502</b>	<b>1,525,807</b>	<b>1,019,553</b>	<b>74,980</b>	<b>1,043,818</b>	<b>481,989</b>

**December 31, 2012**

Assets	Cost 01/01/12	Additions (Disposals)	Cost 31/12/12	Accumulated Amortization 01/01/12	Amortization 2012	Accumulated Amortization 31/12/12	Net Book Value 31/12/12
	\$	\$	\$	\$	\$	\$	\$
Land	125,000	---	125,000	---	---	---	125,000
Building	724,006	---	724,006	494,585	18,100	512,685	211,321
Books	524,116	51,473	575,589	351,961	56,482	408,443	167,146
Shelving	84,627	---	84,627	83,054	1,573	84,627	---
Machinery & Equipment	13,798	---	13,798	13,798	---	13,798	---
	<b>1,471,547</b>	<b>51,473</b>	<b>1,523,020</b>	<b>943,398</b>	<b>76,155</b>	<b>1,019,553</b>	<b>503,467</b>

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

**BBD&E Station**  
**14 Sherbrooke St. E.**  
**Perth, Ontario**



**South Sherbrooke Station**  
**22110 Hwy. 7**  
**Tay Valley Township**

**Fire Department Administration**  
**14 Sherbrooke St. E. Perth, ON K7H 1A2**  
**Office: 613-267-2596 Fax: 613-264-8561**

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

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The accompanying financial statements of the Drummond/North Elmsley Tay Valley Fire Rescue's are the responsibility of the Board's management and have been prepared in compliance with legislation, and in accordance with Canadian Public Sector Accounting Standards established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of significant accounting policies are described in note 1 to the financial statements. The preparation of financial statements necessarily involved the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Board's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of financial statements. These systems are monitored and evaluated by management.

Management meets with the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters. The Board of Directors meets with management subsequently to review these same matters prior to the Board's approval of the financial statements.

The financial statements have been audited by Allan Chartered Accountant Professional Corporation, independent external auditors appointed by the Board. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Board's financial statements.

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Fire Chief



## INDEPENDENT AUDITOR'S REPORT

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### To the Board Members, Inhabitants and Ratepayers of the Drummond/North Elmsley Tay Valley Fire Rescue:

We have audited the statement of financial position of the Drummond/North Elmsley Tay Valley Fire Rescue as at December 31, 2013 and the statement of operations, changes in net financial assets and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

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

Drummond/North Elmsley Tay Valley Fire Rescue's 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 whether the financial statements are free of 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 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, these financial statements present fairly, in all material respects, the financial position of the Drummond/North Elmsley Tay Valley Fire Rescue as at December 31, 2013 and the results of its operations and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.



Chartered Accountants  
Licensed Public Accountants  
Allan Chartered Accountants Professional Corporation  
Authorized to practice public accounting by the Institute of Chartered Accountants of Ontario

Perth, Ontario,  
February 13, 2014.

**Drummond/North Elmsley Tay Valley Fire Rescue**  
**Statement of Financial Position**

December 31	2013	2012
	\$	\$
<b>ASSETS</b>		
<b>Financial Assets</b>		
Cash	576,421	435,529
Government receivable	100,722	96,220
Accounts receivable	23,648	9,792
	700,791	541,541
<b>LIABILITIES</b>		
<b>Financial Liabilities</b>		
Accounts payable	36,218	58,499
Long term liabilities (note 3)	---	23,000
	36,218	81,499
<b>NET FINANCIAL ASSETS</b>	664,573	460,042
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 6) (Schedule 2)	838,272	887,140
<b>ACCUMULATED SURPLUS (note 5)</b>	1,502,845	1,347,182

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

# Drummond/North Elmsley Tay Valley Fire Rescue Statement of Operations

For the year ended December 31	(Note 7) Budget	2013	2012
	\$	\$	\$
<b>REVENUES</b>			
Municipal contributions			
▸ Township of Drummond/North Elmsley	345,156	<b>374,709</b>	333,500
▸ Tay Valley Township	473,724	<b>473,724</b>	476,164
Other			
▸ provincial highway rescue fees	---	<b>4,715</b>	16,810
▸ fire fees, inspections	---	<b>8,810</b>	9,015
▸ investment income	---	<b>7,109</b>	3,413
<b>TOTAL REVENUES</b>	818,880	<b>869,067</b>	838,902
<b>EXPENDITURES</b>			
Administration (Schedule 3)	212,300	<b>210,800</b>	203,750
BBDE Fire Station (Schedule 4)	325,365	<b>319,024</b>	343,266
South Sherbrooke Fire Station (Schedule 5)	172,715	<b>172,004</b>	177,626
Smiths Falls Fire Agreement (Schedule 6)	---	<b>11,576</b>	---
<b>TOTAL EXPENDITURES</b>	710,380	<b>713,404</b>	724,642
<b>NET REVENUES FROM OPERATIONS</b>	108,500	<b>155,663</b>	114,260
<b>OTHER</b>			
Grants and transfers related to capital			
Government transfers	---	---	14,200
	---	---	14,200
<b>ANNUAL SURPLUS</b>	108,500	<b>155,663</b>	128,460
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	1,347,182	<b>1,347,182</b>	1,218,722
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	1,455,682	<b>1,502,845</b>	1,347,182

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

# Drummond/North Elmsley Tay Valley Fire Rescue

## Statement of Changes in Net Financial Assets

For the year ended December 31	2013	2012
	\$	\$
<b>ANNUAL SURPLUS</b>	<b>155,663</b>	<b>128,460</b>
Amortization of tangible capital assets	48,868	63,304
Acquisition of tangible capital assets	---	(120,498)
<b>INCREASE IN NET FINANCIAL ASSETS</b>	<b>204531</b>	<b>71266</b>
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<b>460042</b>	<b>388776</b>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<b>664573</b>	<b>460042</b>

## Statement of Cash Flows

For the year ended December 31	2013	2012
	\$	\$
<b>OPERATING</b>		
Annual surplus	155,663	128,460
<b>Net Change in Non-Cash Working Capital Items</b>		
Government receivable	(4,502)	(6,677)
Accounts receivable	(13,856)	(49,735)
Accounts payable	(22,281)	6,906
	(40,639)	(49,506)
Non-cash charges to operations		
Amortization	48,868	63,304
<b>Working Capital from Operations</b>	<b>163,892</b>	<b>142,258</b>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	---	(120,498)
<b>FINANCING</b>		
Debt principal repayments	(23,000)	(23,000)
<b>Net decrease in cash from financing activities</b>	<b>(23,000)</b>	<b>(23,000)</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>140,892</b>	<b>(1,240)</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>435,529</b>	<b>436,769</b>
<b>CASH, END OF YEAR</b>	<b>576,421</b>	<b>435,529</b>

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



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# Drummond/North Elmsley Tay Valley Fire Rescue

## Notes to the Financial Statements

December 31, 2013

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### 1. Status of the Board

Drummond/North Elmsley Tay Valley Fire Rescue (the 'Board') was formed January 1, 2006 pursuant to an agreement between the Township of Drummond/North Elmsley and Tay Valley Township.

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### 2. Significant Accounting Policies

The financial statements of Drummond/North Elmsley Tay Valley Fire Rescue are the representations of management and have been prepared in all material respects in accordance with Canadian Public Sector Accounting Standards for organizations operating in the local government sector as recommended by the Public Sector Accounting Board ('PSAB') of the Canadian Institute of Chartered Accountants. Significant aspect of the accounting policies by the Board are as follows:

#### Reporting Entity

The financial statements reflect financial assets, liabilities, operating revenues and expenditures, reserves, reserve funds and changes in investment in tangible capital assets of the Board.

#### Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenditures are recognized as they are incurred and measurable based on receipt of goods and services and/or the creation of a legal obligation to pay.

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 expenses, provides the Change in Net Financial Assets for the year.

#### Tangible Capital Assets

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

Assets	Estimated Useful Life
Land	
Building	40 years
Vehicles	20 years
Equipment	30 years

Amortization is charged from the date of acquisition. Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of other assets as of the date of transfer.

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## Drummond/North Elmsley Tay Valley Fire Rescue Notes to the Financial Statements

December 31, 2013

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### 2. Significant Accounting Policies / continued

#### Cash and Cash Equivalents

The Board considers cash and cash equivalents to be highly liquid investments with original maturities of three months or less.

#### Government Transfers

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

#### Deferred Revenues

The Board defers recognition of user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

#### Financial Instruments

All financial instruments are initially recognized at fair value on the statement of financial position. The Board has classified each financial instrument into one of the following categories: held-for-trading financial assets and liabilities, loans and receivables, held-to-maturity financial assets and other financial liabilities. Subsequent measurement of financial instruments is based on their classification.

Held-for-trading financial assets and liabilities are subsequently measured at fair value with changes in those fair values recognized in net revenues.

Loans and receivables, held-to-maturity financial assets and other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The Board classifies cash and cash equivalents as held-for-trading financial assets, accounts receivable as loans and receivables, and accounts payable and accrued liabilities as other financial liabilities.

#### Measurement Uncertainty

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions on such areas as employee benefits, assessment appeals and environmental provisions. These estimates and assumptions are based on the Board's best information and judgment and may differ significantly based on actual results.

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## Drummond/North Elmsley Tay Valley Fire Rescue Notes to the Financial Statements

December 31, 2013

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### 3. Long Term Liabilities

- (a) The balance of debt reported on the "Statement of Financial Position" is comprised of the following:

	2013	2012
	\$	\$
Serial debenture debt issued by the Township of Drummond / North Elmsley maturing 2013 with interest rate of 3.90%.	---	23,000

- (b) Interest expense on long term liabilities in 2013 amounted to \$671 (2012 \$1,581).
- 

### 4. Risk Management

In the normal course of operations, the Board is exposed to a variety of financial risks which are actively managed by the Board.

The Board's financial instruments consist of cash, investments, accounts receivable, accounts payable and accrued liabilities. The fair values of cash, investments, accounts payable and accrued liabilities approximate their carrying values because of their expected short term maturity and treatment on normal trade terms.

The Board's exposure to and management of risk has not changed materially from December 31, 2012.

#### Credit Risk

Credit risk arises from the possibility that the entities to which the Board provides services to may experience difficulty and be unable to fulfill their obligations. The Board is exposed to financial risk that arises from the credit quality of the entities to which it provides services. The Board does not have a significant exposure to any individual customer or counter party. As a result, the requirement for credit risk related reserves for accounts receivable is minimal.

#### Interest Rate Risk

Interest rate risk arises from the possibility that the value of, or cash flows related to, a financial instrument will fluctuate as a result of changes in market interest rates. The Board is exposed to financial risk that arises from the interest rate differentials between the market interest rate and the rates on its cash and cash equivalents and operating loan. Changes in variable interest rates could cause unanticipated fluctuations in the Board's operating results.

#### Liquidity Risk

Liquidity risk is the risk that the Board will not be able to meet its obligations as they fall due. The Board requires working capital to meet day-to-day operating activities. Management expects that the Board's cash flows from operating activities will be sufficient to meet these requirements.

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# Drummond/North Elmsley Tay Valley Fire Rescue

## Notes to the Financial Statements

December 31, 2013

### 5. Accumulated Surplus

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

	2013	2012
	\$	\$
<b>Surplus</b>		
BBDE Fire Station		
▸ invested in tangible capital assets	826,376	851,546
South Sherbrooke Fire Station		
▸ invested in tangible capital assets	11,896	12,592
	<b>838,272</b>	<b>864,138</b>
<b>Reserves ▸ Administration</b>		
Contingency	17,120	6,511
<b>Reserves ▸ BBDE Fire Station</b>		
Working funds	50,000	50,000
Contingency	125,257	120,257
Equipment	133,454	100,437
Apparatus	224,085	121,568
Bunker gear	30,000	24,000
	<b>562,796</b>	<b>416,262</b>
<b>Reserves ▸ South Sherbrooke</b>		
Contingency	46,680	45,271
Bunker gear	20,000	15,000
	<b>66,680</b>	<b>60,271</b>
<b>Reserves ▸ Smiths Falls Fire Agreement</b>		
Fire calls	17,977	---
<b>Total Reserves</b>	<b>664,573</b>	<b>483,044</b>
	<b>1,502,845</b>	<b>1,347,182</b>

For additional information, see Schedule 1 ▸ Continuity of Reserves.



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**Drummond/North Elmsley Tay Valley Fire Rescue**  
**Notes to the Financial Statements**

**December 31, 2013**

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**6. Tangible Capital Assets**

	2013		2012
	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$
Land	30,000	---	30,000
Building	388,989	122,950	266,039
Vehicles	901,233	411,391	489,842
Equipment	61,539	9,148	52,391
	1,381,761	543,489	838,272

For additional information, see Schedule 2 ▶ Tangible Capital Assets.

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**7. Budget Figures**

Drummond/North Elmsley Tay Valley Fire Rescue reviews its operating and capital budgets each year. The approved operating budget for 2013 is included in the budget figures presented in the Statement of Operations.

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**Drummond/North Elmsley Tay Valley Fire Rescue  
Schedule 1 ► Continuity of Reserves**

For the year ended December 31	(Note 7) Budget	2013	2012
	\$	\$	\$
<b>Net Transfer From / (To) Other Funds</b>			
Transfers from operations	108,500	126,477	156,993
Transfers to capital acquisitions	---	---	(108,726)
<b>Total Net Transfers Approved By Board</b>	108,500	126,477	48,267
<b>Reserves, Change in Year</b>	108,500	126,477	48,267
<b>Reserves, Beginning of Year</b>	483,044	483,044	434,777
<b>Reserves, End of Year</b>	591,544	609,521	483,044

**Composition of Reserves**

For the year ended December 31	2013	2012
	\$	\$
<b>Reserves ► Administration</b>		
Contingency	17,120	6,511
<b>Reserves ► BBDE Fire Station</b>		
Working funds	50,000	50,000
Contingency	125,257	120,257
Equipment	133,454	100,437
Apparatus	224,085	121,568
Bunker gear	30,000	24,000
	562,796	416,262
<b>Reserves ► South Sherbrooke</b>		
Contingency	46,680	45,271
Bunker gear	20,000	15,000
	66,680	60,271
<b>Reserves ► Smiths Falls Fire Agreement</b>		
Fire calls	17,977	---
<b>Total Reserves</b>	664,573	483,044

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

**Drummond/North Elmsley Tay Valley Fire Rescue**  
**Schedule 2 ▶ Tangible Capital Assets**

**BBDE Fire Station**

**December 31, 2013**

Assets	Cost 01/01/13	Additions (Disposals)	Cost 31/12/13	Accumulated Amortization 01/01/13	Amortization 2013	Accumulated Amortization 31/12/13	Net Book Value 31/12/13
	\$	\$	\$	\$	\$	\$	\$
Land	30,000	---	30,000	---	---	---	30,000
Building	388,989	---	388,989	113,225	9,725	122,950	266,039
Vehicles	1,019,187	(129,322)	889,865	501,354	(92,801)	408,553	481,312
Equipment	57,653	---	57,653	6,704	1,922	8,626	49,027
	<b>1,495,829</b>	<b>(129,322)</b>	<b>1,366,507</b>	<b>621,283</b>	<b>(81,154)</b>	<b>540,129</b>	<b>826,378</b>

**December 31, 2012**

Assets	Cost 01/01/12	Additions (Disposals)	Cost 31/12/12	Accumulated Amortization 01/01/12	Amortization 2012	Accumulated Amortization 31/12/12	Net Book Value 31/12/12
	\$	\$	\$	\$	\$	\$	\$
Land	30,000	---	30,000	---	---	---	30,000
Building	388,989	---	388,989	103,500	9,725	113,225	275,764
Vehicles	898,689	120,498	1,019,187	450,395	50,959	501,354	517,833
Equipment	57,653	---	57,653	4,782	1,922	6,704	50,949
	<b>1,375,331</b>	<b>120,498</b>	<b>1,495,829</b>	<b>558,677</b>	<b>62,606</b>	<b>621,283</b>	<b>874,546</b>

**South Sherbrooke Fire Station**

**December 31, 2013**

Assets	Cost 01/01/13	Additions (Disposals)	Cost 31/12/13	Accumulated Amortization 01/01/13	Amortization 2013	Accumulated Amortization 31/12/13	Net Book Value 31/12/13
	\$	\$	\$	\$	\$	\$	\$
Equipment	3,886	---	3,886	390	130	520	3,366
Vehicles	11,368	---	11,368	2,270	568	2,838	8,530
	<b>15,254</b>	<b>---</b>	<b>15,254</b>	<b>2,660</b>	<b>698</b>	<b>3,358</b>	<b>11,896</b>

**December 31, 2012**

Assets	Cost 01/01/12	Additions (Disposals)	Cost 31/12/12	Accumulated Amortization 01/01/12	Amortization 2012	Accumulated Amortization 31/12/12	Net Book Value 31/12/12
	\$	\$	\$	\$	\$	\$	\$
Equipment	3,886	---	3,886	260	130	390	3,496
Vehicles	11,368	---	11,368	1,702	568	2,270	9,098
	<b>15,254</b>	<b>---</b>	<b>15,254</b>	<b>1,962</b>	<b>698</b>	<b>2,660</b>	<b>12,594</b>

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

**Drummond/North Elmsley Tay Valley Fire Rescue**  
**Schedule 3 ► Administration Operations**

For the year ended December 31	(Note 7) Budget	2013	2012
	\$	\$	\$
<b>Revenues</b>			
Municipal contributions	114,222	114,222	104,754
► Township of Drummond/North Elmsley			
► Tay Valley Township	100,078	100,078	95,541
Other			
► investment income	---	7,109	3,413
<b>Total Revenues</b>	214,300	221,409	203,708
<b>Expenditures</b>			
Fire chief salary and benefits	92,085	90,554	91,706
Secretary treasurer	50,165	49,379	45,898
Employer health tax	3,000	3,124	3,568
Bank charges, interest and penalties	200	361	1,373
Telephone	6,850	7,221	6,063
Training and seminars	3,000	3,033	3,308
Office supplies	3,500	3,970	4,236
Inspection and prevention	2,000	1,817	2,237
Professional fees	5,500	7,653	5,414
Fire service agreements	15,000	11,450	9,900
Insurance	19,500	20,618	19,876
Advertising, subscription and memberships	2,500	1,915	2,154
Fuel	3,000	3,230	2,928
Administration, other	6,000	6,475	5,089
<b>Total Expenditures</b>	212,300	210,800	203,750
<b>Annual Surplus (Deficit)</b>	2,000	10,609	(42)
<b>Accumulated Surplus, Beginning of Year</b>	3,208	3,208	3,250
<b>Accumulated Surplus, End of Year</b>	5,208	13,817	3,208

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



# Drummond/North Elmsley Tay Valley Fire Rescue

## Schedule 4 ► BBDE Fire Station Operations

For the year ended December 31	(Note 7) Budget	2013	2012
	\$	\$	\$
<b>Revenues</b>			
Municipal contributions			
► Township of Drummond/North Elmsley	230,934	230,934	228,627
► Tay Valley Township	195,931	195,931	201,123
► capital items	---	---	14,200
Other			
► provincial highway rescue fees	---	4,715	16,810
► fire fees, inspections, donations	---	8,810	9,134
<b>Total Revenues</b>	426,865	440,390	469,894
<b>Expenditures</b>			
Amortization			
Building	---	9,725	9,725
Vehicles	---	36,521	50,959
Equipment	---	1,922	1,922
Operations			
Firefighter honourariums	168,765	149,551	156,338
Communications maintenance	4,000	3,816	3,755
Training and seminars	18,500	14,984	13,663
Clothing	4,000	2,586	3,700
Bunker gear cleaning	2,500	1,330	2,555
Bunker gear	4,000	3,028	3,132
Loan repayment	27,300	671	1,581
Other	2,000	1,025	2,100
BBDE Fire Hall			
Power and water	8,200	7,076	7,333
Heating fuel	4,600	3,855	3,772
Building maintenance and other	11,600	12,018	11,891
Insurance	2,000	2,100	2,074
Vehicle and Equipment			
Minor equipment purchases	15,000	12,843	13,837
Vehicle and equipment maintenance	18,000	22,666	20,218
Fuel, oil, lubricants, etc.	7,600	7,752	8,785
Insurance	7,300	7,222	7,492
Minor capital	20,000	18,333	18,434
<b>Total Expenditures</b>	325,365	319,024	343,266
<b>Annual Surplus</b>	101,500	121,366	126,628
<b>Accumulated Surplus, Beginning of Year</b>	1,276,111	1,276,111	1,149,483
<b>Accumulated Surplus, End of Year</b>	1,377,611	1,397,477	1,276,111

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

**Drummond/North Elmsley Tay Valley Fire Rescue**  
**Schedule 5 ► South Sherbrooke Fire Station Operations**

For the year ended December 31	(Note 7) Budget	2013	2012
	\$	\$	\$
<b>Revenues</b>			
Net taxation municipal contributions ► Tay Valley Township	177,715	177,715	179,500
<b>Total Revenues</b>	177,715	177,715	179,500
<b>Expenditures</b>			
Amortization	---	698	698
Operations			
Firefighter honourariums	70,215	68,412	74,424
Communications maintenance	4,500	4,008	4,209
Telephone	2,200	1,962	1,928
Training and seminars	10,000	10,178	9,854
Clothing	3,000	3,159	3,327
Bunker gear cleaning	2,000	2,118	1,173
Other	2,500	923	2,730
Fire Prevention			
Advertising, subscriptions and memberships	500	500	73
Emergency First Response			
Medical supplies	2,000	2,000	2,000
South Sherbrooke Fire Hall			
Power and water	4,500	5,109	4,518
Heating fuel	5,500	6,197	3,559
Building maintenance and other	6,500	5,512	6,709
Insurance	2,500	2,508	2,557
Vehicle and Equipment			
Minor equipment purchases	15,700	14,719	14,877
Vehicle and equipment maintenance	13,500	16,869	14,157
Fuel, oil, lubricants, etc.	3,200	2,732	6,218
Insurance	7,900	7,900	8,115
Minor capital	16,500	16,500	16,500
<b>Total Expenditures</b>	172,715	172,004	177,626
<b>Annual Surplus</b>	5,000	5,711	1,874
<b>Accumulated Surplus, Beginning of Year</b>	67,863	67,863	65,989
<b>Accumulated Surplus, End of Year</b>	72,863	73,574	67,863

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

**Drummond/North Elmsley Tay Valley Fire Rescue  
Schedule 6 ▶ Smiths Falls Fire Agreement**

For the year ended December 31	(Note 7) Budget	2013	2012
	\$	\$	\$
<b>Revenues</b>			
Municipal contribution			
▶ Transfer of Townships/Smiths Falls Area Reserve	---	18,133	---
▶ Taxation raised in year	---	11,420	---
	---	29,553	---
<b>Expenditures</b>			
Fire Services Agreement	---	11,576	---
<b>Annual Surplus</b>	---	17,977	---
<b>Accumulated Surplus, Beginning of Year</b>	---	---	---
<b>Accumulated Surplus, End of Year</b>	---	17,977	---

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