

**CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015**

CONTENTS

Five Year Financial Review	1 - 2
Management's Responsibility for the Consolidated Financial Statements	3
Independent Auditor's Report	4 - 5
Consolidated Statement of Financial Position	6
Consolidated Statement of Operations	7
Consolidated Statement of Changes in Net Financial Assets	8
Consolidated Statement of Cash Flows	9
Notes to the Consolidated Financial Statements	10 - 21
Schedule 1 ▶ Continuity of Reserves and Reserve Funds	22
Schedule 2 ▶ Tangible Capital Assets	23 - 24
Independent Auditor's Report ▶ Trust Funds	25 - 26
Trust Funds ▶ Statement of Financial Position and Statement of Financial Activities	27
Trust Funds ▶ Notes to the Financial Statements	28
Pinehurst Cemetery	29
Perth and District Union Public Library Board	30 - 42
Drummond/North Elmsley Tay Valley Fire Rescue	43 - 61

**Tay Valley Township
Consolidated
Financial Statements
December 31, 2015**

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

December 31	2015	2014	2013	2012	2011
Population (Statistics Canada)	5,771	5,771	5,771	5,571	5,571
Number of Households (MPAC)	3,892	3,891	3,875	3,868	3,843
Taxable Assessment (000's)	\$	\$	\$	\$	\$
Residential and farm	1,077,225	1,041,450	1,006,684	973,455	902,035
Commercial and industrial	61,627	58,660	47,794	47,310	42,272
Total	1,138,852	1,100,110	1,054,478	1,020,765	944,307
Commercial, industrial as % of assessment	5.41%	5.33%	4.53%	4.63%	4.40%
Rates of Taxation					
Residential					
▸ for general municipal purposes	0.398555	0.388617	0.397489	0.396556	0.404645
▸ for county purposes	0.379779	0.392978	0.410042	0.418354	0.431698
▸ for school board purposes	0.195000	0.203000	0.212000	0.221000	0.231000
Total	0.973334	0.984595	1.019531	1.035910	1.067343
Multi-Residential (total)	2.010562	2.056004	2.160636	2.235244	2.267276
Commercial (total)	2.628966	2.650786	2.710667	2.717630	2.802743
Industrial (total)	3.527826	3.606520	3.768390	3.886101	4.268753
Tax Arrears ▸ percentage of current levy (>10%)**	6.93%	6.88%	5.74%	5.61%	5.30%
Taxes Transferred (000's)					
▸ County	4,579	4,532	4,555	4,519	4,315
▸ School Boards	2,938	2,874	2,844	2,804	2,813
Revenues (000's)	\$	\$	\$	\$	\$
▸ Taxation and payments in lieu	4,591	4,481	4,414	4,278	4,057
▸ Government transfers	858	815	716	750	731
▸ Fees and service charges	274	341	430	352	353
▸ Other	525	458	478	431	434
▸ Revenues related to capital assets	25	626	320	6	763
Total	6,273	6,721	6,358	5,817	6,338
Expenditures (000's)					
▸ Operations	6,114	5,888	5,750	5,707	5,497
▸ Amortization	726	705	669	651	630
Net Financial Assets (Net Debt)					
▸ % of Operating Revenue (>(20%)) **	54.91%	60.51%	55.16%	43.77%	38.48%
▸ % of Taxation (>(50%)) **	74.73%	82.31%	75.41%	59.45%	52.88%

** 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	2015	2014	2013	2012	2011
	\$	\$	\$	\$	\$
Long Term Debt					
▸ Net long term debt (000's)	877	903	935	923	955
▸ Long term debt charges (000's)	74	71	84	81	58
▸ Annual repayment limit (000's)	1,222	1,240	1,087	1,089	1,019
▸ Long term debt per household	225	232	241	239	248
▸ Debt charges (000's)					
▸ tax supported	74	71	84	81	58
Municipal Equity (000's)					
▸ Surplus and Reserves	4,382	4,682	4,329	3,524	3,116
▸ Invested in capital assets	9,965	9,505	9,025	9,221	9,518
▸ Reserves as % of operating expenses (>20%) **	71.66%	78.88%	74.23%	61.52%	56.32%
▸ Asset consumption ratio	45.84%	44.84%	43.78%	41.50%	38.46%
Financial Indicators					
▸ Sustainability					
▸ financial assets to liabilities	2.21	2.41	2.07	1.95	1.85
▸ financial assets to liabilities excluding long term debt	3.21	3.68	2.95	3.06	3.02
▸ capital reserve to accumulated amortization	35.56%	40.00%	42.87%	35.81%	31.83%
▸ Flexibility					
▸ Debt charges to total operating revenue (<5%) **	1.18%	1.17%	1.41%	1.40%	0.88%
▸ Total operating revenue to taxable assessment	0.55%	0.55%	0.57%	0.57%	0.59%
▸ Working capital to operating expenses (>10%)**	41.77%	47.30%	41.67%	27.46%	21.12%
▸ Vulnerability					
▸ Operating government transfers ▸ to operating revenue	13.73%	13.37%	11.86%	12.90%	13.12%
▸ Total government transfers ▸ to total revenues	14.07%	20.71%	15.23%	12.89%	22.47%



Tay Valley Township

Management's Responsibility for the Consolidated Financial Statements

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. 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.

Council 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 and Partners LLP, 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.

Larry Donaldson
Chief Administrative Officer

Angela Miller
Treasurer



22 Wilson Street West | Perth, Ontario | K7H 2M9
Phone: 613-267-6580 | Fax: 613-267-7563
info@allanandpartners.com
www.allanandpartners.com

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated financial statements of the Corporation of the Tay Valley Township which comprise the consolidated statement of financial position as at December 31, 2015 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, 2015 and its consolidated results of operations, changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

A handwritten signature in black ink, appearing to read 'Allan', is positioned above the firm's name.

Allan and Partners LLP
Chartered Professional Accountants
Licensed Public Accountants

Perth, Ontario,
June 21, 2016.

Tay Valley Township
Consolidated Statement of Financial Position

December 31	2015	2014
	\$	\$
ASSETS		
Financial Assets		
Cash and short term deposits	4,379,308	5,122,784
Taxes receivable (allowance \$50,000)	785,854	764,016
Accounts receivable	1,056,848	375,985
Other	1,550	1,550
Long term receivables (note 5)	37,918	38,272
	6,261,478	6,302,607
LIABILITIES		
Financial Liabilities		
Accounts payable and accrued liabilities	271,217	323,053
Accrued landfill closure and post closure (note 10)	462,500	437,500
Accrued post employment benefits	6,390	6,298
Prepaid property taxes	344,062	315,305
Deferred revenues (note 4)	466,846	249,927
Other current liabilities	230,406	210,311
Solar farm security deposit	171,535	169,083
Long term liabilities (note 5)	877,381	903,014
	2,830,337	2,614,491
NET FINANCIAL ASSETS	3,431,141	3,688,116
NON-FINANCIAL ASSETS		
Tangible capital assets (note 14)	10,804,126	10,408,006
Inventories	111,134	91,421
	10,915,260	10,499,427
Contingent Liabilities (note 12)		
MUNICIPAL EQUITY (note 6)	14,346,401	14,187,543

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 16) Budget	2015	2014
	\$	\$	\$
REVENUES			
Taxation ▶ residential	4,180,832	4,204,059	3,964,207
▶ commercial and industrial	515,023	338,929	463,682
▶ other governments	42,800	48,372	52,850
User charges ▶ protection to persons and property	8,600	39,282	21,596
▶ waste disposal	87,450	85,217	93,310
▶ planning and zoning	58,000	88,175	70,132
▶ other	51,506	61,771	156,296
Government transfers	789,246	857,781	814,765
Deferred revenues earned (note 4)	---	---	4,184
Licences and permits	101,900	134,163	106,843
Investment income	77,00	85,105	98,346
Penalties and interest on taxes	100,000	131,037	120,876
Provincial offences	80,000	61,179	94,618
Other	22,164	113,229	33,661
TOTAL REVENUES	6,114,521	6,248,299	6,095,366
EXPENDITURES			
General government	1,054,950	1,126,456	1,091,259
Protection to persons and property	1,458,373	1,460,677	1,258,120
Transportation services	2,416,165	2,123,678	2,144,231
Environmental services	689,100	661,341	641,916
Social and health services	---	3,314	4,956
Recreation and cultural services	452,330	478,041	459,156
Planning and development	247,045	260,934	288,170
TOTAL EXPENDITURES	6,317,963	6,114,441	5,887,808
NET REVENUES (EXPENDITURES) FROM OPERATIONS	(203,442)	133,858	207,558
OTHER			
Grants and transfers related to capital			
Deferred revenues earned (note 4)	---	---	625,777
Government transfers	25,000	25,000	---
	25,000	25,000	625,777
ANNUAL SURPLUS (DEFICIT)	(178,442)	158,858	833,335
MUNICIPAL EQUITY, BEGINNING OF YEAR	14,187,543	14,187,543	13,354,208
MUNICIPAL EQUITY, END OF YEAR	14,009,101	14,346,401	14,187,543

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 16) Budget	2015	2014
	\$	\$	\$
ANNUAL SURPLUS (DEFICIT)	(178,442)	158,858	833,335
Amortization of tangible capital assets	650,100	726,453	705,157
Acquisition of tangible capital assets	(1,240,400)	(1,122,573)	(1,152,700)
Acquisition of supplies inventories	---	(19,713)	(27,921)
	(590,300)	(415,833)	(475,464)
(DECREASE) INCREASE IN NET FINANCIAL ASSETS	(768,742)	(256,975)	357,871
NET FINANCIAL ASSETS, BEGINNING OF YEAR	3,688,116	3,688,116	3,330,245
NET FINANCIAL ASSETS, END OF YEAR	2,919,374	3,431,141	3,688,116

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	2015	2014
	\$	\$
OPERATING ACTIVITIES		
Annual surplus for the year	158,858	833,335
Amortization	726,453	705,157
	885,311	1,538,492
Net Change in Non-Cash Working Capital Balances		
Taxes receivable	(21,838)	(138,442)
Accounts receivable	(680,863)	(25,895)
Long term receivables	8,654	8,165
Accounts payable and accrued liabilities	(51,836)	(32,979)
Accrued landfill closure and post closure	25,000	25,000
Accrued post employment benefits	92	(33,354)
Prepaid property taxes	28,757	(4,892)
Deferred revenues	216,919	(427,441)
Other current liabilities	20,095	149
Solar farm security deposit	2,452	2,417
Inventories	(19,713)	(27,921)
	(472,281)	(655,193)
Working Capital from Operations	413,030	883,299
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(1,122,573)	(1,152,700)
Net investment in tangible capital assets	(1,122,573)	(1,152,700)
FINANCING ACTIVITIES		
Debt principal repayments	(33,933)	(32,364)
Net decrease in cash from financing activities	(33,933)	(32,364)
NET DECREASE IN CASH	(743,476)	(301,765)
CASH, BEGINNING OF YEAR	5,122,784	5,424,549
CASH, END OF YEAR	4,379,308	5,122,784

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

Tay Valley Township

Notes to the Consolidated Financial Statements

December 31, 2015

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.

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. 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 consolidated 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.
- (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.

Tay Valley Township

Notes to the Consolidated Financial Statements

December 31, 2015

2. Significant Accounting Policies / continued

Basis of Accounting / continued

- (iii) Trust funds and their related operations administered by the Township are not included in these consolidated 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.

When tangible capital assets are disposed of, either by way of a sale, destruction or loss, or abandonment of the asset, the asset's net book value, historical cost less accumulated amortization, is written off. Any resulting gain or loss, equal to the proceeds on disposal less the asset's net book value, is reported on the consolidated statement of operations in the year of disposal. Transfers of assets to third parties are recorded as an expense equal to the net book value of the asset as of the date of transfer.

When conditions indicate that a tangible capital asset no longer contributes to the Township's ability to provide services or the value of the future economic benefits associated with the tangible capital asset are less than its net book value, and the decline is expected to be permanent, the cost and accumulated amortization of the asset are reduced to reflect the revised estimate of the value of the asset's remaining service potential. The resulting net adjustment is reported as an expense on the consolidated statement of operations.

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.

Tay Valley Township

Notes to the Consolidated Financial Statements

December 31, 2015

2. Significant Accounting Policies / continued

Inventories and Prepaid Expenses

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

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 consolidated 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.

The Township receives restricted contributions under the authority of Federal and Provincial legislation and Township by-laws. These funds by their nature are restricted in their use and until applied to applicable costs are recorded as deferred revenue. Amounts applied to qualifying expenses are recorded as revenue in the fiscal period they are expended.

Deferred revenue represents certain user charges and fees which have been collected but for which the related services have yet to be performed. Deferred revenue also represents contributions that the Township has received pursuant to legislation, regulation or agreement that may only be used for certain programs or in the completion of specific work. These amounts are recognized as revenue in the fiscal year the services are performed or related expenses incurred.

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.

Tay Valley Township
Notes to the Consolidated Financial Statements

December 31, 2015

2. Significant Accounting Policies / continued

Investments / continued

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.

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 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 consolidated financial statements and the reported amounts of revenue and expenditures during the period. Actual results could differ from these estimates. These estimates are reviewed periodically and as adjustments become necessary, they are recorded in the consolidated financial statements in the period in which they become known.

Tay Valley Township

Notes to the Consolidated Financial Statements

December 31, 2015

3. Operations of the School Boards and County of Lanark

During 2015, 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	2,938,141	4,535,282
Taxation from other governments	---	43,349
Amounts requisitioned and paid	2,938,141	4,578,631

4. Deferred Revenues

A requirement of the public sector accounting standards of the Chartered Professional Accountants of Canada 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, 2015	1,550	184,003	40,979	23,395	249,927
Contributions from developers	---	49,375	3,000	---	52,375
Interest	---	2,361	533	339	3,233
Government grants	---	---	---	161,311	161,311
Transfer to capital fund	---	---	---	---	---
December 31, 2015	1,550	235,739	44,512	185,045	466,846

5. Long Term Liabilities

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

	2015	2014
	\$	\$
Ontario Infrastructure Projects Corporation (4.45%), debenture for the Township offices with semi annual blended payments of \$46,686 maturing 2035.	614,065	632,798

Tay Valley Township
Notes to the Consolidated Financial Statements

December 31, 2015

5. Long Term Liabilities / continued

(a) / continued

	2015	2014
	\$	\$
Ontario Infrastructure Projects Corporation (4.25%), debenture for the South Sherbrooke Fire Hall with semi annual blended payments of \$16,333 maturing 2036.	225,398	231,944
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	37,918	38,272
Net long term liabilities at the end of the year	877,381	903,014

(b) Principal payments fall due as follows:

	General Revenues
	\$
2016	36,204
2017	31,172
2018	32,614
2019	34,124
2020	35,704
2021 and thereafter	707,563
	877,381

(c) Interest expense on long term liabilities in 2015 amounted to \$40,038 (2014 \$38,818).

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

Tay Valley Township

Notes to the Consolidated Financial Statements

December 31, 2015

6. Municipal Equity

Municipal equity consists of:

	2015	2014
	\$	\$
Invested in tangible capital assets		
Tangible capital assets	10,804,126	10,408,006
Long term liabilities	(839,463)	(903,104)
	9,964,663	9,504,992
Unrestricted surplus	---	38,270
Reserves (Schedule 1)	4,381,738	4,644,281
Total Municipal Equity	14,346,401	14,187,543

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. Employers and employees contribute to the plan. Since any surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees, the Township does not recognize any share of the OMERS pension surplus or deficit in these consolidated financial statements.

The amount contributed to OMERS was \$112,706 (2014 \$112,319) 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.

8. Trust Funds

Trust funds administered by the Township amounting to \$29,848 (2014 \$28,778) 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.

Tay Valley Township

Notes to the Consolidated Financial Statements

December 31, 2015

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 consolidated 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.

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 2030. The remaining volume is estimated at 154,000 cubic metres for the Stanleyville site and 176,000 cubic metres for the Glen Tay site, with annual usage projected as 5,900 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 \$162,575 for the Stanleyville site and \$372,800 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.

Tay Valley Township
Notes to the Consolidated Financial Statements

December 31, 2015

10. Landfill Closure and Post Closure Liability / continued

Landfill closure and post-closure care requirements 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. 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.

Estimated total expenditures represent the sum of the discounted future cash flows for closure and post-closure care activities discounted at the Township's average long term borrowing rate of 4.25% and using an assumed rate of 2.0% for inflation. The estimated total landfill closure and post-closure care expenditures are calculated to be approximately \$1.1 million. For sites that are inactive, the estimated liability for these expenditures is recognized immediately. Included in liabilities on the Consolidated Statement of Financial Position at December 31, 2015 is an amount of \$462,500 (2014 \$437,500) with respect to landfill closure and post-closure liabilities recognized to date.

11. Contractual Obligations

The Municipality has negotiated a long term contract with the Ontario Provincial Police for the provision of policing services. In January 2015, a new five year contract was signed and will end December 31st, 2019. Annual charges are determined based on the level of service and are reconciled to actual costs in the following year. The contract for 2015 was \$659,601 (2014 \$503,037).

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, 2016. Annual charges are determined based on the volume of recycled goods that are transferred. The contract for 2015 approximated \$270,431 (2014 \$251,957).

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, 2015, 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.

Tay Valley Township

Notes to the Consolidated Financial Statements

December 31, 2015

13. 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, 2014.

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.

14. Tangible Capital Assets

	2015	2014
	\$	\$
Land	82,517	82,517
Buildings	3,092,480	3,158,356
Bridges	2,776,342	2,592,417
Equipment	444,647	483,256
Roads	2,997,671	2,757,354
Vehicles	847,639	746,244
Proportionate Portion of Fire	407,129	428,281
Proportionate Portion of Library	155,701	159,581
	10,804,126	10,408,006

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

Tay Valley Township

Notes to the Consolidated Financial Statements

December 31, 2015

15. 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.

2015	Salaries, Wages & Employee Benefits	Debenture Debt Interest	Materials & Services	External Transfers	Amortization	Total
	\$	\$	\$	\$	\$	\$
General Government						
Governance	116,078	---	26,095	---	---	142,173
Corporate Management & Program Support	607,249	37,742	308,941	14,500	15,851	984,283
Protection to Persons and Property						
Fire	222,084	---	190,717	---	97,538	510,339
Police	825	---	671,566	---	---	672,391
Conservation Authority	---	---	---	58,406	---	58,406
Protective Inspection	103,931	---	115,610	---	---	219,541
Transportation						
Roadways	528,174	---	840,275	---	587,144	1,955,593
Winter Control	52,085	---	109,358	---	---	161,443
Street Lighting	---	---	6,642	---	---	6,642
Environmental						
Waste Services	203,656	---	259,735	---	---	463,391
Recycling	---	---	197,950	---	---	197,950
Health Services						
Cemeteries	---	---	3,314	---	---	3,314
Recreation and Cultural Services						
Recreation Facilities & Programs	---	---	27,563	---	---	27,563
Recreation Facilities Other	19,622	---	40,804	188,473	---	248,899
Libraries	122,223	---	42,857	10,579	25,920	201,579
Planning and Development						
Planning & Zoning	172,486	2,296	83,402	2,750	---	260,934
2015	2,148,413	40,038	2,924,829	274,708	726,453	6,114,441

Tay Valley Township
Notes to the Consolidated Financial Statements

December 31, 2015

15. Segmented Information / continued

2014	Salaries, Wages & Employee Benefits	Debt Interest	Materials & Services	External Transfers	Amortization	Total
	\$	\$	\$	\$	\$	\$
General Government						
Governance	125,138	---	45,048	---	---	170,186
Corporate Management & Program Support	545,442	38,818	302,332	18,630	15,851	921,073
Protection to Persons and Property						
Fire	207,746	---	188,763	---	97,959	494,468
Police	---	---	515,156	---	---	515,156
Conservation Authority	---	---	---	56,859	---	56,859
Protective Inspection	85,681	---	105,956	---	---	191,637
Transportation						
Roadways	502,069	---	863,179	---	565,411	1,930,659
Winter Control	52,222	---	154,761	---	---	206,983
Street Lighting	---	---	6,589	---	---	6,589
Environmental						
Waste Services	189,146	---	243,048	---	---	432,194
Recycling	---	---	209,722	---	---	209,722
Health Services						
Cemeteries	---	---	4,956	---	---	4,956
Recreation and Cultural Services						
Recreation Facilities & Programs	---	---	29,581	---	---	29,581
Recreation Facilities Other	18,792	---	27,049	198,473	---	244,314
Libraries	112,088	---	38,137	9,100	25,936	185,261
Planning and Development						
Planning & Zoning	138,933	---	144,737	4,500	---	288,170
2014	1,977,257	38,818	2,879,014	287,562	705,157	5,887,808

16. Budget Figures

The operating budget approved by Township Council for 2015 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 16) Budget	2015	2014
	\$	\$	\$
Net Transfers From / (To) Other Funds			
Transfers from operations	690,227	887,125	214,218
Transfers (to) from capital acquisitions	(1,492,900)	(1,149,668)	163,650
Total Net Transfers	(802,673)	(262,543)	377,868
 Reserves and Reserve Fund Balances, Change in Year	 (802,673)	 (262,543)	 377,868
Reserves and Reserve Fund Balances, Beginning of Year	4,644,281	4,644,281	4,266,413
Reserves and Reserve Fund Balances, End of Year	3,841,608	4,381,738	4,644,281

Composition of Reserves and Reserve Funds

For the year ended December 31	2015	2014
	\$	\$
Reserves set aside for specific purposes by Council:		
► for working capital	450,000	450,000
► for acquisition of capital assets	2,721,134	2,952,138
► for contingencies	644,124	776,946
► for Pinehurst cemetery	36,085	32,606
► for fire joint board	407,421	321,277
► for library joint board	122,974	111,314
Total Reserves	4,381,738	4,644,281
 Total Reserves and Reserve Funds	 4,381,738	 4,644,281

Tay Valley Township
Schedule 2 ▶ 2015 Tangible Capital Assets

Asset Class	Cost 01/01/15	Additions	(Disposals)	Cost 31/12/15
	\$	\$	\$	\$
Land	82,517	---	---	82,517
Buildings	3,720,164	---	---	3,720,164
Bridges	4,471,728	275,348	---	4,747,076
Equipment	961,366	17,647	---	979,013
Roads	6,275,015	561,475	---	6,836,490
Vehicles	2,056,837	238,511	---	2,295,348
Proportionate Portion of Fire	770,291	7,552	(24,016)	753,827
Proportionate Portion of Library	531,483	22,040	(19,770)	533,753
	18,869,401	1,122,573	(43,786)	19,948,188

Asset Class	Accumulated Amortization 01/01/15	Amortization	(Disposals)	Accumulated Amortization 31/12/15	Net Book Value 31/12/15
	\$	\$	\$	\$	\$
Land	---	---	---	---	82,517
Buildings	561,808	65,876	---	627,684	3,092,480
Bridges	1,879,311	91,423	---	1,970,734	2,776,342
Equipment	478,110	56,256	---	534,366	444,647
Roads	3,517,661	321,158	---	3,838,819	2,997,671
Vehicles	1,310,593	137,116	---	1,447,709	847,639
Proportionate Portion of Fire	342,010	28,704	(24,016)	346,698	407,129
Proportionate Portion of Library	371,902	25,920	(19,770)	378,052	155,701
	8,461,395	726,453	(43,786)	9,144,062	10,804,126

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

Tay Valley Township
Schedule 2 ▶ 2014 Tangible Capital Assets

Asset Class	Cost 01/01/14	Additions	(Disposals)	Cost 31/12/14
	\$	\$	\$	\$
Land	82,517	---	---	82,517
Buildings	3,720,164	---	---	3,720,164
Bridges	4,449,165	22,563	---	4,471,728
Equipment	961,366	---	---	961,366
Roads	5,291,990	983,025	---	6,275,015
Vehicles	2,056,837	---	---	2,056,837
Proportionate Portion of Fire	654,364	115,927	---	770,291
Proportionate Portion of Library	500,298	31,185	---	531,483
	17,716,701	1,152,700	---	18,869,401

Asset Class	Accumulated Amortization 01/01/14	Amortization	(Disposals)	Accumulated Amortization 31/12/14	Net Book Value 31/12/14
	\$	\$	\$	\$	\$
Land	---	---	---	---	82,517
Buildings	495,932	65,876	---	561,808	3,158,356
Bridges	1,814,551	64,760	---	1,879,311	2,592,417
Equipment	422,442	55,668	---	478,110	483,256
Roads	3,175,084	342,577	---	3,517,661	2,757,354
Vehicles	1,189,378	121,215	---	1,310,593	746,244
Proportionate Portion of Fire	312,885	29,125	---	342,010	428,281
Proportionate Portion of Library	345,966	25,936	---	371,902	159,581
	7,756,238	705,157	---	8,461,395	10,408,006

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



22 Wilson Street West | Perth, Ontario | K7H 2M9
Phone: 613-267-6580 | Fax: 613-267-7563
info@allanandpartners.com
www.allanandpartners.com

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statement of financial position of the trust funds of the Corporation of the Tay Valley Township as at December 31, 2015 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, 2015 and the financial activities for the year then ended in accordance with Canadian Public Sector Accounting Standards.

A handwritten signature in cursive script, appearing to read "Allan".

Allan and Partners LLP
Chartered Professional Accountants
Licensed Public Accountants

Perth, Ontario,
June 21, 2016.

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

December 31	Pinehurst Cemetery	2015	2014
	\$	\$	\$
ASSETS			
Cash	29,848	29,848	28,778
LIABILITIES			
Fund balance	29,848	29,848	28,778

Statement of Financial Activities

For the year ended December 31	Pinehurst Cemetery	2015	2014
	\$	\$	\$
REVENUES			
Bank interest	358	358	390
Sale of plots, donations	1,100	1,100	2,550
	1,458	1,458	2,940
EXPENDITURES			
Bursary	---	---	345
Pinehurst Cemetery	388	388	376
	388	388	721
NET REVENUES FOR THE YEAR	1,070	1,070	2,219
BALANCE AT THE BEGINNING OF THE YEAR	28,778	28,778	26,559
BALANCE AT THE END OF THE YEAR	29,848	29,848	28,778

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

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

December 31, 2015

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.

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

December 31	2015	2014
	\$	\$
ASSETS		
Cash	28,332	25,353
FUND BALANCES		
Current fund	---	24,308
Reserves	28,332	1,045
	28,332	25,353

Statement of Operations

For the year ended December 31	2015	2014
	\$	\$
REVENUES		
Other		
Investment income	734	557
Sale of plots, donations	4,459	5,132
Perpetual Care	1,100	2,550
Return of investment	---	5,797
	6,293	14,036
EXPENDITURES		
Honorariums, salaries and wages	1,886	1,625
Materials and services	328	781
Trustee	1,100	2,550
	3,314	4,956
NET REVENUES FOR THE YEAR	2,979	9,080

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

Management's Responsibility for the Financial Statements

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. 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 and Partners LLP, 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.

Eriko Heesen, CEO



22 Wilson Street West | Perth, Ontario | K7H 2M9
Phone: 613-267-6580 | Fax: 613-267-7563
info@allanandpartners.com
www.allanandpartners.com

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the Perth & District Union Public Library Board which comprise the statement of financial position as at December 31, 2015 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, 2015 and the results of its operations, net financial assets and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

A handwritten signature in cursive script, appearing to read "Allan".

Allan and Partners LLP
Chartered Professional Accountants
Licensed Public Accountants

Perth, Ontario,
April 18, 2016.

Perth & District Union Public Library Board
Statement of Financial Position

December 31	2015	2014
	\$	\$
ASSETS		
Financial Assets		
Cash	481,797	363,549
Accounts receivable	18,488	27,241
	500,285	390,790
LIABILITIES		
Financial Liabilities		
Accounts payable and accrued liabilities	104,693	34,701
NET FINANCIAL ASSETS	395,592	356,089
NON-FINANCIAL ASSETS		
Tangible capital assets (note 4) (Schedule 2)	486,138	498,620
ACCUMULATED SURPLUS (note 3)	881,730	854,709

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	2015	2014
	\$	\$	\$
REVENUES			
Government Grants	196,423	196,423	191,585
Municipal Grants ▶ Perth	156,580	156,580	152,945
▶ Tay Valley	150,697	150,697	145,670
▶ Drummond/North Elmsley	42,800	42,817	42,817
Provincial Grants ▶ Operating	5,600	13,014	13,783
Other Grants	5,800	6,263	6,689
User Charges ▶ fees and service charges			
Other Income			
Fines, other	7,500	11,477	10,513
Interest	2,000	6,004	5,386
Rentals	500	900	1,260
Book sales	2,000	3,103	2,180
Donations	34,700	76,823	67,948
TOTAL REVENUES	604,600	664,101	640,776
EXPENDITURES			
Amortization ▶ books	---	55,294	56,877
▶ building	---	18,100	18,100
▶ equipment and shelving	---	8,151	8,151
▶ leasehold improvements	---	1,838	---
Salaries, wages and employee benefits	381,700	393,178	359,258
Periodicals, newspapers and Ebooks	9,700	8,763	4,095
Utilities, telephone	22,000	22,583	18,428
Special programs, activities	38,000	39,147	37,228
Insurance, professional fees	16,400	17,157	19,564
Internet, videos, miscellaneous	5,100	12,540	4,589
Library, photocopy supplies	12,500	11,962	14,333
Technology	5,600	7,885	5,867
Maintenance and repairs	15,000	13,818	16,529
Fire hall lease and operations	6,000	2,017	---
Donation to Perth and District Community Foundation	---	24,647	20,000
TOTAL EXPENDITURES	512,000	637,080	583,019
ANNUAL SURPLUS	92,600	27,021	57,757
ACCUMULATED SURPLUS, BEGINNING OF YEAR	854,709	854,709	796,952
ACCUMULATED SURPLUS, END OF YEAR	947,309	881,730	854,709

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	2015	2014
	\$	\$
ANNUAL SURPLUS	27,021	57,757
Amortization of tangible capital assets	83,383	83,128
Acquisition of tangible capital assets	(70,901)	(99,759)
	12,482	(16,631)
INCREASE IN NET FINANCIAL ASSETS	39,503	41,126
NET FINANCIAL ASSETS, BEGINNING OF YEAR	356,089	314,963
NET FINANCIAL ASSETS, END OF YEAR	395,592	356,089

Statement of Cash Flows

For the year ended December 31	2015	2014
	\$	\$
OPERATING ACTIVITIES		
Annual surplus	27,021	57,757
Amortization	83,383	83,128
	110,404	140,885
Net Change in Non-Cash Working Capital Items		
Accounts receivable	8,753	(14,446)
Accounts payable and accrued liabilities	75,016	11,762
Due to Town of Perth	(5,024)	6,863
	78,745	4,179
Working Capital from Operations	189,149	145,064
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(70,901)	(99,759)
NET INCREASE IN CASH	118,248	45,305
CASH, BEGINNING OF YEAR	363,549	318,244
CASH, END OF YEAR	481,797	363,549

Perth & District Union Public Library Board

Notes to the Financial Statements

December 31, 2015

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.

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. 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
Leasehold Improvements	10 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.

Perth & District Union Public Library Board

Notes to the Financial Statements

December 31, 2015

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.

When tangible capital assets are disposed of, either by way of a sale, destruction or loss, or abandonment of the asset, the asset's net book value, historical cost less accumulated amortization, is written off. Any resulting gain or loss, equal to the proceeds on disposal less the asset's net book value, is reported on the statement of operations in the year of disposal. Transfers of assets to third parties are recorded as an expense equal to the net book value of the asset as of the date of transfer.

When conditions indicate that a tangible capital asset no longer contributes to the Board's ability to provide services or the value of the future economic benefits associated with the tangible capital asset are less than its net book value, and the decline is expected to be permanent, the cost and accumulated amortization of the asset are reduced to reflect the revised estimate of the value of the asset's remaining service potential. The resulting net adjustment is reported as an expense on the statement of operations.

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.

The Board receives restricted contributions under the authority of Federal and Provincial legislation and Board by-laws. These funds by their nature are restricted in their use and until applied to applicable costs are recorded as deferred revenue. Amounts applied to qualifying expenses are recorded as revenue in the fiscal period they are expended.

Deferred revenue represents certain user charges and fees which have been collected but for which the related services have yet to be performed. Deferred revenue also represents contributions that the Board has received pursuant to legislation, regulation or agreement that may only be used for certain programs or in the completion of specific work. These amounts are recognized as revenue in the fiscal year the services are performed or related expenses incurred.

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.

Perth & District Union Public Library Board

Notes to the Financial Statements

December 31, 2015

2. Significant Accounting Policies / continued

Financial Instruments / continued

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 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 revenue and expenditures during the period. Actual results could differ from these estimates. These estimates are reviewed periodically and as adjustments become necessary, they are recorded in the financial statements in the period in which they become known.

3. Accumulated Surplus

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

	2015	2014
	\$	\$
Surplus		
Invested in tangible capital assets	486,138	498,620
Reserves		
Insurance	3,000	3,000
Capital	112,646	89,727
Contingency	33,780	34,330
Building	169,354	149,354
Pay equity	---	3,366
Literacy	14,806	14,306
Books	50,525	50,525
Donations and bequest	11,481	11,481
Total Reserves	395,592	356,089
Accumulated Surplus	881,730	854,709

Perth & District Union Public Library Board

Notes to the Financial Statements

December 31, 2015

4. Tangible Capital Assets

Net Book Value of Assets	2015	2014
	\$	\$
Land	125,000	125,000
Buildings	157,021	175,121
Leasehold improvements	16,541	---
Books	163,122	165,894
Machinery and equipment	24,454	32,605
	486,138	498,620

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

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, 2014.

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.

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

December 31, 2015

6. Budget Figures

Perth & District Union Public Library Board reviews its operating and capital budgets each year. The approved operating budget for 2015 is included in the budget figures presented in the Statement of Operations.

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

For the year ended December 31	(Note 6) Budget	2015	2014
	\$	\$	\$
Revenues			
Interest	---	---	164
Net Transfers From / (To) Other Funds			
Transfers from operations	39,100	57,882	---
Transfers to capital acquisitions	(37,000)	(18,379)	40,962
Total Net Transfers Approved By Board	2,100	39,503	40,962
Reserves, Change in Year	2,100	39,503	41,126
Reserves, Beginning of Year	356,089	356,089	314,963
Reserves, End of Year	358,189	395,592	356,089

Composition of Reserves

For the year ended December 31	2015	2014
	\$	\$
Reserves		
Insurance	3,000	3,000
Contingency	33,780	34,330
Pay equity	---	3,366
Literacy	14,806	14,306
Donations and bequest	11,481	11,481
For Capital Purposes		
Capital	112,646	89,727
Building	169,354	149,354
Books	50,525	50,525
Total Reserves	395,592	356,089

Perth & District Union Public Library Board

Schedule 2 ► Tangible Capital Assets

December 31, 2015

Assets	Cost 01/01/15	Additions	(Disposals)	Cost 31/12/15	Accumulated Amortization 01/01/15	Additions	(Disposals)	Accumulated Amortization 31/12/15	Net Book Value 31/12/15
	\$	\$		\$	\$		\$	\$	\$
Land	125,000	---	---	125,000	---	---	---	---	125,000
Building	724,006	---	---	724,006	548,885	18,100	---	566,985	157,021
Leasehold Improvements	---	18,379	---	18,379	---	1,838	---	1,838	16,541
Books	578,351	52,522	(63,598)	567,275	412,457	55,294	(63,598)	404,153	163,122
Shelving	84,627	---	---	84,627	84,627	---	---	84,627	---
Machinery & Equipment	54,554	---	---	54,554	21,949	8,151	---	30,100	24,454
	1,566,538	70,901	(63,598)	1,573,841	1,067,918	83,383	(63,598)	1,087,703	486,138

December 31, 2014

Assets	Cost 01/01/14	Additions	(Disposals)	Cost 31/12/14	Accumulated Amortization 01/01/14	Additions	(Disposals)	Accumulated Amortization 31/12/14	Net Book Value 31/12/14
	\$	\$		\$	\$	\$		\$	\$
Land	125,000	---	---	125,000	---	---	---	---	125,000
Building	724,006	---	---	724,006	530,785	18,100	---	548,885	175,121
Leasehold Improvements	---	---	---	---	---	---	---	---	---
Books	578,376	59,003	(59,028)	578,351	414,608	56,877	(59,028)	412,457	165,894
Shelving	84,627	---	---	84,627	84,627	---	---	84,627	---
Machinery & Equipment	13,798	40,756	---	54,554	13,798	8,151	---	21,949	32,605
	1,525,807	99,759	(59,028)	1,566,538	1,043,818	83,128	(59,028)	1,067,918	498,620



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

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. A summary of significant accounting policies are described in note 2 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 and Partners LLP, 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.

Greg Saunders,
Fire Chief

Megan Moore,
Administrative Assistant/Treasurer



22 Wilson Street West | Perth, Ontario | K7H2M9
Phone: 613-267-6580 | Fax: 613-267-7563
info@allanandpartners.com
www.allanandpartners.com

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Drummond/North Elmsley Tay Valley Fire Rescue, which comprise the statement of financial position as at December 31, 2015 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, 2015 and the results of its operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

A handwritten signature in cursive script, appearing to read "Allan".

Allan and Partners LLP
Chartered Professional Accountants
Licensed Public Accountants

Perth, Ontario,
February 29, 2016.

Drummond/North Elmsley Tay Valley Fire Rescue

Statement of Financial Position

December 31	2015	2014
	\$	\$
ASSETS		
Financial Assets		
Cash	807,190	589,210
Government receivable	30,711	55,922
Accounts receivable	3,724	5,986
	841,625	651,118
LIABILITIES		
Financial Liabilities		
Accounts payable and accrued liabilities	25,782	24,837
NET FINANCIAL ASSETS	815,843	626,281
NON-FINANCIAL ASSETS		
Tangible capital assets (note 5) (Schedule 2)	982,942	1,028,304
ACCUMULATED SURPLUS (note 4)	1,798,785	1,654,585

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 6) Budget	2015	2014
	\$	\$	\$
REVENUES			
Municipal contributions			
▸ Township of Drummond/North Elmsley	370,189	370,189	361,339
▸ Tay Valley Township	493,660	493,660	483,534
Other			
▸ provincial highway rescue fees	---	3,075	7,730
▸ fire fees, inspections, transfers	---	7,085	5,162
▸ investment income	---	8,445	10,872
▸ sale of assets	---	6,501	---
TOTAL REVENUES	863,849	888,955	868,637
EXPENDITURES			
Administration (Schedule 3)	215,649	202,033	208,366
BBDE Fire Station (Schedule 4)	312,450	349,780	329,037
South Sherbrooke Fire Station (Schedule 5)	182,750	184,502	171,052
Smiths Falls Fire Agreement (Schedule 6)	11,500	8,440	8,442
TOTAL EXPENDITURES	722,349	744,755	716,897
NET REVENUES FROM OPERATIONS	141,500	144,200	151,740
ANNUAL SURPLUS	141,500	144,200	151,740
ACCUMULATED SURPLUS, BEGINNING OF YEAR	1,654,585	1,654,585	1,502,845
ACCUMULATED SURPLUS, END OF YEAR	1,796,085	1,798,785	1,654,585

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	2015	2014
	\$	\$
ANNUAL SURPLUS	144,200	151,740
Amortization of tangible capital assets	61,851	61,437
Acquisition of tangible capital assets	(16,489)	(251,469)
	45,362	(190,032)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	189,562	(38,292)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	626,281	664,573
NET FINANCIAL ASSETS, END OF YEAR	815,843	626,281

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

Drummond/North Elmsley Tay Valley Fire Rescue

Statement of Cash Flows

For the year ended December 31	2015	2014
	\$	\$
OPERATING ACTIVITIES		
Annual surplus	144,200	151,740
Net Change in Non-Cash Working Capital Items		
Government receivable	25,211	44,800
Accounts receivable	2,262	17,662
Accounts payable and accrued liabilities	945	(11,381)
	28,418	51,081
Non-cash charges to operations		
Amortization	61,851	61,437
Working Capital from Operations	234,469	264,258
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(16,489)	(251,469)
NET INCREASE IN CASH	217,980	12,789
CASH, BEGINNING OF YEAR	589,210	576,421
CASH, END OF YEAR	807,190	589,210

Drummond/North Elmsley Tay Valley Fire Rescue

Notes to the Financial Statements

December 31, 2015

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.

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. 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
Vehicles	20 years
Equipment	30 years
Linear Assets	40 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.

Drummond/North Elmsley Tay Valley Fire Rescue

Notes to the Financial Statements

December 31, 2015

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.

When tangible capital assets are disposed of, either by way of a sale, destruction or loss, or abandonment of the asset, the asset's net book value, historical cost less accumulated amortization, is written off. Any resulting gain or loss, equal to the proceeds on disposal less the asset's net book value, is reported on the statement of operations in the year of disposal. Transfers of assets to third parties are recorded as an expense equal to the net book value of the asset as of the date of transfer.

When conditions indicate that a tangible capital asset no longer contributes to the Board's ability to provide services or the value of the future economic benefits associated with the tangible capital asset are less than its net book value, and the decline is expected to be permanent, the cost and accumulated amortization of the asset are reduced to reflect the revised estimate of the value of the asset's remaining service potential. The resulting net adjustment is reported as an expense on the statement of operations.

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 receives restricted contributions under the authority of Federal and Provincial legislation and Board by-laws. These funds by their nature are restricted in their use and until applied to applicable costs are recorded as deferred revenue. Amounts applied to qualifying expenses are recorded as revenue in the fiscal period they are expended.

Deferred revenue represents certain user charges and fees which have been collected but for which the related services have yet to be performed. Deferred revenue also represents contributions that the Board has received pursuant to legislation, regulation or agreement that may only be used for certain programs or in the completion of specific work. These amounts are recognized as revenue in the fiscal year the services are performed or related expenses incurred.

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.

Drummond/North Elmsley Tay Valley Fire Rescue

Notes to the Financial Statements

December 31, 2015

2. Significant Accounting Policies / continued

Investments / continued

Investment income earned on available current funds and reserve funds (other than obligatory funds). Are reported as revenue in the period earned. Investment income earned on obligatory reserve funds is added to the fund balance and forms part of the respective deferred revenue balance.

Pension and Employee Benefits

The Board 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 Board's policy.

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 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 revenue and expenditures during the period. Actual results could differ from these estimates. These estimates are reviewed periodically and as adjustments become necessary, they are recorded in the financial statements in the period in which they become known.

3. 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.

Drummond/North Elmsley Tay Valley Fire Rescue

Notes to the Financial Statements

December 31, 2015

3. Risk Management / continued

The Board's financial instruments consist of cash, investments, accounts receivable and accounts payable and accrued liabilities. The fair values of cash, investments and 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, 2014.

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.

4. Accumulated Surplus

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

	2015	2014
	\$	\$
Surplus		
BBDE Fire Station		
▸ invested in tangible capital assets	972,442	1,017,106
South Sherbrooke Fire Station		
▸ invested in tangible capital assets	10,500	11,198
	982,942	1,028,304

Drummond/North Elmsley Tay Valley Fire Rescue

Notes to the Financial Statements

December 31, 2015

4. Accumulated Surplus / continued

	2015	2014
	\$	\$
Reserves ▶ Administration		
Contingency	57,008	32,946
Reserves ▶ BBDE Fire Station		
Working funds	50,000	50,000
Contingency	135,257	130,257
Equipment	220,476	183,482
Apparatus	149,085	66,585
Bunker gear	42,000	36,000
Buildings	56,000	28,000
	652,818	494,324
Reserves ▶ South Sherbrooke		
Contingency	51,922	52,976
Bunker gear	30,000	25,000
	81,922	77,976
Reserves ▶ Smiths Falls Fire Agreement		
Fire calls	24,095	21,035
Total Reserves	815,843	626,281
	1,798,785	1,654,585

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

5. Tangible Capital Assets

	2015		2014	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Land	30,000	---	30,000	30,000
Building	388,989	142,400	246,589	256,314
Vehicles	1,113,371	471,382	641,989	691,651
Equipment	61,539	13,252	48,287	50,339
Linear Assets	16,489	412	16,077	---
	1,610,388	627,446	982,942	1,028,304

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

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

December 31, 2015

6. Budget Figures

Drummond/North Elmsley Tay Valley Fire Rescue reviews its operating and capital budgets each year. The approved operating budget for 2015 is included in the budget figures presented in the Statement of Operations.

7. Pension Contributions

The Board 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. Employers and employees contribute to the plan. Since any surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees, the Board does not recognize any share of the OMERS pension surplus or deficit in these financial statements.

The amount contributed to OMERS was \$5,933 (2014 \$5,818) for current services and is included as an expenditure on the Statement of Operations classified under the appropriate functional expenditure. Contributions by employees were a similar amount.

8. 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, 2015, management believes that the Board has valid defences and appropriate insurance coverages in place. In the event any claims are successful, the amount of any potential liability is not determinable, therefore no amount has been accrued in the financial statements.

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

For the year ended December 31	(Note 6) Budget	2015	2014
	\$	\$	\$
Net Transfer From / (To) Other Funds			
Transfers from operations	141,500	189,562	201,708
Transfers to capital acquisitions	---	---	(240,000)
Total Net Transfers Approved By Board	141,500	189,562	(38,292)
Reserves, Change in Year	141,500	189,562	(38,292)
Reserves, Beginning of Year	626,281	626,281	664,573
Reserves, End of Year	767,781	815,843	626,281

Composition of Reserves

For the year ended December 31	2015	2014
	\$	\$
Reserves ► Administration		
Contingency	57,008	32,946
Reserves ► BBDE Fire Station		
Working funds	50,000	50,000
Contingency	135,257	130,257
Equipment	220,476	183,482
Apparatus	149,085	66,585
Bunker gear	42,000	36,000
Building	56,000	28,000
	652,818	494,324
Reserves ► South Sherbrooke		
Contingency	51,922	52,976
Bunker gear	30,000	25,000
	81,922	77,976
Reserves ► Smiths Falls Fire Agreement		
Fire calls	24,095	21,035
Total Reserves	815,843	626,281

Drummond/North Elmsley Tay Valley Fire Rescue

Schedule 2 ► Tangible Capital Assets

BBDE Fire Station

December 31, 2015

Assets	Cost 01/01/15	Additions (Disposals)	Cost 31/12/15	Accumulated Amortization 01/01/15	Amortization 2015	Accumulated Amortization 31/12/15	Net Book Value 31/12/15
	\$	\$	\$	\$	\$	\$	\$
Land	30,000	---	30,000	---	---	---	30,000
Building	388,989	---	388,989	132,675	9,725	142,400	246,589
Vehicles	1,141,334	(39,331)	1,102,003	457,645	9,763	467,408	634,595
Equipment	57,653	---	57,653	10,550	1,922	12,472	45,181
Linear Assets	---	16,489	16,489	---	412	412	16,077
	1,617,976	(22,842)	1,595,134	600,870	21,822	622,692	972,442

December 31, 2014

Assets	Cost 01/01/14	Additions (Disposals)	Cost 31/12/14	Accumulated Amortization 01/01/14	Amortization 2014	Accumulated Amortization 31/12/14	Net Book Value 31/12/14
	\$	\$	\$	\$	\$	\$	\$
Land	30,000	---	30,000	---	---	---	30,000
Building	388,989	---	388,989	122,950	9,725	132,675	256,314
Vehicles	889,865	251,469	1,141,334	408,551	49,094	457,645	683,689
Equipment	57,653	---	57,653	8,628	1,922	10,550	47,103
Linear Assets	---	---	---	---	---	---	---
	1,366,507	251,469	1,617,976	540,129	60,741	600,870	1,017,106

South Sherbrooke Fire Station

December 31, 2015

Assets	Cost 01/01/15	Additions (Disposals)	Cost 31/12/15	Accumulated Amortization 01/01/15	Amortization 2015	Accumulated Amortization 31/12/15	Net Book Value 31/12/15
	\$	\$	\$	\$	\$	\$	\$
Equipment	3,886	---	3,886	650	130	780	3,106
Vehicles	11,368	---	11,368	3,406	568	3,974	7,394
	15,254	---	15,254	4,056	698	4,754	10,500

December 31, 2014

Assets	Cost 01/01/14	Additions (Disposals)	Cost 31/12/14	Accumulated Amortization 01/01/14	Amortization 2014	Accumulated Amortization 31/12/14	Net Book Value 31/12/14
	\$	\$	\$	\$	\$	\$	\$
Equipment	3,886	---	3,886	520	130	650	3,236
Vehicles	11,368	---	11,368	2,838	568	3,406	7,962
	15,254	---	15,254	3,358	698	4,056	11,198

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 6) Budget	2015	2014
	\$	\$	\$
Revenues			
Municipal contributions			
► Township of Drummond/North Elmsley	116,442	116,442	113,487
► Tay Valley Township	101,207	101,207	99,835
Other			
► investment income	---	8,445	10,872
Total Revenues	217,649	226,094	224,194
Expenditures			
Fire chief salary and benefits	97,524	95,519	92,758
Secretary treasurer salary and benefits	52,225	49,678	49,309
Employer health tax	3,500	3,729	3,533
Bad debt	---	---	2,128
Bank charges, interest and penalties	---	---	184
Telephone	7,200	7,722	7,284
Training and seminars	3,000	3,390	2,285
Office supplies	6,500	8,494	3,760
Inspection and prevention	2,000	1,841	1,119
Professional fees	5,700	5,317	5,699
Fire service agreements	10,000	10,000	10,000
Insurance	19,500	9,963	19,500
Advertising, subscription and memberships	2,500	2,261	2,302
Fuel	3,000	2,835	2,965
Administration, other	3,000	1,284	5,540
Total Expenditures	215,649	202,033	208,366
Annual Surplus	2,000	24,061	15,828
Accumulated Surplus, Beginning of Year	29,645	29,645	13,817
Accumulated Surplus, End of Year	31,645	53,706	29,645

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 6) Budget	2015	2014
	\$	\$	\$
Revenues			
Municipal contributions			
► Township of Drummond/North Elmsley	242,247	242,247	236,352
► Tay Valley Township	204,703	204,703	202,149
Other			
► provincial highway rescue fees	---	3,075	7,730
► fire fees, inspections, transfers	---	7,085	5,062
► sale of assets	---	6,501	---
Total Revenues	446,950	463,611	451,293
Expenditures			
Amortization			
Building	---	9,725	9,725
Vehicles	---	49,094	49,094
Equipment	---	1,922	1,922
Linear assets	---	412	---
Operations			
Firefighter honourariums	180,650	157,399	147,593
Communications maintenance	4,000	3,148	4,343
Training and seminars	18,500	18,525	14,456
Clothing	4,000	4,294	4,741
Bunker gear cleaning	2,500	4,000	1,684
Bunker gear	4,000	1,851	2,500
Radio licensing fees	1,300	1,292	1,300
BBDE Fire Hall			
Power and water	8,200	7,428	7,454
Heating fuel	4,600	4,522	3,606
Building maintenance and other	14,600	13,683	17,145
Insurance	2,100	4,776	2,100
Vehicle and Equipment			
Minor equipment purchases	15,000	15,179	13,060
Vehicle and equipment maintenance	18,000	29,057	23,385
Fuel, oil, lubricants, etc.	7,700	5,705	8,025
Insurance	7,300	8,078	7,300
Minor capital	2,500	9,690	9,604
Total Expenditures	294,950	349,780	329,037
Annual Surplus	152,000	113,831	122,256
Accumulated Surplus, Beginning of Year	1,519,733	1,519,733	1,397,477
Accumulated Surplus, End of Year	1,671,733	1,633,564	1,519,733

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 6) Budget	2015	2014
	\$	\$	\$
Revenues			
Net taxation municipal contributions ▸ Tay Valley Township	187,750	187,750	181,650
Total Revenues	187,750	187,750	181,650
Expenditures			
Amortization	---	698	698
Operations			
Firefighter honourariums	80,300	77,383	70,906
Communications maintenance	4,000	4,450	3,518
Telephone	2,100	2,089	2,033
Training and seminars	10,000	11,006	10,072
Clothing	3,000	4,697	4,800
Bunker gear cleaning	2,000	614	2,222
Radio licensing fees	2,500	2,540	1,814
Fire Prevention			
Advertising, subscriptions and memberships	500	649	470
Emergency First Response			
Medical supplies	2,000	1,961	2,020
South Sherbrooke Fire Hall			
Power and water	5,250	6,240	6,320
Heating fuel	6,000	5,617	6,688
Building maintenance and other	6,500	6,570	5,184
Insurance	2,500	5,796	2,500
Vehicle and Equipment			
Minor equipment purchases	15,000	14,159	12,437
Vehicle and equipment maintenance	13,500	14,934	15,539
Fuel, oil, lubricants, etc.	3,500	2,157	3,067
Insurance	7,600	7,250	7,600
Minor capital	16,500	15,692	13,164
Total Expenditures	182,750	184,502	171,052
Annual Surplus	5,000	3,248	10,598
Accumulated Surplus, Beginning of Year	84,172	84,172	73,574
Accumulated Surplus, End of Year	89,172	87,420	84,172

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 6) Budget	2015	2014
	\$	\$	\$
Revenues			
Municipal contribution			
► Taxation raised in year	11,500	11,500	11,500
Expenditures			
Fire Services Agreement	11,500	8,440	8,442
Annual Surplus	---	3,060	3,058
Accumulated Surplus, Beginning of Year	21,035	21,035	17,977
Accumulated Surplus, End of Year	21,035	24,095	21,035