

2013 Financial Report

**CORPORATION OF THE TOWN
OF LAURENTIAN HILLS**

CORPORATION OF THE TOWN OF LAURENTIAN HILLS

2013 FINANCIAL REPORT

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THE CORPORATION OF THE TOWN OF LAURENTIAN HILLS

34465 HIGHWAY NO. 17, POINT ALEXANDER, R. R. # 1, DEEP RIVER, ONTARIO K0J 1P0

April 1, 2014

MANAGEMENT REPORT

Management's Responsibility for the Financial Statements:

The accompanying consolidated financial statements of the Corporation Of The Town of Laurentian Hills are the responsibility of management and have been prepared in compliance with legislation and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of the consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Corporation Of The Town of Laurentian Hills 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 the 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 their approval of the consolidated financial statements.

The consolidated financial statements have been audited by Scott Rosien & Dempsey, independent external auditors appointed by Council. The accompanying Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the consolidated financial statements of the Corporation Of The Town of Laurentian Hills.

A handwritten signature in cursive script, reading 'Sherry Batten'.

Sherry Batten
Chief Administrative Office
Clerk

A handwritten signature in cursive script, reading 'Tammy Forbes'.

Tammy Forbes
Treasurer
Deputy Clerk

SCOTT ROSIEN & DEMPSEY

Chartered Accountants

D.M. Scott, CPA, CA, LPA
D.W. Rosien, CPA, CA, LPA
W.T. Dempsey, CPA, CA, LPA

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INDEPENDENT AUDITORS' REPORT

To the Board Members, Members of Council, Inhabitants and Ratepayers
of the Corporation Of The Town of Laurentian Hills

We have audited the accompanying consolidated financial statements of the Corporation Of The Town of Laurentian Hills, which comprise the consolidated statement of financial position as at December 31, 2013 and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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 financial position of the Corporation Of The Town of Laurentian Hills as at December 31, 2013 and the results of its operations, change in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Scott Rosien + Dempsey

Chartered Accountants
Licensed Public Accountants

Pembroke, Ontario
April 1, 2014

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CORPORATION OF THE TOWN OF LAURENTIAN HILLS

Consolidated Statement of Financial Position

December 31, 2013, with comparative figures for 2012

	2013	2012
Financial Assets		
Cash	\$ 3,172,190	\$ 2,923,808
Taxes and interest receivable	471,249	382,606
Other accounts receivable	450,469	250,533
	4,093,908	3,556,947
Financial Liabilities		
Accounts payable and accrued liabilities	492,542	285,152
Payable to Laurentian Hills – Deep River Nuclear Emergency Preparedness Committee	115,560	256,504
Deferred revenue – obligatory reserve fund (note 5)	231,183	144,728
– other	698	744
Landfill post-closure care (note 6)	65,500	96,000
Post-employment benefits	96,240	86,636
	1,001,723	869,764
Net Financial Assets	3,092,185	2,687,183
Non-Financial Assets		
Tangible capital assets – net (note 10)	6,209,110	6,236,252
Inventories of supplies	30,960	–
Prepaid expenses	26,532	24,704
	6,266,602	6,260,956
Accumulated Surplus (note 12)	\$ 9,358,787	\$ 8,948,139

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

CORPORATION OF THE TOWN OF LAURENTIAN HILLS

Consolidated Statement of Operations

Year ended December 31, 2013, with comparative figures for 2012

	2013	2013	2012
	Budget	Actual	Actual
Revenues:			
Taxation and user charges			
Residential and farm	\$ 1,724,133	\$ 1,725,129	\$ 1,687,080
Commercial, industrial and business	635,572	647,397	677,950
Taxation from other governments	417,016	418,193	453,951
Sewer and water service charges	505,850	501,904	503,161
User fees and fees to other municipalities	160,259	180,126	190,503
	3,442,830	3,472,749	3,512,645
Grants			
Government of Canada	92,550	57,362	1,232
Province of Ontario	308,461	340,108	339,004
	401,011	397,470	340,236
Other			
Investment income	280	10,483	10,371
Penalties and interest on taxes	35,600	52,629	43,599
Licenses and permits	22,900	41,700	26,474
Fees and service charges	7,950	14,419	13,347
Donations	–	11,520	–
Gain on disposal of tangible capital assets	–	–	11,760
	66,730	130,751	105,551
Total revenues	3,910,571	4,000,970	3,958,432
Expenditures:			
General government	618,889	637,473	596,935
Protection services	743,408	691,947	763,724
Transportation services	897,255	935,822	909,157
Environmental services	903,841	1,005,153	1,018,573
Social and family services	34,575	21,657	20,347
Recreation and cultural services	158,294	191,273	186,661
Planning and development	32,500	67,595	51,835
Loss on disposal of tangible capital assets	–	39,402	–
Total expenditures	3,388,762	3,590,322	3,547,232
Annual surplus	521,809	410,648	411,200
Accumulated surplus, beginning of year	8,948,139	8,948,139	8,536,939
Accumulated surplus, end of year	\$ 9,469,948	\$ 9,358,787	\$ 8,948,139

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

CORPORATION OF THE TOWN OF LAURENTIAN HILLS

Consolidated Statement of Change in Net Financial Assets

Year ended December 31, 2013, with comparative figures for 2012

	2013	2013	2012
	Budget	Actual	Actual
Annual surplus	\$ 521,809	\$ 410,648	\$ 411,200
Amortization of tangible capital assets	–	471,493	454,158
Acquisition of tangible capital assets	(524,832)	(483,758)	(455,904)
Loss (gain) on sale of tangible capital assets	–	39,402	(11,760)
Proceeds on sale of tangible capital assets	–	5	15,000
Increase in inventories of supplies	–	(30,960)	–
Increase in prepaid expenses	–	(1,828)	(211)
Increase (decrease) in net financial assets	(3,023)	405,002	412,483
Net financial assets, beginning of year	2,687,183	2,687,183	2,274,700
Net financial assets, end of year	\$ 2,684,160	\$ 3,092,185	\$ 2,687,183

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

CORPORATION OF THE TOWN OF LAURENTIAN HILLS

Consolidated Statement of Cash Flows

Year ended December 31, 2013, with comparative figures for 2012

	2013	2012
Operations:		
Annual surplus	\$ 410,648	\$ 411,200
Non-cash charges to operations		
Amortization of tangible capital assets	471,493	454,158
Loss (gain) on disposal of tangible capital assets	39,402	(11,760)
Changes in non-cash working capital:		
Increase in taxes and interest receivable	(88,643)	(102,861)
Decrease (increase) in other accounts receivable	(199,936)	74,705
Increase in prepaid expenses	(1,828)	(211)
Increase in inventories of supplies	(30,960)	–
Increase in accounts payable and accrued liabilities	207,390	36,383
Increase (decrease) in payable to Laurentian Hills – Deep River Nuclear Emergency Preparedness Committee	(140,944)	150,392
Increase in deferred revenue	86,409	85,951
Decrease in landfill post-closure care	(30,500)	(20,000)
Increase (decrease) in post-employment benefits	9,604	(16,432)
Increase in cash from operations	732,135	1,061,525
Capital:		
Acquisition of tangible capital assets	(483,758)	(455,904)
Proceeds on disposal of tangible capital assets	5	15,000
Net investment in tangible capital assets	(483,753)	(440,904)
Increase in cash	248,382	620,621
Cash, beginning of year	2,923,808	2,303,187
Cash, end of year	\$ 3,172,190	\$ 2,923,808

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

CORPORATION OF THE TOWN OF LAURENTIAN HILLS

Notes to the Consolidated Financial Statements

Year ended December 31, 2013

1. Accounting Policies

The consolidated financial statements of the Corporation Of The Town of Laurentian Hills (the "Town") are the representation of management prepared in accordance with Canadian Public Sector accounting standards for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Town are as follows:

(a) Reporting Entity

(i) Basis of Consolidation

These consolidated statements reflect financial assets, liabilities, operating revenues and expenditures, reserves, reserve funds, and changes in investment in tangible capital assets and include the activities of all committees of Council and the following boards and utilities which are under the control of Council:

Laurentian Hills Public Library Board

Waterworks System

All inter-fund assets and liabilities and sources of revenues and expenditures have been eliminated.

The following local Boards, joint Boards and municipal enterprises have been accounted for using the proportionate consolidation method of accounting and reporting, whereby the Town's pro-rata share of each of the assets, liabilities, revenue and expenses is combined on a line-by-line basis in the financial statements:

North Renfrew Landfill Operations Board

Pembroke & Area Airport Commission

(ii) Accounting for County and School Board Transactions

The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the County of Renfrew and the School Boards are not reflected in the municipal fund balances of these financial statements.

(iii) Trust Funds

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

(b) Basis of Accounting

(i) Accrual Basis of Accounting

Expenditures and related sources of financing are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which transactions or events occurred that gave rise to the revenue; expenditures are recognized in the period goods and services are acquired and a liability is incurred or transfers are due.

CORPORATION OF THE TOWN OF LAURENTIAN HILLS

Notes to the Consolidated Financial Statements, continued

Year ended December 31, 2013

1. Accounting Policies (continued)

(b) Basis of Accounting (continued)

(ii) Cash

Cash is defined as cash on hand and cash on deposit, net of outstanding cheques at the reporting date.

(iii) Deferred Revenues - obligatory reserve funds

The Town receives restricted contributions under the authority of federal and provincial legislation. 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.

(iv) Post-Employment Benefits

The cost of post-employment benefits offered to employees is determined by the Town using the projected benefit method. Under this method, the projected post-employment benefit is deemed to be earned on a pro-rata basis over the years of service.

(v) Non-Financial Assets

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

(vi) Tangible Capital Assets

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

	Estimated useful life
Land improvements	20 to 50 years
Buildings	20 to 60 years
Machinery and equipment	5 to 25 years
Vehicles	5 to 20 years
Roads and culverts	15 to 45 years

The Town has a capitalization threshold so that individual capital assets of lesser value are expensed, unless they are pooled because, collectively, they have significant value, or for operational reasons. Assets under construction are not amortized until the asset is available for productive use.

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 the asset as of the date of the transfer.

CORPORATION OF THE TOWN OF LAURENTIAN HILLS

Notes to the Consolidated Financial Statements, continued

Year ended December 31, 2013

1. Accounting Policies (continued)

(b) Basis of Accounting (continued)

(vi) Tangible Capital Assets (continued)

When tangible capital assets are disposed of, either by way of 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.

When conditions indicate that a tangible capital asset no longer contributes to the Town'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 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.

(vii) Inventories

Inventories of supplies held for consumption are stated at the lower of cost and replacement cost.

(viii) Taxation Revenue

Property tax billings are prepared by the Town based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"), an agency of the Ontario Government. Tax rates are established by Town Council, incorporating amounts to be raised for local services and amounts the Town is required to collect in respect of upper tier and education taxes.

Taxation revenues are recorded at the time tax billings are issued. Additional property tax revenue can be added related to new properties and taxation revenues may be reduced as a result of reductions in assessments based upon supplementary assessment rolls received in the year from MPAC. These taxation revenues are recorded at the time the supplementary tax billings are issued.

(ix) User Fees and Other Revenue

User fees and other revenues are reported on an accrual basis.

(x) Government Grants

Government grants representing transfer payments and grants are recognized in the consolidated financial statements in the period in which the events giving rise to the transfer occurs, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amount can be determined.

(xi) Investment Income

Investment income is reported as revenue in the period earned.

CORPORATION OF THE TOWN OF LAURENTIAN HILLS

Notes to the Consolidated Financial Statements, continued

Year ended December 31, 2013

1. Accounting Policies (continued)

(b) Basis of Accounting (continued)

(xii) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Significant estimates include assumptions used in estimating provisions for accrued liabilities, landfill post-closure care and post-employment benefits. In addition, the Corporation's implementation of Public Sector Accounting Handbook PS3150 has required management to make estimates of historical cost and useful lives of tangible capital assets. Actual results could differ from those estimates.

(xiii) Financial Instruments

Council has stated its cash at fair value. Accounts receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities, payable to Laurentian Hills – Deep River Nuclear Emergency Preparedness Committee, deferred revenue, landfill post-closure care and post-employment benefits are classified as other liabilities, each of which is measured on an amortized cost basis.

2. Operations of School Boards and the County of Renfrew

Further to note 1(a) (ii), requisitions were made by the School Boards and the County of Renfrew requiring the Town to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are as follows:

	2013		
	School Boards	County of Renfrew	Total
Property taxes	\$ 1,275,452	\$ 1,154,531	\$ 2,429,983
Payments in lieu of taxes	30,571	124,875	155,446
Amounts requisitioned	\$ 1,306,023	\$ 1,279,406	\$ 2,585,429

The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the School Boards and the County of Renfrew are not reflected in these financial statements.

3. Trust Funds

Trust funds administered by the Town amounting to \$5,326 (2012 - \$5,326) have not been included in the "Consolidated Statement of Financial Position" nor have their operations been included in the "Consolidated Statement of Operations".

CORPORATION OF THE TOWN OF LAURENTIAN HILLS

Notes to the Consolidated Financial Statements, continued

Year ended December 31, 2013

4. Pension Agreement

The Town, on behalf of its eligible employees, is a participant in the Ontario Municipal Employees Retirement System (OMERS). OMERS is a defined benefit pension plan, fully funded by equal contributions from participating employers and employees, and by the investment earnings of the OMERS Fund. OMERS pensions are calculated using a defined benefit formula, taking into account length of service and average annual wage, that is designed to integrate with the pension payable from the Canada Pension Plan. The amount contributed to OMERS in 2013 was \$55,042 (2012 - \$57,222) for current service and is included as a current expenditure on the Consolidated Statement of Operations. At December 31, 2013 there is no liability for past service under this agreement.

Because OMERS is a multi-employee pension plan the Corporation Of The Town of Laurentian Hills does not recognize any share of the last reported pension plan deficit for 2012 of \$8,603,000,000 (2011 - \$9,627,000,000) based on the fair market value of the Plan's Assets, as this is a joint responsibility of all Ontario municipalities and their employees.

5. Deferred Revenue – Obligatory Reserve Fund

A requirement of the public sector accounting standards of the CICA is that obligatory reserve funds be reported as deferred revenue. This requirement is in place because federal, provincial and municipal legislation restricts how these funds may be used. Transactions during the year in the deferred revenue – obligatory reserve fund are as follows:

Federal Gas Tax Obligatory Reserve Fund

	2013	2012
Balance, beginning of year	\$ 144,728	\$ 58,765
Gas tax revenue received	85,553	85,553
Interest earned	902	410
	231,183	144,728
Used to purchase tangible capital assets	–	–
Balance, end of year	\$ 231,183	\$ 144,728

6. Landfill Post-closure Care

The Ontario Ministry of the Environment sets out the regulatory requirements to properly close and maintain all active and inactive landfill sites. Each site's requirements are established in the landfill closure plan.

The main components of the landfill closure plan are final capping using selected specific layers of earthen materials based on an engineered cap design and implementation of a drainage management plan and a gas management plan. The post-closure care requirements will involve cap maintenance, ground water monitoring, inspections and reports.

The estimated liability for this care is the present value of future cash flows associated with closure and post-closure costs discounted using the Town's projected long-term borrowing rate of 4.0%.

The recorded liability is \$65,500, based on a total estimated undiscounted outflow in the future of \$5,000 for a period of approximately sixteen years.

Post-closure monitoring costs will be funded annually from taxation and other revenue.

CORPORATION OF THE TOWN OF LAURENTIAN HILLS

Notes to the Consolidated Financial Statements, continued

Year ended December 31, 2013

7. Budget Figures

The operating budget approved by Town Council for 2013 is reflected on the consolidated statement of operations. Budget figures have not been audited and are presented for information purposes only. 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 Town 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 financial statements to comply with Public Sector Accounting Board (PSAB) reporting requirements.

8. Commitments

The Town has a contract to provide waste collection services which expires July 2, 2019. The agreement requires payments in the amount of \$493,636 for the period January 1, 2014 until July 2, 2019.

The Town has a contract to provide recyclable collection services which expires March 31, 2015. The agreement requires payments in the amount of \$74,172 for the period January 1, 2014 until March 31, 2015.

The Town has a contract to operate the water and sewer facilities which expires March 31, 2017. The agreement requires payments in the amount of \$884,748 for the period January 1, 2014 to March 31, 2017.

The Town has entered into an agreement to purchase screened winter sand. The agreement requires payments in the amount of \$87,000 for the period January 1, 2014 to March 21, 2018.

The Town has entered into an agreement to purchase consulting and engineering services relating to the wastewater treatment plant. The total contract value amounts to \$204,469 of which \$116,038 has been recorded as construction in progress at December 31, 2013. The remaining \$88,431 of the contract will be recorded when paid subsequent to December 31, 2013.

The Town has entered into agreements to purchase backup generators for key locations throughout the Town. The total contract values amount to \$201,196 of which \$100,598 has been recorded as construction in progress at December 31, 2013. The remaining \$100,598 of the contracts will be recorded when paid subsequent to December 31, 2013.

Similarly, by virtue of its 48% participation in the North Renfrew Landfill Operations Board, the Town has a contract to operate the North Renfrew (BAGGS Road) Solid Waste Disposal Site which expires July 31, 2023. The agreement requires payments in the amount of \$1,889,941 for the period January 1, 2014 to July 31, 2023. Of this amount the Town is responsible for \$907,172.

9. Comparative Figures

Certain of the 2012 comparative figures have been reclassified to conform with the financial statement presentation adopted in 2013.

CORPORATION OF THE TOWN OF LAURENTIAN HILLS

Notes to the Consolidated Financial Statements, continued

Year ended December 31, 2013

10. Tangible Capital Assets

(a) Tangible capital assets by functional classification:

	General Government	Protection Services	Transportation Services	Environmental Services	Recreation and Cultural Services	2013	2012
Cost							
Balance, beginning of year	\$ 324,208	\$ 1,538,818	\$ 6,171,162	\$ 8,455,918	\$ 988,497	\$ 17,478,603	\$ 17,242,659
Additions during the year	–	9,652	127,208	–	166,761	303,621	417,158
Disposals during the year	–	–	(50,700)	(123,679)	(28,264)	(202,643)	(181,214)
Balance, end of year	324,208	1,548,470	6,247,670	8,332,239	1,126,994	17,579,581	17,478,603
Accumulated amortization							
Balance, beginning of year	86,272	882,547	3,979,422	5,906,676	426,180	11,281,097	11,004,913
Amortization during the year	9,143	61,371	184,271	184,841	31,867	471,493	454,158
Accumulated amortization on disposals	–	–	(49,395)	(101,005)	(12,836)	(163,236)	(177,974)
Balance, end of year	95,415	943,918	4,114,298	5,990,512	445,211	11,589,354	11,281,097
Assets under construction	–	15,602	–	203,281	–	218,883	38,746
Net book value of tangible capital assets	\$ 228,793	\$ 620,154	\$ 2,133,372	\$ 2,545,008	\$ 681,783	\$ 6,209,110	\$ 6,236,252

CORPORATION OF THE TOWN OF LAURENTIAN HILLS

Notes to the Consolidated Financial Statements, continued

Year ended December 31, 2013

10. Tangible Capital Assets (continued)

(b) Tangible capital assets by asset class:

	Land	Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads and Culverts	2013	2012
Cost								
Balance, beginning of year	\$ 241,561	\$ 700,324	\$ 9,925,413	\$ 1,735,800	\$ 1,018,751	\$ 3,856,754	\$ 17,478,603	\$ 17,242,659
Additions during the year	4,487	7,842	170,195	10,212	47	110,838	303,621	417,158
Disposals during the year	—	—	(28,264)	(123,679)	—	(50,700)	(202,643)	(181,214)
Balance, end of year	246,048	708,166	10,067,344	1,622,333	1,018,798	3,916,892	17,579,581	17,478,603
Accumulated amortization								
Balance, beginning of year	—	491,103	6,417,136	853,278	723,834	2,795,746	11,281,097	11,004,913
Amortization during the year	—	30,426	189,552	109,152	50,975	91,388	471,493	454,158
Accumulated amortization on disposals	—	—	(12,836)	(101,005)	—	(49,395)	(163,236)	(177,974)
Balance, end of year	—	521,529	6,593,852	861,425	774,809	2,837,739	11,589,354	11,281,097
Assets under construction	—	—	118,285	100,598	—	—	218,883	38,746
Net book value of tangible capital assets	\$ 246,048	\$ 186,637	\$ 3,591,777	\$ 861,506	\$ 243,989	\$ 1,079,153	\$ 6,209,110	\$ 6,236,252

CORPORATION OF THE TOWN OF LAURENTIAN HILLS

Notes to the Consolidated Financial Statements, continued

Year ended December 31, 2013

11. Continuity of Reserves and Reserve Funds

Reserves and reserve funds comprise funds set aside for specific purposes by Council.

	Opening Balance January 1 2013	Transfer In	Interest	Sub-Total	Transfers Out	Closing Balance December 31 2013
RESERVES						
Contingencies	\$ 1,009,929	\$ 379,008	\$ —	\$ 1,388,937	\$ 275,000	\$ 1,113,937
Working Capital	89,687	—	—	89,687	—	89,687
Industrial Development	25,227	—	—	25,227	—	25,227
Library Copier	54	—	—	54	—	54
Library	29,595	10,702	—	40,297	1,609	38,688
Total Reserves	\$ 1,154,492	\$ 389,710	\$ —	\$ 1,544,202	\$ 276,609	\$ 1,267,593
RESERVE FUNDS						
Highway Entrance Lights	\$ 1,081	\$ —	\$ 6	\$ 1,087	\$ —	\$ 1,087
Roads Equipment	331,327	117,685	2,066	451,078	—	451,078
Fire Equipment	387,126	80,000	2,413	469,539	—	469,539
Waterworks Operations	149,921	36,000	935	186,856	—	186,856
Chalk River Street Lights	14,650	—	92	14,742	1,539	13,203
Sewer Capital	420,639	27,900	2,622	451,161	79,539	371,622
Physician Search	8,877	—	56	8,933	5,000	3,933
Business Park	59,587	6,000	372	65,959	—	65,959
Software Management System	39,752	—	248	40,000	—	40,000
Joint Landfill Costs	69,886	6,000	436	76,322	—	76,322
Fire Extrication	16,321	4,000	102	20,423	—	20,423
Legacy	74,079	50,000	461	124,540	—	124,540
Recreational Development	7,668	4,000	47	11,715	—	11,715
Facilities	55,422	6,200	345	61,967	—	61,967
Total Reserve Funds	\$ 1,636,336	\$ 337,785	\$ 10,201	\$ 1,984,322	\$ 86,078	\$ 1,898,244

CORPORATION OF THE TOWN OF LAURENTIAN HILLS

Notes to the Consolidated Financial Statements, continued

Year ended December 31, 2013

12. Accumulated Surplus

	2013	2012
Reserves	\$ 1,267,593	\$ 1,154,492
Reserve funds	1,898,244	1,636,336
Invested in tangible capital assets	6,209,110	6,236,252
Capital fund	411	411
General revenue fund	48,929	29,205
Unfunded		
Landfill post-closure care	(65,500)	(96,000)
Post-employment benefits	–	(12,557)
Accumulated surplus	\$ 9,358,787	\$ 8,948,139

The Town is required to raise funds in subsequent periods to finance the unfunded landfill post-closure care liability.

13. Financial Instruments

(a) Fair value:

The fair value of cash, taxes, water, sewer charges and interest receivable, other accounts receivable, accounts payable, and payable to Laurentian Hills – Deep River Nuclear Emergency Preparedness Committee is approximately equal to their carrying value due to their short-term nature.

(b) Credit risk:

The Corporation provides credit to other agencies and to its ratepayers during the normal course of operations. The Corporation determines on a continuing basis, the probable losses and records a provision for losses based upon the stated realizable value. Concentration of credit risk with respect to accounts receivable is limited due to the number of other agencies and ratepayers involved. The Corporation does not run any significant risk with respect to a single account receivable.

It is the Management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from its financial instruments.

14. Segmented Information

The Town and associated local Agencies, Boards and Commissions provide a wide range of services to the citizens of the Town. These services can be segmented as follows:

(a) General Government:

General Government consists of Office of the Mayor, Council, administrative services, human resources and financial departments. Areas within the General Government respond to the needs of external and internal clients by providing high quality, supportive and responsible services. This area supports the operating departments in implementing priorities of Council and provides strategic leadership on issues, relating to governance, strategic planning and service delivery.

CORPORATION OF THE TOWN OF LAURENTIAN HILLS

Notes to the Consolidated Financial Statements, continued

Year ended December 31, 2013

14. Segmented Information (continued)

(b) Protection Services

Protection services is comprised mostly of fire and police services. Police services provides adequate and effective policing that meet the needs of the community in areas of crime prevention, law enforcement, assistance to victims of crime, public order and emergency response. Fire Protection includes fire suppression, fire prevention, fire safety education, rescue and emergency services and the training of persons involved in the provision of these activities.

(c) Transportation Services

Transportation services consists mainly of roadway systems. Roadways includes the maintenance and repair of the Town's roads, sidewalks, drainage systems, traffic flow, street lights, as well as winter control (sanding, salting, snow plowing and removal).

(d) Environmental Services

Environmental services consists of providing and maintaining sanitary sewer systems, storm sewer systems, water systems, waste collection, waste disposal and recycling. This division ensures the supply and quality of the Town's drinking water, processes and cleans sewage to meet all provincial standards and provides waste disposal and recycling services.

(e) Social and Family

Public health services works to improve the overall health of the population by providing various services to individuals and the community. Social and family services provides services that are meant to help the less fortunate in society. Social housing is provided to help shelter families and elderly in need. Childcare funding is provided to subsidize daycares and to provide early learning programs.

(f) Recreation and Cultural Services

Recreation and cultural services support and maintain (but are not limited to) community parks, recreational programs and the public library. Recreational and cultural programs include: festivals, beach facilities and various community events.

(g) Planning and Development

Planning and development includes planning, economic development and building departments. The planning department is responsible for the planning and review of property development plans and the Town's future direction. Economic development generates opportunities in the community to strengthen the economic base of the Town. The building department provides a number of services including enforcement of building and construction codes.

CORPORATION OF THE TOWN OF LAURENTIAN HILLS

Notes to the Consolidated Financial Statements, continued

Year ended December 31, 2013

14. Segmented Information (continued)

	General Government	Protection	Transportation	Environmental	Social & Family	Recreation & Culture	Planning & Development	2013 Total	2012 Total
Revenues									
Sewer & water service charges	\$ —	\$ —	\$ —	\$ 501,904	\$ —	\$ —	\$ —	\$ 501,904	\$ 503,161
User fees & fees to other municipalities	11,782	40,248	20,101	80,477	8,219	5,799	13,500	180,126	190,503
Government grants	—	277,678	2,423	49,923	555	66,891	—	397,470	340,236
Investment income	765	2,515	2,446	3,993	—	393	371	10,483	10,371
Penalties & interest	48,189	—	—	4,440	—	—	—	52,629	43,599
Licenses & permits	4,148	—	—	—	—	—	37,552	41,700	26,474
Fees & service charges	14,251	—	—	168	—	—	—	14,419	13,347
Donations	—	—	—	—	—	11,520	—	11,520	—
Gain (loss) on disposal of tangible capital assets	—	—	(1,305)	(22,669)	—	(15,428)	—	(39,402)	11,760
	79,135	320,441	23,665	618,236	8,774	69,175	51,423	1,170,849	1,139,451
Expenditures									
Salaries, wages and benefits	450,903	153,439	388,336	26,878	10,598	77,428	47,625	1,155,207	1,139,864
Materials	111,801	62,766	304,282	167,511	4,536	55,364	19,420	725,680	748,341
Contracted services	59,518	414,371	58,933	625,923	6,523	15,248	550	1,181,066	1,187,291
Rents and financial	6,108	—	—	—	—	—	—	6,108	6,257
Transfer payments	—	—	—	—	—	11,366	—	11,366	11,321
Amortization of tangible capital assets	9,143	61,371	184,271	184,841	—	31,867	—	471,493	454,158
	637,473	691,947	935,822	1,005,153	21,657	191,273	67,595	3,550,920	3,547,232
Excess of expenditures over revenues	(558,338)	(371,506)	(912,157)	(386,917)	(12,883)	(122,098)	(16,172)	(2,380,071)	(2,407,781)
Funded through									
Taxation								2,372,526	2,365,030
Payments in lieu of taxation								418,193	453,951
								2,790,719	2,818,981
Annual surplus								\$ 410,648	\$ 411,200

SCOTT ROSIEN & DEMPSEY

Chartered Accountants

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W.T. Dempsey, CPA, CA, LPA

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INDEPENDENT AUDITORS' REPORT

To the Board Members, Members of Council, Inhabitants and Ratepayers
of the Corporation Of The Town of Laurentian Hills

We have audited the accompanying financial statements of the Corporation Of The Town of Laurentian Hills Ontario Home Renewal Program Trust Funds, which comprise the statement of financial position as at December 31, 2013 and the statement of continuity for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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 Corporation Of The Town of Laurentian Hills Ontario Home Renewal Program Trust Funds as at December 31, 2013 and the continuity of trust funds for the year then ended in accordance with Canadian public sector accounting standards.

Scott Rosien + Dempsey

Chartered Accountants
Licensed Public Accountants

Pembroke, Ontario
April 1, 2014

CORPORATION OF THE TOWN OF LAURENTIAN HILLS

Ontario Home Renewal Program Trust Funds

Statement of Financial Position

December 31, 2013, with comparative figures for 2012

	2013	2012
Financial Assets		
Loans receivable	\$ 5,306	\$ 5,306
Due from the Corporation Of The Town of Laurentian Hills	20	20
	\$ 5,326	\$ 5,326
Balance of Fund	\$ 5,326	\$ 5,326
	\$ 5,326	\$ 5,326

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

CORPORATION OF THE TOWN OF LAURENTIAN HILLS

Ontario Home Renewal Program Trust Funds

Statement of Continuity

Year ended December 31, 2013, with comparative figures for 2012

	2013		2012	
Balance, beginning of year	\$	5,326	\$	5,326
Revenue				
Investment income		—		—
Expenditures				
Administration charges		—		—
Province of Ontario		—		—
		—		—
Balance, end of year	\$	5,326	\$	5,326

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

CORPORATION OF THE TOWN OF LAURENTIAN HILLS

Ontario Home Renewal Program Trust Funds

Notes to the Financial Statements

Year ended December 31, 2013

1. Accounting Policies

The financial statements of the Corporation Of The Town of Laurentian Hills Ontario Home Renewal Program Trust Funds are the representation of management prepared in accordance with Canadian Public Sector accounting standards for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted are as follows:

(a) Basis of Accounting

Capital receipts and income are reported on the cash 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.

(b) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

(c) Financial Instruments

The Corporation Of The Town of Laurentian Hills Ontario Home Renewal Program Trust Funds classified its loans receivable and due from the Corporation Of The Town of Laurentian Hills as loans and receivables which are measured on an amortized cost basis.

It is Council's opinion that the facility is not exposed to significant interest, currency or credit risks arising from its financial instruments.

2. Ontario Home Renewal Program

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

The Ontario Home Renewal Program was discontinued effective July 16, 1993 and municipalities were prohibited from making new loans beyond that date. The balance of funds held by the municipality as at December 31, 1993 was remitted to the Ontario Ministry of Housing prior to March 1, 1994. The municipality is entitled to retain, as an administration fee, five percent (5%) of all principal and interest repayments and must remit the balance of the annual collections by March 1 of the subsequent year. Any investment income earned on funds temporarily held may be retained by the municipality.

Ontario Home Renewal Program loans receivable at December 31, 2013 comprise repayable loans of \$5,306 (2012 - \$5,306). In the event of sale or lease of the home or in the event of the homeowner ceasing to occupy the home, the balances of the repayable loans and the unearned forgivable loans immediately become due and payable by the homeowner.

CORPORATION OF THE TOWN OF LAURENTIAN HILLS

Ontario Home Renewal Program Trust Funds

Notes to the Financial Statements, continued

Year ended December 31, 2013

3. Financial Instruments

The fair value of loans receivable and receivable from the Corporation Of The Town of Laurentian Hills is approximately equal to their carrying value due to their short-term nature.



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library@laurentianhills.ca

April 1, 2014

MANAGEMENT REPORT

Management's Responsibility for the Financial Statements:

The accompanying financial statements for the Corporation Of The Town of Laurentian Hills Public Library Board are the responsibility of management and have been prepared in compliance with legislation and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

A summary of the significant accounting policies are described in Note 1 to the financial statements. The preparation of the financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Corporation Of The Town of Laurentian Hills Public Library Board 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 the 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 their approval of the financial statements.

The financial statements have been audited by Scott Rosien & Dempsey, independent external auditors appointed by the Board. The accompanying Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the financial statements of the Corporation Of The Town of Laurentian Hills Public Library Board.

Sherry Batten
Chief Administrative Officer
Clerk

Mellissa Forget
Chief Executive Officer, Public Library Board

SCOTT ROSIEN & DEMPSEY

Chartered Accountants

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D.W. Rosien, CPA, CA, LPA
W.T. Dempsey, CPA, CA, LPA

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INDEPENDENT AUDITORS' REPORT

To the Board Members, Members of Council, Inhabitants and Ratepayers
of the Corporation Of The Town of Laurentian Hills

We have audited the accompanying financial statements of the Corporation Of The Town of Laurentian Hills Public Library Board, which comprise the statement of financial position as at December 31, 2013 and the statement of operations, statement of change in net financial assets and statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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 Corporation Of The Town of Laurentian Hills Public Library Board as at December 31, 2013 and the results of its operations, change in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Scott Rosien & Dempsey

Chartered Accountants
Licensed Public Accountants

Pembroke, Ontario
April 1, 2014

CORPORATION OF THE TOWN OF LAURENTIAN HILLS

Public Library Board

Statement of Financial Position

December 31, 2013, with comparative figures for 2012

	2013	2012
Financial Assets		
Cash	\$ 31,544	\$ 48,378
Receivable from the Province of Ontario	1,068	569
Harmonized Sales Tax rebate receivable	2,325	1,335
	<u>34,937</u>	<u>50,282</u>
Financial Liabilities		
Accounts payable and accrued liabilities	472	2,884
Payable to the Corporation Of The Town of Laurentian Hills	7,374	19,003
Post-employment benefits	—	228
	<u>7,846</u>	<u>22,115</u>
Net Financial Assets	<u>27,091</u>	<u>28,167</u>
Non-Financial Assets		
Tangible capital assets – net (note 2)	276,149	285,139
Prepaid expenses	1,765	1,749
	<u>277,914</u>	<u>286,888</u>
Accumulated Surplus (note 3)	<u>\$ 305,005</u>	<u>\$ 315,055</u>

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

CORPORATION OF THE TOWN OF LAURENTIAN HILLS

Public Library Board

Statement of Operations

Year ended December 31, 2013, with comparative figures for 2012

	2013	2013	2012
	Budget	Actual	Actual
Revenues			
Municipal grants	\$ 97,900	\$ 97,900	\$ 116,045
Federal grants	3,500	1,231	1,232
Provincial grants	8,869	9,529	17,440
Fees and fines	475	535	376
Fund raising activities	1,005	730	549
Sale of books	125	10	38
Other revenue	2,121	3,320	2,203
Copier fees	225	204	86
Total revenues	114,220	113,459	137,969
Expenditures			
Salaries and benefits	72,897	76,723	77,453
Purchases of books	23,887	19,841	22,951
Supplies, utilities and services	17,236	17,767	17,449
Equipment purchases	—	—	214
Travel	200	188	210
Amortization of tangible capital assets	—	8,990	8,990
Total expenditures	114,220	123,509	127,267
Annual surplus (deficit)	—	(10,050)	10,702
Accumulated surplus, beginning of year	315,055	315,055	304,353
Accumulated surplus, end of year	\$ 315,055	\$ 305,005	\$ 315,055

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

CORPORATION OF THE TOWN OF LAURENTIAN HILLS

Public Library Board

Statement of Change in Net Financial Assets

Year ended December 31, 2013, with comparative figures for 2012

	2013	2013	2012
	Budget	Actual	Actual
Annual surplus (deficit)	\$ —	\$ (10,050)	\$ 10,702
Amortization of tangible capital assets	—	8,990	8,990
Increase in prepaid expenses	—	(16)	(835)
Increase (decrease) in net financial assets	—	(1,076)	18,857
Net financial assets, beginning of year	28,167	28,167	9,310
Net financial assets, end of year	\$ 28,167	\$ 27,091	\$ 28,167

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

CORPORATION OF THE TOWN OF LAURENTIAN HILLS

Public Library Board

Statement of Cash Flows

Year ended December 31, 2013, with comparative figures for 2012

	2013	2012
Operations:		
Annual surplus (deficit)	\$ (10,050)	\$ 10,702
Non-cash charge to operations		
Amortization of tangible capital assets	8,990	8,990
Changes in non-cash working capital:		
Decrease (increase) in amounts receivable	(1,489)	3,460
Increase in prepaid expenses	(16)	(835)
Increase (decrease) in payable to the Corporation Of The Town of Laurentian Hills	(11,629)	987
Increase (decrease) in accounts payable and accrued liabilities	(2,412)	320
Decrease in post-employment benefits	(228)	(19,608)
Increase (decrease) in cash from operations	(16,834)	4,016
Cash, beginning of year	48,378	44,362
Cash, end of year	\$ 31,544	\$ 48,378

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

CORPORATION OF THE TOWN OF LAURENTIAN HILLS

Public Library Board

Notes to the Financial Statements

Year ended December 31, 2013

1. Accounting Policies:

The financial statements of the Corporation Of The Town of Laurentian Hills Public Library Board are the representation of management and are prepared in accordance with Canadian Public Sector accounting standards for local governments as recommended by The Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted are as follows:

(a) Basis of Accounting:

(i) Accrual Basis of Accounting

Expenditures and related sources of financing are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which transactions or events occurred that gave rise to the revenue; expenditures are recognized in the period goods and services are acquired and a liability is incurred or transfers are due.

(ii) Cash

Cash is defined as cash on hand and cash on deposit, net of outstanding cheques at the reporting date.

(iii) Post-Employment Benefits

The cost of post-employment benefits offered to employees is determined by the Corporation using the projected benefit method. Under this method, the projected post-employment benefit is deemed to be earned on a pro-rata basis over the years of service.

(iv) Non-Financial Assets

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

(v) Tangible Capital Assets

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

	Estimated useful life
Buildings	50 to 60 years
Equipment	5 years

CORPORATION OF THE TOWN OF LAURENTIAN HILLS

Public Library Board

Notes to the Financial Statements, continued

Year ended December 31, 2013

1. Accounting policies (continued)

(v) Tangible Capital Assets (continued)

The Corporation Of The Town of Laurentian Hills Public Library Board has a capitalization threshold so that individual capital assets of lesser value are expensed, unless they are pooled because, collectively, they have significant value, or for operational 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 the asset as of the date of the transfer.

(vi) Government Transfers

Government transfers are recognized in the financial statements in the period in which the 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.

(vii) User Fees and Other Revenues

User fees and other revenues are recorded on the accrual basis.

(viii) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Significant estimates include assumptions used in estimating provisions for accrued liabilities and post-employment benefits. In addition, the Board's implementation of Public Sector Accounting Handbook PS3150 has required management to make estimates of historical cost and useful lives of tangible capital assets. Actual results could differ from those estimates.

(ix) Financial Instruments

The Board has stated its cash at fair value. Receivable from the Province of Ontario and Harmonized Sales Tax rebate receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities and payable to the Corporation Of The Town of Laurentian Hills are classified as other liabilities, each of which is measured on an amortized cost basis.

CORPORATION OF THE TOWN OF LAURENTIAN HILLS

Public Library Board

Notes to the Financial Statements, continued

Year ended December 31, 2013

2. Tangible Capital Assets

	Buildings	Equipment	2013 Total	2012 Total
Cost	\$ 356,936	\$ 13,229	\$ 370,165	\$ 370,165
Accumulated Amortization				
Balance, beginning of year	81,278	3,748	85,026	76,036
Amortization during the year	6,344	2,646	8,990	8,990
Balance, end of year	87,622	6,394	94,016	85,026
Net book value of tangible capital assets	\$ 269,314	\$ 6,835	\$ 276,149	\$ 285,139

3. Accumulated Surplus

	2013	2012
Reserves (note 4)	\$ 38,742	\$ 29,649
Invested in tangible capital assets	276,149	285,139
Unexpended capital financing	411	411
Unfunded post-employment benefits	—	(228)
General revenue fund	(10,297)	84
Accumulated surplus	\$ 305,005	\$ 315,055

4. Continuity of Reserves

	Opening Balance January 1 2013	Transfers In	Interest	Sub-Total	Transfers Out	Closing Balance December 31 2013
Reserve set aside for unusual costs	\$ 29,595	\$ 10,702	\$ -	\$ 40,297	\$ 1,609	\$ 38,688
Reserve set aside for photocopier	54	-	-	54	-	54
Total Reserves	\$ 29,649	\$ 10,702	\$ -	\$ 40,351	\$ 1,609	\$ 38,742

CORPORATION OF THE TOWN OF LAURENTIAN HILLS

Public Library Board

Notes to the Financial Statements, continued

Year ended December 31, 2013

5. Pension Agreement

The Corporation of the Town of Laurentian Hills Public Library Board, on behalf of its eligible employees, is a participant in the Ontario Municipal Employees Retirement System (OMERS). OMERS is a defined benefit pension plan, fully funded by equal contributions from participating employers and employees, and by the investment earnings of the OMERS Fund. OMERS pensions are calculated using a defined benefit formula, taking into account length of service and average annual wage, that is designed to integrate with the pension payable from the Canada Pension Plan. The amount contributed to OMERS in 2013 was \$5,016 (2012 - \$4,754) for current service and is included as an expenditure on the statement of operations. At December 31, 2013 there is no liability for past service under this agreement.

Because OMERS is a multi-employee pension plan the Corporation of the Town of Laurentian Hills Public Library Board does not recognize any share of the last reported pension plan deficit for 2012 of \$8,603,000,000 (2011 - \$9,627,000,000) based on the fair market value of the Plan's Assets, as this is a joint responsibility of all Ontario municipalities and their employees.

6. Financial Instruments

(a) Fair value:

The fair value of cash, receivable from the Province of Ontario, Harmonized Sales Tax rebate receivable, accounts payable, and payable to the Corporation Of The Town of Laurentian Hills is approximately equal to their carrying value due to their short-term nature.

(b) Credit risk:

The Board provides credit to other agencies and to its ratepayers during the normal course of operations. The Board determines on a continuing basis, the probable losses and records a provision for losses based upon the stated realizable value. Concentration of credit risk with respect to accounts receivable is limited due to the number of other agencies and ratepayers involved. The Board does not run any significant risk with respect to a single account receivable.

It is the Management's opinion that the Board is not exposed to significant interest, currency or credit risks arising from its financial instruments.

7. Budget Figures

Budget figures have not been audited and are presented for information purposes only.

SCOTT ROSIEN & DEMPSEY

Chartered Accountants

D.M. Scott, CPA, CA, LPA
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W.T. Dempsey, CPA, CA, LPA

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INDEPENDENT AUDITORS' REPORT

To the Board Members, Members of Council, Inhabitants and Ratepayers
of the Corporation Of The Town of Laurentian Hills

We have audited the accompanying financial statements of the Corporation Of The Town of Laurentian Hills Waterworks System, which comprise the statement of financial position as at December 31, 2013 and the statement of operations, statement of changes in net financial assets and statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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 Corporation Of The Town of Laurentian Hills Waterworks System as at December 31, 2013 and the results of its operations, change in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Scott Rosien & Dempsey

Chartered Accountants
Licensed Public Accountants

Pembroke, Ontario
April 1, 2014

A history of service since 1961

CORPORATION OF THE TOWN OF LAURENTIAN HILLS

Waterworks System

Statement of Financial Position

December 31, 2013, with comparative figures for 2012

	2013	2012
Financial Assets		
Cash	\$ 186,856	\$ 149,921
Accounts receivable	20,809	15,536
	207,665	165,457
Financial Liabilities		
Due to the Corporation Of The Town of Laurentian Hills	132,588	35,998
Net Financial Assets	75,077	129,459
Non-Financial Assets		
Tangible capital assets – net (note 3)	2,389,438	2,481,726
Accumulated Surplus (note 4)	\$ 2,464,515	\$ 2,611,185

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

CORPORATION OF THE TOWN OF LAURENTIAN HILLS

Waterworks System

Statement of Operations

Year ended December 31, 2013, with comparative figures for 2012

	2013 Budget	2013 Actual	2012 Actual
Revenues			
Service charges to users	\$ 260,350	\$ 258,404	\$ 258,989
Frontage and connection charges	–	60	–
Late payment fees	2,200	2,415	2,460
Interest	–	935	910
Total revenues	262,550	261,814	262,359
Expenditures			
Operation and maintenance	242,939	203,209	224,669
General administration	33,398	27,991	26,637
Amortization of tangible capital assets	–	177,284	177,284
Total expenditures	276,337	408,484	428,590
Annual deficit	(13,787)	(146,670)	(166,231)
Accumulated surplus, beginning of year	2,611,185	2,611,185	2,777,416
Accumulated surplus, end of year	\$ 2,597,398	\$ 2,464,515	\$ 2,611,185

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

CORPORATION OF THE TOWN OF LAURENTIAN HILLS

Waterworks System

Statement of Change in Net Financial Assets

Year ended December 31, 2013, with comparative figures for 2012

	2013 Budget	2013 Actual	2012 Actual
Annual deficit	\$ (13,787)	\$ (146,670)	\$ (166,231)
Amortization of tangible capital assets	–	177,284	177,284
Acquisition of tangible capital assets	–	(84,996)	–
Increase (decrease) in net financial assets	(13,787)	(54,382)	11,053
Net financial assets, beginning of year	129,459	129,459	118,406
Net financial assets, end of year	\$ 115,672	\$ 75,077	\$ 129,459

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

CORPORATION OF THE TOWN OF LAURENTIAN HILLS

Waterworks System

Statement of Cash Flows

Year ended December 31, 2013, with comparative figures for 2012

	2013	2012
Operations:		
Annual deficit	\$ (146,670)	\$ (166,231)
Non-cash charges to operations:		
Amortization of tangible capital assets	177,284	177,284
Changes in non-cash working capital:		
Increase in due to the Corporation Of The Town of Laurentian Hills	96,590	19,212
Increase in accounts receivable	(5,273)	(3,355)
Increase in cash from operations	121,931	26,910
Capital:		
Acquisition of tangible capital assets	(84,996)	–
Increase in cash	36,935	26,910
Cash, beginning of year	149,921	123,011
Cash, end of year	\$ 186,856	\$ 149,921

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

CORPORATION OF THE TOWN OF LAURENTIAN HILLS

Waterworks System

Notes to the Financial Statements

Year ended December 31, 2013

1. Accounting Policies

The financial statements of the Corporation Of The Town of Laurentian Hills Waterworks System are the representation of management and are prepared in accordance with Canadian Public Sector accounting standards for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted are as follows:

(a) Basis of Accounting

(i) Accrual Basis of Accounting

Expenditures and related sources of financing are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which transactions or events occurred that gave rise to the revenue; expenditures are recognized in the period goods and services are acquired and a liability is incurred or transfers are due.

(ii) Cash

Cash is defined as cash on hand and cash on deposit, net of outstanding cheques at the reporting date.

(iii) Non-Financial Assets

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

(iv) Tangible Capital Assets

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

	Estimated useful life
Waterworks system	10 to 80 years

The Corporation Of The Town of Laurentian Hills Waterworks System has a capitalization threshold so that individual capital assets of lesser value are expensed, unless they are pooled because, collectively, they have significant value, or for operational reasons. Assets under construction are not amortized until the asset is available for productive use.

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 the asset as of the date of the transfer.

CORPORATION OF THE TOWN OF LAURENTIAN HILLS

Waterworks System

Notes to the Financial Statements, continued

Year ended December 31, 2013

1. Accounting policies, continued

(v) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. The Town's implementation of Public Sector Accounting Handbook PS3150 has required management to make estimates of historical cost and useful lives of tangible capital assets. Actual results could differ from those estimates.

(vi) Financial Instruments

The Corporation Of The Town of Laurentian Hills Waterworks System classified its cash as held for trading and is stated at fair value. Accounts receivable are classified as loans and receivables, which are stated at amortized cost. Due to the Corporation Of The Town of Laurentian Hills is classified as other liabilities, which is measured on an amortized cost basis.

2. Commitment

The Town has agreed to the terms of a ten year operating agreement, expiring March 31, 2017, related to the shared operation of the water treatment and sewer operations. The total agreement requires payments in the amount of \$884,748 for the period January 1, 2014 until March 31, 2017 and one-half of this is recorded in each of the water and sewer departments.

The Town has entered into an agreement to purchase backup generators for key components of the waterworks system. The agreement requires payments in the amount of \$84,996 for the period after December 31, 2013.

3. Tangible Capital Assets

	Waterworks System	
	2013	2012
Cost	\$ 7,847,722	\$ 7,847,722
Accumulated amortization		
Balance, beginning of year	5,365,996	5,188,712
Amortization during the year	177,284	177,284
Balance, end of year	5,543,280	5,365,996
Assets under construction	84,996	—
Net book value of tangible capital assets	\$ 2,389,438	\$ 2,481,726

There were no tangible capital asset disposals during the year.

CORPORATION OF THE TOWN OF LAURENTIAN HILLS

Waterworks System

Notes to the Financial Statements, continued

Year ended December 31, 2013

4. Accumulated Surplus

	2013	2012
Reserve fund	\$ 186,856	\$ 149,921
Invested in tangible capital assets	2,389,438	2,481,726
General revenue fund	(111,779)	(20,462)
Accumulated surplus	\$ 2,464,515	\$ 2,611,185

5. Continuity of Reserve Fund

	2013	2012
Balance, beginning of year	\$ 149,921	\$ 123,011
Transfers in	36,000	26,000
Interest	935	910
	186,856	149,921
Transfers out	—	—
Balance, end of year	\$ 186,856	\$ 149,921

6. Financial Instruments

(a) Fair value:

The fair value of cash, accounts receivable and due to the Corporation Of The Town of Laurentian Hills is approximately equal to their carrying value due to their short-term nature.

(a) Credit risk:

The Town provides credit to other agencies and to its ratepayers during the normal course of operations. The Town determines on a continuing basis, the probable losses and records a provision for losses based upon the stated realizable value. Concentration of credit risk with respect to accounts receivable is limited due to the number of other agencies and ratepayers involved. The Town does not run any significant risk with respect to a single account receivable.

It is the Management's opinion that the Town is not exposed to significant interest, currency or credit risks arising from its financial instruments.

7. Budget Figures

Budget figures have not been audited and are presented for information purposes only.