

2015 Financial Report

**CORPORATION OF THE TOWN
OF LAURENTIAN HILLS**

CORPORATION OF THE TOWN OF LAURENTIAN HILLS

2015 FINANCIAL REPORT

INDEX

Management Report	1
Independent Auditors' Report	2
Consolidated Statement of Financial Position	3
Consolidated Statement of Operations	4
Consolidated Statement of Change in Net Financial Assets	5
Consolidated Statement of Cash Flows	6
Notes to the Consolidated Financial Statements	7
Ontario Home Renewal Program Trust Funds	
Independent Auditors' Report	20
Statement of Financial Position	21
Statement of Continuity	22
Notes to the Financial Statements	23
Public Library Board	
Management Report	25
Independent Auditors' Report	26
Statement of Financial Position	28
Statement of Operations	29
Statement of Change in Net Financial Assets	30
Statement of Cash Flows	31
Notes to the Financial Statements	32
Waterworks System	
Independent Auditors' Report	36
Statement of Financial Position	37
Statement of Operations	38
Statement of Change in Net Financial Assets	39
Statement of Cash Flows	40
Notes to the Financial Statements	41



THE CORPORATION OF THE TOWN OF LAURENTIAN HILLS

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

March 16, 2016

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 Chartered Professional Accountants of Canada.

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', written over a horizontal line.

Sherry Batten
Chief Administrative Officer
Clerk

A handwritten signature in cursive script, reading 'Tammy Forbes', written over a horizontal line.

Tammy Forbes
Treasurer
Deputy Clerk

SCOTT ROSIEN & DEMPSEY

Chartered Professional Accountants

D.M. Scott, CPA, CA, LPA
D.W. Rosien, CPA, CA, LPA
K.I. Black, 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, 2015 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, 2015 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 Professional Accountants
Licensed Public Accountants

Pembroke, Ontario
March 16, 2016

A history of service since 1961

CORPORATION OF THE TOWN OF LAURENTIAN HILLS

Consolidated Statement of Financial Position

December 31, 2015, with comparative figures for 2014

	2015	2014
Financial Assets		
Cash	\$ 4,063,278	\$ 3,962,612
Taxes and interest receivable	508,494	418,231
Other accounts receivable	431,410	357,567
	5,003,182	4,738,410
Financial Liabilities		
Accounts payable and accrued liabilities	337,514	329,817
Payable to Laurentian Hills – Deep River Nuclear Emergency Preparedness Committee	213,452	248,969
Deferred revenue – obligatory reserve fund (note 5)	227,812	230,987
– other	7,555	21,708
Landfill post-closure care (note 6)	82,100	85,000
Post-employment benefits	19,541	58,742
	887,974	975,223
Net Financial Assets	4,115,208	3,763,187
Non-Financial Assets		
Tangible capital assets – net (note 9)	6,815,054	6,225,721
Inventories of supplies	45,116	24,333
Prepaid expenses	25,638	22,911
	6,885,808	6,272,965
Accumulated Surplus (note 11)	\$ 11,001,016	\$ 10,036,152

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, 2015, with comparative figures for 2014

	2015	2015	2014
	Budget	Actual	Actual
Revenues:			
Taxation and user charges			
Property taxation	\$ 2,630,197	\$ 2,637,425	\$ 2,537,594
Payments in lieu of taxation	381,691	382,704	383,908
Sewer and water service charges	503,013	501,000	502,503
User fees and fees to other municipalities	169,676	168,900	178,573
	3,684,577	3,690,029	3,602,578
Grants			
Government of Canada	91,557	101,990	86,320
Province of Ontario	330,480	377,056	526,147
	422,037	479,046	612,467
Other			
Investment income	19,230	28,135	32,461
Penalties and interest on taxes	38,600	58,280	64,173
Licenses and permits	22,500	35,515	19,739
Fees and service charges	8,480	8,471	9,191
Contributed tangible capital assets	—	314,805	—
Miscellaneous	—	29,320	—
	88,810	474,526	125,564
Total revenues	4,195,424	4,643,601	4,340,609
Expenditures:			
General government	597,137	571,416	585,499
Protection services	802,102	712,897	711,990
Transportation services	894,278	997,147	1,001,889
Environmental services	952,780	1,044,001	1,071,910
Social and family services	55,094	24,375	19,526
Recreation and cultural services	155,165	193,157	195,638
Planning and development	38,500	123,315	75,775
Loss on disposal of tangible capital assets	—	12,429	1,017
Total expenditures	3,495,056	3,678,737	3,663,244
Annual surplus	700,368	964,864	677,365
Accumulated surplus, beginning of year	10,036,152	10,036,152	9,358,787
Accumulated surplus, end of year	\$ 10,736,520	\$ 11,001,016	\$ 10,036,152

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, 2015, with comparative figures for 2014

	2015	2015	2014
	Budget	Actual	Actual
Annual surplus	\$ 700,368	\$ 964,864	\$ 677,365
Amortization of tangible capital assets	–	510,520	475,548
Acquisition of tangible capital assets	(897,389)	(805,087)	(494,301)
Contributed tangible capital assets	–	(314,805)	–
Loss on sale of tangible capital assets	–	12,429	1,017
Proceeds on sale of tangible capital assets	–	7,610	1,125
Decrease (increase) in inventories of supplies	–	(20,783)	6,627
Decrease (increase) in prepaid expenses	–	(2,727)	3,621
Increase (decrease) in net financial assets	(197,021)	352,021	671,002
Net financial assets, beginning of year	3,763,187	3,763,187	3,092,185
Net financial assets, end of year	\$ 3,566,166	\$ 4,115,208	\$ 3,763,187

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, 2015, with comparative figures for 2014

	2015	2014
Operations:		
Annual surplus	\$ 964,864	\$ 677,365
Non-cash charges to operations		
Amortization of tangible capital assets	510,520	475,548
Loss on disposal of tangible capital assets	12,429	1,017
Contributed tangible capital assets	(314,805)	–
Changes in non-cash working capital:		
Decrease (increase) in taxes and interest receivable	(90,263)	53,018
Decrease (increase) in other accounts receivable	(73,843)	92,902
Decrease (increase) in prepaid expenses	(2,727)	3,621
Decrease (increase) in inventories of supplies	(20,783)	6,627
Increase (decrease) in accounts payable and accrued liabilities	7,697	(162,725)
Increase (decrease) in payable to Laurentian Hills – Deep River Nuclear Emergency Preparedness Committee	(35,517)	133,409
Increase (decrease) in deferred revenue	(17,328)	20,814
Increase (decrease) in landfill post-closure care	(2,900)	19,500
Decrease in post-employment benefits	(39,201)	(37,498)
Increase in cash from operations	898,143	1,283,598
Capital:		
Acquisition of tangible capital assets	(805,087)	(494,301)
Proceeds on disposal of tangible capital assets	7,610	1,125
Net investment in tangible capital assets	(797,477)	(493,176)
Increase in cash	100,666	790,422
Cash, beginning of year	3,962,612	3,172,190
Cash, end of year	\$ 4,063,278	\$ 3,962,612

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, 2015

The Corporation of The Town of Laurentian Hills is an incorporated municipality in the Province of Ontario. Its operations are guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

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 Chartered Professional Accountants of Canada. 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:

	Proportionate Share
North Renfrew Landfill Operations Board	48.0%
Pembroke & Area Airport Commission	6.853%

(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, 2015

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. During the year the Town ceased to accrue post-employment benefits offered to employees as the policy was discontinued in the year.

(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
Linear assets	15 to 50 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.

CORPORATION OF THE TOWN OF LAURENTIAN HILLS

Notes to the Consolidated Financial Statements, continued

Year ended December 31, 2015

1. Accounting Policies (continued)

(b) Basis of Accounting (continued)

(vi) 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 the asset as of the date of the transfer.

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, 2015

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 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.

(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:

	2015		
	School Boards	County of Renfrew	Total
Property taxes	\$ 1,256,184	\$ 1,230,266	\$ 2,486,450
Payments in lieu of taxes	29,784	114,053	143,837
Amounts requisitioned	\$ 1,285,968	\$ 1,344,319	\$ 2,630,287

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 (2014 - \$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, 2015

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 2015 was \$56,469 (2014 - \$59,801) for current service and is included as a current expenditure on the Consolidated Statement of Operations. At December 31, 2015 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 2014 of \$5,307,000,000 (2013 - \$8,300,000,000) 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 CPA Canada 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

	2015	2014
Balance, beginning of year	\$ 230,987	\$ 231,183
Gas tax revenue received	81,394	83,679
Interest earned	431	1,125
	312,812	315,987
Used to purchase tangible capital assets	(85,000)	(85,000)
Balance, end of year	\$ 227,812	\$ 230,987

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 3.7%.

CORPORATION OF THE TOWN OF LAURENTIAN HILLS

Notes to the Consolidated Financial Statements, continued

Year ended December 31, 2015

6. Landfill Post-Closure Care (continued)

The recorded liability is based on estimates and assumptions with respect to events extending over the estimated post-closure care period using the best information available to management. Future changes may result in significant changes to the estimated total expenditures and the estimated liability and would be recognized prospectively, as a change in estimate, when applicable.

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

7. Budget Figures

The operating budget approved by Town Council for 2015 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 \$314,132 for the period January 1, 2016 until July 2, 2019.

The Town has contracts to provide recyclable collection services which expires March 31, 2020. The agreements require payments in the amount of \$202,368 for the period January 1, 2016 until March 31, 2020.

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 \$351,059 for the period January 1, 2016 to March 31, 2017.

The Town has entered into an agreement to purchase screened winter sand. The agreement requires payments in the amount of \$43,500 for the period January 1, 2016 to March 31, 2018.

The Town has entered into an agreement to purchase a fire truck. The total contract amounts to \$322,002 of which \$110,190 has been paid and recorded as assets under construction at December 31, 2015. The remaining \$211,812 of the contract will be recorded when paid subsequent to December 31, 2015.

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 \$1,495,519 for the period January 1, 2016 to July 31, 2023. Of this amount the Town is responsible for \$717,849.

CORPORATION OF THE TOWN OF LAURENTIAN HILLS

Notes to the Consolidated Financial Statements, continued

Year ended December 31, 2015

9. Tangible Capital Assets

(a) Tangible capital assets by functional classification:

	General Government	Protection Services	Transportation Services	Environmental Services	Recreation and Cultural Services	2015	2014
Cost							
Balance, beginning of year	\$ 324,208	\$ 1,599,008	\$ 6,364,240	\$ 8,684,687	\$ 1,126,994	\$ 18,099,137	\$ 17,579,581
Additions during the year	–	47,854	716,108	401,473	–	1,165,435	557,451
Disposals during the year	–	–	(280,515)	–	–	(280,515)	(37,895)
Balance, end of year	324,208	1,646,862	6,799,833	9,086,160	1,126,994	18,984,057	18,099,137
Accumulated amortization							
Balance, beginning of year	104,558	993,049	4,280,907	6,172,012	478,623	12,029,149	11,589,354
Amortization during the year	9,143	71,292	194,547	202,130	33,408	510,520	475,548
Accumulated amortization on disposals	–	–	(260,476)	–	–	(260,476)	(35,753)
Balance, end of year	113,701	1,064,341	4,214,978	6,374,142	512,031	12,279,193	12,029,149
Assets under construction	–	110,190	–	–	–	110,190	155,733
Net book value of tangible capital assets	\$ 210,507	\$ 692,711	\$ 2,584,855	\$ 2,712,018	\$ 614,963	\$ 6,815,054	\$ 6,225,721

CORPORATION OF THE TOWN OF LAURENTIAN HILLS

Notes to the Consolidated Financial Statements, continued

Year ended December 31, 2015

9. Tangible Capital Assets (continued)

(b) Tangible capital assets by asset class:

	Land	Land Improvements	Buildings	Machinery and Equipment	Vehicles	Linear Assets	2015	2014
Cost								
Balance, beginning of year	\$ 246,048	\$ 708,166	\$ 10,442,692	\$ 1,626,100	\$ 1,039,098	\$ 4,037,033	\$ 18,099,137	\$ 17,579,581
Additions during the year	–	161,539	–	255,220	51,312	697,364	1,165,435	557,451
Disposals during the year	–	(100,613)	–	–	(28,071)	(151,831)	(280,515)	(37,895)
Balance, end of year	246,048	769,092	10,442,692	1,881,320	1,062,339	4,582,566	18,984,057	18,099,137
Accumulated amortization								
Balance, beginning of year	–	548,402	6,784,546	965,052	812,860	2,918,289	12,029,149	11,589,354
Amortization during the year	–	24,749	207,263	108,286	62,765	107,457	510,520	475,548
Accumulated amortization on disposals	–	(82,167)	–	–	(28,071)	(150,238)	(260,476)	(35,753)
Balance, end of year	–	490,984	6,991,809	1,073,338	847,554	2,875,508	12,279,193	12,029,149
Assets under construction	–	–	–	–	110,190	–	110,190	155,733
Net book value of tangible capital assets	\$ 246,048	\$ 278,108	\$ 3,450,883	\$ 807,982	\$ 324,975	\$ 1,707,058	\$ 6,815,054	\$ 6,225,721

CORPORATION OF THE TOWN OF LAURENTIAN HILLS

Notes to the Consolidated Financial Statements, continued

Year ended December 31, 2015

9. Tangible Capital Assets (continued)

(c) Contributed tangible capital assets:

The Town records all tangible capital assets contributed by an external party at fair value on the earlier of the date received or the date of transfer of risk and responsibility. In 2015, a total of \$314,805 (2014 - \$nil) was recorded as tangible capital asset additions with respect to contributed tangible capital assets which was comprised of roads infrastructure of \$120,835, fire infrastructure of \$9,826 and water and wastewater infrastructure of \$184,144.

10. Continuity of Reserves and Reserve Funds

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

	Opening Balance January 1 2015	Transfer In	Interest	Sub-Total	Transfers Out	Closing Balance December 31 2015
RESERVES						
Contingencies	\$ 1,092,323	\$ 542,214	\$ —	\$ 1,634,537	\$ 110,753	\$ 1,523,784
Working Capital	89,687	—	—	89,687	—	89,687
Industrial Development	25,227	—	—	25,227	—	25,227
Library Copier	54	—	—	54	—	54
Library	27,037	—	—	27,037	—	27,037
Total Reserves	\$ 1,234,328	\$ 542,214	\$ —	\$ 1,776,542	\$ 110,753	\$ 1,665,789
RESERVE FUNDS						
Highway Entrance Lights	\$ 1,092	\$ —	\$ 3	\$ 1,095	\$ —	\$ 1,095
Roads Equipment	553,273	226,987	1,031	781,291	—	781,291
Fire Equipment	521,823	100,000	973	622,796	125,000	497,796
Waterworks Operations	261,890	30,000	488	292,378	—	292,378
Chalk River Street Lights	13,267	—	25	13,292	—	13,292
Sewer Capital	437,031	30,000	814	467,845	—	467,845
Physician Search	13,952	10,000	26	23,978	—	23,978
Business Park	123,630	31,000	230	154,860	—	154,860
Software Management System	40,195	—	74	40,269	—	40,269
Joint Landfill Costs	82,693	6,000	154	88,847	—	88,847
Fire Extermination	24,522	8,000	46	32,568	—	32,568
Legacy	74,105	8,000	138	82,243	47,248	34,995
Recreational Development	13,426	—	25	13,451	—	13,451
Facilities	68,469	6,200	127	74,796	—	74,796
Total Reserve Funds	\$ 2,229,368	\$ 456,187	\$ 4,154	\$ 2,689,709	\$ 172,248	\$ 2,517,461

CORPORATION OF THE TOWN OF LAURENTIAN HILLS

Notes to the Consolidated Financial Statements, continued

Year ended December 31, 2015

11. Accumulated Surplus

	2015	2014
Reserves	\$ 1,665,789	\$ 1,234,328
Reserve funds	2,517,461	2,229,368
Invested in tangible capital assets	6,815,054	6,225,721
Capital fund	411	411
General revenue fund	84,401	431,324
Unfunded landfill post-closure care	(82,100)	(85,000)
Accumulated surplus	\$ 11,001,016	\$ 10,036,152

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

12. 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 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.

13. Joint Local Boards

The Town is a member of two joint local boards as follows:

(a) Pembroke and Area Airport Commission

The Pembroke and Area Airport Commission was established in 1968 under the Municipal Act and on June 25, 1992 was continued as a corporate body by special legislation of the Province of Ontario. The commission's primary function is the management of the Pembroke and Area Airport.

The Town's proportionate share of contributions to the Commission is 6.853% (2014 – 6.927%). The only transaction the Town had with the Commission during the year was the annual municipal levy of \$4,784 (2014 - \$4,605). This transaction is in the normal course of operations and measured at its exchange amount.

CORPORATION OF THE TOWN OF LAURENTIAN HILLS

Notes to the Consolidated Financial Statements, continued

Year ended December 31, 2015

13. Joint Local Boards (continued)

(a) Pembroke and Area Airport Commission (continued)

Summary financial information for the year ended December 31, 2015 and the Town's proportionate share are as follows:

	Total	Corporation's Share
Net financial assets	\$ 429,110	\$ 29,407
Non-financial assets	3,720,663	254,977
Accumulated surplus	\$ 4,149,773	\$ 284,384
Revenue	\$ 322,877	\$ 22,127
Expenditures	377,723	25,885
Annual deficit	\$ (54,846)	\$ (3,758)

(b) North Renfrew Landfill Operations Board

The North Renfrew Landfill Operation's Board is a joint local board which was formed to direct the operation of the Bagg's Road Landfill.

The Town's proportionate share of contributions to the Board is 48% (2014 – 48%). The Town had the following transactions with the Board:

	2015	2014
Operating contributions	\$ 136,310	\$ 127,566
Wage & benefits recovery	56,237	57,130
Telephone recovery	22	21
Office supplies recovery	472	1,453
Insurance recovery	3,579	3,434
Rent recovery	960	960

All of the above transactions are in the normal course of operations and measured at their exchange amount.

Summary financial information for the year ended December 31, 2015 and the Town's proportionate share are as follows:

	Total	Corporation's Share
Net financial assets	\$ 17,159	\$ 8,236
Non-financial assets	54,542	26,180
Accumulated surplus	\$ 71,701	\$ 34,416
Revenue	\$ 325,651	\$ 156,312
Expenditures	312,188	149,850
Annual surplus	\$ 13,463	\$ 6,462

CORPORATION OF THE TOWN OF LAURENTIAN HILLS

Notes to the Consolidated Financial Statements, continued

Year ended December 31, 2015

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.

(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, 2015

14. Segmented Information (continued)

	General Government	Protection	Transportation	Environmental	Social & Family	Recreation & Culture	Planning & Development	2015 Total	2014 Total
Revenues									
Sewer & water service charges	\$ —	\$ —	\$ —	\$ 501,000	\$ —	\$ —	\$ —	\$ 501,000	\$ 502,503
User fees & fees to other municipalities	12,359	20,060	15,856	88,361	11,478	7,343	13,443	168,900	178,573
Government grants	—	245,804	105,978	58,984	—	19,640	48,640	479,046	612,467
Investment income	24,219	1,018	1,058	1,457	—	153	230	28,135	32,461
Penalties & interest on taxes	53,410	—	—	4,870	—	—	—	58,280	64,173
Licenses & permits	3,740	—	—	—	—	—	31,775	35,515	19,739
Fees & service charges	8,170	—	—	301	—	—	—	8,471	9,191
Contributed tangible capital assets	—	9,826	120,835	184,144	—	—	—	314,805	—
Miscellaneous	—	—	29,320	—	—	—	—	29,320	—
Gain (loss) on disposal of tangible capital assets	—	3,000	(15,429)	—	—	—	—	(12,429)	(1,017)
	101,898	279,708	257,618	839,117	11,478	27,136	94,088	1,611,043	1,418,090
Expenditures									
Salaries, wages and benefits	397,483	145,114	396,280	26,994	9,699	66,804	40,283	1,082,657	1,106,988
Materials	122,907	111,669	401,254	203,203	9,018	81,455	6,512	936,018	919,208
Contracted services	34,878	384,822	5,066	611,674	5,658	—	76,520	1,118,618	1,142,608
Rents and financial	7,005	—	—	—	—	—	—	7,005	6,920
Transfer payments	—	—	—	—	—	11,490	—	11,490	10,955
Amortization of tangible capital assets	9,143	71,292	194,547	202,130	—	33,408	—	510,520	475,548
	571,416	712,897	997,147	1,044,001	24,375	193,157	123,315	3,666,308	3,662,227
Excess of expenditures over revenues	(469,518)	(433,189)	(739,529)	(204,884)	(12,897)	(166,021)	(29,227)	(2,055,265)	(2,244,137)
Funded through									
Taxation								2,637,425	2,537,594
Payments in lieu of taxation								382,704	383,908
								3,020,129	2,921,502
Annual surplus								\$ 964,864	\$ 677,365

SCOTT ROSIEN & DEMPSEY

Chartered Professional Accountants

D.M. Scott, CPA, CA, LPA
D.W. Rosien, CPA, CA, LPA
K.I. Black, 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, 2015 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

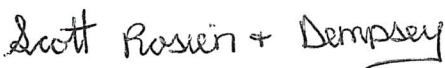
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable 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, 2015 and the continuity of trust funds for the year then ended in accordance with Canadian public sector accounting standards.



Chartered Professional Accountants
Licensed Public Accountants

Pembroke, Ontario

March 16, 2016

A history of service since 1961

CORPORATION OF THE TOWN OF LAURENTIAN HILLS

Ontario Home Renewal Program Trust Funds

Statement of Financial Position

December 31, 2015, with comparative figures for 2014

	2015	2014
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, 2015, with comparative figures for 2014

	2015		2014	
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, 2015

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 Chartered Professional Accountants of Canada. 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, 2015 comprise repayable loans of \$5,306 (2014 - \$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, 2015

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.



Laurentian Hills Public Library

RR#1 - 34465 Highway 17

Deep River, ON K0J 1P0

Phone: 613.584.2714

FAX: 613.584.9145

library@laurentianhills.ca

March 16, 2016

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 Chartered Professional Accountants of Canada.

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

Scott Jones
Chief Executive Officer, Public Library Board

SCOTT ROSIEN & DEMPSEY

Chartered Professional Accountants

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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, 2015 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.

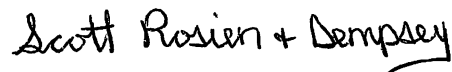
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Corporation of the Town of Laurentian Hills Public Library Board derives revenue from fines, donations and fundraising activities, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to fines, donations and fundraising revenues, annual deficit, financial assets and accumulated surplus.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, 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, 2015 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.

A handwritten signature in black ink that reads "Scott Rosier + Dempsey". The signature is written in a cursive, flowing style.

Chartered Professional Accountants
Licensed Public Accountants

Pembroke, Ontario
March 16, 2016

CORPORATION OF THE TOWN OF LAURENTIAN HILLS

Public Library Board

Statement of Financial Position

December 31, 2015, with comparative figures for 2014

	2015	2014
Financial Assets		
Cash	\$ 45,260	\$ 45,262
Accounts receivable	1,171	574
Harmonized Sales Tax rebate receivable	3,573	2,411
	<u>50,004</u>	<u>48,247</u>
Financial Liabilities		
Accounts payable and accrued liabilities	2,072	\$ 1,491
Payable to the Corporation Of The Town of Laurentian Hills	15,001	19,249
	<u>17,073</u>	<u>20,740</u>
Net Financial Assets	<u>32,931</u>	<u>27,507</u>
Non-Financial Assets		
Tangible capital assets – net (note 2)	258,169	267,159
Prepaid expenses	1,635	1,594
	<u>259,804</u>	<u>268,753</u>
Accumulated Surplus (note 3)	<u>\$ 292,735</u>	<u>\$ 296,260</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, 2015, with comparative figures for 2014

	2015	2015	2014
	Budget	Actual	Actual
Revenues			
Municipal grants	\$ 97,900	\$ 97,900	\$ 97,900
Federal grants	1,231	990	1,320
Provincial grants	13,841	18,650	11,343
Fees and fines	450	501	439
Fundraising activities and donations	1,200	1,772	461
Sale of books	-	-	3
Internet grant	2,171	2,320	2,211
Copier fees	265	70	113
Total revenues	117,058	122,203	113,790
Expenditures			
Salaries and benefits	73,500	68,234	75,733
Purchases of books	20,250	20,010	22,702
Supplies, utilities and services	17,236	17,313	15,063
Ontario library capacity fund expenditures	5,822	10,645	-
Travel	250	536	47
Amortization of tangible capital assets	-	8,990	8,990
Total expenditures	117,058	125,728	122,535
Annual deficit	-	(3,525)	(8,745)
Accumulated surplus, beginning of year	296,260	296,260	305,005
Accumulated surplus, end of year	\$ 296,260	\$ 292,735	\$ 296,260

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, 2015, with comparative figures for 2014

	2015	2015	2014
	Budget	Actual	Actual
Annual deficit	\$ —	\$ (3,525)	\$ (8,745)
Amortization of tangible capital assets	—	8,990	8,990
Decrease (Increase) in prepaid expenses	—	(41)	171
Increase in net financial assets	—	5,424	416
Net financial assets, beginning of year	27,507	27,507	27,091
Net financial assets, end of year	\$ 27,507	\$ 32,931	\$ 27,507

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, 2015, with comparative figures for 2014

	2015	2014
Operations:		
Annual deficit	\$ (3,525)	\$ (8,745)
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	(1,759)	408
Decrease (Increase) in prepaid expenses	(41)	171
Increase (decrease) in payable to the Corporation of the Town of Laurentian Hills	(4,248)	11,875
Increase in accounts payable and accrued liabilities	581	1,019
Increase (decrease) in cash from operations	(2)	13,718
Cash, beginning of year	45,262	31,544
Cash, end of year	\$ 45,260	\$ 45,262

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, 2015

The Corporation of the Town of Laurentian Hills Public Library Board operates two libraries within its municipal boundaries. The Board of Trustees of the Library follow the authority of the Public Library Act R.S.O. 1990.

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 Chartered Professional Accountants of Canada. 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, 2015

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) Fundraising activities

Contributions are recognized as revenues when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(viii) User Fees and Other Revenues

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

(ix) 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. 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.

(x) Financial Instruments

The Board has stated its cash at fair value. Accounts receivable 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, 2015

2. Tangible Capital Assets

	Buildings	Equipment	2015 Total	2014 Total
Cost	\$ 356,936	\$ 13,229	\$ 370,165	\$ 370,165
Accumulated Amortization				
Balance, beginning of year	93,966	9,040	103,006	94,016
Amortization during the year	6,344	2,646	8,990	8,990
Balance, end of year	100,310	11,686	111,996	103,006
Net book value of tangible capital assets	\$ 256,626	\$ 1,543	\$ 258,169	\$ 267,159

3. Accumulated Surplus

	2015	2014
Reserves	\$ 27,091	\$ 27,091
Invested in tangible capital assets	258,169	267,159
Unexpended capital financing	411	411
General revenue fund	7,064	1,599
Accumulated surplus	\$ 292,735	\$ 296,260

4. Continuity of Reserves

	Opening Balance January 1 2015	Transfers In	Interest	Sub-Total	Transfers Out	Closing Balance December 31 2015
Reserve set aside for unusual costs	\$ 27,037	\$ -	\$ -	\$ 27,037	\$ -	\$ 27,037
Reserve set aside for photocopier	54	-	-	54	-	54
Total Reserves	\$ 27,091	\$ -	\$ -	\$ 27,091	\$ -	\$ 27,091

CORPORATION OF THE TOWN OF LAURENTIAN HILLS

Public Library Board

Notes to the Financial Statements, continued

Year ended December 31, 2015

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 2015 was \$3,888 (2014 - \$5,056) for current service and is included as an expenditure on the statement of operations. At December 31, 2015 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 2014 of \$5,307,000,000 (2013 - \$8,300,000,000) 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, accounts receivable, 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 Professional Accountants

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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, 2015 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, 2015 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.



Chartered Professional Accountants
Licensed Public Accountants

Pembroke, Ontario
March 16, 2016

A history of service since 1961

CORPORATION OF THE TOWN OF LAURENTIAN HILLS

Waterworks System

Statement of Financial Position

December 31, 2015, with comparative figures for 2014

	2015	2014
Financial Assets		
Cash	\$ 292,378	\$ 261,890
Accounts receivable	24,858	20,574
	317,236	282,464
Financial Liabilities		
Due to the Corporation of The Town of Laurentian Hills	364,455	279,706
Net Financial Assets (Liabilities)	(47,219)	2,758
Non-Financial Assets		
Tangible capital assets – net (note 3)	2,375,224	2,433,417
Accumulated Surplus (note 4)	\$ 2,328,005	\$ 2,436,175

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, 2015, with comparative figures for 2014

	2015 Budget	2015 Actual	2014 Actual
Revenues			
Service charges to users	\$ 259,522	\$ 258,225	\$ 259,092
Province of Ontario grant	–	–	117,488
Frontage and connection charges	80	160	–
Late payment fees	2,500	2,605	2,795
Interest	–	488	909
Contributed tangible capital assets	–	62,751	–
Total revenues	262,102	324,229	380,284
Expenditures			
Operation and maintenance	211,182	220,339	208,032
General administration	23,071	22,701	22,574
Amortization of tangible capital assets	–	189,359	178,018
Total expenditures	234,253	432,399	408,624
Annual surplus (deficit)	27,849	(108,170)	(28,340)
Accumulated surplus, beginning of year	2,436,175	2,436,175	2,464,515
Accumulated surplus, end of year	\$ 2,464,024	\$ 2,328,005	\$ 2,436,175

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, 2015, with comparative figures for 2014

	2015 Budget	2015 Actual	2014 Actual
Annual surplus (deficit)	\$ 27,849	\$ (108,170)	\$ (28,340)
Amortization of tangible capital assets	–	189,359	178,018
Acquisition of tangible capital assets	–	(68,415)	(221,997)
Contributed tangible capital assets	–	(62,751)	–
Increase (decrease) in net financial assets	27,849	(49,977)	(72,319)
Net financial assets, beginning of year	2,758	2,758	75,077
Net financial assets (liabilities), end of year	\$ 30,607	\$ (47,219)	\$ 2,758

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, 2015, with comparative figures for 2014

	2015	2014
Operations:		
Annual deficit	\$ (108,170)	\$ (28,340)
Non-cash charges to operations:		
Amortization of tangible capital assets	189,359	178,018
Contributed tangible capital assets	(62,751)	–
Changes in non-cash working capital:		
Increase in due to the Corporation of The Town of Laurentian Hills	84,749	147,118
Decrease (increase) in accounts receivable	(4,284)	235
Increase in cash from operations	98,903	297,031
Capital:		
Acquisition of tangible capital assets	(68,415)	(221,997)
Increase in cash	30,488	75,034
Cash, beginning of year	261,890	186,856
Cash, end of year	\$ 292,378	\$ 261,890

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, 2015

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 Chartered Professional Accountants of Canada. 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
Buildings	20 to 60 years
Machinery & equipment	10 to 20 years
Linear assets	50 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, 2015

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 \$351,059 for the period January 1, 2016 until March 31, 2017 and one-half of this is recorded in each of the water and sewer departments.

3. Tangible Capital Assets

	Buildings	Machinery and Equipment	Linear Assets	2015 Total	2014 Total
Cost					
Balance, beginning of year	\$ 7,726,279	\$ 297,667	\$ –	\$ 8,023,946	\$ 7,847,722
Additions during the year	–	199,184	62,751	261,935	176,224
Balance, end of year	7,726,279	496,851	62,751	8,285,881	8,023,946
Accumulated amortization					
Balance, beginning of year	5,607,191	114,107	–	5,721,298	5,543,280
Amortization during the year	156,328	32,717	314	189,359	178,018
Balance, end of year	5,763,519	146,824	314	5,910,657	5,721,298
Assets under construction	–	–	–	–	130,769
Net book value of tangible capital assets	\$ 1,962,760	\$ 350,027	\$ 62,437	\$ 2,375,224	\$ 2,433,417

The Corporation of The Town of Laurentian Hills Waterworks System records all tangible capital assets contributed by an external party at fair value on the earlier of the date received or the date of transfer of risk and responsibility. In 2015, a total of \$62,751 (2014 - \$nil) was recorded as tangible capital assets with respect to contributed tangible capital assets which was comprised of linear assets.

CORPORATION OF THE TOWN OF LAURENTIAN HILLS

Waterworks System

Notes to the Financial Statements, continued

Year ended December 31, 2015

4. Accumulated Surplus

	2015	2014
Reserve fund	\$ 292,378	\$ 261,890
Invested in tangible capital assets	2,375,224	2,433,417
General revenue fund	(339,597)	(259,132)
Accumulated surplus	\$ 2,328,005	\$ 2,436,175

5. Continuity of Reserve Fund

	2015	2014
Balance, beginning of year	\$ 261,890	\$ 186,856
Transfers in	30,000	74,125
Interest	488	909
	292,378	261,890
Transfers out	—	—
Balance, end of year	\$ 292,378	\$ 261,890

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.

(b) 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.