

**The Corporation of the Town of
Saugeen Shores**

Financial Information

For the year ended 31st December 2014

The Corporation of the Town of Saugeen Shores

Financial Information

For the year ended 31st December 2014

Contents

The Corporation of the Town of Saugeen Shores Financial Statements
The Corporation of the Town of Saugeen Shores Trust Funds

The Corporation of the Town of Saugeen Shores

Financial Statements

For the year ended 31st December 2014

Contents

The Corporation of the Town of Saugeen Shores

Independent Auditor's Report	4-5
Consolidated Statement of Financial Position	6
Consolidated Statement of Operations and Accumulated Surplus	7
Consolidated Statement of Change in Net Financial Assets	8
Consolidated Statement of Cash Flows	9
Summary of Significant Accounting Policies	10-13
Notes to Financial Statements	14-27



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Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Town of Saugeen Shores

We have audited the accompanying consolidated financial statements of the Corporation of the Town of Saugeen Shores, which comprise the consolidated statement of financial position as at December 31, 2014, and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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



Opinion

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

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Port Elgin, Ontario
June 22, 2015

The Corporation of the Town of Saugeen Shores

Consolidated Statement of Financial Position

31st December	2014	2013
Financial assets		
Cash and bank (Note 1)	\$ 11,550,583	\$ 12,031,763
Taxes receivable	1,223,523	1,194,588
Water and sewage charges receivable	786,736	768,805
Grants and subsidies receivable	320,542	400,649
Other receivables	781,231	562,260
Inventory held for resale	230,849	225,974
Loans receivable (Note 2)	2,538,699	2,884,333
Long-term investments (Note 3)	7,626,491	7,626,491
	25,058,654	25,694,863
Commitments and Contingencies (Note 17)		
Liabilities		
Accounts payable and accrued liabilities	3,835,572	3,845,894
Deferred revenue (Note 4)	2,096,046	1,877,481
Long-term debt (Note 6)	13,265,275	14,232,395
Landfill site closure and post-closure care liability (Note 7)	184,961	180,320
Post-employment benefits liability (Note 13)	785,536	777,155
	20,167,390	20,913,245
Net Financial Assets	4,891,264	4,781,618
Non-financial assets		
Tangible capital assets (Note 5)	158,300,154	158,389,729
Inventory of supplies	129,980	25,229
Prepaid expenses	21,639	5,315
	158,451,773	158,420,273
Accumulated surplus (Note 8)	\$ 163,343,037	\$ 163,201,891

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The Corporation of the Town of Saugeen Shores

Consolidated Statement of Operations and Accumulated Surplus

For the year ended 31st December	2014 Budget	2014 Actual	2013 Actual
Revenue			
Taxation	\$ 10,539,791	\$ 10,889,088	\$ 10,296,772
Fees and user charges	9,392,863	8,804,084	8,663,776
Grants (Note 11)	2,525,093	2,274,182	2,658,501
Other income (Note 10)	3,039,716	2,964,728	5,334,067
Obligatory reserve fund recognized	1,776,538	1,186,043	562,505
Total revenues	27,274,001	26,118,125	27,515,621
Expenses			
General government	1,962,995	2,006,097	1,902,339
Protection services	5,221,422	5,049,245	4,982,284
Transportation services	6,249,478	6,435,498	6,062,066
Environmental services	7,351,671	7,308,371	7,069,112
Health services	739,341	632,161	745,765
Recreation and cultural services	3,609,718	3,787,114	3,709,510
Planning and development	790,804	784,130	655,556
Total Expenses	25,925,429	26,002,616	25,126,632
Annual surplus (Note 14)	1,348,572	115,509	2,388,989
Accumulated Surplus, beginning of year	163,201,891	163,201,891	160,789,847
Restatement of opening fund balance (Note 12)	-	25,637	23,055
Accumulated Surplus, beginning of year as restated	163,201,891	163,227,528	160,812,902
Accumulated Surplus, end of year	\$ 164,550,463	\$ 163,343,037	\$ 163,201,891

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The Corporation of the Town of Saugeen Shores

Consolidated Statement of Changes in Net Financial Assets

For the year ended 31st December	2014 Budget	2014 Actual	2013 Actual
Annual surplus	\$ 1,348,572	\$ 115,509	\$ 2,388,989
Restatement of opening fund balance	-	25,637	23,055
Acquisition of tangible capital assets	(10,582,457)	(6,255,995)	(7,941,989)
Amortization of tangible capital assets	6,236,000	6,324,094	6,145,197
Proceeds on disposal of tangible capital assets	2,500	30,358	180,267
Loss (gain) on sale of tangible capital assets	-	(8,882)	60,617
Tangible capital assets recognized on initial consolidation of SMART	-		(22,847)
	(4,343,957)	89,575	(1,578,755)
Change in inventories and prepaid expenses	-	(121,075)	20,634
Change in net financial assets (debt)	(2,995,385)	109,646	853,923
Net financial assets (debt), beginning of year	4,781,618	4,781,618	3,927,695
Net financial assets (debt), end of year	\$ 1,786,233	\$ 4,891,264	\$ 4,781,618

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The Corporation of the Town of Saugeen Shores

Consolidated Statement of Cash Flows

For the year ended 31st December

2014

2013

Cash provided by (used in)

Operating Activities

Annual surplus	\$	115,509	\$	2,388,989
Items not involving cash				
Solid waste closure and post-closure liabilities		4,641		(575)
Post-employment benefits payable		8,381		86
Amortization		6,324,094		6,145,197
Change in inventory of supplies and prepaid expenses		(121,075)		20,634
Donated capital assets		-		(2,287,376)
Loss on sale of capital assets		(8,882)		60,617
Restatement of opening fund balance		25,637		23,055
		<u>6,348,305</u>		<u>6,350,627</u>
Changes in non-cash working capital balances				
Taxes receivable		(28,935)		63,787
Water and sewage charges receivable		(17,931)		(23,768)
Grants and subsidies receivable		80,107		(84,144)
Other receivables		(218,971)		(61,017)
Inventory held for resale		(4,875)		4,644
Accounts payable and accrued liabilities		(10,322)		759,137
Deferred revenue		218,565		295,843
		<u>17,638</u>		<u>954,482</u>
		<u>6,365,943</u>		<u>7,305,109</u>

Capital transactions

Cash used to acquire capital assets	(6,255,995)	(5,654,613)
Proceeds on sale of capital assets	30,358	180,267
Capital assets recognized on initial consolidation of SMART	-	(22,847)
	<u>(6,225,637)</u>	<u>(5,497,193)</u>

Investing activities

Addition to loans receivable	(210,000)	-
Repayment of loans receivable	555,634	614,621
	<u>345,634</u>	<u>614,621</u>

Financing activities

Addition to long-term liabilities	-	47,200
Repayment of long-term liabilities	(967,120)	(947,009)
	<u>(967,120)</u>	<u>(899,809)</u>

Net change in cash and temporary investments

(481,180) 1,522,728

Cash and temporary investments, beginning of year

12,031,763 10,509,035

Cash and temporary investments, end of year

\$ 11,550,583 \$ 12,031,763

The financial statements are prepared on the accrual basis. The following information, not disclosed separately on the statement of cash flows, is presented on the cash basis:

Cash paid for interest	\$	636,504	\$	678,400
Cash received from interest	\$	748,324	\$	739,445

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The Corporation of the Town of Saugeen Shores

Summary of Significant Accounting Policies

For the year ended 31st December 2014

Management Responsibility	The consolidated financial statements of the Corporation of the Town of Saugeen Shores are the representations of management. They have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants as prescribed by the Ontario Ministry of Municipal Affairs and Housing.				
Use of Estimates	The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and actual results could differ from management's best estimates as additional information becomes available in the future. Estimates are used when accounting for items such as accrued receivables, grants receivable, accrued liabilities, post-employment benefits, and solid waste landfill closure and post-closure care.				
Basis of Consolidation	The consolidated financial statements reflect the assets, liabilities, revenues and expenses of all municipal organizations, committees and boards which are controlled by Council. All interfund assets and liabilities and revenues and expenses have been eliminated on consolidation. The following boards and municipal enterprises controlled by Council have been consolidated: Port Elgin Business Improvement Area Port Elgin Airport Management Board A government partnership exists where the municipality has shared control over the board or entity. The municipality's pro-rata share of the assets, liabilities, revenues and expenses are reflected in the financial statements using the proportionate consolidation method. The municipality's proportionate interest of the following government partnerships are reflected in the consolidated financial statements: <table><tr><td>Bruce Area Solid Waste Recycling Association</td><td>23.12%</td></tr><tr><td>Saugeen Mobility and Regional Transit</td><td>12.52%</td></tr></table>	Bruce Area Solid Waste Recycling Association	23.12%	Saugeen Mobility and Regional Transit	12.52%
Bruce Area Solid Waste Recycling Association	23.12%				
Saugeen Mobility and Regional Transit	12.52%				
Basis of Accounting	Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.				
Cash and Cash Equivalents	Cash and cash equivalents include all cash balances and short term highly liquid investments that are readily convertible into cash.				

The Corporation of the Town of Saugeen Shores

Summary of Significant Accounting Policies

For the year ended 31st December 2014

Long-Term Investments	Long-term investments are recorded at cost.																				
Inventory	Inventory of goods held for resale is recorded at the lower of cost and net realizable value. Cost is determined on the average cost basis. Inventory of goods held for consumption is recorded at the lower of cost and replacement cost.																				
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. Amortization is provided over the estimated useful life of the assets using the straight-line method. The useful life of the following assets is based on estimates made by Council. The following useful lives are used: <table><tr><td>Buildings</td><td>15 - 50 years</td></tr><tr><td>Vehicles</td><td>3 - 20 years</td></tr><tr><td>Machinery and equipment</td><td>5 - 50 years</td></tr><tr><td>Bridges and culverts</td><td>60 - 80 years</td></tr><tr><td>Roads - Paved</td><td>10 - 15 years</td></tr><tr><td>Roads - Gravel</td><td>10 - 20 years</td></tr><tr><td>Roads - Sidewalks</td><td>40 years</td></tr><tr><td>Water & Wastewater Systems</td><td>20 - 70 years</td></tr><tr><td>IT Infrastructure</td><td>5 years</td></tr><tr><td>Land Improvements</td><td>20 - 50 years</td></tr></table> Tangible capital assets received as contributions are recorded at fair market value at the date of receipt and also are recorded as revenue.	Buildings	15 - 50 years	Vehicles	3 - 20 years	Machinery and equipment	5 - 50 years	Bridges and culverts	60 - 80 years	Roads - Paved	10 - 15 years	Roads - Gravel	10 - 20 years	Roads - Sidewalks	40 years	Water & Wastewater Systems	20 - 70 years	IT Infrastructure	5 years	Land Improvements	20 - 50 years
Buildings	15 - 50 years																				
Vehicles	3 - 20 years																				
Machinery and equipment	5 - 50 years																				
Bridges and culverts	60 - 80 years																				
Roads - Paved	10 - 15 years																				
Roads - Gravel	10 - 20 years																				
Roads - Sidewalks	40 years																				
Water & Wastewater Systems	20 - 70 years																				
IT Infrastructure	5 years																				
Land Improvements	20 - 50 years																				
Deferred Revenue	Revenue restricted by legislation, regulation or agreement and not available for general municipal purposes is reported as deferred revenue on the consolidated statement of financial position. The revenue is reported on the consolidated statement of operations and accumulated surplus in the year in which it is used for the specified purpose.																				
Solid Waste Landfill Closure and Post-Closure Care	Site closure and post-closure care costs are recognized over the operating life of the landfills based on capacity used. The liability is recorded at its discounted value, based on the average long-term borrowing rate of the municipality.																				
Post-Employment Benefits	The municipality provides post-employment health, dental and life insurance benefits to eligible retired employees. The benefits earned by employees are recognized over the service life of the employees using the projected benefit method and management's best estimate of salary escalation, benefits costs and retirement ages of employees. Adjustments arising from changes in assumptions and experience gains and losses are amortized on a straight line basis over the expected average remaining service lives of the employees.																				

The Corporation of the Town of Saugeen Shores

Summary of Significant Accounting Policies

For the year ended 31st December 2014

County and School Boards	The municipality collects taxation revenue on behalf of the school boards and the County of Bruce. The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards and the County of Bruce are not reflected in these financial statements.
Trust Funds	Funds held in trust by the municipality, and their related operations, are not included in these financial statements. The financial activity and position of the trust funds are reported separately on the trust funds statement of continuity and balance sheet.
Government Transfers	Government transfers are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.
Revenue Recognition	User fees and other revenues are recognized when related goods or services are provided and collectability is reasonably assured. Investment income earned on surplus funds (other than obligatory reserve funds) is reported as revenue on the daily accrual basis. Investment income earned on obligatory reserve funds is recorded directly to each fund balance.
Temporary Investments	Temporary investments are recorded at the lower of cost and market value.
Financial Instruments	The organization classifies all of its financial instruments at amortized cost. The maximum exposure to credit risk is the carrying value of the financial instruments. These financial instruments include cash and bank, taxes receivable, water and sewage charges receivable, grants and subsidies receivable, other receivables, loans receivable, long-term investments, accounts payable, accrued liabilities and long-term debt. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets. Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instrument. Writedowns of financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net realizable value with the writedown being recognized in the statement of operations.

The Corporation of the Town of Saugeen Shores

Summary of Significant Accounting Policies

For the year ended 31st December 2014

Intangible Assets	Intangible assets, art and historic treasures and items inherited by right of the Crown, such as Crown lands, forests, water and mineral resources, are not recognized in these financial statements.
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Non-Financial Assets	Tangible capital and other non-financial assets are accounted for as assets by the municipality because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the municipality unless they are sold.
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Taxation and Related Revenues	Property tax billings are prepared by the Town based on assessment rolls issued by the Municipal Property Assessment Corporation. Tax rates are established annually by the Town Council, incorporating amounts to be raised for local services. A normal part of the assessment process is the issue of supplementary assessment rolls, which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the Town determines the taxes applicable and renders supplementary tax billings.
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Assessments and the related property taxes are subject to appeal. Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. Taxes receivable are recognized net of allowance for anticipated uncollectable amounts.

The Town is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.

The Corporation of the Town of Saugeen Shores

Notes to Consolidated Financial Statements

31st December 2014

1. Cash and Bank

Interest is earned on bank balances at the bank's monthly average prime rate less 1.6%.

Funds in the amount of \$10,893,825.73 are held at one financial institution. The Canadian Deposit Insurance Corporation insures up to a maximum of \$100,000 per depositor per financial institution.

2. Loans Receivable

	2014	2013
Notes receivable, benefitting landowners, 0% to 8 %, due 2015 to 2031	\$ 2,243,732	\$ 2,665,863
Doctor recruitment loans receivable, non-interest bearing, due 2015 to 2024	294,967	218,470
	<u>\$ 2,538,699</u>	<u>\$ 2,884,333</u>

Interest earned on loans receivable during the year was \$131,580 (2013 - \$143,648).

3. Long-Term Investments

	2014	2013
Note receivable, Westario Power Inc., 4.12% interest only receivable quarterly	\$ 3,062,912	\$ 3,062,912
Common shares, Westario Power Inc.	4,563,579	4,563,579
	<u>\$ 7,626,491</u>	<u>\$ 7,626,491</u>

The note from Westario Power Inc. is receivable on demand, subject to certain limitations. It has been shown as long-term since the Corporation of the Town of Saugeen Shores did not demand payment prior to year end.

Interest earned on notes receivable during the year was \$126,192 (2013 - \$167,388).

The municipality owns 25% of the outstanding common shares of Westario Power Inc., a private company incorporated under the laws of the Province of Ontario. The shares have no fixed maturity dates and are generally not exposed to interest rate risk. The fair value of these shares is not practicable to determine in the absence of published market quotations. Dividends of \$176,217 (2013 - \$141,721) were received on these shares during the year.

4. Deferred Revenue

	2014	2013
Obligatory Reserve Funds		
Recreational land	\$ 559,754	\$ 540,095
Sanctuary Park Endowment	100,350	-
Canada Gas Tax	60,744	125,555
Development charges	1,038,123	1,044,552
	<u>1,758,971</u>	<u>1,710,202</u>
Other		
Recreation programs	263,671	23,805
Miscellaneous	7,662	6,212
H&CSS-Grey Bruce, leasehold improvement	-	53,132
Developer Contribution: Reconstruction Gangway Harbour St to Beach	3,229	7,248
Connecting link grant	60,633	62,842
Miscellaneous provincial grants - police, community services, etc.	1,880	14,040
	<u>337,075</u>	<u>167,279</u>
	<u>\$ 2,096,046</u>	<u>\$ 1,877,481</u>

The net change during the year for the obligatory reserve funds is made up as follows:

	Development Charges	Canada Gas Tax	Recreational Land	Sanctuary Park Endowment
Balance, beginning of year	\$ 1,044,552	\$ 125,555	\$ 540,095	\$ -
Interest earned	15,327	1,203	7,724	350
Contributions received	716,349	376,209	17,650	100,000
Revenue recognized	(738,105)	(442,223)	(5,715)	-
Balance, end of year	<u>\$ 1,038,123</u>	<u>\$ 60,744</u>	<u>\$ 559,754</u>	<u>\$ 100,350</u>

The Corporation of the Town of Saugeen Shores
Notes to Consolidated Financial Statements

December 31, 2014

5. Tangible Capital Assets

	2014												
	Land	Land Improvements	Buildings	Misc Equipment	Communication Equipment	IT Infrastructure	Playground Equipment	Furniture & Fixtures	Vehicles	Roads	Bridges & Culverts	Water & Wastewater Systems	Total
Cost, beginning of year	8,420,733	5,801,667	40,356,234	3,040,645	466,453	472,308	660,652	504,739	9,306,569	50,002,709	4,055,604	117,951,275	241,039,588
Additions		218,520	1,291,516	181,051	14,387	65,779		36,562	344,327	523,407		544,850	3,220,399
Disposals						(1,594)			(112,792)	(67,690)		(15,305)	(197,381)
Cost, end of year	8,420,733	6,020,187	41,647,750	3,221,696	480,840	536,493	660,652	541,301	9,538,104	50,458,426	4,055,604	118,480,820	244,062,606
Assets under construction	3,335	263,415	670,465	29,406						3,400,004	21,211	1,249,614	5,637,450
All Assets - end of year	8,424,068	6,283,602	42,318,215	3,251,102	480,840	536,493	660,652	541,301	9,538,104	53,858,430	4,076,815	119,730,434	249,700,056
Accumulated amortization, beginning of year	-	2,066,838	16,056,275	1,258,605	312,736	373,738	290,087	406,216	4,245,050	30,228,459	2,713,642	27,300,067	85,251,713
Amortization		211,286	1,071,248	185,277	41,178	31,659	38,293	17,862	542,996	2,269,192	53,552	1,861,551	6,324,094
Disposals						(638)			(92,272)	(67,690)		(15,305)	(175,905)
Accumulated amortization, end of year	-	2,278,124	17,127,523	1,443,882	353,914	404,759	328,380	424,078	4,695,774	32,429,961	2,767,194	29,146,313	91,399,902
Total tangible capital assets, end of year	8,424,068	4,005,478	25,190,692	1,807,220	126,926	131,734	332,272	117,223	4,842,330	21,428,469	1,309,621	90,584,121	158,300,154

The Corporation of the Town of Saugeen Shores
Notes to Consolidated Financial Statements

December 31, 2014

5. Tangible Capital Assets - continued

	2013												
	Land	Land Improvements	Buildings	Misc Equipment	Communication Equipment	IT Infrastructure	Playground Equipment	Furniture & Fixtures	Vehicles	Roads	Bridges & Culverts	Water & Wastewater Systems	Total
Cost, beginning of year	8,420,733	5,113,849	39,586,593	2,788,455	437,383	439,625	633,250	487,341	8,585,058	48,423,170	4,033,755	116,137,697	235,086,909
Cost on initial consolidation of SMART								1,708	67,431				69,139
Additions	-	796,104	772,646	290,501	29,070	37,442	27,402	16,521	1,255,027	1,761,642	39,743	1,860,796	6,886,894
Disposals		(108,286)	(3,005)	(38,311)		(4,759)		(831)	(600,947)	(182,103)	(17,894)	(47,218)	(1,003,354)
Cost, end of year	8,420,733	5,801,667	40,356,234	3,040,645	466,453	472,308	660,652	504,739	9,306,569	50,002,709	4,055,604	117,951,275	241,039,588
Assets under construction	3,335	321,419	1,015,318	9,568		6,182				1,103,300	2,117	140,615	2,601,854
All Assets - end of year	8,424,068	6,123,086	41,371,552	3,050,213	466,453	478,490	660,652	504,739	9,306,569	51,106,009	4,057,721	118,091,890	243,641,442
Accumulated amortization, beginning of year	-	1,966,069	15,018,476	1,119,441	272,117	339,834	253,621	379,731	4,142,264	28,154,762	2,671,703	25,504,676	79,822,694
Amortization on initial consolidation of SMART								1,192	45,100				46,292
Amortization		179,859	1,040,527	173,943	40,619	38,663	36,466	25,966	490,164	2,234,308	51,653	1,833,029	6,145,197
Disposals		(79,090)	(2,728)	(34,779)		(4,759)		(673)	(432,478)	(160,611)	(9,714)	(37,638)	(762,470)
Accumulated amortization, end of year	-	2,066,838	16,056,275	1,258,605	312,736	373,738	290,087	406,216	4,245,050	30,228,459	2,713,642	27,300,067	85,251,713
Total tangible capital assets end of year	8,424,068	4,056,248	25,315,277	1,791,608	153,717	104,752	370,565	98,523	5,061,519	20,877,550	1,344,079	90,791,823	158,389,729

The Corporation of the Town of Saugeen Shores

Notes to Consolidated Financial Statements

31st December 2014

5. Tangible Capital Assets - continued

The net book value of tangible assets not being amortized because they are under construction (or development or have been removed from service) is \$5,637,450 (2013 - \$2,601,854).

Contributed capital assets valued at \$0 were recognized in the financial statements during the year (2013 - \$2,287,376).

6. Long-Term Debt

The balance of long-term debt reported on the consolidated statement of financial position is made up of the following:

	2014	2013
Loan payable, Ontario Clean Water Agency, 8.04%, payable \$9,420 monthly principal and interest, due March 2015	\$ 29,574	\$ 135,561
Tile drainage loans payable, 6 - 8%, due 2015 to 2023	153,302	169,632
Loan payable, non-interest bearing	-	5,920
Loan payable, Ontario Infrastructure Project Corporation, 4.72% payable \$132,718 semi-annually principal and interest, due February 2026	2,334,960	2,484,858
Loan payable, Ontario Infrastructure Project Corporation, 4.74% payable \$175,723 semi-annually principal and interest, due April 2027	3,286,255	3,475,190
Loan payable, Ontario Infrastructure Project Corporation, 4.82% payable \$93,565 semi-annually, principal and interest, due December 2029	1,982,055	2,070,443
Loan payable, Canadian Imperial Bank of Commerce, 4.55%, payable \$2,348 monthly, principal and interest, due November 2019	303,992	317,988
Loan payable, Canadian Imperial Bank of Commerce, 4.55%, payable \$9,122 monthly, principal and interest, due November 2019	1,181,005	1,235,380
Loan payable, Canadian Mortgage and Housing Corporation, 3.97%, payable \$390,725 annually, principal and interest, due December 2024	3,173,869	3,428,483
Loan payable, Canadian Mortgage and Housing Corporation, 4.15%, payable \$85,252 annually, principal and interest, due May, 2025	740,843	793,178
Loan payable, Saugeen Shores Cemetery Care and Maintenance Trust Fund, 4.72%, payable \$34,492 annually principal and interest, due March 2016	40,801	71,900
Loan payable, Saugeen Shores Cemetery Care and Maintenance Trust Fund, 3.67%, payable \$2,932 annually principal and interest, due December 2020	15,534	17,812
Loan payable, Saugeen Shores Cemetery Care and Maintenance Trust Fund, 2.66%, payable \$3,658 annually principal and interest, due December 2021	23,085	26,050
	\$ 13,265,275	\$ 14,232,395

The Corporation of the Town of Saugeen Shores

Notes to Consolidated Financial Statements

31st December 2014

6. Long-Term Debt - continued

Principal payments for the next five years and thereafter are as follows:

2015	923,385
2016	908,299
2017	940,653
2018	983,090
2019	1,020,161
Thereafter	8,489,687

Interest expense recorded in the year relating to these long-term liabilities is \$629,604 (2013 - \$671,909).

The Canadian Imperial Bank of Commerce loans are secured by capital borrowing by-laws. These loans also include certain reporting requirements.

7. Landfill Site Closure and Post-closure Care Liability

Landfill site closure and post-closure care requirements are defined in accordance with industry standards and include final covering and landscaping of the landfill, removal of ground water and leachates and ongoing environmental monitoring, site inspection and maintenance. These costs will be incurred as each landfill site stops accepting waste, with the post-closure care expected to continue for an additional 20 years. The total future closure and post-closure care costs are estimated to be \$588,790.

Port Elgin Landfill Site

At 31st December 2014 a liability of \$71,604 has been recognized in the financial statements. This represents 100% of the present value of the estimated post-closure care cost, and is based on a long-term borrowing rate of 3.61% and an annual inflation rate of 1.74%.

Southampton Landfill Site

At 31st December 2014 a liability of \$113,357 has been recognized in the financial statements. This represents 57% of the present value of the estimated costs, and is based on a total capacity of 427,000 cubic meters, a long-term borrowing rate of 3.61% and an annual inflation rate of 1.74%. The balance of the liability of \$86,039 will be accrued as the remaining capacity of 184,250 cubic meters is utilized, which is expected to be over the next 22.1 years.

At 31st December 2014 the landfill site closure and post-closure liability is unfunded. The liability is expected to be funded through budget allocations to a landfill reserve over the remaining life of the landfill sites.

The Corporation of the Town of Saugeen Shores

Notes to Consolidated Financial Statements

31st December 2014

8. Accumulated Surplus

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

	2014	2013
Tangible capital assets purchased	\$ 158,300,154	\$ 158,389,729
Long term debt	(13,265,275)	(14,232,395)
Unfunded Post-employment benefits	(785,536)	(777,155)
Unfunded solid waste closure and post-closure costs	(184,961)	(180,320)
General surplus (Note 14)	544,333	544,333
Port Elgin Airport Management Board surplus	42,835	59,734
SMART surplus	352	208
Port Elgin Business Improvement Area surplus	39,782	64,412
	144,691,684	143,868,546
Reserves and reserve funds (Note 9)	18,651,353	19,333,345
Accumulated surplus	\$ 163,343,037	\$ 163,201,891

9. Reserves and Reserve Funds Set Aside for Specific Purpose by Council

	2014	2013
Reserves		
Working funds	\$ 764,312	\$ 764,312
Equipment Replacement	523,462	25,133
Insurance	141,193	141,193
Capital purposes	16,231,015	17,394,297
Tax rate stabilization	209,403	197,015
Current purposes	657,174	695,327
	18,526,559	19,217,277
Reserve funds		
Capital purposes	97,285	88,941
Parking revenues	27,509	27,127
	124,794	116,068
Reserves and reserve funds set aside for specific purposes by Council	\$ 18,651,353	\$ 19,333,345

The Corporation of the Town of Saugeen Shores

Notes to Consolidated Financial Statements

31st December 2014

10. Other Income

	2014 Budget	2014 Actual	2013 Actual
Gain/(loss) on sale of capital assets	\$ 15,000	8,883	(60,617)
Penalties and interest on taxation	184,000	172,739	187,858
Investment income	608,541	618,892	613,929
Rents, concessions and franchises	392,787	367,846	432,674
Donations	155,016	123,980	2,529,750
OPG payment	280,000	301,905	293,571
Trailer revenue and permits	1,023,000	1,035,164	972,617
Licenses and permits	343,425	319,473	339,882
Other	37,947	15,846	24,403
	\$ 3,039,716	\$ 2,964,728	\$ 5,334,067

11. Grants

	2014 Budget	2014 Actual	2013 Actual
Operating			
Province of Ontario			
Ontario Municipal Partnership Fund (OMPF)	\$ 1,717,700	\$ 1,717,700	\$ 2,087,400
Conditional - Protection	75,300	75,371	99,541
- Roads	98,879	121,091	105,096
- Waste Diversion	87,696	102,240	89,916
- Other	136,500	226,765	141,654
	2,116,075	2,243,167	2,523,607
Government of Canada			
- Roads	1,796	(1,796)	1,796
- Other	-	-	31,950
	1,796	(1,796)	33,746
Other Municipalities			
- Fire	5,000	5,000	-
- Other	5,266	6,276	5,374
	10,266	11,276	5,374
Total operating grants	\$ 2,128,137	\$ 2,252,647	\$ 2,562,727

The Corporation of the Town of Saugeen Shores

Notes to Consolidated Financial Statements

31st December 2014

11. Grants - continued

	2014 Budget	2014 Actual	2013 Actual
Tangible Capital Asset			
Province of Ontario			
Conditional - Roads	11,398	2,210 \$	32,227
- Sewer and Water	47,758	-	-
- Recreation and Culture	10,000	-	60,000
- Other	25,000	-	-
	94,156	2,210	92,227
Government of Canada			
Conditional - Other	-	19,325	-
	-	19,325	-
Other Municipalities			
- Roads	277,800	-	-
- Recreation and Culture	5,000	-	3,547
- Other	20,000	-	-
	302,800	-	3,547
Total tangible capital asset grants	396,956	21,535	95,774
Total grants	\$ 2,525,093	\$ 2,274,182	\$ 2,658,501

12. Government Partnerships

The following summarizes the financial position and results of operations of the government partnerships. The Town of Saugeen Shores' pro-rata share of these amounts has been reported in these financial statements using the proportionate consolidation method:

	Saugeen Mobility and Regional Transit	BASWRA
Financial Assets	\$ 228,716	\$ 2,399,265
Liabilities	260,185	97,823
Net Financial Position	(31,469)	2,301,442
Non Financial Assets	703,747	1,665,922
Accumulated Surplus	672,278	3,967,364
Revenues	1,573,192	2,559,346
Expenses	1,401,645	2,402,491
Annual Surplus	\$ 171,547	\$ 156,855

Bruce Area Solid Waste Recycling Association (BASWRA) is a partnership between the Town of South Bruce Peninsula, the Municipality of Arran-Elderslie, the Town of Saugeen Shores, the Municipality of Kincardine and others to provide garbage, recycling and cardboard collection services. During the year, the town made payments to BASWRA of \$225,951 (2013 - \$222,601) for recycling and cardboard collection services.

The Corporation of the Town of Saugeen Shores

Notes to Consolidated Financial Statements

31st December 2014

12. Government Partnerships - continued

Saugeen Mobility and Regional Transit (S.M.A.R.T.) operates a specialty transit service; the Town of Saugeen Shores became a partner in this service in 2013. In 2014, the Town's share in S.M.A.R.T. increased from 7.4% to 12.52%. The Town's opening fund balance has been restated to include the increase in the Town's share of S.M.A.R.T.'s opening fund balance (\$25,637).

13. Post-Employment Benefits

Pension Plan

The municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), a multi-employer plan, on behalf of 100 members of its staff. This plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Employees and employers contribute jointly to the plan.

Because OMERS is a multi-employer pension plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the municipality does not recognize any share of the OMERS pension surplus or deficit. The amount contributed to OMERS for 2014 was \$681,094 (2013 - \$678,548) for current service.

The OMERS Board rate was 9.0% to 15.9% depending on income level for 2014 (2013 - 9.0% to 15.9% depending on income level). The OMERS plan has reported a \$7.1 billion actuarial deficit at the end of 2014 (2013 - \$8.6 billion actuarial deficit), based on actuarial liabilities of \$76.9 billion (2013 - \$73 billion) and actuarial assets of \$69.8 billion (2013 - \$64.4 billion). Contribution rates for employees and employers have been increasing to address the funding deficit.

Other Benefits

The municipality provides post-employment health, dental and life insurance benefits to eligible retired employees. Payment for these benefits totaled \$54,166 (2013 - \$52,406) during the year. The post-employment benefit at December 31 includes the following components:

	2014	2013
Accrued benefit obligation	\$ 690,533	\$ 871,462
Unamortized actuarial gain (loss)	95,003	(94,307)
Accrued benefit liability	\$ 785,536	\$ 777,155

Actuarial valuations for accounting purposes are performed using the projected benefit method, pro-rated on services. The most recent actuarial report was prepared as at December 31, 2014.

The actuarial valuation was based on a number of assumptions about future events, such as inflation rates, interest rates, medical inflation rates, wage increases, employee turnover and mortality rates. The assumptions used reflect management's best estimates. A discount rate of 3.75% was assumed to determine the accrued benefit obligation, along with a compensation increase rate of 3%. Health, dental and travel premium rates are predicted to escalate by 4% annually.

The Corporation of the Town of Saugeen Shores

Notes to Consolidated Financial Statements

31st December 2014

13. Post-Employment Benefits - continued

	2014	2013
Current period benefit cost	\$ 37,097	\$ 34,887
Amortization of actuarial loss	8,523	8,523
Retirement benefit expense	45,620	43,410
Interest cost	36,264	36,442
Total expense for the year	\$ 81,884	\$ 79,852

14. Budget Amounts

Under public sector accounting standards, budget amounts are to be reported on the consolidated statements of operations and accumulated surplus and changes in net debt for comparative purposes. The 2014 budget amounts for the Corporation of the Town of Saugeen Shores approved by Council have been restated to conform to the basis of preparation of the revenues and expenses on the consolidated statements of operations and accumulated surplus and changes in net debt. The following is a reconciliation of the budget approved by Council.

	2014 Budget	2014 Actual	2013 Actual
Annual surplus (Page 7)	\$ 1,348,572	\$ 115,509	\$ 2,388,989
Acquisition of tangible capital assets less disposals and write-downs	(10,579,957)	(6,234,519)	(7,701,105)
Amortization	6,236,000	6,324,094	6,145,197
Proceeds from issuance of long-term debt	-	-	47,200
Debt principal repayments	(996,198)	(967,120)	(947,009)
Net Transfers to/from reserve	3,988,583	681,992	74,112
Change in unfunded liabilities	-	13,022	(489)
Change in consolidated boards	3,000	41,385	(6,895)
Restatement of opening fund balance	-	25,637	-
	-	-	-
Prior year surplus (deficit) general	544,333	544,333	544,333
General Surplus	\$ 544,333	\$ 544,333	\$ 544,333

The Corporation of the Town of Saugeen Shores

Notes to Consolidated Financial Statements

31st December 2014

15. Operations of School Boards and the County of Bruce

During the year the following taxation revenue was raised and remitted to the school boards and the County of Bruce:

	2014	2013
School boards	\$ 6,023,331	\$ 5,923,506
County of Bruce	8,930,956	8,609,205
	\$ 14,954,287	\$ 14,532,711

16. Trust Funds

The trust funds administered by the municipality amounting to \$536,151 (2013 - \$511,018) have not been included in the statement of financial position nor have the operations been included in the statement of operations and accumulated surplus. At 31st December 2014, the trust fund balances are as follows:

	2014	2013
Cemetery Care and Maintenance Funds	\$ 427,438	\$ 412,178
Flag Fund	13,241	10,717
Chantry Island Restoration Fund	95,472	88,123
	\$ 536,151	\$ 511,018

17. Commitments and Contingencies

In August, 2013 the Town of Saugeen Shores entered into a five year operating agreement with the Ontario Clean Water Agency (OCWA) for the operation and maintenance of the Southampton water treatment facility, the Southampton water distribution system, the Southampton wastewater treatment plant and the Port Elgin wastewater treatment plant. As part of OCWA's commitment to provide cost effective services to the client, OCWA shall provide the client with an annual credit memo of \$20,000 per year during the initial term of the agreement.

The following are the annual fixed prices for each of the OCWA components for 2015 to 2018, the term of this agreement:

	Southampton Water Treatment Facility	Water System Annual Operating Credit	Southampton Water Distribution System	Southampton Wastewater Treatment Plant	Port Elgin Wastewater Treatment Plant	Property and Boiler and Machinery Insurance
2015	508,868	(20,000)	204,412	431,167	673,554	23,968
2016	514,230	(20,000)	207,399	435,808	681,317	24,328
2017	519,672	(20,000)	210,430	440,519	689,197	24,693
2018	525,196	(20,000)	213,507	445,301	697,195	25,063

These commitments will be funded by way of water and sewer user charges. The agreement may be renewed for successive five year term subject to agreement between the parties.

The town has awarded six contracts for capital projects that were not completed at year-end. The balance of the projects to be completed in 2015 is approximately \$227,667.

The Corporation of the Town of Saugeen Shores

Notes to Consolidated Financial Statements

31st December 2014

17. Commitments and Contingencies - continued

Subsequent to year-end, the town awarded contracts for a total commitment of \$1,681,544 in 2015.

Several lower tier municipalities on the Bruce Peninsula, including the Town of Saugeen Shores, have been named as defendants in a land claim action filed by the Chippewas of Saugeen and Nawash for damages alleged to total \$92 billion. Also joined as defendants in the action are the Counties of Bruce and Grey, the Province of Ontario and the Dominion of Canada. No breakdown as to each municipalities' relative share of the \$92 billion has been provided. The likelihood of the success of this action is undeterminable at this present time.

18. Temporary Borrowings

According to the terms of the Town's credit agreement with the bank, the maximum available operating credit limit is \$2,500,000 at an interest rate of prime less 0.75%. This facility is secured by a current borrowing by-law. There were no amounts drawn under this facility at year end.

19. Financial Instrument Risk Management

Credit Risk

The Town of Saugeen Shores is exposed to credit risk through its cash, trade and other receivables, loans receivable, and long-term investments. There is the possibility of non-collection of its trade and other receivables. The majority of the town's receivables are from rate payers and government entities. For trade and other receivables, the town measures impairment based on how long the amounts have been outstanding. The amounts outstanding at year end, which is the town's maximum exposure to credit risk related to trade and other receivables were as follows:

	0 - 30 days	31 - 90 days	91 - 365 days	1 to 2 years	3 to 10 years
Cash	\$ 11,550,583	\$ -	\$ -	\$ -	\$ -
Trade & other receivables	1,482,591	353,025	28,336	6,157	18,400
Loans receivable	-	-	7,262	122,804	2,408,633
Long-term investments	-	-	-	-	7,626,491
Net amount receivable	\$ 13,033,174	\$ 353,025	\$ 35,598	\$ 128,961	\$ 10,053,524

Liquidity Risk

Liquidity risk is the risk that the Town of Saugeen Shores encounters difficulty in meeting its obligations as they fall due. The town has a planning and budgeting process in place to help determine the funds required to support the town's normal operating requirements on an ongoing basis. The town ensures that there are sufficient funds to meet its short-term requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents. To achieve this aim, it seeks to maintain an available line of credit balance as approved by the appropriate borrowing by-law to meet, at a minimum, expected requirements for a period of at least 90 days. The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

The Corporation of the Town of Saugeen Shores

Notes to Consolidated Financial Statements

31st December 2014

19. Financial Instrument Risk Management - continued

	0 - 30 days	31 - 90 days	91 - 365 days	1 to 2 years	3 to 10 years
Accounts payable and accrued liabilities	\$ 1,878,432	\$ 102,482	\$ 768,874	\$ 1,085,784	\$ -
Deferred revenue	263,671		73,404	-	-
Long-term debt	-	-	-	1,831,684	11,433,591
Total Financial Liabilities	\$ 2,142,103	\$ 102,482	\$ 842,278	\$ 2,917,468	\$ 11,433,591

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The town is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the variable rate of temporary borrowings and long-term liabilities and the value of fixed rate long-term liabilities.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure risks.

20. Segmented Information

The Town of Saugeen Shores is a diversified municipal government institution that provides a wide range of services to its citizens such as police, fire, animal control, sewer, water, waste collection, disposal and recycling, recreational, library and planning. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

General Government

This item refers to the revenues and expenses that relate to the governance and operations of the Town itself and cannot be directly attributed to a specific segment.

Protection to Persons and Property

Protection is comprised of police services, fire protection, conservation authority, emergency planning, by-law enforcement, animal control and building and structural inspection. The police services work to ensure the safety and protection of the citizens and their property. The fire department is responsible to provide fire suppression service, fire prevention programs, training and education. The members of the fire department consist of one part-time and two full-time employees as well as volunteers. The building department provides a number of services including enforcement of building and construction codes and review of all property development plans through its application process.

Transportation

Transportation is responsible for construction and maintenance of the Town's roadways, bridges, parking areas and streetlighting. Transportation also includes the provision of air transportation through the Port Elgin Airport Management Board.

Water and Sewer

This service provides the Town's drinking water. They process and clean sewage and ensure the Town's water system meets all provincial standards.

The Corporation of the Town of Saugeen Shores

Notes to Consolidated Financial Statements

31st December 2014

20. Segmented Information - continued

Waste Management

Included in waste management services is the provision of waste collection, disposal and recycling to its citizens.

Recreation and Cultural Services

This service area provides services meant to improve the health and development of the Town's citizens. The Town provides recreational programs and operates and maintains parks, arenas, a swimming pool, community centres, campgrounds and marinas. The Town also provides maintenance for the libraries.

Other Services

Included in the other services category is health as well as planning and development services. Health services provides the maintenance of two medical clinics and the operations of local cemeteries. Planning and development provides services in conjunction with the County of Bruce regarding planning and development issues. Also included are the Business Improvement Area and Business Enterprise Centre, promotion of the Town and tile drainage.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. Amounts that are directly attributable to a number of segments have been allocated on a reasonable basis as follows:

Taxation, OMPF grants and interest are allocated to those segments that are funded by these amounts based on a percentage of the net surplus for the year.

The Corporation of the Town of Saugeen Shores
Notes to the Financial Statements

21. Segmented Information - continued

For the year ended December 31, 2014	General Government	Protection to Persons & Property	Transportation	Water and Sewer	Waste Management	Recreation and Cultural Services	Other Services	2014 Total
Revenue								
Taxation	\$ 1,167,122	\$ 3,515,194	\$ 4,889,625	\$ -	\$ -	\$ 963,183	\$ 353,964	\$ 10,889,088
Fees and user charges	100,952	88,561	211,845	5,364,264	1,208,573	1,279,806	550,083	8,804,084
Specific grants	20,057	79,639	121,505	-	102,240	18,131	214,910	556,482
OMPF grant	184,108	554,506	771,314	-	-	151,937	55,835	1,717,700
Other income	615,218	550,446	305,989	-	9,780	1,266,857	216,438	2,964,728
Obligatory reserve fund recognized	1,500	-	985,396	193,432	-	5,715	-	1,186,043
Total Revenues	2,088,957	4,788,346	7,285,674	5,557,696	1,320,593	3,685,629	1,391,230	26,118,125
Expenses								
Salaries and benefits	1,519,733	3,708,069	2,104,506	335,289	700,881	1,696,167	535,767	10,600,412
Interest on debt	-	-	-	545,277	-	17,572	66,755	629,604
Materials and supplies	566,608	1,083,425	1,869,937	2,296,401	375,756	1,535,678	731,597	8,459,402
Amortization	83,756	245,751	2,672,055	2,586,966	143,801	498,697	82,172	6,313,198
Interfunctional Transfers	(164,000)	12,000	(211,000)	249,000	75,000	39,000	-	-
Total Expenses	2,006,097	5,049,245	6,435,498	6,012,933	1,295,438	3,787,114	1,416,291	26,002,616
Net surplus (deficit)	\$ 82,860	\$ (260,899)	\$ 850,176	\$ (455,237)	\$ 25,155	\$ (101,485)	\$ (25,061)	\$ 115,509
For the year ended December 31, 2013	General Government	Protection to Persons & Property	Transportation	Water and Sewer	Waste Management	Recreation and Cultural Services	Other Services	2013 Total
Revenue								
Taxation	\$ 1,391,175	\$ 4,189,887	\$ 3,400,777	\$ -	\$ -	\$ 1,073,859	\$ 241,074	\$ 10,296,772
Fees and user charges	27,920	65,567	293,548	5,142,305	1,177,151	1,244,337	712,948	8,663,776
Specific grants	-	99,541	139,119	-	89,916	136,032	106,493	571,101
OMPF grant	282,024	849,390	689,418	-	-	217,697	48,871	2,087,400
Other income	636,913	662,479	2,459,185	(13,111)	(440)	1,245,519	343,522	5,334,067
Obligatory reserve fund recognized	-	-	327,648	147,432	-	87,425	-	562,505
Total Revenues	2,338,032	5,866,864	7,309,695	5,276,626	1,266,627	4,004,869	1,452,908	27,515,621
Expenses								
Salaries and benefits	1,441,670	3,708,341	1,955,732	198,482	711,463	1,696,449	598,565	10,310,702
Interest on debt	-	-	-	585,168	-	19,596	67,145	671,909
Materials and supplies	519,735	1,045,563	1,697,177	2,221,315	365,633	1,507,971	641,430	7,998,824
Amortization	78,934	216,380	2,601,419	2,528,757	161,890	463,636	94,181	6,145,197
Interfunctional Transfers	(138,000)	12,000	(192,262)	202,000	94,404	21,858	-	-
Total Expenses	1,902,339	4,982,284	6,062,066	5,735,722	1,333,390	3,709,510	1,401,321	25,126,632
Net surplus (deficit)	\$ 435,693	\$ 884,580	\$ 1,247,629	\$ (459,096)	\$ (66,763)	\$ 295,359	\$ 51,587	\$ 2,388,989

The Corporation of the Town of Saugeen Shores
Financial Information

For the year ended 31st December 2014

[Contents](#)

The Corporation of the Town of Saugeen Shores Trust Funds

The Corporation of the Town of Saugeen Shores

Financial Information

For the year ended 31st December 2014

Contents

The Corporation of the Town of Saugeen Shores Trust Funds

Independent Auditor's Report	1 - 2
Statement of Financial Position and Statement of Continuity	3
Notes to Financial Information	4 - 6



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Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Town of Saugeen Shores

We have audited the accompanying financial information for the trust funds of the Corporation of the Town of Saugeen Shores, which comprise the statement of financial position as at December 31, 2014, the statement of continuity for the year then ended, and a summary of significant accounting policies.

Management's Responsibility for the Financial Information

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

Auditor's Responsibility

Our responsibility is to express an opinion on this financial information 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 information is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial information. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial information, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial information 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 information.

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, the financial information presents fairly, in all material respects, the financial position of the trust funds of the Corporation of the Town of Saugeen Shores as at December 31, 2014 and the statement of continuity for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Port Elgin, Ontario
June 22, 2015

The Corporation of the Town of Saugeen Shores

Trust Funds

Statement of Financial Position

31st December 2014

	Cemetery Care and Maintenance	Flag Fund	Chantry Island Restoration Fund	Total
Assets				
Cash (Note 5)	\$ 341,642	\$ 13,163	\$ 43,735	\$ 398,540
Accounts receivable	-	78	50,000	50,078
Due from Town of Saugeen Shores	15,260	-	-	15,260
Investments (Note 2)	79,420	-	-	79,420
Tangible capital assets (Note 3)	-	-	2,801	2,801
	<u>\$ 436,322</u>	<u>\$ 13,241</u>	<u>\$ 96,536</u>	<u>\$ 546,099</u>
Liabilities				
Accounts payable	-	-	402	402
Due to Town of Saugeen Shores	8,884	-	662	9,546
	<u>8,884</u>	<u>-</u>	<u>1,064</u>	<u>9,948</u>
Fund Balance	<u>427,438</u>	<u>13,241</u>	<u>95,472</u>	<u>536,151</u>
	<u>\$ 436,322</u>	<u>\$ 13,241</u>	<u>\$ 96,536</u>	<u>\$ 546,099</u>

Statement of Continuity

For the year ended 31st December 2014

	Cemetery Care and Maintenance	Flag Fund	Chantry Island Restoration Fund	Total
Receipts				
Bank interest	\$ 8,884	\$ 159	\$ 577	\$ 9,620
Plot sales	13,110	-	-	13,110
Marker maintenance	2,150	-	-	2,150
Federal grant	-	-	2,501	2,501
Other income	-	-	31,244	31,244
Donations and fundraising	-	4,100	12,194	16,294
	<u>24,144</u>	<u>4,259</u>	<u>46,516</u>	<u>74,919</u>
Expenses				
Expenses	<u>8,884</u>	<u>1,735</u>	<u>39,167</u>	<u>49,786</u>
Net revenues (expenses) for the year	<u>15,260</u>	<u>2,524</u>	<u>7,349</u>	<u>25,133</u>
Trust funds, beginning of year	<u>412,178</u>	<u>10,717</u>	<u>88,123</u>	<u>511,018</u>
Trust funds, end of year	<u>\$ 427,438</u>	<u>\$ 13,241</u>	<u>\$ 95,472</u>	<u>\$ 536,151</u>

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

The Corporation of the Town of Saugeen Shores Trust Funds

Notes to Financial Information

31st December 2014

1. Summary of Significant Accounting Policies

Management Responsibility	The financial information of the Corporation of the Town of Saugeen Shores Trust Funds are the representation of management prepared in accordance with accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants as prescribed by the Ontario Ministry of Municipal Affairs and Housing. The preparation of financial information in accordance with Canadian public sector accounting standards requires management to make estimates that affect the reported amounts of the assets and liabilities at the date of the financial information, and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and actual results could differ from management's best estimates as additional information becomes available in the future.
Basis of Consolidation	These trust funds have not been consolidated with the financial statements of the municipality.
Accrual Basis of Accounting	Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.
Investments	Investments are recorded at the lower of cost and market value.
Financial Instruments	The trust funds classify all of their financial instruments at amortized cost. The maximum exposure to credit risk is the carrying value of the financial instruments. These financial instruments include cash and bank, accounts receivable and accounts payable. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets. Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instrument. Writedowns of financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net realizable value with the writedown being recognized in the statement of operations.
Intangible Assets	Intangible assets, art and historic treasures and items inherited by right of the Crown, such as Crown lands, forests, water and mineral resources, are not recognized in these financial statements.

The Corporation of the Town of Saugeen Shores Trust Funds

Notes to Financial Information

31st December 2014

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. Amortization is provided over the estimated useful life of the assets using the straight-line method. The useful life of the following assets is based on estimates made by Council. The following useful lives are used:

Vehicles	3 - 20 years
Machinery and equipment	10 - 35 years

2. Investments

	2014	2013
Loan receivable, Town of Saugeen Shores, 4.72%, \$34,492 receivable annually principal and interest, due March 2016	\$ 40,801	\$ 71,900
Loan receivable, Town of Saugeen Shores, 3.67%, \$2,932 receivable annually principal and interest, due December 2020	\$ 15,534	\$ 17,812
Loan receivable, Town of Saugeen Shores, 2.66%, \$3,658 receivable annually principal and interest, due December 2021	\$ 23,085	\$ 26,050
	\$ 79,420	\$ 115,762

The total investments of \$79,420 (2013 - \$115,762) reported on the statement of continuity have a market value of \$79,420 (2013 - \$115,762) at the end of the year.

3. Tangible Capital Assets

Vehicles	2014	2013
Cost, beginning of year	18,884	19,634
Additions	-	-
Disposals	-	(750)
Cost, end of year	18,884	18,884
Accumulated amortization, beginning of year	14,828	14,023
Amortization	1,255	1,305
Disposals	-	(500)
Accumulated amortization, end of year	16,083	14,828
Total tangible capital assets, end of year	2,801	4,056

The Corporation of the Town of Saugeen Shores Trust Funds

Notes to Financial Information

31st December 2014

4. Financial Risk Management

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The trust funds are exposed to credit risk arising from its cash, accounts receivables and amounts due from the Town of Saugeen Shores.

Liquidity Risk

Liquidity risk is the risk that the trust funds encounter difficulty in meeting their obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the trust funds will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from accounts payable and amounts due to the Town of Saugeen Shores. The trust funds have sufficient cash balances and long-term investments to extinguish its liabilities.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The trust funds are exposed to interest rate risk arising from the possibility that interest rates will affect the value of fixed income denominated investments.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure risks.

5. Cash

Funds are held at one financial institution. The Canadian Deposit Insurance Corporation insures up to a maximum of \$100,000 per depositor per financial institution.