The Corporation of the Town of Saugeen Shores

Financial Information

For the year ended 31st December 2015

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Financial Statements
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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, 2015, 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, 2015 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 27, 2016

The Corporation of the Town of Saugeen Shores
Consolidated Statement of Financial Position

31st December	2015	2014
Financial assets		
Cash and bank (Note 1)	$ **10,612,465**	$ 11,550,583
Taxes receivable	**1,221,648**	1,223,523
Water and sewage charges receivable	**906,849**	786,736
Grants and subsidies receivable	**277,839**	320,542
Other receivables	**804,787**	781,231
Inventory held for resale	**217,837**	230,849
Loans receivable (Note 2)	**2,099,167**	2,538,699
Long-term investments (Note 3)	**7,626,491**	7,626,491
	23,767,083	25,058,654
Commitments and Contingencies (Note 17)		
Liabilities		
Accounts payable and accrued liabilities	**3,354,289**	3,835,572
Deferred revenue (Note 4)	**2,177,478**	2,096,046
Long-term debt (Note 6)	**12,341,890**	13,265,275
Landfill site closure and post-closure care liability (Note 7)	**188,677**	184,961
Post-employment benefits liability (Note 13)	**780,879**	785,536
	18,843,213	20,167,390
Net Financial Assets	**4,923,870**	4,891,264
Non-financial assets		
Tangible capital assets (Note 5)	**158,137,402**	158,300,154
Inventory of supplies	**111,815**	129,980
Prepaid expenses	**12,120**	21,639
	158,261,337	158,451,773
Accumulated surplus (Note 8)	$ **163,185,207**	$ 163,343,037

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	2015 Budget	**2015 Actual**	2014 Actual
Revenue			
Taxation	$ 11,465,662	**$ 11,715,723**	$ 10,889,088
Fees and user charges	8,823,463	**8,900,091**	8,804,084
Grants (Note 11)	2,696,120	**2,072,630**	2,274,182
Other income (Note 10)	2,689,738	**2,848,828**	2,964,728
Obligatory reserve fund recognized	1,020,490	**970,679**	1,186,043
Total revenues	26,695,474	**26,507,951**	26,118,125
Expenses			
General government	2,016,136	**1,940,858**	2,006,097
Protection services	5,422,350	**5,467,847**	5,049,245
Transportation services	6,084,437	**5,863,988**	6,435,498
Environmental services	7,960,853	**8,119,668**	7,308,371
Health services	736,055	**622,662**	632,161
Recreation and cultural services	3,855,137	**3,959,966**	3,787,114
Planning and development	780,453	**690,792**	784,130
Total Expenses	26,855,421	**26,665,781**	26,002,616
Annual surplus (Note 14)	(159,948)	**(157,830)**	115,509
Accumulated Surplus, beginning of year	163,343,037	**163,343,037**	163,201,891
Restatement of opening fund balance	-	**-**	25,637
Accumulated Surplus, beginning of year as restated	163,343,037	**163,343,037**	163,227,528
Accumulated Surplus, end of year	$ 163,183,089	**$ 163,185,207**	$ 163,343,037

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	2015 Budget	**2015 Actual**	2014 Actual
Annual surplus	$ (159,948)	**$ (157,830)**	$ 115,509
Restatement of opening fund balance	-	**-**	25,637
Acquisition of tangible capital assets	(9,313,101)	**(6,540,176)**	(6,255,995)
Amortization of tangible capital assets	6,327,000	**6,424,147**	6,324,094
Proceeds on disposal of tangible capital assets	-	**45,721**	30,358
Loss (gain) on sale of tangible capital assets	-	**233,060**	(8,882)
	(2,986,101)	**162,752**	89,575
Change in inventories and prepaid expenses	-	**27,684**	(121,075)
Change in net financial assets (debt)	(3,146,049)	**32,606**	109,646
Net financial assets (debt), beginning of year	4,891,264	**4,891,264**	4,781,618
Net financial assets (debt), end of year	$ 1,745,215	**$ 4,923,870**	$ 4,891,264

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	2015	2014
Cash provided by (used in)		
Operating Activities		
Annual surplus	$ (157,830)	$ 115,509
Items not involving cash		
Solid waste closure and post-closure liabilities	3,716	4,641
Post-employment benefits payable	(4,657)	8,381
Amortization	6,424,147	6,324,094
Change in inventory of supplies and prepaid expenses	27,684	(121,075)
Loss on sale of capital assets	233,060	(8,882)
Restatement of opening fund balance	-	25,637
	6,526,120	6,348,305
Changes in non-cash working capital balances		
Taxes receivable	1,875	(28,935)
Water and sewage charges receivable	(120,113)	(17,931)
Grants and subsidies receivable	42,703	80,107
Other receivables	(23,556)	(218,971)
Inventory held for resale	13,012	(4,875)
Accounts payable and accrued liabilities	(481,283)	(10,322)
Deferred revenue	81,432	218,565
	(485,930)	17,638
	6,040,190	6,365,943
Capital transactions		
Cash used to acquire capital assets	(6,540,176)	(6,255,995)
Proceeds on sale of capital assets	45,721	30,358
	(6,494,455)	(6,225,637)
Investing activities		
Addition to loans receivable	(25,548)	(210,000)
Repayment of loans receivable	465,080	555,634
	439,532	345,634
Financing activities		
Repayment of long-term liabilities	(923,385)	(967,120)
Net change in cash and temporary investments	(938,118)	(481,180)
Cash and temporary investments, beginning of year	11,550,583	12,031,763
Cash and temporary investments, end of year	$ 10,612,465	$ 11,550,583

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:

	2015	2014
Cash paid for interest	$ 591,197	$ 636,504
Cash received from interest	$ 710,373	$ 748,324

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

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. Council reviews and approves the consolidated financial statements.

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 water and sewer charges receivable, grants and subsidies receivable, accounts payable and accrued liabilities, post-employment benefits liability, landfill site closure and post-closure care liability and the estimated amortization periods for tangible capital assets.

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:

Bruce Area Solid Waste Recycling Association	23.29%
Saugeen Mobility and Regional Transit	16.20%

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.

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:

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

Tangible capital assets received as contributions are recorded at fair market value at the date of receipt and also are recorded as revenue.

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.

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.

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.

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.

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 porperty assessment. Once a supplementary assessment roll is received, the Town determines the taxes applicable and renders supplementary tax billings.

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.

Liability for Contaminated Sites

A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when an organization is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activites including post remediation operations, maintenance and monitoring. The liability is recorded net of any expected recoveries. Management is not aware of any contaminated sites for which a liability needs to be recognized.

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 $9,974,964 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

	2015	2014
Notes receivable, benefitting landowners, 0% to 8 %, due 2016 to 2031	$ 1,873,515	$ 2,243,732
Doctor recruitment loans receivable, non-interest bearing, due 2016 to 2024	225,652	294,967
	$ 2,099,167	$ 2,538,699

Interest earned on loans receivable during the year was $120,731 (2014 - $131,580).

3. Long-Term Investments

	2015	2014
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
	$ 7,626,491	$ 7,626,491

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 (2014 - $126,192).

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 $187,350 (2014 - $176,217) were received on these shares during the year.

4. Deferred Revenue

	2015	2014
Obligatory Reserve Funds		
Recreational land	$ 591,966	$ 559,754
Sanctuary Park Endowment	100,355	100,350
Canada Gas Tax	55,354	60,744
Development charges	1,085,738	1,038,123
	1,833,413	1,758,971
Other		
Recreation programs	278,476	263,671
Miscellaneous	4,956	7,662
Developer Contribution: Reconstruction Gangway Harbour St to Beac	-	3,229
Connecting link grant	60,633	60,633
Miscellaneous provincial grants - police, community services, etc.	-	1,880
	344,065	337,075
	$ 2,177,478	$ 2,096,046

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	$ 1,038,123	$ 60,744	$ 559,754	$ 100,350
Interest earned	12,728	1,765	6,912	5
Contributions received	631,808	366,604	25,300	-
Revenue recognized	(596,921)	(373,759)	-	-
Balance, end of year	$ 1,085,738	$ 55,354	$ 591,966	$ 100,355

December 31, 2015

5. Tangible Capital Assets

													2015
	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	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
Additions		77,554	274,778	371,042	12,390	17,758	11,840	12,321	1,619,995	2,416,398		2,029,645	6,843,721
Disposals			(33,435)			(603)	(8,844)		(388,150)	(1,032,994)		(499,189)	(1,963,215)
Cost, end of year	8,420,733	6,097,741	41,889,093	3,592,738	493,230	553,648	663,648	553,622	10,769,949	51,841,830	4,055,604	120,011,276	248,943,112
Assets under construction	3,335	262,709	113,850	1,764		54,026			244,212	2,612,172	184,605	1,857,232	5,333,905
All Assets - end of year	8,424,068	6,360,450	42,002,943	3,594,502	493,230	607,674	663,648	553,622	11,014,161	54,454,002	4,240,209	121,868,508	254,277,017
Accumulated amortization, beginning 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
Amortization		216,863	1,187,442	197,987	28,457	37,847	38,293	18,258	524,494	2,262,961	53,552	1,857,993	6,424,147
Disposals			(15,893)			(362)	(7,366)		(322,466)	(1,032,996)		(305,351)	(1,684,434)
Accumulated amortization, end of year	-	2,494,987	18,299,072	1,641,869	382,371	442,244	359,307	442,336	4,897,802	33,659,926	2,820,746	30,698,955	96,139,615
Total tangible capital assets, end of year	8,424,068	3,865,463	23,703,871	1,952,633	110,859	165,430	304,341	111,286	6,116,359	20,794,076	1,419,463	91,169,553	158,137,402

5. Tangible Capital Assets - continued

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

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 $5,333,905 (2014 - $5,637,450).

Contributed capital assets valued at $0 were recognized in the financial statements during the year (2014 - $0).

6. Long-Term Debt

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

	2015	2014
Loan payable, Ontario Clean Water Agency, 8.04%, payable $9,420 monthly principal and interest, due March 2015	$ -	$ 29,574
Tile drainage loans payable, 6 - 8%, due 2015 to 2023	**135,992**	153,302
Loan payable, Ontario Infrastructure Project Corporation, 4.72% payable $132,718 semi-annually principal and interest, due February 2026	**2,177,904**	2,334,960
Loan payable, Ontario Infrastructure Project Corporation, 4.74% payable $175,723 semi-annually principal and interest, due April 2027	**3,088,259**	3,286,255
Loan payable, Ontario Infrastructure Project Corporation, 4.82% payable $93,565 semi-annually, principal and interest, due December 2029	**1,889,356**	1,982,055
Loan payable, Canadian Imperial Bank of Commerce, 4.55%, payable $2,348 monthly, principal and interest, due November 2019	**289,346**	303,992
Loan payable, Canadian Imperial Bank of Commerce, 4.55%, payable $9,122 monthly, principal and interest, due November 2019	**1,124,104**	1,181,005
Loan payable, Canadian Mortgage and Housing Corporation, 3.97%, payable $390,725 annually, principal and interest, due December 2024	**2,909,146**	3,173,869
Loan payable, Canadian Mortgage and Housing Corporation, 4.15%, payable $85,252 annually, principal and interest, due May, 2025	**686,335**	740,843
Loan payable, Saugeen Shores Cemetery Care and Maintenance Trust Fund, 4.72%, payable $34,492 annually principal and interest, due March 2016	**8,234**	40,801
Loan payable, Saugeen Shores Cemetery Care and Maintenance Trust Fund, 3.67%, payable $2,932 annually principal and interest, due December 2020	**13,173**	15,534
Loan payable, Saugeen Shores Cemetery Care and Maintenance Trust Fund, 2.66%, payable $3,658 annually principal and interest, due December 2021	**20,041**	23,085
	$ 12,341,890	$ 13,265,275

6. Long-Term Debt - continued

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

2016	908,299
2017	940,653
2018	983,090
2019	2,119,899
2020	979,136
Thereafter	6,410,813

Interest expense recorded in the year relating to these long-term liabilities is $583,872 (2014 - $629,604).

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 $561,945.

Port Elgin Landfill Site
At 31st December 2015 a liability of $68,293 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 3.34% and an annual inflation rate of 1.56%.

Southampton Landfill Site
At 31st December 2015 a liability of $120,384 has been recognized in the financial statements. This represents 59% 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 3.34% and an annual inflation rate of 1.56%. The balance of the liability of $85,058 will be accrued as the remaining capacity of 176,788 cubic meters is utilized, which is expected to be over the next 22 years.

At 31st December 2015 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.

8. Accumulated Surplus

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

	2015	2014
Tangible capital assets purchased	$ 158,137,402	$ 158,300,154
Long term debt	(12,341,890)	(13,265,275)
Unfunded Post-employment benefits	(780,879)	(785,536)
Unfunded solid waste closure and post-closure costs	(188,677)	(184,961)
Unfunded tangible capital assets	(244,212)	-
General surplus (Note 14)	544,333	544,333
Port Elgin Airport Management Board surplus	31,541	42,835
SMART surplus	456	352
Southampton Business Improvement Area Surplus	21,872	-
Port Elgin Business Improvement Area surplus	6,291	39,782
	145,186,237	144,691,684
Reserves and reserve funds (Note 9)	17,998,970	18,651,353
Accumulated surplus	$ 163,185,207	$ 163,343,037

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

	2015	2014
Reserves		
Working funds	$ 764,312	$ 764,312
Equipment Replacement	52,019	523,462
Insurance	141,193	141,193
Capital purposes	15,461,241	16,231,015
Tax rate stabilization	414,579	209,403
Current purposes	630,757	657,174
	17,464,101	18,526,559
Reserve funds		
Capital purposes	507,023	97,285
Parking revenues	27,846	27,509
	534,869	124,794
Reserves and reserve funds set aside for specific purposes by Council	$ 17,998,970	$ 18,651,353

10. Other Income

	2015 Budget	**2015 Actual**	2014 Actual
Gain/(loss) on sale of capital assets	$ -	**(233,060)**	8,883
Penalties and interest on taxation	190,000	**176,667**	172,739
Investment income	560,698	**587,123**	618,892
Rents, concessions and franchises	401,895	**370,253**	367,846
Donations	96,986	**148,354**	123,980
OPG payment	-	**-**	301,905
NWMO Payment	-	**400,000**	-
Trailer revenue and permits	1,065,000	**1,068,818**	1,035,164
Licenses and permits	352,975	**314,741**	319,473
Other	22,184	**15,932**	15,846
	$ 2,689,738	**$ 2,848,828**	$ 2,964,728

11. Grants

	2015 Budget	**2015 Actual**	2014 Actual
Operating			
Province of Ontario			
Ontario Municipal Partnership Fund (OMPF)	$ 1,374,200	**$ 1,374,200**	$ 1,717,700
Conditional - Protection	73,913	**126,813**	75,371
- Roads	92,464	**81,215**	121,091
- Waste Diversion	88,303	**101,512**	102,240
- Other	157,373	**109,757**	226,765
	1,786,253	**1,793,497**	2,243,167
Government of Canada			
- Roads	1,796	**-**	(1,796)
Other Municipalities			
- Fire	5,000	**5,000**	5,000
- Other	2,500	**1,500**	6,276
	7,500	**6,500**	11,276
Total operating grants	$ 1,795,549	**$ 1,799,997**	$ 2,252,647

11. Grants - continued

		2015 Budget	2015 Actual	2014 Actual
Tangible Capital Asset				
Province of Ontario				
Conditional	- Roads	549,188	**222,633**	$ 2,210
	- Sewer and Water	23,583	**-**	-
		572,771	**222,633**	2,210
Government of Canada				
Conditional	- Roads	50,000	**50,000**	-
	- Other	-	**-**	19,325
		50,000	**50,000**	19,325
Other Municipalities				
	- Roads	277,800	**-**	-
		327,800	**50,000**	19,325
Total tangible capital asset grants		900,571	**272,633**	21,535
Total grants		$ 2,696,120	**$ 2,072,630**	$ 2,274,182

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	$ 240,314	$ 2,348,353
Liabilities	269,489	140,174
Net Financial Position	(29,175)	2,208,179
Non Financial Assets	596,074	1,778,712
Accumulated Surplus	566,899	3,986,891
Revenues	1,372,543	2,564,557
Expenses	1,477,922	2,545,030
Annual Surplus	$ (105,379)	$ 19,527

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 $311,187 (2014 - $225,951) for garbage, recycling and cardboard collection services.

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.

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 96 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 2015 was $715,974 (2014 - $681,094) for current service.

The OMERS Board rate was 9.0% to 15.8% depending on income level for 2015 (2014 - 9.0% to 15.9% depending on income level). The OMERS plan has reported a $7.0 billion actuarial deficit at the end of 2015 (2014 - $7.1 billion actuarial deficit), based on actuarial liabilities of $81.9 billion (2014 - $76.9 billion) and actuarial assets of $74.9 billion (2014 - $69.8 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 $57,948 (2014 - $54,166) during the year. The post-employment benefit at December 31 includes the following components:

	2015	2014
Accrued benefit obligation	$ **690,266**	$ 690,533
Unamortized actuarial gain (loss)	**90,613**	95,003
Accrued benefit liability	$ **780,879**	$ 785,536

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.

13. Post-Employment Benefits - continued

		2015		2014
Current period benefit cost	$	**28,450**	$	37,097
Amortization of actuarial loss		**(4,390)**		8,523
Retirement benefit expense		**24,060**		45,620
Interest cost		**32,032**		36,264
Total expense for the year	$	**56,092**	$	81,884

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 2015 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.

		2015 Budget		2015 Actual		2014 Actual
Annual surplus (Page 7)	$	(159,948)	$	(157,830)	$	115,509
Acquisition of tangible capital assets less disposals and write-downs		(9,313,101)		(6,261,395)		(6,234,519)
Amortization		6,327,000		6,424,147		6,324,094
Proceeds from issuance of long-term debt		-		-		-
Debt principal repayments		(923,222)		(923,385)		(967,120)
Net Transfers to/from reserve		3,561,938		652,383		681,992
Change in unfunded liabilities		-		(941)		13,022
Change in unfunded capital		-		244,212		-
Change in consolidated boards		(37,000)		22,809		41,385
Restatement of opening fund balance		-		-		25,637
		(544,333)		-		-
Prior year surplus (deficit) general		544,333		544,333		544,333
General Surplus	$	-	$	544,333	$	544,333

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:

	2015	2014
School boards	**$ 6,052,666**	$ 6,023,331
County of Bruce	**9,237,989**	8,930,956
	$ 15,290,655	$ 14,954,287

16. Trust Funds

The trust funds administered by the municipality amounting to $549,489 (2014 - $536,151) 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 2015, the trust fund balances are as follows:

	2015	2014
Cemetery Care and Maintenance Funds	**$ 437,198**	$ 427,438
Flag Fund	**15,631**	13,241
Chantry Island Restoration Fund	**96,660**	95,472
	$ 549,489	$ 536,151

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 2016 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
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 five contracts for capital projects that were not completed at year-end. The balance of the projects to be completed in 2016 is approximately $274,330.

17. Commitments and Contingencies - continued

Subsequent to year-end, the town awarded contracts for a total commitment of $2,228,399 in 2016.

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	$ 10,612,465	$ -	$ -	$ -	$ -
Trade & other receivables	1,718,643	186,997	50,397	18,438	15,000
Loans receivable	-	-	325,318	340,056	1,433,793
Long-term investments	-	-	-	-	7,626,491
Net amount receivable	$ 12,331,108	$ 186,997	$ 375,715	$ 358,494	$ 9,075,284

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:

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	$ 1,568,403	$ 63,816	$ 1,722,070	$ -	$ -
Deferred revenue	132,443	121,413	89,083	1,126	-
Long-term debt	-	-	908,299	940,653	10,492,938
Total Financial Liabilities	$ 1,700,846	$ 185,229	$ 2,719,452	$ 941,779	$ 10,492,938

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.

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.

20. Segmented Information - continued

For the year ended December 31, 2015	General Government	Protection to Persons & Property	Transportation	Water and Sewer	Waste Management	Recreation and Cultural Services	Other Services	**2015 Total**
Revenue								
Taxation	$ 1,268,979	$ 4,088,377	$ 4,669,061	$ -	$ -	$ 1,143,670	$ 545,636	$ 11,715,723
Fees and user charges	63,329	96,958	179,173	5,751,859	1,165,592	1,318,422	324,758	8,900,091
Specific grants	-	131,813	353,848	-	101,512	4,390	106,867	698,430
OMPF grant	148,845	479,549	547,659	-	-	134,147	64,000	1,374,200
Other income	692,436	526,109	274,512	(193,838)	14,896	1,282,068	252,645	2,848,828
Obligatory reserve fund recognized	5,867	373,204	444,176	147,432	-	-	-	970,679
Total Revenues	2,179,456	5,696,010	6,468,429	5,705,453	1,282,000	3,882,697	1,293,906	26,507,951
Expenses								
Salaries and benefits	1,441,841	4,029,179	2,038,321	380,866	681,414	1,757,726	487,046	10,816,393
Interest on debt	-	-	-	505,476	-	15,456	62,941	583,873
Materials and supplies	673,523	1,206,324	1,484,998	2,669,746	526,160	1,616,264	664,353	8,841,368
Amortization	90,994	212,044	2,643,395	2,704,642	148,712	528,146	96,214	6,424,147
Interfunctional Transfers	(265,500)	20,300	(302,726)	501,768	884	42,374	2,900	-
Total Expenses	1,940,858	5,467,847	5,863,988	6,762,498	1,357,170	3,959,966	1,313,454	26,665,781
Net surplus (deficit)	**$ 238,598**	**$ 228,163**	**$ 604,441**	**$ (1,057,045)**	**$ (75,170)**	**$ (77,269)**	**$ (19,548)**	**$ (157,830)**

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**

The Corporation of the Town of Saugeen Shores
Financial Information
For the year ended 31st December 2015

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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, 2015, 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, 2015 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 27, 2016

The Corporation of the Town of Saugeen Shores
Trust Funds
Statement of Financial Position

31st December 2015

Assets	Cemetery Care and Maintenance	Flag Fund	Chantry Island Restoration Fund	Total
Cash (Note 5)	$ 393,325	$ 15,133	$ 47,349	**$ 455,807**
Accounts receivable	-	498	50,017	**50,515**
Due from Town of Saugeen Shores	9,760	-	1,571	**11,331**
Investments (Note 2)	41,448	-	-	**41,448**
Tangible capital assets (Note 3)	-	-	1,546	**1,546**
	$ 444,533	$ 15,631	$ 100,483	**$ 560,647**
Liabilities				
Accounts payable	-	-	3,823	**3,823**
Due to Town of Saugeen Shores	7,335	-	-	**7,335**
	7,335	-	3,823	**11,158**
Fund Balance	437,198	15,631	96,660	**549,489**
	$ 444,533	$ 15,631	$ 100,483	**$ 560,647**

Statement of Continuity

For the year ended 31st December 2015

	Cemetery Care and Maintenance	Flag Fund	Chantry Island Restoration Fund	Total
Receipts				
Bank interest	$ 7,335	$ 166	$ 557	**$ 8,058**
Plot sales	8,060	-	-	**8,060**
Marker maintenance	1,700	-	-	**1,700**
Federal grant	-	-	2,963	**2,963**
Other income	-	-	27,492	**27,492**
Donations and fundraising	-	8,000	11,500	**19,500**
	17,095	8,166	42,512	**67,773**
Expenses				
Expenses	7,335	5,776	41,324	**54,435**
Net revenues (expenses) for the year	9,760	2,390	1,188	**13,338**
Trust funds, beginning of year	427,438	13,241	95,472	**536,151**
Trust funds, end of year	$ 437,198	$ 15,631	$ 96,660	**$ 549,489**

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

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.

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

		2015		2014
Loan receivable, Town of Saugeen Shores, 4.72%, \$34,492 receivable annually principal and interest, due March 2016	**\$**	**8,234**	\$	40,801
Loan receivable, Town of Saugeen Shores, 3.67%, \$2,932 receivable annually principal and interest, due December 2020	**\$**	**13,173**	\$	15,534
Loan receivable, Town of Saugeen Shores, 2.66%, \$3,658 receivable annually principal and interest, due December 2021	**\$**	**20,041**	\$	23,085
	\$	**41,448**	\$	79,420

The total investments of \$41,448 (2014 - \$79,420) reported on the statement of continuity have a market value of \$41,448 (2014 - \$79,420) at the end of the year.

3. Tangible Capital Assets

Vehicles	2015	2014
Cost, beginning of year	**18,884**	18,884
Additions	**-**	-
Disposals	**-**	-
Cost, end of year	**18,884**	18,884
Accumulated amortization, beginning of year	**16,083**	14,828
Amortization	**1,255**	1,255
Disposals	**-**	-
Accumulated amortization, end of year	**17,338**	16,083
Total tangible capital assets, end of year	**1,546**	2,801

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.