

Township of Cavan Monaghan
Consolidated Financial Statements
For the year ended December 31, 2014

Township of Cavan Monaghan
Consolidated Financial Statements
For the year ended December 31, 2014

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MANAGEMENT REPORT

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of the Township of Cavan Monaghan are the responsibility of the Township's management and have been prepared in compliance with legislation, and in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are attached to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Township management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

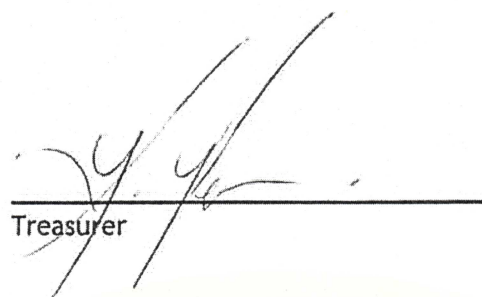
The Township management meets with the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by BDO Canada LLP, independent external auditors appointed by the Township. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Township's financial statements.



Chief Administrative Officer

April 13, 2015



Treasurer



Independent Auditor's Report

To the Members of Council of the
Township of Cavan Monaghan

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

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 auditors' 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 Township of Cavan Monaghan'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 Township of Cavan Monaghan'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 Township of Cavan Monaghan as at December 31, 2014 and its financial performance 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

Peterborough, Ontario
April 13, 2015

**Township of Cavan Monaghan
Consolidated Statement of Financial Position**

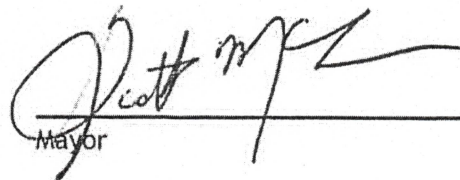
December 31	2014	2013
		(Restated - Note 1)
Financial assets		
Cash and cash equivalents (Note 5)	\$ 12,107,311	\$ 11,065,819
Taxes receivable	1,110,811	959,442
Accounts receivable (Note 6)	2,569,808	1,792,565
Inventories for resale	2,367	2,367
	15,790,297	13,820,193
Liabilities		
Accounts payable and accrued liabilities	1,305,168	1,389,584
Employee benefits plan liability (Note 7)	500,606	471,309
Deferred revenue (Note 8)	928,056	799,697
Solid waste landfill closure and post-closure liability (Note 9)	100,000	106,000
	2,833,830	2,766,590
Net financial assets	12,956,467	11,053,603
Non-financial assets		
Tangible capital assets (Note 10)	28,842,288	26,919,269
Inventories of supplies	168,082	59,657
	29,010,370	26,978,926
Accumulated surplus (Note 11)	\$ 41,966,837	\$ 38,032,529

Contingent liabilities (Note 12)

Commitments (Note 13)



Chief Administrative Officer



Mayor

Township of Cavan Monaghan
Consolidated Statement of Operations and Accumulated Surplus

For the year ended December 31	Budget 2014	2014	2013
			(Restated - Note 1)
	(Note 18)		
Revenue			
Taxation levied for own purposes	\$ 6,005,193	\$ 5,709,253	\$ 5,030,513
User charges, licenses and fines (Note 15)	1,332,320	1,661,355	1,598,663
Grants			
Government of Canada	-	895,666	455,228
Province of Ontario	38,895	1,459,533	1,022,544
Other municipalities	-	1,683	20,770
Other			
Investment income	98,000	145,580	105,577
Penalties and interest on taxes	135,000	127,863	135,517
Casino revenues	3,200,000	3,004,115	3,045,922
Donations and other	114,537	175,083	26,322
	<u>10,923,945</u>	<u>13,180,131</u>	<u>11,441,056</u>
Expenses (Note 16)			
General government	2,093,168	1,525,927	1,476,693
Protection to persons and property	2,097,628	2,450,446	2,297,370
Transportation services	2,887,395	2,687,561	2,632,641
Environmental services	1,155,863	1,238,221	1,153,865
Recreation and cultural services	906,415	893,097	791,612
Planning and development	793,848	494,771	515,968
	<u>9,934,317</u>	<u>9,290,023</u>	<u>8,868,149</u>
Operating surplus	989,628	3,890,108	2,572,907
Loss on disposal of tangible capital assets	-	(44,200)	25,669
Annual surplus	989,628	3,934,308	2,547,238
Accumulated surplus, beginning of year	38,032,529	38,032,529	35,485,291
Accumulated surplus, end of year (Note 11)	<u>\$ 39,022,157</u>	<u>\$ 41,966,837</u>	<u>\$ 38,032,529</u>

Township of Cavan Monaghan
Consolidated Statement of Change in Net Financial Assets

For the year ended December 31	Budget 2014	2014	2013
	(Note 18)		(Restated - Note 1)
Annual surplus	\$ 989,628	\$ 3,934,308	\$ 2,547,238
Acquisition of tangible capital assets	(7,858,212)	(3,534,850)	(2,059,349)
Amortization of tangible capital assets	1,611,831	1,611,831	1,704,010
Loss (gain) on disposal of tangible capital assets	-	(44,200)	25,669
Proceeds on sale of tangible capital assets	-	44,200	4,254
	(5,256,753)	2,011,289	2,221,822
Acquisition of prepaid expenses and inventory of supplies	-	(108,425)	(3,979)
Net change in net financial assets	(5,256,753)	1,902,864	2,217,843
Net financial assets, beginning of year	11,053,603	11,053,603	8,835,760
Net financial assets, end of year	\$ 5,796,850	\$ 12,956,467	\$ 11,053,603

Township of Cavan Monaghan
Consolidated Statement of Cash Flows

For the year ended December 31	2014	2013
		(Restated - Note 1)
Operating transactions		
Annual surplus	\$ 3,934,308	\$ 2,547,238
Items not involving cash		
Amortization	1,611,831	1,704,010
Loss (gain) on disposal of tangible capital assets	<u>(44,200)</u>	<u>25,669</u>
	5,501,939	4,276,917
Changes in non-cash operating balances		
Taxes receivable	(151,369)	(172,310)
Accounts receivable	(777,243)	(384,028)
Prepaid expenses and inventories of supplies	(108,425)	(3,979)
Accounts payable and accrued liabilities	(84,416)	306,230
Employee benefits plan liability	29,297	68,352
Deferred revenue	128,359	216,897
Solid waste closure and post closure liabilities	<u>(6,000)</u>	<u>(8,000)</u>
	4,532,142	4,300,079
Capital transactions		
Net acquisition of tangible capital assets	(3,534,850)	(2,059,349)
Proceeds on sale of tangible capital assets	<u>44,200</u>	<u>4,254</u>
	<u>(3,490,650)</u>	<u>(2,055,095)</u>
Net change in cash and cash equivalents	1,041,492	2,244,984
Cash and cash equivalents, beginning of year	<u>11,065,819</u>	<u>8,820,835</u>
Cash and cash equivalents, end of year	<u>\$ 12,107,311</u>	<u>\$ 11,065,819</u>

Township of Cavan Monaghan Summary of Significant Accounting Policies

December 31, 2014

Nature of Business The Township of Cavan Monaghan is a lower tier municipality in the Province of Ontario, Canada. It conducts its operations by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

Basis of Accounting The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the creation of a legal obligation to pay.

Basis of Consolidation The financial statements reflect the assets, liabilities, revenue and expenses of all municipal organizations, committees and Boards which are owned or controlled by the Township. The following entities have been consolidated:

Township of Cavan Monaghan Public Libraries	100%
Millbrook Business Improvement Area	100%

All inter-entity transactions and balances have been eliminated.

Trust Funds Trust funds held in trust by the Township, and their related operations, are not included in these financial statements. The financial activity and position of the trust funds are disclosed separately in Note 3.

Cash and Cash Equivalents Management considers all highly liquid investments with maturity of three months or less at acquisition to be cash equivalents. Composition of the balance and restricted amounts are disclosed in Note 5.

Taxation Raised on Behalf of Others The Township collects taxation revenue on behalf of other entities. Such levies, other revenues, expenses, assets and liabilities with respect to the operations of entities are not reflected in these financial statements, but are disclosed separately in Note 2.

Township of Cavan Monaghan Summary of Significant Accounting Policies

December 31, 2014

Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

Building and improvements	40 to 75 years
Roads and sidewalks	7 to 50 years
Machinery and equipment	3 to 25 years
Water infrastructure	30 to 50 years
Sewer infrastructure	75 to 80 years
Vehicles	10 to 25 years or per km
Information technology infrastructure	4 to 10 year
General infrastructure	40 years

Employee Benefit Plans

The Township accrues its obligations under employee benefit plans and the related costs. The cost of future benefits is determined actuarially using the projected benefit method pro-rated on service and management's best estimate of expected salary escalation, retirement ages of employees and health-care costs. The discount rate used to determine the accrued benefit obligation was determined by reference to the Township's internal rate of borrowing. Past service costs from plan amendments are amortized on a straight-line basis over the average remaining service period of employees active at the date of amendment (see Note 7).

The Township is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. The Township has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The Township records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the Plan for past employee service.

Township of Cavan Monaghan Summary of Significant Accounting Policies

December 31, 2014

Deferred Revenue	Under PSAB accounting principles, obligatory reserve funds and any other externally restricted financing amounts must be reported as deferred revenue. Only the amount earned by qualifying expenditures in the current year is reflected as revenue in the Consolidated Statement of Financial Activities.
Use of Estimates	Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. The principal estimates used in the preparation of these financial statements are the determination of the estimated useful lives of tangible capital assets, liability for post-retirement benefits, solid waste landfill post closure costs, and fair value disclosures. Actual results could differ from management's best estimates as additional information becomes available in the future.
Revenue Recognition	Revenue is reported on the accrual basis of accounting. Revenues are recognized as follows: <ul style="list-style-type: none">a) 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 an allowance for anticipated uncollectible amounts.b) Fines and donations are recognized when collected.
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

Township of Cavan Monaghan Notes to Consolidated Financial Statements

December 31, 2014

1. Prior Period Restatement

In 2011, the Township was approved under the Building Canada Fund for Infrastructure funding to upgrade the water and waste water services in the town of Millbrook. In the year ended December 31, 2013, the Township incurred costs of \$344,855 related to this project. The amounts were recorded as an expense rather than as a tangible capital asset.

The financial statement amounts that are presented for comparative purposes have been restated to correct this as follows:

Increase in tangible capital assets	\$ 344,855
Decrease in planning and development expense	\$ (344,855)
Increase in accumulated surplus	\$ 344,855

2. Taxation Raised on Behalf of Others

The following amounts raised on behalf of others are not included in these financial statements.

	2014	2013
School Boards	\$ 2,897,927	\$ 2,908,309
County of Peterborough	3,244,415	3,161,889
	\$ 6,142,342	\$ 6,070,198

3. Trust Funds

Trust funds administered by the municipality have not been included in the Consolidated Statement of Financial Position nor have operations been included in the Consolidated Statement of Financial Activities. Separate schedules of the trust funds have been prepared. A summary of the balances is as follows:

	2014	2013
Endowment	\$ 3,000	\$ 3,156
Baptie	1,012	1,016
	\$ 4,012	\$ 4,172

Township of Cavan Monaghan
Notes to Consolidated Financial Statements

December 31, 2014

4. Restricted Assets

	2014	2013
Short-term investments (Note 5)	\$ 107,968	\$ 105,042
Due from own municipality	820,088	694,655
	\$ 928,056	\$ 799,697
Consists of:		
Obligatory funds in deferred revenue (Note 8)	\$ 928,056	\$ 799,697

5. Cash and Cash Equivalents

	2014	2013
Unrestricted		
Unrestricted net cash	\$ 11,028,736	\$ 10,017,849
Unrestricted Money Market and Bond Funds (Market value - \$984,433)	970,607	942,928
Restricted		
Restricted Bond Fund (Market value - \$105,157)	107,968	105,042
	\$ 12,107,311	\$ 11,065,819

Bank balances are held at one chartered bank and earn interest at prime less 2%. Investments, both restricted and unrestricted, are comprised of money market funds and bond funds through the "ONE" Public Sector Group of Funds.

The Township also has an authorized line of credit with a chartered bank. The line of credit bears interest at the banks prime rate and is authorized to a maximum of \$500,000. At December 31, 2014 the Township had a remaining undrawn credit capacity of \$500,000.

6. Accounts Receivable

	2014	2013
Unrestricted		
Canada	\$ 821,977	\$ 212,069
Ontario	1,214,969	698,051
Other	532,862	882,445
	\$ 2,569,808	\$ 1,792,565

Township of Cavan Monaghan
Notes to Consolidated Financial Statements

December 31, 2014

7. Employee Benefits Plan Liability

Retirement Life Insurance and Health Care Benefits

The Township provides post employment health and dental benefits to non collective agreement employees based on a number of factors including their date of hire and years of service. The Township records estimated liabilities for accrued employee benefits in the year they are earned. The benefit costs and liabilities recorded are based on an actuarial valuation prepared by an independent firm. The most recent actuarial valuation was performed as of January 1, 2013.

	2014	2013
Accrued liability, opening	\$ 471,309	\$ 402,957
Current year benefit cost (recovery)	36,741	73,962
Benefit payments by employer	(7,444)	(5,610)
	500,606	471,309
Accrued liability, ending	500,606	471,309
Unamortized (gains)/ losses	(56,768)	(60,823)
	\$ 443,838	\$ 410,486
Accrued benefit obligation	\$ 443,838	\$ 410,486

The accrued benefit obligations for the Township's employee future benefit plans as at December 31, 2014 are based on actuarial valuations for accounting purposes. These actuarial valuations were based on assumptions about future events. The economic assumptions used in these valuations are the Township's best estimates of expected rates of:

	2014	2013
Expected future inflation rates	2.0%	2.0%
Discount on accrued benefit obligations	4.3%	4.3%
Health care cost escalation	6.7%	7.0%
Dental costs escalation	4.6%	4.6%

Township of Cavan Monaghan Notes to Consolidated Financial Statements

December 31, 2014

7. Employee Benefits Plan Liability (continued)

Ontario Municipal Employees Retirement System

Certain employees of the Township are eligible to be members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. OMERS provides pension services to more than 451,115 active and retired members and approximately 974 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date.

The most recent actuarial valuation of the Plan was conducted at December 31, 2014. The results of this valuation disclosed total actuarial liabilities of \$76,924 million in respect of benefits accrued for service with actuarial assets at that date of \$69,846 million indicating an actuarial deficit of \$7,078 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. The Township does not recognize any share of the OMERS pension surplus or deficit.

During the year ended December 31, 2014, the Township contributed \$175,767 (2013 - \$163,956) to the plan.

Township of Cavan Monaghan
Notes to Consolidated Financial Statements

December 31, 2014

8. Deferred Revenue

Obligatory Reserve Funds	2014	2013
Development charges	\$ 695,284	\$ 623,755
Parkland	74,518	72,758
Federal Gas Tax	142,230	103,184
Source Protection Municipal Implementation Fund	16,024	-
	\$ 928,056	\$ 799,697

The net change during the year in the deferred revenue balances is made up as follows:

	Development Charges Act	Federal Gas Tax	Parkland	Source Protection Municipal Implementation Fund	Total
Opening obligatory funds	\$ 623,755	\$ 103,184	\$ 72,758	\$ -	\$ 799,697
Restricted funds received	55,099	256,280	-	32,895	344,274
Interest earned	16,430	3,190	1,760	-	21,380
Revenue recognized during the year	-	(220,424)	-	(16,871)	(237,295)
Closing obligatory funds	\$ 695,284	\$ 142,230	\$ 74,518	\$ 16,024	\$ 928,056

9. Solid Waste Landfill Closure and Post-Closure Liability

As at December 31, 2014 the Township had one waste transfer station in full operation and one closed solid waste landfill site. Post closure costs for the solid waste landfill site includes monitoring and consulting for the next 19 years.

Management has obtained input from an engineering firm and has estimated the total costs until the year 2033 to be \$103,075. The net present value using a discount rate of 3.84% and an inflation rate of 4.07% results in a liability of \$100,000 as at December 31, 2014 (2013 - \$106,000). The full liability has been recognized because all site capacity has been used.

The Township has established a reserve of \$85,000 in respect of this liability. The remaining landfill closure and post-closure liability will be funded from future taxation.

Township of Cavan Monaghan
Notes to Consolidated Financial Statements

December 31, 2014

10. Tangible Capital Assets

December 31, 2014

	Land	Buildings	Equipment	Vehicles	Roads and Bridges	Water and other utility systems	Sewer	Work in Progress	Solar Panels	Total
Cost										
Beginning of year	\$3,656,022	\$7,228,109	\$1,839,070	\$4,056,028	\$26,633,129	\$2,013,757	\$2,979,425	\$892,283	\$411,924	\$49,709,747
Additions	63,678	46,516	95,036	22,278	620,328	17,132	104,010	2,565,872	-	3,534,850
Disposals	-	-	(22,827)	-	(15,752)	-	-	-	-	(38,579)
Transfers	516,741	27,429	-	-	-	-	-	(544,170)	-	-
End of year	<u>\$4,236,441</u>	<u>\$7,302,054</u>	<u>\$1,911,279</u>	<u>\$4,078,306</u>	<u>\$27,237,705</u>	<u>\$2,030,889</u>	<u>\$3,083,435</u>	<u>\$2,913,985</u>	<u>\$411,924</u>	<u>\$53,206,018</u>
Accumulated amortization										
Beginning of year	\$313,026	\$2,145,120	\$978,525	\$1,685,497	\$15,987,449	\$814,662	\$865,684	\$-	\$515	\$22,790,478
Amortization	21,782	192,063	147,091	167,869	981,190	37,394	54,151	-	10,291	1,611,831
Disposals	-	-	(22,827)	-	(15,752)	-	-	-	-	(38,579)
End of year	<u>\$334,808</u>	<u>\$2,337,183</u>	<u>\$1,102,789</u>	<u>\$1,853,366</u>	<u>\$16,952,887</u>	<u>\$852,056</u>	<u>\$919,835</u>	<u>\$-</u>	<u>\$10,806</u>	<u>\$24,363,730</u>
Net carrying amount	<u>\$3,901,633</u>	<u>\$4,964,871</u>	<u>\$808,490</u>	<u>\$2,224,940</u>	<u>\$10,284,818</u>	<u>\$1,178,833</u>	<u>\$2,163,600</u>	<u>\$2,913,985</u>	<u>\$401,118</u>	<u>\$28,842,288</u>

Township of Cavan Monaghan
Notes to Consolidated Financial Statements

December 31, 2014

10. Tangible Capital Assets (continued)

December 31, 2013

	Land	Buildings	Equipment	Vehicles	Roads and Bridges	Water and other utility systems	Sewer	Work in Progress	Solar Panels	Total
Cost										
Beginning of year	\$ 3,656,022	\$ 7,226,303	\$ 1,601,900	\$ 4,138,073	\$ 25,942,588	\$ 2,013,757	\$ 2,979,425	\$ 332,793	\$ -	\$ 47,890,861
Additions		-	262,656	-	720,192	-	-	664,577	411,924	2,059,349
Disposals		-	(70,535)	(82,045)	(68,317)	-	-	(19,566)	-	(240,463)
Transfers	-	1,806	45,049	-	38,666	-	-	(85,521)	-	-
End of year	<u>\$ 3,656,022</u>	<u>\$ 7,228,109</u>	<u>\$ 1,839,070</u>	<u>\$ 4,056,028</u>	<u>\$ 26,633,129</u>	<u>\$ 2,013,757</u>	<u>\$ 2,979,425</u>	<u>\$ 892,283</u>	<u>\$ 411,924</u>	<u>\$ 49,709,747</u>
Accumulated amortization										
Beginning of year	\$ 293,563	\$ 1,953,099	\$ 907,428	\$ 1,571,930	\$ 14,982,180	\$ 777,275	\$ 811,533	\$ -	\$ -	\$ 21,297,008
Amortization	19,463	192,021	141,632	185,255	1,073,586	37,387	54,151	-	515	1,704,010
Disposals		-	(70,535)	(71,688)	(68,317)	-	-	-	-	(210,540)
End of year	<u>\$ 313,026</u>	<u>\$ 2,145,120</u>	<u>\$ 978,525</u>	<u>\$ 1,685,497</u>	<u>\$ 15,987,449</u>	<u>\$ 814,662</u>	<u>\$ 865,684</u>	<u>\$ -</u>	<u>\$ 515</u>	<u>\$ 22,790,478</u>
Net carrying amount	<u>\$ 3,342,996</u>	<u>\$ 5,082,989</u>	<u>\$ 860,545</u>	<u>\$ 2,370,531</u>	<u>\$ 10,645,680</u>	<u>\$ 1,199,095</u>	<u>\$ 2,113,741</u>	<u>\$ 892,283</u>	<u>\$ 411,409</u>	<u>\$ 26,919,269</u>

Township of Cavan Monaghan
Notes to Consolidated Financial Statements

December 31, 2014

11. Accumulated Surplus

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

	2014	2013
Surplus		
General Fund		
General tax rates	\$ (4,244)	\$ (7,506)
BIA **	21,201	17,501
Library **	33,798	23,924
Area Rates	4,244	7,506
Invested in tangible capital assets	28,842,288	26,919,269
Unfunded		
Solid waste landfill (net of \$85,000 reserve fund)	(15,000)	(1,000)
Employee future benefits	(500,606)	(471,309)
Unfinanced capital purchases	(1,387,011)	(1,387,011)
Total surplus	26,994,670	25,101,374
Reserve Funds		
Working funds	217,818	1,200,554
Phase-in levy	2,126,161	570,615
Emergency services	620,507	819,825
Transportation services	34,783	65,730
Waste disposal services	85,000	95,000
Parks and recreation services	167,106	145,865
Water and sewer operations	1,442,817	1,273,771
Planning and development	360,889	279,246
Future capital	9,820,043	8,415,556
Library expansion	6,619	8,180
Election services	23,237	26,812
Computer services	41,157	30,000
Springville & Ebenezer cemetery	26,030	-
Total Reserve Funds	14,972,167	12,931,154
	\$41,966,837	\$ 38,032,528

** The general fund surplus for the BIA and Library excludes the investment in tangible capital assets and, as there are no other non-financial assets, is equal to the respective net financial assets. This surplus represents the cumulative unspent portion of the general operating grants of these organizations.

Township of Cavan Monaghan Notes to Consolidated Financial Statements

December 31, 2014

12. Contingent Liabilities

The nature of the Township's activities are such that there is usually litigation pending or in progress at any time. With respect to claims at December 31, 2014 management believes that the Township has valid defences and appropriate insurance coverages in place. In the event any claims are successful they are not expected to have a material adverse effect on the Township's financial position.

13. Commitments and Contractual Obligations

The Township is committed to police services provided by the Ontario Provincial Police (OPP) expiring June 2015. The contractual commitment for the full 2015 year is \$1,302,880.

The Township has an agreement with Withers Waste Management to provide curbside pickup and haulage to transfer stations for the three wards. The agreement is for a 3 year period from August 5th, 2014 to August 5th, 2017. Contractual commitments for the next 3 years are:

2015	\$	172,934
2016		172,935
2017		<u>100,878</u>
	\$	<u>446,747</u>

14. Water/Wastewater Expansion

The Township has entered into a contract to upgrade the water and waste water services to accommodate expansion within the community. The cost of the project is anticipated to be \$21.7 million. Through the Building Candia Fund, the federal and provincial governments have committed \$14.5 million towards funding this project.

To finance the project, the Township has secured a construction loan of up to \$10 million with Infrastructure Ontario. As of December 31, 2014 this amount has not been drawn on. As a result of 2014 spending, it is expected that a first claim of approximately \$965,000 will be submitted in early 2015.

The amount capitalized at year end is \$2.6 million and is included in the work in progress asset. The project is expected to be completed and in use by the end of 2017.

In respect of the above noted contractual obligations, the Township is holding tender deposit and performance bonds totalling approximately \$17.9 million.

Township of Cavan Monaghan
Notes to Consolidated Financial Statements

December 31, 2014

15. User Charges, Licences and Fees

	2014	2013
General government user fees licenses and permits	\$ 42,190	\$ 36,283
Fire protection	107,494	139,137
Building permits and inspections	132,242	135,493
Roads and engineering user fees and recoveries	605	1,330
Water and sewer consumption	935,051	898,149
Waste management tipping fees and other	38,858	40,554
Recreation program/facility fees, rentals and registrations	172,091	150,542
Library user fees and fines	9,247	11,384
Police	129,909	127,936
Planning and zoning	87,257	51,788
Other	6,411	6,067
	\$ 1,661,355	\$ 1,598,663

16. Expenses by Object

	2014	2013
Salaries and benefits	\$ 3,065,499	\$ 2,826,889
Materials, supplies and services	2,166,068	2,105,138
Contracted services	2,315,556	2,095,990
Rent and financial expenses	10,959	10,552
Transfer to other entities	120,110	125,570
Amortization	1,611,831	1,704,010
	\$ 9,290,023	\$ 8,868,149

17. Public Sector Salary Disclosure

For 2014 the following employees were paid a salary as defined in the Public Sector Salary Disclosure Act of \$100,000 or more:

Name	Position	Salary Paid
Yvette Hurley	Chief Administrative Officer	\$ 117,563
Wayne Hancock	Director of Public Works	\$ 100,927

Township of Cavan Monaghan
Notes to Consolidated Financial Statements

December 31, 2014

18. Budget Amounts

The 2014 Budget adopted by Council on March 11, 2014 was not prepared on a basis consistent with that used to report actual results. The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget figures treated all tangible capital expenditures as expenses and did not include amortization expense on tangible capital assets. As a result, the budget figures presented in the Statements of Operations and Change in Net Financial Assets represent the budget adopted by Council on March 11, 2014 with adjustments as follows:

	2014 budget adopted by Council	Amortization	2014 budget presented in statements
Revenue			
Taxation levied for own purposes	\$ 6,005,193	\$ -	\$ 6,005,193
User charges, licences and fines	1,332,320	-	1,332,320
Casino revenue	3,200,000	-	3,200,000
Grants	38,895	-	38,895
Other	347,537	-	347,537
	<u>10,923,945</u>	-	<u>10,923,945</u>
Expenditures			
General government	1,908,656	184,512	2,093,168
Protection to persons and property	1,993,318	104,310	2,097,628
Transportation services	1,798,328	1,089,067	2,887,395
Environmental services	1,155,863	-	1,155,863
Recreation and cultural services	848,125	58,290	906,415
Planning and development	618,197	175,651	793,848
	<u>8,322,487</u>	<u>1,611,830</u>	<u>9,934,317</u>
Annual surplus	2,601,458	(1,611,830)	<u>\$ 989,628</u>
Capital expenditures	(7,858,212)	-	
Transfers from reserve funds	<u>5,256,754</u>	-	
Budgeted use of prior year surplus	<u>\$ -</u>	<u>\$ (1,611,830)</u>	

Township of Cavan Monaghan Notes to Consolidated Financial Statements

December 31, 2014

19. Segmented Information

The Township is a diversified municipal government institution that provides a wide range of services to its citizens such as transit, public housing, police, fire and water. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

Environmental

Environmental services consists of providing waste disposal curbside pick-up to citizens.

Planning and Zoning

This department provides a number of services including planning, maintenance and enforcement of building and construction codes and review of all property development plans through its application process.

Protection to Persons and Property

Protection is comprised of police services, fire protection and ambulance services. 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, emergency preparedness, training and education. The members of the fire department consist of volunteers plus a full time Deputy Fire Chief and a full time Fire Chief. The ambulance service transports the injured to the hospital and provides emergency medical care to those in distress. The ambulance service is a County program which fees are included in the county levy.

Recreation and Cultural

This service area provides services meant to improve the health and development of the Township's citizens. Recreational programs and cultural programs like skating lessons, moms and tots programs, senior hockey groups and home schooling programs are provided at arenas and community centres. Also, the Township provides library services to assist with its citizens' informational needs.

Transportation

Transportation is responsible for the maintenance and construction of roads, road safety devices, signs, bridges, sidewalks, street lighting, traffic lighting and crossing guard services within the Township.

General Government

Included in general government are the revenues and expenses that relate to the operations of the Township itself. Departments like Finance, CAO, Clerks, and Council are all included in the general government segment.

Casino and Other General Purpose Revenue

This represents revenues from the Casino and other non-specific revenues such as the Ontario Municipal Partnership grant. These funds are used to stabilize tax rates and are transferred to the various other segments as required. Any remaining surplus is transferred into reserves.

Township of Cavan Monaghan
Notes to Consolidated Financial Statements

December 31, 2014

19. Segmented Information (continued)

For the year ended December 31, 2014

	General Government	Protection	Transportation	Environmental	Recreation and Culture	Planning and Zoning	Water and Sewer	Casino and other general purpose revenues	Total
Revenue									
Taxation	\$ 1,205,335	\$ 2,108,670	\$ 1,324,359	\$ -	\$ 736,106	\$ 334,783	\$ -	\$ -	\$ 5,709,253
User charges, licenses and fines	42,190	237,403	605	38,858	187,750	219,499	935,051	-	1,661,356
Grants	1,682	10,478	220,424	-	42,898	1,363,999	-	717,400	2,356,881
Investment income	145,580	-	-	-	-	-	-	-	145,580
Sale of land and capital assets	-	-	-	-	44,200	-	-	-	44,200
Penalties and interest on taxes	127,863	-	-	-	-	-	-	-	127,863
Casino revenue	-	-	-	-	-	-	-	3,004,115	3,004,115
Donations and other	-	-	-	-	122,442	52,641	-	-	175,083
	<u>1,522,650</u>	<u>2,356,551</u>	<u>1,545,388</u>	<u>38,858</u>	<u>1,133,396</u>	<u>1,970,922</u>	<u>935,051</u>	<u>3,721,515</u>	<u>13,224,331</u>
Expenses									
Salaries and benefits	927,194	422,462	716,493	76,402	492,114	339,077	91,757	-	3,065,499
Materials, supplies and services	229,489	272,033	758,146	17,203	300,400	110,588	478,209	-	2,166,068
Contracted services	128,014	1,576,406	123,853	129,713	44,660	33,328	279,582	-	2,315,556
Rent and financial expenses	10,959	-	-	-	-	-	-	-	10,959
Transfer to other entities	45,759	75,235	-	-	9,411	-	(10,295)	-	120,110
Amortization	184,512	104,310	1,089,067	-	46,512	11,778	175,652	-	1,611,831
	<u>1,525,927</u>	<u>2,450,446</u>	<u>2,687,559</u>	<u>223,318</u>	<u>893,097</u>	<u>494,771</u>	<u>1,014,905</u>	<u>-</u>	<u>9,290,023</u>
Net surplus (deficit)	\$ (3,277)	\$ (93,895)	\$ (1,142,171)	\$ (184,460)	\$ 240,299	\$ 1,476,151	\$ (79,854)	\$ 3,721,515	\$ 3,934,308

Township of Cavan Monaghan
Notes to Consolidated Financial Statements

December 31, 2014

19. Segmented Information (continued)

For the year ended December 31, 2013

	General Government	Protection	Transportation	Environmental	Recreation and Culture	Planning and Zoning	Water and Sewer	Casino and other general purpose revenues	Total
Revenue									
Taxation	\$ 1,033,134	\$ 1,844,878	\$ 1,151,208	\$ -	\$ 577,736	\$ 423,557	\$ -	\$ -	\$ 5,030,513
User charges, licenses and fines	36,784	267,073	1,330	40,554	167,492	187,281	898,149	-	1,598,663
Grants	23,555	12,482	240,370	-	44,832	214,303	-	963,000	1,498,542
Investment income	105,577	-	-	-	-	-	-	-	105,577
Sale of land and capital assets	-	-	-	-	(25,669)	-	-	-	(25,669)
Penalties and interest on taxes	135,517	-	-	-	-	-	-	-	135,517
Casino revenue	-	-	-	-	-	-	-	3,045,922	3,045,922
Donations and other	-	-	-	-	26,322	-	-	-	26,322
	<u>1,334,567</u>	<u>2,124,433</u>	<u>1,392,908</u>	<u>40,554</u>	<u>790,713</u>	<u>825,141</u>	<u>898,149</u>	<u>4,008,922</u>	<u>11,415,387</u>
Expenses									
Salaries and benefits	836,399	390,559	628,928	73,814	444,739	388,616	63,834	-	2,826,889
Materials, supplies and services	289,806	250,513	695,719	15,345	279,613	54,590	519,552	-	2,105,138
Contracted services	115,814	1,468,150	118,379	112,485	5,932	70,691	204,539	-	2,095,990
Rent and financial expenses	10,552	-	-	-	-	-	-	-	10,552
Transfer to other entities	50,130	76,201	-	-	8,790	-	(9,551)	-	125,570
Amortization	173,992	111,947	1,189,615	-	52,538	2,072	173,846	-	1,704,010
	<u>1,476,693</u>	<u>2,297,370</u>	<u>2,632,641</u>	<u>201,644</u>	<u>791,612</u>	<u>515,969</u>	<u>952,220</u>	<u>-</u>	<u>8,868,149</u>
Net surplus (deficit)	<u>\$ (142,126)</u>	<u>\$ (172,937)</u>	<u>\$ (1,239,733)</u>	<u>\$ (161,090)</u>	<u>\$ (899)</u>	<u>\$ 309,172</u>	<u>\$ (54,071)</u>	<u>\$ 4,008,922</u>	<u>\$ 2,547,238</u>

Cavan Monaghan Libraries
Financial Statements
For the year ended December 31, 2014

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Independent Auditor's Report

To the Members of the Board, Members of Council, Inhabitants and Ratepayers of the Township of Cavan Monaghan

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Cavan Monaghan Libraries preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Cavan Monaghan Libraries internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

The Cavan Monaghan Libraries derive revenue from library fines, user fees and other cash receipts, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to revenues other than grants, excess of revenue over expense, assets and fund balances.

Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects the financial position of Cavan Monaghan Libraries as at December 31, 2014 and its financial performance and cash flows for the year then ended in accordance with Canadian public sector accounting principles.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Peterborough, Ontario
April 13, 2015

Cavan Monaghan Libraries
Statement of Financial Position

December 31	2014	2013
Financial assets		
Cash and bank (Note 1)	\$ 36,348	\$ 25,289
Accounts receivable	32,153	29,371
	68,501	54,660
Liabilities		
Accounts payable and accrued liabilities	29,504	25,537
Deferred revenue	5,200	5,200
	34,704	30,737
Net financial assets	33,797	23,923
Non-financial assets		
Tangible capital assets (Note 4)	128,433	144,537
Accumulated surplus	\$ 162,230	\$ 168,460

Cavan Monaghan Libraries
Statement of Operations and Accumulated Surplus

For the year ended December 31	Budget 2014	Actual 2014	Actual 2013
	(Note 3)		
Revenue			
Municipal contributions	\$ 236,578	\$ 236,578	\$ 236,578
Grants			
- Provincial	22,454	30,888	25,669
- Federal	2,155	2,178	2,055
- Other	9,000	10,647	11,712
User charges	8,150	8,340	7,965
Donations and other	1,000	753	3,550
	<u>279,337</u>	<u>289,384</u>	<u>287,529</u>
Expenses			
Amortization of tangible capital assets	45,479	45,479	45,005
Insurance	9,800	9,649	8,904
IT expenses	4,500	4,487	3,931
Mileage and travel	1,000	669	812
Office expenses	11,350	8,489	9,352
Professional services	3,900	3,612	3,256
Program and service materials	5,649	5,241	5,053
Telephone and utilities	7,700	7,436	7,376
Wages and benefits	205,291	210,553	209,307
	<u>294,669</u>	<u>295,615</u>	<u>292,996</u>
Annual surplus (deficit)	(15,332)	(6,231)	(5,467)
Accumulated surplus, opening balance	168,461	168,461	173,928
Accumulated surplus, closing balance	<u>\$ 153,129</u>	<u>\$ 162,230</u>	<u>\$ 168,461</u>

Cavan Monaghan Libraries
Statement of Change in Net Financial Assets

For the year ended December 31	Budget 2014	Actual 2014	Actual 2013
	(Note 3)		
Annual surplus (deficit)	\$ (15,332)	\$ (6,231)	\$ (5,467)
Acquisition of tangible capital assets	(30,147)	(29,375)	(48,179)
Amortization of tangible capital assets	45,479	45,479	45,005
Net change in net assets	-	9,873	(8,641)
Net financial assets, beginning of year	23,924	23,924	32,565
Net financial assets, end of year	\$ 23,924	\$ 33,797	\$ 23,924

Cavan Monaghan Libraries
Statement of Cash Flows

For the year ended December 31	2014	2013
Operating transactions		
Annual deficit	\$ (6,231)	\$ (5,467)
Item not involving cash		
Amortization	45,479	45,005
	<u>39,248</u>	<u>39,538</u>
Changes in non-cash operating balances		
Accounts receivable	(2,782)	(9,203)
Accounts payable and accrued liabilities	3,967	(142)
	<u>40,433</u>	<u>30,193</u>
Capital transactions		
Acquisition of tangible capital assets	<u>(29,375)</u>	<u>(48,179)</u>
Net change in cash	11,058	(17,986)
Cash and bank, beginning of year	<u>25,290</u>	<u>43,276</u>
Cash and bank, end of year	\$ 36,348	\$ 25,290

Cavan Monaghan Libraries Summary of Significant Accounting Policies

December 31, 2014

Nature of Business	<p>Cavan Monaghan Libraries is an unincorporated non-profit organization. The Cavan Monaghan Libraries are dedicated to working with its staff, members and clients to provide efficient service to meet the needs of the community.</p> <p>The Cavan Monaghan Libraries house a new and up-to-date collection of over 25,000 books and other items to serve the Township of Cavan Monaghan, and has a reciprocal borrowing agreement with the neighbouring Otonabee-South-Monaghan Township.</p> <p>The Cavan Monaghan Libraries is a registered charity and, as such, is exempt from income tax.</p>						
Management Responsibility	<p>The financial statements of Cavan Monaghan Libraries are the representation of management prepared in accordance with accounting policies prescribed for Ontario municipalities by the Ministry of Municipal Affairs and Housing and standards established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.</p>						
Basis of Accounting	<p>The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the creation of a legal obligation to pay.</p>						
Tangible Capital Assets	<p>Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:</p> <table><tr><td>Books and periodicals</td><td style="text-align: right;">7 years</td></tr><tr><td>Furniture and equipment</td><td style="text-align: right;">10 years</td></tr><tr><td>Computers and software</td><td style="text-align: right;">3 years</td></tr></table>	Books and periodicals	7 years	Furniture and equipment	10 years	Computers and software	3 years
Books and periodicals	7 years						
Furniture and equipment	10 years						
Computers and software	3 years						

Cavan Monaghan Libraries Summary of Significant Accounting Policies

December 31, 2014

Pension Agreement

Cavan Monaghan Libraries is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. The Cavan Monaghan Libraries has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The Cavan Monaghan Libraries records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the Plan for past employee service.

Cavan Monaghan Libraries

Notes to the Financial Statements

December 31, 2014

1. Cash and Bank

The Cavan Monaghan Libraries bank account is held at a chartered bank and earns a nominal amount of interest.

The Cavan Monaghan Libraries also has authorized overdraft protection which bears interest at the business overdraft protection rate and is authorized to a maximum of \$10,000. At December 31, 2014 the Libraries had remaining undrawn credit capacity of \$10,000.

2. Financial Instruments

The Cavan Monaghan Libraries' financial instruments consist of cash, accounts receivable and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Cavan Monaghan Libraries are not exposed to significant interest, currency or credit risks arising from these financial instruments.

The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

3. Budget Amounts

The Financial Plan (Budget) By-Law adopted by the Library Board for 2014 was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). Certain amounts have been reclassified to conform to PSAB accounting presentation for comparison to the actual results. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the statements of operations and change in net financial assets (debt) represent the Financial Plan adopted by the Board with adjustments as follows:

	<u>2014</u>
Financial Plan (Budget) By-Law surplus for the year	\$ -
Add: Capital expenditures	30,147
Less: Amortization	<u>(45,479)</u>
Budget (deficit) per statement of operations	<u>\$ (15,332)</u>

Cavan Monaghan Libraries
Notes to the Financial Statements

December 31, 2014

4. Tangible Capital Assets

				2014
	Books and periodicals	Furniture and equipment	Computers and software	Total
Cost, beginning of year	\$ 182,409	\$ 84,530	\$ 41,099	\$ 308,038
Additions	27,408	-	1,967	29,375
Disposals	(22,827)	-	-	(22,827)
Cost, end of year	<u>186,990</u>	<u>84,530</u>	<u>43,066</u>	<u>314,586</u>
Accumulated amortization, beginning of year	88,202	47,044	28,255	163,501
Amortization	29,974	7,856	7,649	45,479
Disposals	(22,827)	-	-	(22,827)
Accumulated amortization, end of year	<u>95,349</u>	<u>54,900</u>	<u>35,904</u>	<u>186,153</u>
Net carrying amount, end of year	<u>\$ 91,641</u>	<u>\$ 29,630</u>	<u>\$ 7,162</u>	<u>\$ 128,433</u>

				2013
	Books and periodicals	Furniture and equipment	Computers and software	Total
Cost, beginning of year	\$ 177,514	\$ 110,722	\$ 42,158	\$ 330,394
Additions	29,571	1,052	17,556	48,179
Disposals	(24,676)	(27,244)	(18,615)	(70,535)
Cost, end of year	<u>182,409</u>	<u>84,530</u>	<u>41,099</u>	<u>308,038</u>
Accumulated amortization, beginning of year	83,294	65,850	39,887	189,031
Amortization	29,584	8,438	6,983	45,005
Disposals	(24,676)	(27,244)	(18,615)	(70,535)
Accumulated amortization, end of year	<u>88,202</u>	<u>47,044</u>	<u>28,255</u>	<u>163,501</u>
Net carrying amount, end of year	<u>\$ 94,207</u>	<u>\$ 37,486</u>	<u>\$ 12,844</u>	<u>\$ 144,537</u>

Cavan Monaghan Libraries Notes to the Financial Statements

December 31, 2014

5. Pension Agreement

OMERS provides pension services to more than 451,115 active and retired members and approximately 974 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2013. The results of this valuation disclosed total actuarial liabilities of \$76,924 million in respect of benefits accrued for service with actuarial assets at that date of \$69,846 million indicating an actuarial deficit of \$7,078 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. The Cavan Monaghan Libraries does not recognize any share of the OMERS pension surplus or deficit.

The amount contributed to OMERS for 2014 was \$9,141 (2013 - \$13,500).

6. Comparative Amounts

The comparative amounts presented in the financial statements have been restated to conform to the current year's presentation.

**Township of Cavan Monaghan
Millbrook Business Improvement
Area Board
Financial Statements
For the year ended December 31, 2014**

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Independent Auditor's Report

To the Members of the Millbrook Business Improvement Area Board, Members of Council, Inhabitants and Ratepayers of the Township of Cavan Monaghan

Report on the Financial Statements

We have audited the accompanying financial statements of the Millbrook Business Improvement Area Board of the Township of Cavan Monaghan, which comprise the statement of financial position as at December 31, 2014, and the statements of financial activities, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Millbrook Business Improvement Area Board of the Township of Cavan Monaghan's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Millbrook Business Improvement Area Board of the Township of Cavan Monaghan's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

In common with many non-profit organizations, the Millbrook Business Improvement Area Board of the Township of Cavan Monaghan derives revenue from donations and cash receipts, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to revenues other than grants and taxation, excess of revenue over expense, assets and accumulated surplus.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements of Millbrook Business Improvement Area Board of the Township of Cavan Monaghan present fairly year ended in all material respects, the financial position of the Millbrook Business Improvement Area Board as at December 31, 2014 and results of financial activities and cash flows for the year then ended in accordance with Canadian public sector accounting standards

BDO Canada LLP

Chartered Accountants, Licensed Public Accountants
Peterborough, Ontario
April 13, 2015

**Township of Cavan Monaghan
Millbrook Business Improvement Area Board
Statement of Financial Position**

December 31	2014	2013
Financial assets		
Cash and bank (Note 2)	\$ 19,345	\$ 16,821
Due from Township of Cavan Monaghan	4,672	3,301
	<u>24,017</u>	<u>20,122</u>
Liabilities		
Accounts payable and accrued liabilities	<u>2,817</u>	<u>2,622</u>
Net financial assets	21,200	17,500
Non-financial assets		
Tangible capital assets (Note 3)	<u>5,876</u>	<u>6,648</u>
Accumulated surplus	<u>\$ 27,076</u>	<u>\$ 24,148</u>

**Township of Cavan Monaghan
Millbrook Business Improvement Area Board
Statement of Operations and Accumulated Surplus**

For the year ended December 31	Budget	2014	2013
Revenues			
Township of Cavan Monaghan			
- taxation	\$ 14,000	\$ 14,000	\$ 14,000
Donations and fundraising	9,050	14,241	10,613
Community grant	2,500	2,500	5,000
	<u>25,550</u>	<u>30,741</u>	<u>29,613</u>
Expenses			
Administration	10,480	8,208	3,696
Advertising	1,500	938	1,202
Amortization	-	772	772
Donations/honorariums	500	500	500
Downtown beautification	10,350	6,545	5,471
Professional fees	2,000	2,069	1,933
Events:			
- BIA Dinner	1,100	1,727	991
- Car Show	800	834	580
- Fallfest/Scarecrow Festival	2,010	2,848	1,907
- Ladies night	1,900	2,265	1,449
- Millbrook Fair	-	-	1,799
- Christmas in the Village	2,700	1,107	2,505
- Spring in the Valley	-	-	1,088
	<u>33,340</u>	<u>27,813</u>	<u>23,893</u>
Net revenue	(7,790)	2,928	5,720
Accumulated surplus, beginning of year	7,790	24,148	18,428
Accumulated surplus, end of year	\$ -	\$ 27,076	\$ 24,148

**Township of Cavan Monaghan
Millbrook Business Improvement Area Board
Statement of Change in Net Financial Assets**

<u>For the year ended December 31</u>	<u>2014</u>	<u>2013</u>
Annual surplus	\$ 2,928	\$ 5,720
Amortization of tangible capital assets	<u>772</u>	<u>772</u>
Net change in net financial assets	3,700	6,492
Net financial assets, beginning of year	<u>17,500</u>	<u>11,008</u>
Net financial assets, end of year	\$ 21,200	\$ 17,500

**Township of Cavan Monaghan
Millbrook Business Improvement Area Board
Statement of Cash Flows**

For the year ended December 31	2014	2013
Operating activities		
Net revenue	\$ 2,928	\$ 5,720
Item not involving cash:		
Amortization	772	772
	<u>3,700</u>	<u>6,492</u>
Changes in non-cash working capital:		
Due from the Township of Cavan Monaghan	(1,371)	(1,432)
Accounts payable	195	(186)
	<u>2,524</u>	<u>4,874</u>
Increase in cash flow	2,524	4,874
Cash and bank, beginning of year	16,821	11,947
Cash and bank, end of year	\$ 19,345	\$ 16,821

**Township of Cavan Monaghan
Millbrook Business Improvement Area Board
Summary of Significant Accounting Policies**

December 31, 2014

Nature of Business The Board is controlled by Council representing the Township of Cavan Monaghan, with the goal of promoting the downtown business area.

Management Responsibility The financial statements of the entity are the responsibility of management. They have been prepared in accordance with accounting policies prescribed for Ontario municipalities by the Ministry of Municipal Affairs and Housing and standards established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

Basis of Accounting Sources of financing and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures 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.

Tangible Capital Assets Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the purchase. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

Signs	4 years
Benches	20 years

**Township of Cavan Monaghan
Millbrook Business Improvement Area Board
Notes to the Financial Statements**

December 31, 2014

1. Financial Instruments

The Board's financial instruments consist of cash and bank, accounts receivable and accounts payable and accrued liabilities. It is management's opinion that the Board is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The fair value of these financial instruments approximates their carrying value.

2. Cash and bank

Bank balances are held at one chartered bank.

3. Tangible Capital Assets

	Signs	Benches	2014	2013
Cost				
Beginning of year	\$ 4,322	\$ 4,642	\$ 8,964	\$ 8,964
Additions	-	-	-	-
Disposals	-	-	-	-
End of year	4,322	4,642	8,964	8,964
Accumulated amortization				
Beginning of year	1,620	696	2,316	1,544
Amortization	540	232	772	772
Disposals	-	-	-	-
End of year	2,160	928	3,088	2,316
Net carrying amount	\$ 2,162	\$ 3,714	\$ 5,876	\$ 6,648

Township of Cavan Monaghan
Trust Funds
Financial Statements
For the year ended December 31, 2014

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Independent Auditor's Report

To the Members of the Council, Inhabitants and Ratepayers of the Township
of Cavan Monaghan

Report on the Financial Statements

We have audited the accompanying financial statements of the Trust Funds of the Township of Cavan Monaghan, which comprise of the statement of financial position as at December 31, 2014, and the statement of continuity for the year then ended, and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Trust Funds of the Township of Cavan Monaghan's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust Funds of the Township of Cavan Monaghan's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Trust Funds of the Township of Cavan Monaghan as at December 31, 2014 and the results of its operations for the year then ended.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Peterborough, Ontario
April 13, 2015

**Township of Cavan Monaghan
Trust Funds
Statement of Financial Position**

December 31	Baptie Trust	Endowment Trust	Total 2014	Total 2013
Assets				
Cash and bank	\$ 1,012	\$ 3,000	\$ 4,012	\$ 4,172
Liabilities				
Due to Township	\$ 12	\$ 285	\$ 297	\$ 309
Fund Balances				
Capital	1,000	1,060	2,060	2,060
Income	-	1,655	1,655	1,803
	1,000	2,715	3,715	3,863
	\$ 1,012	\$ 3,000	\$ 4,012	\$ 4,172

Statement of Continuity

For the year ended December 31	Baptie Trust	Endowment Trust	Total 2014	Total 2013
Balance, beginning of year	\$ 992	\$ 2,871	\$ 3,863	\$ 4,153
Revenues				
Interest earned	12	34	46	44
Expenses				
Scholarships	4	190	194	294
Bank charges	-	-	-	40
Balance, end of year	\$ 1,000	\$ 2,715	\$ 3,715	\$ 3,863

**Township of Cavan Monaghan
Trust Funds
Notes to the Financial Statements**

December 31, 2014

1. Basis of Accounting

Sources of financing and expenditures 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.
