THE CORPORATION OF
THE TOWNSHIP OF STRONG

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2014

THE CORPORATION OF THE TOWNSHIP OF STRONG

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Grant Thornton

Independent Auditor's Report

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To the Members of Council, Inhabitants and Ratepayers of
The Corporation of the Township of Strong

We have audited the accompanying consolidated financial statements of The Corporation of the Township of Strong which comprise 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 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 Township of Strong as at December 31, 2014, and the results of its operations, change in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Grant Thornton LLP

North Bay, Canada
April 28, 2015

Chartered Accountants
Licensed Public Accountants

THE CORPORATION OF THE TOWNSHIP OF STRONG

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2014

	2014	2013
FINANCIAL ASSETS		
Cash	$ 1,237,316	$ 1,269,851
Investments *(Note 4)*	166,189	174,877
Taxes receivable	222,781	203,811
Accounts receivable	159,082	213,501
Inventories held for resale	375	421
	1,785,743	**1,862,461**
LIABILITIES		
Accounts payable and accrued liabilities	224,717	205,360
Deferred revenue-general *(Note 5)*	195,213	455,633
Deferred revenue-obligatory reserve funds *(Note 6)*	257,805	223,463
Municipal debt *(Note 7)*	198,756	67,352
Accrued interest on long-term debt	128	256
Long-term commitments	-	16,497
Employee benefits payable *(Note 9)*	63,966	55,598
Landfill closure and post-closure liability *(Note 10)*	338,435	549,259
	1,279,020	**1,573,418**
NET FINANCIAL ASSETS	**506,723**	**289,043**
NON-FINANCIAL ASSETS		
Tangible capital assets - net *(Note 12)*	10,244,451	7,525,543
Inventories of supplies	65,533	67,164
Prepaid expenses	6,611	2,943
	10,316,595	**7,595,650**
ACCUMULATED SURPLUS *(Note 13)*	**$ 10,823,318**	**$ 7,884,693**

Contingencies *(Notes 2 and 11)*

APPROVED ON BEHALF OF COUNCIL:

_____ Mayor

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE TOWNSHIP OF STRONG

CONSOLIDATED STATEMENTS OF OPERATIONS AND ACCUMULATED SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 2014

	Budget 2014 *(see Note 15)*	Actual 2014	Actual 2013
REVENUE			
Property taxes	$ 2,062,946	$ 2,079,662	$ 2,008,975
User charges	53,210	60,933	64,427
Government transfers	1,699,392	1,323,982	829,567
Contributed assets *(Note 17)*	-	2,155,170	-
Loss on disposal of capital assets	-	(117,258)	(43,564)
Writedown of landfill closure and post-closure liability	-	210,824	32,723
Other	285,595	227,934	250,754
TOTAL REVENUE	**4,101,143**	**5,941,247**	**3,142,882**
EXPENSES			
General government	515,229	489,431	493,627
Protection to persons and property	377,690	357,909	380,055
Transportation services	1,074,662	1,049,764	1,230,504
Environmental services	268,200	280,579	291,888
Health services	319,481	339,933	314,591
Social and family services	184,066	184,066	178,604
Recreation and cultural services	285,990	269,334	269,243
Planning and development	19,914	31,606	46,363
TOTAL EXPENSES	**3,045,232**	**3,002,622**	**3,204,875**
ANNUAL SURPLUS (DEFICIT) *(Note 13)*	**1,055,911**	**2,938,625**	**(61,993)**
ACCUMULATED SURPLUS, BEGINNING OF YEAR	**7,884,693**	**7,884,693**	**7,946,686**
ACCUMULATED SURPLUS, END OF YEAR	**$ 8,940,604**	**$ 10,823,318**	**$ 7,884,693**

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE TOWNSHIP OF STRONG

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2014

	Budget 2014 *(see Note 15)*	Actual 2014	Actual 2013
Annual surplus (deficit)	$ 1,055,911	$ 2,938,625	$ (61,993)
Acquisition of tangible capital assets	(1,637,908)	(1,230,520)	(420,251)
Contributed tangible capital assets	-	(2,155,170)	-
Amortization of tangible capital assets	484,407	484,474	624,968
Loss on disposal of tangible capital assets	-	117,258	43,564
Proceeds from disposal of tangible capital assets	-	65,050	20,000
Change in supplies inventories	-	1,631	(24,692)
Change in prepaid expenses	-	(3,668)	334
Increase (decrease) in net financial assets	(97,590)	217,680	181,930
Net financial assets, beginning of year	289,043	289,043	107,113
Net financial assets, end of year	**$ 191,453**	**$ 506,723**	**$ 289,043**

THE CORPORATION OF THE TOWNSHIP OF STRONG

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2014

	2014	2013
Operating transactions		
Annual surplus (deficit)	$ 2,938,625	$ (61,993)
Non-cash charges to operations:		
Amortization	484,474	624,968
Loss on disposal of tangible capital assets	117,258	43,564
Change in employee benefits payable	8,368	5,071
Change in landfill closure and post-closure liability	(210,824)	(32,723)
	3,337,901	578,887
Changes in non-cash items:		
Taxes receivable	(18,970)	23,313
Accounts receivable	54,419	(95,416)
Inventories held for resale	46	1,155
Accounts payable and accrued liabilities	19,357	(10,268)
Deferred revenue-general	(260,420)	430,839
Deferred revenue-obligatory reserve funds	34,342	92,361
Inventories of supplies	1,631	(24,692)
Prepaid expenses	(3,668)	334
	(173,263)	417,626
Cash provided by operating transactions	3,164,638	996,513
Capital transactions		
Acquisition of tangible capital assets	(1,230,520)	(420,251)
Contributed tangible capital assets	(2,155,170)	-
Proceeds from disposal of tangible capital assets	65,050	20,000
Cash applied to capital transactions	(3,320,640)	(400,251)
Investing transactions		
Change in investments	8,688	(5,878)
Cash provided by (applied to) investing transactions	8,688	(5,878)
Financing transactions		
Change in accrued interest on long-term debt	(128)	(128)
Proceeds from municipal debt	196,400	-
Debt principal repayments	(64,996)	(33,675)
Change in long-term commitments	(16,497)	(14,099)
Cash provided by (applied to) financing transactions	114,779	(47,902)
Net change in cash	**(32,535)**	**542,482**
Cash, beginning of year	**1,269,851**	**727,369**
Cash, end of year	**$ 1,237,316**	**$ 1,269,851**
Cash flow supplementary information:		
Cash paid for interest	$ 4,839	$ 3,039

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE TOWNSHIP OF STRONG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2014

The consolidated financial statements of the Corporation of the Township of Strong (the "Municipality") are the responsibility of management and have been prepared in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants Canada. A summary of significant accounting policies is provided in Note 1. 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.

Management maintains a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

Significant aspects of the accounting policies adopted by the Municipality are as follows:

(a) Reporting Entity

These consolidated statements reflect the assets, liabilities, revenues, expenses and accumulated surplus balances of the reporting entity. The reporting entity is comprised of all committees of Council and the boards, joint boards and municipal enterprises for which Council is politically accountable as follows:

(i) Consolidated and proportionally consolidated entities

The following local boards are consolidated:

Cemeteries

The following joint boards and committees are proportionally consolidated:

Fire
Medical Centre
Recreation
Arena and Hall
Library
Building Committee
Economic Development

Inter-organizational transactions and balances between these organizations are eliminated.

(ii) Non-consolidated entities

The following joint boards are not consolidated:

North Bay Parry Sound District Health Unit
Parry Sound District Social Services Administration Board
District of Parry Sound (East) Home for the Aged

(iii) Accounting for school board transactions

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in these consolidated financial statements.

(iv) Trust funds

Trust funds administered by the Municipality are not included in these consolidated financial statements, but are reported separately on the trust funds financial statements.

(b) Basis of Accounting

(i) Accrual basis of accounting
Revenues and expenditures are reported on the accrual basis of accounting. Revenues are recognized in the year in which they are earned 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.

(ii) Investments
Investments are recorded at cost plus accrued interest.

(iii) Non-financial assets
Non-financial assets are not available to discharge existing liabilities but are held for use in the provision of municipal services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(a) 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. Tangible capital assets received as donations are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements - 20 years
Buildings - 20 to 50 years
Machinery, equipment and furniture - 5 to 20 years
Vehicles - 8 to 30 years
Roads - 10 to 60 years
Bridges - 60 years

One half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

Estimated closure and post-closure expenses for active landfill sites as well as the land occupied by the sites are amortized annually on the basis of capacity used during the year as a percentage of the estimated total capacity of the landfill site.

Interest related to the acquisition of capital assets is not capitalized, but is expensed in the year incurred.

(b) Inventories of supplies
Inventories held for consumption are recorded at the lower of cost and replacement cost.

(iv) Reserves and reserve funds
Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future operating and capital purposes. Balances related to these funds are included in the accumulated surplus of the Consolidated Statement of Financial Position.

(v) Government transfers

Government transfers are recognized in the financial statements as revenues 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 Consolidated Statement of Operations as the stipulation liabilities are settled.

(vi) 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 in the year in which it is used for the specific purpose.

(vii) Taxation and related revenues

Tax rates are established annually by Council, incorporating amounts to be raised for local services and amounts the Municipality is required to collect on behalf of the Province of Ontario in respect of education taxes. Property tax billings are prepared by the Municipality based on assessment rolls, supplementary assessment rolls and other assessment adjustments issued by the Municipal Property Assessment Corporation ("MPAC"). Taxation revenues are initially recorded at the time assessment information is received from MPAC and are subsequently adjusted based on management's best estimate of the amount of tax revenue resulting from assessment adjustments that have not yet been received from MPAC. The Municipality is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.

(viii) Pensions and employee benefits

The Municipality accounts for its participation in the Ontario Municipal Employee Retirement System (OMERS), a multi-employer public sector pension fund, as a defined contribution plan. Obligations for sick leave under employee benefits payable are accrued as the employees render the services necessary to earn the benefits.

(ix) Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. These estimates and assumptions are based on management's historical experience, best knowledge of current events and actions that the Municipality may undertake in the future. Significant accounting estimates include valuation allowances for taxes and accounts receivable, estimated useful lives of tangible capital assets, employee benefits payable, solid waste landfill closure and post-closure liabilities and supplementary taxes. Actual results could differ from these estimates.

2. CONTRIBUTIONS TO UNCONSOLIDATED JOINT BOARDS

Further to Note 1(a)(ii), the following contributions were made by the Municipality to these boards:

		2014		2013
District of Parry Sound Social Services Administration Board	$	123,341	$	123,424
North Bay Parry Sound District Health Unit		43,001		42,134
District of Parry Sound (East) Home for the Aged		60,725		55,180
	$	**227,067**	**$**	**220,738**

The Municipality is contingently liable for its share, if any, of the accumulated deficits as at the end of the year for these boards. The Municipality's share of the accumulated surpluses (or deficits) of these boards has not been determined at this time.

The Municipality is also contingently liable for its share, if any, of the long-term liabilities issued by other municipalities for these boards. The Municipality's share of these long-term liabilities has not been determined at this time.

3. TRANSACTIONS ON BEHALF OF OTHERS

(a) During the year, $663,418 of taxation was collected on behalf of school boards (2013 $667,971).

(b) The Municipality administers care and maintenance trust funds totaling $146,363 (2013 $142,563) which are funded by the sale of cemetery interment rights and markers. These funds are invested and earnings derived therefrom are used to perform maintenance at the Municipality's cemeteries. The trust funds are not included in these consolidated financial statements, as they are being held in trust for the benefit of others.

4. INVESTMENTS

Investments are comprised of guaranteed investment certificates, bearing interest at rates ranging from .8% to 1.9% and maturing between April 28, 2015 and August 8, 2015.

5. DEFERRED REVENUE-GENERAL

In 2013 the Municipality entered into an agreement with the Ministry of Rural Affairs to obtain funding for the reconstruction of Muskoka Road and bridge. The terms of the agreement contain certain transfer stipulations, based on eligible costs and milestones. The maximum funding eligible under this agreement is $814,080 and expires in December 2016.

Details of the deferred revenue reported on the Consolidated Statement of Financial Position are as follows:

		2014		2013
Balance, beginning of year:				
Muskoka Road	$	441,089	$	-
Other		14,544		24,794
		455,633		24,794
Received during the year:				
Muskoka Road		244,224		447,744
Other funding		180,149		156,478
Interest earned		5,830		-
		430,203		604,222
Recognized in revenue during the year		(690,623)		(173,383)
Balance, end of year	**$**	**195,213**	**$**	**455,633**
Muskoka Road	$	182,268	$	441,089
Other deferred revenue		12,945		14,544
Balance, end of year	$	195,213	$	455,633

6. DEFERRED REVENUE-OBLIGATORY RESERVE FUNDS

The Municipality receives payments in lieu of parkland under the Planning Act, building permit revenue under the Building Code Act and federal gas tax funding under an agreement with the Association of Municipalities of Ontario. Legislation restricts how these funds may be used, and under certain circumstances, how these funds may be refunded.

In the case of payments in lieu of parkland, revenue recognition occurs when the Municipality has approved eligible expenditures for park and other public recreation purposes. Building permit revenue is recognized when applicable building expenditures are incurred. Gas tax revenue recognition occurs when the Municipality has approved the expenditures for eligible capital works. Historically, the Municipality has applied its gas tax funding to local road and bridge improvements and to solid waste disposal.

Details of the deferred revenue-obligatory reserve funds reported on the Consolidated Statement of Financial Position are as follows:

		2014		2013
Balance, beginning of year:				
Recreational land (the Planning Act)	$	64,432	$	64,089
Building Code Act		20,405		10,649
Federal Gas Tax		138,626		56,364
		223,463		131,102
Received during the year:				
Recreational land (the Planning Act)		5,850		1,800
Building Code Act		-		9,756
Federal Gas Tax		79,833		81,412
Interest earned		1,680		1,393
		87,363		94,361
Recognized in revenue during the year		(53,021)		(2,000)
Balance, end of year	**$**	**257,805**	**$**	**223,463**
Recreational land (the Planning Act)	$	68,789	$	64,432
Building Code Act		2,925		20,405
Federal Gas Tax		186,091		138,626
Balance, end of year	**$**	**257,805**	**$**	**223,463**

7. MUNICIPAL DEBT

(a) The balance of the municipal debt reported on the Consolidated Statement of Financial Position is made up of the following:

		2014		2013
Ontario Infrastructure Projects Corporation serial debenture, due November 2015, repayable in semi-annual principal payments of $16,838 plus interest calculated at 2.31%	$	33,676	$	67,352
Ontario Infrastructure and Lands Corporation amortizing debenture, due February 2019, repayable in monthly payments of $3,451 including interest calculated at 2.1%.		165,080		
	$	**198,756**	**$**	**67,352**

(b) Future estimated principal and interest payments on the municipal debt are as follows:

		Principal		Interest
2015	$	71,989	$	3,678
2016		39,126		2,287
2017		39,955		1,458
2018		40,802		610
2019		6,884		18
	$	**198,756**	**$**	**8,051**

(c) Total charges for the year for municipal debt which are reported in the financial statements are as follows:

		2014		2013
Principal payments	$	64,996	$	33,675
Interest		4,423		2,910
	$	**69,419**	**$**	**36,585**

8. CREDIT FACILITY AGREEMENT

The Municipality has credit facility agreement with the Royal Bank of Canada of $100,000 (2013 $100,000) which was unused at the end of the year. As security, the Municipality has pledged its revenue.

9. EMPLOYEE BENEFITS PAYABLE

Under the sick leave benefits plan, unused sick leave can accumulate to a prescribed maximum and employees may become entitled to a cash payment when they leave the Municipality's employment. The sick leave benefit liability estimates the use of accumulated sick leave prior to retirement, as well as any lump-sum payments upon retirement, and assumes that both the appropriate discount rate and future salary and wage levels will increase by 3% per annum. The liability for these accumulated days amounted to $63,966 (2013 $55,598) at the end of the year.

10. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

Landfill closure and post-closure care requirements have been defined in accordance with industry standards and include final cover and landscaping of the landfill sites, management of groundwater and leachates, and ongoing environmental monitoring and site inspection and maintenance. Estimated expenditures related to the closure and subsequent maintenance of the sites are recognized in the financial statements over the operating life of the sites, in proportion to their utilized capacity.

The Municipality is currently responsible for two waste disposal sites as outlined below.

Forest Lake Road Landfill Site
The liability for this landfill site is recorded at $47,727 (2013 $159,567) and represents the present value of closure and post-closure costs for 28% (2013 27%) of the total site area, using an estimated long-term borrowing rate of 2.99% (2013 2.31%) and inflation rate of 1.7% (2013 1.7%). The total estimated future expenditures - representing the sum of the discounted future cash flows for closure and post-closure care - are $173,071 (2013 $587,009), leaving an amount to be recognized of $125,344 (2013 $427,442). The estimated remaining capacity of the site is approximately 239,533 cubic metres (2013 240,835 cubic metres), estimated to be filled in 184 years (2013 185 years). Post-closure care is estimated to be required for a period of 25 years.

Muskoka Road Landfill Site
The liability for this landfill site is recorded at $290,708 (2013 $389,692) and represents the present value of closure and post-closure costs for 57% (2013 56%) of the total site area, using an estimated long-term borrowing rate of 2.99% (2013 2.31%) and inflation rate of 1.7% (2013 1.7%). The total estimated future expenditures - representing the sum of the discounted future cash flows for closure and post-closure care - are $506,979 (2013 $691,566), leaving an amount to be recognized of $216,271 (2013 $301,874). The estimated remaining capacity of the site is approximately 39,737 cubic metres (2013 40,661 cubic metres), estimated to be filled in 43 years (2013 44 years). Post-closure care is estimated to be required for a period of 25 years.

The closure and post-closure liability is calculated from a number of factors which are themselves estimates, each of which can be made using different methodologies yielding highly variable results. The decline in the estimated liability recorded for the year is largely attributable to a change in the long-term discount rate. As a result of this change, the estimated liability has been reduced by approximately $231,777.

The Municipality has reserves of $219,078 (2013 $214,078) related to its landfill sites that could be used to fund this liability.

11. CONTINGENCIES

The Municipality is involved from time to time in litigation, which arises in the normal course of business. With respect to outstanding claims, the Municipality believes that insurance coverage is adequate and that no material exposure exists on the eventual settlement of such litigation in all but one claim. Therefore, no provision has been made in the accompanying financial statements. For one claim in the amount of $1,000,000, insurance coverage has not yet been confirmed and since the likelihood and extent of loss, if any, is not yet determinable, no provision has been made in the accompanying financial statements.

THE CORPORATION OF THE TOWNSHIP OF STRONG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2014

12. TANGIBLE CAPITAL ASSETS

The tangible capital assets of the Municipality by major asset class are outlined below.

2014

	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads and Bridges	Assets Under Construction	TOTAL
COST							
Balance, beginning of year	$ 857,756	$ 2,315,562	$ 1,391,126	$ 1,513,429	$ 14,941,200	$ 21,549	$ 21,040,622
Additions and betterments	-	6,278	27,780	295,589	869,694	31,179	1,230,520
Contributed assets	-	-	-	-	2,155,170	-	2,155,170
Disposals and writedowns	(210,824)	(3,322)	(9,904)	(263,546)	(558,750)	(6,095)	(1,052,441)
Transfer between classes	-	-	-	-	7,903	(7,903)	-
BALANCE, END OF YEAR	646,932	2,318,518	1,409,002	1,545,472	17,415,217	38,730	23,373,871
ACCUMULATED AMORTIZATION							
Balance, beginning of year	633,501	714,329	598,981	808,267	10,760,001	-	13,515,079
Annual amortization	9,544	47,076	71,840	109,537	246,477	-	484,474
Amortization disposals	(210,824)	(2,258)	(9,270)	(241,923)	(405,858)	-	(870,133)
BALANCE, END OF YEAR	432,221	759,147	661,551	675,881	10,600,620	-	13,129,420
TANGIBLE CAPITAL ASSETS-NET	$ 214,711	$ 1,559,371	$ 747,451	$ 869,591	$ 6,814,597	$ 38,730	$ 10,244,451

2013

	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads and Bridges	Assets Under Construction	TOTAL
COST							
Balance, beginning of year	$ 903,726	$ 2,315,488	$ 1,397,628	$ 1,527,722	$ 14,617,166	$ 28,526	$ 20,790,256
Additions and betterments	-	19,792	54,219	1,857	328,930	15,453	420,251
Disposals and writedowns	(45,970)	(19,718)	(60,721)	(16,150)	(27,326)	-	(169,885)
Transfer between classes	-	-	-	-	22,430	(22,430)	-
BALANCE, END OF YEAR	857,756	2,315,562	1,391,126	1,513,429	14,941,200	21,549	21,040,622
ACCUMULATED AMORTIZATION							
Balance, beginning of year	656,680	678,632	551,719	700,343	10,409,058	-	12,996,432
Annual amortization	9,544	46,995	80,945	109,736	377,748	-	624,968
Amortization disposals	(32,723)	(11,298)	(33,683)	(1,812)	(26,805)	-	(106,321)
BALANCE, END OF YEAR	633,501	714,329	598,981	808,267	10,760,001	-	13,515,079
TANGIBLE CAPITAL ASSETS-NET	$ 224,255	$ 1,601,233	$ 792,145	$ 705,162	$ 4,181,199	$ 21,549	$ 7,525,543

THE CORPORATION OF THE TOWNSHIP OF STRONG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2014

13. ACCUMULATED SURPLUS

The 2014 continuity of accumulated surplus reported on the Consolidated Statement of Financial Position is as follows:

	Balance Beginning of Year	Annual Surplus (Deficit)	Balance End of Year
RESERVES AND RESERVE FUNDS			
Working capital	$ 413,994	$ 75,000	$ 488,994
Fire	50,000	55,000	105,000
Roads	109,523	125,000	234,523
Bridges	55,000	(55,000)	-
Landfill closure	214,078	5,000	219,078
Landfill building	5,000	5,000	10,000
Berriedale Cemetery	1,139	-	1,139
Strong Cemetery	2,222	-	2,222
Medical Centre	2,500	-	2,500
Arena	6,195	1,000	7,195
Library	4,025	104	4,129
Recreation facility	5,000	5,000	10,000
Planning and development	9,856	(9,856)	-
	878,532	**206,248**	**1,084,780**
OTHER			
Consolidated tangible capital assets	7,525,543	2,718,908	10,244,451
General operating surplus (deficit) -			
Municipality	176,356	(71,327)	105,029
Berriedale Cemetery	7,614	354	7,968
Pevensey Cemetery	3,571	(847)	2,724
Strong Cemetery	3,168	(1,983)	1,185
Arena	14,144	(3,690)	10,454
Library	2,770	(3,390)	(620)
Medical Centre	(38,458)	2,081	(36,377)
Central Almaguin Economic Development Association	415	4,594	5,009
Unfunded amounts -			
Municipal debt	(67,352)	(131,404)	(198,756)
Accrued interest	(256)	128	(128)
Long-term commitments	(16,497)	16,497	-
Employee benefits payable	(55,598)	(8,368)	(63,966)
Landfill closure and post-closure liability	(549,259)	210,824	(338,435)
	$ 7,884,693	**$ 2,938,625**	**$ 10,823,318**

14. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT

The Municipality and its Boards and Committees provide a wide range of services to its citizens. The schedule of segment disclosure provides a breakdown of the annual surplus (deficit) reported on the Consolidated Statement of Operations by major reporting segment. The segments correspond to the major functional categories used in the Municipality's Financial Information Return, which include the following activities:

General Government
This segment includes Council, Clerk's Department, and Treasury. This area supports the operating departments in implementing priorities of Council and provides strategic leadership on issues relating to governance, strategic planning and service delivery.

Protection to Persons and Property
This segment includes fire, police, building inspection, and bylaw enforcement. Police services are provided by the Ontario Provincial Police under contract.

Transportation Services
Transportation services include roadway systems and winter control.

Environmental Services
This segment includes solid waste management.

Health Services
This segment includes cemeteries, ambulance services as well as payments to the district health unit.

Social and Family Services
This segment consists primarily of payments made to the district social services administration board and home for the aged for the provision of social services such as childcare, social housing, general assistance and assistance to the elderly.

Recreation and Culture
This segment includes parks, recreation programs, recreation facilities and library services.

Planning and Development
This segment includes activities related to planning, zoning and economic development.

Unallocated Amounts
Items are recorded as unallocated amounts when there is no reasonable basis for allocating them to a segment. Major items included in this category are property taxation and related penalty and interest charges, and the municipality's annual Ontario Municipal Partnership Fund unconditional grant.

In the preparation of segmented financial information, some allocation of expenses is made. This generally includes charges of administrative time and rent to specific segments.

THE CORPORATION OF THE TOWNSHIP OF STRONG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2014

14. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT (continued)

FOR THE YEAR ENDED DECEMBER 31, 2014

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	Unallocated Amounts	Consolidated
REVENUE										
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,079,662	$ 2,079,662
User charges	5,508	442	-	27,925	2,224	-	21,398	3,436	-	60,933
Government transfers -										
Canada	-	-	33,541	-	-	-	4,417	12,596	384	50,938
Ontario	-	4,925	529,790	43,885	160,486	-	7,359	4,632	370,300	1,121,377
Other municipalities	16,937	32,862	-	99,992	1,450	-	426	-	-	151,667
Contributed assets	-	-	2,155,170	-	-	-	-	-	-	2,155,170
Loss on disposal of capital assets	-	(584)	(115,612)	-	-	-	(1,062)	-	-	(117,258)
Writedown of landfill closure liability	-	-	-	210,824	-	-	-	-	-	210,824
Other	12,523	18,895	13,962	18,504	55,187	-	55,705	450	52,708	227,934
TOTAL REVENUE	34,968	56,540	2,616,851	401,130	219,347	-	88,243	21,114	2,503,054	5,941,247
EXPENSES										
Salaries, wages and benefits	318,411	98,665	289,599	160,635	58,491	-	116,175	6,674	-	1,048,650
Long-term debt charges (interest)	1,232	-	3,191	-	288	-	-	-	-	4,711
Materials	60,227	43,738	374,014	35,788	27,904	-	86,904	5,745	-	634,320
Contracted services	86,847	192,015	18,948	48,945	198,754	-	19,931	18,049	-	583,489
Rents and financial expenses	1,032	17	-	-	6,319	-	7,582	122	-	15,072
External transfers	4,498	-	-	-	43,001	184,066	-	341	-	231,906
Interfunctional adjustments	(3,202)	1,027	-	-	-	-	1,500	675	-	-
Amortization	20,386	22,447	364,012	35,211	5,176	-	37,242	-	-	484,474
TOTAL EXPENSES	489,431	357,909	1,049,764	280,579	339,933	184,066	269,334	31,606	-	3,002,622
ANNUAL SURPLUS (DEFICIT)	$ (454,463)	$ (301,369)	$ 1,567,087	$ 120,551	$ (120,586)	$ (184,066)	$ (181,091)	$ (10,492)	$ 2,503,054	$ 2,938,625

THE CORPORATION OF THE TOWNSHIP OF STRONG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2014

14. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT (continued)

FOR THE YEAR ENDED DECEMBER 31, 2013

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	Unallocated Amounts	Consolidated
REVENUE										
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,008,975	$ 2,008,975
User charges	1,330	285	-	36,100	2,153	-	24,059	500	-	64,427
Government transfers -										
Canada	-	-	-	-	-	-	1,785	9,805	-	11,590
Ontario	6,789	12,129	77,085	44,590	150,062	-	17,827	14,164	370,100	692,746
Other municipalities	-	26,276	-	97,079	1,450	-	426	-	-	125,231
Loss on disposal of capital assets	(1,618)	(1,005)	(39,335)	-	-	-	(1,606)	-	-	(43,564)
Writedown of landfill closure liability	-	-	-	32,723	-	-	-	-	-	32,723
Other	8,824	51,594	15,356	18,689	53,055	-	53,140	1,658	48,438	250,754
TOTAL REVENUE	15,325	89,279	53,106	229,181	206,720	-	95,631	26,127	2,427,513	3,142,882
EXPENSES										
Salaries, wages and benefits	302,515	129,045	270,934	155,631	57,031	-	112,404	10,069	-	1,037,629
Long-term debt charges (interest)	2,010	-	-	-	566	-	-	335	-	2,911
Materials	49,435	49,322	427,396	53,002	20,052	-	88,122	5,927	-	693,256
Contracted services	110,246	177,181	32,572	48,044	183,366	-	23,125	29,852	-	604,386
Rents and financial expenses	1,321	35	3,390	-	6,019	-	7,587	5	-	18,357
External transfers	2,630	-	-	-	42,134	178,604	-	-	-	223,368
Interfunctional adjustments	(3,689)	2,014	-	-	-	-	1,500	175	-	-
Amortization	29,159	22,458	496,212	35,211	5,423	-	36,505	-	-	624,968
TOTAL EXPENSES	493,627	380,055	1,230,504	291,888	314,591	178,604	269,243	46,363	-	3,204,875
ANNUAL SURPLUS (DEFICIT)	$ (478,302)	$ (290,776)	$(1,177,398)	$ (62,707)	$ (107,871)	$ (178,604)	$ (173,612)	$ (20,236)	$ 2,427,513	$ (61,993)

15. BUDGET FIGURES

The budget adopted for the current year was prepared on a modified accrual basis, and has been restated to conform with the accounting and reporting standards applicable to the actual results. A reconciliation of the adopted and reported budgets is presented below.

		Budget
ADOPTED BUDGET:		
Decrease in general municipal operating surplus	$	(176,356)
Increase in municipal reserves and reserve funds		205,144
Decrease in board and joint board general operating surplus and reserves and reserve funds		(11,600)
ADJUSTMENTS:		
Acquisition of tangible capital assets		1,637,908
Amortization of tangible capital assets		(484,407)
Change in long-term debt		(131,276)
Payment of long-term commitments		16,498
ANNUAL SURPLUS	**$**	**1,055,911**

16. PENSION AGREEMENTS

The Municipality makes contributions to the Ontario Municipal Employee Retirement Fund (OMERS), which is a multi-employer plan, on behalf of certain members of its staff. The 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. 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 with respect to 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 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 Plan surplus or deficit.

The amount contributed to OMERS for 2014 was $61,912 (2013 $58,800) for current service and is included as an expense on the Consolidated Statement of Operations.

17. CONTRIBUTED ASSETS

Further to Note 1(b)(iii)(a), in 2014 the Municipality recorded $2,155,170 related to upgrades to the Municipality's roads performed by the Ministry of Transportation in connection with the four-laning of Highway 11.

18. COMPARATIVE FIGURES

Certain prior year figures presented for comparative purposes have been reclassified to conform to the presentation adopted for the current year.