

MAR 05 2015

CONSOLIDATED FINANCIAL REPORT

2014

**THE CORPORATION OF THE
TOWN OF LATCHFORD**

DISTRICT OF TEMISKAMING

MAR 05 2015

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THE CORPORATION OF THE TOWN OF LATCHFORD

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MAR 05 2015

INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants
and Ratepayers of the Corporation
of the Town of Latchford.

We have audited the accompanying consolidated financial statements of the CORPORATION OF THE TOWN OF LATCHFORD, which comprise the consolidated statement of financial position as at December 31, 2014, and the consolidated statement of operations, consolidated statement of change in net debt and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management and Council's Responsibility for the Consolidated financial statements

Management and council are 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 and council determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the CORPORATION OF THE TOWN OF LATCHFORD as at December 31, 2014, and its operations, change in net debt and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Kemp Elliott & Blair LLP

Kemp Elliott & Blair LLP

Chartered Professional Accountants

Licensed Public Accountants
New Liskeard, Ontario
March 4, 2015

THE CORPORATION OF THE TOWN OF LATCHFORD

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2014

FINANCIAL ASSETS

	2014	2013
Cash	\$ 201,344	\$ 535,245
Taxes receivable	143,772	51,808
Accounts receivable	54,112	118,890
	<u>399,228</u>	<u>705,943</u>

LIABILITIES

Short-term borrowing – note 5	-	250,000
Accounts payable and accrued liabilities	350,669	470,005
Deferred revenue – other – note 8	66,040	66,040
Deferred revenue – obligatory reserve fund – note 7	98,998	77,158
Landfill closure and post-closure liability – note 8	230,000	268,000
Municipal debt – note 9	866,005	916,882
	<u>1,611,710</u>	<u>2,046,085</u>

NET DEBT (1,212,482) (1,340,142)

NON-FINANCIAL ASSETS

Tangible capital assets – note 14	<u>4,235,185</u>	<u>4,376,322</u>
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ACCUMULATED SURPLUS – note 10 \$ 3,022,703 \$ 3,036,180

Contingent liabilities and commitments – note 12

The accompanying notes form an integral part of these consolidated financial statements.

On behalf of Council

Mayor

Chief Financial Officer

THE CORPORATION OF THE TOWN OF LATCHFORD

CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2014

	2014 Budget (Unaudited) (Note 2)	2014 Actual	2013 Actual
REVENUES			
Operating revenues			
Municipal taxation	\$ 668,745	\$ 671,998	\$ 671,975
Water and sewer user charges	210,549	175,352	197,924
User charges	34,080	34,448	33,915
Revenue from other municipalities	10,608	10,045	7,077
Provincial grants	250,900	314,463	293,472
Federal grants	14,350	6,628	57,140
Other grants	-	-	18,390
Penalties and interest on taxes, water and sewer	12,000	16,425	11,535
Provincial Offences Act revenues	8,500	8,768	8,044
Gain on disposal of tangible capital assets	10,000	289	106,611
Other	16,017	27,338	14,801
	<u>1,233,749</u>	<u>1,263,974</u>	<u>1,420,884</u>
Capital revenues			
Provincial grants	-	20,488	-
Total revenues	<u>1,233,749</u>	<u>1,284,462</u>	<u>1,420,884</u>
EXPENDITURES			
General government	358,917	348,766	356,415
Protection to persons and property	115,439	123,159	104,781
Transportation services	215,814	211,410	233,896
Environmental services – note 11	306,530	289,390	323,403
Health services	74,365	154,770	114,940
Social and family services	82,082	82,082	86,916
Recreation and cultural services	63,571	72,505	71,323
Planning and development	4,990	15,857	52,779
Total expenditures	<u>1,221,708</u>	<u>1,297,939</u>	<u>1,344,453</u>
ANNUAL SURPLUS (DEFICIT)	12,041	(13,477)	76,431
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>3,036,180</u>	<u>3,036,180</u>	<u>2,959,749</u>
ACCUMULATED SURPLUS, END OF YEAR – note 10	<u>\$ 3,048,221</u>	<u>\$ 3,022,703</u>	<u>\$ 3,036,180</u>

The accompanying notes form an integral part of these consolidated financial statements.

THE CORPORATION OF THE TOWN OF LATCHFORD

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

FOR THE YEAR ENDED DECEMBER 31, 2014

	2014 Budget (Unaudited) (Note 2)	2014 Actual	2013 Actual
ANNUAL SURPLUS (DEFICIT)	\$ 12,041	\$ (13,477)	\$ 76,431
Acquisition of tangible capital assets	(4,500)	(57,069)	(51,835)
Amortization of tangible capital assets	197,500	193,535	197,584
Gain on sale of tangible capital assets	-	(289)	(106,611)
Proceeds on sale of tangible capital assets	10,000	4,960	147,550
Increase in net debt	215,041	127,660	263,299
Net debt, beginning of year	(1,340,142)	(1,340,142)	(1,603,441)
NET DEBT, END OF YEAR	\$ (1,125,101)	\$ (1,212,482)	\$ (1,340,142)

The accompanying notes form an integral part of these consolidated financial statements.

THE CORPORATION OF THE TOWN OF LATCHFORD

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2014

Operations	2014	2013
Annual surplus (deficit)	\$ (13,477)	\$ 76,431
Charges not affecting cash –		
Amortization	193,535	197,564
Gain on sale of tangible capital assets	(289)	(106,611)
	<u>179,769</u>	<u>167,384</u>
Other sources (uses) of cash –		
Change in taxes receivable	(91,964)	10,615
Change in accounts receivable	64,778	52,240
Change in accounts payable and accrued liabilities	(119,336)	(171,343)
Change in deferred revenue – other	-	66,040
Change in deferred revenue – obligatory reserve fund	21,838	77,158
Change in landfill closure and post-closure liability	(36,000)	-
	<u>(160,684)</u>	<u>34,710</u>
Total cash provided by operations	<u>19,085</u>	<u>202,094</u>
Capital transactions		
Acquisition of tangible capital assets	(57,069)	(51,636)
Proceeds on sale of tangible capital assets	4,960	147,550
Total cash provided by (used for) capital transactions	<u>(52,109)</u>	<u>95,915</u>
Financing transactions		
Municipal debt proceeds	-	28,947
Municipal debt principal repayments	(50,877)	(44,614)
Total cash used for financing transactions	<u>(50,877)</u>	<u>(15,667)</u>
Increase (decrease) in cash	(83,901)	282,342
Cash, beginning of year	<u>285,245</u>	<u>2,903</u>
Cash, end of year	<u>\$ 201,344</u>	<u>\$ 285,245</u>
Represented by		
Cash	\$ 201,344	\$ 535,245
Short-term borrowing	-	(250,000)
	<u>\$ 201,344</u>	<u>\$ 285,245</u>

The accompanying notes form an integral part of these consolidated financial statements.

THE CORPORATION OF THE TOWN OF LATCHFORD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

The Corporation of the Town of Latchford is a town in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act 2001, Provincial Offences Act and other related legislation.

1. Accounting policies

The consolidated financial statements of the Corporation of the Town of Latchford are the representation of management and council and are prepared in accordance with generally accepted accounting principles for local government as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants Canada as prescribed for Ontario municipalities by the Ministry of Municipal Affairs.

Use of estimates

Management has made estimates and assumptions that affect the amounts reported in preparing these consolidated financial statements. Significant areas requiring the use of management estimates relate to the determination of tangible capital assets historical cost, estimated useful life and related amortization and landfill post-closure costs.

Basis of consolidation

The consolidated financial statements reflect financial assets, liabilities, operating revenues and expenditures, reserves and changes in investment in tangible capital assets of the Town and include the activities of all committees of Council which are:

The Corporation of the Town of Latchford Library Board
The Corporation of the Town of Latchford Medical Centre

All interfund assets and liabilities and sources of financing and expenditures have been eliminated.

Non-consolidated entities

The following local boards, joint local boards, municipal enterprises and utilities are not consolidated:

Timiskaming District Health Unit
District of Timiskaming Social Services Administration Board

Although these are joint local boards they run autonomously to provide those services mandated by the Province. The Town has no control over these programs or their financing. These joint local boards are not proportionately consolidated. The yearly requisitions of these boards are expensed by the Town in its statements.

Timiskaming Municipal Building Association Chief Building Officer

The Timiskaming Municipal Building Association Chief Building Officer is a joint cost sharing arrangement for 21 Municipalities. The operations of this board are not proportionately consolidated into these statements as they are not considered to be significant to the statements. Building Permit revenues are transferred to this organization.

Accounting for school board transactions

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

THE CORPORATION OF THE TOWN OF LATCHFORD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

1. Accounting policies – continued

Tangible capital assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements	15 to 30 years
Buildings	50 years
Vehicles	10 to 25 years
Machinery and equipment	5 to 30 years
Roads and bridges	7 to 75 years
Water and sewer mains	50 years

A full year of amortization is charged in the year of acquisition and no amortization is charged in the year of disposal. Assets under construction are not amortized until the asset is available for use.

The Town has no capitalization threshold for land and buildings, a capitalization threshold of \$10,000 for infrastructure systems and \$2,500 for all other assets. Individual assets of lesser value are expensed, unless they are pooled, because, collectively, they have significant value.

Deferred revenue - other

The Town receives certain amounts pursuant to funding agreements that may only be used in the conduct of certain programs or in the delivery of specific services and transactions. These amounts are recorded as deferred revenue and are recognized as revenue in the fiscal year the eligibility criteria has been met except when stipulations are present and to the extent that the transfer give rise to an obligation that meets the definition of a liability.

Deferred revenue – obligatory reserve funds

The Town receives Federal Gas Tax funding under the authority of the Federal legislation. These funds, by their nature, are restricted in their use and until applied to specific expenses, are recorded as deferred revenue. Amounts applied to qualifying expenses are recorded as revenue in the fiscal period they are expended.

Revenue recognition

Government transfers (provincial and federal grants)

Government transfers are transfers from senior levels of government that are not the result of an exchange transaction and are not expected to be repaid in the future. Government transfers without eligibility criteria or stipulations are recognized as revenue when the transfer is authorized. A transfer with eligibility criteria is recognized as revenue when the transfer is authorized and all eligibility criteria have been met. A transfer with or without eligibility criteria but with stipulation is recognized as revenue in the period the transfer is authorized and all eligibility criteria have been met, except where and to the extent that the transfer gives rise to an obligation that meets the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

THE CORPORATION OF THE TOWN OF LATCHFORD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

1. **Accounting policies – continued**
Revenue recognition - continued

Taxation and related revenues

Property tax billings are prepared by the Town based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established annually by Council, incorporating amounts to be raised for local services and amounts the Town is required to collect on behalf of the Province of Ontario in respect of education taxes. A normal part of the assessment process is the issue of supplementary assessment rolls, which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the Town determines the taxes applicable and renders supplementary tax billings. Taxation revenues are recorded when they meet the definition of an asset, the tax is authorized and the taxable event has occurred. Assessments and the related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded when the results of the appeal process are known.

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

Fees, service charges and other revenue

Fees, service charges and other revenue are recognized when earned.

2. **Budget**

The Budget adopted by Council was not prepared on a basis consistent with that used to report actual results according to Public Sector Accounting Standards used on the Consolidated Statement of Operations on page 3. The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The actual budget is reflected in note 15. It expenses all tangible capital expenditures, does not include amortization expense, reflects proceeds of long-term debt as a revenue, principal repayments of long-term debt as an expense and the full proceeds from the sale of tangible capital assets as a revenue. As a result, the budget figures presented in the consolidated statements of operations and change in net financial assets represent the financial plan adopted by Council with adjustments as follows:

	<u>2014</u>
Actual budget surplus for the year – note 15	\$ 54,158
Add: Budgeted debt principal repayments	150,883
Investment in tangible capital assets	4,500
Less: Estimated amortization	<u>(197,500)</u>
Budget surplus per statement of operations – page 3	<u>\$ 12,041</u>

3. **Operations of school boards**

Further to note 1, the taxation levied on behalf of and due to the school boards is:

	<u>2014</u>	<u>2013</u>
	<u>\$ 524,782</u>	<u>\$ 528,337</u>

THE CORPORATION OF THE TOWN OF LATCHFORD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

4. **Contributions to Joint Boards**

Further to note 1, the following contributions were made by the Town to these boards:

	<u>2014</u>	<u>2013</u>
Timiskaming District Health Unit	\$ 15,860	\$ 15,860
District of Timiskaming Social Services Administration Board	\$ 140,587	\$ 143,054

5. **Revolving line of credit**

The Town has a \$250,000 business operating line negotiated with the Bank of Nova Scotia with a balance outstanding of \$nil (2013 - \$nil). Interest is at bank prime plus 1% (currently 4%). The short-term borrowing from 2013 was a bridge loan with the Bank of Nova Scotia that was fully repaid in 2014.

6. **Deferred revenue - other**

Deferred revenue - other consists of the following:

	<u>December 31 2013</u>	<u>Funds Received</u>	<u>Revenue Earned</u>	<u>December 31 2014</u>
Provincial government	\$ 62,333	\$ 20,488	\$ (20,488)	\$ 62,333
Other	3,707	-	-	3,707
	<u>\$ 66,040</u>	<u>\$ 20,488</u>	<u>\$ (20,488)</u>	<u>\$ 66,040</u>

7. **Deferred revenue – obligatory reserve funds**

Deferred revenue – obligatory reserve funds consist of the following:

	<u>December 31 2013</u>	<u>Funds Received</u>	<u>Revenue Earned</u>	<u>December 31 2014</u>
Federal Gas Tax	\$ 77,158	\$ 23,018	\$ (1,180)	\$ 98,996

8. **Landfill closure and post-closure liabilities**

These obligations relate to the recognition of closure and post-closure liability. The Town's estimated liability for these expenses is recognized as the landfill site's capacity is used. The reported liability represents the portion of the estimated total expenses recognized as at December 31, 2014. The liability and annual expense is calculated based on the ratio of current usage to the total capacity of the site and the discounted estimated future cash flows associated with closure and post-closure activities. The yearly increase in the estimated liability is designed to ensure that the total estimated costs of closure and post-closure activities are reflected as an obligation at the time of closure of the landfill site. The costs and life expectancy have been reviewed in a study done during this fiscal year. The landfill site is expected to reach capacity in approximately 2030 and have closure and post-closure costs estimated at \$230,000.

THE CORPORATION OF THE TOWN OF LATCHFORD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

9. Municipal debt	2014	2013
Term loan with the Bank of Nova Scotia, payable in monthly installments of \$1,875 plus interest at the bank's prime lending rate plus 1% (currently 4%), final installment due July 31, 2017. The debt relates to the construction of the recreation centre.	\$ 170,625	\$ 193,125
A 30 year serial debenture with Ontario Infrastructure, payable in semi-annual blended (principal and interest) payments of \$12,138 with interest at 5.24% per annum and the debenture matures October 15, 2038. The debt relates to improvements to the water treatment plant	329,393	336,141
A 20 year serial debenture with Ontario Infrastructure, payable in semi-annual blended (principal and interest) payments of \$17,171 with interest at 5.03% per annum and the debenture matures October 16, 2028. The debt relates to paving of roads and purchase of roads equipment.	342,164	358,669
Demand loan with Royal Bank of Canada, payable in monthly installments of \$559 plus interest at a rate of 5.99%, final installment due December 23, 2018. The debt relates to the purchase of a new pick-up truck.	23,823	28,947
	\$ 866,005	\$ 916,882

Total interest paid on the loans in 2014 is \$44,228 (2013 - \$44,674).

Principal installments required to be paid over the next five years are as follows:

2015	\$ 52,387
2016	53,982
2017	158,788
2018	34,930
2019	29,899
2020 +	536,019
	\$ 866,005

THE CORPORATION OF THE TOWN OF LATCHFORD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

10. Accumulated surplus

Reserves represent an appropriation of surplus for a specific purpose, determined by council, are non-statutory and subject to change by council at that time.

Reserves, surpluses and deficits	2014	2013
Lot repayment reserve	\$ 15,000	\$ 15,000
Water reserve	457	457
Roads reserve	30,496	30,496
Equipment reserve	20,253	20,253
Latchford Public Library Board surplus	8,076	9,160
General municipal deficit	<u>(420,759)</u>	<u>(498,626)</u>
	(346,477)	(423,260)
Amounts to be recovered		
Unfinanced municipal debt	<u>(866,006)</u>	<u>(916,882)</u>
Net debt	(1,212,482)	(1,340,142)
Non-financial assets		
Invested in tangible capital assets	<u>4,235,185</u>	<u>4,376,322</u>
Accumulated surplus	<u>\$ 3,022,703</u>	<u>\$ 3,036,180</u>

Non-financial assets

Non-financial assets are not available to discharge existing liabilities. Amounts invested in tangible capital assets are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Change in Net Financial Assets (Debt) for the year.

11. Change in accounting estimate

Based on a new engineering report received by the Town, the total estimated closure and post-closure costs related to the landfill site have decreased from \$308,000 to \$230,000. Subsequently, the Town has lowered its liability for landfill closure and post-closure costs by \$36,000 down to \$230,000 on the consolidated statement of financial position which has also been reflected as an adjustment to the environmental services expenses on the consolidated statement of operations.

12. Contingent liabilities and commitments

Non-Consolidated Entities

The Town is contingently liable for the deficits and long-term debt of the non-consolidated entities.

Ontario Municipal Employees Retirement Fund

All permanent, full-time employees of the Town 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. As this is a multi-employer pension plan, the contributions by the Town are recognized as an expenditure. No pension liability for this type of plan is recognized in the Town's consolidated financial statements.

THE CORPORATION OF THE TOWN OF LATCHFORD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

12. Contingent liabilities and commitments - continued

Water and Wastewater Plant Operation – Long-term debt

Prior to August 1, 2009, maintenance of the waste water and water systems were looked after by Ontario Clean Water Agency (OCWA). A debt of the Ministry of the Environment incurred during the initial set up of the Water and Wastewater Plant was assumed by OCWA and remains outstanding. The Town is responsible for and continues to pay principal and interest charges. These charges are reflected in operations as an operational cost of the system and the debt is not otherwise reflected in these statements.

	2014	2013
Debt servicing charges	\$ 4,914	\$ 4,914
Balance remaining on OCWA debt (interest 8.63% - due in 2015, total annual payment is \$4,914)	\$ 1,113	\$ 6,027

Legal contingencies

Various other statements of claim have been issued against the Town claiming damages. Damages, if any, cannot be estimated at this time and in any event, the Town is of the opinion that these claims would be unfounded or covered by insurance after application of a \$5,000 to \$10,000 deductible per claim. Should any loss result, it would be charged to operations when the amount is ascertained.

Funding agreements

Under the terms of various funding agreements, the Town could have provincial and federal grants become repayable if it is determined that funding was applied towards ineligible costs or if other terms of the agreements were not met. At year end management is of the opinion that all conditions have been met and funding was applied towards eligible costs.

13. Segmented information

The Corporation of the Town of Latchford is a diversified municipal government institution that provides a wide range of services to its citizens, including General Government Services, Protection Services, Transportation Services, Environmental Services, Health Services, Social and Family Services, Recreational and Cultural Services and Planning and Development Services. Service areas were created for the purpose of recording specific activities to attain certain objectives in accordance with regulations, restrictions or limitations.

Municipal Services are provided by departments and their activities are reported in these Service Areas. Departments disclosed in the Segmented Information, along with the services they provide, are as follows:

General Government Services

The Departments within General Government Services are responsible for adopting bylaws; adopting administrative policy; levying taxes; acquiring, disposing and managing Municipal assets; ensuring effective financial management; monitoring performance and ensuring that high quality Municipal Service standards are met.

Protection Services

Services provided in this segment include the enforcement of laws, prevention of crime, and maintenance of peace, order, and security by protecting life, property and the environment through the provision of emergency response, thus ensuring safe homes and safe communities.

THE CORPORATION OF THE TOWN OF LATCHFORD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

13. **Segmented information - continued**

Transportation Services

The Public Works department is responsible for the delivery of municipal public works services related to planning, design, construction, cleaning, repair, snow removal and signage of roadway systems.

Environmental Services

The environmental services include water and sewer services as well as garbage and recycling services.

Water and Sewer services include the operation and distribution of water and networking sewer mains and storm sewers.

The Garbage and Recycling services are responsible for the delivery of municipal services including garbage collection and recycling.

Health Services

The Town funds a range of public health services through the Health Unit and provides ambulance services through the District Social Services Administration Board.

Social and Family Services

The services are provided indirectly by the Town through the District Social Services Administration Board and include family and children's services and housing services.

Recreation and Cultural Services

The Department is responsible for providing, facilitating the development of, and maintaining high quality parks, recreational facilities, and cultural services.

Planning and Development

The Planning and Development Department is responsible for preparing land use plans, bylaws and policies for sustainable development of the Town and for reviewing and approving new development.

THE CORPORATION OF THE TOWN OF LATCHFORD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

13. Segmented information - continued

	General Government Services	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	Total 2014	Total 2013
Revenues										
Operating revenues										
Municipal taxes	\$ 671,998	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 671,998	\$ 671,975
Water and sewer user charges	-	-	-	175,352	-	-	-	-	175,352	197,924
User charges	197	3,740	1,375	16,679	-	-	12,457	-	34,448	33,915
Revenue from other municipalities	-	-	3,000	1,045	6,000	-	-	-	10,045	7,077
Provincial grants	232,522	889	-	-	78,166	-	2,886	-	314,463	293,472
Federal grants	2,200	-	2,344	560	-	-	1,724	-	6,828	57,140
Other grants	-	-	-	-	-	-	-	-	-	18,390
Penalties and interest on taxes, water and sewer	16,425	-	-	-	-	-	-	-	16,425	11,535
Provincial Offences Act revenues	-	6,788	-	-	-	-	-	-	6,788	8,044
Gain (loss) on disposal of tangible capital assets	4,400	-	(4,111)	-	-	-	-	-	289	106,611
Other	10,624	1,000	14,400	-	-	-	240	674	27,338	14,801
	<u>938,566</u>	<u>12,417</u>	<u>17,008</u>	<u>193,636</u>	<u>84,166</u>	<u>-</u>	<u>17,307</u>	<u>674</u>	<u>1,263,974</u>	<u>1,420,884</u>
Capital revenues										
Provincial grants	499	-	-	19,989	-	-	-	-	20,488	-
	<u>939,065</u>	<u>12,417</u>	<u>17,008</u>	<u>213,625</u>	<u>84,166</u>	<u>-</u>	<u>17,307</u>	<u>674</u>	<u>1,284,462</u>	<u>1,420,884</u>
Expenses										
Wages and benefits	175,136	13,322	98,308	68,013	59,074	-	9,630	-	423,483	325,251
Long-term debt interest	-	-	19,426	17,527	-	-	7,275	-	44,228	44,674
Materials	104,722	23,223	35,691	59,074	37,191	-	16,357	574	276,832	301,905
Contracted services	36,822	79,422	14,680	56,786	-	-	-	15,283	202,993	292,980
Rents and financial expenses	16,281	-	-	-	-	-	-	-	16,281	23,165
External transfers	-	-	-	-	58,505	82,082	-	-	140,587	158,914
Amortization	15,805	7,192	43,305	87,990	-	-	39,243	-	193,535	197,564
	<u>348,766</u>	<u>123,158</u>	<u>211,410</u>	<u>289,390</u>	<u>154,770</u>	<u>82,082</u>	<u>72,505</u>	<u>15,857</u>	<u>1,297,938</u>	<u>1,344,453</u>
Annual surplus (deficit)	\$ 590,299	\$(110,742)	\$(194,402)	\$(75,765)	\$(70,604)	\$(82,082)	\$(55,198)	\$(14,983)	\$(13,477)	\$ 76,431

THE CORPORATION OF THE TOWN OF LATCHFORD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

14. Schedule of tangible capital assets

	2014								
	Original Cost	Additions	Disposals	Ending Cost	Opening Accumulated Amortization	Accumulated Amortization on Disposals	Current Amortization	Ending Accumulated Amortization	Net Assets
	Dec 31, 2013			Dec 31, 2014	Dec 31, 2013	Dec 31, 2013	Dec 31, 2014	Dec 31, 2014	2014
General									
Land	\$ 108,977	\$ 30,000	\$ -	\$ 138,977	\$ -	\$ -	\$ -	\$ -	\$ 138,977
Land improvements	165,270	-	-	165,270	66,837	-	4,583	91,420	73,850
Buildings	1,987,876	-	-	1,987,876	660,460	-	40,985	701,445	1,286,431
Machinery and equipment	2,198,072	22,490	1,198	2,219,364	635,336	1,198	81,990	716,128	1,503,236
Vehicles	407,527	4,579	10,382	401,724	180,398	5,711	14,943	189,630	212,094
Infrastructure									
Roads and bridges	956,645	-	-	956,645	246,369	-	27,970	274,339	682,306
Water main	727,430	-	-	727,430	472,549	-	14,549	487,098	240,332
Sewer main	425,896	-	-	425,896	319,422	-	6,515	327,937	97,959
Total	\$ 6,977,693	\$ 57,069	\$ 11,580	\$ 7,023,182	\$ 2,601,371	\$ 6,909	\$ 193,535	\$ 2,787,997	\$ 4,235,185

THE CORPORATION OF THE TOWN OF LATCHFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

14. Schedule of tangible capital assets – continued

	2013									
	Original Cost Dec 31, 2012	Additions	Disposals	Ending Cost Dec 31, 2013	Opening Accumulated Amortization Dec 31, 2012	Accumulated Amortization on Disposals	Current Amortization	Ending Accumulated Amortization Dec 31, 2013	Net Assets 2013	
General										
Land	\$ 106,451	\$ 3,670	\$ 1,144	\$ 108,977	\$ -	\$ -	\$ -	\$ -	\$ 108,977	
Land improvements	165,270	-	-	165,270	82,099	-	4,738	88,837	78,433	
Buildings	2,022,270	-	34,394	1,987,876	634,640	15,165	40,985	660,460	1,327,416	
Machinery and equipment	2,198,072	-	-	2,198,072	553,113	-	82,223	635,336	1,562,736	
Vehicles	473,817	47,985	114,255	407,527	255,508	93,689	18,579	180,398	227,129	
Infrastructure										
Roads and bridges	956,645	-	-	956,645	218,399	-	27,970	246,369	710,276	
Water main	727,430	-	-	727,430	458,000	-	14,549	472,549	254,881	
Sewer main	425,896	-	-	425,896	310,902	-	8,520	319,422	106,474	
Total	\$ 7,075,851	\$ 51,635	\$ 149,793	\$ 6,977,693	\$ 2,512,661	\$ 108,854	\$ 197,664	\$ 2,601,371	\$ 4,376,322	

THE CORPORATION OF THE TOWN OF LATCHFORD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

15. Budgeting

The Town budgets to determine an appropriate tax rate based on all budgeted revenues and expenditures.

The consolidated statement of operations on page 3 has been modified here to exclude amortization and to include tangible capital asset expenditures and the principal repayments on long-term debt.

This modified statement of operations (budget based) is consistent with the budget format used and is presented here with the 2014 budget.

	2014 Budget (Unaudited)	2014 Actual	2013 Actual
REVENUES			
Operating revenues			
Municipal taxation	\$ 666,745	\$ 671,998	\$ 671,975
Water and sewer user charges	210,549	175,352	197,924
User charges	34,080	34,448	33,915
Revenue from other municipalities	10,608	10,045	7,077
Provincial grants	260,900	314,463	293,472
Federal grants	14,350	6,828	57,140
Other grants	-	-	18,390
Penalties and interest on taxes, water and sewer	12,000	16,425	11,535
Provincial Offences Act revenues	8,500	6,788	8,044
Proceeds on disposal of tangible capital assets	10,000	4,960	147,550
Other	16,017	27,338	14,801
	<u>1,233,749</u>	<u>1,268,645</u>	<u>1,461,823</u>
Capital revenues			
Provincial grants	-	20,488	-
Long-term debt proceeds	-	-	26,947
Total revenues:	<u>1,233,749</u>	<u>1,289,133</u>	<u>1,490,770</u>
EXPENDITURES			
Operating expenditures			
General government	343,217	332,961	340,686
Protection to persons and property	107,639	115,967	96,943
Transportation services	168,014	168,105	166,056
Environmental services – note 11	219,730	201,400	236,645
Health services	74,365	154,770	114,940
Social and family services	82,082	82,082	86,916
Recreation and cultural services	24,171	33,262	31,924
Planning and development	4,990	15,857	52,779
	<u>1,024,208</u>	<u>1,104,404</u>	<u>1,146,889</u>
Long-term debt repayment	150,883	50,877	44,614
Capital expenditures	4,500	57,069	51,635
Total expenditures:	<u>1,179,591</u>	<u>1,212,350</u>	<u>1,243,138</u>
Surplus full budget base	<u>\$ 54,158</u>	<u>\$ 76,783</u>	<u>\$ 247,632</u>

THE CORPORATION OF THE TOWN OF LATCHFORD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

16. **Water and Wastewater System**

The Town's operations include the running of a Water and Wastewater facility for some properties in the Town. This schedule is not prepared according to PSAB accounting rules. It is operational. It excludes depreciation, includes capital revenue and expenses, and includes proceeds and repayments of long-term debt.

	<u>2014</u>	<u>2013</u>
Revenue		
Operating		
Water and sewer user fees	\$ 175,352	\$ 197,924
Federal Grants – Gas Tax	-	8,037
	<u>175,352</u>	<u>205,961</u>
Capital		
Provincial grants	19,989	-
	<u>195,341</u>	<u>205,961</u>
Expenses		
Operating		
Wages and benefits	63,798	3,144
Materials	87,577	78,477
Contracted services	31,816	102,665
Long-term debt - interest	17,526	17,867
- principal	6,749	6,408
Capital expenditures	22,279	7,826
	<u>229,745</u>	<u>216,387</u>
Annual deficit (recovered from Town's general revenues)	<u>\$ (34,404)</u>	<u>\$ (10,426)</u>