
**THE CORPORATION OF
THE TOWNSHIP OF RYERSON**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2014

THE CORPORATION OF THE TOWNSHIP OF RYERSON
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Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of The Corporation of the Township of Ryerson 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 Ryerson 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
June 2, 2015

Chartered Accountants
Licensed Public Accountants

THE CORPORATION OF THE TOWNSHIP OF RYERSON
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2014

	2014	2013
FINANCIAL ASSETS		
Cash	\$ 332,508	\$ 285,337
Investments (Note 4)	282,947	409,971
Taxes receivable	264,253	238,465
Accounts receivable	67,209	241,708
Inventories held for resale	1,597	1,226
	948,514	1,176,707
LIABILITIES		
Accounts payable and accrued liabilities	237,677	189,513
Deferred revenue-general (Note 5)	194,864	61
Deferred revenue-obligatory reserve funds (Note 6)	116,444	83,637
Municipal debt (Note 7)	111,825	206,077
Accrued interest on long-term debt	104	310
Tangible capital lease (Note 9)	-	4,224
Employee benefits payable (Note 10)	25,783	21,010
Landfill closure and post-closure liability (Note 11)	175,539	128,424
	862,236	633,256
NET FINANCIAL ASSETS	86,278	543,451
NON-FINANCIAL ASSETS		
Tangible capital assets - net (Note 14)	3,909,105	3,483,267
Inventories of supplies	90,398	57,965
Prepaid expenses	69,509	3,424
	4,069,012	3,544,656
ACCUMULATED SURPLUS (Note 15)	\$ 4,155,290	\$ 4,088,107

Contingencies (Notes 2 and 13)
 Commitments (Note 12)

APPROVED ON BEHALF OF COUNCIL:

_____ Reeve

THE CORPORATION OF THE TOWNSHIP OF RYERSON
CONSOLIDATED STATEMENTS OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Budget 2014 <i>(see Note 17)</i>	Actual 2014	Actual 2013
REVENUE			
Property taxes	\$ 1,513,922	\$ 1,532,294	\$ 1,442,120
User charges	45,450	49,370	45,907
Government transfers	395,291	353,161	363,240
Other	105,575	166,588	141,409
TOTAL REVENUE	2,060,238	2,101,413	1,992,676
EXPENSES			
General government	450,043	472,584	406,937
Protection to persons and property	229,191	213,368	194,135
Transportation services	837,292	844,689	882,458
Environmental services	111,575	145,721	108,831
Health services	70,779	70,833	68,919
Social and family services	116,905	116,905	113,218
Recreation and cultural services	143,419	136,329	143,075
Planning and development	79,676	33,801	19,097
TOTAL EXPENSES	2,038,880	2,034,230	1,936,670
ANNUAL SURPLUS <i>(Note 15)</i>	21,358	67,183	56,006
ACCUMULATED SURPLUS, BEGINNING OF YEAR	4,088,107	4,088,107	4,032,101
ACCUMULATED SURPLUS, END OF YEAR	\$ 4,109,465	\$ 4,155,290	\$ 4,088,107

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE TOWNSHIP OF RYERSON
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Budget 2014 <i>(see Note 17)</i>	Actual 2014	Actual 2013
Annual surplus	\$ 21,358	\$ 67,183	\$ 56,006
Acquisition of tangible capital assets	(871,326)	(660,581)	(391,589)
Contributed tangible capital assets	-	(30,818)	(40,748)
Accumulated amortization - contributed shared services assets	-	-	15,061
Amortization of tangible capital assets	251,359	251,453	333,274
Gain on disposal of tangible capital assets	-	(16,648)	(26,987)
Proceeds from disposal of tangible capital assets	3,800	30,756	166,405
Change in supplies inventories	-	(32,433)	(25,252)
Change in prepaid expenses	-	(66,085)	196
(Decrease) increase in net financial assets	(594,809)	(457,173)	86,366
Net financial assets, beginning of year	543,451	543,451	457,085
Net financial assets (debt), end of year	\$ (51,358)	\$ 86,278	\$ 543,451

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE TOWNSHIP OF RYERSON
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014

	2014	2013
Operating transactions		
Annual surplus	\$ 67,183	\$ 56,006
Non-cash charges to operations:		
Amortization	251,453	333,274
Gain on disposal of tangible capital assets	(16,648)	(26,987)
Change in employee benefits payable	4,773	2,927
Change in landfill closure and post-closure liability	47,115	11,952
	353,876	377,172
Changes in non-cash items:		
Taxes receivable	(25,788)	(47,283)
Accounts receivable	174,499	(113,032)
Inventories held for resale	(371)	(187)
Accounts payable and accrued liabilities	48,164	16,826
Deferred revenue-general	194,803	(1,642)
Deferred revenue-obligatory reserve funds	32,807	24,685
Inventories of supplies	(32,433)	(25,252)
Prepaid expenses	(66,085)	196
	325,596	(145,689)
Cash provided by operating transactions	679,472	231,483
Capital transactions		
Acquisition of tangible capital assets	(660,581)	(391,589)
Contributed tangible capital assets	(30,818)	(40,748)
Accumulated amortization - contributed shared services assets	-	15,061
Proceeds from disposal of tangible capital assets	30,756	166,405
Cash applied to capital transactions	(660,643)	(250,871)
Investing transactions		
Change in investments	127,024	47,974
Cash provided by investing transactions	127,024	47,974
Financing transactions		
Decrease in accrued interest on long-term debt	(206)	(201)
Proceeds from municipal debt	-	153,800
Debt principal repayments	(94,252)	(51,315)
Tangible capital lease repayment	(4,224)	(11,705)
Cash provided by (applied to) financing transactions	(98,682)	90,579
Net change in cash	47,171	119,165
Cash, beginning of year	285,337	166,172
Cash, end of year	\$ 332,508	\$ 285,337
Cash flow supplementary information:		
Cash paid for interest	\$ 4,877	\$ 3,274

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE TOWNSHIP OF RYERSON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2014

The consolidated financial statements of the Corporation of the Township of Ryerson (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 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) Proportionally consolidated entities

The following joint boards and committees are proportionally consolidated:

- Fire
- TRI R
- Arena and Community Centre
- Library
- Building Committee

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.

THE CORPORATION OF THE TOWNSHIP OF RYERSON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2014

(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 - 40 years
 Machinery, equipment and furniture - 5 to 25 years
 Vehicles - 5 to 25 years
 Roads - 8 to 75 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 and related land improvements are amortized annually on the basis of capacity used during the year as a percentage of the estimated total capacity of the landfill site.

Works of art and historical treasures owned by the Municipality are not included in the tangible capital assets of the Municipality. The Municipality owns a number of historical artifacts housed in the Municipality's museum.

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.

THE CORPORATION OF THE TOWNSHIP OF RYERSON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2014

- (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 specified 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 benefits 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.

THE CORPORATION OF THE TOWNSHIP OF RYERSON

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

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	\$ 78,857	\$ 78,483
North Bay Parry Sound District Health Unit	21,042	20,618
District of Parry Sound (East) Home for the Aged	38,048	34,735
	\$ 137,947	\$ 133,836

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, \$328,991 of taxation was collected on behalf of school boards (2013 \$331,470).

(b) The Municipality administers care and maintenance trust funds totaling \$12,245 (2013 \$11,745) 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 cemetery. 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 mutual funds held with RBC Dominion Securities Inc.

THE CORPORATION OF THE TOWNSHIP OF RYERSON

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

5. DEFERRED REVENUE-GENERAL

In 2014 the Municipality entered into an agreement with the Ministry of Rural Affairs to obtain funding for the replacement of the Midlothian cement bridge under the Small, Rural and Northern Municipal Infrastructure Fund - Capital Program. The terms of the agreement contain certain transfer stipulations, based on eligible costs and milestones. The maximum funding eligible under this agreement is \$393,811 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:		
Other deferred revenue	\$ 61	\$ 1,703
	61	1,703
Received during the year:		
Midlothian cement bridge	216,596	-
Other funding	270	642
Interest earned	413	-
	217,279	642
Recognized in revenue during the year	(22,476)	(2,284)
Balance, end of year	\$ 194,864	\$ 61
Midlothian cement bridge	\$ 194,594	\$ -
Other deferred revenue	270	61
Balance, end of year	\$ 194,864	\$ 61

THE CORPORATION OF THE TOWNSHIP OF RYERSON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2014

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.

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)	\$ 77,262	\$ 51,347
Building Code Act	6,375	7,605
	<u>83,637</u>	<u>58,952</u>
Received during the year:		
Recreational land (the Planning Act)	-	25,939
Federal Gas Tax	37,840	42,086
Interest earned (net bank charges)	255	(24)
	<u>38,095</u>	<u>68,001</u>
Recognized in revenue during the year	<u>(5,288)</u>	<u>(43,316)</u>
Balance, end of year	\$ 116,444	\$ 83,637
Recreational land (the Planning Act)	\$ 74,927	\$ 77,262
Building Code Act	3,648	6,375
Federal Gas Tax	37,869	-
Balance, end of year	\$ 116,444	\$ 83,637

THE CORPORATION OF THE TOWNSHIP OF RYERSON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2014

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
Royal Bank of Canada term loan, due November 2016, repayable in monthly payments of \$4,163, including interest calculated at 3.06%. As security, the Municipality has pledged the equipment to which the loan relates (carrying value \$177,191)	\$ 92,868	\$ 139,221
Proportionate share of Fire Department Royal Bank of Canada term loan, due November 2016, repayable in monthly payments of \$1,162, including interest calculated at 2.96%. As security, the Fire Department has pledged the equipment to which the loan relates (proportionate share of carrying value \$9,021)	6,994	10,495
Royal Bank of Canada term loan, repaid in 2014	-	20,880
Ontario Strategic Infrastructure Financing Authority serial debenture, due February 2015, repayable in semi-annual payments of \$12,101 including interest calculated at 2.31%	11,963	35,481
	\$ 111,825	\$ 206,077

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

	Principal	Interest
2015	\$ 63,343	\$ 2,474
2016	48,482	758
	\$ 111,825	\$ 3,232

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

	2014	2013
Principal payments	\$ 94,252	\$ 51,315
Interest	4,633	2,607
	\$ 98,885	\$ 53,922

THE CORPORATION OF THE TOWNSHIP OF RYERSON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2014

8. CREDIT FACILITY AGREEMENT

The Municipality has an authorized operating loan with the Royal Bank of Canada of \$300,000 (2013 \$300,000) which was unused at the end of the year. As security, the Municipality has pledged its revenue.

9. TANGIBLE CAPITAL LEASE

During the year, the Municipality repaid its proportionate share of a TRI R Committee capital lease related to landfill equipment. Total charges for the year related to the capital lease are as follows:

	2014	2013
Principal payments	\$ 4,224	\$ 11,705
Interest	38	466
	\$ 4,262	\$ 12,171

10. 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 \$25,783 (2013 \$21,010) at the end of the year.

THE CORPORATION OF THE TOWNSHIP OF RYERSON

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

11. 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 site, management of groundwater and leachates, and ongoing environmental monitoring and site inspection. Estimated expenditures related to the closure and subsequent maintenance of this site are recognized in the financial statements over the operating life of the site, in proportion to its utilized capacity.

The Township of Armour, the Village of Burk's Falls and the Township of Ryerson jointly operate a landfill site through the TRI R Committee. The site is currently operating under an Emergency Certificate of Approval and in 2011 an application to expand the existing site to accept an additional 4,800 cubic metres of waste was approved. In 2011 an estimated 48,800 cubic metres of the original design capacity was closed, and an estimated 10,000 cubic metre area remains open.

The liability for the landfill site is recorded at \$650,145 (2013 \$475,644) and represents the present value of closure and post-closure costs for 100% of the closed site area and 50% of the open site area, using an estimated long-term borrowing rate of 1.41% (2013 4.8%) 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 \$755,300 (2013 \$572,108), leaving an amount to be recognized of \$105,155 (2013 \$96,464). The estimated remaining capacity of the site is approximately 5,000 cubic metres, estimated to be filled in 2.5 years. Post-closure care is estimated to be required for a period of 25 years.

The Municipality has recognized \$175,539 (2013 \$128,424) in the financial statements related to its proportionate share of this liability.

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. As a result of changes made in the underlying factors, the estimated liability has been increased by approximately \$37,485.

The Municipality has reserves of \$107,204 (2013 \$105,344) related to the TRI R operations that could be used to fund this liability.

12. COMMITMENTS

In 2014, the Municipality made the following commitments:

- (a) Committed to purchase an excavator from Strongco at a cost of \$250,750. Delivery is expected in April 2015.
- (b) Entered into a two-year contract with Whitmell Ltd. for the production of winter sand and granular B for 2014 and 2015 an annual cost of \$38,030 plus tax.
- (c) Committed to purchase licenses related to Citywide computer software and related professional services from The Public Sector Digest Inc. for a total cost of \$19,980. The software and services are expected to be provided to the Municipality in 2015.

THE CORPORATION OF THE TOWNSHIP OF RYERSON

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

13. 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. Therefore, no provision has been made in the accompanying financial statements.

THE CORPORATION OF THE TOWNSHIP OF RYERSON

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

14. 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	Construction in Progress	TOTAL
COST							
Balance, beginning of year	\$ 321,223	\$ 1,103,752	\$ 606,256	\$ 684,603	\$ 8,317,757	\$ -	\$ 11,033,591
Additions and betterments	30,433	1,181	420,430	10,672	173,388	24,477	660,581
Contributed assets	30,818	-	-	-	-	-	30,818
Disposals and writedowns	-	(861)	(14,423)	(3,560)	(411,234)	-	(430,078)
BALANCE, END OF YEAR	382,474	1,104,072	1,012,263	691,715	8,079,911	24,477	11,294,912
ACCUMULATED AMORTIZATION							
Balance, beginning of year	108,656	512,411	397,201	236,247	6,295,809	-	7,550,324
Annual amortization	18,587	27,594	32,408	47,218	125,646	-	251,453
Amortization disposals	-	(366)	(6,329)	(3,560)	(405,715)	-	(415,970)
BALANCE, END OF YEAR	127,243	539,639	423,280	279,905	6,015,740	-	7,385,807
TANGIBLE CAPITAL ASSETS-NET	\$ 255,231	\$ 564,433	\$ 588,983	\$ 411,810	\$ 2,064,171	\$ 24,477	\$ 3,909,105

2013							
	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads and Bridges	Construction in Progress	TOTAL
COST							
Balance, beginning of year	\$ 301,504	\$ 1,083,946	\$ 708,297	\$ 475,852	\$ 8,406,028	\$ 9,865	\$ 10,985,492
Additions and betterments	12,716	-	15,341	202,099	161,433	-	391,589
Contributed assets	7,003	19,806	7,287	6,652	-	-	40,748
Disposals and writedowns	-	-	(124,669)	-	(249,704)	(9,865)	(384,238)
BALANCE, END OF YEAR	321,223	1,103,752	606,256	684,603	8,317,757	-	11,033,591
ACCUMULATED AMORTIZATION							
Balance, beginning of year	85,962	477,980	389,841	193,568	6,299,458	-	7,446,809
Annual amortization	20,003	27,588	33,815	39,873	211,995	-	333,274
Accumulated amortization - contributed shared services assets	2,691	6,843	2,721	2,806	-	-	15,061
Amortization disposals	-	-	(29,176)	-	(215,644)	-	(244,820)
BALANCE, END OF YEAR	108,656	512,411	397,201	236,247	6,295,809	-	7,550,324
TANGIBLE CAPITAL ASSETS-NET	\$ 212,567	\$ 591,341	\$ 209,055	\$ 448,356	\$ 2,021,948	\$ -	\$ 3,483,267

THE CORPORATION OF THE TOWNSHIP OF RYERSON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2014

15. 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 funds	\$ 220,566	\$ 25,000	\$ 245,566
Election	7,500	(7,500)	-
Fire	32,302	8,475	40,777
Roads	252,727	(35,000)	217,727
Waste disposal and recycling	105,344	1,860	107,204
Hazardous waste	8,223	560	8,783
Cemetery	5,817	393	6,210
Arena	25,481	1,680	27,161
Library	54	9,783	9,837
Fire Department	54	-	54
Planning and development	-	951	951
	658,068	6,202	664,270
OTHER			
Consolidated tangible capital assets	3,483,267	425,838	3,909,105
General operating surplus (deficit) -			
Municipality	300,087	(404,921)	(104,834)
Library	6,306	(6,306)	-
Unfunded amounts -			
Municipal debt	(206,077)	94,252	(111,825)
Accrued interest	(310)	206	(104)
Tangible capital leases	(3,800)	3,800	-
Employee benefits payable	(21,010)	(4,773)	(25,783)
Landfill closure and post-closure liability	(128,424)	(47,115)	(175,539)
	\$ 4,088,107	\$ 67,183	\$ 4,155,290

THE CORPORATION OF THE TOWNSHIP OF RYERSON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2014

16. 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, library services and cultural services such as museums.

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 to specific segments.

THE CORPORATION OF THE TOWNSHIP OF RYERSON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2014

16. 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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,532,294	\$ 1,532,294
User charges	3,106	350	431	12,566	-	-	27,909	800	4,208	49,370
Government transfers -										
Canada	-	-	-	-	-	-	34	-	1,000	1,034
Ontario	-	6,217	42,718	15,891	-	-	5,837	13,596	252,100	336,359
Other municipalities	-	14,955	-	-	-	-	813	-	-	15,768
Gain (loss) on disposal of capital assets	-	64	19,103	(2,347)	-	-	(172)	-	-	16,648
Other	1,577	24,661	23,208	7,598	31,211	-	12,309	675	48,701	149,940
TOTAL REVENUE	4,683	46,247	85,460	33,708	31,211	-	46,730	15,071	1,838,303	2,101,413
EXPENSES										
Salaries, wages and benefits	315,407	76,322	322,295	60,797	-	-	63,725	9,652	-	848,198
Long-term debt charges (interest)	-	263	4,370	38	-	-	-	-	-	4,671
Materials	77,558	39,364	324,333	16,668	54	-	42,444	4,669	-	505,090
Contracted services	70,796	80,170	5,105	47,304	49,535	-	6,244	19,156	-	278,310
Rents and financial expenses	1,515	1,508	100	389	-	-	1,607	324	-	5,443
External transfers	3,098	20	-	-	21,042	116,905	-	-	-	141,065
Interfunctional adjustments	(135)	135	-	-	-	-	-	-	-	-
Amortization	4,345	15,586	188,486	20,525	202	-	22,309	-	-	251,453
TOTAL EXPENSES	472,584	213,368	844,689	145,721	70,833	116,905	136,329	33,801	-	2,034,230
ANNUAL SURPLUS (DEFICIT)	\$ (467,901)	\$ (167,121)	\$ (759,229)	\$ (112,013)	\$ (39,622)	\$ (116,905)	\$ (89,599)	\$ (18,730)	\$ 1,838,303	\$ 67,183

THE CORPORATION OF THE TOWNSHIP OF RYERSON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2014

16. 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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,442,120	\$ 1,442,120
User charges	1,726	1,001	-	9,391	-	-	27,980	4,619	1,190	45,907
Government transfers -										
Canada	-	-	42,086	-	-	-	-	-	1,000	43,086
Ontario	10,656	3,399	20,282	17,229	-	-	8,168	6,236	233,400	299,370
Other municipalities	-	16,235	-	-	-	-	4,549	-	-	20,784
Change in proportionment of shared services	-	4,171	-	(1,293)	-	-	16,071	-	-	18,949
Gain (loss) on disposal of capital assets	-	(1,217)	28,204	-	-	-	-	-	-	26,987
Other	58	15,474	14,735	7,506	3,415	-	11,259	-	43,026	95,473
TOTAL REVENUE	12,440	39,063	105,307	32,833	3,415	-	68,027	10,855	1,720,736	1,992,676
EXPENSES										
Salaries, wages and benefits	273,712	67,664	276,836	57,240	287	-	70,286	7,934	-	753,959
Long-term debt charges (interest)	-	9	2,598	466	-	-	-	-	-	3,073
Materials	53,431	40,663	313,554	16,507	178	-	42,032	4,078	-	470,443
Contracted services	64,454	70,249	25,365	12,336	47,735	-	6,846	6,896	-	233,881
Rents and financial expenses	1,214	1,009	1,116	389	-	-	1,521	189	-	5,438
External transfers	2,766	-	-	-	20,618	113,218	-	-	-	136,602
Interfunctional adjustments	(150)	150	-	-	-	-	-	-	-	-
Amortization	11,510	14,391	262,989	21,893	101	-	22,390	-	-	333,274
TOTAL EXPENSES	406,937	194,135	882,458	108,831	68,919	113,218	143,075	19,097	-	1,936,670
ANNUAL SURPLUS (DEFICIT)	\$ (394,497)	\$ (155,072)	\$ (777,151)	\$ (75,998)	\$ (65,504)	\$ (113,218)	\$ (75,048)	\$ (8,242)	\$ 1,720,736	\$ 56,006

THE CORPORATION OF THE TOWNSHIP OF RYERSON

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

17. 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	\$ (300,086)
Decrease in municipal reserves and reserve funds	(4,142)
ADJUSTMENTS:	
Acquisition of tangible capital assets	871,326
Amortization of tangible capital assets	(251,359)
Net debt proceeds	(295,481)
Tangible capital lease repayments	3,800
Proceeds from disposal of capital assets	(2,700)
ANNUAL SURPLUS	\$ 21,358

18. 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 \$48,458 (2013 \$42,199) for current service and is included as an expense on the Consolidated Statement of Operations.

19. RELATED PARTY TRANSACTIONS

During the normal course of operations, the Municipality purchased services in the amount of \$9,145 (2013 \$13,071) from a company owned by the son of a Councillor. All related party transactions are recorded at their exchange amount, which is the amount of consideration established and agreed to by the related parties.

20. COMPARATIVE FIGURES

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