

TOWN OF TILLSONBURG

DECEMBER 31, 2013

CONSOLIDATED FINANCIAL REPORT

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Town of Tillsonburg:

I have audited the accompanying consolidated financial statements of Town of Tillsonburg, which comprise the consolidated statement of financial position as at December 31, 2013 and the consolidated statements of operations and accumulated surplus, cash flows and changes in net financial assets 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 generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Town of Tillsonburg as at December 31, 2013 and its financial performance and its changes in cash flows and net financial assets for the year then ended in accordance with Canadian generally accepted accounting principles for municipalities as prescribed by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

London, Canada
April 28, 2014

Scrimgeour & Company
LICENSED PUBLIC ACCOUNTANT

TOWN OF TILLSONBURG
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2013

(with comparative balances as at December 31, 2012)

	<u>2013</u>	<u>2012</u>
FINANCIAL ASSETS		
Cash	\$ 3,759,928	\$ 2,063,760
Investments (note 7)	31,143	25,545
Taxes receivable	1,052,328	1,224,770
Accounts receivable	1,419,227	1,302,669
Due from unconsolidated entities (note 14)	142,844	933,076
Other long term assets (note 5)	1,866,601	1,883,052
Investment in Tillsonburg Hydro Inc. (note 12)	<u>8,202,581</u>	<u>8,155,888</u>
	<u>16,474,652</u>	<u>15,588,760</u>
LIABILITIES		
Accounts payable and accrued liabilities	2,260,233	1,835,983
Other current liabilities	1,269,807	1,606,653
Accrued employee benefits (notes 8 and 13)	249,380	270,460
Deferred revenue (note 9)	1,095,900	975,733
Long term debt (note 10)	<u>11,938,049</u>	<u>13,971,633</u>
	<u>16,813,369</u>	<u>18,660,462</u>
NET FINANCIAL ASSETS (LIABILITIES)	<u>(338,717)</u>	<u>(3,071,702)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets - Schedule 1	53,998,398	54,665,944
Capital work in progress	177,163	1,496,907
Inventories	28,435	38,965
Prepaid expenses	<u>333,397</u>	<u>4,877</u>
	<u>54,537,393</u>	<u>56,206,693</u>
ACCUMULATED SURPLUS - Statement 2	<u>\$ 54,198,676</u>	<u>\$ 53,134,991</u>

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

TOWN OF TILLSONBURG
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2013

(with comparative balances for the year ended December 31, 2012)

	Budget 2013	Actual 2013	Actual 2012
REVENUES			
Property taxation	\$ 12,485,429	\$ 12,854,433	\$ 12,273,630
User charges	3,613,441	3,730,770	4,370,120
Government grants	1,109,070	1,084,462	1,127,735
Investment income	231,300	599,779	207,801
Penalty and interest on taxes	168,000	124,334	167,746
Donations	16,000	28,130	31,764
Development charge revenue	<u>36,436</u>	<u>189,996</u>	<u>27,506</u>
	<u>17,659,676</u>	<u>18,611,904</u>	<u>18,206,302</u>
EXPENDITURES			
General government	1,774,798	2,395,824	2,280,829
Protection to persons and property	5,269,522	5,079,329	4,927,353
Transportation services	2,982,072	4,257,650	3,854,929
Environmental services	502,008	539,801	479,321
Health services	171,505	245,558	157,414
Recreation and cultural development	3,997,072	4,390,909	4,812,056
Planning and development	<u>886,961</u>	<u>967,596</u>	<u>1,095,761</u>
	<u>15,583,938</u>	<u>17,876,667</u>	<u>17,607,663</u>
EXCESS REVENUES OVER EXPENDITURES	<u>2,075,738</u>	<u>735,237</u>	<u>598,639</u>
OTHER			
Gain (loss) on disposal of tangible capital assets	-	(229,744)	(137,716)
Equity acquired in Tillsonburg Hydro Inc. (note 12)	-	46,693	574,026
Government transfers related to capital	890,750	223,499	325,351
Donations and other revenues related to capital	711,108	288,000	364,414
Developer contributions-in-kind related to capital	<u>-</u>	<u>-</u>	<u>253,039</u>
	<u>1,601,858</u>	<u>328,448</u>	<u>1,379,114</u>
Excess revenues over expenditures (note 12)	3,677,596	1,063,685	1,977,753
Accumulated surplus, beginning of year	<u>53,134,991</u>	<u>53,134,991</u>	<u>51,157,238</u>
ACCUMULATED SURPLUS, END OF YEAR (note 11)	<u>\$ 56,812,587</u>	<u>\$ 54,198,676</u>	<u>\$ 53,134,991</u>

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

TOWN OF TILLSONBURG
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013
(with comparative balances for the year ended December 31, 2012)

	<u>2013</u>	<u>2012</u>
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess revenues over expenditures - Statement 2	\$ 1,063,685	\$ 1,977,753
Non-cash changes to operations		
Amortization	2,402,640	2,408,561
Loss on disposal of tangible capital assets	720,334	890,568
Net change in non-cash operating balances (A)	<u>1,049,058</u>	<u>(685,633)</u>
Net change in cash from operating activities	<u>5,235,717</u>	<u>4,591,249</u>
CAPITAL		
Acquisition of tangible capital assets	(2,455,428)	(2,250,029)
Decrease (increase) in work in progress	1,319,744	603,564
Decrease (increase) in other non-financial assets	<u>(317,990)</u>	<u>(3,865)</u>
Net change in cash from capital activities	<u>(1,453,674)</u>	<u>(1,650,330)</u>
INVESTING		
Net change in investment in Tillsonburg Hydro Inc. (note 12)	<u>(46,693)</u>	<u>(574,026)</u>
FINANCING		
Net change in long term debt (note 10)	<u>(2,033,584)</u>	<u>(1,335,903)</u>
Net change in cash and cash equivalents during the year	1,701,766	1,030,990
Cash and cash equivalents, beginning of year	<u>2,089,305</u>	<u>1,058,315</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 3,791,071</u>	<u>\$ 2,089,305</u>
COMPRISED OF:		
Cash	\$ 3,759,928	\$ 2,063,760
Investments	<u>31,143</u>	<u>25,545</u>
	<u>\$ 3,791,071</u>	<u>\$ 2,089,305</u>

(A) Non-cash operating balances includes taxes and accounts receivable, due from unconsolidated entities, accounts payable and accrued liabilities, other current liabilities, accrued employee benefits and deferred revenue.

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

TOWN OF TILLSONBURG
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (LIABILITIES)
FOR THE YEAR ENDED DECEMBER 31, 2013

(with comparative figures for the year ended December 31, 2012)

	<u>2013</u>	<u>2012</u>
Excess revenues over expenditures (expenditures over revenues) - Statement 2	\$ 1,063,685	\$ 1,977,753
Amortization of tangible capital assets	2,402,640	2,408,561
Acquisition of tangible capital assets	(2,455,428)	(2,250,029)
Loss on sale of tangible capital assets	720,334	890,568
Decrease (increase) in work in progress	1,319,744	603,564
Disposal of (acquisition of) supplies inventory	10,530	(5,351)
Disposal of (acquisition of) prepaid expenses	<u>(328,520)</u>	<u>1,486</u>
Increase (decrease) in net financial assets	2,732,985	3,626,552
Net financial assets (liabilities), beginning of year	<u>(3,071,702)</u>	<u>(6,698,254)</u>
NET FINANCIAL ASSETS (LIABILITIES), END OF YEAR	\$ <u>(338,717)</u>	\$ <u>(3,071,702)</u>

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

TOWN OF TILLSONBURG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2013

The Town of Tillsonburg 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, Municipal Affairs Act and related legislation.

1. Significant Accounting Policies

The consolidated financial statements of the Corporation of the Town of Tillsonburg are prepared by management in accordance with generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

The focus of PSAB financial statements is on the financial position of the Town and changes thereto. The Statement of Financial Position reports financial assets and liabilities. Financial assets are available to provide resources to discharge existing liabilities or finance future operations. Net financial assets represent the financial position of the Town and is the difference between financial assets and liabilities. This information presents the Town's overall future revenue requirements and its ability to finance activities and meet its obligations.

The following outlines the significant accounting policies:

(a) Reporting Entity

These consolidated statements reflect the assets, liabilities, revenues, expenditures and accumulated surpluses and changes in investment in non financial assets of the Town of Tillsonburg. The reporting entity includes the activities of all committees of Council and the following boards, municipal enterprises and utilities which are under the control of Council:

Tillsonburg Public Library Board (2012)
Tillsonburg Business Improvement Area Board of Management

All interfund assets and liabilities and revenues and expenditures have been eliminated. During 2013, the operations of the Tillsonburg Public Library Board were transferred to the County of Oxford.

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

Tillsonburg Waterworks Department
Tillsonburg Sanitary Sewer Department

Government business enterprises are separate legal entities that do not rely on the Town for funding. Investments in government business enterprises are accounted for using the modified equity method. Tillsonburg Hydro Inc. is a government business enterprise and the Town's investment in this corporation is reflected in these financial statements.

TOWN OF TILLSONBURG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2013

1. Significant Accounting Policies continued

(b) Accounting for County and School Board Transactions

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

(c) Trust Funds

Trust funds and their related operations administered by the Town are not consolidated, but are reported separately on the Trust Funds Statements of Financial Position and Statement of Operations.

(d) Accrual Accounting

The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(e) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and 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 expense, provides the Change in Net Financial Assets for the year.

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 costs, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements	25-50 years
Buildings and structures	30-70 years
Leasehold improvements	term of lease
Vehicles	3-20 years
Information technology	3-10 years
Equipment	5-40 years
Roads	20-50 years
Bridges and other structures	40-50 years

TOWN OF TILLSONBURG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2013

1. Significant Accounting Policies continued

(e) Non-Financial Assets continued

The Town has a capitalization threshold of \$ 5,000 to \$ 25,000, depending on the nature of the assets, so that individual assets of lesser value are expensed unless they are pooled because collectively they have a significant value.

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expense as incurred.

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt. The fair value is also recorded as contributed revenue.

(f) Inventories

Inventories held for consumption are recorded at the lower of cost or replacement cost.

(g) Revenue Recognition

Government grants and transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

(h) Deferred Revenue

Grants, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenditures are incurred, services performed, or the tangible capital assets are acquired.

(i) Financial Instruments

Financial instruments of the Town consist mainly of cash, investments, accounts and taxes receivable. The carrying values of these financial assets approximate their fair values unless otherwise disclosed.

TOWN OF TILLSONBURG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2013

1. Significant Accounting Policies continued

(j) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 expenditures during the period. Actual results could differ from these estimates.

2. Tax Revenues

Property tax billings are prepared by the Town based on an assessment roll prepared by the Ontario Property Assessment Corporation. All assessed property values in the Town were reviewed and new values established based on a common valuation date which was used by the Town in computing the 2013 property tax bills. Property tax revenue and tax receivables are subject to appeals which may not have been heard yet. Any supplementary billing adjustments made necessary by the determination of such appeals will be recognized in the fiscal year they are determined and the effect shared with the Town of Tillsonburg and the appropriate school boards.

3. Trust Funds

Trust funds administered by the Town amounting to \$1,192,320 (2012 - \$ 1,132,180) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations and Accumulated Surplus.

4. Operations of School Boards and the County of Oxford

Further to note 1, the taxation revenues of the school boards and Town of Tillsonburg are comprised of the following:

	<u>School Boards</u>	<u>County</u>
Taxation	\$ <u>5,335,408</u>	\$ <u>7,577,589</u>
Requisitions	\$ <u>5,335,408</u>	\$ <u>7,577,589</u>

5. Other Long Term Assets

Included in other long term assets as at December 31, 2013, is land held for resale of \$1,827,011 (2012 - \$1,827,011). Certain of these lands are included in the assets of the reserve funds in note 11.

TOWN OF TILLSONBURG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2013

6 Pension Agreements

The Town makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 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 services and rates of pay.

The amount contributed to OMERS for 2013 was \$ 572,526 (2012 - \$ 512,407) for current service and is included as an expenditure on the Consolidated Statement of Operations.

7. Investments

Investments of \$31,143 (2012 - \$ 25,545) are recorded at their cost and are short-term in nature. Investments consist of money market funds, which have a market value approximating cost.

8. Liability for Vested Sick Leave Benefits

Effective January 1, 2000, the sick leave benefit plan was replaced by a short term protection plan. Accumulation of sick leave benefits ceased December 31, 1999. Employees with accumulated sick leave benefits are entitled to receive payment of a maximum of fifty percent of their accumulated sick leave benefit as of December 31, 1999. Payments cannot be made in excess of 130 days.

The liability for these accumulated days, to the extent that they have vested and could be taken in cash by the employee, approximated \$ 37,249 (2012 - \$ 36,214) at the end of the year. The full amount of this liability has been accrued on the Consolidated Statement of Financial Position.

Anticipated payments in 2014 and subsequent years are not determinable at this time.

9. Deferred Revenue

A requirement of the public sector accounting principles of the Canadian Institute of Chartered Accountants, is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial legislation restricts how these funds may be used and under certain circumstances these funds may possibly be refunded. The balances in the obligatory reserve funds of the Town are summarized as follows:

	<u>2013</u>	<u>2012</u>
Development charges	\$ 776,888	\$ 771,148
Deferred operating revenues	<u>319,012</u>	<u>204,585</u>
	<u>\$ 1,095,900</u>	<u>\$ 975,733</u>

During 2013, the Town transferred the library development charges to the County of Oxford.

TOWN OF TILLSONBURG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2013

10. Long term debt

	<u>2013</u>	<u>2012</u>
(a) Long term debt outstanding, end of the year	\$ <u>11,938,049</u>	\$ <u>13,971,633</u>
(b) Of the net term liabilities reported in (a) of this note, \$5,493,192 in principal payments are payable from 2014 to 2018, \$3,374,594 is payable in 2019 to 2023 and \$3,070,263 is payable thereafter.		
(c) Approval of the Ontario Municipal Board has been obtained for the long term liabilities and commitments to be financed by revenues beyond the term of Council and approved on or before December 31, 1992. Those approved after January 1, 1993 have been approved by by-law. The principal and interest payments required to service these pending issues and commitments are within the debt repayment limit prescribed by the Ministry of Municipal Affairs.		
(d) The Town is not contingently liable for any long term debt with respect to an unconsolidated local board at December 31, 2013.		
(e) Included in the long term debt is a capital lease of \$ 90,154 (2012 - \$ 110,508) incurred to finance capital equipment. The lease expires in 2016.		
(f) Interest for the year for net long-term debt which is reported on the Consolidated Statement of Operations and Accumulated Surplus is as follows:		
	<u>2013</u>	<u>2012</u>
	\$ <u>674,546</u>	\$ <u>711,071</u>
(g) During the year, \$2,250,000 of existing debt was refinanced.		

TOWN OF TILLSONBURG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2013

11. Accumulated Surplus

The accumulated surplus on the Consolidated Statement of Financial Position at the end of the year are comprised of the following:

	<u>2013</u>	<u>2012</u>
Operating surpluses (deficits)		
- Revenue fund	\$ 463,281	\$ 211,598
Invested in tangible capital assets	41,561,611	41,031,618
Investment in Tillsonburg Hydro Inc. (note 12)	8,202,581	8,155,888
Reserves set aside for specific purpose		
- for acquisition of capital assets and general purposes	<u>3,971,203</u>	<u>3,735,887</u>
Accumulated surplus	<u>\$ 54,198,676</u>	<u>\$ 53,134,991</u>

TOWN OF TILLSONBURG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2013

12. Investment in Tillsonburg Hydro Inc.

The Town of Tillsonburg accounts for its 100% investment in Tillsonburg Hydro Inc. using the modified equity method. Under this method, the accounting policies of Tillsonburg Hydro Inc. are not adjusted to conform to those of the Town of Tillsonburg. In subsequent years, the cost of this investment is increased by the earnings or decreased by the losses of Tillsonburg Hydro Inc.

During the year ending December 31, 2013, Tillsonburg Hydro Inc. prepared their financial statements in accordance with International Financial Reporting Standards ("IFRS"). In accordance with IFRS, the comparative financial statements for the year ending December 31, 2012 have been restated in accordance with IFRS. The effect of this restatement is an increase in the net book value of the property, plant and equipment of \$376,843 and a decrease in the depreciation expense. This decrease in depreciation results in an increase to the Town's investment in Tillsonburg Hydro Inc.

In addition, deferred developer contributions towards property, plant and equipment have been reclassified and are now reflected as long term liabilities. These contributions previously reduced the net book value of property, plant and equipment.

Condensed financial information of Tillsonburg Hydro Inc. is as follows:

	<u>2013</u>	<u>2012</u>
Statement of Financial Position as at December 31:		
Current assets	\$ 5,595,602	\$ 5,885,598
Property, plant and equipment	9,582,281	8,413,613
Deferred costs	-	91,582
Regulatory assets	-	237,322
Non-regulatory assets	<u>118,654</u>	<u>130,117</u>
	<u>\$ 15,296,537</u>	<u>\$ 14,758,232</u>
Current liabilities	\$ 2,518,682	\$ 2,275,729
Long term liabilities	2,880,194	3,136,228
Regulatory liabilities	504,693	-
Equity	<u>9,392,968</u>	<u>9,346,275</u>
	<u>\$ 15,296,537</u>	<u>\$ 14,758,232</u>

TOWN OF TILLSONBURG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2013

12. Investment in Tillsonburg Hydro Inc.

Statements of Comprehensive Income and Retained Earnings:

	<u>2013</u>	<u>2012</u>
Power revenue	\$ 20,128,436	\$ 17,676,325
Cost of power	<u>20,128,436</u>	<u>17,676,325</u>
Gross margin	-	-
Distribution revenue	3,996,600	3,307,971
Net non-utility revenue	25,919	133,973
Expenditures	<u>3,406,952</u>	<u>2,650,441</u>
Net operating revenue	615,567	791,503
Provision for taxes	<u>68,874</u>	<u>67,477</u>
Net earnings for the year, before dividends	546,693	724,026
Dividends	300,000	150,000
Return of capital	<u>200,000</u>	<u>-</u>
Net change in investment in Tillsonburg Hydro Inc.	\$ <u><u>46,693</u></u>	\$ <u><u>574,026</u></u>
Opening, Investment in Tillsonburg Hydro Inc.	\$ 8,155,888	\$ 7,581,862
Net change in investment in Tillsonburg Hydro Inc.	<u>46,693</u>	<u>574,026</u>
Closing, Investment in Tillsonburg Hydro Inc.	\$ <u><u>8,202,581</u></u>	\$ <u><u>8,155,888</u></u>

13. Post Employment Benefit Liability

Included in the accrued employee benefits is an amount for post employment benefits of \$82,857 (2012 - \$85,402). The Town provides certain employee benefits which will require funding in future periods. An internal estimate of future liabilities was completed and forms the basis for the estimated liability reported in these financial statements.

TOWN OF TILLSONBURG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2013

14. Due (To) From Unconsolidated Entities

The banking activities of the following entities are administered by the Town of Tillsonburg. Accordingly, the amount due (to) from these entities represents the net working capital position between the Town and the entity as follows:

	<u>2013</u>	<u>2012</u>
Tillsonburg Hydro Inc.	\$ (61,991)	\$ 485,753
Town of Tillsonburg - Waterworks Department	185,589	360,397
Town of Tillsonburg - Sanitary Sewer Department	<u>19,246</u>	<u>86,926</u>
	<u>\$ 142,844</u>	<u>\$ 933,076</u>

15. Budget Figures

The Town's Council completes separate budget reviews for its operating and capital budgets each year. The approved operating budget for 2013 is reflected on the Consolidated Statement of Operations and Accumulated Surplus. For capital spending, budgets are set for individual projects and funding for these activities is determined annually and made by transfers from reserves funds and by the application of applicable grants or other funds available to apply to capital projects.

16. Contingent Liabilities

The Town of Tillsonburg received an order from the Ministry of Natural Resources to clean up the discharge from a failing abandoned oil well. The source well is under an existing road embankment, however, the exact location is not apparent. The responsibility for the cost to clean up and plug the abandoned oil well is in dispute. The matter has been referred to legal counsel and the outcome is not determinable at this time.

17. Public Sector Salary Disclosure

There were five employees in 2013 paid a salary, as defined in the Public Sector Disclosure Act, 1996 of \$100,000 or more.

18. Segmented Information

Segmented information is presented on Schedule 2. The Town of Tillsonburg is a diversified municipality and provides a wide range of services to its citizens including police, fire, transportation and community services, including recreation and planning. The general government segment includes such functions as finance and information services, council and administrative offices.

TOWN OF TILLSONBURG
SCHEDULE OF CONSOLIDATED TANGIBLE CAPITAL ASSETS
DECEMBER 31, 2013
(with comparative balances as at December 31, 2012)

	<u>Land</u>	<u>Buildings & Fixtures</u>	<u>Furniture & Equipment</u>	<u>Computer Hardware</u>	<u>Transportation Equipment</u>	<u>Roads & Bridges</u>	<u>Communication Equipment</u>	<u>Other Equipment</u>	<u>2013 Total</u>	<u>2012 Total</u>
COST										
Balance, beginning of year	\$ 1,881,721	\$ 21,577,028	\$ 232,049	\$ 869,883	\$ 5,738,387	\$ 54,510,677	\$ 54,213	\$ 4,093,194	\$ 88,957,152	\$ 87,976,791
Add:										
Additions during the year	-	74,678	8,144	52,961	94,691	686,926	1,509,963	28,065	2,455,428	2,250,029
Less:										
Disposals during the year	<u>-</u>	<u>(647,426)</u>	<u>(115,189)</u>	<u>(156,144)</u>	<u>(176,169)</u>	<u>(289,911)</u>	<u>-</u>	<u>(1,113,856)</u>	<u>(2,498,695)</u>	<u>(1,269,668)</u>
Balance, end of year	<u>1,881,721</u>	<u>21,004,280</u>	<u>125,004</u>	<u>766,700</u>	<u>5,656,909</u>	<u>54,907,692</u>	<u>1,564,176</u>	<u>3,007,403</u>	<u>88,913,885</u>	<u>88,957,152</u>
ACCUMULATED AMORTIZATION										
Balance, beginning of year	-	6,597,827	115,442	626,946	3,537,041	20,289,258	54,194	3,070,500	34,291,208	32,261,747
Add:										
Amortization during the year	-	471,773	10,485	117,187	347,684	1,228,767	39,471	187,273	2,402,640	2,408,561
Less:										
Disposals during the year	<u>-</u>	<u>(290,641)</u>	<u>(49,471)</u>	<u>(156,144)</u>	<u>(176,169)</u>	<u>(114,000)</u>	<u>-</u>	<u>(991,936)</u>	<u>(1,778,361)</u>	<u>(379,100)</u>
Balance, end of year	<u>-</u>	<u>6,778,959</u>	<u>76,456</u>	<u>587,989</u>	<u>3,708,556</u>	<u>21,404,025</u>	<u>93,665</u>	<u>2,265,837</u>	<u>34,915,487</u>	<u>34,291,208</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 1,881,721</u>	<u>\$ 14,225,321</u>	<u>\$ 48,548</u>	<u>\$ 178,711</u>	<u>\$ 1,948,353</u>	<u>\$ 33,503,667</u>	<u>\$ 1,470,511</u>	<u>\$ 741,566</u>	<u>\$ 53,998,398</u>	<u>\$ 54,665,944</u>

This schedule is provided for information purposes only.

TOWN OF TILLSONBURG
CONSOLIDATED SCHEDULE OF SEGMENTED INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2013

	General Government	Protective Services	Transportation	Environmental	Health Services	Recreation and Culture	Planning and Development	Total
REVENUES								
Property taxation	\$ 12,609,599	\$ -	\$ 150,833	\$ -	\$ -	\$ -	\$ 94,001	\$ 12,854,433
User charges	649,790	844,771	432,440	113,121	117,135	1,346,741	226,772	3,730,770
Government grants	652,789	132,560	81,315	139,339	1,024	74,969	2,466	1,084,462
Investment income	586,021	-	-	-	12,082	1,555	121	599,779
Penalties and interest on taxes	124,334	-	-	-	-	-	-	124,334
Donations	-	-	-	-	550	19,951	7,629	28,130
Development charges	6,558	10,669	20,459	-	-	152,310	-	189,996
	<u>14,629,091</u>	<u>988,000</u>	<u>685,047</u>	<u>252,460</u>	<u>130,791</u>	<u>1,595,526</u>	<u>330,989</u>	<u>18,611,904</u>
EXPENDITURES								
Salaries and benefits	2,107,019	1,345,795	1,551,237	144,581	105,587	2,329,285	412,486	7,995,990
Materials and supplies	587,414	181,927	816,772	95,544	26,455	1,033,544	31,044	2,772,700
Contracted expenditures	593,819	3,027,792	267,107	133,438	14,000	198,468	78,285	4,312,909
Other	355,618	239,611	61,886	5,980	447	136,937	263,191	1,063,670
Interfunctional transfers	(1,904,293)	188,218	82,189	139,496	98,501	56,478	(9,320)	(1,348,731)
Debt interest	62,511	36,709	212,946	12,070	-	258,031	94,992	677,259
Amortization	593,736	59,277	1,265,513	8,692	568	378,166	96,918	2,402,870
	<u>2,395,824</u>	<u>5,079,329</u>	<u>4,257,650</u>	<u>539,801</u>	<u>245,558</u>	<u>4,390,909</u>	<u>967,596</u>	<u>17,876,667</u>
EXCESS EXPENDITURES OVER REVENUES	12,233,267	(4,091,329)	(3,572,603)	(287,341)	(114,767)	(2,795,383)	(636,607)	735,237
OTHER								
Gain (loss) on disposal	1,145	(14,995)	(175,683)	-	-	-	(40,211)	(229,744)
Equity in Tillsonburg Hydro	46,693	-	-	-	-	-	-	46,693
Government transfers related to capital	-	-	-	-	-	8,571	214,928	223,499
Donations and other revenues related to capital	-	-	252,195	-	-	29,859	5,946	288,000
	<u>47,838</u>	<u>(14,995)</u>	<u>76,512</u>	<u>-</u>	<u>-</u>	<u>38,430</u>	<u>180,663</u>	<u>328,448</u>
EXCESS REVENUES OVER EXPENDITURES	\$ <u>12,281,105</u>	\$ <u>(4,106,324)</u>	\$ <u>(3,496,091)</u>	\$ <u>(287,341)</u>	\$ <u>(114,767)</u>	\$ <u>(2,756,953)</u>	\$ <u>(455,944)</u>	\$ <u>1,063,685</u>

This schedule is provided for information purposes only.