CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015

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Township of Augusta
Consolidated
Financial Statements
December 31, 2015

Township of Augusta
Five Year Financial Review
(not subject to audit)

December 31	2015	2014	2013	2012	2011
Population (Statistics Canada)	**7,430**	7,430	7,430	7,430	7,430
Number of Households (MPAC)	**3,085**	3,085	2,855	2,855	2,921
Taxable Assessment (000's)	**$**	$	$	$	$
Residential and farm	**699,059**	672,455	645,410	621,208	585,735
Commercial and industrial	**54,378**	54,297	51,824	57,217	58,618
Total	**753,437**	726,752	697,234	678,425	644,353
Commercial, industrial as % of assessment	**7.22%**	7.43%	7.43%	8.40%	9.10%
Rates of Taxation					
Residential					
▸ for general municipal purposes	**0.555587**	0.544815	0.556178	0.552362	0.559168
▸ for county purposes	**0.367257**	0.367257	0.373523	0.375854	0.381958
▸ for school board purposes	**0.195000**	0.203000	0.212000	0.221000	0.231000
Total	**1.117844**	1.115072	1.141701	1.149216	1.172126
Multi-Residential (municipal)	**0.555587**	0.544815	0.556178	0.552362	0.559168
Commercial (municipal)	**0.748042**	0.733539	0.748838	0.743700	0.752864
Industrial (municipal)	**1.006390**	0.986878	1.007461	1.000549	1.012877
Tax Arrears ▸ percentage of current levy **(‹10%)****	**14.80%**	12.99%	15.31%	10.71%	8.04%
Taxes Transferred (000's)					
▸ County	**2,875**	2,742	2,724	2,470	2,600
▸ School Boards	**2,109**	2,068	2,102	1,733	2,260
Revenues (000's)	**$**	$	$	$	$
▸ Taxation and payments in lieu	**4,326**	4,082	3,996	3,879	3,928
▸ Government transfers	**679**	710	664	850	737
▸ Fees and service charges	**144**	42	120	83	132
▸ Other	**303**	265	312	266	217
▸ Revenues related to capital assets	**218**	261	499	461	404
Total	**5,670**	5,360	5,591	5,539	5,418
Expenditures (000's)					
▸ Operations	**5,393**	4,687	4,669	4,843	4,766
▸ Amortization	**1,103**	1,021	1,037	914	930
Net Assets (Net Debt)					
▸ % of Operating Revenue **(>(20%))****	**75.58%**	78.65%	76.74%	65.26%	50.65%
▸ % of Taxation and User Charges **(>(50%))****	**95.24%**	98.24%	97.41%	85.44%	64.65%

**** Represents the Provincial Low Risk Indicator.**
(Note: All dollar amounts are in thousands of dollars.)

Township of Augusta
Five Year Financial Review
(not subject to audit)

December 31	2015	2014	2013	2012	2011
	$	$	$	$	$
Long Term Debt					
▸ Annual repayment limit (000's)	**1,099**	1,099	1,069	1,089	1,089
Municipal Equity (000's)					
▸ Surplus and Reserves	**4,239**	4,109	4,015	3,433	2,677
▸ Invested in capital assets	**13,812**	13,665	13,075	12,767	12,828
▸ Reserves as % of operating expenses **(>20%)** **	**69.24%**	76.35%	82.83%	68.77%	54.13%
▸ Asset consumption ratio	**50.62%**	49.45%	48.57%	46.98%	44.77%
Financial Indicators					
▸ Sustainability					
▸ financial assets to liabilities	**3.87%**	3.99%	3.44%	1.78%	1.64%
▸ capital reserves to accumulated amortization	**18.68%**	17.29%	20.75%	18.81%	13.97%
▸ Flexibility					
▸ Debt charges to total operating revenue **(‹5%)** **	**0.00%**	0.00%	0.00%	0.00%	0.34%
▸ Total operating revenue to taxable assessment	**0.72%**	0.70%	0.73%	0.75%	0.78%
▸ Working capital to operating expenses **(>10%)** **	**76.40%**	85.55%	83.38%	82.25%	72.34%
▸ Vulnerability					
▸ Operating government transfers ▸ to operating revenue	**12.46%**	13.93%	13.10%	16.74%	14.69%
▸ Total government transfers ▸ to total revenues	**15.78%**	17.34%	20.29%	23.67%	20.78%

Augusta TOWNSHIP
A Community of Opportunity

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Corporation of the Township of Augusta are the responsibility of the Township's management and have been prepared in compliance with legislation, and in accordance with Canadian Public Sector Accounting Standards. A summary of significant accounting policies are described in note 2 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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

Management meets with the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to Council approval of the consolidated financial statements.

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

Ray Morrison, CAO / Treasurer

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INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Township of Augusta:

We have audited the accompanying consolidated financial statements of the Corporation of the Township of Augusta which comprise the consolidated statement of financial position as at December 31, 2015 and the consolidated statements of operations, changes 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 Consolidated Financial Statements

The Corporation of the Township of Augusta's 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 whether the consolidated financial statements are free of 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 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, these consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation of the Township of Augusta as at December 31, 2015 and its consolidated results of operations, changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Allan and Partners LLP
Chartered Professional Accountants
Licensed Public Accountants

Perth, Ontario,
September 26, 2016.

Township of Augusta
Consolidated Statement of Financial Position

December 31	2015	2014
	$	$
ASSETS		
Financial Assets		
Cash and short term deposits	**3,239,591**	3,264,238
Taxes receivable	**1,360,050**	1,129,985
Accounts receivable	**535,481**	556,550
Long term receivables	**49,771**	62,207
	5,184,893	5,012,980
LIABILITIES		
Financial Liabilities		
Accounts payable and accrued liabilities	**341,522**	292,359
Accrued landfill closure and post closure (note 9)	**500,660**	500,660
Prepaid property taxes	**88,463**	71,923
Other current liabilities	**50,763**	45,832
Deferred revenues (note 4)	**33,629**	30,048
Long term liabilities (note 5)	**49,771**	62,207
	1,064,808	1,003,029
NET FINANCIAL ASSETS	**4,120,085**	4,009,951
NON-FINANCIAL ASSETS		
Tangible capital assets (note 13)	**13,811,846**	13,665,159
Inventories	**78,946**	56,882
Prepaid expenses	**39,858**	42,934
	13,930,650	13,764,975
Contingent Liabilities (note 11)		
MUNICIPAL EQUITY (note 6)	**18,050,735**	17,774,926

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

Township of Augusta
Consolidated Statement of Operations

For the year ended December 31	(Note 15) Budget	2015	2014
	$	$	$
REVENUES			
Taxation ▸ residential	3,770,753	**3,750,659**	3,600,096
▸ commercial	547,614	**547,614**	455,842
▸ garbage collection and local improvement	8,100	**8,027**	8,108
▸ other governments	14,870	**19,502**	17,670
User charges ▸ general government	13,212	**11,713**	11,060
▸ protection to persons and property	25,000	**76,950**	22,444
▸ transportation services	8,000	**16,316**	---
▸ environment	---	---	16
▸ recreation and culture	6,825	**7,892**	7,751
▸ planning	139,252	**30,660**	---
Government transfers	678,053	**679,129**	710,284
Licences and permits	56,295	**101,861**	57,257
Investment income	30,166	**39,880**	43,900
Penalties and interest on taxes	129,656	**159,729**	159,252
Other	11,430	**1,235**	4,836
TOTAL REVENUES	5,439,226	**5,451,167**	5,098,516
EXPENDITURES			
General government	634,632	**661,828**	633,138
Protection to persons and property	1,481,806	**1,622,937**	1,455,703
Transportation services	1,341,239	**2,075,451**	1,891,348
Environmental services	556,339	**693,146**	380,840
Social and health services	5,000	**2,434**	3,068
Recreation and cultural services	217,068	**249,241**	232,961
Planning and development	228,642	**87,902**	90,107
TOTAL EXPENDITURES	4,464,726	**5,392,939**	4,687,165
NET REVENUES FROM OPERATIONS	974,500	**58,228**	411,351
OTHER			
Grants and transfers related to capital			
Government transfers	215,139	**215,139**	218,851
Deferred revenues earned (note 4)	---	**2,442**	---
Gain on disposal of capital assets	---	---	42,062
	215,139	**217,581**	260,913
ANNUAL SURPLUS	1,189,639	**275,809**	672,264
MUNICIPAL EQUITY, BEGINNING OF YEAR	17,774,926	**17,774,926**	17,102,662
MUNICIPAL EQUITY, END OF YEAR	18,964,565	**18,050,735**	17,774,926

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

Township of Augusta
Consolidated Statement of Changes in Net Financial Assets

For the year ended December 31	(Note 15) Budget	2015	2014
	$	$	$
ANNUAL SURPLUS	1,189,639	**275,809**	672,264
Amortization of tangible capital assets	---	**1,102,707**	1,020,967
Acquisition of tangible capital assets	(1,963,700)	**(1,249,394)**	(1,610,789)
(Disposal) acquisition of supplies inventories	---	**(22,064)**	39,257
Acquisition of prepaid expenses	---	**3,076**	(4,362)
	(1,963,700)	**(165,675)**	(554,927)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(774,061)	**110,134**	117,337
NET FINANCIAL ASSETS, BEGINNING OF YEAR	4,009,951	**4,009,951**	3,892,614
NET FINANCIAL ASSETS, END OF YEAR	3,235,890	**4,120,085**	4,009,951

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

Township of Augusta
Consolidated Statement of Cash Flows

For the year ended December 31	2015	2014
	$	$
OPERATING ACTIVITIES		
Annual surplus for the year	**275,809**	672,264
Amortization	**1,102,707**	1,020,967
	1,378,516	1,693,231
Net Change in Non-Cash Working Capital Balances		
Taxes receivable	**(230,065)**	234,610
Accounts receivable	**21,069**	(94,141)
Accounts payable and accrued liabilities	**49,163**	(51,544)
Prepaid property taxes	**16,540**	(47,023)
Other current liabilities	**4,931**	5,605
Deferred revenues (note 4)	**3,581**	18,881
Inventories	**(22,064)**	39,257
Prepaid expenses	**3,076**	(4,362)
Long term receivables	**12,436**	11,732
	(141,333)	113,015
Working Capital from Operations	**1,237,183**	1,806,246
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	**(1,249,394)**	(1,610,789)
Net investment in tangible capital assets	**(1,249,394)**	(1,610,789)
FINANCING ACTIVITIES		
Debt principal repayments	**(12,436)**	(11,732)
Net decrease in cash from financing activities	**(12,436)**	(11,732)
NET (DECREASE) INCREASE IN CASH	**(24,647)**	183,725
CASH, BEGINNING OF YEAR	**3,264,238**	3,080,513
CASH, END OF YEAR	**3,239,591**	3,264,238

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

1. Status of the Township of Augusta

The Township of Augusta (the 'Township') was formed January 21, 1850 and assumed its responsibilities under the authority of the Provincial Secretary. The Township operates as a lower tier government in the United Counties of Leeds and Grenville, in the Province of Ontario, Canada and provides municipal services such as police, fire, public works, planning, parks and recreation, library and other general government operations.

2. Significant Accounting Policies

The consolidated financial statements of the Township of Augusta are the representations of management and have been prepared in all material respects in accordance with Canadian Public Sector Accounting Standards. Significant aspects of the accounting policies by the Township are as follows:

Reporting Entity

(i) The consolidated financial statements reflect financial assets, liabilities, operating revenues and expenditures, reserves, reserve funds and changes in investment in tangible capital assets of the Township. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Township and which are owned or controlled by the Township. Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated. These consolidated financial statements include:

- North Augusta Cemetery Board
- McGinn's Cemetery Board
- Augusta Library Board
- Police Services Board

(ii) The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards are not reflected in the municipal fund balances of these consolidated financial statements.

Basis of Accounting

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

(ii) 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 expenses, provides the change in net financial assets for the year.

(iii) Trust funds and their related operations administered by the Township are not included in these consolidated financial statements but are reported separately on the Trust Funds Statement of Financial Activities and Financial Position.

2. Significant Accounting Policies / continued

Tangible Capital Assets

Tangible capital assets are recorded at cost, which include 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	
Buildings	40 years
Furniture and Equipment	7 years
Vehicles	7 to 20 years
Roads	10 to 40 years
Bridges	75 years
Construction in Progress	

Amortization is charged from the date of acquisition. Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

The Township has a capitalization threshold of $5,000 for vehicles and equipment and $20,000 for linear assets and buildings so that individual capital assets of lesser value are expensed, unless they are pooled because, collectively, they have significant value, or for operations reasons.

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of other asset as of the date of transfer.

When tangible capital assets are disposed of, either by way of a sale, destruction or loss, or abandonment of the asset, the asset's net book value, historical cost less accumulated amortization, is written off. Any resulting gain or loss, equal to the proceeds on disposal less the asset's net book value, is reported on the consolidated statement of operations in the year of disposal. Transfers of assets to third parties are recorded as an expense equal to the net book value of the asset as of the date of transfer.

When conditions indicate that a tangible capital asset no longer contributes to the Township's ability to provide services or the value of the future economic benefits associated with the tangible capital asset are less than its net book value, and the decline is expected to be permanent, the cost and accumulated amortization of the asset are reduced to reflect the revised estimate of the value of the asset's remaining service potential. The resulting net adjustment is reported as an expense on the consolidated statement of operations.

Leases

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 expenses as incurred.

Inventories and Prepaid Expenses

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

2. Significant Accounting Policies / continued

Pension and Employee Benefits

The Township accounts for its participation in the Ontario Municipal Employees Retirement System ('OMERS'), a multi-employer public sector pension fund, as a defined benefit plan. The OMERS plan specifies the retirement benefits to be received by employees based on length of service and pay rates.

Employee benefits include vacation entitlement and sick leave benefits. Vacation entitlements are accrued as entitlements are earned. Sick leave benefits are accrued in accordance with the Township's policy.

Cash and Cash Equivalents

The Township considers cash and cash equivalents to be highly liquid investments with original maturities of three months or less.

Government Transfers

Government transfers are recognized in the consolidated 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.

Deferred Revenues

The Township defers recognition of user charges and fees which have been collected but for which the related services have yet to be performed. Government transfers of gas taxes, development charges collected under the *Development Charges Act, 1997,* and recreational land collected under the Planning Act are reported as deferred revenues in the Consolidated Statement of Financial Position. These amounts will be recognized as revenues in the fiscal year the services are performed.

The Township receives restricted contributions under the authority of Federal and Provincial legislation and Township by-laws. These funds by their nature are restricted in their use and until applied to applicable costs are recorded as deferred revenue. Amounts applied to qualifying expenses are recorded as revenue in the fiscal period they are expended.

Deferred revenue represents certain user charges and fees which have been collected but for which the related services have yet to be performed. Deferred revenue also represents contributions that the Township has received pursuant to legislation, regulation or agreement that may only be used for certain programs or in the completion of specific work. These amounts are recognized as revenue in the fiscal year the services are performed or related expenses incurred.

Investments

Short-term and long-term investments are recorded at cost plus accrual interest. If the market value of investments become lower than cost and the decline in value is considered to be other than temporary, the investments are written down to market value.

Investment income earned on surplus current funds, capital funds, reserves and reserve funds (other than obligatory reserve funds) are reported as revenue in the period earned. Investment income earned on development charges and parkland obligatory reserve funds is added to the fund balance and forms part of respective deferred revenue balances.

2. Significant Accounting Policies / continued

Landfill Closure and Post-Closure Liabilities

The Township accrues landfill closure and post-closure care requirements that have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over a twenty-five year period using the best information available to management.

Future events may result in significant changes to the estimated total expenditures, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

Financial Instruments

All financial instruments are initially recognized at fair value on the consolidated statement of financial position. The Township has classified each financial instrument into one of the following categories: held-for-trading financial assets and liabilities, loans and receivables, held-to-maturity financial assets and other financial liabilities. Subsequent measurement of financial instruments is based on their classification.

Held-for-trading financial assets and liabilities are subsequently measured at fair value with changes in those fair values recognized in net revenues.

Loans and receivables, held-to-maturity financial assets and other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The Township classifies cash and cash equivalents as held-for-trading financial assets, accounts receivable as loans and receivables and accounts payable and accrued liabilities as other financial liabilities.

Measurement Uncertainty

The preparation of consolidated financial statements 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 consolidated financial statements and the reported amounts of revenue and expenditures during the period. Actual results could differ from these estimates. These estimates are reviewed periodically and as adjustments become necessary, they are recorded in the consolidated financial statements in the period in which they become known.

3. Operations of the School Boards and United Counties of Leeds and Grenville

During 2015, the Township collected and made property tax transfers including payments in lieu of property taxes, to the United Counties of Leeds and Grenville and School Boards as follows:

	School Boards $	County $
Property taxes	2,109,264	2,868,177
Taxation from other governments	222	6,458
Amounts requisitioned and paid	2,109,486	2,874,635

4. Deferred Revenues

A requirement of the public sector accounting standards of the Chartered Professional Accountants of Canada 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 Township are summarized below:

	Federal Gas Tax	Parkland	**Total**
	$	$	**$**
January 1, 2015	2,442	27,606	**30,048**
Contributions from developers	---	6,023	**6,023**
Transfer to capital fund	(2,442)	---	**(2,442)**
December 31, 2015	---	33,629	**33,629**

5. Long Term Liabilities

(a) The balance of long term liabilities reported on the "Consolidated Statement of Financial Position" is comprised of the following:

	2015	2014
	$	$
Instalment debentures with the Province of Ontario under the Ontario Tile Loan Program. The responsibility for payment of principal and interest charges for tile drainage and shoreline property assistance loans has been assumed by individuals. At the end of the year, the outstanding principal amount of this liability is	**49,771**	62,207
Net long term liabilities at the end of the year	**49,771**	62,207

(b) Principal payments fall due as follows:

	General Revenues
	$
2016	**6,389**
2017	**5,169**
2018	**5,479**
2019	**5,808**
2020 and thereafter	**26,926**
	49,771

5. Long Term Liabilities / continued

(c) Interest expense on long term liabilities in 2015 amounted to $3,732 (2014 $4,436).

(d) These payments are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

6. Municipal Equity

Municipal equity consists of:

	2015	2014
	$	$
Investment in tangible capital assets		
Tangible capital assets	**13,811,846**	13,665,159
Unfinanced Capital Projects		
General government	**14,803**	14,803
Transportation services	**203,060**	203,060
	14,029,709	13,883,022
Unrestricted surplus	**286,754**	313,328
Reserves (Schedule 1)	**3,601,038**	3,444,932
Reserve Funds (Schedule 1)	**133,234**	133,644
Total Municipal Equity	**18,050,735**	17,774,926

7. Pension Contributions

The Township makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of all permanent 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. Employers and employees contribute to the plan. Since any surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees, the Township does not recognize any share of the OMERS pension surplus or deficit in these consolidated financial statements.

The amount contributed to OMERS was $68,504 (2014 $61,431) for current services and is included as an expenditure on the Consolidated Statement of Operations classified under the appropriate functional expenditure. Contributions by employees were a similar amount.

8. Trust Funds

Trust funds administered by the Township amounting to $2,359 (2014 $2,342) are presented in a separate financial statement of trust fund balances and operations. As such balances are held in trust by the Township for the benefit of others, they are not presented as part of the Township's financial position or financial activities.

9. Landfill Closure and Post Closure Liability

The Environment Protection Act sets out the regulatory requirements to properly close and maintain all active and inactive landfill sites. Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill sites. This requirement is to be provided for over the estimated remaining life of the landfill site based on usage and is in accordance with the Township's accounting policy.

Landfill closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. The reported liabilities is based on estimates and assumptions with respect to events extending over a twenty-five year period using the best information available to management. Future events may result in significant changes to the estimated total expenditures, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

The Township currently has two inactive and closed landfill sites. The North Augusta and Maynard sites were closed in 2015.

Annual post closure maintenance and monitoring requirements are estimated to be $21,750 per annum.

Estimated total expenditures represent the sum of the discounted future cash flows for closure and post-closure care activities discounted at the Township's average long term borrowing rate of 2.0% and using an assumed rate of 2.0% for inflation. The estimated total landfill closure and post-closure care expenditures are calculated to be approximately $500,000. For sites that are inactive, the estimated liability for these expenditures is recognized immediately. Included in liabilities on the Consolidated Statement of Financial Position at December 31, 2015 is an amount of $500,660 (2014 $500,660) with respect to post-closure liabilities recognized to date.

10. Contractual Obligations

The Municipality has negotiated a long term contract for the operation of the Township's landfill site. The contract ends December 31, 2018. Annual charges under the contract are determined by the contract. The current contract amounts to $136,600 annually.

The Municipality has extended a long term contract with the Ontario Provincial Police for the provision of policing services. The contract ends December 31, 2018. Annual charges are determined based on level of service and are reconciled to actual costs in the following year. Contract payments for 2015 were $985,068 (2014 $888,812).

11. Contingent Liabilities

The nature of municipal activities is such that there may be litigation pending or in prospect at any time. With respect to claims as at December 31, 2015, management believes that the Township has valid defences and appropriate insurance coverages in place.

In the event any claims are successful, the amount of any potential liability is not determinable, therefore, no amount has been accrued in the consolidated financial statements.

12. Risk Management

In the normal course of operations, the Township is exposed to a variety of financial risks which are actively managed by the Township.

The Township's financial instruments consist of cash, investments, accounts receivable and accounts payable and accrued liabilities. The fair values of cash, investments and accounts payable and accrued liabilities approximate their carrying values because of their expected short term maturity and treatment on normal trade terms.

The Township's exposure to and management of risk has not changed materially from December 31, 2014.

Credit Risk

Credit risk arises from the possibility that the entities to which the Township provides services to may experience difficulty and be unable to fulfill their obligations. The Township is exposed to financial risk that arises from the credit quality of the entities to which it provides services. The Township does not have a significant exposure to any individual customer or counter party. As a result, the requirement for credit risk related reserves for accounts receivable is minimal.

Interest Rate Risk

Interest rate risk arises from the possibility that the value of, or cash flows related to, a financial instrument will fluctuate as a result of changes in market interest rates. The Township is exposed to financial risk that arises from the interest rate differentials between the market interest rate and the rates on its cash and cash equivalents and operating loan. Changes in variable interest rates could cause unanticipated fluctuations in the Township's operating results.

Liquidity Risk

Liquidity risk is the risk that the Township will not be able to meet its obligations as they fall due. The Township requires working capital to meet day-to-day operating activities. Management expects that the Township's cash flows from operating activities will be sufficient to meet these requirements.

13. Tangible Capital Assets

	2015	2014
	$	$
Land	**562,544**	566,834
Buildings	**2,157,929**	1,931,282
Furniture and Equipment	**333,987**	352,617
Vehicles	**1,429,561**	1,512,433
Roads	**7,685,570**	7,917,881
Bridges	**1,034,034**	775,891
Construction in Progress	**608,221**	608,221
	13,811,846	13,665,159

For additional information, see Schedule 2 ▸ Tangible Capital Assets.

14. Segmented Information

The Township is a diversified municipal government that provides a wide range of services to its citizens. The services are provided by departments and their activities are reported in the Consolidated Statement of Operations.

Departments have been separately disclosed in the segmented information, along with the service they provide which are set out in the schedule below.

For each reported segment, expenditures represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in note 2.

14. Segmented Information / continued

2015	Salaries, Wages & Employee Benefits	Debenture Debt Interest	Materials & Services	External Transfers	Amortization	Total
	$	$	$	$	$	$
General Government						
Governance	59,538	—	9,240	—	—	68,778
Corporate Management & Program Support	410,128	—	165,291	—	17,631	593,050
Protection to Persons & Property						
Fire	42,737	—	173,791	95,665	116,960	429,153
Police	—	—	997,138	—	—	997,138
Conservation Authority	—	—	—	36,581	—	36,581
Protective Inspection	103,689	—	56,376	—	—	160,065
Transportation						
Roadways	450,019	—	523,524	—	910,885	1,884,428
Winter Control	—	—	65,594	—	—	65,594
Street Lighting	—	—	125,429	—	—	125,429
Environmental						
Waste Services	20,000	—	669,367	—	3,779	693,146
Health Services						
Cemeteries	—	—	2,434	—	—	2,434
Recreation and Cultural Services						
Recreation Facilities & Programs	—	—	98,175	—	18,292	116,467
Libraries	61,567	—	36,047	—	35,160	132,774
Planning and Development						
Planning & Zoning	28,758	3,732	55,412	—	—	87,902
2015	**1,176,436**	**3,732**	**2,977,818**	**132,246**	**1,102,707**	**5,392,939**

14. Segmented Information / continued

2014	Salaries, Wages & Employee Benefits	Debenture Debt Interest	Materials & Services	External Transfers	Amortization	Total
	$	$	$	$	$	$
General Government						
Governance	51,734	—	1,006	—	—	52,740
Corporate Management & Program Support	372,766	—	199,891	—	7,741	580,398
Protection to Persons & Property						
Fire	63,258	—	132,858	95,477	102,597	394,190
Police	—	—	860,435	—	—	860,435
Conservation Authority	—	—	—	33,897	—	33,897
Protective Inspection	98,875	—	68,306	—	—	167,181
Transportation						
Roadways	352,166	—	579,361	—	873,195	1,804,722
Winter Control	—	—	54,385	—	—	54,385
Street Lighting	—	—	32,241	—	—	32,241
Environmental						
Waste Services	41,584	—	335,477	—	3,779	380,840
Health Services						
Cemeteries	—	—	3,068	—	—	3,068
Recreation and Cultural Services						
Recreation Facilities & Programs	—	—	86,646	—	16,820	103,466
Libraries	61,602	—	32,782	—	35,111	129,495
Planning and Development						
Planning & Zoning	27,742	—	62,365	—	—	90,107
2014	**1,069,727**	**—**	**2,448,821**	**129,374**	**1,039,243**	**4,687,165**

15. Budget Figures

The operating budget approved by Township Council, for 2015 is reflected on the Consolidated Statement of Operations. The budgets established for capital investment in tangible capital assets are on a project oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual expenditure amounts. As well, the Township does not budget activity within Reserves and Reserve Funds, with the exception being those transactions, which affect either operations or capital investments. Budget figures have been reclassified for the purposes of these consolidated financial statements to comply with PSAB reporting requirements.

Township of Augusta
Schedule 1 ▸ Continuity of Reserves and Reserve Funds

For the year ended December 31	(Note 15) Budget	2015	2014
	$	$	$
Net Transfers From / (To) Other Funds			
Transfers from operations	942,500	**1,155,886**	84,448
Transfers to capital acquisitions	(1,716,561)	**(1,000,190)**	(267,195)
Total Net Transfers	(774,061)	**155,696**	(182,747)
Reserves and Reserve Fund Balances, Change in Year	(774,061)	**155,696**	(182,747)
Reserves and Reserve Fund Balances, Beginning of Year	3,578,576	**3,578,576**	3,761,323
Reserves and Reserve Fund Balances, End of Year	2,804,515	**3,734,272**	3,578,576

Composition of Reserves and Reserve Funds

For the year ended December 31	2015	2014
	$	$
Reserves set aside for specific purposes by Council:		
▸ for working capital	**846,775**	747,343
▸ for insurance deductible	**36,832**	30,832
▸ for elections	**8,056**	3,264
▸ for waste management	**27,077**	340,714
▸ recreation	**10,464**	3,842
▸ for economic development	**27,000**	7,000
For Capital Purposes		
▸ for administrative equipment	**60,611**	52,978
▸ for fire building	**508,005**	413,005
▸ for fire vehicle / equipment	**212,289**	218,761
▸ for roads equipment	**659,231**	527,612
▸ for salt dome	**---**	215,000
▸ for roads construction	**884,413**	584,581
▸ for bridge repairs	**320,285**	300,000
Total Reserves	**3,601,038**	3,444,932
Reserve Funds		
▸ for capital landfill	**60,594**	60,894
▸ for subdivision levies	**72,640**	72,750
Total Reserve Funds	**133,234**	133,644
Total Reserves and Reserve Funds	**3,734,272**	3,578,576

The accompany notes are an integral part of these consolidated financial statements.

Township of Augusta
Schedule 2 ▸ 2015 Tangible Capital Assets

Asset Class	Cost 01/01/15	Additions	(Disposals)	Cost 31/12/15
	$	$	$	$
Land	597,529	—	—	**597,529**
Buildings	3,250,953	303,381	—	**3,554,334**
Furniture and Equipment	630,833	29,340	(18,412)	**641,761**
Vehicles	3,869,026	93,151	(295,000)	**3,667,177**
Roads	16,592,057	541,807	—	**17,133,864**
Bridges	1,486,218	281,715	—	**1,767,933**
Construction in Progress	608,221	—	—	**608,221**
	27,034,837	1,249,394	(313,412)	**27,970,819**

Asset Class	Accumulated Amortization 01/01/15	Amortization	(Disposals)	Accumulated Amortization 31/12/15	Net Book Value 31/12/15
	$	$	$	$	$
Land	30,695	4,290	—	**34,985**	**562,544**
Buildings	1,319,671	76,734	—	**1,396,405**	**2,157,929**
Furniture and Equipment	278,216	47,970	(18,412)	**307,774**	**333,987**
Vehicles	2,356,593	176,023	(295,000)	**2,237,616**	**1,429,561**
Roads	8,674,176	774,118	—	**9,448,294**	**7,685,570**
Bridges	710,327	23,572	—	**733,899**	**1,034,034**
Construction in Progress	—	—	—	—	**608,221**
	13,369,678	1,102,707	(313,412)	**14,158,973**	**13,811,846**

The accompany notes are an integral part of these consolidated financial statements.

Township of Augusta
Schedule 2 ▸ 2014 Tangible Capital Assets

Asset Class	Cost 01/01/14	Additions	(Disposals)	Cost 31/12/14
	$	$	$	$
Land	587,931	9,598	—	597,529
Buildings	3,172,093	78,860	—	3,250,953
Furniture & Equipment	413,056	217,777	—	630,833
Vehicles	3,337,057	531,969	—	3,869,026
Roads	15,824,313	767,744	—	16,592,057
Bridges	1,486,218	—	—	1,486,218
Construction in Progress	603,380	4,841	—	608,221
	25,424,048	1,610,789	—	27,034,837

Asset Class	Accumulated Amortization 01/01/14	Amortization	(Disposals)	Accumulated Amortization 31/12/14	Net Book Value 31/12/14
	$	$	$	$	$
Land	26,402	4,293	—	30,695	566,834
Buildings	1,250,522	69,149	—	1,319,671	1,931,282
Furniture & Equipment	267,390	10,826	—	278,216	352,617
Vehicles	2,185,228	171,365	—	2,356,593	1,512,433
Roads	7,928,658	745,518	—	8,674,176	7,917,881
Bridges	690,511	19,816	—	710,327	775,891
Construction in Progress	—	—	—	—	608,221
	12,348,711	1,020,967	—	13,369,678	13,665,159

The accompany notes are an integral part of these consolidated financial statements.

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INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Township of Augusta:

We have audited the accompanying financial statements of the Corporation of the Township of Augusta which comprise the statement of financial position of the trust fund as at December 31, 2015 and the statement of financial activities of the trust fund for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Corporation of the Township of Augusta's management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Public Sector Accounting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the trust fund of the Township of Augusta as at December 31, 2015 and the financial activities for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Allan and Partners LLP
Chartered Professional Accountants
Licensed Public Accountants

Perth, Ontario,
September 26, 2016.

Township of Augusta
Trust Fund
Statement of Financial Position

December 31	2015	2014
	$	$
ASSETS		
Cash	2,359	2,342
LIABILITIES		
Fund balance	2,359	2,342

Statement of Financial Activities

For the year ended December 31	2015	2014
	$	$
REVENUES		
Perpetual care fees	17	24
NET REVENUES FOR THE YEAR	17	24
BALANCE AT THE BEGINNING OF THE YEAR	2,342	2,318
BALANCE AT THE END OF THE YEAR	2,359	2,342

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

1. Significant Accounting Policies

Reporting Entity

Perpetual care receipts are reported on the cash basis of accounting and interest income is reported on the accrual basis of accounting.

Expenditures are reported on the cash basis of accounting with the exception of administrative expenses which are reported on the accrual basis of accounting, which recognizes expenditures as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

Township of Augusta
Public Library Board
400 County Road 15, R.R.#2
Brockville, ON K6V 5T2
613-926-2449

Management's Responsibility for the Financial Statements

The accompanying financial statements of the Township of Augusta Public Library Board are the responsibility of the Board's management and have been prepared in compliance with legislation, and in accordance with Canadian Public Sector Accounting Standards. A summary of significant accounting policies are described in note 2 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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

Management meets with the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to Council approval of the financial statements.

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

Jacquie Kelly, Chair

Daphne Smith, Treasurer

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INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Township of Augusta Public Library Board:

We have audited the accompanying financial statements of the Corporation of the Township of Augusta Public Library Board which comprise the statement of financial position as at December 31, 2015 and the statement of operations, changes 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

The Corporation of the Township of Augusta Public Library Board's management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Public Sector Accounting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Township of Augusta Public Library Board as at December 31, 2015 and its results of operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Allan and Partners LLP
Chartered Professional Accountants
Licensed Public Accountants

Perth, Ontario,
June 14, 2016.

Township of Augusta Public Library Board
Statement of Financial Position

December 31	2015	2014
	$	$
ASSETS		
Financial Assets		
Cash	**37,305**	27,027
Accounts receivable	**4,866**	9,741
	42,171	36,768
LIABILITIES		
Financial Liabilities		
Deferred revenue	**2,500**	---
NET FINANCIAL ASSETS	**39,671**	36,768
NON-FINANCIAL ASSETS		
Tangible capital assets (note 5) (Schedule 1)	**315,410**	331,795
ACCUMULATED SURPLUS (note 4)	**355,081**	368,563

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

Township of Augusta Public Library Board
Statement of Operations

For the year ended December 31	(Note 6) Budget	2015	2014
	$	$	$
REVENUES			
Government Grants			
Municipal Grants ▸ operating grant	23,723	**23,723**	22,772
▸ contribution	74,238	**70,733**	72,376
Provincial Grants ▸ operating	13,297	**13,297**	13,297
Ontario Library Capacity Grant	3,000	**3,000**	---
Other Income			
Special fundraising	2,500	**3,843**	3,251
Operational revenues	3,025	**3,072**	2,996
Donations	500	**436**	3,859
Interest	250	**211**	259
SOLS Connectivity Grant	1,300	**977**	1,004
Other revenue	2,500	---	---
TOTAL REVENUES	124,333	**119,292**	119,814
EXPENDITURES			
Amortization	---	**35,160**	35,111
Salaries, wages, employee benefits	64,202	**61,567**	61,602
Library reading materials	19,335	**340**	(2,204)
Professional fees	1,200	**1,200**	1,200
Membership fees	125	---	125
Administration and programming	3,225	**3,157**	2,113
Facilities	20,176	**18,521**	20,926
Supplies	650	**2,170**	1,124
Computing	1,710	**2,779**	2,052
Professional development	300	**265**	---
Payroll services	3,210	**3,078**	3,074
Donation related	500	**150**	1,325
Fundraising and specific funding related	4,300	**4,180**	1,281
Capital	400	**207**	500
Other expenditures	2,500	---	---
TOTAL EXPENDITURES	121,833	**132,774**	128,229
ANNUAL (DEFICIT) SURPLUS	2,500	**(13,482)**	(8,415)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	368,563	**368,563**	376,978
ACCUMULATED SURPLUS, END OF YEAR	371,063	**355,081**	368,563

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

Township of Augusta Public Library Board
Statement of Changes in Net Financial Assets

For the year ended December 31	2015	2014
	$	$
ANNUAL DEFICIT	**(13,482)**	(8,415)
Amortization of tangible capital assets	**35,160**	35,111
Acquisition of tangible capital assets	**(18,775)**	(21,291)
	16,385	13,820
INCREASE IN NET FINANCIAL ASSETS	**2,903**	5,405
NET FINANCIAL ASSETS, BEGINNING OF YEAR	**36,768**	31,363
NET FINANCIAL ASSETS, END OF YEAR	**39,671**	36,768

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

Township of Augusta Public Library Board
Statement of Cash Flows

For the year ended December 31	2015	2014
	$	$
OPERATING ACTIVITIES		
Annual deficit	**(13,482)**	(8,415)
Net Change in Non-Cash Working Capital Items		
Accounts receivable	**4,875**	(2,451)
Deferred revenue	**2,500**	---
	7,375	(2,451)
Non-cash charges to operations		
Amortization	**35,160**	35,111
Working Capital from Operations	**29,053**	24,245
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	**(18,775)**	(21,291)
NET INCREASE IN CASH	**10,278**	2,954
CASH, BEGINNING OF YEAR	**27,027**	24,073
CASH, END OF YEAR	**37,305**	27,027

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

1. Status of the Board

The Township of Augusta Public Library Board (the 'Board') was formed in October 1978 pursuant to the Public Libraries Act and the Township of Augusta.

2. Significant Accounting Policies

The financial statements of the Township of Augusta Public Library Board are the representations of management and have been prepared in all material respects in accordance with Canadian Public Sector Accounting Standards. Significant aspects of the accounting policies by the Board are as follows:

Reporting Entity

The financial statements reflect financial assets, liabilities, operating revenues and expenditures, reserves, reserve funds and changes in investment in tangible capital assets of the Board.

Basis of Accounting

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

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 expenses, provides the Change in Net Financial Assets for the year.

Tangible Capital Assets

Tangible capital assets are recorded at cost, which include 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:

Assets	Estimated Useful Life
Land	
Land Improvements	15 years
Buildings	40 years
Computer Software	4 years
Computer Hardware	4 years
Shelving	40 years
Library Collection	7 years

2. Significant Accounting Policies / continued

Tangible Capital Assets / continued

Amortization is charged from the date of acquisition. Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of other assets as of the date of transfer.

When tangible capital assets are disposed of, either by way of a sale, destruction or loss, or abandonment of the asset, the asset's net book value, historical cost less accumulated amortization, is written off. Any resulting gain or loss, equal to the proceeds on disposal less the asset's net book value, is reported on the statement of operations in the year of disposal. Transfers of assets to third parties are recorded as an expense equal to the net book value of the asset as of the date of transfer.

When conditions indicate that a tangible capital asset no longer contributes to the Board's ability to provide services or the value of the future economic benefits associated with the tangible capital asset are less than its net book value, and the decline is expected to be permanent, the cost and accumulated amortization of the asset are reduced to reflect the revised estimate of the value of the asset's remaining service potential. The resulting net adjustment is reported as an expense on the statement of operations.

Cash and Cash Equivalents

The Board considers cash and cash equivalents to be highly liquid investments with original maturities of three months or less.

Government Transfers

Government 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.

Deferred Revenues

The Board defers recognition of user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

Financial Instruments

All financial instruments are initially recognized at fair value on the statement of financial position. The Board has classified each financial instrument into one of the following categories: held-for-trading financial assets and liabilities, loans and receivables, held-to-maturity financial assets and other financial liabilities. Subsequent measurement of financial instruments is based on their classification.

Held-for-trading financial assets and liabilities are subsequently measured at fair value with changes in those fair values recognized in net revenues.

2. Significant Accounting Policies / continued

Financial Instruments / continued

Loans and receivables, held-to-maturity financial assets and other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The Board classifies cash and cash equivalents as held-for-trading financial assets, accounts receivable as loans and receivables and accounts payable and accrued liabilities as other financial liabilities.

Measurement Uncertainty

The preparation of financial statements 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 revenue and expenditures during the period. Actual results could differ from these estimates. These estimates are reviewed periodically and as adjustments become necessary, they are recorded in the financial statements in the period in which they become known.

3. Risk Management

In the normal course of operations, the Library Board is exposed to a variety of financial risks which are actively managed by the Library Board.

The Library Board's financial instruments consist of cash, investments, accounts receivable and accounts payable and accrued liabilities. The fair values of cash, investments and accounts payable and accrued liabilites approximate their carrying values because of their expected short term maturity and treatment on normal trade terms.

The Library Board's exposure to and management of risk has not changed materially from December 31, 2014.

Credit Risk

Credit risk arises from the possibility that the entities to which the Library Board provides services to may experience difficulty and be unable to fulfill their obligations. The Library Board is exposed to financial risk that arises from the credit quality of the entities to which it provides services. The Library Board does not have a significant exposure to any individual customer or counter party. As a result, the requirement for credit risk related reserves for accounts receivable is minimal.

Interest Rate Risk

Interest rate risk arises from the possibility that the value of, or cash flows related to, a financial instrument will fluctuate as a result of changes in market interest rates. The Library Board is exposed to financial risk that arises from the interest rate differentials between the market interest rate and the rates on its cash and cash equivalents and operating loan. Changes in variable interest rates could cause unanticipated fluctuations in the Library Board's operating results.

3. Risk Management / continued

Liquidity Risk

Liquidity risk is the risk that the Library Board will not be able to meet its obligations as they fall due. The Library Board requires working capital to meet day-to-day operating activities. Management expects that the Library Board's cash flows from operating activities will be sufficient to meet these requirements.

4. Accumulated Surplus

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

	2015	2014
	$	$
Surplus		
Invested in tangible capital assets	**315,410**	331,795
Current Fund	**39,671**	36,768
Accumulated Surplus	**355,081**	368,563

5. Tangible Capital Assets

Net Book Value of Assets	2015	2014
	$	$
Land	**1**	1
Land Improvements	**7,394**	9,242
Buildings	**238,538**	251,092
Shelving	**7,125**	7,500
Library Collection	**62,352**	63,960
	315,410	331,795

For additional information, see Schedule 2 ▸ Tangible Capital Assets.

6. Budget Figures

The Township of Augusta Public Library Board reviews its operating and capital budgets each year. The approved operating budget for 2015 is included in the budget figures presented in the Statement of Operations.

December 31, 2015

Assets	Cost 01/01/15	Additions	Disposals 31/12/2015	Cost 31/12/15	Accumulated Amortization 01/01/15	Amortization 2015	Adjustments	Accumulated Amortization 31/12/15	Net Book Value 31/12/15
	$	$		$	$	$	$	$	$
Land	1	—	—	1	—	—	—	—	1
Land Improvements	27,727	—	—	27,727	18,485	1,848	—	20,333	7,394
Buildings	502,184	—	—	502,184	251,092	12,554	—	263,646	238,538
Computer Software	4,146	—	—	4,146	4,146	—	—	4,146	—
Computer Hardware	10,217	—	—	10,217	10,217	—	—	10,217	—
Shelving	15,000	—	—	15,000	7,500	375	—	7,875	7,125
Library Collection	142,320	18,775	(18,412)	142,683	78,360	20,383	(18,412)	80,331	62,352
	701,595	18,775	(18,412)	701,958	369,800	35,160	(18,412)	386,548	315,410

December 31, 2014

Assets	Cost 01/01/14	Additions (Disposals)	Disposals 12/31/2014	Cost 31/12/14	Accumulated Amortization 01/01/14	Amortization 2014	Adjustments	Accumulated Amortization 31/12/14	Net Book Value 31/12/14
	$	$		$	$	$	$	$	$
Land	1	—	—	1	—	—	—	—	1
Land Improvements	27,727	—	—	27,727	16,634	1,851	—	18,485	9,242
Buildings	502,184	—	—	502,184	238,539	12,553	—	251,092	251,092
Computer Software	4,146	—	—	4,146	4,146	—	—	4,146	—
Computer Hardware	10,217	—	—	10,217	10,217	—	—	10,217	—
Shelving	15,000	—	—	15,000	7,125	375	—	7,500	7,500
Library Collection	139,305	21,291	(18,276)	142,320	76,304	20,332	(18,276)	78,360	63,960
	698,580	21,291	(18,276)	701,595	352,965	35,111	(18,276)	369,800	331,795

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