

Village of Hilton Beach
Consolidated Financial Statements
For the year ended December 31, 2014

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Village of Hilton Beach Management's Responsibility for Financial Reporting

December 31, 2014


The accompanying consolidated financial statements of the Village of Hilton Beach and all the information in this annual report are the responsibility of management and have been approved by the Mayor and Clerk-Treasurer on behalf of Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

The municipality maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the municipality's assets are appropriately accounted for and adequately safeguarded.

The municipal Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The consolidated financial statements have been audited by BDO Canada LLP in accordance with Canadian generally accepted auditing standards on behalf of the ratepayers and inhabitants of the municipality. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the municipality's consolidated financial statements.



Mayor



Clerk-Treasurer



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Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of the Village of Hilton Beach

We have audited the accompanying consolidated financial statements of the Village of Hilton Beach, which comprise the consolidated statement of financial position as at December 31, 2014 and the consolidated statements of operations, changes in net financial assets (debt) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Village of Hilton Beach as at December 31, 2014 and the consolidated results of its operations, changes in its net financial assets (debt) and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants
Sault Ste. Marie, Ontario
August 6, 2015

Village of Hilton Beach

Consolidated Statement of Financial Position

December 31	2014	2013
Financial assets		
Bank	\$ 71,095	\$ 62,048
Short term investment (Note 2)	3,108	3,081
Taxes receivable	76,976	45,984
Accounts receivable	91,050	57,205
Note receivable (Note 3)	8,140	14,140
Inventories held for resale	7,718	7,849
	<u>258,087</u>	<u>190,307</u>
Liabilities		
Accounts payable and accrued liabilities	190,859	76,986
Solid waste landfill and post-closure costs (Note 4)	454	454
Deferred revenue - obligatory reserve funds (Note 5)	-	359
Long term liabilities (Note 6)	471,774	556,289
	<u>663,087</u>	<u>634,088</u>
Net financial debt	(405,000)	(443,781)
Non-financial assets		
Tangible capital assets (Schedule 1)	8,379,477	8,509,238
Accumulated surplus (Note 7)	<u>\$ 7,974,477</u>	<u>\$ 8,065,457</u>

On behalf of the Council:



_____ Mayor



_____ Clerk-Treasurer

Village of Hilton Beach

Consolidated Statement of Operations

For the year ended December 31	Budget	2014	2013
Revenue			
Taxation (Note 1)	\$ 346,691	\$ 349,767	\$ 334,409
Government grants - Provincial	155,475	184,310	185,605
Government grants - Federal	-	8,679	20,868
Other municipalities	11,905	26,393	28,831
User fees and service charges	450,893	366,004	377,741
Licences, permits and rents	19,360	21,400	21,340
Penalties and interest on taxes	8,500	9,175	8,048
Investment income	-	424	-
Other	-	44,650	2,961
	<u>992,824</u>	<u>1,010,802</u>	<u>979,803</u>
Expenses			
General government	267,792	260,749	243,427
Protection services	57,081	46,789	44,604
Transportation services	38,753	37,359	44,053
Environmental services	267,893	277,609	267,209
Health services	36,294	34,294	33,358
Social and family services	42,655	42,655	44,660
Recreation and cultural services	162,218	164,095	199,335
Planning and development	245,653	238,232	271,788
	<u>1,118,339</u>	<u>1,101,782</u>	<u>1,148,434</u>
Annual deficit	(125,515)	(90,980)	(168,631)
Accumulated surplus, beginning of year	<u>8,065,457</u>	<u>8,065,457</u>	<u>8,234,088</u>
Accumulated surplus, end of year	<u>\$ 7,939,942</u>	<u>\$ 7,974,477</u>	<u>\$ 8,065,457</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Village of Hilton Beach
Consolidated Statement of Changes in Net Financial Assets (Debt)

For the year ended December 31	Budget	2014	2013
Annual deficit	\$ (125,515)	\$ (90,980)	\$ (168,631)
Acquisition of tangible capital assets	-	(104,699)	(261,913)
Amortization of tangible capital assets	-	234,460	231,943
Net change in net debt	(125,515)	38,781	(198,601)
Net debt, beginning of year	(443,781)	(443,781)	(245,180)
Net debt, end of year	\$ (569,296)	\$ (405,000)	\$ (443,781)

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Village of Hilton Beach
Consolidated Statement of Cash Flows

For the year ended December 31	2014	2013
Operating transactions		
Annual deficit	\$ (90,980)	\$ (168,631)
Items not involving cash		
Amortization	234,460	231,943
Unfunded landfill site costs	-	10
	<u>143,480</u>	<u>63,322</u>
Changes in non-cash operating balances		
Short term investment	(27)	(34)
Taxes receivable	(30,992)	(12,896)
Accounts receivable	(33,845)	185,406
Other financial assets	6,000	6,000
Prepaid expenses	131	(1,947)
Accounts payable and accrued liabilities	113,873	(57,768)
Obligatory reserve and deferred revenue	(359)	(7,764)
	<u>198,261</u>	<u>174,319</u>
Capital transactions		
Acquisition of tangible capital assets	<u>(104,699)</u>	<u>(261,913)</u>
Financing activities		
Net change in bank indebtedness	-	(124,091)
Inception of long term liabilities	-	321,000
Payment of long term liabilities	<u>(84,515)</u>	<u>(47,267)</u>
	<u>(84,515)</u>	<u>149,642</u>
Net change in cash	9,047	62,048
Cash, beginning of year	<u>62,048</u>	<u>-</u>
Cash, end of year	\$ 71,095	\$ 62,048

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Village of Hilton Beach

Consolidated Summary of Significant Accounting Policies

December 31, 2014

Management Responsibility For Financial Statements The consolidated financial statements of the municipality are the representation of management prepared in accordance with Canadian public sector accounting standards, as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

Basis of Consolidation These consolidated financial statements reflect the assets, liabilities, sources of financing and expenses of all municipal organizations, committees and boards which are owned or controlled by the municipality. These financial statements include the Hilton Union Public Library. All inter-fund assets and liabilities and sources of financing and expenditures have been eliminated with the exception of loans or advances between reserve funds and any other fund of the Village and the resulting interest income and expenditures.

Under PSAB standards, the Village reports only its share of assets, liabilities and results of operations of any government partnerships in which it participates. The Village participates in the Hilton Union Fire Board, an entity created to provide fire protection for two neighbouring municipalities.

Cash and Cash Equivalents Management considers all highly liquid investments with maturity of three months or less at acquisition to be cash equivalents.

Tangible Capital Assets Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

Land improvements	15 to 100 years
Buildings	15 to 75 years
Machinery, equipment and furnishings	10 to 75 years
Vehicles	15 to 25 years
Roads	25 to 50 years
Water and sewer mains	75 years
Marina dockage	15 to 25 years
Library collection	10 years

Works of art and historical treasures are not recognized as tangible capital assets in the financial statements because a reasonable estimate of the future benefits associated with such property cannot be made.

Village of Hilton Beach

Consolidated Summary of Significant Accounting Policies

December 31, 2014

Collection of Taxes on Behalf of Other Taxation Authorities	The village collects taxation revenue on behalf of other entities. Such levies, other revenues, expenses, assets and liabilities with respect to the operations of these other entities are not reflected in these consolidated financial statements.
Retirement Benefits	The municipality provides pension benefits to specified employees through the Ontario Municipal Employees Retirement Fund (OMERS), a multi-employer plan. The municipality's contributions due during the period are expensed as incurred.
Deferred Revenue	Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the consolidated statement of financial position. The revenue is recognized in the consolidated statement of operations in the year in which it is used for the specified purpose.
Government Transfers	Government transfers, which include legislative grants, are recognized in the financial statements in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made.
Revenue Recognition	<p>Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. Taxes receivable are recognized net of an allowance for anticipated uncollectable amounts.</p> <p>Conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled. Unconditional grant revenue is recognized when monies are receivable.</p> <p>Grants for the acquisition of tangible capital assets are recognized in the period in which eligible expenditures are made.</p> <p>Sales of service and other revenue is recognized on an accrual basis.</p>
Use of Estimates	The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Village of Hilton Beach

Notes to Consolidated Financial Statements

December 31, 2014

1. Taxation

	2014	2013
Residential and multi-residential	\$ 378,679	\$ 359,354
Commercial and industrial	13,374	17,854
	392,053	377,208
Deduct: amounts received or receivable for school boards	(42,286)	(42,799)
	\$ 349,767	\$ 334,409

2. Short term investment

The Hilton Union Public Library renewed a \$3,108 GIC on December 30, 2014 with a term of one year and subject to an interest rate of 0.9%.

3. Note receivable

On August 1, 2007, the Village of Hilton Beach issued an interest free \$50,140 note receivable related to the sale of a property. Repayment by 8 annual payments of \$6,000 are due on the first day of August commencing August 1, 2008 and continuing until August 1, 2015, followed by a one-time payment of the remaining balance on August 1, 2016. Any payments not paid on its due date will incur interest of 10% per annum on the balance of the outstanding principal, and any payments will forthwith become due and payable at the option of the Village of Hilton Beach.

The balance receivable at December 31, 2014 is \$8,140.

4. Landfill closure and post-closure liability

The liability for site restoration and abandonment of the Village is based on the Village's proportionate share of the present value of future cash flows associated with closure costs. The change in the liability is recorded based on the capacity of the landfill site used to date. The landfill is expected to reach its capacity in 2102 and the estimated remaining capacity is 71% of the site's total capacity. The recorded liability of \$454 (2013 - \$454) is based on a total estimated outflow in the future of \$1,565 leaving an amount to be recognized in the future of \$1,111 (2013 - \$879).

The municipality has adopted a policy of progressive closure which reduces final costs.

5. Deferred revenue - obligatory reserve funds

	2014	2013
Obligatory reserve funds - Federal Gas Tax	\$ -	\$ -
Deferred Grant Revenue - Library	-	359
	\$ -	\$ 359

Village of Hilton Beach

Notes to Consolidated Financial Statements

December 31, 2014

6. Long term liabilities

	2014	2013
Marina, with payments of \$20,500 yearly, due December 28, 2017	\$ 61,500	\$ 82,000
Marina and Waterfront Centre, with payments of \$16,900 yearly, due October 27, 2021	118,300	135,200
Water and Sewer, with payments of \$9,864 yearly, due October 30, 2015	8,174	18,089
Solar project, with payments of \$20,500 yearly, due June 30, 2024	183,500	204,000
Streetlights, with payments of \$16,700 yearly, due June 30, 2021	100,300	117,000
	<u>\$ 471,774</u>	<u>\$ 556,289</u>

The rates on all of the Village's loans outlined above are prime, except for the Water and Sewer loan which is prime plus 1.5%. Interest expense on net long term liabilities amounted to \$21,240 (2013 - \$14,400)

Principal repayments for each of the next five years and thereafter are due as follows:

2015	-	\$	82,828
2016	-	\$	74,600
2017	-	\$	74,600
2018	-	\$	54,100
2019	-	\$	54,100
2020 and thereafter	-	\$	131,546

7. Accumulated surplus

	2014	2013
<i>Reserves set aside for specific purposes by Council</i>		
Cash flow reserves	\$ 8,271	\$ 7,447
Reserves for operating purposes	8,855	8,855
Reserves for capital purposes	63,448	49,465
Total reserves	80,574	65,767
Equity in tangible capital assets	7,907,703	7,952,949
Operating surplus (deficit)	87,852	68,696
<i>Amounts to be recovered from future revenues:</i>		
Unfunded landfill liabilities	(454)	(454)
Unfunded capital expenditures	(101,198)	(21,501)
	<u>\$ 7,974,477</u>	<u>\$ 8,065,457</u>

Village of Hilton Beach

Notes to Consolidated Financial Statements

December 31, 2014

8. Employee benefits plans liabilities

The municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of eligible 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.

The municipality's contributions to OMERS equal those made by the employees. During the year, the municipality contributed \$4,074 (2013 - \$10,963) to the plan. As this is a multi-employer pension plan, these contributions are the municipality's pension benefit expense. Contribution amounts are determined by OMERS which adjusts rates to reflect actuarial requirements. Any surplus or deficit of the pension plan is not included in the municipality's financial statements.

9. Public Sector Salary Disclosure Act

For 2014, no employees were paid salaries, as defined in the Public Sector Salary Disclosure Act, 1996 of \$100,000 or more.

10. Comparative figures

Comparative figures have been restated where necessary to conform to the presentation adopted for the current year.

11. Budget

The Financial Plan (Budget) By-Law adopted by Council on June 25, 2014 was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards require a full accrual basis. The budget figures anticipated use of reserves and/or surpluses accumulated in previous years to reduce current year expenditures in excess of current year revenues to \$nil. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the statements of operations and change in net debt represent the Financial Plan adopted by Council on June 25, 2014 with adjustments as follows:

	2014
Financial Plan (Budget) Bylaw surplus for the year	\$ -
Add:	
Capital expenditures	25,000
Debt principal payments	84,545
Less:	
Net inter-fund transfers from reserves	(600)
Amortization	(234,460)
Budget surplus (deficit) per statement of operations	\$ (125,515)

Village of Hilton Beach

Notes to Consolidated Financial Statements

December 31, 2014

12. Segmented information

The municipality is a diversified local government institution that provides a wide range of services to its citizens. For management reporting purposes, municipal operations and activities are organized and reported by Fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

Municipal services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

General government

The administration department oversees the delivery of all government services. The department is responsible for ensuring that there are adequate policies and procedures in place to safeguard assets and to properly report financial activities. In addition, this department includes the governance activities of council.

Protection

Protection is comprised of the police, fire/emergency, by-law enforcement and building inspections departments. The mandate of the police department is to ensure the safety of the lives and property of citizens; preserve peace and good order; prevent crimes from occurring; detect offenders; and enforce the law. The fire/emergency department is responsible to provide fire suppression service; fire prevention programs; training and education related to prevention, detection or extinguishment of fires. The by-law enforcement and building inspection department ensures properties are in compliance with applicable legislation, by-laws, building standards and construction codes.

Transportation

The transportation department is responsible for the delivery of municipal public works services related to the planning, development and maintenance of roadway systems and winter control.

Environmental

The environmental department consist of two distinct utilities - water and solid waste disposal. The department provides drinking water to ratepayers and purchases services for garbage disposal, hazardous waste, and recycling.

Health

Through the Algoma Public Health Unit, the municipality contributes to public health services and education and through the Algoma District Services Administration Board, to ambulance services.

Social and family

Through the Algoma District Services Administration Board, the municipality contributes to social assistance payments, child care services and social housing.

Recreation and cultural

The recreation and cultural department provides public services that contribute to neighbourhood development and sustainability through the provision of recreation and leisure services such as parks, fitness, marina, and sports programs. It provides public services that contribute to healthy communities through partnerships, promotion, prevention, protection and enforcement. The department also contributes towards the information and cultural needs of the municipality's citizens through the contribution to the local library and museum.

Village of Hilton Beach
Notes to Consolidated Financial Statements

December 31, 2014

12. Segmented information (continued)

Planning

The planning department provides a diverse bundle of services. It manages development for business interests, environmental concerns, heritage matters and neighbourhoods through planning and community development activities. It facilitates economic development by providing services for the approval of all land development plans.

For each reported segment, revenues and expenses include 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 the summary of significant accounting policies. For additional information see Schedule 2 - Consolidated Schedule of Segment Disclosure.

Village of Hilton Beach
Schedule 1 - Consolidated Tangible Capital Assets

For the year ended December 31, 2014

		Land Improvements	Buildings	Equipment, Machinery, and Furnishings	Vehicles	Roads, Water and Sewer Infrastructure	Marina Infrastructure	Library Collection	Total	
Cost, beginning of year	\$	331,196	\$ 369,313	\$ 2,750,878	\$ 2,339,719	\$ 50,677	\$ 2,954,855	\$ 3,364,537	\$ 85,565	\$ 12,246,740
Additions		-	-	-	66,380	-	34,564	-	3,755	104,699
Cost, end of year		331,196	369,313	2,750,878	2,406,099	50,677	2,989,419	3,364,537	89,320	12,351,439
Accumulated amortization, beginning of year		-	334,560	715,747	879,340	33,862	709,622	1,011,040	53,331	3,737,502
Amortization		-	45,942	46,494	60,543	1,832	44,473	28,210	6,966	234,460
Accumulated amortization, end of year		-	380,502	762,241	939,883	35,694	754,095	1,039,250	60,297	3,971,962
Net carrying amount, end of year	\$	331,196	\$ (11,189)	\$ 1,988,637	\$ 1,466,216	\$ 14,983	\$ 2,235,324	\$ 2,325,287	\$ 29,023	\$ 8,379,477

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Village of Hilton Beach
Schedule 1 - Consolidated Tangible Capital Assets (Continued)

For the year ended December 31, 2013 (comparative figures)

	Land	Land Improvements	Buildings	Equipment, Machinery, and Furnishings	Vehicles	Roads, Water, and Sewer Infrastructure	Marina Infrastructure	Library Collection	Total
Cost, beginning of year	\$ 331,196	\$ 369,313	\$ 2,750,878	\$ 2,195,806	\$ 50,677	\$ 2,895,277	\$ 3,310,484	\$ 81,196	\$ 11,984,827
Additions	-	-	-	143,913	-	59,578	54,053	4,369	261,913
Cost, end of year	331,196	369,313	2,750,878	2,339,719	50,677	2,954,855	3,364,537	85,565	12,246,740
Accumulated amortization, beginning of year	-	283,476	669,554	822,696	32,030	668,911	982,830	46,062	3,505,559
Amortization	-	51,084	46,193	56,644	1,832	40,711	28,210	7,269	231,943
Accumulated amortization, end of year	-	334,560	715,747	879,340	33,862	709,622	1,011,040	53,331	3,737,502
Net carrying amount, end of year	\$ 331,196	\$ 34,753	\$ 2,035,131	\$ 1,460,379	\$ 16,815	\$ 2,245,233	\$ 2,353,497	\$ 32,234	\$ 8,509,238

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Village of Hilton Beach
Schedule 2 - Consolidated Segment Disclosure

For the year ended December 31, 2014

	General Government	Protection	Trans- portation	Environ- mental	Health	Social and Family	Recreation and Cultural	Planning and Development	Consolidated Total
Revenue									
Taxation	\$ 156,380	\$ 37,089	\$ 33,150	\$ 6,389	\$ 25,165	\$ 29,576	\$ 62,018	\$ -	\$ 349,767
Government grants - Provincial	101,837	14,570	13,022	2,509	9,885	11,618	27,448	3,421	184,310
Government grants - Federal	-	-	8,679	-	-	-	-	-	8,679
Other municipalities	-	779	-	24,096	-	-	1,518	-	26,393
User fees and service charges	-	-	-	118,591	-	-	36,771	210,642	366,004
Licences, permits and rents	760	-	-	9,044	-	-	11,596	-	21,400
Penalties and interest on taxes	9,175	-	-	-	-	-	-	-	9,175
Investment income	-	424	-	-	-	-	-	-	424
Other	42,222	410	-	2,018	-	-	-	-	44,650
	310,374	53,272	54,851	162,647	35,050	41,194	139,351	214,063	1,010,802
Expenses									
Salaries and benefits	142,643	5,062	-	9,698	-	-	15,904	28,490	201,797
Materials and supplies	54,581	11,151	25,345	156,535	-	-	82,413	117,268	447,293
Contracted services	42,921	27,737	-	20,361	-	-	20,258	2,780	114,057
Rents and financial	10,088	-	4,371	-	-	-	-	12,767	27,226
External transfers and other	-	-	-	-	34,294	42,655	-	-	76,949
Amortization	10,516	2,839	7,643	91,015	-	-	45,520	76,927	234,460
	260,749	46,789	37,359	277,609	34,294	42,655	164,095	238,232	1,101,782
Net surplus	\$ 49,625	\$ 6,483	\$ 17,492	\$ (114,962)	\$ 756	\$ (1,461)	\$ (24,744)	\$ (24,169)	\$ (90,980)

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Village of Hilton Beach
Schedule 2 - Consolidated Segment Disclosure (Continued)

For the year ended December 31, 2013 (comparative figures)

	General Government	Protection	Trans- portation	Environ- mental	Health	Social and Family	Recreation and Cultural	Planning	Consolidated Total
Revenue									
Taxation	\$ 183,419	\$ 40,963	\$ 3,706	\$ 25,343	\$ 25,517	\$ 34,162	\$ 10,194	\$ 11,105	\$ 334,409
Government grants - Provincial	73,388	16,390	1,483	10,140	10,210	13,669	30,259	30,066	185,605
Government grants - Federal	-	-	18,675	-	-	-	2,193	-	20,868
Other municipalities	-	1,057	-	20,272	-	-	7,502	-	28,831
User fees and service charges	-	-	-	125,782	-	-	36,734	215,225	377,741
Licences, permits and rents	1,158	-	-	10,116	-	-	10,066	-	21,340
Penalties and interest on taxes	8,048	-	-	-	-	-	-	-	8,048
Other	1,180	-	-	1,781	-	-	-	-	2,961
	267,193	58,410	23,864	193,434	35,727	47,831	96,948	256,396	979,803
Expenses									
Salaries and benefits	128,689	4,872	7,518	8,015	-	-	39,023	42,880	230,997
Materials and supplies	57,659	14,378	29,948	150,709	-	-	109,039	127,475	489,208
Contracted services	40,005	22,515	840	18,414	-	-	7,235	4,301	93,310
Rents and financial	7,733	-	1,962	-	-	-	-	15,263	24,958
External transfers and other	-	-	-	-	33,358	44,660	-	-	78,018
Amortization	9,341	2,839	3,785	90,071	-	-	44,038	81,869	231,943
	243,427	44,604	44,053	267,209	33,358	44,660	199,335	271,788	1,148,434
Net surplus (deficit)	\$ 23,766	\$ 13,806	\$ (20,189)	\$ (73,775)	\$ 2,369	\$ 3,171	\$ (102,387)	\$ (15,392)	\$ (168,631)

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.



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Independent Auditor's Comments

To the Board Members, Members of Council, Inhabitants and Ratepayers of the Participating Municipalities as listed in the Note to Financial Statements

We have audited the financial statements of the Village of Hilton Beach, which comprise the statement of financial position as at December 31, 2014 and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have issued our report thereon dated August 6, 2015 which contained an unmodified opinion on those financial statements. The audit was performed to form an opinion on the financial statements as a whole. The supplementary statements of financial position as at December 31, 2014 and the statement of operations for the Hilton Union Public Library Board and the Hilton Union Fire Department are presented for the purposes of additional analysis and is not a required part of the financial statements. Such supplementary information is the responsibility of management and was derived from the underlying accounting and other records used to prepare the financial statements.

The supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such supplementary information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves.

Restriction on Distribution and Use

The supplementary information is prepared to assist the Village's departments to meet the financial reporting requirements of the participating municipalities. As a result, the supplementary information may not be suitable for another purpose. Our report is intended solely for the participating municipalities and should not be distributed to or used by other parties.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Sault Ste. Marie, Ontario
August 6, 2015

Hilton Union Public Library Board

Statement of Financial Position

December 31	2014	2013
Financial assets		
Cash	\$ 17,935	\$ 16,054
Short term investments	3,108	3,080
Accounts receivable	254	209
	<u>21,297</u>	<u>19,343</u>
Liabilities		
Accounts payable and accrued liabilities	1,428	1,587
Deferred revenue	-	359
	<u>1,428</u>	<u>1,946</u>
Net financial assets	19,869	17,397
Non-financial assets		
Tangible capital assets	<u>29,022</u>	<u>32,236</u>
Accumulated surplus	\$ 48,891	\$ 49,633

Hilton Union Public Library Board

Statement of Operations

For the year ended December 31	Budget 2014	2014	2013
Revenue			
Government transfers	\$ 3,558	\$ 3,807	\$ 4,111
Municipal contributions	20,132	23,232	20,170
Donations	500	2,037	4,281
Investment income	-	28	34
Fundraising	1,000	1,947	1,530
	<u>25,190</u>	<u>31,051</u>	<u>30,126</u>
Expenses			
Administration	1,250	3,292	1,513
Amortization	7,269	6,966	7,269
Books, periodicals and magazines	3,390	-	-
Computer and equipment replacements	-	220	157
Computer supplies	500	-	-
Insurance	2,550	2,651	2,587
Repairs and maintenance	200	151	48
Salaries and benefits	11,000	11,606	11,519
Special events	-	-	79
Telephone and internet	1,600	1,272	1,281
Travel	200	240	530
Utilities	4,500	5,395	4,626
	<u>32,459</u>	<u>31,793</u>	<u>29,609</u>
Annual surplus (deficit)	(7,269)	(742)	517
Accumulated surplus, beginning of year	40,589	49,633	49,116
Accumulated surplus, end of year	\$ 33,320	\$ 48,891	\$ 49,633

Hilton Union Fire Department Statement of Financial Position

December 31	2014	2013
Financial assets		
Cash	\$ 125,498	\$ 96,236
Liabilities		
Accounts payable and accrued liabilities	-	-
Net financial assets	<u>125,498</u>	<u>96,236</u>
Non-financial assets		
Tangible capital assets		
Firehall	44,034	44,034
Turnout gear	15,900	15,900
Vehicles - tanker and pumper	<u>80,240</u>	<u>80,240</u>
	140,174	140,174
Accumulated amortization	<u>(85,153)</u>	<u>(79,017)</u>
Net tangible capital assets	<u>55,021</u>	<u>61,157</u>
Accumulated surplus	<u>\$ 180,519</u>	<u>\$ 157,393</u>
Accumulated surplus is comprised of:		
Reserves	\$ 125,498	\$ 96,236
Equity in tangible capital assets	55,021	61,157
Operating surplus or deficit	<u>-</u>	<u>-</u>
	<u>\$ 180,519</u>	<u>\$ 157,393</u>

Participating Municipalities

The municipalities participating in the Board are:

Township of Hilton
Village of Hilton Beach

Hilton Union Fire Department Statement of Operations

For the year ended December 31	Budget (Unaudited)	2014	2013
Revenue			
Grants			
- Municipal operating	\$ 59,880	\$ 59,880	\$ 57,950
Interest earned	780	848	-
	<u>60,660</u>	<u>60,728</u>	<u>57,950</u>
Expenses			
Amortization	6,136	6,136	6,136
Audit fees	800	623	599
Building maintenance	100	-	-
Communication expense	2,000	2,295	2,027
Compressor maintenance	500	362	313
Equipment purchases and repairs	2,000	9	3,688
Hydrant maintenance	1,500	1,773	2,033
Insurance	6,675	6,678	6,407
Inspections	500	305	-
Mileage	200	-	-
Miscellaneous	2,270	2,408	2,191
Mutual aid	125	125	125
Power	2,000	2,876	2,022
Prevention	200	-	-
SCBA's	3,750	-	3,552
Telephone	360	145	152
Training and seminars	4,000	1,215	2,593
Truck - Fuel	750	432	580
- Repairs and maintenance	2,000	2,097	1,572
Wages and benefits			
- Chief and deputy	3,700	3,660	3,660
- Honorarium	4,000	4,000	3,700
- Benefits	2,450	2,463	2,384
	<u>46,016</u>	<u>37,602</u>	<u>43,734</u>
Annual surplus	14,644	23,126	14,216
Accumulated surplus, beginning of year	157,393	157,393	143,177
Accumulated surplus, end of year	<u>\$ 172,037</u>	<u>\$ 180,519</u>	<u>\$ 157,393</u>