

**The Corporation of the
Town of Fort Frances
Consolidated Financial Statements
For the year ended December 31, 2014**

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The Corporation of the Town of Fort Frances Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Corporation of the Town of Fort Frances and all the information in this annual report are the responsibility of management and have been approved by the Mayor and Treasurer on behalf of Council.

The consolidated financial statements have been prepared by management in accordance with Public Sector Accounting Principles. The consolidated financial statements are not precise since they include certain amounts based on estimates and judgments. 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 Town 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 Town's assets are appropriately accounted for and adequately safeguarded.

The Town 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 Council reviews the Town's consolidated financial statements and meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the consolidated financial statements and the external auditor's report.

The consolidated financial statements have been audited by BDO Canada LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. BDO Canada LLP have full and free access to the Council.

_____ Mayor

_____ Treasurer

Independent Auditor's Report

To the Mayor and Councilors of
The Corporation of the Town of Fort Frances

We have audited the accompanying consolidated financial statements of the Corporation of the Town of Fort Frances as at December 31, 2014, which comprise the Consolidated Statement of Financial Position as at December 31, 2014, and the Consolidated Statement of Operations, the Consolidated Statement of Change in Net Financial Assets and the Consolidated Statement of 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

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 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 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 judgement, 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 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 Corporation of the Town of Fort Frances as at December 31, 2014, and the results of operations, change in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

RDO CANADA LLP

Chartered Professional Accountants, Licensed Public Accountants

Fort Frances, Ontario
July 13, 2015

The Corporation of the Town of Fort Frances Consolidated Statement of Financial Position

December 31	2014	2013
Financial assets		
Cash and cash equivalents (Note 1)	\$ 3,139,580	\$ 834,722
Taxes receivable	782,999	971,238
Accounts receivable	2,360,851	2,813,640
Investments (Note 2)	9,297,508	8,073,024
Investment in government business enterprises (Note 3)	5,755,365	5,635,094
Loans receivable (Note 4)	571,111	664,077
	<u>21,907,414</u>	<u>18,991,795</u>
Liabilities		
Accounts payable and accrued liabilities	2,188,093	3,246,540
Deferred revenue (Note 6)	344,667	425,386
Net long-term debt (Note 7)	3,492,838	4,244,994
Solid waste closure and post-closure liabilities (Note 8)	804,420	781,060
Post-employment benefits liabilities (Note 9)	253,671	254,760
	<u>7,083,689</u>	<u>8,952,740</u>
Net financial assets	<u>14,823,725</u>	<u>10,039,055</u>
Non-financial assets		
Tangible capital assets (Note 10)	88,089,867	89,214,991
Tangible capital assets under construction	46,025	-
Land held for sale	899,417	658,634
Inventory of supplies	406,665	395,110
Prepaid expenses	261,160	264,811
	<u>89,703,134</u>	<u>90,533,546</u>
Accumulated surplus (Note 11)	<u>\$ 104,526,859</u>	<u>\$ 100,572,601</u>
Contingent liabilities (Note 14)		

_____ Treasurer _____ Mayor

The Corporation of the Town of Fort Frances Consolidated Statement of Operations

For the year ended December 31	Budget 2014	2014	2013
Revenue			
Taxation	\$ 11,223,533	\$ 11,963,436	\$ 9,479,614
Government transfers - Federal	1,821,292	793,639	390,600
Government transfers - Provincial	6,239,871	5,983,340	5,550,959
User fees and service charges	7,341,250	7,713,180	7,611,171
Permits, licenses and fines	68,450	61,064	77,773
Investment income	37,500	300,649	210,631
Income from government business enterprises (Note 3)	-	120,271	283,444
Other income (Note 12)	880,316	1,541,253	1,297,328
	<u>27,612,212</u>	<u>28,476,832</u>	<u>24,901,520</u>
Expenses			
General government	2,421,242	2,342,737	2,824,745
Protection services	4,322,970	4,418,644	4,669,438
Transportation services	4,492,996	4,491,569	4,604,774
Environmental services	4,880,024	5,341,259	4,582,944
Health services	1,826,755	1,784,954	1,721,460
Social and family services	1,728,925	1,725,620	1,750,042
Social housing	561,549	561,549	652,712
Recreation and cultural services	3,492,957	3,541,229	3,562,587
Planning and development	373,106	315,013	295,607
	<u>24,100,524</u>	<u>24,522,574</u>	<u>24,664,309</u>
Annual surplus	<u>3,511,688</u>	<u>3,954,258</u>	<u>237,211</u>
Accumulated surplus, beginning of year	<u>100,572,601</u>	<u>100,572,601</u>	<u>100,335,390</u>
Accumulated surplus, end of year	<u>\$104,084,289</u>	<u>\$104,526,859</u>	<u>\$100,572,601</u>

The Corporation of the Town of Fort Frances Consolidated Statement of Change in Net Financial Assets

For the year ended December 31	Budget 2014	2014	2013
Annual surplus	\$ 3,511,688	\$ 3,954,258	\$ 237,211
Acquisition of tangible capital assets	(6,383,330)	(2,755,289)	(4,316,488)
Amortization of tangible capital assets	3,905,550	3,716,663	3,667,953
Gain on sale of tangible capital assets	-	(3,242)	(9,260)
Proceeds on sale of tangible capital assets	-	6,032	9,262
Acquisitions, net of disposals, of land held for sale	-	(79,823)	(658,634)
Capitalization of assets under construction	-	(46,025)	15,136
	1,033,908	4,792,574	(1,054,820)
Acquisition of prepaid expenses and inventory of supplies	-	(7,904)	(55,038)
Net change in net financial assets	1,033,908	4,784,670	(1,109,858)
Net financial assets, beginning of year	10,039,055	10,039,055	11,148,913
Net financial assets, end of year	\$ 11,072,963	\$ 14,823,725	\$ 10,039,055

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

The Corporation of the Town of Fort Frances Consolidated Statement of Cash Flows

For the year ended December 31	2014	2013
Operating transactions		
Annual surplus	\$ 3,954,258	\$ 237,211
Items not involving cash		
Loss (income) from government business enterprises	(120,271)	(283,444)
Amortization	3,716,663	3,667,953
Loss (gain) on disposal of tangible capital assets	(3,242)	(9,260)
Loss (gain) on disposal of land held for sale	20,612	-
Changes in non-cash operating balances		
Taxes receivable	188,239	(134,888)
Accounts receivable	452,789	(793,975)
Loans receivable	92,967	90,767
Inventory of supplies	(11,555)	5,138
Prepaid expenses	3,651	(60,176)
Accounts payable and accrued liabilities	(1,058,447)	910,710
Deferred revenue	(80,719)	248,663
Solid waste closure and post-closure liabilities	23,360	166,644
Post-employment benefits	(1,089)	7,045
	<u>7,177,216</u>	<u>4,052,388</u>
Capital transactions		
Acquisition of tangible capital assets	(2,755,289)	(4,316,488)
Proceeds on sale of tangible capital assets	6,032	9,262
Capitalization of tangible capital assets under construction	(46,025)	15,136
	<u>(2,795,282)</u>	<u>(4,292,090)</u>
Investing transactions		
Decrease (increase) in investments	(1,224,484)	595,430
Acquisition of land assets held for sale	(145,936)	(658,634)
Proceeds on disposition of land assets held for sale	45,500	-
	<u>(1,324,920)</u>	<u>(63,204)</u>
Financing transactions		
Proceeds from issuance of long-term debt	-	1,200,000
Repayment of long-term debt	(752,156)	(865,909)
	<u>(752,156)</u>	<u>334,091</u>
Net change in cash and cash equivalents	2,304,858	31,185
Cash and cash equivalents, beginning of year	834,722	803,537
Cash and cash equivalents, end of year	\$ 3,139,580	\$ 834,722

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

The Corporation of the Town of Fort Frances Summary of Significant Accounting Policies

December 31, 2014

**Management's
Responsibility for the
Consolidated Financial
Statements**

The consolidated financial statements of the Corporation of the Town of Fort Frances are the representations of management. They have been prepared in accordance with Canadian accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Basis of Accounting

The consolidated financial statements of the Corporation of the Town of Fort Frances are the representations of management. They have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

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

The consolidated statement of financial position reflects all of the financial assets and liabilities of the Municipality. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations. 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. Accumulated surplus represents the financial position of the Municipality, and is the difference between its' assets and liabilities. This provides information about the Municipality's overall future revenue requirements and its' ability to finance activities and meet its' obligations.

Basis of Consolidation

The consolidated financial statements reflect the assets, liabilities, revenue and expenses of all municipal Organizations, committees and boards which are owned or controlled by the Municipality. All interfund assets and liabilities and revenues and expenditures have been eliminated on consolidation.

The following boards and municipal enterprises owned or controlled by Council have been consolidated:

Library Board
Waterworks
Business Improvement Area

The Corporation of the Town of Fort Frances Summary of Significant Accounting Policies

December 31, 2014

Basis of Consolidation
(continued)

A government partnership exists where the Municipality has shared control over the board or entity. The Municipality's pro-rata share of the assets, liabilities, revenues and expenditures are reflected in the consolidated financial statements using the proportionate consolidation method. No proportionate interest or government partnerships are reflected in the consolidated financial statements.

The following boards are not consolidated:

Northwestern Health Unit
Rainy River District Social Services Administration Board

Government business enterprises are separate legal entities which do not rely on the Municipality for funding. The Municipality's government business enterprises consist of investments in Fort Frances Power Corporation and Fort Frances Network Services Corporation. These investments are accounted for using the modified equity basis of accounting. Under this method, the government business enterprise's accounting policies, which follow Canadian generally accepted accounting principles for publicly accountable enterprises, are not adjusted to conform with Public Sector Accounting Standards and inter-entity transactions and balances are not eliminated.

**Cash and Cash
Equivalents**

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

Inventory

Inventory of supplies is recorded at the lower of cost or net replacement value.

Investments

The Municipality accounts for its investments at cost. The carrying value of an investment is written down to its net recoverable amount if a decline in value is judged to be other than temporary.

Loans Receivable

Loans receivable are reported on the Municipality's consolidated statement of financial position at the lower of cost and net recoverable value.

The Corporation of the Town of Fort Frances Summary of Significant Accounting Policies

December 31, 2014

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	40 years
Buildings	40 years
Machinery and equipment	10 to 15 years
Roads and bridges	15 to 80 years
Water infrastructure	40 to 80 years
Sewer infrastructure	40 to 80 years
Vehicles	7 to 12 years
Computer hardware and software	5 years

Revenue Recognition

The Municipality prepares property tax billings based on assessment rolls issued by the Municipal Property Assessment Corporation (MPAC), in accordance with rates established and approved annually by Council and the Province of Ontario. Taxation revenue is recognized 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 uncollectible amounts.

User fees and other revenues are recognized when the services are performed or goods are delivered and there is reasonable assurance of collection.

Government Transfers

Government transfers, which include legislative grants, are recognized as revenue in the consolidated financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. When transfer stipulations give rise to a liability, government transfers are recognized as deferred revenue and recognized as revenue when the stipulations are settled.

Solid Waste Landfills

The estimated costs to close and maintain solid waste landfill sites are based on estimated future expenses in current dollars, discounted, adjusted for estimated inflation, and are charged to expense as the landfill site's capacity is used.

The Corporation of the Town of Fort Frances Summary of Significant Accounting Policies

December 31, 2014

Retirement Benefits and Other Employee Benefit Plans

The Municipality is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. The Municipality has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The Municipality records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the Plan for past employee service.

School Boards

The Municipality collects taxation revenue on behalf of the school boards. The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards are not reflected in these consolidated financial statements.

Use of Estimates

The preparation of consolidated financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated 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.

The estimates used in preparation of these consolidated financial statements are the useful lives of the property, plant and equipment, the capacity of the landfill site, the useful life of the landfill site, the closure and post-closure costs of the landfill, the present value of the Municipality's employee post-retirement benefits, and taxation revenue.

Trust Funds

Trust Funds held in trust by the Municipality, and their related operations, are not included in these consolidated financial statements. The financial activity and position of the Trust Funds are reported separately on the Trust Funds statement of continuity and balance sheet.

The Corporation of the Town of Fort Frances Notes to Consolidated Financial Statements

December 31, 2014

1. Cash and Cash Equivalents

The balance of cash and cash equivalents reported on the consolidated statement of financial position is made up of the following:

	2014	2013
Unrestricted	\$ 853,594	\$ 111,768
Restricted by Council resolution	2,285,986	722,954
	<u>\$ 3,139,580</u>	<u>\$ 834,722</u>

Certain surplus funds are set aside by by-laws or Council resolution for specific purposes and referred to as reserve funds. Cash and cash equivalents restricted by Council resolution represent assets that are maintained in respect of those reserve funds (Note 11).

2. Investments

	2014	2013
Investments restricted by Council resolution		
Bond funds	\$ 7,510,233	\$ 7,301,156
Money market funds	2,468	2,447
GIC, 1.40% annual interest rate	-	767,830
GIC, 1.20% annual interest rate	777,728	-
	<u>8,290,429</u>	<u>8,071,433</u>
Unrestricted investments		
GIC, 1.35% annual interest rate	1,005,474	-
Money market funds	1,605	1,591
	<u>1,007,079</u>	<u>1,591</u>
	<u>\$ 9,297,508</u>	<u>\$ 8,073,024</u>

The income from investments for the year was \$224,470 (2013 - \$243,874).

The Corporation of the Town of Fort Frances Notes to Consolidated Financial Statements

December 31, 2014

2. Investments (continued)

The effective interest rate of the Municipality's restricted bond funds was 2.64% (2013 - 2.97%). The Municipality's restricted bond funds have a market value of \$7,513,837 (2013 - \$7,301,229).

The effective interest rate of the Municipality's restricted money market funds was 0.85% (2013 - 1.09%). The Municipality's restricted money market funds have a market value of \$2,394 (2013 - \$2,374).

The effective interest rate of the Municipality's unrestricted money market funds was 0.85% (2013 - 1.09%). The Municipality's unrestricted money market funds have a market value of \$1,605 (2013 - \$1,591).

Certain surplus funds are set aside by by-laws or Council resolution for specific purposes and referred to as reserve funds. Investments restricted by Council resolution represent assets that are maintained in respect of those reserve funds (Note 11).

3. Investment in Government Business Enterprises

	<u>2014</u>	<u>2013</u>
Fort Frances Power Corporation	\$ 5,700,629	\$ 5,578,643
Fort Frances Network Services Corporation	54,736	56,451
	<u>\$ 5,755,365</u>	<u>\$ 5,635,094</u>

The Corporation of the Town of Fort Frances Notes to Consolidated Financial Statements

December 31, 2014

3. Investment in Government Business Enterprises (continued)

Fort Frances Power Corporation

Fort Frances Power Corporation is a Corporation that was created for the purpose of distributing electrical power to the Town of Fort Frances. The Municipality holds 100% of the common shares of Fort Frances Power Corporation. The condensed supplementary financial information is as follows:

	2014	2013
Financial position		
Current assets	\$ 4,804,275	\$ 5,410,451
Property, plant and equipment	3,470,056	3,428,897
Regulatory assets	398,889	193,435
Future income tax assets	205,211	226,288
Total assets	8,878,431	9,259,071
Current liabilities	2,399,110	2,819,144
Employee future benefits	121,586	135,128
Regulatory liabilities	657,106	726,156
Total liabilities	3,177,802	3,680,428
Net assets		
Equity	\$ 5,700,629	\$ 5,578,643
Results of operations		
Revenue	\$ 10,628,620	\$ 10,255,731
Expenses	(10,506,634)	(9,971,141)
Net income for the year	\$ 121,986	\$ 284,590

On June 25, 2013, Local Distribution Corporation's ("LDC's") were provided with guidance by the Ontario Energy Board ("OEB") for the treatment of differences in amortization expense resulting from changes in their amortization policies as part of their planning for the transition to IFRS. In 2013, the Fort Frances Power Corporation completed a review of their property, plant and equipment and componentized certain assets that were previously considered one asset. The Fort Frances Power Corporation's amortization expense for the year end December 31, 2013, was reduced by \$114,729 as a result of the changes. As per the guidance provided by the "OEB" on June 25, 2013, the reduction of the Fort Frances Power Corporation's amortization was to be recognized as a regulatory liability at December 31, 2013. This regulatory liability was not recognized at December 31, 2013. The correction of this prior period error, on a retrospective basis, has resulted in a \$114,729 reduction to the Municipality's revenue and investment in government business enterprises for the year ended December 31, 2013.

The Corporation of the Town of Fort Frances Notes to Consolidated Financial Statements

December 31, 2014

3. Investment in Government Business Enterprises (continued)

Fort Frances Network Services Corporation

Fort Frances Network Services Corporation is a Corporation that was created for the purpose of providing utility maintenance services to the Town of Fort Frances. The Corporation was also an investor in Norwest Mobility, a cellular phone provider. The Municipality holds 100% of the common shares of Fort Frances Network Services Corporation. The condensed supplementary financial information is as follows:

	<u>2014</u>	<u>2013</u>
Financial position		
Cash and bank	\$ 56,479	\$ 57,046
Accounts receivable	135	215
	<u>56,614</u>	<u>57,261</u>
Total assets		
Current liabilities	<u>1,878</u>	810
Net assets		
Equity	<u>\$ 54,736</u>	<u>\$ 56,451</u>
Results of operations		
Revenue	\$ 552	\$ 520
Expenses	<u>(2,267)</u>	<u>(1,666)</u>
Net loss for the year	<u>\$ (1,715)</u>	<u>\$ (1,146)</u>

The Corporation of the Town of Fort Frances Notes to Consolidated Financial Statements

December 31, 2014

4. Loans Receivable

Loans receivable reported on the consolidated statement of financial position are comprised of the following:

	2014	2013
Fort Frances Community Clinic loan, repayable at \$5,556 monthly, non-interest bearing. Secured by a general security agreement in first priority position on and over any and all assets of the borrower. Matures August 1, 2022.	\$ 511,111	\$ 577,777
Debenture debt, annual payments of \$34,026, including interest at 9%. Matures September 1, 2016.	60,000	86,300
	<u>\$ 571,111</u>	<u>\$ 664,077</u>

Loans receivable are restricted by Council resolution and represent assets that are maintained in respect of reserve funds (Note 11).

5. Bank Indebtedness

Bank indebtedness is secured by general security agreements covering certain assets of the Municipality. The maximum authorized amount is \$4,000,000 and bears interest at the prime rate.

6. Deferred Revenue

	Opening balance	Contributions received	Externally restricted investment income	Revenue recognized	Ending balance
Federal and provincial gas tax	\$ 369,217	\$ 558,487	\$ 13,612	\$ (772,710)	\$ 168,606
Other	56,169	176,061	-	(56,169)	176,061
	<u>\$ 425,386</u>	<u>\$ 734,548</u>	<u>\$ 13,612</u>	<u>\$ (828,879)</u>	<u>\$ 344,667</u>

Federal and Provincial Gas Tax

The Federal and Provincial Governments advance the Municipality funding related to gasoline tax. This funding must be spent on approved infrastructure projects. The funding can be deferred for a maximum of 5 years.

The Corporation of the Town of Fort Frances Notes to Consolidated Financial Statements

December 31, 2014

7. Net Long-term Debt

Net long-term debt reported on the consolidated statement of financial position is comprised of the following:

	<u>2014</u>	<u>2013</u>
Demand bank loan, payable at \$15,558 monthly, including interest at 3.92%. Unsecured, matured December 24, 2014.	\$ -	\$ 183,407
Debenture debt, annual payments of \$229,023, including interest at rates between 6.3% to 9%. Unsecured, matures December 1, 2017.	1,111,107	1,446,502
Demand bank loan, payable at \$7,051 monthly, including interest at 3.3%. Unsecured, matures December 2017.	893,501	947,654
Demand bank loan, payable at \$7,791 monthly, plus interest at 4.19%. Unsecured, matures December 30, 2018.	373,944	467,431
Demand bank loan, payable at \$7,143 monthly, plus interest at 3.36%. Unsecured, matures December 31, 2027.	<u>1,114,286</u>	<u>1,200,000</u>
	<u>\$ 3,492,838</u>	<u>\$ 4,244,994</u>

Principal and interest repayments relating to net long-term debt of \$3,492,838 outstanding are due as follows:

	Principal Repayments	Interest	Total
2015	\$ 592,743	\$ 142,241	\$ 734,984
2016	618,264	110,737	729,001
2017	611,294	77,642	688,936
2018	240,992	29,154	270,146
2019	149,576	24,600	174,176
Thereafter	<u>1,279,969</u>	<u>91,560</u>	<u>1,371,529</u>
	<u>\$ 3,492,838</u>	<u>\$ 475,934</u>	<u>\$ 3,968,772</u>

The gross interest paid relating to the above long-term debt was \$176,731 (2013 - \$169,099).

The Corporation of the Town of Fort Frances Notes to Consolidated Financial Statements

December 31, 2014

8. Solid Waste Closure and Post-Closure Liabilities

Solid waste closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, removal of ground water and leachates, and ongoing environmental monitoring, site inspection and maintenance. The present value of the Municipality's estimated future liability for this expense is recognized as the landfill site's capacity is used. The liability and annual expense is calculated based on the ratio of utilization to total capacity of the landfill site and the discounted estimated cash flows associated with closure and post-closure activities.

The liability for the landfill site is recorded at \$804,420 (2013 - \$781,060) and represents the present value of closure and post-closure costs for 100% of the current site's opened cells, using the average long-term borrowing rate of 3.0%. The liability is recorded based on the capacity of the landfill used to date. The estimated remaining capacity of the site's opened cells are approximately 130,000 cubic meters, which will be filled in 13 years. Post-closure care is estimated to continue for a period of 25 years.

The liability is expected to be funded through budget allocations to a landfill reserve over the remaining life of the landfill. The Municipality has \$403,299 (2013 - \$306,868) in an investment which relates to the solid waste closure and post-closure liability. The landfill liability is therefore underfunded by \$401,121 (2013 - \$474,192) at year end.

The Corporation of the Town of Fort Frances Notes to Consolidated Financial Statements

December 31, 2014

9. Post-Employment Benefits Liabilities

Post-employment benefits liabilities reported on the consolidated statement of financial position are comprised of the following:

	2014	2013
Post-retirement benefits liability	\$ 234,921	\$ 236,010
Life insurance coverage	18,750	18,750
	<u>\$ 253,671</u>	<u>\$ 254,760</u>

On February 4, 2011, the Municipality became responsible for providing the following post-retirement benefits on behalf of its eligible full-time employees who are members of the Fort Frances Professional Fire Fighters Association:

- Extended health care
- Dental benefits

The latest actuarial valuation was performed on December 30, 2013.

Post-Retirement Benefits Liabilities	2014	2013
Accrued post-retirement benefits obligation	\$ 212,117	\$ 210,591
Unamortized net estimation adjustment	22,804	25,419
Post-retirement benefits liabilities	<u>\$ 234,921</u>	<u>\$ 236,010</u>

Post-Retirement Benefits Expenditures	2014	2013
Current year service costs	\$ 2,304	\$ 2,455
Interest on accrued benefit obligation	7,822	9,141
Amortization of net estimation adjustments	(2,615)	2,249
Post-retirement benefits expenditures	<u>\$ 7,511</u>	<u>\$ 13,845</u>
Benefit payments during the year	<u>\$ 8,600</u>	<u>\$ 6,800</u>

The significant actuarial assumptions adopted and estimated for the calculation of the accrued benefit obligations are as follows:

	2014	2013
Discount on accrued benefit obligations	3.75%	3.75%
Dental cost trend rates	4.0%	4.0%
Extended health care trend rates	7.5%	7.5%

For December 31, 2014, extended health care trend rates are assumed to be 7.5%, decreasing by 0.25% per annum beginning in 2015 to an ultimate rate of 4.5% thereafter.

As at December 31, 2014, the Municipality's post-retirement benefits were 100% unfunded.

**The Corporation of the Town of Fort Frances
Notes to Consolidated Financial Statements**

December 31, 2014

10. Tangible Capital Assets

	2014						
	Land and land improvements	Buildings	Machinery and equipment	Roads and bridges	Water infrastructure	Sewer infrastructure	Computer hardware and software
Cost, beginning of year	\$ 3,245,926	\$ 52,093,000	\$ 6,301,466	\$ 52,355,525	\$ 18,392,693	\$ 20,292,964	\$ 3,128,374
Additions	180,459	155,547	182,065	1,034,486	340,955	738,373	90,004
Disposals	(160,960)	-	(98,102)	-	-	-	(116,425)
Cost, end of year	3,265,425	52,248,547	6,385,429	53,390,011	18,733,648	21,031,337	3,101,953
Accumulated amortization, beginning of year	262,211	20,190,060	3,551,985	26,424,405	5,935,475	8,262,616	2,169,635
Amortization	42,067	1,089,077	323,739	1,453,686	275,937	300,755	144,124
Disposals	-	-	(95,312)	-	-	-	(116,425)
Accumulated amortization, end of year	304,278	21,279,137	3,780,412	27,878,091	6,211,412	8,563,371	2,197,334
Net carrying amount, end of year	\$ 2,961,147	\$ 30,969,410	\$ 2,605,017	\$ 25,511,920	\$ 12,522,236	\$ 12,467,966	\$ 904,619
							\$ 147,552
							\$ 88,089,867

December 31, 2014

											2013
	Land and land improvements	Buildings	Machinery and equipment	Roads and bridges	Water infrastructure	Sewer infrastructure	Vehicles	Computer hardware and software			
Cost, beginning of year	\$ 3,226,622	\$ 50,886,324	\$ 6,102,378	\$ 50,459,465	\$ 18,015,430	\$ 19,744,008	\$ 3,128,374	\$ 540,846	\$152,103,447		
Additions	19,306	1,206,676	199,088	1,896,060	377,263	548,956	-	69,139	4,316,488		
Disposals	(2)	-	-	-	-	-	-	(11,659)	(11,661)		
Cost, end of year	3,245,926	52,093,000	6,301,466	52,355,525	18,392,693	20,292,964	3,128,374	598,326	156,408,274		
Accumulated amortization, beginning of year	225,118	19,099,971	3,228,698	25,008,862	5,664,905	7,970,617	2,012,671	326,147	63,536,989		
Amortization	37,093	1,090,089	323,287	1,415,543	270,570	291,999	156,964	82,408	3,667,953		
Disposals	-	-	-	-	-	-	-	(11,659)	(11,659)		
Accumulated amortization, end of year	262,211	20,190,060	3,551,985	26,424,405	5,935,475	8,262,616	2,169,635	396,896	67,193,283		
Net carrying amount, end of year	\$ 2,983,715	\$ 31,902,940	\$ 2,749,481	\$ 25,931,120	\$ 12,457,218	\$ 12,030,348	\$ 958,739	\$ 201,430	\$ 89,214,991		

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The Corporation of the Town of Fort Frances Notes to Consolidated Financial Statements

December 31, 2014

11. Accumulated Surplus

The Municipality segregates its accumulated surplus in the following categories:

	2014	2013
Investment in tangible capital assets		
Tangible capital assets	\$ 88,135,892	\$ 89,214,991
Long-term debt	(3,492,838)	(4,244,994)
Land held for sale	899,417	658,634
Total investment in tangible capital assets	85,542,471	85,628,631
General operating	101,960	(63,204)
Water	-	-
Sewer	-	-
Business improvement area	75,732	56,390
Total operating surplus (deficit)	177,692	(6,814)
Other allocated deficits		
Landfill closure	(804,420)	(781,060)
Employee future benefits	(253,671)	(254,760)
Total other allocated deficits	(1,058,091)	(1,035,820)
Reserve funds		
Waterworks projects	6,952,607	5,271,577
Water pollution control plant	-	1,271,917
Replacement of vehicles and equipment	1,426,407	1,402,420
Library building	599,083	297,161
Landfill closure	403,298	306,868
Parks and cemeteries	48,587	45,931
Social and family assistance	135,398	22,500
Corporate projects and contingencies	3,727,235	913,483
Townsend theatre	80,901	83,747
Total reserve funds	13,373,516	9,615,604
Working capital reserve	735,906	735,906
Investment in government business enterprises	5,755,365	5,635,094
	\$104,526,859	\$100,572,601

The investment in tangible capital assets represents amounts already spent and invested in infrastructure and other non-financial assets.

Reserve funds represent funds set aside by by-law or Council resolution for specific purposes.

The Corporation of the Town of Fort Frances Notes to Consolidated Financial Statements

December 31, 2014

12. Other Income

	2014	2013
Penalties and interest on taxes	\$ 154,146	\$ 142,923
Rents, concessions and franchises	107,728	103,071
Donations	636,319	96,897
Gain (loss) on sale of tangible capital assets	3,242	9,260
Gain (loss) on sale of land held for sale	(20,612)	-
Provincial offences	295,896	251,407
Insurance proceeds and other recoveries	364,534	693,770
	<u>\$ 1,541,253</u>	<u>\$ 1,297,328</u>

13. Expenses by Object

	2014	2013
Salaries, wages and employee benefits	\$ 7,982,055	\$ 7,981,870
Long-term debt charges - interest	176,731	169,099
Materials	4,032,103	3,749,717
Contracted services	5,232,006	5,038,356
Rents and financial expenses	737,812	1,283,979
Contributions to other organizations	2,645,204	2,773,335
Amortization	3,716,663	3,667,953
	<u>\$ 24,522,574</u>	<u>\$ 24,664,309</u>

14. Contingent Liabilities

Various lawsuits have been filed against the Municipality for incidents which arose in the ordinary course of business as well as land claims. These lawsuits include the following specific claims:

A claim in the amount of \$2,000,000 has been filed against the Municipality that is in relation to disputed costs between the Municipality and a contractor involved in the rehabilitation of Municipal infrastructure. Management believes that any future loss as a result of this claim will be insured by the Municipality's insurance policy.

A claim in the amount of \$1,000,000 has been filed against the Municipality that is in relation to disputed costs between the Municipality and a contractor involved in the rehabilitation of Municipal infrastructure.

The Corporation of the Town of Fort Frances Notes to Consolidated Financial Statements

December 31, 2014

14. Contingent Liabilities (continued)

The Municipality is the defendant in a claim relating to damages arising from a property damage suffered by a Corporation while the Municipality was undertaking capital construction work. The amount claimed is \$5,000,000 plus interest and costs. Management believes this claim will be insured by the insurance policy of the contractor involved, as the Municipality has been specifically added to the insured's policy in relation to the capital work in question.

In the opinion of management and legal counsel, the outcome of the lawsuits, now pending, is not determinable. Should any loss result from the resolution of these claims, such loss will be charged to operations in the year of resolution.

15. Commitments

As a result of the restructuring of Rainycrest Home for the Aged, the Municipality has agreed to annual contributions to Riverside Health Care Facilities, Inc. for support of Long-term Care Programs and Services, until the year ended December 31, 2016.

The committed annual payments for the next two years are as follows:

Year	Amount
2015	\$120,904
2016	\$ 60,276

The Corporation of the Town of Fort Frances Notes to Consolidated Financial Statements

December 31, 2014

16. Operations of School Boards

	2014	2013
During the year, the following taxation revenue was raised and remitted to the school boards	<u>\$ 1,713,919</u>	<u>\$ 1,491,863</u>

17. Pension Agreements

OMERS provides pension services to more than 451,115 active and retired members and approximately 974 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2014. The results of this valuation disclosed total actuarial liabilities of \$77,284 million in respect of benefits accrued for service with actuarial assets at that date of \$70,206 million indicating an actuarial deficit of \$7,078 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Municipality does not recognize any share of the OMERS pension surplus or deficit. Contributions made by the Municipality to OMERS for 2014 were \$518,626 (2013 - \$510,050) for current services.

18. Trust Funds

The Trust Funds administered by the Municipality amounting to \$1,495,390 (2013 - \$1,477,612) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations.

19. Contributions to Unconsolidated Boards

The following contributions were made by the Municipality to these boards:

	2014	2013
Northwestern Health Unit	\$ 329,163	\$ 347,142
Rainy River District Social Services Administration Board		
Ambulance service	1,092,516	1,040,469
General assistance	145,323	188,662
Child care	113,956	105,919
Social housing	561,549	652,712
	<u>\$ 2,242,507</u>	<u>\$ 2,334,904</u>

The Corporation of the Town of Fort Frances Notes to Consolidated Financial Statements

December 31, 2014

20. Segmented Information

The Corporation of the Town of Fort Frances is a diversified municipal government institution that provides a wide range of services to its citizens. The management of the Municipality considers decisions based on separate service areas. These service areas are: general government, protection services, transportation services, environmental services, health services, social and family services, social housing, recreation and cultural services and planning and development.

Descriptions of the services and funds that management bases their decisions on, are as follows:

General Government

General government consists of governance, Corporate management and program support. These categories relate to operations of all of the various programs and services that the Municipality offers to its citizens.

Protection Services

Protection is comprised of police service and fire protection. Police service is contracted out to the Ontario Provincial Police. The fire department is responsible to provide fire suppression service, fire prevention programs, training and education related to prevention, detection or extinguishment of fires.

Transportation Services

The transportation services area provides construction and maintenance of the roadways throughout the Municipality as well as the municipal airport.

Environmental Services

Environmental services consists of the management and maintenance of the sanitary sewer system, waterworks system and waste disposal facility located within the municipal borders.

Health Services

Health services are comprised of public health services and ambulance service. The Municipality contributes to local boards which provide these services to the citizens of the Municipality.

The Corporation of the Town of Fort Frances Notes to Consolidated Financial Statements

December 31, 2014

20. Segmented Information (continued)

Social and Family Services

Social and family services are comprised of general assistance, child care and assistance to the aged. The Municipality contributes to local boards which provide these services to the citizens of the Municipality.

Social Housing

The Municipality contributes to a local board, which provides social housing if the citizens of the Corporation of the Town of Fort Frances require the service.

Recreation and Cultural Services

This service area consists of the operation and maintenance of local parks, recreation facilities, cultural facilities and the town library.

Planning and Development

These services relate to zoning issues as well as planning of various municipal maintenance projects.

The Corporation of the Town of Fort Frances Notes to Consolidated Financial Statements

December 31, 2014

20. Segmented Information (continued)

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Family Services	Social and Family Services	Social Housing	Recreation and Cultural Services	Planning and Development	2014 Total
Revenue											
Taxation	\$ 813,507	\$ 2,144,224	\$ 1,732,468	\$ 2,256,539	\$ 1,473,700	\$ 256,441	\$ 876,857	\$ 1,653,117	\$ 756,583	\$ 11,963,436	
Fees and user charges	247,719	49,221	636,180	5,587,447	64,911	183,777	-	871,348	72,577	7,713,180	
Conditional grants	675,216	23,428	940,367	715,819	-	1,199,969	-	152,680	-	3,707,479	
Unconditional grants	208,724	550,151	444,505	578,968	378,112	65,796	224,978	424,146	194,119	3,069,499	
Other	137,579	362,628	292,992	381,622	249,230	43,369	148,293	279,573	127,952	2,023,238	
	<u>2,082,745</u>	<u>3,129,652</u>	<u>4,046,512</u>	<u>9,520,395</u>	<u>2,165,953</u>	<u>1,749,352</u>	<u>1,250,128</u>	<u>3,380,864</u>	<u>1,151,231</u>	<u>28,476,832</u>	
Expenses											
Wages and benefits	1,235,764	1,076,141	1,531,172	1,055,316	225,350	934,005	-	1,837,632	86,675	7,982,055	
Long-term debt charges (interest)	69,455	-	18,274	24,979	-	-	-	64,023	-	176,731	
Materials	352,625	380,272	639,666	1,380,071	51,304	237,374	-	834,655	156,136	4,032,103	
Contracted services	240,270	2,833,381	531,157	1,412,176	4,352	37,881	-	116,305	56,484	5,232,006	
Rents and financial	253,508	25,172	64,671	276,702	-	7,138	-	94,943	15,678	737,812	
External transfers	67,728	61,450	-	18,635	1,494,680	441,162	561,549	-	-	2,645,204	
Amortization	123,387	42,228	1,706,629	1,173,380	9,268	68,060	-	593,671	40	3,716,663	
	<u>2,342,737</u>	<u>4,418,644</u>	<u>4,491,569</u>	<u>5,341,259</u>	<u>1,784,954</u>	<u>1,725,620</u>	<u>561,549</u>	<u>3,541,229</u>	<u>315,013</u>	<u>24,522,574</u>	
Net surplus (deficit)	<u>\$ (259,992)</u>	<u>\$ (1,288,992)</u>	<u>\$ (445,057)</u>	<u>\$ 4,179,136</u>	<u>\$ 380,999</u>	<u>\$ 23,732</u>	<u>\$ 688,579</u>	<u>\$ (160,365)</u>	<u>\$ 836,218</u>	<u>\$ 3,954,258</u>	

The Corporation of the Town of Fort Frances Notes to Consolidated Financial Statements

December 31, 2014

20. Segmented Information (continued)

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Family Services	Social and Services	Social Housing	Recreation and Cultural Services	Planning and Development	2013 Total
Revenue											
Taxation	\$ 143,840	\$ 3,247,893	\$ 2,469,986	\$ 1,735	\$ 1,268,892	\$ 219,985	\$ 149,517	\$ 1,797,017	\$ 180,749	\$ 9,479,614	
Fees and user charges	279,937	77,766	553,926	5,450,818	57,118	200,023	-	913,783	77,800	7,611,171	
Conditional grants	316,952	18,553	1,225,970	92,492	-	960,861	-	129,431	-	2,744,259	
Unconditional grants	130,083	451,500	642,486	-	386,201	445,040	503,195	601,893	36,902	3,197,300	
Other	903,438	822,529	-	73,321	4,993	19,789	-	45,106	-	1,869,176	
	1,774,250	4,618,241	4,892,368	5,618,366	1,717,204	1,845,698	652,712	3,487,230	295,451	24,901,520	
Expenses											
Wages and benefits	1,214,513	1,220,808	1,768,087	786,688	205,480	869,338	-	1,831,486	85,470	7,981,870	
Long-term debt charges (interest)	32,267	-	23,565	32,365	-	-	-	79,832	1,070	169,099	
Materials	339,997	738,696	663,475	801,680	31,677	229,821	-	812,756	131,615	3,749,717	
Contracted services	221,171	2,590,317	428,630	1,522,953	14,480	43,793	-	159,597	57,415	5,038,356	
Rents and financial	835,505	27,544	49,310	252,889	-	6,361	-	92,489	19,881	1,283,979	
External transfers	64,976	40,264	-	18,378	1,460,612	536,393	652,712	-	-	2,773,335	
Amortization	116,316	51,809	1,671,707	1,167,991	9,211	64,336	-	586,427	156	3,667,953	
	2,824,745	4,669,438	4,604,774	4,582,944	1,721,460	1,750,042	652,712	3,562,587	295,607	24,664,309	
Net surplus (deficit)	\$ (1,050,495)	\$ (51,197)	\$ 287,594	\$ 1,035,422	\$ (4,256)	\$ 95,656	\$ -	\$ (75,357)	\$ (156)	\$ 237,211	

For each reported segment, revenues and 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. Taxation, payments-in-lieu of taxes, certain government grants and other revenue have been apportioned based on a percentage of budgeted expenditures.

Independent Auditor's Report

To the Mayor and Councilors of
The Corporation of the Town of Fort Frances

We have audited the accompanying financial information for the trust funds of the Corporation of the Town of Fort Frances, which comprise the balance sheet as at December 31, 2014, and the statement of continuity for the year then ended and a summary of significant accounting policies and other explanatory information. The financial information has been prepared by management based on the basis of accounting as described in Note 1.

Management's Responsibility for the Financial Information

Management is responsible for the preparation and fair presentation of this financial information in accordance with the basis of accounting as described in Note 1; this includes determining that the basis of accounting is an acceptable basis for the presentation of the financial information in the circumstances, and for such internal control as management determines is necessary to enable the preparation of the financial information that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial information 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 financial information is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial information. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial information, 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 information 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, if any, made by management, as well as evaluating the overall presentation of the financial information.

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 financial information presents fairly, in all material respects, the balance sheet for the trust funds of the Corporation of the Town of Fort Frances as at December 31, 2014, and the statement of continuity for the year then ended, in accordance with the basis of accounting as described in Note 1.

Basis of Accounting and Restriction of Use

Without modifying our opinion, we draw attention to the significant accounting policies section of the financial information which describes the basis of accounting. The financial information is prepared to assist the Corporation of the Town of Fort Frances to comply with the reporting requirements of the Ministry of Consumer Services. As a result, the financial information may not be suitable for another purpose. Our report is intended solely for the management of the Corporation of the Town of Fort Frances and the Ministry of Consumer Services and should not be used by parties other than the management of the Corporation of the Town of Fort Frances and the Ministry of Consumer Services.

BDO CANADA LLP

Chartered Professional Accountants, Licensed Public Accountants

Fort Frances, Ontario
July 13, 2015

The Corporation of the Town of Fort Frances Trust Funds Balance Sheet

December 31, 2014	Cemetery Care and Maintenance	Cemetery Special Care	Community Chest	Rainy River District School Board	2014 Total	2013 Total
Assets						
Cash	\$ -	\$ 770	\$ 78,539	\$ -	\$ 79,309	\$ 78,370
Accounts receivable						
Own Municipality	-	-	22	-	22	18
Investments						
Other	281,365	688,491	-	461,227	1,431,083	1,511,000
	<u>\$ 281,365</u>	<u>\$ 689,261</u>	<u>\$ 78,561</u>	<u>\$ 461,227</u>	<u>\$ 1,510,414</u>	<u>\$ 1,589,388</u>
Liabilities						
Own Municipality	\$ -	\$ 15,024	\$ -	\$ -	\$ 15,024	\$ 111,776
Balance capital	281,365	674,237	78,561	461,227	1,495,390	1,477,612
	<u>\$ 281,365</u>	<u>\$ 689,261</u>	<u>\$ 78,561</u>	<u>\$ 461,227</u>	<u>\$ 1,510,414</u>	<u>\$ 1,589,388</u>

Statement of Continuity

December 31, 2014	Cemetery Care and Maintenance	Cemetery Special Care	Community Chest	Rainy River District School Board	2014 Total	2013 Total
Balance, beginning of year	\$ 273,379	\$ 671,021	\$ 77,454	\$ 455,758	\$ 1,477,612	\$ 1,445,331
Capital receipts						
Care receipts and contributions	7,986	10,001	-	-	17,987	23,787
Interest earned	7,722	18,503	808	5,469	32,502	17,133
Donations	-	-	74,377	-	74,377	52,964
	<u>15,708</u>	<u>28,504</u>	<u>75,185</u>	<u>5,469</u>	<u>124,866</u>	<u>93,884</u>
Expenditures						
Administration	-	-	220	-	220	222
Transfers to Municipality	-	6,785	-	-	6,785	4,883
Interest paid to cemetery	7,722	18,503	-	-	26,225	11,555
Grants	-	-	73,858	-	73,858	44,943
	<u>7,722</u>	<u>25,288</u>	<u>74,078</u>	<u>-</u>	<u>107,088</u>	<u>61,603</u>
Balance, end of year	<u>\$ 281,365</u>	<u>\$ 674,237</u>	<u>\$ 78,561</u>	<u>\$ 461,227</u>	<u>\$ 1,495,390</u>	<u>\$ 1,477,612</u>

The Corporation of the Town of Fort Frances Trust Funds Notes to Financial Statements

December 31, 2014

1. Summary of Significant Accounting Policies

Management's Responsibility The financial information of the Corporation of the Town of Fort Frances Trust Funds is the representation of management and has been prepared in accordance with Canadian Generally Accepted Accounting Principles. Precise determination of some assets and liabilities may be dependent upon future events and estimates and approximations. These estimates and approximations have been based upon the available information, using careful judgment and review.

Accrual Basis of Accounting Sources of financing and expenditures are reported on the accrual basis of accounting.

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

2. Cemetery Care and Maintenance Trust

The Cemetery Care and Maintenance Trust Fund was established in accordance with the Cemeteries Act for the care and maintenance of certain cemetery grounds.

3. Community Chest Trust

The Community Chest Trust Fund was established to provide grants to individuals to support them with the costs of travel for medical purposes.

4. Rainy River District School Board Trust

The Rainy River District School Board Trust Fund was established as security during the construction of the new Robert Moore School and the Education Centre, and the demolition of the old Robert Moore School.

5. Statement of Changes in Cash Flows

A statement of changes in cash flows has not been provided since the sources and uses of cash are readily apparent from the financial information provided.