

THE VILLAGE OF NEWBURY
Consolidated Financial Statements
Year Ended December 31, 2014



THE VILLAGE OF NEWBURY
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Year Ended December 31, 2014

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INDEPENDENT AUDITOR'S REPORT

To the Members of Council and Ratepayers of The Village of Newbury

We have audited the accompanying financial statements of The Village of Newbury, which comprise the consolidated statements of financial position and changes in net financial assets as at December 31, 2014 and the consolidated statements of operations and municipal position 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

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 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 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 consolidated financial statements.

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

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Independent Auditor's Report to the Members of Council and Ratepayers of The Village of Newbury
(continued)

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of The Village of Newbury as at December 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

**Strathroy, Ontario
September 29, 2015**

Woods Pearson & Associates
CHARTERED ACCOUNTANTS LLP
Licensed Public Accountants

THE VILLAGE OF NEWBURY
Consolidated Statement of Financial Position
As at December 31, 2014

	2014	2013
FINANCIAL ASSETS		
Cash	\$ 238,105	\$ 267,011
Taxes receivable	45,947	47,931
Accounts receivable	33,480	22,485
HST receivable	13,590	11,667
Inventory	2,664	1,752
Short term investments <i>(Note 3)</i>	100,000	-
Total Financial Assets	433,786	350,846
LIABILITIES		
Accounts payable and accrued liabilities	87,506	56,526
Deferred revenue	10,283	20,240
Total Liabilities	97,789	76,766
NET FINANCIAL ASSETS	\$ 335,997	\$ 274,080
NON-FINANCIAL ASSETS		
Tangible capital assets <i>(Note 5)</i>	6,056,471	6,194,627
ACCUMULATED SURPLUS	\$ 6,392,468	\$ 6,468,707

ON BEHALF OF THE COUNCIL

Director

Director

See notes to financial statements

THE VILLAGE OF NEWBURY
Consolidated Statement of Change in Net Financial Assets
Year Ended December 31, 2014

	2014	2013
Annual surplus (deficit)	\$ (76,239)	\$ (128,572)
Gain on disposal of tangible capital assets	(51,152)	-
Acquisition of tangible capital assets	(60,052)	(11,389)
Amortization Expense	198,208	193,203
Proceeds on sale of tangible capital assets	51,152	-
	138,156	181,814
Net financial assets, beginning of year	61,917 274,080	53,242 220,838
Net financial assets, end of year	\$ 335,997	\$ 274,080

THE VILLAGE OF NEWBURY
Consolidated Statement of Operations and Municipal Position
Year Ended December 31, 2014

	Budget 2014	2014	2013
REVENUES			
Net municipal taxation	\$ 251,072	\$ 249,580	\$ 234,984
User charges	255,589	370,120	285,820
Government Grants	171,605	186,422	156,994
Interest income	-	353	28
Penalties and interest on taxes	6,000	5,601	7,257
Other	8,638	12,395	10,670
Proceeds from disposition of capital assets	-	51,152	-
	692,904	875,623	695,753
EXPENDITURES			
General Government	176,598	296,556	225,353
Protection Services	115,522	107,627	116,008
Transportation Services	23,500	27,839	23,894
Environmental Services	297,091	446,963	413,110
Health Services	714	1,164	714
Recreational and cultural services	29,779	35,093	37,824
Planning and development	49,700	36,620	7,422
	692,904	951,862	824,325
ANNUAL SURPLUS (DEFICIT)	-	(76,239)	(128,572)
ACCUMULATED SURPLUS - BEGINNING OF YEAR	-	6,468,707	6,597,279
ACCUMULATED SURPLUS - END OF YEAR	\$ -	\$ 6,392,468	\$ 6,468,707

See notes to financial statements

THE VILLAGE OF NEWBURY
Consolidated Statement of Cash Flows
Year Ended December 31, 2014

	2014	2013
OPERATING ACTIVITIES		
Net revenue (expenditure)	\$ (76,239)	\$ (128,572)
Items not affecting cash:		
Amortization	198,208	193,203
Gain on sale of tangible capital assets	(51,152)	-
	70,817	64,631
Changes in non-cash working capital:		
Accounts receivable	(10,995)	(3,270)
Taxes receivable	1,984	14,015
Inventory	(912)	(321)
Prepaid expenses	-	1,033
HST receivable	(1,923)	(3,725)
Accounts payable and accrued liabilities	30,980	(22,779)
Deferred income	(9,957)	14,000
	9,177	(1,047)
Cash flow from operating activities	79,994	63,584
INVESTING ACTIVITIES		
Proceeds on disposal of tangible capital assets	51,152	-
Purchase of tangible capital assets	(60,052)	(11,389)
Cash flow used by investing activities	(8,900)	(11,389)
INCREASE IN CASH FLOW	71,094	52,195
Cash - beginning of year	267,011	214,816
CASH - END OF YEAR	\$ 338,105	\$ 267,011
CASH CONSISTS OF:		
Cash	\$ 238,105	\$ 267,011
Term deposits	100,000	-
	\$ 338,105	\$ 267,011

See notes to financial statements

THE VILLAGE OF NEWBURY
Notes to Financial Statements
Year Ended December 31, 2014

1. NATURE OF OPERATIONS

The Village of Newbury (the "Village") is a municipality in the Province of Ontario and conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation. The Village provides municipal services such as fire, public works, planning, parks, recreation and other general government services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management's responsibility for financial statements and basis of preparation

The consolidated financial statements of the Village are the responsibility of management. They have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant accounting policies are as follows:

Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenditures and fund balances of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Village and which are owned or controlled by the Village. Inter-departmental and inter-organizational transactions and balances between these organizations have been eliminated. The following entity has been consolidated; Newbury Community Services Inc. ("NCS"). During the year the Village provided operating funding to NCS totalling \$19,267 (2013 - \$18,423).

Basis of accounting

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

Fund accounting

Funds within the consolidated financial statements consist of current, capital and reserve funds. Transfers between funds are recorded as adjustments to the appropriate municipal fund balance.

Financial instruments

The municipality's financial instruments consist of cash, taxes receivable, accounts receivable and accounts payable and accrued liabilities. Unless otherwise noted, it is managements opinion that the municipality is not exposed to any significant interest, currency or credit risks arising from the financial instruments. The fair values of these financial instruments approximate their carrying value, unless otherwise noted. The carrying value of long-term receivables, debt recoverable from others and long-term debt approximates fair value because the interest rate approximates current market value.

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THE VILLAGE OF NEWBURY
Notes to Financial Statements
Year Ended December 31, 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Measurement uncertainty

Certain amounts in the financial statements are subject to measurement uncertainty and are based on the municipality's best information and judgment. Actual results could differ from these estimates.

Examples of significant estimates include:

- providing for amortization of tangible capital assets;
- the estimated useful lives of assets;
- the allowance for inventory obsolescence;
- the recoverability of tangible assets;
- and accrued liabilities.

Budget figures

Budget figures have been provided for comparison purposes. Given the differences between the funding model and generally accepted accounting principles for local governments established by PSAB, certain budgeted amounts have been reclassified to reflect the presentation adopted under PSAB. The Village does not prepare budget figures for changes in net financial assets.

Reserves and reserve funds

Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to and from reserves and reserve funds are recorded as adjustments to the respective fund balance when approved.

Government grants

Government grants (transfers) are the transfer of assets from senior levels of government that are not the results of an exchange transaction, are not expected to be repaid in the future or are the result of a direct financial return.

Government grants are recognized in the financial statements as revenue in the fiscal period in which events giving rise to the grant occurs, providing the grants are authorized, any eligible criteria have been met including performance and return requirements, and reasonable estimates of the amounts can be determined.

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THE VILLAGE OF NEWBURY
Notes to Financial Statements
Year Ended December 31, 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Tangible capital assets

Tangible capital assets are stated at cost less accumulated amortization. Tangible capital assets are amortized over their estimated useful lives at the following rates and methods (one half the normal amortization rate in the year of acquisition):

Buildings	33 - 50 years	straight-line method
Buildings (NCS)	5%	declining balance method
Wastewater Treatment Plant	50 years	straight-line method
Sewer System	50 years	straight-line method
Waterworks System	50 years	straight-line method
Recreational Equipment and Splashpad	15 years	straight-line method
Drains	50 years	straight-line method
Motor vehicles	5-25 years	straight-line method
Sidewalks	15 years	straight-line method
Roads and Improvements	20 years	straight-line method
Streetlights	20 years	straight-line method
Equipment	20%	declining balance method
Signage	10 years	straight-line method

The municipality regularly reviews its tangible capital assets to eliminate obsolete items. The municipality capitalizes all land acquisitions and items or groups of items, if deemed appropriate, with a cost greater than \$2,500. Grants are treated as a reduction of the cost of the asset.

County and Education taxes

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

3. SHORT TERM INVESTMENTS

Short term investments are comprised of two \$50,000 guaranteed income certificates investments bearing interest at an annual rate of 1.15% and maturing on March 9, 2015. The market value of these guaranteed investment certificates is the same as the carrying value.

4. BANK INDEBTEDNESS

The Village uses a line of credit from time to time to fund expenditures that are one time in nature that the Village is waiting for reimbursement from Government bodies. The line of credit incurs interest at the Royal Bank of Canada ("RBC") prime rate. The RBC prime rate at December 31, 2014 was 3%. There was no use of this line of credit at the end of either 2014 or 2013.

THE VILLAGE OF NEWBURY
Notes to Financial Statements
Year Ended December 31, 2014

5. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2014 Net book value	2013 Net book value
Land	\$ 135,606	\$ -	\$ 135,606	\$ 135,606
Buildings	318,958	75,649	243,309	250,732
Wastewater Treatment Plant	2,980,948	685,618	2,295,330	2,354,949
Sewer System	2,680,750	616,001	2,064,749	2,118,364
Waterworks System	1,915,435	895,156	1,020,279	1,051,239
Recreational Equipment and Splashpad	175,535	58,512	117,023	128,726
Drains	126,057	56,253	69,804	72,275
Motor vehicles	83,574	41,559	42,015	52,891
Sidewalks	108,775	102,107	6,668	7,720
Roads and Improvements	82,104	80,051	2,053	6,158
Streetlights	53,000	39,750	13,250	15,900
Equipment	45,099	7,445	37,654	67
Signage	9,191	460	8,731	-
	\$ 8,715,032	\$ 2,658,561	\$ 6,056,471	\$ 6,194,627

6. ACCUMULATED SURPLUS

	2014	2013
The accumulated surplus is comprised as follows:		
Revenue Fund	\$ 113,277	\$ 125,211
Reserves and reserve funds (Schedule 1)	222,720	148,869
Investment in tangible capital assets	6,056,471	6,194,627
	\$ 6,392,468	\$ 6,468,707

7. PUBLIC SECTOR SALARY DISCLOSURE

In accordance with the provisions of the Public Sector Salary Disclosure Act, 1996, no employee of the Village was paid \$100,000 or more.

8. COMMITMENT FOR DRAINAGE WORK

During the year the Village completed a Drainage Report on the Tucker Street Drain. Construction totalling \$163,500 (plus tax) is anticipated during 2015. The Village is responsible for \$113,614 of the total and the balance of \$49,886 will be invoiced out to benefiting landowners who have an option to pay the total in full immediately or over a 5 year period.

THE VILLAGE OF NEWBURY
Notes to Financial Statements
Year Ended December 31, 2014

9. PENSION AGREEMENT

The Village makes contributions to the Ontario Municipal Employee Retirement Fund (OMERS), which is a multi-employer plan, on behalf of its employee. The plan is a defined benefit plan, which specifies the amount of retirement benefit to be received by the employee based on the length of service and rates of pay. The amount contributed to OMERS on behalf of current service was \$5,351 (2013 - \$6,015) and is included as an expenditure on the "Consolidated Statement of Operations and Municipal Position". The Village has no obligation under past service provisions at the end of the year.

The OMERS Administration Corporation Board of Directors, 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. OMERS provides pension services to more than 451,115 active and retired members and 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 \$76,924 million (2013 - \$73,004 million) in respect of benefits accrued for service with actuarial assets at that date of \$69,846 million (2013 - \$64,363) million indicating an actuarial deficit of \$7,078 million (2013 - \$8,641million). Because OMERS is a multi-employer pension plan, any pension plan surpluses or deficits are a joint responsibility of the Ontario municipal organizations and their employees. As a result, the Municipality does not recognize any share of the OMERS pension surplus or deficit.

10. EXPENDITURE BY OBJECT

As required by Section 2700 of the Public Sector Accounting Board reporting requirements, these financial statements report on expenditures by function. The Village's expenditure by object are as follows:

	2014	2013
Salaries, wages and benefits	\$ 115,784	\$ 112,541
Amortization	198,208	193,203
Materials and supplies	379,437	287,006
Contracted services	250,524	231,575
Other	7,909	-
	\$ 951,862	\$ 824,325

THE VILLAGE OF NEWBURY
Notes to Financial Statements
Year Ended December 31, 2014

11. SEGMENTED INFORMATION

The Village provides a wide range of services to its citizens. For management reporting purposes the Village's operations are organized and reported along departmental lines by the services they provide. The following departments have been separately disclosed in the segmented information, along with a description of their services.

(a) General Government: includes support to Council for policy development, by-law development in compliance with the Municipal Act, tax billing and collection responsibilities, financial management reporting, monitoring and overall budget status as well as frontline reception and customer service.

(b) Protective Services: includes policing, fire protection, protective inspection and control and emergency measures. The mandate of the police services contract 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. Fire protection includes detection, extinguishing and suppression services; and prevention education and training programs. Inspection and control includes building inspection, by-law enforcement and dog control services.

(c) Transportation Services: This department provides the winter and summer maintenance, the repair and the construction of the municipal roads system including bridges and culverts.

(d) Environmental Services: Includes the management and maintenance of the water and sewage systems, solid waste and recycling programs.

(e) Health Services: This department provides minor funding towards shared costs of a shuttle bus to provide transportation for Village residents to the local hospital.

(e) Recreation and Cultural Services: Provides recreation and leisure programs and facilities, including a library, parks and recreation fields.

(f) Planning and Development: Manages rural development for business interests, environmental concerns, heritage matters, local neighbourhoods and community development and drainage work.

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.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

12. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

THE VILLAGE OF NEWBURY
Consolidated Schedule of Reserve and Reserve Funds
Year Ended December 31, 2014

(Schedule 1)

Reserves and Reserve Funds consist of the following:

	2014	2013
Reserve and Reserve Funds		
Working Capital	13,544	12,530
Sewer	39,592	14,248
Fire Equipment	4,762	3,362
Water	69,074	53,849
General Building	68,821	44,957
Mosa Landfill	21,500	15,500
Official Plan Reserve	5,427	4,423
TOTAL OF RESERVES AND RESERVE FUNDS	\$ 222,720	\$ 148,869

**The Village of Newbury
Consolidated Schedule of Segment Disclosure
Year Ended December 31, 2014**

(Schedule 2)

	General Government	Protective Services	Transportation Services	Environmental Services	Health Services	Recreation and Cultural Services	Planning and Development	Total 2014	Total 2013
REVENUE									
Property taxation	\$ 70,674	\$ 90,016	\$ 20,032	\$ 19,067	\$ 63	\$ 15,579	\$ 34,149	\$ 249,580	\$ 234,984
User charges	92,458	1,285	-	274,619	-	1,758	-	370,120	285,820
Government grants	182,680	-	-	-	-	3,742	-	186,422	156,994
Investment income	353	-	-	-	-	-	-	353	28
Penalties and interest on taxes	5,601	-	-	-	-	-	-	5,601	7,257
Gain on sale of tangible capital assets	51,152	-	-	-	-	-	-	51,152	-
Other	11,381	-	-	-	-	1,014	-	12,395	10,670
	414,299	91,301	20,032	293,686	63	22,093	34,149	875,623	695,753
EXPENDITURE									
Salaries, wages and benefits	115,785	-	-	-	-	-	-	115,785	112,541
Amortization	5,327	16,326	7,807	153,277	-	13,000	2,471	198,208	193,203
Materials and supplies	112,646	27,724	20,032	176,377	1,164	15,289	26,204	379,436	287,006
Contracted services	54,889	63,577	-	117,309	-	6,804	7,945	250,524	231,575
Other	7,909	-	-	-	-	-	-	7,909	-
	296,556	107,627	27,839	446,963	1,164	35,093	36,620	951,862	824,325
NET REVENUE (EXPENDITURE)	\$ 117,743	\$ (16,326)	\$ (7,807)	\$ (153,277)	\$ (1,101)	\$ (13,000)	\$ (2,471)	(76,239)	(128,572)
ACCUMULATED SURPLUS - BEGINNING OF YEAR								6,468,707	6,597,279
ACCUMULATED SURPLUS - END OF YEAR								\$ 6,392,468	\$ 6,468,707

This schedule is unaudited and is provided for information purposes only

See notes to financial statements

The Village of Newbury
Schedule of Tangible Capital Assets
Year Ended December 31, 2014

	Opening	Additions	Disposals	Balance	Accumulated	Net Carrying	Deletions	Amortization	Accumulated	Net Carrying
	Balance			End of	Amortization	Amount			Amortization	Amount
				Year	Beginning	Beginning			End of	End of
					of Year	of Year			Year	Year
Land	\$ 135,606	\$ -	\$ 1	\$ 135,605	\$ -	\$ 135,606	\$ -	\$ -	\$ -	\$ 135,605
Buildings	318,958	-	-	318,958	68,225	250,733	-	7,424	75,649	243,309
Wastewater Treatment Plant	2,980,948	-	-	2,980,948	625,999	2,354,949	-	59,619	685,618	2,295,330
Sewer System	2,680,750	-	-	2,680,750	562,386	2,118,364	-	53,615	616,001	2,064,749
Waterworks System	1,906,353	9,082	-	1,915,435	855,114	1,051,239	-	40,042	895,156	1,020,279
Recreation Equipment and Splashpad	175,535	-	-	175,535	46,809	128,726	-	11,703	58,512	117,023
Drains	126,057	-	-	126,057	53,782	72,275	-	2,471	56,253	69,804
Motor Vehicles	176,275	-	92,700	83,575	123,384	52,891	92,700	10,875	41,559	42,016
Sidewalks	108,775	-	-	108,775	101,055	7,720	-	1,052	102,107	6,668
Roads and Improvements	82,104	-	-	82,104	75,946	6,158	-	4,105	80,051	2,053
Streetlights	53,000	-	-	53,000	37,100	15,900	-	2,650	39,750	13,250
Signage	-	9,191	-	9,191	-	-	-	460	460	8,731
Equipment	3,320	41,779	-	45,099	3,253	67	-	4,192	7,445	37,654
Total	\$ 8,747,681	\$ 60,052	\$ 92,701	\$ 8,715,032	\$ 2,553,053	\$ 6,194,628	\$ 92,700	\$ 198,208	\$ 2,658,561	\$ 6,056,471

See notes to financial statements