



Consolidated Financial Statements

Town of Stratford

December 31, 2014

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The Town of Stratford

Management's responsibility for financial reporting

December 31, 2014

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the consolidated financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the consolidated financial statements. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current period cannot be finalized with certainty until future periods.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements.

The Council is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control, and exercises these responsibilities through the Council. The Council reviews internal financial statements on a monthly basis and external audited consolidated financial statements yearly. The Council also discusses any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The external auditors, Grant Thornton LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of the Town of Stratford and meet when required. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the consolidated financial statements.

On behalf of the Town of Stratford

CAO

Mayor

Independent auditors' report

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To His Worship the Mayor and members of the Town Council of
The Town of Stratford

We have audited the accompanying consolidated financial statements of the Town of Stratford, which comprise the consolidated statement of financial position as at December 31, 2014, and the consolidated statements of operations, cash flows and changes in net debt 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 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 financial position of the Town of Stratford 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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Charlottetown, Prince Edward Island

May 12, 2015

Chartered Accountants

Town of Stratford

Consolidated statement of operations and accumulated surplus

Year ended December 31

		2014	2013
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenue			
Property taxes (Note 8)	\$ 3,236,700	\$ 3,238,441	\$ 3,095,076
Government transfers			
Municipal support grant	896,800	905,748	896,780
Infrastructure	2,794,000	2,235,711	1,434,702
Rental	188,000	202,789	195,901
Third party revenue	202,600	219,685	190,351
Other revenue	47,100	432,495	97,440
Interest	27,800	22,682	36,145
Stratford Utility Corporation	<u>1,746,600</u>	<u>1,750,373</u>	<u>1,730,253</u>
	<u>9,139,600</u>	<u>9,007,924</u>	<u>7,676,648</u>
Expenses			
General government	2,415,700	2,755,146	2,545,481
Finance	419,300	387,155	397,787
Recreation	653,300	624,579	588,469
Public works	634,000	650,842	605,302
Planning	321,700	306,494	325,879
Stratford Utility Corporation	1,470,700	1,909,740	1,946,803
Stratford Business Park	<u>3,473</u>	<u>6,437</u>	<u>4,564</u>
	<u>5,918,173</u>	<u>6,640,392</u>	<u>6,414,284</u>
Annual surplus	<u>\$ 3,221,427</u>	<u>\$ 2,367,532</u>	<u>\$ 1,262,365</u>
Accumulated surplus, beginning of year		\$ 28,578,876	\$ 27,316,511
Annual surplus		<u>2,367,532</u>	<u>1,262,365</u>
Accumulated surplus, end of year		<u>\$ 30,946,408</u>	<u>\$ 28,578,876</u>

See accompanying notes and schedules to the consolidated financial statements.

Town of Stratford**Consolidated statement of financial position**

December 31

2014**2013**

Financial assets

Cash and cash equivalents

Unrestricted

\$ 190,093 \$ 51,421

Receivables

Trade

554,508 800,686

HST

173,536 75,671

Federal and Provincial grants

497,346 582,977

Restricted cash (Note 5)

663,287 1,222,010

Inventory held for resale

10,359 12,867

Leases, loans and contributions receivable (Note 2)

198,387 232,093

Land held for resale, at cost

876,089 179,758

Long term investments (Note 3)

132,500 132,500

Advances to Stratford Community Seniors' Complex Ltd.,
non-interest bearing, no set terms of repayment19,742 14,8403,315,848 3,304,823**Liabilities**

Bank indebtedness and short term borrowings (Note 4)

894,384 1,237,079

Payables and accruals

Trade

628,422 687,614

Capital assets

663,346 208,206

Holdbacks

590,487 72,953

Deferred revenue (Note 5)

663,287 1,222,010

Employee benefits payable (Note 6)

101,247 116,602

Long term debt (Note 7)

9,316,634 9,306,96312,857,807 12,851,426**Net debt**

(9,541,959) (9,546,604)

Non-financial assets

Prepays

43,395 41,695

Tangible capital assets

40,444,972 38,083,786**Accumulated surplus (Note 9)**\$ 30,946,408 \$ 28,578,876

Commitments (Note 12)

On behalf of the Council

Mayor

Chief Administrative Officer

See accompanying notes and schedules to the consolidated financial statements.

Town of Stratford**Consolidated statement of change in net debt**

Year ended December 31	Budget	2014	2013
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Decrease (increase) in net debt

Annual surplus	\$ 3,221,427	\$ 2,367,532	\$ 1,262,365
Acquisition of tangible capital assets	(4,418,500)	(3,691,370)	(2,083,426)
Disposal of tangible capital assets	-	954	-
Depreciation and amortization	<u>492,000</u>	<u>1,329,230</u>	<u>1,223,438</u>
	<u>\$ (705,073)</u>	<u>6,345</u>	<u>402,377</u>
Change in prepaid		<u>(1,700)</u>	<u>(4,591)</u>
Decrease in net debt		4,645	397,785
Net debt, beginning of year		<u>(9,546,604)</u>	<u>(9,944,389)</u>
Net debt, end of year		<u>\$ (9,541,959)</u>	<u>\$ (9,546,604)</u>

See accompanying notes and schedules to the consolidated financial statements.

Town of Stratford

Consolidated statement of cash flows

Year ended December 31

2014

2013

Increase (decrease) in cash and cash equivalents

Operating activities

Annual surplus	\$ 2,367,532	\$ 1,262,365
Depreciation and amortization	<u>1,329,230</u>	<u>1,223,438</u>
	3,696,761	2,485,802

Change in non-cash working capital

Receivables	(45,883)	(92,787)
Leases, loans and contributions receivable	9,681	14,166
Prepays	(1,701)	(4,591)
Inventories of materials and supplies	2,508	757
Payables, accruals and deferred revenue	<u>1,177,955</u>	<u>(416,778)</u>
	4,839,321	1,986,570

Financing activities

Payment of long-term debt		
Town	(350,420)	(408,111)
Utility	(497,796)	(435,297)
Proceeds of issuance of long-term debt	857,887	-
Increase in bank indebtedness	<u>(342,696)</u>	<u>719,506</u>
	(333,025)	(123,902)

Investing activities

Resident capital contributions	24,024	26,529
Advances from Stratford Community Seniors' Complex Ltd.	<u>(4,901)</u>	<u>(12,089)</u>
	19,123	14,440

Capital activities

Purchase of tangible capital assets	(3,691,370)	(2,083,427)
Disposal of tangible capital assets	954	-
Development of land held for re-sale	<u>(696,331)</u>	<u>-</u>
	(4,386,747)	(2,083,427)

Net increase (decrease) in cash and cash equivalents **138,672** (206,320)

Cash and cash equivalents,

Beginning of year	<u>51,421</u>	<u>257,741</u>
End of year	\$ 190,093	\$ 51,421

See accompanying notes and schedules to the consolidated financial statement

Town of Stratford

Schedule of consolidated tangible capital assets

December 31, 2014

	Land	Buildings & Facility	Computer & Equipment	Vehicle	Other	Roads and Paving	Sewer	Water	2014	2013
Cost										
Opening balance	\$ 1,914,517	\$ 7,176,335	\$ 1,176,659	\$ 1,206,750	\$ 1,118,925	\$ 4,864,899	\$ 21,237,675	\$ 13,659,036	\$ 52,354,796	\$ 50,271,561
Acquisition of tangible capital assets	7,179	155,032	121,167		-	790,643	2,288,828	328,521	3,691,370	2,083,235
Disposal of capital assets	-	-	-	(954)	-	-	-	-	(954)	
Balance, end of year	<u>1,921,695</u>	<u>7,331,367</u>	<u>1,297,826</u>	<u>1,205,796</u>	<u>1,118,925</u>	<u>5,655,542</u>	<u>23,526,503</u>	<u>13,987,557</u>	<u>56,045,212</u>	<u>52,354,796</u>
Accumulated amortization										
Opening balance	-	2,527,950	1,048,584	887,721	1,002,449	2,060,262	4,926,550	1,817,495	14,271,011	13,047,785
Annual amortization	-	177,912	90,310	148,549	5,110	183,241	447,642	276,466	1,329,230	1,223,226
Balance, end of year	<u>-</u>	<u>2,705,862</u>	<u>1,138,894</u>	<u>1,036,270</u>	<u>1,007,559</u>	<u>2,243,502</u>	<u>5,374,192</u>	<u>2,093,961</u>	<u>15,600,240</u>	<u>14,271,011</u>
Net book value of tangible capital assets	<u>\$ 1,921,695</u>	<u>\$ 4,625,505</u>	<u>\$ 158,931</u>	<u>\$ 169,526</u>	<u>\$ 111,367</u>	<u>\$ 3,412,040</u>	<u>\$ 18,152,312</u>	<u>\$ 11,893,596</u>	<u>\$ 40,444,972</u>	<u>\$ 38,083,785</u>

Town of Stratford

Notes to the consolidated financial statements

December 31, 2014

1. Summary of significant accounting policies

The consolidated financial statements of the Town of Stratford "the Town" are prepared by management in accordance with Canadian Public Sector Accounting Standards (PSAS) of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Town are as follows:

Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenditures and changes in net debt and in financial position of the reporting entity. The reporting entity is comprised of all organizations and committees that are accountable to the Town for administration of their financial affairs and resources, and which are owned or controlled by the Town.

Consolidated entities

The organizations included in the consolidated financial statements are as follows:

Stratford Utility Corporation
Stratford Business Park Corporation Inc.

Interdepartmental and organization transactions and balances are eliminated.

The financial activities of certain entities associated with the Town of Stratford are considered to be separate organizational entities and are not consolidated. The Town's transactions with these entities are recorded in the consolidated statement of financial activities. These entities include:

Stratford Community Seniors' Complex Ltd.

Basis of accounting

The basis of accounting followed in the consolidated financial statement presentation includes revenues in the period in which the transactions or events occurred that gave rise to the revenues and expenditures in the period the goods and services are acquired and a liability is incurred.

Fund accounting

Funds within the consolidated financial statements consist of the operating and reserve funds for the general operations, the water and sewer utility, and the business park. Transfers between funds are recorded as adjustments to the appropriate fund balance.

Budget

The budget figures contained in these financial statements were approved by Council on February 12, 2014 in its original fiscal plan.

Revenue recognition

- (a) Tax revenue is property tax billings which are received directly from the Province of Prince Edward Island. Taxes are billed based on the assessment rolls provided by the Province of Prince Edward Island at rates set by the Town. Taxation revenue is recorded as it is received in monthly instalments from the Province of Prince Edward Island. Assessments and the related property taxes are subject to appeal to the Province of Prince Edward by residents. The Town's revenue is adjusted for any of these appeals using a yearly statement.

Town of Stratford

Notes to the consolidated financial statements

December 31, 2014

1. Summary of significant accounting policies (cont'd)

Revenue recognition (cont'd)

- (b) Government transfers are transfers of monetary assets or tangible assets from a government to an individual, an organization or another government that are not the result of an exchange transaction, expected to be repaid in the future or expected to produce a direct financial return. Government transfers received are recognized in the consolidated financial statements as revenue when the transfers are authorized and all eligibility criteria have been met except when there is a stipulation that gives rise to an obligation that meets the definition of a liability. In that case, the transfer is recorded as a liability and recognized as revenue as the stipulations are met.

Government transfers made to a recipient by the Town are recorded as an expense when they are authorized and the recipient meets all eligibility criteria.

- (c) Utility revenues are recorded when billed and receivable and collectability is reasonably assured.

- (d) Other revenue is recorded when it is earned and collectability is reasonably assured.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances on deposit with banks. Bank borrowings are considered to be financing activities.

Inventories of materials and supplies

Inventories are valued at the lower of cost and net realizable value.

Land held for resale

Inventories of land are valued at original cost plus any development costs incurred to date.

Tangible capital assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset.

Half of the annual amortization is charged in the year of acquisition. Assets under construction are not amortized until the asset is available for productive use.

All costs associated with placing an asset in service, including freight, installation costs, site preparation costs, alterations, and professional fees are included in the capitalized value.

Interest expense on capital debt incurred during the construction or renovation of an asset is included in the capitalized value.

Tangible capital assets contributed from private subdivisions are capitalized in the year they are received and corresponding revenue is recorded when received.

Town of Stratford

Notes to the consolidated financial statements

December 31, 2014

1. Summary of significant accounting policies (cont'd)

a) Depreciation – general

Rates and bases of depreciation applied to write-off the cost of property and equipment over their estimated lives are as follows:

Multi purpose facility	40 year straight line
Buildings	40 year straight line
Other assets	10-50 year straight line
Sidewalks, parks, and paving	25 year straight line
Vehicles	7 year straight line
Machinery and equipment	10 year straight line
Small equipment	5 year straight line
Computer hardware and software	4 year straight line

b) Depreciation – sewer and water utility

Rates and bases of depreciation applied to write-off the cost of capital assets over their estimated lives are as follows:

Sewer systems	50 year straight line
Water systems	50 year straight line
Computer software	4 year straight line
Machinery and equipment	10 year straight line
Small equipment	5 year straight line
Vehicles	7 year straight line

Management estimates

The presentation of consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those reported. Management provides estimates on the followings areas; depreciation of tangible capital assets and employee benefit payables.

Reserves

The reserve funds are credited by specific charges as a direct transfer from surplus.

Town of Stratford

Notes to the consolidated financial statements

December 31, 2014

2. Leases, loans and contributions receivable 2014 2013

CHANCES Inc., 5.48% capital lease, repayable in equal monthly instalments of \$1,020 consisting of principal and interest.

\$ 41,407 \$ 51,088

Donald Baker, Bakeridge Properties Inc., George Bagnall and K-Right Communications Limited, non-interest bearing until April 2016, at which time interest will begin to accrue at a rate equal to the Town's cost of borrowing, repayable at the earlier of any sale, transfer or development of certain property.

125,000 125,000

Capital contributions receivable.

31,980 56,005

\$ 198,387 \$ 232,093

3. Long term investments, at cost 2014 2013

Charlottetown Area Development Corporation (CADC),
50 common shares

\$ 132,500 \$ 132,500

4. Bank indebtedness and short term borrowings

The Town of Stratford has total authorized operating lines of credit as follows:

- \$750,000 authorized, of which \$504,415 was unused at December 31, 2014 (2013 - \$341,877),
- \$2,000,000 authorized, of which \$2,000,000 was unused at December 31, 2014 (2013 - \$1,634,329),
- \$800,000 (2013 - \$350,000) authorized, of which \$151,201 was unused at December 31, 2014 (2013 - \$350,000).

Bank indebtedness consists of:

	<u>2014</u>	<u>2013</u>
Operating line balance	\$ (840,084)	\$ (773,794)
Outstanding cheques	(95,494)	(470,885)
Outstanding deposits	<u>41,194</u>	<u>7,600</u>
	<u>\$ (894,384)</u>	<u>\$ (1,237,079)</u>

Town of Stratford

Notes to the consolidated financial statements

December 31, 2014

5. Deferred revenue

During the year the Town was allocated \$767,006 (2013 - \$679,388) under the New Deal Gas Tax Funding for Incorporated Communities agreement. Total proceeds of \$776,997 received by the Town as at December 31, 2014 is comprised of \$767,006 plus interest of \$9,991. The Town must use their allocation of the New Deal Gas Tax funds for eligible infrastructure and capacity building projects.

	<u>2014</u>	<u>2013</u>
Deferred, beginning of year	\$1,222,010	\$ 984,447
Received	776,997	685,800
Spent	<u>(1,335,720)</u>	<u>(448,237)</u>
Deferred, end of year	<u>\$ 663,287</u>	<u>\$1,222,010</u>

Under the Agreement on the Transfer of Federal Gas Tax Revenues through the New Deal for Cities and Communities, the Town has received revenues which are restricted for expenditure on eligible projects. During the year, \$1,335,720 (2013 - \$448,237) was spent on eligible projects. The Town has prepared, and the governmental regulating body has accepted, a Capital Investment Plan which details anticipated expenditures.

6. Employee benefits

Employees accumulate sick leave at the rate of 1.25 days per month. Employees who reach the age of 60 may take a lump sum payment of half of their accumulated sick leave credits up to a maximum of 75 days payment at retirement. At December 31, 2014, the liability for unused sick leave, that is required to be paid out upon severance or retirement, amounted to \$101,247 (2013 - \$116,602). No actuarial valuation has been performed pertaining to this liability.

The Town matches employees' contributions to a Registered Retirement Savings Plan (RRSP) up to a maximum of 6% of their annual salary. During the year there was \$71,756 (2013 - \$71,211) contributed to RRSP plans. This represented both the Town's and the employees' portion of the contribution.

Town of Stratford

Notes to the consolidated financial statements

December 31, 2014

7. Long term debt	<u>2014</u>	<u>2013</u>
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Town of Stratford

4.67% Bank of Montreal loan payable in equal monthly instalments of \$2,685 including interest, maturing in December 2017, amortized to December 2022.	\$ 191,470	\$ 214,180
2.31% Royal Bank loan payable in equal monthly instalments of \$11,410 including interest, maturing in March 2018, amortized to April 2023.	1,027,687	1,139,542
4.45% Royal Bank loan payable in equal monthly instalments of \$24,903 including interest, maturing in May 2018, amortized to January 2024.	2,094,807	2,295,817
Loans repaid during the year	-	14,846
	<u>3,313,964</u>	<u>3,664,385</u>

Stratford Utility Corporation

5.32% Bank of Montreal loan payable in equal monthly instalments of \$5,225 including interest, maturing in and amortized to April 2016.	80,594	137,367
4.73% Bank of Montreal loan payable in equal monthly instalments of \$2,582 including interest, maturing in November 2016, and amortized to November 2021.	55,858	83,495
4.63% Pacific and Western loan payable in equal monthly instalments of \$5,617 including interest, maturing in October 2018, amortized to June 2023.	482,840	526,776
3.77% Bank of Montreal loan payable in equal monthly instalments of \$3,537 including interest, maturing in and amortized to July 2021.	247,768	280,335
4.67% Bank of Montreal loan payable in equal monthly instalments of \$3,249 including interest, maturing in November 2015, amortized to November 2020.	200,518	229,409
4.73% Bank of Montreal loan payable in equal monthly instalments of \$2,847 including interest, maturing in November 2016 and amortized to November 2021.	61,597	92,066

Town of Stratford

Notes to the consolidated financial statements

December 31, 2014

7. Long term debt (cont'd)	<u>2014</u>	<u>2013</u>
3.03% Bank of Montreal loan payable in equal monthly instalments of \$2,708 including interest, maturing in March 2023, amortized to March 2023.	236,933	261,844
4.88% Bank of Montreal loan payable in equal monthly instalments of \$1,073 including interest, maturing in March 2017, amortized to March 2022.	78,082	86,920
2.86% TD Bank loan payable in equal monthly instalments of \$3,077 including interest, maturing in December 2015, amortized to December 2024.	321,000	343,345
4.63% Royal Bank loan payable in equal monthly instalments of \$3,205 including interest, maturing in January 2019, amortized to December 2023.	284,795	309,375
4.72% Bank of Montreal loan payable in equal monthly instalments of \$4,762 including interest, maturing in December 2015, amortized to December 2025.	488,169	521,424
4.72% Pacific & Western loan payable in equal monthly instalments of \$4,519 including interest, maturing in April 2017, amortized to March 2027.	502,128	531,889
5.01% Royal Bank loan payable in equal monthly instalments of \$6,830 including interest, maturing in December 2017, amortized to December 2028.	782,267	823,686
4.87% Royal Bank loan payable in equal monthly instalments of \$3,302 including interest, maturing in April 2019, amortized to April 2029.	408,484	427,711
3.98% CMHC loan payable in equal annual instalments of \$19,054 including interest, maturing in February 2025, amortized to February 2025.	172,641	184,985
3.92% CMHC loan payable in equal annual instalments of \$53,878 including interest, maturing in March 2026, amortized to March 2026.	522,935	556,579
5.18% Bank of Montreal loan payable in equal monthly instalments of \$1,859 including interest, maturing in April 2020, amortized to April 2030.	235,533	245,374
3.45% TD Bank loan payable in equal monthly instalments of \$4,943 including interest, maturing in May 2024, amortized to May 2024.	840,526	-
	<u>6,002,668</u>	<u>5,642,580</u>
	<u>\$ 9,316,634</u>	<u>\$ 9,306,963</u>

Town of Stratford

Notes to the consolidated financial statements

December 31, 2014

7. Long term debt (cont'd)

As security for the loans, the Town has provided a first charge on specific equipment and a first mortgage on specific property and a borrowing resolution.

Based on current repayment amounts, principal repayments in each of the next five years are due as follows:

	<u>General</u>	<u>Utility</u>	<u>Total</u>
2015	\$ 348,029	\$ 537,154	\$ 885,183
2016	361,366	511,789	873,155
2017	375,252	453,903	829,155
2018	389,712	473,159	862,871
2019	<u>404,769</u>	<u>493,799</u>	<u>898,568</u>
	<u>\$ 1,879,128</u>	<u>\$ 2,469,804</u>	<u>\$ 4,348,932</u>

8. Property taxes

	<u>2014</u>	<u>2013</u>
Commercial property tax	\$ 298,919	\$ 285,686
Non-commercial property tax	<u>2,939,522</u>	<u>2,809,390</u>
	<u>\$3,238,441</u>	<u>\$3,095,076</u>

Town of Stratford

Notes to the consolidated financial statements

December 31, 2014

9. Accumulated surplus

	<u>2014</u>	<u>2013</u>
Municipal position		
Reserve funds	\$ 782,838	\$ 729,853
Operating funds	<u>30,163,570</u>	<u>27,849,023</u>
	<u>\$ 30,946,408</u>	<u>\$ 28,578,876</u>
Reserve funds		
Balance, beginning of year	\$ 729,853	\$ 707,647
Allocations to reserves (net)	<u>52,985</u>	<u>22,206</u>
Balance, end of year	<u>\$ 782,838</u>	<u>\$ 729,853</u>
Comprising of:		
Town		
Dedication fees	\$ 93,078	\$ 86,608
Election	8,360	33,000
Utility capital contribution	131,286	152,126
Town capital project	135,803	135,803
Heritage grant reserve	15,523	10,000
Pondside park dredging reserve	21,000	14,000
Stratford's of the World	9,745	7,295
Utility		
Water supply capital contribution	<u>372,943</u>	<u>291,021</u>
	<u>\$ 782,838</u>	<u>\$ 729,853</u>

10. Robert L. Cotton Memorial Park

During 1998, the Town received from the Province of Prince Edward Island, for a nominal fee of \$1, the land and buildings currently known as the Robert L. Cotton Memorial Park. The purchase agreement with the Province stipulates that no income can be generated from this property and the property cannot be sold in part or as a whole. The property must be returned to the Province for the same nominal fee of \$1 should the Town no longer desire to own the property.

11. External restrictions

The Town has agreements with external parties that stipulate the purpose for which certain funds can be used. The subdivision dedication fees received totalling \$93,078 (2013 - \$86,608) are to be used only for parkland development and are shown in reserves.

Town of Stratford

Notes to the consolidated financial statements

December 31, 2014

12. Commitments

As part of an agreement dated November 28, 2002 the Town agreed to provide fixed capital funding to Capital Area Recreation Inc. (CARI) for the construction of an aquatic facility. As part of the agreement CARI shall submit an annual business plan and budget for approval by the Town relating to the Town's recreation programs to include scheduling, rates and subsidies. As part of the agreement the Town can appoint a member to the Board of Directors of CARI.

The Town has made a commitment to CARI to fund 8% of the aquatic facility's operational shortfall to a maximum of \$3,000 per year, as well as contributing 8% to the capital replacement sinking fund to a maximum of \$6,582 per year, adjusted for inflation.

During 2012 the Town signed a 20 year contract with the RCMP, which can be opted out of with 2 years' notice. The annual cost of the commitment varies as it is based on costs incurred by the RCMP. Expenses paid by the Town under this contract in 2014 were \$699,163 (2013 - \$650,332).

13. Comparative figures

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

Town of Stratford

Notes to the consolidated financial statements

December 31, 2014

14. Segment disclosures

The Town is a diversified municipal unit that provides a range of services to its citizens. For management reporting purposes the Town's 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.

Town services are provided by departments and their activity is reported in these funds. The services provided by these departments are as follows:

General government

This department is responsible for the overall local government administration.

Finance

This department is responsible for the overall financial information for the Town. Its tasks include accounts payable and receivables, budgets and financial statements.

Recreation

This department is responsible for promoting and offering recreation opportunities and activities to the Town's residents.

Public Works

This department is responsible for road maintenance and infrastructure projects for the Town.

Planning

This department is responsible for the overall planning for the Town.

Stratford Utility Corporation

This department is responsible for the maintenance and operations of the water and sewer services provided to residents and other customers.

Stratford Business Park

This department is responsible for the maintenance and operations of the Stratford Business Park.

Internally generated revenues and expenses are eliminated on a consolidated basis.

Town of Stratford

Schedule of consolidated segment disclosures

December 31, 2014

	General Government	Finance	Recreation	Public Works	Planning	Stratford Utility Corporation	Stratford Business Park	Elimination	Consolidated 2014
Revenues									
Property taxes	\$ 1,892,714	\$ 264,595	\$ 426,858	\$ 444,807	\$ 209,468	\$ -	\$ -	\$ -	\$ 3,238,441
Government transfer									
Municipal Support Grant Program	391,912	122,560	138,702	206,035	46,539	-	-	-	905,748
Infrastructure	1,070,368	-	-	-	-	1,165,343	-	-	2,235,711
Rental	240,089	-	-	-	-	-	-	(37,300)	202,789
Third party revenue	110,179	-	59,019	-	50,487	-	-	-	219,685
Other revenue	-	-	-	-	-	432,495	-	-	432,495
Interest	2,598	-	-	-	-	20,084	-	-	22,682
Water & Sewer	-	-	-	-	-	1,764,647	-	(14,274)	1,750,373
	<u>3,707,859</u>	<u>387,155</u>	<u>624,579</u>	<u>650,842</u>	<u>306,494</u>	<u>3,382,569</u>	<u>-</u>	<u>(51,574)</u>	<u>9,007,924</u>
Expenditures									
Salaries & Benefits	189,900	133,115	378,852	231,138	271,964	389,624	-	-	1,594,592
Goods & Services	1,856,828	254,040	176,827	419,704	34,530	527,129	6,437	(51,574)	3,223,921
Depreciation	576,503	-	-	-	-	752,726	-	-	1,329,230
Interest	146,189	-	-	-	-	277,561	-	-	423,750
Other	-	-	68,900	-	-	-	-	-	68,900
	<u>2,769,420</u>	<u>387,155</u>	<u>624,579</u>	<u>650,842</u>	<u>306,494</u>	<u>1,947,040</u>	<u>6,437</u>	<u>(51,574)</u>	<u>6,640,392</u>
Annual surplus (deficit)	<u>\$ 938,439</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,435,529</u>	<u>\$ (6,437)</u>	<u>\$ -</u>	<u>\$ 2,367,532</u>

Town of Stratford

Schedule of consolidated segment disclosures

December 31, 2013

	General Government	Finance	Recreation	Public Works	Planning	Stratford Utility Corporation	Stratford Business Park	Elimination	Consolidated 2013
Revenues									
Property taxes	\$ 1,769,744	\$ 274,951	\$ 406,750	\$ 418,384	\$ 225,247	\$ -	\$ -	\$ -	\$ 3,095,076
Government transfer									
Municipal Support Grant Program	405,683	122,837	126,221	186,917	55,122				896,780
Infrastructure	552,050	-	-	-	-	882,653	-		1,434,702
Rental	233,201	-	-	-	-		-	(37,300)	195,901
Third party revenue	89,343	-	55,498	-	45,510		-	-	190,351
Other revenue	-	-	-	-	-	97,440	-	-	97,440
Interest	3,148	-	-	-	-	32,998	-	-	36,145
Water & Sewer	-	-	-	-	-	1,745,167	-	(14,913)	1,730,253
	<u>3,053,168</u>	<u>397,787</u>	<u>588,469</u>	<u>605,302</u>	<u>325,879</u>	<u>2,758,257</u>	<u>-</u>	<u>(52,213)</u>	<u>7,676,648</u>
Expenditures									
Salaries & Benefits	268,685	143,721	374,320	221,834	275,874	370,016			1,654,450
Goods & Services	1,616,733	254,066	149,249	383,467	50,005	593,012	4,564	(52,213)	2,998,883
Depreciation	511,357	-	-	-	-	712,080			1,223,438
Interest	163,619	-	-	-	-	308,994			472,613
Other	-	-	64,900	-	-	-			64,900
	<u>2,560,394</u>	<u>397,787</u>	<u>588,469</u>	<u>605,302</u>	<u>325,879</u>	<u>1,984,103</u>	<u>4,564</u>	<u>(52,213)</u>	<u>6,414,284</u>
Annual surplus (deficit)	<u>\$ 492,774</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>774,154</u>	<u>(4,564)</u>	<u>-</u>	<u>\$ 1,262,365</u>