

**The Corporation of the Municipality of
Strathroy-Caradoc
Consolidated Financial Statements
For the year ended December 31, 2014**

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**The Corporation of the Municipality of Strathroy Caradoc
Business Improvement Area**

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Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of The Corporation of the Municipality of Strathroy-Caradoc

We have audited the accompanying consolidated financial statements of The Corporation of the Municipality of Strathroy-Caradoc, which comprise the consolidated statement of financial position as at December 31, 2014, and the consolidated statement of operations, consolidated statement of change in net financial assets (debt) and 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 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 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 Corporation of the Municipality of Strathroy-Caradoc 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.

BDO Canada LLP

Chartered Professional Accountants, Licenced Public Accountants

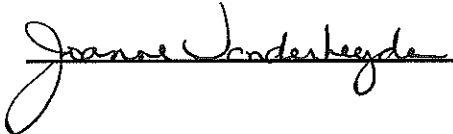
Sarnia, Ontario
December 7, 2015

The Corporation of the Municipality of Strathroy-Caradoc
Consolidated Statement of Financial Position

December 31	2014	2013
		(Restated)
Financial assets		
Cash and cash equivalents (Note 2)	\$ 12,219,344	\$ 9,132,067
Taxes receivable	2,312,905	2,381,902
Accounts receivable	2,881,924	3,519,948
Land held for resale	2,934,250	3,057,250
Long-term receivables	159,189	193,443
	20,507,612	18,284,610
Liabilities		
Accounts payable and accrued liabilities	3,593,132	5,268,308
Deferred revenue (Note 4)	4,503,274	4,427,778
Employee future benefits (Note 9)	1,722,100	1,618,700
Net long-term debt (Note 5)	9,199,872	10,262,638
Landfill closure and post closure costs (Note 6)	26,679	26,679
	19,045,057	21,604,103
Net financial assets (debt)	1,462,555	(3,319,493)
Non-financial assets		
Tangible capital assets (Note 7)	149,071,720	140,794,800
Capital work in progress	4,613,378	15,728,750
Prepaid expenses	63,789	4,002
	153,748,887	156,527,552
Accumulated surplus (Note 8)	\$ 155,211,442	\$ 153,208,059

Contingent liabilities (Note 10)
 Commitments (Note 16)


 _____ Treasurer


 _____ Mayor

The Corporation of the Municipality of Strathroy-Caradoc
Consolidated Statement of Operations

For the year ended December 31	Budget 2014	2014	2013 (Restated)
Revenue			
Taxation	\$ 14,350,592	\$ 14,458,446	\$ 13,628,980
User fees and service charges	8,784,784	10,382,804	9,829,780
Government transfers - operating (Note 12)	1,325,150	1,406,436	1,513,240
Investment income	53,000	168,695	166,429
Penalty and interest on taxes	245,000	393,467	322,476
Other	71,238	320,739	348,082
	<u>24,829,764</u>	<u>27,130,587</u>	<u>25,808,987</u>
Expenses			
General government	2,042,418	2,104,895	2,115,861
Protection services	7,454,664	7,499,407	7,313,933
Transportation services	2,620,363	5,126,922	5,194,812
Environmental services	5,111,845	7,468,660	6,907,915
Health services	193,205	156,273	224,588
Social housing	-	152,405	135,778
Recreation and cultural services	2,853,629	3,628,703	3,156,188
Planning and development	570,617	551,390	520,632
	<u>20,846,741</u>	<u>26,688,655</u>	<u>25,569,707</u>
Annual surplus before other revenues (expenses)	<u>3,983,023</u>	<u>441,932</u>	<u>239,280</u>
Other revenues (expenses)			
Government transfers related to capital (Note 12)	-	1,431,633	4,837,123
Developer and other contributions related to capital	-	260,012	892,096
Loss on disposal of capital assets	-	(26,794)	(195,313)
Increase (decrease) in employee future benefits	-	(103,400)	71,300
	<u>-</u>	<u>1,561,451</u>	<u>5,605,206</u>
Annual surplus	<u>3,983,023</u>	<u>2,003,383</u>	<u>5,844,486</u>
Accumulated surplus, beginning of year	<u>153,208,059</u>	<u>153,208,059</u>	<u>147,363,573</u>
Accumulated surplus, end of year	<u>\$ 157,191,082</u>	<u>\$ 155,211,442</u>	<u>\$ 153,208,059</u>

The Corporation of the Municipality of Strathroy-Caradoc
Consolidated Statement of Change in Net Financial Assets (Debt)

For the year ended December 31	Budget 2014	2014	2013
			(Restated)
Annual surplus	\$ 3,983,023	\$ 2,003,383	\$ 5,844,486
Acquisition of tangible capital assets	(4,615,230)	(14,167,044)	(2,751,723)
Amortization of tangible capital assets	5,665,448	5,665,448	5,382,136
Loss on disposal of tangible capital assets	-	26,794	195,313
Proceeds from sale of tangible capital assets	-	197,882	64,009
Decrease (increase) in work in progress	-	11,115,372	(7,685,063)
Increase in prepaid expenses	-	(59,787)	(1,262)
Net change in net financial assets	5,033,241	4,782,048	1,047,896
Net financial debt, beginning of year	(3,319,493)	(3,319,493)	(4,367,389)
Net financial assets (debt), end of year	\$ 1,713,748	\$ 1,462,555	\$ (3,319,493)

The Corporation of the Municipality of Strathroy-Caradoc
Consolidated Statement of Cash Flows

For the year ended December 31	2014	2013
		(Restated)
Operating activities		
Annual surplus	\$ 2,003,383	\$ 5,844,486
Items not involving cash		
Amortization	5,665,448	5,382,136
Loss on disposal of tangible capital assets	26,794	195,313
Changes in non-cash operating balances		
Taxes receivable	68,997	(424,315)
Accounts receivable	638,024	(547,009)
Land held for resale	123,000	-
Long-term receivables	34,254	(62,843)
Prepaid expenses	(59,787)	(1,262)
Accounts payable and accrued liabilities	(1,675,176)	1,632,130
Deferred revenue	75,496	(3,192,532)
Employee future benefits	103,400	71,300
Landfill closure and post closure costs	-	(5,650)
	<u>7,003,833</u>	<u>8,891,754</u>
Capital activities		
Acquisition of tangible capital assets	(14,167,044)	(2,751,723)
Decrease (increase) in work in progress	11,115,372	(7,685,063)
Proceeds from sale of tangible capital assets	197,882	64,009
	<u>(2,853,790)</u>	<u>(10,372,777)</u>
Financing activities		
Proceeds from issuance of long-term debt	-	987,758
Repayment of long-term debt	(1,062,766)	(959,808)
	<u>(1,062,766)</u>	<u>27,950</u>
Increase (decrease) in cash and cash equivalents	3,087,277	(1,453,073)
Cash and cash equivalents, beginning of year	9,132,067	10,585,140
Cash and cash equivalents, end of year	\$ 12,219,344	\$ 9,132,067

The Corporation of the Municipality of Strathroy-Caradoc

Summary of Significant Accounting Policies

December 31, 2014

Management's Responsibility for the Financial Statements

The consolidated financial statements of The Corporation of the Municipality of Strathroy-Caradoc (the "Municipality") are the responsibility of management. They have been prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of CPA Canada. The Corporation of the Municipality of Strathroy-Caradoc is a municipality in the Province of Ontario and operates under the provisions of the Community Charter. The Municipality provides municipal services such as protection, transportation, environmental, health, social housing, recreation and culture, planning and development and other general government services.

Basis of Consolidation

The consolidated financial statements reflect the assets, liabilities, revenue and expenses of the Municipality of Strathroy-Caradoc and all committees of Council, including the Strathroy Business Improvement Area, Caradoc Housing Corporation, and the Municipality's proportionate share (85%) of the Tri-Township Arena Board.

These financial statements do not include the following entities:

Strathroy Middlesex Museum Foundation
Strathroy and Area Seniors' Centre

Joint Local Board

The Lake Huron Area Primary Water Supply System has been consolidated on a proportionate basis based upon the water flow of the municipality in proportion to the entire flows provided by the joint board. Under the proportionate basis, the municipality's pro rata share of each of the assets, liabilities, revenues and expenditures of the board are consolidated with similar items in the municipality's financial statements. For 2014, the municipality's share of the System was 4.58% (2013 - 4.61%).

Basis of Accounting

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

Contribution of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue.

The Corporation of the Municipality of Strathroy-Caradoc

Summary of Significant Accounting Policies

December 31, 2014

Leases Leases are classified as capital or operating leases. Leases which transfer substantially all the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to operations as incurred.

Non-Financial Assets 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 annual surplus, provides the change in net debt for the year.

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, interest paid during the construction period, 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 as follows:

Buildings	50 to 60 years
Fleet	8 to 30 years
Equipment	5 to 30 years
Infrastructure - environmental	50 to 80 years
Infrastructure - roads	50 to 100 years

The tangible capital asset policy is currently under revision. The useful lives of the assets according to the policy are being reviewed to ensure that they are appropriate according to management's best estimate.

Work in progress is not amortized until the asset is available for productive use, at which time it is capitalized.

**Collection of Taxes on
Behalf of Other Taxation
Authorities**

The Municipality collects taxation revenue on behalf of other entities. Such levies, other revenues, expenses, assets and liabilities with respect to the operations of entities are not reflected in these financial statements.

The entities which the Municipality collects taxation revenue on behalf of are as follows:

The Corporation of the County of Middlesex
London District Catholic School Board
Thames Valley District School Board
Conseil Scolaire Viamonde
Le Conseil Des Ecoles Catholiques

The Corporation of the Municipality of Strathroy-Caradoc

Summary of Significant Accounting Policies

December 31, 2014

Trust Funds Trust funds held in trust by the Municipality, and their related operations, are not included in these financial statements. The financial activity and position of the trust funds are reported separately.

**Retirement Benefits and
Other Employee
Benefit Plans**

The Municipality's contributions due during the period to its multi-employer defined benefit plan are expensed as incurred.

Deferred Revenue

Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the consolidated statement of financial position. The revenue is recognized in the consolidated statement of operations in the year in which it is used for the specified purpose.

Budget Figures

Council completes separate budget reviews for its operating and capital budgets each year. The approved operating budget for 2014 is reflected on the Consolidated Statement of Operations.

Budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual expenditure amounts.

Budget figures exclude the impact of amortization expense, employee future benefits and landfill closure and post closure costs.

Government Transfers

Government transfers, which include legislative grants, are recognized in the financial statements in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made.

Revenue Recognition

Property tax billings are prepared by the Municipality based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established annually by Council, incorporating amounts to be raised for local services, the requisition made by the County of Middlesex in respect of County services and amounts the Municipality is required to collect on behalf of the Province of Ontario in respect of education taxes. Part of the assessment process are supplementary assessment rolls, which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the municipality determines the taxes applicable and renders supplementary billings. Taxation revenue is recorded at the time tax billings are issued. Assessments and related property taxes are subject to appeal. Each year, management provides a best estimate of the affect of supplementary assessments and tax appeals on taxation revenue.

The Corporation of the Municipality of Strathroy-Caradoc

Summary of Significant Accounting Policies

December 31, 2014

Revenue Recognition

(continued)

The Municipality is entitled to collect interest and penalties on overdue taxes. This revenue is recorded in the period the interest and penalties are levied.

Charges for sewer and water usage are recorded as user fees. Connection fee revenues are recognized when the connection has been established.

Conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled. Unconditional grant revenue is recognized when grant monies have been received or are receivable.

Grants for the acquisition of tangible capital assets are recognized in the period in which eligible expenditures are made.

Sales of service and other revenue is recognized when the amount is determinable, collectibility is assured and the services provided.

Use of Estimates

The preparation of 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 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.

Land Held for Resale

Land held for resale is recorded at the lower of cost and net realizable value. Cost includes amounts for land acquisition and improvements to prepare the land for sale or servicing.

The Corporation of the Municipality of Strathroy-Caradoc
Notes to Consolidated Financial Statements

December 31, 2014

1. Prior Period Adjustment

During the current year, it was determined that the municipality should be proportionately consolidating the Lake Huron Area Primary Water Supply System. The result of this correction to the prior year is as follows:

Consolidated Statement of Financial Position as at December 31, 2013

	As Originally Reported	Change	Restated
Financial assets			
Accounts receivable	\$ 3,066,534	\$ 453,414	\$ 3,519,948
Liabilities			
Accounts payable and accrued liabilities	4,868,364	399,944	5,268,308
Deferred revenue	4,212,135	215,643	4,427,778
Net long-term debt	10,120,998	141,640	10,262,638
Non-financial assets			
Tangible capital assets	135,349,345	5,445,455	140,794,800
Capital work in progress	14,093,297	1,635,453	15,728,750
Prepaid expenses	221	3,781	4,002
Accumulated surplus	\$ 146,427,183	\$ 6,780,876	\$ 153,208,059

Consolidated Statement of operations as at December 31, 2013

	As Originally Reported	Change	Restated
Revenue			
User fees and service charges	\$ 9,012,674	\$ 817,106	\$ 9,829,780
Investment income	155,793	10,636	166,429
Other	324,485	23,597	348,082
Expenses			
Environmental services	6,115,622	792,293	6,907,915
Planning and development	570,120	(49,488)	520,632
Other revenues (expenses)			
Government transfers related to capital	4,493,760	343,363	4,837,123
Annual surplus	5,392,589	451,897	5,844,486
Accumulated surplus, beginning of year	141,034,594	6,328,979	147,363,573
Accumulated surplus, end of year	\$ 146,427,183	\$ 6,780,876	\$ 153,208,059

The Corporation of the Municipality of Strathroy-Caradoc
Notes to Consolidated Financial Statements

December 31, 2014

2. Cash and Cash Equivalents

The Municipality's bank accounts are maintained at a chartered bank and earn interest at the bank's prime rate less 1.75%. The Municipality has established a bank operating line of credit of up to \$ 5,500,000 bearing interest at the bank's prime rate. At December 31, 2014, the Municipality had a balance owing of \$nil (2013 - \$nil).

Included in cash and cash equivalents are investments in guaranteed investment certificates and a bond of \$3,630,152 (2013 - \$3,555,066). These investments are recorded at amortized cost. Interest rates on the guaranteed investment certificates range from 1.9% to 2.57%. Interest rate on the bond is 4.15%. The income from these investments for the year was \$95,124 (2013 - \$84,307).

3. Operations of School Boards and the County of Middlesex

The Municipality is required to bill, collect and remit taxation revenues on behalf of the School Boards and County of Middlesex pursuant to provincial legislation. The Municipality has no jurisdiction or control over the operations of these entities or the setting of their tax rates. Therefore, the taxation, other revenues, expenses, assets and liabilities with respect to the operations of the School Boards and the County are not reflected in these consolidated financial statements. Taxation revenues billed and requisitions paid on behalf of the School Boards and County of Middlesex are not reflected in the Statement of Operations and are comprised of the following:

	<u>School Boards</u>	<u>County</u>
Taxation	\$ 7,348,643	\$ 7,912,684
Share of payments in lieu of taxes	<u>721</u>	<u>34,095</u>
	7,349,364	7,946,779
Share of taxes written off	-	<u>15,900</u>
Amounts transferred	<u>\$ 7,349,364</u>	<u>\$ 7,930,879</u>

The Corporation of the Municipality of Strathroy-Caradoc
Notes to Consolidated Financial Statements

December 31, 2014

4. Deferred Revenue

	Opening balance (Restated)	Contributions received	Externally restricted investment income	Revenue recognized	Ending balance
Federal gas tax	\$ 295,688	\$ 623,770	\$ -	\$ (500,027)	\$ 419,431
Development charges	3,249,190	878,726	-	(392,985)	3,734,931
Recreation	389,743	-	-	(389,743)	-
Parkland dedication	197,811	14,600	-	(2,799)	209,612
Other	295,346	-	-	(156,046)	139,300
	<u>\$ 4,427,778</u>	<u>\$ 1,517,096</u>	<u>\$ -</u>	<u>\$ (1,441,600)</u>	<u>\$ 4,503,274</u>

Federal gas tax

Gas tax revenue is provided by the Government of Canada. The use of the funding is established by a funding agreement between the Municipality and the Association of Municipalities of Ontario. Gas tax funding may be used towards designated community energy systems, public transit, water, wastewater, solid waste, capacity building projects and local roads and bridges as specified in the funding agreements.

Development charges

Development charges are collected as per municipal by-law and background study and are allocated to the designated projects therein.

Recreation

Recreation funds were provided by the Province of Ontario and are designated for the construction of a community swimming pool.

Parkland dedication

Funds are collected from developers for the purchase and upgrade of parkland and are allocated to expenses or capital assets as incurred.

The Corporation of the Municipality of Strathroy-Caradoc
Notes to Consolidated Financial Statements

December 31, 2014

5. Net Long-term Debt

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

	2014	2013
		Restated
Total long-term liabilities incurred by the Municipality and outstanding at the end of the year amount to:	\$ 9,203,638	\$ 10,267,694
Less: tile drain loans	(3,766)	(5,056)
	\$ 9,199,872	\$ 10,262,638

Principal repayments relating to net long-term debt outstanding are due as follows:

	Principal Repayments
2015	\$ 1,080,540
2016	1,097,865
2017	1,112,993
2018	1,099,557
2019	1,062,611
Thereafter	3,746,306
	\$ 9,199,872

The gross interest paid relating to the Municipality's long-term debt was \$274,896 (2013 - \$246,364). Interest rates on the debt range from 0% to 4.38%. All net long-term debt is payable in Canadian dollars.

The responsibility for payment of principal and interest charges for tile drainage loans has been assumed by individuals. At the end of the year, the outstanding principal amount of the liability is \$3,766 (2013 - \$5,056). The amount is not recorded in the Consolidated Statement of Financial Position.

The annual principal and interest payments required to service the net long-term liabilities of the municipality are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

6. Landfill Closure and Post Closure Costs

The Ontario Environmental and Protection Act sets out regulatory requirements to properly close and maintain all active and inactive landfill sites. Under environmental law, there is a requirement for closure and post closure care of solid waste landfill sites.

Landfill closure and post closure care requirements have been defined in accordance with industry standards and include ongoing environmental monitoring, site inspection and maintenance.

The estimated liability of \$26,679 (2013 - \$26,679) represents the sum of the discounted future cash flows for post closure care activities discounted at the municipality's current long term borrowing rate of 4%.

The Corporation of the Municipality of Strathroy-Caradoc
Notes to Consolidated Financial Statements

December 31, 2014

7. Tangible Capital Assets

								2014	2013
	Land	Land Improvements	Buildings	Equipment	Fleet	Infrastructure Roads	Infrastructure Environmental	Total	(Restated) Total
Cost, beginning of year	\$ 5,946,207	\$ 3,335,784	\$ 33,954,806	\$ 8,074,009	\$ 8,219,203	\$ 78,350,014	\$ 94,055,246	\$ 231,935,269	\$ 229,975,137
Additions		473,944	4,334,456	248,847	706,151	458,130	7,945,516	14,167,044	2,751,723
Disposals		-	-	-	(467,315)	-	(138,229)	(605,544)	(791,591)
Other	(553)	-	(9,054)	-	(8,208)	-	(28,917)	(46,732)	-
Cost, end of year	5,945,654	3,809,728	38,280,208	8,322,856	8,449,831	78,808,144	101,833,616	245,450,037	231,935,269
Accumulated amortization, beginning of year	-	773,208	8,345,844	2,743,358	3,555,777	53,625,217	22,097,065	91,140,469	86,290,602
Amortization	-	104,789	827,392	443,294	634,034	2,273,410	1,382,529	5,665,448	5,382,136
Disposals	-	-	-	-	(416,264)	-	(38)	(416,302)	(532,269)
Other	-	-	30,126	(12,609)	(49,050)	-	20,235	(11,298)	-
Accumulated amortization, end of year	-	877,997	9,203,362	3,174,043	3,724,497	55,898,627	23,499,791	96,378,317	91,140,469
Net carrying amount, end of year	\$ 5,945,654	\$ 2,931,731	\$ 29,076,846	\$ 5,148,813	\$ 4,725,334	\$ 22,909,517	\$ 78,333,825	\$ 149,071,720	\$ 140,794,800

The Corporation of the Municipality of Strathroy-Caradoc
Notes to Consolidated Financial Statements

December 31, 2013

7. Tangible Capital Assets (continued)

								2013
	Land	Land Improvements	Buildings	Equipment	Fleet	Infrastructure Roads	Infrastructure Environmental	(Restated) Total
Cost, beginning of year	\$ 5,841,207	\$ 3,312,216	\$ 33,791,135	\$ 7,478,300	\$ 7,894,648	\$ 78,072,201	\$ 93,585,430	\$ 229,975,137
Additions	105,000	23,568	163,671	603,325	1,108,530	277,813	469,816	2,751,723
Disposals	-	-	-	(7,616)	(783,975)	-	-	(791,591)
Cost, end of year	5,946,207	3,335,784	33,954,806	8,074,009	8,219,203	78,350,014	94,055,246	231,935,269
Accumulated amortization, beginning of year	-	677,613	7,601,176	2,341,444	3,556,307	51,363,159	20,750,903	86,290,602
Amortization	-	95,595	744,668	405,595	528,058	2,262,058	1,346,162	5,382,136
Disposals	-	-	-	(3,681)	(528,588)	-	-	(532,269)
Accumulated amortization, end of year	-	773,208	8,345,844	2,743,358	3,555,777	53,625,217	22,097,065	91,140,469
Net carrying amount, end of year	\$ 5,946,207	\$ 2,562,576	\$ 25,608,962	\$ 5,330,651	\$ 4,663,426	\$ 24,724,797	\$ 71,958,181	\$ 140,794,800

The Corporation of the Municipality of Strathroy-Caradoc
Notes to Consolidated Financial Statements

December 31, 2014

8. Accumulated Surplus

The Municipality segregates its accumulated surplus into the following categories:

	<u>2014</u>	<u>2013</u>
		(Restated)
Accumulated surplus (deficit) from operations	\$ 147,391	\$ (3,805,546)
Investment in tangible capital assets	149,071,720	140,794,800
Investment in capital work in progress	4,613,378	15,728,750
Reserves		
Equipment replacement	137,160	137,160
Insurance	20,096	20,096
General government	20,751	48,426
Protection services	183,414	34,223
Street lighting	14,288	14,288
Wastewater system	2,893,149	3,139,047
Waterworks system	7,689,967	7,689,967
Health services	10,694	10,694
Recreational facilities	85,733	76,155
Libraries	20,952	20,952
Museums	29,420	34,152
Economic development	21,201	-
Reserve Funds		
Insurance	51,901	24,034
Roadways	78,843	78,843
Street lighting	22,145	22,145
Wastewater system	1,170,471	1,170,471
Stormwater system	5,265	5,265
Unfunded Liabilities	<u>(11,076,497)</u>	<u>(12,035,863)</u>
	<u>\$ 155,211,442</u>	<u>\$ 153,208,059</u>

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 Municipality of Strathroy-Caradoc
Notes to Consolidated Financial Statements

December 31, 2014

9. Employee Future Benefits

The municipality provides certain employee benefits, which will require funding in future periods. An estimate of the future liabilities for these benefits has been completed and forms the basis for the estimated liability reported in these financial statements.

Post-Retirement Benefits

The Municipality provides certain health and dental benefits on behalf of eligible retired employees up to the age of 65.

	<u>2014</u>	<u>2013</u>
Accrued benefit liability as at January 1	\$ 1,618,700	\$ 1,547,400
Current service cost	97,100	93,900
Interest cost	56,700	53,700
Estimated benefits paid	<u>(50,400)</u>	<u>(76,300)</u>
Total	<u>\$ 1,722,100</u>	<u>\$ 1,618,700</u>

The actuarial estimate of the future liability of post-retirement benefits assumes a discount rate of 3.45% (2013 - 3.45%) and inflation rates for benefit premiums of 2.0% (2013 - 2.0%). Dental cost increases are assumed at 4.0% per annum (2013 - 4.0%). In addition, extended healthcare premiums are assumed to increase by 7.0% in 2015, 6.5% in 2016, 6.0% in 2017, 5.5% in 2018 and 5.0% per annum thereafter.

10. Contingent Liabilities

The Municipality is a co-defendant in various legal actions. The ultimate outcomes are indeterminable at December 31, 2014 as litigation is still in progress. The Municipality's management is of the opinion that the Municipality has adequate insurance coverage to offset the amount of any claims and related costs, if any. Consequently, no provision for potential loss, if any, is reflected in these financial statements.

The Corporation of the Municipality of Strathroy-Caradoc

Notes to Consolidated Financial Statements

December 31, 2014

11. Pension Agreements

The Municipality makes contributions to the Ontario Municipal Employees' Retirement System ("OMERS"), which is a multi-employer plan, on behalf of certain employees of the Municipality. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on their length of service and rates of pay. 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 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 \$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 - \$8,641 million).

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. The amount contributed for 2014 was \$775,700 (2013 - \$775,733) for current service. The OMERS Board rate was 9.0% to 15.9% depending on income level (2013 - 9.0% to 15.9% depending on income level).

The Corporation of the Municipality of Strathroy-Caradoc
Notes to Consolidated Financial Statements

December 31, 2014

12. Government Transfers

	2014	2013
		(Restated)
Operating		
Province of Ontario		
Ontario Municipal Partnership Fund	\$ 567,900	\$ 668,100
Program support	205,455	330,122
Drainage grants	27,136	27,007
Other Municipalities		
Program support	605,945	488,011
Total operating	1,406,436	1,513,240
Capital		
Province of Ontario		
Lake Huron Area Primary Water Supply System	148,030	307,177
Recreation grant	389,743	3,568,766
Government of Canada		
Gas tax	500,027	847,737
Lake Huron Area Primary Water Supply System	393,833	36,186
Senior Centre grant	-	77,257
Total capital	1,431,633	4,837,123
Total government transfers	\$ 2,838,069	\$ 6,350,363

13. Tri-Township Arena Board Consolidation

The following summarizes the financial position and operations of the Tri-Township Arena Board which has been reported in these financial statements using the proportionate consolidation method.

The consolidated financial statements include the municipality's 85% proportionate interest in the following:

	2014	2013
Statement of Financial Position		
Assets	\$ 139,618	\$ 142,500
Liabilities	40,899	33,498
Accumulated surplus	\$ 98,719	\$ 109,002
Statement of Operations		
Revenues	\$ 368,297	\$ 390,808
Expenses	362,231	390,808
Excess of revenues over expenses	\$ 6,066	\$ -

The Corporation of the Municipality of Strathroy-Caradoc
Notes to Consolidated Financial Statements

December 31, 2014

14. Caradoc Housing Corporation Consolidation

The following summarizes the financial position and operations of the Caradoc Housing Corporation which has been Consolidated in these financial statements.

	2014	2013
Statement of Financial Position		
Assets	\$ 249,260	\$ 267,600
Liabilities	133,062	151,290
Fund Balance	\$ 116,198	\$ 116,310
Statement of Operations		
Revenues	\$ 152,293	\$ 129,812
Expenses	152,405	135,778
Net loss	\$ (112)	\$ (5,966)

15. Joint Local Board Consolidation - Lake Huron Area Primary Water Supply System

The consolidated financial statements include the municipality's 4.58% (2013 - 4.61%) proportionate interest of the following:

	2014	2013
Statement of Financial Position		
Financial Assets	\$ 370,239	\$ 453,414
Liabilities		
Current liabilities	326,440	615,587
Long-term liabilities	127,398	141,640
Total liabilities	453,838	757,227
Net Financial Debt	(83,599)	(303,813)
Non-Financial Assets		
Tangible capital assets	7,469,964	7,080,908
Prepaid expenses	7,516	3,781
Total Non-Financial Assets	7,477,480	7,084,689
Accumulated Surplus	\$ 7,393,881	\$ 6,780,876
Statement of Operations		
Revenues	\$ 1,387,277	\$ 1,194,702
Expenses	730,147	742,805
Net revenues	\$ 657,130	\$ 451,897

The Corporation of the Municipality of Strathroy-Caradoc
Notes to Consolidated Financial Statements

December 31, 2014

16. Commitments

The Municipality signed a three year contract with a third party to perform billing and collection services relating to its water and sewer operations. The contract expires in 2016 and approximates \$250,000 per year.

17. Trust Funds

Trust funds administered by the municipality amounting to \$ 616,674 (2013 - \$610,298) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations.

18. Comparative Amounts

Certain comparative amounts presented in the financial statements have been restated to conform with the current year's presentation.

The Corporation of the Municipality of Strathroy-Caradoc
Notes to Consolidated Financial Statements

December 31, 2014

19. Budget Variance

The following chart reconciles the 2014 budget with the 2014 actuals found in the consolidated statement of operations:

	2014 Budget	Lake Huron Area Primary Water Supply System adjusting entries	Amortization entries	Unfunded Liabilities	2014 Revised budget	2014 Actual	Variance Favorable / (Unfavorable)
REVENUE							
Taxation	\$ 14,350,592	\$ -	\$ -	\$ 184,134	\$ 14,534,726	\$ 14,458,446	\$ (76,280)
User fees and service charges	8,784,784	817,106	-	-	9,601,890	10,382,804	780,914
Government transfers - operating	1,325,150	-	-	-	1,325,150	1,406,436	81,286
Investment income	53,000	10,636	-	-	63,636	168,695	105,059
Penalty and interest on taxes	245,000	-	-	-	245,000	393,467	148,467
Other	71,238	23,597	-	-	94,835	320,739	225,904
Total revenue	<u>\$ 24,829,764</u>	<u>\$ 851,339</u>	<u>\$ -</u>	<u>\$ 184,134</u>	<u>\$ 25,865,237</u>	<u>\$ 27,130,587</u>	<u>\$ 1,265,350</u>
EXPENSES							
General government	\$ 2,042,418	\$ -	\$ 127,477	\$ -	\$ 2,169,895	\$ 2,104,895	\$ 65,000
Protection services	7,454,664	-	329,589	-	7,784,253	7,499,407	284,846
Transportation services	2,620,363	-	2,517,982	-	5,138,345	5,126,922	11,423
Environmental services	5,111,845	742,805	1,922,536	-	7,777,186	7,468,660	308,526
Health services	193,205	-	8,673	-	201,878	156,273	45,605
Social housing	-	-	32,969	-	32,969	152,405	(119,436)
Recreation and cultural services	2,853,629	-	726,222	-	3,579,851	3,628,703	(48,852)
Planning and development	570,617	-	-	-	570,617	551,390	19,227
Total expenses	<u>\$ 20,846,741</u>	<u>\$ 742,805</u>	<u>\$ 5,665,448</u>	<u>\$ -</u>	<u>\$ 27,254,994</u>	<u>\$ 26,688,655</u>	<u>\$ 566,339</u>
NET REVENUE	<u>\$ 3,983,023</u>	<u>\$ 108,534</u>	<u>\$ (5,665,448)</u>	<u>\$ 184,134</u>	<u>\$ (1,389,757)</u>	<u>\$ 441,932</u>	<u>\$ 1,831,689</u>

The Corporation of the Municipality of Strathroy-Caradoc

Notes to Consolidated Financial Statements

December 31, 2014

20. Segmented Information

The Municipality of Strathroy-Caradoc has adopted a business approach to the various responsibilities carried out by the municipality and has separated the financial transactions to better reflect the true cost of each segment. The following provides a brief description of the individual segments used.

General Government

General Government is comprised of various departments including the Clerk's, Finance and Taxation, Legal, Human Resources, Information Technology and Economic Development departments. These departments support and provide a variety of services to other departments within the municipality and the public.

Protection Services

Protection Services is comprised of the Police Services and Fire Services departments. The Police Services mandate is to ensure public safety within the municipality. Through patrols, detective, education, and other efforts the police department works to deter and prevent crime. The Strathroy Caradoc Fire Rescue Service serves the residents of the Municipality of Strathroy-Caradoc by providing fire prevention, public education and fire suppression services. It operates out of 3 stations covering an area of 274.12 square kilometres and over 19,500 residents. The services provided range from fire suppression and prevention, land-based water rescue, high-angle, confined space, specialized vehicle extrication and industrial firefighting.

Transportation Services

Transportation Services consists of road maintenance and construction as well as winter control, parking, and street lighting. Road maintenance and construction maintains approximately 225 kilometres of road and takes care of pothole maintenance, hot mix patching, paving, street cleaning, signage, and winter control.

Environmental Services

Environmental Services consists of sanitary sewer, storm sewer maintenance, waterworks system construction and maintenance, waste collection, waste disposal, and recycling. The sewage division constructs and maintains the municipalities storm and sanitary sewers as well as 10 sewage pumping stations.

Health Services

Health Services consists of the operations of the municipality's cemeteries.

Social Housing

Social Housing consists of non-profit housing accommodation using rent geared to income guidelines. The housing accommodations are managed by the Caradoc Housing Corporation.

Recreation and Cultural Services

Recreation and Cultural Services provide for all the Municipality's parks, trees, floral displays, sports and recreation facilities, pool, arenas, special events and more. Numerous recreations programs are offered throughout the year for the enjoyment of the general public.

Planning and Development

Planning and Development's function is to assist Council, the development community and the public in matters relating to land use planning, building construction and by-law enforcement.

The Corporation of the Municipality of Strathroy-Caradoc
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	Social Housing	Recreation and Cultural Services	Planning and Development	2014 Total
Revenue									
Taxation	\$ 1,935,544	\$ 6,603,576	\$ 3,482,321	\$ 515,801	\$ 49,594	\$ -	\$ 1,367,988	\$ 503,622	\$ 14,458,446
User fees and service charges	234,209	335,762	5,282	8,086,568	105,933	-	1,538,876	76,174	10,382,804
Government transfers	567,900	559,992	-	971,292	-	-	711,749	27,136	2,838,069
Investment income	167,948	-	-	-	747	-	-	-	168,695
Penalty and interest on taxes	393,467	-	-	-	-	-	-	-	393,467
Other	86,029	10,079	12,427	17,976	-	152,293	1,459	300,488	580,751
	<u>3,385,097</u>	<u>7,509,409</u>	<u>3,500,030</u>	<u>9,591,637</u>	<u>156,274</u>	<u>152,293</u>	<u>3,620,072</u>	<u>907,420</u>	<u>28,822,232</u>
Expenses									
Wages and benefits	1,444,553	6,259,555	1,353,057	916,516	115,461	-	1,274,915	357,514	11,721,571
Materials, goods and services	636,265	910,263	1,254,551	4,629,608	32,139	119,436	1,627,566	193,876	9,403,704
Amortization	127,477	329,589	2,519,314	1,922,536	8,673	32,969	726,222	-	5,666,780
	<u>2,208,295</u>	<u>7,499,407</u>	<u>5,126,922</u>	<u>7,468,660</u>	<u>156,273</u>	<u>152,405</u>	<u>3,628,703</u>	<u>551,390</u>	<u>26,792,055</u>
Loss on disposal of capital assets	26,794	-	-	-	-	-	-	-	26,794
	<u>2,235,089</u>	<u>7,499,407</u>	<u>5,126,922</u>	<u>7,468,660</u>	<u>156,273</u>	<u>152,405</u>	<u>3,628,703</u>	<u>551,390</u>	<u>26,818,849</u>
Net surplus (deficit)	<u>\$ 1,150,008</u>	<u>\$ 10,002</u>	<u>\$ (1,626,892)</u>	<u>\$ 2,122,977</u>	<u>\$ 1</u>	<u>\$ (112)</u>	<u>\$ (8,631)</u>	<u>\$ 356,030</u>	<u>\$ 2,003,383</u>

The Corporation of the Municipality of Strathroy-Caradoc
Notes to Consolidated Financial Statements

December 31, 2013

20. Segmented Information (continued)

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social Housing	Recreation and Cultural Services	Planning and Development	2013 Total (Restated)
Revenue									
Taxation	\$ 1,499,188	\$ 6,678,200	\$ 3,134,665	\$ -	\$ 136,290	\$ -	\$ 1,635,478	\$ 545,159	\$ 13,628,980
User fees and service charges	163,049	509,569	33,267	7,651,896	106,538	-	1,229,733	135,728	9,829,780
Government transfers	669,468	433,723	-	1,396,373	-	-	3,823,791	27,008	6,350,363
Investment income	154,352	-	-	10,636	1,441	-	-	-	166,429
Penalty and interest on taxes	322,476	-	-	-	-	-	-	-	322,476
Other	134,258	127,513	3,600	23,941	-	129,812	258	892,096	1,311,478
	<u>2,942,791</u>	<u>7,749,005</u>	<u>3,171,532</u>	<u>9,082,846</u>	<u>244,269</u>	<u>129,812</u>	<u>6,689,260</u>	<u>1,599,991</u>	<u>31,609,506</u>
Expenses									
Wages and benefits	1,360,068	6,116,096	1,330,111	925,833	170,019	-	1,185,579	344,211	11,431,917
Materials, goods and services	579,715	901,399	1,402,535	4,201,310	45,292	103,309	1,345,673	176,421	8,755,654
Amortization	176,078	296,438	2,462,166	1,780,772	9,277	32,469	624,936	-	5,382,136
	<u>2,115,861</u>	<u>7,313,933</u>	<u>5,194,812</u>	<u>6,907,915</u>	<u>224,588</u>	<u>135,778</u>	<u>3,156,188</u>	<u>520,632</u>	<u>25,569,707</u>
Loss on disposal of capital assets	195,313								195,313
	<u>2,311,174</u>	<u>7,313,933</u>	<u>5,194,812</u>	<u>6,907,915</u>	<u>224,588</u>	<u>135,778</u>	<u>3,156,188</u>	<u>520,632</u>	<u>25,765,020</u>
Net surplus (deficit)	\$ 631,617	\$ 435,072	\$ (2,023,280)	\$ 2,174,931	\$ 19,681	\$ (5,966)	\$ 3,533,072	\$ 1,079,359	\$ 5,844,486



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Auditor's Comments on Supplementary Financial Information

**To the Members of the Strathroy Business Improvement Area,
Members of Council, Inhabitants and Ratepayers of
The Corporation of the Municipality of Strathroy-Caradoc**

We have audited the consolidated financial statements of The Corporation of the Municipality of Strathroy-Caradoc which comprise the statement of consolidated financial position as at December 31, 2014, and the consolidated statement of operations, consolidated statement of changes in net assets (debt) and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have issued our report thereon dated December 7, 2015 which contained an unmodified opinion on the consolidated financial statements. The audit was performed to form an opinion on the consolidated financial statements as a whole. The Strathroy Business Improvement Area is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. Such supplementary information is the responsibility of management and was derived from the underlying accounting and other records used to prepare the consolidated financial statements.

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

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Sarnia, Ontario
December 7, 2015

**The Corporation of the Municipality of Strathroy-Caradoc
Strathroy Business Improvement Area
Statement of Financial Position**

December 31	2014	2013
Assets		
Cash (Note 2)	\$ 34,047	\$ 29,128
Accounts receivable	5,259	6,109
	<u>39,306</u>	<u>35,237</u>
Liabilities		
Accounts payable	<u>3,643</u>	4,493
Net Financial Assets	35,663	30,744
Non-Financial Assets		
Tangible capital assets (Note 3)	<u>4,765</u>	5,956
Accumulated Surplus (Note 4)	\$ 40,428	\$ 36,700

**The Corporation of the Municipality of Strathroy-Caradoc
Strathroy Business Improvement Area
Statement of Operations and Accumulated Surplus**

For the year ended December 31	Budget 2014	2014	2013
Revenues			
Levy	\$ 53,700	\$ 53,700	\$ 53,700
Other	-	18,823	18,971
	<u>53,700</u>	<u>72,523</u>	<u>72,671</u>
Expenditures			
Advertising and promotion	49,950	63,998	47,150
Amortization	-	1,191	1,191
Office	3,750	3,606	3,970
	<u>53,700</u>	<u>68,795</u>	<u>52,311</u>
Annual surplus	-	3,728	20,360
Accumulated surplus, beginning of year	<u>36,700</u>	<u>36,700</u>	<u>16,340</u>
Accumulated surplus, end of year	<u>\$ 36,700</u>	<u>\$ 40,428</u>	<u>\$ 36,700</u>

**The Corporation of the Municipality of Strathroy-Caradoc
Strathroy Business Improvement Area
Statement of Cash Flows**

For the year ended December 31	2014	2013
Cash provided by (used in)		
Operating Activities		
Annual surplus	\$ 3,728	\$ 20,360
Items not involving cash		
Amortization	1,191	1,191
Changes in non-cash operating balances		
Accounts receivable	850	(1,378)
Accounts payable	(850)	(2,905)
	<u>4,919</u>	<u>17,268</u>
Investing Activities		
Purchase of capital assets	-	(7,147)
	<u>4,919</u>	<u>10,121</u>
Net change in cash and cash equivalents	4,919	10,121
Cash, beginning of year	29,128	19,007
	<u>29,128</u>	<u>19,007</u>
Cash, end of year	\$ 34,047	\$ 29,128
	<u>\$ 34,047</u>	<u>\$ 29,128</u>

**The Corporation of the Municipality of Strathroy-Caradoc
Strathroy Business Improvement Area
Notes to the Financial Statements**

December 31, 2014

1. Summary of Significant Accounting Policies

Management Responsibility The financial statements of the Strathroy Business Improvement Area are the representation of management prepared in accordance with accounting policies established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants as prescribed by the Ministry of Municipal Affairs and Housing. 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 judgement and review.

Basis of Accounting Revenues 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.

Non-Financial Assets 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 expenditures, provides the change in net financial assets for the year.

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. The cost of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Equipment - decorative lights 3 years

The Board has a capitalization threshold of \$500. Individual assets of less value are expensed unless they are pooled because collectively they have significant value.

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt. The fair value is also recorded as revenue.

**The Corporation of the Municipality of Strathroy-Caradoc
Strathroy Business Improvement Area
Notes to the Financial Statements**

December 31, 2014

1. Summary of Significant Accounting Policies (continued)

Leases	Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expense as incurred.
Revenue Recognition	Government grants and transfers are recognized in the financial statements as revenues in the period in which events give rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.
Budget	The operating budget approved by the Board for 2014 is reflected on the statement of operations and accumulated surplus. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual expenditure amounts

2. Cash

The organization's bank accounts are held at one Canadian credit union.

3. Tangible Capital Assets

	2014 Equipment	2013 Equipment
Cost, beginning of year	\$ 7,147	\$ 6,500
Additions	-	7,147
Disposals	-	(6,500)
Cost, end of year	<u>7,147</u>	<u>7,147</u>
Accumulated amortization, beginning of year	1,191	6,500
Amortization	1,191	-
Disposals	-	(6,500)
Accumulated amortization, end of year	<u>2,382</u>	<u>-</u>
Net carrying amount, end of year	<u>\$ 4,765</u>	<u>\$ 7,147</u>

**The Corporation of the Municipality of Strathroy-Caradoc
Strathroy Business Improvement Area
Notes to the Financial Statements**

December 31, 2014

4. Accumulated Surplus

Accumulated surplus consists of the following surplus balances and reserves:

	<u>2014</u>	<u>2013</u>
Investment in tangible capital assets	4,765	5,956
General operations	<u>35,663</u>	<u>30,744</u>
	<u>\$ 40,428</u>	<u>\$ 36,700</u>