

## Independent Auditors' Report

### To the Members of Council, Inhabitants and Ratepayers of The Corporation of the City of Stratford

We have audited the accompanying consolidated financial statements of The Corporation of the City of Stratford which comprise the consolidated statement of financial position as at December 31, 2015, and the consolidated statements of operations, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the 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.

#### Auditors' 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 auditors' 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 City management, as well as evaluating the overall presentation of the consolidated financial statements.

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

#### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of The Corporation of the City of Stratford as at December 31, 2015, and the consolidated results of its operations, its consolidated changes in net debt and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.



September 20, 2016  
Brantford, Ontario

CHARTERED PROFESSIONAL ACCOUNTANTS  
Licensed Public Accountants

**CORPORATION OF THE CITY OF STRATFORD**  
 Consolidated Statement of Financial Position

As at December 31, 2015 with comparative figures for 2014

	2015	2014
<b>Financial assets</b>		
Cash and cash equivalents (note 2)	\$ 11,346,613	\$ 7,766,851
Other receivables	6,484,185	5,111,629
Taxes receivable	2,855,274	3,065,481
Loans receivable (note 3)	1,168,236	910,689
Investments (note 4)	16,293,055	15,940,668
Investment in government business enterprises (note 5)	39,784,578	37,692,663
Land held for resale	1,659,807	1,844,829
	<u>79,591,748</u>	<u>72,332,810</u>
<b>Liabilities</b>		
Bank indebtedness (note 2)	\$ -	\$ 11,500,000
Accounts payable and accrued liabilities	11,686,705	13,101,816
Deferred revenue (note 7)	11,554,939	10,972,876
Solid waste landfill closure and post closure liability (note 8)	905,158	918,524
Employee benefits payable (note 10)	15,289,434	15,145,597
Long term debt (note 11)	80,689,423	71,068,498
	<u>120,125,659</u>	<u>122,707,311</u>
<b>Net debt</b>	<b>(40,533,911)</b>	<b>(50,374,501)</b>
<b>Non-financial assets</b>		
Prepaid expenses	569,595	1,613,614
Inventory	296,182	276,504
Other non financial assets	144,014	143,903
Tangible capital assets (note 17)	268,985,240	267,016,135
	<u>269,995,031</u>	<u>269,050,156</u>
<b>Accumulated surplus (note 13)</b>	<b>\$ 229,461,120</b>	<b>\$ 218,675,655</b>

Commitments (note 9)  
 Contingencies (note 14)

The accompanying notes are an integral part of these consolidated financial statements.

*Rob Hour*

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 CAO, City of Stratford

*John Smith*

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 Treasurer, City of Stratford

**CORPORATION OF THE CITY OF STRATFORD**

## Consolidated Statement of Operations

For the year ended December 31, 2015 with comparative figures for 2014

	2015 budget (note 18)	2015 actual	2014 actual
<b>Revenue:</b>			
Net municipal taxation	\$ 52,473,296	\$ 51,330,485	\$ 49,157,580
Payments-in-lieu of taxation	-	382,005	443,893
Conditional grants	19,302,846	25,632,242	23,465,308
Revenue from other municipalities	9,061,606	4,174,061	4,067,146
User fees and service charges	19,163,518	20,206,429	19,500,235
Licences, permits and rents	4,039,566	7,677,041	7,257,104
Fines and penalties	637,000	654,971	687,315
Other revenue	7,078,235	7,114,097	4,241,592
Net earnings from government business enterprises		2,091,915	(1,097,743)
<b>Total revenue</b>	<b>111,756,067</b>	<b>119,263,246</b>	<b>107,722,430</b>
<b>Expenses:</b>			
General government	10,549,542	\$ 6,894,706	7,303,920
Protection services	19,600,933	18,599,147	21,708,312
Transportation services	16,058,974	12,368,013	12,472,684
Environmental services	15,207,439	11,415,067	11,150,877
Health services	7,965,716	7,349,707	7,282,421
Social and family services	19,741,782	19,766,909	19,282,103
Social housing	13,290,307	12,102,998	10,406,282
Recreation and cultural services	10,296,028	11,302,977	10,800,338
Planning and development	4,382,524	8,678,257	4,159,900
<b>Total expenses</b>	<b>117,093,245</b>	<b>108,477,781</b>	<b>104,566,837</b>
Annual surplus (deficit)	(5,337,178)	10,785,465	3,155,593
Opening accumulated surplus	218,675,655	218,675,655	215,520,062
<b>Ending accumulated surplus</b>	<b>\$ 213,338,477</b>	<b>\$ 229,461,120</b>	<b>\$ 218,675,655</b>

The accompanying notes are an integral part of these consolidated financial statements.

**CORPORATION OF THE CITY OF STRATFORD**

## Consolidated Statement of Changes in Net Debt

For the year ended December 31, 2015 with comparative figures for 2014

	2015 Budget (note 18)	2015	2014
Annual surplus	(5,337,178) \$	10,785,465 \$	3,155,593
Acquisition of tangible capital assets	(22,454,709)	(8,539,224)	(9,264,444)
Acquisition of tangible capital assets-WIP		(1,801,828)	(391,044)
Amortization of tangible capital assets	7,365,086	8,135,555	8,114,257
(Gain)/loss on disposal of tangible capital assets		191,777	(145,282)
Proceeds from sale of tangible capital assets		44,615	67,703
Change in net financial assets	\$ (20,426,801) \$	8,816,360 \$	1,536,783
Change in inventory		(19,678)	2,593
Change in other non financial assets		(111)	(41,223)
Change in prepaid expenses		1,044,019	(489,268)
Change in net debt	\$ (20,426,801) \$	9,840,590 \$	1,008,885
Net debt, beginning of the year	\$ (50,374,501)	(50,374,501)	(51,383,386)
Net debt, end of the year	\$ (70,801,302) \$	(40,533,911) \$	(50,374,501)

The accompanying notes are an integral part of these consolidated financial statements.

**CORPORATION OF THE CITY OF STRATFORD**

## Consolidated Statement of Cash Flows

For the year ended December 31, 2015 with comparative figures for 2014

	2015	2014
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 10,785,465	\$ 3,155,593
Items not involving cash:		
Amortization of tangible capital assets	8,135,555	8,114,257
Government business enterprises net earnings	(3,271,915)	(152,771)
(Gain)/loss on disposal of tangible capital assets	191,777	(145,282)
Changes in non-cash operating working capital:		
Other receivables	(1,372,556)	2,035,593
Taxes receivable	210,207	194,176
Inventory	(19,678)	2,593
Prepaid expenses	1,044,019	(489,268)
Other non financial assets	(111)	(41,223)
Accounts payable and accrued liabilities	(1,415,111)	1,329,216
Deferred revenue	582,063	(217,391)
Employee benefits payable	143,837	4,284,021
Land held for resale	185,021	-
Solid waste landfill closure and post closure liability	(13,366)	206,080
	15,185,207	18,275,594
Financing activities:		
Decrease in bank indebtedness	(11,500,000)	(1,340,000)
Increase in long term debt	9,620,926	(5,176,268)
	(1,879,074)	(6,516,268)
Investing activities:		
Dividends from Government business enterprises	1,180,000	1,250,514
Net increase in investments	(352,387)	(563,490)
Net decrease in loans receivable	(257,547)	82,236
	570,066	769,260
Capital transactions		
Purchase of tangible capital assets	(10,341,052)	(9,655,489)
Proceeds from the sale of tangible capital assets	44,615	67,703
	(10,296,437)	(9,587,786)
Change in cash and cash equivalents	3,579,762	2,940,800
Cash and cash equivalents, beginning of year	7,766,851	4,826,051
Cash and cash equivalents, end of year	\$ 11,346,613	\$ 7,766,851

The accompanying notes are an integral part of these consolidated financial statements.

## CORPORATION OF THE CITY OF STRATFORD

### Notes to Consolidated Financial Statements

For the year ended December 31, 2015

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#### 1. Significant accounting policies:

The consolidated financial statements of the Corporation of the City of Stratford (the "Corporation") are prepared by management in accordance with Canadian public sector accounting standards for local governments as recommended by the Public Sector Accounting Board ("PSAB") of CPA Canada. Significant aspects of accounting policies are as follows:

(a) Reporting entity:

These consolidated financial statements reflect the assets, liabilities, revenues, and expenditures of the Corporation and include the activities of all committees of Council and the following local boards, municipal enterprises and utilities which are accountable to the Corporation for the administration of their financial affairs and resources and are owned or controlled by the Corporation.

(i) Consolidated entities:

- Stratford Public Library
- Board of Parks
- Stratford City Centre Committee
- Perth & Stratford Housing Corporation
- SEED CO

(ii) Proportionally consolidated entities:

The following entities are proportionally consolidated with the financial statements of the Corporation based on an approved funding agreement effective January 1, 2015.

	2015	2014
Perth District Health Unit	43.40%	43.88%
Spruce Lodge Home for the Aged	44.30%	44.79%
Spruce Lodge Home Assistance Corporation	44.30%	44.79%
Spruce Lodge Foundation	44.30%	44.79%

The method of consolidation is based on notional weighted assessment as stated in the new shared services costing agreement.

For the year ended December 31, 2015

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**1. Significant accounting policies (continued):**

(a) Reporting entity (continued):

(iii) Equity accounting:

Government business enterprises are accounted for by the modified equity method. Under the modified equity method, the accounting principles of government business enterprises are not adjusted to conform to the Corporation's accounting principles and inter-organizational transactions and balances are not eliminated. However, inter-organizational gains and losses are eliminated on assets remaining with the government reporting entities at the reporting date.

The government business enterprises include:

- Festival Hydro Inc.
- Festival Hydro Services Inc.

(b) Accrual accounting:

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

(c) Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand, cash held in financial institutions and temporary investments with maturities of 60 days or less.

(d) Bank indebtedness

Bank indebtedness is a fluctuating short term line of credit held in a financial institution.

(e) 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, and include interest charges when these charges are directly attributable to the capital project. Donated or contributed assets are capitalized and recorded at their estimated fair value upon acquisition. Leased capital assets are valued at the present value of the future minimum lease payments. Certain tangible capital assets for which historical cost information is not available have been recorded at current replacement cost deflated by a relevant inflation factor.

For the year ended December 31, 2015

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**1. Significant accounting policies (continued):**

(e) Tangible capital assets (continued):

Works of art and other historical treasures are accounted for in the same method as the other tangible capital assets, with the exception that they are not amortized.

Work in progress identified in this and subsequent notes relates to assets under construction. The costs, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follow:

Land Improvements	20 to 30 years
Buildings and building equipment	15 to 50 years
Computer Equipment	5 years
Furniture and fixtures	15 to 30 years
Vehicles	2 to 25 years
Machinery and equipment	5 to 25 years
Linear	20 to 40 years
Other capital assets	50 years
Roads	15 to 60 years
Bridges	60 to 75 years
Water and wastewater facilities	35 to 100 years
Underground and other networks	100 years

(f) Land held for resale:

The land held for resale is recorded at cost.

(g) Tax revenues:

In 2015 the Corporation billed over \$51.2 million in property tax revenue for municipal purposes. A further \$13.7 million in provincial education taxes were billed on behalf of the Province of Ontario for education purposes and remitted to the Province during the year. The authority to levy and collect property taxes is established under the Municipal Act, 2001, the Assessment Act, the Education Act and other legislation.

The amount of the total annual property tax levy is determined each year through Council's approval of the annual operating budget. Municipal tax rates are set annually by Council for each class or type of property, in accordance with legislation and Council approved policies, in order to raise the revenues required to meet operating budget requirements. Education tax rates are established by the Province of Ontario each year in order to fund the costs of education on a Province wide basis.

Taxation revenues are recorded at the time tax billings are issued. Additional property tax revenue can be added throughout the year, related to new properties that become occupied, or that become subject to property tax, after the return of the annual assessment roll used for billing purposes. The Corporation may receive supplementary assessment rolls over the course of the year from MPAC that identify new or omitted assessments. Property taxes for these supplemental/omitted amounts are then billed according to the approved tax rate for the property class.

Taxation revenues in any given year may also be reduced as a result of reductions in assessment values rising from assessment and/or tax appeals. Each year, an amount is identified to cover the estimated amount of revenue loss attributable to assessment appeals, tax appeals or other deficiencies in tax revenue.



For the year ended December 31, 2015

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**1. Significant accounting policies (continued):**

(h) Deferred revenue:

The recreational land (Planning Act), development charges funds, and sub divider contributions are prescribed by legislation, or agreement and are reported as deferred revenue on the consolidated statement of financial position. Grants that are received in the year, but are subject to external restrictions that have not been fulfilled, are recorded in deferred revenue until those obligations are met. In addition, certain user charges and fees are collected for which the related services have yet to be performed. These amounts are recognized as revenue in the fiscal year the related expenditures are incurred or services performed.

(i) Long-term investments:

Long-term investments are recorded at cost less any amounts written-off to reflect a permanent decline in market value below cost. Investments consist of authorized investments pursuant to provisions of the Municipal Act and comprise government and corporate bonds, debentures, pooled investment funds and short-term instruments of various financial institutions.

Investment income earned is reported as revenue in the period earned. Investment income earned on obligatory reserve funds is added to the fund balance and forms part of the respective deferred revenue balances.

(j) Inventory:

Inventory is valued at the lower of cost and net realizable value on a first-in, first-out basis.

(k) Employee benefits payable:

The Corporation provides post-retirement health care, life insurance and unused sick leave benefits to eligible retired employees. The benefits earned by employees are actuarially determined using management's best estimate of salary escalation, retirement ages of employees and expected benefit costs.

Past service costs from plan amendments related to prior period employee services are accounted for in the period of the plan amendment. The effects of a gain or loss from settlements or curtailments are expensed in the period they occur. Net actuarial gains and losses related to the employee benefits are amortized over the average remaining service life of the related employee group. Employee future benefit liabilities are discounted at the Corporation's cost of borrowing using estimated rates for debt with maturities similar to expected benefit payments in the future. The costs of workplace safety and insurance obligations are actuarially determined and are expensed.

For the year ended December 31, 2015

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**1. Significant accounting policies (continued):**

(l) Use of estimates:

The preparation of the consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. The amounts subject to such estimates include employee benefits payable, assessment appeals, claims provisions, and solid waste landfill closure and post-closure liability. Actual results could differ significantly from those estimates.

(m) Transactions on behalf of others:

Trust funds operated by the Corporation amounting to \$ 2,443,160 (2014 - \$2,372,366) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations, as they are reported on separately.

(n) Government transfer revenue:

Government transfer revenue is recorded once it is authorized by the transferring government and the Corporation is eligible to receive the transfer. Any amount received but restricted is recorded as deferred revenue in accordance with Section 3100 of the Public Sector Accounting Handbook and recognized as revenue in the period in which the resources are used for the purpose specified.

Government transfers include social assistance program funding representing 80-100% of certain social services programs, social service administration funding covering 50% of certain administration costs and transfers for social housing totaling approximately 20% of costs of the program.

In addition, the Corporation periodically receives senior government capital funding in the form of infrastructure grants and receives ongoing funding from both senior levels of government as a result of an allocation of gas tax funds.

(o) Contaminated sites:

Public Sector Accounting Handbook section 3260 - Liability for Contaminated Sites, requires that the City recognize a liability for remediation of contaminated sites when contamination of a site, for which the City is directly responsible or accepts responsibility, exceeds an existing environmental standard and a reasonable estimate of the remediation costs can be made. The City is in the process of establishing an inventory of contaminated sites (if any) and evaluating if it will be required to recognize a liability for remediation of any of the sites.

**CORPORATION OF THE CITY OF STRATFORD**  
Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2015

**2. Cash and cash equivalents and bank indebtedness:**

The following is a breakdown of cash and cash equivalents and bank indebtedness:

Cash and cash equivalents:				
Bank accounts	\$	11,343,102	\$	7,763,340
Petty Cash		3,511		3,511
		<u>11,346,613</u>		<u>7,766,851</u>
Bank indebtedness:				
Short term operating loan		-		(11,500,000)
	\$	-	\$	(11,500,000)

**3. Loans receivable:**

The following loans are outstanding at December 31, 2015:

Stratford Perth Museum	\$	343,769	\$	354,838
Heritage Conservation District Loans		234,968		231,498
Stratford Soccer Association		120,000		130,000
Stratford Perth Museum (2)		167,584		174,604
Household Sewer Loans		15,977		19,749
Stratford Tourism Alliance		210,938		-
Stratford Perth Humane Society		75,000		-
	\$	<u>1,168,236</u>	\$	<u>910,689</u>

The Stratford Perth Museum loan matures in 2038, has an interest rate of 3% with repayments of \$1,791 being made monthly.

The Heritage Conservative District loans are interest free 10 year loans with maturity dates between July 2016 and September 2025.

The Stratford Perth Museum (2) matures in 2038, has an interest rate of .5% with repayments of \$656.34 being made monthly.

The Stratford Soccer Association loan is a 15 year interest free loan maturing September 2028 with a yearly payment of \$10,000.

The Household Sewer loans are 3 year loans to property owners at an interest rate of 15%. Payments are made monthly.

The Stratford Tourism loan is a 4 year interest free loan.

The Stratford Perth Humane Society loan is a 4 year interest free loan.

**4. Investments:**

	2015		2014	
	Cost	Market Value	Cost	Market Value
Bankers' acceptances	\$ -	\$ -	\$ 91,281	\$ 89,837
Deposit notes/GIC's	2,740,400	2,716,738	5,158,825	5,136,467
Fixed Income	13,552,655	13,660,709	10,690,562	10,960,457
	<u>\$ 16,293,055</u>	<u>\$16,377,447</u>	<u>\$15,940,668</u>	<u>\$16,186,761</u>

Long-term investments earn interest between 1.51% and 9.98% and have maturity dates between February 2016 and December 2108.

**CORPORATION OF THE CITY OF STRATFORD**  
Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2015

**5. Investment in Government Business Enterprises:**

The Corporation holds a 100% interest in Festival Hydro Inc. and Festival Hydro Services Inc. as follows:

		2015	2014
			Restated
Festival Hydro Inc.	(a)	\$ 38,973,743	\$ 36,913,415
Festival Hydro Services Inc.	(b)	810,835	779,248
		<u>\$ 39,784,578</u>	<u>\$ 37,692,663</u>

Beginning 2015, Festival Hydro Inc. and Festival Hydro Services Inc. are required to prepare their financial statements in accordance with International Financial Reporting Standards (IFRS). In prior years, these financial statements were prepared in accordance with Canadian general accepted accounting principles (CGAAP). The company has restated the comparative information in its consolidated financial statements for the year ended December 31, 2014 and its opening consolidated statement of financial position as at January 1, 2014 by retroactively applying IFRS in accordance with IFRS standards for first time adoption. Adjustments in the City's financial statements due to IFRS are provided below.

**Investment in Government Business Enterprise**

	Balance previously reported	IFRS Adjustments to opening balance	IFRS adjustments to 2014 surplus	Balance restated
Investment in Festival Hydro Inc.	\$ 36,850,050	\$ 196,827	-\$ 133,462	\$ 36,913,415
Investment in Festival Hydro Services Inc.	779,248	-	-	779,248
Share of earnings in Festival Hydro Inc.	218,176	-	133,462	84,714
Share of earnings in Festival Hydro Services Inc.	68,058	-	-	68,058

The investments consist of the following:

**Investment in Government Business Enterprise**

	Net assets 2015	Net assets 2014 restated	Share of income 2015	Share of income 2014 restated
Festival Hydro Inc.	\$ 38,973,743	\$ 36,913,415	\$ 3,240,328	\$ 84,714
Festival Hydro Services Inc.	810,835	779,248	31,587	68,058

**CORPORATION OF THE CITY OF STRATFORD**  
Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2015

(a) Festival Hydro Inc.:

	2015	2014
		Restated
Financial position:		
Current assets	\$ 13,216,669	\$ 14,312,964
Capital assets	51,628,285	50,857,517
Deferred tax assets	841,045	1,935,599
Other Assets	2,095,887	3,244,206
<b>Total assets</b>	<b>67,781,886</b>	<b>70,350,286</b>
Regulatory balances	2,041,868	4,383,349
Current liabilities	11,832,560	14,285,169
Demand loan payable to the City of Stratford	15,600,000	15,600,000
Post-employment benefits	1,379,334	1,357,109
Other liabilities	15,876,494	15,591,135
<b>Total liabilities</b>	<b>44,688,388</b>	<b>46,833,413</b>
Regulatory balances	1,761,623	6,586,807
<b>Equity</b>	<b>\$ 23,373,743</b>	<b>\$ 21,313,415</b>
Financial activities:		
Revenues	\$ 83,056,063	\$ 76,942,881
Operating expenses	(79,188,070)	(74,485,395)
Finance costs (net)	(1,904,296)	(2,914,137)
Income tax	(1,193,461)	(3,726)
Net movement in regulatory balance	2,488,610	657,620
Other comprehensive income (loss)	(18,518)	(112,529)
Equity, beginning of year	21,313,415	22,479,216
Dividends paid or payable on common shares	(1,180,000)	(1,250,515)
<b>Equity, end of year</b>	<b>\$ 23,373,743</b>	<b>\$ 21,313,415</b>
	2015	2014
		Restated
Investment in Festival Hydro Inc.:		
Equity, end of year	\$ 23,373,743	\$ 21,313,415
Demand loan payable to the City of Stratford	15,600,000	15,600,000
<b>Net investment</b>	<b>\$ 38,973,743</b>	<b>\$ 36,913,415</b>

**CORPORATION OF THE CITY OF STRATFORD**  
Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2015

**5. Investment in Government Business Enterprises (continued):**

(b) Festival Hydro Services Inc.:

	2015	2014
		Restated
Financial position:		
Current assets	\$ 94,783	\$ 84,359
Capital assets	2,511,800	2,744,498
Other assets	61,691	58,351
Total assets	2,668,274	2,887,208
Current liabilities	66,524	46,039
Demand loan payable to the City of Stratford	372,000	372,000
Other liabilities	1,790,915	2,061,921
Total liabilities	2,229,439	2,479,960
Equity	\$ 438,835	\$ 407,248
Financial activities:		
Revenues	\$ 1,037,023	\$ 1,009,844
Operating expenses	(929,051)	(842,118)
Finance costs (net)	(82,385)	(99,668)
Income tax	6,000	-
Net assets, beginning of year	407,248	339,190
Dividends on common shares	-	-
Equity, end of year	\$ 438,835	\$ 407,248
	2015	2014
		Restated
Investment in Festival Hydro Services Inc.:		
Equity, end of year	\$ 438,835	\$ 407,248
Demand loan payable to the City of Stratford	372,000	372,000
Net investment	\$ 810,835	\$ 779,248

During the year, and within the normal course of operations, the Corporation was provided water and sewer billing and collection services by Festival Hydro. Amounts paid to Festival Hydro Inc. by the Corporation were \$450,594 (2014 - \$438,542).

The Corporation also leases space from Festival Hydro for which it paid rent of \$33,673 (2014 - \$33,647) during the year.

**CORPORATION OF THE CITY OF STRATFORD**  
Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2015

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**6. Pension agreement:**

The Corporation makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), a multi-employer plan, on behalf of its employees. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The 2015 contribution rates are 9.0% for employee earnings below the year's maximum pensionable earnings and 14.6% thereafter for employees with a normal retirement age of 65. The 2015 contribution rates are 9.2% for employees earnings below the year's maximum pensionable earnings and 15.8% thereafter for employees with a normal retirement age of 60. Employees and employers contribute jointly to the plan.

OMERS is a multi-employer pension plan, therefore any pension plan surplus or deficit is a joint responsibility of all Ontario municipalities and their employees. As a result, the Corporation does not recognize any share of the OMERS pension surplus or deficit. Employer contributions for current service amounted to \$2,711,546 (2014 - \$2,950,354) and are matched by employee contributions in a similar manner. Employer contributions are recognized as an expenditure in the consolidated statement of financial activities in the year contributions are made. The OMERS pension plan has a deficit. If actuarial surpluses are not available to offset the existing deficit and subsidize future contributions, increases in contributions will be required in the future.

**7. Deferred revenue:**

	2015	2014
Obligatory reserve funds:		
Development charges	\$ 6,611,258	\$ 6,452,075
Subdivider contributions	103,835	101,089
Recreational land (The Planning Act)	521,772	437,532
Federal gas tax	3,493,284	2,319,447
Provincial gas tax	604,162	1,442,544
Other current miscellaneous	95,789	-
Other consolidated entities:		
Other	124,839	220,190
	<u>\$ 11,554,939</u>	<u>\$ 10,972,877</u>

For the year ended December 31, 2015

**8. Solid waste landfill closure and post-closure liability:**

Solid waste landfill closure and post-closure liability, accounts for anticipated closure and post-closure costs for the existing and closed landfill sites. This liability is the estimated cost to date, based on a volumetric basis, of the expenditures related to those activities required when the site or phase stops accepting waste.

Post-closure activities include all activities related to monitoring the site once it can no longer accept waste, including acquisition of any additional land for buffer zones, treatment and monitoring of leachate, monitoring ground water and surface water, gas monitoring and recovery, and ongoing maintenance of various control systems, drainage system and final cover.

The estimated liability for the care of landfill sites is the present value of future cash flows associated with closure and post-closure costs. The liability includes the portion of the landfill that was closed in 1995. This liability is not funded with reserves.

Key assumptions in arriving at the liability are:

	2015	2014
The landfill is expected to reach capacity in 2043		
Remaining capacity as at December 31, 2015	1.80 million tonnes	1.80 million tonnes
Expected closing cost in 2015 dollars	\$ 905,158	\$ 918,524
Costs still to be recognized	\$ 428,818	\$ 713,518
Expected inflation rate	2%	2%
Discount rate	4.10%	4.00%
Estimated time needed for post-closure care	50 Years	50 Years

**9. Commitments:**

In accordance with a service agreement entered into by the municipality in 1970 with the Ontario Clean Water Agency (the "Agency"), the existing sewage system is operated by the Agency. The municipality is obligated to meet all operating costs related to the project. This agreement was renewed January 1, 2012 for 5 years. The future payments are \$861,471 for 2016 with a CPI adjustment each year thereafter until December 31, 2016 when a new agreement will be executed.

The Corporation leases vehicles. The leases are renewed every one or two years. The 2016 commitment is \$48,759. The commitment thereafter will be affected by changes to the leased fleet and inflation.



**CORPORATION OF THE CITY OF STRATFORD**  
Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2015

**10. Employee benefits payable:**

Employee future benefits are liabilities of the Corporation to its employees and early retirees for benefits earned but not taken. Details are as follows:

	2015	2014
Post-retirement benefits (a)	\$ 8,288,394	\$ 7,758,350
Workplace Safety and Insurance Board Obligation (b)	7,001,040	7,387,247
	<b>\$ 15,289,434</b>	<b>\$ 15,145,597</b>

The Corporation provides benefits to retirees until they reach 65 years of age, provides certain benefits to employees on long-term disability, allows certain employees to accumulate unused sick leave to be taken as a cash payment on termination. Above values are based on actuarial and management estimates as at December 31, 2015.

(a) The actuarial analysis is only for the City of Stratford, not including WSIB. Significant assumptions used in the actuarial valuation are as follows:

	2015	2014
Discount rate	4.10%	4.00%
Rate of compensation increase	1.50%	1.50%
Healthcare cost increase	5.00%	5.00%

The benefit obligation continuity is as follows:

	2015	2014
Accrued benefit obligation end of prior year	\$ 7,308,500	\$ 7,544,200
Adjustment to accrued benefit obligation at January 1	\$ 213,400	\$ (480,100)
Current period benefit cost	427,300	418,300
Retirement interest expenditure	302,700	353,700
Benefits paid	(765,200)	(527,600)
Accrued benefit obligation, December 31	7,486,700	7,308,500
Unamortized actuarial loss (gain)	551,000	213,400
Liability for post-retirement benefits	<b>\$ 8,037,700</b>	<b>\$ 7,521,900</b>

Post-retirement benefits expense is as follows:

	2015	2014
Current period benefit cost	\$ 427,300	\$ 418,300
Retirement interest expenditure	302,700	353,700
Amortization of actuarial (gain) loss	(118,400)	(162,100)
Total post-retirement benefits expense	<b>\$ 611,600</b>	<b>\$ 609,900</b>

Reserves have been established to partially provide for this past service liability. The balance at the end of the year is \$5,442,154 (2014 - \$5,267,114). An amount of \$436,469 (2014 - \$264,736) was paid out of reserves to employees who left the Corporation's employment during the current year.

**CORPORATION OF THE CITY OF STRATFORD**  
Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2015

**10. Employee benefits payable (continued):**

- (b) The City of Stratford is a Workplace Safety and Insurance Board (WSIB) Schedule 2 employer. The City has recorded an accrual for the estimate of future benefit costs and administrative loading as calculated by WSIB. During the year \$293,503 (2014-\$333,729) was paid by the City to the WSIB in relation to those benefits.

**11. Long-term debt:**

The balance of long-term debt reported on the consolidated statement of financial position consists of total long-term debt incurred by municipal enterprises. The amount at the end of the year is as follows:

	2015	2014
OSIFA debenture bearing interest at 2.57% due June 2032	\$ 22,107,647	\$ 23,447,291
OSIFA debenture bearing interest at 2.47% due June 2017	253,014	421,691
OSIFA debenture bearing interest at 2.78% due September 2024	603,000	670,000
OSIFA debenture bearing interest at 2.74% due November 2028	3,759,618	4,048,819
OMEIFA debenture bearing interest at 4.96% due November 2034	12,780,440	13,453,095
OMEIFA debenture bearing interest at 2.70% due November 2034	1,058,825	1,100,987
OMEIFA debenture bearing interest at 4.28% due December 2024	3,299,998	3,666,665
OMEIFA debenture bearing interest at 3.21% due December 2026	15,431,267	16,834,109
Royal Bank loan payable, interest at 2.63% per annum, due February 2026	4,811,019	5,520,114
Royal Bank loan payable, interest at 2.42% per annum, due June 2024	1,751,812	1,905,727
Royal Bank loan payable, interest at 2.84% per annum, due April 2027	4,466,442	-
Royal Bank loan payable, interest at 2.88% per annum, due April 2028	4,417,821	-
Royal Bank loan payable, interest at 1.75% per annum, due April 2020	1,143,006	-
Royal Bank loan payable, interest at 2.49 per annum, due April 2025	1,881,616	-
Royal Bank loan payable, interest at 2.51 per annum, due April 2023	1,461,370	-
Royal Bank loan payable, interest at 2.80 per annum, due April 2026	1,462,528	-
	\$ 80,689,423	\$ 71,068,498

Principal repayments are summarized as follows:

2016	6,023,430
2017	5,969,925
2018	5,922,932
2019	5,936,343
2020	5,805,648
Thereafter	51,031,145
	\$ 80,689,423

Long-term liabilities and commitments to be financed from reserves beyond the term of Council are covered by by-law. The principal and interest payments required to service existing and pending issues and commitments are within the debt repayment limit prescribed by the Ministry of Municipal Affairs.

Total interest expense on long term debt was \$2,573,630 (2014 - \$2,484,733)

**CORPORATION OF THE CITY OF STRATFORD**  
Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2015

**12. Public liability insurance:**

In recent years there have been substantial increases in the premiums charged by the insurance industry for public liability insurance. As a result, the Corporation has undertaken some portion of the risk, which would normally have been covered by outside insurers.

The Corporation is self insured for public liability claims up to \$50,000 for any individual claim and \$50,000 for any number of claims arising out of a single occurrence. Outside coverage is in place for claims in excess of these limits.

Claims settled during the year amounted to \$156,900 (2014 - \$115,421) have been provided for in the revenue fund and are accordingly reported as an expenditure in the consolidated statement of financial activities. Total unsettled claims at the end of the year are \$531,780 (2014 - \$560,517).

**13. Accumulated surplus:**

The accumulated surplus balance is comprised of balances in reserves and reserve funds, operating surplus, capital surplus, unfunded liabilities to be recovered in the future, investment in government business enterprises and investment in tangible capital assets.

	2015	2014
Reserves set aside for specific purpose by Council:		
Revenue purposes	\$ 16,486,656	\$ 15,854,517
Current purposes	1,571,675	851,283
Capital purposes	6,992,191	6,271,602
<b>Total reserves</b>	<b>\$ 25,050,522</b>	<b>\$ 22,977,402</b>
Reserve Funds set aside for specific purpose by Council:		
Revenue purposes	\$ 49,432	48,125
Current purposes	1,148,006	1,107,914
Capital purposes	(293,226)	(334,480)
<b>Total reserve funds</b>	<b>\$ 904,212</b>	<b>\$ 821,559</b>
Amounts to be recovered:		
Investment in Government Business Enterprises	\$ (7,800,000)	\$ (7,800,000)
Solid waste landfill closure and post closure liability	(905,158)	(918,524)
Employee benefits payable	(15,289,434)	(15,145,597)
Long-term debt	(80,689,423)	(71,068,498)
Interest accrual on debt	(186,566)	(198,097)
<b>Total amounts to be recovered</b>	<b>\$ (104,870,581)</b>	<b>\$ (95,130,716)</b>
Cumulative operating deficit	(2,052,656)	(16,546,216)
Investment in Government Business Enterprise	39,784,578	37,692,664
Land held for resale	1,659,807	1,844,829
Work in Progress	10,584,044	8,782,216
Investment in tangible capital assets	258,401,194	258,233,920
<b>Total accumulated surplus</b>	<b>\$ 229,461,120</b>	<b>\$ 218,675,657</b>

Festival Hydro Inc. and Festival Hydro Services Inc. adopted International Financial Reporting Standards (IFRS) on January 1, 2015. In preparing their opening IFRS statement of financial position, Festival Hydro Inc. and Festival Hydro Services Inc. have adjusted amounts previously reported in their financial statements prepared in accordance with Canadian GAAP and are reflected in note 5 of these consolidated financial statements. Adjustments in the City's statements due to IFRS are provided below.

The changes have been applied to opening surplus as follows:

**Accumulated surplus as at January 1, 2014**

Accumulated surplus, beginning of year as originally stated	\$ 215,323,235
Investment in Government Business Enterprise	196,827
<b>Accumulated surplus, beginning of year restated</b>	<b>\$ 215,520,062</b>

**Net debt as at January 1, 2014**

Net debt, beginning of year as originally stated	\$ (51,580,213)
Investment in Government Business Enterprise	196,827
<b>Net debt, beginning of year as restated</b>	<b>\$ (51,383,386)</b>

**CORPORATION OF THE CITY OF STRATFORD**  
Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2015

**14. Contingencies:**

As of December 31, 2015, certain legal actions and other contingent liabilities are pending against the Corporation. Reference can be made to note 12 for details of the public liability insurance maintained by the Corporation. Not all contingencies can be estimated at year end since the outcome of these matters is indeterminate at this time.

**15. Financial Information for the Library Board:**

The Ministry of Culture provides operating and pay equity grants to the Library. A condition of this grant is that the Library Board supply its financial information to the Ministry. This information may be included in the consolidated financial statements provided that the financial information of the library is identified either by a separate schedule or a note.

	2015	2014
Revenue		
Other grant revenue	\$ 11,921	\$ 7,799
Public library operating grant	50,798	50,798
Pay equity grant	604	604
Fees and charges	299,974	289,020
Donations	21,560	192,787
Total revenue	384,857	541,008
Expenses		
Wages	1,892,582	1,830,607
Materials	264,966	271,606
Services	298,835	447,223
Other	36,163	35,898
Total expenses	2,492,546	2,585,334
Deficiency of revenue over expenses	\$ 2,107,689	\$ 2,044,326
Deficiency was funded as follows:		
Transfer from reserves and reserve funds	67,907	55,638
Contribution from the Corporation	2,039,782	1,988,688
	\$ 2,107,689	\$ 2,044,326

For the year ended December 31, 2015

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**16. Segmented information:**

The Corporation of the City of Stratford is a diversified municipal government institution that provides a wide range of services to its citizens. For reporting purposes the Corporation's operations and activities are organized in segments. The services and activities of each segment are as follows:

**General government**

This item is related to the revenues and expenses of the operations of the Corporation itself and cannot be directly attributed to a specific segment.

**Protection services**

Protection is comprised of police services, fire department and building department. The police services department is to ensure the safety and protection of the citizens and their property, preserve peace and good order, detect offenders and enforce the law. The fire department provides fire suppression service, fire prevention programs, training and education related to prevention and detection of fires. The building department enforces the building and construction codes and municipal by-laws.

**Transportation services**

Transportation services includes public works services related to planning, development and maintenance of the roadway systems, street lighting, transit and parallel transit, parking administration and control and the operations of the Stratford Municipal Airport.

**Environmental services**

Environmental services include providing sanitary and storm sewer, water, waste collection and disposal and recycling services.

**Health services**

Health services are comprised of public health services which works to improve the overall health of the population and overcome health inequalities by providing services to individuals and communities. This segment also includes ambulance services and cemetery operations.

**Social and Family services**

Social Services provides services that are meant to help the less fortunate in society through Ontario Works assistance, child care subsidy program and best start and special needs programs. This segment also includes the operations of a municipal day care.

**Social housing**

Housing services are meant to help the less fortunate through social housing, affordable housing and public housing programs.

**Recreation and Cultural services**

Recreation and cultural services are meant to improve the health and development of the citizens. Programs such as swimming, skating, day camps, festivals and library services are provided at locations such as parks, library, art gallery, recreation complexes, arenas, sports fields and other municipal buildings. This segment also includes grants to numerous community organizations providing recreation and cultural activities.

**Planning and Development**

Planning and development services manages urban development for business interests, environmental concerns, heritage matters, local neighbourhoods and the city centre. This segment also includes economic development and tourism.

For each reported segment, revenues and expenses represent amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are used in preparation of segmented financial information. The revenue fund reports on municipal services that are funded primarily by property taxation revenues. Taxation and payments-in-lieu of taxes are apportioned based on the segment's net surplus. The segmented information follows the same accounting policies as disclosed in note 1.

**CORPORATION OF THE CITY OF STRATFORD**

Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2015

16. Segmented Information (continued)

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Social Housing	Recreation and Cultural Services	Planning & Development	2015 Total
<b>Revenue</b>										
Taxation	\$ 3,286,778	\$ 8,866,407	\$ 5,895,961	\$ 5,441,682	\$ 3,503,682	\$ 9,423,092	\$ 5,769,625	\$ 5,388,247	\$ 4,137,016	\$ 51,712,490
Grants	5,876	347,864	2,197,773	1,357,450	3,184,644	14,145,252	2,247,759	153,579	1,992,045	25,632,242
Other Municipalities	269,800				8,671	1,454,496	2,406,557	34,537		4,174,061
Fees and user charges	943,076	188,870	322,033	12,928,914	55,466	2,707,135	2,350,106	704,292	6,537	20,206,429
Licences and permits	1,070,245	17,525	627,601	823	297,191			1,994,063		4,005,801
Rents, fines, penalties	632,595						3,671,240	22,376		4,326,211
Other	4,793,441	92,020	809,728	65,250	238,772	17,832		282,127	2,906,840	9,206,012
	<u>11,001,811</u>	<u>9,512,686</u>	<u>9,853,096</u>	<u>19,792,473</u>	<u>7,288,426</u>	<u>27,747,807</u>	<u>16,445,287</u>	<u>8,579,221</u>	<u>9,042,438</u>	<u>119,263,246</u>
<b>Expenses</b>										
Salaries & benefits	3,233,295	16,402,424	4,672,673	3,123,508	3,922,331	7,861,746	683,247	4,871,907	786,834	45,557,967
Material	288,631	563,325	2,014,781	1,444,160	324,400	434,127	2,193,063	1,398,673	142,269	8,803,429
Contracted Services	2,063,613	765,083	2,656,314	3,353,673	291,961	1,307,823	1,971,473	1,883,261	4,220,885	18,514,087
External Transfers	393,651				2,682,175	9,469,523	5,773,401	864,615	3,165,611	22,348,976
Amortization	490,297	497,279	2,868,540	2,219,894	110,966	236,531	250,566	1,456,457	5,025	8,135,555
Other	425,221	371,035	155,704	1,273,832	17,874	457,158	1,231,247	828,064	357,633	5,117,769
	<u>6,894,708</u>	<u>18,599,147</u>	<u>12,368,013</u>	<u>11,415,067</u>	<u>7,349,707</u>	<u>19,766,909</u>	<u>12,102,998</u>	<u>11,302,977</u>	<u>8,678,257</u>	<u>108,477,781</u>
<b>Net Revenue (expenditures)</b>	\$ 4,107,103	\$ (9,086,461)	\$ (2,514,917)	\$ 8,377,406	\$ (61,281)	\$ 7,980,898	\$ 4,342,290	\$ (2,723,756)	\$ 364,180	\$ 10,785,465

**CORPORATION OF THE CITY OF STRATFORD**

Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2015

16. Segmented Information (continued)

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Social Housing	Recreation and Cultural Services	Planning & Development	2014 Total
<b>Revenue</b>										
Taxation	\$ 3,464,628	\$ 10,297,379	\$ 5,916,441	\$ 5,289,439	\$ 3,454,429	\$ 9,146,501	\$ 4,936,239	\$ 5,123,160	\$ 1,973,256	\$ 49,601,473
Grants	153,382	302,522	1,032,781	2,931,285	3,140,938	13,386,606	1,846,201	544,060	127,533	23,465,308
Other Municipalities	212,500				8,895	1,540,955	2,270,903	33,893		4,067,146
Fees and user charges	726,094	195,734	349,471	12,620,029	39,209	2,689,018	2,396,642	484,039		19,500,235
Licences and permits	625,886	14,625								640,511
Rents, fines, penalties	661,470		642,780		300,071		3,400,699	2,298,889		7,303,909
Other	1,501,878	3,355	485,913	692,317	54,116	24,831		346,624	34,815	3,143,848
	<u>7,345,837</u>	<u>10,813,615</u>	<u>8,427,386</u>	<u>21,533,070</u>	<u>6,997,658</u>	<u>26,787,911</u>	<u>14,850,685</u>	<u>8,830,665</u>	<u>2,135,605</u>	<u>107,722,430</u>
<b>Expenses</b>										
Salaries & benefits	3,180,949	15,816,855	4,905,638	3,119,965	3,773,819	7,816,185	460,872	4,679,055	423,254	44,176,591
Material	388,441	529,613	2,222,197	1,292,251	299,600	610,353	1,918,722	1,181,148	86,845	8,529,169
Contracted Services	2,622,696	700,406	2,243,704	2,990,233	350,922	907,557	1,751,993	1,858,364	561,342	13,987,217
External Transfers	383,167				2,651,534	9,195,413	5,516,064	739,469	2,855,229	21,340,876
Amortization	447,743	497,451	2,873,251	2,175,453	153,252	264,967	242,521	1,453,191	6,428	8,114,257
Other	280,924	4,163,990	227,895	1,572,974	53,293	487,627	516,111	889,111	226,803	8,418,727
	<u>7,303,920</u>	<u>21,708,314</u>	<u>12,472,684</u>	<u>11,150,877</u>	<u>7,282,420</u>	<u>19,282,102</u>	<u>10,406,282</u>	<u>10,800,338</u>	<u>4,159,900</u>	<u>104,566,837</u>
<b>Net Revenue (expenditures)</b>	\$ 41,917	\$ (10,894,700)	\$ (4,045,298)	\$ 10,382,193	\$ (284,762)	\$ 7,505,809	\$ 4,444,402	\$ (1,969,673)	\$ (2,024,296)	\$ 3,155,593

CORPORATION OF THE CITY OF STRATFORD  
Notes to Consolidated Financial Statements (continued)  
For the year ended December 31, 2015

17. Tangible Capital Assets

	General Land	Land Improvements	Buildings and Building Equipment	Computer Equipment	Furniture and Fixtures	Vehicles	Linear Assets	Machinery and Equipment	Bridges Walking	Other	Infrastructure Roads	Bridges	W/WW Facilities	Underground and Other Networks	Total	Work in Progress	Grand Total	
<b>Cost</b>																		
Balance, Dec 31, 2014	17,075,087	5,006,311	68,070,598	3,345,707	6,275,016	9,496,528	5,959,228	13,867,659	57,542	109,739	108,958,667	7,454,334	73,887,872	88,920,325	408,484,612	8,782,215	417,266,827	
Additions	-	36,477	980,644	239,874	101,097	1,512,155	39,289	479,030	-	-	2,323,364	302,923	1,634,491	889,878	8,539,222	1,836,914	10,376,136	
Adjustments	(216)	12,941	(68,697)	-	(2,117)	(1)	-	(14,306)	-	(1)	(255)	-	-	-	(72,652)	-	(72,652)	
Disposals	-	-	11,001	-	15,385	1,318,648	-	78,323	-	-	-	-	-	-	1,423,357	35,085	1,458,442	
Balance, Dec 31, 2015	17,074,871	5,055,729	68,971,544	3,585,581	6,358,611	9,690,034	5,998,517	14,254,060	57,542	109,738	111,281,776	7,757,257	75,522,363	89,810,203	415,527,825	10,584,044	426,111,869	
<b>Accumulated Amortization</b>																		
Balance, Dec 31, 2014	-	1,326,224	24,721,838	2,352,098	3,776,177	6,701,954	4,581,282	8,973,083	3,996	8,300	44,766,793	2,890,881	29,240,130	20,907,934	150,250,691	-	150,250,691	
Amortization	-	127,799	1,796,690	314,796	301,851	719,458	89,261	925,935	1,918	1,443	1,865,487	93,385	1,058,538	864,674	8,161,235	-	8,161,235	
Adjustments	-	13,124	(29,445)	1	(1,075)	1	-	(8,112)	-	2	(176)	-	-	-	(25,680)	-	(25,680)	
Disposals	-	-	11,001	-	15,385	1,189,345	-	43,884	-	-	-	-	-	-	1,259,615	-	1,259,615	
Balance, Dec 31, 2015	-	1,467,147	26,478,082	2,666,895	4,061,568	6,232,068	4,670,543	9,847,022	5,914	9,745	46,632,104	2,984,266	30,298,668	21,772,608	157,126,631	-	157,126,631	
Net Book Value Dec 31, 2015	17,074,871	3,588,582	42,493,462	918,686	2,297,043	3,457,966	1,327,974	4,407,038	51,628	99,993	64,649,672	4,772,991	45,223,695	68,037,595	258,401,195	10,584,044	268,985,240	
<b>Cost</b>																		
Balance, Dec 31, 2013	17,074,966	3,276,548	66,019,036	-	1,903,855	9,593,648	5,814,956	21,317,375	57,542	109,739	107,704,698	7,454,334	72,572,407	86,962,147	399,861,250	8,391,171	408,252,421	
Additions	-	1,729,639	1,969,611	333,618	124,095	91,271	144,272	344,462	-	-	1,253,834	-	1,315,465	1,958,178	9,264,445	391,044	9,655,489	
Adjustments	121	124	81,951	3,012,089	4,273,350	-	-	(7,276,668)	-	-	135	-	-	-	91,102	-	91,102	
Disposals	-	-	-	-	26,284	188,391	-	517,510	-	-	-	-	-	-	732,185	-	732,185	
Balance, Dec 31, 2014	17,075,087	5,006,311	68,070,598	3,345,707	6,275,016	9,496,528	5,959,228	13,867,659	57,542	109,739	108,958,667	7,454,334	73,887,872	88,920,325	408,484,612	8,782,215	417,266,827	
<b>Accumulated Amortization</b>																		
Balance, Dec 31, 2013	-	1,220,335	22,932,575	-	776,298	6,139,423	4,474,383	13,346,158	2,078	6,857	42,905,836	2,799,011	28,197,670	20,054,469	142,855,094	-	142,855,094	
Amortization	-	105,796	1,729,583	278,622	294,843	737,445	106,899	943,859	1,918	1,443	1,860,869	91,870	1,042,460	853,465	8,049,072	-	8,049,072	
Adjustments	-	93	59,680	2,073,476	2,731,320	-	-	(4,799,473)	-	-	88	-	-	-	65,184	-	65,184	
Disposals	-	-	-	-	26,284	174,914	-	517,461	-	-	-	-	-	-	718,659	-	718,659	
Balance, Dec 31, 2014	-	1,326,224	24,721,838	2,352,098	3,776,177	6,701,954	4,581,282	8,973,083	3,996	8,300	44,766,793	2,890,881	29,240,130	20,907,934	150,250,691	-	150,250,691	
Net Book Value Dec 31, 2014	17,075,087	3,680,087	43,348,760	993,609	2,498,839	2,794,574	1,377,946	4,894,576	53,546	101,439	64,191,874	4,563,453	44,647,742	68,012,391	258,233,922	8,782,215	267,016,136	



**CORPORATION OF THE CITY OF STRATFORD**  
Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2015

**18. Budget:**

The Financial Plan (budget) By-Law adopted by Council on January 27, 2014 was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Canadian Public Sector Accounting Standards now require a full accrual basis. The budget figures anticipated use of surpluses accumulated in previous years to reduce current year expenditures in excess of current year revenues to \$NIL. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the statements of operations represent the Financial Plan adopted by Council January 27, 2014 including proportionate consolidated budgets of local boards with adjustments as follows:

	2015
Financial Plan (budget) Bylaw surplus for the year	\$ 42,551
Add:	
Budgeted principal repayment of debt	5,925,000
Budgeted transfer to accumulated surplus	8,599,906
Capital Expenditures	9,407,241
Less:	
Budgeted transfers from accumulated surplus	(21,946,790)
Amortization	(7,365,086)
Budget surplus (deficit) per statement of operations	\$ (5,337,178)

**19. Financial information for SEED Co.:**

	2015	2014
Revenue		
Ontario grants	\$ 117,040	78,942
Federal grants	\$ 1,875,005	-
Other revenue	13,800	16,196
Special project revenue	2,126,195	-
Total revenue	4,132,040	95,138
Expenses		
Wages	236,444	182,512
Materials	19,386	74,421
Services	368,410	191,585
Special project	4,015,823	-
Other	140,728	-
Total expenses	4,780,792	448,518
Deficiency of revenue over expenses	\$ 648,752	\$ 353,380
Deficiency was funded as follows:		
Contribution from the Corporation	606,000	353,380
Contribution from reserve	42,752	-
	\$ 648,752	\$ 353,380