

Consolidated financial statements of

**The Corporation of the
Township of Uxbridge**

December 31, 2017

The Corporation of the Township of Uxbridge

December 31, 2017

Table of contents

Independent Auditor's Report	1-2
Consolidated statement of financial position	3
Consolidated statement of operations	4
Consolidated statement of change in net financial assets	5
Consolidated statement of cash flows	6
Notes to the consolidated financial statements	7-21

Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Uxbridge

We have audited the accompanying consolidated financial statements of the Corporation of the Township of Uxbridge which comprise the consolidated statement of financial position as at December 31, 2017, and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the Township of Uxbridge as at December 31, 2017, and the results of its operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

The logo for Deloitte LLP, featuring the company name in a stylized, cursive script.

Chartered Professional Accountants
Licensed Public Accountants
June 25, 2018

The Corporation of the Township of Uxbridge

Consolidated statement of financial position as at December 31, 2017

	2017	2016
	\$	\$
Assets		
Financial assets		
Cash (Note 3)	2,685,794	2,644,461
Temporary investments (Note 3)	21,712,572	19,677,709
Taxes receivable (Note 4)	3,126,677	2,957,714
Accounts receivable (Note 5)	1,763,882	1,214,041
Inventory for resale	116,783	128,399
	29,405,708	26,622,324
Liabilities		
Accounts payable and accrued liabilities (Note 6)	3,294,198	2,856,144
Other current liabilities	2,528,918	2,751,994
Long-term liabilities (Note 7)	1,400,000	-
Post-employment benefit liability (Note 8)	277,357	257,919
Deferred revenue (Note 9)	11,642,797	11,101,841
	19,143,270	16,967,898
Net financial assets	10,262,438	9,654,426
Non-financial assets		
Tangible capital assets (Note 10)	100,507,051	98,794,903
Inventory of supplies	124,958	105,982
Prepaid expenses	37,249	47,344
	100,669,258	98,948,229
Accumulated surplus (Note 11)	110,931,696	108,602,655

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

The Corporation of the Township of Uxbridge

Consolidated statement of operations year ended December 31, 2017

	2017		2016
	Budget (Note 15)	Actual	Actual
	\$	\$	\$
Revenue			
Taxation - all classes (Note 1(b)(iii))	11,976,423	11,929,752	11,344,048
User fees and charges	2,392,571	2,679,891	2,646,223
Grants			
Government of Canada	1,400,300	1,149,978	967,782
Province of Ontario	1,064,162	926,916	958,333
Other municipalities	292,181	451,944	333,706
Investment income	156,901	310,545	239,054
Penalties and interest on taxes	460,000	483,685	508,916
Developer and other contributions earned	823,240	847,613	1,206,319
Contributed tangible capital assets (Note 10(i))	-	173,314	179,538
Gain (loss) on sale of tangible capital assets	-	(76,096)	(107,541)
Other	439,750	1,062,609	528,029
	19,005,528	19,940,151	18,804,407
Expenses (Note 14)			
General government	2,510,784	2,559,914	2,445,948
Protection to persons and property	2,426,535	2,852,060	2,151,354
Transportation services	6,855,606	6,577,738	6,360,865
Environmental services	448,217	405,098	418,055
Health services	45,000	32,807	48,685
Recreation and cultural services	4,994,351	4,856,012	4,658,574
Planning and development	518,846	327,481	359,154
	17,799,339	17,611,110	16,442,635
Annual surplus	1,206,189	2,329,041	2,361,772
Accumulated surplus, beginning of year	106,925,592	108,602,655	106,240,883
Accumulated surplus, end of year	108,131,781	110,931,696	108,602,655

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

The Corporation of the Township of Uxbridge

Consolidated statement of change in net financial assets year ended December 31, 2017

		2017	2016
	Budget (Note 15)	Actual	Actual
	\$	\$	\$
Annual surplus	1,206,189	2,329,041	2,361,772
Acquisition of tangible capital assets	(6,546,559)	(5,753,989)	(7,728,860)
Amortization of tangible capital assets	3,739,228	3,916,582	3,787,102
(Gain) loss on sale of tangible capital assets	-	76,096	107,541
Proceeds on sale of tangible capital assets	-	49,163	6,884
	(1,601,142)	616,893	(1,465,561)
(Acquisition) use of inventories of supplies (net)	-	(18,976)	105,417
Acquisition of prepaid expenses	-	(37,249)	(47,344)
Use of prepaid expenses	-	47,344	38,083
(Decrease) increase in net financial assets	(1,601,142)	608,012	(1,369,405)
Net financial assets, beginning of year	6,328,511	9,654,426	11,023,831
Net financial assets, end of year	4,727,369	10,262,438	9,654,426

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

The Corporation of the Township of Uxbridge

Consolidated statement of cash flows year ended December 31, 2017

	2017	2016
	\$	\$
Operating activities		
Annual surplus	2,329,041	2,361,772
Items not involving cash		
Amortization	3,916,582	3,787,102
(Gain) loss on sale of tangible capital assets	76,096	107,541
Contributed and donated tangible capital assets	(173,314)	(179,538)
Change in non-cash assets and liabilities		
Increase in taxes receivable	(168,963)	(46,865)
(Increase) decrease in accounts receivable	(549,841)	43,274
Decrease (increase) in inventory for resale	11,616	(125,448)
(Increase) decrease in inventory of supplies	(18,976)	105,417
Increase in accounts payable and accrued liabilities	438,054	525,234
(Decrease) increase in other current liabilities	(223,076)	50,540
Increase in post-employment benefit liability	19,438	18,377
Increase in deferred revenue	540,956	451,796
Decrease (increase) in prepaid expenses	10,095	(9,261)
	6,207,708	7,089,941
Capital activities		
Acquisition of tangible capital assets (net of contributions and transfers)	(5,580,675)	(7,549,322)
Proceeds on sale of tangible capital assets	49,163	6,884
	(5,531,512)	(7,542,438)
Investing activity		
Change in temporary investments (net)	(2,034,863)	1,951,026
Financing activity		
Proceeds from debenture issued	1,400,000	-
Increase in cash	41,333	1,498,529
Cash, beginning of year	2,644,461	1,145,932
Cash, end of year	2,685,794	2,644,461

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

The Corporation of the Township of Uxbridge

Notes to the consolidated financial statements

December 31, 2017

1. Significant accounting policies

The consolidated financial statements of the Corporation of The Township of Uxbridge (the "Township"), are the representations of management prepared in accordance with accounting standards established by the Public Sector Accounting Board ("PSAB") of Chartered Professional Accountants of Canada ("CPA Canada").

Significant accounting policies followed by the Township include:

a) Reporting entity

i) Consolidated financial statements

These consolidated financial statements (the "financial statements") reflect the assets, liabilities, non-financial assets, revenues, and expenses of the reporting entity. The reporting entity is comprised of all organizations, local boards, and committees which are controlled by the Township, including the following:

- Uxbridge Library Board
- Uxbridge Business Improvement Area
- Uxbridge Historical Centre
- Goodwood Community Park and Centre Association
- Leaskdale Community Park and Centre Association
- Sandford Community Hall Association
- Seniors Centre
- Uxbridge Community Music Hall
- Zephyr Community Park and Hall Association

All inter-entity transactions and balances are eliminated on consolidation.

ii) Accounting for Region and School Board transactions

The taxation, other revenues, expenses, assets, and liabilities with respect to the operations of the school boards and the Region of Durham are not reflected in these financial statements.

iii) Trust funds

Trust funds and their related operations administered by the municipality are not consolidated, but are reported separately in the Trust Funds statement of financial activities and fund balance and statement of financial position.

b) Basis of accounting

i) Accrual basis of accounting

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which transactions or events occurred that gave rise to the revenues; expenses are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

ii) 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 Corporation of the Township of Uxbridge

Notes to the consolidated financial statements

December 31, 2017

1. Significant accounting policies (continued)

b) Basis of accounting (continued)

ii) Non-financial assets (continued)

(a) 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, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements	10 to 50 years
Buildings	15 to 50 years
Vehicles	5 to 20 years
Machinery and equipment	5 to 50 years
Computer systems	3 to 20 years
Roads	8 to 50 years
Storm sewer	40 to 100 years
Bridges and structures	25 to 85 years

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Work in progress is not amortized until the tangible capital asset is available for productive use. Land is not amortized.

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

(b) Inventory of supplies

Inventories held for consumption are recorded at the lower of cost or replacement cost.

(c) Intangible assets

Intangible assets are not recognized as assets in the financial statements.

iii) Accounting for property tax phase-in and capping provisions resulting from the Ontario Fair Assessment System

The net decrease/increase in property taxes as a result of the application of capping provisions does not affect the consolidated statement of operations as the full amount of the property taxes were levied. However, the capping adjustment is reported on the consolidated statement of financial position as an asset/liability, to be received from/paid to the Region of Durham.

iv) Temporary investments

Temporary investments are recorded at the lower of cost and market value.

v) Contaminated Sites

Contaminated sites are the result of contamination being introduced into the air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard. A liability for remediation of contaminated sites is recognized, net of any expected recoveries, when all of the following criteria are met: a) an environmental standard exists; b) contamination exceeds the environmental standard; c) the Township is directly responsible or accepts responsibility for the liability; d) future economic benefits will be given up; and e) a reasonable estimate of the liability can be made. A liability is recorded only for sites that are not in productive use or if there was an unexpected event that resulted in contamination. Changes in this estimate are recorded in the Township's statement of operations. The Township does not have any contaminated sites that are not in productive use.

The Corporation of the Township of Uxbridge

Notes to the consolidated financial statements

December 31, 2017

1. Significant accounting policies (continued)

b) Basis of accounting (continued)

vi) Deferred revenue

Deferred revenue represents user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed. In addition, any contributions received with external restrictions are deferred until the related expenditures are made.

vii) Post-employment benefits

The present value of the cost of providing employees with future benefit programs is recognized as employees earn these entitlements through service.

viii) Reserves and reserve funds

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

ix) Government transfers

Government transfers are recognized in the period in which the transfers are authorized and any eligibility criteria are met unless they are restricted through stipulations that require specific actions to be carried out in order to keep the transfer. For such transfers, revenue is recognized when the stipulation has been met.

Certain transfers are received pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs or in the completion of specific work. Such transfers are recognized as revenue in the fiscal year the related expenditures are incurred or services performed.

x) Tax revenue

Taxation revenue is recognized on all taxable properties within the Township that are included in the tax roll provided by the Municipal Property Assessment Corporation, using property values included in the tax roll or property tax values that can be reasonably estimated by the Township as it relates to supplementary or omitted assessments, at tax rates authorized by Council for the local Township's own purposes, in the period for which the tax is levied.

At year-end the Township evaluates the likelihood of having to repay taxes as a result of tax appeals or other changes and recognizes a liability if the amount can be reasonably estimated.

xi) Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts in financial statements and accompanying notes. Due to the inherent uncertainty in making estimates, actual results could differ from those estimates. Accounts which are subject to significant estimates include post-employment benefits, allowance for estimated property tax reassessments, allowance for doubtful accounts, certain accruals, and the net book value of tangible capital assets which is based on estimated useful lives of various categories.

The Corporation of the Township of Uxbridge

Notes to the consolidated financial statements

December 31, 2017

2. Operation of school boards and the Region of Durham

Further to Note 1(a)(ii), the taxation and grants in lieu raised on behalf of the school boards and the Region of Durham are as follows:

	2017			2016
	School boards	Region	Total	Total
	\$	\$	\$	\$
Taxation	9,847,064	27,504,721	37,351,785	37,959,088
Grants in lieu	76,303	299,491	375,794	386,757
	9,923,367	27,804,212	37,727,579	38,345,845

3. Cash and temporary investments

This represents a consolidation of cash and temporary investments from the operating fund and the reserve funds (including those funds set aside in respect of deferred revenue as detailed in Note 9). The composition is as follows:

	2017			2016		
	Cash	Temporary investments	Total	Cash	Temporary investments	Total
	\$	\$	\$	\$	\$	\$
Operating Fund	2,475,558	11,247,672	13,723,230	2,434,225	8,859,815	11,294,040
Reserve Funds	210,236	10,464,900	10,675,136	210,236	10,817,894	11,028,130
	2,685,794	21,712,572	24,398,366	2,644,461	19,677,709	22,322,170

Investments with a cost of \$21,855,997 have been recorded at a market value of \$21,712,572. In 2016, investments with a cost of \$19,790,172 were recorded at their market value of \$19,677,709.

4. Taxes receivable

	2017	2016
	\$	\$
Current year	2,217,066	2,103,037
Arrears previous years	909,611	854,677
	3,126,677	2,957,714

5. Accounts receivable

Accounts receivable recorded in the amount of \$1,763,882 (2016 - \$1,214,041) is net of an allowance for doubtful accounts of \$400,000 (2016 - \$360,000).

The Corporation of the Township of Uxbridge

Notes to the consolidated financial statements

December 31, 2017

6. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities include financial obligations to outside organizations and individuals as a result of transactions and events occurring on or before the end of the accounting period. They are the result of contracts, agreements and legislation in force at the end of the accounting period that require the Township of Uxbridge to pay for goods and services acquired or provided on or before the end of the accounting period. A breakdown of accounts payable and accrued liabilities is provided below:

	2017	2016
	\$	\$
Trade accounts payable	1,603,286	1,758,408
Provision for property tax reassessments	275,000	320,000
Payables to other governments	803,862	282,087
Payroll liabilities	498,663	455,840
Accrued liabilities	113,387	39,809
	3,294,198	2,856,144

7. Long-term liabilities

(a) The balance of long-term liabilities is made up of the following:

	2017	2016
	\$	\$
The Township is responsible for the payment of principal and interest charges on the long-term liabilities issued by the Regional Municipality of Durham on the Township's behalf. At the end of the year, the outstanding principal amount of this liability is	1,400,000	-

(b) The above long-term liability has a maturity date of October 13, 2027; with a weighted average interest rate of 2.792%.

Principal repayments are as follows:

	\$
2018	126,190
2019	129,048
2020	131,429
2021	134,286
2022	137,143
Thereafter	741,904
	1,400,000

(c) The above long-term liability has been approved by Council by-law. The annual principal and interest payments required to service this liability are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

(d) Interest expense recorded in the year relating to this long-term liability is \$7,559 (2016 - \$Nil).

The Corporation of the Township of Uxbridge

Notes to the consolidated financial statements

December 31, 2017

8. Post-employment benefit liability

The Township makes available to qualifying employees who retire before the age of 65, the opportunity to continue their coverage for such benefits as extended health and drugs and dental care. Coverage ceases at the age of 65.

The last actuarial valuation was conducted as at December 31, 2017.

Information about the Township's post-employment benefits plan is as follows:

	2017	2016
	\$	\$
Accrued benefit liability, January 1	257,919	239,542
Current service costs	14,138	13,597
Benefit payments	(5,197)	(4,771)
Amortization of actuarial gains and losses	465	(144)
Interest on obligation	10,032	9,695
Accrued benefit liability, December 31	277,357	257,919
Current year benefit expense	14,138	13,597
Interest on accrued benefit obligation	10,032	9,695
Amortization of actuarial gains and losses	465	(144)
	24,635	23,148
	2017	2016
	\$	\$
Accrued benefits obligation	269,706	263,037
Unamortized actuarial gains and losses	7,651	(5,118)
Accrued benefit liability	277,357	257,919

The main assumptions employed for the valuations are as follows:

(a) *General inflation*

A rate of 2.25% per year is used.

(b) *Interest (discount) rate*

A rate of 3.75% (2016 - 4%) is used to determine liabilities at the beginning of the fiscal period and for extrapolations during the period. A rate of 3.25% (2016 - 3.75%) is used to determine the liability at the end of the fiscal period.

(c) *Health and dental rate*

Drug costs are presumed to increase 8% after the first year, this rate reducing linearly to 5% after 6 years. Other health and dental costs are presumed to increase 4% per year.

(d) *Mortality Table*

Canadian Institute of Actuaries 2014 Composite Mortality Table.

The Corporation of the Township of Uxbridge

Notes to the consolidated financial statements

December 31, 2017

9. Deferred revenue

				2017	2016
	Development charges	Parkland	Gas tax	Total	Total
	\$	\$	\$	\$	\$
Obligatory reserve funds					
Balance, beginning of year	8,847,281	1,772,958	197,818	10,818,057	10,284,302
Developer contributions	362,690	18,917	-	381,607	1,623,627
Gas tax monies	-	-	638,105	638,105	627,005
Interest earned	152,586	30,692	3,274	186,552	186,166
	9,362,557	1,822,567	839,197	12,024,321	12,721,100
Earned revenue transferred					
to operations	(772,252)	(75,361)	(711,645)	(1,559,258)	(1,903,043)
Balance, end of year	8,590,305	1,747,206	127,552	10,465,063	10,818,057
Building code				256,692	-
Other deferred revenue				921,042	283,784
				11,642,797	11,101,841

10. Tangible capital assets

i) Contributed tangible capital assets

The Township records all tangible capital assets (TCA) contributed by an external party at fair value on the earlier of the date received or of the transfer of risk and responsibility. Typical examples are land, roadways and storm sewer lines installed by a developer as part of a subdivision agreement. Transfers of tangible capital assets in 2017 amounted to \$173,314 (2016 - \$179,538).

ii) Tangible capital assets recognized at nominal value

Certain assets have been assigned a nominal value of one Canadian dollar, because of the difficulty of determining a tenable valuation and or the tangible capital assets were older than their estimated expected useful lives, and therefore, were fully amortized when tangible capital assets were initially recognized in the Township's accounts.

iii) Works of art and historical treasures

The Township applies efforts to protect and preserve a number of owned historical buildings, collections of equipment, artifacts, documents, and exhibits and works of art. These tangible capital assets are not held for financial gain but rather for public exhibition, education or research in furtherance of public service. These historical treasures and works of art are not recognized as tangible capital assets in the financial statements. The acquisition or betterment of such assets is recognized in the financial statements as an operating expense.

iv) Other

During the year, there were no write-downs of assets (2016 - \$Nil) and no interest was capitalized during the year (2016 - \$Nil).

The Corporation of the Township of Uxbridge

Notes to the consolidated financial statements

December 31, 2017

10. Tangible capital assets (continued)

	Land	Land improvements	Land	Buildings	Vehicles	Machinery & equipment	Computer systems	Roads	Storm sewer	Bridges & structures	Work in progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost												
Balance, beginning of year	20,151,501	5,403,880	14,654,914	6,635,351	4,229,592	392,495	62,263,272	26,458,501	7,209,646	5,032,663	152,431,815	
Additions	4	1,055,300	3,820,454	941,411	921,657	38,898	1,698,320	-	633,523	1,463,557	10,573,124	
Less												
Work in progress completed	-	-	-	-	-	-	-	-	-	-	4,819,138	4,819,138
Disposals	-	9,930	-	328,342	235,202	-	1,347,089	-	-	-	1,920,563	1,920,563
Balance, end of year	20,151,505	6,449,250	18,475,368	7,248,420	4,916,047	431,393	62,614,503	26,458,501	7,843,169	1,677,082	156,265,238	
Accumulated amortization												
Balance, beginning of year	-	2,043,120	7,602,926	3,583,321	2,169,114	282,962	29,124,238	6,393,452	2,437,779	-	53,636,912	
Amortization	-	212,602	462,091	407,194	288,761	32,765	1,999,560	364,176	149,433	-	3,916,582	
Less												
Accumulated amortization on disposal	-	9,930	-	281,741	234,030	-	1,269,604	-	2	-	1,795,307	
Balance, end of year	-	2,245,792	8,065,017	3,708,774	2,223,845	315,727	29,854,194	6,757,628	2,587,210	-	55,758,187	
Net book value of tangible capital assets	20,151,505	4,203,458	10,410,351	3,539,646	2,692,202	115,666	32,760,309	19,700,873	5,255,959	1,677,082	100,507,051	

The Corporation of the Township of Uxbridge

Notes to the consolidated financial statements

December 31, 2017

10. Tangible capital assets (continued)

	2016											
	Land	Land improvements	Land	Buildings	Vehicles	Machinery & equipment	Computer systems	Roads	Storm sewer	Bridges & structures	Work in progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost												
Balance, beginning of year	20,221,877	4,747,127	14,883,802	6,175,653	4,458,799	403,690	60,289,675	26,458,501	7,040,186	1,154,796	145,834,106	
Additions	10,624	749,343	46,263	615,122	293,002	-	2,073,079	-	186,932	3,922,318	7,896,683	
Less												
Work in progress completed	-	-	-	-	-	-	-	-	-	44,451	44,451	
Disposals	81,000	92,590	275,151	155,424	522,209	11,195	99,482	-	17,472	-	1,254,523	
Balance, end of year	20,151,501	5,403,880	14,654,914	6,635,351	4,229,592	392,495	62,263,272	26,458,501	7,209,646	5,032,663	152,431,815	
Accumulated amortization												
Balance, beginning of year	-	1,927,007	7,433,398	3,344,848	2,320,824	263,523	27,234,813	6,029,276	2,312,847	-	50,866,536	
Amortization	-	190,897	415,739	393,897	276,568	30,634	1,972,786	364,176	142,405	-	3,787,102	
Less												
Accumulated amortization on disposal	-	74,784	246,211	155,424	428,278	11,195	83,361	-	17,473	-	1,016,726	
Balance, end of year	-	2,043,120	7,602,926	3,583,321	2,169,114	282,962	29,124,238	6,393,452	2,437,779	-	53,636,912	
Net book value of tangible capital assets	20,151,501	3,360,760	7,051,988	3,052,030	2,060,478	109,533	33,139,034	20,065,049	4,771,867	5,032,663	98,794,903	

The Corporation of the Township of Uxbridge

Notes to the consolidated financial statements

December 31, 2017

11. Accumulated surplus

Accumulated surplus consists of individual fund surplus and reserves and reserve funds as follows:

	2017	2016
	\$	\$
Invested in tangible capital assets	100,507,051	98,794,903
Other	3,097,145	3,775,783
Post-employment benefits	(277,357)	(257,919)
	103,326,839	102,312,767
Reserves		
Tax stabilization	296,641	296,641
Working capital	971,941	971,941
Insurance	292,794	292,794
Museum administration centre	89	89
Future capital projects	1,265,044	744,794
Election	94,528	69,528
Music Hall	28,492	28,925
Ditching	168,913	168,913
Building reserve	-	259,793
Sidewalks	112,153	112,153
Arena	3,363	3,333
Preserve	109,989	109,989
Foster Memorial	3,387	3,387
Sandford Community Hall Improvements	3,057	3,057
Zephyr Hall Improvements	6,215	6,557
Spay and neutering	35,584	35,422
Energy efficiency reserve	35,000	35,000
Cultural reserve	11,747	11,747
Community Halls	130,000	30,000
Uncompleted projects	1,933,745	980,604
Downtown revitalization	62,044	62,044
Community Improvement Plan	64,407	64,407
Strategic plan	82,551	57,551
OMB Hearings	167,271	167,271
Trail reserve	6,867	11,868
New Fire Hall	51,983	75,000
Limestone upgrades	1,767	1,767
Snow clearing	300,000	300,000
Fire Calls	500,000	500,000
New Animal Shelter	59,442	58,749
General animal care	53,643	53,481
Asset Preservation Reserve	542,127	563,010
	7,394,784	6,079,815
Reserve funds set aside by Council for		
Phosphorous removal	164,654	164,654
Library	45,419	45,419
	210,073	210,073
Total accumulated surplus	110,931,696	108,602,655

The Corporation of the Township of Uxbridge

Notes to the consolidated financial statements

December 31, 2017

12. Trust funds

Trust funds administered by the municipality amounting to \$22,924 (2016 - \$23,362) are not included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations.

13. Pension agreements

The Township makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), a multi-employer plan, on behalf of 68 members of its staff and council. The plan is a defined benefit plan which specifies the amount of retirement benefits to be received by the employees based on the length of service and rates of pay.

OMERS provide pension services to about 482,000 active and retired members and about 1,000 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension (the "Plan") by comparing the actuarial value of the 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 as at December 31, 2017. The results of this valuation disclosed total actuarial liabilities as at that date of \$93.6 billion in respect of benefits accrued for service with actuarial assets at that date of \$88.2 billion indicating an actuarial deficit of \$5.4 billion. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employers. As a result, the Township does not recognize any share of the OMERS pension surplus or deficit.

The Township contributions to OMERS in 2017 amounted to \$384,610 (2016 - \$368,611).

14. Classification of expenses by object

The consolidated statement of operations presents the expenses by function. The following classifies those same expenses by object:

	2017	2016
	\$	\$
Salaries, wages, and employee benefits	7,240,369	6,869,872
Operating materials and supplies	3,278,974	2,324,377
Contract services	2,996,749	3,304,407
Rents and financial expenses	92,864	62,029
External transfers to others	85,572	94,848
Amortization	3,916,582	3,787,102
	17,611,110	16,442,635

15. Budget figures

The approved budget for 2017 is reflected on the consolidated statement of operations and the consolidated statement of change in net financial assets. The budget 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 acquisitions amounts. For the purpose of these consolidated financial statements, budget figures have been presented on a basis consistent with the presentation of actuals. Amortization expense was budgeted for in the original approved budget, but was not funded.

The Corporation of the Township of Uxbridge

Notes to the consolidated financial statements

December 31, 2017

16. Contingent liabilities

a) *Legal actions*

The Township has been named as the defendant in certain legal actions in which damages have been sought. The outcome of these actions is not determinable as at December 31, 2017, and, accordingly, no provision has been made in these financial statements for any liability which may result. Any loss arising from these legal actions, to the extent that they are not covered by insurance, will be recorded in the year the related litigation is settled or when it is determined that a loss is likely and the amount is measureable.

b) *Settlement of assessment appeals*

The Township has a number of properties where the current assessment value of the property is under appeal. Each year, a provision is identified to cover the estimated amount of revenue loss attributable to assessment appeals, based on managements' best information and judgment. However, actual appeal settlements may differ significantly from the estimate provided, and therefore any settlement of these assessment appeals in excess of the provision of \$275,000 (2016 - \$320,000 (Note 6)) will be provided for in the year of settlement.

c) *Guarantees*

In the normal course of business, the Township enters into agreements that meet the definition of a guarantee.

- i) The Township, on occasion, has provided indemnities under lease agreements for the use of certain facilities. Under the terms of these agreements the Township agrees to indemnify the counterparties for various items including, but not limited to, all liabilities, loss, suits, and damages arising during, on or after the term of the agreement. The maximum amount of any potential future payment cannot be reasonably estimated.
- ii) The Township has purchased errors and omissions insurance to mitigate the costs of any potential future suits or actions. The term of the indemnification is not explicitly defined, but is limited to the period over which the indemnified party served as a Councilor, Board Member or Officer of the Township. The maximum amount of any potential future payment cannot be reasonably estimated.
- iii) In the normal course of business, the Township, on occasion, has entered into agreements that include indemnities in favour of third parties, such as purchase and sale agreements, confidentiality agreements, engagement letters with advisors and consultants, outsourcing agreements, leasing contracts, information technology agreements, and service agreements. These indemnification agreements may require the Township to compensate for losses incurred by the counterparties as a result of litigation claims or statutory sanctions that may be suffered by the counterparty as a consequence of the transaction. The terms of these indemnities are not explicitly defined and the maximum amount of any potential reimbursement cannot be reasonably estimated.

The nature of these indemnification agreements prevents the Township from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of liability which stems from the unpredictability of future events and the unlimited coverage offered to counterparties. Historically, the Township has not made any significant payments under such or similar indemnification agreements and therefore no amount has been accrued in the consolidated statement of financial position with respect to these agreements.

The Corporation of the Township of Uxbridge

Notes to the consolidated financial statements

December 31, 2017

17. Segmented information

The Township provides a wide range of services to its citizens, including fire, library, and recreation programs. For management reporting purposes the Township's operations and activities are reported by Fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions, or limitations.

Township services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

General Government

General Government includes the services provided by Council, the Chief Administrative office, Treasury, and the Clerk's office. These services involve overall management of the Township. The costs for collection of taxes from residents and the payment of suppliers and employees is included in this caption. Services provided to Council by the Clerk's Office are also reported in this area.

Fire Services

Fire Services include the responsibility to provide fire suppression services, fire prevention programs, training and education related to prevention, and detection or extinguishment of fires. The Fire Department is a composite department staffed mainly by volunteers with a few full time staff. The Department has response agreements with the neighbouring communities to augment its firefighting force.

Public Works

The Public Works department is responsible for the delivery of municipal public works services related to the planning, development and maintenance of roadway systems.

Parks Recreation & Culture

Parks Recreation & Culture are services for the maintenance of parks and open space, various recreational programs and cultural activities carried on by the Township.

The Township has an extensive trails system that is maintained by volunteers. Included in this area is the cost of maintaining a number of cultural facilities, including the Thomas Foster Memorial.

Library

The Library is responsible for providing educational programs, and literature materials for the citizens of the Township. The library has two branches to serve the public.

Other services

Other services include expenses related to the Development Services Department which provides the building permitting and inspection functions as well as the Planning, By-law and Animal Control functions for the municipality. The expenses and revenues of the Uxbridge Business Improvement Area are also reported here.

Corporate

Functions that cannot be allocated are included under Corporate. Expenses in this category include grants to non-profit and charitable organizations, administration of Township rental properties and the health & safety program. The main sources of revenue reported here are property taxes; interest revenue and certain provincial grants received.

The Corporation of the Township of Uxbridge

Notes to the consolidated financial statements

December 31, 2017

17. Segmented information (continued)

	Parks							Total
	General government	Fire services	Public works	Recreation & Culture	Library	Other services	Corporate	
	\$	\$	\$	\$	\$	\$	\$	\$
Expense								
Salaries wages and employee benefits	1,518,539	899,976	1,606,478	1,649,084	571,054	900,014	95,224	7,240,369
Grants	-	-	-	7,500	-	31,000	47,072	85,572
Internal charges	-	15,437	839,984	61,662	24,936	157,215	-	1,099,234
Amortization	-	194,203	2,880,894	624,037	94,378	4,049	119,021	3,916,582
Other expenses	452,739	732,902	2,510,837	1,712,329	182,255	442,074	335,451	6,368,587
	1,971,278	1,842,518	7,838,193	4,054,612	872,623	1,534,352	596,768	18,710,344
							(1,099,234)	17,611,110
Revenue								
Tax revenue	-	-	-	-	780,760	104,720	11,044,272	11,929,752
Federal grants	2,394	-	838,342	296,486	10,362	2,394	-	1,149,978
Provincial grants	-	-	207,380	138,322	27,529	13,274	540,411	926,916
Other municipalities Developer and other contributions earned	117,618	37,842	128,077	-	-	168,407	-	451,944
Contributed TCA	-	32,121	165,345	637,967	11,340	-	840	847,613
Other external revenue	100,025	74,973	206,120	2,080,432	41,758	1,077,452	955,970	4,536,730
TCA gain on disposal	-	-	-	-	-	-	(76,096)	(76,096)
Internal charges	-	-	906,497	45,837	-	146,900	-	1,099,234
	220,037	144,936	2,611,333	3,199,044	885,491	1,513,147	12,465,397	21,039,385
							(1,099,234)	19,940,151
Net (expenses) revenue	(1,751,241)	(1,697,582)	(5,226,860)	(855,568)	12,868	(21,205)	11,868,629	2,329,041

The Corporation of the Township of Uxbridge

Notes to the consolidated financial statements

December 31, 2017

17. Segmented information (continued)

	2016									
	General government	Fire services	Public works	Recreation & Culture	Library	Other services	Corporate	Total	Consolidation adjustments	Total
Expense	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Salaries wages and employee benefits	1,532,303	775,331	1,453,579	1,599,712	578,258	849,488	81,201	6,869,872	-	6,869,872
Grants	-	-	-	7,500	-	30,992	56,356	94,848	-	94,848
Internal charges	-	15,132	768,291	66,346	24,052	152,647	-	1,026,468	(1,026,468)	-
Amortization	-	130,535	2,830,747	597,984	96,284	5,246	126,306	3,787,102	-	3,787,102
Other expenses	335,172	383,246	2,429,017	1,687,253	160,428	379,099	316,598	5,690,813	-	5,690,813
Loss on disposal of TCA	-	-	-	-	-	-	-	-	-	-
	1,867,475	1,304,244	7,481,634	3,958,795	859,022	1,417,472	580,461	17,469,103	(1,026,468)	16,442,635
Revenue	-	-	-	-	-	-	-	-	-	-
Tax revenue	-	-	-	-	762,201	106,373	10,475,474	11,344,048	-	11,344,048
Federal grants	1,577	-	730,904	210,601	23,123	1,577	-	967,782	-	967,782
Provincial grants	-	-	107,901	177,123	30,349	14,563	628,397	958,333	-	958,333
Other municipalities	116,048	47,102	-	-	-	170,556	-	333,706	-	333,706
Developer and other contributions earned	-	746,402	429,384	15,923	11,340	3,270	-	1,206,319	-	1,206,319
Contributed TCA	-	-	168,219	-	11,320	-	-	179,539	-	179,539
Other external revenue	90,492	81,100	225,621	1,817,823	43,312	826,522	837,351	3,922,221	-	3,922,221
TCA gain on disposal	-	-	-	-	-	-	(107,541)	(107,541)	-	(107,541)
Internal charges	-	-	842,371	40,647	-	143,450	-	1,026,468	(1,026,468)	-
	208,117	874,604	2,504,400	2,262,117	881,645	1,266,311	11,833,681	19,830,875	(1,026,468)	18,804,407
Net (expenses) revenue	(1,659,358)	(429,640)	(4,977,234)	(1,696,678)	22,623	(151,161)	11,253,220	2,361,772	-	2,361,772