

Consolidated financial statements of

**The Corporation of the
Township of Uxbridge**

December 31, 2015

The Corporation of the Township of Uxbridge

December 31, 2015

Table of contents

Independent Auditor’s Report 1-2

Consolidated statement of operations..... 3

Consolidated statement of financial position..... 4

Consolidated statement of change in net financial assets 5

Consolidated statement of cash flows..... 6

Notes to the consolidated financial statements 7-22

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, 2015, 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, 2015 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.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
June 27, 2016

The Corporation of the Township of Uxbridge

Consolidated statement of operations year ended December 31, 2015

	2015	2014	
	Budget (Note 14)	Actual	
	\$	\$	
Revenue			
Taxation - all classes (Note 1(b)(iii))	10,923,255	10,893,974	10,289,451
User fees and charges	2,341,278	2,555,124	2,499,666
Grants			
Government of Canada	1,077,700	993,940	842,994
Province of Ontario	836,762	1,136,078	986,141
Other municipalities	220,397	314,764	349,259
Investment income	171,901	283,653	237,303
Penalties and interest on taxes	415,000	503,846	483,784
Developer and other contributions earned	2,164,000	1,753,815	358,645
Contributed tangible capital assets	-	536,347	74,697
Gain on sale of tangible capital assets	-	312,119	222,263
Other	246,450	695,132	740,639
	18,396,743	19,978,792	17,084,842
Expenses (Note 13)			
General government	2,471,114	2,481,891	2,650,387
Protection to persons and property	2,645,549	2,519,887	2,193,837
Transportation services	6,163,498	5,962,289	6,203,019
Environmental services	451,776	395,976	451,892
Health services	50,250	34,844	49,613
Recreation and cultural services	3,970,301	4,426,980	4,658,457
Planning and development	517,209	492,987	369,535
	16,269,697	16,314,854	16,576,740
Annual surplus	2,127,046	3,663,938	508,102
Accumulated surplus, beginning of year	102,576,945	102,576,945	102,068,843
Accumulated surplus, end of year	104,703,991	106,240,883	102,576,945

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 financial position

as at December 31, 2015

	2015	2014
	\$	\$
Assets		
Financial assets		
Cash (Note 3)	1,145,932	1,814,113
Temporary investments (Note 3)	21,628,735	19,990,614
Taxes receivable (Note 4)	2,910,849	2,882,680
Accounts receivable (Note 5)	1,257,315	933,960
Inventory for resale	2,951	4,991
	26,945,782	25,626,358
Liabilities		
Accounts payable and accrued liabilities (Note 6)	2,330,910	3,034,862
Other current liabilities	2,701,454	2,006,651
Post employment benefit liability (Note 7)	239,542	221,686
Deferred revenue (Note 8)	10,650,045	10,984,835
	15,921,951	16,248,034
Net financial assets	11,023,831	9,378,324
Non-financial assets		
Tangible capital assets (Note 9)	94,967,570	93,030,328
Inventory of supplies	211,399	145,953
Prepaid expenses	38,083	22,340
	95,217,052	93,198,621
Accumulated surplus (Note 10)	106,240,883	102,576,945

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, 2015

		2015	2014
	Budget (Note 14)	Actual	Actual
	\$	\$	\$
Annual surplus	2,127,046	3,663,938	508,102
Acquisition of tangible capital assets	(8,714,533)	(5,727,954)	(3,344,267)
Amortization of tangible capital assets	3,696,223	3,705,746	3,657,419
(Gain) on sale of tangible capital assets	-	(312,119)	(222,263)
Proceeds on sale of tangible capital assets	-	397,085	441,354
	(2,891,264)	1,726,696	1,040,345
(Acquisition) use of inventories of supplies (net)	-	(65,446)	(70,534)
Acquisition of prepaid expenses	-	(38,083)	(22,340)
Use of prepaid expenses	-	22,340	24,662
Increase in net financial assets	(2,891,264)	1,645,507	972,133
Net financial assets at beginning of year	9,378,324	9,378,324	8,406,191
Net financial assets at end of year	6,487,060	11,023,831	9,378,324

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, 2015

	2015	2014
	\$	\$
Operating activities		
Annual surplus	3,663,938	508,102
Items not involving cash		
Amortization	3,705,746	3,657,419
Gain on sale of tangible capital assets	(312,119)	(222,263)
Contributed and donated tangible capital assets	(536,347)	(74,697)
Change in non-cash assets and liabilities		
Increase in taxes receivable	(28,169)	(35,248)
(Increase) decrease in accounts receivable	(323,355)	648,705
Decrease in inventory for resale	2,040	2,520
Increase in inventory of supplies	(65,446)	(70,534)
(Decrease) increase in accounts payable and accrued liabilities	(703,952)	213,282
Increase in other current liabilities	694,803	646,480
Increase in post employment benefit liability	17,857	15,107
(Decrease) Increase in deferred revenue	(334,790)	675,653
(Increase) decrease in prepaid expenses	(15,744)	2,323
	5,764,462	5,966,849
Capital activities		
Acquisition of tangible capital assets (net of contributions and transfers)	(5,191,607)	(3,269,571)
Proceeds on sale of tangible capital assets	397,085	441,354
	(4,794,522)	(2,828,217)
Investing activity		
Change in temporary investments (net)	(1,638,121)	(3,238,218)
Decrease in cash	(668,181)	(99,586)
Cash, beginning of year	1,814,113	1,913,699
Cash, end of year	1,145,932	1,814,113

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, 2015

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, 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
- Siloam Community Centre Association
- 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 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, 2015

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. Assets under construction are not amortized until the 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 net realizable value.

(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) 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.

vi) 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.

vii) 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.

The Corporation of the Township of Uxbridge

Notes to the consolidated financial statements

December 31, 2015

1. Significant accounting policies (continued)

b) *Basis of accounting (continued)*

viii) 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.

ix) 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 Town 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.

x) 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.

c) *Adoption of new accounting standard*

Liability for Contaminated Sites

The Township has implemented Public Sector Accounting Standard Section 3260 Liability for Contaminated Sites. Section 3260 requires governments and government organizations to record a liability in their financial statements if they have a contaminated site that meets the requirements set out in the standard. The standard defines contamination as the introduction into air, soil, water, or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The standard generally applies to sites that are not in productive use. Sites that are in productive use are only considered under the standard if there was an unexpected event that resulted in contamination.

The adoption of this Standard did not have an impact on the Township's consolidated financial statements.

The Corporation of the Township of Uxbridge

Notes to the consolidated financial statements

December 31, 2015

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:

	2015			2014
	School boards	Region	Total	Total
	\$	\$	\$	\$
Taxation	10,628,852	27,181,564	37,810,416	37,092,777
Grants in lieu	78,068	309,794	387,862	394,004
	10,706,920	27,491,358	38,198,278	37,486,781

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 8). The composition is as follows:

	2015			2014		
	Cash	Investments	Total	Cash	Investments	Total
	\$	\$	\$	\$	\$	\$
Operating Fund	923,427	11,344,596	12,268,023	1,597,507	9,254,604	10,852,111
Reserve Funds	222,505	10,284,139	10,506,644	216,606	10,736,010	10,952,616
	1,145,932	21,628,735	22,774,667	1,814,113	19,990,614	21,804,727

Investments with a cost of \$21,712,011 have been recorded at a market value of \$21,628,735. In 2014, investments with a cost of \$20,074,748 were recorded at their market value of \$19,990,614.

4. Taxes receivable

	2015	2014
	\$	\$
Current year	2,046,877	2,084,297
Arrears previous years	863,972	798,383
	2,910,849	2,882,680

5. Accounts receivable

Accounts receivable recorded in the amount of \$1,257,315 (2014 - \$933,960) is net of an allowance for doubtful accounts of \$430,000 (2014 - \$380,000).

The Corporation of the Township of Uxbridge

Notes to the consolidated financial statements

December 31, 2015

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:

	2015	2014
	\$	\$
Trade accounts payable	1,078,001	1,087,982
Provision for property tax reassessments	620,000	570,000
Payables to other governments	134,044	618,768
Payroll liabilities	446,902	715,312
Accrued liabilities	51,963	42,800
	2,330,910	3,034,862

7. 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, 2014.

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

	2015	2014
	\$	\$
Accrued benefit liability, January 1	221,686	206,579
Current service costs	13,074	10,550
Benefit payments	(4,038)	(6,821)
Amortization of actuarial gains/losses	(159)	970
Interest on obligation	8,979	10,408
Accrued benefit liability, December 31	239,542	221,686
Current year benefit expense	13,074	10,550
Interest on accrued benefit obligation	8,979	10,408
Amortization of actuarial gains/losses	(159)	970
	21,894	21,928
	2015	2014
	\$	\$
Accrued benefits obligation	237,956	219,941
Unamortized actuarial gain	1,586	1,745
Accrued benefit liability	239,542	221,686

The Corporation of the Township of Uxbridge

Notes to the consolidated financial statements

December 31, 2015

7. Post-employment benefit liability (continued)

The main assumptions employed for the valuations are as follows:

(a) *General inflation*

A rate of 2% per year is used.

(b) *Interest (discount) rate*

A rate of 4% (2014 - 4.75%) is used to determine liabilities at the beginning of the fiscal period and for extrapolations during the period. A rate of 4% (2014 - 4.0%) 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.

8. Deferred revenue

				2015	2014
	Development charges	Parkland	Gas tax	Total	Total
	\$	\$	\$	\$	\$
Obligatory reserve funds					
Balance, beginning of year	8,995,104	1,103,408	637,658	10,736,170	9,800,820
Developer contributions	1,189,804	274,012	-	1,463,816	1,238,075
Gas tax monies	-	-	597,148	597,148	612,857
Interest earned	153,318	20,998	8,274	182,590	168,783
	10,338,226	1,398,418	1,243,080	12,979,724	11,820,535
Earned revenue transferred to operations	(1,737,308)	-	(958,114)	(2,695,422)	(1,084,365)
Balance, end of year	8,600,918	1,398,418	284,966	10,284,302	10,736,170
Other deferred revenue				365,743	248,665
				10,650,045	10,984,835

9. 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 2015 amounted to \$536,347 (2014 - \$74,697).

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 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.

The Corporation of the Township of Uxbridge

Notes to the consolidated financial statements

December 31, 2015

9. Tangible capital assets (continued)

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 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 (2014 - \$Nil) and no interest was capitalized during the year (2014 - \$Nil).

The Corporation of the Township of Uxbridge

Notes to the consolidated financial statements

December 31, 2015

9. Tangible capital assets (continued)

	2015										
	Land	Land improvements	Buildings	Vehicles	Machinery & equipment	Computer systems	Roads	Storm sewer	Bridges & structures	Work in progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost											
Balance, beginning of year	20,221,875	4,449,353	14,771,370	6,052,884	4,395,176	403,690	58,041,362	25,698,023	6,765,456	472,753	141,271,942
Additions	2	320,274	118,182	301,786	231,457	-	3,036,313	760,478	277,419	734,924	5,780,835
Less											
Work in progress completed	-	-	-	-	-	-	-	-	-	52,881	52,881
Disposals	-	22,500	5,750	179,017	167,834	-	788,000	-	2,689	-	1,165,790
Balance, end 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
Accumulated amortization											
Balance, beginning of year	-	1,773,840	7,022,047	3,143,340	2,195,738	224,807	26,029,547	5,671,474	2,180,821	-	48,241,614
Amortization	-	175,667	417,101	375,806	288,826	38,716	1,917,113	357,802	134,715	-	3,705,746
Less											
Accumulated amortization on disposal	-	22,500	5,750	174,298	163,740	-	711,847	-	2,689	-	1,080,824
Balance, end 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
Net book value of											
tangible capital assets	20,221,877	2,820,120	7,450,404	2,830,805	2,137,975	140,167	33,054,862	20,429,225	4,727,339	1,154,796	94,967,570

The Corporation of the Township of Uxbridge

Notes to the consolidated financial statements

December 31, 2015

9. Tangible capital assets (continued)

											2014
	Land	Land improvements	Buildings	Vehicles	Machinery & equipment	Computer systems	Roads	Storm sewer	Bridges & structures	Work in progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost											
Balance, beginning of year	20,227,970	4,430,301	14,453,330	5,692,535	4,260,176	342,153	57,483,918	25,631,660	6,547,115	378,653	139,447,811
Additions	-	43,112	351,099	534,811	337,931	61,537	1,636,973	66,363	218,341	132,054	3,382,221
Less											
Work in progress completed	-	-	-	-	-	-	-	-	-	37,954	37,954
Disposals	6,095	24,060	33,059	174,462	202,931	-	1,079,529	-	-	-	1,520,136
Balance, end of year	20,221,875	4,449,353	14,771,370	6,052,884	4,395,176	403,690	58,041,362	25,698,023	6,765,456	472,753	141,271,942
Accumulated amortization											
Balance, beginning of year	-	1,625,352	6,645,205	2,953,902	2,105,856	181,454	24,999,211	5,320,683	2,053,577	-	45,885,240
Amortization	-	172,548	409,901	363,900	292,814	43,353	1,896,868	350,791	127,244	-	3,657,419
Less											
Accumulated amortization on disposal	-	24,060	33,059	174,462	202,932	-	866,532	-	-	-	1,301,045
Balance, end of year	-	1,773,840	7,022,047	3,143,340	2,195,738	224,807	26,029,547	5,671,474	2,180,821	-	48,241,614
Net book value of tangible capital assets	20,221,875	2,675,513	7,749,323	2,909,544	2,199,438	178,883	32,011,815	20,026,549	4,584,635	472,753	93,030,328

The Corporation of the Township of Uxbridge

Notes to the consolidated financial statements

December 31, 2015

10. Accumulated surplus

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

	2015	2014
	\$	\$
Invested in tangible capital assets	94,967,570	93,030,328
Other	3,138,084	2,176,740
Post employment benefits	(239,542)	(221,686)
	97,866,112	94,985,382
Reserves		
Tax stabilization	296,641	296,641
Working capital	971,941	971,941
Insurance	225,144	225,144
Museum administration centre	89	89
Future capital projects	1,198,105	1,066,121
Election	44,528	19,528
Music Hall	15,433	15,179
Ditching	163,230	160,230
Building reserve	88,198	-
Sidewalks	60,715	50,715
Arena	3,153	3,001
Preserve	114,370	114,370
Foster Memorial	3,387	3,387
Sandford Community Hall Improvements	2,752	2,752
Zephyr Hall Improvements	6,807	6,891
Spay and neutering	31,199	29,614
Energy efficiency reserve	35,000	35,000
Cultural reserve	11,747	33,165
Community Halls	30,000	30,000
Uncompleted projects	1,319,548	1,200,421
Downtown revitalization	73,040	73,040
Community Improvement Plan	64,407	64,407
Strategic plan	36,548	11,548
OMB Hearings	77,453	77,453
Trail reserve	11,868	24,077
New Fire Hall	1,507,049	1,343,437
Limestone upgrades	80,194	141,773
Snow clearing	300,000	300,000
Fire Calls	500,000	500,000
New Animal Shelter	57,082	54,272
General animal care	49,259	29,614
Asset Preservation Reserve	288,000	96,000
Trestle Bridge Reserve	6,660	10,000
Parkland Reserve	478,882	385,310
	8,152,429	7,375,120
Reserve funds set aside by Council for		
Phosphorous removal	164,654	158,755
Library	45,419	45,419
Parking	12,269	12,269
	222,342	216,443
Total accumulated surplus	106,240,883	102,576,945

The Corporation of the Township of Uxbridge

Notes to the consolidated financial statements

December 31, 2015

11. Trust funds

Trust funds administered by the municipality amounting to \$23,789 (2014 - \$24,214) are not included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations.

12. Pension agreements

The Township makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), a multi-employer plan, on behalf of 70 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 over 460,000 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, 2015. The results of this valuation disclosed total actuarial liabilities as at that date of \$82,369 million in respect of benefits accrued for service with actuarial assets at that date of \$75,392 million indicating an actuarial deficit of \$6,977 million. 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.

Township contributions to OMERS in 2015 amounted to \$390,469 (2014 - \$369,708).

13. Classification of expenses by object

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

	2015	2014
	\$	\$
Salaries, wages and employee benefits	6,708,869	6,761,696
Operating materials and supplies	1,997,411	2,226,361
Contract services	3,715,953	3,688,902
Rents and financial expenses	100,984	143,603
External transfers to others	85,891	98,759
Amortization	3,705,746	3,657,419
	16,314,854	16,576,740

14. Budget figures

The approved budget for 2015 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 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, 2015

15. 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, 2015 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*

- i) A number of appeals of the current value assessment of properties in the Township are currently in process. For most of these appeals, the impact on taxation revenue as a result of settlement of these appeals is not determinable at this time.
- ii) A number of gravel pit properties across the Province are in the appeal process with the Assessment Review Board ARB. These appeals are being led by the Ontario Stone, Sand and Gravel Association (OSSGA), who is advocating a new assessment methodology for gravel pit properties in Ontario. The Township of Uxbridge has a number of gravel pit owners that are appealing their property assessments for the years, 2011, 2012, 2013, 2014 and 2015. In November of 2015, the Municipal Property Assessment Corporation (MPAC) accepted the settlement framework proposed by OSSGA that will resolve gravel pit properties currently under appeal. Although, these appeals have not yet been processed, the Township was able to estimate the financial impact of these appeals, based on the accepted settlement framework. The estimated financial impact of these appeals is included in the provision for reassessments.

Any adjustments relating to the settlement of assessment appeals in excess of the provision of \$620,000 (2015 - \$570,000 (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 Corporation of the Township of Uxbridge

Notes to the consolidated financial statements

December 31, 2015

15. Contingent liabilities (continued)

c) *Guarantees (continued)*

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 statement of financial position with respect to these agreements.

16. 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.

The Corporation of the Township of Uxbridge

Notes to the consolidated financial statements

December 31, 2015

16. Segmented information (continued)

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, 2015

16. Segmented information (continued)

									2015	
	General government	Fire services	Public works	Parks Recreation & Culture	Library	Other services	Corporate	Total	Consolidation adjustments	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Expense										
Salaries wages and employee benefits	1,467,824	828,537	1,440,351	1,550,704	549,595	806,918	64,940	6,708,869	-	6,708,869
Grants	-	-	-	5,960	-	39,308	40,623	85,891	-	85,891
Internal charges	-	14,907	804,284	60,339	-	153,248	-	1,032,778	(1,032,778)	-
Amortization	-	139,165	2,739,905	589,251	97,078	5,605	134,742	3,705,746	-	3,705,746
Other expenses	459,378	665,156	2,178,012	1,444,742	189,650	544,061	333,349	5,814,348	-	5,814,348
	1,927,202	1,647,765	7,162,552	3,650,996	836,323	1,549,140	573,654	17,347,632	(1,032,778)	16,314,854
Revenue										
Tax revenue	-	-	-	-	735,428	106,686	10,051,860	10,893,974	-	10,893,974
Federal grants	-	-	958,114	5,960	28,546	1,320	-	993,940	-	993,940
Provincial grants	-	-	1,000	248,271	31,008	4,152	851,647	1,136,078	-	1,136,078
Other municipalities	120,128	48,725	-	-	-	145,911	-	314,764	-	314,764
Developer and other contributions earned	-	307,410	1,432,674	-	11,340	2,391	-	1,753,815	-	1,753,815
Contributed TCA	-	-	524,161	-	12,186	-	-	536,347	-	536,347
Other external revenue	92,145	82,156	267,935	1,889,875	53,498	760,093	892,053	4,037,755	-	4,037,755
TCA gain on disposal	-	-	-	-	-	-	312,119	312,119	-	312,119
Internal charges	-	-	851,773	40,505	-	140,500	-	1,032,778	(1,032,778)	-
	212,273	438,291	4,035,657	2,184,611	872,006	1,161,053	12,107,679	21,011,570	(1,032,778)	19,978,792
Net (expenses) revenue	(1,714,929)	(1,209,474)	(3,126,895)	(1,466,385)	35,683	(388,087)	11,534,025	3,663,938	-	3,663,938

The Corporation of the Township of Uxbridge

Notes to the consolidated financial statements

December 31, 2015

16. Segmented information (continued)

									2014	
	General government	Fire services	Public works	Parks Recreation & Culture	Library	Other services	Corporate	Total	Consolidation adjustments	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Expense										
Salaries wages and employee benefits	1,501,383	772,079	1,533,011	1,518,478	596,761	780,857	59,127	6,761,696	-	6,761,696
Grants	-	-	-	32,060	-	33,349	33,350	98,759	-	98,759
Internal charges	-	23,463	927,472	68,229	-	138,041	-	1,157,205	(1,157,205)	-
Amortization	-	138,897	2,692,597	533,473	145,659	6,956	139,837	3,657,419	-	3,657,419
Other expenses	492,183	385,727	2,427,863	1,578,302	255,154	491,989	427,648	6,058,866	-	6,058,866
	<u>1,993,566</u>	<u>1,320,166</u>	<u>7,580,943</u>	<u>3,730,542</u>	<u>997,574</u>	<u>1,451,192</u>	<u>659,962</u>	<u>17,733,945</u>	<u>(1,157,205)</u>	<u>16,576,740</u>
Revenue										
Tax revenue	-	-	-	-	711,682	107,456	9,470,313	10,289,451	-	10,289,451
Federal grants	-	-	812,158	30,836	-	-	-	842,994	-	842,994
Provincial grants	-	-	-	31,377	30,934	1,730	922,100	986,141	-	986,141
Other municipalities Developer and other contributions earned	120,476	61,711	-	-	-	167,072	-	349,259	-	349,259
Contributed TCA	23,486	-	107,612	95,126	132,421	-	-	358,645	-	358,645
Other external revenue	-	-	66,363	-	8,334	-	-	74,697	-	74,697
TCA gain on disposal	417,202	81,785	264,149	1,858,130	35,690	468,680	835,756	3,961,392	-	3,961,392
Internal charges	-	-	-	-	-	-	222,263	222,263	-	222,263
	-	-	988,718	29,181	-	19,306	120,000	1,157,205	(1,157,205)	-
	<u>561,164</u>	<u>143,496</u>	<u>2,239,000</u>	<u>2,044,650</u>	<u>919,061</u>	<u>764,244</u>	<u>11,570,432</u>	<u>18,242,047</u>	<u>(1,157,205)</u>	<u>17,084,842</u>
Net (expenses) revenue	(1,432,402)	(1,176,670)	(5,341,943)	(1,685,892)	(78,513)	(686,948)	10,910,470	508,102	-	508,102