

Consolidated financial statements of

**The Corporation of the
Township of Uxbridge**

December 31, 2013

The Corporation of the Township of Uxbridge

December 31, 2013

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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, 2013, 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, 2013 and the results of its operations, changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Deloitte LLP

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants
June 23, 2014

The Corporation of the Township of Uxbridge

Consolidated statement of operations year ended December 31, 2013

		2013	2012
	Budget (Note 13)	Actual	Actual
	\$	\$	\$
Revenues			
Taxation - all classes (Note 1(b)(iii))	9,760,132	9,367,818	9,340,516
User fees and charges	2,387,987	2,406,169	2,454,369
Grants			
Government of Canada	1,020,622	922,033	396,430
Province of Ontario	1,166,612	1,214,056	1,315,668
Other municipalities	169,700	313,309	370,416
Investment income	151,901	238,134	344,963
Penalties and interest on taxes	415,000	459,234	448,936
Developer and other contributions earned	1,413,872	603,732	731,130
Contributed tangible capital assets	-	690,441	826,635
Gain on sale of tangible capital assets	-	230,319	-
Other	643,300	666,719	1,638,333
Total revenues	17,129,126	17,111,964	17,867,396
Expenses (Note 12)			
General government	2,246,813	2,496,935	2,537,382
Protection to persons and property	2,709,853	2,444,700	2,429,039
Transportation services	5,749,143	5,946,671	5,347,435
Environmental services	478,701	483,161	427,495
Health services	41,000	32,134	31,580
Recreation and cultural services	4,255,256	4,501,906	4,120,131
Planning and development	520,970	276,846	431,731
Loss on sale of tangible capital assets	-	-	204,422
	16,001,736	16,182,353	15,529,215
Annual surplus	1,127,390	929,611	2,338,181
Accumulated surplus, beginning of year	101,139,232	101,139,232	98,801,051
Accumulated surplus, end of year	102,266,622	102,068,843	101,139,232

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

The Corporation of the Township of Uxbridge

Consolidated statement of financial position as at December 31, 2013

	2013	2012
	\$	\$
Assets		
Financial assets		
Cash (Note 3)	1,913,699	893,965
Temporary investments (Note 3)	16,752,396	17,634,167
Taxes receivable (Note 4)	2,847,432	2,651,720
Accounts receivable	1,582,665	1,806,256
Inventory for resale	7,511	8,555
	23,103,703	22,994,663
Liabilities		
Accounts payable and accrued liabilities (Note 5)	2,821,580	2,230,345
Other current liabilities	1,360,171	1,455,990
Post employment benefit liability (Note 6)	206,579	191,267
Deferred revenue (Note 7)	10,309,182	9,995,815
	14,697,512	13,873,417
Net financial assets	8,406,191	9,121,246
Non-financial assets		
Tangible capital assets (Note 8)	93,562,571	91,847,258
Inventory of supplies	75,419	142,989
Prepaid expenses	24,662	27,739
Total non financial assets	93,662,652	92,017,986
Accumulated surplus (Note 9)	102,068,843	101,139,232

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

The Corporation of the Township of Uxbridge

Consolidated statement of change in net financial assets year ended December 31, 2013

		2013	2012
	Budget (Note 13)	Actual	Actual
	\$	\$	\$
Annual surplus	-	929,611	2,338,181
Acquisition of tangible capital assets	(6,879,402)	(5,548,559)	(5,119,842)
Amortization of tangible capital assets	3,567,152	3,593,506	3,489,515
(Gain) loss on sale of tangible capital assets	-	(230,319)	204,422
Proceeds on sale of tangible capital assets	-	470,059	28,258
	(3,312,250)	(785,702)	940,534
Use (acquisition) of inventories of supplies (net)	-	67,570	(16,014)
Acquisition of prepaid expenses	-	(24,662)	(27,739)
Use of prepaid expenses	-	27,739	59,538
Increase in net financial assets	(3,312,250)	(715,055)	956,319
Net financial assets at beginning of year	9,121,246	9,121,246	8,164,927
Net financial assets at end of year	5,808,996	8,406,191	9,121,246

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

The Corporation of the Township of Uxbridge

Consolidated statement of cash flows year ended December 31, 2013

	2013	2012
	\$	\$
Operating transactions		
Annual surplus	929,611	2,338,181
Items not involving cash		
Amortization	3,593,506	3,489,515
(Gain) loss on sale of tangible capital assets	(230,319)	204,422
Contributed and donated tangible capital assets	(690,441)	(826,635)
Change in non-cash assets and liabilities		
Increase in taxes receivable	(195,712)	(41,409)
Decrease (increase) in accounts receivable	223,591	(460,423)
Decrease (increase) in inventory for resale	1,044	(1,365)
Decrease (increase) in inventory of supplies	67,570	(16,014)
Increase in accounts payable and accrued liabilities	591,235	796,330
Decrease in other current liabilities	(95,819)	(79,458)
Increase in post employment benefit liability	15,312	12,278
Increase in deferred revenue	313,367	268,738
Decrease in prepaid expenses	3,077	31,799
Cash provided by operating transactions	4,526,022	5,715,959
Capital transactions		
Acquisition of tangible capital assets (net of contributions and transfers)	(4,858,118)	(4,293,207)
Proceeds on sale of tangible capital assets	470,059	28,258
Cash applied to capital transactions	(4,388,059)	(4,264,949)
Investing transactions		
Proceeds from repayment of loan	-	10,000
Change in temporary investments (net)	881,771	(1,610,689)
Cash provided by investing transactions	881,771	(1,600,689)
Increase (decrease) in cash	1,019,734	(149,679)
Cash beginning of year	893,965	1,043,644
Cash, end of year	1,913,699	893,965

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

The Corporation of the Township of Uxbridge

Notes to the consolidated financial statements

December 31, 2013

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.

The Corporation of the Township of Uxbridge

Notes to the consolidated financial statements

December 31, 2013

1. Significant accounting policies (continued)

b) *Basis of accounting (continued)*

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.

(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 cost 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.

The Corporation of the Township of Uxbridge

Notes to the consolidated financial statements

December 31, 2013

1. Significant accounting policies (continued)

b) *Basis of accounting (continued)*

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.

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, certain accruals, and the net book value of tangible capital assets which is based on estimated useful lives of various capital asset categories.

c) *Adoption of new accounting standards*

As at January 1, 2013, the Township adopted revised Public Sector Accounting Handbook Section PS3410 "Government Transfers" and Handbook Section PS3510 "Tax Revenue" on a prospective basis. There was no impact of the adoption of these new standards on the consolidated financial statements other than the presentation of taxation revenue collected on behalf of others on the statement of operations.

The Corporation of the Township of Uxbridge

Notes to the consolidated financial statements

December 31, 2013

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:

	2013			2012
	School Boards	Region	Total	Total
	\$	\$	\$	\$
Taxation	10,333,783	25,570,334	35,904,117	35,033,644
Grants in lieu	79,702	313,150	392,852	385,956
	10,413,485	25,883,484	36,296,969	35,419,600

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:

	2013			2012		
	Cash	Investments	Total	Cash	Investments	Total
	\$	\$	\$	\$	\$	\$
Operating Fund	1,697,093	6,951,739	8,648,832	702,976	8,115,771	8,818,747
Reserve Funds	216,606	9,800,657	10,017,263	190,989	9,518,396	9,709,385
	1,913,699	16,752,396	18,666,095	893,965	17,634,167	18,528,132

Investments with a cost of \$16,868,237 have been recorded at a market value of \$16,752,396. In 2012, investments with a cost of \$17,756,142 were recorded at their market value of \$17,634,167.

4. Taxes receivable

	2013	2012
	\$	\$
Current year	1,984,118	1,789,347
Arrears previous years	863,314	862,373
	2,847,432	2,651,720

The Corporation of the Township of Uxbridge

Notes to the consolidated financial statements

December 31, 2013

5. 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:

	2013	2012
	\$	\$
Trade accounts payable	1,385,925	1,194,311
Provision for property tax reassessments	515,000	170,000
Payables to other governments	200,120	176,470
Payroll liabilities	628,308	568,169
Accrued liabilities	92,227	121,395
	2,821,580	2,230,345

6. 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, 2009.

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

	2013	2012
	\$	\$
Accrued benefit liability, January 1	191,267	178,989
Current service costs	14,102	11,934
Benefit payments	(11,349)	(10,811)
Amortization of actuarial gains/losses	3,389	1,736
Interest on obligation	9,170	9,419
Accrued benefit liability, December 31	206,579	191,267
Current year benefit expense	14,102	11,934
Interest on accrued benefit obligation	9,170	9,419
Amortization of actuarial gains/losses	3,389	1,736
	26,661	23,089
	2013	2012
	\$	\$
Accrued benefits obligation	217,252	227,863
Unamortized actuarial loss	10,673	36,596
Accrued benefit liability	206,579	191,267

The Corporation of the Township of Uxbridge

Notes to the consolidated financial statements

December 31, 2013

6. 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 4.0% (2012 - 4.75%) is used to determine liabilities at the beginning of the fiscal period and for extrapolations during the period. A rate of 4.75% (2012 - 4%) 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% (2012 - 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*

1994 Uninsured Pensioner Mortality Table projected to 2015.

7. Deferred revenue

				2013	2012
	Development charges	Parkland	Gas tax	Total	Total
	\$	\$	\$	\$	\$
Obligatory reserve funds					
Balance, beginning of year	8,109,466	756,134	652,959	9,518,559	9,144,965
Developer contributions	515,156	96,900	-	612,056	724,449
Gas tax monies	-	-	588,009	588,009	588,009
Interest earned	126,136	15,544	9,700	151,380	156,253
	8,750,758	868,578	1,250,668	10,870,004	10,613,676
Earned revenue transferred to operations	(448,164)	(107,859)	(513,161)	(1,069,184)	(1,095,117)
Balance, end of year	8,302,594	760,719	737,507	9,800,820	9,518,559
Other deferred revenue				508,362	477,256
Total				10,309,182	9,995,815

8. 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 2013 amounted to \$690,441 (2012 - \$826,635).

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, 2013

8. 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 (2012 - \$Nil) and no interest was capitalized during the year (2012 - \$Nil).

The Corporation of the Township of Uxbridge

Notes to the consolidated financial statements

December 31, 2013

8. Tangible capital assets (continued)

											2013
	Land	Land improvements	Buildings	Vehicles	Machinery & equipment	Computer systems	Roads	Storm Sewer	Bridges & structures	Work in progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost											
Balance, beginning of year	20,275,617	3,749,215	13,677,544	5,665,899	3,657,034	259,452	55,774,055	25,330,064	6,020,845	597,430	135,007,155
Additions	3	753,904	892,582	182,369	746,871	133,235	2,227,280	301,596	529,496	227,801	5,995,137
Less											
Work in progress completed	-	-	-	-	-	-	-	-	-	446,578	446,578
Disposals	47,650	72,818	116,796	155,733	143,729	50,534	517,417	-	3,226	-	1,107,903
Balance, end 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
Accumulated amortization											
Balance, beginning of year	-	1,525,391	6,305,865	2,751,550	1,958,397	193,551	23,513,913	4,972,622	1,938,609	-	43,159,898
Amortization	-	156,857	390,901	358,085	289,064	38,437	1,893,907	348,061	118,194	-	3,593,506
Less											
Accumulated amortization on disposal	-	56,896	51,561	155,733	141,605	50,534	408,609	-	3,226	-	868,164
Balance, end 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
Net book value of											
tangible capital assets	20,227,970	2,804,949	7,808,125	2,738,633	2,154,320	160,699	32,484,707	20,310,977	4,493,538	378,653	93,562,571

The Corporation of the Township of Uxbridge

Notes to the consolidated financial statements

December 31, 2013

8. Tangible capital assets (continued)

											2012
	Land	Land	Buildings	Vehicles	Machinery &	Computer	Roads	Storm	Bridges &	Work in	Total
	improvements	improvements			equipment	systems		Sewer	structures	progress	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost											
Balance, beginning of year	20,260,519	3,208,016	13,558,098	5,350,135	3,549,785	259,452	54,366,007	24,407,984	5,724,847	200,662	130,885,505
Additions	15,099	552,199	154,733	446,575	187,850	-	2,101,620	969,000	295,998	506,311	5,229,385
Less											
Work in progress completed	-	-	-	-	-	-	-	-	-	109,543	109,543
Disposals	1	11,000	35,287	130,811	80,601	-	693,572	46,920	-	-	998,192
Balance, end of year	20,275,617	3,749,215	13,677,544	5,665,899	3,657,034	259,452	55,774,055	25,330,064	6,020,845	597,430	135,007,155
Accumulated amortization											
Balance, beginning of year	-	1,408,080	5,944,750	2,538,174	1,757,396	156,929	22,154,760	4,646,028	1,829,777	-	40,435,894
Amortizations	-	128,311	371,701	344,187	281,602	36,622	1,879,102	339,158	108,832	-	3,489,514
Less											
Accumulated amortization on disposal	-	11,000	10,586	130,811	80,601	-	519,949	12,564	-	-	765,511
Balance, end of year	-	1,525,391	6,305,865	2,751,550	1,958,397	193,551	23,513,913	4,972,622	1,938,609	-	43,159,897
Net book value of tangible capital assets	20,275,617	2,223,824	7,371,679	2,914,349	1,698,637	65,901	32,260,142	20,357,442	4,082,236	597,430	91,847,258

The Corporation of the Township of Uxbridge

Notes to the consolidated financial statements

December 31, 2013

9. Accumulated surplus

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

	2013	2012
	\$	\$
Invested in tangible capital assets	93,562,571	91,847,258
Other	2,114,421	1,645,679
Post employment benefits	(206,579)	(191,267)
	95,470,413	93,301,670
Reserves		
Tax stabilization	296,641	296,641
Working capital	971,941	971,941
Insurance	108,200	108,200
Museum administration centre	89	89
Future capital projects	1,353,033	2,258,033
Election	49,472	34,472
Music Hall	7,935	160
Ditching	137,500	115,408
Street lights	939	19,939
Sidewalks	50,715	50,715
Arena	2,882	2,732
Preserve	122,478	125,163
Foster Memorial	3,387	3,387
Sandford Community Hall Improvements	2,752	2,752
Zephyr Hall Improvements	7,430	381
Spay & Neuturing	74,346	57,734
Energy efficiency reserve	35,000	35,000
Cultural reserve	33,165	33,165
Community Halls	30,000	30,000
Uncompleted projects	711,308	1,013,944
Downtown revitalization	73,040	73,040
Community Improvement Plan	64,407	64,407
Strategic plan	11,548	11,548
OMB Hearings	77,452	124,222
Trail reserve	24,077	24,077
New Fire Hall	850,262	610,400
Limestone Upgrades	453,008	751,593
Snow Clearing	300,000	300,000
Fire Calls	500,000	500,000
New Animal Shelter	28,980	27,593
	6,381,987	7,646,736
Reserve funds set aside by Council for		
Phosphorous removal	158,755	133,138
Library	45,419	45,419
Parking	12,269	12,269
	216,443	190,826
Total accumulated surplus	102,068,843	101,139,232

The Corporation of the Township of Uxbridge

Notes to the consolidated financial statements

December 31, 2013

10. Trust funds

Trust funds administered by the municipality amounting to \$24,636 (2012 - \$24,779) are not included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations.

11. Pension agreements

The Township makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), a multi-employer plan, on behalf of 64 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.

Township contributions to OMERS in 2013 amounted to \$359,162 (2012 - \$329,938).

12. Classification of expenses by object

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

	2013	2012
	\$	\$
Salaries, wages and employee benefits	6,648,438	6,512,760
Operating materials and supplies	3,132,163	2,937,014
Contract services	2,621,486	2,264,171
Rents and financial expenses	74,346	29,563
External transfers to others	112,414	91,771
Amortization	3,593,506	3,489,514
Loss on sale of tangible capital assets	-	204,422
	16,182,353	15,529,215

13. Budget figures

The approved budget for 2013 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.

14. 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, 2013 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.

The Corporation of the Township of Uxbridge

Notes to the consolidated financial statements

December 31, 2013

14. Contingent liabilities (continued)

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) The Township of Uxbridge has a number of gravel pit owners that are appealing their property assessments for the years, 2011, 2012 and 2013 with the Assessment Review Board (ARB). Although, these appeals have not been settled, the Township was able to estimate the financial impact of these appeals, based on recent information provided to the Township. The estimated financial impact of these appeals is included in the provision for reassessments.
- iii) A number of gravel pit properties across the Province are in the appeal process with the ARB. These appeals are being supported by the Ontario Stone, Sand and Gravel Association (OSSGA), who is advocating a new assessment methodology for gravel pit properties in Ontario. In response to the mass appeal from gravel pit owners, the ARB has consented to trying test cases that may determine the outcome of the remaining appeals across the province, and may set a precedent for future gravel pit assessment methodology across the Province. If the owners of these properties are successful, it could result in current and future implications to the Township in reductions to Uxbridge's industrial assessment base, on-going loss of property tax revenues from gravel pit properties as well as the potential to refund property taxes. The Township is monitoring the situation, however the impact on the Township is not yet determinable.

Any adjustments relating to the settlement of assessment appeals in excess of the provision of \$515,000 (Note 5) 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 statement of financial position with respect to these agreements.

The Corporation of the Township of Uxbridge

Notes to the consolidated financial statements

December 31, 2013

15. 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 department. 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 Department 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 Lucy Maud Montgomery Manse and 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 function 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, 2013

15. Segmented information (continued)

									2013	
	General government	Fire services	Public works	Parks Recreation & Culture	Library	Other services	Corporate	Total	Consolidation adjustments	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Expense										
Salaries wages and employee benefits	1,519,876	787,132	1,493,374	1,426,735	573,408	792,847	55,066	6,648,438	-	6,648,438
Grants	-	-	-	37,550	-	37,739	37,125	112,414	-	112,414
Internal charges	-	16,673	823,775	67,104	-	133,309	1,932	1,042,793	(1,042,793)	-
Amortization	-	142,440	2,666,695	509,365	133,737	7,946	133,323	3,593,506	-	3,593,506
Other expenses	560,281	450,829	2,336,846	1,602,260	180,387	384,766	312,626	5,827,995	-	5,827,995
	2,080,157	1,397,074	7,320,690	3,643,014	887,532	1,356,607	540,072	17,225,146	(1,042,793)	16,182,353
Revenue										
Tax revenue	-	-	-	-	480,659	98,583	8,788,576	9,367,818	-	9,367,818
Federal grants	-	-	509,061	403,290	9,329	353	-	922,033	-	922,033
Provincial grants	24,870	-	23,317	32,643	33,870	3,892	1,095,464	1,214,056	-	1,214,056
Other municipalities	116,403	47,181	-	-	-	149,725	-	313,309	-	313,309
Developer and other contributions earned	-	-	482,973	107,859	12,900	-	-	603,732	-	603,732
Contributed TCA	-	-	678,482	-	11,959	-	-	690,441	-	690,441
Other external revenue	61,706	72,848	279,466	1,849,015	77,926	636,256	793,039	3,770,256	-	3,770,256
TCA gain on disposal	-	-	-	-	-	-	230,319	230,319	-	230,319
Internal charges	-	-	890,860	28,639	-	-	123,294	1,042,793	(1,042,793)	-
	202,979	120,029	2,864,159	2,421,446	626,643	888,809	11,030,692	18,154,757	(1,042,793)	17,111,964
Net (expenses) revenue	(1,877,178)	(1,277,045)	(4,456,531)	(1,221,568)	(260,889)	(467,798)	10,490,620	929,611	-	929,611

The Corporation of the Township of Uxbridge

Notes to the consolidated financial statements

December 31, 2013

15. Segmented information (continued)

								2012		
	General government	Fire services	Public works	Parks Recreation & Culture	Library	Other services	Corporate	Total	Consolidation adjustments	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Expense										
Salaries wages and employee benefits	1,473,129	776,097	1,345,679	1,379,945	558,070	925,765	54,075	6,512,760	-	6,512,760
Grants	-	-	-	25,000	-	41,871	24,900	91,771	-	91,771
Internal charges	-	20,358	779,256	72,519	-	134,077	159,112	1,165,322	(1,165,322)	-
Amortization	-	147,295	2,615,699	502,025	92,077	6,749	129,552	3,493,397	-	3,493,397
Other expenses	484,754	427,393	2,042,254	1,358,803	165,086	429,548	319,027	5,226,865	-	5,226,865
Loss on disposal of TCA	-	-	-	-	-	-	204,422	204,422	-	204,422
	<u>1,957,883</u>	<u>1,371,143</u>	<u>6,782,888</u>	<u>3,338,292</u>	<u>815,233</u>	<u>1,538,010</u>	<u>891,088</u>	<u>16,490,115</u>	<u>(1,165,322)</u>	<u>15,529,215</u>
Revenue										
Tax revenue	-	-	-	-	675,000	97,059	8,568,457	9,340,516	-	9,340,516
Federal grants	-	-	383,841	2,000	8,973	-	1,616	396,430	-	396,430
Provincial grants	-	-	62,684	12,136	30,042	6,906	1,203,900	1,315,668	-	1,315,668
Other municipalities	112,659	56,462	-	-	-	201,295	-	370,416	-	370,416
Developer and other contributions earned	-	-	683,230	35,000	12,900	-	-	731,130	-	731,130
Contributed TCA	-	-	816,209	-	10,426	-	-	826,635	-	826,635
Other external revenue	84,020	115,587	624,008	2,406,082	186,919	1,023,787	446,198	4,886,601	-	4,886,601
TCA gain on disposal	-	-	-	-	-	-	-	-	-	-
Internal charges	-	-	1,007,956	33,394	-	648	123,324	1,165,322	(1,165,322)	-
	<u>196,679</u>	<u>172,049</u>	<u>3,577,928</u>	<u>2,488,612</u>	<u>924,260</u>	<u>1,329,695</u>	<u>10,343,495</u>	<u>19,032,718</u>	<u>(1,165,322)</u>	<u>17,867,396</u>
Net (expenses) revenue	(1,761,204)	(1,199,094)	(3,204,960)	(849,680)	109,027	(208,315)	9,452,407	2,542,603	-	2,338,181

The Corporation of the Township of Uxbridge

Notes to the consolidated financial statements

December 31, 2013

16. Corresponding figures

Certain of the prior year's corresponding figures have been reclassified to conform to the current year's presentation. In particular, an amount of \$170,000, which was recorded as an allowance against taxes receivable, was reclassified to accounts payable and accrued liabilities as a provision for property tax reassessments.