

Consolidated financial statements of

**The Corporation of the  
Township of Uxbridge**

December 31, 2012

# The Corporation of the Township of Uxbridge

December 31, 2012

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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, 2012, 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, 2012 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, Chartered Accountants  
Licensed Public Accountants  
June 24, 2013

# The Corporation of the Township of Uxbridge

## Consolidated statement of financial position as at December 31, 2012

	2012	2011
	\$	\$
<b>Assets</b>		
<b>Financial assets</b>		
Cash (Note 3)	893,965	1,043,644
Temporary investments (Note 3)	17,634,167	16,023,478
Taxes receivable (Note 4)	2,481,720	2,440,311
Accounts receivable	1,806,256	1,345,833
Loan receivable (Note 5)	-	10,000
Inventory for resale	8,555	7,190
	<b>22,824,663</b>	<b>20,870,456</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 6)	2,060,345	1,264,015
Other current liabilities	1,455,990	1,535,448
Post employment benefits liability (Note 7)	191,267	178,989
Deferred revenue (Note 8)	9,995,815	9,727,077
	<b>13,703,417</b>	<b>12,705,529</b>
<b>Net financial assets</b>	<b>9,121,246</b>	<b>8,164,927</b>
<b>Non-financial assets</b>		
Tangible capital assets (Note 9)	91,847,258	90,449,611
Inventory of supplies	142,989	126,975
Prepaid expenses	27,739	59,538
	<b>92,017,986</b>	<b>90,636,124</b>
<b>Accumulated surplus (Note 10)</b>	<b>101,139,232</b>	<b>98,801,051</b>

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

# The Corporation of the Township of Uxbridge

## Consolidated statement of operations year ended December 31, 2012

	Budget (Note 14)	2012 Actual	2011 Actual
	\$	\$	\$
<b>Revenue</b>			
Taxation - all classes (Note 1(b)(iii))	45,406,697	44,760,116	43,017,179
Less amounts received for Region and School Boards (Note 2)	36,099,700	35,419,600	34,160,029
	<b>9,306,997</b>	<b>9,340,516</b>	8,857,150
User fees and charges	2,273,622	2,454,369	2,220,740
Grants			
Government of Canada	476,050	396,430	492,476
Province of Ontario	1,254,173	1,315,668	1,264,190
Other municipalities	237,680	370,416	330,675
Investment income	276,901	344,963	222,353
Penalties and interest on taxes	425,000	448,936	433,286
Developer and other contributions earned	882,250	731,130	536,219
Contributed tangible capital assets	-	826,635	2,824,114
Gain on sale of tangible capital assets	-	-	171,822
Other	1,252,560	1,638,333	966,666
	<b>16,385,233</b>	<b>17,867,396</b>	18,319,691
<b>Expenses (Note 13)</b>			
General government	2,326,132	2,537,382	2,189,972
Protection to persons and property	2,625,853	2,429,039	2,436,626
Transportation services	5,754,616	5,347,435	5,267,510
Environmental services	377,269	427,495	491,862
Health services	35,560	31,580	36,025
Recreation and cultural services	4,160,315	4,120,131	3,985,946
Planning and development	501,935	431,731	366,691
Loss on sale of tangible capital assets	-	204,422	-
	<b>15,781,680</b>	<b>15,529,215</b>	14,774,632
Annual surplus	603,553	2,338,181	3,545,059
Accumulated surplus, beginning of year	97,825,626	98,801,051	95,255,992
<b>Accumulated surplus, end of year</b>	<b>98,429,179</b>	<b>101,139,232</b>	98,801,051

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

# The Corporation of the Township of Uxbridge

## Consolidated statement of change in net financial assets year ended December 31, 2012

		2012	2011
	Budget (Note 14)	Actual	Actual
	\$	\$	\$
<b>Annual surplus</b>	-	2,338,181	3,545,059
Acquisition of tangible capital assets	(4,244,270)	(5,119,842)	(5,952,619)
Amortization of tangible capital assets	3,558,132	3,489,514	3,379,993
(Gain) loss on sale of tangible capital assets	-	204,422	(171,822)
Proceeds on sale of tangible capital assets	-	28,259	523,181
	(686,138)	940,534	1,323,792
Change in inventories of supplies	-	(16,014)	(16,087)
Acquisition of prepaid expenses	-	(27,739)	(59,538)
Use of prepaid expenses	-	59,538	27,036
Increase in net financial assets	(686,138)	956,319	1,275,203
Net financial assets, beginning of year	8,164,927	8,164,927	6,889,724
<b>Net financial assets, end of year</b>	<b>7,478,789</b>	<b>9,121,246</b>	<b>8,164,927</b>

# The Corporation of the Township of Uxbridge

## Consolidated statement of changes on cash flows year ended December 31, 2012

	2012	2011
	\$	\$
<b>Operating transactions</b>		
Annual surplus	2,338,181	3,545,059
Items not involving cash		
Amortization	3,489,514	3,379,993
Loss (gain) on sale of tangible capital assets	204,422	(171,822)
Contributed and donated tangible capital assets	(826,635)	(2,824,114)
Change in non-cash assets and liabilities		
(Increase) Decrease in taxes receivable	(41,409)	82,087
(Increase) decrease in accounts receivable	(460,423)	1,196,504
(Increase) decrease in inventory for resale	(1,365)	1,407
Increase in inventory of supplies	(16,014)	(16,087)
Increase (decrease) in accounts payable and accrued liabilities	796,330	(806,020)
(Increase) in other current liabilities	(79,458)	(11,978)
Increase in post employment benefit liability	12,278	8,202
Increase in deferred revenue	268,738	705,173
Decrease (increase) in prepaid expenses	31,799	(32,502)
	<b>5,715,958</b>	<b>5,055,902</b>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(4,293,207)	(2,628,505)
Proceeds on sale of tangible capital assets	28,259	23,181
	<b>(4,264,948)</b>	<b>(2,605,324)</b>
<b>Investing transactions</b>		
Proceeds from repayment of loan receivable	10,000	75,537
Change in temporary investments (net)	(1,610,689)	(4,210,578)
	<b>(1,600,689)</b>	<b>(4,135,041)</b>
Decrease in cash	(149,679)	(1,684,463)
Cash, beginning of year	1,043,644	2,728,107
<b>Cash, end of year</b>	<b>893,965</b>	<b>1,043,644</b>
<b>Non-cash transaction</b>		
Land exchange	-	500,000

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



# The Corporation of the Township of Uxbridge

## Notes to the consolidated financial statements

December 31, 2012

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### 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 the Canadian Institute of Chartered Accountants ("CICA").

Significant accounting policies followed by the Township include:

a)

i) Reporting entity

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) Recognition

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, 2012

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### 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 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 expenses 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, 2012

### 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 events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria are met, and reasonable estimates of the amounts can be made.

##### (ix) 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 doubtful accounts and certain accruals and the net book value of tangible capital assets which is based on estimated useful lives of various capital asset categories.

### 2. Operation of school boards and the Region of Durham

Further to Note 1(a) (ii), the taxation and other revenues of the school boards and the Region of Durham are comprised of the following:

	2012			2011
	School Boards	Region	Total	Total
	\$	\$	\$	\$
Taxation	10,242,196	24,791,448	35,033,644	33,804,309
Grants in lieu	80,057	305,899	385,956	355,720
	<b>10,322,253</b>	<b>25,097,347</b>	<b>35,419,600</b>	<b>34,160,029</b>

### 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:

	2012			2011		
	Cash	Investments	Total	Cash	Investments	Total
	\$	\$	\$	\$	\$	\$
Operating Fund	702,976	8,115,771	8,818,747	855,154	6,878,513	7,733,667
Reserve Funds	190,989	9,518,396	9,709,385	188,490	9,144,965	9,333,455
	<b>893,965</b>	<b>17,634,167</b>	<b>18,528,132</b>	<b>1,043,644</b>	<b>16,023,478</b>	<b>17,067,122</b>

Investments with a cost of \$17,756,142 have been recorded at a market value of \$17,634,167. In 2011, investments with a cost of \$16,102,404 were recorded at their market value of \$16,023,478.

# The Corporation of the Township of Uxbridge

## Notes to the consolidated financial statements

December 31, 2012

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### 4. Taxes receivable

	2012	2011
	\$	\$
Current year	1,789,347	1,847,282
Arrears previous years	862,373	763,029
	<b>2,651,720</b>	<b>2,610,311</b>
Less: allowance	170,000	170,000
	<b>2,481,720</b>	<b>2,440,311</b>

### 5. Loan receivable

	2012	2011
	\$	\$
Loan receivable due 2012 no interest	-	10,000
	-	10,000

### 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 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:

	2012	2011
	\$	\$
Trade accounts payable	1,194,311	393,502
Payables to other governments	176,470	304,795
Payroll liabilities	568,169	491,768
Accrued liabilities	121,395	73,950
	<b>2,060,345</b>	<b>1,264,015</b>

# The Corporation of the Township of Uxbridge

## Notes to the consolidated financial statements

December 31, 2012

### 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 evaluation was conducted as of December 31, 2009.

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

	2012	2011
	\$	\$
Accrued benefit liability, January 1	178,989	170,787
Current service cost	11,934	10,682
Benefit payments	(10,811)	(11,011)
Interest on obligation	9,419	8,531
Amortization of actuarial loss	1,736	-
<b>Accrued benefit liability, December 31</b>	<b>191,267</b>	<b>178,989</b>
Current year benefit expense	11,934	10,682
Interest on accrued benefit obligation	9,419	8,531
Amortization of actuarial gains/losses	1,736	-
	<b>23,089</b>	<b>19,213</b>
	2012	2011
	\$	\$
Accrued benefits obligation	227,863	197,736
Unamortized actuarial loss	36,596	18,747
<b>Accrued benefit liability</b>	<b>191,267</b>	<b>178,989</b>

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 4.75% (2011 – 5%) is used to determine liabilities at the beginning of the fiscal period and for extrapolations during the period. A rate of 4% (2011 – 4.75%) 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% (2011 - 10%) 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.

# The Corporation of the Township of Uxbridge

Notes to the consolidated financial statements

December 31, 2012

## 8. Deferred revenue

				2012	2011
	Development charges	Parkland	Gas tax	Total	Total
	\$	\$	\$	\$	\$
Obligatory reserve funds					
Balance, beginning of year	8,135,569	565,278	444,118	9,144,965	8,454,097
Developer contributions	544,671	179,778	-	724,449	898,760
Gas tax monies	-	-	588,009	588,009	588,009
Interest earned	135,923	11,078	9,252	156,253	139,310
	8,816,163	756,134	1,041,379	10,613,676	10,080,176
Earned revenue transferred to operations	(706,697)	-	(388,420)	(1,095,117)	(935,211)
Balance, end of year	8,109,466	756,134	652,959	9,518,559	9,144,965
Other				477,256	582,112
Total				9,995,815	9,727,077

## 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 2012 amounted to \$826,635 (2011 - \$2,824,114).

### 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.

### 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 (2011 - \$nil) and no interest was capitalized (2011 - \$nil).

# The Corporation of the Township of Uxbridge

Notes to the consolidated financial statements

December 31, 2012

## 9. Tangible capital assets (continued)

											2012
	Land	Land improvements	Buildings	Vehicles	Machinery & equipment	Computer systems	Roads	Storm Sewer	Bridges & structures	Work in progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Cost</b>											
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
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
<b>Accumulated amortization</b>											
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
Amortization	-	128,311	371,701	344,187	281,602	36,622	1,879,102	339,158	108,832	-	3,489,514
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
<b>Net book value of</b>											
<b>tangible capital assets</b>	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
2011											
	Land	Land improvements	Buildings	Vehicles	Machinery & equipment	Computer systems	Roads	Storm Sewer	Bridges & structures	Work in progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Cost</b>											
Balance, beginning of year	19,156,420	3,141,623	13,148,586	5,133,642	3,476,960	259,452	51,456,664	23,337,866	5,634,100	899,899	125,645,212
Additions	1,423,798	124,985	409,512	253,311	213,798	-	3,065,587	1,070,118	90,747	93,233	6,745,089
Work in progress completed	-	-	-	-	-	-	-	-	-	(792,470)	(792,470)
Disposals	319,699	58,592	-	36,818	140,973	-	156,244	-	-	-	712,326
Balance, end 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
<b>Accumulated amortization</b>											
Balance, beginning of year	-	1,350,670	5,581,425	2,240,628	1,621,517	120,002	20,455,873	4,321,491	1,725,262	-	37,416,868
Amortizations	-	116,002	363,325	334,364	276,852	36,927	1,823,471	324,537	104,515	-	3,379,993
Accumulated amortization on disposal	-	58,592	-	36,818	140,973	-	124,584	-	-	-	360,967
Balance, end 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
<b>Net book value of</b>											
<b>tangible capital assets</b>	20,260,519	1,799,936	7,613,348	2,811,961	1,792,389	102,523	32,211,247	19,761,956	3,895,070	200,662	90,449,611

# The Corporation of the Township of Uxbridge

## Notes to the consolidated financial statements

December 31, 2012

### 10. Accumulated surplus

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

	2012	2011
	\$	\$
Invested in tangible capital assets	91,847,258	90,449,611
Other	1,645,679	1,392,414
Post employment benefits	(191,267)	(178,989)
	<b>93,301,670</b>	<b>91,663,036</b>
Reserves		
Equipment	-	63,541
Tax stabilization	296,641	260,231
Working capital	971,941	971,941
Insurance	108,200	108,200
Museum administration centre	89	89
Future capital projects	2,258,033	813,434
Fire equipment	-	171,145
Election	34,472	26,972
Music Hall	160	25,551
Major maintenance	-	602,129
Ditching	115,408	93,474
Street lights	19,939	19,939
Sidewalks	50,715	50,715
Arena	2,732	2,552
Preserve	125,163	125,163
Municipal facilities & projects	-	31,298
Foster Memorial	3,387	3,387
Sandford Community Hall Improvements	2,752	2,752
Zephyr Hall Improvements	381	381
Spay & Neuturing	57,734	52,409
Energy efficiency reserve	35,000	35,000
Cultural reserve	33,165	33,165
Community Halls	30,000	30,000
Uncompleted projects	1,013,944	1,190,773
Downtown revitalization	73,040	73,040
Community Improvement Plan	64,407	39,407
Strategic plan	11,548	11,548
OMB Hearings	124,222	179,920
Trail reserve	24,077	24,077
New Fire Hall	610,400	85,210
Limestone Upgrades	751,593	1,000,000
Snow Clearing	300,000	283,500
Fire Calls	500,000	502,300
New Animal Shelter	27,593	23,436
Splash Pad	-	1,050
Mural	-	11,960
	<b>7,646,736</b>	<b>6,949,689</b>
Reserve funds set aside for specific purposes by Council for		
Reserve funds		
Phosphorous removal	133,138	133,138
Library	45,419	45,419
Parking	12,269	9,769
	<b>190,826</b>	<b>188,326</b>
<b>Total accumulated surplus</b>	<b>101,139,232</b>	<b>98,801,051</b>



# The Corporation of the Township of Uxbridge

## Notes to the consolidated financial statements

December 31, 2012

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### 11. Trust funds

Trust funds administered by the municipality amounting to \$24,779 (2011 - \$24,899) 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 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.

Contributions to OMERS in 2012 amounted to \$659,876 (2011 - \$587,230).

### 13. Classification of expenses by object

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

	2012	2011
	\$	\$
Salaries, wages and employee benefits	6,512,760	6,257,342
Operating materials and supplies	2,933,131	2,724,460
Contract services	2,264,171	2,239,599
Rents and financial expenses	29,563	57,033
External transfers to others	91,771	116,205
Amortization	3,493,397	3,379,993
Loss on sale of tangible capital assets	204,422	-
	<b>15,529,215</b>	<b>14,774,632</b>

### 14. Budget figures

The approved budget for 2012 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 amount of amortization expense reflected in the budget numbers is based on management's best estimate at the beginning of the year of the amortization expense that would be incurred.

# The Corporation of the Township of Uxbridge

## Notes to the consolidated financial statements

December 31, 2012

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### 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, 2012 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 they 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 measurable.

#### b) *Settlement of assessment appeals*

- (i) On December 13, 2010, the Municipal Property Assessment Corporation (MPAC) and the National Golf Course Owners Association Canada (NGCOA) reached a non-binding Settlement Agreement to be applied in determining golf course valuations for assessment purposes, in order to resolve outstanding assessment complaints by NGCOA members. Although, the Township is assessing the impact of the Settlement Agreement, the full amount of the impact is not yet determinable.
- (ii) The Township 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, the Township is assessing the potential impact of these appeals and will thoroughly review the proposed settlements, the full amount of the impact of these appeals is not yet determinable.
- (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 golf course and gravel pit assessment appeals in excess of our allowance of \$170,000 (note 4), 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 trustee, director or officer of the Township. The maximum amount of any potential future payment cannot be reasonably estimated.

# The Corporation of the Township of Uxbridge

## Notes to the consolidated financial statements

December 31, 2012

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### 15. Contingent liabilities (continued)

#### c) *Guarantees (continued)*

- (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.

### 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 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.

# The Corporation of the Township of Uxbridge

Notes to the consolidated financial statements

December 31, 2012

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## 16. Segmented information (continued)

### *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, 2012

## 16. 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	1473129	776097	1345679	1379945	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
	<b>1,957,883</b>	<b>1,371,143</b>	<b>6,782,888</b>	<b>3,338,292</b>	<b>815,233</b>	<b>1,538,010</b>	<b>891,088</b>	<b>16,490,115</b>	<b>(1,165,322)</b>	<b>15,529,215</b>
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)	-
	<b>196,679</b>	<b>172,049</b>	<b>3,577,928</b>	<b>2,488,612</b>	<b>924,260</b>	<b>1,329,695</b>	<b>10,343,495</b>	<b>19,032,718</b>	<b>(1,165,322)</b>	<b>17,867,396</b>
Net (expenses) revenue	<b>(1,761,204)</b>	<b>(1,199,094)</b>	<b>(3,204,960)</b>	<b>(849,680)</b>	<b>109,027</b>	<b>(208,315)</b>	<b>9,452,407</b>	<b>2,542,603</b>	<b>-</b>	<b>2,338,181</b>

# The Corporation of the Township of Uxbridge

Notes to the consolidated financial statements

December 31, 2012

## 16. Segmented information (continued)

									2011	
	General government	Fire services	Public works	Parks Recreation & Culture	Library	Other services	Corporate	Total	Consolidation adjustments	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Expense										
Salaries wages and employee benefits	1,396,337	847,539	1,290,904	1,324,365	538,370	796,890	62,937	6,257,342	-	6,257,342
Grants	-	-	270	8,572	-	50,048	57,315	116,205	-	116,205
Internal charges	-	17,604	930,512	52,769	-	142,840	347	1,144,072	(1,144,072)	-
Amortization	-	148,483	2,520,668	442,245	128,525	5,661	134,411	3,379,993	-	3,379,993
Other expenses	371,473	445,970	1,981,900	1,368,829	177,766	348,285	326,869	5,021,092	-	5,021,092
	<u>1,767,810</u>	<u>1,459,596</u>	<u>6,724,254</u>	<u>3,196,780</u>	<u>844,661</u>	<u>1,343,724</u>	<u>581,879</u>	<u>15,918,704</u>	<u>(1,144,072)</u>	<u>14,774,632</u>
Revenue										
Tax revenue	-	-	-	-	675,000	95,697	8,086,453	8,857,150	-	8,857,150
Federal grants	-	-	425,963	31,957	34,556	-	-	492,476	-	492,476
Provincial grants	-	-	(4,949)	42,530	36,998	9,911	1,179,700	1,264,190	-	1,264,190
Other municipalities	141,893	33,448	-	2,520	-	143,334	9,480	330,675	-	330,675
Developer and other contributions earned	-	-	523,319	-	12,900	-	-	536,219	-	536,219
Contributed TCA	-	-	2,813,946	-	10,168	-	-	2,824,114	-	2,824,114
Other external revenue	58,933	110,313	262,546	1,952,531	104,836	585,727	768,159	3,843,045	-	3,843,045
TCA gain on disposal	-	-	-	-	-	-	171,822	171,822	-	171,822
Internal charges	3,694	-	974,882	45,496	-	-	120,000	1,144,072	(1,144,072)	-
	<u>204,520</u>	<u>143,761</u>	<u>4,995,707</u>	<u>2,075,034</u>	<u>874,458</u>	<u>834,669</u>	<u>10,335,614</u>	<u>19,463,763</u>	<u>(1,144,072)</u>	<u>18,319,691</u>
Net (expenses) revenue	(1,563,290)	(1,315,835)	(1,728,547)	(1,121,746)	29,797	(509,055)	9,753,735	3,545,059	-	3,545,059