

Consolidated financial statements of

**The Corporation of the
Township of Uxbridge**

December 31, 2011

The Corporation of the Township of Uxbridge

December 31, 2011

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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, 2011, 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, 2011 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 & Touche LLP

Chartered Accountants
Licensed Public Accountants
June 18, 2012

The Corporation of the Township of Uxbridge

Consolidated statement of financial position as at December 31, 2011

	2011	2010
	\$	\$
Assets		
Financial assets		
Cash (Note 3)	1,043,644	2,728,107
Temporary investments (Note 3)	16,023,478	11,812,900
Taxes receivable (Note 4)	2,440,311	2,522,398
Accounts receivable	1,345,833	2,542,337
Loan receivable (Note 5)	10,000	85,537
Inventory for resale	7,190	8,597
	20,870,456	19,699,876
Liabilities		
Accounts payable and accrued liabilities (Note 6)	1,264,015	2,070,035
Other current liabilities	1,535,448	1,547,426
Post employment benefits liability (Note 7)	178,989	170,787
Deferred revenue (Note 8)	9,727,077	9,021,904
	12,705,529	12,810,152
Net financial assets	8,164,927	6,889,724
Non-financial assets		
Tangible capital assets (Note 9)	90,449,611	88,228,344
Inventory of supplies	126,975	110,888
Prepaid expenses	59,538	27,036
	90,636,124	88,366,268
Accumulated surplus (Note 10)	98,801,051	95,255,992

The Corporation of the Township of Uxbridge

Consolidated statement of operations year ended December 31, 2011

	2011	2010	
	Budget (unaudited) (Note 14)	Actual	Actual
	\$	\$	\$
Revenue			
Taxation - all classes (Note 1(b)(iii))	43,501,938	43,017,179	41,502,162
Less amounts received for Region and School Boards (Note 2)	34,576,700	34,160,029	32,865,531
	8,925,238	8,857,150	8,636,631
User fees and charges	2,171,810	2,220,740	2,150,328
Grants			
Government of Canada	855,000	492,476	1,463,265
Province of Ontario	1,226,373	1,264,190	2,012,386
Other municipalities	195,483	330,675	364,326
Investment income	151,901	222,353	145,063
Penalties and interest on taxes	425,000	433,286	485,812
Developer and other contributions earned	788,400	536,219	149,979
Contributed tangible capital assets	-	2,824,114	5,261,277
Gain on sale of tangible capital assets	-	171,822	-
Other	443,000	966,666	673,405
	15,182,205	18,319,691	21,342,472
Expenses (Note 13)			
Current			
General government	2,084,922	2,189,972	2,377,768
Protection to persons and property	2,704,709	2,436,626	2,400,808
Transportation services	5,455,634	5,267,510	5,192,824
Environmental services	320,282	491,862	344,117
Health services	39,545	36,025	5,779
Recreation and cultural services	4,206,845	3,985,946	3,964,120
Planning and development	458,665	366,691	385,141
Loss on sale of tangible capital assets	-	-	23,658
	15,270,602	14,774,632	14,694,215
Annual (deficit) surplus	(88,397)	3,545,059	6,648,257
Accumulated surplus, beginning of year	91,965,787	95,255,992	88,607,735
Accumulated (deficit) surplus, end of year	91,877,390	98,801,051	95,255,992

The Corporation of the Township of Uxbridge

Consolidated statement of change in net financial assets year ended December 31, 2011

	2011	2010
	Budget (unaudited) (Note 14)	Actual
	\$	\$
Annual surplus	(88,397)	3,545,059
Acquisition of tangible capital assets	(3,758,000)	(5,952,619)
Amortization of tangible capital assets	3,318,373	3,379,993
(Gain) loss on sale of tangible capital assets	-	(171,822)
Proceeds on sale of tangible capital assets	-	523,181
	(528,024)	1,323,792
Change in inventories of supplies	-	(16,087)
Acquisition of prepaid expenses	-	(59,538)
Use of prepaid expenses	-	27,036
(Decrease) increase in net financial assets	(528,024)	1,275,203
Net financial assets, beginning of year	6,889,724	6,889,724
Net financial assets, end of year	6,361,700	8,164,927

The Corporation of the Township of Uxbridge

Consolidated statement of changes on cash flows year ended December 31, 2011

	2011	2010
	\$	\$
Operating transactions		
Annual surplus	3,545,059	6,648,257
Items not involving cash		
Amortization	3,379,993	3,226,015
Loss (gain) on sale of tangible capital assets	(171,822)	23,658
Contributed and donated tangible capital assets	(2,824,114)	(5,261,277)
Change in non-cash assets and liabilities		
Decrease in taxes receivable	82,087	929,036
Decrease (increase) in accounts receivable	1,196,504	(1,854,936)
Decrease in inventory for resale	1,407	1,440
(Increase) decrease in inventory of supplies	(16,087)	10,354
(Decrease) increase in accounts payable and accrued liabilities	(806,020)	833,608
Decrease (increase) in other current liabilities	(11,978)	442,025
Increase in post employment benefit liability	8,202	11,204
Increase in deferred revenue	705,173	534,927
(Increase) decrease in prepaid expenses	(32,502)	2,006
	5,055,902	5,546,317
Capital transactions		
Acquisition of tangible capital assets	(2,628,505)	(4,489,055)
Proceeds on sale of tangible capital assets	23,181	28,861
	(2,605,324)	(4,460,194)
Investing transactions		
Proceeds from repayment of loan receivable	75,537	13,591
Change in temporary investments (net)	(4,210,578)	3,146
	(4,135,041)	16,737
(Decrease) increase in cash	(1,684,463)	1,102,860
Cash, beginning of year	2,728,107	1,625,247
Cash, end of year	1,043,644	2,728,107
Non-cash transaction		
Land exchange	500,000	-

The Corporation of the Township of Uxbridge

Notes to the consolidated financial statements

December 31, 2011

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:

- 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, 2011

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, 2011

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:

			2011	2010
	School Boards	Region	Total	Total
	\$	\$	\$	\$
Taxation	10,164,757	23,639,552	33,804,309	32,537,270
Grants in lieu	82,849	272,871	355,720	328,261
	10,247,606	23,912,423	34,160,029	32,865,531

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:

	2011			2010		
	Cash	Investments	Total	Cash	Investments	Total
	\$	\$	\$	\$	\$	\$
Operating Fund	855,154	6,878,513	7,733,667	2,563,666	3,358,966	5,922,632
Reserve Funds	188,490	9,144,965	9,333,455	164,441	8,453,934	8,618,375
	1,043,644	16,023,478	17,067,122	2,728,107	11,812,900	14,541,007

Investments with a cost of \$16,102,404 have been recorded at a market value of \$16,023,478. In 2010 investments with a cost of \$11,881,920 were recorded at their market value of \$11,812,900.

The Corporation of the Township of Uxbridge

Notes to the consolidated financial statements

December 31, 2011

4. Taxes receivable

	2011	2010
	\$	\$
Current year	1,847,282	1,876,136
Arrears previous years	763,029	816,262
	2,610,311	2,692,398
Less: allowance	170,000	170,000
	2,440,311	2,522,398

5. Loan receivable

	2011	2010
	\$	\$
Loan receivable with interest payable at 2.25% in equal monthly payments of principal and interest of \$950, due November 29, 2011.	-	85,537
Loan receivable due 2012 no interest	10,000	-
	10,000	85,537

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:

	2011	2010
	\$	\$
Trade accounts payable	393,502	1,264,465
Payables to other governments	304,795	228,088
Payroll liabilities	491,768	494,145
Accrued liabilities	73,950	83,337
	1,264,015	2,070,035

The Corporation of the Township of Uxbridge

Notes to the consolidated financial statements

December 31, 2011

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:

	2011	2010
	\$	\$
Accrued benefit liability, January 1	170,787	159,583
Current service cost	10,682	10,173
Benefit payments	(11,011)	(7,027)
Interest on obligation	8,531	8,058
Accrued benefits liability, December 31	178,989	170,787
Current year benefit expense	10,682	10,173
Interest on accrued benefit obligation	8,531	8,058
	19,213	18,231
	2011	2010
	\$	\$
Accrued benefits obligation	178,989	170,787
Unamortized actuarial loss	18,747	-
Accrued benefit liability	197,736	170,787

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 5% is used to determine liabilities at the beginning of the fiscal period and for extrapolations during the period. A rate of 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 10% after the first year, this rate reducing linearly to 4% after 10 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, 2011

8. Deferred revenue

				2011	2010
	Development charges	Parkland	Gas tax	Total	Total
	\$	\$	\$	\$	\$
Obligatory reserve funds					
Balance, beginning of year	7,793,202	372,727	288,168	8,454,097	7,919,218
Developer contributions	711,907	186,853	-	898,760	508,004
Gas tax monies	-	-	588,009	588,009	588,009
Interest earned	129,376	5,698	4,236	139,310	94,228
	8,634,485	565,278	880,413	10,080,176	9,109,459
Earned revenue transferred to operations	(498,916)	-	(436,295)	(935,211)	(655,362)
Balance, end of year	8,135,569	565,278	444,118	9,144,965	8,454,097
Other				582,112	567,807
Total				9,727,077	9,021,904

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, storm sewer lines installed by a developer as part of a subdivision agreement. Transfers of tangible capital assets in 2011 amounted to \$2,824,114 (2010 - \$5,261,277).

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 (2010 - \$nil) and no interest was capitalized (2010 - \$nil).

The Corporation of the Township of Uxbridge

Notes to the consolidated financial statements

December 31, 2011

9. Tangible capital assets (continued)

	2011										
	Land	Land improvements	Buildings	Vehicles	Machinery & equipment	Computer systems	Roads	Storm Sewer	Bridges & structures	Work in progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost											
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
Accumulated amortization											
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
Net book value of tangible capital assets	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
2010											
	Land	Land improvements	Buildings	Vehicles	Machinery & equipment	Computer systems	Roads	Storm Sewer	Bridges & structures	Work in progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost											
Balance, beginning of year	19,102,995	3,011,994	12,518,584	5,427,954	3,379,664	211,354	47,360,488	20,993,483	4,557,882	101,420	116,665,818
Additions	60,378	203,866	810,523	-	284,488	48,098	4,123,896	2,344,383	1,076,221	877,697	9,829,550
Work in progress completed	-	-	-	-	-	-	-	-	-	(79,218)	(79,218)
Disposals	6,953	74,237	180,521	294,312	187,192	-	27,720	-	3	-	770,938
Balance, end 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
Accumulated amortization											
Balance, beginning of year	-	1,309,032	5,382,880	2,195,207	1,533,850	87,885	18,748,326	4,021,276	1,630,816	-	34,909,272
Amortizations	-	113,037	337,180	339,733	274,859	32,117	1,734,425	300,215	94,449	-	3,226,015
Accumulated amortization on disposal	-	71,399	138,635	294,312	187,192	-	26,878	-	3	-	718,419
Balance, end 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
Net book value of tangible capital assets	19,156,420	1,790,953	7,567,161	2,893,014	1,855,443	139,450	31,000,791	19,016,375	3,908,838	899,899	88,228,344

The Corporation of the Township of Uxbridge

Notes to the consolidated financial statements

December 31, 2011

10. Accumulated surplus

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

	2011	2010
	\$	\$
Invested in tangible capital assets	90,449,611	88,228,344
Other	1,392,414	3,554,305
Post employment benefits	(178,989)	(170,787)
	91,663,036	91,611,862
Reserves		
Equipment	63,541	63,540
Tax stabilization	260,231	260,231
Working capital	971,941	971,941
Insurance	108,200	108,200
Museum administration centre	89	89
Future capital projects	813,434	309,805
Fire equipment	171,145	172,432
Election	26,972	19,473
Music Hall	25,551	19,604
Major maintenance	602,129	77,129
Ditching	93,474	80,221
Street lights	19,939	19,939
Sidewalks	50,715	50,715
Elevator	-	35,000
Arena	2,552	2,372
Preserve	125,163	125,163
Municipal facilities & projects	31,298	31,298
Foster Memorial	3,387	3,386
Sandford Community Hall Improvements	2,752	2,752
Zephyr Hall Improvements	381	381
Spay & Neutering	52,409	37,280
Energy efficiency reserve	35,000	35,000
Cultural reserve	33,165	33,164
Community Halls	30,000	30,000
Uncompleted projects	1,190,773	658,427
Downtown revitalization	73,040	73,040
Community Improvement Plan	39,407	50,000
Strategic plan	11,548	11,548
OMB Hearings	179,920	173,645
Trail reserve	24,077	24,077
New Fire Hall	85,210	-
Limestone Upgrades	1,000,000	-
Snow Clearing	283,500	-
Fire Calls	502,300	-
New Animal Shelter	23,436	-
Splash Pad	1,050	-
Mural	11,960	-
	6,949,689	3,479,852

The Corporation of the Township of Uxbridge

Notes to the consolidated financial statements

December 31, 2011

10. Accumulated surplus (continued)

	2011	2010
	\$	\$
Reserve funds set aside for specific purposes by Council for		
Reserve funds		
Phosphorous removal	133,138	109,090
Library	45,419	45,419
Parking	9,769	9,769
	188,326	164,278
Total accumulated surplus	98,801,051	95,255,992

11. Trust funds

Trust funds administered by the municipality amounting to \$24,899 (2010 - \$24,894) 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 2011 amounted to \$587,230 (2010 - \$485,939).

13. Classification of expenses by object

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

	2011	2010
	\$	\$
Salaries, wages and employee benefits	6,257,342	6,156,071
Operating materials and supplies	2,724,460	2,670,532
Contract services	2,239,599	2,518,439
Rents and financial expenses	57,033	44,040
External transfers to others	116,205	55,460
Amortization	3,379,993	3,226,015
Loss on sale of tangible capital assets	-	23,658
	14,774,632	14,694,215

The Corporation of the Township of Uxbridge

Notes to the consolidated financial statements

December 31, 2011

14. Budget figures

The approved budget for 2011 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.

Budget figures have been reclassified for purposes of these financial statements to comply with PSAB reporting requirements and are unaudited.

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, 2011 and accordingly, no provision has been made in these financial statements for any liability which may result. Any loss arising from these legal actions 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) *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.
- 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, 2011

15. Contingent liabilities (continued)

c) *Settlement of assessment appeals*

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 currently assessing the impact of the Settlement Agreement, the full amount of the impact is not yet determinable. Any adjustments relating to the settlement of golf course assessment appeals in excess of our allowance of \$170,000 (Note 4) will be provided for in the year of settlement.

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.

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.

The Corporation of the Township of Uxbridge

Notes to the consolidated financial statements

December 31, 2011

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, 2011

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
	1,767,810	1,459,596	6,724,254	3,196,780	844,661	1,343,724	581,879	15,918,704	(1,144,072)	14,774,632
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)	-
	204,520	143,761	4,995,707	2,075,034	874,458	834,669	10,335,614	19,463,763	(1,144,072)	18,319,691
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

The Corporation of the Township of Uxbridge

Notes to the consolidated financial statements

December 31, 2011

16. Segmented information (continued)

									2010	
	General government	Fire services	Public works	Parks Recreation & Culture	Library	Other services	Corporate	Total	Consolidation adjustments	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Expense										
Salaries wages and employee benefits	1,365,216	832,878	1,308,309	1,250,936	534,594	806,998	57,140	6,156,071	-	6,156,071
Grants	-	-	150	7,500	-	13,892	33,918	55,460	-	55,460
Internal charges	-	17,919	899,882	39,600	293	142,916	124	1,100,734	(1,100,734)	-
Amortization	-	152,610	2,394,395	411,348	125,357	5,767	136,538	3,226,015	-	3,226,015
Other expenses	409,267	458,227	1,886,304	1,436,287	180,458	358,041	504,427	5,233,011	-	5,233,011
TCA loss on disposal	-	-	-	-	-	-	23,658	23,658	-	23,658
	<u>1,774,483</u>	<u>1,461,634</u>	<u>6,489,040</u>	<u>3,145,671</u>	<u>840,702</u>	<u>1,327,614</u>	<u>755,805</u>	<u>15,794,949</u>	<u>(1,100,734)</u>	<u>14,694,215</u>
Revenue										
Tax revenue	-	-	-	-	724,795	97,283	7,814,553	8,636,631	-	8,636,631
Federal grants	1,400	-	1,013,822	371,584	10,820	-	65,639	1,463,265	-	1,463,265
Provincial grants	-	-	417,336	303,054	123,735	9,261	1,159,000	2,012,386	-	2,012,386
Other municipalities	100,334	71,800	8,694	2,700	-	141,286	39,512	364,326	-	364,326
Developer and other contributions earned	-	-	137,079	-	12,900	-	-	149,979	-	149,979
Contributed TCA	-	-	5,252,681	-	8,596	-	-	5,261,277	-	5,261,277
Other external revenue	57,312	100,399	280,142	1,759,421	49,058	468,047	740,229	3,454,608	-	3,454,608
Internal charges	3,110	-	952,071	22,133	120	3,300	120,000	1,100,734	(1,100,734)	-
	<u>162,156</u>	<u>172,199</u>	<u>8,061,825</u>	<u>2,458,892</u>	<u>930,024</u>	<u>719,177</u>	<u>9,938,933</u>	<u>22,443,206</u>	<u>(1,100,734)</u>	<u>21,342,472</u>
Net (expenses) revenue	<u>(1,612,327)</u>	<u>(1,289,435)</u>	<u>1,572,785</u>	<u>(686,779)</u>	<u>89,322</u>	<u>(608,437)</u>	<u>9,183,128</u>	<u>6,648,257</u>	<u>-</u>	<u>6,648,257</u>