
Consolidated financial statements of
The Corporation of the
Township of Uxbridge

December 31, 2021

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Independent Auditor's Report

To the Members of Council of the
Corporation of the Township of Uxbridge

Opinion

We have audited the consolidated financial statements of The Corporation of the Township of Uxbridge (the "Township"), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Township as at December 31, 2021 and the results of its operations, changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Township in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Township's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Township or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Township's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Township's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Township's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Township to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Township to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
June 20, 2022

The Corporation of the Township of Uxbridge

Consolidated statement of financial position

As at December 31, 2021

	Notes	2021 \$	2020 \$
Assets			
Financial assets			
Cash	3	18,468,968	3,612,336
Temporary investments	3	20,473,456	32,207,569
Taxes receivable	4	3,092,726	3,521,453
Accounts receivable	5	3,653,014	3,715,476
Inventory for resale		218,766	219,706
		45,906,930	43,276,540
Liabilities			
Accounts payable and accrued liabilities	6	7,370,513	6,945,017
Other current liabilities		2,743,475	2,316,255
Long-term liabilities	7	11,053,048	10,417,333
Post-employment benefit liability	8	353,106	334,173
Deferred revenue	9	16,116,670	14,517,984
		37,636,812	34,530,762
Net financial assets		8,270,118	8,745,778
Non-financial assets			
Tangible capital assets	10	121,476,545	117,203,238
Inventories of supplies		190,989	176,903
Prepaid expenses		71,255	58,022
		121,738,789	117,438,163
Accumulated surplus	11	130,008,907	126,183,941

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

The Corporation of the Township of Uxbridge

Consolidated statement of operations

Year ended December 31, 2021

	Notes	Budget (Note 15) \$	2021 Actual \$	2020 Actual \$
Revenue				
Taxation – all classes	1 (b)(iii)	14,861,483	14,873,516	14,134,878
User fees and charges		1,688,462	1,958,249	1,585,452
Grants				
Government of Canada		730,000	920,384	1,416,806
Province of Ontario		1,701,530	1,568,136	2,442,276
Other municipalities		218,155	1,902,769	2,674,145
Investment income		112,301	233,002	429,288
Penalties and interest on taxes		485,000	521,326	479,096
Developer and other contributions earned		363,500	1,094,916	209,789
Contributed tangible capital assets	10(i)	—	607,916	1,875,002
Loss on disposal of tangible capital assets		—	(221,668)	(228,325)
Other		1,286,377	1,074,123	923,136
		21,446,808	24,532,669	25,941,543
Expenses				
General government	14	2,882,123	3,061,613	3,402,205
Protection to persons and property		2,873,883	2,868,793	2,633,960
Transportation services		7,824,944	9,396,660	10,076,462
Environmental services		492,574	476,435	476,780
Health services		33,500	34,954	57,548
Recreation and cultural services		5,104,975	4,375,785	3,763,213
Planning and development		668,978	493,463	333,179
		19,880,977	20,707,703	20,743,347
Annual surplus		1,565,831	3,824,966	5,198,196
Accumulated surplus, beginning of year		119,027,946	126,183,941	120,985,745
Accumulated surplus, end of year		120,593,777	130,008,907	126,183,941

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

The Corporation of the Township of Uxbridge
Consolidated statement of change in net financial assets
Year ended December 31, 2021

	Budget (Note 15) \$	2021 Actual \$	2020 Actual \$
Annual surplus	1,565,831	3,824,966	5,198,196
Acquisition of tangible capital assets	(8,330,000)	(9,064,554)	(12,096,630)
Amortization of tangible capital assets	4,313,800	4,528,137	4,314,326
Loss on disposal of tangible capital assets	—	221,668	228,325
Proceeds on sale of tangible capital assets	—	41,442	58,092
	(2,450,369)	(448,341)	(2,297,691)
(Acquisition) use of inventories of supplies (net)	—	(14,086)	9,095
Acquisition of prepaid expenses	—	(71,255)	(58,022)
Use of prepaid expenses	—	58,022	37,514
(Decrease) in net financial assets	(2,450,369)	(475,660)	(2,309,104)
Net financial assets, beginning of year	201,705	8,745,778	11,054,882
Net financial assets, end of year	(2,248,664)	8,270,118	8,745,778

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

The Corporation of the Township of Uxbridge

Consolidated statement of cash flows

Year ended December 31, 2021

	2021	2020
	\$	\$
Operating activities		
Annual surplus	3,824,966	5,198,196
Items not involving cash		
Amortization	4,528,137	4,314,326
Loss on disposal of tangible capital assets	221,668	228,325
Contributed tangible capital assets	(607,916)	(1,875,002)
Change in non-cash assets and liabilities		
Decrease (increase) in taxes receivable	428,727	(253,836)
Decrease in accounts receivable	62,462	127,901
Decrease (increase) in inventory for resale	940	(829)
(Increase) decrease in inventories of supplies	(14,086)	9,095
Increase in accounts payable and accrued liabilities	425,496	2,080,476
Increase (decrease) increase in other current liabilities	427,220	(157,948)
Increase in post-employment benefit liability	18,933	17,915
Increase in deferred revenue	1,598,686	1,642,232
Increase in prepaid expenses	(13,233)	(20,508)
	10,902,000	11,310,343
Capital activities		
Acquisition of tangible capital assets (net of contributed tangible capital assets)	(8,456,638)	(10,221,628)
Proceeds on disposal of tangible capital assets	41,442	58,092
	(8,415,196)	(10,163,536)
Investing activity		
Change in temporary investments (net)	11,734,113	(2,662,775)
Financing activities		
Proceeds from debenture issued	1,500,000	3,500,000
Debenture payments	(864,285)	(627,429)
	635,715	2,872,571
Increase in cash	14,856,632	1,356,603
Cash, beginning of year	3,612,336	2,255,733
Cash, end of year	18,468,968	3,612,336

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

1. Significant accounting policies

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

Significant accounting policies followed by the Township include:

(a) Reporting entity

(i) Consolidated financial statements

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

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

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

(ii) Accounting for Region and School Board transactions

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

(iii) Trust funds

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

(b) Basis of accounting

(i) Accrual basis of accounting

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

(ii) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations.

1. Significant accounting policies (continued)

(b) Basis of accounting (continued)

(ii) Non-financial assets (continued)

(a) Tangible capital assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

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

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

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

(b) Inventories of supplies

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

(c) Intangible assets

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

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

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

(iv) Temporary investments

Temporary investments are comprised of short-term fixed income, medium term fixed income, a high interest savings account and other securities, and are recorded at the lower of cost and market value.

1. Significant accounting policies (continued)

(b) Basis of accounting (continued)

(v) Contaminated Sites

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

(vi) Deferred revenue

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

(vii) Post-employment benefits

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

(viii) Reserves and reserve funds

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

(ix) Government transfers

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

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

(x) Tax revenue

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

1. Significant accounting policies (continued)

(b) Basis of accounting (continued)

(x) Tax revenue (continued)

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

(xi) Impairment of long lived assets

When conditions indicate a tangible capital asset no longer contributes to the Township's ability to provide services, or that the value of future economic benefits associated with the tangible capital asset is less than its net book value, the cost of the tangible capital asset will be reduced to reflect the decline in the asset's value.

(xii) Use of estimates

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

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:

	School boards	Region	2021 Total	2020 Total
	\$	\$	\$	\$
Taxation	10,143,901	30,230,796	40,374,697	39,472,816
Grants in lieu	78,369	325,567	403,936	393,309
	10,222,270	30,556,363	40,778,633	39,866,125

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:

	Cash	Temporary investments	2021 Total	Cash	Temporary investments	2020 Total
	\$	\$	\$	\$	\$	\$
Operating Fund	18,247,537	6,481,047	24,728,584	3,390,905	19,289,091	22,679,996
Reserve Funds	221,431	13,992,409	14,213,840	221,431	12,918,478	13,139,909
	18,468,968	20,473,456	38,942,424	3,612,336	32,207,569	35,819,905

Temporary investments are recorded at a cost of \$20,473,456 (\$32,207,569 in 2020) which was the lower of cost or market value.

The Corporation of the Township of Uxbridge
Notes to the consolidated financial statements
December 31, 2021

4. Taxes receivable

	2021	2020
	\$	\$
Current year	1,889,442	2,272,073
Arrears previous years	1,203,284	1,249,380
	3,092,726	3,521,453

5. Accounts receivable

Accounts receivable recorded in the amount of \$3,653,014 (\$3,715,476 as of December 31, 2020) is net of an allowance for doubtful accounts of \$258,000 (\$153,000 as at December 31, 2020).

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 December 31. 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:

	2021	2020
	\$	\$
Trade accounts payable	6,252,987	5,616,003
Provision for property tax reassessments (Note 16(b))	210,000	240,000
Payables to other governments	113,043	174,215
Payroll liabilities	715,654	819,628
Accrued liabilities	78,829	95,171
	7,370,513	6,945,017

7. Long-term liabilities

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

	2021	2020
	\$	\$
The Township is responsible for the payment of principal and interest charges on the long-term liabilities issued by the Regional Municipality of Durham on the Township's behalf. As at December 31, the outstanding principal amount of this liability is	11,053,048	10,417,333

7. Long-term liabilities (continued)

- (b) The long-term liabilities have maturity dates of November 29, 2024, October 13, 2027, November 29, 2029, November 26, 2031 and October 2, 2035; with interest rates ranging from 0.45% to 3.0%.

Principal repayments for the next five years and thereafter are as follows:

	\$
2022	1,023,143
2023	1,035,476
2024	2,747,286
2025	919,095
2026	935,381
Thereafter	4,392,667
	<u>11,053,048</u>

- (c) The above long-term liabilities have been approved by Council by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.
- (d) Long-term liabilities include a principal sum of \$1,844,000 (\$1,844,000 in 2020) which may be refinanced by the issuance of debentures over a period not to exceed 10 years.
- (e) Interest expense recorded in the year relating to these long-term liabilities is \$199,523 (\$177,592 in 2020).

8. Post-employment benefit liability

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

The last actuarial valuation was conducted as at December 31, 2020.

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

	2021 \$	2020 \$
Accrued benefit liability, January 1	334,173	316,258
Current service costs	20,985	17,311
Benefit payments	(6,694)	(5,343)
Amortization of actuarial gains and losses	(3,062)	(3,200)
Interest on obligation	7,704	9,147
Accrued benefit liability, December 31	353,106	334,173
Current year benefit expense	20,985	17,311
Interest on accrued benefit obligation	7,704	9,147
Amortization of actuarial gains and losses	(3,062)	(3,200)
	25,627	23,258

The Corporation of the Township of Uxbridge
Notes to the consolidated financial statements
December 31, 2021

8. Post-employment benefit liability (continued)

	2021	2020
	\$	\$
Accrued benefits obligation	293,733	303,368
Unamortized actuarial gains and losses	59,373	30,805
Accrued benefit liability	353,106	334,173

The main assumptions employed for the valuations are as follows:

(a) *General inflation*

A rate of 2.0% (2.0% in 2020) per year is used.

(b) *Interest (discount) rate*

A rate of 2.4% (3.1% in 2020) is used to determine the liability at the beginning of the fiscal period and for extrapolations during the period. A rate of 2.9% (2.4% in 2020) is used to determine the liability at the end of the fiscal period.

(c) *Health and dental rate*

Health costs are presumed to increase 6.5% (6.5% in 2020) after the first year, this rate reducing linearly to 5% after 3 years (3 years in 2020). Dental costs are presumed to increase 4% per year.

(d) *Mortality Table*

Canadian Institute of Actuaries 2014 Composite Mortality Table.

9. Deferred revenue

	Development charges	Parkland	Gas tax	2021 Total	2020 Total
	\$	\$	\$	\$	\$
Obligatory reserve funds					
Balance, beginning of year	8,997,168	2,151,335	1,299,500	12,448,003	10,965,457
Developer contributions	899,762	322,323	—	1,222,085	1,234,113
Gas tax contributions	—	—	1,317,228	1,317,228	642,400
Interest earned	134,364	35,172	25,883	195,419	204,841
	10,031,294	2,508,830	2,642,611	15,182,735	13,046,811
Earned revenue transferred to operations	(1,016,916)	(75,000)	(680,375)	(1,772,291)	(598,808)
Balance, end of year	9,014,378	2,433,830	1,962,236	13,410,444	12,448,003
Building code				582,293	470,803
Other deferred revenue				2,123,933	1,599,178
				16,116,670	14,517,984

10. Tangible capital assets

(i) Contributed tangible capital assets

The Township records all tangible capital assets (TCA) contributed by an external party at fair value on the earlier of the date received or of the transfer of risk and responsibility. Typical examples are land, roadways and storm sewer lines installed by a developer as part of a subdivision agreement. Transfers of contributed tangible capital assets for the year ended December 31, 2021 amounted to \$607,916 (\$1,875,002 in 2020).

(ii) Tangible capital assets recognized at nominal value

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

(iii) Works of art and historical treasures

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

(iv) Other

During the year, there were no write-downs of an asset (nil in 2020) to reflect the permanent impairment of a tangible capital asset. No interest was capitalized during the year (nil in 2020).

The Corporation of the Township of Uxbridge
Notes to the consolidated financial statements
December 31, 2021

10. Tangible capital assets (continued)

	Land	Land improvements	Buildings	Vehicles	Machinery and equipment	Computer systems	Roads	Storm sewer	Bridges and structures	Work in progress	2021 Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost											
Balance, beginning of year	21,744,880	7,303,732	19,940,604	7,204,852	6,449,882	448,780	67,718,057	29,508,577	8,120,887	13,535,022	181,975,273
Additions	3	2,160,579	66,215	337,684	542,213	—	2,077,435	44,286	15,187,494	1,714,603	22,130,512
Less											
Work in progress completed	—	—	—	—	—	—	—	—	—	13,065,957	13,065,957
Disposals	—	47,225	—	—	112,612	—	915,464	180,780	—	—	1,256,081
Balance, end of year	21,744,883	9,417,086	20,006,819	7,542,536	6,879,483	448,780	68,880,028	29,372,083	23,308,381	2,183,668	189,783,747
Accumulated amortization											
Balance, beginning of year	—	2,876,676	9,548,398	3,645,305	2,885,014	344,701	34,515,558	7,907,718	3,048,665	—	64,772,035
Amortization	—	303,065	545,950	443,318	409,235	26,591	2,124,433	423,341	252,204	—	4,528,137
Less											
Accumulated amortization on disposals	—	47,225	—	—	110,088	(2,412)	763,346	74,723	—	—	992,970
Balance, end of year	—	3,132,516	10,094,348	4,088,623	3,184,161	373,704	35,876,645	8,256,336	3,300,869	—	68,307,202
Net book value of tangible capital assets	21,744,883	6,284,570	9,912,471	3,453,913	3,695,322	75,076	33,003,383	21,115,747	20,007,512	2,183,668	121,476,545

The Corporation of the Township of Uxbridge
Notes to the consolidated financial statements
December 31, 2021

10. Tangible capital assets (continued)

	Land	Land improvements	Buildings	Vehicles	Machinery and equipment	Computer systems	Roads	Storm sewer	Bridges and structures	Work in progress	2020 Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost											
Balance, beginning of year	21,744,878	7,125,512	19,940,604	7,228,560	6,326,662	424,759	66,033,067	28,355,236	8,069,615	6,234,266	171,483,159
Additions	2	181,254	—	421,235	203,244	72,118	2,558,962	1,307,786	51,272	7,445,164	12,241,037
Less											
Work in progress completed	—	—	—	—	—	—	—	—	—	144,408	144,408
Disposals	—	3,034	—	444,943	80,024	48,097	873,972	154,445	—	—	1,604,515
Balance, end of year	21,744,880	7,303,732	19,940,604	7,204,852	6,449,882	448,780	67,718,057	29,508,577	8,120,887	13,535,022	181,975,273
Accumulated amortization											
Balance, beginning of year	—	2,621,908	9,000,823	3,666,895	2,577,247	359,901	33,122,393	7,531,881	2,894,759	—	61,775,807
Amortization	—	257,802	547,575	423,353	387,791	32,897	2,096,039	414,963	153,906	—	4,314,326
Less											
Accumulated amortization on disposals	—	3,034	—	444,943	80,024	48,097	702,874	39,126	—	—	1,318,098
Balance, end of year	—	2,876,676	9,548,398	3,645,305	2,885,014	344,701	34,515,558	7,907,718	3,048,665	—	64,772,035
Net book value of tangible capital assets	21,744,880	4,427,056	10,392,206	3,559,547	3,564,868	104,079	33,202,499	21,600,859	5,072,222	13,535,022	117,203,238

The Corporation of the Township of Uxbridge
Notes to the consolidated financial statements
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11. Accumulated surplus

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

	2021	2020
	\$	\$
Invested in tangible capital assets	121,476,545	117,203,238
Other	(4,813,719)	(3,630,297)
Post-employment benefits	(353,106)	(334,173)
	116,309,720	113,238,768
Reserves		
Tax stabilization	296,641	296,641
Working capital	971,941	971,941
Insurance	350,286	321,457
Museum administration centre	89	89
Future capital projects	1,767,778	1,672,231
Election	80,528	54,528
Music Hall	49,799	56,699
Ditching	177,913	174,913
Parkland reserve	622,237	1,945,046
Sidewalks	126,556	126,556
Arena	3,363	3,363
Preserve	109,989	109,989
Foster Memorial	3,387	3,387
Sandford Community Hall Improvements	2,071	2,071
Zephyr Hall Improvements	4,950	5,195
Spay and neuturing	52,612	48,079
Energy efficiency reserve	35,000	35,000
Cultural reserve	11,747	11,747
Community Halls	93,625	93,625
Uncompleted projects	4,285,343	3,398,642
Downtown revitalization	87,044	87,044
Community Improvement Plan	79,407	79,407
Strategic plan	182,551	157,551
OMB Hearings	167,271	167,271
Trail reserve	11,599	4,550
Capital Projects Levy reserve (formerly New Fire Hall)	152,684	220,187
Limestone upgrades	1,767	1,767
Snow clearing	300,000	300,000
Fire Calls	500,000	500,000
New Animal Shelter	69,981	69,981
General animal care	70,671	66,139
Asset Preservation Reserve	2,808,763	1,738,483
	13,477,593	12,723,579
Reserve funds set aside by Council for		
Phosphorous removal	176,175	176,175
Library	45,419	45,419
	221,594	221,594
Total accumulated surplus	130,008,907	126,183,941

12. Trust funds

Trust funds administered by the Township amounting to \$21,275 (\$21,700 in 2020) are not included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations.

13. Pension agreements

The Township makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), a multi-employer plan, on behalf of 71 (71 in 2020) members of its staff and council. The plan is a defined benefit plan which specifies the amount of retirement benefits to be received by the employees based on the length of service and rates of pay. OMERS provide pension services to over half a million active and retired members and about 1,000 participating employers. Each year an independent actuary determines the funding status of OMERS Primary Pension (the "Plan") by comparing the actuarial value of the invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted as at December 31, 2021. The results of this valuation disclosed total actuarial liabilities as at that date of \$119.3 billion in respect of benefits accrued for service with actuarial assets at that date of \$116.2 billion indicating an actuarial deficit of \$3.1 billion. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employers. As a result, the Township does not recognize any share of the OMERS pension surplus or deficit.

The Township contributions to OMERS in 2021 amounted to \$437,825 (\$437,848 in 2020).

14. Classification of expenses by object

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

	2021	2020
	\$	\$
Salaries, wages, and employee benefits	7,476,672	7,565,376
Operating materials and supplies	3,096,673	2,792,706
Contract services	5,179,547	5,675,247
Rents and financial expenses	332,191	299,762
External transfer to others	94,483	95,930
Amortization of tangible capital assets	4,528,137	4,314,326
	<u>20,707,703</u>	<u>20,743,347</u>

15. Budget figures

The approved budget for 2021 is reflected on the consolidated statement of operations and the consolidated statement of change in net financial assets. The budget established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and therefore, may not be comparable with current year's actual acquisitions amounts. For the purpose of these consolidated financial statements, budget figures have been presented on a basis consistent with the presentation of actuals. Amortization expense was budgeted for in the original approved budget, but was not funded.

16. Contingent liabilities

(a) Legal actions

The Township has been named as the defendant in certain legal actions in which damages have been sought. The outcome of these actions is not determinable as at December 31, 2021, and, accordingly, no provision has been made in these financial statements for any liability that may result. Any loss arising from these legal actions, to the extent that they are not covered by insurance, will be recorded in the year the related litigation is settled or when it is determined, that a loss is likely and the amount is measureable.

(b) Settlement of assessment appeals

The Township has a number of properties where the current assessment value of the property is under appeal. Each year, a provision is identified to cover the estimated amount of revenue loss attributable to assessment appeals, based on managements' best information and judgment. However, actual appeal settlements may differ significantly from the estimate provided, and therefore any settlement of these assessment appeals in excess of the provision of \$210,000 (\$240,000 in 2020 (Note 6)) will be provided for in the year of settlement.

(c) Guarantees

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

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

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

17. Commitments

The Township entered into an agreement during May 2018, with a property owner, in order to obtain access to a property, which was required in order to complete the construction of a capital project. As part of compensation for this agreement, the Township has committed to making future cash payments of up to \$559,000, plus HST. In addition, the Township will convey a vacant parcel of Township land to the property owner.

18. Significant event

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Township in future periods.

19. Segmented information

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

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

General Government

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

Fire Services

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

Public Works

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

19. Segmented information (continued)

Parks Recreation & Culture

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

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

Library

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

Other services

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

Corporate

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

The Corporation of the Township of Uxbridge
Notes to the consolidated financial statements
December 31, 2021

19. Segmented information (continued)

	General government	Fire services	Public works	Parks Recreation & Culture	Library	Other services	Corporate	Total	Consolidation adjustments	2021 Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Expense										
Salaries wages and employee benefits	1,606,709	939,950	1,881,927	1,412,422	432,440	1,080,815	122,409	7,476,672	—	7,476,672
Grants	—	—	—	15,000	—	42,938	36,545	94,483	—	94,483
Internal charges	—	14,300	986,018	117,569	—	173,684	—	1,291,571	(1,291,571)	—
Amortization	—	306,886	3,224,487	774,477	86,603	4,407	131,277	4,528,137	—	4,528,137
Other expenses	515,518	600,833	4,768,185	1,351,095	303,748	419,878	649,154	8,608,411	—	8,608,411
	2,122,227	1,861,969	10,860,617	3,670,563	822,791	1,721,722	939,385	21,999,274	(1,291,571)	20,707,703
Revenue										
Tax revenue	—	—	—	—	769,147	106,129	13,998,240	14,873,516	—	14,873,516
Federal grants	—	—	680,375	230,131	9,878	—	—	920,384	—	920,384
Provincial grants	16,941	—	276,200	72,780	25,711	118,049	1,058,455	1,568,136	—	1,568,136
Other municipalities Developer and other contributions earned	136,971	37,067	1,527,047	—	—	201,684	—	1,902,769	—	1,902,769
Contributed TCA	—	15,000	964,331	97,585	18,000	—	—	1,094,916	—	1,094,916
Other external revenue	117,352	292,428	467,324	1,003,550	18,669	1,132,652	754,725	3,786,700	—	3,786,700
TCA loss on disposal	—	—	—	—	—	—	(221,668)	(221,668)	—	(221,668)
Internal charges	—	—	1,066,831	66,040	—	158,700	—	1,291,571	(1,291,571)	—
	271,264	344,495	5,133,593	1,921,086	846,836	1,717,214	15,589,752	25,824,240	(1,291,571)	24,532,669
Net (expenses) revenue	(1,850,963)	(1,517,474)	(5,727,024)	(1,749,477)	24,045	(4,508)	14,650,367	3,824,966	—	3,824,966

The Corporation of the Township of Uxbridge
Notes to the consolidated financial statements
December 31, 2021

19. Segmented information (continued)

	General government	Fire services	Public works	Parks Recreation & Culture	Library	Other services	Corporate	Total	Consolidation adjustments	2020 Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Expense										
Salaries wages and employee benefits	1,758,974	891,754	1,812,841	1,325,890	358,345	943,006	474,566	7,565,376	—	7,565,376
Grants	—	—	—	—	—	60,000	35,930	95,930	—	95,930
Internal charges	—	11,820	972,729	78,711	25,046	162,749	—	1,251,055	(1,251,055)	—
Amortization	—	285,313	3,071,659	727,599	89,914	2,852	136,989	4,314,326	—	4,314,326
Other expenses	434,688	411,550	5,694,590	1,003,443	217,177	445,210	561,057	8,767,715	—	8,767,715
	<u>2,193,662</u>	<u>1,600,437</u>	<u>11,551,819</u>	<u>3,135,643</u>	<u>690,482</u>	<u>1,613,817</u>	<u>1,208,542</u>	<u>21,994,402</u>	<u>(1,251,055)</u>	<u>20,743,347</u>
Revenue										
Tax revenue	—	—	—	—	695,880	103,297	13,335,701	14,134,878	—	14,134,878
Federal grants	—	—	1,318,497	86,549	11,760	—	—	1,416,806	—	1,416,806
Provincial grants	6,928	—	1,330,065	74,614	29,357	15,119	986,193	2,442,276	—	2,442,276
Other municipalities	141,273	36,572	2,280,352	—	5,000	210,948	—	2,674,145	—	2,674,145
Developer and other contributions earned	—	15,000	122,805	44,919	18,000	5,546	3,519	209,789	—	209,789
Contributed TCA	—	—	1,867,506	2,839	4,657	—	—	1,875,002	—	1,875,002
Other external revenue	71,519	140,939	724,547	870,355	15,712	741,964	851,936	3,416,972	—	3,416,972
TCA loss on disposal	—	—	—	—	—	—	(228,325)	(228,325)	—	(228,325)
Internal charges	—	—	1,030,505	65,050	—	155,500	—	1,251,055	(1,251,055)	—
	<u>219,720</u>	<u>192,511</u>	<u>8,674,277</u>	<u>1,144,326</u>	<u>780,366</u>	<u>1,232,374</u>	<u>14,949,024</u>	<u>27,192,598</u>	<u>(1,251,055)</u>	<u>25,941,543</u>
Net (expenses) revenue	<u>(1,973,942)</u>	<u>(1,407,926)</u>	<u>(2,877,542)</u>	<u>(1,991,317)</u>	<u>89,884</u>	<u>(381,443)</u>	<u>13,740,482</u>	<u>5,198,196</u>	<u>—</u>	<u>5,198,196</u>