

**The Corporation of the Township of Adjala-Tosorontio  
Financial Statements  
Year ended December 31, 2017**

**Contents**

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## Independent Auditor's Report

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To the Mayor and Councilors of The Corporation of the Township of Adjala-Tosorontio

We have audited the accompanying financial statements of The Corporation of the Township of Adjala-Tosorontio, which comprise the statement of financial position as at December 31, 2017, and the statements of operations, change in net financial assets (debt) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements present fairly, in all material respects, the financial position of The Corporation of the Township of Adjala-Tosorontio as at December 31, 2017 and the results of its operations, changes in its net financial assets (debt) and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Emphasis of Matter - Restated Comparative Information

We draw attention to Note 2 of the financial statements, which explains that certain comparative information for the year ended December 31, 2016 has been restated. Our opinion is not modified in respect to this matter.

Chartered Professional Accountants, Licensed Public Accountants

May 14, 2018  
Newmarket, Ontario

**The Corporation of the Township of Adjala-Tosorontio  
Statement of Financial Position**

December 31	2017	2016
		Restated (see Note 2)
<b>Financial assets</b>		
Cash and cash equivalents (Note 3)	\$ 4,559,199	\$ 3,209,202
Short term investments (Note 4)	3,191,853	2,848,901
Taxes receivable	1,205,803	1,155,549
Accounts receivable	1,209,435	881,692
Portfolio investments (Note 5)	233,010	544,131
	<b>10,399,300</b>	<b>8,639,475</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	1,066,094	552,388
Employee benefits plan liability (Note 6)	835,981	884,686
Deferred revenue (Note 7)	1,553,193	1,226,639
Net long-term debt (Note 8)	3,521,784	3,737,341
Other liabilities	512,146	367,824
	<b>7,489,198</b>	<b>6,768,878</b>
<b>Net financial assets</b>	<b>2,910,102</b>	<b>1,870,597</b>
<b>Non-financial assets</b>		
Tangible capital assets (Note 11)	43,070,204	43,340,743
Prepaid expenses and inventories of supplies	152,925	718,838
	<b>43,223,129</b>	<b>44,059,581</b>
<b>Accumulated surplus</b>	<b>\$ 46,133,231</b>	<b>\$ 45,930,178</b>
<b>Contingent liabilities (Note 9)</b>		
<b>Commitments (Note 10)</b>		

**The Corporation of the Township of Adjala-Tosorontio  
Statement of Operations and Accumulated Surplus**

<b>Year ended December 31</b>	<b>Budget 2017</b>	<b>2017</b>	<b>2016</b>
	(Note 14)		Restated (see Note 2)
<b>Revenue</b>			
Taxation (Note 12)	\$ 7,180,481	\$ 7,197,541	\$ 6,549,169
Government grants - Federal	2,400	37,617	112,255
Government grants - Provincial	588,721	656,515	660,545
Grants - other sources	25,000	74,578	-
User fees and service charges	1,163,950	1,085,768	1,306,026
Deferred revenue earned	322,365	311,560	219,207
Other	639,400	776,793	1,142,255
	<b>9,922,317</b>	<b>10,140,372</b>	<b>9,989,457</b>
<b>Expenses</b>			
General government	1,957,621	1,532,310	997,416
Protection services	3,097,544	2,927,204	2,885,295
Transportation services	3,408,564	3,302,020	3,197,754
Environmental services	1,800,860	1,506,556	1,663,487
Health services	13,000	8,078	8,321
Recreation and cultural services	154,876	161,277	130,107
Planning and development	631,445	499,874	481,603
	<b>11,063,910</b>	<b>9,937,319</b>	<b>9,363,983</b>
<b>Annual surplus (deficit)</b>	<b>(1,141,593)</b>	<b>203,053</b>	<b>625,474</b>
<b>Accumulated surplus, beginning of year, as previously stated</b>	<b>45,930,178</b>	<b>45,930,178</b>	<b>44,892,454</b>
<b>Prior period adjustment (Note 2)</b>	<b>-</b>	<b>-</b>	<b>412,250</b>
<b>Accumulated surplus, beginning of the year</b>	<b>45,930,178</b>	<b>45,930,178</b>	<b>45,304,704</b>
<b>Accumulated surplus, end of the year</b>	<b>\$ 44,788,585</b>	<b>\$ 46,133,231</b>	<b>\$ 45,930,178</b>

**The Corporation of the Township of Adjala-Tosorontio  
Statement of Change in Net Financial Assets (Debt)**

<b>Year ended December 31</b>	<b>Budget 2017</b>	<b>2017</b>	<b>2016</b>
	(Note 14)		
<b>Annual surplus (deficit)</b>	<b>\$ (1,141,593)</b>	<b>\$ 203,053</b>	<b>\$ 625,474</b>
Acquisition of tangible capital assets	(2,546,400)	(1,198,746)	(1,146,224)
Amortization of tangible capital assets	1,465,155	1,465,155	1,416,615
Loss on disposal of tangible capital assets	-	4,130	26,480
	<b>(2,222,838)</b>	<b>473,592</b>	<b>922,345</b>
Use/consumption of prepaid expenses and inventory of supplies	-	<b>565,913</b>	<b>14,129</b>
<b>Net change in net financial assets (debt)</b>	<b>(2,222,838)</b>	<b>1,039,505</b>	<b>936,474</b>
<b>Net financial assets, beginning of the year</b>	<b>1,870,597</b>	<b>1,870,597</b>	<b>934,123</b>
<b>Net financial assets (debt), end of the year</b>	<b>\$ (352,241)</b>	<b>\$ 2,910,102</b>	<b>\$ 1,870,597</b>

**The Corporation of the Township of Adjala-Tosorontio  
Statement of Cash Flows**

<b>Year ended December 31</b>	<b>2017</b>	<b>2016</b>
<b>Operating transactions</b>		
Annual surplus	\$ 203,053	\$ 625,474
Items not involving cash		
Amortization of tangible capital assets	1,465,155	1,416,615
Loss on disposal of tangible capital assets	4,130	26,480
Changes in non-cash operating balances		
Taxes receivable	(50,254)	142,006
Accounts receivable	(327,743)	(145,829)
Prepaid expenses and inventories of supplies	565,913	14,129
Accounts payable and accrued liabilities	513,706	(324,898)
Other current liabilities	144,322	45,590
Employee benefits plan liability	(48,705)	(543,832)
Deferred revenue	326,554	169,276
	<u>2,796,131</u>	<u>1,425,011</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(1,198,746)	(1,146,224)
<b>Investing transactions</b>		
Acquisition of short term and portfolio investments	(31,831)	(81,493)
<b>Financing transactions</b>		
Repayment of long-term debt	(215,557)	(205,952)
<b>Net change in cash and cash equivalents</b>	<b>1,349,997</b>	<b>(8,658)</b>
Cash and cash equivalents, beginning of the year	<u>3,209,202</u>	<u>3,217,860</u>
<b>Cash and cash equivalents, end of the year</b>	<b>\$ 4,559,199</b>	<b>\$ 3,209,202</b>

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**The Corporation of the Township of Adjala-Tosorontio  
Notes to Financial Statements**

**December 31, 2017**

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**1. Summary of Accounting Policies**

**Management's  
Responsibility for the  
Financial Statements**

The financial statements of the Municipality are the responsibility of management. They have been prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. The Corporation of the Township of Adjala-Tosorontio (the "Municipality") is a municipality in the Province of Ontario and operates under the provisions of the Community Charter. The Municipality provides municipal services such as fire, public works, planning, parks, recreation and other general government services.

**Basis of Accounting**

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

**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.

**Cash and Cash  
Equivalents**

Management considers all highly liquid investments with maturity of three months or less to be cash equivalents.

**Portfolio Investments**

Portfolio investments are recorded at cost unless there has been a decline in the market value which is other than temporary in nature in which case the investments are written down to market value.

**Short Term  
Investments**

Short term investments are recorded at lower of cost and market value.

**Tangible Capital Assets  
Under Construction**

Tangible capital assets under construction are recorded at cost. When construction is completed, the tangible capital asset under construction will be transferred to tangible capital assets and amortized based on its classification.

**Collection of Taxes on  
Behalf of Other Taxation  
Authorities**

The Municipality collects taxation revenue on behalf of the school boards and the County of Simcoe. Such levies, other revenues, expenses, assets and liabilities with respect to the operations of these entities are not reflected in these financial statements.

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**The Corporation of the Township of Adjala-Tosorontio  
Notes to Financial Statements**

**December 31, 2017**

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**1. Summary of Accounting Policies (continued)**

**Tangible Capital  
Assets**

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

Buildings	30 to 50 years
Roads	40 to 85 years
Machinery and equipment	5 to 20 years
Water/Sewer infrastructure	10 to 100 years
Bridges	80 to 100 years
Vehicles	5 to 15 years
Communications	5 to 10 years
Furniture and fixtures	10 years
Computer hardware and software	3 to 7 years

**Non-pension Post  
Retirement Benefits**

**Actuarial cost method:**

Accrued benefit obligations are computed using the projected benefit method prorated on service, as defined in PSAB 3250. The objective under this method is to expense each member's benefit under the plan taking into consideration projections of benefit costs to and during retirement. Under this method an equal portion of total estimated future benefit is attributed to each year of service.

**Funding policy:**

The non-pension post retirement benefits are funded on a pay-as you-go basis. The Municipality funds on a cash basis as benefits are paid. No assets have been formally segregated and restricted to provide the non-pension post retirement benefits.

**Accounting policies:**

Actuarial gains and losses are amortized on a linear basis over the expected average remaining service life ('EARSL') (expected remaining payment period in respect of the retiring allowance) of members expected to receive benefits under the plan, with amortization commencing in the period following the determination of the gain or loss. Obligations are attributed to the period beginning on the member's date of hire and ending on the expected date of death or retirement, depending on the benefit value.



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**The Corporation of the Township of Adjala-Tosorontio  
Notes to Financial Statements**

**December 31, 2017**

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**1. Summary of Accounting Policies (continued)**

<b>Pension Plan</b>	The Municipality is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of assets and administration of the benefits. The Municipality has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The Municipality records as pension expense the amount paid to OMERS during the year plus any amounts owing to OMERS for the year ended.
<b>Deferred Revenue</b>	Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the statement of financial position. The revenue is recognized in the statement of operations in the year in which it is used for the specified purpose.
<b>Government Transfers</b>	Revenue is recognized when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.
<b>Revenue Recognition</b>	<p>Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. Taxes receivable are recognized net of an allowance for anticipated uncollectable amounts.</p> <p>Charges for sewer and water usage are recorded as user fees. Connection fee revenues are recognized when the connection has been established.</p> <p>Sales of service and other revenue is recognized on an accrual basis, when services have been rendered.</p>
<b>Liability for Contaminated Sites</b>	A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the Municipality is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. The liability is recorded net of any expected recoveries.

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**The Corporation of the Township of Adjala-Tosorontio  
Notes to Financial Statements**

**December 31, 2017**

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**1. Summary of Accounting Policies (continued)**

**Use of Estimates**            The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The principal estimates used in the preparation of these financial statements include the useful life and valuation of tangible capital assets and significant accruals. Actual results could differ from management's best estimates as additional information becomes available in the future.

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**2. Restatement of Prior Period**

During the year, it was noted that there was contributed land from the Evergreen development that had not been recorded when title was transferred to the Municipality. The land was contributed to the Municipality for a consideration of \$1 at the end of 2012. This land was designated for storm water management and parkland as per the agreement with the developer. A prior period adjustment has been recorded to capitalize the land in the Municipality's records using the fair market value of the contributed land at the time it was contributed. MPAC assessment value at the contribution date was used for the fair market value. The impact of the above noted prior period adjustment was as follows:

	2016
<u>Statement of Financial Position</u>	
Increase in tangible capital assets	\$ 412,250
Increase in accumulated surplus	\$ 412,250
<u>Statement of Operations</u>	
Increase in opening accumulated surplus	\$ 412,250

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**3. Cash and Cash Equivalents**

	2017	2016
Unrestricted cash	\$ 2,761,570	\$ 1,738,588
Restricted reserve fund cash	1,797,629	1,470,614
	\$ 4,559,199	\$ 3,209,202

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**The Corporation of the Township of Adjala-Tosorontio  
Notes to Financial Statements**

**December 31, 2017**

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**4. Short Term Investments**

Short term investments comprise the following:

	<u>2017</u>	<u>2016</u>
Cash	\$ 5,713	\$ 347,614
High interest savings, effective yield rate of 0.80%	1,007,090	1,596,569
Guaranteed Investment Certificates, interest rates ranging from 1.3% to 1.8%, maturing between February 2018 to December 2018	2,179,050	889,676
Royal Bank of Canada, matured September 2017	-	15,042
	<u>\$ 3,191,853</u>	<u>\$ 2,848,901</u>

The market value of short term investments is \$3,191,853 (2016 - \$2,848,985).

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**5. Portfolio Investments**

Portfolio investments comprise the following:

	<u>2017</u>	<u>2016</u>
Guaranteed Investment Certificate, interest rate 1.8%, maturing December 24, 2018	\$ -	\$ 337,065
Government and Corporate Bonds, with effective yield rates ranging from 2.1% to 5.66%, maturing from July 25, 2019 to December 1, 2045	233,010	207,066
	<u>\$ 233,010</u>	<u>\$ 544,131</u>

The market value of government and corporate bonds are \$240,092.

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**The Corporation of the Township of Adjala-Tosorontio  
Notes to Financial Statements**

**December 31, 2017**

**6. Employee Benefits Plan Liability**

	2017	2016
Accumulated post retirement benefits - accrued obligation	\$ 730,716	\$ 763,320
Unamortized net actuarial loss	19,643	23,405
	711,073	739,915
Vacation	124,908	144,771
	\$ 835,981	\$ 884,686

The post employment benefit expense is reported as a component of current expenses on the statement of financial activities. Composition of the amount is as follows:

	2017	2016
Current year benefit cost	\$ 4,996	\$ 65,000
Interest on accrued benefit obligation	25,696	60,149
Actuarial losses	3,762	3,762
Decrease due to plan amendment	-	(644,470)
Total expense related to post-employment benefits	\$ 34,454	\$ (515,559)

The amount of benefits paid during the year was \$58,094 (2016 - \$52,094) for post retirement benefits.

**Retirement Benefits**

**Municipal Employees Retirement System**

OMERS provides pension services to more than 482,000 active and retired members and approximately 1,000 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of 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 at December 31, 2017. The results of this valuation disclosed total actuarial liabilities of \$94,431 million in respect of benefits accrued for service with actuarial assets at that date of \$89,028 million indicating an actuarial deficit of \$5,403 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the municipality does not recognize any share of the OMERS pension surplus or deficit. Contributions made by the municipality to OMERS for 2017 were \$168,978 (2016 - \$161,659).

**The Corporation of the Township of Adjala-Tosorontio  
Notes to Financial Statements**

**December 31, 2017**

**6. Employee Benefits Plan Liability (continued)**

Retirement Life Insurance and Health Care Benefits

The Municipality provides life insurance benefits to certain employee groups after retirement.

- Employees who retired before February 1, 2016 to age 70
- Employees hired on or before March 4, 2015 who retire before March 1, 2019 to age 70
- Employees hired on or before March 4, 2015 who retire after March 1, 2019 who qualify for unreduced pension under Ontario Municipal Employees Retirement System to age 65

The Municipality also provides dental and health care benefits to certain employee groups after retirement.

- Employees who retired on or before October 31, 2009 to age 75
- Employees who retired after October 31, 2009 and before February 1, 2016 to age 80
- Employees hired on or before March 4, 2015 who retire before March 1, 2017 to age 80
- Employees hired on or before March 4, 2015 who retire after March 1, 2017 and before March 1, 2019 to age 75
- Employees hired on or before March 4, 2015 who retire on or after March 1, 2019 who qualify for unreduced pension under Ontario Municipal Employees Retirement System to age 65

The benefit costs and liabilities related to this plan are based on an actuarial valuation prepared by an independent firm. The date of the last actuarial valuation was as of March 1, 2017.

The accrued benefit obligations for the Municipality's employee future benefit plans as at December 31, 2017 are based on actuarial valuations for accounting purposes as at December 31, 2017. These actuarial valuations were based on assumptions about future events. The economic assumptions used in these valuations are the Municipality's best estimates of expected rates of:

	2017	2016
Expected wage and salary increases	3.0%	3.0%
Discount on accrued benefit obligations	3.50%	4.50%
Health care cost escalation - In current year	6.0%	6.0%
- decreasing over 6 years to	4.0%	4.0%
Dental costs escalation	4.0%	4.0%

**The Corporation of the Township of Adjala-Tosorontio  
Notes to Financial Statements**

**December 31, 2017**

**7. Deferred Revenue**

	Opening balance	Contributions received	Externally restricted investment income	Revenue recognized	Ending balance
Federal gas tax	\$ 516,673	\$ 328,071	\$ 6,130	\$ (222,146)	\$ 628,728
Development charges	613,279	288,754	7,511	(89,414)	820,130
Recreational land	67,206	-	679	-	67,885
Court security prison transfer	29,481	6,659	310	-	36,450
	<u>\$ 1,226,639</u>	<u>\$ 623,484</u>	<u>\$ 14,630</u>	<u>\$ (311,560)</u>	<u>\$ 1,553,193</u>

Federal gas tax

Gas tax revenue is provided by the Government of Canada. The use of the funding is established by a funding agreement between the Municipality and the Province of Ontario. Gas tax funding may be used towards designated community energy, water, wastewater, solid waste and capacity building projects as specified in the funding agreements.

Development charges

Revenue recognition for development charges occurs after the funds have been collected and when the Municipality has approved the expenditures for the capital work for which the development charges were raised. These funds have been set aside, as required by the Development Charges Act, to defray the cost of growth related capital projects associated with new developments.

Recreational land

The parkland reserve funds have been set aside as required by Provincial legislation which restricts how these funds may be used and, under certain circumstances, how these funds may be refunded.

Prison Transfers

The prison transfer grant funds have been set aside as required for any prisoner transfers that need to be made as the funds are restricted for this specific use.

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**The Corporation of the Township of Adjala-Tosorontio  
Notes to Financial Statements**

**December 31, 2017**

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**8. Net Long-term Debt**

Net long-term debt reported on the statement of financial position is comprised of the following:

	<u>2017</u>	<u>2016</u>
Ontario Infrastructure Projects Corporation, 4.61%, blended semi-annual payments of \$192,696, due December 2029	<u>\$ 3,521,784</u>	<u>\$ 3,737,341</u>

Interest expense of \$169,371 (2016 - \$178,996) is included in Environmental Services. Interest paid during the year is \$169,835.

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

2018	\$ 225,608
2019	236,128
2020	247,139
2021	258,669
2022	270,725
Thereafter	<u>2,283,515</u>
	<u>\$ 3,521,784</u>

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**9. Contingent Liability**

The Municipality has been named as a defendant in certain legal actions in which damages have been sought. The outcome of these actions is not determinable as at the date of reporting and accordingly, no provision has been made in these financial statements for any liability which may arise.

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**10. Commitment**

The Municipality has entered into an agreement with the Ontario Clean Water Agency to manage, operate and maintain the Municipality's water and waste water treatment facilities. The agreement stipulates a base price of \$526,750 per year increasing yearly based on the consumer price index. The term of the agreement is January 1, 2017 - December 31, 2021.

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**The Corporation of the Township of Adjala-Tosorontio  
Notes to Financial Statements**

**December 31, 2017**

	<b>2017</b>											
	Land	Buildings	Equipment	Roads	Water and Sewer	Bridges	Communi-cations	Vehicles	Furniture	Computer Hardware and Software	Work in Process	Total
Cost, beginning of year	\$ 3,654,200	\$ 5,241,809	\$ 2,424,080	\$ 34,510,298	\$ 11,514,322	\$ 7,062,249	\$ 212,554	\$ 3,398,042	\$ 82,229	\$ 275,175	\$ 187,423	\$ 68,562,381
Additions	-	-	26,359	249,362	28,038	-	-	186,854	-	21,089	687,044	1,198,746
Disposals	-	-	-	(83,365)	-	-	(9,259)	-	-	(17,347)	-	(109,971)
Transfer	-	-	-	-	-	-	-	131,509	-	-	(131,509)	-
<b>Cost, end of year</b>	<b>\$ 3,654,200</b>	<b>\$ 5,241,809</b>	<b>\$ 2,450,439</b>	<b>\$ 34,676,295</b>	<b>\$ 11,542,360</b>	<b>\$ 7,062,249</b>	<b>\$ 203,295</b>	<b>\$ 3,716,405</b>	<b>\$ 82,229</b>	<b>\$ 278,917</b>	<b>\$ 742,958</b>	<b>\$ 69,651,156</b>
Accumulated amortization, beginning of year	\$ -	\$ 2,301,493	\$ 1,426,428	\$ 11,733,456	\$ 4,697,077	\$ 2,524,347	\$ 182,033	\$ 2,110,623	\$ 61,319	\$ 184,862	-	\$ 25,221,638
Amortization	-	124,759	120,537	566,159	305,772	82,863	6,278	222,761	4,580	31,446	-	1,465,155
Disposals	-	-	(1,072)	(78,082)	(81)	-	(9,259)	-	-	(17,347)	-	(105,841)
<b>Accumulated amortization, end of year</b>	<b>\$ -</b>	<b>\$ 2,426,252</b>	<b>\$ 1,545,893</b>	<b>\$ 12,221,533</b>	<b>\$ 5,002,768</b>	<b>\$ 2,607,210</b>	<b>\$ 179,052</b>	<b>\$ 2,333,384</b>	<b>\$ 65,899</b>	<b>\$ 198,961</b>	<b>\$ -</b>	<b>\$ 26,580,952</b>
<b>Net carrying amount, end of year</b>	<b>\$ 3,654,200</b>	<b>\$ 2,815,557</b>	<b>\$ 904,546</b>	<b>\$ 22,454,762</b>	<b>\$ 6,539,592</b>	<b>\$ 4,455,039</b>	<b>\$ 24,243</b>	<b>\$ 1,383,021</b>	<b>\$ 16,330</b>	<b>\$ 79,956</b>	<b>\$ 742,958</b>	<b>\$ 43,070,204</b>



**The Corporation of the Township of Adjala-Tosoronto**  
**Notes to Financial Statements**

**December 31, 2017**

**11. Tangible Capital Assets (continued)**

	Land	Buildings	Equipment	Roads	Water and Sewer	Bridges	Communi-cations	Vehicles	Furniture	Computer Hardware and Software	Work in Process	Total
Cost, beginning of year	\$ 3,566,200	\$ 5,233,764	\$ 2,251,643	\$ 34,259,395	\$ 11,514,322	\$ 7,033,970	\$ 212,554	\$ 3,221,968	\$ 82,229	\$ 240,469	\$ 256,938	\$ 67,873,452
Additions	88,000	8,045	190,077	423,095	-	28,279	-	180,190	-	67,405	161,133	1,146,224
Disposals	-	-	(17,640)	(275,744)	-	-	-	(131,212)	-	(32,699)	-	(457,295)
Transfer	-	-	-	103,552	-	-	-	127,096	-	-	(230,648)	-
Cost, end of year	\$ 3,654,200	\$ 5,241,809	\$ 2,424,080	\$ 34,510,298	\$ 11,514,322	\$ 7,062,249	\$ 212,554	\$ 3,398,042	\$ 82,229	\$ 275,175	\$ 187,423	\$ 68,562,381
Accumulated amortization, beginning of year	\$ -	\$ 2,176,746	\$ 1,336,130	\$ 11,420,883	\$ 4,391,386	\$ 2,435,502	\$ 169,977	\$ 2,051,487	\$ 56,522	\$ 197,205	\$ -	\$ 24,235,838
Amortization	-	124,747	107,605	562,170	305,691	88,845	12,056	190,348	4,797	20,356	-	1,416,615
Disposals	-	-	(17,307)	(249,597)	-	-	-	(131,212)	-	(32,699)	-	(430,815)
Accumulated amortization, end of year	\$ -	\$ 2,301,493	\$ 1,426,428	\$ 11,733,456	\$ 4,697,077	\$ 2,524,347	\$ 182,033	\$ 2,110,623	\$ 61,319	\$ 184,862	\$ -	\$ 25,221,638
Net carrying amount, end of year	\$ 3,654,200	\$ 2,940,316	\$ 997,652	\$ 22,776,842	\$ 6,817,245	\$ 4,537,902	\$ 30,521	\$ 1,287,419	\$ 20,910	\$ 90,313	\$ 187,423	\$ 43,340,743

The net book value of tangible capital assets not being amortized because they are under construction (or development or have been removed from service) is \$742,958 (2016 - \$187,423).

**The Corporation of the Township of Adjala-Tosorontio  
Notes to Financial Statements**

**December 31, 2017**

**12. Taxation**

	<b>Budget 2017 (Note 14)</b>	<b>2017</b>	<b>2016</b>
Property taxes	\$ 16,912,012	\$ 16,320,514	\$ 15,445,320
Payments to County and school boards	(9,731,531)	(9,122,973)	(8,896,151)
Available for general municipal purposes	<u>\$ 7,180,481</u>	<u>\$ 7,197,541</u>	<u>\$ 6,549,169</u>

**13. Comparative Information**

The comparative amounts presented in the financial statements have been restated to conform to the current year's presentation.

**14. Budget**

The Financial Plan (Budget) By-Law adopted by Council on May 29, 2017 was not prepared on a basis consistent with that used to report actual results (Canadian public sector accounting standards). The budget was prepared on a modified accrual basis while Canadian public sector accounting standards now require a full accrual basis. The budget figures anticipated use of surpluses accumulated in previous years to reduce current year expenditures in excess of current year revenues to \$nil. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the statements of operations and change in net financial assets (debt) represent the Financial Plan adopted by Council on May 29, 2017 with adjustments as follows:

	<b>2017</b>
Financial Plan (Budget) Bylaw surplus for the year	\$ -
Add:	
Capital expenditures	2,546,400
Less:	
Budgeted transfers from accumulated surplus	(2,222,838)
Amortization	<u>(1,465,155)</u>
Budget deficit per statement of operations	<u>\$ (1,141,593)</u>

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**The Corporation of the Township of Adjala-Tosorontio  
Notes to Financial Statements**

**December 31, 2017**

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**15. Segmented Information**

The Municipality is a diversified municipal government institution that provides a wide range of services to its citizens such as police, fire and water and roads. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

**General Government**

General government are revenues and expenses that relate to the operations of the Municipality itself and cannot be directly attributed to a specific segment.

**Protection to Persons and Property**

Protection is comprised of police services, fire protection and canine control. The police services work to ensure the safety and protection of the citizens and their property. The fire department is responsible to provide fire suppression service, fire prevention programs, training and education. The members of the fire department consist of volunteers. Canine control ensures the safety through the licensing of dogs.

**Transportation**

Transportation is responsible for maintaining and constructing roads in the Municipality.

**Environmental**

This service provides the Municipality's drinking water. They process and clean sewage and ensure the Municipality's water system meets all Provincial standards. It also consists of providing waste disposal to citizens.

**Health**

Health services oversees the care and maintenance of the cemetery.

**Recreation and Culture**

Recreational programs and cultural programs like swimming and skating lessons and English as a second language are provided at arenas, aquatic centres and community centres. Also, the Municipality provides library services to assist with its citizens' informational needs.

**Planning and Development**

This department provides a number of services including city planning, maintenance and enforcement of building and construction codes and review of all property development plans through its application process.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. In measuring and reporting segment revenue from transactions with other segments, inter-segment transfers are measured on the basis of cost. Amounts that are directly attributable to a number of segments have been allocated on a reasonable basis as follows:

Taxation, fees and user charges	allocated to those segments that are funded by these amounts based on the net surplus (deficit) for the year
Grants	based on nature of grant

**The Corporation of the Township of Adjala-Tosorontio  
Notes to Financial Statements**

**December 31, 2017**

**15. Segmented Information (continued)**

<b>For the year ended December 31</b>	<b>General government</b>	<b>Protection to persons and property</b>	<b>Transportation</b>	<b>Environment</b>	<b>Health</b>	<b>Recreation and culture</b>	<b>Planning and development</b>	<b>2017 Total</b>
<b>Revenue</b>								
Taxation	\$ 1,096,033	\$ 2,383,752	\$ 2,802,005	\$ 478,008	\$ 8,078	\$ 129,774	\$ 299,891	\$ 7,197,541
Government grants - Federal	-	-	6,658	28,559	-	2,400	-	37,617
Government grants - Provincial	564,900	18,682	59,076	-	-	13,857	-	656,515
User fees and service charges	23,397	62,962	-	912,293	-	9,750	77,366	1,085,768
Grants - other sources	-	25,000	-	-	-	-	49,578	74,578
Deferred revenue earned	-	-	304,016	-	-	-	7,544	311,560
Other	51,033	436,808	130,265	87,696	-	5,496	65,495	776,793
	<b>1,735,363</b>	<b>2,927,204</b>	<b>3,302,020</b>	<b>1,506,556</b>	<b>8,078</b>	<b>161,277</b>	<b>499,874</b>	<b>10,140,372</b>
<b>Expenses</b>								
Salaries and wages	892,841	706,665	1,034,254	65,646	-	16,354	269,808	2,985,568
Supplies and services	548,660	539,555	1,429,490	345,119	8,078	74,837	198,196	3,143,935
Interest	-	-	-	169,371	-	-	-	169,371
Fee and contract services	-	1,534,905	-	573,059	-	33,456	31,870	2,173,290
Amortization	90,809	146,079	838,276	353,361	-	36,630	-	1,465,155
	<b>1,532,310</b>	<b>2,927,204</b>	<b>3,302,020</b>	<b>1,506,556</b>	<b>8,078</b>	<b>161,277</b>	<b>499,874</b>	<b>9,937,319</b>
<b>Annual surplus</b>	<b>\$ 203,053</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 203,053</b>

**The Corporation of the Township of Adjala-Tosorontio  
Notes to Financial Statements**

**December 31, 2017**

**15. Segmented Information (continued)**

For the year ended December 31	General government	Protection to persons and property	Transportation	Environment	Health	Recreation and culture	Planning and development	2016 Total
<b>Revenue</b>								
Taxation	\$ 787,798	\$ 2,287,577	\$ 2,752,681	\$ 473,297	\$ 8,321	\$ -	\$ 239,495	\$ 6,549,169
Government grants - Federal	-	-	2,759	-	-	2,400	107,096	112,255
Government grants - Provincial	566,500	25,172	54,753	-	-	14,120	-	660,545
User fees and service charges	22,972	122,586	-	1,052,055	-	9,000	99,413	1,306,026
Deferred revenue earned	-	-	212,336	-	-	-	6,871	219,207
Other	126,989	449,960	175,225	138,135	-	223,218	28,728	1,142,255
	<u>1,504,259</u>	<u>2,885,295</u>	<u>3,197,754</u>	<u>1,663,487</u>	<u>8,321</u>	<u>248,738</u>	<u>481,603</u>	<u>9,989,457</u>
<b>Expenses</b>								
Salaries and wages	378,574	659,883	1,039,675	54,316	-	15,635	238,898	2,386,981
Supplies and services	538,696	549,925	1,357,714	271,713	8,321	46,816	212,833	2,986,018
Interest	-	-	-	178,996	-	-	-	178,996
Fee and contract services	-	1,529,705	-	805,101	-	30,695	29,872	2,395,373
Amortization	80,146	145,782	800,365	353,361	-	36,961	-	1,416,615
	<u>997,416</u>	<u>2,885,295</u>	<u>3,197,754</u>	<u>1,663,487</u>	<u>8,321</u>	<u>130,107</u>	<u>481,603</u>	<u>9,363,983</u>
<b>Net surplus</b>	<u>\$ 506,843</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 118,631</u>	<u>\$ -</u>	<u>\$ 625,474</u>