

**THE CORPORATION OF THE TOWN OF TILLSONBURG**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

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CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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**INDEPENDENT AUDITOR'S REPORT**

**To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Town of Tillsonburg**

**Opinion**

We have audited the accompanying consolidated financial statements of the Corporation of the Town of Tillsonburg (the "Town"), which comprise the Consolidated Statement of Financial Position as at December 31, 2018, and Consolidated Statements of Operations and Accumulated Surplus, Cash Flows and Change in Net Financial Assets for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the Town of Tillsonburg as at December 31, 2018 and its financial performance and its cash flows and change in net financial assets for the year then ended in accordance with Canadian public sector accounting standards.

**Basis of Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. 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 Town in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 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.

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 generally accepted auditing standards 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 consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the consolidated 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 Town'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 Town'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 consolidated 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 Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

**August 12, 2019**  
**London, Canada**

*Scrimgeour & Company*  
**LICENSED PUBLIC ACCOUNTANT**

**THE CORPORATION OF THE TOWN OF TILLSONBURG  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2018**

	2018	2017
<b>FINANCIAL ASSETS</b>		
Cash	\$ 2,929,323	\$ 5,292,887
Investments (note 7)	31,955	36,409
Taxes receivable	703,967	728,266
Accounts receivable	3,133,362	2,851,777
Due from unconsolidated entities (note 13)	2,548,492	840,217
Other long-term assets (note 5)	1,873,214	1,870,636
Investment in Tillsonburg Hydro Inc. (note 11)	11,594,875	11,238,411
	<b>22,815,188</b>	<b>22,858,603</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	6,215,092	4,634,292
Other current liabilities	1,752,364	1,771,229
Accrued employee benefits (note 12)	149,267	196,149
Deferred revenue (note 8)	2,388,898	2,352,352
Long-term debt (note 9)	13,384,081	10,057,976
	<b>23,889,702</b>	<b>19,011,998</b>
<b>NET FINANCIAL ASSETS</b>	<b>(1,074,514)</b>	<b>3,846,605</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets - Schedule 1	54,909,110	53,381,340
Capital work in progress	7,618,676	968,012
Inventories	57,117	78,352
Prepaid expenditures	11,241	442,208
	<b>62,596,144</b>	<b>54,869,912</b>
<b>ACCUMULATED SURPLUS (page 4)</b>	<b>\$61,521,630</b>	<b>\$58,716,517</b>

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

**THE CORPORATION OF THE TOWN OF TILLSONBURG  
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Budget 2018	Actual 2018	Actual 2017
<b>REVENUE</b>			
Property taxation	\$14,998,600	\$15,386,522	\$14,193,696
User charges	4,057,000	4,533,419	4,169,232
Government grants	931,400	1,071,039	656,105
Investment income	179,500	326,545	239,534
Penalty and interest on taxes	175,000	139,944	164,037
Donations and other	16,000	48,372	34,366
	<b>20,357,500</b>	<b>21,505,841</b>	19,456,970
<b>EXPENDITURES</b>			
General government	2,287,100	2,987,529	2,731,789
Protection to persons and property	5,645,400	5,822,730	5,424,373
Transportation services	3,527,800	4,997,061	4,784,314
Environmental services	548,300	729,997	543,021
Health services	243,700	266,795	273,425
Recreation and cultural development	4,962,600	5,421,603	5,199,554
Planning and development	528,300	739,073	696,077
	<b>17,743,200</b>	<b>20,964,788</b>	19,652,553
<b>EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE)</b>	<b>2,614,300</b>	<b>541,053</b>	(195,583)
<b>OTHER</b>			
Gain (loss) on disposal of tangible capital assets	-	(855,094)	(560,298)
Equity acquired in Tillsonburg Hydro Inc. (note 11)	-	356,464	510,198
Government transfers related to capital	3,255,100	2,209,590	1,824,467
Donations and other revenue related to capital	175,600	415,740	430,947
Developer contributions-in-kind related to capital	422,500	137,360	493,347
	<b>3,853,200</b>	<b>2,264,060</b>	2,698,661
Excess of revenue over expenditures	<b>6,467,500</b>	<b>2,805,113</b>	2,503,078
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>58,716,517</b>	<b>58,716,517</b>	56,213,439
<b>ACCUMULATED SURPLUS, END OF YEAR (note 10)</b>	<b>\$65,184,017</b>	<b>\$61,521,630</b>	\$58,716,517

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

**THE CORPORATION OF THE TOWN OF TILLSONBURG  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	2018	2017
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Excess of revenue over expenditures (page 4)	\$ 2,805,113	\$ 2,503,078
Non-cash changes to operations		
Amortization	2,601,784	2,515,407
Loss on disposal of tangible capital assets	974,323	924,703
Net change in non-cash operating balances (A)	(416,540)	(1,308,026)
Net change in cash from operating activities	5,964,680	4,635,162
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(5,103,877)	(4,656,727)
Decrease (increase) in work in progress	(6,650,664)	599,504
(Increase) decrease in other non-financial assets	452,202	(47,783)
Net change in cash from capital activities	(11,302,339)	(4,105,006)
<b>INVESTING</b>		
Net change in investment in Tillsonburg Hydro Inc. (note 11)	(356,464)	(510,198)
<b>FINANCING</b>		
Net change in long-term debt	3,326,105	362,085
Net change in cash and cash equivalents during the year	(2,368,018)	382,043
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>5,329,296</b>	<b>4,947,253</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 2,961,278</b>	<b>\$ 5,329,296</b>
<b>COMPRISED OF:</b>		
Cash	\$ 2,929,323	\$ 5,292,887
Investments	31,955	36,409
	<b>\$ 2,961,278</b>	<b>\$ 5,329,296</b>

(A) Non-cash operating balances includes taxes and accounts receivable, due from unconsolidated entities, other long-term assets, accounts payable and accrued liabilities, other current liabilities, accrued employee benefits and deferred revenue.

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

**THE CORPORATION OF THE TOWN OF TILLSONBURG  
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	2018	2017
Excess of revenue over expenditures (page 4)	\$ 2,805,113	\$ 2,503,078
Amortization of tangible capital assets	2,601,784	2,515,407
Acquisition of tangible capital assets	(5,103,877)	(4,656,727)
Loss on sale of tangible capital assets	974,323	924,703
Decrease (increase) in work in progress	(6,650,664)	599,504
Disposal of (acquisition of) supplies inventory	21,234	(59,851)
Disposal of (acquisition of) prepaid expenditures	430,968	12,068
Increase (decrease) in net financial assets	(4,921,119)	1,838,182
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<b>3,846,605</b>	<b>2,008,423</b>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<b>\$ (1,074,514)</b>	<b>\$ 3,846,605</b>

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



**THE CORPORATION OF THE TOWN OF TILLSONBURG  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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The Corporation of the Town of Tillsonburg (the Town), is a Town in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

**1. Significant accounting policies**

The consolidated financial statements of the Corporation of the Town of Tillsonburg are prepared by management in accordance with Canadian public sector accounting standards.

The focus of these consolidated financial statements is on the financial position of the Town and changes thereto. The Consolidated Statement of Financial Position reports financial assets and liabilities. Financial assets are available to provide resources to discharge existing liabilities or finance future operations. Net financial assets represent the financial position of the Town and is the difference between financial assets and liabilities. This information presents the Town's overall future revenue requirements and its ability to finance activities and meet its obligations.

The following outlines the significant accounting policies:

**a. Reporting entity**

These consolidated financial statements reflect the assets, liabilities, revenue, expenditures and accumulated surplus and changes in investment in non-financial assets of the Town. The reporting entity includes the activities of all committees of Council and the following boards and municipal enterprises which are under the control of Council:

Tillsonburg Business Improvement Area Board of Management

All interfund assets and liabilities and revenue and expenditures have been eliminated.

The following local boards, joint local boards, municipal enterprises and utilities are not consolidated:

Tillsonburg Waterworks Department  
Tillsonburg Sanitary Sewer Department

Government business enterprises are separate legal entities that do not rely on the Town for funding. Investments in government business enterprises are accounted for using the modified equity method. Tillsonburg Hydro Inc. is a government business enterprise and the Town's investment in this corporation is reflected in these consolidated financial statements. See note 11.

**b. Accounting for County and School Board transactions**

The taxation, other revenue, expenditures, assets and liabilities with respect to the operations of the School Boards, and the Town of Tillsonburg are not reflected in the operations in these consolidated financial statements.

**THE CORPORATION OF THE TOWN OF TILLSONBURG  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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**1. Significant accounting policies continued**

**c. Trust funds**

Trust funds and their related operations administered by the Town are not consolidated, but are reported separately on the Trust Funds Statements of Financial Position and Statement of Operations and Accumulated Surplus.

**d. Accrual accounting**

The accrual basis of accounting recognizes revenue as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

**e. 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. The change in non-financial assets during the year, together with the excess of revenue over expense, provides the Consolidated Change in Net Financial Assets for the year.

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 costs, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements	25-50 years
Buildings and structures	30-70 years
Leasehold improvements	term of lease
Vehicles	3-20 years
Information technology	3-10 years
Equipment	5-40 years
Roads	20-50 years
Bridges and other structures	40-50 years

The Town has a capitalization threshold of \$5,000 to \$25,000, depending on the nature of the assets, so that individual assets of lesser value are expensed unless they are pooled because collectively they have a significant value.

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expense as incurred.

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt. The fair value is also recorded as contributed revenue.

**THE CORPORATION OF THE TOWN OF TILLSONBURG  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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**1. Significant accounting policies continued**

**f. Inventories**

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

**g. Revenue recognition**

Government grants and transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

**h. Deferred revenue**

Grants, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed.

Revenue is recognized in the period when the related expenditures are incurred, services performed, or the tangible capital assets are acquired.

**i. Financial instruments**

Financial instruments of the Town consist mainly of cash, investments, accounts and taxes receivable. The carrying values of these financial assets approximate their fair values unless otherwise disclosed.

**j. Use of estimates**

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenditures during the period. Actual results could differ from these estimates.

**2. Tax revenue**

Property tax billings are prepared by the Town based on an assessment roll prepared by the Municipal Property Assessment Corporation. All assessed property values in the Town were reviewed and new values established based on a common valuation date which was used by the Town in computing the 2018 property tax bills. Property tax revenue and tax receivables are subject to appeals which may not have been heard yet. Any supplementary billing adjustments, made necessary by the determination of such appeals, will be recognized in the fiscal year they are determined and the effect shared with the County of Oxford and the appropriate School Boards.

**THE CORPORATION OF THE TOWN OF TILLSONBURG  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**3. Trust funds**

Trust funds administered by the Town amounting to \$1,665,853 (2017 - \$1,297,895) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations and Accumulated Surplus.

**4. Operations of School Boards and the County of Oxford**

Further to note 2, the taxation revenue of the School Boards and County are comprised of the following:

	<b>School Boards</b>	<b>County</b>
Taxation	\$ 5,329,090	\$ 7,997,029
Requisitions	\$ 5,329,090	\$ 7,997,029

**5. Other long-term assets**

Included in other long-term assets as at December 31, 2018, is land held for resale of \$1,867,925 (2017 - \$1,858,373). Land held for resale is valued at cost.

**6. Pension agreements**

The Town makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The amount contributed to OMERS for 2018 was \$735,465 (2017 - \$708,130) for current service and is included as an expenditure on the Consolidated Statement of Operations and Accumulated Surplus. The Town has no obligation, as at December 31, 2018, under the past service provisions. The OMERS funding ratio for 2018 is 96.0% (2017 - 94.2%), with the goal of being fully funded by 2025.

**7. Investments**

Investments of \$31,955 (2017 - \$36,409) are recorded at their market value and are short-term in nature. Investments consist of money market funds, which have a market value approximating cost.

**THE CORPORATION OF THE TOWN OF TILLSONBURG  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**8. Deferred revenue**

A requirement of the Canadian public sector accounting standards is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial legislation restricts how these funds may be used and under certain circumstances these funds may possibly be refunded. The balances in the obligatory reserve funds of the Town are summarized as follows:

	2018	2017
Development charges	\$ 1,976,884	\$ 1,602,548
Federal gas tax	91,687	412,024
Building	271,258	188,284
Deferred operating revenue	49,069	149,496
	<b>\$ 2,388,898</b>	<b>\$ 2,352,352</b>

**9. Long-term debt**

- a. The balance of net long-term liabilities on the Consolidated Statement of Financial Position is made up of the following:

	2018	2017
Total long-term liabilities incurred by the Municipality	<b>\$13,384,081</b>	<b>\$10,057,976</b>

- b. Principle due on net long-term liabilities reported in a. of this note is summarized as follows, \$6,306,402 in principal payments are payable from 2019 to 2023, \$3,825,875 is payable in 2024 to 2028 and \$3,251,804 is payable thereafter.
- c. Approval of the Ontario Municipal Board has been obtained for the long-term liabilities and commitments to be financed by revenue beyond the term of Council and approved on or before December 31, 1992. Those approved after January 1, 1993 have been approved by by-law. The principal and interest payments required to service these pending issues and commitments are within the debt repayment limit prescribed by the Ministry of Municipal Affairs.
- d. The Town is not contingently liable for any long-term debt with respect to an unconsolidated local board at December 31, 2018.
- e. Interest, for the year, for net long-term debt which is reported on the Consolidated Statement of Operations and Accumulated Surplus is \$410,244 (2017 - \$403,435).

**THE CORPORATION OF THE TOWN OF TILLSONBURG  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**9. Long-term debt continued**

- f. Included in the long-term liabilities is temporary financing from Ontario Infrastructure and Lands Corporation of \$1,381,429 which was converted to long-term debt subsequent to year end.

**10. Accumulated surplus**

The accumulated surplus on the Consolidated Statement of Financial Position at the end of the year are comprised of the following:

	2018	2017
Operating surplus (deficits)		
- Revenue fund	\$ 54,451	\$ 239,589
Invested in tangible capital assets	45,568,395	43,267,318
Investment in Tillsonburg Hydro Inc. (note 12)	11,594,875	11,238,411
Reserves set aside for specific purpose		
- for acquisition of capital assets and general purposes	4,303,909	3,971,199
<b>Accumulated surplus</b>	<b>\$61,521,630</b>	<b>\$58,716,517</b>

**11. Investment in Tillsonburg Hydro Inc.**

The Town accounts for its 100% investment in Tillsonburg Hydro Inc. using the modified equity method. Under this method, the accounting policies of Tillsonburg Hydro Inc. are not adjusted to conform to those of the Town. In subsequent years, the cost of this investment is increased by the earnings or decreased by the losses of Tillsonburg Hydro Inc.

Tillsonburg Hydro Inc. prepares their financial statements in accordance with International Financial Reporting Standards ("IFRS").

Condensed financial information of Tillsonburg Hydro Inc. is as follows:

**THE CORPORATION OF THE TOWN OF TILLSONBURG  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**11. Investment in Tillsonburg Hydro Inc. continued**

**Statement of Financial Position as at December 31**

	2018	2017
Current assets	\$ 6,036,677	\$ 5,458,137
Property, plant and equipment	13,042,469	11,755,195
Non-regulatory assets	44,790	59,563
	<b>\$19,123,936</b>	<b>\$17,272,895</b>
Current liabilities	\$ 3,673,146	\$ 2,666,685
Long-term liabilities	3,625,475	3,279,750
Regulatory liabilities	230,440	88,049
Equity	11,594,875	11,238,411
	<b>\$19,123,936</b>	<b>\$ 17,272,895</b>

**Statements of Comprehensive Income and Retained Earnings**

	2018	2017
Power revenue	\$21,233,271	\$23,698,378
Cost of power	21,233,271	23,698,378
Gross margin	-	-
Distribution revenue	3,917,838	3,700,414
Net non-utility revenue	101,908	313
Expenditures	3,400,802	3,103,631
Net operating revenue	618,944	597,096
Provision for taxes	62,480	(63,102)
Net earnings for the year, before dividends	556,464	660,198
Dividends	200,000	150,000
Return of capital	-	-
Net change in investment in Tillsonburg Hydro Inc.	\$ 356,464	\$ 510,198
Opening, Investment in Tillsonburg Hydro Inc.	\$11,238,411	\$10,728,213
Net change in investment in Tillsonburg Hydro Inc.	356,464	510,198
Closing, Investment in Tillsonburg Hydro Inc.	\$11,594,875	\$11,238,411

**THE CORPORATION OF THE TOWN OF TILLSONBURG  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**12. Post-employment benefit liability**

The accrued employee benefits included post-employment benefits in 2017, which were paid out in 2018.

**13. Due from unconsolidated entities**

The banking activities of the following entities are administered by the Town. Accordingly, the amount due from these entities represents the net working capital position between the Town and the entity as follows:

	<b>2018</b>	2017
Tillsonburg Hydro Inc.	<b>\$ 2,039,735</b>	\$ 430,142
Town of Tillsonburg - Waterworks Department	<b>315,233</b>	253,914
Town of Tillsonburg - Sanitary Sewer Department	<b>193,524</b>	156,160
	<b>\$ 2,548,492</b>	\$ 840,216

**14. Budget figures**

The Town's Council completes separate budget reviews for its operating and capital budgets each year. The approved operating budget for 2018 is reflected on the Consolidated Statement of Operations and Accumulated Surplus. For capital spending, budgets are set for individual projects and funding for these activities is determined annually and made by transfers from reserve funds and by the application of applicable grants or other funds available to apply to capital projects. Amortization was not contemplated on development of the budget and, as such, has not been included.



**THE CORPORATION OF THE TOWN OF TILLSONBURG  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**14. Budget figures continued**

The chart below reconciles the approved budget to the budget figures reported in these consolidated financial statements:

	2018
<b>REVENUES</b>	
Operating Budget	\$ 20,513,700
Capital budget	15,575,700
Less:	
Transfers from other funds	(2,621,100)
Proceeds on debt issue	(7,963,800)
<b>TOTAL REVENUE</b>	<b>25,504,500</b>
<b>EXPENDITURES</b>	
Operating budget	20,513,700
Capital budget	15,530,700
Less:	
Transfers from other funds	(543,500)
Capital expenses	(15,371,200)
Debt principal payments	(1,092,700)
<b>TOTAL EXPENSES</b>	<b>19,037,000</b>
<b>ANNUAL SURPLUS</b>	<b>\$ 6,467,500</b>

**15. Contingent liabilities - Contaminated Sites**

The Public Sector Accounting Board of CPA Canada released a standard, 3510, related to contaminated sites. This standard requires municipalities to evaluate sites owned by the municipality and the associated costs, if any, to remediate such sites, as well as financial statement presentation and criteria to recognize these costs.

The Town received an order from the Ministry of Natural Resources to clean up the discharge from a failing abandoned oil well. The source well is under an existing road embankment, however, the exact location is not apparent. The responsibility for the cost to clean up and plug the abandoned oil well is in dispute. The matter has been referred to legal counsel and the outcome is not determinable at this time.

The Town is not aware of any other contaminated sites.

**THE CORPORATION OF THE TOWN OF TILLSONBURG  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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**16. Public sector salary disclosure**

There were thirteen employees in 2018 paid a salary, as defined in the Public Sector Disclosure Act, 1996, of \$100,000 or more.

**17. Comparative balances**

Certain comparative balances have been reclassified to conform with the current year's financial statement presentation.

**18. Segmented information**

Segmented information is presented on Schedule 2. The Town is a diversified municipality and provides a wide range of services to its citizens including police, fire, transportation and community services, including recreation and planning. The general government segment includes such functions as finance and information services, council and administrative offices.

**THE CORPORATION OF THE TOWN OF TILLSONBURG  
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Land	Buildings and Fixtures	Furniture and Equipment	Computer Hardware	Transportation Equipment	Roads and Bridges	Communication Equipment	Other Equipment	2018 Total	2017 Total
<b>COST</b>										
Balance, beginning of year	\$ 1,266,961	\$ 23,305,660	\$ 125,004	\$ 1,093,111	\$ 6,723,822	\$ 58,221,263	\$ 1,707,611	\$ 3,137,515	\$ 95,580,947	\$ 92,976,266
Add:										
Additions during the year	-	642,894	57,626	94,547	762,876	3,157,829	311,919	76,186	5,103,877	4,656,727
Less:										
Disposals during the year	-	(34,931)	-	-	(195,595)	(1,581,756)	-	(133,850)	(1,946,132)	(2,052,046)
Balance, end of year	1,266,961	23,913,623	182,630	1,187,658	7,291,103	59,797,336	2,019,530	3,079,851	98,738,692	95,580,947
<b>ACCUMULATED AMORTIZATION</b>										
Balance, beginning of year	-	8,644,430	104,609	981,381	3,843,175	25,565,253	479,484	2,581,275	42,199,607	40,811,543
Add:										
Amortization during the year	-	534,250	10,049	73,993	433,346	1,327,879	109,519	112,748	2,601,784	2,515,407
Less:										
Disposals during the year	-	(34,931)	-	-	(195,595)	(607,589)	-	(133,694)	(971,809)	(1,127,343)
Balance, end of year	-	9,143,749	114,658	1,055,374	4,080,926	26,285,543	589,003	2,560,329	43,829,582	42,199,607
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>\$ 1,266,961</b>	<b>\$ 14,769,874</b>	<b>\$ 67,972</b>	<b>\$ 132,284</b>	<b>\$ 3,210,177</b>	<b>\$ 33,511,793</b>	<b>\$ 1,430,527</b>	<b>\$ 519,522</b>	<b>\$ 54,909,110</b>	<b>\$ 53,381,340</b>

This schedule is provided for information purposes only.

**THE CORPORATION OF THE TOWN OF TILLSONBURG  
CONSOLIDATED SCHEDULE OF SEGMENTED INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	General Government	Protective Services	Transportation	Environmental	Health Services	Recreation and Culture	Planning and Development	Total
<b>REVENUE</b>								
Property taxation	\$ 15,120,257	\$ -	\$ 139,049	\$ -	\$ -	\$ -	\$ 127,216	\$ 15,386,522
User charges	690,231	1,435,909	464,975	137,146	141,279	1,452,838	211,041	4,533,419
Government grants	482,271	69,585	134,092	205,358	-	162,244	17,489	1,071,039
Investment income	309,643	-	-	-	16,825	-	77	326,545
Penalties and interest on taxes	139,944	-	-	-	-	-	-	139,944
Donations and other	11,361	-	-	-	-	22,486	14,525	48,372
	16,753,707	1,505,494	738,116	342,504	158,104	1,637,568	370,348	21,505,841
<b>EXPENDITURES</b>								
Salaries and benefits	2,317,488	1,802,489	1,547,281	97,503	110,275	2,740,460	315,162	8,930,658
Materials and supplies	863,765	243,907	897,682	125,420	44,319	1,059,648	24,870	3,259,611
Contracted expenditures	609,059	3,223,707	339,071	228,983	12,319	513,037	83,929	5,010,105
Other	555,550	208,926	258,954	116,614	9,254	296,961	207,763	1,654,022
Interfunctional transfers	(2,033,235)	266,560	433,917	150,072	85,537	209,328	(14,135)	(901,956)
Debt interest	67,744	1,708	156,691	-	-	148,263	36,158	410,564
Amortization	607,158	75,433	1,363,465	11,405	5,091	453,906	85,326	2,601,784
	2,987,529	5,822,730	4,997,061	729,997	266,795	5,421,603	739,073	20,964,788
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>								
(EXPENDITURES OVER REVENUE)	13,766,178	(4,317,236)	(4,258,945)	(387,493)	(108,691)	(3,784,035)	(368,725)	541,053
<b>OTHER</b>								
Gain (loss) on disposal	49,734	-	(974,167)	-	-	-	69,339	(855,094)
Equity in Tillsonburg Hydro	356,464	-	-	-	-	-	-	356,464
Government transfers related to capital	-	-	1,998,799	154,401	-	56,390	-	2,209,590
Donations and other revenue related to capital	67,233	1,000	-	300,034	7,040	40,433	-	415,740
Developer contributions related to capital	-	-	37,860	-	-	81,000	18,500	137,360
	473,431	1,000	1,062,492	454,435	7,040	177,823	87,839	2,264,060
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>								
(EXPENDITURES OVER REVENUE) \$	14,239,609	\$ (4,316,236)	\$ (3,196,453)	\$ 66,942	\$ (101,651)	\$ (3,606,212)	\$ (280,886)	\$ 2,805,113

This schedule is provided for information purposes only.