

**TOWNSHIP OF EAST ZORRA-TAVISTOCK**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**TOWNSHIP OF EAST ZORRA-TAVISTOCK  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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<b>-1-</b>	Independent Auditor's Report
<b>-3-</b>	Consolidated Statement of Financial Position
<b>-4-</b>	Consolidated Statement of Operations and Accumulated Surplus
<b>-5-</b>	Consolidated Statement of Cash Flows
<b>-6-</b>	Consolidated Statement of Change in Net Financial Assets
<b>-7- to -14-</b>	Notes to the Consolidated Financial Statements
<b>-15-</b>	Schedule 1 - Consolidated Schedule of Tangible Capital Assets
<b>-16-</b>	Schedule 2 - Consolidated Schedule of Segmented Information

## INDEPENDENT AUDITOR'S REPORT

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To the Members of Council, Inhabitants and Ratepayers of the Township of East Zorra-Tavistock

### Opinion

We have audited the accompanying consolidated financial statements of the Township of East Zorra-Tavistock (the "Township"), 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 Township of East Zorra-Tavistock 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 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 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 Township'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 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 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 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 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 Township 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 consolidated 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.

September 4, 2019  
London, Canada

*Scrimgeour & Company*

LICENSED PUBLIC ACCOUNTANT

**TOWNSHIP OF EAST ZORRA-TAVISTOCK**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2018**

	2018	2017
<b>FINANCIAL ASSETS</b>		
Cash	\$ 8,260,720	\$ 5,501,223
Taxes receivable	461,824	812,981
Drains receivable	539,987	1,091,808
Accounts receivable	1,025,864	1,131,480
Inventories for resale	3,055	8,558
Investment in EARTH Corporation (note 9)	1,742,975	1,707,382
	<b>12,034,425</b>	<b>10,253,432</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	1,681,598	1,370,342
Deferred revenue - obligatory reserve funds (note 6)	1,995,022	2,025,369
Net long-term liabilities (note 7)	1,537,141	1,576,315
	<b>5,213,761</b>	<b>4,972,026</b>
<b>NET FINANCIAL ASSETS</b>	<b>6,820,664</b>	<b>5,281,406</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 1)	30,230,883	30,308,554
Capital work in progress	191,969	90,602
Prepaid supplies and inventory	7,477	7,586
	<b>30,430,329</b>	<b>30,406,742</b>
<b>ACCUMULATED SURPLUS (note 8)</b>	<b>\$ 37,250,993</b>	<b>\$ 35,688,148</b>

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

**TOWNSHIP OF EAST ZORRA-TAVISTOCK  
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	\$ 5,588,517	\$ 5,449,537	\$ 5,509,534
User charges	845,200	1,033,798	1,072,501
Government grants	886,300	1,016,697	979,658
Investment income	97,600	245,564	155,836
Penalty and interest on taxes	85,000	75,183	83,847
Other revenue	-	9,773	84,332
	<b>7,502,617</b>	<b>7,830,552</b>	<b>7,885,708</b>
<b>EXPENDITURES</b>			
General government	1,084,880	1,127,017	1,021,534
Protection to persons and property	2,473,755	2,018,814	2,049,415
Transportation services	3,694,550	2,729,942	2,238,952
Health services	2,175	2,195	2,100
Social and family services	1,500	318	622
Recreation and cultural development	858,477	992,677	952,912
Planning and development	94,150	123,060	91,161
	<b>8,209,487</b>	<b>6,994,023</b>	<b>6,356,696</b>
<b>EXCESS OF REVENUE OVER EXPENDITURES BEFORE OTHER</b>			
	<b>(706,870)</b>	<b>836,529</b>	<b>1,529,012</b>
<b>OTHER</b>			
Government transfers related to capital	550,000	57,356	132,700
Increase in investment in EARTH Corporation (note 9)	-	35,593	79,146
Gain (loss) on disposal of capital assets	-	(3,544)	(6,691)
Developer and other contributions related to capital	217,730	636,911	-
	<b>767,730</b>	<b>726,316</b>	<b>205,155</b>
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>			
	<b>60,860</b>	<b>1,562,845</b>	<b>1,734,167</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>			
	<b>35,688,148</b>	<b>35,688,148</b>	<b>33,953,981</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>			
	<b>\$ 35,749,008</b>	<b>\$ 37,250,993</b>	<b>\$ 35,688,148</b>

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

**TOWNSHIP OF EAST ZORRA-TAVISTOCK  
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 ACTIVITIES</b>		
Excess of revenue over expenditures (page 4)	\$ 1,562,845	\$ 1,734,167
Non-cash charges to operations		
Amortization	1,171,011	1,146,703
Net disposal of tangible capital assets	53,846	61,652
(Increase) decrease in investment in EARTH Corporation	(35,593)	(79,146)
Net change in working capital other than cash (A)	1,295,006	936,672
	<b>4,047,115</b>	<b>3,800,048</b>
<b>INVESTING ACTIVITIES</b>		
Acquisition of tangible capital assets	(1,147,186)	(1,754,451)
Decrease (increase) in capital work in progress	(101,367)	248,878
Decrease (increase) in prepaid supplies	109	5,586
	<b>(1,248,444)</b>	<b>(1,499,987)</b>
<b>FINANCING ACTIVITIES</b>		
Net change in long-term debt	(39,174)	(187,038)
Net change in cash and cash equivalents during the year	2,759,497	2,113,023
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>5,501,223</b>	<b>3,388,200</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 8,260,720</b>	<b>\$ 5,501,223</b>

(A) Net change in working capital other than cash includes the net change in taxes receivable, drains receivable, accounts receivable, accounts payable and accrued liabilities and deferred revenue.

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

**TOWNSHIP OF EAST ZORRA-TAVISTOCK  
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	2018	2017
Excess of revenue over expenditures (page 4)	\$ 1,562,845	\$ 1,734,167
Amortization of tangible capital assets	1,171,011	1,146,703
Investment in capital works in progress	(101,367)	248,878
Change in prepaid supplies	109	5,586
Net disposal of tangible capital assets	53,846	61,652
Acquisition of tangible capital assets	(1,147,186)	(1,754,451)
Increase (decrease) in net financial assets	1,539,258	1,442,535
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<b>5,281,406</b>	<b>3,838,871</b>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<b>\$ 6,820,664</b>	<b>\$ 5,281,406</b>

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

**TOWNSHIP OF EAST ZORRA-TAVISTOCK  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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The Township of East Zorra-Tavistock (the Township) is a Township 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 Township are prepared by management in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Township are as follows:

**a. Basis of consolidation**

The consolidated financial statements reflect the assets, liabilities, operating revenue and expenditures, and accumulated surpluses and changes in investment in tangible capital assets of the Township.

These consolidated financial statements include the activities of all other committees and boards of Council including:

Hickson Recreation Committee  
Hickson Trails Committee  
Innerkip Recreation Committee (2017 only)  
Innerkip Community Centre Board of Management  
Tavistock and District Recreation Board

The investment in a government business enterprise, EARTH Corporation (EARTH), is accounted for using the modified equity basis of accounting. Under this method, the government business enterprise's accounting policies, which follow International Financial Reporting Standards are not adjusted to conform with Canadian public sector accounting standards and inter-entity transactions and balances are not eliminated.

**b. Accrual accounting**

The accrual basis of accounting recognizes revenues 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.

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

The Township is required to bill, collect and remit provincial education and upper tier taxation in respect of residential and other properties on behalf of the School Boards and County of Oxford. The Township has no jurisdiction or control over the School Board or upper tier's operations or their tax rate. The taxation, other revenue, expenditures, assets and liabilities, with respect to the operations of the School Boards, and the County of Oxford are not reflected in these consolidated financial statements.

**TOWNSHIP OF EAST ZORRA-TAVISTOCK  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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**1. Significant accounting policies continued**

**d. Trust fund**

The Township of East Zorra-Tavistock Trust Fund (the Trust) and its related operations administered by the Township are not consolidated, but are reported separately on the Trust's Statements of Financial Position and Operations.

**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 expenditures, provides the consolidated change in financial assets for the year.

The Township's non-financial assets consist of tangible capital assets. Tangible capital assets, greater than \$5,000, 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 is amortized on a straight-line basis over their estimated useful lives on a monthly basis as follows:

Land improvements	10 to 50 years
Buildings	10 to 75 years
Machinery and equipment	4 to 25 years
Vehicles	6 to 20 years
Infrastructure - Bridges	30 to 100 years
Infrastructure - Roads	7 to 100 years
Infrastructure - Storm and other	15 to 100 years

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

**f. Revenue recognition**

Government grants and transfers are recognized in the consolidated 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 determined.

**g. Deferred revenue**

Government transfers, 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.

**TOWNSHIP OF EAST ZORRA-TAVISTOCK  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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**1. Significant accounting policies continued**

**h. 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, liabilities, 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. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

**i. Leases**

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.

**j. Financial instruments**

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

**k. Prepaid supplies and inventory**

Inventory of supplies for consumption are valued at the lower of cost or replacement cost. Gravel inventory is determined per tonne and includes raw material, extraction and crushing costs.

**2. Tax revenue**

Property tax billings are prepared by the Township based on an assessment roll prepared by the Municipal Property Assessment Corporation. All assessed property values in the Township were reviewed and new values established based on a common valuation date which was used by the Township 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.

**3. Trust fund**

Trust fund administered by the Township amounting to \$6,594 (2017 - \$6,594) has not been included in the consolidated financial statements.

**TOWNSHIP OF EAST ZORRA-TAVISTOCK  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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

Further to note 1.c., the taxation revenues of the school boards and County of Oxford are comprised of the following:

	<b>School Boards</b>	<b>County</b>
Taxation and user charges	\$ 2,618,041	\$ 4,470,184
Requisitions	\$ 2,618,041	\$ 4,470,184

**5. Pension agreements**

The Township 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 \$112,753 (2017 - \$101,424) for current service and is included as an expenditure on the Consolidated Statement of Operations and Accumulated Surplus. The Township 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.

**6. Deferred revenue - obligatory reserve funds**

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 Township are summarized as follows:

	<b>2018</b>	<b>2017</b>
Development charges	\$ 1,665,832	\$ 1,256,635
Federal gas tax	156,717	572,761
Recreational land	172,473	170,973
Other	-	25,000
	<b>\$ 1,995,022</b>	<b>\$ 2,025,369</b>

**TOWNSHIP OF EAST ZORRA-TAVISTOCK**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

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**7. Long-term liabilities**

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	2018	2017
<b>a.</b> The balance of long-term liabilities reported on the Consolidated Statement of Financial Position is made up of the following:		
Total long-term liabilities incurred by the Township including those incurred on behalf of school boards, other municipalities and municipal enterprises and outstanding at the end of the year amount to	\$ 1,636,299	\$ 1,618,162
Of the long-term liabilities shown above, the responsibility for payment of principal and interest charges for tile drain loans has been assumed by individuals. At the end of the year, the outstanding principal amount of this liability is	(99,158)	(41,847)
<b>Net long-term liabilities, end of the year (note 14)</b>	<b>\$ 1,537,141</b>	<b>\$ 1,576,315</b>

**b.** Debt to be retired over the next five years will be recovered from general taxation and user charges and is as follows:

	Taxation	User Charges
<b>2019</b>	<b>\$ 158,916</b>	<b>\$ 35,749</b>
<b>2020</b>	<b>\$ 163,211</b>	<b>\$ 31,060</b>
<b>2021</b>	<b>\$ 167,669</b>	<b>\$ 32,003</b>
<b>2022</b>	<b>\$ 172,294</b>	<b>\$ 28,011</b>
<b>2023</b>	<b>\$ 132,095</b>	<b>\$ 28,904</b>

**c.** Approval of the Ontario Municipal Board has been obtained for those pending issues of 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.

**TOWNSHIP OF EAST ZORRA-TAVISTOCK  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**7. Long-term liabilities continued**

- d. The Township is contingently liable for long-term liabilities with respect to tile drainage loans, and for those for which the principal and interest have been assumed by other municipalities, school board and unconsolidated local boards, municipal enterprises, and utilities. The total amount outstanding as at December 31, 2018 is \$99,158 (2017 - \$41,847) and is not recorded on the Consolidated Statement of Financial Position.
- e. Interest paid on long-term liabilities for the year ending December 31, 2018 is \$54,721 (2017 - \$60,518).

**8. Accumulated surplus**

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

	2018	2017
<b>Investment in tangible capital assets</b>	<b>\$ 29,010,999</b>	<b>\$ 28,918,249</b>
<b>Operating surplus</b>	<b>639,344</b>	<b>68,699</b>
<b>Reserves set aside for specific purpose</b>		
- for working capital	250,000	250,000
- for general purposes	394,752	338,695
- for capital replacement	4,001,836	3,319,325
- for tax rate stabilization	1,151,018	1,025,729
- for insurance	60,069	60,069
<b>Total reserves</b>	<b>5,857,675</b>	<b>4,993,818</b>
<b>Investment in government business enterprise (note 9)</b>	<b>1,742,975</b>	<b>1,707,382</b>
<b>ACCUMULATED SURPLUS (note 15)</b>	<b>\$ 37,250,993</b>	<b>\$ 35,688,148</b>

**TOWNSHIP OF EAST ZORRA-TAVISTOCK  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2018**

**9. Investment in ERTH Corporation**

As at December 31, 2018, the Township owns 6.51% (2017 - 6.51%) of ERTH and is comprised of the following:

	2018	2017
Promissory note receivable	\$ 760,000	\$ 760,000
Equity	982,975	947,382
	<b>\$ 1,742,975</b>	<b>\$ 1,707,382</b>

The promissory note receivable from ERTH is unsecured and bears interest at 7.25% (2017 - 7.25%). The term of the note is undefined, but no principal repayments are expected within the next twelve months. Interest received in the year and included in other income is \$55,100 (2017 - \$55,100)

As a business enterprise of the Township, it is accounted for on a Modified Equity basis in these consolidated financial statements and the investment is shown at the Township's proportionate share of the equity of ERTH. The following table provides condensed supplementary financial information for the ERTH from their audited financial statements:

	2018	2017
Financial Position		
<b>Total net assets</b>	<b>\$ 15,102,925</b>	<b>\$ 14,556,049</b>
Results of Operations		
Total revenue	\$ 86,425,738	\$ 80,660,199
Total operating and other expenditures	84,953,862	79,695,636
<b>Total net income</b>	<b>\$ 1,471,876</b>	<b>\$ 964,563</b>

ERTH Corporation declared a dividend of \$925,000 in 2018 (2017 - \$500,000) of which the Township's share is \$60,204 (2017 - \$32,543). This dividend has been accrued in the Township's financial statements.

**TOWNSHIP OF EAST ZORRA-TAVISTOCK  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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**10. Budget figures**

The Township'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.

**11. Public sector salary disclosure**

There was one employee paid a salary, as defined in the Public Sector Disclosure Act, 1996 of \$100,000 or more.

**12. Contaminated sites**

The Canadian public sector accounting standard 3510 requires municipalities to evaluate sites owned by the municipality for potential contamination. This standard requires the municipality to disclose the liability, if any, related to remediation of such sites. The Township is of the opinion they do not own such sites and therefore, no liability exists.

**13. Segmented information**

Segmented information is presented on Schedule 2. The Township is a diversified municipality and provides a wide range of services to its citizens including police through contracted services, fire, protective services, transportation, environmental, including water, wastewater, waste disposal, and storm management joint projects with the County of Oxford, community services, including cemeteries, recreation, library and planning, including economic development and municipal drains. The general government segment includes such functions as finance, information services, council and administrative offices.

**14. Contingent Liability**

The Township is subject to specific legislation for volunteer firefighters, resulting in a possible Workplace Safety and Insurance Board (WSIB) liability dating back to the years when the Township was a WSIB Schedule 2 Employer. The estimate prepared by WSIB for the period ending December 31, 2018, is \$70,066 (2017 - \$688,734). The 2018 estimate which is based on specific assumptions based on the Township's actual position while the 2017 was based on generalized assumptions. The liability has not been recorded as the Township has third party insurance to cover the current monthly payments.

**TOWNSHIP OF EAST ZORRA-TAVISTOCK  
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Land	Land Improvements	Buildings and Fixtures	Machinery and Equipment	Automotive	Infrastructure	2018 Total	2017 Total
<b>COST</b>								
Balance, beginning of year	\$ 2,169,951	\$ 804,963	\$ 6,954,035	\$ 2,282,488	\$ 2,902,019	\$ 27,875,455	\$ 42,988,911	\$ 41,411,663
Add:								
Additions during the year	-	74,503	49,678	49,235	434,728	539,042	1,147,186	1,754,451
Less:								
Disposals during the year	(52,117)	-	-	(4,477)	-	(9,497)	(66,091)	(177,203)
Balance, end of year	2,117,834	879,466	7,003,713	2,327,246	3,336,747	28,405,000	44,070,006	42,988,911
<b>ACCUMULATED AMORTIZATION</b>								
Balance, beginning of year	-	261,697	1,827,731	1,322,553	1,464,150	7,804,226	12,680,357	11,649,205
Add:								
Amortization during the year	-	25,988	109,044	150,477	184,862	700,640	1,171,011	1,146,703
Less:								
Disposals during the year	-	-	-	(3,694)	-	(8,551)	(12,245)	(115,551)
Balance, end of year	-	287,685	1,936,775	1,469,336	1,649,012	8,496,315	13,839,123	12,680,357
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>\$ 2,117,834</b>	<b>\$ 591,781</b>	<b>\$ 5,066,938</b>	<b>\$ 857,910</b>	<b>\$ 1,687,735</b>	<b>\$ 19,908,685</b>	<b>\$ 30,230,883</b>	<b>\$ 30,308,554</b>

This schedule is provided for information purposes only.

**TOWNSHIP OF EAST ZORRA-TAVISTOCK  
CONSOLIDATED SCHEDULE OF SEGMENTED INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	General Government	Protective Services	Transportation	Health	Social and Family Services	Recreation and Culture	Planning and Development	Total
<b>REVENUE</b>								
Taxation	\$ 5,449,537	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ 5,449,537
User fees	92,881	316,257	26,893	-	-	552,312	45,455	1,033,798
Government grants	821,724	68,850	113,393	-	-	-	12,730	1,016,697
Investment income	231,769	-	-	-	-	-	13,795	245,564
Penalty and interest	75,183	-	-	-	-	-	-	75,183
Other	-	2,190	-	-	-	7,583	-	9,773
	6,671,094	387,297	140,286	-	-	559,895	71,980	7,830,552
<b>EXPENDITURES</b>								
Salaries and benefits	-	659,028	606,569	-	-	52,633	25,173	1,343,403
Materials, goods and services	1,115,844	1,186,740	1,287,993	2,195	318	788,632	97,887	4,479,609
Amortization	11,173	173,046	835,380	-	-	151,412	-	1,171,011
	1,127,017	2,018,814	2,729,942	2,195	318	992,677	123,060	6,994,023
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>								
<b>BEFORE OTHER</b>	5,544,077	(1,631,517)	(2,589,656)	(2,195)	(318)	(432,782)	(51,080)	836,529
<b>OTHER</b>								
Government transfers related to capital	-	-	57,356	-	-	-	-	57,356
Increase in investment in ERTH Corporation	35,593	-	-	-	-	-	-	35,593
Gain (loss) on disposal	-	-	(3,544)	-	-	-	-	(3,544)
Developer contributions related to capital	-	-	636,911	-	-	-	-	636,911
	35,593	-	690,723	-	-	-	-	726,316
<b>EXCESS OF REVENUE</b>								
<b>OVER EXPENDITURES</b>	\$ 5,579,670	\$ (1,631,517)	\$ (1,898,933)	\$ (2,195)	(318)	\$ (432,782)	\$ (51,080)	\$ 1,562,845

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