

**TOWNSHIP OF BLANDFORD-BLENHEIM**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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## INDEPENDENT AUDITOR'S REPORT

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### To the Members of Council, Inhabitants and Ratepayers of the Township of Blandford-Blenheim

I have audited the accompanying financial statements of Township of Blandford-Blenheim, which comprise the statement of financial position as at December 31, 2016 and the statements of operations and accumulated surplus, cash flows, and change in net financial assets 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Township of Blandford-Blenheim as at December 31, 2016 and its financial performance and its changes in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

June 21, 2017  
London, Ontario

*Scrimgeour & Company*  
LICENSED PUBLIC ACCOUNTANT

**TOWNSHIP OF BLANDFORD-BLENHEIM  
STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2016**

	2016	2015
<b>FINANCIAL ASSETS</b>		
Cash and short-term investments (note 3)	\$ 3,426,332	\$ 2,089,661
Taxes receivable	1,309,446	1,264,917
Accounts receivable	602,079	1,192,110
	<b>5,337,857</b>	<b>4,546,688</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	693,430	619,538
Deferred revenue (notes 1g and 6)	1,357,263	1,058,405
Net long-term liabilities (note 7)	1,728,471	2,052,168
	<b>3,779,164</b>	<b>3,730,111</b>
<b>NET FINANCIAL ASSETS</b>	<b>1,558,693</b>	<b>816,577</b>
<b>NON-FINANCIAL ASSETS (note 1d)</b>		
Tangible capital assets (note 1e) (Schedule 1)	32,855,796	33,163,549
Capital work in progress	216,780	148,817
Prepaid expenditures	32,492	91,760
	<b>33,105,068</b>	<b>33,404,126</b>
<b>ACCUMULATED SURPLUS (notes 8 and 15)</b>	<b>\$ 34,663,761</b>	<b>\$ 34,220,703</b>

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

**TOWNSHIP OF BLANDFORD-BLENHEIM  
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Budget 2016	Actual 2016	Actual 2015
<b>REVENUE</b>			
Taxation revenue	\$ 4,443,137	\$ 4,430,486	\$ 4,068,394
User charges	677,438	867,524	729,037
Government grants	1,840,355	1,925,614	1,815,746
Investment income	46,378	33,853	73,654
Penalty and interest on taxes	130,000	172,713	173,381
Other	4,900	110,186	9,042
	<b>7,142,208</b>	<b>7,540,376</b>	<b>6,869,254</b>
<b>EXPENDITURES</b>			
General government	869,423	910,627	771,157
Protection to persons and property	1,951,703	2,018,103	2,184,546
Transportation services	4,358,165	3,262,757	3,000,559
Health	71,200	51,489	29,941
Recreation and cultural development	903,694	993,091	988,654
Planning and development	61,856	68,370	79,269
	<b>8,216,041</b>	<b>7,304,437</b>	<b>7,054,126</b>
(Excess operating expenditure over revenue) before other revenue (expenditures)	<b>(1,073,833)</b>	<b>235,939</b>	<b>(184,872)</b>
<b>OTHER REVENUE (EXPENDITURES)</b>			
Government transfers related to capital Developer and other contributions related to capital	119,007	115,071	35,740
Gain (loss) on disposal of capital assets	140,970	114,770	391,926
	27,000	(22,722)	(1,323)
	<b>286,977</b>	<b>207,119</b>	<b>426,343</b>
Excess revenue over expenditures for the year	<b>(786,856)</b>	<b>443,058</b>	<b>241,471</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR (note 15)</b>	<b>34,220,703</b>	<b>34,220,703</b>	<b>33,979,232</b>
<b>ACCUMULATED SURPLUS, END OF YEAR (note 8)</b>	<b>\$ 33,433,847</b>	<b>\$ 34,663,761</b>	<b>\$ 34,220,703</b>

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

**TOWNSHIP OF BLANDFORD-BLENHEIM  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	2016	2015
<b>OPERATIONS</b>		
Excess revenue over expenditures (page 3)	\$ 443,058	\$ 241,471
Non-cash changes to operations		
Amortization of tangible capital assets	1,607,257	1,574,061
Loss (gain) on disposal of capital assets	39,907	1,992
Changes in non-cash operating balances (A)	918,252	115,984
Net change in cash from operating activities	3,008,474	1,933,508
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(1,339,411)	(2,377,843)
Decrease (increase) in work in progress	(67,963)	127,896
Decrease (increase) in prepaid expenditure	59,268	158,949
Net change in cash from capital activities	(1,348,106)	(2,090,998)
<b>FINANCING</b>		
Net change in long-term debt	(323,697)	(146,154)
Net change in cash position during the year	1,336,671	(303,644)
<b>CASH, BEGINNING OF YEAR</b>	<b>2,089,661</b>	<b>2,393,305</b>
<b>CASH, END OF YEAR</b>	<b>\$ 3,426,332</b>	<b>\$ 2,089,661</b>
<b>CASH CONSISTS OF:</b>		
Bank and short-term investments	\$ 3,426,332	\$ 2,089,661

(A) Net change in non-cash operating balances includes the net change in taxes receivable, accounts receivable, accounts payable and accrued liabilities and deferred revenue.

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

**TOWNSHIP OF BLANDFORD-BLENHEIM  
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	2016	2015
Excess of revenue over expenditures (page 3)	\$ 443,058	\$ 241,471
Amortization of tangible capital assets	1,607,257	1,574,061
Acquisition of tangible capital assets	(1,339,411)	(2,377,843)
(Gain) loss on sale of tangible capital assets	39,907	1,992
Increase in work in progress	(67,963)	127,896
Increase in prepaid expenditures	59,268	158,949
Increase (decrease) in net financial assets	742,116	(273,474)
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<b>816,577</b>	<b>1,090,051</b>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<b>\$ 1,558,693</b>	<b>\$ 816,577</b>

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

**TOWNSHIP OF BLANDFORD-BLENHEIM  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

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The Corporation of the Township of Blandford-Blenheim (the Township) is a lower-tier 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 financial statements of the Township are the representation of management prepared in accordance with Canadian public sector accounting standards.

The focus of these financial statements is on the financial position of the Township and changes thereto. The 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 represents the financial position of the Township and is the difference between financial assets and liabilities. This information explains the Township's overall future revenue requirements and its ability to finance activities and meet its obligations.

**a. Reporting entity**

These statements reflect the financial assets, liabilities, operating revenue and expenditures and accumulated surpluses and changes in investment in tangible capital assets of the Township and all committees of Council.

**b. Trust funds**

Trust funds and their related operations administered by the Township are not consolidated, but are reported separately on the Trust Funds Financial Statements.

**c. 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.

**d. 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 Change in Net Financial Assets for the year.



**TOWNSHIP OF BLANDFORD-BLENHEIM  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

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**1. Significant accounting policies continued**

**e. Tangible capital assets**

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

Buildings and structures	15-40 years
Fleet	8-30 years
Streetlights	25 years
Equipment	5-25 years
Infrastructure - transportation	15-50 years
Infrastructure - drainage	80 years
Bridges and other structures	30-80 years

Amortization is charged for a half year in the year of acquisition and in the year of disposal.

The Township has a capitalization threshold of \$5,000 so that individual assets of lesser value are expensed unless they are pooled because collectively they have a significant value.

**(ii) 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.

**(iii) Contributions of tangible capital assets**

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.

**TOWNSHIP OF BLANDFORD-BLENHEIM  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

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**1. Significant accounting policies continued**

**f. Short-term investments**

Short-term investments are recorded at cost. Market value approximates cost.

**g. 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.

**h. Financial instruments**

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

**i. 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.

**j. Use of estimates**

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

**k. Budget**

The Township's Council completes separate budget reviews for its operating and capital budget each year. The approved operating budget for 2016 is reflected on the Statement of Operations. For capital spending, budgets are set for individual projects and funding for these activities is determined annually and made by transfers from surplus funds and by application of applicable grants or other funds available to apply to capital projects.

**TOWNSHIP OF BLANDFORD-BLENHEIM  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

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**2. Trust funds**

Trust funds administered by the Township amounting to \$189,503 (2015 - \$182,415) have not been included in the Statement of Financial Position nor have their operations been included in the Statement of Operations.

**3. Investments**

The Township does not own any short-term investments.

**4. 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 services and rates of pay. The amount contributed to OMERS for 2016 was \$117,355 (2015 - \$108,396) for current service and is included as an expenditure on the Statement of Operations. The Township had no obligation, as at December 31, 2016, under the past service provisions. The OMERS funding ratio for 2016 is 93.4% (2015 - 91.5%), with the goal of being fully funded by 2025.

**5. Operations of School Boards and the Township of Blandford-Blenheim**

The Township is required to bill, collect and remit taxation revenue on behalf of the School Boards and the County of Oxford pursuant to provincial legislation. The Township has no jurisdiction or control over the operations of these entities or the setting of their tax rates. Therefore, the taxation, other revenue, expenditures, assets and liabilities with respect to the operations of the School Boards and the County are not reflected in these financial statements. Taxation revenue billed and requisitions paid on behalf of the School Boards and County of Oxford are not reflected in the Statement of Operations and are comprised of the following:

	<b>School Boards</b>	<b>County</b>
Taxation	\$ 3,368,662	\$ 4,641,116
Requisitions	\$ 3,368,662	\$ 4,641,116

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**TOWNSHIP OF BLANDFORD-BLENHEIM  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**6. Deferred revenue**

The deferred revenue balance is comprised of the following:

	2016	2015
Development charges	\$ 571,805	\$ 504,076
Federal gas tax	785,458	554,329
	<b>\$ 1,357,263</b>	<b>\$ 1,058,405</b>

**7. Net long-term liabilities**

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

	2016	2015
Total long-term liabilities, incurred by the Township and outstanding at the end of the year, amount to:	\$ 1,745,065	\$ 2,071,181
Of the long-term liabilities above, the responsibility for payment of principal and interest charges for tile drain loans assumed by individuals. At the end of the year, the outstanding principal amount of this liability is:	(16,594)	(19,013)
Net long-term liabilities at the end of the year:	<b>\$ 1,728,471</b>	<b>\$ 2,052,168</b>

b. Of the net long-term liabilities reported in a. of this note, the minimum principal repayments required are estimated as follows:

	Recoverable from ratepayers	Recoverable from tax rate
2017	\$ 28,744	\$ 230,000
2018	\$ 29,319	\$ 230,000
2019	\$ 29,905	\$ 230,000
2020	\$ 30,503	\$ 230,000
2021	\$ -	\$ 230,000

**TOWNSHIP OF BLANDFORD-BLENHEIM  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

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**7. Net long-term liabilities continued**

- c. The long-term liabilities in (a) issued in the name of the Township have received approval of the Ontario Municipal Board for those approved on or before December 31, 1992. Those approved on or after January 1, 1993 have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs.
- d. The Township is contingently liable for long-term liabilities with respect to tile drainage loans. The total amount outstanding as at December 31, 2016 is \$16,594 (2015 - \$19,031) and is not recorded on the Statement of Financial Position.
- e. The Township paid interest on its long-term liabilities of \$62,080 (2015 - \$69,249).

**8. Accumulated surplus**

The accumulated surplus is comprised of the following:

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	2016	2015
<b>Surplus</b>		
Operations	\$ 105,407	\$ 10,705
Invested in tangible capital assets (note 15)	31,364,081	31,426,822
<b>Reserves</b>	<b>3,194,273</b>	2,783,176
	<hr/> <b>\$ 34,663,761</b>	<hr/> <b>\$ 34,220,703</b>

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**9. 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 2016 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 Township of Blandford-Blenheim and the appropriate school boards.

**TOWNSHIP OF BLANDFORD-BLENHEIM  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

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**10. Commitment**

The Township entered into a policing contract that expires on December 31, 2019 with the Ontario Provincial Police. The contracted amount paid for 2016 was \$921,177 (2015 - \$965,268).

**11. Public sector salary disclosure**

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

**12. Contaminated sites**

The Township has reviewed their land inventory in accordance with PSAB 3260 for possible contamination. The Township has not recognized a liability for contaminated sites as the Township does not expect that future economic benefits will be given up for remediation of any properties.

**13. Segmented information**

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

**14. Annexation**

On August 17, 2005 the Minister of Municipal Affairs and Housing issued a restructuring order to allow an area of approximately 2,900 acres to be annexed into the Corporation of the City of Woodstock from the Township. The effective date of the annexation was September 1, 2005. The Township and the City of Woodstock also entered into a compensation agreement whereby the City will effectively pay the Township a base amount for the loss of current tax revenue and a percentage of future tax revenue. The future tax revenue will depend on the level of development of the annexed lands. This compensation is included in Government Grant revenue on the Statement of Operations.

**15. Prior period adjustment**

The opening balances of the tangible capital assets have been adjusted for errors found in the tangible capital asset inventory during the preparation of the Township's asset management plan. The effect of this adjustment is an increase to the 2015 opening cost of tangible capital assets of \$1,934,649 and increase in the 2015 opening accumulated amortization of \$169,362 for a net increase to the opening accumulated surplus for 2015 of \$1,765,288. In addition, the 2015 expenditures have been increased by \$55,003 to reflect the amortization on these assets. The comparative balances reflect these changes.

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TOWNSHIP OF BLANDFORD-BLENHEIM  
 SCHEDULE OF TANGIBLE CAPITAL ASSETS  
 DECEMBER 31, 2016

	Land and Land Improvements	Buildings	Fleet	Machinery and Equipment	Furniture and Fixtures	Bridges and Roads	2016 Total	2015 Total
<b>COST</b>								
Balance, beginning of year (note 15)	\$ 4,524,467	\$ 8,481,132	\$ 4,009,027	\$ 2,745,614	\$ 884,691	\$ 37,547,654	\$ 58,192,585	\$ 55,831,852
Add:								
Additions during the year	162,715	88,419	297,607	232,420	-	558,250	1,339,411	2,377,843
Less:								
Disposals during the year	-	(2,437)	(155,862)	(51,819)	-	(304,598)	(514,716)	(17,110)
Balance, end of year	4,687,182	8,567,114	4,150,772	2,926,215	884,691	37,801,306	59,017,280	58,192,585
<b>ACCUMULATED AMORTIZATION</b>								
Balance, beginning of year (note 15)	461,050	2,309,972	1,883,059	964,177	421,581	18,989,197	25,029,036	23,470,134
Add:								
Amortization during the year	39,719	255,568	242,386	197,219	47,893	824,472	1,607,257	1,574,061
Less:								
Disposals during the year	-	(1,557)	(155,862)	(40,814)	-	(276,576)	(474,809)	(15,159)
Balance, end of year	500,769	2,563,983	1,969,583	1,120,582	469,474	19,537,093	26,161,484	25,029,036
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>								
	\$ 4,186,413	\$ 6,003,131	\$ 2,181,189	\$ 1,805,633	\$ 415,217	\$ 18,264,213	\$ 32,855,796	\$ 33,163,549

This schedule is provided for information purposes only.

TOWNSHIP OF BLANDFORD-BLENHEIM  
SCHEDULE OF SEGMENTED INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2016

	General Government	Protective Services	Transportation	Health	Recreation and Culture	Planning and Development	Total
<b>REVENUE</b>							
Taxation	\$ 4,430,486	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,430,486
User fees	31,542	462,292	7,238	36,985	230,471	98,996	867,524
Government grants	1,611,866	66,316	248,833	-	84,061	29,609	2,040,685
Investment income	26,173	-	-	4,221	-	3,459	33,853
Penalty and interest on taxes	172,713	-	-	-	-	-	172,713
Other	-	32,861	-	100	77,225	-	110,186
Capital revenue	(880)	-	11,163	-	81,765	-	92,048
	6,271,900	561,469	267,234	41,306	473,522	132,064	7,747,495
<b>EXPENDITURES</b>							
Salaries and benefits	539,980	554,336	722,836	4,463	341,927	54,630	2,218,172
Materials, goods and services	334,693	1,271,334	1,420,001	46,950	398,264	7,766	3,479,008
Amortization	35,954	192,433	1,119,920	76	252,900	5,974	1,607,257
	910,627	2,018,103	3,262,757	51,489	993,091	68,370	7,304,437
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	\$ 5,361,273	\$ (1,456,634)	\$ (2,995,523)	\$ (10,183)	\$ (519,569)	\$ 63,694	\$ 443,058

This schedule is provided for information purposes only.