

TOWNSHIP OF BLANDFORD-BLENHEIM
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

**TOWNSHIP OF BLANDFORD-BLENHEIM
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Township of Blandford-Blenheim, which comprise the statement of financial position as at December 31, 2017 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

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 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 Township of Blandford-Blenheim as at December 31, 2017 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 6, 2018
London, Ontario

Scrimgeour & Company
LICENSED PUBLIC ACCOUNTANT

**TOWNSHIP OF BLANDFORD-BLENHEIM
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017**

	2017	2016
FINANCIAL ASSETS		
Cash and short-term investments (note 3)	\$ 4,287,360	\$ 3,426,332
Taxes receivable	1,365,022	1,309,446
Accounts receivable	742,069	602,079
	6,394,451	5,337,857
LIABILITIES		
Accounts payable and accrued liabilities	1,194,526	693,430
Deferred revenue (notes 1.g. and 6)	1,272,634	1,357,263
Net long-term liabilities (note 7)	1,469,727	1,728,471
	3,936,887	3,779,164
NET FINANCIAL ASSETS	2,457,564	1,558,693
NON-FINANCIAL ASSETS (note 1.d.)		
Tangible capital assets (note 1.e.) (Schedule 1)	33,193,020	32,855,796
Capital work in progress	513,027	216,780
Prepaid expenditures	32,905	32,492
	33,738,952	33,105,068
ACCUMULATED SURPLUS (note 8)	\$ 36,196,516	\$ 34,663,761

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, 2017**

	Budget 2017	Actual 2017	Actual 2016
REVENUE			
Taxation revenue	\$ 4,710,398	\$ 4,715,494	\$ 4,430,486
User charges	912,319	938,619	867,524
Government grants	1,757,270	1,945,060	1,925,614
Investment income	46,378	42,987	33,853
Penalty and interest on taxes	130,000	182,874	172,713
Other	50,600	71,487	110,186
	7,606,965	7,896,521	7,540,376
EXPENDITURES			
General government	767,952	791,615	910,627
Protection to persons and property	2,025,202	2,075,132	2,018,103
Transportation services	5,202,361	2,942,730	3,262,757
Health	57,649	49,788	51,489
Recreation and cultural development	1,301,300	994,692	993,091
Planning and development	79,813	69,753	68,370
	9,434,277	6,923,710	7,304,437
(Excess operating expenditure over revenue) before other revenue (expenditures)	(1,827,312)	972,811	235,939
OTHER REVENUE (EXPENDITURES)			
Government transfers related to capital Developer and other contributions related to capital	187,233	158,972	115,071
Gain (loss) on disposal of capital assets	540,170	410,969	114,770
	285,000	(9,997)	(22,722)
	1,012,403	559,944	207,119
Excess revenue over expenditures for the year	(814,909)	1,532,755	443,058
ACCUMULATED SURPLUS, BEGINNING OF YEAR	34,663,761	34,663,761	34,220,703
ACCUMULATED SURPLUS, END OF YEAR (note 8)	\$ 33,848,852	\$ 36,196,516	\$ 34,663,761

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, 2017**

	2017	2016
OPERATIONS		
Excess revenue over expenditures (page 3)	\$ 1,532,755	\$ 443,058
Non-cash changes to operations		
Amortization of tangible capital assets	1,573,901	1,607,257
Loss (gain) on disposal of capital assets	19,306	39,907
Changes in non-cash operating balances (A)	220,901	918,252
Net change in cash from operating activities	3,346,863	3,008,474
CAPITAL		
Acquisition of tangible capital assets	(1,930,431)	(1,339,411)
Decrease (increase) in work in progress	(296,247)	(67,963)
Decrease (increase) in prepaid expenditure	(413)	59,268
Net change in cash from capital activities	(2,227,091)	(1,348,106)
FINANCING		
Net change in long-term debt	(258,744)	(323,697)
Net change in cash position during the year	861,028	1,336,671
CASH, BEGINNING OF YEAR	3,426,332	2,089,661
CASH, END OF YEAR	\$ 4,287,360	\$ 3,426,332
CASH CONSISTS OF:		
Bank and short-term investments	\$ 4,287,360	\$ 3,426,332

(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, 2017**

	2017	2016
Excess of revenue over expenditures (page 3)	\$ 1,532,755	\$ 443,058
Amortization of tangible capital assets	1,573,901	1,607,257
Acquisition of tangible capital assets	(1,930,431)	(1,339,411)
(Gain) loss on sale of tangible capital assets	19,306	39,907
Increase in work in progress	(296,247)	(67,963)
Increase in prepaid expenditures	(413)	59,268
Increase (decrease) in net financial assets	898,871	742,116
NET FINANCIAL ASSETS, BEGINNING OF YEAR	1,558,693	816,577
NET FINANCIAL ASSETS, END OF YEAR	\$ 2,457,564	\$ 1,558,693

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

**TOWNSHIP OF BLANDFORD-BLENHEIM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

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, 2017**

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, 2017**

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 2017 is reflected on the 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 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, 2017**

2. Trust funds

Trust funds administered by the Township amounting to \$196,283 (2016 - \$189,503) 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 2017 was \$128,717 (2016 - \$117,355) for current service and is included as an expenditure on the Statement of Operations. The Township had no obligation, as at December 31, 2017, under the past service provisions. The OMERS funding ratio for 2017 is 94.2% (2016 - 93.4%), 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:

	School Boards	County
Taxation	\$ 3,378,756	\$ 4,891,670
Requisitions	\$ 3,378,756	\$ 4,891,670

**TOWNSHIP OF BLANDFORD-BLENHEIM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

6. Deferred revenue

The deferred revenue balance is comprised of the following:

	2017	2016
Development charges	\$ 247,725	\$ 571,805
Federal gas tax	1,024,909	785,458
	\$ 1,272,634	\$ 1,357,263

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:

	2017	2016
Total long-term liabilities, incurred by the Township and outstanding at the end of the year, amount to:	\$ 1,483,757	\$ 1,745,065
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:	(14,030)	(16,594)
Net long-term liabilities at the end of the year:	\$ 1,469,727	\$ 1,728,471

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
2018	\$ 29,319	\$ 230,000
2019	\$ 29,905	\$ 230,000
2020	\$ 30,503	\$ 230,000
2021	\$ -	\$ 230,000
2022	\$ -	\$ 230,000

**TOWNSHIP OF BLANDFORD-BLENHEIM
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

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, 2017 is \$14,030 (2016 - \$16,594) and is not recorded on the Statement of Financial Position.
- e. The Township paid interest on its long-term liabilities of \$52,454 (2016 - \$62,080).

8. Accumulated surplus

The accumulated surplus is comprised of the following:

	2017	2016
Surplus		
Operations	\$ 390,166	\$ 105,407
Invested in tangible capital assets	31,981,705	31,364,081
Reserves	3,824,645	3,194,273
	\$ 36,196,516	\$ 34,663,761

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 2017 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, 2017**

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 2017 was \$936,980 (2016 - \$921,177).

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 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 and Accumulated Surplus.

TOWNSHIP OF BLANDFORD-BLENHEIM
SCHEDULE OF TANGIBLE CAPITAL ASSETS
DECEMBER 31, 2017

	Land and Land Improvements	Buildings	Fleet	Machinery and Equipment	Furniture and Fixtures	Bridges and Roads	2017 Total	2016 Total
COST								
Balance, beginning 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
Add:								
Additions during the year	263,935	84,849	89,954	124,660	309,883	1,057,150	1,930,431	1,339,411
Less:								
Disposals during the year	-	(35,296)	-	(41,723)	(47,322)	(91,693)	(216,034)	(514,716)
Balance, end of year	4,951,117	8,616,667	4,240,726	3,009,152	1,147,252	38,766,763	60,731,677	59,017,280
ACCUMULATED AMORTIZATION								
Balance, beginning of year	500,769	2,563,983	1,969,583	1,120,582	469,474	19,537,093	26,161,484	25,029,036
Add:								
Amortization during the year	46,231	269,898	253,641	201,068	51,422	751,641	1,573,901	1,607,257
Less:								
Disposals during the year	-	(34,797)	-	(28,466)	(46,089)	(87,376)	(196,728)	(474,809)
Balance, end of year	547,000	2,799,084	2,223,224	1,293,184	474,807	20,201,358	27,538,657	26,161,484
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS								
	\$ 4,404,117	\$ 5,817,583	\$ 2,017,502	\$ 1,715,968	\$ 672,445	\$ 18,565,405	\$ 33,193,020	\$ 32,853,796

This schedule is provided for information purposes only.

TOWNSHIP OF BLANDFORD-BLENHEIM
SCHEDULE OF SEGMENTED INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2017

	General Government	Protective Services	Transportation	Health	Recreation and Culture	Planning and Development	Total
REVENUE							
Taxation	\$ 4,715,494	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,715,494
User fees	45,079	335,515	271,792	33,069	221,785	31,379	938,619
Government grants	1,658,482	87,635	229,076	-	98,137	30,702	2,104,032
Investment income	38,474	-	-	4,406	-	107	42,987
Penalty and interest on taxes	182,874	-	-	-	-	-	182,874
Other	-	26,832	-	-	44,655	-	71,487
Capital revenue	(9,997)	143,000	116,000	-	151,969	-	400,972
	6,630,406	592,982	616,868	37,475	516,546	62,188	8,456,465
EXPENDITURES							
Salaries and benefits	497,268	577,266	692,981	5,198	350,986	55,838	2,179,537
Materials, goods and services	255,332	1,297,085	1,180,957	44,514	386,184	6,200	3,170,272
Amortization	39,015	200,781	1,068,792	76	257,522	7,715	1,573,901
	791,615	2,075,132	2,942,730	49,788	994,692	69,753	6,923,710
EXCESS OF REVENUE OVER EXPENDITURES							
	\$ 5,838,791	\$ (1,482,150)	\$ (2,325,862)	\$ (12,313)	\$ (478,146)	\$ (7,565)	\$ 1,532,755

This schedule is provided for information purposes only.