

**CORPORATION OF THE
TOWNSHIP OF CLEARVIEW
COUNTY OF SIMCOE
CONSOLIDATED FINANCIAL REPORT
DECEMBER 31, 2018**

CORPORATION OF THE TOWNSHIP OF CLEARVIEW

DECEMBER 31, 2018

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CORPORATION OF THE TOWNSHIP OF CLEARVIEW

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL REPORT

The accompanying consolidated financial statements of the Corporation of the Township of Clearview ("the Municipality") are the responsibility of the Municipality's management and have been prepared in accordance with Canadian public sector accounting standards, established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, as described in Note 1 to the consolidated financial statements.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Municipality's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management. Council meets with management and the external auditor to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by Baker Tilly SGB LLP, independent external auditor appointed by the Municipality. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Municipality's consolidated financial statements.

Chief Administrative Officer
August 12, 2019

Treasurer
August 12, 2019

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Clearview:

Opinion

We have audited the consolidated financial statements of the Corporation of the Township of Clearview ("the Municipality"), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statements of operations, change in net financial assets and cash flow 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 consolidated financial position of the Municipality as at December 31, 2018, and its consolidated results of operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for 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 Consolidated Financial Statements* section of our report. We are independent of the Municipality 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 Consolidated 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 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 Municipality'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 Municipality or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated 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 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 Municipality'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 Municipality'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 Municipality 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.

Baker Tilly SQB LLP

Licensed Public Accountants
Collingwood, Ontario
August 12, 2019

CORPORATION OF THE TOWNSHIP OF CLEARVIEW

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31

	2018	2017
	\$	\$
		Restated (Note 17)
Financial assets		
Cash (Note 4)	20,194,439	14,833,018
Investments (Note 5)	-	2,087,128
Taxes receivable	2,986,697	2,897,492
Water and sewer billings receivable	556,329	790,038
Accounts receivable	2,022,843	2,283,743
Municipal servicing receivables (Note 6)	1,369,196	1,451,114
	27,129,504	24,342,533
Liabilities		
Interest payable on long-term liabilities	107,436	113,519
Accounts payable and accruals	2,467,431	2,360,611
Vacation pay	364,059	383,775
Developer deposits	3,387,410	2,364,480
Deferred revenue - obligatory reserve funds (Note 10)	4,306,339	3,350,805
Deferred revenue - other	215,252	280,508
Long-term (Note 12)	11,548,986	12,422,031
Employee future benefits (Note 11)	255,317	141,266
	22,652,230	21,416,995
Net financial assets	4,477,274	2,925,538
Non-financial assets		
Tangible capital assets - net (Schedule 3 and Note 13)	120,163,038	119,000,928
Prepaid expenses	533,452	133,655
	120,696,490	119,134,583
Accumulated surplus (Note 14)	125,173,764	122,060,121

Approved _____ Mayor

_____ Date

The accompanying notes are an integral part of
these financial statements

CORPORATION OF THE TOWNSHIP OF CLEARVIEW

CONSOLIDATED STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31

	Budget 2018	Actual 2018	Actual 2017
	\$	\$	\$
	(Note 3)		Restated (Note 17)
Revenues			
Net municipal taxation (Note 7)	15,026,319	14,975,125	14,287,232
Payments in lieu of taxation	119,919	180,335	175,571
User charges	5,032,987	5,117,830	5,080,431
Government grants	155,475	1,583,188	1,200,131
Other municipalities	245,144	298,923	286,272
Contributions from obligatory reserve funds	121,862	467,591	60,866
Investment	30,000	305,533	160,044
Other (Note 8)	4,055,106	1,536,416	1,300,831
	24,786,812	24,464,941	22,551,378
Expenses			
General government	1,950,921	2,041,692	2,580,153
Protection to persons and property	4,623,714	4,964,628	4,717,719
Transportation services	4,625,576	6,426,109	5,663,870
Environmental services	4,022,865	4,029,357	3,501,768
Health services and cemeteries	205,695	196,054	169,703
Recreational and cultural services	3,477,453	3,474,009	2,886,979
Planning and development	737,766	771,123	675,466
	19,643,990	21,902,972	20,195,658
Net revenues	5,142,822	2,561,969	2,355,720
Other			
Grants and transfers related to capital			
User charges	-	-	2,009,314
Government grants	9,897,435	8,745	600,592
Other municipalities	2,000,000	12,500	57,815
Contributions from obligatory reserve funds	4,325,857	471,207	302,622
Contributed tangible capital assets	-	197,800	-
Loss on disposal of tangible capital assets	-	(141,212)	(34,936)
Interest earned on reserve funds	-	2,634	1,601
	16,223,292	551,674	2,937,008
Annual surplus	21,366,114	3,113,643	5,292,728
Accumulated surplus, beginning of year		122,060,121	116,767,393
Accumulated surplus, end of year (Note 14)		125,173,764	122,060,121

The accompanying notes are an integral part of
these financial statements

CORPORATION OF THE TOWNSHIP OF CLEARVIEW

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS FOR THE YEAR ENDED DECEMBER 31

	Budget 2018	Actual 2018	Actual 2017
	\$ (Note 3)	\$	\$ Restated (Note 17)
Annual surplus	21,366,114	3,113,643	5,292,728
Acquisition of tangible capital assets	(15,328,560)	(5,021,826)	(4,981,215)
Amortization of tangible capital assets	-	3,800,523	3,587,500
Loss on disposal of tangible capital assets	-	141,212	34,936
Proceeds on disposal of tangible capital assets	-	115,781	38,799
Contributed tangible capital assets	-	(197,800)	-
Change in prepaid expenses	-	(399,797)	(29,359)
Write-down of tangible capital assets	-	-	-
Change in overdrawn development charges	-	-	-
Change in net financial assets	6,037,554	1,551,736	3,943,389
Net financial assets (debt), beginning of year		2,925,538	(1,017,851)
Net financial assets, end of year		4,477,274	2,925,538

The accompanying notes are an integral part of
these financial statements

CORPORATION OF THE TOWNSHIP OF CLEARVIEW

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED DECEMBER 31

	2018	2017
	\$	\$
Cash flows from (for):		Restated (Note 17)
Operating activities		
Annual surplus	3,113,643	5,292,728
Non-cash items:		
Amortization of tangible capital assets	3,800,523	3,587,500
Loss on disposal of tangible capital assets	141,212	34,936
Employee future benefits	114,051	-
Contributed tangible capital assets	(197,800)	-
	6,971,629	8,915,164
Changes in:		
Taxes receivable	(89,205)	(222,518)
Water and sewer billings receivable	233,709	(235,999)
Accounts receivable	(204,990)	247,851
Interest payable on long-term liabilities	(6,083)	(11)
Accounts payable and accruals	(84,788)	583,745
Vacation pay	(19,716)	69,274
Developer deposits	1,022,930	1,436,938
Prepaid expenses	(399,797)	(29,359)
	7,423,689	10,765,085
Capital activities		
Acquisition of tangible capital assets	(5,021,826)	(4,981,215)
Proceeds on disposal of tangible capital assets	115,781	38,799
Accounts receivable related to tangible capital assets	465,890	(374,179)
Accounts payable related to tangible capital assets	191,608	(841,600)
Deferred revenue - other	(65,256)	196,920
Change in municipal servicing receivables	81,918	(1,451,114)
	(4,231,885)	(7,412,389)
Investing activities		
Change in investments	2,087,128	(29,830)
Financing activities		
Long-term liabilities repaid	(873,045)	(765,164)
Long-term liabilities issued	-	4,056,645
Deferred revenue - obligatory reserve funds	955,534	906,624
	82,489	4,198,105
Net change in cash from operating	7,423,689	10,765,085
Net change in cash from capital	(4,231,885)	(7,412,389)
Net change in cash from investing	2,087,128	(29,830)
Net change in cash from financing	82,489	4,198,105
Net change in cash position	5,361,421	7,520,971
Cash and cash equivalents, beginning of year	14,833,018	7,312,047
Cash and cash equivalents, end of year	20,194,439	14,833,018

The accompanying notes are an integral part of
these financial statements

CORPORATION OF THE TOWNSHIP OF CLEARVIEW

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2018

Nature of operations

The Corporation of the Township of Clearview ("the Municipality") is a lower-tier municipality located in the County of Simcoe, 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. Summary of significant accounting policies

The consolidated financial statements of the Corporation of the Township of Clearview are the representations of management prepared in accordance with local government accounting standards established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

The focus of PSAB financial statements is on the financial position of the Municipality and the changes thereto. The consolidated statement of financial position includes all of the financial assets and liabilities of the Municipality. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations. Accumulated surplus represents the financial position and is the difference between assets and liabilities. This provides information about the Municipality's overall future revenue requirements and its ability to finance activities and meet its obligations. Significant aspects of the accounting policies adopted by the Municipality are as follows:

(a) Basis of consolidation

The consolidated financial statements reflect the financial assets, liabilities, revenues and expenses and include the activities of all committees of Council and the following organizations which are accountable to, and owned or controlled by the Municipality:

- Avening Community Centre Hall Service Board
- Brentwood Community Hall Board
- Clearview Public Library Board
- Creemore Business Improvement Area
- Creemore Log Cabin Service Board
- Dunedin Community Centre Service Board
- Lavender Cemetery Board
- Nottawa Memorial Hall Service Board
- Nottawasaga Community Hall Service Board
- Station on the Green Management Board
- Sunnidale Community Hall Service Board

All interfund assets and liabilities and sources of financing and expenses have been eliminated.

CORPORATION OF THE TOWNSHIP OF CLEARVIEW

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2018

1. Summary of significant accounting policies (continued)

(b) Basis of accounting

Sources of revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable. Expenses 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) 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 annual surplus, provides the consolidated change in net financial assets for the year.

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

Land improvements	- 20 years
Buildings	- 20 to 100 years
Vehicles, machinery and equipment	- 4 to 40 years
Water and wastewater infrastructure	- 30 to 100 years
Roads	- 6 to 50 years

Amortization is charged as of the asset's in service date and is ended when the asset is disposed of or fully amortized. Construction in progress is not amortized until the asset is available for productive use.

(d) Deferred revenue

Revenue restricted by legislation, regulation, or agreement and not available for general municipal purposes is reported as deferred revenue on the consolidated statement of financial position. The revenue is reported on the consolidated statement of operations in the year in which it is used for the specified purpose.

(e) County and School Boards

The Municipality collects taxation revenue on behalf of the School Boards and the County of Simcoe. The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the School Boards and the County of Simcoe are not reflected in these consolidated financial statements.

CORPORATION OF THE TOWNSHIP OF CLEARVIEW

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2018

1. Summary of significant accounting policies (continued)

(f) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 revenues and expenses during the period. Significant estimates have been made of employee future benefits and historical cost and useful lives of tangible capital assets. Actual results could differ from those estimates.

(g) Segment disclosures

Municipal services have been segmented by grouping activities that have similar service objectives (by function). Revenues that are directly related to the costs of the function have been attributed to each segment. Net municipal taxation revenue and payments in lieu of taxation have been allocated to general government.

On the consolidated statement of operations, expenses for protection to persons and property include fire and emergency services, police as well as the related portion of planning, building and protection costs. The balance of the planning, building and protection costs are grouped as planning and development expenses. Environmental services includes costs incurred for waterworks and wastewater systems. Recreational and cultural includes costs incurred for parks and recreation as well as library services.

(h) Taxation and related revenues

Municipal tax billings are prepared by the Municipality based on assessment rolls issued by the Municipal Property Assessment Corporation. Tax rates are established annually by the Municipal Council, incorporating amounts to be raised for local services. A normal part of the assessment process is the issue of supplementary assessment rolls, which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the Municipality determines the taxes applicable and renders supplementary tax billings. Taxation revenues are recorded at the time tax billings are issued.

Assessments and the related municipal taxes are subject to appeal. Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For municipal taxes, the taxable event is the period for which the tax is levied. Taxes receivable are recognized net of allowance for anticipated uncollectible amounts.

The Municipality is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.

(i) Cash and cash equivalents

Cash and cash equivalents include all cash balances and short-term highly liquid financial instruments with a maturity of three months or less at acquisition.

(j) Investments

Investments include guaranteed investment certificates (GICs) with a maturity greater than three months at acquisition. Investments are recorded at cost.

CORPORATION OF THE TOWNSHIP OF CLEARVIEW

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2018

1. Summary of significant accounting policies (continued)

(k) Revenue recognition

Fees for water and waste water usage are recognized as user charges when consumed by the customer. Connection fee revenues are recognized when the connection has been established.

Investment revenue (other than on obligatory funds) is recognized in the period earned. Investment revenue earned on obligatory reserve funds is added to the fund balance and forms part of the respective deferred revenue balances. Revenue from the obligatory reserve funds is recognized in the period in which eligible expenditures are made.

Other user charges, payments from other municipalities, gain on disposal of tangible capital assets and other revenue are recognized on an accrual basis.

(l) Government grants

Government grants are recognized in the consolidated financial statements as revenues in the period in which the events giving rise to the grant occur, providing the grants are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made. Conditional government grants are recognized to the extent the conditions imposed on them have been fulfilled. Unconditional government grants are recognized when monies are receivable. Government grants for acquisition of tangible capital assets are recognized in the period in which eligible expenditures are made. Grants are recognized as deferred revenue when transfer stipulations give rise to a liability. Grant revenue is recognized in the consolidated statement of operations as the stipulation liabilities are settled.

(m) Pension plan

The Municipality offers a pension plan for its full-time employees through the Ontario Municipal Employee Retirement System ("OMERS"). OMERS is a multi-employer, contributory, public sector pension fund established for employees of municipalities, local boards and school boards in Ontario. Participating employers and employees are required to make plan contributions based on participating employees' contributory earnings. The Municipality accounts for its participation in OMERS as a defined contribution plan and recognizes the expense related to this plan as contributions are made, even though OMERS is itself a defined benefit plan.

(n) Other post-employment benefits

Employee future benefits other than pension provided by the Municipality include medical, dental, life insurance benefits and vested sick leave. These plans provide benefits to employees when they are no longer providing active service. Employee future benefit expense is recognized in the period in which the employees render services on an accrual basis.

The accrued benefit obligations and the current service costs are calculated using the projected benefit method, prorated on service, and based on assumptions that reflect management's best estimates. The current service cost for a period is equal to the actuarial present value of benefits attributed to employees' services rendered in the period. Past service costs arising from plan amendments are amortized on a straight-line basis over the average remaining service period of employees active at the date of amendment. The excess of the net actuarial gains or losses over 10% of the accrued benefit obligation is amortized to expense over the average remaining service period of active employees to full eligibility.

CORPORATION OF THE TOWNSHIP OF CLEARVIEW

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2018

2. Trust funds

During the year the Municipality assumed control of the Dunedin Cemetery and related Care & Maintenance Trust Funds. Trust funds administered by the Municipality amounting to \$337,486 (2017 - \$322,686) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations. The trust funds are comprised of the following:

	2018	2017
	\$	\$
Dunedin Cemetery Care & Maintenance Fund	4,130	-
Lavender Cemetery Board Care & Maintenance Fund	21,305	21,255
Stayner Union Cemetery Care & Maintenance Fund	312,051	301,431

3. Budget amounts

The operating budget approved by Council for 2018 is reflected on the consolidated statement of operations, consolidated statement of change in net financial assets, schedule of library operations and schedule of Creemore BIA operations. The budgets established for investment in tangible capital assets are on a project oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with the current year's actual expenditure amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSAB reporting requirements. Budget figures do not include figures for amortization of tangible capital assets.

4. Cash

Cash consists of the following:

	2018	2017
	\$	\$
Restricted	4,521,591	3,631,313
Unrestricted	15,672,848	11,201,705
	20,194,439	14,833,018

Restricted cash relates to obligatory reserve funds as described in Note 10 and other deferred revenue.

5. Investments

Investments as of December 31, 2017 included one Guaranteed Investment Certificate maturing June 2018, earning interest at 1.25% per annum.

6. Municipal servicing receivables

Benefiting land owners of municipal servicing had the option to pay for their share of the cost in full or finance over 20 years. Interest rates on the receivable balances range from 2.88% to 3.65%.

CORPORATION OF THE TOWNSHIP OF CLEARVIEW

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2018

7. Net municipal taxation

Net municipal taxation consists of:

	2018	2017
	\$	\$
Taxation revenue	26,562,560	25,866,305
Amount levied and remitted to School Boards	(5,089,279)	(5,168,086)
Amount levied and remitted to the County of Simcoe	(6,498,156)	(6,410,987)
Net municipal taxation	14,975,125	14,287,232

8. Other revenues

Other revenues on the consolidated statement of operations consist of the following:

	2018	2017
	\$	\$
Penalties and interest on taxation	380,853	362,979
Donations, sale of publications and equipment	225,138	232,253
Licences and permits	820,325	596,697
Fines	1,192	2,826
Facility rentals	108,908	106,076
	1,536,416	1,300,831

9. Pension agreements

The employees of the Municipality participate in the Ontario Municipal Employees Retirement System ("OMERS"). Although the plan has a defined retirement benefit for employees, the related obligation of the Municipality cannot be identified. The Municipality has applied defined contribution plan accounting as it has insufficient information to apply defined benefit plan accounting. The OMERS plan has several unrelated participating municipalities and costs are not specifically attributed to each participant. Amounts paid to OMERS during the year totaled \$943,921 (2017 - \$911,218).

CORPORATION OF THE TOWNSHIP OF CLEARVIEW

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2018

10. Deferred revenue - obligatory reserve funds

A requirement of the public sector accounting principles of the Chartered Professional Accountants of Canada is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial and federal legislation restricts how these funds may be used and under certain circumstances these funds may be refunded.

The net change during the year is as follows:

	Development Charges Act	Recreational Land	Gas Tax Allocation	Building Code Act	Total
	\$	\$	\$	\$	\$
Deferred revenue, beginning of year	942,911	267,649	2,006,681	133,564	3,350,805
Restricted funds received during the year	1,439,692	185,127	565,615	-	2,190,434
Interest earned	(58,071)	5,090	41,693	-	(11,288)
Transfers to revenue	(467,591)	-	-	-	(467,591)
Transfers to capital	(609,948)	-	(146,073)	-	(756,021)
Deferred revenue, end of year	1,246,993	457,866	2,467,916	133,564	4,306,339

	2018	2017
	\$	\$ Restated (Note 17)
Obligatory Reserve Funds:		
Development charges	1,246,993	942,911
Recreational land	457,866	267,649
Gas tax allocation	2,467,916	2,006,681
Building Code Act	133,564	133,564
	4,306,339	3,350,805

CORPORATION OF THE TOWNSHIP OF CLEARVIEW

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2018

11. Employee future benefits

The Municipality pays certain post-retirement benefits on behalf of its retired employees, including extended health and dental coverage, life insurance benefits, as well as vested sick leave. The Municipality recognizes these post-retirement costs in the period in which the employees rendered the services. The accrued benefit obligation at December 31, 2018 of \$263,352 (2017 - \$188,007) and the net periodic benefit cost were determined by an actuarial valuation dated September 21, 2018. Actuarial valuations will be prepared every third year or when there are significant changes to the workforce. The costs are included in General Government expenses.

Information about the Municipality's defined benefit plan is as follows:

	2018	2017
	\$	\$
Accrued plan liability, beginning of year	141,266	141,266
Recognition of vested sick leave	71,650	-
Actuarial loss	34,273	-
Current service cost	20,403	8,779
Interest cost	13,017	8,463
Amortization of actuarial loss	4,433	4,433
Benefits paid for the period	(29,725)	(21,675)
Accrued plan liability, end of year	255,317	141,266
Unrecognized actuarial loss	8,035	46,741
Accrued benefit obligation, end of year	263,352	188,007

The main actuarial assumptions employed for the valuation are as follows:

(i) General inflation

Future general inflation levels were assumed at 1.75%.

(ii) Interest (discount) rate

The obligation as at December 31st, of the present value of future liabilities and the expense, was determined using an annual discount rate of 4.00%. This corresponds to the expected cost of long-term liabilities over several decades.

(iii) Salary levels

Future general salary and wage levels were assumed to increase 2.75% per annum.

(iv) Healthcare and dental costs

Healthcare costs were assumed to be 6.75% in 2019, reducing by 0.333% per year to 3.75% in 2028 and 3.75% thereafter. Dental costs were assumed to increase 3.75% per annum.

CORPORATION OF THE TOWNSHIP OF CLEARVIEW

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2018

12. Long-term liabilities

Long-term liabilities consist of the following:

	2018	2017
	\$	\$
Ontario Strategic Infrastructure Financing Authority (OSIFA) debenture for reservoir facilities. The debenture has an interest rate of 4.74%, semi-annual blended payments of \$116,907 principal and interest, due January 2026.	1,461,410	1,620,284
OSIFA debenture for Creemore Mill Street water. The debenture has an interest rate of 5.24%, semi-annual blended payments of \$32,516 principal and interest, due February 2029.	520,094	556,439
Toronto Dominion Bank loan for the Creemore sewer system, 3.65% interest, monthly blended payments of \$19,903 principal and interest, due May 2025.	533,700	748,787
Toronto Dominion Bank loan for the Creemore sewage treatment plant, 2.15% interest, monthly blended payments of \$3,766 principal and interest, due April 2020.	267,387	306,372
Toronto Dominion Bank loan for the New Lowell library, 3.156% interest, monthly blended payments of \$2,144 principal and interest, due January 2022.	118,864	140,503
Toronto Dominion Bank loan for the Station on the Green Solar Panels, 2.65% interest, monthly blended payments of \$297 principal and interest, due August 2021.	36,846	39,392
OSIFA debenture for the Clearview Simcoe Joint Emergency Facility. The debenture has an interest rate of 3.79%, semi-annual blended payments of \$81,081 principal and interest, due August 2042.	3,084,921	3,128,911
Toronto Dominion Bank loan for Eco Park, 2.65% interest, monthly blended payments of \$3,333 principal and interest, due July 2019.	23,162	65,274
Toronto Dominion Bank loan for Station Park, 2.825% interest, monthly blended payments of \$2,643 principal and interest, due October 2019.	25,564	56,093
Balance forward to next page	6,071,948	6,662,055

CORPORATION OF THE TOWNSHIP OF CLEARVIEW

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2018

12. Long-term liabilities (continued)

	2018	2017
	\$	\$
Balance forward from previous page	6,071,948	6,662,055
Toronto Dominion Bank loan for industrial land on 242 Poplar Street, 1.98% interest, monthly blended payments of \$7,643 principal and interest, due December 2021.	267,850	352,415
Toronto Dominion Bank loan for Mowat Street sewer servicing, 2.88% interest, monthly blended payments of \$294 principal and interest, due July 2036.	48,593	50,686
Ontario Infrastructure and Land Corporation (OILC) debenture for the Creemore Medical Centre, 3.18% interest, monthly blended payments of \$1,841 principal and interest, due July 2046.	405,474	414,520
OILC debenture for solar panels, 3.14% interest, semi-annual blended payments of \$31,980 principal and interest, due May 2036.	427,758	445,869
OILC debenture for the Perry Gideon land purchase, 3.14% interest, semi-annual blended payments of \$19,188 principal and interest, due May 2036.	257,135	268,002
OILC debenture for streetlight energy efficiency upgrades, 3.29% interest, semi-annual blended payments of \$19,188 principal and interest, due March 2037.	1,579,157	1,641,295
OILC debenture for Stayner industrial servicing, 3.23% interest, semi-annual blended payments of \$19,188 principal and interest, due April 2037.	1,379,402	1,433,694
OILC debenture for the Stayner water well, 3.24% interest, monthly blended payments of \$6,540 principal and interest, due December 2037.	1,111,669	1,153,495
	11,548,986	12,422,031

CORPORATION OF THE TOWNSHIP OF CLEARVIEW

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2018

12. Long-term liabilities (continued)

Principal, interest and total debt payments for the next 5 years are as follows:

	Principal	Interest	Total
	\$	\$	\$
2019	1,059,595	402,050	1,461,645
2020	958,236	370,291	1,328,527
2021	677,265	341,593	1,018,858
2022	512,978	318,308	831,286
2023	533,889	297,398	831,287
and thereafter	7,807,023	2,750,269	10,557,292
	11,548,986	4,479,909	16,028,895

The above long-term liabilities issued in the name of the Municipality have received approval of the Ontario Municipal Board for those approved on or before December 31, 1992. Those approved after January 1, 1993 have been approved through 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.

13. Tangible capital assets

Schedule 3 provides information on the tangible capital assets of the Municipality by major asset class, as well as for accumulated amortization of the assets controlled. The reader should be aware of the following information relating to tangible capital assets:

(a) Construction in progress

Construction in progress with a value of \$3,582,027 (2017 - \$1,772,245) has not been amortized. Amortization of these assets will commence when the asset is put into service.

(b) Contributed tangible capital assets

Contributed capital assets have been recognized at fair market value at the date of contribution. The value of contributed assets received during the year was \$197,800 (2017 - \$NIL).

CORPORATION OF THE TOWNSHIP OF CLEARVIEW

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2018

14. Accumulated surplus

The accumulated surplus consists of individual fund surplus, reserves and reserve funds as follows:

	2018	2017
	\$	\$ Restated (Note 17)
Surplus:		
Invested in tangible capital assets	109,983,248	106,578,896
Overdrawn development charges	(4,166,271)	(4,397,080)
General taxation	7,345,101	7,701,768
Cemeteries	190,561	30,713
Recreation and community centres	353,598	292,141
Creemore Business Improvement Area	45,987	57,414
Total surplus	113,752,224	110,263,852
Reserves set aside for specific purposes by Council:		
Working capital	1,308,012	1,283,011
Landfill	2,010,684	2,010,684
Current purposes	1,536,703	1,981,980
Protection to persons and property	922,103	544,421
Roadways	3,037,367	2,979,821
Wastewater	(382,223)	(418,911)
Waterworks system	1,322,588	1,220,496
Recreation, culture, programs	815,511	1,606,861
Social and family services	-	15,252
Health services	153,776	129,646
Planning	553,476	302,099
Total reserves	11,277,997	11,655,360
Reserve funds set aside for specific purposes by Council:		
Recreation	143,543	140,909
Total accumulated surplus	125,173,764	122,060,121

CORPORATION OF THE TOWNSHIP OF CLEARVIEW

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2018

15. Commitments

- (a) The Municipality has an operating agreement with the Corporation of the Town of Collingwood to manage its Creemore and Stayner Wastewater Treatment plants for four years commencing on January 1, 2019 through to December 31, 2022. In the first year, monthly payments will be based on invoices for the actual services provided. For each subsequent twelve-month period, the annual payment is to increase by the greater of 2.5% or the increase in the Consumer Price Index.
- (b) On September 1, 2008 an agreement was entered into with the Town of New Tecumseth to have access to the Alliston-Collingwood pipeline in order to supply water to the residents of New Lowell. The agreement allows Clearview to use up to 250 cubic metres of water per day. An initial payment of \$422,500 was paid in 2008 which was an access fee to cover capital costs that New Tecumseth incurred to construct the pipeline. The Municipality must pay a usage charge of \$0.55 per cubic metre, a maintenance fee of \$0.0883 per cubic metre and a monthly administration fee equal to the greater of \$50 or 3.0% of the total usage and maintenance fees. The agreement expires in 2027. However, the Municipality has the option to extend the agreement for another ten years once the initial term expires. Total usage and maintenance fees paid during the year were \$64,478 (2017 - \$69,923).
- (c) On January 11, 2016 an agreement was entered into with the Town of Wasaga Beach to amend the September 20, 2010 agreement to purchase 5,000 cubic meters of treatment capacity at the Water Pollution Control Plant ("WPCP") to service the residential portion of the community of Stayner. Payment on the first 2,500 cubic meters will be made on a per unit basis at the rate of \$2,400 per unit as at January 1, 2014 with increases indexed annually, similar to development charges after December 31 of each year. The payments will be made on a monthly basis as they are collected with each applicable building permit. When the second 2,500 cubic meters is made available a payment of \$6,000,000 plus inflation will be made. The final payment will be made when the WPCP is expanded based on the actual cost of adding increased capacity less the payments previously made including interest earned on the payments.

16. Contingencies

- (a) In the ordinary course of business, various claims and lawsuits are brought against the Municipality. It is the opinion of management that the settlement of these actions will not result in any material liabilities beyond any amounts already accrued, except for one particular lawsuit that is outstanding. The amount and likelihood of loss relating to this one lawsuit is unknown at this time. No provision has been made for pending expropriations of land beyond the payments already made to affected property owners. Any payment made by the Municipality pursuant to claims, lawsuits or expropriations will be charged in the year of settlement.

CORPORATION OF THE TOWNSHIP OF CLEARVIEW

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2018

16. Contingencies (continued)

- (b) The Municipality is contingently liable to the Province of Ontario for long-term liabilities outstanding for tile drainage loans in the amount of \$318,049 (2017 - \$390,264). There are accounts receivable from benefiting land owners to offset these liabilities.
- (c) The Municipality is entitled under the Aggregate Resources Act to certain amounts based on tonnes removed from quarries in the Municipality. The amount of this payment is not determinable as at December 31 for the tonnage removed in 2018 and will be recorded as income when it becomes available and measurable. Revenue of \$76,138 was received and recorded as revenue in 2018 for gravel removed in 2017 (2017 - \$67,844).

17. Restatement

During the year it was discovered that 2017 balances were incorrect as a result of new information related to the recognition of overdrawn development charges. The Municipality no longer recognizes overdrawn development charges as an asset on the consolidated statement of financial position, nor does it recognize revenue on the consolidated statement of operations.

The impact of the above on 2017 balances was as follows:

	As previously stated	Adjustments	As restated
	\$	\$	\$
Deferred revenue - obligatory reserve funds	2,405,443	945,362	3,350,805
Overdrawn development charges	3,451,439	(3,451,439)	-
Contributions from obligatory reserve funds	323,452	(262,586)	60,866
Opening accumulated surplus	120,901,608	(4,134,215)	116,767,393

18. Comparative figures

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

19. Letters of credit

As part of various developments, the Township has received letters of credit to cover the costs of completing these projects. As of December 31 2018, letters of credit held by the Township were \$4,715,931 (2017 - \$1,137,816).

CORPORATION OF THE TOWNSHIP OF CLEARVIEW

SCHEDULE 1 SCHEDULE OF LIBRARY OPERATIONS FOR THE YEAR ENDED DECEMBER 31

	Budget 2018	Actual 2018	Actual 2017
	\$ (Note 3)	\$	\$
Revenues			
Grants - Canada	5,472	6,720	9,487
Grants - Ontario	25,803	27,078	29,818
Grants - Other municipalities	500	2,165	-
Contribution from municipality	385,610	682,719	717,632
Contributions from reserves	60,946	17,154	38,839
Donations	1,000	-	6,467
Miscellaneous	24,000	18,014	17,358
	503,331	753,850	819,601
Expenses			
Salaries, wages and employee benefits	567,348	577,153	589,619
Services	145,406	120,840	106,962
Materials and supplies	19,427	16,025	12,932
Memberships and training	9,700	4,390	7,212
Interest on long-term liabilities	17,591	17,591	19,275
Amortization	-	83,736	84,876
	759,472	819,735	820,876
Net expenses	(256,141)	(65,885)	(1,275)
Other			
Grants and transfers related to capital			
Government grants	6,141	1,275	1,275
Donations	250,000	64,610	-
	256,141	65,885	1,275
Annual surplus	-	-	-
Accumulated surplus, beginning of year		-	-
Accumulated surplus, end of year		-	-

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF CLEARVIEW

SCHEDULE 2 SCHEDULE OF CREEMORE BIA OPERATIONS FOR THE YEAR ENDED DECEMBER 31

	Budget 2018	Actual 2018	Actual 2017
	\$ (Note 3)	\$	\$
Revenues			
BIA Levy	20,000	20,000	20,000
Donations and sponsorships	12,000	23,767	1,100
Other income	325	1,388	7,195
Other income - Santa Claus Parade	5,000	547	4,818
Other income - Children's Festival	8,000	9,218	16,105
	45,325	54,920	49,218
Expenses			
Administration	945	984	389
Beautification	20,600	13,226	9,688
Marketing and promotion	2,800	3,813	2,931
Sponsorship and fundraising	-	-	1,000
Events	2,750	15,618	2,947
Garbage	4,095	3,503	2,714
Other	135	200	-
Creemore Children's Festival	11,000	19,280	14,426
Santa Claus Parade	8,350	7,787	4,420
	50,675	64,411	38,515
Annual (deficit) surplus	(5,350)	(9,491)	10,703
Accumulated surplus, beginning of year	59,028	59,028	48,325
Accumulated surplus, end of year	53,678	49,537	59,028

The accompanying notes are an integral part of
these financial statements

CORPORATION OF THE TOWNSHIP OF CLEARVIEW

SCHEDULE 3 CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS FOR THE YEAR ENDED DECEMBER 31

	Land	Land Improvements	Buildings	Vehicles, Machinery and Equipment	Water and Wastewater Infrastructure	Roads	Construction in Progress	2018 Total	2017 Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost									
Balance, beginning of year	22,458,975	3,297,538	18,999,418	20,865,997	59,423,986	41,304,488	1,772,245	168,122,647	163,829,765
Additions	464,563	132,719	418,941	1,360,202	81,124	952,293	2,111,997	5,521,839	18,976,177
Disposals	-	-	(38,000)	(993,805)	(194,736)	(368,090)	(302,215)	(1,896,846)	(14,683,295)
Balance, end of year	22,923,538	3,430,257	19,380,359	21,232,394	59,310,374	41,888,691	3,582,027	171,747,640	168,122,647
Accumulated amortization									
Balance, beginning of year	-	1,228,136	5,670,212	8,848,421	12,508,932	20,866,018	-	49,121,719	46,149,117
Amortization	-	134,955	400,260	977,060	951,495	1,336,753	-	3,800,523	3,587,500
Disposals	-	-	(29,292)	(862,550)	(139,688)	(306,110)	-	(1,337,640)	(614,898)
Balance, end of year	-	1,363,091	6,041,180	8,962,931	13,320,739	21,896,661	-	51,584,602	49,121,719
Net book value, end of year	22,923,538	2,067,166	13,339,179	12,269,463	45,989,635	19,992,030	3,582,027	120,163,038	119,000,928

The accompanying notes are an integral part of
these financial statements

CORPORATION OF THE TOWNSHIP OF CLEARVIEW

SCHEDULE 4 CONSOLIDATED SCHEDULE OF SEGMENTED REVENUES AND EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2018

	General Government	Protection to Persons and Property	Transportation Services	Waterworks	Wastewater	Health Services and Cemeteries	Recreational and Cultural Services	Planning and Development	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues									
Net municipal taxation	14,975,125	-	-	-	-	-	-	-	14,975,125
Payments in lieu of taxation	180,335	-	-	-	-	-	-	-	180,335
User charges	86,824	120,650	37,992	2,189,057	1,455,137	98,094	704,357	425,719	5,117,830
Government grants	1,099,016	10,911	410,805	-	-	-	37,456	25,000	1,583,188
Other municipalities	51,174	111,752	79,368	-	-	-	56,629	-	298,923
Contributions from obligatory reserve funds	269,301	104,708	-	76,428	-	-	17,154	-	467,591
Investment	305,533	-	-	-	-	-	-	-	305,533
Other	417,855	33,286	19,200	-	-	154,895	119,654	791,526	1,536,416
	17,385,163	381,307	547,365	2,265,485	1,455,137	252,989	935,250	1,242,245	24,464,941
Expenses									
Salaries, wages and employee benefits	1,208,451	1,361,685	1,724,137	768,260	113,663	-	1,617,665	546,639	7,340,500
Interest on long-term liabilities	7,397	124,527	23,132	146,754	93,214	13,970	39,049	36,239	484,282
Materials and supplies	336,181	569,031	1,462,202	587,874	444,901	149,078	1,331,314	176,749	5,057,330
Rents, financial expenses and external transfers	24,499	133,209	-	-	-	-	2,402	-	160,110
Contracted services	333,277	2,354,564	1,433,117	371,050	398,023	-	158,980	11,216	5,060,227
Amortization	131,887	421,612	1,783,521	451,538	654,080	33,006	324,599	280	3,800,523
	2,041,692	4,964,628	6,426,109	2,325,476	1,703,881	196,054	3,474,009	771,123	21,902,972
Net revenues (expenses)	15,343,471	(4,583,321)	(5,878,744)	(59,991)	(248,744)	56,935	(2,538,759)	471,122	2,561,969
Other									
Grants and transfers related to capital									
Government grants	-	-	8,745	-	-	-	-	-	8,745
Other municipalities	-	-	-	-	-	-	12,500	-	12,500
Contribution from obligatory reserve funds	-	-	141,404	100,000	229,803	-	-	-	471,207
Loss on disposal of tangible capital assets	-	-	(141,212)	-	-	-	-	-	(141,212)
Contributed tangible capital assets	-	-	87,892	-	-	-	109,908	-	197,800
Interest earned on reserve funds	2,634	-	-	-	-	-	-	-	2,634
	2,634	-	96,829	100,000	229,803	-	122,408	-	551,674
Annual surplus (deficit)	15,346,105	(4,583,321)	(5,781,915)	40,009	(18,941)	56,935	(2,416,351)	471,122	3,113,643

The accompanying notes are an integral part of
these financial statements

CORPORATION OF THE TOWNSHIP OF CLEARVIEW

SCHEDULE 5 CONSOLIDATED SCHEDULE OF SEGMENTED REVENUES AND EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2017

	General Government	Protection to Persons and Property	Transportation Services	Waterworks	Wastewater	Health Services and Cemeteries	Recreational and Cultural Services	Planning and Development	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues									
Net municipal taxation	14,287,232	-	-	-	-	-	-	-	14,287,232
Payments in lieu of taxation	175,571	-	-	-	-	-	-	-	175,571
User charges	40,250	142,556	6,784	2,280,087	1,638,740	72,151	676,964	222,899	5,080,431
Government grants	1,073,134	5,646	70,785	1,471	-	-	49,095	-	1,200,131
Other municipalities	100,871	142,205	-	-	-	-	43,196	-	286,272
Contributions from obligatory reserve funds	22,027	-	-	-	-	-	38,839	-	60,866
Investment	160,044	-	-	-	-	-	-	-	160,044
Other	361,389	32,686	6,546	-	-	101,186	101,678	697,346	1,300,831
	16,220,518	323,093	84,115	2,281,558	1,638,740	173,337	909,772	920,245	22,551,378
Expenses									
Salaries, wages and employee benefits	1,673,533	1,219,066	1,442,539	658,067	94,709	-	1,331,733	483,262	6,902,909
Interest on long-term liabilities	14,014	119,137	19,979	111,554	82,889	14,616	32,866	25,926	420,981
Materials and supplies	424,435	558,479	1,419,389	449,304	445,616	122,213	1,119,130	158,144	4,696,710
Rents, financial expenses and external transfers	65,110	124,589	-	-	-	-	400	-	190,099
Contracted services	275,735	2,281,616	1,185,809	135,925	428,404	-	85,655	7,854	4,400,998
Amortization	127,326	414,832	1,596,154	444,900	650,400	32,874	317,195	280	3,583,961
	2,580,153	4,717,719	5,663,870	1,799,750	1,702,018	169,703	2,886,979	675,466	20,195,658
Net revenues (expenses)	13,640,365	(4,394,626)	(5,579,755)	481,808	(63,278)	3,634	(1,977,207)	244,779	2,355,720
Other									
Grants and transfers related to capital									
User charges	-	-	-	-	2,009,314	-	-	-	2,009,314
Government grants	-	-	158,758	440,559	-	-	1,275	-	600,592
Other municipalities	-	-	57,815	-	-	-	-	-	57,815
Contributions from obligatory reserve funds	281	-	108,702	100,000	50,000	-	43,639	-	302,622
Loss on disposal of tangible capital assets	-	18,499	(13,970)	(34,374)	-	-	(5,091)	-	(34,936)
Interest earned on reserve funds	1,601	-	-	-	-	-	-	-	1,601
	1,882	18,499	311,305	506,185	2,059,314	-	39,823	-	2,937,008
Annual surplus (deficit)	13,642,247	(4,376,127)	(5,268,450)	987,993	1,996,036	3,634	(1,937,384)	244,779	5,292,728

The accompanying notes are an integral part of
these financial statements