

**The Corporation of the  
Township of King**  
**Consolidated Financial Statements**  
For the year ended December 31, 2018

**The Corporation of  
the Township of King**  
Consolidated Financial Statements  
For the year ended December 31, 2018

---

**Contents**

<b>Independent Auditor's Report</b>	<b>2-3</b>
<b>Consolidated Financial Statements</b>	
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations and Accumulated Surplus	5
Consolidated Statement of Cash Flows	6
Consolidated Statement of Change in Net Asset (Debt)	7
<b>Notes to the Consolidated Financial Statements</b>	<b>8-28</b>



Tel: 705-726-6331  
Fax: 705-722-6588  
www.bdo.ca

BDO Canada LLP  
300 Lakeshore Drive  
Suite 300  
Barrie ON L4N 0B4 Canada

---

## Independent Auditor's Report

---

To the Mayor and Councillors of The Corporation of the Township of King

### Opinion

We have audited the consolidated financial statements of The Corporation of the Township of King (the Township), which comprise the consolidated statement of financial position as at December 31, 2018, the consolidated statements of operations and accumulated surplus, change in cash flows and net assts (debt) for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of The Township as at December 31, 2018, and its results of operations, its change in net assets (debt), and its 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 Financial Statements* section of our report. We are independent of the Township in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance for the 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 Township's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Township or to cease operations, or has no realistic alternative but to do so.

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



### Auditor's Responsibilities for the Audit of the 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 Township's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Township's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Township to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Barrie, Ontario  
June 10, 2019

**THE CORPORATION OF THE TOWNSHIP OF KING**  
**Consolidated Statement of Financial Position**

December 31

2018

2017

(Restated Note 2)

**Financial assets**

Cash (Note 3)	\$ 35,201,744	\$ 37,950,211
Short term investments (Note 3)	-	5,000,000
Taxes receivable	9,976,152	8,786,543
User charges and sewer receivable (Note 4)	8,780,232	9,829,013
Trade and other receivables	4,247,901	3,921,143
Mortgage Receivable (Note 5)	8,000,000	-
Land listed for sale (Note 5)	-	2,050,020
	<u>66,206,029</u>	<u>67,536,930</u>

**Financial liabilities**

Accounts payable and accrued liabilities	20,850,207	14,044,390
Accrued interest on long term debt	108,782	160,114
Developer and other deposits	5,078,984	4,913,820
Deferred revenue - general	1,546,589	1,282,480
Deferred revenue - obligatory reserve funds (Note 6)	20,859,402	23,573,270
Employee future benefits and other liabilities (Note 7)	2,617,580	2,801,318
Solid waste landfill closure and post closure liability (Note 8)	2,910,561	2,821,951
Long-term debt (Note 9)	13,902,128	15,272,873
	<u>67,874,233</u>	<u>64,870,216</u>

**Net asset (debt)** (1,668,204) 2,666,714

**Non-financial assets**

Inventory held for own use	117,530	-
Prepaid expenses	628,412	286,873
Tangible capital assets (Note 10)	241,273,686	206,189,334
	<u>242,019,628</u>	<u>206,476,207</u>

**Accumulated surplus (Note 11)** \$ 240,351,424 \$ 209,142,921

Commitments (Note 17), Contingencies (Note 18)

Approved by

\_\_\_\_\_  
 Mayor

\_\_\_\_\_  
 Treasurer

**THE CORPORATION OF THE TOWNSHIP OF KING**  
**Consolidated Statement of Operations and Accumulated Surplus**

Year ended December 31	Budget 2018 (Note 12)	Actual 2018	Actual 2017 (Restated Note 2)
<b>Revenues</b>			
Property taxation (Note 13)	\$ 29,280,793	\$ 30,275,910	\$ 29,047,445
Taxation from other governments (Note 13)	1,540,000	1,773,158	1,728,838
User fees	4,549,624	4,466,966	4,984,071
Water and wastewater user charges	5,569,186	8,126,528	6,753,372
Government grants (Note 14)	1,708,480	1,702,150	1,230,731
Contributions from developers	12,712,412	16,154,051	23,907,177
Investment income	462,009	488,070	521,501
Penalties and interest on taxes and water billings	1,050,000	1,393,434	1,261,143
Local area charges	-	-	73,795
Environmental services	148,084	153,096	152,883
Lease revenue	88,000	66,391	111,585
Donations	7,300	42,318	104,943
Gain on sale of land and tangible capital assets (Note 5)	-	9,133,502	171,228
Other	903,733	3,581,741	1,251,970
	58,019,621	77,357,315	71,300,682
<b>Expenses</b>			
General government	5,799,822	5,557,704	5,242,194
Protection to persons and property	5,929,589	6,072,042	5,574,912
Transportation services	11,335,363	10,720,790	11,218,753
Environmental services	8,375,070	10,312,268	8,788,568
Recreational and cultural services	10,268,567	10,327,517	10,138,833
Planning and development	2,231,442	3,158,491	2,775,924
	43,939,853	46,148,812	43,739,184
<b>Annual surplus</b>	14,079,768	31,208,503	27,561,498
<b>Accumulated surplus, beginning of year</b>	209,142,921	209,142,921	181,581,423
<b>Accumulated surplus, end of year</b>	\$ 223,222,689	\$ 240,351,424	\$ 209,142,921

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

**THE CORPORATION OF THE TOWNSHIP OF KING**  
**Consolidated Statement of Cash Flows**

Year ended December 31

2018

2017

(Restated Note 2)

<b>Operating activities</b>		
Annual surplus	\$ 31,208,503	\$ 27,561,498
Amortization expense	7,033,061	6,663,488
(Gain)/Loss on sale of land and tangible capital assets	(9,133,502)	171,228
Restatement of opening accumulated surplus	-	(117,280)
Changes in non-cash items		
Taxes receivable	(1,189,609)	(934,700)
User charges receivable and sewer receivable	1,048,781	1,163,373
Trade and other receivables	(326,758)	2,137,607
Prepaid expenses	(341,539)	(215,140)
Inventory held for own use	(117,530)	-
Accounts payable and accrued liabilities	6,805,817	(492,527)
Accrued interest on long term debt	(51,332)	(29,846)
Developer and other deposits	165,164	18,709
Deferred revenue - general	264,109	406,370
Deferred revenue - obligatory reserve funds	(2,713,868)	(1,965,799)
Employee future benefits and other liabilities	(183,738)	709,802
Solid waste landfill closure and post closure liability	88,610	86,590
Cash provided by operating activities	<u>32,556,169</u>	<u>35,163,373</u>
<b>Financing activities</b>		
Principal repayment on long-term debt	(400,000)	(400,000)
Sinking fund contributions	(970,745)	(2,449,192)
Cash used in financing activities	<u>(1,370,745)</u>	<u>(2,849,192)</u>
<b>Investing activities</b>		
Purchase of tangible capital assets	(42,290,999)	(33,859,838)
Proceeds from sale of land and tangible capital assets	11,357,108	62,723
Matured (Purchase) of guaranteed investment certificates	5,000,000	10,000,000
Mortgage receivable	(8,000,000)	-
Cash used in investing activities	<u>(33,933,891)</u>	<u>(23,797,115)</u>
<b>Net increase (decrease) in cash</b>	<b>(2,748,467)</b>	<b>8,517,066</b>
<b>Cash, beginning of year</b>	<b><u>37,950,211</u></b>	<b><u>29,433,145</u></b>
<b>Cash, end of year</b>	<b><u>\$ 35,201,744</u></b>	<b><u>\$ 37,950,211</u></b>

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

**THE CORPORATION OF THE TOWNSHIP OF KING**  
**Consolidated Statement of Change in Net Assets (Debt)**

Year ended December 31	Budget 2018 (Note 12)	Actual 2018	Actual 2017 (Restated Note 2)
Annual surplus	\$ 14,079,768	\$ 31,208,503	\$ 27,561,498
Land Listed for Sale (Note 5)	-	(2,050,020)	2,050,020
Acquisition of tangible capital assets	(26,877,225)	(42,290,999)	(33,859,838)
Amortization of tangible capital assets	7,033,061	7,033,061	6,663,488
Proceeds from sale of land and tangible capital assets	-	11,357,108	62,723
(Gain)/loss on sale of land and tangible capital assets	-	(9,133,502)	171,228
	(19,844,164)	(33,034,332)	(26,962,399)
Inventory held for own use	-	(117,530)	-
Change in prepaid expenses	-	(341,539)	(215,140)
<b>(Increase) / decrease in net debt</b>	(5,764,396)	(4,334,918)	2,433,979
<b>Net assets, beginning of year</b>	2,666,714	2,666,714	232,735
<b>Net assets (debt), end of year</b>	\$ (3,097,682)	\$ (1,668,204)	\$ 2,666,714

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



---

# The Corporation of the Township of King

## Notes to the Consolidated Financial Statements

December 31, 2018

---

### 1. Summary of significant accounting policies

#### Nature of operations

The Corporation of the Township of King (the "Township") is a lower-tier municipality located in the Regional Municipality of York, 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 legislations.

#### Management's responsibility for the financial statements

The consolidated financial statements of the Township are the responsibility of management. They have been prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada.

#### Basis of consolidation

The consolidated financial statements reflect the assets, liabilities, revenue and expenses of the Township. They include the activities of all organizations, committees of Council and local boards accountable for the administration of their financial affairs and resources to the Township and which are owned and controlled by the Township. These include:

Library Board	100.00%
The Holland Marsh Drainage System Joint Municipal Services Board	59.15%

All interfund assets, liabilities, revenues and expenses have been eliminated on consolidation.

The Corporation of the Township of King's portion of The Holland Marsh Drainage System Joint Municipal Services Board has been included in these consolidated financial statements on a proportionate consolidation basis.

#### Basis of accounting

Sources of financing 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.

#### Revenue recognition

Tax revenue is recognized as revenue when it is authorized and the taxable event occurs. Penalties and interest are recognized as revenue in the year they are earned.

Charges for sewer and water usage are recorded as user fees. Connection fee revenues are recognized when the connection has become available.

Conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled. Unconditional grant revenue is recognized when monies are receivable.

Grants for the acquisition of tangible capital assets are recognized in the period in which eligible expenses are made.

---

# The Corporation of the Township of King

## Notes to the Consolidated Financial Statements

December 31, 2018

---

### 1. Summary of significant accounting policies (continued)

Developer contributions and fees for services are recognized over the period of service or when required expenses occur if applicable.

Sales of other services and other revenues are recognized on an accrual basis.

#### Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand and cash held in financial institutions.

#### Government transfers

Government transfers are recognized in the consolidated financial statements when the transfer is authorized and any eligibility criteria have been met, except to the extent that the transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

#### Deferred revenue – general

Deferred revenue includes user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

#### Deferred revenue – obligatory

Deferred revenue includes funds received for specific purposes such as development charge contribution, parkland and federal gas tax revenue which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes. These funds, by their nature, are restricted in their use and, until applied to applicable capital works, are recorded as deferred revenue. Amounts applied to qualifying capital projects are recorded as revenue in the fiscal period they are expended.

#### Investment income

Investment income earned is reported as revenue in the period earned. Investment income earned on development charges, gas tax and parkland obligatory reserve funds is added to the fund balance and forms part of the respective deferred revenue – obligatory reserve fund balances.

#### 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 Corporation of the Township of King

## Notes to the Consolidated Financial Statements

December 31, 2018

---

### 1. Summary of significant accounting policies (continued)

#### (i) Tangible capital assets

Tangible capital assets are recorded at cost which includes amounts that are directly attributed to acquisition, construction, development or betterment of the asset. Tangible capital assets received as contributions are recorded at their fair value at the date of receipt. The cost, less residual value of the tangible capital assets, excluding land, are amortized on a straight line basis over their estimated useful lives as follows:

	<u>Useful life - years</u>
Land improvements	15 - 50
Facilities	20 - 45
Vehicles	2 - 25
Machinery and equipment	3 - 10
Transportation infrastructure	15 - 75
Environmental infrastructure	80 - 100

Tangible capital assets under construction are not amortized until the asset is available for productive use. For larger scale linear infrastructure projects (such as sanitary sewer and concurrent road works), these assets are not amortized until all contracts/phases of the project are complete. No amortization is charged in the year of acquisition.

#### (ii) Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue. Tangible capital assets conveyed from developers are recorded at the estimated engineering value at time of registration.

#### (iii) Interest capitalization

Interest is capitalized whenever external debt is issued to finance the construction of tangible capital assets.

### Employee future benefits

The Township accrues its obligations under employee benefit plans as the employees render the services necessary to earn employee future benefits. The Township has adopted the following valuation methods and assumptions:

#### Actuarial cost method:

Accrued benefit obligations are computed using the projected benefit method prorated on service, as defined in PSAB 3250 and PSAB 3255. The objective under this method is to expense each member's benefit under the plan taking into consideration projections of benefit costs to and during retirement. Under this method an equal portion of total estimated future benefit is attributed to each year of service.

---

# The Corporation of the Township of King

## Notes to the Consolidated Financial Statements

December 31, 2018

---

### 1. Summary of significant accounting policies (continued)

#### Funding policy:

The post retirement non-pension benefits and the vested sick leave benefits are funded on a pay-as-you-go basis. The Township funds these benefits on a cash basis as the benefits are paid. No assets have been formally segregated and restricted to provide the post retirement non-pension and vested sick leave benefits.

#### Accounting policies:

Actuarial gains and losses are recognized as income or expenses in the year the determination of the gain or loss occurred. Obligations are attributed to the period beginning on the member's date of hire and ending on the expected date of termination, death or retirement, depending on the benefit value. Vacation entitlements are accrued for as entitlements are earned. The Township's fiscal year-end is December 31 and the measurement date of the Township's obligation is as such.

#### Solid waste landfill closure and post closure liability

Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill sites. The estimated costs to close and maintain solid waste landfill sites are based on estimated future expenses in current dollars, discounted, adjusted for estimated inflation and are recognized as the landfill site's capacity is used.

#### Use of estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expense during the year. The principal estimates used in the preparation of these consolidated financial statements are the employee future benefits liability, the solid waste landfill closure and post-closure liability, the allowance for doubtful accounts and the historical cost and estimated useful lives of tangible capital assets. Actual results could differ from those estimates.

#### Pension plan

The Township makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer pension plan, on behalf of all permanent, full-time members of its staff. The plan is a defined benefit plan that specifies the amount of the retirement benefit to be received by eligible employees based on the length of credited service and the average earnings. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of assets and administration of the benefits. The Township uses defined contribution plan accounting principles for the Plan because insufficient information is available to apply defined benefit plan accounting principles. As such, the Township's contributions due during the year are expensed as incurred.

---

---

# The Corporation of the Township of King

## Notes to the Consolidated Financial Statements

December 31, 2018

---

### 2. Prior period adjustments

During the year, the Holland Marsh Drainage System Joint Municipal Services Board (HMDSJMSB) undertook a detail review on Section 78 and canal reconstruction costs through the general ledger and Mill grants billing records for the years 2007 to 2017. The results showed that several invoices received and recorded in canal reconstruction in prior years were not canal related. As a result, these amounts are not recoverable from benefiting land owners under the Drainage Act through Section 78 assessments. This resulted in a decrease to trade and other receivables of \$221,777, a decrease in accounts payable of \$104,497, and a decrease in beginning accumulated surplus of \$117,280.

In addition, a detail review of the holdbacks related to Section 78 and the canal reconstruction project was completed. A discrepancy of holdbacks was noted in HMDSJMSB's records compared to the records of a key vendor. This resulted in a decrease in trade and other receivables of \$158,515, a decrease in accounts payable of \$158,430, a decrease in other revenues of \$158,516, and a decrease in planning and development expenses of \$158,431.

During the year, it was discovered that the Mill grant was recognized in 2016 for costs that are going to be recovered from benefiting land owners under the Drainage Act through Section 78 assessments. As a result, the grant revenue in 2016 was recognized too early. The grant revenues have been added back to the deferred revenue balance with an offsetting accounts receivable for the recoverable amounts under Section 78. This resulted in an increase in accounts payable of \$271,840 and an increase in trade and other receivables of \$271,840.

Consequently, the 2017 balances have been restated as follows:

<u>Amounts</u>	<u>Originally Stated</u>	<u>Restated</u>	<u>Impact of Restatement</u>
<b>Balance sheet – amounts restated</b>			
Trade and other receivables	\$ 4,029,595	\$ 3,921,143	\$ (108,452)
Accounts payable	14,035,477	14,044,390	<u>(8,913)</u>
Impact to accumulated surplus 2017			<u>\$ (117,365)</u>
<b>Operating accounts – amounts restated</b>			
Revenues – Other	1,581,714	1,423,198	(158,516)
Expenses – Planning and development	2,934,355	2,775,924	158,431
Beginning accumulated surplus 2017	181,698,703	181,581,423	<u>(117,280)</u>
Impact to accumulated surplus 2017			<u>\$ (117,365)</u>

---

### 3. Cash and short term investments

	<u>2018</u>	<u>2017</u>
Cash and short term investments are comprised of the following:		
Cash held at financial institutions	\$ 35,201,744	\$ 37,950,211
Guaranteed investment certificate, CIBC Wood Gundy, bearing interest of 1.65%, matured July 16, 2018	<u>-</u>	<u>5,000,000</u>
Total cash and short term investments	\$ <u>35,201,744</u>	\$ <u>42,950,211</u>

---

# The Corporation of the Township of King

## Notes to the Consolidated Financial Statements

December 31, 2018

---

### 3. Cash and short term investments (continued)

Cash and short term investments are allocated as follows:

Unrestricted	\$ 14,342,342	\$ 19,376,941
Restricted (obligatory reserve funds set aside for specific purposes by legislation)	<u>20,859,402</u>	<u>23,573,270</u>
	\$ <u>35,201,744</u>	\$ <u>42,950,211</u>

The Township has an available bank operating credit line in the amount of \$5,000,000. Outstanding indebtedness bears interest at prime less 0.375%. At year end the Township has not utilized any amount under this credit facility (2017 - \$NIL).

The Township also has an available demand installment loan in the amount of \$3,000,000. Outstanding indebtedness bears interest at prime. At year end the Township has not utilized any amount under this credit facility (2017 - \$NIL).

---

### 4. User charges and sewer receivable

In June 2006, Council for the Township of King approved By-law 2006-68, further amended by By-law 2007-110, which provided for the installation of sanitary sewers within a designated sewer service area in the village of King City. The total costs for this project amounted to \$47.1M, of which \$30.2M was to be funded from the existing benefitting landowners and \$16.9M from growth (development charges). The funding for the existing benefitting landowners was reduced by way of grants, contributions from developers, and a contribution by the Township. The net amount to be recovered from the existing benefitting landowners was \$19.4M. This amount was spread over the total number of landowners, 1,553, to be serviced in the village and each benefitting landowner was assessed a lump sum amount of \$12,541. The Township of King provided a number of payment options to the benefitting landowners, one of these options were to include an annual charge, with applicable interest, on their property tax bill for the life of the debenture, 10 years. For landowners that selected the 10-year debenture payment option, the Township recorded a corresponding receivable that declines each year by the amount of the annual charge of \$1,664 per residential unit equivalent.

In April 2010, Council for the Township of King approved By-law 2010-38, further amended by By-law 2011-105, which provided for the installation of sanitary sewers within a designated sewer service area in the village of Nobleton. The total costs for this project were estimated at \$22.7M, of which \$4.0M was to be funded from growth (development charges), \$2.5M from contributions and \$16.2M from the existing benefitting landowners. This amount was spread over the total number of landowners, 860, to be serviced in the village and each benefitting landowner was assessed a lump sum amount of \$18,790. The Township of King provided a number of payment options to the benefitting landowners, one of these options were to include an annual charge, with applicable interest, on their property tax bill for the life of the debenture, 15 years. For landowners that selected the 15-year debenture payment option, the Township recorded a corresponding receivable that declines each year by the amount of the annual charge of \$1,775 per residential unit equivalent.

---

---

# The Corporation of the Township of King

## Notes to the Consolidated Financial Statements

December 31, 2018

---

### 5. Land Listed for Sale

During 2018, the Township sold a property related to the former municipal office site at 2075 King Road which had been deemed surplus to the Township's needs. The terms of the agreement of purchase and sale included a sale price of \$10,750,000, closing date of August 30, 2018 and vendor take back mortgage of \$8,000,000. The Township also maintains a leaseback right of occupancy, free of rent, for up to one year from the closing date. The terms of the vendor take back mortgage state that the principal amount shall bear no interest, there shall be no monthly payments on account of principal or interest, and the maturity date shall be the date that is the one year anniversary of the Closing Date on which date the entire principal amount shall be due and payable.

---

### 6. Deferred revenue – obligatory reserve funds

Provincial and municipal legislation contain restrictions as to how these funds may be used. The balances in the obligatory reserve funds of the Township are summarized below:

	<u>2018</u>	<u>2017</u>
Development charges, opening balance	\$ 17,373,135	\$ 19,564,763
Add: Developer contributions	1,478,374	1,540,686
Interest earned	351,857	272,442
Deduct: Amounts used for eligible capital projects	<u>(4,674,080)</u>	<u>(4,004,756)</u>
Development charges, ending balance	<u>14,529,286</u>	<u>17,373,135</u>
Parkland reserve, opening balance	5,840,794	5,970,712
Add: Developer contributions	127,420	3,466
Interest earned	123,936	68,166
Deduct: Amounts used for eligible capital projects	<u>(155,000)</u>	<u>(201,550)</u>
Parkland reserve, ending balance	<u>5,937,150</u>	<u>5,840,794</u>
Gas Tax reserve, opening balance	359,341	3,594
Add: Municipal funding	633,802	615,703
Interest earned	8,939	1,214
Deduct: Amounts used for eligible capital projects	<u>(609,116)</u>	<u>(261,170)</u>
Gas Tax reserve, ending balance	<u>392,966</u>	<u>359,341</u>
<b>Total deferred revenue – obligatory reserve funds</b>	<b>\$ <u>20,859,402</u></b>	<b>\$ <u>23,573,270</u></b>

Cash needed to fund these obligatory reserves is \$20,859,402 (2017 - \$23,573,270)

Actual cash and short term investments was \$35,201,744 (2017 - \$42,950,211) (Note 3)

---

# The Corporation of the Township of King

## Notes to the Consolidated Financial Statements

December 31, 2018

### 7. Employee future benefits and other liabilities

The Township provides certain employee benefits that will require funding in future periods. Under the Township's sick leave plan, unused sick leave can accumulate and employees with five years of active service are entitled to a maximum benefit of 50% of the employee's annual salary at the date of retirement, termination or death. The Township also pays certain health, dental and travel life insurance benefits on behalf of its retired employees.

The Township recognizes the cost of its post retirement non-pension benefit costs and sick leave obligations in the period in which the employee rendered the services.

	<u>2018</u>	<u>2017</u>
Accrued post-retirement non-pension benefits	\$ 1,038,069	\$ 949,272
Vested sick leave benefits	831,155	1,126,820
Vacation pay	<u>748,356</u>	<u>725,226</u>
	<u>\$ 2,617,580</u>	<u>\$ 2,801,318</u>

The actuarial results for each of the plans as at December 31, 2018 are as follows:

	Post Retirement Non-Pension <u>Benefits</u>	Vested Sick Leave <u>Benefits</u>	<u>Total</u> <u>2018</u>	<u>Total</u> <u>2017</u>
Accrued benefit obligation, beginning of year	\$ 949,272	\$ 1,126,820	\$ 2,076,092	\$ 1,483,576
Current service cost (net of benefits paid)	52,122	(332,747)	<b>(280,625)</b>	150,140
Interest cost	36,675	37,082	<b>73,757</b>	72,842
Actuarial (gain)/loss	-	-	-	369,534
<b>Accrued benefit liability, end of year</b>	<u>\$ 1,038,069</u>	<u>\$ 831,155</u>	<u>\$ 1,869,224</u>	<u>\$ 2,076,092</u>

Actuarial evaluations for accounting purposes are performed every three years using the projected benefit method prorated on services. The most recent actuarial report was prepared at December 31, 2017. The average remaining service period of the active employees covered by the benefit plan is thirteen years based on the most recent actuarial report.

The assumptions used in the December 31, 2017 actuarial valuation and the projections for fiscal 2018 and 2019 were:

#### *Interest (discount) rate*

The present value of the post-employment benefit liability was determined using a discount rate of 3.60% (2017 – 3.60%).

#### *Salary rate*

The assumed rate used to project salaries reflects the expected Consumer Price Index adjusted for productivity, merit and promotion.



---

# The Corporation of the Township of King

## Notes to the Consolidated Financial Statements

December 31, 2018

---

### 7. Employee future benefits and other liabilities (continued)

#### *Health costs*

Health costs were assumed to be at a rate of 5.96% for 2018, decreasing to 5.71% in 2019 and then decreasing by 0.24% over the next 5 years and remain at 4.50% thereafter (2017 – assumed to be at a rate of 6.10%, decreasing to 5.96% in 2018 and then decreasing over the next 5 years to a rate of 4.50% and remain at 4.50% thereafter).

#### *Dental costs*

Dental costs were assumed to be at a rate of 4.50% for 2018 and remain at 4.50% thereafter (2017 – assumed to be a rate of 4.60% and remain at 4.50% thereafter).

---

### 8. Solid waste landfill closure and post closure liability

Solid waste closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, removal of ground water and leachates, and ongoing environmental monitoring, site inspection and maintenance. The present value of the Township's estimated future liability for this expense is recognized as the landfill site's capacity is used. The liability and annual expense is calculated based on the ratio of utilization to total capacity of the landfill site and the discounted estimated cash flows associated with closure and post-closure activities. The reported liability as at year end was \$2,910,561 (2017 - \$2,821,951) and reflects a discount rate of 3.14% (2017 – 3.14%).

The liability is based on estimates and assumptions related to events extending over the remaining life of the landfill using the best information available to management. The Miller Road landfill is expected to reach its capacity in 1 year and the estimated remaining capacity is 6,000 (2017 - 7,400) cubic meters which is 11% (2017 – 13%) of the site's total capacity. The estimated length of time needed for post-closure care is 25 years.

The 10<sup>th</sup> Concession landfill is closed and has an estimated time of 6 years of post-closure care remaining.

The total estimated future expenses for closure and post-closure care are \$3,275,597 (2017 - \$3,175,875) leaving an amount to be recognized of \$365,036 (2017 - \$353,924) when the Miller Road landfill reaches full capacity.

The most recent valuation was prepared on December 31, 2016. Future events may result in significant changes to the estimated total expenses and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

A reserve of \$452,949 (2017 - \$480,424) is established to finance the future landfill closure and post-closure costs.

---

---

# The Corporation of the Township of King

## Notes to the Consolidated Financial Statements

December 31, 2018

---

### 9. Long-term debt

The long-term debt incurred by the Township and outstanding at the end of the year consists of the following:

<u>By-law</u>	<u>Purpose</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>2018</u>	<u>2017</u>
2008-76	Construction of roads and road Repairs in the Township	5.0%	2019	\$ 10,000,000	\$ 10,000,000
2011-01	Construction of sewage works in the community of Nobleton	3.8%	2026	3,200,000	3,600,000
2011-01	Construction of road and watermain in the community of Nobleton	2.6%	2025	6,000,000	6,000,000
Total value of sinking fund assets, including amounts earned to retire the outstanding long-term debt				<u>(5,297,872)</u>	<u>(4,327,127)</u>
				<b>\$ 13,902,128</b>	<b>\$ 15,272,873</b>

Principal repayments, including sinking fund payments, for each of the next five years and thereafter are as follows:

2019	\$ 7,902,376
2020	942,519
2021	942,519
2022	942,519
2023	942,519
Thereafter	<u>2,229,676</u>
	<b>\$ 13,902,128</b>

The long-term debt issued in the name of the Township, has been approved by by-law. The annual principal and interest payments required to service these debts are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

The Township anticipates future earnings of sinking funds to retire the debt at the end of its term. The sinking fund asset is held with the Region of York. Interest expense on long term debt in 2018 amounted to \$737,700 (2017 - \$1,029,317).

The Township is contingently liable for the tile drainage loans as at December 31, 2018 of \$11,359 (2017 - \$16,561). As the responsibility for payment of principal and interest charges for tile drainage loans have been assumed by individuals, it is not recorded on the consolidated statement of financial position.

---

# The Corporation of the Township of King

## Notes to the Consolidated Financial Statements

December 31, 2018

### 10. Tangible capital assets

<b>Cost</b>	<b>Balance as at December 31, 2017</b>	<b>Additions</b>	<b>Disposals/ Transfers</b>	<b>Balance as at December 31, 2018</b>
Land	\$ 21,470,090	\$ 1,149,041	\$ (17,127)	\$ 22,602,004
Land improvements	14,152,839	-	(6,105)	14,146,734
Facilities	35,461,977	1,110,531	-	36,572,508
Vehicles	17,708,467	1,665,821	(1,685,506)	17,688,782
Machinery and equipment	2,069,345	409,107	(140,079)	2,338,373
Transportation infrastructure	132,101,539	6,765,140	(411,361)	138,455,318
Environmental Infrastructure	<u>76,369,203</u>	<u>5,589,342</u>	<u>-</u>	<u>81,958,545</u>
	299,333,460	16,688,982	(2,260,178)	313,762,264
Assets under construction	<u>19,748,577</u>	<u>25,602,017</u>	<u>(16,658)</u>	<u>45,433,936</u>
	<u>\$ 319,082,037</u>	<u>\$ 42,290,999</u>	<u>\$ (2,276,836)</u>	<u>\$ 359,096,200</u>

<b>Accumulated Amortization</b>	<b>Balance as at December 31, 2017</b>	<b>Additions</b>	<b>Disposals/ Transfers</b>	<b>Balance as at December 31, 2018</b>
Land improvements	\$ 4,464,734	\$ 634,087	\$ (6,105)	\$ 5,092,716
Facilities	11,772,720	778,491	-	12,551,211
Vehicles	10,674,271	1,070,400	(1,550,347)	10,194,324
Machinery and equipment	998,809	290,568	(140,079)	1,149,298
Transportation infrastructure	74,544,935	3,350,436	(406,719)	77,488,652
Environmental infrastructure	<u>10,437,234</u>	<u>909,079</u>	<u>-</u>	<u>11,346,313</u>
	<u>\$ 112,892,703</u>	<u>\$ 7,033,061</u>	<u>\$ (2,103,250)</u>	<u>\$ 117,822,514</u>

<b>Net book value</b>	<b>Balance as at December 31, 2017</b>		<b>Balance as at December 31, 2018</b>
Land	\$ 21,470,090		\$ 22,602,004
Land improvements	9,688,105		9,054,018
Facilities	23,689,257		24,021,297
Vehicles	7,034,196		7,494,458
Machinery and equipment	1,070,536		1,189,075
Transportation infrastructure	57,556,604		60,966,666
Environmental infrastructure	<u>65,931,969</u>		<u>70,612,232</u>
	186,440,757		195,939,750
Assets under construction	<u>19,748,577</u>		<u>45,333,936</u>
	<u>\$ 206,189,334</u>		<u>\$ 241,273,686</u>

# The Corporation of the Township of King

## Notes to the Consolidated Financial Statements

December 31, 2018

### 10. Tangible capital assets (continued)

Cost	Balance as at December 31, 2016	Additions	Disposals/ Transfers	Balance as at December 31, 2017
Land	\$ 21,178,465	\$ 601,853	\$ (310,228)	\$ 21,470,090
Land improvements	11,182,249	2,990,134	(19,544)	14,152,839
Facilities	36,176,150	2,185,481	(2,899,654)	35,461,977
Vehicles	16,119,728	1,856,664	(267,925)	17,708,467
Machinery and equipment	2,028,877	205,526	(165,058)	2,069,345
Transportation infrastructure	124,026,853	8,110,191	(35,505)	132,101,539
Environmental Infrastructure	<u>63,962,252</u>	<u>12,498,487</u>	<u>(91,536)</u>	<u>76,369,203</u>
	274,674,574	28,448,336	(3,789,450)	299,333,460
Assets under construction	<u>14,514,678</u>	<u>5,411,502</u>	<u>(177,603)</u>	<u>19,748,577</u>
	<u>\$ 289,189,252</u>	<u>\$ 33,859,838</u>	<u>\$ (3,967,053)</u>	<u>\$ 319,082,037</u>

Accumulated Amortization	Balance as at December 31, 2016	Additions	Disposals/ Transfers	Balance as at December 31, 2017
Land improvements	\$ 3,995,369	\$ 488,909	\$ (19,544)	\$ 4,464,734
Facilities	12,173,074	759,508	(1,159,862)	11,772,720
Vehicles	9,944,098	994,129	(263,956)	10,674,271
Machinery and equipment	860,136	303,731	(165,058)	998,809
Transportation infrastructure	71,197,912	3,382,528	(35,505)	74,544,935
Environmental infrastructure	<u>9,741,708</u>	<u>734,683</u>	<u>(39,157)</u>	<u>10,437,234</u>
	<u>\$ 107,912,297</u>	<u>\$ 6,663,488</u>	<u>\$ (1,683,082)</u>	<u>\$ 112,892,703</u>

Net book value	Balance as at December 31, 2016		Balance as at December 31, 2017
Land	\$ 21,178,465		\$ 21,470,090
Land improvements	7,186,880		9,688,105
Facilities	24,003,076		23,689,257
Vehicles	6,175,630		7,034,196
Machinery and equipment	1,168,741		1,070,536
Transportation infrastructure	52,828,941		57,556,604
Environmental infrastructure	<u>54,220,544</u>		<u>65,931,969</u>
	166,762,277		186,440,757
Assets under construction	<u>14,514,678</u>		<u>19,748,577</u>
	<u>\$ 181,276,955</u>		<u>\$ 206,189,334</u>

#### Assets under construction

Assets under construction and other capital work in progress having cost of \$45,333,936 (2017 - \$19,748,577) have not been amortized. Amortization of these assets will commence when the assets are put into service.

# The Corporation of the Township of King

## Notes to the Consolidated Financial Statements

December 31, 2018

### 10. Tangible capital assets (continued)

#### Tangible capital assets recognized at nominal value

Certain assets have been assigned a nominal value because of the difficulty of determining a valuation. The most significant such asset is the land under the Town's roads which has been assigned a nominal value of one dollar per kilometer of road length.

#### Capitalization of interest

No interest was capitalized in 2018 (2017 – Nil).

11. Accumulated surplus	<u>2018</u>	<u>2017</u> (Restated Note 2)
Accumulated surplus is comprised of the following:		
<b>Reserves set aside for specific purposes by Council</b>		
Acquisition of tangible capital assets	\$ 12,835,375	\$ 16,905,309
Recreation and culture programs and facilities	452,510	413,531
Working capital	1,832,625	1,832,625
Sick leave	1,013,073	913,073
Personnel matters	325,993	293,012
Planning matters	310,988	310,988
Heritage preservation	38,931	38,931
Environmental matters	452,949	480,424
Election expenditures	4,498	110,848
Current operations	6,610,103	4,566,433
King City sewer capital costs	<u>20,133</u>	<u>20,133</u>
	<u>23,897,178</u>	<u>25,885,307</u>
<b>Reserve funds set aside for specific purpose by Council</b>		
Acquisition of capital assets	42,424	41,545
Repayment of water and sewer debentures	626,742	(1,139,978)
Water system capital expenditures	<u>1,010,899</u>	<u>1,963,262</u>
	<u>1,680,065</u>	<u>864,829</u>
Total reserves and reserve funds	<u>25,577,243</u>	<u>26,750,136</u>
<b>Surpluses</b>		
Invested in tangible capital assets	241,273,686	206,189,334
Land listed for sale (Note 5)	-	2,050,020
Less: Lease Obligation Library	(1,081)	(7,569)
Less: amount financed by long-term debt and Interest on long-term debt	(13,902,128)	(15,272,873)
General	(108,782)	(160,114)
Library	(6,926,135)	(5,229,897)
HMDSJMSB	(9,530)	(9,104)
Unfunded	(23,708)	456,257
Employee benefits and post-employment liabilities	(2,617,580)	(2,801,318)
Solid waste landfill and post-closure liabilities	<u>(2,910,561)</u>	<u>(2,821,951)</u>
Total surpluses	<u>214,774,181</u>	<u>182,392,785</u>
<b>Accumulated surplus</b>	<b>\$ <u>240,351,424</u></b>	<b>\$ <u>209,142,921</u></b>

---

# The Corporation of the Township of King

## Notes to the Consolidated Financial Statements

December 31, 2018

---

### 12. Budget reconciliation

The authority of Council is required before monies can be spent by the Township. Approvals are given in the form of an annually approved budget. The budget approved by the Council on March 18, 2019 differs from the budget in the Consolidated Statement of Operations as the approved budget has been adjusted to account for the material changes due to PSAB reporting requirements.

	<u>2018</u>
Budgeted surplus (deficit) for the year, as approved by Council	
Operating	\$ 5,844,012
Capital	<u>(5,848,743)</u>
Total budgeted deficit for the year as approved by Council	(4,731)
Add:	
Capital expenditures carried forward from previous years	26,877,225
Principal payments on long term debt and sinking funds	1,282,718
Interest earned on sinking funds	88,027
Decrease in accrued interest	51,332
Decrease in post retirement benefits	206,868
Less:	
Budgeted proceeds from long term debt	(7,300,000)
Amortization	(7,033,061)
Increase in landfill liability	<u>(88,610)</u>
Budgeted surpluses for the year, per statement of operations	\$ <u>14,079,768</u>

---

### 13. Property taxation and taxation from other governments

	<u>2018</u>	<u>2017</u>
Property taxes	\$ 30,275,910	\$ 29,047,445
Payments in lieu	1,773,158	1,728,838
Collections for other governments		
Province of Ontario – school tax	17,641,869	16,513,167
Region of York – regional tax	<u>30,871,350</u>	<u>28,953,748</u>
Total collected	48,513,219	76,243,198
Transfers		
Province of Ontario – school tax	(17,641,869)	(16,513,167)
Region of York – regional tax	<u>(30,871,350)</u>	<u>(28,953,748)</u>
Available for Township use	\$ <u>32,049,068</u>	\$ <u>30,776,283</u>

---

### 14. Government grants

Government grant revenue is comprised of the following types of grants:

	<u>2018</u>	<u>2017</u>
Federal grants	\$ 730,718	\$ 291,971
Provincial grants	971,432	938,065
Other grants	-	695
	<u>\$ 1,702,150</u>	<u>\$ 1,230,731</u>

---

---

# The Corporation of the Township of King

## Notes to the Consolidated Financial Statements

December 31, 2018

---

### 15. Pension agreement

OMERS provides pension services to almost half a million active and retired members with approximately 1,000 participating employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the plan was conducted at December 31, 2018. The value of net assets is \$95.9 billion and \$100.1 billion for liabilities, indicating a deficit of \$4.2 billion. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Township does not recognize any share of the OMERS pension surplus or deficit. Contributions made by the Township to OMERS for 2018 were \$1,132,875 (2017 - \$1,058,514).

---

### 16. Insurance coverage

The Township is self-insured for insurance claims up to \$10,000 for any individual claim and for any number of claims arising out of a single occurrence. Outside insurance coverage is in place for claims in excess of \$10,000 to a maximum of \$5,000,000 per claim occurrence. The Township has not made any provisions for self-insurance claims under \$10,000 in the reserves. Claim costs during the year amounted to \$64,082 (2017- \$34,495).

During the year the Township's total paid premiums was \$419,084 (2017 - \$373,674), which has been reported as an expense in the consolidated statement of operations.

---

### 17. Commitments

The Township has numerous contracts with a variety of suppliers for future capital projects that are budgeted in the next fiscal year.

---

### 18. Contingencies

In the ordinary course of business, various claims and lawsuits are brought against the Township. After reviewing the merits of these actions and claims with counsel and the insurers, management has incorporated a provisional estimate for any potential uninsured liability arising from these claims. Any adjustment as a result of these claims will be recognized at the time the amount is known or can be reasonably determined.

---

### 19. Comparative figures

Certain of these comparative figures have been reclassified to conform with the current year presentation.

---

---

# The Corporation of the Township of King

## Notes to the Consolidated Financial Statements

December 31, 2018

---

### 20. Segmented information

The Township provides a wide range of services to its residents. For management reporting purposes the Township's operations and activities are organized and reported by department. The following departments have been separately disclosed in the segmented information, along with a description of their services.

Accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1. For each reported segment, revenues and expenses represent amounts directly attributable to the segment.

#### *Property Taxation Revenue*

The primary source of funding for the Township's operations is achieved through property taxes levied against property owners.

#### *Governance & Corporate Support*

Include Council, Office of the CAO, Clerks, Finance, Human Resources, Communications, Economic Development, and Information Technology services.

#### *Fire & Emergency Services*

King Fire and Emergency Services provide fire services to the residents of King. They are responsible to provide fire suppression service, fire prevention programs, training and education.

#### *Bylaw & Building Services*

The Township ensures an acceptable quality of building construction and maintenance of properties through enforcement of construction codes, building standards and by-law for the protection of occupants. It facilitates economic development by providing services for the approval of building permit applications.

#### *Environmental Services*

The Township provides drinking water to its citizens and collects wastewater. The solid waste and recycling program includes curbside collection of recyclables, organics, yard waste and garbage.

#### *Roads & Related Services*

This includes the safety and maintenance of the Township's paved roads, sidewalks, street lights, trees, and traffic control devices.

#### *Planning, Development & Drainage Services*

The Township creates plans for King's future. It manages urban development for business interests, environmental concerns, heritage matters, local neighbourhoods through Township planning, community development, and parks planning.

#### *Parks & Facilities*

The Township provides public services that contribute to neighbourhood development and sustainability through the provision of recreation and leisure services such as fitness and aquatic programs.

The Township maintains numerous recreation facilities, as well as indoor community space for booking and community use. It also maintains parks and playgrounds, open spaces and trail systems.



---

# The Corporation of the Township of King

## Notes to the Consolidated Financial Statements

December 31, 2018

---

### 20. Segmented information (continued)

#### *Public Library Services*

The provision of library services contributes towards the information needs of the Township's citizens. The library also provides programs to local residents.

#### *Taxation Revenue*

The Township's primary source of revenue to support its operations is realized through property taxation levied against property owners on the basis of assessment value as determined by the Municipal Property Assessment Corporation.

#### *Eliminations*

The Township's consolidated financial statements incorporate the assets, liabilities and operating results of the King Township Public Library (100%) and Holland Marsh Drainage System Joint Municipal Services Board (59.15%) on a proportionate share basis.

Accordingly, all interfund assets, liabilities, revenues and expenses have been eliminated on consolidation.

**The Corporation of the Township of King**  
**Notes to the Consolidated Financial Statements**

Year ended December 31

20. Segment information (continued)

	<b>Consolidated</b>		<b>Governance &amp; Corporate Support</b>	
	<b>2018</b>	<b>2017</b> (Restated Note 2)	<b>2018</b>	<b>2017</b>
<b>Revenues</b>				
Taxation	\$ 32,049,068	\$ 30,776,283	\$ -	\$ -
User charges	12,593,493	11,737,444	151,438	183,888
Grants	1,702,150	1,230,731	434,794	454,300
Others	31,012,604	27,556,224	13,631,457	1,065,999
	<u>77,357,315</u>	<u>71,300,682</u>	<u>14,217,689</u>	<u>1,704,187</u>
<b>Expenses</b>				
Salaries, wages and benefits	17,550,271	17,196,421	3,020,374	3,093,668
Amortization	7,033,061	6,663,488	35,700	117,382
Materials and Supplies	13,115,446	12,343,363	1,944,142	1,610,152
Contracted Services	7,711,752	6,497,058	557,488	420,992
Interest on long term debt	649,673	953,773	-	-
Others	88,609	85,081	-	-
	<u>46,148,812</u>	<u>43,739,184</u>	<u>5,557,704</u>	<u>5,242,194</u>
<b>Net surplus / (deficit)</b>	<b>\$ 31,208,503</b>	<b>\$ 27,561,498</b>	<b>\$ 8,659,985</b>	<b>\$ (3,538,007)</b>

**The Corporation of the Township of King**  
**Notes to the Consolidated Financial Statements**

Year ended December 31

20. Segment information (continued)

	Bylaw & Building Services		Environmental Services	
	2018	2017	2018	2017
<b>Revenues</b>				
Taxation	\$ -	\$ -	\$ -	\$ -
User charges	723,968	1,012,805	8,338,448	6,896,413
Grants	-	-	17,117	-
Others	43,812	43,627	346,214	539,287
	767,780	1,056,432	8,701,779	7,435,700
<b>Expenses</b>				
Salaries, wages and benefits	2,086,780	1,941,868	1,229,975	1,197,939
Amortization	-	-	992,673	778,037
Materials and supplies	184,724	208,895	5,680,624	4,931,611
Contracted services	223,607	218,347	2,168,306	1,387,882
Interest on long term debt	-	-	155,021	409,620
Others	-	-	88,609	85,081
	2,495,111	2,369,110	10,315,208	8,790,170
<b>Net surplus / (deficit)</b>	\$ (1,727,331)	\$ (1,312,678)	\$ (1,613,429)	\$ (1,354,470)

**The Corporation of the Township of King  
Notes to the Consolidated Financial Statements**

Year ended December 31

**20. Segment information (continued)**

	<b>Planning &amp; Development, Drainage</b>		<b>Parks &amp; Facilities</b>	
	<b>2018</b>	<b>2017</b> (Restated Note 2)	<b>2018</b>	<b>2017</b>
<b>Revenues</b>				
Taxation	\$ -	\$ -	\$ -	\$ -
User charges	<b>449,198</b>	323,574	<b>2,375,782</b>	2,247,447
Grants	<b>115,514</b>	89,522	<b>358,453</b>	161,077
Others	<b>1,091,681</b>	1,018,131	<b>5,348,492</b>	2,830,544
	<u><b>1,656,393</b></u>	<u>1,431,227</u>	<u><b>8,082,727</b></u>	<u>5,239,068</u>
<b>Expenses</b>				
Salaries, wages and benefits	<b>892,653</b>	1,023,296	<b>4,649,245</b>	4,196,263
Amortization	<b>59,203</b>	52,277	<b>1,360,605</b>	1,150,185
Materials and supplies	<b>237,216</b>	352,235	<b>2,662,626</b>	2,567,416
Contracted services	<b>1,975,615</b>	1,354,592	<b>238,784</b>	779,997
Interest on long term debt	-	-	-	-
Others	-	-	<b>1,623,790</b>	1,512,707
	<u><b>3,164,687</b></u>	<u>2,782,400</u>	<u><b>10,535,050</b></u>	<u>10,206,568</u>
<b>Net surplus / (deficit)</b>	<u><b>\$ (1,508,294)</b></u>	<u>\$ (1,351,173)</u>	<u><b>\$ (2,452,323)</b></u>	<u>\$ (4,967,500)</u>

**The Corporation of the Township of King**  
**Notes to the Consolidated Financial Statements**

Year ended December 31

**20. Segment information (continued)**

	<u>Tax Revenue</u>		<u>Eliminations</u>	
	2018	2017	2018	2017
<b>Revenues</b>				
Taxation	\$ 32,049,068	\$ 30,776,283	\$ (1,623,790)	\$ (1,512,707)
User charges	-	-	(182,461)	(125,860)
Grants	-	-	-	-
Others	<u>1,279,172</u>	<u>1,170,312</u>	<u>(205,649)</u>	<u>(467,754)</u>
	<u>33,328,240</u>	<u>31,946,595</u>	<u>(2,011,900)</u>	<u>(2,106,321)</u>
<b>Expenses</b>				
Salaries, wages and benefits	-	-	-	-
Amortization	-	-	-	-
Materials and supplies	-	-	(388,110)	(593,614)
Contracted services	-	-	-	-
Interest on long term debt	-	-	-	-
Others	-	-	(1,623,790)	(1,512,707)
	<u>-</u>	<u>-</u>	<u>(2,011,900)</u>	<u>(2,106,321)</u>
<b>Net surplus / (deficit)</b>	<u>\$ 33,328,240</u>	<u>\$ 31,946,595</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>