

MUNICIPALITY OF THAMES CENTRE
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

**MUNICIPALITY OF THAMES CENTRE
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Municipality of Thames Centre

Opinion

We have audited the accompanying consolidated financial statements of Municipality of Thames Centre (the "Municipality"), which comprise the Consolidated Statement of Financial Position as at December 31, 2018, and Consolidated Statements of Operations and Accumulated Surplus, Cash Flows and Changes in Net Financial Assets for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Municipality of Thames Centre as at December 31, 2018 and its financial performance and its cash flows and changes in net financial assets for the year then ended, in accordance with Canadian public sector accounting standards.

Basis of Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the 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 Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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.

October 21, 2019
London, Canada

Scrimgeour & Company
LICENSED PUBLIC ACCOUNTANT

**MUNICIPALITY OF THAMES CENTRE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018**

	2018	2017
FINANCIAL ASSETS		
Cash	\$ 13,049,485	\$ 12,613,564
Taxes receivable	1,584,047	1,408,607
Accounts receivable	5,361,113	4,528,553
	19,994,645	18,550,724
LIABILITIES		
Accounts payable and accrued liabilities	3,168,413	2,986,835
Deferred revenue - obligatory reserve funds (notes 1.g and 6)	5,116,531	5,528,727
Net long-term liabilities (note 7)	5,707,614	5,881,157
Landfill closure and post-closure liability (notes 1.k and 8)	2,640,784	2,150,794
	16,633,342	16,547,513
NET FINANCIAL ASSETS	3,361,303	2,003,211
NON-FINANCIAL ASSETS		
Tangible capital assets (schedule 1)	108,052,540	106,440,599
Capital work in progress	2,439,814	2,857,686
Prepaid supplies	120,139	71,238
	110,612,493	109,369,523
ACCUMULATED SURPLUS (note 9)	\$113,973,796	\$111,372,734

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

Kim Grogan, Director of Financial Services/Treasurer.
A. Waneb Mayor

**MUNICIPALITY OF THAMES CENTRE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018**

	2018	2017
FINANCIAL ASSETS		
Cash	\$ 13,049,485	\$ 12,613,564
Taxes receivable	1,584,047	1,408,607
Accounts receivable	5,361,113	4,528,553
	19,994,645	18,550,724
LIABILITIES		
Accounts payable and accrued liabilities	3,168,413	2,986,835
Deferred revenue - obligatory reserve funds (notes 1.g and 6)	5,116,531	5,528,727
Net long-term liabilities (note 7)	5,707,614	5,881,157
Landfill closure and post-closure liability (notes 1.k and 8)	2,640,784	2,150,794
	16,633,342	16,547,513
NET FINANCIAL ASSETS	3,361,303	2,003,211
NON-FINANCIAL ASSETS		
Tangible capital assets (schedule 1)	108,052,540	106,440,599
Capital work in progress	2,439,814	2,857,686
Prepaid supplies	120,139	71,238
	110,612,493	109,369,523
ACCUMULATED SURPLUS (note 9)	\$113,973,796	\$111,372,734

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

Director of Financial Services/Treasurer



Mayor

**MUNICIPALITY OF THAMES CENTRE
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Budget 2018	Actual 2018	Actual 2017
REVENUE			
Property taxation	\$ 9,716,201	\$ 9,782,363	\$ 9,147,319
User charges, rents and leases	4,901,766	5,331,428	4,770,444
Government grants	1,379,712	1,729,305	1,268,399
Investment income	78,888	209,337	111,313
Penalty and interest on taxes	203,000	219,942	204,938
Other revenue	55,200	77,029	55,176
	16,334,767	17,349,404	15,557,589
EXPENDITURES			
General government	1,790,710	1,791,413	1,391,806
Protection to persons and property	3,029,458	3,034,641	2,971,972
Transportation services	5,948,989	4,923,762	3,997,464
Environmental services	7,467,878	3,478,111	3,341,064
Health services	129,575	69,071	91,877
Recreation and cultural development	3,239,650	3,169,444	2,860,473
Planning and development	320,360	233,355	326,033
	21,926,620	16,699,797	14,980,689
EXCESS OF REVENUE OVER EXPENDITURES BEFORE OTHER	(5,591,853)	649,607	576,900
OTHER			
Government transfers related to capital	326,614	446,412	363,204
Gain (loss) on disposal of capital assets	-	(65,489)	396,612
Increase in landfill post closure liability (note 8)	(50,000)	(489,990)	(50,000)
Developer and other contributions related to capital	3,587,092	2,060,522	1,209,424
	3,863,706	1,951,455	1,919,240
EXCESS OF REVENUE OVER EXPENDITURES	(1,728,147)	2,601,062	2,496,140
ACCUMULATED SURPLUS, BEGINNING OF YEAR	111,372,734	111,372,734	108,876,594
ACCUMULATED SURPLUS, END OF YEAR	\$109,644,587	\$113,973,796	\$111,372,734

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

**MUNICIPALITY OF THAMES CENTRE
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	2018	2017
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess revenue over expenditures (page 4)	\$ 2,601,062	\$ 2,496,140
Non-cash charges to operations		
Amortization	3,542,949	3,101,742
Net disposal of tangible capital assets	258,323	112,821
Net change in working capital other than cash (A)	(748,628)	4,161,444
	5,653,706	9,872,147
INVESTING		
Acquisition of tangible capital assets	(5,413,213)	(2,234,133)
Decrease (increase) in capital work in progress	417,872	(1,653,503)
Decrease (increase) in prepaid supplies	(48,901)	(9,422)
	(5,044,242)	(3,897,058)
FINANCING		
Net change in long-term debt	(173,543)	(543,798)
Net change in cash and cash equivalents during the year	435,921	5,431,291
Cash and cash equivalents, beginning of year	12,613,564	7,182,273
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 13,049,485	\$ 12,613,564

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

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

**MUNICIPALITY OF THAMES CENTRE
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	2018	2017
Excess of revenue over expenditures (page 4)	\$ 2,601,062	\$ 2,496,140
Acquisition of tangible capital assets	(5,413,213)	(2,234,133)
Amortization of tangible capital assets	3,542,949	3,101,742
Change in prepaid supplies	(48,901)	(9,422)
Investment in capital works in progress	417,872	(1,653,503)
Net disposal of tangible capital assets	258,323	112,821
Increase (decrease) in net financial assets	1,358,092	1,813,645
Net financial assets (liabilities), beginning of year	2,003,211	189,566
NET FINANCIAL ASSETS, END OF YEAR	\$ 3,361,303	\$ 2,003,211

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

**MUNICIPALITY OF THAMES CENTRE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

The Corporation of the Municipality of Thames Centre (the "Municipality") is a lower tier municipality in the County of Middlesex in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

1. Significant accounting policies

The consolidated financial statements of the Corporation of the Municipality of Thames Centre are prepared by management in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Municipality are as follows:

a. Basis of consolidation

These consolidated financial statements reflect the assets, liabilities, operating revenue and expenditures and accumulated surpluses and changes in investment in tangible capital assets of the Municipality. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Municipality and which are owned or controlled by the Municipality. Inter-departmental and inter-organizational transactions and balances between these organizations are eliminated.

These consolidated financial statements include the operations of the Dorchester Union Cemetery.

b. Accrual accounting

The accrual basis of accounting recognizes revenue as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

c. Accounting for County and School Board transactions

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

d. Trust fund

The Municipality's trust fund and its related operations administered by the Municipality are not consolidated but are reported separately on the Trust Fund Statements of Operations and Financial Position.

**MUNICIPALITY OF THAMES CENTRE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

1. Significant accounting policies continued

e. Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenue over expenditures, provides the consolidated change in financial assets for the year.

The Municipality non-financial assets consist of 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 is amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements	15 years
Buildings	10 to 100 years
Vehicles and machinery	5 to 20 years
Equipment and furniture	4 to 20 years
Environmental infrastructure	84 to 110 years
Transportation and drainage infrastructure	5 to 100 years

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

f. Revenue recognition

Government grants and transfers are recognized in the consolidated financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

g. Deferred revenue

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs, in the completion of specific work or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenditures are incurred, services performed, or the tangible capital assets are acquired.

**MUNICIPALITY OF THAMES CENTRE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

1. Significant accounting policies continued

h. Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

i. Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expense as incurred.

j. Financial instruments

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

k. Landfill closure and post-closure liability

In accordance with the requirements of Public Sector Accounting Standard 3270, the Municipality accrues landfill closure and post-closure care requirements that have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions using the best information available to management.

Future events may result in significant changes to the estimated total expenditures, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

2. Tax revenue

Property tax billings are prepared by the Municipality based on an assessment roll prepared by the Ontario Property Assessment Corporation. All assessed property values in the Municipality were reviewed and new values established based on a common valuation date which was used by the Municipality in computing the 2018 property tax bills. Property tax revenue and tax receivables are subject to appeals which may not have been heard yet. Any supplementary billing adjustments made necessary by the determination of such appeals will be recognized in the fiscal year they are determined and the effect shared with the County of Middlesex and the appropriate school boards.

**MUNICIPALITY OF THAMES CENTRE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

3. Trust fund

The trust fund administered by the Municipality amounting to \$481,202 (2017 - \$468,693) has not been included in the consolidated financial statements.

4. Operations of School Boards and the County of Middlesex

Further to note 1a, the taxation revenue of the School Boards and the County of Middlesex are comprised of the following:

	School Boards	County
Taxation and user charges	\$ 5,767,152	\$ 8,240,836
Requisitions	\$ 5,767,152	\$ 8,240,836

5. Pension agreements

The Municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of services and rates of pay.

The amount contributed to OMERS for 2018 was \$281,980 (2017 - \$262,858) for current service and is included as an expenditure on the Consolidated Statement of Operations. The Municipality has no obligation, as at December 31, 2018, under the past service provisions. The OMERS funding ration for 2018 is 96.0% (2017 - 94.2%), with the goal of being fully funded by 2025.

**MUNICIPALITY OF THAMES CENTRE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

6. Deferred revenue - obligatory reserve funds

A requirement of the Canadian public sector accounting standards is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial legislation restricts how these funds may be used and under certain circumstances these funds may possibly be refunded. The balances in the obligatory reserve funds of the Municipality are summarized as follows:

	2018	2017
Development charges	\$ 3,583,242	\$ 3,980,170
Federal gas tax	991,967	757,343
Grants - Provincial	501	2,522
Grants, Federal	-	7,045
Grants - other	197,825	308,560
Prepaid user charges	342,996	473,087
	\$ 5,116,531	\$ 5,528,727

**MUNICIPALITY OF THAMES CENTRE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

7. Long-term liabilities

	2018	2017
a. The balance of long-term liabilities reported on the Consolidated Statement of Financial Position is made up of the following:		
Tile drainage loans bearing interest at a rate of 8%, responsibility for payment of principal and interest charges has been assumed by individuals	\$ 4,559	\$ 6,646
Debentures payable, maturing on September 17 in the years 2017 through 2027 bearing varying rates of interest between 5.03% to 5.22%, payable semi-annually on March 15 and September 15	63,905	74,510
Debentures payable bearing interest rate of 2.55% to 4.56% maturing in 2017 to 2027, recoverable from ratepayers.	304,240	410,277
Debentures payable, maturing on July 3, 2032, bearing interest at a rate of 3.51%, payable semi-annually on July 1 and January 1	3,300,396	3,487,337
Debentures payable, maturing April 18, 2032, bearing interest at a rate of 2.92%, payable semi-annually on April 18 and October 18	1,417,524	1,131,149
Non-interest bearing loan payable to the Corporation of the County of Middlesex	616,990	771,238
Net long-term liabilities at the end of the year	\$ 5,707,614	\$ 5,881,157

**MUNICIPALITY OF THAMES CENTRE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

7. Long-term liabilities continued

b. Debt to be retired over the next five years as follows:

	Recovered from Ratepayers	Recovered from Taxation
2019	\$ 400,448	\$ 42,298
2020	\$ 394,345	\$ 166,996
2021	\$ 378,097	\$ 168,617
2022	\$ 361,399	\$ 170,288
2023	\$ 197,398	\$ 172,009

c. Approval of the Ontario Municipal Board has been obtained for those pending issues of long term liabilities and commitments to be financed by revenue beyond the term of Council and approved on or before December 31, 1992. Those approved after January 1, 1993 have been approved by by-law. The principal and interest payments required to service these pending issues and commitments are within the debt repayment limit prescribed by the Ministry of Municipal Affairs.

d. The Municipality is contingently liable for long term liabilities with respect to tile drainage loans, and for those for which the principal and interest had been assumed by other municipalities, school board and unconsolidated local boards, municipal enterprises, and utilities. The total amount outstanding as at December 31, 2018 is \$4,459 (2017 - \$6,646).

e. The interest expense on long-term liabilities for the year was \$131,187 (2017 - \$122,434).

8. Landfill closure and post-closure liability

The Municipality received a third party estimate of its closure and post-closure costs of the Thames Centre Landfill in 2019, subsequent to year end. As a result of this estimate, the Municipality has adjusted its accrual based on the estimated closure date of 2045. Based on the Scenario presented that is based on the Ontario Ministry of the Environment, Conservation and Parks Financial Assurance Guideline (2011), the estimated liability for closure and post closure costs discounted is \$2,640,784 (2017 - \$2,150,794). To date the Municipality has raised \$827,443 (2017 - \$777,443) through taxation towards this future liability. The remaining \$1,813,341 will be raised in future years. The estimate is based on the assumption of an inflation rate of 2.03% and a discount rate of 2.77%.

**MUNICIPALITY OF THAMES CENTRE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

9. Accumulated surplus

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

	2018	2017
General surplus (deficit)	\$ NIL	\$ NIL
Investment in tangible capital assets	105,463,734	104,063,180
Landfill post closure liability (note 8)	(1,813,341)	(1,373,351)
Reserves set aside for specific purpose	10,149,009	8,508,511
Reserve funds set aside for specific purpose	174,394	174,394
ACCUMULATED SURPLUS	\$113,973,796	\$111,372,734

10. Budget figures

The Municipality's Council completes separate budget reviews for its operating and capital budgets each year. The approved operating budget for 2018 is reflected on the Consolidated Statement of Operations and Accumulated Surplus.

11. Commitment

The Municipality has entered into an agreement with the Ontario Provincial Police for the provision of police services. The total cost incurred for the year ended December 31, 2018 was \$1,705,765 (2017 - \$1,696,106).

The Municipality has contracted with a third party to operate its wastewater system. The ten year contract began in 2013. There is a provision for two renewable terms of five years each. The contracted amount per year is \$154,900. In addition, the contract has provisions for additional costs. The wastewater system is owned by and registered in the name of the Municipality.

The Municipality contracted in 2012 with a third party to provide solid waste and recycling collection for \$507,908 per year. This contract extends to 2017 with two renewable terms of one year each. The contract has provisions for additional costs for other services. Subsequent to year end this contract was extended to September 2020 including an increase of 5%.

**MUNICIPALITY OF THAMES CENTRE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

12. Public sector salary disclosure

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

13. Contaminated sites

The Canadian public sector accounting standard 3510 requires municipalities to evaluate sites owned by the municipality for potential contamination. This standard requires the municipality to disclose the liability, if any, related to remediation of such sites. The Municipality does not believe it owns properties that would require such an accrual.

14. Segmented information

Segmented information is presented on Schedule 2. The Municipality of Thames Centre is a diversified municipality and provides a wide range of services to its citizens including police, fire, transportation, recreational and environmental. For management reporting purposes the Municipality's operations and activities are organized and reported by department. The general government segment includes such functions as finance and information services, council and administrative offices. Protection services includes policing through contracted services, fire protection, conservation authority, protective inspection and control, and emergency measures. Transportation services provide the winter and summer maintenance, repairs and construction of the municipal roads system including bridges and culverts. Environmental services includes water, wastewater, waste disposal, storm management and the maintenance of Thames Centre landfill site. Recreation includes facilities, parks, leisure programs, and the library. Planning manages rural development and facilitates economic development.

15. Comparative balances

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

**MUNICIPALITY OF THAMES CENTRE
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Land	Land Improvements	Buildings and Fixtures	Machinery and Equipment	Automotive	Infrastructure	2018 Total	2017 Total
COST								
Balance, beginning of year (note 15)	\$ 5,166,794	\$ 3,973,356	\$ 18,254,723	\$ 979,727	\$ 7,441,910	\$118,990,569	\$154,807,079	\$152,852,820
Add:								
Additions during the year	-	173,127	2,326,521	136,466	1,453,872	1,323,227	5,413,213	2,234,133
Less:								
Disposals during the year	-	-	-	-	(1,398,846)	(177,733)	(1,576,579)	(279,874)
Balance, end of year	5,166,794	4,146,483	20,581,244	1,116,193	7,496,936	120,136,063	158,643,713	154,807,079
ACCUMULATED AMORTIZATION								
Balance, beginning of year	-	1,078,149	4,675,388	529,684	3,945,972	38,137,287	48,366,480	45,431,791
Add:								
Amortization during the year	-	175,905	564,665	115,705	490,435	2,196,239	3,542,949	3,101,742
Less:								
Disposals during the year	-	-	-	-	(1,183,711)	(134,545)	(1,318,256)	(167,053)
Balance, end of year	-	1,254,054	5,240,053	645,389	3,252,696	40,198,981	50,591,173	48,366,480
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 5,166,794	\$ 2,892,429	\$ 15,341,191	\$ 470,804	\$ 4,244,240	\$ 79,937,082	\$108,052,540	\$106,440,599

This schedule is provided for information purposes only.

**MUNICIPALITY OF THAMES CENTRE
CONSOLIDATED SCHEDULE OF SEGMENTED INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2018**

	General Government	Protective Services	Transportation	Environmental	Health	Recreation and Culture	Planning and Development	Total
REVENUE								
Taxation	\$ 9,782,363	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,782,363
User fees	25,116	319,728	7,960	3,487,359	83,324	1,297,970	109,971	5,331,428
Government grants-operating	883,033	154,986	432,181	127,875	-	80,507	50,723	1,729,305
Investment income	200,495	-	-	-	7,148	-	1,694	209,337
Penalty and interest on taxes	219,942	-	-	-	-	-	-	219,942
Other	-	27,859	-	-	-	49,170	-	77,029
	11,110,949	502,573	440,141	3,615,234	90,472	1,427,647	162,388	17,349,404
EXPENDITURES								
Salaries and benefits	1,223,280	768,952	872,280	389,743	31,221	1,202,938	136,819	4,625,233
Materials, goods and services	516,929	2,166,779	2,045,095	2,326,915	35,987	1,367,605	72,305	8,531,615
Amortization	51,204	98,910	2,006,387	761,453	1,863	598,901	24,231	3,542,949
	1,791,413	3,034,641	4,923,762	3,478,111	69,071	3,169,444	233,355	16,699,797
	9,319,536	(2,532,068)	(4,483,621)	137,123	21,401	(1,741,797)	(70,967)	649,607
OTHER								
Government transfers - capital	-	-	343,599	98,850	-	3,963	-	446,412
Gain (loss) on disposal	25,693	-	(91,182)	-	-	-	-	(65,489)
Increase in landfill liability	-	-	-	(489,990)	-	-	-	(489,990)
Developer contributions - capital	-	365,617	400,316	727,713	-	566,876	-	2,060,522
	25,693	365,617	652,733	336,573	-	570,839	-	1,951,455
EXCESS OF REVENUE OVER EXPENDITURES	\$ 9,345,229	\$ (2,166,451)	\$ (3,830,888)	\$ 473,696	\$ 21,401	\$ (1,170,958)	\$ (70,967)	\$ 2,601,062

This schedule is provided for information purposes only.