

**The Corporation of the  
Township of King**  
**Consolidated Financial Statements**  
For the year ended December 31, 2017

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the Township of King**  
Consolidated Financial Statements  
For the year ended December 31, 2017

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## Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of The Corporation of the Township of King, which comprise the consolidated statement of financial position as at December 31, 2017, the consolidated statements of operations and accumulated surplus, change in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of The Corporation of the Township of King as at December 31, 2017 and the results of its operations, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants

Barrie, Ontario  
June 25, 2018



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

Year ended December 31	Budget 2017	Actual 2017	Actual 2016
	(Note 4)		(Restated - Note 2)
<b>Revenues</b>			
Property taxation (Note 6)	\$ 28,538,794	\$ 29,047,445	\$ 23,785,459
Taxation from other governments (Note 6)	1,540,000	1,728,838	1,624,976
User fees	4,468,224	4,984,071	6,056,831
Water and wastewater user charges	5,577,686	6,753,372	6,160,628
Government grants (Note 15)	1,269,358	1,230,731	1,218,992
Contributions from developers	10,705,927	23,907,177	13,937,049
Investment income	255,231	521,501	178,964
Penalties and interest on taxes and water billings	1,050,000	1,261,143	1,224,940
Local area charges	-	73,795	674,356
Environmental services	113,500	152,883	158,359
Lease revenue	132,000	111,585	90,895
Donations	8,300	104,943	52,981
Other	10,186,928	1,581,714	1,751,157
	<u>63,845,948</u>	<u>71,459,198</u>	<u>56,915,587</u>
<b>Expenses</b>			
General government	5,430,230	5,242,194	5,579,215
Protection to persons and property	5,808,885	5,574,912	4,635,129
Transportation services	11,603,390	11,218,753	10,963,715
Environmental services	8,168,157	8,788,568	8,016,654
Recreational and cultural services	9,649,497	10,138,833	8,808,554
Planning and development	2,104,403	2,934,355	3,632,392
	<u>42,764,562</u>	<u>43,897,615</u>	<u>41,635,659</u>
<b>Annual surplus</b>	21,081,386	27,561,583	15,279,928
<b>Accumulated surplus, beginning of year</b>	181,698,703	181,698,703	166,418,775
<b>Accumulated surplus, end of year</b>	<u>\$ 202,780,089</u>	<u>\$ 209,260,286</u>	<u>\$ 181,698,703</u>

See accompanying notes to the consolidated financial statements

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

Year ended December 31	2017	2016
		(Restated - Note 2)
<b>Operating activities</b>		
Annual surplus	\$ 27,561,583	\$ 15,279,928
Amortization expense	6,663,488	6,342,485
(Gain)/Loss on sale of tangible capital assets	171,228	140,349
Changes in non-cash items		
Taxes receivable	(934,700)	1,844,510
User charges receivable and sewer receivable	1,163,373	1,318,966
Trade and other receivables	2,029,155	(390,339)
Prepaid expenses	(215,140)	339,281
Accounts payable and accrued liabilities	(501,440)	(2,227,648)
Accrued interest on long term debt	(29,846)	(29,610)
Developer and other deposits	18,709	1,347,354
Deferred revenue - general	406,370	312,932
Deferred revenue - obligatory reserve funds	(1,965,799)	(3,713,884)
Employee future benefits and other liabilities	709,802	123,073
Solid waste landfill closure and post closure liability	86,590	289,457
Cash provided by operating activities	<u>35,163,373</u>	<u>20,976,854</u>
<b>Financing activities</b>		
Principal repayment on long-term debt	(400,000)	(400,000)
Sinking fund contributions	(2,449,192)	(2,650,737)
Cash used in financing activities	<u>(2,849,192)</u>	<u>(3,050,737)</u>
<b>Investing activities</b>		
Purchase of tangible capital assets	(33,859,838)	(14,299,706)
Proceeds from sale of tangible capital assets	62,723	102,454
Matured (Purchase) of guaranteed investment certificates	10,000,000	(15,000,000)
Cash used in investing activities	<u>(23,797,115)</u>	<u>(29,197,252)</u>
<b>Net increase (decrease) in cash</b>	<b>8,517,066</b>	<b>(11,271,135)</b>
<b>Cash, beginning of year</b>	<u>29,433,145</u>	<u>40,704,280</u>
<b>Cash, end of year</b>	<u>\$ 37,950,211</u>	<u>\$ 29,433,145</u>

See accompanying notes to the consolidated financial statements

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

Year ended December 31	Budget 2017	Actual 2017	Actual 2016
	(Note 4)		(Restated - Note 2)
Annual surplus	\$ 21,081,386	\$ <b>27,561,583</b>	\$ 15,279,928
Land Listed for Sale (Note 5)	-	<b>2,050,020</b>	-
Acquisition of tangible capital assets	(40,865,256)	<b>(33,859,838)</b>	(14,299,706)
Amortization of tangible capital assets	6,663,488	<b>6,663,488</b>	6,342,485
Proceeds from sale of tangible capital assets	-	<b>62,723</b>	102,454
(Gain)/loss on sale of tangible capital assets	-	<b>171,228</b>	140,349
	<u>(34,201,768)</u>	<u><b>(26,962,399)</b></u>	<u>(7,714,418)</u>
Change in prepaid expenses	<u>-</u>	<u><b>(215,140)</b></u>	<u>339,281</u>
<b>(Increase) / decrease in net debt</b>	(13,120,382)	<b>2,434,064</b>	7,904,791
<b>Net asset (debt), beginning of year</b>	<u>350,015</u>	<u><b>350,015</b></u>	<u>(7,554,776)</u>
<b>Net asset (debt), end of year</b>	\$ <u>(12,770,367)</u>	\$ <u><b>2,784,079</b></u>	\$ <u>350,015</u>

See accompanying notes to the consolidated financial statements

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# The Corporation of the Township of King

## Notes to the Consolidated Financial Statements

December 31, 2017

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### 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.



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# The Corporation of the Township of King

## Notes to the Consolidated Financial Statements

December 31, 2017

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### 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.

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# The Corporation of the Township of King

## Notes to the Consolidated Financial Statements

December 31, 2017

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### 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.

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# The Corporation of the Township of King

## Notes to the Consolidated Financial Statements

December 31, 2017

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### 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.

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# The Corporation of the Township of King

## Notes to the Consolidated Financial Statements

December 31, 2017

### 2. Prior period adjustments

- (a) During the year it was discovered that Canal Road reconstruction costs that were the responsibility of the Holland Marsh Drainage System Joint Services Board had not been recorded. This resulted in understated 2016 accounts payable, expenses, accounts receivable and revenue in the amount of \$197,826 in the Township's Consolidated Financial Statements.

During the year it was discovered that the cost of construction of the Horlings Drain pumping station, which was under construction in 2016, had been recorded as an expense in the records of the Holland Marsh Drainage System Joint Municipal Services Board. This resulted in understated tangible capital assets and overstated expenses of 2016 in the amount of \$157,272 in the Township's Consolidated Financial Statements.

The impact of the above on 2016 balances is as follows:

	Originally <u>Stated</u>	<u>Restated</u>	Increase/ <u>(decrease)</u>
Trade and Other Receivables	\$ 5,860,924	\$ 6,058,750	\$ 197,826
Accounts Payable and Accrued Liabilities	14,339,091	14,536,917	197,826
Tangible Capital Assets	181,119,683	181,276,955	157,272
Revenues – Other	1,553,332	1,751,157	197,825
Expenses – Planning and Development	3,591,839	3,632,392	40,553

- (b) During the year, the Township recorded transfers between reserve funds and reserves that related to the 2015 Development Charge Background Study Update. The delay in recording the subject transfers related to a pending appeal of the Township's development charge by-law which were resolved in 2016, but had yet to be incorporated into the financial records of the Township.

Many expenditures related to these projects were incurred prior to 2016; however, the related contributions from developer revenues were recognized in the year of the appeal mentioned above. This is not representative of the Township's accounting policy of recognizing obligatory deferred revenue in the year that the related expenditures are incurred but reflects the transactions as occurred in the respective years.

The impact of the above noted prior period adjustment is as follows:

	<b><u>2016</u></b>
<b>Statement of Financial Position</b>	
Increase in deferred revenue - general	\$ 105,276
Decrease in deferred revenue – obligatory reserve funds	<u>5,386,123</u>
Change in net debt	<u>5,280,847</u>
Increase in accumulated surplus	<u>\$ 5,280,847</u>
<b>Statement of Operations</b>	
Increase in revenue – contributions from developers	<u>\$ 5,280,847</u>
Net increase in annual surplus	<u>\$ 5,280,847</u>

# The Corporation of the Township of King

## Notes to the Consolidated Financial Statements

December 31, 2017

### 3. Cash and short term investments

	<u>2017</u>	<u>2016</u>
Cash and short term investments are comprised of the following:		
Cash held at financial institutions	\$ 37,950,211	\$ 29,433,145
Guaranteed investment certificate, CIBC Wood Gundy, bearing interest of 1.61%, maturing June 16, 2017	0	10,000,000
Guaranteed investment certificate, CIBC Wood Gundy, bearing interest of 1.51%, maturing October 18, 2017	0	5,000,000
Guaranteed investment certificate, CIBC Wood Gundy, bearing interest of 1.65%, maturing July 16, 2018	<u>5,000,000</u>	<u>0</u>
Total cash and short term investments	\$ <u>42,950,211</u>	\$ <u>44,433,145</u>

Cash and short term investments are allocated as follows:

Unrestricted	\$ 19,376,941	\$ 18,894,076
Restricted (obligatory reserve funds set aside for specific purposes by legislation)	<u>23,573,270</u>	<u>25,539,069</u>
	\$ <u>42,950,211</u>	\$ <u>44,433,145</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 (2016 - \$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 (2016 - \$NIL).

### 4. 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 January 23, 2017 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>2017</u>
Budgeted deficits for the year, as approved	
Operating	\$ 4,400,024
Capital	<u>(10,666,229)</u>
Total budgeted deficits for the year as approved	<u>(6,266,205)</u>

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# The Corporation of the Township of King

## Notes to the Consolidated Financial Statements

December 31, 2017

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### 4. Budget reconciliation (continued)

Add:

Capital expenditures carried forward from previous years	40,865,256
Principal payments on long term debt and sinking funds	2,783,216
Interest earned on sinking funds	65,975
Decrease in accrued interest	29,846

Less:

Budgeted proceeds from long term debt	(9,100,000)
Amortization	(6,619,104)
Increase in landfill liability	(85,081)
Post retirement benefits expenses	(222,982)
Loss on post retirement benefits	<u>(369,535)</u>

Budgeted surpluses for the year, per statement of operations      \$ 21,081,386

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### 5. Land Listed for Sale

As of December 31, 2017 the Township owns a property related to the current municipal office site at 2075 King Road which has been deemed surplus to the Township's needs.

Subsequent to the year end, the Township sold the property known as 2075 King Road. The details of the transaction can be found in Note 19.

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

	<u>2017</u>	<u>2016</u>
Property taxes	\$ 29,047,445	\$ 23,785,459
Payments in lieu	1,728,838	1,624,976
Collections for other governments		
Province of Ontario – school tax	16,513,167	15,539,447
Region of York – regional tax	<u>28,953,748</u>	<u>28,080,157</u>
Total collected	<u>76,243,198</u>	69,030,039
Transfers		
Province of Ontario – school tax	(16,513,167)	(15,539,447)
Region of York – regional tax	<u>(28,953,748)</u>	<u>(28,080,157)</u>
Available for Township use	\$ <u>30,776,283</u>	\$ <u>25,410,435</u>

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# The Corporation of the Township of King

## Notes to the Consolidated Financial Statements

December 31, 2017

### 7. 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.

### 8. Deferred revenue – obligatory reserve funds

There is provincial and municipal legislation which restricts how these funds may be used. The balances in the obligatory reserve funds of the Township are summarized below:

	<u>2017</u>	<u>2016</u>
Development charges, opening balance	\$ 19,564,763	\$ 24,697,959
Add: Developer contributions	1,540,686	7,829,337
Interest earned	272,442	159,097
Deduct: Amounts used for eligible capital projects	<u>(4,004,756)</u>	<u>(13,121,630)</u>
Development charges, ending balance	<u>17,373,135</u>	<u>19,564,763</u>

	<u>2017</u>	<u>2016</u>
Parkland reserve, opening balance	5,970,712	4,551,400
Add: Developer contributions	3,466	1,812,174
Interest earned	68,166	31,801
Deduct: Amounts used for eligible capital projects	<u>(201,550)</u>	<u>(424,663)</u>
Parkland reserve, ending balance	<u>5,840,794</u>	<u>5,970,712</u>

# The Corporation of the Township of King

## Notes to the Consolidated Financial Statements

December 31, 2017

### 8. Deferred revenue – obligatory reserve funds (continued)

	<u>2017</u>	<u>2016</u>
Gas Tax reserve, opening balance	3,594	3,594
Add: Municipal funding	615,703	604,993
Interest earned	1,214	-
Deduct: Amounts used for eligible capital projects	<u>(261,170)</u>	<u>(604,993)</u>
Gas Tax reserve, ending balance	<u>359,341</u>	<u>3,594</u>
<b>Total deferred revenue – obligatory reserve funds</b>	<b>\$ <u>23,573,270</u></b>	<b>\$ <u>25,539,069</u></b>

Cash needed to fund these obligatory reserves is \$23,573,270 (2016 - \$25,539,069)

Actual cash and short term investments was \$42,950,211 (2016 - \$44,443,145) (Note 3)

### 9. 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>2017</u>	<u>2016</u>
Accrued post-retirement non-pension benefits	\$ 949,272	\$ 894,161
Vested sick leave benefits	1,126,820	589,415
Vacation pay	<u>725,226</u>	<u>607,940</u>
	<b>\$ <u>2,801,318</u></b>	<b>\$ <u>2,091,516</u></b>

The actuarial results for each of the plans as at December 31, 2017 are as follows:

	Post Retirement Non-Pension Benefits	Vested Sick Leave Benefits	Total <u>2017</u>	Total <u>2016</u>
Accrued benefit obligation, beginning of year	\$ 894,161	\$ 589,415	\$ 1,483,576	\$ 1,400,038
Current service cost (net of benefits paid)	64,054	86,086	150,140	29,441
Interest cost	33,364	39,478	72,842	54,097
Actuarial (gain)/loss	<u>(42,307)</u>	<u>411,841</u>	<u>369,534</u>	<u>0</u>
<b>Accrued benefit liability, end of year</b>	<b>\$ <u>949,272</u></b>	<b>\$ <u>1,126,820</u></b>	<b>\$ <u>2,076,092</u></b>	<b>\$ <u>1,483,576</u></b>



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# The Corporation of the Township of King

## Notes to the Consolidated Financial Statements

December 31, 2017

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

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 for 2017.

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% (2016 – 3.60%).

#### *Salary rate*

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

#### *Health costs*

Health costs were assumed to be at a rate of 6.10% for 2017, decreasing to 5.96% in 2018 and then decreasing by 0.24% over the next 5 years and remain at 4.5% thereafter (2016 – assumed to be at a rate of 6.40%, decreasing to 6.10% in 2017 and then decreasing over the next 5 years to a rate of 4.60% and remain at 4.60% thereafter).

#### *Dental costs*

Dental costs were assumed to be at a rate of 4.60% for 2017 and remain at 4.50% thereafter (2016 – assumed to be at a rate of 4.60% and remain at 4.60% thereafter).

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### 10. Pension agreement

OMERS provides pension services to more than 480,000 active and retired members and approximately 1,000 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, 2017. The value of net assets is \$89.0 billion and \$94.4 billion for liabilities, indicating a deficit of \$5.4 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 2017 were \$1,058,514 (2016 - \$1,008,301).

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# The Corporation of the Township of King

## Notes to the Consolidated Financial Statements

December 31, 2017

### 11. 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 \$2,821,951 (2016 - \$2,735,361) and reflects a discount rate of 3.14% (2016 - 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 2 years and the estimated remaining capacity is 7,400 (2016 - 7,400) cubic meters which is 13% (2016 - 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 8 years of post-closure care remaining.

The total estimated future expenses for closure and post-closure care are \$3,175,875 (2016 - \$ 3,078,510) leaving an amount to be recognized of \$353,924 (2016 - \$343,149) 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 \$480,424 (2016 - \$480,424) is established to finance the future landfill closure and post-closure costs.

### 12. 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>2017</u>	<u>2016</u>
2006-106	Construction of sewage works in the community of King City	4.4% to 4.6%	2017	\$ 0	\$ 11,084,000
2008-76	Construction of roads and road Repairs in the Township	5.0%	2019	<b>10,000,000</b>	10,000,000
2011-01	Construction of sewage works in the community of Nobleton	3.8%	2026	<b>3,600,000</b>	4,000,000
2011-01	Construction of road and watermain in the community of Nobleton	2.6%	2025	<b>6,000,000</b>	6,000,000
Total value of sinking fund assets, including amounts earned to retire the outstanding long-term debt				<u><b>(4,327,127)</b></u>	<u>(12,961,935)</u>
				<b>\$ 15,272,873</b>	<b>\$ 18,122,065</b>

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# The Corporation of the Township of King

## Notes to the Consolidated Financial Statements

December 31, 2017

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### 12. Long-term debt (continued)

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

2018	\$ 1,282,718
2019	7,902,376
2020	942,519
2021	942,519
2022	942,519
Thereafter	<u>3,260,222</u>
	<u>\$ 15,272,873</u>

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 2017 amounted to \$1,029,317 (2016 - \$1,299,206).

The Township is contingently liable for the tile drainage loans as at December 31, 2017 of \$16,561 (2016 - \$21,468). 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.

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# The Corporation of the Township of King

## Notes to the Consolidated Financial Statements

December 31, 2017

<b>13. Accumulated surplus</b>	<u>2017</u>	<u>2016</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	\$ 16,905,309	\$ 12,819,422
Recreation and culture programs and facilities	413,531	334,191
Working capital	1,832,625	1,832,625
Sick leave	913,073	813,073
Personnel matters	293,012	369,045
Planning matters	310,988	310,988
Heritage preservation	38,931	38,931
Environmental matters	480,424	480,424
Election expenditures	110,848	80,848
Current operations	4,566,433	6,247,320
King City sewer capital costs	<u>20,133</u>	<u>20,133</u>
	<u>25,885,307</u>	<u>23,347,000</u>
<b>Reserve funds set aside for specific purpose by Council</b>		
Acquisition of capital assets	41,545	41,068
Repayment of water and sewer debentures	(1,139,978)	1,344,663
Water system capital expenditures	<u>1,963,262</u>	<u>1,940,725</u>
	<u>864,829</u>	<u>3,326,456</u>
Total reserves and reserve funds	<u>26,750,136</u>	<u>26,673,456</u>
<b>Surpluses</b>		
Invested in tangible capital assets	206,189,334	181,276,955
Land listed for sale (Note 5)	2,050,020	0
Less: Lease Obligation Library	(7,569)	(16,557)
Less: amount financed by long-term debt and Interest on long-term debt	(15,272,873)	(18,122,065)
	(160,114)	(189,960)
General	(5,229,897)	(3,712,678)
Library	(9,104)	(610)
HMDSJMSB	573,622	617,039
Unfunded		
Employee benefits and post-employment liabilities	(2,801,318)	(2,091,516)
Solid waste landfill and post-closure liabilities	<u>(2,821,951)</u>	<u>(2,735,361)</u>
Total surpluses	<u>182,510,150</u>	<u>155,025,247</u>
<b>Accumulated surplus</b>	<b>\$ <u>209,260,286</u></b>	<b>\$ <u>181,698,703</u></b>

# The Corporation of the Township of King

## Notes to the Consolidated Financial Statements

December 31, 2017

### 14. Tangible capital assets

<b>Cost</b>	Balance as at December 31, 2016 <u>(Restated – Note 2 )</u>	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>

<b>Accumulated Amortization</b>	Balance as at December 31, 2016 <u>(Restated – Note 2 )</u>	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>

<b>Net book value</b>	Balance as at December 31, 2016 <u>(Restated – Note 2 )</u>		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>

# The Corporation of the Township of King

## Notes to the Consolidated Financial Statements

December 31, 2017

### 14. Tangible capital assets (continued)

<b>Cost</b>	<b>Balance as at December 31, 2015</b>	<b>Additions</b>	<b>Disposals/ Transfers</b>	<b>Balance as at December 31, 2016 (Restated – Note 2)</b>
Land	\$ 21,178,465	\$ -	\$ -	\$ 21,178,465
Land improvements	7,421,210	3,761,039	-	11,182,249
Facilities	35,683,058	493,092	-	36,176,150
Vehicles	15,264,871	1,168,496	(313,639)	16,119,728
Machinery and equipment	1,958,948	234,158	(164,229)	2,028,877
Transportation infrastructure	118,949,881	5,993,220	(916,248)	124,026,853
Environmental Infrastructure	<u>63,917,424</u>	<u>44,828</u>	-	<u>63,962,252</u>
	264,373,857	11,694,833	(1,394,116)	274,674,574
Assets under construction	<u>12,046,442</u>	<u>9,508,886</u>	<u>(7,040,650)</u>	<u>14,514,678</u>
	<u>\$ 276,420,299</u>	<u>\$ 21,203,719</u>	<u>\$ (8,434,766)</u>	<u>\$ 289,189,252</u>

<b>Accumulated Amortization</b>	<b>Balance as at December 31, 2015</b>	<b>Additions</b>	<b>Disposals/ Transfers</b>	<b>Balance as at December 31, 2016 (Restated – Note 2)</b>
Land improvements	\$ 3,694,511	\$ 300,858	\$ -	\$ 3,995,369
Facilities	11,433,261	739,813	-	12,173,074
Vehicles	9,241,775	996,909	(294,586)	9,944,098
Machinery and equipment	734,795	289,570	(164,229)	860,136
Transportation infrastructure	68,745,897	3,281,150	(829,135)	71,197,912
Environmental infrastructure	<u>9,007,523</u>	<u>734,185</u>	-	<u>9,741,708</u>
	<u>\$ 102,857,762</u>	<u>\$ 6,342,485</u>	<u>\$ (1,287,950)</u>	<u>\$ 107,912,297</u>

#### Assets under construction

Assets under construction and other capital work in progress having cost of \$19,748,577 (2016 - \$14,514,678) have not been amortized. Amortization of these assets will commence when the assets are put into service.

#### 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 2017 (2016 – Nil).

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# The Corporation of the Township of King

## Notes to the Consolidated Financial Statements

December 31, 2017

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### 15. Government grants

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

	<u>2017</u>	<u>2016</u>
Federal grants	\$ 291,971	\$ 620,663
Provincial grants	938,065	572,888
Other grants	<u>695</u>	<u>25,441</u>
	<u>\$ 1,230,731</u>	<u>\$ 1,218,992</u>

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### 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 \$34,495 (2016 - \$49,488).

During the year the Township's total paid premiums was \$373,674 (2016 - \$376,286), which has been reported as an expense in the consolidated statement of operations.

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### 17. Commitments

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

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### 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, it is management's opinion that any uninsured liability arising from these claims is not determinable. Accordingly, no provision has been made in the accounts for these claims. Any liability as a result of these claims will be recognized at the time the amount is known or can be reasonably estimated.

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### 19. Subsequent Events

Subsequent to year end, the Township entered into an agreement of purchase and sale for one of its surplus properties that it had listed for sale as of December 31, 2017 and disclosed in note 5. 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.

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### 20. Comparative figures

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

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# The Corporation of the Township of King

## Notes to the Consolidated Financial Statements

December 31, 2017

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### 21. 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.



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# The Corporation of the Township of King

## Notes to the Consolidated Financial Statements

December 31, 2017

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### 21. 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**

**21. Segment information (continued)**

	<b>Consolidated</b>		<b>Governance &amp; Corporate Support</b>		<b>Fire &amp; Emergency Services</b>	
	<b>2017</b>	<b>2016</b> (Restated - note 2)	<b>2017</b>	<b>2016</b> (Restated - note 2)	<b>2017</b>	<b>2016</b>
<b>Revenues</b>						
Taxation	\$ 30,776,283	\$ 25,404,239	\$ -	\$ -	\$ -	\$ -
User charges	11,737,444	12,217,458	183,888	708,233	226,666	313,294
Grants	1,230,731	1,218,992	454,300	536,909	-	-
Others	27,714,740	18,074,898	1,065,999	5,359,629	24,933	451,190
	<u>71,459,198</u>	<u>56,915,587</u>	<u>1,704,187</u>	<u>6,604,771</u>	<u>251,599</u>	<u>764,484</u>
<b>Expenses</b>						
Salaries, wages and benefits	17,196,421	15,875,388	3,093,668	3,343,149	1,623,062	1,593,572
Amortization	6,663,488	6,342,485	117,382	115,258	624,108	632,256
Materials and Supplies	12,343,279	11,008,666	1,610,152	1,682,876	950,565	988,667
Contracted Services	6,655,573	7,097,546	420,992	437,934	13,750	-
Interest on long term debt	953,773	1,022,117	-	-	-	-
Others	85,081	289,457	-	-	-	-
	<u>43,897,615</u>	<u>41,635,659</u>	<u>5,242,194</u>	<u>5,579,217</u>	<u>3,211,485</u>	<u>3,214,495</u>
<b>Net surplus / (deficit)</b>	<b>\$ 27,561,583</b>	<b>\$ 15,279,928</b>	<b>\$ (3,538,007)</b>	<b>\$ 1,025,554</b>	<b>\$ (2,959,886)</b>	<b>\$ (2,450,011)</b>

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

Year ended December 31

**21. Segment information (continued)**

	<u>Bylaw &amp; Building Services</u>		<u>Environmental Services</u>		<u>Roads &amp; Related Services</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u> (Restated - note 2)
<b>Revenues</b>						
Taxation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
User charges	1,012,805	1,553,358	6,896,413	6,249,599	949,491	1,176,089
Grants	-	-	-	-	475,822	454,624
Others	43,627	23,841	539,287	2,709,367	20,827,559	4,743,518
	<u>1,056,432</u>	<u>1,577,199</u>	<u>7,435,700</u>	<u>8,958,966</u>	<u>22,252,872</u>	<u>6,374,231</u>
<b>Expenses</b>						
Salaries, wages and benefits	1,941,868	1,108,895	1,197,939	923,339	2,892,179	2,624,812
Amortization	-	-	778,037	769,486	3,807,198	3,698,955
Materials and supplies	208,895	384,897	4,931,611	4,455,213	1,653,947	1,462,570
Contracted services	218,347	231,363	1,387,882	1,407,034	2,321,498	2,680,570
Interest on long term debt	-	-	409,620	522,452	544,153	499,665
Others	-	-	85,081	289,457	-	-
	<u>2,369,110</u>	<u>1,725,155</u>	<u>8,790,170</u>	<u>8,366,981</u>	<u>11,218,975</u>	<u>10,966,572</u>
<b>Net surplus / (deficit)</b>	<u>\$ (1,312,678)</u>	<u>\$ (147,956)</u>	<u>\$ (1,354,470)</u>	<u>\$ 591,985</u>	<u>\$ 11,033,897</u>	<u>\$ (4,592,341)</u>

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

Year ended December 31

**21. Segment information (continued)**

	<b>Planning &amp; Development, Drainage</b>		<b>Parks &amp; Facilities</b>		<b>Public Library Services</b>	
	<b>2017</b>	<b>2016</b> (Restated - note 2)	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>Revenues</b>						
Taxation	\$ -	\$ -	\$ -	\$ -	\$ 1,512,707	\$ 1,471,124
User charges	323,574	613,900	2,247,447	2,305,058	23,020	21,735
Grants	89,522	110,632	161,077	62,652	50,010	54,175
Others	1,176,647	1,534,328	2,830,544	2,098,001	503,586	224,291
	<u>1,589,743</u>	<u>2,258,860</u>	<u>5,239,068</u>	<u>4,465,711</u>	<u>2,089,323</u>	<u>1,771,325</u>
<b>Expenses</b>						
Salaries, wages and benefits	1,023,296	1,053,373	4,196,263	4,052,475	1,228,146	1,175,773
Amortization	52,277	47,636	1,150,185	954,178	134,301	124,716
Materials and supplies	352,151	387,961	2,567,416	2,227,736	662,156	367,226
Contracted services	1,513,107	2,149,616	779,997	191,029	-	-
Interest on long term debt	-	-	-	-	-	-
Others	-	-	1,512,707	1,471,124	-	-
	<u>2,940,831</u>	<u>3,638,586</u>	<u>10,206,568</u>	<u>8,896,542</u>	<u>2,024,603</u>	<u>1,667,715</u>
<b>Net surplus / (deficit)</b>	<u>\$ (1,351,088)</u>	<u>\$ (1,379,726)</u>	<u>\$ (4,967,500)</u>	<u>\$ (4,430,831)</u>	<u>\$ 64,720</u>	<u>\$ 103,610</u>

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

**Year ended December 31**

**21. Segment information (continued)**

	<b>Tax Revenue</b>		<b>Eliminations</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>Revenues</b>				
Taxation	\$ 30,776,283	\$ 25,410,435	\$ (1,512,707)	\$ (1,477,320)
User charges	-	-	(125,860)	(723,808)
Grants	-	-	-	-
Others	1,170,312	1,149,209	(467,754)	(218,476)
	<u>31,946,595</u>	<u>26,559,644</u>	<u>(2,106,321)</u>	<u>(2,419,604)</u>
<b>Expenses</b>				
Salaries, wages and benefits	-	-	-	-
Amortization	-	-	-	-
Materials and supplies	-	-	(593,614)	(948,480)
Contracted services	-	-	-	-
Interest on long term debt	-	-	-	-
Others	-	-	(1,512,707)	(1,471,124)
	<u>-</u>	<u>-</u>	<u>(2,106,321)</u>	<u>(2,419,604)</u>
<b>Net surplus / (deficit)</b>	<b>\$ 31,946,595</b>	<b>\$ 26,559,644</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>