

CORPORATION OF THE TOWNSHIP

OF MALAHIDE

Consolidated Financial Statements

December 31, 2017

CORPORATION OF THE TOWNSHIP OF MALAHIDE
Consolidated Financial Statements
For the Year Ended December 31, 2017

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian accounting standards for public sector entities 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.

Auditors' 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 whether the consolidated financial statements are free of 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 control 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, the financial statements present fairly, in all material respects, the consolidated statement of financial position of the **Corporation of the Township of Malahide** as at December 31, 2017, and the consolidated statements of operations and accumulated surplus, change in net financial assets, remeasurement gains and losses and cash flows for the year then ended in accordance with Canadian accounting standards for public sector entities.

St. Thomas, Ontario

June 7, 2018

Graham Scott Enns LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Licensed Public Accountants

CORPORATION OF THE TOWNSHIP OF MALAHIDE

Consolidated Statement of Financial Position December 31, 2017

| | 2017 | 2016 |
|--|--------------------------|--------------------------|
| | <u>\$</u> | <u>\$</u> |
| FINANCIAL ASSETS | | |
| Cash | 1,792,602 | 2,524,049 |
| Investments (Note 2) | 4,203,505 | 2,079,200 |
| Taxes receivable (Note 4) | 1,556,668 | 1,729,061 |
| Accounts receivable | <u>1,730,924</u> | <u>2,392,515</u> |
| Total financial assets | <u>9,283,699</u> | <u>8,724,825</u> |
| FINANCIAL LIABILITIES | | |
| Deferred revenue - obligatory reserve funds (Note 8) | 730,607 | 532,415 |
| Accounts payable and accrued liabilities | 3,133,498 | 2,637,294 |
| Net long-term liabilities (Note 6) | <u>802,156</u> | <u>912,678</u> |
| Total financial liabilities | <u>4,666,261</u> | <u>4,082,387</u> |
| NET FINANCIAL ASSETS | <u>4,617,438</u> | <u>4,642,438</u> |
| NON-FINANCIAL ASSETS | | |
| Tangible capital assets (Note 5) | 43,963,675 | 42,946,422 |
| Inventories | 77,744 | 40,272 |
| Prepaid expenses | <u>112,718</u> | <u>110,065</u> |
| Total non-financial assets | <u>44,154,137</u> | <u>43,096,759</u> |
| TOTAL NET ASSETS | <u>48,771,575</u> | <u>47,739,197</u> |
| NET ASSETS IS COMPRISED OF: | | |
| ACCUMULATED SURPLUS (NOTE 7) | 48,656,636 | 47,696,707 |
| ACCUMULATED REMEASUREMENT GAINS | <u>114,939</u> | <u>42,490</u> |
| | <u>48,771,575</u> | <u>47,739,197</u> |

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

CORPORATION OF THE TOWNSHIP OF MALAHIDE

Consolidated Statement of Operations and Accumulated Surplus For the Year Ended December 31, 2017

| | Budget (Note 12) <u>\$</u> | Actual 2017 <u>\$</u> | Actual 2016 <u>\$</u> |
|--|----------------------------------|-----------------------------|-----------------------------|
| REVENUES | | | |
| Property taxation | 6,725,493 | 6,790,445 | 6,441,439 |
| Taxation from other governments | 815,502 | 849,031 | 789,196 |
| User charges, licenses, permits | 1,814,107 | 1,867,946 | 1,823,474 |
| Local improvement levies | - | 319,057 | 551,408 |
| Government transfers: | | | |
| Federal | 278,067 | 460,809 | 300,000 |
| Provincial | 1,695,567 | 1,256,932 | 1,618,241 |
| Other municipalities | 1,128,191 | 1,100,478 | 1,125,344 |
| Investment income | 42,643 | 92,434 | 65,995 |
| Penalties and interest on taxes | 190,000 | 194,445 | 226,673 |
| Other, fines and donations | 67,700 | 51,145 | 34,139 |
| Gain (loss) on disposal of tangible capital assets | - | 73,036 | 59,886 |
| | <u>12,757,270</u> | <u>13,055,758</u> | <u>13,035,795</u> |
| | | | |
| EXPENSES | | | |
| General government | 1,215,862 | 1,286,706 | 1,161,456 |
| Fire and police protection | 2,065,499 | 2,068,711 | 2,024,548 |
| Other protective services | 500,959 | 402,474 | 355,920 |
| Transportation services | 5,462,523 | 5,136,420 | 4,948,882 |
| Waterworks and sewer | 869,196 | 838,024 | 791,962 |
| Garbage collection and disposal | 532,647 | 519,566 | 484,972 |
| Health services | 51,960 | 41,247 | 49,233 |
| Recreation and cultural services | 1,238,718 | 1,236,464 | 1,254,210 |
| Planning and zoning | 243,497 | 174,690 | 239,398 |
| Agriculture | 129,277 | 391,527 | 770,657 |
| | <u>12,310,138</u> | <u>12,095,829</u> | <u>12,081,238</u> |
| | | | |
| ANNUAL SURPLUS | 447,132 | 959,929 | 954,557 |
| | | | |
| ACCUMULATED SURPLUS, BEGINNING OF YEAR | <u>47,696,707</u> | <u>47,696,707</u> | <u>46,742,150</u> |
| | | | |
| ACCUMULATED SURPLUS, END OF YEAR (NOTE 7) | <u>48,143,839</u> | <u>48,656,636</u> | <u>47,696,707</u> |

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

CORPORATION OF THE TOWNSHIP OF MALAHIDE

Consolidated Statement of Change in Net Financial Assets For the Year Ended December 31, 2017

| | Budget (Note 12) \$ | Actual 2017 \$ | Actual 2016 \$ |
|--|---------------------------|-------------------------|----------------------|
| ANNUAL SURPLUS | 447,132 | 959,929 | 954,557 |
| Acquisition of tangible capital assets | (3,364,732) | (3,364,732) | (2,164,754) |
| Amortization of tangible capital assets | 2,313,477 | 2,313,477 | 2,204,138 |
| Proceeds on disposal of tangible capital assets | - | 107,038 | 119,595 |
| Change in inventories and prepaid expenses | - | (40,125) | 21,462 |
| Loss (gain) on disposal of tangible capital assets | - | (73,036) | (59,886) |
| Change in accumulated remeasurement gains | - | 72,449 | 42,490 |
| INCREASE IN NET FINANCIAL ASSETS | (604,123) | (25,000) | 1,117,602 |
| NET FINANCIAL ASSETS, BEGINNING OF YEAR | <u>4,642,438</u> | <u>4,642,438</u> | <u>3,524,836</u> |
| NET FINANCIAL ASSETS, END OF YEAR | <u>4,038,315</u> | <u>4,617,438</u> | <u>4,642,438</u> |

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

CORPORATION OF THE TOWNSHIP OF MALAHIDE
Consolidated Statement of Remeasurement Gains and Losses
For the Year Ended December 31, 2017

| | 2017 | 2016 |
|--|-----------------------|----------------|
| | <u>\$</u> | <u>\$</u> |
| ACCUMULATED REMEASUREMENT GAINS (LOSSES), BEGINNING OF YEAR | 42,490 | (8,748) |
| Unrealized gains (losses) attributable to investments | <u>72,449</u> | <u>51,238</u> |
| Change in accumulated remeasurement gains | <u>72,449</u> | <u>51,238</u> |
| ACCUMULATED REMEASUREMENT GAINS (LOSSES), END OF YEAR | <u>114,939</u> | <u>42,490</u> |
| Accumulated remeasurement gains is comprised of: | | |
| Investments | <u>114,939</u> | <u>42,490</u> |

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

CORPORATION OF THE TOWNSHIP OF MALAHIDE
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2017

| | 2017 | 2016 |
|--|--------------------|--------------------|
| | <u>\$</u> | <u>\$</u> |
| OPERATING ACTIVITIES | | |
| Annual surplus | 959,929 | 954,557 |
| Add (deduct) items not involving cash: | | |
| Amortization of tangible capital assets | 2,313,477 | 2,204,138 |
| Loss (gain) on disposal of tangible capital assets | <u>(73,036)</u> | <u>(59,886)</u> |
| | 3,200,370 | 3,098,809 |
| Change in non-cash assets and liabilities related to operations (Note 13 [b]) | <u>1,488,255</u> | <u>(1,346,254)</u> |
| | <u>4,688,625</u> | <u>1,752,555</u> |
| INVESTING ACTIVITIES | | |
| Purchase of investments | <u>(2,051,856)</u> | <u>(35,985)</u> |
| CAPITAL ACTIVITIES | | |
| Acquisition of tangible capital assets | (3,364,732) | (2,164,754) |
| Proceeds on disposal of tangible capital assets | <u>107,038</u> | <u>119,595</u> |
| | <u>(3,257,694)</u> | <u>(2,045,159)</u> |
| FINANCING ACTIVITIES | | |
| Long-term debt repayment | <u>(110,522)</u> | <u>(108,306)</u> |
| | <u>(110,522)</u> | <u>(108,306)</u> |
| NET CHANGE IN CASH | (731,447) | (436,895) |
| CASH, BEGINNING OF YEAR | <u>2,524,049</u> | <u>2,960,944</u> |
| CASH, END OF YEAR | <u>1,792,602</u> | <u>2,524,049</u> |
| SUPPLEMENTARY INFORMATION: | | |
| Cash paid for interest on debt | <u>47,501</u> | <u>57,555</u> |
| Cash received for interest on investments | <u>92,434</u> | <u>65,995</u> |

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

CORPORATION OF THE TOWNSHIP OF MALAHIDE

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2017

The Corporation of the Township of Malahide (the "Municipality") is a municipality in the Province of Ontario. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Municipality are prepared by management in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Municipality are as follows:

Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenses of the reporting entity. 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.

Consolidated Entities

There are no organizations or local boards that are consolidated in these financial statements.

Proportionate Consolidation

The East Elgin Community Complex, a joint local board with the Town of Aylmer, is consolidated on a proportionate basis. Operation of the facility is shared equally between the two municipalities.

The Aylmer Area Secondary Water Supply System and the Port Burwell Area Secondary Water Supply System have been consolidated on a proportionate basis, based upon the water flow used by the Municipality in proportion to the total water flow provided by the joint boards.

Basis of Accounting

The consolidated financial statements are prepared using the accrual basis of accounting. Revenues are recognized as they are earned 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.

CORPORATION OF THE TOWNSHIP OF MALAHIDE

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 revenues over expenses, provides the Change in Net Financial Assets for the year.

i) Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

| | |
|-------------------------------|-----------------|
| Land improvements | 10 to 50 years |
| Buildings | 10 to 95 years |
| Equipment | 2 to 10 years |
| Vehicles | 7 to 20 years |
| Transportation infrastructure | 20 to 50 years |
| Water system infrastructure | 15 to 100 years |
| Wastewater infrastructure | 50 to 100 years |

Amortization begins the first month of the year following the year the asset is placed in service and continues to the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

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.

iii) Inventories

Inventories held for consumption are recorded at the lower of cost and replacement cost.

iv) Works of art and cultural and historic assets

Works of art and cultural and historic assets are not recorded as assets in these financial statements.

CORPORATION OF THE TOWNSHIP OF MALAHIDE

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. In addition, certain user charges and fees which have been collected but for which the related services have yet to be performed. Revenue is recognized in the period when the related expense are incurred, services performed.

Accounting for County and School Board Transactions

Although the Municipality collects taxation on behalf of the County of Elgin and the School Boards, the taxation, other revenues, expenses, assets and liabilities with respect to the operations of the County and the school boards are not reflected in these financial statements.

Government Transfers

Government transfers are recognized in the consolidated financial statements as revenues in the financial period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met including performance and return requirements, and reasonable estimates of the amounts can be determined. Any amount received but restricted is recorded as deferred revenue in accordance with Section 3100 of the Public Sector Accounting Handbook and recognized as revenue in the period in which the resources are used for the purpose specified.

In addition, the Municipality periodically receives senior government capital funding in the form of infrastructure grants and receives ongoing funding from both senior levels of government as a result of an allocation of the gas tax funds.

Employee Benefit Plans

The Municipality accounts for its participation in the Ontario Municipal Employees Retirement System (OMERS), a multi-employer public sector pension fund, as a defined contribution plan. The OMERS plan specifies the retirement benefits to be received by the employees based on length of service and rates of pay. Employee benefits include post employment benefits. Post employment benefits are subject to actuarial valuations and are accrued in accordance with the projected benefit method, prorated on service and management's best estimate of salary escalation and retirement ages of employees. Any actuarial gains and losses related to past service of employees are amortized over the expected average remaining service period.

CORPORATION OF THE TOWNSHIP OF MALAHIDE

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax Revenues

In 2017 the Municipality received \$7,639,476 (2016 - \$7,230,635) in property tax revenues for municipal purposes. The authority to levy and collect property taxes is established under the Municipal Act 2001, the Assessment Act, the Education Act, and other legislation.

The amount of the total annual property tax levy is determined each year through Council's approval of the annual budget. Municipal tax rates are set annually by Council for each class or type of property, in accordance with legislation and Council-approved policies, in order to raise the revenue required to meet operating budget requirements. Education tax rates are established by the Province each year in order to fund costs of education on a Province-wide basis.

Taxation revenues are recorded at the time billings are issued. Additional property tax revenue can be added throughout the year, related to new properties that become occupied, or that become subject to property tax, after the return of the annual assessment roll used for billing purposes. The Municipality may receive supplementary assessment rolls over the course of the year from MPAC that identify new or omitted assessments. Property taxes for these supplementary/omitted amounts are then billed according to the approved tax rate for the property class.

Taxation revenues in any year may also be reduced as a result of reductions in assessment value rising from assessment and/or tax appeals. Each year, an amount is identified to cover the estimated amount of revenue loss attributable to assessment appeals, tax appeals or other deficiencies in tax revenue (e.g. uncollectible amounts, write-offs, etc.).

Investment Income

Investment income consists of interest, dividends and realized gains or losses on sale of investments is recognized as revenue in the period when it is earned. Unrealized gains and losses on investments are recognized in the accumulated remeasurement gains and losses until settlement. Once realized, these gains and losses are recognized as revenue or expenses in the consolidated statement of operations. When required by funding government or related Act, investment income earned on deferred revenue is added to the investment and forms part of the deferred revenue balance.

CORPORATION OF THE TOWNSHIP OF MALAHIDE

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Valuation of financial assets and liabilities

The Municipality's financial assets and liabilities are measured as follows:

- [i] Cash at fair value
- [ii] Portfolio investments at fair value
- [iii] Accounts receivable at amortized cost
- [iv] Accounts payable and accrued liabilities at amortized cost
- [v] Debt at amortized cost

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the consolidated statement of remeasurement gains and losses. When the restricted nature of a financial instrument and any related changes in fair value create a liability, unrealized gains and losses are recognized as deferred revenue.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the consolidated statement of operations.

For financial instruments measure using amortized cost, the effective interest rate method is used to determine interest revenue or expenses. Transaction costs are a component of cost for financial instruments measured using cost or amortized costs. Transaction costs are expensed for financial instruments measured at fair value. Investment management fees are expensed as incurred. The purchase and sale of cash equivalents and portfolio investments are accounted for using trade-date accounting. The Municipality does not use foreign currency contracts or any other type of derivative financial instruments of trading or speculative purposes.

Environmental Provisions and Contaminated Sites

The Municipality may be exposed to litigation or other costs of remediation due to contaminated properties in it's jurisdiction. A liability for remediation is recognized in the financial statements when an environmental standard exists, contamination exceeds the standard, the government is responsible for the remediation and a reasonable estimate of the liability can be made. As at December 31, 2017 there were no properties that the Municipality was responsible to remedy and as such no liability has been accrued.

CORPORATION OF THE TOWNSHIP OF MALAHIDE

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of consolidated financial statements in conformity with Canadian accounting standards for public sector entities requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. In addition, the Municipality's implementation of the Public Sector Accounting Handbook PS3150 has required management to make estimates of historical cost and useful lives of tangible capital assets. These estimates and assumptions are based on the best information and judgment and may differ significantly from actual results.

2. INVESTMENTS

Investments are comprised of the following:

| | 2017 | | 2016 | |
|------------------------------------|-------------------|---------------------|-------------------|---------------------|
| | <u>\$</u> Cost | <u>\$</u> Market | <u>\$</u> Cost | <u>\$</u> Market |
| One pooled bond securities funds | 3,088,565 | 3,056,326 | 1,536,710 | 1,516,699 |
| One pooled equity securities funds | <u>1,000,002</u> | <u>1,147,179</u> | <u>500,000</u> | <u>562,501</u> |
| | <u>4,088,567</u> | <u>4,203,505</u> | <u>2,036,710</u> | <u>2,079,200</u> |

During the year, the Municipality earned \$50,301 (2016 - \$35,982) of income in the One Investment Program and reported unrealized gains of \$72,449 (2016 - \$51,238) on the schedule of remeasurement gains

All of the above investments are valued as Level 1 investments. The investments are valued based on the degree to which the fair value is observable, as follows:

- [i] Level 1 - Fair value measurements are those derived from quoted prices (in active markets);
- [ii] Level 2 - Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the assets, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- [iii] Level 3 - Fair value measurements are those derived from valuation techniques that include inputs for the asset that are not based on observable data (unobservable inputs).

CORPORATION OF THE TOWNSHIP OF MALAHIDE

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2017

3. FINANCIAL INSTRUMENT RISKS

Risks and Concentrations

The Municipality is exposed to various risks through its financial instruments. The following analysis provides a measure of the Municipality's risk exposure and concentrations at the balance sheet date.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Municipality is mainly exposed to interest and price risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Municipality is exposed to interest rate risk on its fixed rate long-term debt. As the interest rates are fixed the Municipality doesn't believe that interest rate risk is a significant risk.

Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Municipality is exposed to price risk through its investments in quoted One Fund investments. The following details the Municipality's portfolio sensitivity to a 1.0% increase or decrease in the market prices. At December 31, 2017, if market prices had a 1% increase or decrease with all other variables remaining the same the increase or decrease in accumulated remeasurement gains and losses on the investments for the year would have totaled \$42,000.

It is management's opinion that the Municipality is not exposed to significant currency risk.

Liquidity Risk

Liquidity risk is the risk that a Municipality will encounter difficulty in meeting obligations associated with financial liabilities. The Municipality is exposed to this risk mainly in respect of its accounts payable, accrued liabilities and long-term debt. The Municipality doesn't believe that liquidity risk is a significant risk.

CORPORATION OF THE TOWNSHIP OF MALAHIDE

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2017

3. FINANCIAL INSTRUMENT RISKS (CONTINUED)

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Municipality's main credit risks relate to its accounts receivable and taxes receivable. The Municipality manages this risk by monitoring active receivable balances and forces tax sale on properties considered unrecoverable.

At year end, the Municipality had approximately \$221,000 (2016 - \$33,000) in trade accounts receivable over 90 days of which the Municipality has deemed no allowance is necessary. The balances of taxes and utility receivables (water and sewer) are normally collectible from the property owner and the Municipality is able to force tax sale on properties to recover. In some instances the property owner may challenge property values which will in impact future recovery of taxes and potential repayments to the property owners. The Municipality actively monitors these assessment challenges and provides provisions when reasonable estimates can be made. At year end the Municipality has provided an allowance of \$nil for these assessment challenges.

4. TAXES RECEIVABLE

| | 2017 | 2016 |
|---------------------------------|------------------|------------------|
| | <u>\$</u> | <u>\$</u> |
| Current taxes receivable | 410,630 | 882,559 |
| Arrears taxes receivable | 988,822 | 764,561 |
| Penalties and interest | 157,216 | 187,676 |
| Allowance for doubtful accounts | - | (105,735) |
| | <u>1,556,668</u> | <u>1,729,061</u> |

The Municipality makes annual estimates and allowances for potential exposure to property tax appeals, reassessments, environmental and collection issues. Included in the taxes receivable is approximately \$380,000 (2016 - \$155,00) of taxes, penalties and interest that is due from specific gas pipeline properties that are under going various appeals and financial restructuring. The Municipality's exposure to loss on these balances is estimated to be between 25% to 30% if it is determined that nothing is recoverable from these properties. At year end, the Municipality made an assessment of the exposure based on current information and didn't make any significant allowances for these amounts in the financial statements.

CORPORATION OF THE TOWNSHIP OF MALAHIDE

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2017

5. TANGIBLE CAPITAL ASSETS

| December 31, 2017 Cost | Opening | Additions | Disposals and Adjustments | Ending |
|---------------------------------------|--------------------------|-------------------------|------------------------------|--------------------------|
| <u>Infrastructure</u> | | | | |
| Linear - Roadways | 40,216,783 | 1,271,090 | (21,956) | 41,465,917 |
| Linear - Water Services | 5,237,455 | 259 | (240) | 5,237,474 |
| Linear - Waste Water Services | <u>3,959,395</u> | <u>-</u> | <u>-</u> | <u>3,959,395</u> |
| Infrastructure Total | <u>49,413,633</u> | <u>1,271,349</u> | <u>(22,196)</u> | <u>50,662,786</u> |
| <u>General</u> | | | | |
| Land | 711,263 | 493,558 | (23,086) | 1,181,735 |
| Land Improvements | 2,083,370 | 126,704 | (7,496) | 2,202,578 |
| Buildings | 11,233,552 | 28,190 | - | 11,261,742 |
| Machinery and Equipment | 2,010,938 | 230,196 | (47,385) | 2,193,749 |
| Vehicles | <u>6,460,226</u> | <u>446,517</u> | <u>(140,968)</u> | <u>6,765,775</u> |
| General Total | 22,499,349 | 1,325,165 | (218,935) | 23,605,579 |
| Work in Progress | <u>234,187</u> | <u>795,969</u> | <u>(27,751)</u> | <u>1,002,405</u> |
| Total Cost | <u>72,147,169</u> | <u>3,392,483</u> | <u>(268,882)</u> | <u>75,270,770</u> |
| | | | | |
| Accumulated Amortization | | | | |
| | Opening | Amortization | Disposals and Adjustments | Ending |
| <u>Infrastructure</u> | | | | |
| Linear - Roadways | 18,850,344 | 1,251,324 | (21,956) | 20,079,712 |
| Linear - Water Services | 1,232,439 | 98,000 | (120) | 1,330,319 |
| Linear - Waste Water Services | <u>623,180</u> | <u>39,567</u> | <u>-</u> | <u>662,747</u> |
| Infrastructure Total | <u>20,705,963</u> | <u>1,388,891</u> | <u>(22,076)</u> | <u>22,072,778</u> |
| <u>General</u> | | | | |
| Land Improvements | 1,246,170 | 71,338 | (3,748) | 1,313,760 |
| Buildings | 3,253,039 | 269,594 | - | 3,522,633 |
| Machinery and Equipment | 1,044,523 | 190,348 | (47,385) | 1,187,486 |
| Vehicles | <u>2,951,052</u> | <u>393,306</u> | <u>(133,920)</u> | <u>3,210,438</u> |
| General Total | <u>8,494,784</u> | <u>924,586</u> | <u>(185,053)</u> | <u>9,234,317</u> |
| Total Accumulated Amortization | <u>29,200,747</u> | <u>2,313,477</u> | <u>(207,129)</u> | <u>31,307,095</u> |
| | | | | |
| Net Book Value | | | | |
| | Opening | | | Ending |
| <u>Infrastructure</u> | | | | |
| Linear - Roadways | 21,366,439 | | | 21,386,205 |
| Linear - Water Services | 4,005,016 | | | 3,907,155 |
| Linear - Waste Water Services | <u>3,336,215</u> | | | <u>3,296,648</u> |
| | 28,707,670 | | | 28,590,008 |
| <u>General</u> | | | | |
| Land | 711,263 | | | 1,181,735 |
| Land Improvements | 837,200 | | | 888,818 |
| Buildings | 7,980,513 | | | 7,739,109 |
| Machinery and Equipment | 966,415 | | | 1,006,263 |
| Vehicles | <u>3,509,174</u> | | | <u>3,555,337</u> |
| | 14,004,565 | | | 14,371,262 |
| Work in Progress | <u>234,187</u> | | | <u>1,002,405</u> |
| Total Net Book Value | <u>42,946,422</u> | | | <u>43,963,675</u> |

CORPORATION OF THE TOWNSHIP OF MALAHIDE

**Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2017**

5. TANGIBLE CAPITAL ASSETS (CONTINUED)

| December 31, 2016 | | | Disposals and | |
|---------------------------------------|--------------------------|-------------------------|------------------------------|--------------------------|
| Cost | Opening | Additions | Adjustments | Ending |
| <u>Infrastructure</u> | | | | |
| Linear - Roadways | 39,626,360 | 664,503 | (74,080) | 40,216,783 |
| Linear - Water Services | 4,400,488 | 839,437 | (2,470) | 5,237,455 |
| Linear - Waste Water Services | <u>3,959,395</u> | <u>-</u> | <u>-</u> | <u>3,959,395</u> |
| Infrastructure Total | <u>47,986,243</u> | <u>1,503,940</u> | <u>(76,550)</u> | <u>49,413,633</u> |
| <u>General</u> | | | | |
| Land | 711,263 | - | - | 711,263 |
| Land Improvements | 2,044,406 | 46,390 | (7,426) | 2,083,370 |
| Buildings | 11,166,292 | 67,260 | - | 11,233,552 |
| Machinery and Equipment | 1,893,544 | 173,868 | (56,474) | 2,010,938 |
| Vehicles | <u>6,393,621</u> | <u>408,590</u> | <u>(341,985)</u> | <u>6,460,226</u> |
| General Total | 22,209,126 | 696,108 | (405,885) | 22,499,349 |
| Work in Progress | <u>269,481</u> | <u>39,564</u> | <u>(74,858)</u> | <u>234,187</u> |
| Total Cost | <u>70,464,850</u> | <u>2,239,612</u> | <u>(557,293)</u> | <u>72,147,169</u> |
| | | | | |
| Accumulated Amortization | | | | |
| | Opening | Amortization | Disposals and Adjustments | Ending |
| <u>Infrastructure</u> | | | | |
| Linear - Roadways | 17,692,949 | 1,192,585 | (35,190) | 18,850,344 |
| Linear - Water Services | 1,144,877 | 90,032 | (2,470) | 1,232,439 |
| Linear - Waste Water Services | <u>583,505</u> | <u>39,675</u> | <u>-</u> | <u>623,180</u> |
| Infrastructure Total | <u>19,421,331</u> | <u>1,322,292</u> | <u>(37,660)</u> | <u>20,705,963</u> |
| <u>General</u> | | | | |
| Land Improvements | 1,180,959 | 68,776 | (3,565) | 1,246,170 |
| Buildings | 2,984,482 | 268,557 | - | 3,253,039 |
| Machinery and Equipment | 913,475 | 174,984 | (43,936) | 1,044,523 |
| Vehicles | <u>2,919,086</u> | <u>369,529</u> | <u>(337,563)</u> | <u>2,951,052</u> |
| General Total | <u>7,998,002</u> | <u>881,846</u> | <u>(385,064)</u> | <u>8,494,784</u> |
| Total Accumulated Amortization | <u>27,419,333</u> | <u>2,204,138</u> | <u>(422,724)</u> | <u>29,200,747</u> |
| | | | | |
| Net Book Value | | | | |
| | Opening | | | Ending |
| <u>Infrastructure</u> | | | | |
| Linear - Roadways | 21,933,411 | | | 21,366,439 |
| Linear - Water Services | 3,255,611 | | | 4,005,016 |
| Linear - Waste Water Services | <u>3,375,890</u> | | | <u>3,336,215</u> |
| | 28,564,912 | | | 28,707,670 |
| <u>General</u> | | | | |
| Land | 711,263 | | | 711,263 |
| Land improvements | 863,447 | | | 837,200 |
| Buildings | 8,181,810 | | | 7,980,513 |
| Machinery and Equipment | 980,069 | | | 966,415 |
| Vehicles | <u>3,474,535</u> | | | <u>3,509,174</u> |
| | 14,211,124 | | | 14,004,565 |
| Work in Progress | <u>269,481</u> | | | <u>234,187</u> |
| Total Net Book Value | <u>43,045,517</u> | | | <u>42,946,422</u> |

CORPORATION OF THE TOWNSHIP OF MALAHIDE

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2017

6. NET LONG-TERM LIABILITIES

- a) The balance of net long-term liabilities reported on the Consolidated Statement of Financial Position consists of the following:

| | 2017 | 2016 |
|---|-----------------------|-----------------------|
| | <u>\$</u> | <u>\$</u> |
| Total long-term liabilities incurred by the municipality and outstanding at the end of the year | 833,490 | 948,250 |
| Tile drainage loans assumed by the individual | <u>(31,334)</u> | <u>(35,572)</u> |
| Total long-term liabilities at the end of the year | <u>802,156</u> | <u>912,678</u> |

- b) Principal repayments are summarized as follows:

| | 2018 | 2019 | 2020 | 2021 | 2022 | Beyond | Total |
|---------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|-----------------------|
| | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> |
| Recoverable from: | | | | | | | |
| General tax revenue | 86,575 | 90,029 | 93,623 | 97,360 | 101,249 | 319,993 | 788,829 |
| User charges | <u>13,327</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>13,327</u> |
| | <u>99,902</u> | <u>90,029</u> | <u>93,623</u> | <u>97,360</u> | <u>101,249</u> | <u>319,993</u> | <u>802,156</u> |

- c) All long-term liabilities issued on or before December 31, 1992 have received approval of the Ontario Municipal Board. Long-term liabilities issued after January 31, 1993 have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.
- d) Interest rates range from 2.7% to 6.6%. Interest expense on long-term liabilities in 2017 amounted to \$47,501 (2016 - \$57,555).
- e) The Municipality is contingently liable for municipal debt with respect to tile drainage loans. The total amount outstanding as at December 31, 2017 is \$31,334 (2016 - \$35,572) and is not recorded on the Consolidated Statement of Financial Position.
- f) During the year, the Municipality passed a by-law to approve the financing of a new fire hall by debt to be acquired through Ontario Infrastructure in the amount of \$3,025,000. This loan will be drawn on as required and will be supported by general tax revenue.

CORPORATION OF THE TOWNSHIP OF MALAHIDE

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2017

7. ACCUMULATED SURPLUS

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

| | 2017 | 2016 |
|--|--------------------------|-------------------|
| | <u>\$</u> | <u>\$</u> |
| SURPLUS | | |
| General revenue fund | (19,513) | 8,416 |
| Consolidated water boards reserves | 227,137 | 137,169 |
| Consolidated East Elgin Community Centre Complex reserve | 30,090 | 43,380 |
| Benefiting land owners | (204,461) | (338,945) |
| Invested in tangible capital assets | 43,963,675 | 42,946,422 |
| Cemetery care and maintenance | 7,057 | 359 |
| Funded (unfunded) capital projects | (495,854) | (102,499) |
| Reserves | <u>5,950,661</u> | <u>5,915,083</u> |
| | 49,458,792 | 48,609,385 |
| AMOUNTS TO BE RECOVERED | | |
| Net long-term debt | <u>(802,156)</u> | <u>(912,678)</u> |
| ACCUMULATED SURPLUS | <u>48,656,636</u> | <u>47,696,707</u> |
| RESERVES | | |
| Reserves set aside for specific purposes by council: | | |
| Working capital | 771,943 | 736,943 |
| Contingencies | 40,878 | 40,047 |
| Roadway purposes | 1,324,134 | 1,522,381 |
| Water and sewer purposes | 790,790 | 551,204 |
| Asset replacement purposes | 2,118,412 | 2,270,945 |
| Other municipal services | <u>904,504</u> | <u>793,563</u> |
| Total reserves | <u>5,950,661</u> | <u>5,915,083</u> |

CORPORATION OF THE TOWNSHIP OF MALAHIDE

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2017

8. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

A requirement of the public sector accounting principles of the Chartered Professional Accountants of Canada, is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial 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 below:

| | 2017 | 2016 |
|---------------------------|-----------------------|----------------|
| | <u>\$</u> | <u>\$</u> |
| Development charges | 362,925 | 191,298 |
| Federal gas tax | 154,323 | 248,509 |
| Building department funds | <u>213,359</u> | <u>92,608</u> |
| | <u>730,607</u> | <u>532,415</u> |

9. PENSION AGREEMENTS

The Municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf 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 service and rates of pay. 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 the members have earned to date. The most recent actuarial valuation of the Plan was conducted December 31, 2016, which is required every three years. As at December 31, 2017 the Plan had actuarial liabilities of \$93.6 billion in respect of benefits accrued for service with actuarial assets at that date of \$88.2 billion leaving an actuarial deficit of \$5.4 billion.

Since any surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees, the Municipality does not recognize any share of the OMERS Pension surplus or deficit in these consolidated financial statements.

The amount contributed to OMERS for 2017 was \$222,225 (2016 - \$213,782).

CORPORATION OF THE TOWNSHIP OF MALAHIDE

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2017

10. OPERATIONS OF THE SCHOOL BOARDS AND COUNTY OF ELGIN

During 2017, requisitions were made by the School Boards and the County of Elgin requiring the Municipality to collect taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are summarized below:

| | School Boards \$ | County \$ |
|------------------------------------|-------------------------|-------------------------|
| Taxation | 2,108,744 | 5,717,700 |
| Share of payments in lieu of taxes | <u>1,952</u> | <u>373,343</u> |
| Amounts requisitioned | <u><u>2,110,696</u></u> | <u><u>6,091,043</u></u> |

11. CONTINGENT LIABILITIES

From time to time, the Municipality is subject to claims and lawsuits that arise in the ordinary course of business. These claims may be covered by the Municipality's insurance up to a maximum amount per occurrence. In the opinion of management, any litigation, if successful would not have a material impact on the financial position of the Municipality.

Management has identified a specific lawsuit that will not be covered by insurance. Management has allowed for \$45,000 in 2015. These lawsuits are vigorously defended and as such any additional costs related to these lawsuits will be expensed when incurred or when additional information becomes available.

Estimated costs to settle claims are based on available information and projections of estimated future expenses developed based on the Municipality's historical experience. Claims are reported as an operating expense in the year of the loss, where the costs are deemed to be likely and can be reasonably determined. Claim provisions are reported as a liability in the consolidated statement of financial position.

CORPORATION OF THE TOWNSHIP OF MALAHIDE

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2017

12. BUDGET FIGURES

The operating budget approved by the council of the Municipality for 2017 is reflected on the consolidated statement of operations. Budget figures have been reclassified for the purposes of these financial statements to comply with PSAB reporting requirements. These adjustments include reserve transfers, capital expenditures, amortization and debt financing and repayment.

| | Approved Budget \$ | Adjustments \$ | PSAB Budget \$ |
|---|--------------------------|--------------------|----------------------|
| REVENUES | | | |
| Property taxation | 6,725,493 | - | 6,725,493 |
| Taxation from other governments | 815,502 | - | 815,502 |
| User charges | 1,467,691 | 346,416 | 1,814,107 |
| Government transfers | | | |
| Federal | 278,067 | - | 278,067 |
| Provincial | 1,686,626 | 8,941 | 1,695,567 |
| Other municipalities | 1,128,191 | - | 1,128,191 |
| Investment income | 40,750 | 1,893 | 42,643 |
| Penalties and interest on taxes | 190,000 | - | 190,000 |
| Other | 67,700 | - | 67,700 |
| Reserve transfers and long-term debt proceeds | <u>4,492,016</u> | <u>(4,492,016)</u> | <u>-</u> |
| Total revenues | <u>16,892,036</u> | <u>(4,134,766)</u> | <u>12,757,270</u> |
| EXPENSES | | | |
| General government | 1,387,602 | (171,740) | 1,215,862 |
| Fire and police protection | 4,680,057 | (2,614,558) | 2,065,499 |
| Other protective services | 528,756 | (27,797) | 500,959 |
| Transportation services | 7,057,732 | (1,595,209) | 5,462,523 |
| Waterworks and sewers | 1,154,650 | (285,454) | 869,196 |
| Garbage collection and disposal | 535,647 | (3,000) | 532,647 |
| Health services | 55,410 | (3,450) | 51,960 |
| Recreation and cultural services | 1,082,349 | 156,369 | 1,238,718 |
| Planning and zoning | 278,736 | (35,239) | 243,497 |
| Agriculture | <u>131,097</u> | <u>(1,820)</u> | <u>129,277</u> |
| Total expenses | <u>16,892,036</u> | <u>(4,581,898)</u> | <u>12,310,138</u> |
| BUDGETED ANNUAL SURPLUS (DEFICIT) | <u>-</u> | <u>447,132</u> | <u>447,132</u> |

CORPORATION OF THE TOWNSHIP OF MALAHIDE

**Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2017**

13. SUPPLEMENTARY INFORMATION:

| | 2017 | 2016 |
|---|--------------------------|--------------------|
| | <u>\$</u> | <u>\$</u> |
| [a] Current fund expenditures by object: | | |
| Salaries, wages and employee benefits | 3,804,635 | 3,859,977 |
| Long-term debt interest expense | 47,501 | 57,555 |
| Materials | 2,161,637 | 2,057,504 |
| Contracted services | 3,602,831 | 3,742,561 |
| Amortization | 2,313,477 | 2,204,138 |
| Transfer to others | <u>165,748</u> | <u>159,503</u> |
| | <u>12,095,829</u> | <u>12,081,238</u> |
| [b] Change in non-cash assets and liabilities related to operations: | | |
| (Increase) decrease in taxes receivable | 172,393 | (373,002) |
| (Increase) decrease in accounts receivable | 661,591 | (979,208) |
| (Increase) decrease in inventories and prepaid expenses | (40,125) | 21,460 |
| Increase (decrease) in accounts payable and accrued liabilities | 496,204 | (180,065) |
| Increase (decrease) in deferred revenue - obligatory reserve funds | <u>198,192</u> | <u>164,561</u> |
| | <u>1,488,255</u> | <u>(1,346,254)</u> |

CORPORATION OF THE TOWNSHIP OF MALAHIDE

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2017

14. SEGMENTED INFORMATION

The Municipality is a diversified municipal government institution that provides a wide range of services to its citizens, including contract police services, fire, roads, community services, water and sewer. For management reporting purposes the Municipality's operations and activities are organized and reported by Fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

The Municipality services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provided, are as follows:

General government

General government is comprised of municipal council, corporate management and program support.

Protection services

Protection services are comprised of the fire, police, conservation authority, building inspection and animal control, emergency measures and provincial offences.

Transportation services

Transportation services are comprised of roads, bridges, winter control, parking and street lighting.

Environmental services

Environmental services are comprised of the provision of safe drinking water, the collection and treatment of waste water and waste collection, disposal and recycling.

Health services

Health services are comprised of public health services and cemeteries.

Recreation and cultural services

Recreation and cultural services are comprised of parks, recreation programs, recreation and community facilities, and cultural services.

CORPORATION OF THE TOWNSHIP OF MALAHIDE

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2017

14. SEGMENTED INFORMATION (CONTINUED)

Planning and development

Planning and development is comprised of planning and zoning, commercial and industrial development, economic development and tourism, and agricultural and reforestation.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. The General Revenue Fund reports on municipal services that are funded primarily by taxation such as property and business tax revenues. Taxation and payments-in-lieu of taxes are apportioned to General Revenue Fund services based on the Fund's net surplus. Certain government transfers, transfer from other funds, and other revenues have been apportioned based on a percentage of budgeted expenses.

The 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 additional information see the Consolidated Schedule of Segment Disclosure.

CORPORATION OF THE TOWNSHIP OF MALAHIDE

**Consolidated Schedule of Segment Disclosure
For the Year Ended December 31, 2017**

| | General Government \$ | Protection Services \$ | Transportation Services \$ | Environmental Services \$ | Health Services \$ | Recreation Services \$ | Planning and Development Services \$ | Total \$ |
|--|-----------------------------|------------------------------|----------------------------------|---------------------------------|--------------------------|------------------------------|---|--------------------------|
| REVENUES | | | | | | | | |
| Taxation and local improvements | 1,965,960 | 1,959,988 | 2,751,826 | 376,647 | 49,960 | 631,277 | 222,875 | 7,958,533 |
| Sales of services and regulatory fees | 43,578 | 54,117 | 3,599 | 1,290,717 | 7,441 | 435,028 | 28,351 | 1,862,831 |
| Government transfers | 1,040,760 | 793 | 1,531,863 | 197,254 | - | - | 52,664 | 2,823,334 |
| Other | 289,146 | 41,212 | - | 7,666 | - | - | - | 338,024 |
| Gain(loss) on disposal of capital assets | - | 76,904 | - | (120) | - | (3,748) | - | 73,036 |
| | <u>3,339,444</u> | <u>2,133,014</u> | <u>4,287,288</u> | <u>1,872,164</u> | <u>57,401</u> | <u>1,062,557</u> | <u>303,890</u> | <u>13,055,758</u> |
| EXPENSES | | | | | | | | |
| Salaries, wages and employees benefits | 1,118,942 | 641,775 | 1,365,044 | 105,233 | 218 | 433,983 | 139,440 | 3,804,635 |
| Long-term debt interest expense | 876 | 9,642 | 1,640 | 357 | - | 22,498 | 12,488 | 47,501 |
| Materials | 80,445 | 275,466 | 1,175,016 | 109,269 | 11,570 | 446,508 | 63,363 | 2,161,637 |
| Contracted services, rents and financial | 40,533 | 1,142,941 | 1,044,824 | 973,299 | 11,852 | 52,199 | 337,183 | 3,602,831 |
| External transfers | - | 115,262 | - | - | 17,000 | 33,486 | - | 165,748 |
| Amortization | 45,910 | 286,100 | 1,549,896 | 169,432 | 607 | 247,790 | 13,742 | 2,313,477 |
| | <u>1,286,706</u> | <u>2,471,186</u> | <u>5,136,420</u> | <u>1,357,590</u> | <u>41,247</u> | <u>1,236,464</u> | <u>566,216</u> | <u>12,095,829</u> |
| ANNUAL SURPLUS (DEFICIT) | <u>2,052,738</u> | <u>(338,172)</u> | <u>(849,132)</u> | <u>514,574</u> | <u>16,154</u> | <u>(173,907)</u> | <u>(262,326)</u> | <u>959,929</u> |

CORPORATION OF THE TOWNSHIP OF MALAHIDE

**Consolidated Schedule of Segment Disclosure
For the Year Ended December 31, 2016**

| | General Government \$ | Protection Services \$ | Transportation Services \$ | Environmental Services \$ | Health Services \$ | Recreation Services \$ | Planning and Development Services \$ | Total \$ |
|--|-----------------------------|------------------------------|----------------------------------|---------------------------------|--------------------------|------------------------------|---|--------------------------|
| REVENUES | | | | | | | | |
| Taxation and local improvements | 2,385,894 | 1,676,951 | 2,100,981 | 351,566 | 52,300 | 800,106 | 414,246 | 7,782,044 |
| Sales of services and regulatory fees | 57,508 | 122,005 | 14,864 | 1,146,767 | - | 454,412 | 26,646 | 1,822,202 |
| Government transfers | 1,436,472 | 27,410 | 1,219,988 | 322,654 | - | - | 37,060 | 3,043,584 |
| Other | 285,031 | 27,444 | - | 15,604 | - | - | - | 328,079 |
| Loss on disposal of capital assets | - | 63,748 | - | - | - | (3,862) | - | 59,886 |
| | <u>4,164,905</u> | <u>1,917,558</u> | <u>3,335,833</u> | <u>1,836,591</u> | <u>52,300</u> | <u>1,250,656</u> | <u>477,952</u> | <u>13,035,795</u> |
| EXPENSES | | | | | | | | |
| Salaries, wages and employees benefits | 1,003,053 | 649,229 | 1,381,187 | 130,277 | 6,000 | 445,057 | 245,174 | 3,859,977 |
| Long-term debt interest expense | 7,163 | 10,543 | 1,827 | 1,139 | - | 24,601 | 12,282 | 57,555 |
| Materials | 46,540 | 268,062 | 1,162,865 | 73,718 | 11,034 | 455,708 | 39,577 | 2,057,504 |
| Contracted services, rents and financial | 48,972 | 1,065,065 | 951,250 | 911,072 | 14,591 | 48,649 | 702,962 | 3,742,561 |
| External transfers | - | 109,017 | - | - | 17,000 | 33,486 | - | 159,503 |
| Amortization | <u>55,728</u> | <u>278,551</u> | <u>1,451,751</u> | <u>160,729</u> | <u>609</u> | <u>246,710</u> | <u>10,060</u> | <u>2,204,138</u> |
| | <u>1,161,456</u> | <u>2,380,467</u> | <u>4,948,880</u> | <u>1,276,935</u> | <u>49,234</u> | <u>1,254,211</u> | <u>1,010,055</u> | <u>12,081,238</u> |
| ANNUAL SURPLUS (DEFICIT) | <u>3,003,449</u> | <u>(462,909)</u> | <u>(1,613,047)</u> | <u>559,656</u> | <u>3,066</u> | <u>(3,555)</u> | <u>(532,103)</u> | <u>954,557</u> |