

**CORPORATION OF THE TOWNSHIP
OF MALAHIDE**

Consolidated Financial Statements

December 31, 2013

CORPORATION OF THE TOWNSHIP OF MALAHIDE

Consolidated Financial Statements

For the Year Ended December 31, 2013

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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, 2013, and the consolidated statements of operations and accumulated surplus, change in net financial assets, 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, 2013, and the consolidated statements of operations and accumulated surplus, change in net financial assets, and cash flows for the year then ended in accordance with Canadian accounting standards for public sector entities.

St. Thomas, Ontario

June 5, 2014

Graham Scott Enns LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Licensed Public Accountants

CORPORATION OF THE TOWNSHIP OF MALAHIDE

Consolidated Statement of Financial Position December 31, 2013

	2013	2012
	<u>\$</u>	<u>\$</u>
FINANCIAL ASSETS		
Cash	1,719,278	1,224,831
Taxes receivable (net of allowance of \$222,723; 2012- \$197,723)	1,744,730	1,450,096
Accounts receivable	<u>866,335</u>	<u>2,466,573</u>
Total financial assets	<u>4,330,343</u>	<u>5,141,500</u>
FINANCIAL LIABILITIES		
Deferred revenue - obligatory reserve funds (Note 2)	117,518	496,055
Accounts payable and accrued liabilities	1,627,175	1,717,285
Net long-term liabilities (Note 4)	<u>1,253,898</u>	<u>2,517,081</u>
Total financial liabilities	<u>2,998,591</u>	<u>4,730,421</u>
NET FINANCIAL ASSETS	<u>1,331,752</u>	411,079
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 3)	43,842,728	44,443,369
Inventories	48,916	42,582
Prepaid expenses	<u>11,621</u>	<u>4,215</u>
Total non-financial assets	<u>43,903,265</u>	<u>44,490,166</u>
ACCUMULATED SURPLUS (NOTE 5)	<u>45,235,017</u>	<u>44,901,245</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, 2013**

	Budget (Note 10) 2013 <u>\$</u>	Actual 2013 <u>\$</u>	Actual 2012 <u>\$</u>
REVENUES			
Property taxation	5,453,182	5,562,794	5,353,891
Taxation from other governments	751,537	766,643	761,220
User charges	2,222,277	1,604,356	1,539,626
Local improvement levies	119,180	121,576	122,405
Government Transfers:			
Federal	548,276	618,683	2,580
Provincial	712,270	1,626,398	2,434,817
Other Municipalities	571,366	1,304,659	1,145,021
Investment income	-	29,059	37,437
Penalties and interest on taxes	250,500	234,237	217,280
Other	208,089	136,539	471,032
Gain on disposal of tangible capital assets	<u>250,000</u>	<u>179,476</u>	<u>353,660</u>
Total revenues	<u>11,086,677</u>	<u>12,184,420</u>	<u>12,438,969</u>
EXPENSES			
General government	1,489,549	1,237,250	1,313,200
Fire and police protection	1,691,677	1,687,586	1,647,312
Other protective services	395,523	386,649	354,764
Transportation services	4,302,041	5,385,882	4,398,654
Waterworks and sewer	775,084	806,491	709,578
Garbage collection and disposal	523,575	465,194	510,577
Health services	55,520	30,898	30,051
Recreation and cultural services	1,290,484	1,245,797	1,314,588
Planning and zoning	130,210	255,957	316,357
Agriculture	<u>120,542</u>	<u>348,944</u>	<u>603,871</u>
Total expenses (Note 11)	<u>10,774,205</u>	<u>11,850,648</u>	<u>11,198,952</u>
ANNUAL SURPLUS	312,472	333,772	1,240,017
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>44,901,245</u>	<u>44,901,245</u>	<u>43,661,228</u>
ACCUMULATED SURPLUS, END OF YEAR (NOTE 5)	<u>45,213,717</u>	<u>45,235,017</u>	<u>44,901,245</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, 2013**

	2013	2012
	<u>\$</u>	<u>\$</u>
ANNUAL SURPLUS	333,772	1,240,017
Acquisition of tangible capital assets	(1,299,996)	(2,542,838)
Amortization of tangible capital assets	1,842,179	1,828,667
Proceeds on disposal of tangible capital assets	237,934	407,415
Change in inventories and prepaid expenses	(13,740)	12,597
Gain on disposal of tangible capital assets	<u>(179,476)</u>	<u>(353,660)</u>
INCREASE IN NET FINANCIAL ASSETS	920,673	592,198
NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR	<u>411,079</u>	<u>(181,119)</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>1,331,752</u>	<u>411,079</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, 2013

	2013	2012
	<u>\$</u>	<u>\$</u>
OPERATING ACTIVITIES		
Annual surplus	333,772	1,240,017
Add (deduct) items not involving cash:		
Amortization of tangible capital assets	1,842,179	1,828,667
Gain on disposal of tangible capital assets	<u>(179,476)</u>	<u>(353,660)</u>
	1,996,475	2,715,024
Change in non-cash assets and liabilities related to operations (Note 11 [b])	<u>823,217</u>	<u>(1,321,208)</u>
Net change in cash from operating activities	<u>2,819,692</u>	<u>1,393,816</u>
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(1,299,996)	(2,542,838)
Proceeds on disposal of tangible capital assets	<u>237,934</u>	<u>407,415</u>
Net change in cash from capital activities	<u>(1,062,062)</u>	<u>(2,135,423)</u>
FINANCING ACTIVITIES		
Long-term debt issued	129,288	-
Long-term debt advances (repayment)	<u>(1,392,471)</u>	<u>(339,357)</u>
Net change in cash from financing activities	<u>(1,263,183)</u>	<u>(339,357)</u>
NET (DECREASE) INCREASE IN CASH	494,447	(1,080,964)
CASH, BEGINNING OF YEAR	<u>1,224,830</u>	<u>2,305,794</u>
CASH, END OF YEAR	<u>1,719,277</u>	<u>1,224,830</u>
SUPPLEMENTARY INFORMATION:		
Cash paid for interest on debt	<u>88,555</u>	<u>132,278</u>
Cash received for interest on investments	<u>30,662</u>	<u>38,214</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, 2013

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, 2013

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, 2013

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, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax Revenues

In 2013 the Municipality received \$6,329,437 (2012 - \$6,115,111) 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.).

Use of Estimates

The preparation of 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 expenditures during the period. Significant estimates include assumptions used in estimating provisions for accrued liabilities, allowances for vacancies, rebates and uncollectible property taxes and in performing actuarial valuations of employee future benefits.

In addition, the Municipality's implementation of the Public Sector Accounting Handbook PS3150 has required management to make estimates of historical costs and useful lives of tangible capital assets.

Actual results could differ from these estimates.

CORPORATION OF THE TOWNSHIP OF MALAHIDE

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2013

2. 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:

	2013	2012
	<u>\$</u>	<u>\$</u>
Development charges	838	7,215
Federal gas tax	116,680	458,840
Other deferred revenues	<u>-</u>	<u>30,000</u>
	<u>117,518</u>	<u>496,055</u>

3. TANGIBLE CAPITAL ASSETS

	Net Book Value	
	2013	2012
	<u>\$</u>	<u>\$</u>
General		
Land	730,245	732,772
Land improvements	897,797	848,573
Buildings	8,637,568	8,900,243
Machinery and equipment	948,330	1,042,781
Vehicles	3,313,860	2,996,021
Infrastructure		
Roads and related transportation assets	21,991,633	21,759,140
Water system infrastructure	2,496,843	2,525,190
Wastewater infrastructure	<u>3,455,024</u>	<u>3,494,618</u>
	42,471,300	42,299,338
Assets under construction	<u>1,371,428</u>	<u>2,144,031</u>
	<u>43,842,728</u>	<u>44,443,369</u>

For additional information, see the Consolidated Schedule of Tangible Capital Assets.

CORPORATION OF THE TOWNSHIP OF MALAHIDE

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2013

4. NET LONG-TERM LIABILITIES

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

	2013	2012
	<u>\$</u>	<u>\$</u>
Total long-term liabilities incurred by the municipality and outstanding at the end of the year	1,316,596	2,538,223
Tile drainage loans assumed by the individual	<u>(62,698)</u>	<u>(21,142)</u>
Total long-term liabilities at the end of the year	<u>1,253,898</u>	<u>2,517,081</u>

- b) Principal repayments are summarized as follows:

	2014	2015	2016	2017	2018	Beyond	Total
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Recoverable from:							
General tax revenue	67,606	70,378	73,264	76,269	79,397	654,831	1,021,745
User charges	<u>104,587</u>	<u>58,725</u>	<u>28,247</u>	<u>27,267</u>	<u>13,327</u>	<u>-</u>	<u>232,153</u>
	<u>172,193</u>	<u>129,103</u>	<u>101,511</u>	<u>103,536</u>	<u>92,724</u>	<u>654,831</u>	<u>1,253,898</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 3.5% to 6.6%. Interest expense on long-term liabilities in 2013 amounted to \$88,555 (2012 - \$131,631).
- e) The Municipality is contingently liable for municipal debt with respect to tile drainage loans. The total amount outstanding as at December 31, 2013 is \$62,698 (2012 - \$21,142) and is not recorded on the Consolidated Statement of Financial Position.
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CORPORATION OF THE TOWNSHIP OF MALAHIDE

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2013

5. ACCUMULATED SURPLUS

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

	2013	2012
	<u>\$</u>	<u>\$</u>
SURPLUS		
General revenue fund	314,487	219,801
Benefiting land owners	(60,902)	(106,863)
Invested in tangible capital assets	43,842,728	44,443,369
Unfunded capital projects	(612,605)	(546,755)
Reserves	<u>3,005,207</u>	<u>3,408,774</u>
	46,488,915	47,418,326
AMOUNTS TO BE RECOVERED		
Net long-term debt	<u>(1,253,898)</u>	<u>(2,517,081)</u>
ACCUMULATED SURPLUS	<u>45,235,017</u>	<u>44,901,245</u>
RESERVES		
Reserves set aside for specific purposes by council:		
Working capital	633,943	602,943
Contingencies	39,439	67,790
Debt repayment	-	407,404
Roadway purposes	813,221	635,634
Water and sewer purposes	459,352	367,519
Asset replacement purposes	538,645	657,285
Other municipal services	<u>520,607</u>	<u>670,199</u>
Total reserves	<u>3,005,207</u>	<u>3,408,774</u>

6. PENSION AGREEMENTS

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

The amount contributed to OMERS for 2013 was \$181,124 (2012 - \$183,433).

CORPORATION OF THE TOWNSHIP OF MALAHIDE

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2013

7. OPERATIONS OF THE SCHOOL BOARDS AND COUNTY OF ELGIN

During 2013, requisitions were made by the school boards and the County of Elgin requiring the Municipality to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are summarized below:

	School Boards \$	County \$
Taxation	1,987,886	4,406,594
Share of payments in lieu of taxes	<u>613</u>	<u>302,070</u>
Amounts requisitioned	<u>1,988,499</u>	<u>4,708,664</u>

8. PUBLIC SECTOR SALARY DISCLOSURE

In 2013, four employees were paid a salary, as defined in the Public Sector Salary Disclosure Act, 1996, of \$100,000 or more by the Municipality.

9. 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 two additional lawsuits that will not be covered by insurance. Each of these lawsuits are for \$100,000 plus legal costs. Management has allowed \$70,000 in 2013 for these lawsuits and is vigorously defending against these actions. Any additional costs related to these lawsuits will be expensed when incurred or when additional information becomes available.

CORPORATION OF THE TOWNSHIP OF MALAHIDE

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2013

10. BUDGET FIGURES

The PSAB operating budget approved by the council of the Municipality for 2013 is reflected on the consolidated statement of operations.

11. SUPPLEMENTARY INFORMATION:

	<u>2013</u>	<u>2012</u>
	<u>\$</u>	<u>\$</u>
[a] Current fund expenditures by object:		
Salaries, wages and employee benefits	3,640,268	3,571,877
Long-term debt interest expense	88,555	131,631
Materials	2,578,852	2,572,808
Contracted services	3,613,148	3,009,430
Amortization	1,842,179	1,828,667
Transfer to others	<u>87,646</u>	<u>84,539</u>
	<u>11,850,648</u>	<u>11,198,952</u>
[b] Change in non-cash assets and liabilities related to operations:		
(Increase) decrease in taxes receivable	(294,634)	32,617
(Increase) decrease in accounts receivable	1,600,238	(1,582,193)
(Increase) decrease in inventories and prepaid expenses	(13,740)	12,597
Increase (decrease) in accounts payable and accrued liabilities	(90,110)	(102,907)
Increase (decrease) in deferred revenue - obligatory reserve funds	<u>(378,537)</u>	<u>318,678</u>
	<u>823,217</u>	<u>(1,321,208)</u>

12. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the 2013 consolidated financial statement presentation.

CORPORATION OF THE TOWNSHIP OF MALAHIDE

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2013

13. 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, 2013

13. 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, 2013**

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Recreation Services \$	Planning and Development Services \$	Total \$
REVENUES								
Taxation and local improvements	637,993	1,707,618	2,798,500	410,246	30,270	649,083	217,303	6,451,013
Sales of services and regulatory fees	161,770	51,148	44,531	858,926	-	456,974	31,007	1,604,356
Government transfers	1,637,051	35,922	1,711,304	92,265	-	5,726	67,472	3,549,740
Other	237,333	54,772	2,488	44,056	-	11,186	50,000	399,835
Gain(loss) on disposal of capital assets	<u>155,073</u>	<u>-</u>	<u>360</u>	<u>-</u>	<u>-</u>	<u>24,043</u>	<u>-</u>	<u>179,476</u>
	<u>2,829,220</u>	<u>1,849,460</u>	<u>4,557,183</u>	<u>1,405,493</u>	<u>30,270</u>	<u>1,147,012</u>	<u>365,782</u>	<u>12,184,420</u>
EXPENSES								
Salaries, wages and employees benefits	976,347	545,447	1,281,621	122,397	3,702	428,227	282,527	3,640,268
Long-term debt interest expense	-	-	-	7,484	-	74,717	6,354	88,555
Materials	54,410	373,895	1,426,088	137,940	22,817	489,488	74,214	2,578,852
Contracted services, rents and financial	141,698	834,077	1,507,783	870,135	4,379	16,651	238,425	3,613,148
External transfers	-	87,646	-	-	-	-	-	87,646
Amortization	<u>64,795</u>	<u>233,170</u>	<u>1,170,390</u>	<u>133,729</u>	<u>-</u>	<u>236,714</u>	<u>3,381</u>	<u>1,842,179</u>
	<u>1,237,250</u>	<u>2,074,235</u>	<u>5,385,882</u>	<u>1,271,685</u>	<u>30,898</u>	<u>1,245,797</u>	<u>604,901</u>	<u>11,850,648</u>
ANNUAL SURPLUS (DEFICIT)	<u>1,591,970</u>	<u>(224,775)</u>	<u>(828,699)</u>	<u>133,808</u>	<u>(628)</u>	<u>(98,785)</u>	<u>(239,119)</u>	<u>333,772</u>

CORPORATION OF THE TOWNSHIP OF MALAHIDE

**Consolidated Schedule of Segment Disclosure
For the Year Ended December 31, 2012**

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation Services	Planning and Development Services	Total
	\$	\$	\$	\$	\$	\$	\$	\$
REVENUES								
Taxation and local improvements	719,004	1,561,489	2,707,750	292,167	23,482	639,788	293,836	6,237,516
Sales of services and regulatory fees	197,255	46,736	17,119	792,472	-	447,037	39,007	1,539,626
Government transfers	1,703,453	18,434	787,552	690,470	-	22,280	360,229	3,582,418
Other	356,133	68,877	3,972	208,167	-	13,600	75,000	725,749
Loss on disposal of capital assets	<u>385,414</u>	<u>-</u>	<u>(27,213)</u>	<u>(123)</u>	<u>-</u>	<u>(4,418)</u>	<u>-</u>	353,660
	<u>3,361,259</u>	<u>1,695,536</u>	<u>3,489,180</u>	<u>1,983,153</u>	<u>23,482</u>	<u>1,118,287</u>	<u>768,072</u>	12,438,969
EXPENSES								
Salaries, wages and employees benefits	995,220	548,706	1,153,128	143,344	5,815	460,769	264,895	3,571,877
Long-term debt interest expense	-	13,889	-	8,463	-	100,455	8,824	131,631
Materials	100,493	314,038	827,412	262,244	23,768	488,458	556,395	2,572,808
Contracted services, rents and financial	149,590	812,814	1,258,051	674,088	468	27,686	86,733	3,009,430
External transfers	-	84,539	-	-	-	-	-	84,539
Amortization	<u>67,897</u>	<u>228,090</u>	<u>1,160,063</u>	<u>132,016</u>	<u>-</u>	<u>237,220</u>	<u>3,381</u>	1,828,667
	<u>1,313,200</u>	<u>2,002,076</u>	<u>4,398,654</u>	<u>1,220,155</u>	<u>30,051</u>	<u>1,314,588</u>	<u>920,228</u>	11,198,952
ANNUAL SURPLUS (DEFICIT)	<u>2,048,059</u>	<u>(306,540)</u>	<u>(909,474)</u>	<u>762,998</u>	<u>(6,569)</u>	<u>(196,301)</u>	<u>(152,156)</u>	1,240,017

CORPORATION OF THE TOWNSHIP OF MALAHIDE

**Consolidated Schedule of Tangible Capital Assets
For the Year Ended December 31, 2013**

ASSET TYPE	Opening	2013			Ending	Opening	2013			Ending	Ending
	Historical Cost Balance Jan 1/2013	Acquisitions	Disposals	Write-Offs	Historical Cost Balance Dec 31/2013	Accumulated Amortization Balance Jan 1/2013	Disposals	Amortization	Write-Offs	Accumulated Amortization Balance Dec 31/2013	Net Book Value Dec 31/2013
<u>Infrastructure Related</u>											
Linear - Roadways	36,620,729	1,192,713	347,229	-	37,466,213	14,861,589	308,315	921,306	-	15,474,580	21,991,633
Linear - Water Services	3,456,367	34,563	-	-	3,490,930	931,177	-	62,910	-	994,087	2,496,843
Linear - Waste Water	3,959,395	-	-	-	3,959,395	464,777	-	39,594	-	504,371	3,455,024
Infrastructure Related Total	44,036,491	1,227,276	347,229	-	44,916,538	16,257,543	308,315	1,023,810	-	16,973,038	27,943,500
<u>General</u>											
Land	732,772	-	2,527	-	730,245	-	-	-	-	-	730,245
Land Improvements	1,858,649	114,243	27,429	-	1,945,463	1,010,076	19,419	57,009	-	1,047,666	897,797
Buildings	11,122,842	7,327	-	-	11,130,169	2,222,599	-	270,002	-	2,492,601	8,637,568
Machinery and Equipment	1,625,204	71,620	34,309	-	1,662,515	582,423	34,309	166,071	-	714,185	948,330
Vehicle	5,313,212	652,133	269,064	-	5,696,281	2,317,191	260,057	325,287	-	2,382,421	3,313,860
General Total	20,652,679	845,323	333,329	-	21,164,673	6,132,289	313,785	818,369	-	6,636,873	14,527,800
Total Capital Assets Sub-Total	64,689,170	2,072,599	680,558	-	66,081,211	22,389,832	622,100	1,842,179	-	23,609,911	42,471,300
Work In Progress	2,144,031	265,000	1,037,603	-	1,371,428	-	-	-	-	-	1,371,428
Total Tangible Capital Assets	66,833,201	2,337,599	1,718,161	-	67,452,639	22,389,832	622,100	1,842,179	-	23,609,911	43,842,728

CORPORATION OF THE TOWNSHIP OF MALAHIDE

**Consolidated Schedule of Tangible Capital Assets
For the year ended December 31, 2012**

ASSET TYPE	Opening				Ending	Opening				Ending	Ending
	Historical Cost Balance Jan 1/2012	2012 Acquisitions	2012 Disposals	2012 Write-Offs	Historical Cost Balance Dec 31/2012	Accumulated Amortization Balance Jan 1/2012	2012 Disposals	2012 Amortization	2012 Write-Offs	Accumulated Amortization Balance Dec 31/2012	Net Book Value Dec 31/2012
Infrastructure Related											
Linear - Roadways	36,369,531	326,844	75,646	-	36,620,729	13,985,072	41,893	918,410	-	14,861,589	21,759,140
Linear - Water	3,420,598	35,925	156	-	3,456,367	868,790	31	62,418	-	931,177	2,525,190
Linear - Waste Water	3,959,395	-	-	-	3,959,395	425,183	-	39,594	-	464,777	3,494,618
Infrastructure Related Total	43,749,524	362,769	75,802	-	44,036,491	15,279,045	41,924	1,020,422	-	16,257,543	27,778,948
General											
Land	726,102	6,670	-	-	732,772	-	-	-	-	-	732,772
Land Improvements	1,856,830	5,350	3,531	-	1,858,649	953,071	1,060	58,065	-	1,010,076	848,573
Buildings	11,060,552	86,057	23,767	-	11,122,842	1,962,927	12,223	271,895	-	2,222,599	8,900,243
Machinery and Equipment	1,520,220	134,857	29,873	-	1,625,204	451,420	27,928	158,931	-	582,423	1,042,781
Vehicle	5,204,809	286,012	177,609	-	5,313,212	2,171,529	173,692	319,354	-	2,317,191	2,996,021
General Total	20,368,513	518,946	234,780	-	20,652,679	5,538,947	214,903	808,245	-	6,132,289	14,520,390
Total Capital Assets Sub-Total	64,118,037	881,715	310,582	-	64,689,170	20,817,992	256,827	1,828,667	-	22,389,832	42,299,338
Work In Progress	482,908	1,744,062	82,939	-	2,144,031	-	-	-	-	-	2,144,031
Total Tangible Capital Assets	64,600,945	2,625,777	393,521	-	66,833,201	20,817,992	256,827	1,828,667	-	22,389,832	44,443,369