

CORPORATION OF THE TOWNSHIP

OF MALAHIDE

Consolidated Financial Statements

December 31, 2019

CORPORATION OF THE TOWNSHIP OF MALAHIDE
Consolidated Financial Statements
For The Year Ended December 31, 2019

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GRAHAM SCOTT ENNS LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

P. 519-633-0700 · F. 519-633-7009
450 Sunset Drive, St. Thomas, ON N5R 5V1

P. 519-773-9265 · F. 519-773-9683
25 John Street South, Aylmer, ON N5H 2C1

www.grahamscottens.com

INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants, and Rate Payers of **Corporation of the Township of Malahide**:

Opinion

We have audited the consolidated financial statements of **Corporation of the Township of Malahide**, which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statement of operations and accumulated surplus, statement of change in net assets, consolidated statement of remeasurement gains and losses, and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the Municipality's consolidated financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for public sector entities.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the consolidated financial statements, management is responsible for assessing the Municipality's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Municipality or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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



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INDEPENDENT AUDITORS' REPORT (CONTINUED)

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

St. Thomas, Ontario

July 9, 2020

Graham Scott Enns LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Licensed Public Accountants

CORPORATION OF THE TOWNSHIP OF MALAHIDE

Consolidated Statement of Financial Position As At December 31, 2019

	2019	2018
	<u>\$</u>	<u>\$</u>
FINANCIAL ASSETS		
Cash	3,668,620	2,156,745
Investments (Note 2)	4,020,362	3,700,260
Taxes receivable (Note 4)	2,293,006	1,187,648
Accounts receivable	<u>1,495,396</u>	<u>1,505,210</u>
Total financial assets	<u>11,477,384</u>	<u>8,549,863</u>
FINANCIAL LIABILITIES		
Temporary advances (Note 6)	-	2,509,832
Deferred revenue - obligatory reserve funds (Note 9)	1,606,379	827,346
Accounts payable and accrued liabilities	2,596,947	2,202,268
Net long-term liabilities (Note 7)	<u>2,734,654</u>	<u>702,253</u>
Total financial liabilities	<u>6,937,980</u>	<u>6,241,699</u>
NET FINANCIAL ASSETS	<u>4,539,404</u>	<u>2,308,164</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 5)	45,710,348	46,482,953
Inventories	149,967	163,606
Prepaid expenses	<u>25,137</u>	<u>19,080</u>
Total non-financial assets	<u>45,885,452</u>	<u>46,665,639</u>
TOTAL NET ASSETS	<u>50,424,856</u>	<u>48,973,803</u>
NET ASSETS IS COMPRISED OF:		
ACCUMULATED SURPLUS (NOTE 8)	50,105,068	48,911,618
ACCUMULATED REMEASUREMENT GAINS	<u>319,788</u>	<u>62,185</u>
	<u>50,424,856</u>	<u>48,973,803</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, 2019**

	Budget (Note 13) <u>\$</u>	Actual 2019 <u>\$</u>	Actual 2018 <u>\$</u>
REVENUES			
Property taxation	7,209,670	7,258,971	6,944,450
Taxation from other governments	895,604	896,338	841,809
User charges, licenses, permits	2,058,189	2,089,732	2,144,877
Local improvement levies and development charges	-	91,144	195,868
Government transfers:			
Federal	24,730	24,731	290,000
Provincial	1,686,236	1,799,220	1,291,228
Other municipalities	1,121,918	1,152,927	1,146,432
Investment income	85,599	124,417	86,253
Penalties and interest on taxes	192,000	179,387	213,894
Other, fines and donations	53,241	39,361	53,378
Gain (loss) on disposal of tangible capital assets	-	493,208	(139,358)
	<u>13,327,187</u>	<u>14,149,436</u>	<u>13,068,831</u>
EXPENSES			
General government	1,296,576	1,344,082	1,378,809
Fire and police protection	2,319,152	2,321,030	2,122,393
Other protective services	526,183	428,548	542,579
Transportation services	5,652,177	5,340,877	5,522,150
Waterworks and sewer	948,112	868,885	802,550
Garbage collection and disposal	560,709	564,179	529,373
Health services	46,040	38,724	33,795
Recreation and cultural services	1,480,911	1,348,464	1,248,362
Planning and zoning	202,491	237,106	193,597
Agriculture	437,346	464,091	440,241
	<u>13,469,697</u>	<u>12,955,986</u>	<u>12,813,849</u>
ANNUAL SURPLUS	(142,510)	1,193,450	254,982
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>48,911,618</u>	<u>48,911,618</u>	<u>48,656,636</u>
ACCUMULATED SURPLUS, END OF YEAR (NOTE 8)	<u>48,769,108</u>	<u>50,105,068</u>	<u>48,911,618</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, 2019**

	Budget (Note 13) <u>\$</u>	Actual 2019 <u>\$</u>	Actual 2018 <u>\$</u>
ANNUAL SURPLUS	(142,510)	1,193,450	254,982
Acquisition of tangible capital assets	(2,357,273)	(2,357,273)	(5,433,087)
Amortization of tangible capital assets	2,517,926	2,517,926	2,380,249
Proceeds on disposal of tangible capital assets	-	1,105,160	394,202
Realized loss (gain) on disposal of investments	-	-	8,775
Change in inventories and prepaid expenses	-	7,581	7,776
Loss (gain) on disposal of tangible capital assets	-	(493,208)	139,358
Change in accumulated remeasurement gains	-	257,604	(61,529)
CHANGE IN NET FINANCIAL ASSETS	18,143	2,231,240	(2,309,274)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>2,308,164</u>	<u>2,308,164</u>	<u>4,617,438</u>
NET FINANCIAL ASSETS, END OF YEAR	<u><u>2,326,307</u></u>	<u><u>4,539,404</u></u>	<u><u>2,308,164</u></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, 2019

	2019	2018
	<u>\$</u>	<u>\$</u>
ACCUMULATED REMEASUREMENT GAINS, BEGINNING OF YEAR	62,185	114,939
Unrealized gains (losses) attributable to investments	257,603	(61,529)
Amounts reclassified to statement of operations through realization of (gain) loss on sale	<u>-</u>	<u>8,775</u>
Change in accumulated remeasurement gains	<u>257,603</u>	<u>(52,754)</u>
ACCUMULATED REMEASUREMENT GAINS, END OF YEAR	<u>319,788</u>	<u>62,185</u>
Accumulated remeasurement gains is comprised of:		
Investments	<u>319,788</u>	<u>62,185</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, 2019

	2019	2018
	<u>\$</u>	<u>\$</u>
OPERATING ACTIVITIES		
Annual surplus	1,193,450	254,982
Add (deduct) items not involving cash:		
Amortization of tangible capital assets	2,517,926	2,380,249
Realized loss on disposal of investments	-	8,775
Gain on disposal of tangible capital assets	<u>(493,208)</u>	<u>139,358</u>
	3,218,168	2,783,364
Change in non-cash assets and liabilities related to operations (Note 14 [b])	<u>85,749</u>	<u>(231,981)</u>
	<u>3,303,917</u>	<u>2,551,383</u>
INVESTING ACTIVITIES		
Purchase of investments	(62,498)	(58,283)
Redemption of investments	<u>-</u>	<u>500,000</u>
	<u>(62,498)</u>	<u>441,717</u>
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(2,357,273)	(5,433,087)
Proceeds on disposal of tangible capital assets	<u>1,105,160</u>	<u>394,202</u>
	<u>(1,252,113)</u>	<u>(5,038,885)</u>
FINANCING ACTIVITIES		
Short-term debt financing issued (repaid) for tangible capital assets	(2,509,832)	2,509,832
Long-term debt advances	2,188,000	-
Long-term debt repayment	<u>(155,599)</u>	<u>(99,904)</u>
	<u>(477,431)</u>	<u>2,409,928</u>
NET CHANGE IN CASH	1,511,875	364,143
CASH, BEGINNING OF YEAR	<u>2,156,745</u>	<u>1,792,602</u>
CASH, END OF YEAR	<u><u>3,668,620</u></u>	<u><u>2,156,745</u></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, 2019

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, 2019

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:

Transportation infrastructure	20 to 50 years
Water system infrastructure	15 to 100 years
Wastewater infrastructure	50 to 100 years
Land improvements	10 to 50 years
Buildings	10 to 95 years
Machinery and equipment	2 to 10 years
Vehicles	7 to 20 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, 2019

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, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax Revenues

In 2019 the Municipality received \$8,155,309 (2018 - \$7,786,259) 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 arising 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, 2019

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 its 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, 2019 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, 2019

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:

	2019		2018	
	<u>\$</u> Cost	<u>\$</u> Market	<u>\$</u> Cost	<u>\$</u> Market
One pooled bond securities funds	2,638,073	2,702,778	2,638,073	2,586,521
One pooled equity securities funds	<u>1,000,002</u>	<u>1,317,584</u>	<u>1,000,002</u>	<u>1,113,739</u>
	<u>3,638,075</u>	<u>4,020,362</u>	<u>3,638,075</u>	<u>3,700,260</u>

During the year, the Municipality earned \$62,498 (2018 - \$58,284) of income in the One Investment Program and reported unrealized gain (loss) of 257,603 (2018 - (\$61,529)) on the schedule of remeasurement gains and a realized gain (loss) of \$nil (2018 - (\$8,775)) on the statement of operations.

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, 2019

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, 2019, 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 \$40,200.

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, 2019

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 \$159,000 (2018 - \$60,000) 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 (2018 - \$nil) for these assessment challenges and \$22,854 (2018 - \$22,120) in potential uncollectible tax assessments.

4. TAXES RECEIVABLE

	2019	2018
	<u>\$</u>	<u>\$</u>
Current taxes receivable	1,671,533	336,949
Arrears taxes receivable	544,238	783,486
Penalties and interest	100,089	89,333
Allowance for doubtful accounts	<u>(22,854)</u>	<u>(22,120)</u>
	<u>2,293,006</u>	<u>1,187,648</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 \$161,000 (2018 - \$61,000) 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 made allowances, as required, 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, 2019**

5. TANGIBLE CAPITAL ASSETS

December 31, 2019				
Cost	Opening	Additions	Disposals and Adjustments	Ending
<u>Infrastructure</u>				
Transportation infrastructure	43,147,380	1,208,767	-	44,356,147
Water system infrastructure	5,248,745	60,593	-	5,309,338
Wastewater system infrastructure	3,959,395	-	-	3,959,395
Infrastructure Total	<u>52,355,520</u>	<u>1,269,360</u>	<u>-</u>	<u>53,624,880</u>
<u>General</u>				
Land	1,185,915	8,863	(446,896)	747,882
Land improvements	2,340,088	549,041	-	2,889,129
Buildings	14,448,250	15,284	(341,888)	14,121,646
Machinery and equipment	2,486,257	514,725	(32,678)	2,968,304
Vehicles	6,373,437	-	(319,220)	6,054,217
General Total	<u>26,833,947</u>	<u>1,087,913</u>	<u>(1,140,682)</u>	<u>26,781,178</u>
Work in Progress	221,030	-	-	221,030
Total Cost	<u>79,410,497</u>	<u>2,357,273</u>	<u>(1,140,682)</u>	<u>80,627,088</u>
Accumulated Amortization				
	Opening	Amortization	Disposals and Adjustments	Ending
<u>Infrastructure</u>				
Transportation infrastructure	21,433,947	1,366,707	-	22,800,654
Water system infrastructure	1,428,904	97,519	-	1,526,423
Wastewater system infrastructure	702,314	39,567	-	741,881
Infrastructure Total	<u>23,565,165</u>	<u>1,503,793</u>	<u>-</u>	<u>25,068,958</u>
<u>General</u>				
Land improvements	1,390,055	83,571	-	1,473,626
Buildings	3,792,732	358,058	(200,564)	3,950,226
Machinery and equipment	1,385,289	208,999	(9,506)	1,584,782
Vehicles	2,794,303	363,505	(318,660)	2,839,148
General Total	<u>9,362,379</u>	<u>1,014,133</u>	<u>(528,730)</u>	<u>9,847,782</u>
Total Accumulated Amortization	<u>32,927,544</u>	<u>2,517,926</u>	<u>(528,730)</u>	<u>34,916,740</u>
Net Book Value				
	Opening			Ending
<u>Infrastructure</u>				
Transportation infrastructure	21,713,433			21,555,493
Water system infrastructure	3,819,841			3,782,915
Wastewater system infrastructure	3,257,081			3,217,514
	<u>28,790,355</u>			<u>28,555,922</u>
<u>General</u>				
Land	1,185,915			747,882
Land improvements	950,033			1,415,503
Buildings	10,655,518			10,171,420
Machinery and equipment	1,100,968			1,383,522
Vehicles	3,579,134			3,215,069
	<u>17,471,568</u>			<u>16,933,396</u>
Work in progress	221,030			221,030
Total Net Book Value	<u>46,482,953</u>			<u>45,710,348</u>

CORPORATION OF THE TOWNSHIP OF MALAHIDE

**Notes to the Consolidated Financial Statements
For The Year Ended December 31, 2019**

5. TANGIBLE CAPITAL ASSETS (CONTINUED)

December 31, 2018				
Cost	Opening	Additions	Disposals and Adjustments	Ending
<u>Infrastructure</u>				
Transportation infrastructure	41,465,917	1,642,603	38,860	43,147,380
Water system infrastructure	5,237,474	11,271	-	5,248,745
Wastewater system infrastructure	<u>3,959,395</u>	<u>-</u>	<u>-</u>	<u>3,959,395</u>
Infrastructure Total	<u>50,662,786</u>	<u>1,653,874</u>	<u>38,860</u>	<u>52,355,520</u>
<u>General</u>				
Land	1,181,735	4,180	-	1,185,915
Land improvements	2,202,578	137,510	-	2,340,088
Buildings	11,261,742	3,186,508	-	14,448,250
Machinery and equipment	2,193,749	294,074	(1,566)	2,486,257
Vehicles	<u>6,765,775</u>	<u>938,316</u>	<u>(1,330,654)</u>	<u>6,373,437</u>
General Total	23,605,579	4,560,588	(1,332,220)	26,833,947
Work in progress	<u>1,002,405</u>	<u>6,502</u>	<u>(787,877)</u>	<u>221,030</u>
Total Cost	<u>75,270,770</u>	<u>6,220,964</u>	<u>(2,081,237)</u>	<u>79,410,497</u>
Accumulated Amortization	Opening	Amortization	Disposals and Adjustments	Ending
<u>Infrastructure</u>				
Transportation infrastructure	20,079,712	1,315,375	38,860	21,433,947
Water system infrastructure	1,330,319	98,585	-	1,428,904
Wastewater system infrastructure	<u>662,747</u>	<u>39,567</u>	<u>-</u>	<u>702,314</u>
Infrastructure Total	<u>22,072,778</u>	<u>1,453,527</u>	<u>38,860</u>	<u>23,565,165</u>
<u>General</u>				
Land improvements	1,313,760	76,295	-	1,390,055
Buildings	3,522,633	270,099	-	3,792,732
Machinery and equipment	1,187,486	199,369	(1,566)	1,385,289
Vehicles	<u>3,210,438</u>	<u>380,959</u>	<u>(797,094)</u>	<u>2,794,303</u>
General Total	<u>9,234,317</u>	<u>926,722</u>	<u>(798,660)</u>	<u>9,362,379</u>
Total Accumulated Amortization	<u>31,307,095</u>	<u>2,380,249</u>	<u>(759,800)</u>	<u>32,927,544</u>
Net Book Value	Opening			Ending
<u>Infrastructure</u>				
Transportation infrastructure	21,386,205			21,713,433
Water system infrastructure	3,907,155			3,819,841
Wastewater system infrastructure	<u>3,296,648</u>			<u>3,257,081</u>
	28,590,008			28,790,355
<u>General</u>				
Land	1,181,735			1,185,915
Land improvements	888,818			950,033
Buildings	7,739,109			10,655,518
Machinery and equipment	1,006,263			1,100,968
Vehicles	<u>3,555,337</u>			<u>3,579,134</u>
	14,371,262			17,471,568
Work in Progress	<u>1,002,405</u>			<u>221,030</u>
Total Net Book Value	<u>43,963,675</u>			<u>46,482,953</u>

CORPORATION OF THE TOWNSHIP OF MALAHIDE

**Notes to the Consolidated Financial Statements
For The Year Ended December 31, 2019**

6. TEMPORARY ADVANCES

The Municipality has available \$3,025,000 of short-term financing, with interest at a variable rate, for specific capital asset purchases. At year end, the balance drawn on this facility was \$nil (2018 - \$2,509,832). The Municipality converted \$2,188,000 of short term advances into long-term debt in the year.

7. NET LONG-TERM LIABILITIES

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

	2019	2018
	<u>\$</u>	<u>\$</u>
Total long-term liabilities incurred by the Municipality and outstanding at the end of the year	2,756,734	729,095
Tile drainage loans assumed by the individual	<u>(22,080)</u>	<u>(26,842)</u>
Total long-term liabilities at the end of the year	<u>2,734,654</u>	<u>702,253</u>

b) Principal repayments are summarized as follows:

	2020	2021	2022	2023	2024	Beyond	Total
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Recoverable from:							
General tax revenue	174,692	181,113	187,772	194,680	201,847	1,794,550	2,734,654
User charges	-	-	-	-	-	-	-
	<u>174,692</u>	<u>181,113</u>	<u>187,772</u>	<u>194,680</u>	<u>201,847</u>	<u>1,794,550</u>	<u>2,734,654</u>

c) Interest rates range from 2.74% to 4.06%. Interest expense on long-term liabilities in 2019 amounted to \$106,526 (2018 - \$37,073).

d) The Municipality is contingently liable for municipal debt with respect to tile drainage loans. The total amount outstanding as at December 31, 2019 is \$22,080 (2018 - \$26,842) and is not recorded on the Consolidated Statement of Financial Position.

CORPORATION OF THE TOWNSHIP OF MALAHIDE

**Notes to the Consolidated Financial Statements
For The Year Ended December 31, 2019**

8. ACCUMULATED SURPLUS

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

	2019	2018
	<u>\$</u>	<u>\$</u>
SURPLUS		
General revenue fund	114,952	(40,277)
Consolidated water boards reserves	420,137	330,827
Consolidated East Elgin Community Centre Complex reserve	53,191	37,831
Benefiting land owners	(671,378)	(303,542)
Invested in tangible capital assets	45,710,348	46,482,953
Cemetery care and maintenance	7,261	7,143
Funded (unfunded) capital projects	(96,500)	(2,860,656)
Reserves	<u>7,301,711</u>	<u>5,959,592</u>
	52,839,722	49,613,871
AMOUNTS TO BE RECOVERED		
Net long-term debt	<u>(2,734,654)</u>	<u>(702,253)</u>
ACCUMULATED SURPLUS	<u>50,105,068</u>	<u>48,911,618</u>
RESERVES		
Reserves set aside for specific purposes by council:		
Working capital	837,887	796,943
Contingencies	44,594	40,878
Roadway purposes	925,030	1,058,007
Water and sewer purposes	1,351,669	1,088,139
Asset replacement purposes	2,582,989	2,068,348
Other municipal services	<u>1,559,542</u>	<u>907,277</u>
Total reserves	<u>7,301,711</u>	<u>5,959,592</u>

CORPORATION OF THE TOWNSHIP OF MALAHIDE

Notes to the Consolidated Financial Statements For The Year Ended December 31, 2019

9. 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:

	2019	2018
	<u>\$</u>	<u>\$</u>
Development charges	618,455	396,202
Federal gas tax	714,264	157,485
Building department funds	<u>273,659</u>	<u>273,659</u>
	<u>1,606,378</u>	<u>827,346</u>

10. 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, 2019, and the results of this valuation disclosed actuarial liabilities of \$106.4 billion in respect of benefits accrued for service with actuarial assets at that date of \$103 billion leaving an actuarial deficit of \$3.4 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 2019 was \$229,530 (2018 - \$232,106).

CORPORATION OF THE TOWNSHIP OF MALAHIDE

Notes to the Consolidated Financial Statements For The Year Ended December 31, 2019

11. OPERATIONS OF THE SCHOOL BOARDS AND COUNTY OF ELGIN

During 2019, 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	2,121,895	6,309,910
Share of payments in lieu of taxes	<u>15,636</u>	<u>423,752</u>
Amounts requisitioned	<u>2,137,531</u>	<u>6,733,662</u>

12. 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.

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 reasonable 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, 2019

13. BUDGET FIGURES

The operating budget approved by the council of the Municipality for 2019 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	7,209,670	-	7,209,670
Taxation from other governments	895,604	-	895,604
User charges	1,700,050	358,139	2,058,189
Government transfers			
Federal	573,192	(548,462)	24,730
Provincial	3,394,966	(1,708,730)	1,686,236
Other municipalities	1,121,918	-	1,121,918
Investment income	40,500	45,099	85,599
Penalties and interest on taxes	192,000	-	192,000
Other	53,241	-	53,241
Reserve transfers and long-term debt proceeds	<u>4,066,749</u>	<u>(4,066,749)</u>	<u>-</u>
Total revenues	<u>19,247,890</u>	<u>(5,920,703)</u>	<u>13,327,187</u>
EXPENSES			
General government	1,510,509	(213,933)	1,296,576
Fire and police protection	2,733,861	(414,709)	2,319,152
Other protective services	522,808	3,375	526,183
Transportation services	8,154,978	(2,502,801)	5,652,177
Waterworks and sewers	2,192,134	(1,244,022)	948,112
Garbage collection and disposal	561,709	(1,000)	560,709
Health services	49,490	(3,450)	46,040
Recreation and cultural services	3,084,101	(1,603,190)	1,480,911
Planning and zoning	232,092	(29,601)	202,491
Agriculture	<u>206,208</u>	<u>231,138</u>	<u>437,346</u>
Total expenses	<u>19,247,890</u>	<u>(5,778,193)</u>	<u>13,469,697</u>
BUDGETED ANNUAL SURPLUS	<u>-</u>	<u>(142,510)</u>	<u>(142,510)</u>

CORPORATION OF THE TOWNSHIP OF MALAHIDE

**Notes to the Consolidated Financial Statements
For The Year Ended December 31, 2019**

14. SUPPLEMENTARY INFORMATION:

	2019	2018
	<u>\$</u>	<u>\$</u>
[a] Current fund expenditures by object:		
Salaries, wages and employee benefits	4,018,190	3,985,083
Long-term debt interest	106,526	37,073
Materials	2,270,318	2,507,245
Contracted services	3,851,182	3,724,559
Amortization	2,517,926	2,380,249
Transfer to others	<u>191,844</u>	<u>179,640</u>
	<u>12,955,986</u>	<u>12,813,849</u>
 [b] Change in non-cash assets and liabilities related to operations:		
(Increase) decrease in taxes receivable	(1,105,358)	369,020
(Increase) decrease in accounts receivable	9,814	225,714
(Increase) decrease in inventories and prepaid expenses	7,581	7,776
Increase (decrease) in accounts payable and accrued liabilities	394,679	(931,230)
Increase (decrease) in deferred revenue - obligatory reserve funds	<u>779,033</u>	<u>96,739</u>
	<u>85,749</u>	<u>(231,981)</u>

CORPORATION OF THE TOWNSHIP OF MALAHIDE

Notes to the Consolidated Financial Statements For The Year Ended December 31, 2019

15. SUBSEQUENT EVENT

Subsequent to year end, the Municipality was exposed to economic risks associated with the coronavirus pandemic. These risks are beyond the Municipality's control. The overall impact of these risks cannot be identified at this time but could impact the Municipality's operations, future net surplus, cash flows and financial condition. The Municipality has experienced the following impacts:

- The Municipality suspended some of its operations in March 2020 and the Municipality staff are working from alternate locations;
- The Municipality has waived interest and penalty charges on tax and utility payments due from its residents. The Municipality is unsure of the resulting overall impact on future cash flows or on the valuation of the year end receivable balances;
- The Municipality holds investments in the ONE Investment Fund, managed by the Local Authority Services (LAS) and CHUMS Financing Corp. (a subsidiary of the Municipal Finance Officers' Association of Ontario). These investments are subject to market fluctuations. The impact of the market fluctuations and resulting gains or losses on the Municipality will only be known when these investments are disposed of. The Municipality is unsure as to the overall impact on future cash flows.

16. 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.

CORPORATION OF THE TOWNSHIP OF MALAHIDE

Notes to the Consolidated Financial Statements For The Year Ended December 31, 2019

16. SEGMENTED INFORMATION (CONTINUED)

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.

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, 2019**

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Recreation Services \$	Planning and Development Services \$	Total \$
REVENUES								
Taxation and local improvements	1,930,528	2,007,627	3,044,099	346,119	44,040	613,396	169,500	8,155,309
Sales of services and regulatory fees	29,861	70,261	30,547	1,496,266	700	440,476	21,621	2,089,732
Government transfers	966,194	27,219	1,850,719	67,701	-	5,429	59,615	2,976,877
Other	296,781	31,957	-	30,594	-	3,828	71,150	434,310
Gain(loss) on disposal of capital assets	<u>57,718</u>	<u>413,069</u>	<u>23,582</u>	<u>-</u>	<u>-</u>	<u>(1,161)</u>	<u>-</u>	<u>493,208</u>
	<u>3,281,082</u>	<u>2,550,133</u>	<u>4,948,947</u>	<u>1,940,680</u>	<u>44,740</u>	<u>1,061,968</u>	<u>321,886</u>	<u>14,149,436</u>
EXPENSES								
Salaries, wages and employees benefits	1,090,304	726,694	1,401,802	111,828	749	486,439	200,374	4,018,190
Long-term debt interest	-	80,876	1,249	-	-	18,029	6,372	106,526
Materials	101,717	249,153	1,230,092	121,297	11,570	466,112	90,377	2,270,318
Contracted services, rents and financial	109,499	1,155,483	1,075,718	1,032,351	8,798	89,443	379,890	3,851,182
External transfers	-	141,358	-	-	17,000	33,486	-	191,844
Amortization	<u>42,562</u>	<u>396,015</u>	<u>1,632,015</u>	<u>167,587</u>	<u>607</u>	<u>254,953</u>	<u>24,187</u>	<u>2,517,926</u>
	<u>1,344,082</u>	<u>2,749,579</u>	<u>5,340,876</u>	<u>1,433,063</u>	<u>38,724</u>	<u>1,348,462</u>	<u>701,200</u>	<u>12,955,986</u>
ANNUAL SURPLUS (DEFICIT)	<u>1,937,000</u>	<u>(199,446)</u>	<u>(391,929)</u>	<u>507,617</u>	<u>6,016</u>	<u>(286,494)</u>	<u>(379,314)</u>	<u>1,193,450</u>

CORPORATION OF THE TOWNSHIP OF MALAHIDE

**Consolidated Schedule of Segment Disclosure
For the Year Ended December 31, 2018**

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Recreation Services \$	Planning and Development Services \$	Total \$
REVENUES								
Taxation and local improvements	524,581	2,048,793	3,932,126	376,647	49,960	631,277	222,875	7,786,259
Sales of services and regulatory fees	185,535	76,247	20,344	1,390,574	1,325	435,289	35,563	2,144,877
Government transfers	976,435	18,015	1,457,183	196,934	-	4,902	74,191	2,727,660
Other	295,138	47,117	-	11,270	-	-	195,868	549,393
Loss on disposal of capital assets	-	(155,127)	15,769	-	-	-	-	(139,358)
	<u>1,981,689</u>	<u>2,035,045</u>	<u>5,425,422</u>	<u>1,975,425</u>	<u>51,285</u>	<u>1,071,468</u>	<u>528,497</u>	<u>13,068,831</u>
EXPENSES								
Salaries, wages and employees benefits	1,103,925	729,213	1,453,353	95,809	1,186	426,861	174,736	3,985,083
Long-term debt interest	-	8,703	1,447	243	-	20,308	6,372	37,073
Materials	124,142	355,221	1,386,991	112,854	6,637	459,670	61,730	2,507,245
Contracted services, rents and financial	103,896	1,141,129	1,098,131	954,621	8,364	49,984	368,434	3,724,559
External transfers	-	129,154	-	-	17,000	33,486	-	179,640
Amortization	<u>46,846</u>	<u>301,552</u>	<u>1,582,226</u>	<u>168,397</u>	<u>607</u>	<u>258,053</u>	<u>22,568</u>	<u>2,380,249</u>
	<u>1,378,809</u>	<u>2,664,972</u>	<u>5,522,148</u>	<u>1,331,924</u>	<u>33,794</u>	<u>1,248,362</u>	<u>633,840</u>	<u>12,813,849</u>
ANNUAL SURPLUS (DEFICIT)	<u>602,880</u>	<u>(629,927)</u>	<u>(96,726)</u>	<u>643,501</u>	<u>17,491</u>	<u>(176,894)</u>	<u>(105,343)</u>	<u>254,982</u>