

**CORPORATION OF THE TOWNSHIP**  
**OF SOUTHWOLD**  
**Financial Statements**  
**December 31, 2013**

# **CORPORATION OF THE TOWNSHIP OF SOUTHWOLD**

## **Financial Statements**

**For the Year Ended December 31, 2013**

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<b>Table of Contents</b>	<b>PAGE</b>
Independent Auditors' Report	1
Statement of Financial Position	2
Statement of Operations and Accumulated Surplus	3
Statement of Change in Net Financial Assets	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 - 17
Schedule of Segment Disclosure	18 - 19
Schedule of Tangible Capital Assets	20 - 21



**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.grahamscottenns.com](http://www.grahamscottenns.com)

### **INDEPENDENT AUDITORS' REPORT**

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

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the **Corporation of the Township of Southwold**, which comprise the statement of financial position as at December 31, 2013, and the statements of operations and accumulated surplus, changes in net 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 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 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 financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the 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 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 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 statement of financial position of the **Corporation of the Township of Southwold** as at December 31, 2013, and the statements of operations and accumulated surplus, changes in net assets, and cash flows for the year then ended in accordance with Canadian accounting standards for public sector entities.

St. Thomas, Ontario

July 14, 2014

*Graham Scott Enns LLP*  
CHARTERED PROFESSIONAL ACCOUNTANTS  
Licensed Public Accountants

# CORPORATION OF THE TOWNSHIP OF SOUTHWOLD

## Statement of Financial Position December 31, 2013

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	2013	2012
	<u>\$</u>	<u>\$</u>
<b>FINANCIAL ASSETS</b>		
Cash	2,060,738	4,042,026
Investments (Note 2)	5,620,235	4,425,487
Taxes receivable	930,937	496,592
Accounts receivable	<u>753,722</u>	<u>578,956</u>
<b>Total financial assets</b>	<u>9,365,632</u>	<u>9,543,061</u>
<b>FINANCIAL LIABILITIES</b>		
Deferred revenue - obligatory reserve funds (Note 3)	299,850	303,447
Accounts payable and accrued liabilities	1,608,950	1,965,421
Net long-term liabilities (Note 5)	<u>483,622</u>	<u>664,859</u>
<b>Total financial liabilities</b>	<u>2,392,422</u>	<u>2,933,727</u>
<b>NET FINANCIAL ASSETS</b>	<u>6,973,210</u>	<u>6,609,334</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 4)	39,028,081	39,245,867
Inventories	69,269	39,705
Prepaid expenses	<u>3,256</u>	<u>-</u>
<b>Total non-financial assets</b>	<u>39,100,606</u>	<u>39,285,572</u>
<b>ACCUMULATED SURPLUS (NOTE 6)</b>	<u>46,073,816</u>	<u>45,894,906</u>

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

# CORPORATION OF THE TOWNSHIP OF SOUTHWOLD

## Statement of Operations and Accumulated Surplus For the Year Ended December 31, 2013

	Budget 2013 <u>\$</u>	Actual 2013 <u>\$</u>	Actual 2012 <u>\$</u>
<b>REVENUES</b>			
Property taxation	919,387	<b>1,298,087</b>	1,694,943
Taxation from other governments	867,657	<b>872,357</b>	1,135,798
User charges	1,246,407	<b>1,325,655</b>	1,228,744
Local improvement levies	220,311	<b>510,303</b>	501,383
Government transfers:			
Federal	145,797	<b>144,682</b>	135,707
Provincial	710,900	<b>804,483</b>	872,986
Other municipalities	685,577	<b>890,912</b>	722,839
Investment income	82,000	<b>199,157</b>	119,326
Penalties and interest on taxes	80,000	<b>90,453</b>	80,130
Other	700,981	<b>412,919</b>	1,065,277
Loss on disposal of tangible capital assets	<u>-</u>	<u><b>(7,150)</b></u>	<u>(22,770)</u>
Total revenues	<u>5,659,017</u>	<u><b>6,541,858</b></u>	<u>7,534,363</u>
<b>EXPENSES</b>			
General government	679,642	<b>622,012</b>	574,664
Fire and police protection	1,115,365	<b>1,055,656</b>	1,041,302
Other protective services	119,372	<b>120,811</b>	124,251
Transportation services	2,141,512	<b>1,950,184</b>	1,759,613
Waterworks and sewer	1,279,753	<b>1,315,982</b>	1,233,173
Garbage collection and disposal	205,000	<b>203,208</b>	203,353
Health services	31,968	<b>37,492</b>	32,957
Recreation and cultural services	133,463	<b>191,811</b>	175,988
Planning and zoning	241,000	<b>69,723</b>	60,681
Agriculture	<u>84,047</u>	<u><b>796,069</b></u>	<u>412,120</u>
Total expenses (Note 12)	<u>6,031,122</u>	<u><b>6,362,948</b></u>	<u>5,618,102</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	(372,105)	<b>178,910</b>	1,916,261
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>45,894,906</u>	<u><b>45,894,906</b></u>	<u>43,978,645</u>
<b>ACCUMULATED SURPLUS, END OF YEAR (NOTE 6)</b>	<u>45,522,801</u>	<u><b>46,073,816</b></u>	<u>45,894,906</u>

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

# CORPORATION OF THE TOWNSHIP OF SOUTHWOLD

## Statement of Change in Net Financial Assets For the Year Ended December 31, 2013

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	2013	2012
	<u>\$</u>	<u>\$</u>
<b>ANNUAL SURPLUS</b>	<b>178,910</b>	1,916,261
Acquisition of tangible capital assets	<b>(1,030,286)</b>	(1,734,923)
Amortization of tangible capital assets	<b>1,240,922</b>	1,134,085
Proceeds on disposal of tangible capital assets	-	15,000
Change in inventories and prepaid expenses	<b>(32,820)</b>	44,533
Loss on disposal of tangible capital assets	<u><b>7,150</b></u>	<u>22,770</u>
<b>INCREASE IN NET FINANCIAL ASSETS</b>	<b>363,876</b>	1,397,726
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<u><b>6,609,334</b></u>	<u>5,211,608</u>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<u><b>6,973,210</b></u>	<u>6,609,334</u>

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

# CORPORATION OF THE TOWNSHIP OF SOUTHWOLD

## Statement of Cash Flows For the Year Ended December 31, 2013

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	2013	2012
	<u>\$</u>	<u>\$</u>
<b>OPERATING ACTIVITIES</b>		
Annual surplus	178,910	1,916,261
Add (deduct) items not involving cash:		
Amortization of tangible capital assets	1,240,922	1,134,085
Loss on disposal of tangible capital assets	<u>7,150</u>	<u>22,770</u>
	1,426,982	3,073,116
Change in non-cash assets and liabilities related to operations (Note 12 [b])	<u>(1,001,999)</u>	<u>2,028,818</u>
Cash provided by operating activities	<u>424,983</u>	<u>5,101,934</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of investments	<u>(1,194,748)</u>	<u>(1,183,682)</u>
Cash used in investing activities	<u>(1,194,748)</u>	<u>(1,183,682)</u>
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(1,030,286)	(1,734,923)
Proceeds on disposal of tangible capital assets	<u>-</u>	<u>15,000</u>
Cash used in capital activities	<u>(1,030,286)</u>	<u>(1,719,923)</u>
<b>FINANCING ACTIVITIES</b>		
Long-term debt repayments	<u>(181,237)</u>	<u>(203,962)</u>
Cash used in financing activities	<u>(181,237)</u>	<u>(203,962)</u>
<b>NET CHANGE IN CASH</b>	<b>(1,981,288)</b>	1,994,367
<b>CASH, BEGINNING OF YEAR</b>	<u>4,042,026</u>	<u>2,047,659</u>
<b>CASH, END OF YEAR</b>	<u>2,060,738</u>	<u>4,042,026</u>
<b>SUPPLEMENTARY INFORMATION:</b>		
Cash paid for interest on debt	<u>34,155</u>	<u>43,802</u>
Cash received for interest on investments	<u>199,157</u>	<u>119,326</u>

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

# CORPORATION OF THE TOWNSHIP OF SOUTHWOLD

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

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The Corporation of the Township of Southwold (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 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 Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Municipality are as follows:

#### **Reporting Entity**

The 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**

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

#### **Basis of Accounting**

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the creation of a legal obligation to pay.

#### **Investments**

Investments consisting of government and corporate bonds, money market funds and guaranteed investment certificates are carried at cost. Interest income is recognized when received or receivable.



# CORPORATION OF THE TOWNSHIP OF SOUTHWOLD

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

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### 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 years
Buildings	50 years
Equipment	5 - 10 years
Vehicles	7 - 20 years
Transportation infrastructure	20 - 75 years
Water system infrastructure	75 years
Wastewater infrastructure	75 years

Amortization begins the first month of the year following the year the asset is placed in service and 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 SOUTHWOLD

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

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### 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 preformed.

#### **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 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 the length of service and pay rates. 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 SOUTHWOLD

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

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Tax Revenues**

In 2013 the Municipality received \$2,170,444 (2012 - \$2,830,741) 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 reassessment and/or tax appeals. Each year, an amount is identified to cover the estimated amount of revenue loss attributable to reassessment and 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 generally accepted accounting principles 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 SOUTHWOLD

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

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### 2. INVESTMENTS

	2013	2012
	<u>\$</u>	<u>\$</u>
Cash, money market funds and investment certificates	28,675	2,134,104
Federal and provincial bonds	2,395,895	1,382,502
Corporate bonds	<u>3,195,665</u>	<u>908,881</u>
	<u>5,620,235</u>	<u>4,425,487</u>

The aggregate market value of the investments at December 31, 2013 is \$5,453,439 (2012 - \$4,414,677).

### 3. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

A requirement of the public sector accounting principles of the Canadian Institute of Chartered Accountants, 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>
Recreation land	71,515	63,355
Federal - Gas Tax	64,499	60,085
Development charges	36,177	40,927
Other	<u>127,659</u>	<u>139,080</u>
	<u>299,850</u>	<u>303,447</u>

**CORPORATION OF THE TOWNSHIP OF SOUTHWOLD**

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

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**4. TANGIBLE CAPITAL ASSETS**

	<b>Net Book Value</b>	
	<b>2013</b>	<b>2012</b>
	<u><b>\$</b></u>	<u><b>\$</b></u>
<b>General</b>		
Land	<b>124,920</b>	124,920
Land improvements	<b>121,698</b>	122,363
Buildings	<b>2,008,048</b>	2,051,350
Machinery and equipment	<b>605,631</b>	516,501
Vehicles	<b>1,912,033</b>	2,069,682
<b>Infrastructure</b>		
Roads and related transportation assets	<b>5,013,660</b>	4,666,020
Water system infrastructure	<b>28,584,480</b>	29,018,498
Wastewater infrastructure	<u><b>657,611</b></u>	<u>669,106</u>
	<b>39,028,081</b>	39,238,440
Assets under construction	<u>-</u>	<u>7,427</u>
	<u><b>39,028,081</b></u>	<u>39,245,867</u>

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

**CORPORATION OF THE TOWNSHIP OF SOUTHWOLD**

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

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**5. NET LONG-TERM LIABILITIES**

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

	<b>2013</b>	<b>2012</b>
	<u>\$</u>	<u>\$</u>
Total long-term liabilities incurred by the municipality and outstanding at the end of the year	<b>583,943</b>	759,252
Tile drainage loans assumed by the individual	<u><b>(100,321)</b></u>	<u>(94,393)</u>
Total long-term liabilities at the end of the year	<u><b>483,622</b></u>	<u>664,859</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	-	-	-	-	-	-	-
User charges	<u>117,019</u>	<u>112,942</u>	<u>59,221</u>	<u>61,934</u>	<u>64,770</u>	<u>67,736</u>	<u>483,622</u>
	<u>117,019</u>	<u>112,942</u>	<u>59,221</u>	<u>61,934</u>	<u>64,770</u>	<u>67,736</u>	<u>483,622</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 4.41% to 6.50%. Interest expense on long-term liabilities in 2013 amounted to \$34,155 (2012 - \$43,802).

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 \$100,321 (2012 - 94,393) and is not recorded on the Statement of Financial Position.

# CORPORATION OF THE TOWNSHIP OF SOUTHWOLD

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

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### 6. ACCUMULATED SURPLUS

The accumulated surplus consists of the following individual fund surplus/(deficit) and reserves as follows:

	2013	2012
	<u>\$</u>	<u>\$</u>
<b>SURPLUS</b>		
General revenue fund	-	-
Benefiting land owners	(560,534)	(340,162)
Invested in tangible capital assets	39,028,081	39,245,867
Reserves	<u>8,089,891</u>	<u>7,654,060</u>
	<b>46,557,438</b>	46,559,765
<b>AMOUNTS TO BE RECOVERED</b>		
Net long-term debt	<u>(483,622)</u>	<u>(664,859)</u>
<b>ACCUMULATED SURPLUS</b>	<u><b>46,073,816</b></u>	<u>45,894,906</u>
<b>RESERVES</b>		
Reserves set aside for specific purposes by council:		
Working capital	362,679	352,679
Property tax assessment appeals	633,311	979,404
Protection services	571,193	398,615
Roadway purposes	686,710	572,672
Water and sewer purposes	5,522,941	5,068,413
Other municipal services	<u>313,057</u>	<u>282,277</u>
Total reserves	<u><b>8,089,891</b></u>	<u>7,654,060</u>

### 7. PENSION AGREEMENTS

The Municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of its members of 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 \$81,450 (2012 - \$68,237).

# CORPORATION OF THE TOWNSHIP OF SOUTHWOLD

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

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### 8. OPERATION OF THE COUNTY OF ELGIN AND SCHOOL BOARDS

During 2013, requisitions were made by the County of Elgin and the school boards 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 and user charges	734,701	2,268,876
Share of payments in lieu of taxes	<u>5,974</u>	<u>467,149</u>
Amounts requisitioned	<u>740,675</u>	<u>2,736,025</u>

### 9. PUBLIC SECTOR SALARY DISCLOSURE

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

### 10. CONTINGENT LIABILITIES

From time to time, the Municipality is subject to claims and other 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.



# CORPORATION OF THE TOWNSHIP OF SOUTHWOLD

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

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### 11. BUDGET FIGURES

The operating budget approved by Council on January 17, 2013 is reflected on the statement of operations. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual expenditure amounts. As well, the Municipality does not budget activity within Reserve Funds, with the exception being those transactions, which affect either operations or capital investments. Budget figures have been reclassified for the purposes of these financial statements to comply with PSAB reporting requirements.

### 12. SUPPLEMENTARY INFORMATION:

	<u>2013</u>	<u>2012</u>
	<u>\$</u>	<u>\$</u>
<b>[a] Current fund expenditures by object:</b>		
Salaries, wages and employee benefits	<b>1,575,610</b>	1,357,976
Long-term debt interest	<b>34,155</b>	43,802
Materials	<b>2,328,918</b>	1,902,163
Contracted services	<b>1,138,785</b>	1,136,935
Amortization	<b>1,240,922</b>	1,134,085
Transfer to others	<b><u>44,558</u></b>	<u>43,141</u>
	<b><u>6,362,948</u></b>	<u>5,618,102</u>
<b>[b] Change in non-cash assets and liabilities related to operations:</b>		
(Increase) decrease in taxes receivable	<b>(434,345)</b>	39,523
(Increase) decrease in accounts receivable	<b>(174,766)</b>	572,372
(Increase) decrease in inventories and prepaid expenses	<b>(32,820)</b>	44,533
Increase (decrease) in accounts payable and accrued liabilities	<b>(356,471)</b>	1,410,892
Decrease in deferred revenue-obligatory reserve funds	<b><u>(3,597)</u></b>	<u>(38,502)</u>
	<b><u>(1,001,999)</u></b>	<u>2,028,818</u>

### 13. COMPARATIVE FIGURES

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

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# CORPORATION OF THE TOWNSHIP OF SOUTHWOLD

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

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### 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 facilities, and cultural services.

# CORPORATION OF THE TOWNSHIP OF SOUTHWOLD

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

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### 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 Schedule of Segment Disclosure.

**CORPORATION OF THE TOWNSHIP OF SOUTHWOLD**

**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
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
<b>REVENUES</b>								
Taxation and local improvements	-	931,675	958,446	370,381	14,097	77,069	329,079	2,680,747
Sales of services and regulatory fees	48,945	67,236	4,913	1,140,001	10,685	29,822	24,053	1,325,655
Government transfers	661,718	116,937	868,948	18,637	-	-	173,837	1,840,077
Other	314,869	12,818	241,402	18,963	-	82,784	31,693	702,529
Loss on disposal of capital assets	-	-	(7,150)	-	-	-	-	(7,150)
	<u>1,025,532</u>	<u>1,128,666</u>	<u>2,066,559</u>	<u>1,547,982</u>	<u>24,782</u>	<u>189,675</u>	<u>558,662</u>	<u>6,541,858</u>
<b>EXPENSES</b>								
Salaries, wages and employees benefits	427,388	165,711	777,377	107,538	1,386	15,548	80,662	1,575,610
Long-term debt interest expense	-	-	-	28,491	-	-	5,664	34,155
Materials	117,455	148,581	537,801	638,581	33,278	144,849	708,373	2,328,918
Contracted services, rents and financial	43,148	733,461	-	291,083	-	-	71,093	1,138,785
External transfers	-	44,558	-	-	-	-	-	44,558
Amortization	34,021	84,156	635,005	453,498	2,828	31,414	-	1,240,922
	<u>622,012</u>	<u>1,176,467</u>	<u>1,950,183</u>	<u>1,519,191</u>	<u>37,492</u>	<u>191,811</u>	<u>865,792</u>	<u>6,362,948</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<u>403,520</u>	<u>(47,801)</u>	<u>116,376</u>	<u>28,791</u>	<u>(12,710)</u>	<u>(2,136)</u>	<u>(307,130)</u>	<u>178,910</u>

**CORPORATION OF THE TOWNSHIP OF SOUTHWOLD**

**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
	\$	\$	\$	\$	\$	\$	\$	\$
<b>REVENUES</b>								
Taxation and local improvements	977,111	986,542	785,201	199,450	27,732	96,752	259,336	3,332,124
Sales of services and regulatory fees	-	74,864	1,250	1,017,910	-	58,684	76,036	1,228,744
Government transfers	702,300	63,671	775,823	134,305	-	-	55,433	1,731,532
Other	238,026	8,939	658,219	276,316	-	83,233	-	1,264,733
Loss on disposal of capital assets	-	-	(22,770)	-	-	-	-	(22,770)
	<u>1,917,437</u>	<u>1,134,016</u>	<u>2,197,723</u>	<u>1,627,981</u>	<u>27,732</u>	<u>238,669</u>	<u>390,805</u>	<u>7,534,363</u>
<b>EXPENSES</b>								
Salaries, wages and employees benefits	389,629	181,165	620,163	73,906	1,031	20,068	72,014	1,357,976
Long-term debt interest expense	-	-	-	38,912	-	-	4,890	43,802
Materials	122,463	122,003	578,581	581,935	29,098	135,019	333,064	1,902,163
Contracted services, rents and financial	30,263	739,186	7,781	296,872	-	-	62,833	1,136,935
External transfers	-	43,141	-	-	-	-	-	43,141
Amortization	<u>32,309</u>	<u>80,058</u>	<u>553,088</u>	<u>444,901</u>	<u>2,828</u>	<u>20,901</u>	<u>-</u>	<u>1,134,085</u>
	<u>574,664</u>	<u>1,165,553</u>	<u>1,759,613</u>	<u>1,436,526</u>	<u>32,957</u>	<u>175,988</u>	<u>472,801</u>	<u>5,618,102</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<u>1,342,773</u>	<u>(31,537)</u>	<u>438,110</u>	<u>191,455</u>	<u>(5,225)</u>	<u>62,681</u>	<u>(81,996)</u>	<u>1,916,261</u>

**CORPORATION OF THE TOWNSHIP OF SOUTHWOLD**

**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
<b><u>Infrastructure Related</u></b>											
Linear - Roadways	9,914,163	798,643	141,025	-	10,571,781	5,248,143	134,771	444,749	-	5,558,121	<b>5,013,660</b>
Linear - Water Services	32,551,343	-	-	-	32,551,343	3,532,845	-	434,018	-	3,966,863	<b>28,584,480</b>
Linear - Waste Water	862,149	-	-	-	862,149	193,043	-	11,495	-	204,538	<b>657,611</b>
<b>Infrastructure Related Total</b>	<b><u>43,327,655</u></b>	<b><u>798,643</u></b>	<b><u>141,025</u></b>	<b><u>-</u></b>	<b><u>43,985,273</u></b>	<b><u>8,974,031</u></b>	<b><u>134,771</u></b>	<b><u>890,262</u></b>	<b><u>-</u></b>	<b><u>9,729,522</u></b>	<b><u>34,255,751</u></b>
<b><u>General</u></b>											
Land	124,920	-	-	-	124,920	-	-	-	-	-	<b>124,920</b>
Land Improvements	125,827	11,918	-	-	137,745	3,464	-	12,583	-	16,047	<b>121,698</b>
Buildings	2,816,195	13,229	-	-	2,829,424	764,845	-	56,531	-	821,376	<b>2,008,048</b>
Machinery and Equipment	1,087,707	162,390	14,370	-	1,235,727	571,206	14,370	73,260	-	630,096	<b>605,631</b>
Vehicle	3,815,974	50,637	-	-	3,866,611	1,746,292	-	208,286	-	1,954,578	<b>1,912,033</b>
<b>General Total</b>	<b><u>7,970,623</u></b>	<b><u>238,174</u></b>	<b><u>14,370</u></b>	<b><u>-</u></b>	<b><u>8,194,427</u></b>	<b><u>3,085,807</u></b>	<b><u>14,370</u></b>	<b><u>350,660</u></b>	<b><u>-</u></b>	<b><u>3,422,097</u></b>	<b><u>4,772,330</u></b>
<b>Total Capital Assets Sub-Total</b>	<b><u>51,298,278</u></b>	<b><u>1,036,817</u></b>	<b><u>155,395</u></b>	<b><u>-</u></b>	<b><u>52,179,700</u></b>	<b><u>12,059,838</u></b>	<b><u>149,141</u></b>	<b><u>1,240,922</u></b>	<b><u>-</u></b>	<b><u>13,151,619</u></b>	<b><u>39,028,081</u></b>
Work In Progress	7,427	-	6,531	896	-	-	-	-	-	-	-
<b>Total Tangible Capital Assets</b>	<b><u>51,305,705</u></b>	<b><u>1,036,817</u></b>	<b><u>161,926</u></b>	<b><u>896</u></b>	<b><u>52,179,700</u></b>	<b><u>12,059,838</u></b>	<b><u>149,141</u></b>	<b><u>1,240,922</u></b>	<b><u>-</u></b>	<b><u>13,151,619</u></b>	<b><u>39,028,081</u></b>

# CORPORATION OF THE TOWNSHIP OF SOUTHWOLD

## Schedule of Tangible Capital Assets For the Year Ended December 31, 2012

ASSET TYPE	Opening Historical Cost Balance Jan 1/2012	2012 Acquisitions	2012 Disposals	2012 Write-Offs	Ending Historical Cost Balance Dec 31/2012	Opening Accumulated Amortization Balance Jan 1/2012	2012 Disposals	2012 Amortization	2012 Write-Offs	Ending Accumulated Amortization Balance Dec 31/2012	Ending Net Book Value Dec 31/2012
<b><u>Infrastructure Related</u></b>											
Linear - Roadways	9,327,468	701,232	-	114,537	9,914,163	4,914,398	-	410,513	76,768	5,248,143	4,666,020
Linear - Water	32,014,851	536,492	-	-	32,551,343	3,105,919	-	426,926	-	3,532,845	29,018,498
Linear - Waste Water	862,149	-	-	-	862,149	181,548	-	11,495	-	193,043	669,106
<b>Infrastructure Related Total</b>	<b><u>42,204,468</u></b>	<b><u>1,237,724</u></b>	<b><u>-</u></b>	<b><u>114,537</u></b>	<b><u>43,327,655</u></b>	<b><u>8,201,865</u></b>	<b><u>-</u></b>	<b><u>848,934</u></b>	<b><u>76,768</u></b>	<b><u>8,974,031</u></b>	<b><u>34,353,624</u></b>
<b><u>General</u></b>											
Land	124,920	-	-	-	124,920	-	-	-	-	-	124,920
Land Improvements	17,324	108,503	-	-	125,827	1,732	-	1,732	-	3,464	122,363
Buildings	2,809,774	6,421	-	-	2,816,195	708,685	-	56,160	-	764,845	2,051,350
Machinery and Equipment	1,000,289	152,289	64,871	-	1,087,707	573,261	64,871	62,816	-	571,206	516,501
Vehicle	3,362,475	619,971	166,472	-	3,815,974	1,748,320	166,471	164,443	-	1,746,292	2,069,682
<b>General Total</b>	<b><u>7,314,782</u></b>	<b><u>887,184</u></b>	<b><u>231,343</u></b>	<b><u>-</u></b>	<b><u>7,970,623</u></b>	<b><u>3,031,998</u></b>	<b><u>231,342</u></b>	<b><u>285,151</u></b>	<b><u>-</u></b>	<b><u>3,085,807</u></b>	<b><u>4,884,816</u></b>
<b>Total Capital Assets Sub-Total</b>	<b><u>49,519,250</u></b>	<b><u>2,124,908</u></b>	<b><u>231,343</u></b>	<b><u>114,537</u></b>	<b><u>51,298,278</u></b>	<b><u>11,233,863</u></b>	<b><u>231,342</u></b>	<b><u>1,134,085</u></b>	<b><u>76,768</u></b>	<b><u>12,059,838</u></b>	<b><u>39,238,440</u></b>
Work In Progress	397,412	7,427	397,412	-	7,427	-	-	-	-	-	7,427
<b>Total Tangible Capital Assets</b>	<b><u>49,916,662</u></b>	<b><u>2,132,335</u></b>	<b><u>628,755</u></b>	<b><u>114,537</u></b>	<b><u>51,305,705</u></b>	<b><u>11,233,863</u></b>	<b><u>231,342</u></b>	<b><u>1,134,085</u></b>	<b><u>76,768</u></b>	<b><u>12,059,838</u></b>	<b><u>39,245,867</u></b>