



Consolidated Financial Statements

The Municipality of North Perth

December 31, 2013

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## Independent auditor's report

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To the Members of Council, Inhabitants and Ratepayers of The Municipality of North Perth

We have audited the accompanying consolidated financial statements of The Municipality of North Perth, which comprise the consolidated statement of financial position as at December 31, 2013, and the consolidated statements of operations, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the 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 consolidated financial statements present fairly, in all material respects, the financial position of The Municipality of North Perth as at December 31, 2013, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Grant Thornton LLP*

Burlington, Canada  
May 26, 2014

Chartered Accountants  
Licensed Public Accountants

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# The Municipality of North Perth

## Consolidated Statement of Financial Position

As at December 31, 2013

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	<u>2013</u>	<u>2012</u>
<b>Financial assets</b>		
Cash and cash equivalents (Note 2)	\$ 12,819,422	\$ 8,125,853
Taxes receivable	418,595	513,311
Accounts receivable	1,965,712	2,153,702
Drain receivables	800,502	699,333
Long-term receivables (Note 3)	<u>1,378,268</u>	<u>1,444,659</u>
	<u>17,382,499</u>	<u>12,936,858</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	1,800,160	1,718,013
Employee benefits plan liability	204,221	193,191
Deferred revenue (Note 5)	9,725,638	7,107,078
Net long-term debt (Note 6)	19,172,297	19,913,481
Solid waste closure and post-closure liabilities (Note 7)	<u>1,703,000</u>	<u>1,703,000</u>
	<u>32,605,316</u>	<u>30,634,763</u>
<b>Net debt</b>	<u>(15,222,817)</u>	<u>(17,697,905)</u>
<b>Non-financial assets</b>		
Tangible capital assets (Note 8)	99,622,581	99,417,546
Prepaid expenses and inventories of supplies	<u>168,326</u>	<u>184,664</u>
	<u>99,790,907</u>	<u>99,602,210</u>
<b>Accumulated surplus</b> (Note 9)	<u>\$ 84,568,090</u>	<u>\$ 81,904,305</u>

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Contingent liabilities (Note 17)

\_\_\_\_\_ Treasurer

\_\_\_\_\_ Mayor

See accompanying notes to the consolidated financial statements

# The Municipality of North Perth

## Consolidated Statement of Operations

For the year ended December 31, 2013

	Budget <u>2013</u> (Note 21)	Actual <u>2013</u>	Actual <u>2012</u>
<b>Revenue</b>			
Taxation	\$ 8,639,121	\$ 8,698,331	\$ 8,287,505
Government transfers – Federal (Note 10)	363,147	294,974	332,323
Government transfers – Provincial (Note 11)	3,374,074	3,392,358	3,053,617
Government transfers – Municipal	485,207	416,289	382,540
User fees and service charges	5,833,855	6,580,980	5,293,933
Other (Note 12)	<u>6,865,645</u>	<u>3,279,277</u>	<u>1,812,136</u>
	<u>25,561,049</u>	<u>22,662,209</u>	<u>19,162,054</u>
<b>Expenses</b>			
General government	1,758,444	1,949,166	1,456,814
Protection services	4,385,104	4,426,807	4,252,114
Transportation services	4,733,427	4,215,704	3,895,337
Environmental services	4,495,129	4,112,722	4,564,710
Health services	251,768	198,369	182,424
Social and family services	889,893	871,540	859,372
Recreation and cultural services	4,448,148	3,388,605	3,042,088
Planning and development	4,777,317	219,603	245,294
Perth Meadows (Note 13)	<u>503,297</u>	<u>615,908</u>	<u>488,654</u>
	<u>26,242,527</u>	<u>19,998,424</u>	<u>18,986,807</u>
<b>Annual surplus (deficit)</b>	(681,478)	2,663,785	175,247
<b>Accumulated surplus</b>			
Beginning of year	<u>81,904,305</u>	<u>81,904,305</u>	<u>81,729,058</u>
End of year	<u>\$ 81,222,827</u>	<u>\$ 84,568,090</u>	<u>\$ 81,904,305</u>

See accompanying notes to the consolidated financial statements.

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## The Municipality of North Perth

### Consolidated Statement of Changes in Net Debt

For the year ended December 31, 2013

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	Budget 2013 (Note 21)	Actual 2013	Actual 2012
Annual surplus (deficit)	\$ (681,478)	\$ 2,663,785	\$ 175,247
Acquisition of tangible capital assets	(2,296,600)	(3,681,038)	(5,131,139)
Amortization of tangible capital assets	3,052,643	3,178,145	3,109,617
Loss (gain) on sale of tangible capital assets	-	(859,892)	119,715
Proceeds on sale of tangible capital assets	<u>-</u>	<u>1,157,750</u>	<u>375,355</u>
	(74,565)	2,458,750	(1,351,205)
Consumption of prepaid expenses and inventory of supplies	<u>-</u>	<u>16,338</u>	<u>34,699</u>
Change in net debt	(74,565)	2,475,088	(1,316,506)
<b>Net debt</b>			
Beginning of year	<u>(17,697,905)</u>	<u>(17,697,905)</u>	<u>(16,381,399)</u>
End of year	<u>\$ (17,772,470)</u>	<u>\$ (15,222,817)</u>	<u>\$ (17,697,905)</u>

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See accompanying notes to the consolidated financial statements.

# The Municipality of North Perth

## Consolidated Statement of Cash Flows

For the year ended December 31, 2013

	<u>2013</u>	<u>2012</u>
<b>Operating activities</b>		
Annual surplus	\$ 2,663,785	\$ 175,247
Items not involving cash		
Amortization	3,178,145	3,109,617
Loss (gain) on disposal of tangible capital assets	(859,892)	119,715
Changes in non-cash operating balances		
Taxes receivable	94,716	70,899
Accounts receivable	187,990	1,004,528
Drain receivables	(101,169)	28,621
Prepaid expenses and inventories of supplies	16,338	34,699
Accounts payable and accrued liabilities	82,147	124,314
Employee benefits plan liability	11,030	12,284
Deferred revenue	2,618,560	728,627
Solid waste closure and post closure liabilities	-	634,000
	<u>7,891,650</u>	<u>6,042,551</u>
<b>Capital activities</b>		
Acquisition of tangible capital assets	(3,681,038)	(5,131,139)
Proceeds on sale of tangible capital assets	<u>1,157,750</u>	<u>375,355</u>
	<u>(2,523,288)</u>	<u>(4,755,784)</u>
<b>Investing activities</b>		
Decrease in long-term receivables	<u>66,391</u>	<u>63,352</u>
	<u>66,391</u>	<u>63,352</u>
<b>Financing activities</b>		
Change in temporary borrowings	-	(5,500,000)
Proceeds from issuance of long-term debt	20,500	5,653,500
Repayment of long-term debt	<u>(761,684)</u>	<u>(664,824)</u>
	<u>(741,184)</u>	<u>(511,324)</u>
<b>Net change in cash and cash equivalents</b>	<b>4,693,569</b>	<b>838,795</b>
<b>Cash and cash equivalents</b>		
Beginning of year	<u>8,125,853</u>	<u>7,287,058</u>
End of year	<u>\$ 12,819,422</u>	<u>\$ 8,125,853</u>

See accompanying notes to the consolidated financial statements.



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# The Municipality of North Perth

## Notes to the Consolidated Financial Statements

As at December 31, 2013

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### 1. Significant accounting policies

The consolidated financial statements of The Municipality of North Perth ("the Municipality") are prepared by management in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Municipality are as follows:

#### Reporting entity

The consolidated financial statements reflect the assets, liabilities, non-financial assets, revenue and expenses and changes in accumulated surplus of all municipal organizations, committees and boards which are owned or controlled by the Municipality. The following boards have been consolidated:

Elma-Logan Arena  
Business Improvement Association  
North Perth Cemetery Board  
North Perth Public Library Board

Interdepartmental and organizational transactions and balances are eliminated.

Trust funds and their related operations administered by the Municipality are not consolidated. The financial activity and position of the trust funds are reported separately.

#### Basis of accounting

Sources of revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting records revenues in the period they are earned and measurable and expenses in the period the goods and services are acquired and a liability is incurred.

#### Cash and cash equivalents

Cash and cash equivalents are represented by cash on hand, cash on deposit in chartered banks and investments that mature within three months.

#### Portfolio investments

Portfolio investments are valued at the lower of cost and market value. Interest income is reported as revenue in the period earned.

#### Deferred revenue

Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the consolidated statement of financial position. This revenue is recognized in the consolidated statement of operations in the year in which it is used for the specified purpose.

#### Solid waste closure and post-closure liabilities

The estimated costs to close and maintain solid waste landfill sites are based on estimated future expenses in current dollars, discounted, adjusted for estimated inflation, and are charged to expense as the landfill site's capacity is used.

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# The Municipality of North Perth

## Notes to the Consolidated Financial Statements

As at December 31, 2013

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### 1. Significant accounting policies (continued)

#### Retirement benefits and other employee benefit plans

The Municipality's contributions due during the period to its multi-employer defined benefit plan are expensed as incurred. The employee benefits plan liability represents future benefit costs accrued for employee benefit plans. The cost of post-employment benefits earned by employees is actuarially determined using the projected benefit method pro-rated on services and management's best estimate of salary escalation, retirement ages of employees and expected health care costs.

#### Tangible capital assets

Tangible capital assets are recorded at cost. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Capital work in progress is not amortized until the asset is put in use.

Amortization is calculated on a straight-line basis to write-off the net cost of each asset over its estimated useful life for all classes except land. Land is considered to have an infinite life without amortization. Residual values of assets are assumed to be zero for all assets with any net gain or loss arising from the disposal of assets recognized in the consolidated statement of operations.

Amortization is based on the following classifications and useful lives:

<u>Classification</u>	<u>Useful Life</u>
Land improvements	20 to 50 years
Buildings	30 to 100 years
Equipment and furniture	5 to 30 years
Fleet	10 to 25 years
Information technology equipment	5 years
Infrastructure – roads	20 years
Infrastructure – bridges and culverts	30 to 75 years
Infrastructure – water, sewer and landfill	4 to 100 years

#### Subdivision infrastructure

Subdivision streets, lighting, sidewalks, drainage and other infrastructure are required to be provided by subdivision developers. Upon completion they are turned over to the Municipality. The Municipality is not involved in the construction.

#### Inventory

Inventory is recorded at the lower of average cost and net realizable value.

#### Reserves for future expenses

Certain amounts, as approved by Municipal Council, are set aside in reserves and reserve funds for future operating and capital expenses.

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# The Municipality of North Perth

## Notes to the Consolidated Financial Statements

As at December 31, 2013

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### 1. Significant accounting policies (continued)

#### Revenue recognition

##### i) Taxation

Property tax billings are prepared by the Municipality based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established annually by Council, incorporating amounts to be raised for local services and amounts the Municipality is required to collect on behalf of the County of Perth and the Province of Ontario in respect of education taxes. Realty taxes are billed based on the assessment rolls provided by MPAC. Taxation revenues are recorded at the time tax billings are issued.

A normal part of the assessment process is the issue of supplementary assessment rolls which provide updated information with respect to changes in property assessment. Once a supplementary roll is received, the Municipality determines the taxes applicable and renders supplementary tax billings. Assessments of the related property taxes are subject to appeal. Any supplementary billing adjustments made necessary by the determination of such changes will be recognized in the fiscal year they are determined and the effect shared with the County of Perth and school boards, as appropriate.

##### ii) User fees and service charges

User charges are recognized when the services are performed or goods are delivered and there is reasonable assurance of collection.

##### iii) Government transfers

Government transfers are recognized in the consolidated financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made.

##### iv) Other

Other revenue is recorded when it is earned and collection is reasonably assured.

##### v) Investment income

Investment income earned on operating surplus funds and reserves and reserve funds (other than obligatory reserve funds) are recorded as revenue in the period earned. Investment income earned on obligatory reserve funds are recorded directly to each respective fund balance and forms part of the deferred revenue – obligatory reserve funds balance.

##### vi) Perth Meadows

Phase I and Phase II life leases purchased by tenants of the Perth Adult Life Care Residences have been recorded as deferred lease revenue and are being amortized over the life of the buildings. Amortization is provided on a straight line basis over 50 years.

#### County of Perth and school board transactions

The Municipality collects taxation revenue on behalf of the school boards and the County of Perth. Such levies, other revenues, expenses, assets and liabilities with respect to the operations of these entities are not reflected in these financial statements

# The Municipality of North Perth

## Notes to the Consolidated Financial Statements

As at December 31, 2013

### 1. Significant accounting policies (continued)

#### Use of estimates

The preparation of the financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

<b>2. Cash and cash equivalents</b>	<b><u>2013</u></b>	<b><u>2012</u></b>
Unrestricted	\$ 10,555,006	\$ 6,283,386
Restricted – obligatory reserve funds	<u>2,264,416</u>	<u>1,842,467</u>
	<b><u>\$ 12,819,422</u></b>	<b><u>\$ 8,125,853</u></b>

<b>3. Long term receivables</b>	<b><u>2013</u></b>	<b><u>2012</u></b>
Long-term receivable from several land owners bearing interest at 3.95%, receivable in blended annual payments of \$61,672, due 2025	\$ 580,481	\$ 617,753
Long-term receivable from several land owners bearing interest at 4.57%, receivable in blended annual payments of \$45,575, due 2040	698,856	711,897
Long-term receivable from land owner bearing interest at 7%, receivable in blended annual payments of \$24,128, due 2018	<u>98,931</u>	<u>115,009</u>
	<b><u>\$ 1,378,268</u></b>	<b><u>\$ 1,444,659</u></b>

### 4. Temporary borrowings

The Municipality has an authorized line of credit of up to \$ 5,000,000 at Canadian Imperial Bank of Commerce bearing interest at prime. The outstanding amount as of December 31, 2013 was \$ Nil (2012 - \$ Nil). The facility is secured by general borrowing by-laws.

# The Municipality of North Perth

## Notes to the Consolidated Financial Statements

As at December 31, 2013

### 5. Deferred revenue

	Opening <u>balance</u>	Contributions <u>received</u>	Externally restricted investment <u>income</u>	Revenue <u>recognized</u>	Ending <u>balance</u>
Development charges	\$ 2,092,667	\$ 639,147	\$ 23,792	\$ (302,925)	<b>\$2,452,681</b>
Federal gas tax	254,928	378,078	-	(25,960)	<b>607,046</b>
Provincial gas tax	-	100,306	-	(60,107)	<b>40,199</b>
Recreational land	396,613	18,000	9,915	-	<b>424,528</b>
Other restricted grants	-	40,026	-	(14,419)	<b>25,607</b>
Restricted donations	286,877	-	-	(286,877)	-
Deposits	431,241	2,179,100	-	(460,606)	<b>2,149,735</b>
Deferred life lease revenue (Note 13)	<u>3,644,752</u>	<u>507,963</u>	<u>-</u>	<u>(126,873)</u>	<u><b>4,025,842</b></u>
	<u>\$ 7,107,078</u>	<u>\$ 3,862,620</u>	<u>\$ 33,707</u>	<u>\$ (1,277,767)</u>	<u><b>\$9,725,638</b></u>

#### Federal gas tax

Gas tax revenue is provided by the Government of Canada. The use of the funding is established by a funding agreement between the Municipality and the Province of Ontario. Gas tax funding may be used towards designated capacity building projects as specified in the funding agreements.

### 6. Net long-term debt

Net long term debt reported on the consolidated statement of financial position is comprised of the following:

	<u>2013</u>	<u>2012</u>
OSIFA loan, bearing interest at 2.63%; repayable in blended semi-annual payments of \$124,807; due April 2046.	<b>\$ 5,431,098</b>	\$ 5,535,805
OSIFA loan, bearing interest at 2.56%; repayable in blended semi-annual payments of \$46,855; due December 2017.	<b>354,142</b>	437,189
OSIFA loan, bearing interest at 2.43%; repayable in blended semi-annual payments of \$30,927; due April 2016.	<b>149,155</b>	206,341

# The Municipality of North Perth

## Notes to the Consolidated Financial Statements

As at December 31, 2013

6. Net long-term debt (continued)	<u>2013</u>	<u>2012</u>
OSIFA loan, bearing interest at 3.95%; repayable in blended semi-annual payments of \$30,618; due October 2025.	580,751	617,943
OSIFA loan, bearing interest at 4.57%; repayable in blended semi-annual payments of \$74,255; due October 2040.	2,290,279	2,332,664
OSIFA loan, bearing interest at 4.91% repayable in blended semi-annual payments of \$30,102; due May 2051.	2,054,578	2,073,410
Cemetery Care and Maintenance Trust Fund loan, bearing interest at 5%; repayable in blended annual payments of \$25,678; due 2027.	254,174	266,525
Haverlea Farms Ltd. mortgage, bearing interest at 0%; repayable in annual instalments of \$110,000; due 2020.	770,000	880,000
Canada Mortgage and Housing Corporation mortgage, bearing interest at 3.89%; repayable in annual payments of \$109,300; due March 2031.	1,396,118	1,449,050
OSIFA loan, bearing interest at 3.65% repayable in blended semi-annual payments of \$168,651; due November 2037.	5,362,202	5,500,000
Tile drainage loans, bearing interest between 6.0% and 8.0% and repayable in annual instalments. The loans are due between 2014 and 2020.	<u>529,800</u>	<u>614,554</u>
	<u>\$ 19,172,297</u>	<u>\$ 19,913,481</u>

Repayments in each of the next five years are due as follows:

2014	\$	750,025
2015		769,078
2016		757,883
2017		746,260
2018		671,576
Thereafter		<u>15,477,475</u>
	\$	<u>19,172,297</u>

# The Municipality of North Perth

## Notes to the Consolidated Financial Statements

As at December 31, 2013

### 7. Solid waste closure and post-closure liabilities

Solid waste closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, removal of ground water and leachates, and ongoing environmental monitoring, site inspection and maintenance. The present value of the Municipality's estimated future liability for this expense is recognized as the landfill site's capacity is used. The liability and annual expense is calculated based on the ratio of utilization to total capacity of the landfill site and the discounted estimated cash flows associated with closure and post-closure activities. The reported liability as at year end was \$1,703,000 (rounded), (2012 - \$1,703,000) and reflects a discount rate of 6.0% (2012 – 6.0%).

The liability is based on estimates and assumptions related to events extending over the remaining life of the landfill. Below are the estimated factors for each of the three municipal landfills.

	Remaining Capacity	Undiscounted Future Expenditures	Liability	Remaining Life	Post-Closure Care
Listowel		\$ 1,564,688	\$ 933,662	nil years	41 years
Elma	89 years	341,923	1,415	89 years	34 years
Wallace		<u>1,388,146</u>	<u>767,709</u>	nil years	54 years
		<u>\$ 3,294,757</u>	<u>\$ 1,702,786</u>		

In June 2012, the Wallace landfill site closed.

# The Municipality of North Perth

## Notes to the Consolidated Financial Statements

As at December 31, 2013

### 8. Tangible capital assets

2013

	Land and land improvements	Buildings	Equipment and furniture	Fleet	Information technology Equipment	Infrastructure - roads	Infrastructure - bridges and culverts	Infrastructure - water, sewer, storm and landfill	Total
Cost, beginning of year	\$ 9,952,581	\$26,026,426	\$ 4,104,025	\$ 2,491,720	\$ 335,522	\$ 23,371,667	\$ 9,670,415	\$60,935,638	<b>\$136,887,994</b>
Additions	175,823	756,192	236,475	819,168	36,165	651,628	516,472	489,115	<b>3,681,038</b>
Disposals	(216,459)	-	(149,268)	(200,000)	-	(55,198)	(30,238)	(27,536)	<b>(678,699)</b>
Cost, end of year	<u>\$ 9,911,945</u>	<u>\$26,782,618</u>	<u>\$ 4,191,232</u>	<u>\$ 3,110,888</u>	<u>\$ 371,687</u>	<u>\$ 23,968,097</u>	<u>\$10,156,649</u>	<u>\$61,397,217</u>	<b>\$139,890,333</b>
Accumulated amortization, beginning of year	\$ 682,445	\$ 7,245,921	\$ 2,080,792	\$ 1,262,730	\$ 256,762	\$ 6,031,637	\$ 4,379,171	\$15,530,990	<b>\$ 37,470,448</b>
Amortization	48,740	539,373	266,464	171,241	41,788	830,033	141,996	1,138,510	<b>3,178,145</b>
Disposals	-	-	(99,512)	(200,000)	-	(40,309)	(25,235)	(15,785)	<b>(380,841)</b>
Accumulated amortization, end of year	<u>\$ 731,185</u>	<u>\$ 7,785,294</u>	<u>\$ 2,247,744</u>	<u>\$1,233,971</u>	<u>\$ 298,550</u>	<u>\$ 6,821,361</u>	<u>\$ 4,495,932</u>	<u>\$16,653,715</u>	<b>\$ 40,267,752</b>
Net book value, end of year	<u>\$ 9,180,760</u>	<u>\$18,997,324</u>	<u>\$ 1,943,488</u>	<u>\$ 1,876,917</u>	<u>\$ 73,137</u>	<u>\$ 17,146,736</u>	<u>\$ 5,660,717</u>	<u>\$44,743,502</u>	<b>\$ 99,622,581</b>

The net book value of tangible capital assets not being amortized because they are under construction (or development) is \$ 217,230 (2012 - \$ 273,633).



# The Municipality of North Perth

## Notes to the Consolidated Financial Statements

As at December 31, 2013

### 8. Tangible capital assets (continued)

2012

	Land and land <u>improvements</u>	<u>Buildings</u>	Equipment and furniture	<u>Fleet</u>	Information technology <u>Equipment</u>	Infrastructure - roads	Infrastructure - bridges and culverts	Infrastructure - water, sewer, storm and landfill	<u>Total</u>
Cost, beginning of year	\$ 8,989,765	\$25,811,684	\$ 4,000,409	\$ 2,235,310	\$ 292,310	\$ 21,678,332	\$ 9,670,415	\$60,010,645	<b>\$132,688,870</b>
Additions	1,179,078	214,742	258,023	280,330	45,538	2,096,846	-	1,056,582	<b>5,131,139</b>
Disposals	(216,262)	-	(154,407)	(23,920)	(2,326)	(403,511)	-	(131,589)	<b>(932,015)</b>
Cost, end of year	<b>\$ 9,952,581</b>	<b>\$26,026,426</b>	<b>\$ 4,104,025</b>	<b>\$ 2,491,720</b>	<b>\$ 335,522</b>	<b>\$ 23,371,667</b>	<b>\$ 9,670,415</b>	<b>\$60,935,638</b>	<b>\$136,887,994</b>
Accumulated amortization, beginning of year	\$ 630,928	\$ 6,725,257	\$ 1,942,147	\$ 1,164,773	\$ 224,947	\$ 5,459,092	\$ 4,244,585	\$14,406,046	<b>\$ 34,797,775</b>
Amortization	51,517	520,664	263,506	121,877	34,141	815,528	134,586	1,167,798	<b>3,109,617</b>
Disposals	-	-	(124,861)	(23,920)	(2,326)	(242,983)	-	(42,854)	<b>(436,944)</b>
Accumulated amortization, end of year	<b>\$ 682,445</b>	<b>\$ 7,245,921</b>	<b>\$ 2,080,792</b>	<b>\$1,262,730</b>	<b>\$ 256,762</b>	<b>\$ 6,031,637</b>	<b>\$ 4,379,171</b>	<b>\$15,530,990</b>	<b>\$ 37,470,448</b>
Net book value, end of year	<b>\$ 9,270,136</b>	<b>\$18,780,505</b>	<b>\$ 2,023,233</b>	<b>\$ 1,228,990</b>	<b>\$ 78,760</b>	<b>\$ 17,340,030</b>	<b>\$ 5,291,244</b>	<b>\$45,404,648</b>	<b>\$ 99,417,546</b>

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# The Municipality of North Perth

## Notes to the Consolidated Financial Statements

As at December 31, 2013

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### 9. Accumulated surplus

The Municipality of North Perth segregates its accumulated surplus in the following categories:

	<u>2013</u>	<u>2012</u>
Investment in tangible capital assets	\$ 99,622,581	\$ 99,417,546
Operating deficit	(19,098,104)	(21,356,742)
Reserves and Reserve Funds		
Working funds	700,000	700,000
Post employee benefits	162,999	179,789
Current and capital purposes	5,087,835	4,859,903
Unfunded	<u>(1,907,221)</u>	<u>(1,896,191)</u>
	<u>\$ 84,568,090</u>	<u>\$ 81,904,305</u>

The investment in tangible capital assets represents amounts already spent and invested in infrastructure and other non-financial assets.

Reserves and reserve funds represent funds set aside by bylaw or council resolution for specific purposes.

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<b>10. Government transfers – Federal</b>	<u>2013</u>	<u>2012</u>
Operating		
Other operating funding	\$ 27,014	\$ 16,375
Capital		
Community infrastructure improvement	242,000	-
Federal gas tax	<u>25,960</u>	<u>315,948</u>
	<u>\$ 294,974</u>	<u>\$ 332,323</u>

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<b>11. Government transfers - Provincial</b>	<u>2013</u>	<u>2012</u>
Operating		
Ontario Municipal Partnership Fund	\$ 2,642,200	\$ 2,653,800
Provincial gas tax	60,107	39,176
Other operating funding	214,541	245,160
Capital		
Build Canada Fund	226,683	-
Other capital funding	<u>248,827</u>	<u>115,481</u>
	<u>\$ 3,392,358</u>	<u>\$ 3,053,617</u>

# The Municipality of North Perth

## Notes to the Consolidated Financial Statements

As at December 31, 2013

<b>12. Other revenue</b>	<u>2013</u>	<u>2012</u>
Penalties and interest on taxation	\$ 80,988	\$ 92,374
Other fines and penalties	22,143	22,052
Investment income	199,440	196,767
Licences, permits and rents	433,795	570,200
Donations	671,310	158,759
Sale of publications, equipment, etc.	411,939	429,584
Development charges	302,925	166,182
Perth Meadows (Note 13)	296,845	295,933
Gain (loss) on disposal of capital assets	<u>859,892</u>	<u>(119,715)</u>
	<u>\$ 3,279,277</u>	<u>\$ 1,812,136</u>

### 13. Perth Meadows

In November 2011, the Municipality purchased the assets of Perth Adult Life Care Residences for \$5,297,241. The assets and deferred revenue associated with this purchase have been recorded at their gross value as an addition in tangible capital assets and deferred revenue on the Consolidated Statement of Financial Position. The senior's complex is currently made up of 18 town homes and 36 suite units which the Municipality is offering as life lease or rental units.

### 14. Expenses by object

	Budget <u>2013</u>	<u>2013</u>	<u>2012</u>
Salaries and wages	\$ 6,547,390	\$ 6,477,868	\$ 6,116,753
Materials and supplies	4,599,222	4,345,286	3,904,453
Contracted services	11,244,887	5,038,573	4,960,844
Rents and financing expenses	10,350	10,350	10,350
Interest on long-term debt	486,900	659,217	572,633
Contributions to others	301,135	288,985	312,157
Amortization	<u>3,052,643</u>	<u>3,178,145</u>	<u>3,109,617</u>
	<u>\$ 26,242,527</u>	<u>\$ 19,998,424</u>	<u>\$ 18,986,807</u>

### 15. Operations of School Boards of the County of Perth

Total taxation received or receivable on behalf of the County of Perth and the school boards were as follows:

	<u>2013</u>	<u>2012</u>
School boards	\$ 4,321,582	\$ 4,267,224
County of Perth	<u>3,590,487</u>	<u>3,430,677</u>
	<u>\$ 7,912,069</u>	<u>\$ 7,697,901</u>

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# The Municipality of North Perth

## Notes to the Consolidated Financial Statements

As at December 31, 2013

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### 16. Pension agreements

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

Contributions to OMERS are made at rates ranging from 9% to 15.9% depending on the proposed retirement age and the level of earnings. As a result, \$ 787,757 (2012 - \$ 655,356) was contributed to OMERS for current service, of which \$ 393,878 (2012 - \$ 327,678) represents the employees' portion.

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### 17. Contingent liabilities

A number of appeals of the current value assessment of properties in the municipality are currently in process. The impact on taxation revenue as a result of settlement of these appeals is not determinable at this time. The effect on taxation of the settlement of these appeals will be recorded in the fiscal year in which they can be determined.

The Municipality is a defendant in a number of lawsuits. The ultimate liability, if any, cannot be determined at this time.

The Phase II life leases purchased by tenants of the Perth Adult Life Care Residences as described in Note 1 to these financial statements contain a "guaranteed buy back clause" whereby the Municipality could be liable to the purchaser for up to 95% of the original purchase price upon termination of the agreement by either the Municipality or the resident. The ultimate liability, if any, cannot be determined at this time.

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### 18. Trust funds

At the year end, the Municipality held \$ 532,663 (2012 - \$ 509,052) in trust. These funds are not included in these financial statements. Certain assets have been conveyed or assigned to the Municipality to be administered as directed by agreement or statute. The Municipality holds the assets for the benefit of and stand in fiduciary relationship to the beneficiaries. The following trust funds and assets are excluded from the Municipality's financial statements:

	<u>2013</u>	<u>2012</u>
Cemetery Care and Maintenance fund	<u>\$ 532,663</u>	<u>\$ 509,052</u>

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# The Municipality of North Perth

## Notes to the Consolidated Financial Statements

As at December 31, 2013

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### 19. Financial instruments

The Municipality's financial instruments consist of cash and cash equivalents, portfolio investments, taxes receivable, user charges receivable, other receivables, accounts payable and long term debt. It is management's opinion that the Municipality is not exposed to significant market, interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximates their carrying value as the instruments are either current in nature or bear interest at market rates.

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### 20. Comparative figures

Certain of the comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

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### 21. Budget

The budget by-law adopted by Council on April 22, 2013 was not prepared on a basis consistent with that used to report actual results in accordance with Canadian Public Sector Accounting Standards (PSAS). The budget was prepared on a modified accrual basis while PSAS require a full accrual basis. As a result, the budget figures presented in the statements of operations and changes in net financial assets represent the budget approved by Council with the following adjustments:

Approved budgeted annual surplus (deficit)	\$	-
Approved budgeted annual surplus (deficit) – Perth Meadows		(140,150)
Less:		
Transfers to reserves and reserve funds - net		(416,328)
Long term debt financing		<u>(125,000)</u>
Budgeted deficit reported on the consolidated statement of operations	\$	<u>(681,478)</u>

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### 22. Segmented information

The Municipality is a diversified municipal government institution that provides a wide range of services to its citizens. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

#### General government

General government is comprised of Municipal council, administrative and clerks departments.

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# The Municipality of North Perth

## Notes to the Consolidated Financial Statements

As at December 31, 2013

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### 22. Segmented information (continued)

#### Protection services

Protection services department is comprised of police services, fire protection and protective inspection. The police services work to ensure the safety and protection of the citizens and their property. The fire department is responsible to provide fire suppression service, fire prevention programs, training and education. Protective inspection provides services related to the enforcement of building and construction codes.

#### Transportation services

The transportation services department is responsible for the delivery of public works services related to maintenance of roadway systems, winter control, and street lighting,

#### Environmental services

The environmental services department consists of water, wastewater and solid waste disposal utilities. The department provides drinking water, collecting and treating wastewater, and providing collection disposal and waste minimization programs and facilities.

#### Health services

Health services department is responsible for maintaining the Municipality's cemeteries.

#### Social and family services

Social and family services department provides for child care services.

#### Recreation and cultural services

Recreation and culture services department is responsible for the delivery and upkeep of all recreation programs and facilities including parks and the library.

#### Planning and development

This department provides a number of services including planning, economic development and maintenance of the Municipality's drains.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. In measuring and reporting segment revenue from transactions with other segments, inter-segment transfers are measured on the basis of the actual cost of services provided. Taxation and grants attributable to a number of segments have been allocated to those segments based on the budgeted net operating revenue for the year.

# The Municipality of North Perth

## Notes to the Consolidated Financial Statements

As at December 31, 2013

### 22. Segmented information (continued)

	<b>2013</b>									
	<u>General government</u>	<u>Protection services</u>	<u>Transportation services</u>	<u>Environmental services</u>	<u>Health services</u>	<u>Social and family services</u>	<u>Recreation and cultural services</u>	<u>Planning and development</u>	<u>Perth Meadows</u>	<u>Total</u>
<b>Revenue</b>										
Taxation	\$ 600,120	\$1,496,543	\$1,615,418	\$1,534,092	\$ -	\$ 303,702	\$1,518,059	\$1,630,397	\$ -	\$ 8,698,331
Government transfers	344,779	590,779	782,405	491,955	-	336,085	1,039,374	503,825	14,419	4,103,621
User fees and service charges	78,305	88,042	57,846	4,850,992	68,743	573,145	809,156	54,751	-	6,580,980
Other	1,083,005	475,779	94,898	59,547	66,022	37,688	1,058,963	106,530	296,845	3,279,277
	<u>2,106,209</u>	<u>2,651,143</u>	<u>2,550,567</u>	<u>6,936,586</u>	<u>134,765</u>	<u>1,250,620</u>	<u>4,425,552</u>	<u>2,295,503</u>	<u>311,264</u>	<u>22,662,209</u>
<b>Expenses</b>										
Salaries and wages	1,460,278	746,545	857,174	684,633	117,712	749,129	1,757,881	103,086	1,430	6,477,868
Materials and supplies	91,362	463,404	1,006,592	1,458,248	47,366	95,288	958,207	78,988	145,831	4,345,286
Contracted services	265,603	2,776,758	862,443	662,288	13,682	8,209	316,731	37,529	95,330	5,038,573
Rents and financing expenses	5,350	-	-	-	-	5,000	-	-	-	10,350
Interest on long-term debt	-	-	274,314	172,985	13,326	-	-	-	198,592	659,217
Contributions to others	16,583	231,006	-	-	-	-	41,396	-	-	288,985
Amortization	109,990	209,094	1,215,181	1,134,568	6,283	13,914	314,390	-	174,725	3,178,145
	<u>1,949,166</u>	<u>4,426,807</u>	<u>4,215,704</u>	<u>4,112,722</u>	<u>198,369</u>	<u>871,540</u>	<u>3,388,605</u>	<u>219,603</u>	<u>615,908</u>	<u>19,998,424</u>
Annual surplus (deficit)	<u>\$ 157,043</u>	<u>\$(1,775,664)</u>	<u>\$(1,665,137)</u>	<u>\$2,823,864</u>	<u>\$(63,604)</u>	<u>\$ 379,080</u>	<u>\$ 1,036,947</u>	<u>\$2,075,900</u>	<u>\$(304,644)</u>	<u>\$2,663,785</u>

# The Municipality of North Perth

## Notes to the Consolidated Financial Statements

As at December 31, 2013

### 22. Segmented information (continued)

	<b>2012</b>									
	<u>General government</u>	<u>Protection services</u>	<u>Transportation services</u>	<u>Environmental services</u>	<u>Health services</u>	<u>Social and family services</u>	<u>Recreation and cultural services</u>	<u>Planning and development</u>	<u>Perth Meadows</u>	<u>Total</u>
<b>Revenue</b>										
Taxation	\$ 765,669	\$1,903,188	\$1,817,971	\$2,018,168	\$ -	\$ 317,442	\$1,386,867	\$78,200	\$ -	\$ 8,287,505
Government transfers	419,936	745,392	626,214	962,136	-	298,708	659,360	56,734	-	3,768,480
User fees and service charges	70,584	60,956	47,667	3,821,661	54,217	464,667	715,729	58,079	373	5,293,933
Other	331,855	513,790	36,448	58,081	52,533	22,765	499,055	1,676	295,933	1,812,136
	<u>1,588,044</u>	<u>3,223,326</u>	<u>2,528,300</u>	<u>6,860,046</u>	<u>106,750</u>	<u>1,103,582</u>	<u>3,261,011</u>	<u>194,689</u>	<u>296,306</u>	<u>19,162,054</u>
<b>Expenses</b>										
Salaries and wages	1,258,359	737,920	834,863	666,257	113,802	732,730	1,670,240	102,582	-	6,116,753
Materials and supplies	6,333	458,008	692,052	1,398,082	35,227	90,600	937,397	120,290	166,464	3,904,453
Contracted services	47,462	2,667,680	891,099	1,150,178	15,180	17,128	104,819	22,422	44,876	4,960,844
Rents and financing expenses	5,350	-	-	-	-	5,000	-	-	-	10,350
Interest on long-term debt	-	-	278,851	178,710	13,914	-	-	-	101,158	572,633
Contributions to others	53,616	219,035	-	-	-	-	39,506	-	-	312,157
Amortization	85,694	169,471	1,198,472	1,171,483	4,301	13,914	290,126	-	176,156	3,109,617
	<u>1,456,814</u>	<u>4,252,114</u>	<u>3,895,337</u>	<u>4,564,710</u>	<u>182,424</u>	<u>859,372</u>	<u>3,042,088</u>	<u>245,294</u>	<u>488,654</u>	<u>18,986,807</u>
Annual surplus (deficit)	<u>\$ 131,230</u>	<u>\$(1,028,788)</u>	<u>\$(1,367,037)</u>	<u>\$2,295,336</u>	<u>\$(75,674)</u>	<u>\$ 244,210</u>	<u>\$ 218,923</u>	<u>\$(50,605)</u>	<u>\$(192,348)</u>	<u>\$175,247</u>



# The Municipality of North Perth Cemetery Board Schedule of Financial Activities

For the Year Ended December 31, 2013

	Budget <u>2013</u>	<b><u>2013</u></b>	<u>2012</u>
<b>Revenue</b>			
Interment rights	\$ 67,500	\$ <b>82,079</b>	\$ 57,725
Interest income transferred from trust fund	19,000	<b>19,431</b>	19,065
Burial charges	22,500	<b>27,040</b>	23,340
Sundry	7,350	<b>6,215</b>	6,620
Contribution from Municipality	<u>97,418</u>	<b><u>97,418</u></b>	<u>95,799</u>
	<u>213,768</u>	<b><u>232,183</u></b>	<u>202,549</u>
<b>Expenditures</b>			
Cemetery and building maintenance	42,493	<b>32,066</b>	31,429
Administration and general	148,675	<b>142,692</b>	135,983
Transfer to perpetual care trust fund	<u>20,600</u>	<b><u>23,611</u></b>	<u>15,012</u>
	<u>211,768</u>	<b><u>198,369</u></b>	<u>182,424</u>
<b>Annual surplus</b>	2,000	<b>33,814</b>	20,125
<b>Accumulated surplus</b>			
Beginning of year	<u>130,543</u>	<b><u>130,543</u></b>	<u>110,418</u>
End of year	\$ <u>132,543</u>	\$ <b><u>164,357</u></b>	\$ <u>130,543</u>

**The Municipality of North Perth**  
**North Perth Public Library Board**  
**Schedule of Financial Activities**

For the Year Ended December 31, 2013

	Budget <u>2013</u>	<u>2013</u>	<u>2012</u>
<b>Revenue</b>			
Fees and user charges	\$ 20,110	\$ 21,155	\$ 18,610
Donations - Operating	5,600	7,618	6,935
Donations - Friends	4,000	5,888	4,616
Ontario grants	23,788	73,313	23,437
Canada grants	5,400	10,440	14,220
Development charges	10,000	27,503	10,000
Contribution from Municipality	<u>516,294</u>	<u>486,551</u>	<u>478,050</u>
	<u>585,192</u>	<u>632,468</u>	<u>555,868</u>
<b>Expenses</b>			
Administrative	54,753	57,455	62,379
Books, videos and periodicals	56,000	55,679	52,455
Repairs and maintenance	107,710	95,127	22,670
Wages and benefits	421,884	415,920	391,786
Utilities and insurance	<u>37,345</u>	<u>38,999</u>	<u>35,633</u>
	<u>677,692</u>	<u>663,180</u>	<u>564,923</u>
<b>Annual deficit</b>	(92,500)	(30,712)	(9,055)
<b>Accumulated surplus (deficit)</b>			
Beginning of year	<u>82,539</u>	<u>82,539</u>	<u>91,594</u>
End of year	<u>\$ (9,961)</u>	<u>\$ 51,827</u>	<u>\$ 82,539</u>

**The Municipality of North Perth**  
**Business Improvement Area**  
**Schedule of Financial Activities**

For the Year Ended December 31, 2013

	Budget <u>2013</u>	<b><u>2013</u></b>	<u>2012</u>
<b>Revenue</b>			
Taxation revenue	\$ 62,725	\$ <b>62,725</b>	\$ 57,023
Miscellaneous	<u>-</u>	<u>-</u>	<u>24,858</u>
	<u>62,725</u>	<b><u>62,725</u></b>	<u>81,881</u>
<b>Expenses</b>			
Administrative	12,425	<b>15,720</b>	12,949
Advertising and promotion	50,200	<b>15,421</b>	53,703
Downtown beautification	<u>10,100</u>	<b><u>10,040</u></b>	<u>9,900</u>
	<u>72,725</u>	<b><u>41,181</u></b>	<u>76,552</u>
<b>Annual surplus (deficit)</b>	(10,000)	<b>21,544</b>	5,329
<b>Accumulated surplus (deficit)</b>			
Beginning of year	<u>9,914</u>	<b><u>9,914</u></b>	<u>4,585</u>
End of year	\$ <u>(86)</u>	\$ <b><u>31,458</u></b>	\$ <u>9,914</u>