

**The Municipality of North Perth  
Consolidated Financial Statements  
For the year ended December 31, 2016**

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Consolidated Financial Statements  
For the year ended December 31, 2016**

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## Independent Auditors' 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, 2016, and the consolidated statements of operations, change 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 Consolidated 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 consolidated 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 consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of The Municipality of North Perth as at December 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

#### Chartered Professional Accountants, Licensed Public Accountants

Stratford, Ontario  
July 21, 2017

**The Municipality of North Perth**  
**Consolidated Statement of Financial Position**

**December 31** **2016** **2015**

**Financial assets**

Cash and cash equivalents (Note 2)	\$ 15,034,499	\$ 16,217,964
Taxes receivable	570,142	502,872
Accounts receivable	2,988,674	2,883,508
Drain receivables	2,194,163	1,112,686
Long-term receivables (Note 3)	1,115,625	1,172,357
Land and building held for sale	310,282	-
	<b>22,213,385</b>	<b>21,889,387</b>

**Liabilities**

Accounts payable and accrued liabilities	4,464,567	2,258,865
Employee benefits plan liability	78,798	77,749
Deferred revenue (Note 6)	11,005,181	11,645,244
Net long-term debt (Note 7)	16,850,173	17,590,813
Solid waste closure and post-closure liabilities (Note 8)	1,612,000	1,612,000
	<b>34,010,719</b>	<b>33,184,671</b>

**Net debt**

**(11,797,334)** **(11,295,284)**

**Non-financial assets**

Tangible capital assets (Note 9)	113,568,444	104,173,845
Prepaid expenses and inventories of supplies	171,266	168,700
	<b>113,739,710</b>	<b>104,342,545</b>

**Accumulated surplus (Note 10)** **\$101,942,376** **\$ 93,047,261**

**Contingent liabilities (Note 16)**

\_\_\_\_\_ Treasurer \_\_\_\_\_ Mayor

**The Municipality of North Perth  
Consolidated Statement of Operations**

<b>For the year ended December 31</b>	<b>Budget 2016</b>	<b>2016</b>	<b>2015</b>
	Unaudited (Note 19)		
<b>Revenue</b>			
Taxation	\$ 11,736,195	\$ 11,743,873	\$ 10,391,773
Government grants - Federal (Note 11)	2,102,534	1,553,222	204,964
Government grants - Provincial (Note 12)	1,953,491	1,902,126	2,352,877
Municipal grants	478,771	443,933	1,167,690
User fees and service charges	7,059,849	8,017,332	8,376,810
Other (Note 13)	7,542,624	6,510,429	3,721,732
	<b>30,873,464</b>	<b>30,170,915</b>	<b>26,215,846</b>
<b>Expenses</b>			
General government	1,852,377	1,524,735	1,407,341
Protection services	3,860,422	4,364,702	4,384,549
Transportation services	3,127,731	4,397,758	4,817,535
Environmental services	4,763,265	4,704,997	4,508,187
Health services	225,441	224,458	210,163
Social and family services	2,531,491	1,573,267	1,917,989
Recreation and cultural services	3,587,231	3,581,959	3,306,341
Planning and development	362,938	363,859	274,174
Perth Meadows	514,450	540,065	502,553
	<b>20,825,346</b>	<b>21,275,800</b>	<b>21,328,832</b>
<b>Annual surplus</b>	<b>10,048,118</b>	<b>8,895,115</b>	<b>4,887,014</b>
<b>Accumulated surplus, beginning of year</b>	<b>93,047,261</b>	<b>93,047,261</b>	<b>88,160,247</b>
<b>Accumulated surplus, end of year</b>	<b>\$103,095,379</b>	<b>\$101,942,376</b>	<b>\$ 93,047,261</b>

**The Municipality of North Perth**  
**Consolidated Statement of Change in Net Debt**

<b>For the year ended December 31</b>	<b>Budget 2016</b>	<b>2016</b>	<b>2015</b>
	Unaudited (Note 19)		
<b>Annual surplus</b>	<b>\$ 10,048,118</b>	<b>\$ 8,895,115</b>	<b>\$ 4,887,014</b>
Acquisition of tangible capital assets	(21,536,546)	(13,269,512)	(6,960,994)
Amortization of tangible capital assets	3,331,334	3,438,257	3,245,243
Gain (loss) on sale of tangible capital assets	-	(1,337,616)	(210,536)
Proceeds on sale of tangible capital assets	-	1,860,968	332,182
Contributed tangible capital assets	-	(86,695)	-
	<b>(8,157,094)</b>	<b>(499,483)</b>	<b>1,292,909</b>
Consumption (acquisition) of prepaid expenses and inventory of supplies	-	(2,567)	(2,594)
<b>Net change in net debt</b>	<b>(8,157,094)</b>	<b>(502,050)</b>	<b>1,290,315</b>
<b>Net debt, beginning of year</b>	<b>(11,295,284)</b>	<b>(11,295,284)</b>	<b>(12,585,599)</b>
<b>Net debt, end of year</b>	<b>\$ (19,452,378)</b>	<b>\$ (11,797,334)</b>	<b>\$ (11,295,284)</b>

**The Municipality of North Perth**  
**Consolidated Statement of Cash Flows**

<b>For the year ended December 31</b>	<b>2016</b>	<b>2015</b>
<b>Operating transactions</b>		
Annual surplus	\$ 8,895,115	\$ 4,887,014
Items not involving cash		
Amortization	3,438,257	3,245,243
Gain on disposal of tangible capital assets	(1,337,616)	(210,536)
Contributed tangible capital assets	(86,695)	-
Changes in non-cash operating balances		
Taxes receivable	(67,270)	39,279
Accounts receivable	(105,166)	(811,236)
Drain receivables	(1,081,477)	(421,504)
Prepaid expenses and inventories of supplies	(2,566)	(2,595)
Accounts payable and accrued liabilities	2,205,702	264,039
Employee Benefits Plan liability	1,049	(143,227)
Deferred revenue	(640,063)	428,211
Solid waste closure and post closure liabilities	-	(45,000)
	<u>11,219,270</u>	<u>7,229,688</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(13,269,512)	(6,960,994)
Proceeds on sale of tangible capital assets	1,860,968	332,182
Acquisition of tangible capital assets - held for sale	(310,282)	-
	<u>(11,718,826)</u>	<u>(6,628,812)</u>
<b>Investing transactions</b>		
Decrease in long-term receivables	<u>56,731</u>	<u>136,328</u>
<b>Financing transactions</b>		
Proceeds from issuance of long-term debt	61,200	-
Repayment of long-term debt	(801,840)	(807,954)
	<u>(740,640)</u>	<u>(807,954)</u>
<b>Net change in cash and cash equivalents</b>	<b>(1,183,465)</b>	<b>(70,750)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b><u>16,217,964</u></b>	<b><u>16,288,714</u></b>
<b>Cash and cash equivalents, end of year</b>	<b><u>\$ 15,034,499</u></b>	<b><u>\$ 16,217,964</u></b>

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# The Municipality of North Perth

## Notes to the Consolidated Financial Statements

December 31, 2016

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### 1. Significant Accounting Policies

#### Management's Responsibility for the Financial Statements

The consolidated financial statements of the Municipality of North Perth ("Municipality") are the responsibility of and prepared by management. They have been prepared in accordance with Canadian public sector accounting standards established by the Canadian Public Sector Accounting Board of the Chartered Professional Accountants of Canada. The Municipality of North Perth is a municipality in the Province of Ontario and operates under the provisions of the Municipal Act. The Municipality of North Perth provides municipal services such as fire, public works, planning, parks, recreation and other general government services.

#### Basis of Consolidation

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

Business Improvement Association  
North Perth Cemetery Board  
North Perth Public Library Board

All inter-entity assets, liabilities, revenues and expenses have been eliminated on consolidation.

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

#### Basis of Accounting

Revenues and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period they are earned and measurable; expenditures are recognized in the period they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

#### 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.



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**The Municipality of North Perth**  
**Notes to the Consolidated Financial Statements**

**December 31, 2016**

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**1. Significant Accounting Policies (continued)**

**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.

**Tangible Capital Assets**

Tangible capital assets are recorded at cost less accumulated amortization. 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:

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.

**Retirement Benefits and Other Employee Benefit Plans**

The Municipality of North Perth participates in a multiemployer defined benefit pension plan, however, sufficient information is not available to use defined benefit accounting. Therefore, the Municipality accounts for the plan as if it were a defined contribution plan. As such, no pension liability is included in the Municipality's financial statements and contributions are recognized as an expense in the year to which they relate.

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# The Municipality of North Perth

## Notes to the Consolidated Financial Statements

December 31, 2016

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### 1. Significant Accounting Policies (continued)

#### 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.

#### Revenue Recognition

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 Count of Perth and school boards, as appropriate.

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

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

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

Investment income earned on operating surplus funds and reserves and reserve funds (other than obligatory reserve funds) are recorded 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.

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 Boards

The Municipality of North Perth 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.

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**The Municipality of North Perth**  
**Notes to the Consolidated Financial Statements**

**December 31, 2016**

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**1. Significant Accounting Policies (continued)**

**Use of Estimates**            The preparation of 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 at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates relate to the allowance for taxes receivable, accounts receivable and drain receivables, accrued liabilities, employee benefits plan liability, sold waste closure and post-closure liabilities, and useful lives of tangible capital assets. Actual results could differ from management's best estimates as additional information becomes available in the future.

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**2. Cash and Cash Equivalents**

	<b>2016</b>	<b>2015</b>
Unrestricted	<b>\$ 12,427,211</b>	\$ 15,649,174
Restricted - obligatory reserve funds	<b>2,607,288</b>	568,790
	<b>\$ 15,034,499</b>	\$ 16,217,964

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**3. Long-Term Receivables**

	<b>2016</b>	<b>2015</b>
Long-term receivable from several land owners bearing interest at 3.95%, receivable in blended annual payments of \$61,672, due 2025	<b>\$ 459,598</b>	\$ 501,417
Long term receivable from several land owners bearing interest at 4.57%, receivable in blended annual payments of \$45,575, due 2040	<b>656,027</b>	670,940
	<b>\$ 1,115,625</b>	\$ 1,172,357

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**4. Temporary Borrowings**

The Municipality of North Perth 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, 2016 was \$nil (2015 - \$nil). The facility is secured by general borrowing by-laws.

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**The Municipality of North Perth**  
**Notes to the Consolidated Financial Statements**

**December 31, 2016**

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**5. Retirement Benefits**

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

Employees and the municipality each contribute equally to the plan at rates ranging from 9% to 15.8% depending on the member's designated retirement age and level of earnings. The amount contributed to OMERS for 2016 is \$411,378 (2015 - \$412,985) for current service and is reported as an expense on the consolidated statement of operations.

As at December 31, 2016, the OMERS plan is in a deficit position of \$5.72 billion (2015 - \$6.977 billion), which will be addressed through temporary contribution rate increases and, if needed, benefit reductions. The multiemployer plan is valued on a current market basis for all plan assets. The projected benefit method prorated on services was used for the actuarial valuation.

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**The Municipality of North Perth**  
**Notes to the Consolidated Financial Statements**

**December 31, 2016**

**6. Deferred Revenue**

	Opening balance	Contributions received	Externally restricted investment income	Revenue recognized	Ending balance
Development charges	\$ 836,281	\$ 1,063,976	\$ 10,579	\$ (863,563)	\$ 1,047,273
Federal gas tax	1,178,769	384,023	24,767	(1,154,002)	433,557
Provincial gas tax	197,113	14,588	4,058	-	215,759
Recreational land	494,397	17,021	15,003	-	526,421
Other restricted grants	26,659	373,607	-	(15,988)	384,278
Deposits	3,936,243	1,092,661	-	(2,280,643)	2,748,261
Deferred life lease revenue	4,975,782	875,350	-	(201,500)	5,649,632
	<b>\$ 11,645,244</b>	<b>\$ 3,821,226</b>	<b>\$ 54,407</b>	<b>\$ (4,515,696)</b>	<b>\$ 11,005,181</b>

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 of North Perth and the Province of Ontario. Gas tax funding may be used towards designated capacity building projects as specified in the funding agreements.

External restrictions

Included in Deposits is \$1,890,065 (2015 - \$3,284,778) of deferred fundraising revenues received specifically for the construction of a new arena complex.

Perth Meadows - Deferred life lease revenue

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.

**The Municipality of North Perth**  
**Notes to the Consolidated Financial Statements**

**December 31, 2016**

**7. Net Long-term Debt**

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

	<u>2016</u>	<u>2015</u>
OSIFA loan, bearing interest at 2.63%; repayable in blended semi-annual payments of \$124,807; due April 2046	\$ 5,100,051	\$ 5,213,296
OSIFA loan, bearing interest at 2.56%; repayable in blended semi-annual payments of \$46,855; due December 2017	91,942	181,574
OSIFA loan, bearing interest at 2.43%; repayable in blended semi-annual payments of \$30,927; due April 2016	-	30,556
OSIFA loan, bearing interest at 3.95%; repayable in blended semi-annual payments of \$30,618; due October 2025	460,038	501,859
OSIFA loan, bearing interest at 4.57%; repayable in blended semi-annual payments of \$74,255; due October 2040	2,151,000	2,199,539
OSIFA loan, bearing interest at 4.91%; repayable in blended semi-annual payments of \$60,104; due May 2051	1,992,277	2,014,059
Cemetery Care and Maintenance Trust Fund loan, bearing interest at 5%; repayable in blended annual payments of \$25,678; due December 2027	213,289	227,587
Haverlea Farms Ltd mortgage, bearing interest at 0%; repayable in annual installments of \$110,000; due September 2020	440,000	550,000
Canada Mortgage and Housing Corporation mortgage, bearing interest at 3.89%; repayable in annual payments of \$109,300; due March 2031	1,224,643	1,283,996
OSIFA loan, bearing interest at 3.65%; repayable in blended semi-annual payments of \$168,651; due November 2037	4,917,600	5,071,192
Tile drainage loans, bearing interest between 6.0% and 8.0% and repayable in annual installments. The loans are due between 2017 and 2026 and are recoverable from benefiting landowners	259,333	317,155
	<u>\$ 16,850,173</u>	<u>\$ 17,590,813</u>

**The Municipality of North Perth**  
**Notes to the Consolidated Financial Statements**

**December 31, 2016**

**7. Net Long-Term Debt (continued)**

Principal repayments relating to net long term debt of \$16,850,173 outstanding are due as follows:

	Principal Repayments
2017	\$ 722,234
2018	645,907
2019	662,775
2020	672,345
2021	566,678
Thereafter	13,580,234
	\$ 16,850,173

**8. 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 of North Perth'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 \$1,612,000 (2015 - \$1,612,000) and reflects a discount rate of 6.0% (2015 - 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 (tonnes)	Undiscounted Future Expenditures	Liability	Remaining Life	Post-closure Care
Listowel	Closed in 2007	\$ 2,456,198	\$ 1,044,414	nil years	47 years
Elma	523,250	226,395	1,040	86 years	34 years
Wallace	Closed in 2012	1,772,891	566,546	nil years	55 years
		\$ 4,455,484	\$ 1,612,000		

**The Municipality of North Perth  
Notes to Consolidated Financial Statements**

**December 31, 2016**

**9. Tangible Capital Assets**

	2016									
	Land and land improvements	Buildings	Equipment and furniture	Fleet	Information technology equipment	Infrastructure - roads	Infrastructure - bridges and culverts	Infrastructure - water, sewer, storm and landfill	Assets under Construction	Total
Cost, beginning of year	\$ 10,124,606	\$ 27,109,633	\$ 4,932,493	\$ 3,201,523	\$ 467,141	\$ 24,978,992	\$ 10,822,647	\$ 61,876,589	\$ 7,111,318	\$ 150,624,942
Additions	1,355,552	397,442	157,161	38,137	30,884	4,497,202	480,949	2,481,492	3,917,388	13,356,207
Disposals	(474,234)	-	(8,467)	(20,243)	-	(6,009)	(69,425)	(45,633)	-	(624,011)
Cost, end of year	\$ 11,005,924	\$ 27,507,075	\$ 5,081,187	\$ 3,219,417	\$ 498,025	\$ 29,470,185	\$ 11,234,171	\$ 64,312,448	\$ 11,028,706	\$ 163,357,138
Accumulated amortization, beginning of year	\$ 863,417	\$ 8,902,870	\$ 2,579,047	\$ 1,575,465	\$ 376,176	\$ 8,523,159	\$ 4,813,635	\$ 18,817,328	\$ -	\$ 46,451,097
Amortization	49,847	598,340	308,359	162,743	36,893	992,573	148,681	1,140,821	-	3,438,257
Disposals	-	-	(8,467)	(18,219)	-	-	(46,594)	(27,380)	-	(100,660)
Accumulated amortization, end of year	\$ 913,264	\$ 9,501,210	\$ 2,878,939	\$ 1,719,989	\$ 413,069	\$ 9,515,732	\$ 4,915,722	\$ 19,930,769	\$ -	\$ 49,788,694
Net carrying amount, end of year	\$ 10,092,660	\$ 18,005,865	\$ 2,202,248	\$ 1,499,428	\$ 84,956	\$ 19,954,453	\$ 6,318,449	\$ 44,381,679	\$ 11,028,706	\$ 113,568,444

The net book value of tangible capital assets not being amortized because they are under construction (or development) is \$11,028,706 (2015 - \$7,111,318). Contributed or donated capital assets of \$86,695 (2015 - \$nil) were recognized as donation income in the financial statements during the year.



**The Municipality of North Perth  
Notes to Consolidated Financial Statements**

**December 31, 2016**

**9. Tangible Capital Assets (continued)**

	2015									
	Land and land improvements	Buildings	Equipment and furniture	Fleet	Information technology equipment	Infrastructure - roads	Infrastructure - bridges and culverts	Infrastructure - water, sewer, storm and landfill	Assets under Construction	Total
Cost, beginning of year	\$ 9,897,245	\$ 27,034,325	\$ 4,184,974	\$ 3,201,523	\$ 415,993	\$ 24,596,091	\$ 10,232,501	\$ 61,876,589	\$ 2,387,685	\$ 143,826,926
Additions	334,200	89,883	747,519	-	51,148	393,843	616,245	-	4,723,633	6,956,471
Disposals	(106,839)	(14,575)	-	-	-	(10,942)	(26,099)	-	-	(158,455)
Cost, end of year	\$ 10,124,606	\$ 27,109,633	\$ 4,932,493	\$ 3,201,523	\$ 467,141	\$ 24,978,992	\$ 10,822,647	\$ 61,876,589	\$ 7,111,318	\$ 150,624,942
Accumulated amortization, beginning of year	\$ 781,662	\$ 8,345,219	\$ 2,239,669	\$ 1,404,718	\$ 333,207	\$ 7,666,228	\$ 4,693,523	\$ 17,782,960	\$ -	\$ 43,247,186
Amortization	81,755	557,651	339,378	170,747	42,969	856,931	142,345	1,034,368	-	3,226,144
Disposals	-	-	-	-	-	-	(22,233)	-	-	(22,233)
Accumulated amortization, end of year	\$ 863,417	\$ 8,902,870	\$ 2,579,047	\$ 1,575,465	\$ 376,176	\$ 8,523,159	\$ 4,813,635	\$ 18,817,328	\$ -	\$ 46,451,097
Net carrying amount, end of year	\$ 9,261,189	\$ 18,206,763	\$ 2,353,446	\$ 1,626,058	\$ 90,965	\$ 16,455,833	\$ 6,009,012	\$ 43,059,261	\$ 7,111,318	\$ 104,173,845

**The Municipality of North Perth**  
**Notes to the Consolidated Financial Statements**

**December 31, 2016**

**10. Accumulated Surplus**

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

	<b>2016</b>	<b>2015</b>
Investment in tangible capital assets	<b>\$105,711,234</b>	\$ 99,814,259
Current Funds	<b>(13,887,657)</b>	(13,630,579)
Reserves and Reserve Funds		
Working funds	<b>700,000</b>	700,000
Post employee benefits	<b>273,138</b>	226,342
Current purposes	<b>8,229,958</b>	5,070,655
Capital purposes	<b>2,748,680</b>	2,699,560
Unfunded	<b>(1,832,977)</b>	(1,832,976)
	<b>\$101,942,376</b>	\$ 93,047,261

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.

**11. Government Transfers - Federal**

	<b>Budget 2016</b>	<b>2016</b>	<b>2015</b>
	Unaudited		
	(Note 19)		
Federal Transfers			
Operating			
Other operating funding	\$ 10,104	\$ 15,197	\$ 9,325
Capital			
Federal gas tax	<b>2,092,430</b>	<b>1,538,025</b>	195,639
	<b>\$ 2,102,534</b>	<b>\$ 1,553,222</b>	\$ 204,964

**The Municipality of North Perth**  
**Notes to the Consolidated Financial Statements**

**December 31, 2016**

**12. Government Transfers - Provincial**

	<b>Budget 2016</b>	<b>2016</b>	<b>2015</b>
	Unaudited		
	(Note 19)		
Provincial Transfers			
Operating			
Ontario Municipal Partnership Fund	\$ 1,516,800	\$ 1,516,800	\$ 1,771,900
Other operating funding	305,591	316,938	320,127
Capital			
Other capital funding	131,100	68,388	260,850
	<b>\$ 1,953,491</b>	<b>\$ 1,902,126</b>	<b>\$ 2,352,877</b>

**13. Other Income**

	<b>Budget 2016</b>	<b>2016</b>	<b>2015</b>
	Unaudited		
	(Note 19)		
Donations	\$ 4,151,271	\$ 2,611,970	\$ 304,104
Gain on disposal of capital assets	-	1,337,615	210,536
Development charges	1,897,199	863,638	1,617,196
Licences, permits and rents	457,554	617,556	496,563
Perth Meadows	476,100	524,969	375,425
Sale of publications, equipment, etc.	369,300	286,081	345,557
Investment income	92,000	146,124	256,508
Penalties and interest on taxation	80,000	99,520	94,429
Other fines and penalties	19,200	22,956	21,414
	<b>\$ 7,542,624</b>	<b>\$ 6,510,429</b>	<b>\$ 3,721,732</b>

**The Municipality of North Perth**  
**Notes to the Consolidated Financial Statements**

**December 31, 2016**

**14. Expenses by Object**

	<b>Budget 2016</b>	<b>2016</b>	<b>2015</b>
	Unaudited		
	(Note 19)		
Salaries, wages and employee benefits	\$ 7,370,625	\$ 7,215,035	\$ 6,512,721
Materials	4,595,619	5,204,534	4,339,199
Contracted services	4,647,263	4,472,618	6,318,871
Rents and financing expenses	16,000	15,058	380
Interest on long-term debt	498,155	603,867	533,710
Contributions to others	366,350	326,378	378,708
Amortization	3,331,334	3,438,310	3,245,243
	<b>\$ 20,825,346</b>	<b>\$ 21,275,800</b>	<b>\$ 21,328,832</b>

**15. Operations of School Boards and the County of Perth**

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

	<b>2016</b>	<b>2015</b>
School boards	4,686,399	4,516,825
County of Perth	4,527,904	4,345,078
	<b>\$ 9,214,303</b>	<b>\$ 8,861,903</b>

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**The Municipality of North Perth**  
**Notes to the Consolidated Financial Statements**

**December 31, 2016**

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**16. 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 outcome of these lawsuits cannot be determined at this time. It is management's opinion that the municipality's insurance will adequately cover any potential liability arising from these lawsuits. Liability for these lawsuits are recorded to the extent that the probability of a loss is likely and it is estimable.

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 the resident. The ultimate liability, if any, cannot be determined at this time.

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**17. Contractual Commitments**

The Municipality of North Perth has an operating lease with the Avon Maitland District School Board for premises at 6144 Binning Street West that expires in 2055. The annual lease payments range from \$35,000 to \$78,000 and total \$2,150,000 over the term of the lease.

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**18. Funds Held in Trust**

At the year end, the Municipality of North Perth held \$616,877 (2015 - \$597,852) in trust. These funds are not included in these financial statements. Certain assets have been conveyed or assigned to the Municipality of North Perth to be administered as directed by agreement or statute. The Municipality of North Perth 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 of North Perth's financial statements:

	<u>2016</u>	<u>2015</u>
Cemetery Care and Maintenance fund	<u>\$ 616,877</u>	<u>\$ 597,852</u>

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**The Municipality of North Perth**  
**Notes to the Consolidated Financial Statements**

**December 31, 2016**

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**19. Budget**

The Financial Plan (Budget) By-Law adopted by Council on April 18, 2016 was not prepared on a basis consistent with that used to report actual results (Canadian Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Canadian Public Sector Accounting Standards require a full accrual basis. As a result, the budget figures presented in the statements of operations and change in net debt represent the Financial Plan adopted by Council on April 18, 2016 with adjustments as follows:

	<u>2016</u>
Financial Plan (Budget) Bylaw surplus for the year	\$ 8,670,316
Add:	
Budgeted transfers to accumulated surplus (net)	<u>1,377,802</u>
Budget surplus per statement of operations	<u>\$ 10,048,118</u>

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**20. Comparative figures**

Certain comparative figures have been reclassified to conform with the current year's financial statement presentation.

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**The Municipality of North Perth**  
**Notes to the Consolidated Financial Statements**

**December 31, 2016**

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**21. Segmented Information**

The Municipality of North Perth 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**

This category relates to the revenues and expenses of the operations of the Municipality of North Perth itself and cannot be directly attributed to a specific segment. It includes Municipal council, administrative and clerks departments.

**Protection to Persons and Property**

Protection to persons and property 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**

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

**Environmental**

The environmental services department consists of water, wastewater and solid waste disposal utilities. The department provides drinking water, wastewater collection and treatment to ensure the Municipality's water system meets all Provincial standards, and waste collection and disposal for its citizens.

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**The Municipality of North Perth**  
**Notes to the Consolidated Financial Statements**

**December 31, 2016**

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**21. Segmented Information (continued)**

**Health**

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

**Social**

The social service department provides child care services.

**Recreation and Cultural**

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

**Planning and Development**

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

**Perth Meadows**

The Municipality purchased the assets of Perth Adult Life Care Residences in November 2011. The senior's complex consists of 18 town homes and 36 suite units which the Municipality is offering as life lease or rental units.

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 Consolidated Financial Statements**

**December 31, 2016**

**21. Segmented Information (continued)**

For the year ended December 31	General government	Protection to persons and property	Transportation	Environmental	Health	Social	Recreation and cultural	Planning and development	Perth Meadows	2016 Total
<b>Revenue</b>										
Taxation	\$ 1,068,882	\$ 3,664,969	\$ 4,382,822	\$ 430,266	\$ 83,837	\$ -	\$ 1,982,183	\$ 130,914	\$ -	\$ 11,743,873
Government grants	331,429	571,488	969,587	65,492	10,828	365,532	1,557,911	25,712	1,302	3,899,281
User fees and service charges	130,867	90,661	464,768	5,541,322	67,544	670,521	899,203	149,484	2,962	8,017,332
Other	1,361,555	80	69,267	(11,404)	38,367	768,477	3,293,480	463,518	527,089	6,510,429
	<u>2,892,733</u>	<u>4,327,198</u>	<u>5,886,444</u>	<u>6,025,676</u>	<u>200,576</u>	<u>1,804,530</u>	<u>7,732,777</u>	<u>769,628</u>	<u>531,353</u>	<u>30,170,915</u>
<b>Expenses</b>										
Salaries and wages	1,458,012	848,793	1,007,676	748,418	133,630	843,439	1,927,550	247,517	-	7,215,035
Materials	(98,923)	425,222	784,751	1,913,750	46,694	683,282	1,144,121	104,204	201,433	5,204,534
Contracted services	22,978	2,612,749	930,240	744,963	19,740	1,445	45,444	12,138	82,921	4,472,618
Interest on long-term debt	-	-	255,769	153,009	11,379	-	104,185	-	79,525	603,867
Rents and financing expenses	-	-	-	-	-	15,058	-	-	-	15,058
Contributions to others	23,277	267,199	-	-	-	-	35,902	-	-	326,378
Amortization	119,391	210,739	1,419,322	1,144,857	13,015	30,043	324,757	-	176,186	3,438,310
	<u>1,524,735</u>	<u>4,364,702</u>	<u>4,397,758</u>	<u>4,704,997</u>	<u>224,458</u>	<u>1,573,267</u>	<u>3,581,959</u>	<u>363,859</u>	<u>540,065</u>	<u>21,275,800</u>
<b>Net surplus (deficit)</b>	<b>\$ 1,367,998</b>	<b>\$ (37,504)</b>	<b>\$ 1,488,686</b>	<b>\$ 1,320,679</b>	<b>\$ (23,882)</b>	<b>\$ 231,263</b>	<b>\$ 4,150,818</b>	<b>\$ 405,769</b>	<b>\$ (8,712)</b>	<b>\$ 8,895,115</b>

**The Municipality of North Perth  
Notes to Consolidated Financial Statements**

**December 31, 2016**

**21. Segmented Information (continued)**

For the year ended December 31	General government	Protection to persons and property	Transportation	Environmental	Health	Social	Recreation and cultural	Planning and development	Perth Meadows	2015 Total
<b>Revenue</b>										
Taxation	\$ 756,638	\$ 3,561,080	\$ 3,827,893	\$ 358,259	\$ 78,274	\$ -	\$ 1,688,996	\$ 120,633	\$ -	\$ 10,391,773
Government grants	266,271	780,658	657,593	106,621	13,346	972,656	694,678	30,069	-	3,521,892
User fees and service charges	73,622	83,758	1,168,113	5,381,547	87,843	595,965	837,708	147,624	633	8,376,813
Other	409,073	488,355	496,191	30,872	197,746	22,028	1,121,023	784,655	375,425	3,925,368
	<u>1,505,604</u>	<u>4,913,851</u>	<u>6,149,790</u>	<u>5,877,299</u>	<u>377,209</u>	<u>1,590,649</u>	<u>4,342,405</u>	<u>1,082,981</u>	<u>376,058</u>	<u>26,215,846</u>
<b>Expenses</b>										
Salaries and wages	1,194,809	821,465	831,332	811,287	120,703	732,664	1,828,495	171,966	-	6,512,721
Materials	7,763	413,917	917,950	1,625,284	50,232	86,442	1,006,715	87,081	143,815	4,339,199
Contracted services	14,637	2,670,936	1,534,888	785,564	21,895	1,084,969	112,837	15,127	78,018	6,318,871
Interest on long-term debt	-	-	257,976	159,139	12,061	-	-	-	104,534	533,710
Rents and financing expenses	380	-	-	-	-	-	-	-	-	380
Contributions to others	95,230	252,085	242	-	-	-	31,151	-	-	378,708
Amortization	94,522	226,146	1,275,147	1,126,913	5,272	13,914	327,143	-	176,186	3,245,243
	<u>1,407,341</u>	<u>4,384,549</u>	<u>4,817,535</u>	<u>4,508,187</u>	<u>210,163</u>	<u>1,917,989</u>	<u>3,306,341</u>	<u>274,174</u>	<u>502,553</u>	<u>21,328,832</u>
<b>Annual surplus (deficit)</b>	<b>\$ 98,263</b>	<b>\$ 529,302</b>	<b>\$ 1,332,255</b>	<b>\$ 1,369,112</b>	<b>\$ 167,046</b>	<b>\$ (327,340)</b>	<b>\$ 1,036,064</b>	<b>\$ 808,807</b>	<b>\$ (126,495)</b>	<b>\$ 4,887,014</b>

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

<b>For the year ended December 31</b>	<b>Budget 2016</b>	<b>2016</b>	<b>2015</b>
<b>Revenue</b>			
Interment rights	\$ 77,200	\$ 65,473	\$ 63,756
Interest income transferred from trust fund	22,000	21,474	22,368
Burial charges	27,800	29,459	30,067
Sundry	9,850	10,979	9,974
Contribution from Municipality	88,591	137,074	96,002
	<u>225,441</u>	<u>264,459</u>	<u>222,167</u>
<b>Expenditures</b>			
Administration and general	152,680	155,728	170,224
Cemetery and building maintenance	49,761	49,705	48,145
Transfer to perpetual care trust fund	23,000	19,025	16,157
	<u>225,441</u>	<u>224,458</u>	<u>234,526</u>
<b>Annual surplus (deficit)</b>	-	40,001	(12,359)
<b>Accumulated surplus, beginning of year</b>	<u>79,644</u>	<u>79,644</u>	<u>92,003</u>
<b>Accumulated surplus, end of year</b>	<u>\$ 79,644</u>	<u>\$ 119,645</u>	<u>\$ 79,644</u>

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

<b>For the year ended December 31</b>	<b>Budget 2016</b>	<b>2016</b>	<b>2015</b>
<b>Revenue</b>			
Fees and user charges	\$ 14,005	\$ 19,406	\$ 16,585
Donations - Operating	3,525	6,086	4,231
Donations - Friends	6,000	2,013	4,109
Ontario grants	22,513	27,940	34,220
Canada grants	4,104	6,865	5,650
Development charges	54,000	76,382	37,824
Contribution from Municipality	634,671	721,302	587,432
	<b>738,818</b>	<b>859,994</b>	<b>690,051</b>
<b>Expenditures</b>			
Administrative	78,724	82,559	69,134
Books, videos and periodicals	74,571	64,287	60,849
Repairs and maintenance	49,988	40,359	44,288
Utilities and insurance	41,041	42,701	42,526
Wages and benefits	494,494	451,289	420,691
	<b>738,818</b>	<b>681,195</b>	<b>637,488</b>
<b>Annual surplus</b>	-	\$ 178,799	52,563
<b>Accumulated surplus, beginning of year</b>	<b>89,101</b>	\$ 89,101	36,538
<b>Accumulated surplus, end of year</b>	<b>\$ 89,101</b>	<b>\$ 267,900</b>	<b>\$ 89,101</b>

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

<b>For the year ended December 31</b>	<b>Budget 2016</b>	<b>2016</b>	<b>2015</b>
<b>Revenue</b>			
Taxation revenue	\$ 89,350	\$ 89,350	\$ 77,837
Miscellaneous	-	4,100	2,100
Transfer from reserve fund	55,000	35,875	-
	<u>144,350</u>	<u>129,325</u>	<u>79,937</u>
<b>Expenditures</b>			
Administrative	57,350	44,651	25,588
Advertising and promotion	76,300	74,194	19,232
Downtown beautification	10,700	10,480	10,600
	<u>144,350</u>	<u>129,325</u>	<u>55,420</u>
<b>Annual surplus</b>	-	-	24,517
<b>Accumulated surplus, beginning of year</b>	<u>70,405</u>	<u>\$ 70,405</u>	45,888
<b>Accumulated surplus, end of year</b>	<u>\$ 70,405</u>	<u>\$ 70,405</u>	<u>\$ 70,405</u>