



Consolidated Financial Statements

The Municipality of North Perth

December 31, 2012

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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, 2012, 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, 2012, 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  
June 17, 2013

Chartered Accountants  
Licensed Public Accountants

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# The Municipality of North Perth

## Consolidated Statement of Financial Position

As at December 31, 2012

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	<u>2012</u>	<u>2011</u>
<b>Financial assets</b>		
Cash and cash equivalents (Note 2)	\$ 8,125,853	\$ 7,287,058
Taxes receivable	513,311	584,210
Accounts receivable	2,153,702	3,158,230
Drain receivables	614,553	620,158
Long term receivables (Note 3)	<u>1,444,659</u>	<u>1,508,011</u>
	<u>12,852,078</u>	<u>13,157,667</u>
<b>Liabilities</b>		
Temporary borrowings (Note 4)	-	5,500,000
Accounts payable and accrued liabilities	1,718,013	1,590,354
Employee benefits plan liability	193,191	180,908
Deferred revenue (Note 6)	6,877,671	6,378,451
Net long-term debt (Note 7)	19,913,480	14,924,805
Solid waste closure and post-closure liabilities (Note 8)	<u>1,703,000</u>	<u>1,069,000</u>
	<u>30,405,355</u>	<u>29,643,518</u>
<b>Net debt</b>	<u>(17,553,277)</u>	<u>(16,485,851)</u>
<b>Non-financial assets</b>		
Tangible capital assets (Note 9)	99,417,546	97,891,095
Prepaid expenses and inventories of supplies	<u>184,664</u>	<u>219,363</u>
<b>Total non-financial assets</b>	<u>99,602,210</u>	<u>98,110,458</u>
<b>Accumulated surplus (Note 10)</b>	<u>\$ 82,048,933</u>	<u>\$ 81,624,607</u>

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### Contingent liabilities (Note 16)

\_\_\_\_\_ Treasurer

\_\_\_\_\_ Mayor

See accompanying notes to the consolidated financial statements

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# The Municipality of North Perth

## Consolidated Statement of Operations

For the year ended December 31, 2012

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	Budget <u>2012</u>	Actual <u>2012</u>	Actual <u>2011</u>
<b>Revenue</b>			
Taxation	\$ 8,281,190	\$ 8,323,691	\$ 8,029,886
Government grants – Federal (Note 11)	6,600	324,896	267,875
Government grants – Provincial (Note 12)	2,941,556	3,061,044	2,839,531
Municipal grants	348,301	382,540	438,622
User fees and service charges	5,801,854	5,307,130	6,405,125
Other (Note 13)	1,367,861	1,872,274	1,350,617
	<u>18,747,362</u>	<u>19,271,575</u>	<u>19,331,656</u>
<b>Expenses</b>			
General government	2,064,234	1,821,323	2,008,873
Protection services	4,229,223	4,078,208	4,206,926
Transportation services	3,645,075	3,978,472	3,866,410
Environmental services	4,354,428	4,222,190	3,870,076
Health services	540,822	202,549	230,368
Social and family services	720,161	855,646	787,694
Recreation and cultural services	2,705,130	3,048,844	3,023,171
Planning and development	163,852	115,992	116,618
Perth Meadows (Note 17)	389,663	524,023	170,845
	<u>18,812,588</u>	<u>18,847,247</u>	<u>18,280,981</u>
<b>Annual surplus (deficit)</b>	(65,226)	424,328	1,050,675
<b>Accumulated surplus</b>			
Beginning of year	<u>81,624,605</u>	<u>81,624,605</u>	<u>80,573,932</u>
End of year	<u>\$ 81,559,379</u>	<u>\$ 82,048,933</u>	<u>\$ 81,624,607</u>

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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, 2012

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	Budget <u>2012</u>	Actual <u>2012</u>	Actual <u>2011</u>
<b>Operating activities</b>			
Annual surplus (deficit)	\$ (65,226)	\$ 424,328	\$ 1,050,675
Acquisition of tangible capital assets	(5,223,760)	<b>(5,131,139)</b>	(13,076,128)
Amortization of tangible capital assets	3,109,617	<b>3,109,617</b>	3,127,125
Loss on sale of tangible capital assets	-	<b>119,716</b>	115,328
Proceeds on sale of tangible capital assets	<u>-</u>	<u><b>375,353</b></u>	<u>108,532</u>
	(2,179,369)	<b>(1,102,125)</b>	(8,674,468)
Consumption of prepaid expenses and inventory of supplies	<u>-</u>	<u><b>34,699</b></u>	<u>(9,176)</u>
Change in net debt	(2,179,369)	<b>(1,067,426)</b>	(8,683,644)
<b>Net debt</b>			
Beginning of year	<u>(16,485,851)</u>	<u><b>(16,485,851)</b></u>	<u>(7,802,207)</u>
<b>End of year</b>	<u>\$ (18,665,220)</u>	<u><b>\$ (17,553,277)</b></u>	<u>\$ (16,485,851)</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, 2012

	<u>2012</u>	<u>2011</u>
<b>Operating activities</b>		
Annual surplus	\$ 424,328	\$ 1,050,675
Items not involving cash		
Amortization	3,109,617	3,127,125
Loss on disposal of tangible capital assets	119,716	115,328
Changes in non-cash operating balances		
Taxes receivable	70,899	26,793
Accounts receivable	1,004,528	696,218
Drain receivables	5,605	49,699
Prepaid expenses and inventories of supplies	34,699	(9,176)
Accounts payable and accrued liabilities	127,659	(266,049)
Employee benefits plan liability	12,283	-
Deferred revenue	499,220	3,849,417
Solid waste closure and post closure liabilities	<u>634,000</u>	<u>-</u>
	<u>6,042,554</u>	<u>8,640,030</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(5,131,139)	(13,076,128)
Proceeds on sale of tangible capital assets	<u>375,353</u>	<u>108,532</u>
	<u>(4,755,786)</u>	<u>(12,967,596)</u>
<b>Investing activities</b>		
Proceeds on disposition of portfolio investments	63,352	600,032
Acquisition of portfolio investments	<u>-</u>	<u>(130,036)</u>
	<u>63,352</u>	<u>469,996</u>
<b>Financing activities</b>		
Change in temporary borrowings	(5,500,000)	2,210,548
Proceeds from issuance of long-term debt	5,653,500	3,667,800
Repayment of long-term debt	<u>(664,825)</u>	<u>(703,258)</u>
	<u>(511,325)</u>	<u>5,175,090</u>
<b>Net change in cash and cash equivalents</b>	<b>838,795</b>	<b>1,317,520</b>
<b>Cash and cash equivalents</b>		
Beginning of year	<u>7,287,058</u>	<u>5,969,538</u>
End of year	<u>\$ 8,125,853</u>	<u>\$ 7,287,058</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, 2012

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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 are the responsibility of management. They have been prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. 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 of all municipal organizations, committees and boards which are owned or controlled by the Municipality of North Perth. The following boards have been consolidated:

Elma-Logan Arena  
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.

#### Basis of Accounting

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

The consolidated statement of financial position reflects all of the financial assets and liabilities of the municipality. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations. Municipal position represents the financial position of the municipality, and is the difference between its assets and liabilities. This provides information about the municipality's overall future revenue requirements and its ability to finance activities and meet its obligations.

#### Cash and cash equivalents

Management considers all cash and highly liquid investments with maturity of three months or less at acquisition to be cash equivalents.

#### Portfolio investments

Investments are recorded at cost unless there has been a decline in the market value which is other than temporary in nature in which case the investments are written down to market value.

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# The Municipality of North Perth

## Notes to the Consolidated Financial Statements

As at December 31, 2012

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### 1. Significant accounting policies (continued)

#### 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 recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

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

#### County 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

#### Trust funds

Funds held in trust by the Municipality of North Perth, and their related operations, are not included in these financial statements. The financial activity and position of the trust funds are reported separately.

#### Retirement benefits and other employee benefit plans

The Municipality of North Perth'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.

#### 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.

#### Government transfers

Government transfers, which include legislative grants, are recognized in the financial statements 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.

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# The Municipality of North Perth

## Notes to the Consolidated Financial Statements

As at December 31, 2012

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### 1. Significant accounting policies (continued)

#### Revenue recognition

Taxes are recognized as revenue in the year they are levied.

Conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled. Unconditional grant revenue is recognized when monies are receivable.

Grants for the acquisition of tangible capital assets are recognized in the period in which eligible expenditures are made.

Sales of service and other revenue are recognized on an accrual basis.

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.

#### 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.

#### Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles 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. Actual results could differ from management's best estimates as additional information becomes available in the future.

#### Comparative figures

Certain comparative figures have been reclassified to conform with the presentation adopted in the current year.

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### 2. Cash and cash equivalents

	<u>2012</u>	<u>2011</u>
Unrestricted	\$ 6,283,386	\$ 5,599,161
Restricted – obligatory reserve funds	<u>1,842,467</u>	<u>1,687,897</u>
	<u>\$ 8,125,853</u>	<u>\$ 7,287,058</u>

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# The Municipality of North Perth

## Notes to the Consolidated Financial Statements

As at December 31, 2012

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<b>3. Long-term receivables</b>	<b><u>2012</u></b>	<b><u>2011</u></b>
Long-term receivable from several land owners bearing Interest at 3.95%, receivable in blended annual payments of \$61,672, due 2025	<b>617,753</b>	653,607
Long-term receivable from several land owners bearing Interest at 4.57%, receivable in blended annual payments of \$45,575, due 2040	<b>711,897</b>	724,369
Long-term receivable from land owner bearing interest at 7%, Repayment starts in 2012, due 2019	<u><b>115,009</b></u>	<u>130,035</u>
	<b><u>\$ 1,444,659</u></b>	<b><u>\$ 1,508,011</u></b>

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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, 2012 was \$nil (2011 - \$nil). The facility is secured by general borrowing by-laws.

The Municipality of North Perth had a debenture due on demand with Ontario Infrastructure Projects Corporation to a maximum of \$5,500,000 at December 31, 2011, bearing interest at prime. The Municipality converted the debenture to a long term unsecured debt bearing interest of 3.65% maturing in 2037. The debt is now included within net long-term debt (Note 7).

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### **5. 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. This 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. The amount contributed to OMERS for 2012 was \$327,678 (2011 - \$211,110).

# The Municipality of North Perth

## Notes to the Consolidated Financial Statements

As at December 31, 2012

### 6. 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	\$ 1,630,020	\$ 641,314	\$ 20,502	\$ (199,169)	<b>\$2,092,667</b>
Federal gas tax	194,984	375,892	-	(315,948)	<b>254,928</b>
Provincial gas tax	-	39,176	-	(39,176)	-
Recreational land	385,453	5,500	13,798	(20,071)	<b>384,680</b>
Other restricted grants	66,242	-	-	(66,242)	-
Restricted donations	223,827	63,050	-	-	<b>286,877</b>
Deposits	372,840	436,723	-	(378,322)	<b>431,241</b>
Deferred life lease revenue	<u>3,505,085</u>	<u>-</u>	<u>-</u>	<u>(77,807)</u>	<u><b>3,427,278</b></u>
	<u>\$ 6,378,451</u>	<u>\$ 1,561,655</u>	<u>\$ 34,300</u>	<u>\$ (1,096,735)</u>	<u><b>\$6,877,671</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 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.

### 7. Net long-term debt

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

	<u>2012</u>	<u>2011</u>
OSIFA loan, bearing interest at 2.63%; repayable in blended semi-annual payments of \$124,807; due April 2046.	<b>\$ 5,535,805</b>	\$ 5,637,811
OSIFA loan, bearing interest at 2.56%; repayable in blended semi-annual payments of \$46,855; due April 2017.	<b>437,189</b>	518,150
OSIFA loan, bearing interest at 2.43%; repayable in blended semi-annual payments of \$30,927; due April 2016.	<b>206,341</b>	262,162

# The Municipality of North Perth

## Notes to the Consolidated Financial Statements

As at December 31, 2012

### 7. Net long-term debt (continued)

	<u>2012</u>	<u>2011</u>
OSIFA loan, bearing interest at 3.95%; repayable in blended semi-annual payments of \$30,618; due October 2025.	617,943	653,707
OSIFA loan, bearing interest at 4.57%; repayable in blended semi-annual payments of \$74,255; due October 2040.	2,332,664	2,373,178
OSIFA loan, bearing interest at 4.91% repayable in Blended semi-annual payments of \$30,102; due May 2051	2,073,410	2,091,351
Cemetery Care and Maintenance Trust Fund loan, bearing interest at 5%; repayable in blended annual payments of \$25,678; due 2027	266,525	278,288
Haverlea Farms Ltd. mortgage, bearing interest at 0%; repayable in annual instalments of \$110,000; due 2020	880,000	990,000
Tile drainage loans, bearing interest between 6.0% and 8.0% and repayable in annual instalments. The loans are due between 2013 and 2020 and are recoverable from benefiting landowners	614,553	620,158
Canada Mortgage and Housing Corporation mortgage, bearing interest at 3.89%; repayable in annual payments of \$109,300; due March 2031	1,449,050	1,500,000
OSIFA loan, bearing interest at 3.65% repayable in blended semi-annual payments of \$168,651; due November 2037	<u>5,500,000</u>	-
	<b><u>\$ 19,913,480</u></b>	<b><u>\$ 14,924,805</u></b>

Principal repayments relating to net long term debt of \$19,913,480 outstanding are due as follows:

2013	\$ 1,476,718
2014	1,476,718
2015	1,476,718
2016	1,413,776
2017	1,224,394
Thereafter	<u>12,845,156</u>
	<b><u>\$ 19,913,480</u></b>

# The Municipality of North Perth

## Notes to the Consolidated Financial Statements

As at December 31, 2012

### 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 \$1,703,000 (rounded), (2011 - \$1,069,000) and reflects a discount rate of 6.0% (2011 - 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 (m3)	Undiscounted Future Expenditures	Liability	Remaining Life	Post-closure Care
Listowel	-	\$ 2,216,995	\$ 902,065	nil years	42 years
Elma	1,048,576	345,737	1,215	90 years	34 years
Wallace	-	<u>2,150,504</u>	<u>799,720</u>	nil years	55 years
	<u>1,048,576</u>	<u>\$ 4,713,236</u>	<u>\$ 1,703,000</u>		

In June 2012, the Wallace landfill site closed.

# The Municipality of North Perth

## Notes to the Consolidated Financial Statements

As at December 31, 2012

### 9. Tangible capital assets

2012

	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	\$ 8,989,765	\$25,811,684	\$ 4,000,409	\$ 2,035,310	\$ 292,310	\$ 21,678,332	\$ 9,670,415	\$60,010,645	<b>\$132,488,870</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	<u>\$ 9,952,581</u>	<u>\$26,026,426</u>	<u>\$ 4,104,025</u>	<u>\$ 2,291,720</u>	<u>\$ 335,522</u>	<u>\$ 23,371,667</u>	<u>\$ 9,670,415</u>	<u>\$60,935,638</u>	<b><u>\$136,687,994</u></b>
Accumulated amortization, beginning of year	\$ 630,928	\$ 6,725,257	\$ 1,942,147	\$ 964,773	\$ 224,947	\$ 5,459,092	\$ 4,244,585	\$14,406,046	<b>\$ 34,597,775</b>
Amortization expense	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>
Write-downs	-	-	-	-	-	-	-	-	<b>-</b>
Accumulated amortization, end of year	<u>\$ 682,445</u>	<u>\$ 7,245,921</u>	<u>\$ 2,080,792</u>	<u>\$1,062,730</u>	<u>\$ 256,762</u>	<u>\$ 6,031,637</u>	<u>\$ 4,379,171</u>	<u>\$15,530,990</u>	<b><u>\$ 37,270,448</u></b>
Net carrying amount, end of year	<u>\$ 9,270,136</u>	<u>\$18,780,505</u>	<u>\$ 2,023,233</u>	<u>\$ 1,228,990</u>	<u>\$ 78,760</u>	<u>\$ 17,340,030</u>	<u>\$ 5,291,244</u>	<u>\$45,404,648</u>	<b><u>\$ 99,417,546</u></b>

The net book value of tangible capital assets not being amortized because they are under construction (or development) is \$273,633 (2011 - \$284,838).



# The Municipality of North Perth

## Notes to the Consolidated Financial Statements

As at December 31, 2012

### 9. Tangible capital assets (continued)

2011

	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	\$ 8,084,987	\$16,937,826	\$ 3,832,849	\$ 2,073,784	\$ 256,671	\$ 20,271,609	\$ 9,668,573	\$58,999,602	\$120,125,901
Additions	943,452	8,873,858	259,745	215,007	37,966	1,558,362	1,842	1,185,896	13,076,128
Disposals	(38,674)	-	(92,185)	(253,481)	(2,327)	(151,639)	-	(174,853)	(713,159)
Cost, end of year	\$ 8,989,765	\$25,811,684	\$ 4,000,409	\$ 2,035,310	\$ 292,310	\$ 21,678,332	\$ 9,670,415	\$60,010,645	\$132,488,870
Accumulated amortization, beginning of year	\$ 590,789	\$ 6,201,980	\$ 1,740,049	\$ 1,100,411	\$ 201,808	\$ 4,794,542	\$ 4,110,028	\$13,220,342	\$ 31,959,949
Amortization expense	49,153	523,277	268,046	108,310	25,465	762,243	134,557	1,256,074	3,127,125
Disposals	(9,014)	-	(65,948)	(243,948)	(2,326)	(97,693)	-	(70,370)	(489,299)
Write-downs	-	-	-	-	-	-	-	-	-
Accumulated amortization, end of year	\$ 630,928	\$ 6,725,257	\$ 1,942,147	\$ 964,773	\$ 224,947	\$ 5,459,092	\$ 4,244,585	\$14,406,046	\$ 34,597,775
Net carrying amount, end of year	\$ 8,358,837	\$19,086,427	\$ 2,058,262	\$ 1,070,537	\$ 67,363	\$ 16,219,240	\$ 5,425,830	\$45,604,599	\$ 97,891,095

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# The Municipality of North Perth

## Notes to the Consolidated Financial Statements

As at December 31, 2012

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### 10. Accumulated surplus

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

	<u>2012</u>	<u>2011</u>
Investment in tangible capital assets	\$ 99,417,546	\$ 97,891,095
Current funds	(18,410,030)	(19,529,470)
Reserves and Reserve Funds		
Working funds	700,000	700,000
Post employee benefits	179,789	182,490
Current and capital purposes	2,690,441	4,135,878
Unfunded	<u>(2,528,813)</u>	<u>(1,755,386)</u>
	<u>\$ 82,048,933</u>	<u>\$ 81,624,607</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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### 11. Government transfers - Federal

	<u>2012</u>	<u>2011</u>
Operating		
Other operating funding	\$ 8,948	\$ 12,645
Capital		
Infrastructure Stimulus Funding	-	22,466
Building Canada Fund	-	51,327
Municipal Rural Infrastructure Funding	-	(162)
Gas tax	315,948	180,907
Other capital funding	<u>-</u>	<u>692</u>
	<u>\$ 324,896</u>	<u>\$ 267,875</u>

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# The Municipality of North Perth

## Notes to the Consolidated Financial Statements

As at December 31, 2012

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### 12. Government transfers - Provincial

	<u>2012</u>	<u>2011</u>
Operating		
Ontario Municipal Partnership Fund	\$ 2,653,800	\$ 2,428,600
Other operating funding	268,068	277,588
Capital		
Infrastructure Stimulus Funding	-	22,466
Gas tax	39,176	31,386
Other capital funding	<u>100,000</u>	<u>79,491</u>
	<u>\$ 3,061,044</u>	<u>\$ 2,839,531</u>

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### 13. Other income

	<u>2012</u>	<u>2011</u>
Penalties and interest on taxation	\$ 87,475	\$ 93,189
Other fines and penalties	4,145	3,395
Investment income	214,673	139,393
Licences, permits and rents	894,971	394,980
Donations	154,528	121,311
Prepaid special charges	-	11,550
Sale of publications, equipment, etc.	436,247	445,920
Other	107,316	209,890
Perth Meadows	92,634	46,317
Loss on disposal of capital assets	<u>(119,715)</u>	<u>(115,328)</u>
	<u>\$ 1,872,274</u>	<u>\$ 1,350,617</u>

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# The Municipality of North Perth

## Notes to the Consolidated Financial Statements

As at December 31, 2012

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### 14. Expenses by object

	Budget <u>2012</u>	<u>2012</u>	<u>2011</u>
Salaries, wages and employee benefits	\$ 6,115,448	\$ <b>6,090,632</b>	\$ 5,538,514
Materials	4,080,011	<b>4,252,575</b>	4,409,536
Contracted services	4,744,381	<b>4,573,602</b>	4,512,411
Rents and financing expenses	10,350	<b>10,350</b>	13,350
Interest on long-term debt	654,556	<b>611,499</b>	428,865
Contributions to others	222,562	<b>262,020</b>	247,504
Amounts for unfunded liabilities	-	<b>(63,048)</b>	3,676
Amortization	<u>2,985,280</u>	<u><b>3,109,617</b></u>	<u>3,127,125</u>
	<u>\$ 18,812,588</u>	<u>\$ <b>18,847,247</b></u>	<u>\$ 18,280,981</u>

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

During the year, the following taxation revenue was raised and remitted to the school boards and the County of Perth:

	<u>2012</u>	<u>2011</u>
School boards	\$ <b>4,235,004</b>	\$ 4,312,802
County of Perth	<u><b>3,370,147</b></u>	<u>3,173,395</u>
	<u>\$ <b>7,605,151</b></u>	<u>\$ 7,486,197</u>

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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 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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# The Municipality of North Perth

## Notes to the Consolidated Financial Statements

As at December 31, 2012

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### 17. 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.

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### 18. Funds held in trust

At the year end, the Municipality of North Perth held \$490,040 (2011 - \$474,308) 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>2012</u>	<u>2011</u>
Cemetery Care and Maintenance fund	\$ <u>490,040</u>	\$ <u>474,308</u>

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### 19. 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.

#### Protection services

Protection 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.

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# The Municipality of North Perth

## Notes to the Consolidated Financial Statements

As at December 31, 2012

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### 19. Segmented information (continued)

#### **Transportation services**

Transportation is responsible for providing the Municipality of North Perth's transportation services.

#### **Environmental services**

Environmental services provide the Municipality's drinking water, process and clean sewage to ensure the Municipality's water system meets all Provincial standards, and provide waste disposal for its citizens.

#### **Health services**

Health services relate to maintaining the Municipality's cemeteries.

#### **Social and family services**

Social service provides for child care services.

#### **Recreation and cultural services**

This service area provides services meant to improve the health and development of the Municipality of North Perth's citizens through recreational programs and library services.

#### **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, 2012

### 19. 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	\$ 1,132,743	\$1,871,455	\$1,612,333	\$1,957,299	\$ -	\$ 318,726	\$1,358,638	\$72,497	-	\$ 8,323,691
Government grants	508,186	1,048,634	558,178	624,036	-	298,685	648,471	82,290	-	3,768,480
User fees and service charges	25,144	94,126	42,121	3,871,989	54,216	470,720	709,526	39,288	-	5,307,130
Other	146,631	475,931	(14,081)	60,745	52,534	24,180	866,208	1,871	258,255	1,872,274
	<u>1,812,704</u>	<u>3,490,146</u>	<u>2,198,551</u>	<u>6,514,069</u>	<u>106,750</u>	<u>1,112,311</u>	<u>3,582,843</u>	<u>195,946</u>	<u>258,255</u>	<u>19,271,575</u>
<b>Expenses</b>										
Salaries and wages	1,341,348	696,673	844,409	664,990	113,802	732,730	1,677,086	19,594	-	6,090,632
Goods and services	382,275	3,212,065	1,656,737	2,207,007	70,532	109,002	1,117,821	96,399	-	8,851,838
Interest	-	-	278,852	178,710	13,914	-	-	38,865	101,158	611,499
Amortization	121,882	169,470	1,198,474	1,171,483	4,301	13,914	253,937	-	176,156	3,109,617
Perth Meadows	-	-	-	-	-	-	-	-	246,709	246,709
Unfunded	(24,182)	-	-	-	-	-	-	(38,866)	-	(63,048)
	<u>1,821,323</u>	<u>4,078,208</u>	<u>3,978,472</u>	<u>4,222,190</u>	<u>202,549</u>	<u>855,646</u>	<u>3,048,844</u>	<u>115,992</u>	<u>524,023</u>	<u>18,847,247</u>
Net surplus (deficit)	<u>\$ (8,619)</u>	<u>\$(588,062)</u>	<u>\$(1,779,921)</u>	<u>\$2,291,879</u>	<u>(95,799)</u>	<u>\$ 256,665</u>	<u>\$ 533,999</u>	<u>\$79,954</u>	<u>\$(265,768)</u>	<u>\$424,328</u>

# The Municipality of North Perth

## Notes to the Consolidated Financial Statements

As at December 31, 2012

### 19. Segmented information (continued)

	<b>2011</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	\$ 735,558	\$1,608,440	\$2,350,603	\$1,551,044	\$ 65,202	\$ 278,134	\$1,391,618	\$49,287	-	\$ 8,029,886
Government grants	421,325	666,938	798,548	650,013	19,720	338,356	620,350	30,778	-	3,546,028
User fees and service charges	29,197	197,876	34,779	4,752,308	53,312	520,866	780,087	36,700	-	6,405,125
Other	248,343	311,044	63,109	(67,366)	38,305	23,164	675,296	12,405	46,317	1,350,617
	<u>1,434,423</u>	<u>2,784,298</u>	<u>3,247,039</u>	<u>6,885,999</u>	<u>176,539</u>	<u>1,160,520</u>	<u>3,467,351</u>	<u>129,170</u>	<u>46,317</u>	<u>19,331,656</u>
<b>Expenses</b>										
Salaries and wages	1,180,595	658,835	790,488	560,487	106,990	647,304	1,580,743	13,072	-	5,538,514
Goods and services	695,621	3,382,688	1,617,964	2,032,362	31,213	126,476	1,022,086	103,546	-	9,011,956
Interest	-	-	317,159	24,602	87,104	-	-	-	-	428,865
Amortization	128,981	165,403	1,140,799	1,252,625	5,061	13,914	420,342	-	-	3,127,125
Perth Meadows	-	-	-	-	-	-	-	-	170,845	170,845
Unfunded	3,676	-	-	-	-	-	-	-	-	3,676
	<u>2,008,873</u>	<u>4,206,926</u>	<u>3,866,410</u>	<u>3,870,076</u>	<u>230,368</u>	<u>787,694</u>	<u>3,023,171</u>	<u>116,618</u>	<u>170,845</u>	<u>18,280,981</u>
Net surplus (deficit)	<u>\$ (574,450)</u>	<u>\$(1,422,628)</u>	<u>\$(619,371)</u>	<u>\$3,015,923</u>	<u>\$ (53,829)</u>	<u>\$ 372,826</u>	<u>\$ 444,180</u>	<u>\$(12,552)</u>	<u>(124,528)</u>	<u>\$1,050,675</u>



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

For the Year Ended December 31, 2012

	Budget <u>2012</u>	<b><u>2012</u></b>	<u>2011</u>
<b>Revenue</b>			
Interment rights	\$ 66,500	<b>\$ 57,725</b>	\$ 61,080
Interest income transferred from trust fund	19,750	<b>19,065</b>	19,779
Burial charges	24,000	<b>23,340</b>	24,571
Sundry	5,200	<b>6,620</b>	4,835
Contribution from Municipality	<u>95,799</u>	<b><u>74,667</u></b>	<u>65,462</u>
	<u>211,249</u>	<b><u>181,417</u></b>	<u>175,727</u>
<b>Expenditures</b>			
Cemetery and building maintenance	39,564	<b>31,429</b>	41,044
Administration and general	151,385	<b>134,976</b>	129,426
Transfer to perpetual care trust fund	<u>20,300</u>	<b><u>15,012</u></b>	<u>19,732</u>
	<u>211,249</u>	<b><u>181,417</u></b>	<u>190,202</u>
<b>Annual deficit</b>	-	-	(14,475)
<b>Accumulated surplus, beginning of year</b>	<u>110,418</u>	<b><u>110,418</u></b>	<u>124,893</u>
<b>Accumulated surplus, end of year</b>	<u>\$ 110,418</u>	<b><u>\$ 110,418</u></b>	<u>\$ 110,418</u>

# The Municipality of North Perth

## North Perth Public Library Board

### Schedule of Financial Activities

For the Year Ended December 31, 2012

	Budget <u>2012</u>	<u>2012</u>	<u>2011</u>
<b>Revenue</b>			
Fees and user charges	\$ 8,800	\$ 8,785	\$ 8,369
Donations - Operating	4,000	6,508	4,558
Donations - Friends	4,000	4,616	4,144
Ontario grants	26,458	23,438	32,134
Canada grants	11,100	14,220	18,853
Development charges	10,000	10,000	10,000
Other operating revenue	11,750	10,251	10,876
Contribution from Municipality	<u>495,046</u>	<u>478,050</u>	<u>455,644</u>
	<u>571,154</u>	<u>555,868</u>	<u>544,578</u>
<b>Expenditures</b>			
Administrative	56,198	60,465	71,796
Books, videos and periodicals	57,300	52,455	56,050
Repairs and maintenance	55,200	22,670	21,197
Wages and benefits	395,001	391,786	353,240
Utilities and insurance	<u>44,455</u>	<u>37,547</u>	<u>42,295</u>
	<u>608,154</u>	<u>564,923</u>	<u>544,578</u>
<b>Annual deficit</b>	(37,000)	(9,055)	-
<b>Accumulated surplus, beginning of year</b>	<u>91,594</u>	<u>91,594</u>	<u>91,594</u>
<b>Accumulated surplus, end of year</b>	\$ <u>54,594</u>	\$ <u>82,539</u>	\$ <u>91,594</u>

# The Municipality of North Perth

## Business Improvement Area

### Schedule of Financial Activities

For the Year Ended December 31, 2012

	Budget <u>2012</u>	<u>2012</u>	<u>2011</u>
<b>Revenue</b>			
Taxation revenue	\$ 57,023	\$ <b>57,023</b>	\$ 55,363
Miscellaneous	<u>-</u>	<u><b>24,858</b></u>	<u>16,524</u>
	<u>57,023</u>	<u><b>81,881</b></u>	<u>71,887</u>
<b>Expenditures</b>			
Administrative	9,400	<b>9,131</b>	8,582
Advertising and promotion	25,350	<b>57,521</b>	61,595
Downtown beautification	<u>9,000</u>	<u><b>9,900</b></u>	<u>8,600</u>
	<u>43,750</u>	<u><b>76,552</b></u>	<u>78,777</u>
<b>Annual surplus (deficit)</b>	13,273	<b>5,329</b>	(6,890)
<b>Accumulated surplus, beginning of year</b>	<u>4,585</u>	<u><b>4,585</b></u>	<u>11,475</u>
<b>Accumulated surplus, end of year</b>	<u>\$ 17,858</u>	<u>\$ <b>9,914</b></u>	<u>\$ 4,585</u>