



Consolidated Financial Statements

The Municipality of North Perth

December 31, 2011

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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, 2011, and the consolidated statements of operations changes in 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 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, 2011, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other matters

Without modifying our report we draw attention to the budget figures which are provided for comparative purposes only. They have not been subject to audit procedures. Accordingly, we do not express an opinion on the budget figures.

The comparative figures for 2010 were derived from financial statements which were reported on by another firm of chartered accountants.

Burlington, Canada
June 18, 2012



Chartered Accountants
Licensed Public Accountants

The Municipality of North Perth

Consolidated Statement of Financial Position

As at December 31, 2011

	<u>2011</u>	<u>2010</u>
Financial assets		
Cash and cash equivalents (Note 2)	\$ 7,287,058	\$ 5,969,538
Taxes receivable	584,210	611,003
Accounts receivable	3,158,230	3,854,448
Drain receivables	620,158	669,857
Long term investments (Note 3)	<u>1,508,011</u>	<u>1,978,007</u>
	<u>13,157,667</u>	<u>13,082,853</u>
Liabilities		
Temporary borrowings (Note 4)	5,500,000	3,289,452
Accounts payable and accrued liabilities	1,590,354	1,856,403
Employee benefits plan liability	180,908	180,907
Deferred revenue (Note 6)	2,873,368	2,529,034
Net long term debt (Note 7)	14,924,805	11,960,264
Solid waste closure and post-closure liabilities (Note 8)	<u>1,069,000</u>	<u>1,069,000</u>
	<u>26,138,435</u>	<u>20,885,060</u>
Net debt	<u>(12,980,768)</u>	<u>(7,802,207)</u>
Non-financial assets		
Tangible capital assets (Note 9)	94,381,874	88,057,192
Prepaid expenses and inventories of supplies	<u>219,363</u>	<u>210,187</u>
Total non-financial assets	<u>94,601,237</u>	<u>88,267,379</u>
Accumulated surplus (Note 10)	<u>\$ 81,620,469</u>	<u>\$ 80,465,172</u>

Contingent liabilities (Note 16)

_____ 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, 2011

	Budget <u>2011</u> (Unaudited)	Actual <u>2011</u>	Actual <u>2010</u>
Revenue			
Taxation	\$ 7,893,064	\$ 8,029,886	\$ 7,549,260
Government grants – Federal (Note 11)	87,000	267,875	3,694,716
Government grants – Provincial (Note 12)	2,740,219	2,839,531	6,163,180
Municipal grants	318,711	438,622	404,353
User fees and service charges	5,621,509	6,405,125	8,696,232
Other (Note 13)	<u>1,273,940</u>	<u>1,279,085</u>	<u>1,306,310</u>
Total revenue	<u>17,934,443</u>	<u>19,260,124</u>	<u>27,814,051</u>
Expenses			
General government	1,822,423	2,008,658	1,939,982
Protection services	4,341,599	4,206,926	3,578,636
Transportation services	3,947,007	3,544,157	3,208,251
Environmental services	3,994,693	3,870,076	3,902,527
Health services	206,836	547,527	166,597
Social and family services	707,504	787,694	700,768
Recreation and cultural services	3,145,144	3,023,171	2,937,520
Planning and development	<u>152,865</u>	<u>116,618</u>	<u>399,150</u>
Total expenses	<u>18,318,091</u>	<u>18,104,827</u>	<u>16,833,431</u>
Annual surplus (deficit)	(383,648)	1,155,297	10,980,620
Accumulated surplus			
Beginning of year	<u>80,465,172</u>	<u>80,465,172</u>	<u>69,484,552</u>
End of year	<u>\$ 80,081,524</u>	<u>\$ 81,620,469</u>	<u>\$ 80,465,172</u>

See accompanying notes to the consolidated financial statements.

The Municipality of North Perth

Consolidated Statement of Changes in Debt

For the year ended December 31, 2011

	Budget <u>2011</u> (Unaudited)	Actual <u>2011</u>	Actual <u>2010</u>
Operating activities			
Annual surplus (deficit)	\$ (141,148)	\$ 1,155,297	\$ 10,980,620
Acquisition of tangible capital assets	5,223,760	(9,470,611)	(13,710,614)
Amortization of tangible capital assets	-	2,960,902	2,902,424
Loss on sale of tangible capital assets	-	115,328	514,688
Proceeds on sale of tangible capital assets	<u>-</u>	<u>69,699</u>	<u>606,341</u>
	5,082,612	(5,169,385)	1,293,459
Consumption (acquisition) of prepaid expenses and inventory of supplies	<u>-</u>	<u>(9,176)</u>	<u>8,637</u>
Change in net debt	5,082,612	(5,178,561)	1,302,096
Net debt			
Beginning of year	<u>(7,802,207)</u>	<u>(7,802,207)</u>	<u>(9,104,303)</u>
End of year	<u>\$ (2,719,595)</u>	<u>\$ (12,980,768)</u>	<u>\$ (7,802,207)</u>

See accompanying notes to the consolidated financial statements.

The Municipality of North Perth

Consolidated Statement of Cash Flow

For the year ended December 31, 2011

	<u>2011</u>	<u>2010</u>
Operating activities		
Annual surplus	\$ 1,155,297	\$ 10,980,620
Items not involving cash		
Amortization	2,960,902	2,902,424
Loss on disposal of tangible capital assets	115,328	514,688
Changes in non-cash operating balances		
Taxes receivable	26,793	(169,945)
Accounts receivable	696,218	(75,064)
Drain receivables	49,699	(60,754)
Prepaid expenses and inventories of supplies	(9,176)	8,637
Accounts payable and accrued liabilities	(266,049)	(581,289)
Employee benefits plan liability	-	(7,655)
Deferred revenue	344,334	555,954
Solid waste closure and post closure liabilities	-	222,362
	<u>5,073,346</u>	<u>14,289,978</u>
Capital transactions		
Acquisition of tangible capital assets	(9,470,611)	(13,710,614)
Proceeds on sale of tangible capital assets	69,699	606,341
	<u>(9,400,912)</u>	<u>(13,104,273)</u>
Investing activities		
Proceeds on disposition of portfolio investments	600,032	-
Acquisition of portfolio investments	(130,036)	(1,387,872)
	<u>469,996</u>	<u>(1,387,872)</u>
Financing activities		
Increase (decrease) in temporary borrowings	2,210,548	(4,933,329)
Proceeds from issuance of long-term debt	3,667,800	4,345,500
Repayment of long-term debt	(703,258)	(472,361)
	<u>5,175,090</u>	<u>(1,060,190)</u>
Net change in cash and cash equivalents	1,317,520	(1,262,357)
Cash and cash equivalents		
Beginning of year	<u>5,969,538</u>	<u>7,231,895</u>
End of year	<u>\$ 7,287,058</u>	<u>\$ 5,969,538</u>

See accompanying notes to the consolidated financial statements.

The Municipality of North Perth

Notes to Consolidated Financial Statements

As at December 31, 2011

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

Long-term 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.

The Municipality of North Perth

Notes to Consolidated Financial Statements

As at December 31, 2011

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. 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.

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.

The Municipality of North Perth

Notes to Consolidated Financial Statements

As at December 31, 2011

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.

Solid waste landfills

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.

2. Cash and cash equivalents

	<u>2011</u>	<u>2010</u>
Unrestricted	\$ 5,599,161	\$ 4,006,582
Restricted – obligatory reserve funds	<u>1,687,897</u>	<u>1,962,956</u>
	<u>\$ 7,287,058</u>	<u>\$ 5,969,538</u>

3. Long-term investments

	<u>2011</u>	<u>2010</u>
Long-term receivable from land owner bearing interest at 5% per annum. Secured by land.	\$ -	\$ 220,000
Long-term note receivable bearing interest at 7% and receivable in blended annual payments of \$47,872, due 2013	-	125,631

The Municipality of North Perth

Notes to Consolidated Financial Statements

As at December 31, 2011

3. Long-term investments (continued)	<u>2011</u>	<u>2010</u>
Mortgage receivable, secured by land, bearing interest at bank prime, principal repayments are based on units sold	-	207,982
Long-term receivable from several land owners bearing Interest at 3.95%, receivable in blended annual payments of \$61,672, due 2025	653,607	688,099
Long-term receivable from several land owners bearing Interest at 4.57%, receivable in blended annual payments of \$45,575, due 2040	724,369	736,295
Long-term receivable from land owner bearing interest at 7%, Repayment starts in 2012, due 2019	<u>130,035</u>	<u>-</u>
	<u>\$ 1,508,011</u>	<u>\$ 1,978,007</u>

4. Temporary borrowings

The Municipality of North Perth has an authorized line of credit of up to \$4,000,000 at Canadian Imperial Bank of Commerce bearing interest at prime. The outstanding amount as of December 31, 2011 was \$nil (2010 - \$nil). The facility is secured by general borrowing by-laws.

The Municipality of North Perth has a debenture due on demand with Ontario Infrastructure Projects Corporation to a maximum of \$5,500,000 (2010 - \$4,000,000) bearing interest at prime. As at December 31, 2011, \$5,500,000 (2010 - \$3,289,452) was drawn under this facility. Collateral for the facility consists of a demand debenture providing a first fixed charge on certain properties of the Municipality and a floating charge on all other assets.

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 2011 was \$211,110 (2010 - \$212,181).

The Municipality of North Perth

Notes to Consolidated Financial Statements

As at December 31, 2011

6. Deferred revenue

	Opening balance	Contributions received	Externally restricted investment income	Revenue recognized	Ending balance
Development charges	\$ 1,498,319	\$ 381,225	\$ 18,162	\$ (267,685)	\$1,630,021
Federal gas tax	-	375,891	-	(180,907)	194,984
Provincial gas tax	-	31,386	-	(31,386)	-
Recreational land	369,637	12,000	3,816	-	385,453
Other restricted grants	95,000	66,242	-	(95,000)	65,242
Restricted donations	156,298	67,529	-	-	223,827
Deposits	<u>409,780</u>	<u>-</u>	<u>-</u>	<u>(36,940)</u>	<u>372,840</u>
	<u>\$ 2,529,034</u>	<u>\$ 934,273</u>	<u>\$ 21,978</u>	<u>\$ (806,902)</u>	<u>\$2,873,368</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>2011</u>	<u>2010</u>
OSIFA loan, bearing interest at 2.63%; repayable in blended semi-annual payments of \$124,807; due April 2046.	\$ 5,637,811	\$ 5,737,187
OSIFA loan, bearing interest at 2.56%; repayable in blended semi-annual payments of \$46,855; due April 2017.	518,150	597,078
OSIFA loan, bearing interest at 2.43%; repayable in blended semi-annual payments of \$30,927; due April 2016.	262,162	316,651

The Municipality of North Perth

Notes to Consolidated Financial Statements

As at December 31, 2011

7. Net long-term debt (continued)

	<u>2011</u>	<u>2010</u>
OSIFA loan, bearing interest at 3.95%; repayable in blended semi-annual payments of \$30,618; due October 2025.	653,707	688,099
OSIFA loan, bearing interest at 4.57%; repayable in blended semi-annual payments of \$74,255; due October 2040.	2,373,178	2,411,901
OSIFA loan, bearing interest at 5.04%; repayable in Blended semi-annual payments of \$30,102; due May 2051	2,091,351	-
Cemetery Care and Maintenance Trust Fund loan, bearing interest at 5%; repayable in blended annual payments of \$25,678; due 2027	278,288	289,491
Donegan Haulage Ltd. mortgage, bearing interest at 0%; repayable in annual instalments of \$150,000; due 2011	-	150,000
Haverlea Farms Ltd. mortgage, bearing interest at 0%; repayable in annual instalments of \$110,000; due 2020	990,000	1,100,000
Tile drainage loans, bearing interest between 6.0% and 8.0% and repayable in annual instalments. The loans are due between 2011 and 2020 and are recoverable from benefiting landowners	620,158	669,857
Canada Mortgage and Housing Corporation mortgage, bearing interest at 3.89%; repayable in annual payments of \$109,300; due March 2031	<u>1,500,000</u>	-
	<u>\$ 14,924,805</u>	<u>\$ 11,960,264</u>

Principal repayments relating to net long term debt of \$14,924,805 outstanding are due as follows;

2012	\$ 1,078,214
2013	1,078,214
2014	1,078,214
2015	1,065,947
2016	872,998
Thereafter	<u>9,751,218</u>
	<u>\$ 14,924,805</u>

The Municipality of North Perth

Notes to Consolidated Financial Statements

As at December 31, 2011

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 \$1,069,000 (2010 - \$1,069,000) and reflects a discount rate of 6.0% (2009 – 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	\$ -	\$ 1,900,140	\$ 1,065,984	nil years	23 years
Elma	901,289	790,462	2,612	93 years	49 years
Wallace	<u>225,993</u>	<u>320,009</u>	<u>404</u>	116 years	25 years
	<u>\$ 1,127,282</u>	<u>\$ 3,010,611</u>	<u>\$ 1,069,000</u>		

The Municipality of North Perth

Notes to Consolidated Financial Statements

As at December 31, 2011

9. Tangible Capital Assets

2011

	Land and land <u>improvements</u>	<u>Buildings</u>	Equipment and furniture	Fleet	Information technology <u>Equipment</u>	Infrastructure - roads	Infrastructure - bridges and culverts	Infrastructure - water, sewer, storm and landfill	Total
Cost, beginning of year	\$ 8,084,987	\$16,937,826	\$ 3,832,849	\$ 2,073,784	\$ 256,671	\$ 20,271,609	\$ 9,444,930	\$58,999,602	\$119,902,258
Additions	888,855	5,297,241	259,745	215,007	37,966	1,584,059	1,842	1,185,896	9,470,611
Disposals	(38,674)	-	(81,379)	(221,707)	(2,326)	(151,635)	-	(171,900)	(667,621)
Cost, end of year	\$ 8,935,168	\$22,235,067	\$ 4,011,215	\$ 2,067,084	\$ 292,311	\$ 21,704,033	\$ 9,446,772	\$60,013,598	\$128,705,248
Accumulated amortization, beginning of year	\$ 590,789	\$ 6,201,980	\$ 1,740,049	\$ 1,100,411	\$ 201,808	\$ 4,794,542	\$ 3,995,145	\$13,220,342	\$ 31,845,066
Amortization	41,653	354,621	262,786	108,310	25,465	777,435	134,557	1,256,075	2,960,902
Disposals	(9,014)	-	(81,379)	(221,707)	(2,326)	(97,693)	-	(70,475)	(482,594)
Write-downs	-	-	-	-	-	-	-	-	-
Accumulated amortization, end of year	\$ 623,428	\$ 6,556,601	\$ 1,921,456	\$ 987,014	\$ 224,947	\$ 5,474,285	\$ 4,129,702	\$14,405,942	\$ 34,323,374
Net carrying amount, end of year	\$ 8,311,740	\$15,678,466	\$ 2,089,759	\$ 1,080,070	\$ 67,364	\$ 16,229,748	\$ 5,317,070	\$45,607,656	\$ 94,381,874

The net book value of tangible capital assets not being amortized because they are under construction (or development) is \$284,838 (2010 - \$68,118). Contributed or donated capital assets of \$0 (2010 - \$152,446) were recognized as donation income in the financial statements during the year.

The Municipality of North Perth

Notes to Consolidated Financial Statements

As at December 31, 2011

9. Tangible Capital Assets (continued)

2010

	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	\$ 6,830,083	\$12,581,269	\$3,813,977	\$2,144,372	\$249,679	\$18,177,366	\$9,443,130	\$55,395,806	\$108,635,682
Additions	1,308,763	4,392,766	28,963	108,243	9,318	3,175,373	1,800	4,685,388	13,710,614
Disposals	(53,859)	(36,209)	(10,091)	(178,831)	(2,326)	(1,081,130)	-	(1,081,592)	(2,444,038)
Cost, end of year	\$ 8,084,987	\$16,937,826	\$3,832,849	\$2,073,784	\$256,671	\$20,271,609	\$9,444,930	\$58,999,602	\$119,902,258
Accumulated amortization, beginning of year	\$ 554,664	\$ 5,893,017	\$1,495,480	\$1,153,087	\$174,296	\$ 4,629,507	\$3,855,432	\$12,510,168	\$ 30,265,651
Amortization	38,489	345,172	248,123	126,156	30,111	715,882	139,713	1,258,778	2,902,424
Disposals	(2,364)	(36,209)	(3,554)	(178,832)	(2,599)	(550,847)	-	(548,604)	(1,323,009)
Accumulated amortization, end of year	\$ 590,789	\$ 6,201,980	\$1,740,049	\$1,100,411	\$201,808	\$ 4,794,542	\$3,995,145	\$13,220,342	\$ 31,845,066
Net carrying amount, end of year	\$ 7,494,198	\$10,735,846	\$2,092,800	\$ 973,373	\$ 54,863	\$15,477,067	\$5,449,785	\$45,779,260	\$ 88,057,192

The Municipality of North Perth

Notes to Consolidated Financial Statements

As at December 31, 2011

10. Accumulated surplus

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

	<u>2011</u>	<u>2010</u>
Investment in tangible capital assets	\$ 94,381,874	\$ 88,057,192
Current funds	(16,370,012)	(27,210,398)
Reserves and Reserve Funds		
Working funds	700,000	700,000
Post employee benefits	179,789	179,789
Current and capital purposes	3,937,997	19,988,496
Unfunded	<u>(1,209,179)</u>	<u>(1,249,907)</u>
	<u>\$ 81,620,469</u>	<u>\$ 80,465,172</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.

11. Government transfers - Federal

	<u>2011</u>	<u>2010</u>
Operating		
Other operating funding	\$ 12,645	\$ 5,085
Capital		
Infrastructure Stimulus Funding	22,466	1,157,854
Building Canada Fund	51,327	1,984,694
Municipal Rural Infrastructure Funding	(162)	-
Gas tax	180,907	377,148
Recreational Infrastructure Canada	-	149,935
Other capital funding	<u>692</u>	<u>20,000</u>
	<u>\$ 267,875</u>	<u>\$ 3,694,716</u>

The Municipality of North Perth

Notes to Consolidated Financial Statements

As at December 31, 2011

12. Government transfers - Provincial

	<u>2011</u>	<u>2010</u>
Operating		
Ontario Municipal Partnership Fund	\$ 2,428,600	\$ 2,407,100
Other operating funding	277,588	372,318
Capital		
Infrastructure Stimulus Funding	22,466	1,157,854
Building Canada Fund	-	1,984,694
Gas tax	31,386	11,484
Recreational Infrastructure Canada	-	149,935
Other capital funding	<u>79,491</u>	<u>79,795</u>
	<u>\$ 2,839,531</u>	<u>\$ 6,163,180</u>

13. Other income

	<u>2011</u>	<u>2010</u>
Penalties and interest on taxation	\$ 93,189	\$ 78,841
Other fines and penalties	3,395	2,725
Investment income	139,393	160,427
Licences, permits and rents	369,766	404,171
Donations	121,311	219,050
Prepaid special charges	11,550	212,934
Sale of publications, equipment, etc.	445,920	474,944
Other	209,889	267,906
Gain (loss) on disposal of capital assets	<u>(115,328)</u>	<u>(514,688)</u>
	<u>\$ 1,279,085</u>	<u>\$ 1,306,310</u>

The Municipality of North Perth

Notes to Consolidated Financial Statements

As at December 31, 2011

14. Expenses by object

	Budget 2011 (Unaudited)	<u>2011</u>	<u>2010</u>
Salaries, wages and employee benefits	\$ 5,841,515	\$ 5,538,514	\$ 5,290,359
Materials	4,562,797	4,409,536	3,847,492
Contracted services	4,858,934	4,506,372	4,105,278
Rents and financing expenses	10,350	13,350	10,350
Interest on long-term debt	195,482	469,377	230,532
Contributions to others	208,006	247,504	232,288
Amounts for unfunded liabilities	-	(40,728)	214,708
Amortization	<u>2,641,007</u>	<u>2,960,902</u>	<u>2,902,424</u>
	<u>\$ 18,318,091</u>	<u>\$ 18,104,827</u>	<u>\$ 16,833,431</u>

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>2011</u>	<u>2010</u>
School boards	\$ 4,312,802	\$ 4,348,344
County of Perth	<u>3,173,395</u>	<u>3,103,121</u>
	<u>\$ 7,486,197</u>	<u>\$ 7,451,465</u>

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 Municipality of North Perth

Notes to Consolidated Financial Statements

As at December 31, 2011

17. Acquisition

In November 2011, the Municipality purchased the assets of Perth Adult Life Care Residences for \$5,297,241. The assets associated with this purchase have been recorded as an addition in tangible capital assets. 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.

18. Funds held in trust

At the year end, the Municipality of North Perth held \$474,308 (2009 - \$450,828) 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>2011</u>	<u>2010</u>
Cemetery Care and Maintenance fund	\$ <u>474,308</u>	\$ <u>450,828</u>

19. Budget

The Financial Plan (Budget) By-Law adopted by Council on April 18, 2011 was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget figures anticipated using surpluses accumulated in previous years to reduce current year expenditures in excess of current year revenues to \$285,902. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. 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, 2011 with adjustments as follows:

	<u>2011</u>
Financial Plan (Budget) Bylaw deficit for the year	\$ (285,902)
Add:	
Budgeted capital expenditures	5,223,760
Budgeted transfers to accumulated surplus	130,276
Budgeted principal payment on debt	-
Less:	
Budgeted transfers from accumulated surplus	(4,740,913)
Budgeted proceeds from long term debt	(710,868)
Budgeted proceeds from temporary borrowing	
Budgeted internal transfers and own equipment	<u>-</u>
Budget surplus per statement of operations	\$ <u>(383,648)</u>

The Municipality of North Perth

Notes to Consolidated Financial Statements

As at December 31, 2011

20. 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 to Persons and Property

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.

Transportation

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

Environmental

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

Health services relate to maintaining the Municipality's cemeteries.

Social 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.

The Municipality of North Perth

Notes to Consolidated Financial Statements

As at December 31, 2011

20. Segmented information (continued)

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 Consolidated Financial Statements

As at December 31, 2011

20. Segmented information (continued)

									2011
	<u>General government</u>	<u>Protection to persons and property</u>	<u>Transportation</u>	<u>Environment</u>	<u>Health services</u>	<u>Social services</u>	<u>Recreation and cultural services</u>	<u>Planning and development</u>	<u>Total</u>
Revenue									
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	650,081	12,405	1,279,085
	<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>3,442,136</u>	<u>129,170</u>	<u>19,260,124</u>
Expenses									
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	736,349	3,382,688	1,612,870	2,025,346	31,214	126,476	1,158,274	103,545	9,176,762
Interest	-	-	-	24,602	404,263	-	-	40,512	469,377
Amortization	134,914	165,403	1,140,799	1,252,625	5,061	13,914	244,186	-	2,960,902
Unfunded	(40,728)	-	-	-	-	-	-	-	(40,728)
	<u>2,011,130</u>	<u>4,206,926</u>	<u>3,544,157</u>	<u>3,863,060</u>	<u>547,528</u>	<u>787,694</u>	<u>2,987,203</u>	<u>157,129</u>	<u>18,104,827</u>
Net surplus (deficit)	<u>\$ (576,707)</u>	<u>\$(1,422,628)</u>	<u>\$(297,118)</u>	<u>\$3,022,939</u>	<u>\$ (370,989)</u>	<u>\$ 372,826</u>	<u>\$ 454,933</u>	<u>\$(27,959)</u>	<u>\$1,155,297</u>

The Municipality of North Perth

Notes to Consolidated Financial Statements

As at December 31, 2011

20. Segmented information (continued)

									2010
	<u>General government</u>	<u>Protection to persons and property</u>	<u>Transportation</u>	<u>Environment</u>	<u>Health services</u>	<u>Social services</u>	<u>Recreation and cultural services</u>	<u>Planning and development</u>	<u>Total</u>
Revenue									
Taxation	\$ 933,002	\$1,942,704	\$1,269,952	\$1,410,510	\$ 77,095	\$ 350,386	\$1,444,496	\$121,115	\$ 7,549,260
Government grants	495,341	3,101,353	4,390,663	827,892	24,582	339,401	940,879	142,138	10,262,249
User fees and service charges	80,140	103,974	32,787	7,120,752	57,536	483,891	750,301	66,851	8,696,232
Other	824,966	394,215	(457,328)	(518,473)	39,995	18,040	735,861	269,034	1,306,310
	<u>2,333,449</u>	<u>5,542,246</u>	<u>5,236,074</u>	<u>8,840,681</u>	<u>199,208</u>	<u>1,191,718</u>	<u>3,871,537</u>	<u>599,138</u>	<u>27,814,051</u>
Expenses									
Salaries and wages	1,241,853	605,320	746,779	520,250	103,425	583,793	1,473,316	7,968	5,282,704
Goods and services	623,696	2,802,248	1,369,013	1,719,228	42,909	103,070	1,181,351	353,893	8,195,408
Interest	-	-	-	178,234	15,008	-	-	37,290	230,532
Amortization	74,432	174,050	1,094,217	1,262,266	6,519	13,905	277,035	-	2,902,424
Unfunded	7,655	-	-	214,708	-	-	-	-	222,363
	<u>1,947,636</u>	<u>3,581,618</u>	<u>3,210,009</u>	<u>3,894,686</u>	<u>167,861</u>	<u>700,768</u>	<u>2,931,702</u>	<u>399,151</u>	<u>16,833,431</u>
Net surplus (deficit)	<u>\$ 385,813</u>	<u>\$1,960,628</u>	<u>\$2,026,065</u>	<u>\$4,945,995</u>	<u>\$ 31,347</u>	<u>\$ 490,950</u>	<u>\$ 939,835</u>	<u>\$199,987</u>	<u>\$10,980,620</u>

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

For the Year Ended December 31, 2011

	Budget <u>2011</u> (Unaudited)	<u>2011</u>	<u>2010</u>
Revenue			
Interment rights	\$ 65,500	\$ 61,080	\$ 68,545
Interest income transferred from trust fund	18,500	19,779	18,491
Burial charges	21,000	24,571	21,091
Sundry	8,700	4,835	7,870
Contribution from Municipality	<u>67,459</u>	<u>65,462</u>	<u>45,425</u>
	<u>181,159</u>	<u>175,727</u>	<u>161,422</u>
Expenditures			
Cemetery and building maintenance	39,407	41,044	32,660
Administration and general	143,930	129,426	108,466
Transfer to perpetual care trust fund	<u>23,500</u>	<u>19,732</u>	<u>23,480</u>
	<u>206,837</u>	<u>190,202</u>	<u>164,606</u>
Annual deficit	(25,678)	(14,475)	(3,184)
Accumulated surplus , beginning of year	<u>124,893</u>	<u>124,893</u>	<u>128,077</u>
Accumulated surplus , end of year	<u>\$ 99,215</u>	<u>\$ 110,418</u>	<u>\$ 124,893</u>

The Municipality of North Perth

North Perth Public Library Board

Schedule of Financial Activities

For the Year Ended December 31, 2011

	Budget 2011 (Unaudited)	<u>2011</u>	<u>2010</u>
Revenue			
Fees and user charges	\$ 7,650	\$ 8,369	\$ 8,227
Donations - Operating	3,900	4,558	3,032
Donations - Friends	3,000	4,144	205
Ontario grants	34,013	32,134	40,662
Canada grants	8,000	18,853	6,117
Development charges	15,000	10,000	15,000
Other operating revenue	11,100	10,876	10,890
Contribution from Municipality	<u>474,371</u>	<u>455,644</u>	<u>403,627</u>
	<u>557,034</u>	<u>544,578</u>	<u>487,760</u>
Expenditures			
Administrative	51,889	71,796	37,872
Books, videos and periodicals	67,300	56,050	63,640
Repairs and maintenance	14,750	21,197	23,885
Wages and benefits	380,540	353,240	340,442
Utilities and insurance	<u>42,555</u>	<u>42,295</u>	<u>36,402</u>
	<u>557,034</u>	<u>544,578</u>	<u>502,241</u>
Annual deficit	-	-	(14,481)
Accumulated surplus, beginning of year	<u>91,594</u>	<u>91,594</u>	<u>106,075</u>
Accumulated surplus, end of year	<u>\$ 91,594</u>	<u>\$ 91,594</u>	<u>\$ 91,594</u>

The Municipality of North Perth

Business Improvement Area

Schedule of Financial Activities

For the Year Ended December 31, 2011

	Budget <u>2011</u> (Unaudited)	<u>2011</u>	<u>2010</u>
Revenue			
Taxation revenue	\$ 55,363	\$ 55,363	\$ 54,277
Miscellaneous	29,358	16,524	97,482
Contribution from Municipality	<u>-</u>	<u>-</u>	<u>-</u>
	<u>84,721</u>	<u>71,887</u>	<u>151,759</u>
Expenditures			
Administrative	9,150	8,582	8,660
Advertising and promotion	70,115	61,595	123,918
Downtown beautification	8,600	8,600	8,500
Contribution from Municipality	<u>-</u>	<u>-</u>	<u>36,547</u>
	<u>87,865</u>	<u>78,777</u>	<u>177,625</u>
Annual deficit	(3,144)	(6,890)	(25,866)
Accumulated surplus, beginning of year	<u>11,475</u>	<u>11,475</u>	<u>37,341</u>
Accumulated surplus, end of year	\$ <u>8,331</u>	\$ <u>4,585</u>	\$ <u>11,475</u>