



Consolidated Financial Statements

The Municipality of North Perth

December 31, 2015

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## Independent auditor's report

Grant Thornton LLP  
Suite 501  
201 City Centre Drive  
Mississauga, ON  
L5B 2T4

T +1 416 369 7076  
F +1 905 804 0509  
E [Mississauga@ca.gt.com](mailto:Mississauga@ca.gt.com)  
[www.GrantThornton.ca](http://www.GrantThornton.ca)

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, 2015, 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, 2015, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Grant Thornton LLP*

Mississauga, Canada  
May 16, 2016

Chartered Professional Accountants  
Licensed Public Accountants

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# The Municipality of North Perth

## Consolidated Statement of Financial Position

As at December 31, 2015

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	<u>2015</u>	<u>2014</u>
<b>Financial assets</b>		
Cash and cash equivalents (Note 2)	\$ 16,217,964	\$ 16,288,714
Taxes receivable	502,872	542,151
Accounts receivable	2,883,508	2,072,272
Drain receivables	1,112,686	691,182
Long-term receivables (Note 3)	<u>1,172,356</u>	<u>1,308,684</u>
	<u>21,889,386</u>	<u>20,903,003</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	2,258,864	1,994,825
Employee benefits plan liability	77,749	220,976
Deferred revenue (Note 5)	11,645,244	11,217,033
Net long-term debt (Note 6)	17,590,814	18,398,768
Solid waste closure and post-closure liabilities (Note 7)	<u>1,612,000</u>	<u>1,657,000</u>
	<u>33,184,669</u>	<u>33,488,602</u>
<b>Net debt</b>	<u>(11,295,285)</u>	<u>(12,585,599)</u>
<b>Non-financial assets</b>		
Tangible capital assets (Note 8)	104,173,845	100,579,741
Prepaid expenses and inventories of supplies	<u>168,700</u>	<u>166,105</u>
	<u>104,342,545</u>	<u>100,745,846</u>
<b>Accumulated surplus (Note 9)</b>	<u>\$ 93,047,261</u>	<u>\$ 88,160,247</u>

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Contingent liabilities (Note 17)

\_\_\_\_\_ Treasurer

\_\_\_\_\_ Mayor

See accompanying notes to the consolidated financial statements

# The Municipality of North Perth

## Consolidated Statement of Operations

For the year ended December 31, 2015

	Budget <u>2015</u> (Note 21)	Actual <u>2015</u>	Actual <u>2014</u>
<b>Revenue</b>			
Taxation	\$ 10,338,610	\$ 10,391,773	\$ 9,633,787
Government transfers – Federal (Note 10)	912,224	204,964	11,766
Government transfers – Provincial (Note 11)	6,087,285	2,352,877	2,515,562
Government transfers – Municipal	1,203,688	1,167,690	475,830
User fees and service charges	6,674,145	8,376,813	7,286,933
Other (Note 12)	<u>3,096,622</u>	<u>3,721,732</u>	<u>3,644,480</u>
	<u>28,312,574</u>	<u>26,215,846</u>	<u>23,568,357</u>
<b>Expenses (Note 14)</b>			
General government	1,832,002	1,407,341	1,775,012
Protection services	4,560,734	4,384,549	4,537,930
Transportation services	4,035,245	4,817,535	4,347,965
Environmental services	4,843,170	4,508,187	4,285,348
Health services	224,350	210,163	241,434
Social and family services	2,723,717	1,917,989	832,608
Recreation and cultural services	3,384,088	3,306,341	3,322,045
Planning and development	299,986	274,174	287,432
Perth Meadows (Note 13)	<u>574,930</u>	<u>502,553</u>	<u>538,103</u>
	<u>22,478,222</u>	<u>21,328,832</u>	<u>20,167,877</u>
<b>Annual surplus</b>	5,834,352	4,887,014	3,400,480
<b>Accumulated surplus</b>			
Beginning of year	<u>88,160,248</u>	<u>88,160,247</u>	<u>84,759,767</u>
End of year	<u>\$ 93,994,600</u>	<u>\$ 93,047,261</u>	<u>\$ 88,160,247</u>

See accompanying notes to the consolidated financial statements.

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## The Municipality of North Perth

### Consolidated Statement of Changes in Net Debt

For the year ended December 31, 2015

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	Budget 2015 (Note 21)	Actual 2015	Actual 2014
Annual surplus	\$ 5,834,352	\$ 4,887,014	\$ 3,400,480
Acquisition of tangible capital assets	(10,031,696)	(6,960,994)	(4,248,403)
Amortization of tangible capital assets	3,210,023	3,245,243	3,223,133
Gain on sale of tangible capital assets	-	(210,536)	(262,369)
Proceeds on sale of tangible capital assets	<u>-</u>	<u>346,990</u>	<u>522,158</u>
	987,321	1,292,910	2,634,997
Consumption of prepaid expenses and inventories of supplies	<u>-</u>	<u>(2,595)</u>	<u>2,221</u>
<b>Change in net debt</b>	987,321	1,290,315	2,637,218
<b>Net debt</b>			
Beginning of year	<u>(12,585,599)</u>	<u>(12,585,599)</u>	<u>(15,222,819)</u>
End of year	<u>\$ (11,598,278)</u>	<u>\$ (11,295,285)</u>	<u>\$ (12,585,599)</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, 2015

	<u>2015</u>	<u>2014</u>
<b>Operating activities</b>		
Annual surplus	\$ 4,887,014	\$ 3,400,480
Items not involving cash		
Amortization	3,245,243	3,223,133
Gain on sale of tangible capital assets	(210,536)	(262,369)
Changes in non-cash operating balances		
Taxes receivable	39,279	123,556
Accounts receivable	(811,236)	(106,560)
Drain receivables	(421,504)	109,320
Prepaid expenses and inventories of supplies	(2,595)	2,221
Accounts payable and accrued liabilities	264,0398	194,6635
Employee benefits plan liability	(143,227)	16,755
Deferred revenue	428,211	1,491,395
Solid waste closure and post closure liabilities	<u>(45,000)</u>	<u>(46,000)</u>
	<u>7,214,880</u>	<u>7,899,4824</u>
<b>Capital activities</b>		
Acquisition of tangible capital assets	(6,960,994)	(4,248,403)
Proceeds on sale of tangible capital assets	<u>346,990</u>	<u>522,158</u>
	<u>(6,614,004)</u>	<u>(3,726,245)</u>
<b>Investing activities</b>		
Decrease in long-term receivables	<u>136,328</u>	<u>69,584</u>
<b>Financing activities</b>		
Repayment of long-term debt	<u>(807,954)</u>	<u>(773,529)</u>
<b>Net change in cash and cash equivalents</b>	<b>(70,750)</b>	3,469,292
<b>Cash and cash equivalents</b>		
Beginning of year	<u>16,288,714</u>	<u>12,819,422</u>
End of year	<u>\$ 16,217,964</u>	<u>\$ 16,288,714</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, 2015

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### 1. Significant accounting policies

#### Management responsibility

The financial statements are the responsibility of and prepared by management in accordance with Canadian public sector accounting standards ("PSAS") established by the Canadian Public Sector Accounting Board of the Chartered Professional Accountants of Canada. .

The significant accounting policies used are as follows:

#### Basis of consolidation

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

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

Interdepartmental and organizational transactions and balances are eliminated.

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

#### Basis of accounting

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

#### Cash and cash equivalents

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

#### Portfolio investments

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

#### Deferred revenue

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

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# The Municipality of North Perth

## Notes to the Consolidated Financial Statements

As at December 31, 2015

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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.

#### Retirement benefits and other employee benefit plans

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

#### Tangible capital assets

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

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

Amortization is based on the following classifications and useful lives:

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

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# The Municipality of North Perth

## Notes to the Consolidated Financial Statements

As at December 31, 2015

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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

##### i) Taxation

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

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

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

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

##### iii) Government transfers

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

##### iv) Other

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

##### v) Investment income

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

##### vi) Perth Meadows

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

# The Municipality of North Perth

## Notes to the Consolidated Financial Statements

As at December 31, 2015

### 1. Significant accounting policies (continued)

#### County of Perth and school board transactions

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

#### Use of estimates

The preparation of the financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant estimates relate to the allowance for taxes receivable, accounts receivables and drain receivables, accrued liabilities, employee benefits plan liability, solid waste closure and post-closure liabilities, and useful lives of tangible capital assets. Actual results could differ from those estimates.

#### Change in accounting policy

The Municipality has implemented PS3260, Liability for contaminated sites. This requires organizations to record a liability if they have a contaminated site that meets the specified criteria. The standard defines contamination as the introduction into air, soil, water or sediment of a chemical, organic or radioactive or live organism that exceeds a prescribed environmental level. The standard generally applies to sites that are not in productive use. Sites that are in productive use are only considered contaminated if there was an unexpected event that resulted in contamination. This change has been applied retroactively without the restatement of prior periods. The adoption of this standard did not impact on the Municipality's financial statements as no contaminated sites were found to exist.

<b>2. Cash and cash equivalents</b>	<b><u>2015</u></b>	<b><u>2014</u></b>
Unrestricted	\$ 15,649,174	\$ 14,901,814
Restricted – obligatory reserve funds	<u>568,790</u>	<u>1,386,900</u>
	<b><u>\$ 16,217,964</u></b>	<b><u>\$ 16,288,714</u></b>

<b>3. Long term receivables</b>	<b><u>2015</u></b>	<b><u>2014</u></b>
Long-term receivable from land owner bearing interest at 7%, receivable in blended annual payments of \$24,128, due 2018	\$ -	\$ 81,728
Long-term receivable from several land owners bearing interest at 3.95%, receivable in blended annual payments of \$61,672, due 2025	<b>501,416</b>	541,738

# The Municipality of North Perth

## Notes to the Consolidated Financial Statements

As at December 31, 2015

<b>3 Long term receivables (continued)</b>	<b><u>2015</u></b>	<b><u>2014</u></b>
Long-term receivable from several land owners bearing interest at 4.57%, receivable in blended annual payments of \$45,575, due 2040	<u>670,940</u>	<u>685,218</u>
	<b>\$ <u>1,172,356</u></b>	<b>\$ <u>1,308,684</u></b>

### 4. Temporary borrowings

The Municipality has an authorized line of credit of up to \$ 5,000,000 at Canadian Imperial Bank of Commerce bearing interest at prime. The outstanding amount as of December 31, 2015 was \$ Nil (2014 - \$ Nil). The facility is secured by general borrowing by-laws.

### 5. Deferred revenue

	Opening <u>balance</u>	Contributions <u>received</u>	Externally restricted investment <u>income</u>	Revenue <u>recognized</u>	<b>Ending <u>balance</u></b>
Development charges	\$ 1,721,990	\$ 738,374	\$ 9,126	\$(1,633,208)	<b>\$ 836,282</b>
Federal gas tax	988,895	365,736	19,778	(195,640)	<b>1,178,769</b>
Provincial gas tax	135,296	58,513	3,304	-	<b>197,113</b>
Recreational land	450,755	29,549	14,093	-	<b>494,397</b>
Other restricted grants	13,999	14,738	-	(2,078)	<b>26,659</b>
Deposits	3,274,783	1,651,091	-	(989,631)	<b>3,936,243</b>
Deferred life lease revenue (Note 13)	<u>4,631,315</u>	<u>522,250</u>	-	<u>(177,784)</u>	<b><u>4,975,781</u></b>
	<b><u>\$11,217,033</u></b>	<b><u>\$ 3,380,251</u></b>	<b><u>\$ 46,301</u></b>	<b><u>\$(2,998,341)</u></b>	<b><u>\$ 11,645,244</u></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 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 \$3,284,778 (2014 - \$2,685,298) of deferred fundraising revenues received specifically for the construction of a new arena complex.

# The Municipality of North Perth

## Notes to the Consolidated Financial Statements

As at December 31, 2015

### 6. Net long-term debt

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

	<u>2015</u>	<u>2014</u>
OSIFA loan, bearing interest at 2.63%; repayable in blended semi-annual payments of \$124,807; due April 2046.	\$ 5,213,296	\$ 5,323,620
OSIFA loan, bearing interest at 2.56%; repayable in blended semi-annual payments of \$46,855; due December 2017.	181,574	268,956
OSIFA loan, bearing interest at 2.43%; repayable in blended semi-annual payments of \$30,927; due April 2016.	30,556	90,572
OSIFA loan, bearing interest at 3.95%; repayable in blended semi-annual payments of \$30,618; due October 2025.	501,859	542,077
OSIFA loan, bearing interest at 4.57%; repayable in blended semi-annual payments of \$74,255; due October 2040.	2,199,539	2,245,934
OSIFA loan, bearing interest at 4.91% repayable in blended semi-annual payments of \$30,102; due May 2051.	2,014,059	2,034,810
Cemetery Care and Maintenance Trust Fund loan, bearing interest at 5%; repayable in blended annual payments of \$25,678; due 2027.	227,587	241,205
Haverlea Farms Ltd. mortgage, bearing interest at 0%; repayable in annual instalments of \$110,000; due 2020.	550,000	660,000
Canada Mortgage and Housing Corporation mortgage, bearing interest at 3.89%; repayable in annual payments of \$109,300; due March 2031.	1,283,996	1,341,126
OSIFA loan, bearing interest at 3.65% repayable in blended semi-annual payments of \$168,651; due November 2037.	5,071,192	5,219,328
Tile drainage loans, bearing interest between 6.0% and 8.0% and repayable in annual instalments. The loans are due between 2016 and 2023.	<u>317,156</u>	<u>431,141</u>
	<u>\$ 17,590,814</u>	<u>\$ 18,398,768</u>

# The Municipality of North Perth

## Notes to the Consolidated Financial Statements

As at December 31, 2015

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

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

2016	\$	747,895
2017		723,176
2018		646,893
2019		663,808
2020		670,764
Thereafter		<u>14,138,278</u>
	\$	<u>17,590,814</u>

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

Solid waste closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, removal of ground water and leachates, and ongoing environmental monitoring, site inspection and maintenance. The present value of the Municipality's estimated future liability for this expense is recognized as the landfill site's capacity is used. The liability and annual expense is calculated based on the ratio of utilization to total capacity of the landfill site and the discounted estimated cash flows associated with closure and post-closure activities. The reported liability as at year end was \$1,612,000 (rounded), (2014 - \$1,657,000) and reflects a discount rate of 6.0% (2014 - 6.0%).

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

	Remaining Capacity	Undiscounted Future Expenditures	Liability	Remaining Life	Post-Closure Care
Listowel	Closed in 2007	\$ 2,232,870	\$ 1,044,414	nil years	40 years
Elma	561,386 tonnes	2,897,347	1,040	90 years	33 years
Wallace	Closed in 2012	<u>1,611,670</u>	<u>566,546</u>	nil years	53 years
		<u>\$ 6,741,887</u>	<u>\$ 1,612,000</u>		

# The Municipality of North Perth

## Notes to the Consolidated Financial Statements

As at December 31, 2015

### 8. Tangible capital assets

	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	2015 Total
Cost, beginning of year	\$ 9,897,245	\$27,034,325	\$ 4,184,974	\$ 3,201,523	\$ 415,992	\$ 24,596,091	\$10,232,501	\$61,876,589	\$2,387,686	<b>\$143,826,925</b>
Additions	334,200	89,883	747,519	-	51,148	393,843	616,245	-	4,723,633	<b>6,956,472</b>
Disposals	(106,839)	(14,575)	-	-	-	(10,492)	(26,099)	-	-	<b>(158,455)</b>
Cost, end of year	<b>\$ 10,124,606</b>	<b>\$27,109,633</b>	<b>\$ 4,932,493</b>	<b>\$ 3,201,523</b>	<b>\$ 467,141</b>	<b>\$ 24,978,992</b>	<b>\$10,822,647</b>	<b>\$61,876,589</b>	<b>\$7,111,318</b>	<b>\$150,624,942</b>
Accumulated amortization, beginning of year	\$ 781,661	\$ 8,345,219	\$ 2,239,669	\$1,404,718	\$ 333,207	\$ 7,666,228	\$ 4,693,523	\$17,782,960	\$ -	<b>\$ 43,247,184</b>
Amortization	81,755	557,561	339,378	170,747	42,969	856,932	142,346	1,034,368	-	<b>3,226,145</b>
Disposals	-	-	-	-	-	-	(22,233)	-	-	<b>(22,233)</b>
Accumulated amortization, end of year	<b>\$ 863,755</b>	<b>\$ 8,902,870</b>	<b>\$ 2,579,047</b>	<b>\$1,575,465</b>	<b>\$ 376,176</b>	<b>\$ 8,523,160</b>	<b>\$ 4,813,635</b>	<b>\$18,817,328</b>	<b>\$ -</b>	<b>\$ 46,451,096</b>
Net book value, end of year	<b>\$ 9,261,189</b>	<b>\$18,206,763</b>	<b>\$ 2,353,446</b>	<b>\$ 1,626,058</b>	<b>\$ 90,965</b>	<b>\$ 16,455,833</b>	<b>\$ 6,009,012</b>	<b>\$43,059,261</b>	<b>\$7,111,318</b>	<b>\$104,173,845</b>



# The Municipality of North Perth

## Notes to the Consolidated Financial Statements

As at December 31, 2015

### 8. Tangible capital assets (continued)

	Land and land <u>improvements</u>	<u>Buildings</u>	Equipment and furniture	<u>Fleet</u>	Information technology <u>Equipment</u>	Infrastructure - <u>roads</u>	Infrastructure - bridges and <u>culverts</u>	Infrastructure - water, sewer, storm <u>and landfill</u>	Assets under <u>Construction</u>	<b>2014</b> <b>Total</b>
Cost, beginning of year	\$ 9,911,945	\$26,739,049	\$ 4,107,716	\$ 3,110,886	\$ 371,687	\$ 23,810,985	\$10,232,501	\$61,380,667	\$ 217,231	<b>\$139,882,667</b>
Additions	294,669	240,119	83,200	90,636	44,305	807,404	-	517,617	2,170,455	<b>4,248,404</b>
Disposals	(241,468)	-	(18,687)	-	-	(22,298)	-	(21,695)	-	<b>(304,147)</b>
Transfers	(67,902)	55,157	12,745	-	-	-	-	-	-	<b>-</b>
Cost, end of year	<b>\$ 9,897,245</b>	<b>\$27,034,325</b>	<b>\$ 4,184,974</b>	<b>\$ 3,201,523</b>	<b>\$ 415,992</b>	<b>\$ 24,596,091</b>	<b>\$10,232,501</b>	<b>\$61,876,589</b>	<b>\$2,387,686</b>	<b>\$143,826,924</b>
Accumulated amortization, beginning of year	\$ 731,185	\$ 7,785,294	\$ 1,994,012	\$1,233,971	\$ 298,549	\$ 6,821,360	\$ 4,550,322	\$16,653,715	\$ -	<b>\$ 40,068,409</b>
Amortization	50,476	559,925	264,344	170,747	34,658	860,476	143,201	1,139,307	-	<b>3,223,133</b>
Disposals	-	-	(18,687)	-	-	(15,609)	-	(10,062)	-	<b>(44,359)</b>
Accumulated amortization, end of year	<b>\$ 781,661</b>	<b>\$ 8,345,219</b>	<b>\$ 2,239,669</b>	<b>\$1,404,718</b>	<b>\$ 333,207</b>	<b>\$ 7,666,228</b>	<b>\$ 4,693,523</b>	<b>\$17,782,960</b>	<b>\$ -</b>	<b>\$ 43,247,183</b>
Net book value, end of year	<b>\$ 9,115,584</b>	<b>\$18,689,106</b>	<b>\$ 1,945,305</b>	<b>\$ 1,796,805</b>	<b>\$ 82,785</b>	<b>\$ 16,929,863</b>	<b>\$ 5,538,978</b>	<b>\$44,093,629</b>	<b>\$2,387,686</b>	<b>\$100,579,741</b>

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# The Municipality of North Perth

## Notes to the Consolidated Financial Statements

As at December 31, 2015

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### 9. Accumulated surplus

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

	<u>2015</u>	<u>2014</u>
Investment in tangible capital assets	\$ 99,814,259	\$ 100,579,741
Operating deficit	(13,630,579)	(18,446,807)
Reserves and Reserve Funds		
Working funds	700,000	700,000
Post employee benefits	226,342	196,770
Current and capital purposes	7,770,215	7,008,516
Unfunded	<u>(1,832,976)</u>	<u>(1,877,977)</u>
	<u>\$ 93,047,261</u>	<u>\$ 88,160,247</u>

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

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

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<b>10. Government transfers – Federal</b>	<u>2015</u>	<u>2014</u>
Operating		
Other operating funding	\$ 9,325	\$ 11,7646
Capital		
Federal gas tax	<u>195,640</u>	-
	<u>\$ 204,965</u>	<u>\$ 11,766</u>

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<b>11. Government transfers - Provincial</b>	<u>2015</u>	<u>2014</u>
Operating		
Ontario Municipal Partnership Fund	\$ 1,771,900	\$ 2,171,400
Other operating funding	300,337	262,490
Capital		
Other capital funding	<u>260,850</u>	<u>81,672</u>
	<u>\$ 2,352,877</u>	<u>\$ 2,515,562</u>

# The Municipality of North Perth

## Notes to the Consolidated Financial Statements

As at December 31, 2015

<b>12. Other revenue</b>	<u>2015</u>	<u>2014</u>
Development charges	1,617,196	1,533,152
Licences, permits and rents	495,930	501,648
Donations	485,070	283,249
Perth Meadows (Note 13)	376,058	331,152
Sale of publications, equipment, etc.	345,557	384,322
Investment income	256,508	239,670
Gain on disposal of capital assets	210,536	626,369
Penalties and interest on taxation	94,429	83,595
Other fines and penalties	21,414	25,323
	<u>\$ 3,721,732</u>	<u>\$ 3,644,480</u>

### 13. Perth Meadows

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

### 14. Expenses by object

	Budget <u>2015</u>	<u>2015</u>	<u>2014</u>
Salaries and wages	\$ 6,937,215	\$ 6,512,721	\$ 6,503,646
Materials and supplies	5,126,905	4,339,199	4,463,252
Contracted services	6,299,376	6,318,871	5,010,639
Rents and financing expenses	5,350	380	5,000
Interest on long-term debt	541,260	533,710	577,490
Contributions to others	358,092	378,708	384,717
Amortization	3,210,023	3,245,243	3,223,133
	<u>\$ 22,478,222</u>	<u>\$ 21,328,832</u>	<u>\$ 20,167,877</u>

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

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

	<u>2015</u>	<u>2014</u>
School boards	\$ 4,516,825	\$ 4,493,919
County of Perth	<u>4,345,078</u>	<u>3,952,500</u>
	<u>\$ 8,861,903</u>	<u>\$ 8,446,419</u>

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# The Municipality of North Perth

## Notes to the Consolidated Financial Statements

As at December 31, 2015

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### 16. Pension agreements

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

Since OMERS is a multi-employer pension plan, the Municipality does not recognize any share of the pension plan deficit of \$7 billion (2014 - \$5.3 billion) based on the fair market value of the Plan's assets, as this is a joint responsibility of all Ontario municipal entities and their employees. The most recent actuarial valuation of the Plan was conducted at December 31, 2015. The results of this valuation disclosed total actuarial liabilities of \$82,369 million with respect to benefits accrued for service with actuarial assets at that date of \$75,392 million. Contributions were made in the 2015 calendar year at rates ranging from 9.2% to 15.8% depending on the member's designated retirement age and level of earnings. Employer contributions for current and past service are included as an expense in the Statement of Operations. Employer contributions to OMERS for 2015 current and past service was \$412,985 (2014 - \$388,333) and were matched by employee contributions in a similar amount.

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### 17. Contingent liabilities

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

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

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

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### 18. Trust funds

At the year end, the Municipality held \$ 597,852 (2014 - \$ 581,694) in trust. These funds are not included in these financial statements. Certain assets have been conveyed or assigned to the Municipality to be administered as directed by agreement or statute. The Municipality holds the assets for the benefit of and stand in fiduciary relationship to the beneficiaries. The following trust funds and assets are excluded from the Municipality's financial statements:

	<u>2015</u>	<u>2014</u>
Cemetery Care and Maintenance fund	\$ <u>597,852</u>	\$ <u>581,694</u>

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# The Municipality of North Perth

## Notes to the Consolidated Financial Statements

As at December 31, 2015

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### 19. Financial instruments

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

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### 20. Comparative figures

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

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### 21. Budget

The budget by-law adopted by Council on April 13, 2015 was not prepared on a basis consistent with that used to report actual results in accordance with Canadian Public Sector Accounting Standards (PSAS). The budget was prepared on a modified accrual basis while PSAS require a full accrual basis. As a result, the budget figures presented in the statements of operations and changes in net financial assets represent the budget approved by Council with the following adjustments:

Approved budgeted annual surplus	\$ 6,790,332
Approved budgeted annual surplus (deficit) – Perth Meadows	(209,430)
Less:	
Transfers to reserves and reserve funds - net	<u>(746,550)</u>
Budgeted surplus reported on the Consolidated Statement of Operations	<u>\$ 5,834,352</u>

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### 22. Segmented information

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

#### General government

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

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# The Municipality of North Perth

## Notes to the Consolidated Financial Statements

As at December 31, 2015

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### 22. Segmented information (continued)

#### Protection services

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

#### Transportation services

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

#### Environmental services

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

#### Health services

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

#### Social and family services

Social and family services department provides for child care services.

#### Recreation and cultural services

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

#### Planning and development

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

#### Perth Meadows

The Municipality purchased the assets of Perth Adult Life Care Residences in November, 2011. 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 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, 2015

### 22. Segmented information (continued)

	<b>2015</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><b>Total</b></u>
<b>Revenue</b>										
Taxation	\$ 756,638	\$3,561,080	\$3,827,893	\$358,259	\$ 78,274	\$ -	\$1,688,996	\$ 120,634	\$ -	<b>\$ 10,391,773</b>
Government transfers	266,271	780,658	657,593	106,621	13,346	972,656	694,678	30,069	-	<b>3,725,531</b>
User fees and service charges	73,622	83,758	1,168,113	5,381,547	87,843	595,965	837,708	147,620	633	<b>8,376,813</b>
Other	409,073	488,355	496,191	30,872	197,746	22,028	1,098,632	784,655	375,425	<b>3,721,732</b>
	<u>1,505,604</u>	<u>4,913,850</u>	<u>6,149,789</u>	<u>5,877,299</u>	<u>377,208</u>	<u>1,590,650</u>	<u>4,320,013</u>	<u>1,090,705</u>	<u>376,058</u>	<b><u>26,215,846</u></b>
<b>Expenses</b>										
Salaries and wages	1,194,809	821,465	831,332	811,287	120,703	732,664	1,828,495	171,966	-	<b>6,512,721</b>
Materials and supplies	7,763	413,917	917,950	1,625,284	50,232	86,442	1,006,715	87,081	143,815	<b>4,339,199</b>
Contracted services	14,637	2,670,936	1,534,888	785,564	21,895	1,084,969	112,837	15,127	78,018	<b>6,318,871</b>
Rents and financing expenses	380	-	-	-	-	-	-	-	-	<b>380</b>
Interest on long-term debt	-	-	257,976	159,139	12,061	-	-	-	104,534	<b>533,710</b>
Contributions to others	95,230	252,085	242	-	-	-	31,151	-	-	<b>379,708</b>
Amortization	94,522	226,146	1,275,147	1,126,913	5,272	13,914	327,143	-	176,186	<b>3,245,243</b>
	<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>	<b><u>21,328,832</u></b>
Annual surplus (deficit)	<u>\$ 98,263</u>	<u>\$ 529,301</u>	<u>\$ 1,346,924</u>	<u>\$ 1,369,112</u>	<u>\$ 167,045</u>	<u>\$(327,339)</u>	<u>\$ 1,013,672</u>	<u>\$ 816,531</u>	<u>\$(126,495)</u>	<b><u>\$4,887,014</u></b>

# The Municipality of North Perth

## Notes to the Consolidated Financial Statements

As at December 31, 2015

### 22. Segmented information (continued)

	<b>2014</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	\$ 577,910	\$3,454,924	\$3,547,156	\$354,008	\$ 82,566	\$ -	\$1,548,885	\$68,337	\$ -	<b>\$ 9,633,786</b>
Government transfers	278,735	912,709	801,514	108,486	18,610	263,857	582,314	31,426	5,507	<b>3,003,158</b>
User fees and service charges	176,070	92,676	99,291	5,257,083	179,235	584,487	813,592	83,858	641	<b>7,286,933</b>
Other	635,339	896,957	176,760	882,284	69,198	19,559	637,831	1,547	325,005	<b>3,644,480</b>
	<u>1,668,054</u>	<u>5,357,266</u>	<u>4,624,721</u>	<u>6,601,861</u>	<u>349,609</u>	<u>867,903</u>	<u>3,582,622</u>	<u>185,168</u>	<u>331,153</u>	<b><u>23,568,357</u></b>
<b>Expenses</b>										
Salaries and wages	1,389,992	765,695	854,718	747,390	124,177	722,642	1,772,539	124,313	2,180	<b>6,503,646</b>
Materials and supplies	55,578	325,755	978,749	1,626,108	76,079	84,022	1,062,629	104,724	149,831	<b>4,463,475</b>
Contracted services	136,682	2,984,337	1,005,460	603,083	22,186	7,030	114,476	58,395	78,767	<b>5,010,416</b>
Rents and financing expenses	-	-	-	-	-	5,000	-	-	-	<b>5,000</b>
Interest on long-term debt	-	-	266,406	165,775	12,709	-	-	-	132,600	<b>577,490</b>
Contributions to others	106,549	240,388	-	-	-	-	37,780	-	-	<b>384,717</b>
Amortization	86,211	221,755	1,242,632	1,142,992	6,283	13,914	334,621	-	174,725	<b>3,223,133</b>
	<u>1,775,012</u>	<u>4,537,930</u>	<u>4,347,965</u>	<u>4,285,348</u>	<u>241,434</u>	<u>832,608</u>	<u>3,322,045</u>	<u>287,432</u>	<u>538,103</u>	<b><u>20,167,877</u></b>
Annual surplus (deficit)	<u>\$ (106,958)</u>	<u>\$ 819,336</u>	<u>\$ 276,756</u>	<u>\$ 2,316,513</u>	<u>\$ 108,175</u>	<u>\$35,295</u>	<u>\$ 260,577</u>	<u>\$ (102,264)</u>	<u>\$(206,950)</u>	<b><u>\$3,400,480</u></b>



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

For the Year Ended December 31, 2015

	Budget <u>2015</u>	<b><u>2015</u></b>	<u>2014</u>
<b>Revenue</b>			
Interment rights	\$ 77,000	\$ <b>63,756</b>	\$ 102,997
Interest income transferred from trust fund	20,000	<b>22,368</b>	21,579
Burial charges	27,500	<b>30,067</b>	26,004
Sundry	9,850	<b>9,897</b>	9,370
Donegal cemetery dissolution	-	<b>77</b>	86,230
Contribution from Municipality	<u>90,000</u>	<b><u>96,002</u></b>	<u>83,484</u>
	<u>224,350</u>	<b><u>222,167</u></b>	<u>329,664</u>
<b>Expenses</b>			
Cemetery and building maintenance	53,240	<b>47,513</b>	43,951
Administration and general	226,810	<b>170,856</b>	254,371
Transfer to perpetual care trust fund	<u>22,300</u>	<b><u>16,157</u></b>	<u>49,032</u>
	<u>302,350</u>	<b><u>234,526</u></b>	<u>347,354</u>
<b>Annual deficit</b>	(78,000)	<b>(12,359)</b>	(17,690)
<b>Accumulated surplus (deficit)</b>			
Beginning of year	<u>92,003</u>	<b><u>92,003</u></b>	<u>109,693</u>
End of year	<u>\$ (14,003)</u>	<b><u>\$ 79,644</u></b>	<u>\$ 92,003</u>

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

For the Year Ended December 31, 2015

	Budget <u>2015</u>	<u>2015</u>	<u>2014</u>
<b>Revenue</b>			
Fees and user charges	\$ 18,577	\$ 16,585	\$ 21,471
Donations - Operating	5,850	4,231	6,825
Donations - Friends	5,000	4,109	3,510
Ontario grants	27,486	34,220	24,778
Canada grants	8,446	5,650	3,960
Development charges	10,000	37,824	10,000
Contribution from Municipality	<u>543,682</u>	<u>587,432</u>	<u>535,516</u>
	<u>618,941</u>	<u>690,051</u>	<u>606,060</u>
<b>Expenses</b>			
Administrative	80,003	78,434	74,975
Books, videos and periodicals	59,363	56,740	55,390
Repairs and maintenance	41,122	39,097	38,819
Wages and benefits	437,179	420,691	405,175
Utilities and insurance	<u>39,594</u>	<u>42,526</u>	<u>46,990</u>
	<u>654,411</u>	<u>637,488</u>	<u>621,349</u>
<b>Annual surplus (deficit)</b>	(35,470)	<b>52,563</b>	(15,289)
<b>Accumulated surplus (deficit)</b>			
Beginning of year	<u>36,538</u>	<u>36,538</u>	<u>51,827</u>
End of year	\$ <u>(1,068)</u>	\$ <u>89,101</u>	\$ <u>36,538</u>

# The Municipality of North Perth

## Business Improvement Area

### Schedule of Financial Activities

For the Year Ended December 31, 2015

	Budget <u>2015</u>	<u>2015</u>	<u>2014</u>
<b>Revenue</b>			
Tax levy	\$ 77,837	\$ 77,837	\$ 65,861
Miscellaneous	<u>-</u>	<u>2,100</u>	<u>12</u>
	<u>77,837</u>	<u>79,937</u>	<u>65,873</u>
<b>Expenses</b>			
Administrative	25,350	25,588	18,989
Advertising and promotion	25,200	19,2332	22,454
Downtown beautification	<u>62,806</u>	<u>10,600</u>	<u>10,000</u>
	<u>113,356</u>	<u>55,420</u>	<u>51,443</u>
<b>Annual surplus</b>	(35,519)	24,517	14,430
<b>Accumulated surplus</b>			
Beginning of year	<u>45,888</u>	<u>45,888</u>	<u>31,458</u>
End of year	\$ <u>(10,369)</u>	\$ <u>70,405</u>	\$ <u>45,888</u>