

**The Corporation of the
Municipality of West Perth
Consolidated Financial Statements
For the year ended December 31, 2018**

The Corporation of the Municipality of West Perth
Consolidated Financial Statements
For the year ended December 31, 2018

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Independent Auditors' Report

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

Opinion

We have audited the financial statements of The Corporation of the Municipality of West Perth ("the Municipality"), which comprise the statement of financial position as at December 31, 2018, the statements of financial activities, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2018, and its results of operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Municipality's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Municipality or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Municipality's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Municipality's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants, Licensed Public Accountants

Stratford, Ontario
August 12, 2019

The Corporation of the Municipality of West Perth
Consolidated Statement of Financial Position

December 31	2018	2017
Financial assets		
Cash and cash equivalents	\$ 15,574,311	\$ 14,332,261
Taxes receivable	736,631	628,549
Trade and other receivables	2,439,094	1,779,850
Drains receivable	821,325	327,321
Inventories for resale	1,782,832	957,288
Investments (Note 2)	5,799,464	4,679,190
Investment in Government Business Enterprise (Note 1)	3,659,183	3,652,071
	30,812,840	26,356,530
Liabilities		
Accounts payable and accrued liabilities	3,055,555	2,269,929
Deferred revenue (Note 4)	1,196,369	1,118,294
Long-term debt (Note 6)	1,257,964	1,392,367
Solid waste closure and post-closure liabilities (Note 5)	981,918	923,475
	6,491,806	5,704,065
Net financial assets	24,321,034	20,652,465
Non-financial assets		
Tangible capital assets (Note 7)	88,088,080	87,908,314
Prepaid expenses and inventories of supplies	30,777	24,775
	88,118,857	87,933,089
Accumulated surplus (Note 8)	\$ 112,439,891	\$ 108,585,554

_____ Treasurer

_____ Mayor

The Corporation of the Municipality of West Perth
Consolidated Statement of Operations

For the year ended December 31	Budget 2018	2018	2017
Revenue			
Taxation	\$ 7,704,021	\$ 7,793,582	\$ 7,171,393
Government grants - Federal (Note 10)	287,478	292,994	475,409
Government grants - Provincial (Note 11)	2,584,156	2,783,492	2,670,029
Municipal grants	67,000	78,753	67,995
User fees and service charges	4,807,129	5,161,930	3,997,763
Income (loss) from government business enterprises (Note 1)	-	7,112	475
Other (Note 12)	698,985	2,337,953	1,143,982
	16,148,769	18,455,816	15,527,046
Expenses			
General government	1,376,138	1,046,127	996,336
Protection services	2,771,528	2,800,246	2,859,806
Transportation services	2,730,653	2,770,033	2,985,025
Environmental services	2,430,732	2,491,378	2,653,633
Health services	22,800	4,129	6,179
Recreation and cultural services	1,368,977	1,416,989	1,227,787
Planning and development	598,243	509,947	179,121
Amortization	3,260,306	3,562,630	3,381,703
	14,559,377	14,601,479	14,289,590
Annual surplus	1,589,392	3,854,337	1,237,456
Accumulated surplus, beginning of year	108,585,554	108,585,554	107,348,098
Accumulated surplus, end of year	\$ 110,174,946	\$ 112,439,891	\$ 108,585,554

The Corporation of the Municipality of West Perth
Consolidated Statement of Change in Net Financial Assets

For the year ended December 31	Budget 2018	2018	2017
Annual surplus	\$ 1,589,392	\$ 3,854,337	\$ 1,237,456
Acquisition of tangible capital assets	(5,227,975)	(4,234,323)	(4,081,337)
Amortization of tangible capital assets	3,385,120	3,562,631	3,381,703
Gain (loss) on disposal of tangible capital assets	-	(939,218)	463,097
Proceeds on sale of tangible capital assets	-	1,431,144	5,000
	(253,463)	3,674,571	1,005,919
Use (acquisition) of prepaid expenses and inventory of supplies	-	(6,002)	29,304
Net change in net financial assets	(253,463)	3,668,569	1,035,223
Net financial assets, beginning of year	20,652,465	20,652,465	19,617,242
Net financial assets, end of year	\$ 20,399,002	\$ 24,321,034	\$ 20,652,465

The Corporation of the Municipality of West Perth
Consolidated Statement of Cash Flows

For the year ended December 31	2018	2017
Operating transactions		
Annual surplus	\$ 3,854,337	\$ 1,237,456
Items not involving cash		
(Gain) loss from government business enterprise	(7,112)	(475)
Amortization	3,562,631	3,381,703
Loss (gain) on disposal of tangible capital assets	(939,218)	463,097
Changes in non-cash operating balances		
Taxes receivable	(108,082)	188,985
Trade and other receivable	(659,244)	205,094
Drains receivable	(494,004)	232,915
Inventories for resale	(825,544)	(278,495)
Prepaid expenses and inventories of supplies	(6,002)	29,304
Accounts payable and accrued liabilities	785,626	(508,472)
Deferred revenue	78,075	37,607
Solid waste closure and post closure liabilities	58,443	230,328
	<u>5,299,906</u>	<u>5,219,047</u>
Capital transactions		
Acquisition of tangible capital assets	(4,234,323)	(4,081,337)
Proceeds on sale of tangible capital assets	1,431,144	5,000
	<u>(2,803,179)</u>	<u>(4,076,337)</u>
Investing transactions		
Change in investments	(1,120,274)	(147,252)
Financing transactions		
Repayment of long-term debt	(134,403)	(365,235)
Net change in cash and cash equivalents	1,242,050	630,223
Cash and cash equivalents, beginning of year	14,332,261	13,702,038
Cash and cash equivalents, end of year	\$ 15,574,311	\$ 14,332,261

The Corporation of the Municipality of West Perth

Summary of Significant Accounting Policies

December 31, 2018

Management's Responsibility for the Financial Statements

The consolidated financial statements of the Corporation of the Municipality of West Perth are the responsibility of management. They have been prepared in accordance with Canadian public sector accounting standards. The Corporation of the Municipality of West Perth is a municipality in the Province of Ontario and operates under the provisions of the Community Charter. The Corporation of the Municipality of West 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 Corporation of the Municipality of West Perth. The following entities have been consolidated:

Municipality of West Perth Library Board
Municipality of West Perth Business Improvement Area

All inter-entity transactions and balances have been eliminated.

The investment in a government business enterprise is accounted for using the modified equity basis of accounting. Under this method, the government business enterprise's accounting policies, which follow International Financial Reporting Standards, are not adjusted to conform with Public Sector Accounting Standards and inter-entity transactions and balances are not eliminated. The following government business enterprise is reflected in the consolidated financial statements:

ERTH Corporation

Cash and Cash Equivalents

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

Land Held for Resale

Land held for resale is recorded at the lower of cost and net realizable value.

Long-term Investments

Long-term 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 Corporation of the Municipality of West Perth

Summary of Significant Accounting Policies

December 31, 2018

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 the month the asset is available for productive use as follows:

Land improvements	35 to 50 years
Buildings	30 to 100 years
Machinery and equipment	5 to 50 years
Vehicles	5 to 25 years
Infrastructure - roads	8 to 100 years
Infrastructure - bridges	30 to 80 years
Infrastructure - water, sanitary and storm systems	75 years

County and School Board

The Corporation of the Municipality of West 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

Trust funds held in trust by the Corporation of the Municipality of West 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 Corporation of the Municipality of West 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. The revenue is recognized in the consolidated statement of operations in the year in which it is used for the specified purpose.

The Corporation of the Municipality of West Perth

Summary of Significant Accounting Policies

December 31, 2018

- Revenue Recognition**
- a) Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. Taxes receivable are recognized net of an allowance for anticipated uncollectable amounts.
 - b) Government transfers are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.
 - c) Fines and donations are recognized when collected
 - d) Fees, user charges and other revenues are recorded upon sale of goods or provision of services when collection is reasonably assured.
- 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 public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.
- Contaminated Sites**
- In accordance with PS 3260 management is required to make assessments as to whether any properties not under active use are subject to contamination in the underlying soil, water or sediment. If such contamination exists and exceeds an environmental standard management is required to make an estimate as to the related liability for remediation of the property.

The Corporation of the Municipality of West Perth
Notes to Consolidated Financial Statements

December 31, 2018

1. Investment in Government Business Enterprise

ERTH Corporation was incorporated in 2000 under the Business Corporations Act (Ontario) as mandated by the Ontario Government's Electricity Act, 1998 (Ontario) and Sections 71 and 73 of the Ontario Energy Board Act, 1998 (Ontario). The Corporation of the Municipality of West Perth owns 8.06% (2017 - 8.06%) of the outstanding shares of ERTH Corporation. The investment in ERTH Corporation is comprised of the following:

	<u>2018</u>	<u>2017</u>
Promissory note receivable - West Perth Power Inc.	\$ 1,183,391	\$ 1,183,391
Promissory note receivable - Clinton Power Corporation	900,000	900,000
Class A shares	1	1
Class B shares	1,693,000	1,693,000
Cumulative dividends received	(206,742)	(132,159)
Cumulative amortization of purchase premium	(332,849)	(295,866)
Cumulative share of total comprehensive income	<u>422,382</u>	<u>303,704</u>
	<u>3,659,183</u>	<u>\$ 3,652,071</u>

West Perth Power Inc. and Clinton Power Corporation are wholly owned subsidiaries of ERTH Corporation. The note receivable from West Perth Power Inc. bears interest at 7.25% (2017 - 7.25%). This note is unsecured and is due on demand. Interest earned during the year included in Other Income is \$85,796 (2017 - \$85,796).

The note receivable from Clinton Power Corporation bears interest at 7.25% (2017 - 7.25%). This note is unsecured and is due on demand. Interest earned during the year included in Other Income is \$65,250 (2017 - \$62,250).

The Corporation of the Municipality of West Perth
Notes to Consolidated Financial Statements

December 31, 2018

1. Investment in Government Business Enterprise (continued)

The following summarizes the financial position and operations of ERTH Corporation which have been reported in these financial statements using the modified equity method:

	<u>2018</u>	<u>2017</u>
Financial Position		
Current	\$ 21,726,063	\$ 19,054,326
Capital	46,706,597	43,003,288
Regulatory and other assets	18,521,521	17,872,280
Total assets	<u>\$ 86,954,181</u>	<u>\$ 79,929,894</u>
Current	26,825,630	22,144,891
Long-term debt	35,250,626	35,015,194
Regulatory and other liabilities	5,930,060	4,973,461
Total liabilities	<u>68,006,316</u>	<u>62,133,546</u>
Net assets	<u>18,947,865</u>	<u>17,796,348</u>
Results of Operations		
Revenues	\$ 86,429,585	\$ 80,660,199
Expenditures	86,435,302	79,354,113
Net income for the year	(5,717)	1,306,086
Net movement in regulatory balances, net of tax	<u>1,439,030</u>	<u>(221,620)</u>
Net income for the year and net movement of regulatory balances	1,433,313	1,084,466
Other comprehensive income (loss) for the year	<u>38,563</u>	<u>(119,903)</u>
Total comprehensive income for the year	<u>\$ 1,471,876</u>	<u>\$ 964,563</u>
Municipality of West Perth share of net income	\$ 44,095	\$ 37,458
Amortization of purchase premium	<u>(36,983)</u>	<u>(36,983)</u>
Income from government business enterprises	<u>\$ 7,112</u>	<u>\$ 475</u>

The Corporation of the Municipality of West Perth
Notes to Consolidated Financial Statements

December 31, 2018

2. Investments

	2018	2017
Guaranteed investment certificates	\$ 5,799,464	\$ 4,679,190

Guaranteed investment certificates carry effective interest rates of 1% to 3.6% (2017- 1% to 2.5%) and maturity dates February 2019 to May 2023. Interest is receivable on an annual basis.

3. Pension Agreements

The Corporation of the Municipality of West Perth makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefits to be received by the employees based on their length of service and rates of pay. The amount contributed to OMERS for 2018 was \$248,683 (2017 - \$224,390) for employer contributions.

As at December 31, 2018, the OMERS plan is in a deficit position of \$4.2 billion (2017 - \$5.4 billion), which will be addressed through temporary contribution rate increases and, if needed, benefit reductions. The multiemployer plan is valued on a current market basis for all plan assets. The projected benefit method prorated on services was used for the actuarial valuation.

4. Deferred Revenue

	Opening balance	Contributions received	Externally restricted investment income	Revenue recognized	Ending balance
Federal gas tax	\$ -	\$ 284,079	\$ -	\$ (284,079)	\$ -
Development charges	765,907	-	607	-	766,514
Recreational land	177,448	6,664	-	-	184,112
Other	174,939	70,804	-	-	245,743
	\$ 1,118,294	\$ 361,547	\$ 607	\$ (284,079)	\$ 1,196,369

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

The Corporation of the Municipality of West Perth

Notes to Consolidated Financial Statements

December 31, 2018

5. 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 Corporation of the Municipality of West 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 \$981,918 (2017 - \$923,475) and reflects a discount rate of 3.5% (2017 - 3.5%). As at December 31, 2018, the liability is funded in reserves in the amount of \$294,212 (2017 - \$254,483).

The liability is based on estimates and assumptions related to events extending over the remaining life of the landfill. The Mitchell Industrial landfill is expected to reach its capacity in approximately 34 years and the estimated remaining capacity is 29,622 cubic metres which is 24% (2017 - 27%) of the site's total capacity. The Mitchell Domestic landfill is expected to reach its capacity in approximately 99 years and the estimated remaining capacity is approximately 1,348,400 cubic metres, which is 80% (2017 - 84%) of the site's total capacity. The Logan landfill is expected to reach its capacity in approximately 96 years and the estimated remaining capacity is approximately 1,558,280 cubic metres, which is 97% (2017 - 97%) of the site's total capacity. The total undiscounted estimated future expenditures for closure and post-closure care are \$9,678,023 (2017 - \$8,364,110). The estimated length of time needed for post-closure care is between 13 and 85 years, depending on the landfill.

The Corporation of the Municipality of West Perth
Notes to Consolidated Financial Statements

December 31, 2018

6. Long-term Debt

Long term debt reported on the statement of financial position is comprised of the following:

	2018	2017
Tile drainage loans, bearing at 6.0% and repayable in annual installments. The loans are due between 2019 and 2028.	\$ 169,616	\$ 154,915
Demand bank loan payable, interest at prime less 0.75%, interest payable monthly, principal payable at option of the Municipality subject to the loan being repaid by January 2018.	8,313	10,391
OIPC loans, bearing interest between 2.42% and 2.63% and due between 2024 and 2025. Recoverable from benefiting landowners through future taxation and user fees.	1,080,035	1,227,061
	1,257,964	1,392,367

Principal repayments relating to long term debt are due as follows:

	Principal Repayments
2019	\$ 186,329
2020	180,209
2021	185,621
2022	191,223
2023	182,131
Thereafter	332,451
	\$ 1,257,964

The Corporation of the Municipality of West Perth
Notes to Consolidated Financial Statements

December 31, 2018

7. Tangible Capital Assets

	2018								
	Land	Land	Buildings	Machinery and equipment	Vehicles	Infrastructure - Roads	Infrastructure - Bridges	Infrastructure - water, sanitary and storm system	Total
Cost, beginning of year	\$ 1,887,937	\$ 5,570,365	\$20,146,322	\$ 7,734,431	\$ 6,382,827	\$ 58,469,078	\$ 11,619,022	\$ 38,221,427	\$ 150,031,409
Additions		15,956	-	99,047	223,597	2,461,242	1,157,589	276,892	4,234,323
Disposals	(28,052)	-	(770,806)	(10,026)	(92,238)	(197,730)	(33,461)	(51,136)	(1,183,449)
Cost, end of year	<u>\$ 1,859,885</u>	<u>\$ 5,586,321</u>	<u>\$19,375,516</u>	<u>\$ 7,823,452</u>	<u>\$ 6,514,186</u>	<u>\$ 60,732,590</u>	<u>\$ 12,743,150</u>	<u>\$ 38,447,183</u>	<u>\$ 153,082,283</u>
Accumulated amortization, beginning of year	\$ -	\$ 876,754	\$ 5,885,060	\$ 4,719,569	\$ 3,560,319	\$ 30,808,088	\$ 5,787,177	\$ 10,486,128	\$ 62,123,095
Amortization	-	95,187	397,626	290,103	412,145	1,690,813	167,185	509,572	3,562,631
Disposals	-	-	(440,144)	(8,440)	(63,909)	(110,252)	(29,746)	(39,032)	(691,523)
Accumulated amortization, end of year	<u>\$ -</u>	<u>\$ 971,941</u>	<u>\$ 5,842,542</u>	<u>\$ 5,001,232</u>	<u>\$ 3,908,555</u>	<u>\$ 32,388,649</u>	<u>\$ 5,924,616</u>	<u>\$ 10,956,668</u>	<u>\$ 64,994,203</u>
Net carrying amount, end of year	<u>\$ 1,859,885</u>	<u>\$ 4,614,380</u>	<u>\$13,532,974</u>	<u>\$ 2,822,220</u>	<u>\$ 2,605,631</u>	<u>\$ 28,343,941</u>	<u>\$ 6,818,534</u>	<u>\$ 27,490,515</u>	<u>\$ 88,088,080</u>

The net book value of tangible capital assets not being amortized because they are under construction (or development) is \$1,105,438 (2017 - \$185,417).

The Corporation of the Municipality of West Perth
Notes to Consolidated Financial Statements

December 31, 2018

7. Tangible Capital Assets (continued)

	2017								
	Land	Buildings	Machinery and equipment	Vehicle	Infrastructure - roads	Infrastructure - bridges	Infrastructure - water, sanitary and storm systems	Total	
Cost, beginning of year	\$ 1,887,937	\$ 5,479,694	\$19,132,905	\$ 7,470,605	\$ 5,943,094	\$ 57,186,892	\$ 11,796,724	\$ 38,103,321	\$ 147,001,172
Additions		42,864	427,652	338,072	590,823	1,518,347	477,242	686,337	4,081,337
Disposals		-	-	(74,246)	(151,090)	(236,161)	(21,372)	(568,231)	(1,051,100)
Transfers		-	47,807	585,765	-	-	(633,572)	-	-
Cost, end of year	<u>\$ 1,887,937</u>	<u>\$ 5,570,365</u>	<u>\$20,146,322</u>	<u>\$ 7,734,431</u>	<u>\$ 6,382,827</u>	<u>\$ 58,469,078</u>	<u>\$ 11,619,022</u>	<u>\$ 38,221,427</u>	<u>\$ 150,031,409</u>
Accumulated amortization, beginning of year	\$ -	\$ 781,528	\$ 5,483,700	\$ 4,439,760	\$ 3,316,355	\$ 29,410,878	\$ 5,758,091	\$ 10,134,083	\$ 59,324,395
Amortization		95,226	401,360	317,219	395,054	1,614,379	50,458	508,007	3,381,703
Disposals		-	-	(37,410)	(151,090)	(217,169)	(21,372)	(155,962)	(583,003)
Accumulated amortization, end of year	<u>\$ -</u>	<u>\$ 876,754</u>	<u>\$ 5,885,060</u>	<u>\$ 4,719,569</u>	<u>\$ 3,560,319</u>	<u>\$ 30,808,088</u>	<u>\$ 5,787,177</u>	<u>\$ 10,486,128</u>	<u>\$ 62,123,095</u>
Net carrying amount, end of year	<u>\$ 1,887,937</u>	<u>\$ 4,693,611</u>	<u>\$14,261,262</u>	<u>\$ 3,014,862</u>	<u>\$ 2,822,508</u>	<u>\$ 27,660,990</u>	<u>\$ 5,831,845</u>	<u>\$ 27,735,299</u>	<u>\$ 87,908,314</u>

The Corporation of the Municipality of West Perth
Notes to Consolidated Financial Statements

December 31, 2018

8. Accumulated Surplus

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

	2018	2017
Investment in tangible capital assets	\$ 88,088,080	\$ 87,908,314
Operating surplus	3,125,647	2,188,519
Reserves and reserve funds		
Working funds	450,000	450,000
Current and capital purposes	18,893,036	16,293,093
Unfunded liabilities	(1,776,054)	(1,906,442)
Government business enterprise	3,659,183	3,652,071
	\$112,439,892	\$108,585,555

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.

9. Operations of School Boards and the County of Perth

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

	2018	2017
School boards	2,973,838	2,901,469
County of Perth	3,536,829	3,399,448
	\$ 6,510,667	\$ 6,300,917

The Corporation of the Municipality of West Perth
Notes to Consolidated Financial Statements

December 31, 2018

10. Government Transfers - Federal

	Budget 2018	2018	2017
Federal gas tax revenue	\$ 284,078	\$ 284,079	\$ 275,967
Other	3,400	8,915	3,697
Clean Water/Waste Water Fund	-	-	195,745
	\$ 287,478	\$ 292,994	\$ 475,409

11. Government Transfers - Provincial

	Budget 2018	2018	2017
Ontario Municipal Partnership Fund	\$ 1,622,000	\$ 1,622,000	\$ 1,908,200
Ontario Community Infrastructure Fund	366,665	366,665	273,314
Ontario Connecting Link	434,400	375,049	229,511
Clean Water and Wastewater Fund	105,000	160,402	-
Recreational Infrastructure Canada	52,500	-	-
Other	3,591	259,376	259,004
	\$ 2,584,156	\$ 2,783,492	\$ 2,670,029

12. Other Income

	Budget 2018	2018	2017
Penalties and interest on taxation	\$ 80,000	\$ 102,136	\$ 98,450
Other fines and penalties	4,500	4,839	4,580
Investment income	114,800	460,675	238,854
Government business enterprise - interest	154,687	195,481	155,458
Licences, permits and rents	105,400	379,346	292,479
Donations	92,498	22,849	180,503
Sale of publications, equipment and other	147,100	172,248	173,658
Gain on disposal of capital assets	\$ -	939,219	\$ -
Industrial land sales	-	61,160	-
	\$ 698,985	\$ 2,337,953	\$ 1,143,982

The Corporation of the Municipality of West Perth
Notes to Consolidated Financial Statements

December 31, 2018

13. Expenses by Object

	Budget 2018	2018	2017
Salaries, wages and employee benefits	\$ 3,083,534	\$ 3,058,910	\$ 2,892,672
Materials	5,059,013	4,994,963	4,554,408
Contracted services	2,616,919	2,432,291	2,425,970
Rent and financial expenses	52,900	52,023	53,349
Interest on long-term debt	33,718	28,486	33,619
Contributions to others	452,987	472,176	484,772
Amortization	3,260,306	3,562,630	3,381,703
Loss on disposal of capital assets	-	-	463,097
	\$14,559,377	\$14,601,479	\$ 14,289,590

14. Funds Held in Trust

At the year end, the Corporation of the Municipality of West Perth held \$201,131 (2017 - \$201,131). The following trust funds and assets are excluded from the Corporation of the Municipality of West Perth's financial statements:

	2018	2017
Carlingford, Hibbert, Roy's and Staffa Cemeteries	\$ 198,138	\$ 198,138
W.F. Levy Estate	2,993	2,993
	\$ 201,131	\$ 201,131

The Corporation of the Municipality of West Perth

Notes to Consolidated Financial Statements

December 31, 2018

15. Segmented Information

The Corporation of the Municipality of West 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 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 the maintenance and upkeep of the Municipality's roads, bridges, winter control, street lights and transit services.

Environmental

Environmental services provides water, wastewater, waste disposal and drainage services for the Municipality's commercial and residential population.

Community Services

This service area provides services meant to improve the health and development of the Municipality's citizens through recreational programs, youth centres and library services. It also provides maintenance services to the Municipality's cemeteries.

Recreation and Cultural Services

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

Planning and Development

This department provides a number of services including planning, economical 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 have been 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 share of current expenses for the year.

The Corporation of the Municipality of West Perth
Notes to Consolidated Financial Statements

December 31, 2018

15. Segmented Information (continued)

For the year ended December 31	General government	Protection to persons and property	Transportation	Environmental	Community services	Planning and development	2018 Total
Revenue							
Taxation	\$ 926,550	\$ 1,866,062	\$ 2,004,325	\$ 1,636,605	\$ 937,079	\$ 422,962	\$ 7,793,583
Government grants	197,547	506,620	1,478,544	517,868	330,763	123,896	3,155,238
User fees and service charges	92,033	101,728	58,519	4,279,460	457,824	172,367	5,161,931
Income from government business enterprises	7,112	-	-	-	-	-	7,112
Gain (loss) on disposal of capital assets	1,210,154	-	(244,371)	(9,120)	-	43,717	1,000,380
Other	772,378	-	19,292	14,885	186,212	344,805	1,337,572
	<u>3,205,774</u>	<u>2,474,410</u>	<u>3,316,309</u>	<u>6,439,698</u>	<u>1,911,878</u>	<u>1,107,747</u>	<u>18,455,816</u>
Expenses							
Salaries and benefits	737,876	502,984	560,918	553,459	699,877	3,799	3,058,913
Goods and services	306,128	2,247,362	2,202,211	1,916,337	721,235	506,155	7,899,428
Interest and rental	2,122	49,900	6,903	21,583	-	-	80,508
Amortization	18,820	77,644	2,374,730	813,781	277,655	-	3,562,630
	<u>1,064,946</u>	<u>2,877,890</u>	<u>5,144,762</u>	<u>3,305,160</u>	<u>1,698,767</u>	<u>509,954</u>	<u>14,601,479</u>
Net surplus (deficit)	<u>\$ 2,140,828</u>	<u>\$ (403,480)</u>	<u>\$ (1,828,453)</u>	<u>\$ 3,134,538</u>	<u>\$ 213,111</u>	<u>\$ 597,793</u>	<u>\$ 3,854,337</u>

The Corporation of the Municipality of West Perth
Notes to Consolidated Financial Statements

December 31, 2018

15. Segmented Information (continued)

For the year ended December 31	General government	Protection to persons and property	Transportation	Environmental	Community services	Planning and development	2017 Total
Revenue							
Taxation	\$ 770,210	\$ 1,820,385	\$ 1,860,504	\$ 1,524,858	\$ 826,436	\$ 369,000	\$ 7,171,393
Government grants	210,334	593,121	1,308,218	719,082	255,107	127,571	3,213,433
User fees and service charges	95,877	50,671	70,660	3,250,903	428,111	101,541	3,997,763
Income from government business enterprises	475	-	-	-	-	-	475
Other	519,829	2,009	24,856	10,116	347,499	239,673	1,143,982
	<u>1,596,725</u>	<u>2,466,186</u>	<u>3,264,238</u>	<u>5,504,959</u>	<u>1,857,153</u>	<u>837,785</u>	<u>15,527,046</u>
Expenses							
Salaries and benefits	734,638	469,122	566,483	504,330	607,196	10,904	2,892,673
Goods and services	258,248	2,340,784	2,327,560	1,743,569	626,770	168,217	7,465,148
Interest and rental	3,449	49,900	7,839	25,780	-	-	86,968
Amortization	28,690	83,224	2,157,271	837,136	275,382	-	3,381,703
Loss on disposal of capital assets	-	-	83,144	379,954	-	-	463,098
	<u>1,025,025</u>	<u>2,943,030</u>	<u>5,142,297</u>	<u>3,490,769</u>	<u>1,509,348</u>	<u>179,121</u>	<u>14,289,590</u>
Net surplus (deficit)	<u>\$ 571,700</u>	<u>\$ (476,844)</u>	<u>\$ (1,878,059)</u>	<u>\$ 2,014,190</u>	<u>\$ 347,805</u>	<u>\$ 658,664</u>	<u>\$ 1,237,456</u>

**The Corporation of the Municipality of West Perth
Business Improvement Area
Schedule of Financial Activities**

For the year ended December 31	Budget 2018	2018	2017
	(Unaudited)		
Revenue			
Taxation revenue	\$ 20,617	\$ 20,167	\$ 20,167
Membership fees and fundraising	2,000	2,100	2,019
	22,617	22,267	22,186
Expenditures			
Administrative	1,016	854	517
Advertising	7,200	6,155	7,999
Projects	13,550	6,674	8,798
Office	200	190	2,326
Miscellaneous	200	1,581	148
Beautification	3,000	909	-
BIA Dollars	-	909	-
	25,166	17,272	19,788
Annual surplus (deficit)	(2,549)	4,995	2,398
Accumulated surplus, beginning of year	30,543	30,543	28,145
Accumulated surplus, end of year	\$ 27,994	\$ 35,538	\$ 30,543