

**The Corporation of the
Municipality of West Perth
Consolidated Financial Statements
For the year ended December 31, 2019**

The Corporation of the Municipality of West Perth
Consolidated Financial Statements
For the year ended December 31, 2019

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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 consolidated financial statements of The Corporation of the Municipality of West Perth ("the Municipality"), which comprise the consolidated statement of financial position as at December 31, 2019, the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Municipality as at December 31, 2019, and its consolidated results of operations, its consolidated change in net financial assets and its consolidated 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 Consolidated 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 consolidated 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Municipality to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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
April 6, 2021

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

December 31	2019	2018
Financial assets		
Cash and cash equivalents	\$ 15,256,791	\$ 15,574,311
Taxes receivable	845,568	736,631
Trade and other receivables	2,662,482	2,439,094
Drains receivable	1,187,267	821,325
Inventories for resale	1,779,787	1,782,832
Investments (Note 2)	4,968,826	5,799,464
Investment in Government Business Enterprise (Note 1)	3,686,212	3,659,183
	30,386,933	30,812,840
Liabilities		
Accounts payable and accrued liabilities	3,493,664	3,055,554
Deferred revenue (Note 4)	1,184,362	1,196,369
Long-term debt (Note 6)	1,077,656	1,257,964
Solid waste closure and post-closure liabilities (Note 5)	1,025,137	981,918
	6,780,819	6,491,805
Net financial assets	23,606,114	24,321,035
Non-financial assets		
Tangible capital assets (Note 7)	92,366,746	88,088,080
Prepaid expenses and inventories of supplies	42,512	30,777
	92,409,258	88,118,857
Accumulated surplus (Note 8)	\$ 116,015,372	\$ 112,439,892

_____ Treasurer _____ Mayor

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

For the year ended December 31	Budget 2019	2019	2018
Revenue			
Taxation	\$ 8,185,666	\$ 8,240,179	\$ 7,793,582
Government grants - Federal (Note 10)	557,010	656,519	292,994
Government grants - Provincial (Note 11)	2,190,832	2,795,795	2,882,479
Municipal grants	80,000	90,590	78,753
User fees and service charges	5,046,962	4,871,490	5,161,930
Income from government business enterprise (Note 1)	-	27,029	7,112
Other (Note 12)	933,196	1,595,045	2,238,968
	16,993,666	18,276,647	18,455,818
Expenses			
General government	1,411,877	1,163,679	1,064,948
Protection services	2,998,212	2,926,612	2,877,890
Transportation services	5,312,674	5,460,859	5,144,763
Environmental services	3,377,826	3,244,552	3,305,159
Health services	24,820	6,779	4,139
Recreation and cultural services	1,692,895	1,618,875	1,694,634
Planning and development	636,072	279,811	509,947
	15,454,376	14,701,167	14,601,480
Annual surplus	1,539,290	3,575,480	3,854,338
Accumulated surplus, beginning of year	112,439,892	112,439,892	108,585,554
Accumulated surplus, end of year	\$ 113,979,182	\$ 116,015,372	\$ 112,439,892

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

For the year ended December 31	Budget 2019	2019	2018
Annual surplus	\$ 1,539,290	\$ 3,575,480	\$ 3,854,338
Acquisition of tangible capital assets	(9,747,740)	(7,947,069)	(4,234,323)
Amortization of tangible capital assets	3,539,811	3,603,114	3,562,631
Loss (gain) on disposal of tangible capital assets	-	59,990	(939,218)
Proceeds on sale of tangible capital assets	-	5,300	1,431,144
	(4,668,639)	(703,185)	3,674,572
Use (acquisition) of prepaid expenses and inventory of supplies	-	(11,736)	(6,002)
Net change in net financial assets	(4,668,639)	(714,921)	3,668,570
Net financial assets, beginning of year	24,321,035	24,321,035	20,652,465
Net financial assets, end of year	\$ 19,652,396	\$ 23,606,114	\$ 24,321,035

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

For the year ended December 31	2019	2018
Operating transactions		
Annual surplus	\$ 3,575,480	\$ 3,854,338
Items not involving cash		
Income from government business enterprise	(27,029)	(7,112)
Amortization	3,603,114	3,562,631
Loss (gain) on disposal of tangible capital assets	59,990	(939,218)
Changes in non-cash operating balances		
Taxes receivable	(108,937)	(108,082)
Trade and other receivable	(223,388)	(659,244)
Drains receivable	(365,942)	(494,004)
Inventories for resale	3,045	(825,544)
Prepaid expenses and inventories of supplies	(11,735)	(6,002)
Accounts payable and accrued liabilities	438,110	785,626
Deferred revenue	(12,007)	78,075
Solid waste closure and post closure liabilities	43,219	58,443
	<u>6,973,920</u>	<u>5,299,907</u>
Capital transactions		
Acquisition of tangible capital assets	(7,947,069)	(4,234,323)
Proceeds on sale of tangible capital assets	5,300	1,431,144
	<u>(7,941,769)</u>	<u>(2,803,179)</u>
Investing transactions		
Change in investments	<u>830,638</u>	<u>(1,120,274)</u>
Financing transactions		
Repayment of long-term debt	<u>(180,309)</u>	<u>(134,404)</u>
Net change in cash and cash equivalents	(317,520)	1,242,050
Cash and cash equivalents, beginning of year	<u>15,574,311</u>	<u>14,332,261</u>
Cash and cash equivalents, end of year	<u>\$ 15,256,791</u>	<u>\$ 15,574,311</u>

The Corporation of the Municipality of West Perth

Summary of Significant Accounting Policies

December 31, 2019

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 method 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.

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 Corporation of the Municipality of West Perth

Summary of Significant Accounting Policies

December 31, 2019

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

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, 2019

- 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. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future considerations, such as reassessments due to audits, appeals and court decisions, could result in a change in the amount of tax revenue recognized. Taxes receivable are recognized net of an allowance for anticipated uncollectible 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. Management is not aware of any contaminated sites.

The Corporation of the Municipality of West Perth

Notes to Consolidated Financial Statements

December 31, 2019

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 6.25% (2018 - 8.06%) of the outstanding shares of ERTH Corporation. The investment in ERTH Corporation is comprised of the following:

	2019	2018
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	(244,235)	(206,742)
Cumulative amortization of purchase premium	(369,832)	(332,849)
Cumulative share of total comprehensive income	523,887	422,382
	3,686,212	\$ 3,659,183

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% (2018 - 7.25%). This note is unsecured and is due on demand. Interest earned during the year included in Other Income is \$85,796 (2018 - \$85,796).

The note receivable from Clinton Power Corporation bears interest at 7.25% (2018 - 7.25%). This note is unsecured and is due on demand. Interest earned during the year included in Other Income is \$65,250 (2018 - \$65,250).

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

December 31, 2019

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>2019</u>	<u>2018</u>
Financial Position		
Current	\$ 23,929,046	\$ 21,726,063
Capital	63,240,520	46,706,597
Regulatory and other assets	<u>23,641,489</u>	<u>18,521,521</u>
Total assets	<u>\$ 110,811,055</u>	<u>\$ 86,954,181</u>
Current	31,556,873	26,825,630
Long-term debt	41,412,426	35,250,626
Regulatory and other liabilities	<u>10,562,645</u>	<u>9,775,000</u>
Total liabilities	<u>83,531,944</u>	<u>71,851,256</u>
Net assets	<u>27,279,111</u>	<u>15,102,925</u>
Results of Operations		
Revenues	\$ 96,493,338	\$ 86,429,585
Expenditures	<u>96,697,971</u>	<u>86,435,302</u>
Net income for the year	(204,633)	(5,717)
Net movement in regulatory balances, net of tax	<u>3,192,173</u>	<u>1,439,030</u>
Net income for the year and net movement of regulatory balances	2,987,540	1,433,313
Other comprehensive income (loss) for the year	<u>(586,708)</u>	<u>38,563</u>
Total comprehensive income for the year	<u>\$ 2,400,832</u>	<u>\$ 1,471,876</u>
Municipality of West Perth share of net income	\$ 64,012	\$ 44,095
Amortization of purchase premium	<u>(36,983)</u>	<u>(36,983)</u>
Income from government business enterprises	<u>\$ 27,029</u>	<u>\$ 7,112</u>

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

December 31, 2019

2. Investments

	2019	2018
Guaranteed investment certificates	\$ 4,968,826	\$ 5,799,464

Guaranteed investment certificates carry effective interest rates of 1.1% to 3.6% (2018- 1% to 3.6%) and maturity dates February 2020 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 2019 was \$253,133 (2018 - \$248,683) for employer contributions.

As at December 31, 2019, the OMERS plan is in a deficit position of \$3.4 billion (2018 - \$4.2 billion), which will be addressed through temporary contribution rate increases and, if needed, benefit reductions. The multi-employer 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. OMERS is a multi-employer plan, therefore any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Corporation of the Municipality of West Perth does not recognize any share of the OMERS pension surplus or deficit.

4. Deferred Revenue

	Opening balance	Contributions received	Externally restricted investment income	Revenue recognized	Ending balance
Federal gas tax	\$ -	\$ 558,300	\$ -	\$ (558,300)	\$ -
Development charges	766,514	150,205	8,938	(141,566)	784,091
Recreational land	184,112	19,500	3,075	-	206,687
Other	245,743	193,584	-	(245,743)	193,584
	\$ 1,196,369	\$ 921,589	\$ 12,013	\$ (945,609)	\$ 1,184,362

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, 2019

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 \$1,025,137 (2018 - \$981,918) and reflects a discount rate of 2.8% (2018 - 3.5%). As at December 31, 2019, the liability is funded in reserves in the amount of \$324,033 (2018 - \$294,212).

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 17 years and the estimated remaining capacity is 26,462 cubic metres which is 22% (2018 - 24%) of the site's total capacity. The Mitchell Domestic landfill is expected to reach its capacity in approximately 100 years and the estimated remaining capacity is approximately 1,404,318 cubic metres, which is 84% (2018 - 80%) 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% (2018 - 97%) of the site's total capacity. The total undiscounted estimated future expenditures for closure and post-closure care are \$5,480,587 (2018 - \$6,636,270). The estimated length of time needed for post-closure care is between 11 and 85 years, depending on the landfill.

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

December 31, 2019

6. Long-term Debt

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

	2019	2018
Tile drainage loans, bearing at 6.0% and repayable in annual installments. The loans are due between 2022 and 2028.	\$ 142,308	\$ 169,616
Demand bank loan payable, interest at prime less 0.75%, interest payable monthly, principal payable at option of the Municipality.	6,021	8,313
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.	929,327	1,080,035
	1,077,656	1,257,964

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

	Principal Repayments
2020	\$ 186,230
2021	185,621
2022	191,223
2023	182,131
2024	184,308
Thereafter	148,143
	\$ 1,077,656

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

December 31, 2019

7. Tangible Capital Assets

	2019								
	Land	Land	Buildings	Machinery and equipment	Vehicles	Infrastructure - Roads	Infrastructure - Bridges	Infrastructure - water, sanitary and storm system	Total
Cost, beginning of year	\$ 1,859,885	\$ 5,586,321	\$19,375,516	\$ 7,823,452	\$ 6,514,186	\$ 60,732,590	\$ 12,743,150	\$ 38,447,183	\$ 153,082,283
Additions		55,785	122,181	1,022,142	308,262	3,898,308	417,643	2,122,748	7,947,069
Disposals		(3,823)	-	(21,802)	(80,741)	(320,134)	(40,940)	-	(467,440)
Transfers	-	-	-	-	480,582	-	(480,582)	-	-
Cost, end of year	<u>\$ 1,859,885</u>	<u>\$ 5,638,283</u>	<u>\$19,497,697</u>	<u>\$ 8,823,792</u>	<u>\$ 7,222,289</u>	<u>\$ 64,310,764</u>	<u>\$ 12,639,271</u>	<u>\$ 40,569,931</u>	<u>\$ 160,561,912</u>
Accumulated amortization, beginning of year	\$ -	\$ 971,941	\$ 5,842,542	\$ 5,001,232	\$ 3,908,555	\$ 32,388,649	\$ 5,924,616	\$ 10,956,668	\$ 64,994,203
Amortization	-	93,859	395,481	250,367	402,285	1,761,498	187,397	512,227	3,603,114
Disposals	-	(3,823)	-	(17,106)	(75,370)	(269,567)	(36,285)	-	(402,151)
Accumulated amortization, end of year	<u>\$ -</u>	<u>\$ 1,061,977</u>	<u>\$ 6,238,023</u>	<u>\$ 5,234,493</u>	<u>\$ 4,235,470</u>	<u>\$ 33,880,580</u>	<u>\$ 6,075,728</u>	<u>\$ 11,468,895</u>	<u>\$ 68,195,166</u>
Net carrying amount, end of year	<u>\$ 1,859,885</u>	<u>\$ 4,576,306</u>	<u>\$13,259,674</u>	<u>\$ 3,589,299</u>	<u>\$ 2,986,819</u>	<u>\$ 30,430,184</u>	<u>\$ 6,563,543</u>	<u>\$ 29,101,036</u>	<u>\$ 92,366,746</u>

The net book value of tangible capital assets not being amortized because they are under construction (or development) is \$5,549,683 (2018 - \$1,105,438).

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

December 31, 2019

7. Tangible Capital Assets (continued)

									2018
	Land	Land	Buildings	Machinery and equipment	Vehicle	Infrastructure - roads	Infrastructure - bridges	Infrastructure - water, sanitary and storm systems	Total
Cost, beginning of year	\$ 1,887,937	\$ 5,570,365	\$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 Corporation of the Municipality of West Perth
Notes to Consolidated Financial Statements

December 31, 2019

8. Accumulated Surplus

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

	2019	2018
Investment in tangible capital assets	\$ 92,366,746	\$ 88,088,080
Operating surplus	558,083	3,125,648
Reserves and reserve funds		
Working funds	440,000	450,000
Current and capital purposes	20,600,783	18,893,035
Unfunded liabilities	(1,636,452)	(1,776,054)
Government business enterprise	3,686,212	3,659,183
	\$116,015,372	\$112,439,892

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:

	2019	2018
School boards	3,061,663	2,973,838
County of Perth	3,675,645	3,536,829
	\$ 6,737,308	\$ 6,510,667

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

December 31, 2019

10. Government Transfers - Federal

	Budget 2019	2019	2018
Federal gas tax revenue	\$ 553,010	\$ 558,300	\$ 284,079
Clean Water and Wastewater Fund	-	35,278	-
Other	4,000	62,941	8,915
	\$ 557,010	\$ 656,519	\$ 292,994

11. Government Transfers - Provincial

	Budget 2019	2019	2018
Ontario Municipal Partnership Fund	\$ 1,378,700	\$ 1,378,700	\$ 1,622,000
Ontario Community Infrastructure Fund	554,845	554,845	366,665
Ontario Municipal Modernization	-	491,368	-
Ontario Connecting Link	-	-	375,049
Clean Water and Wastewater Fund	-	17,639	-
Recreational Infrastructure Canada	57,750	-	-
Other	199,537	353,243	518,765
	\$ 2,190,832	\$ 2,795,795	\$ 2,882,479

12. Other Income

	Budget 2019	2019	2018
Penalties and interest on taxation	\$ 80,000	\$ 131,757	\$ 102,136
Other fines and penalties	4,200	3,599	4,839
Investment income	90,000	542,481	460,675
Government business enterprise - interest	154,506	266,721	195,481
Licences, permits and rents	480,790	310,097	280,358
Donations	15,000	109,071	22,849
Sale of publications, equipment and other	108,700	101,689	172,248
Gain on disposal of capital assets	-	-	939,219
Industrial land sales	-	129,630	61,163
	\$ 933,196	\$ 1,595,045	\$ 2,238,968

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

December 31, 2019

13. Expenses by Object

	Budget 2019	2019	2018
Salaries, wages and employee benefits	\$ 3,100,355	\$ 3,246,989	\$ 3,058,911
Materials	5,882,466	4,678,202	4,994,963
Contracted services	2,666,194	2,721,278	2,605,276
Rent and financial expenses	44,400	44,928	52,023
Interest on long-term debt	176,575	25,434	28,486
Contributions to others	324,080	321,232	299,191
Amortization	3,260,306	3,603,114	3,562,630
Loss on disposal of capital assets	-	59,990	-
	\$ 15,454,376	\$ 14,701,167	\$ 14,601,480

14. Funds Held in Trust

At the year end, the Corporation of the Municipality of West Perth held \$233,442 (2018 - \$207,230) in trust. The following trust funds and net assets are excluded from the Corporation of the Municipality of West Perth's financial statements:

	2019	2018
Carlingford, Hibbert, Roy's and Staffa Cemeteries	\$ 230,362	\$ 204,237
W.F. Levy Estate	3,080	2,993
	\$ 233,442	\$ 207,230

The Corporation of the Municipality of West Perth

Notes to Consolidated Financial Statements

December 31, 2019

15. Subsequent Events

Subsequent to year-end, the impact of COVID-19 in Canada and on the global economy increased significantly. As the impacts of COVID-19 continue, there could be further impact on the Municipality, its citizens, employees, suppliers and other third party business associates that could impact the timing and amounts realized on the Municipality's assets and future ability to deliver services and projects. At this time, the full potential impact of COVID-19 on the Municipality is not known. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of disruption and the related financial impact cannot be reasonably estimated at this time. The Municipality's ability to continue delivering non-essential services and employ related staff, will depend on the legislative mandates from the various levels of government. The Municipality will continue to focus on collecting receivables, managing expenditures, and leveraging existing reserves and available credit facilities to ensure it is able to continue providing essential services to its citizens.

16. Comparative Figures

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

The Corporation of the Municipality of West Perth

Notes to Consolidated Financial Statements

December 31, 2019

17. 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.

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, 2019

17. Segmented Information (continued)

For the year ended December 31	General government	Protection to persons and property	Transportation	Environmental	Community services	Planning and development	2019 Total
Revenue							
Taxation	\$ 736,020	\$ 1,562,987	\$ 2,933,191	\$ 1,760,770	\$ 895,456	\$ 351,755	\$ 8,240,179
Government grants	654,628	402,879	1,676,878	362,038	309,417	137,064	3,542,904
User fees and service charges	41,814	43,551	20,712	4,113,152	425,385	226,876	4,871,490
Income from government business enterprises	27,029	-	-	-	-	-	27,029
Other	950,739	35,000	39,945	17,338	187,696	364,327	1,595,045
	<u>2,410,230</u>	<u>2,044,417</u>	<u>4,670,726</u>	<u>6,253,298</u>	<u>1,817,954</u>	<u>1,080,022</u>	<u>18,276,647</u>
Expenses							
Salaries and benefits	785,571	489,476	605,292	592,678	764,328	9,644	3,246,989
Goods and services	354,096	2,313,943	2,343,935	1,855,440	583,131	270,167	7,720,712
Interest and rental	3,526	41,400	5,983	18,797	656	-	70,362
Amortization	20,486	78,817	2,450,355	777,637	275,819	-	3,603,114
Loss on disposal of capital assets	-	2,976	55,294	-	1,720	-	59,990
	<u>1,163,679</u>	<u>2,926,612</u>	<u>5,460,859</u>	<u>3,244,552</u>	<u>1,625,654</u>	<u>279,811</u>	<u>14,701,167</u>
Net surplus (deficit)	<u>\$ 1,246,551</u>	<u>\$ (882,195)</u>	<u>\$ (790,133)</u>	<u>\$ 3,008,746</u>	<u>\$ 192,300</u>	<u>\$ 800,211</u>	<u>\$ 3,575,480</u>

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

December 31, 2019

17. 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	\$ 926,549	\$ 1,866,062	\$ 2,004,325	\$ 1,636,605	\$ 937,079	\$ 422,962	\$ 7,793,582
Government grants	197,547	506,620	1,478,544	517,868	330,763	222,884	3,254,226
User fees and service charges	92,032	101,728	58,519	4,279,460	457,824	172,367	5,161,930
Income from government business enterprises	7,112	-	-	-	-	-	7,112
Gain (loss) on disposal of capital assets	1,192,710	-	(244,371)	(9,120)	-	-	939,219
Other	772,377	-	19,292	14,885	186,212	306,983	1,299,749
	<u>3,188,327</u>	<u>2,474,410</u>	<u>3,316,309</u>	<u>6,439,698</u>	<u>1,911,878</u>	<u>1,125,196</u>	<u>18,455,818</u>
Expenses							
Salaries and benefits	737,875	502,984	560,919	553,458	699,883	3,792	3,058,911
Goods and services	306,130	2,247,362	2,202,211	1,916,337	721,235	506,155	7,899,430
Interest and rental	2,123	49,900	6,903	21,583	-	-	80,509
Amortization	18,820	77,644	2,374,730	813,781	277,655	-	3,562,630
	<u>1,064,948</u>	<u>2,877,890</u>	<u>5,144,763</u>	<u>3,305,159</u>	<u>1,698,773</u>	<u>509,947</u>	<u>14,601,480</u>
Net surplus (deficit)	<u>\$ 2,123,379</u>	<u>\$ (403,480)</u>	<u>\$ (1,828,454)</u>	<u>\$ 3,134,539</u>	<u>\$ 213,105</u>	<u>\$ 615,249</u>	<u>\$ 3,854,338</u>

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

For the year ended December 31	Budget 2019	2019	2018
	(Unaudited)		
Revenue			
Taxation revenue	\$ 20,167	\$ 20,167	\$ 20,167
Membership fees and fundraising	2,100	3,945	2,100
	<u>22,267</u>	<u>24,112</u>	<u>22,267</u>
Expenditures			
Administrative	720	13,480	4,684
Advertising	7,200	5,765	6,155
Projects	10,500	3,626	7,583
Office	960	51	190
Miscellaneous	200	155	1,581
	<u>19,580</u>	<u>23,077</u>	<u>20,193</u>
Annual surplus	2,687	1,035	2,074
Accumulated surplus, beginning of year	32,617	32,617	30,543
Accumulated surplus, end of year	\$ 35,304	\$ 33,652	\$ 32,617