



Consolidated Financial Statements

The Corporation of the Municipality of West Perth

December 31, 2015

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## Independent auditor's report

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

We have audited the accompanying consolidated financial statements of the Corporation of the Municipality of West Perth, which comprise the consolidated statement of financial position as at December 31, 2015, and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the financial statements**

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

### **Auditor's responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



**Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the Municipality of West 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  
June 27, 2016

Chartered Professional Accountants  
Licensed Public Accountants

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# The Corporation of the Municipality of West 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	\$ 14,393,387	\$ 13,911,810
Portfolio investments (Note 3)	4,515,033	4,505,989
Taxes receivable	708,419	601,458
Trade and other receivables	1,285,152	1,135,414
Drains receivable	332,590	703,184
Land held for resale	709,198	773,919
Investment in Government Business Enterprise (Note 2)	<u>3,649,098</u>	<u>3,665,535</u>
	<u>25,592,877</u>	<u>25,297,309</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	2,053,059	1,570,045
Deferred revenue (Note 5)	1,032,709	946,637
Net long-term debt (Note 6)	2,190,364	2,563,323
Solid waste closure and post-closure liabilities (Note 7)	<u>693,147</u>	<u>693,147</u>
	<u>5,969,279</u>	<u>5,773,152</u>
<b>Net financial assets</b>	<u>19,623,598</u>	<u>19,524,157</u>
<b>Non-financial assets</b>		
Tangible capital assets (Notes 8 and 10)	85,772,120	84,027,692
Prepaid expenses and inventories of supplies	<u>14,929</u>	<u>1,046</u>
	<u>85,787,049</u>	<u>84,028,738</u>
<b>Accumulated surplus</b> (Note 9)	<u>\$ 105,410,647</u>	<u>\$103,552,895</u>

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\_\_\_\_\_ Treasurer

\_\_\_\_\_ Mayor

See accompanying notes to the consolidated financial statements

# The Corporation of the Municipality of West Perth

## Consolidated Statement of Operations

For the Year Ended December 31, 2015

	Budget 2015 (Note 18)	Actual 2015	Actual 2014
<b>Revenue</b>			
Taxation	\$ 6,419,578	\$ 6,512,594	\$ 6,208,752
Government transfers – Federal (Note 12)	258,253	264,299	265,497
Government transfers – Provincial (Note 13)	2,956,102	3,026,235	3,491,800
Municipal grants	100,000	95,237	107,395
User fees and service charges	3,162,291	3,745,891	3,383,758
Income (loss) from government business enterprises (Note 2)	-	(16,437)	60,919
Other (Note 14)	726,070	1,216,885	930,713
	<u>13,622,294</u>	<u>14,844,704</u>	<u>14,448,834</u>
<b>Expenses (Note 15)</b>			
General government	1,013,330	937,617	963,909
Protection services	2,876,691	2,831,189	2,999,065
Transportation services (Note 10)	5,427,625	4,759,576	4,715,141
Environmental services	3,374,215	1,805,447	1,760,967
Waterworks services	660,270	904,635	821,335
Health services	10,738	5,855	7,051
Recreation and cultural services	1,328,488	1,475,030	1,424,381
Planning and development	514,550	267,603	120,978
	<u>15,205,907</u>	<u>12,986,952</u>	<u>12,812,827</u>
<b>Annual surplus (deficit) (Note 10)</b>	<b>\$ (1,583,613)</b>	<b>\$ 1,857,752</b>	<b>\$ 1,636,007</b>
<b>Accumulated surplus (Note 9)</b>			
Beginning of year, as previously stated	\$ 103,552,895	\$ 103,552,895	\$102,593,527
Prior period adjustment (Note 10)	-	-	(676,639)
Beginning of year, as restated	103,552,895	103,552,895	101,916,888
Annual surplus (deficit) (Note 10)	<u>(1,583,613)</u>	<u>1,857,752</u>	<u>1,636,007</u>
End of year	<u>\$101,969,282</u>	<u>\$ 105,410,647</u>	<u>\$ 103,552,895</u>

See accompanying notes to the consolidated financial statements.

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## The Corporation of the Municipality of West Perth

### Consolidated Statement of Changes in Net Financial Assets

For the year ended December 31, 2015

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	Budget <u>2015</u> (Note 18)	<b>Actual <u>2015</u></b>	<u>Actual 2014</u>
Annual surplus (deficit)	\$ (1,583,613)	<b>\$ 1,857,752</b>	\$ 1,636,007
Acquisition of tangible capital assets	(5,790,635)	<b>(5,239,997)</b>	(1,536,312)
Amortization of tangible capital assets	3,290,149	<b>3,382,219</b>	3,289,943
Loss on disposal of tangible capital assets	-	<b>101,350</b>	15,868
Proceeds on sale of tangible capital assets	<u>-</u>	<b><u>12,000</u></b>	<u>4,971</u>
	(4,084,099)	<b>113,324</b>	3,410,477
Use of prepaid expenses and inventories of supplies	<u>-</u>	<b><u>(13,883)</u></b>	<u>2,169</u>
Increase in net financial assets	(4,084,099)	<b>99,441</b>	3,412,646
<b>Net financial assets</b>			
Beginning of year	<u>19,524,157</u>	<b><u>19,524,157</u></b>	<u>16,111,511</u>
End of year	<b><u>\$15,440,058</u></b>	<b><u>\$19,623,598</u></b>	<b><u>\$ 19,524,157</u></b>

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See accompanying notes to the consolidated financial statements.

# The Corporation of the Municipality of West 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	\$ 1,857,752	\$ 1,636,007
Items not involving cash		
Loss (income) from government business enterprises	16,437	(60,919)
Amortization	3,382,219	3,289,943
Loss on disposal of tangible capital assets	101,350	15,868
Changes in non-cash operating balances		
Taxes receivable	(106,961)	87,390
Trade and other receivables	(149,738)	356,512
Drains receivable	370,594	(157,345)
Land held for resale	64,721	(3,453)
Prepaid expenses and inventories of supplies	(13,883)	2,169
Accounts payable and accrued liabilities	483,014	(720,462)
Deferred revenue	<u>86,072</u>	<u>97,087</u>
	<u>6,091,577</u>	<u>4,542,797</u>
<b>Capital activities</b>		
Acquisition of tangible capital assets	(5,239,997)	(1,536,312)
Proceeds on sale of tangible capital assets	<u>12,000</u>	<u>4,971</u>
	<u>(5,227,997)</u>	<u>(1,531,341)</u>
<b>Investing activities</b>		
Change in portfolio investments	(9,044)	(4,955)
Dividends received from government business enterprises	-	14,110
	<u>(9,044)</u>	<u>9,155</u>
<b>Financing activities</b>		
Proceeds from issuance of long-term debt	49,200	535,300
Repayment of long-term debt	<u>(422,159)</u>	<u>(381,512)</u>
	<u>(372,959)</u>	<u>153,788</u>
<b>Net change in cash and cash equivalents</b>	<b>508,659</b>	<b>3,174,399</b>
<b>Cash and cash equivalents</b>		
Beginning of year	<u>13,911,810</u>	<u>10,737,411</u>
End of year	<u>\$ 14,393,387</u>	<u>\$ 13,911,810</u>

See accompanying notes to the consolidated financial statements.

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# The Corporation of the Municipality of West Perth

## Notes to the Consolidated Financial Statements

As at December 31, 2015

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### 1. Significant accounting policies

#### Management responsibility

The consolidated financial statements of the Municipality of West Perth ("Municipality") are the responsibility of and prepared by management in accordance with Canadian public sector accounting standards. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The significant accounting policies used are as follows:

#### Reporting entity

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:

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

Interdepartmental and organizational transactions and balances are eliminated.

The investment in a government business enterprise is accounted for using the modified equity basis of accounting. Under this method, the government business enterprises' accounting policies, which follow Canadian generally accepted accounting principles as modified by regulations and policies set forth in the Ontario Energy Board Accounting Procedures Handbook, are not adjusted to conform with Public Sector Accounting Standards and inter-equity transactions and balances are not eliminated. Part of the investment includes Class B redeemable shares that are subject to a put option. These Class B shares are accounted for based on the fair market value of the put option at the end of each fiscal year. The following government business enterprise is reflected in the consolidated financial statements:

ERTH Corporation

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 (Note 16).

#### 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 comprised of cash on hand, cash held in financial institutions and all highly liquid investments with maturity of three months or less at acquisition to be cash equivalents.

#### Portfolio investments

Portfolio investments are comprised of guaranteed investment certificates and 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.

#### Land held for resale

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

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# The Corporation of the Municipality of West Perth

## Notes to the Consolidated Financial Statements

As at December 31, 2015

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### 1. Significant accounting policies (continued)

#### 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.

#### 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 Corporation of the Municipality of West Perth's contributions due during the period to its multi-employer defined benefit plan are expensed as incurred. The costs of other retirement benefits that accumulate over the period of service provided by employees are determined using the projected benefit method prorated on services based on management's best estimate.

#### 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:

<u>Classification</u>	<u>Useful Life</u>
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

#### 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.

#### 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.

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# The Corporation of the Municipality of West Perth

## Notes to the Consolidated Financial Statements

As at December 31, 2015

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### 1. Significant accounting policies (continued)

#### 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.

#### County of Perth and school board transactions

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 entities are not reflected in these financial statements.

#### Use of estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimated 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.

# The Corporation of the Municipality of West Perth

## Notes to the Consolidated Financial Statements

As at December 31, 2015

### 1. Significant accounting policies (continued)

#### 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.

### 2. 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% (2014 – 8.06%) of the outstanding shares of ERTH Corporation. The investment in ERTH Corporation is comprised of the following:

	<u>2015</u>	<u>2014</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	(91,844)	(91,844)
Cumulative amortization of purchase premium	(221,900)	(184,916)
Cumulative share of income	<u>186,450</u>	<u>165,903</u>
	<u>\$ 3,649,098</u>	<u>\$ 3,665,535</u>

On January 1, 2011, the Municipality sold all of the shares of West Perth Power Inc. to ERTH Corporation in exchange for one Class A voting shares of ERTH Corporation, and for 1,693,000 Class B non-voting redeemable shares valued at \$1,693,000 including a purchase premium of \$739,669, representing a 8.06% (2014 – 8.06%) economic ownership in ERTH Corporation. The purchase premium will be amortized into income over a 20 year period.

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%. This note is unsecured and is due on demand. Interest earned during the year included in Other Income is \$90,586.

The note receivable from Clinton Power Corporation bears interest at 7%. This note is unsecured and is due on demand. Interest earned during the year included in Other Income is \$63,000.

Interdepartmental and organizational transactions and balances are eliminated.

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# The Corporation of the Municipality of West Perth

## Notes to the Consolidated Financial Statements

As at December 31, 2015

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### 2. 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>2015</u>	<u>2014</u>
Balance Sheet		
Current	<b>\$18,045,167</b>	\$18,916,750
Capital	<b>39,938,090</b>	35,522,905
Regulatory and other assets	<b><u>17,834,320</u></b>	<u>16,821,679</u>
Total assets	<b><u>74,817,577</u></b>	<u>71,261,334</u>
Current	<b>20,969,790</b>	23,301,458
Long-term debt	<b>34,005,880</b>	29,042,713
Regulatory and other liabilities	<b><u>6,917,532</u></b>	<u>3,769,903</u>
Total liabilities	<b><u>61,893,202</u></b>	<u>56,114,074</u>
Net assets		
Equity	<b><u>12,924,375</u></b>	<u>15,147,260</u>
Statement of Income		
Revenues	<b>83,470,032</b>	78,903,806
Expenses	<b><u>83,214,987</u></b>	<u>77,689,596</u>
Net income	<b><u>\$ 256,045</u></b>	<u>\$ 1,214,210</u>
Municipality of West Perth share of net income	<b>\$ 20,546</b>	\$ 97,902
Amortization of purchase premium	<b><u>(36,983)</u></b>	<u>(36,983)</u>
Income (loss) from government business enterprises	<b><u>\$ (16,437)</u></b>	<u>\$ 60,919</u>

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### 3. Portfolio investments

	<u>2015</u>	<u>2014</u>
Guaranteed investment certificates	<b><u>\$ 4,515,033</u></b>	<u>\$ 4,505,989</u>

Guaranteed investment certificates carry effective interest rates of 0.5% to 2.94% (2014 – 0.5% to 2.94%) and maturity dates July 2016 to November 2020. Interest is receivable on an annual basis.

# The Corporation of the Municipality of West Perth

## Notes to the Consolidated Financial Statements

As at December 31, 2015

### 4. 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 14.6% 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 \$375,360 (2014 - \$371,958) and were matched by employee contributions in a similar amount.

### 5. Deferred revenue

	<u>Opening balance</u>	<u>Contributions received</u>	<u>Externally restricted investment income</u>	<u>Revenue recognized</u>	<u>Ending balance</u>
Federal gas tax	\$ -	\$ 258,253	\$ -	\$ (258,253)	\$ -
Development charges	511,813	125,685	6,902	(28,637)	<b>615,763</b>
Recreational land	158,370	5,000	2,142	-	<b>165,512</b>
Other	<u>276,454</u>	<u>227,606</u>	<u>-</u>	<u>(252,626)</u>	<u><b>251,434</b></u>
	<u>\$ 946,637</u>	<u>\$ 616,544</u>	<u>\$ 9,044</u>	<u>\$ (539,516)</u>	<u><b>\$1,032,709</b></u>

#### Federal gas tax

Gas tax revenue is provided by the Government of Canada. The use of the funding is established by a funding agreement between the 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 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>
Tile drainage loans, bearing interest between 7.0 and 17.0% and repayable in annual instalments. The loans are due between 2016 and 2025.	\$ 285,404	\$ 286,871
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 liquidated by January 2017.	26,758	41,046
OIPC loans, bearing interest between 2.12% and 4.95% and due between 2016 and 2025. Recoverable from future taxation, recoveries from benefiting landowners and user fees	1,870,986	2,223,269
Other long-term liabilities, bearing interest between 3.50% and 4.00% and payable in annual instalments. The loans are due between 2016 and 2017	<u>7,216</u>	<u>12,137</u>
	<u>\$2,190,364</u>	<u>\$2,563,323</u>

Principal repayments relating to net long term debt of \$2,190,364 outstanding are due as follows:

2016	\$ 424,081
2017	349,826
2018	182,192
2019	183,364
2020	185,878
Thereafter	<u>865,023</u>
	<u>\$ 2,190,364</u>

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# The Corporation of the Municipality of West Perth

## Notes to the Consolidated Financial Statements

As at December 31, 2015

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### 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 inspect 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 ration of utilization total capacity of the landfill site and the discounted estimated cash flows associated with closure and post-closure activities. The reported liability as year-end was \$693,147 (2014 - \$693,147) and reflects a discount rate of 3.5% (2014 – 3.5%). As at December 31, 2015, the liability is funded in reserves in the amount of \$353,960 (2014 – \$349,242).

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 72 years and the estimated remaining capacity is 33,945 cubic metres which is 28% (2014 - 29%) 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 1,422,808 cubic metres, which is 85% (2014 – 86%) 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% (2014 – 97%) of the site's total capacity. The total undiscounted estimated future expenditures for closure and post-closure care are \$2,308,047 (2014 - \$2,308,047).The estimated length of time needed for post-closure care is between 16 and 85 years, depending on the landfill.

# The Corporation of the Municipality of West Perth

## Notes to the Consolidated Financial Statements

As at December 31, 2015

8. Tangible capital assets (continued)	<b>2015</b>								
	Land	Land improvements	Buildings	Machinery and equipment	Vehicles	Infrastructure roads	Infrastructure bridges	Infrastructure water, sanitary and storm system	Total
Cost, beginning of year	\$ 1,887,937	\$ 5,439,765	\$ 16,892,262	\$ 7,205,805	\$ 5,591,056	\$ 54,153,692	\$ 9,812,448	\$ 36,789,994	\$ 137,772,959
Additions	-	-	20,584	56,585	451,732	2,486,165	384,773	1,840,157	5,239,996
Disposals	-	-	-	(22,154)	(22,434)	(709,047)	(65,255)	(82,115)	(901,005)
Cost, end of year	<u>\$ 1,887,937</u>	<u>\$ 5,439,765</u>	<u>\$ 16,912,846</u>	<u>\$ 7,240,236</u>	<u>\$ 6,020,353</u>	<u>\$ 55,930,810</u>	<u>\$ 10,131,966</u>	<u>\$ 38,548,036</u>	<u>\$ 142,111,950</u>
Accumulated amortization, beginning of year	\$ -	\$ 598,065	\$ 4,794,497	\$ 3,819,594	\$ 2,805,362	\$ 27,007,246	\$ 5,439,819	\$ 9,280,684	\$ 53,745,267
Amortization	-	91,020	333,326	331,171	372,471	1,540,839	222,243	491,148	3,382,218
Disposals	-	-	-	(22,154)	(18,695)	(637,511)	(55,238)	(54,057)	(787,655)
Accumulated amortization, end of year	<u>\$ -</u>	<u>\$ 689,085</u>	<u>\$ 5,127,823</u>	<u>\$ 4,128,608</u>	<u>\$ 3,159,138</u>	<u>\$ 27,910,574</u>	<u>\$ 5,606,824</u>	<u>\$ 9,717,776</u>	<u>\$ 56,339,831</u>
Net book value	<u>\$ 1,887,937</u>	<u>\$ 4,750,680</u>	<u>\$ 11,785,023</u>	<u>\$ 3,111,625</u>	<u>\$ 2,861,216</u>	<u>\$ 28,020,236</u>	<u>\$ 4,525,142</u>	<u>\$ 28,830,261</u>	<u>\$ 85,772,120</u>

The net book value of tangible capital assets not being amortized because they are under construction (or development) is \$378,198 (2014 - \$466,336).

# The Corporation of the Municipality of West Perth

## Notes to the Consolidated Financial Statements

As at December 31, 2015

### 8. Tangible capital assets (continued)

2014

	Land	Land improvements	Buildings	Machinery and equipment	Vehicles	Infrastructure roads	(Note 10) Infrastructure Bridges	Infrastructure water, sanitary and storm system	Total
Cost, beginning of year	\$ 1,887,937	\$ 5,432,650	\$16,892,262	\$ 7,149,662	\$ 5,484,990	\$53,139,764	\$9,812,448	\$ 36,691,639	\$136,491,352
Additions	-	7,115	-	58,435	304,039	1,068,368	-	98,355	1,536,312
Disposals	-	-	-	(2,292)	(197,973)	(54,440)	-	-	(254,705)
Cost, end of year	\$ 1,887,937	\$ 5,439,765	\$ 16,892,262	\$ 7,205,805	\$ 5,591,056	\$ 54,153,692	\$ 9,812,448	\$ 36,789,994	\$137,772,959
Accumulated amortization, beginning of year	\$ -	\$ 506,616	\$ 4,460,053	\$ 3,484,557	\$ 2,631,795	\$ 25,503,662	\$ 5,310,809	\$ 8,791,698	\$ 50,689,190
Amortization	-	91,449	334,444	335,548	369,332	1,541,174	129,010	488,986	3,289,943
Disposals	-	-	-	(511)	(195,765)	(37,590)	-	-	(233,866)
Accumulated amortization, end of year	\$ -	\$ 598,065	\$ 4,794,497	\$ 3,819,594	\$ 2,805,362	\$ 27,007,246	\$ 5,439,819	\$ 9,280,684	\$ 53,745,267
Net carrying amount, end of year	\$ 1,887,937	\$ 4,841,700	\$ 12,097,765	\$ 3,386,211	\$ 2,785,694	\$ 27,146,446	\$ 4,372,629	\$ 27,509,310	\$ 84,027,692

# The Corporation of the Municipality of West Perth

## Notes to the Consolidated Financial Statements

As at December 31, 2015

### 9. Accumulated surplus

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

	<u>2015</u>	<u>2014</u>
Investment in tangible capital assets (Note 10)	\$ 85,772,120	\$ 84,027,692
Operating surplus	1,777,907	1,767,508
Reserves and reserve funds		
Working funds	450,000	450,000
Current and capital purposes	16,005,669	16,262,517
Unfunded liabilities	(2,244,147)	(2,620,357)
Government business enterprise	<u>3,649,098</u>	<u>3,665,535</u>
	<u>\$ 105,410,647</u>	<u>\$103,552,895</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.

### 10. Prior period adjustment

In 2009 a consultant performed a study which was done to estimate the cost and accumulated amortization of bridges that were owned by the Municipality, to ensure all bridges owned were accurately recorded. During the year, it was determined that a number of bridges previously thought to be owned by the Municipality are in fact owned by the Province of Ontario and were required to be removed. As a result, a prior period adjustment has been reflected in these statements to correct opening tangible capital assets at December 31, 2014.

	2014 <u>(as previously stated)</u>	<u>Adjustment</u>	2014 <u>(restated)</u>
Tangible capital assets	\$ 84,688,946	\$(661,254)	\$ 84,027,692
Accumulated surplus	\$102,593,527	\$(676,639)	\$101,916,888
Infrastructure bridges, cost, beginning of year	\$ 10,740,795	(928,347)	\$ 9,812,448
Infrastructure bridges, accumulated amortization, beginning of year	\$ 5,562,557	(251,748)	\$ 5,310,809
Transportation services expenses	\$4,730,486	\$(15,345)	\$4,715,141
Annual surplus	\$1,620,662	\$ 15,345	\$1,636,007

# The Corporation of the Municipality of West Perth

## Notes to the Consolidated Financial Statements

As at December 31, 2015

### 11. 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:

	<u>2015</u>	<u>2014</u>
School boards	\$ 2,858,862	\$ 2,838,816
County of Perth	<u>3,165,716</u>	<u>2,874,476</u>
	<u>\$ 6,024,578</u>	<u>\$ 5,713,292</u>

### 12. Government transfers - Federal

	<u>Budget 2015</u>	<u>Actual 2015</u>	<u>Actual 2014</u>
Capital			
Federal gas tax	\$ 258,253	\$ 264,299	\$ 265,497

### 13. Government transfers - Provincial

	<u>Budget 2015</u>	<u>Actual 2015</u>	<u>Actual 2014</u>
Operating			
Ontario Municipal Partnership Fund	\$2,641,000	\$2,641,000	\$3,301,200
Unconditional	70,248	192,681	177,936
Capital			
Building Canada Fund	18,610	19,000	12,664
Other capital funding	<u>226,244</u>	<u>173,554</u>	<u>-</u>
	<u>\$2,956,102</u>	<u>\$3,026,235</u>	<u>\$3,491,800</u>

### 14. Other income

	<u>Budget 2015</u>	<u>Actual 2015</u>	<u>Actual 2014</u>
Penalties and interest on taxation	\$ 80,000	\$ 98,687	\$ 104,337
Other fines and penalties	5,500	4,918	5,685
Investment income	90,777	155,551	250,578
Government business enterprise			
– interest	152,796	153,586	150,484
Licences, permits and rents	300,253	386,151	304,090
Donations	1,679	51,576	22,460
Sales of publications, equipment and other	95,065	249,471	93,079
Industrial land sales	<u>-</u>	<u>116,945</u>	<u>-</u>
	<u>\$ 726,070</u>	<u>\$1,216,885</u>	<u>\$ 930,713</u>

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# The Corporation of the Municipality of West Perth

## Notes to the Consolidated Financial Statements

As at December 31, 2015

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### 15. Expenses by object

	Budget <u>2015</u>	Actual <u>2015</u>	Actual <u>2014</u>
Salaries, wages and employee benefits	\$2,577,220	<b>\$2,597,020</b>	\$2,552,564
Materials	6,045,709	<b>3,926,796</b>	4,033,569
Contracted services	2,328,315	<b>2,316,184</b>	2,291,651
Rent and financial expenses	43,900	<b>55,815</b>	52,300
Interest on long-term debt	390,175	<b>49,442</b>	43,482
Contributions to others	530,439	<b>558,127</b>	533,450
Amortization	3,290,149	<b>3,382,218</b>	3,289,944
Loss on disposal of capital assets	<u>-</u>	<b><u>101,350</u></b>	<u>15,868</u>
	<b><u>\$15,205,907</u></b>	<b><u>\$12,986,952</u></b>	<b><u>\$12,812,827</u></b>

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### 16. Funds held in trust

At year end, the Corporation of the Municipality of West Perth held \$181,480 (2014 - \$126,643) in trust. These funds are not included in these consolidated financial statements. The following trust funds and assets are excluded from the Corporation of the Municipality of West Perth's financial statements:

	<u>2015</u>	<u>2014</u>
Hibbert, Roy's and Staffa Cemeteries	<b>178,549</b>	123,744
W. F. Levy Estate	<b><u>2,931</u></b>	<u>2,899</u>
	<b><u>\$ 181,480</u></b>	<b><u>\$ 126,643</u></b>

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### 17. 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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### 18. 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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# The Corporation of the Municipality of West Perth

## Notes to the Consolidated Financial Statements

As at December 31, 2015

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### 19. Budget reconciliation

The Financial Plan (budget) By-Law adopted by Council on May 11, 2015 was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Canadian Public Sector Accounting Standards now require a full accrual basis. The budget figures anticipated use surpluses accumulated in previous years to reduce current year expenditures in excess of current year revenues to \$Nil. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the Statement of Operations and Changes in Net Financial Assets represent the Financial Plan adopted by Council on May 11, 2015 with adjustments as follows:

Financial Plan (budget) bylaw deficit for the year	\$ (1,884,834)
Add:	
Acquisition of tangible capital assets	5,790,635
Principal repayment of long-term debt	(626,500)
Transfers from reserves and reserve funds, net	(1,572,765)
Less:	
Amortization	<u>(3,290,149)</u>
Budget annual surplus per Consolidated Statement of Operations	<u>\$ 1,583,613</u>

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### 20. 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.

#### Protection services

Protection services 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

Transportation services is responsible for the maintenance and upkeep of the Municipality's roads, bridges, winter control, street lights and transit services.

#### Environmental services

Environmental services provides waste disposal and drainage services for the Municipality's citizens.

#### Waterworks services

Waterworks services represent costs relating to providing water to commercial and residential developments within the Municipality.

#### Health services

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

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# The Corporation of the Municipality of West Perth

## Notes to the Consolidated Financial Statements

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As at December 31, 2015

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### 20. Segmented information (continued)

#### **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, economic development and maintenance of the Municipality's drains.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. In measuring and reporting segment revenue from transactions with other segments, inter-segment transfers 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 the Consolidated Financial Statements

As at December 31, 2015

### 20. Segmented information (continued)

	General Government	Protection Services	Transportation Services	Environmental Services	Waterworks Services	Recreational and Cultural Services	Planning and Development	2015 Total
<b>Revenue</b>								
Taxation	\$ 469,777	\$ 1,419,763	\$ 2,386,795	\$ 905,382	\$ 453,583	\$ 743,099	\$ 134,195	\$ 6,512,594
Government grants	190,479	708,504	1,450,915	385,763	218,245	347,450	84,415	3,385,771
User fees and service charges	96,011	49,857	88,237	2,016,620	1,053,303	418,815	23,048	3,745,891
Income from government business enterprise	(16,437)	-	-	-	-	-	-	(16,437)
Other	257,971	193,093	131,171	79,002	90,586	296,623	168,439	1,216,885
	997,801	2,371,218	4,057,120	3,386,767	1,815,782	1,805,987	410,094	14,844,704
<b>Expenses</b>								
Salaries and benefits	626,122	380,082	543,768	217,287	252,099	576,215	1,447	2,597,020
Materials and services	181,521	2,309,109	2,002,229	1,056,982	341,667	643,443	266,156	6,801,107
Interest and rental	5,914	49,900	9,618	30,779	9,046	-	-	105,257
Amortization	124,060	92,098	2,126,345	500,399	278,089	261,227	-	3,382,218
Loss on disposal of capital assets	-	-	77,616	-	23,734	-	-	101,350
	937,617	2,831,189	4,759,576	1,805,447	904,635	1,480,885	267,603	12,986,952
<b>Annual surplus (deficit)</b>	\$ 60,184	\$ (459,972)	\$ (702,458)	\$ 1,581,319	\$ 911,147	\$ 324,152	\$ 142,495	\$ 1,857,752

# The Corporation of the Municipality of West Perth

## Notes to the Consolidated Financial Statements

As at December 31, 2015

### 20. Segmented information (continued)

	General Government	Protection Services	Transportation Services	Environmental Services	Waterworks Services	Recreational and Cultural Services	Planning and Development	2014 Total
<b>Revenue</b>								
Taxation	\$ 466,525	\$ 1,451,528	\$ 2,289,525	\$ 852,297	\$ 397,520	\$ 692,804	\$ 58,553	\$ 6,208,752
Government grants	248,052	909,016	1,536,030	465,830	240,831	407,737	57,196	3,864,692
User fees and service charges	103,872	57,015	40,499	1,637,848	1,102,647	416,976	24,901	3,383,758
Income from government business enterprise	60,919	-	-	-	-	-	-	60,919
Other	370,709	182,281	96,920	82,134	87,484	103,091	8,094	930,713
	<u>1,250,077</u>	<u>2,599,840</u>	<u>3,962,974</u>	<u>3,038,109</u>	<u>1,828,482</u>	<u>1,620,608</u>	<u>148,744</u>	<u>14,448,834</u>
<b>Expenses</b>								
Salaries and benefits	645,596	431,493	496,940	228,413	199,791	548,975	1,356	2,552,564
Materials and services	281,430	2,420,248	2,083,477	998,507	336,109	619,277	119,622	6,858,670
Interest and rental	2,400	49,900	325	34,482	8,675	-	-	95,782
Amortization	33,055	95,516	2,121,864	499,565	276,760	263,180	-	3,289,940
Loss (gain) on disposal of capital assets	1,428	1,908	12,532	-	-	-	-	15,868
	<u>963,909</u>	<u>2,999,065</u>	<u>4,715,141</u>	<u>1,760,967</u>	<u>821,335</u>	<u>1,431,432</u>	<u>120,978</u>	<u>12,812,824</u>
<b>Annual surplus (deficit)</b>	<u>\$ 286,168</u>	<u>\$ (399,225)</u>	<u>\$ (752,167)</u>	<u>\$ 1,277,142</u>	<u>\$ 1,007,147</u>	<u>\$ 189,176</u>	<u>\$ 27,766</u>	<u>\$ 1,636,008</u>

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

As at December 31, 2015

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	Budget 2015	<b>2015</b>	2014
<b>Revenue</b>			
Tax levy	\$ 20,167	\$ <b>20,167</b>	\$ 20,167
Grants	-	<b>1,250</b>	1,997
Membership fees and fundraising	2,000	<b>2,400</b>	2,150
Projects	-	-	125
	<u>22,167</u>	<u><b>23,817</b></u>	<u>24,439</u>
<b>Expenses</b>			
Administrative	300	<b>300</b>	-
Advertising	10,000	<b>11,473</b>	7,200
Projects	16,650	<b>10,139</b>	10,870
Office	300	<b>2,090</b>	333
Miscellaneous	200	<b>454</b>	-
	<u>27,450</u>	<u><b>24,306</b></u>	<u>18,403</u>
<b>Annual (deficit) surplus</b>	(5,283)	<b>(489)</b>	6,036
<b>Accumulated surplus</b>			
Beginning of year	<u>29,085</u>	<u><b>29,085</b></u>	<u>23,049</u>
End of year	<u>\$ 23,802</u>	<u><b>\$ 28,596</b></u>	<u>\$ 29,085</u>