

**The Corporation of the
Municipality of West Perth
Consolidated Financial Statements
For the year ended December 31, 2016**

**The Corporation of the Municipality of
West Perth
Consolidated Financial Statements
For the year ended December 31, 2016**

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Independent Auditors' Report

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, 2016, and the consolidated statements of operations, change 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 Consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation 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 consolidated 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, 2016 and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants

Stratford, Ontario
July 24, 2017

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

December 31	2016	2015
Financial assets		
Cash and cash equivalents	\$ 13,702,038	\$ 14,393,387
Taxes receivable	817,534	708,419
Trade and other receivables	1,984,944	1,285,132
Drains receivable	560,236	332,590
Inventories for resale	678,793	709,198
Long-term investments (Note 2)	4,531,938	4,515,033
Investment in Government Business Enterprise (Note 1)	3,651,596	3,649,098
	<u>25,927,079</u>	<u>25,592,857</u>
Liabilities		
Accounts payable and accrued liabilities	2,778,401	2,053,059
Deferred revenue (Note 4)	1,080,687	1,032,709
Net long-term debt (Note 6)	1,757,602	2,190,364
Solid waste closure and post-closure liabilities (Note 5)	693,147	693,147
	<u>6,309,837</u>	<u>5,969,279</u>
Net financial assets	<u>19,617,242</u>	<u>19,623,578</u>
Non-financial assets		
Tangible capital assets (Note 7)	87,676,777	85,772,120
Prepaid expenses and inventories of supplies	54,079	14,929
	<u>87,730,856</u>	<u>85,787,049</u>
Accumulated surplus (Note 8)	<u>\$ 107,348,098</u>	<u>\$ 105,410,627</u>

_____ Treasurer

_____ Mayor

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

For the year ended December 31	Budget 2016	2016	2015
Revenue			
Taxation	\$ 6,613,891	\$ 6,637,122	\$ 6,512,594
Government grants - Federal (Note 10)	271,166	317,919	264,299
Government grants - Provincial (Note 11)	3,642,644	3,506,760	3,026,235
Municipal grants	100,000	78,496	90,487
User fees and service charges	4,649,986	4,026,481	3,850,894
Income (loss) from government business enterprises (Note 1)	-	2,498	(16,437)
Other (Note 12)	413,877	1,082,635	1,116,632
	15,691,564	15,651,911	14,844,704
Expenses			
General government	1,528,201	923,567	813,578
Protection services	2,833,305	2,860,958	2,739,092
Transportation services	4,319,706	3,036,702	2,633,231
Environmental services	2,109,644	2,071,533	1,931,595
Health services	10,287	4,800	5,845
Recreation and cultural services	1,259,979	1,302,998	1,213,810
Planning and development	567,185	128,658	267,603
Amortization	3,305,495	3,385,224	3,382,218
	15,933,802	13,714,440	12,986,972
Annual surplus (deficit)	(242,238)	1,937,471	1,857,732
Accumulated surplus, beginning of year	105,410,627	105,410,627	103,552,895
Accumulated surplus, end of year	\$ 105,168,389	\$ 107,348,098	\$ 105,410,627

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

For the year ended December 31	Budget 2016	2016	2015
Annual surplus (deficit)	\$ (242,238)	\$ 1,937,471	\$ 1,857,732
Acquisition of tangible capital assets	(5,732,662)	(5,348,507)	(5,239,996)
Amortization of tangible capital assets	3,305,495	3,385,224	3,382,218
Loss on disposal of tangible capital assets	-	35,446	101,350
Proceeds on sale of tangible capital assets	-	23,180	12,000
	(2,669,405)	32,814	113,304
Acquisition of prepaid expenses and inventory of supplies	-	(39,150)	(13,883)
Net change in net financial assets	(2,669,405)	(6,336)	99,421
Net financial assets, beginning of year	19,623,578	19,623,578	19,524,157
Net financial assets, end of year	\$ 16,954,173	\$ 19,617,242	\$ 19,623,578

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

For the year ended December 31	2016	2015
Operating transactions		
Annual surplus	\$ 1,937,471	\$ 1,857,732
Items not involving cash		
(Gain) loss from government business enterprise	(2,498)	16,437
Amortization	3,385,224	3,382,218
Loss on disposal of tangible capital assets	35,446	101,350
Changes in non-cash operating balances		
Taxes receivable	(109,115)	(106,961)
Trade and other receivable	(699,812)	(149,738)
Drains receivable	(227,646)	370,594
Inventories for resale	30,405	64,721
Prepaid expenses and inventories of supplies	(39,150)	(13,883)
Accounts payable and accrued liabilities	725,342	483,035
Deferred revenue	47,978	86,072
	5,083,645	6,091,577
Capital transactions		
Acquisition of tangible capital assets	(5,348,507)	(5,239,997)
Proceeds on sale of tangible capital assets	23,180	12,000
	(5,325,327)	(5,227,997)
Investing transactions		
Change in long-term investments	(16,905)	(9,044)
	(16,905)	(9,044)
Financing transactions		
Proceeds from issuance of long-term debt	-	49,200
Repayment of long-term debt	(432,762)	(422,159)
	(432,762)	(372,959)
Net change in cash and cash equivalents	(691,349)	481,577
Cash and cash equivalents, beginning of year	14,393,387	13,911,810
Cash and cash equivalents, end of year	\$ 13,702,038	\$ 14,393,387

The Corporation of the Municipality of West Perth

Summary of Significant Accounting Policies

December 31, 2016

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 statement 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, 2016

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 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. 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.

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, 2016

- 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, 2016

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% (2015 - 8.06%) of the outstanding shares of ERTH Corporation. The investment in ERTH Corporation is comprised of the following:

	<u>2016</u>	<u>2015</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	(258,883)	(221,900)
Cumulative share of other comprehensive income	225,931	186,450
	<u>3,651,596</u>	<u>\$ 3,649,098</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% (2015 - 7.25%). This note is unsecured and is due on demand. Interest earned during the year included in Other Income is \$85,796 (2015 - \$85,796).

The note receivable from Clinton Power Corporation bears interest at 7.25% (2015 - 7%). This note is unsecured and is due on demand. Interest earned during the year included in Other Income is \$64,125 (2015 - \$63,000).

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

December 31, 2016

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:

	2016	2015
Financial Position		
Current	\$ 18,845,749	\$ 18,045,167
Capital	41,552,100	38,938,090
Regulatory and other assets	19,609,084	17,834,320
	\$ 80,006,933	\$ 74,817,577
Total assets		
Current	23,688,356	20,969,790
Long-term debt	33,955,421	34,005,880
Regulatory and other liabilities	8,271,670	6,917,532
	65,915,447	61,893,202
Total liabilities		
Net assets	14,091,486	12,924,375
Results of Operations		
Revenues	\$ 91,044,239	\$ 83,471,032
Expenditures	90,695,392	83,977,946
	348,847	(506,914)
Net income for the year		
Net movement in regulatory balances, net of tax	695,837	762,959
	1,044,684	256,045
Net income for the year and net movement of regulatory balances		
Other comprehensive income (loss) for the year	122,427	(1,225)
	\$ 1,167,111	\$ 254,820
Total comprehensive income for the year		
Municipality of West Perth share of net income	\$ 39,481	\$ 20,546
Amortization of purchase premium	(36,983)	(36,983)
	\$ 2,498	\$ (16,437)
Income (loss) from government business enterprises		

The Corporation of the Municipality of West Perth

Notes to Consolidated Financial Statements

December 31, 2016

2. Investments

	2016	2015
Guaranteed investment certificates	\$ 4,531,938	\$ 4,515,033

Guaranteed investment certificates carry effective interest rates of 1% to 5.5% (2015- 0.5% to 2.94%) and maturity dates August 2017 to November 2020. 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 2016 was \$212,243 (2015 - \$187,680) for employer contributions.

As at December 31, 2016, the OMERS plan is in a deficit position of \$5.72 billion (2015 - \$6.977 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	\$ -	\$ 271,166	\$ -	\$ (271,166)	\$ -
Development charges	639,591	130,004	9,096	(63,512)	715,179
Recreational land	165,512	3,500	2,439	-	171,451
Other	227,606	171,632	-	(205,181)	194,057
	\$ 1,032,709	\$ 576,302	\$ 11,535	\$ (539,859)	\$ 1,080,687

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, 2016

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 \$693,147 (2015 - \$693,147) and reflects a discount rate of 3.5% (2015 - 3.5%). As at December 31, 2016, the liability is funded in reserves in the amount of \$359,168 (2014 - \$353,960).

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 71 years and the estimated remaining capacity is 33,945 cubic metres which is 28% (2015 - 28%) 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 1,422,808 cubic metres, which is 85% (2015 - 85%) 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% (2015 - 97%) of the site's total capacity. The total undiscounted estimated future expenditures for closure and post-closure care are \$2,308,047 (2015 - \$2,308,047). 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, 2016

6. Net Long-term Debt

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

	2016	2015
Tile drainage loans, bearing at 6.0% and repayable in annual installments. The loans are due between 2017 and 2025.	\$ 224,494	\$ 285,404
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 2017.	12,469	26,758
OIPC loans, bearing interest between 2.12% and 2.63% and due between 2017 and 2025. Recoverable from benefitting landowners through future taxation and user fees.	1,517,451	1,870,986
Other long-term liability, bears interest at 3.50% and payable in annual installments. The loan is due in 2017.	3,188	7,216
	1,757,602	2,190,364

Principal repayments relating to net long term debt of \$1,757,602 outstanding are due as follows:

	Principal Repayments
2017	\$ 347,823
2018	180,071
2019	181,115
2020	183,493
2021	189,103
Thereafter	675,997
	\$ 1,757,602

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

December 31, 2016

7. Tangible Capital Assets

									2016
	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	\$ 5,439,765	\$16,912,846	\$ 7,240,236	\$ 6,020,354	\$ 55,930,810	\$ 10,131,966	\$ 38,548,036	\$ 142,111,950
Additions		39,929	1,118,193	247,454	150,191	1,501,976	1,471,976	818,788	5,348,507
Disposals		-	-	(17,085)	(227,451)	(93,940)	-	(120,809)	(459,285)
Transfers		-	1,101,866	-	-	(151,954)	192,782	(1,142,694)	-
Cost, end of year	<u>\$ 1,887,937</u>	<u>\$ 5,479,694</u>	<u>\$19,132,905</u>	<u>\$ 7,470,605</u>	<u>\$ 5,943,094</u>	<u>\$ 57,186,892</u>	<u>\$ 11,796,724</u>	<u>\$ 38,103,321</u>	<u>\$ 147,001,172</u>
Accumulated amortization, beginning of year	\$ -	\$ 689,085	\$ 5,127,823	\$ 4,128,611	\$ 3,159,138	\$ 27,910,574	\$ 5,606,824	\$ 9,717,775	\$ 56,339,830
Amortization	-	92,443	405,062	327,500	377,494	1,580,483	151,267	450,975	3,385,224
Disposals	-	-	(49,185)	(16,351)	(220,277)	(80,179)	-	(34,667)	(400,659)
Accumulated amortization, end of year	<u>\$ -</u>	<u>\$ 781,528</u>	<u>\$ 5,483,700</u>	<u>\$ 4,439,760</u>	<u>\$ 3,316,355</u>	<u>\$ 29,410,878</u>	<u>\$ 5,758,091</u>	<u>\$ 10,134,083</u>	<u>\$ 59,324,395</u>
Net carrying amount, end of year	<u>\$ 1,887,937</u>	<u>\$ 4,698,166</u>	<u>\$13,649,205</u>	<u>\$ 3,030,845</u>	<u>\$ 2,626,739</u>	<u>\$ 27,776,014</u>	<u>\$ 6,038,633</u>	<u>\$ 27,969,238</u>	<u>\$ 87,676,777</u>

The net book value of tangible capital assets not being amortized because they are under construction (or development) is \$829,963 (2015 - \$378,198).

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

December 31, 2016

7. Tangible Capital Assets (continued)

									2015
	Land improvement	Land	Buildings	Machinery and equipment	Vehicle	Infrastructure - roads	Infrastructure - bridges	Infrastructure - water, sanitary and storm systems	Total
Cost, beginning of year	\$ 1,887,937	\$ 5,439,765	\$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>\$ 6,020,354</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>\$ 4,128,611</u>	<u>\$ 3,159,138</u>	<u>\$ 27,910,574</u>	<u>\$ 5,606,824</u>	<u>\$ 9,717,775</u>	<u>\$ 56,339,830</u>
Net carrying amount, end of year	<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 Corporation of the Municipality of West Perth
Notes to Consolidated Financial Statements

December 31, 2016

8. Accumulated Surplus

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

	<u>2016</u>	<u>2015</u>
Investment in tangible capital assets	\$ 87,676,777	\$ 85,772,120
Operating surplus	1,659,351	1,761,450
Reserves and reserve funds		
Working funds	450,000	450,000
Current and capital purposes	15,766,019	16,005,669
Unfunded liabilities	(1,867,087)	(2,244,147)
Government business enterprise	3,663,037	3,665,535
	<u>\$107,348,097</u>	<u>\$105,410,627</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.

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:

	<u>2016</u>	<u>2015</u>
School boards	2,854,605	2,858,862
County of Perth	3,245,117	3,165,716
	<u>\$ 6,099,722</u>	<u>\$ 6,024,578</u>

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

December 31, 2016

10. Government Transfers - Federal

	Budget 2016	2016	2015
Federal Transfers			
Unconditional	\$ -	\$ 4,506	\$ -
Capital			
Building Canada Fund	-	42,247	-
Federal gas tax revenue	271,166	271,166	264,299
	\$ 271,166	\$ 317,919	\$ 264,299

11. Government Transfers - Provincial

	Budget 2016	2016	2015
Provincial Transfers			
Operating			
Ontario municipal partnership fund	\$ 2,244,900	\$ 2,244,900	\$ 2,641,000
Unconditional	247,728	138,167	192,681
Capital			
Building Canada Fund	-	-	19,000
Other capital funding	1,150,016	1,123,693	173,554
	\$ 3,642,644	\$ 3,506,760	\$ 3,026,235

12. Other Income

	Budget 2016	2016	2015
Penalties and interest on taxation	\$ 80,000	\$ 112,807	\$ 98,687
Other fines and penalties	-	4,112	4,918
Investment income	90,000	284,636	155,551
Government business enterprise - interest	153,591	154,110	153,586
Licences, permits and rents	66,081	276,526	285,898
Donations	24,205	28,055	51,576
Sale of publications, equipment and other	-	182,059	249,471
Industrial land sales	-	40,330	116,945
	\$ 413,877	\$ 1,082,635	\$ 1,116,632

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

December 31, 2016

13. Expenses by Object

	Budget 2016	2016	2015
Salaries, wages and employee benefits	\$ 2,845,595	\$ 2,753,752	\$ 2,629,560
Materials	6,877,657	4,555,983	3,986,935
Contracted services	2,287,032	2,292,791	2,319,016
Rent and financial expenses	43,900	52,470	52,392
Interest on long-term debt	38,547	41,415	49,442
Contributions to others	530,576	597,359	560,004
Amortization	3,305,495	3,385,224	3,288,273
Loss on disposal of capital assets	-	35,446	101,350
	\$15,928,802	\$13,714,440	\$ 12,986,972

14. Funds Held in Trust

At the year end, the Corporation of the Municipality of West Perth held \$179,066 (2015 - \$181,480). 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:

	2016	2015
Hibbert, Roy's and Staffa Cemeteries	\$ 176,106	\$ 178,549
W.F. Levy Estate	2,960	2,931
	\$ 179,066	\$ 181,480

15. 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, 2016

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

Waterworks

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

Health Services

Health services relate to maintaining 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, 2016

16. Segmented Information (continued)

For the year ended December 31	General government	Protection to persons and property	Transportation	Environmental	Community services	Planning and development	2016 Total
Revenue							
Taxation	\$ 724,217	\$ 1,743,601	\$ 1,771,293	\$ 1,583,589	\$ 781,715	\$ 369,210	\$ 6,973,625
Government grants	249,831	645,387	1,977,956	509,821	298,820	226,118	3,907,933
User fees and service charges	99,824	53,845	175,460	2,854,119	417,257	84,724	3,685,229
Income from government business partnerships	2,498	-	-	-	-	-	2,498
Other	569,042	3,100	21,420	-	216,522	272,542	1,082,626
	<u>1,645,412</u>	<u>2,445,933</u>	<u>3,946,129</u>	<u>4,947,529</u>	<u>1,714,314</u>	<u>952,594</u>	<u>15,651,911</u>
Expenses							
Salaries and benefits	697,582	444,288	573,546	435,568	596,011	6,758	2,753,753
Staff development	223,416	2,366,770	2,454,420	1,603,285	711,787	121,900	7,481,578
Rental	2,570	49,900	8,736	32,679	-	-	93,885
Amortization	31,109	87,693	2,193,058	807,619	265,745	-	3,385,224
	<u>954,677</u>	<u>2,948,651</u>	<u>5,229,760</u>	<u>2,879,151</u>	<u>1,573,543</u>	<u>128,658</u>	<u>13,714,440</u>
Net surplus (deficit)	<u>\$ 690,735</u>	<u>\$ (502,718)</u>	<u>\$ (1,283,631)</u>	<u>\$ 2,068,378</u>	<u>\$ 140,771</u>	<u>\$ 823,936</u>	<u>\$ 1,937,471</u>

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

December 31, 2016

16. Segmented Information (continued)

For the year ended December 31	General government	Protection to persons and property	Transportation	Environmental	Community services	Planning and development	2015 Total
Revenue							
Taxation	\$ 469,777	\$ 1,419,763	\$ 2,386,795	\$ 1,358,965	\$ 743,099	\$ 134,195	\$ 6,512,594
Government grants	190,479	708,504	1,450,915	604,008	347,450	84,415	3,385,771
User fees and service charges	96,011	49,857	88,237	3,069,923	418,815	23,048	3,745,891
Income from government business partnerships	(16,437)	-	-	-	-	-	(16,437)
Other	257,971	193,093	131,171	169,588	296,603	168,439	1,216,865
	<u>997,801</u>	<u>2,371,217</u>	<u>4,057,118</u>	<u>5,202,484</u>	<u>1,805,967</u>	<u>410,097</u>	<u>14,844,684</u>
Expenses							
Salaries and benefits	626,122	380,082	543,768	469,386	576,215	1,447	2,597,020
Goods and services	181,521	2,309,109	2,002,229	1,398,649	643,443	266,156	6,801,107
Interest and rental	5,914	49,900	9,618	39,825	-	-	105,257
Amortization	124,060	92,098	2,126,345	778,488	261,227	-	3,382,218
Loss on disposal of capital assets	-	-	77,616	23,734	-	-	101,350
	<u>937,617</u>	<u>2,831,189</u>	<u>4,759,576</u>	<u>2,710,082</u>	<u>1,480,885</u>	<u>267,603</u>	<u>12,986,952</u>
Net surplus (deficit)	<u>\$ 60,184</u>	<u>\$ (459,972)</u>	<u>\$ (702,458)</u>	<u>\$ 2,492,402</u>	<u>\$ 325,082</u>	<u>\$ 142,494</u>	<u>\$ 1,857,732</u>

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

For the year ended December 31	Budget 2016	2016	2015
	(Unaudited)		
Revenue			
Taxation revenue	\$ 20,167	\$ 20,167	\$ 20,167
Grants	-	-	1,250
Membership fees and fundraising	2,000	2,291	2,400
	22,167	22,458	23,817
Expenditures			
Administrative	300	475	300
Advertising	10,000	8,136	11,473
Projects	16,650	10,986	10,444
Office	300	2,863	2,089
Miscellaneous	200	449	-
	27,450	22,909	24,306
Annual surplus (deficit)	(5,283)	(451)	(489)
Accumulated surplus, beginning of year	28,596	28,596	29,085
Accumulated surplus, end of year	23,313	28,145	28,596