

**The Corporation of the
Municipality of West Perth
Consolidated Financial Statements
For the year ended December 31, 2017**

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Consolidated Financial Statements
For the year ended December 31, 2017**

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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, 2017, 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 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 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, 2017 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
September 4, 2018

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

December 31	2017	2016
Financial assets		
Cash and cash equivalents	\$ 14,332,261	\$ 13,702,038
Taxes receivable	628,549	817,534
Trade and other receivables	1,779,850	1,984,944
Drains receivable	327,321	560,236
Inventories for resale	957,288	678,793
Investments (Note 2)	4,679,190	4,531,938
Investment in Government Business Enterprise (Note 1)	3,652,071	3,651,596
	<u>26,356,530</u>	<u>25,927,079</u>
Liabilities		
Accounts payable and accrued liabilities	2,269,929	2,778,401
Deferred revenue (Note 4)	1,118,294	1,080,687
Long-term debt (Note 6)	1,392,367	1,757,602
Solid waste closure and post-closure liabilities (Note 5)	923,475	693,147
	<u>5,704,065</u>	<u>6,309,837</u>
Net financial assets	<u>20,652,465</u>	<u>19,617,242</u>
Non-financial assets		
Tangible capital assets (Note 7)	87,908,314	87,676,777
Prepaid expenses and inventories of supplies	24,775	54,079
	<u>87,933,089</u>	<u>87,730,856</u>
Accumulated surplus (Note 8)	<u>\$ 108,585,554</u>	<u>\$ 107,348,098</u>

_____ Treasurer

_____ Mayor

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

For the year ended December 31	Budget 2017	2017	2016
Revenue			
Taxation	\$ 7,051,579	\$ 7,171,393	\$ 6,637,122
Government grants - Federal (Note 10)	275,135	475,409	275,672
Government grants - Provincial (Note 11)	2,793,521	2,670,029	3,549,007
Municipal grants	67,000	67,995	78,496
User fees and service charges	4,408,330	3,997,763	4,026,481
Income (loss) from government business enterprises (Note 1)	-	475	2,498
Other (Note 12)	767,341	1,143,982	1,082,635
	15,362,906	15,527,046	15,651,911
Expenses			
General government	1,202,806	996,336	923,567
Protection services	2,842,821	2,859,806	2,860,958
Transportation services	2,649,837	2,985,025	3,036,702
Environmental services	2,381,307	2,653,633	2,071,533
Health services	5,317	6,179	4,800
Recreation and cultural services	1,285,294	1,227,787	1,302,998
Planning and development	544,759	179,121	128,658
Amortization	3,385,120	3,381,703	3,385,224
	14,297,261	14,289,590	13,714,440
Annual surplus	1,065,645	1,237,456	1,937,471
Accumulated surplus, beginning of year	107,348,098	107,348,098	105,410,627
Accumulated surplus, end of year	\$ 108,413,743	\$ 108,585,554	\$ 107,348,098

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

For the year ended December 31	Budget 2017	2017	2016
Annual surplus	\$ 1,065,645	\$ 1,237,456	\$ 1,937,471
Acquisition of tangible capital assets	(5,227,975)	(4,081,337)	(5,348,507)
Amortization of tangible capital assets	3,385,120	3,381,703	3,385,224
Loss on disposal of tangible capital assets	-	463,097	35,446
Proceeds on sale of tangible capital assets	-	5,000	23,180
	<u>(777,210)</u>	<u>1,005,919</u>	<u>32,814</u>
Use (acquisition) of prepaid expenses and inventory of supplies	-	29,304	(39,150)
Net change in net financial assets	(777,210)	1,035,223	(6,336)
Net financial assets, beginning of year	19,617,242	19,617,242	19,623,578
Net financial assets, end of year	\$ 18,840,032	\$ 20,652,465	\$ 19,617,242

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

For the year ended December 31	2017	2016
Operating transactions		
Annual surplus	\$ 1,237,456	\$ 1,937,471
Items not involving cash		
(Gain) loss from government business enterprise	(475)	(2,498)
Amortization	3,381,703	3,385,224
Loss on disposal of tangible capital assets	463,097	35,446
Changes in non-cash operating balances		
Taxes receivable	188,985	(109,115)
Trade and other receivable	205,094	(699,812)
Drains receivable	232,915	(227,646)
Inventories for resale	(278,495)	30,405
Prepaid expenses and inventories of supplies	29,304	(39,150)
Accounts payable and accrued liabilities	(508,472)	725,342
Deferred revenue	37,607	47,978
Solid waste closure and post closure liabilities	230,328	-
	<u>5,219,047</u>	<u>5,083,645</u>
Capital transactions		
Acquisition of tangible capital assets	(4,081,337)	(5,348,507)
Proceeds on sale of tangible capital assets	5,000	23,180
	<u>(4,076,337)</u>	<u>(5,325,327)</u>
Investing transactions		
Change in investments	<u>(147,252)</u>	<u>(16,905)</u>
Financing transactions		
Repayment of long-term debt	<u>(365,235)</u>	<u>(432,762)</u>
Net change in cash and cash equivalents	630,223	(691,349)
Cash and cash equivalents, beginning of year	<u>13,702,038</u>	<u>14,393,387</u>
Cash and cash equivalents, end of year	<u>\$ 14,332,261</u>	<u>\$ 13,702,038</u>

The Corporation of the Municipality of West Perth

Summary of Significant Accounting Policies

December 31, 2017

Management's Responsibility for the Financial Statements

The consolidated financial statements of the Corporation of the Municipality of West Perth are the responsibility of management. They have been prepared in accordance with Canadian public sector accounting standards. The Corporation of the Municipality of West Perth is a municipality in the Province of Ontario and operates under the provisions of the Community Charter. The Corporation of the Municipality of West Perth provides municipal services such as fire, public works, planning, parks, recreation and other general government services.

Basis of Consolidation

The consolidated financial statements reflect the assets, liabilities, revenue and expenses of all municipal organizations, committees and Boards which are owned or controlled by the Corporation of the Municipality of West Perth. The following entities have been consolidated:

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

All inter-entity transactions and balances have been eliminated.

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

ERTH Corporation

Cash and Cash Equivalents

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

Land Held for Resale

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

Long-term Investments

Long-term investments are recorded at cost unless there has been a decline in the market value which is other than temporary in nature in which case the investments are written down to market value.

The Corporation of the Municipality of West Perth

Summary of Significant Accounting Policies

December 31, 2017

Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing the month the asset is available for productive use as follows:

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

County and School Board

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

Trust Funds

Trust funds held in trust by the Corporation of the Municipality of West Perth, and their related operations, are not included in these financial statements. The financial activity and position of the trust funds are reported separately.

Retirement Benefits and Other Employee Benefit Plans

The Corporation of the Municipality of West Perth's contributions due during the period to its multi-employer defined benefit plan are expensed as incurred.

Deferred Revenue

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

The Corporation of the Municipality of West Perth

Summary of Significant Accounting Policies

December 31, 2017

- 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, 2017

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% (2016 - 8.06%) of the outstanding shares of ERTH Corporation. The investment in ERTH Corporation is comprised of the following:

	2017	2016
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	(132,159)	(91,844)
Cumulative amortization of purchase premium	(295,866)	(258,883)
Cumulative share of total comprehensive income	303,704	225,931
	3,652,071	\$ 3,651,596

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% (2016 - 7.25%). This note is unsecured and is due on demand. Interest earned during the year included in Other Income is \$85,796 (2016 - \$85,796).

The note receivable from Clinton Power Corporation bears interest at 7.25% (2016 - 7.25%). This note is unsecured and is due on demand. Interest earned during the year included in Other Income is \$65,813 (2016 - \$64,125).

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

December 31, 2017

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>2017</u>	<u>2016</u>
Financial Position		
Current	\$ 19,054,326	\$ 18,845,749
Capital	43,003,288	41,552,100
Regulatory and other assets	<u>17,872,280</u>	<u>17,408,053</u>
Total assets	<u>\$ 79,929,894</u>	<u>\$ 77,805,902</u>
Current	22,144,891	23,688,356
Long-term debt	35,015,194	33,955,421
Regulatory and other liabilities	<u>4,973,461</u>	<u>3,681,775</u>
Total liabilities	<u>62,133,546</u>	<u>61,325,552</u>
Net assets	<u>17,796,348</u>	<u>16,480,350</u>
Results of Operations		
Revenues	\$ 80,660,199	\$ 91,044,239
Expenditures	<u>79,354,113</u>	<u>90,695,392</u>
Net income for the year	1,306,086	348,847
Net movement in regulatory balances, net of tax	<u>(221,620)</u>	<u>695,837</u>
Net income for the year and net movement of regulatory balances	1,084,466	1,044,684
Other comprehensive income (loss) for the year	<u>(119,903)</u>	<u>122,427</u>
Total comprehensive income for the year	<u>\$ 964,563</u>	<u>\$ 1,167,111</u>
Municipality of West Perth share of net income	\$ 37,458	\$ 39,481
Amortization of purchase premium	<u>(36,983)</u>	<u>(36,983)</u>
Income from government business enterprises	<u>\$ 475</u>	<u>\$ 2,498</u>

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

December 31, 2017

2. Investments

	2017	2016
Guaranteed investment certificates	\$ 4,679,190	\$ 4,531,938

Guaranteed investment certificates carry effective interest rates of 1% to 2.5% (2016- 1% to 5.5%) and maturity dates March 2018 to August 2022. 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 2017 was \$224,390 (2016 - \$212,243) for employer contributions.

As at December 31, 2017, the OMERS plan is in a deficit position of \$5.4 billion (2016 - \$5.72 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	\$ -	\$ 275,967	\$ -	\$ (275,967)	\$ -
Development charges	715,179	105,580	7,541	(62,393)	765,907
Recreational land	171,451	4,000	1,997	-	177,448
Other	194,057	174,744	-	(193,862)	174,939
	\$ 1,080,687	\$ 560,291	\$ 9,538	\$ (532,222)	\$ 1,118,294

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, 2017

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 \$923,475 (2016 - \$693,147) and reflects a discount rate of 3.5% (2016 - 3.5%). As at December 31, 2017, the liability is funded in reserves in the amount of \$254,483 (2016 - \$359,168).

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 35 years and the estimated remaining capacity is 32,362 cubic metres which is 27% (2016 - 28%) 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 1,414,353 cubic metres, which is 84% (2016 - 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% (2016 - 97%) of the site's total capacity. The total undiscounted estimated future expenditures for closure and post-closure care are \$8,364,110 (2016 - \$7,078,521). 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, 2017

6. Long-term Debt

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

	2017	2016
Tile drainage loans, bearing at 6.0% and repayable in annual installments. The loans are due between 2018 and 2027.	\$ 154,915	\$ 224,494
Demand bank loan payable, interest at prime less 0.75%, interest payable monthly, principal payable at option of the Municipality subject to the loan being repaid by January 2018.	10,391	12,469
OIPC loans, bearing interest between 2.42% and 2.63% and due between 2024 and 2025. Recoverable from benefiting landowners through future taxation and user fees.	1,227,061	1,517,451
Other long-term liability, bears interest at 3.50% and payable in annual installments. The loan was paid in 2017.	-	3,188
	1,392,367	1,757,602

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

	Principal Repayments
2018	\$ 185,961
2019	176,345
2020	178,437
2021	183,743
2022	186,705
Thereafter	481,176
	\$ 1,392,367

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

December 31, 2017

7. Tangible Capital Assets

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

The net book value of tangible capital assets not being amortized because they are under construction (or development) is \$185,417 (2016 - \$829,963).

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

December 31, 2017

7. Tangible Capital Assets (continued)

									2016
	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	\$ 5,439,765	\$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 Corporation of the Municipality of West Perth
Notes to Consolidated Financial Statements

December 31, 2017

8. Accumulated Surplus

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

	2017	2016
Investment in tangible capital assets	\$ 87,908,314	\$ 87,676,777
Operating surplus	2,188,518	1,659,352
Reserves and reserve funds		
Working funds	450,000	450,000
Current and capital purposes	16,293,093	15,766,019
Unfunded liabilities	(1,906,442)	(1,867,087)
Government business enterprise	3,652,071	3,663,037
	\$108,585,554	\$107,348,098

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:

	2017	2016
School boards	2,901,469	2,854,605
County of Perth	3,399,448	3,245,117
	\$ 6,300,917	\$ 6,099,722

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

December 31, 2017

10. Government Transfers - Federal

	Budget 2017	2017	2016
Federal gas tax revenue	\$ 271,166	\$ 275,967	\$ 271,166
Clean Water and Wastewater Fund	-	195,745	-
Other	3,969	3,697	4,506
	\$ 275,135	\$ 475,409	\$ 275,672

11. Government Transfers - Provincial

	Budget 2017	2017	2016
Ontario Municipal Partnership Fund	\$ 1,908,200	\$ 1,908,200	\$ 2,244,900
Ontario Community Infrastructure Fund	259,515	273,314	157,195
Ontario Connecting Link	-	229,511	897,919
Clean Water and Wastewater Fund	404,397	97,872	20,939
Other	221,409	161,132	228,054
	\$ 2,793,521	\$ 2,670,029	\$ 3,549,007

12. Other Income

	Budget 2017	2017	2016
Penalties and interest on taxation	\$ 80,000	\$ 98,450	\$ 112,807
Other fines and penalties	5,000	4,580	4,112
Investment income	112,575	238,854	284,636
Government business enterprise - interest	154,716	155,458	154,110
Licences, permits and rents	216,650	292,479	276,526
Donations	66,700	180,503	28,055
Sale of publications, equipment and other	131,700	173,658	182,059
Industrial land sales	-	-	40,330
	\$ 767,341	\$ 1,143,982	\$ 1,082,635

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

December 31, 2017

13. Expenses by Object

	Budget 2017	2017	2016
Salaries, wages and employee benefits	\$ 2,958,720	\$ 2,892,672	\$ 2,753,752
Materials	5,059,013	4,554,408	4,432,653
Contracted services	2,354,803	2,425,970	2,479,858
Rent and financial expenses	52,900	53,349	52,470
Interest on long-term debt	33,718	33,619	41,415
Contributions to others	452,987	484,772	533,622
Amortization	3,385,120	3,381,703	3,385,224
Loss on disposal of capital assets	-	463,097	35,446
	\$ 14,297,261	\$ 14,289,590	\$ 13,714,440

14. Funds Held in Trust

At the year end, the Corporation of the Municipality of West Perth held \$201,131 (2016 - \$177,064). The following trust funds and assets are excluded from the Corporation of the Municipality of West Perth's financial statements:

	2017	2016
Carlingford, Hibbert, Roy's and Staffa Cemeteries	\$ 198,138	\$ 174,104
W.F. Levy Estate	2,993	2,960
	\$ 201,131	\$ 177,064

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, 2017

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 a specific segment.

Protection to Persons and Property

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

Transportation

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

Environmental

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

Community Services

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

Recreation and Cultural Services

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

Planning and Development

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

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. In measuring and reporting segment revenue from transactions with other segments, inter-segment transfers have been measured on the basis of the actual cost of services provided. Taxation and grants attributable to a number of segments have been allocated to those segments based on the budgeted share of current expenses for the year.

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

December 31, 2017

16. Segmented Information (continued)

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

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

December 31, 2017

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	\$ 1,247,086	\$ 781,715	\$ 369,210	\$ 6,637,122
Government grants	249,831	645,387	1,973,198	509,821	298,820	226,118	3,903,175
User fees and service charges	99,824	53,845	175,460	3,195,371	417,257	84,724	4,026,481
Income from government business enterprises	2,498	-	-	-	-	-	2,498
Other	569,051	3,100	21,420	-	216,522	272,542	1,082,635
	<u>1,645,421</u>	<u>2,445,933</u>	<u>3,941,371</u>	<u>4,952,278</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
Goods and services	223,416	2,366,770	2,454,420	1,603,285	711,787	121,900	7,481,578
Interest and 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>\$ 690,744</u>	<u>\$ (502,718)</u>	<u>\$ (1,288,389)</u>	<u>\$ 2,073,127</u>	<u>\$ 140,771</u>	<u>\$ 823,936</u>	<u>\$ 1,937,471</u>

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

For the year ended December 31	Budget 2017	2017	2016
	(Unaudited)		
Revenue			
Taxation revenue	\$ 20,167	\$ 20,167	\$ 20,167
Membership fees and fundraising	2,000	2,019	2,291
	22,167	22,186	22,458
Expenditures			
Administrative	950	517	475
Advertising	7,151	7,999	8,136
Projects	19,399	8,798	10,986
Office	300	2,326	2,863
Miscellaneous	200	148	449
	28,000	19,788	22,909
Annual surplus (deficit)	(5,833)	2,398	(451)
Accumulated surplus, beginning of year	28,145	28,145	28,596
Accumulated surplus, end of year	\$ 22,312	\$ 30,543	\$ 28,145