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**THE CORPORATION OF THE TOWNSHIP OF PERRY**

**CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2016**

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**THE CORPORATION OF THE TOWNSHIP OF PERRY**  
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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 Township of Perry

We have audited the accompanying consolidated financial statements of The Corporation of the Township of Perry which comprise the consolidated statement of financial position as at December 31, 2016 and the consolidated statements of operations and accumulated surplus, 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 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 consolidated 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 Township of Perry as at December 31, 2016, and the results of its operations, change in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Grant Thornton LLP*

North Bay, Canada  
April 5, 2017

Chartered Professional Accountants  
Licensed Public Accountants

**THE CORPORATION OF THE TOWNSHIP OF PERRY**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2016**

	2016	2015
<b>FINANCIAL ASSETS</b>		
Cash	\$ 881,623	\$ 739,832
Temporary investments <i>(Note 4)</i>	712,429	302,318
Taxes receivable	500,344	502,957
Accounts receivable	240,471	283,776
Portfolio investments	-	783,547
	<b>2,334,867</b>	<b>2,612,430</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	244,984	293,164
Deferred revenue-general <i>(Note 5)</i>	37,536	3,503
Deferred revenue-obligatory reserve funds <i>(Note 6)</i>	7,771	6,763
Employee benefits payable <i>(Note 8)</i>	12,743	12,070
Landfill closure and post-closure liability <i>(Note 9)</i>	178,290	228,741
	<b>481,324</b>	<b>544,241</b>
<b>NET FINANCIAL ASSETS</b>	<b>1,853,543</b>	<b>2,068,189</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets - net <i>(Note 12)</i>	6,378,324	6,322,875
Inventories of supplies	107,980	84,015
Prepaid expenses	93,178	33,634
	<b>6,579,482</b>	<b>6,440,524</b>
<b>ACCUMULATED SURPLUS <i>(Note 13)</i></b>	<b>\$ 8,433,025</b>	<b>\$ 8,508,713</b>

Contingencies *(see Note 2, 11)*  
Contractual Obligations *(see Note 10)*

APPROVED ON BEHALF OF COUNCIL:

\_\_\_\_\_ Mayor

**THE CORPORATION OF THE TOWNSHIP OF PERRY**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND ACCUMULATED SURPLUS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	Budget 2016 <i>(see Note 15)</i>	Actual 2016	Actual 2015
<b>REVENUE</b>			
Property taxes	\$ 2,721,120	\$ 2,733,260	\$ 2,517,962
User charges	48,100	60,748	49,148
Government transfers	995,880	1,029,246	1,060,385
Net investment income	13,000	40,389	12,414
Loss on disposal of tangible capital assets	-	(11,279)	(59,486)
Other	143,964	205,388	504,141
<b>TOTAL REVENUE</b>	<b>3,922,064</b>	<b>4,057,752</b>	<b>4,084,564</b>
<b>EXPENSES</b>			
General government	732,160	728,290	734,176
Protection to persons and property	843,170	812,802	716,172
Transportation services	1,271,180	1,379,502	1,173,578
Environmental services	325,213	316,509	310,726
Health services	204,600	193,729	188,055
Social and family services	330,460	330,459	328,974
Recreation and cultural services	294,419	300,783	271,118
Planning and development	75,120	71,366	72,103
<b>TOTAL EXPENSES</b>	<b>4,076,322</b>	<b>4,133,440</b>	<b>3,794,902</b>
<b>ANNUAL SURPLUS (DEFICIT) (Note 13)</b>	<b>(154,258)</b>	<b>(75,688)</b>	<b>289,662</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>8,508,713</b>	<b>8,508,713</b>	<b>8,219,051</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$ 8,354,455</b>	<b>\$ 8,433,025</b>	<b>\$ 8,508,713</b>

The accompanying notes are an integral part of these financial statements

**THE CORPORATION OF THE TOWNSHIP OF PERRY**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	Budget 2016 <i>(see Note 15)</i>	Actual 2016	Actual 2015
Annual surplus (deficit)	\$ (154,258)	\$ (75,688)	\$ 289,662
Acquisition of tangible capital assets	(697,351)	(615,351)	(1,079,279)
Contributed tangible capital assets	-	(2,860)	(55,040)
Amortization of tangible capital assets	551,464	551,483	493,364
Loss on disposal of tangible capital assets	-	11,279	59,486
Proceeds from disposal of tangible capital assets	-	-	5,500
Change in supplies inventories	-	(23,965)	(11,949)
Change in prepaid expenses	-	(59,544)	1,400
<b>Decrease in net financial assets</b>	<b>(300,145)</b>	<b>(214,646)</b>	<b>(296,856)</b>
<b>Net financial assets, beginning of year</b>	<b>2,068,189</b>	<b>2,068,189</b>	<b>2,365,045</b>
<b>Net financial assets, end of year</b>	<b>\$ 1,768,044</b>	<b>\$ 1,853,543</b>	<b>\$ 2,068,189</b>

The accompanying notes are an integral part of these financial statements

**THE CORPORATION OF THE TOWNSHIP OF PERRY**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	2016	2015
<b>Operating transactions</b>		
Annual surplus (deficit)	\$ (75,688)	\$ 289,662
Non-cash charges to operations:		
Amortization	551,483	493,364
Loss on disposal of tangible capital assets	11,279	59,486
Change in employee benefits payable	673	(823)
Change in landfill closure and post-closure liability	(50,451)	(59,628)
	437,296	782,061
Changes in non-cash items:		
Taxes receivable	2,613	10,601
Accounts receivable	43,305	(110,527)
Inventories held for resale	-	8,259
Accounts payable and accrued liabilities	(48,180)	12,253
Deferred revenue-general	34,033	3,503
Deferred revenue-obligatory reserve funds	1,008	(174,857)
Inventories of supplies	(23,965)	(11,949)
Prepaid expenses	(59,544)	1,400
	(50,730)	(261,317)
Cash provided by operating transactions	386,566	520,744
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(615,351)	(1,079,279)
Contributed tangible capital assets	(2,860)	(55,040)
Proceeds from disposal of tangible capital assets	-	5,500
Cash applied to capital transactions	(618,211)	(1,128,819)
<b>Investing transactions</b>		
Change in temporary investments	(410,111)	(23,250)
Change in portfolio investments	783,547	198,413
Cash provided by investing transactions	373,436	175,163
<b>Net change in cash</b>	<b>141,791</b>	<b>(432,912)</b>
<b>Cash, beginning of year</b>	<b>739,832</b>	<b>1,172,744</b>
<b>Cash, end of year</b>	<b>\$ 881,623</b>	<b>\$ 739,832</b>

The accompanying notes are an integral part of these financial statements



# THE CORPORATION OF THE TOWNSHIP OF PERRY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2016

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The consolidated financial statements of the Corporation of the Township of Perry (the "Municipality") are the responsibility of management and have been prepared in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of significant accounting policies is provided in Note 1. The preparation of all 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.

Management maintains a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements.

### 1. SIGNIFICANT ACCOUNTING POLICIES

Significant aspects of the accounting policies adopted by the Municipality are as follows:

#### (a) Reporting Entity

These consolidated statements reflect the assets, liabilities, revenue, expenses and accumulated surplus of the reporting entity. The reporting entity is comprised of all committees of Council and the boards, joint boards and municipal enterprises for which Council is politically accountable as follows:

#### (i) Consolidated and proportionally consolidated entities

The following local board is consolidated:

Library

The following local committee is proportionally consolidated:

Waste Management

Inter-organizational transactions and balances between these organizations are eliminated.

#### (ii) Non-consolidated entities

The following joint boards are not consolidated:

North Bay Parry Sound District Health Unit

Parry Sound District Social Services Administration Board

District of Parry Sound (East) Home for the Aged

#### (iii) Accounting for school board transactions

The taxation, other revenue, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in these consolidated financial statements.

#### (iv) Trust funds

Trust funds administered by the Municipality are not included in these consolidated financial statements, but are reported separately on the trust funds financial statements.

# THE CORPORATION OF THE TOWNSHIP OF PERRY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2016

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(b) Basis of Accounting

(i) Accrual basis of accounting

Revenue and expenses are reported on the accrual basis of accounting. Revenue is recognized in the year in which it is earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(ii) Temporary investments

Temporary investments are recorded at cost plus accrued interest.

(iii) Portfolio investments

Portfolio investments are recorded at amortized cost. Discounts and premiums arising on the purchase of these investments are amortized over the term of the investments. When there has been a loss in value that is other than a temporary decline in value, the respective investment is written down to recognize the loss.

(iv) Non-financial assets

Non-financial assets are not available to discharge existing liabilities but are held for use in the provision of municipal services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(a) Tangible capital assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Tangible capital assets received as donations are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements - 20 years  
 Buildings - 50 years  
 Machinery, equipment and furniture - 5 to 20 years  
 Vehicles - 8 to 20 years  
 Roads - 5 to 60 years  
 Bridges - 60 years

One half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

Estimated closure and post-closure expenses for active landfill sites as well as the land occupied by the sites are amortized annually on the basis of capacity used during the year as a percentage of the estimated total capacity of the landfill site.

Interest related to the acquisition of capital assets is not capitalized, but is expensed in the year incurred.

(b) Inventories of supplies

Inventories held for consumption are recorded at the lower of cost and replacement cost.

# THE CORPORATION OF THE TOWNSHIP OF PERRY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2016

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- (v) Deferred Revenue  
Revenue restricted by legislation, regulation or agreement and not available for general municipal purposes is reported as deferred revenue on the Consolidated Statement of Financial Position. The revenue is reported on the Consolidated Statement of Operations in the year in which it is used for the specific purpose.
- (vi) Reserves and reserve funds  
Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future operating and capital purposes. Balances related to these funds are included in the accumulated surplus of the Consolidated Statement of Financial Position.
- (vii) Government transfers  
Government transfers are recognized in the financial statements as revenue 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 Consolidated Statement of Operations as the stipulation liabilities are settled.
- (viii) Taxation and related revenue  
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 Province of Ontario in respect of education taxes. Property tax billings are prepared by the Municipality based on assessment rolls, supplementary assessment rolls and other assessment adjustments issued by the Municipal Property Assessment Corporation ("MPAC"). Taxation revenue is initially recorded at the time assessment information is received from MPAC and is subsequently adjusted based on management's best estimate of the amount of tax revenue resulting from assessment adjustments that have not yet been received from MPAC. The Municipality is entitled to collect interest and penalties on overdue taxes. This revenue is recorded in the period the interest and penalties are levied.
- (ix) Pensions and employee benefits  
The Municipality accounts for its participation in the Ontario Municipal Employee Retirement System ("OMERS"), a multi-employer public sector pension fund, as a defined contribution plan. Sick leave benefits are accrued as the employees render the services necessary to earn the benefits.
- (x) Use of estimates  
The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. These estimates and assumptions are based on management's historical experience, best knowledge of current events and actions that the Municipality may undertake in the future. Significant accounting estimates include valuation allowances for taxes and accounts receivable, estimated useful lives of tangible capital assets, employee sick leave benefits liability, solid waste landfill closure and post-closure liabilities and supplementary taxes. Actual results could differ from these estimates.

## THE CORPORATION OF THE TOWNSHIP OF PERRY

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2016

#### 2. CONTRIBUTIONS TO UNCONSOLIDATED JOINT BOARDS

Further to Note 1(a)(ii), the following contributions were made by the Municipality to these boards:

	2016	2015
District of Parry Sound Social Services Administration Board	\$ 202,156	\$ 201,499
North Bay Parry Sound District Health Unit	66,466	65,162
District of Parry Sound (East) Home for the Aged	128,303	127,475
	<b>\$ 396,925</b>	<b>\$ 394,136</b>

The Municipality is contingently liable for its share, if any, of the accumulated deficits as at the end of the year for these boards. The Municipality's share of the accumulated surpluses (or deficits) of these boards has not been determined at this time.

The Municipality is also contingently liable for its share, if any, of the long-term liabilities issued by other municipalities for these boards. The Municipality's share of these long-term liabilities has not been determined at this time.

#### 3. TRANSACTIONS ON BEHALF OF OTHERS

(a) During the year, \$923,562 of taxation was levied on behalf of school boards (2015 \$919,275).

(b) The Municipality administers care and maintenance trust funds totalling \$21,565 (2015 \$20,765) which are funded by the sale of cemetery interment rights and markers. These funds are invested and earnings derived therefrom are used to perform maintenance at the Municipality's cemeteries. The trust funds are not included in these consolidated financial statements, as they are being held in trust for the benefit of others.

#### 4. TEMPORARY INVESTMENTS

Temporary investments are comprised of guaranteed and redeemable investment certificates, bearing interest at rates ranging from 1.5% to 6.0% and maturing between January 10, 2017 and August 7, 2018.

# THE CORPORATION OF THE TOWNSHIP OF PERRY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2016

### 5. DEFERRED REVENUE-GENERAL

In 2016 the Municipality entered into an agreement with Industry Canada under the FedNor Canada 150 Community Infrastructure program to obtain funding for the expansion of the Emsdale rink. The terms of the agreement contain certain transfer stipulations, based on eligible costs and milestones. The maximum funding eligible under this agreement is \$81,225 and expires in March 2018.

Details of the deferred revenue reported on the Consolidated Statement of Financial Position are as follows:

	2016	2015
Balance, beginning of year:		
Other	\$ 3,503	\$ -
	3,503	-
Received during the year:		
Emsdale rink	46,049	-
Other funding	3,106	13,985
	49,155	13,985
Recognized in revenue during the year	(15,122)	(10,482)
<b>Balance, end of year</b>	<b>\$ 37,536</b>	<b>\$ 3,503</b>
Emsdale rink	\$ 34,430	\$ -
Other deferred revenue	3,106	3,503
<b>Balance, end of year</b>	<b>\$ 37,536</b>	<b>\$ 3,503</b>

## THE CORPORATION OF THE TOWNSHIP OF PERRY

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2016

#### 6. DEFERRED REVENUE-OBLIGATORY RESERVE FUNDS

The Municipality receives payments in lieu of parkland under the Planning Act, development charges under the Development Charges Act, and federal gas tax funding under an agreement with the Association of Municipalities of Ontario. Legislation restricts how these funds may be used, and under certain circumstances, how these funds may be refunded.

In the case of payments in lieu of parkland, revenue recognition occurs when the Municipality has approved eligible expenditures for park and other public recreation purposes. Development charges are recognized in revenue when the Municipality has approved the expenditures for the capital works for which the development charges were raised. Gas tax revenue recognition occurs when the Municipality has approved the expenditures for eligible capital works. Historically, the Municipality has applied its gas tax funding to local road and bridge improvements.

Details of the deferred revenue-obligatory reserve funds reported on the Consolidated Statement of Financial Position are as follows:

	2016	2015
Balance, beginning of year:		
Recreational land (the Planning Act)	\$ -	\$ 132,403
Development Charges	6,763	6,763
Federal Gas Tax	-	42,454
	<u>6,763</u>	<u>181,620</u>
Received during the year:		
Recreational land (the Planning Act)	2,160	75,190
Federal Gas Tax	140,888	134,179
Interest earned	-	1,991
	<u>143,048</u>	<u>211,360</u>
Recognized in revenue during the year	<u>(142,040)</u>	<u>(386,217)</u>
<b>Balance, end of year</b>	<b>\$ 7,771</b>	<b>\$ 6,763</b>
Development Charges	\$ 6,763	\$ 6,763
Federal Gas Tax	1,008	-
<b>Balance, end of year</b>	<b>\$ 7,771</b>	<b>\$ 6,763</b>

#### 7. CREDIT FACILITY AGREEMENT

The Municipality has an authorized operating loan with the Bank of Nova Scotia of \$150,000 (2015 \$150,000) which was unused at the end of the year. As security, the Municipality has pledged its revenue.

## THE CORPORATION OF THE TOWNSHIP OF PERRY

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2016

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#### 8. EMPLOYEE BENEFITS PAYABLE

Under the sick leave benefits plan, unused sick leave can accumulate to a prescribed maximum and employees may become entitled to a cash payment when they leave the Municipality's employment. The sick leave benefit liability estimates use of accumulated sick leave prior to retirement as well as lump-sum payments upon retirement, and assumes that both the appropriate discount rate and future salary and wage levels will increase by 2% per annum. The liability for these accumulated days amounted to \$12,743 (2015 \$12,070) at the end of the year.

#### 9. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

Landfill closure and post-closure care requirements have been defined in accordance with industry standards and include final cover and landscaping of the landfill sites, management of groundwater and leachates, and ongoing environmental monitoring and site inspection and maintenance. Estimated expenditures related to the closure and subsequent maintenance of the sites are recognized in the financial statements over the operating life of the sites, in proportion to their utilized capacity.

The Municipality is currently responsible for two waste disposal sites as follows:

The Township of Perry landfill site stopped accepting waste in 2001 and is now in the monitoring stage. The liability for this landfill site is recorded at \$120,919 (2015 \$134,391) and represents the present value of closure and post-closure costs for 100% of the total site area, using an estimated long-term borrowing rate of 3.11% (2015 2.83%) and inflation rate of 1.6% (2015 1.6%). Post-closure care is estimated to be required for a period of 25 years.

The Township of Perry and the Town of Kearney jointly operate a landfill site through the Kearney-Perry Joint Waste Management Committee. The liability for this landfill site is recorded at \$103,000 (2015 \$170,000) and represents the present value of closure and post-closure costs for 22% of the approved site area, using an estimated long-term borrowing rate of 3.64% (2015 3.46%) and inflation rate of 1.6% (2015 1.6%). The total estimated future expenditures - representing the sum of the discounted future cash flows for closure and post-closure care - are \$579,841 (2015 \$826,226), leaving an amount to be recognized of \$476,841 (2015 \$656,226). The estimated remaining capacity of the site is approximately 105,243 cubic metres, estimated to be filled in 57 years. Post-closure care is estimated to be required for a period of 25 years. The Committee has closure reserves of \$247,908 (2015 \$186,448) to fund this liability.

The Municipality has recognized \$57,371 (2015 \$94,350) in the financial statements related to its proportionate share of this liability.

The closure and post-closure liability is calculated from a number of factors which are themselves estimates, each of which can be made using different methodologies yielding highly variable results. As a result of changes made in 2016 in the assumptions that underlie the joint Kearney-Perry liability calculation, the estimated liability of the Municipality has been reduced by approximately \$42,332.

# THE CORPORATION OF THE TOWNSHIP OF PERRY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2016

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### 10. CONTRACTUAL OBLIGATIONS

In 2016 the Municipality engaged Northern Nerds to perform computer and phone system upgrades in the amount of \$59,742 plus HST. \$25,832 was billed in 2016. The balance of the work is expected to be completed in 2017.

In 2016 the Municipality contracted Evans Bertrand Hill Wheeler Architecture to provide engineering assistance and consulting services in connection with the construction of a fire hall and community centre and the expansion of the Emsdale rink at a cost of \$73,490 and \$40,110 plus HST respectively. To the end of the year, \$36,520 was billed in relation to the fire hall and community centre, and \$24,126 was billed in relation to the Emsdale rink. The balance of work under both contracts is expected to be completed in 2017.

### 11. CONTINGENCIES

The Municipality is involved from time to time in litigation, which arises in the normal course of business. With respect to outstanding claims, the Municipality believes that insurance coverage is adequate and that no material exposure exists on the eventual settlement of such litigation in all but one claim. Therefore, no provision has been made in the accompanying financial statements. For one claim, a portion of the claim is not covered by insurance and since the likelihood and extent of loss, if any, is not yet determinable, no provision has been made in the accompanying financial statements.



# THE CORPORATION OF THE TOWNSHIP OF PERRY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2016

### 12. TANGIBLE CAPITAL ASSETS

The tangible capital assets of the Municipality by major asset class are outlined below.

<b>2016</b>							
	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads and Bridges	Assets Under Construction	TOTAL
<b>COST</b>							
Balance, beginning of year	\$ 722,558	\$ 3,241,544	\$ 1,604,116	\$ 1,433,733	\$ 11,150,201	\$ 8,650	\$ 18,160,802
Additions and betterments	3,697	26,317	17,114	265,465	181,660	121,098	615,351
Contributed assets	-	-	2,860	-	-	-	2,860
Disposals and writedowns	(36,613)	(12,969)	(16,479)	-	(47,516)	-	(113,577)
<b>BALANCE, END OF YEAR</b>	<b>689,642</b>	<b>3,254,892</b>	<b>1,607,611</b>	<b>1,699,198</b>	<b>11,284,345</b>	<b>129,748</b>	<b>18,665,436</b>
<b>ACCUMULATED AMORTIZATION</b>							
Balance, beginning of year	217,064	583,856	634,402	947,679	9,454,926	-	11,837,927
Annual amortization	9,265	63,521	119,800	120,297	238,600	-	551,483
Amortization disposals	(36,613)	(1,690)	(16,479)	-	(47,516)	-	(102,298)
<b>BALANCE, END OF YEAR</b>	<b>189,716</b>	<b>645,687</b>	<b>737,723</b>	<b>1,067,976</b>	<b>9,646,010</b>	<b>-</b>	<b>12,287,112</b>
<b>TANGIBLE CAPITAL ASSETS-NET</b>	<b>\$ 499,926</b>	<b>\$ 2,609,205</b>	<b>\$ 869,888</b>	<b>\$ 631,222</b>	<b>\$ 1,638,335</b>	<b>\$ 129,748</b>	<b>\$ 6,378,324</b>
<b>2015</b>							
	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads and Bridges	Assets Under Construction	TOTAL
<b>COST</b>							
Balance, beginning of year	\$ 581,564	\$ 3,067,428	\$ 1,455,270	\$ 1,440,066	\$ 10,977,947	\$ 4,579	\$ 17,526,854
Additions and betterments	95,414	268,531	159,377	45,975	501,332	8,650	1,079,279
Contributed assets	51,500	-	3,540	-	-	-	55,040
Disposals and writedowns	(5,920)	(93,815)	(19,250)	(52,308)	(329,078)	-	(500,371)
Transfer between classes	-	(600)	5,179	-	-	(4,579)	-
<b>BALANCE, END OF YEAR</b>	<b>722,558</b>	<b>3,241,544</b>	<b>1,604,116</b>	<b>1,433,733</b>	<b>11,150,201</b>	<b>8,650</b>	<b>18,160,802</b>
<b>ACCUMULATED AMORTIZATION</b>							
Balance, beginning of year	214,998	563,022	534,331	885,610	9,581,987	-	11,779,948
Annual amortization	7,986	61,834	118,721	108,705	196,118	-	493,364
Amortization disposals	(5,920)	(40,400)	(19,250)	(46,636)	(323,179)	-	(435,385)
Transfers between classes	-	(600)	600	-	-	-	-
<b>BALANCE, END OF YEAR</b>	<b>217,064</b>	<b>583,856</b>	<b>634,402</b>	<b>947,679</b>	<b>9,454,926</b>	<b>-</b>	<b>11,837,927</b>
<b>TANGIBLE CAPITAL ASSETS-NET</b>	<b>\$ 505,494</b>	<b>\$ 2,657,688</b>	<b>\$ 969,714</b>	<b>\$ 486,054</b>	<b>\$ 1,695,275</b>	<b>\$ 8,650</b>	<b>\$ 6,322,875</b>

# THE CORPORATION OF THE TOWNSHIP OF PERRY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2016

### 13. ACCUMULATED SURPLUS

The 2016 continuity of accumulated surplus reported on the Consolidated Statement of Financial Position is as follows:

	Balance Beginning of Year	Annual Surplus (Deficit)	Balance End of Year
<b>RESERVES AND RESERVE FUNDS</b>			
Working capital	\$ 539,721	\$ -	\$ 539,721
Election	22,073	-	22,073
Fire	78,968	30,000	108,968
Roads	38,098	159,358	197,456
Library	29,134	-	29,134
Replacement of building and equipment	1,148,751	(376,109)	772,642
Future Needs	231,500	99,389	330,889
Joint Waste Management Committee (2016: 55.7% ; 2015: 55.5%)	159,506	43,998	203,504
	<b>2,247,751</b>	<b>(43,364)</b>	<b>2,204,387</b>
<b>OTHER</b>			
Consolidated tangible capital assets	6,322,875	55,449	6,378,324
General operating surplus -			
Municipality	160,626	(127,626)	33,000
Joint Waste Management Committee (2016: 55.7% ; 2015: 55.5%)	18,272	(9,925)	8,347
Unfunded amounts -			
Employee benefits	(12,070)	(673)	(12,743)
Landfill closure and post-closure	(228,741)	50,451	(178,290)
	<b>\$ 8,508,713</b>	<b>\$ (75,688)</b>	<b>\$ 8,433,025</b>

# THE CORPORATION OF THE TOWNSHIP OF PERRY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2016

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### 14. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT

The Municipality and its Boards and Committees provide a wide range of services to its citizens. The schedule of segment disclosure provides a breakdown of the annual surplus (deficit) reported on the Consolidated Statement of Operations by major reporting segment. The segments correspond to the major functional categories used in the Municipality's Financial Information Return, which include the following activities:

#### General Government

This segment includes Council, Clerk's Department, and Treasury. This area supports the operating departments in implementing priorities of Council and provides strategic leadership on issues relating to governance, strategic planning and service delivery.

#### Protection to Persons and Property

This segment includes fire, police, building inspection, conservation authority, emergency measures and bylaw enforcement. Police services are provided by the Ontario Provincial Police under contract.

#### Transportation Services

Transportation services include roadway systems and winter control.

#### Environmental Services

This segment includes solid waste management.

#### Health Services

This segment includes cemeteries as well as payments to the district health unit.

#### Social and Family Services

This segment consists primarily of payments made to the district social services administration board and home for the aged for the provision of social services such as childcare, social housing, general assistance and assistance to the elderly.

#### Recreation and Culture

This segment includes parks, recreation programs, recreation facilities and cultural services such as museums.

#### Library

This segment includes the consolidated library transactions of the Municipality and its Library Board.

#### Planning and Development

This segment includes activities related to planning, zoning and economic development.

#### Unallocated Amounts

Items are recorded as unallocated amounts when there is no reasonable basis for allocating them to a segment. Major items included in this category are property taxation and related penalty and interest charges, and the municipality's annual Ontario Municipal Partnership Fund unconditional grant.

# THE CORPORATION OF THE TOWNSHIP OF PERRY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2016

### 14. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT (continued)

FOR THE YEAR ENDED DECEMBER 31, 2016

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Library Services	Planning and Development	Unallocated Amounts	Consolidated
<b>REVENUE</b>											
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,733,260	\$ 2,733,260
User charges	6,639	11,005	2,175	20,846	-	-	11,543	90	8,450	-	60,748
Government transfers -											
Canada	-	-	139,880	-	-	-	11,619	-	-	-	151,499
Ontario	-	11,477	25,000	56,110	-	-	-	11,255	-	717,500	821,342
Other municipalities	-	55,305	1,100	-	-	-	-	-	-	-	56,405
Investment income	-	-	-	-	-	-	-	-	-	40,389	40,389
Loss on disposal of capital assets	(7,895)	-	-	-	-	-	-	-	(3,384)	-	(11,279)
Other	1,877	46,396	3,667	40,263	1,104	-	5,603	5,227	7,184	94,067	205,388
<b>TOTAL REVENUE</b>	<b>621</b>	<b>124,183</b>	<b>171,822</b>	<b>117,219</b>	<b>1,104</b>	<b>-</b>	<b>28,765</b>	<b>16,572</b>	<b>12,250</b>	<b>3,585,216</b>	<b>4,057,752</b>
<b>EXPENSES</b>											
Salaries, wages and benefits	437,680	153,768	420,776	110,530	-	-	94,231	52,932	-	-	1,269,917
Materials	99,262	113,507	587,113	32,302	2,805	-	82,949	16,595	12,096	-	946,629
Contracted services	148,112	473,889	17,652	156,197	124,306	-	5,568	431	18,275	-	944,430
Rents and financial expenses	2,416	4,200	-	10,946	152	-	3,040	-	-	-	20,754
External transfers	3,302	-	-	-	66,466	330,459	-	-	-	-	400,227
Amortization	37,518	67,438	353,961	6,534	-	-	28,649	16,388	40,995	-	551,483
<b>TOTAL EXPENSES</b>	<b>728,290</b>	<b>812,802</b>	<b>1,379,502</b>	<b>316,509</b>	<b>193,729</b>	<b>330,459</b>	<b>214,437</b>	<b>86,346</b>	<b>71,366</b>	<b>-</b>	<b>4,133,440</b>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>\$ (727,669)</b>	<b>\$ (688,619)</b>	<b>\$ (1,207,680)</b>	<b>\$ (199,290)</b>	<b>\$ (192,625)</b>	<b>\$ (330,459)</b>	<b>\$ (185,672)</b>	<b>\$ (69,774)</b>	<b>\$ (59,116)</b>	<b>\$ 3,585,216</b>	<b>\$ (75,688)</b>

# THE CORPORATION OF THE TOWNSHIP OF PERRY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2016

### 14. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT (continued)

#### FOR THE YEAR ENDED DECEMBER 31, 2015

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Library Services	Planning and Development	Unallocated Amounts	Consolidated
<b>REVENUE</b>											
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,517,962	\$ 2,517,962
User charges	8,343	2,860	104	14,573	-	-	13,923	45	9,300	-	49,148
Government transfers -											
Canada	-	-	176,797	-	-	-	30,500	-	-	-	207,297
Ontario	-	1,407	26,120	44,080	-	-	-	18,133	-	682,500	772,240
Other municipalities	-	79,748	1,100	-	-	-	-	-	-	-	80,848
Investment income	-	-	-	-	-	-	-	-	-	12,414	12,414
Loss on disposal of capital assets	(20,446)	(22,730)	(5,899)	-	-	-	(1,648)	-	(8,763)	-	(59,486)
Other	-	58,504	12,255	60,341	54,435	-	211,535	4,692	8,335	94,044	504,141
<b>TOTAL REVENUE</b>	<b>(12,103)</b>	<b>119,789</b>	<b>210,477</b>	<b>118,994</b>	<b>54,435</b>	<b>-</b>	<b>254,310</b>	<b>22,870</b>	<b>8,872</b>	<b>3,306,920</b>	<b>4,084,564</b>
<b>EXPENSES</b>											
Salaries, wages and benefits	415,104	155,866	383,946	103,526	-	-	68,665	50,466	-	-	1,177,573
Materials	107,880	120,490	424,319	39,751	4,826	-	66,275	24,450	14,846	-	802,837
Contracted services	162,708	372,144	70,074	149,205	118,067	-	14,764	4,216	16,269	-	907,447
Rents and financial expenses	5,379	-	-	10,946	-	-	-	-	-	-	16,325
External transfers	3,220	-	-	-	65,162	328,974	-	-	-	-	397,356
Amortization	39,885	67,672	295,239	7,298	-	-	25,556	16,726	40,988	-	493,364
<b>TOTAL EXPENSES</b>	<b>734,176</b>	<b>716,172</b>	<b>1,173,578</b>	<b>310,726</b>	<b>188,055</b>	<b>328,974</b>	<b>175,260</b>	<b>95,858</b>	<b>72,103</b>	<b>-</b>	<b>3,794,902</b>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>\$ (746,279)</b>	<b>\$ (596,383)</b>	<b>\$ (963,101)</b>	<b>\$ (191,732)</b>	<b>\$ (133,620)</b>	<b>\$ (328,974)</b>	<b>\$ 79,050</b>	<b>\$ (72,988)</b>	<b>\$ (63,231)</b>	<b>\$ 3,306,920</b>	<b>\$ 289,662</b>

## THE CORPORATION OF THE TOWNSHIP OF PERRY

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2016

#### 15. BUDGET FIGURES

The budget adopted for the current year was prepared on a modified accrual basis, and has been restated to conform with the accounting and reporting standards applicable to the actual results. A reconciliation of the adopted and reported budgets is presented below.

	Budget
<b>ADOPTED BUDGET:</b>	
Decrease in general municipal operating surplus	\$ (160,630)
Decrease in consolidated reserves and reserve funds	(139,515)
<b>ADJUSTMENTS:</b>	
Acquisition of tangible capital assets	697,351
Amortization of tangible capital assets	(551,464)
<b>ANNUAL DEFICIT</b>	<b>\$ (154,258)</b>

#### 16. PENSION AGREEMENTS

The Municipality makes contributions to the Ontario Municipal Employee Retirement Fund (OMERS), which is a multi-employer plan, on behalf of certain members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2016. The results of this valuation disclosed total actuarial liabilities of \$86,959 million with respect to benefits accrued for service with actuarial assets at that date of \$81,239 million indicating an actuarial deficit of \$5,720 million. Because OMERS is a multi-employer plan, any Plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Municipality does not recognize any share of the Plan surplus or deficit.

The amount contributed to OMERS for 2016 was \$76,209 (2015 \$70,291) for current service and is included as an expense on the Consolidated Statement of Operations.

#### 17. RELATED PARTY TRANSACTIONS

During the normal course of operations, the Municipality purchased goods in the amount of \$7,616 from a company owned by a Councillor and members of his family. All related party transactions are recorded at their exchange amount, which is the amount of consideration established and agreed to by the related parties.