
THE CORPORATION OF THE TOWNSHIP OF PERRY

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2017

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, 2017 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, 2017, 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 4, 2018

Chartered Professional Accountants
Licensed Public Accountants

THE CORPORATION OF THE TOWNSHIP OF PERRY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017

	2017	2016
FINANCIAL ASSETS		
Cash (Note 4)	\$ 1,279,901	\$ 881,623
Temporary investments (Note 5)	777,067	712,429
Taxes receivable (Note 6)	364,110	500,344
Accounts receivable	214,507	240,471
	2,635,585	2,334,867
LIABILITIES		
Accounts payable and accrued liabilities	288,598	244,984
Deferred revenue-general (Note 7)	3,773	37,536
Deferred revenue-obligatory reserve funds (Note 8)	111,072	7,771
Employee benefits payable (Note 10)	17,102	12,743
Landfill closure and post-closure liability (Note 11)	199,547	178,290
	620,092	481,324
NET FINANCIAL ASSETS	2,015,493	1,853,543
NON-FINANCIAL ASSETS		
Tangible capital assets - net (Note 14)	6,352,671	6,378,324
Inventories of supplies	116,947	107,980
Prepaid expenses	36,483	93,178
	6,506,101	6,579,482
ACCUMULATED SURPLUS (Note 15)	\$ 8,521,594	\$ 8,433,025

Contingencies (see Note 2, 13)
 Contractual Obligations (see Note 12)

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, 2017

	Budget 2017 <i>(see Note 17)</i>	Actual 2017	Actual 2016
REVENUE			
Property taxes	\$ 2,854,733	\$ 2,891,691	\$ 2,723,723
User charges	42,500	62,100	60,748
Government transfers	1,159,933	1,069,838	1,029,246
Net investment income	-	-	40,389
Loss on disposal of tangible capital assets	-	(19,393)	(11,279)
Other	148,697	282,407	205,388
TOTAL REVENUE	4,205,863	4,286,643	4,048,215
EXPENSES			
General government	754,109	727,298	718,753
Protection to persons and property	896,429	885,642	812,802
Transportation services	1,337,521	1,308,048	1,379,502
Environmental services	347,508	361,564	316,509
Health services	196,559	193,857	193,729
Social and family services	333,515	333,036	330,459
Recreation and cultural services	301,534	289,182	300,783
Planning and development	103,110	99,447	71,366
TOTAL EXPENSES	4,270,285	4,198,074	4,123,903
ANNUAL SURPLUS (DEFICIT) (Note 15)	(64,422)	88,569	(75,688)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	8,433,025	8,433,025	8,508,713
ACCUMULATED SURPLUS, END OF YEAR	\$ 8,368,603	\$ 8,521,594	\$ 8,433,025

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, 2017

	Budget 2017 <i>(see Note 17)</i>	Actual 2017	Actual 2016
Annual surplus (deficit)	\$ (64,422)	\$ 88,569	\$ (75,688)
Acquisition of tangible capital assets	(2,706,250)	(606,619)	(615,351)
Contributed tangible capital assets	-	(2,725)	(2,860)
Amortization of tangible capital assets	568,610	568,612	551,483
Loss on disposal of tangible capital assets	-	19,393	11,279
Proceeds from disposal of tangible capital assets	-	46,992	-
Change in supplies inventories	-	(8,967)	(23,965)
Change in prepaid expenses	-	56,695	(59,544)
Increase (decrease) in net financial assets	(2,202,062)	161,950	(214,646)
Net financial assets, beginning of year	1,853,543	1,853,543	2,068,189
Net financial assets (net debt), end of year	\$ (348,519)	\$ 2,015,493	\$ 1,853,543

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, 2017

	2017	2016
Operating transactions		
Annual surplus (deficit)	\$ 88,569	\$ (75,688)
Non-cash charges to operations:		
Amortization	568,612	551,483
Loss on disposal of tangible capital assets	19,393	11,279
Change in employee benefits payable	4,359	673
Change in landfill closure and post-closure liability	21,257	(50,451)
	702,190	437,296
Changes in non-cash items:		
Taxes receivable	136,234	2,613
Accounts receivable	25,964	43,305
Accounts payable and accrued liabilities	43,614	(48,180)
Deferred revenue-general	(33,763)	34,033
Deferred revenue-obligatory reserve funds	103,301	1,008
Inventories of supplies	(8,967)	(23,965)
Prepaid expenses	56,695	(59,544)
	323,078	(50,730)
Cash provided by operating transactions	1,025,268	386,566
Capital transactions		
Acquisition of tangible capital assets	(606,619)	(615,351)
Contributed tangible capital assets	(2,725)	(2,860)
Proceeds from disposal of tangible capital assets	46,992	-
Cash applied to capital transactions	(562,352)	(618,211)
Investing transactions		
Change in temporary investments	(64,638)	(410,111)
Change in portfolio investments	-	783,547
Cash provided by (applied to) investing transactions	(64,638)	373,436
Net change in cash	398,278	141,791
Cash, beginning of year	881,623	739,832
Cash, end of year	\$ 1,279,901	\$ 881,623

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, 2017

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 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, 2017

(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) 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, 2017

- (iv) 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.
- (v) 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.
- (vi) 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.
- (vii) 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.
- (viii) 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.
- (ix) 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, 2017

2. CONTRIBUTIONS TO UNCONSOLIDATED JOINT BOARDS

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

	2017	2016
District of Parry Sound Social Services Administration Board	\$ 201,366	\$ 202,156
North Bay Parry Sound District Health Unit	66,466	66,466
District of Parry Sound (East) Home for the Aged	131,670	128,303
	\$ 399,502	\$ 396,925

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, \$885,147 of taxation was levied on behalf of school boards (2016 \$923,562).

(b) The Municipality administers care and maintenance trust funds totalling \$22,065 (2016 \$21,565) 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. CASH

Cash is comprised of:

	2017	2016
Unrestricted cash	\$ 1,168,829	\$ 873,852
Restricted cash	111,072	7,771
	\$ 1,279,901	\$ 881,623

Federal, Provincial and Municipal legislation restricts how restricted cash related to obligatory reserve funds, reported in Note 8, may be used.

5. TEMPORARY INVESTMENTS

Temporary investments are comprised of guaranteed and redeemable investment certificates, bearing interest at rates ranging from 1.5% to 2.0% and maturing between February 24, 2018 and November 23, 2018.

THE CORPORATION OF THE TOWNSHIP OF PERRY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2017

6. TAXES RECEIVABLE

Taxes receivable are comprised of the following:

	2017	2016
Taxes receivable	\$ 394,110	\$ 513,344
Valuation allowance	(30,000)	(13,000)
	\$ 364,110	\$ 500,344

7. DEFERRED REVENUE-GENERAL

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

	2017	2016
Balance, beginning of year:		
Emsdale rink building expansion	\$ 34,430	\$ -
Other	3,106	3,503
	37,536	3,503
Received during the year:		
Emsdale rink	35,176	46,049
Other funding	3,773	3,106
	38,949	49,155
Recognized in revenue during the year	(72,712)	(15,122)
Balance, end of year	\$ 3,773	\$ 37,536
Emsdale rink	\$ -	\$ 34,430
Other deferred revenue	3,773	3,106
Balance, end of year	\$ 3,773	\$ 37,536

THE CORPORATION OF THE TOWNSHIP OF PERRY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2017

8. DEFERRED REVENUE-OBLIGATORY RESERVE FUNDS

The Municipality receives payments in lieu of parkland under the Planning Act, development charges under the Development Charges Act, building permit revenue under the Building Code Act, federal gas tax funding under an agreement with the Association of Municipalities of Ontario, and Ontario Community Infrastructure Fund funding under an agreement with the Ministry of Infrastructure. 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 and building permit revenue revenue recognition occurs when the Municipality has approved eligible expenditures for public recreation and building department 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 and Ontario Community Infrastructure Fund revenue recognition occurs when the Municipality has approved the expenditures for eligible asset management planning expenditures and capital works. Historically, the Municipality has applied its gas tax and infrastructure funding to local road and bridge improvements and asset management planning expenditures.

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

	2017	2016
Balance, beginning of year:		
Development Charges	\$ 6,763	\$ 6,763
Federal Gas Tax	1,008	-
	<u>7,771</u>	<u>6,763</u>
Received during the year:		
Recreational land (the Planning Act)	5,575	2,160
Building Code Act	145,249	44,730
Federal Gas Tax	143,383	140,888
Ontario Community Infrastructure Fund	50,000	25,000
Interest earned	784	-
	<u>344,991</u>	<u>212,778</u>
Recognized in revenue during the year	<u>(241,690)</u>	<u>(211,770)</u>
Balance, end of year	\$ 111,072	\$ 7,771
Development Charges	\$ 6,763	\$ 6,763
Building Code Act	1,773	-
Federal Gas Tax	96,298	1,008
Ontario Community Infrastructure Fund	6,238	-
Balance, end of year	\$ 111,072	\$ 7,771

9. CREDIT FACILITY AGREEMENT

The Municipality has an authorized operating loan with the Bank of Nova Scotia of \$150,000 (2016 \$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, 2017

10. 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 \$17,102 (2016 \$12,743) at the end of the year.

11. 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 \$132,827 (2016 \$120,919) 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 2.85% (2016 3.11%) and inflation rate of 1.6% (2016 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 \$120,000 (2016 \$103,000) and represents the present value of closure and post-closure costs for 23% of the approved site area, using an estimated long-term borrowing rate of 3.31% (2016 3.64%) and inflation rate of 1.6% (2016 1.6%). The total estimated future expenditures - representing the sum of the discounted future cash flows for closure and post-closure care - are \$665,075 (2016 \$579,841), leaving an amount to be recognized of \$545,075 (2016 \$476,841). The estimated remaining capacity of the site is approximately 103,393 cubic metres, estimated to be filled in 56 years. Post-closure care is estimated to be required for a period of 25 years. The Committee has closure reserves of \$266,763 (2016 \$247,908) to fund this liability.

The Municipality has recognized \$66,720 (2016 \$57,371) in the financial statements related to its proportionate share of this liability.

12. CONTRACTUAL OBLIGATIONS

In 2017 the Municipality contracted Georgian Engineering to provide engineering assistance and consulting services in connection with the construction of a fire hall at a cost of \$45,200 plus HST. To the end of the year, \$15,500 was billed under this contract. The balance of work is expected to be completed in 2018.

THE CORPORATION OF THE TOWNSHIP OF PERRY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2017

13. 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, 2017

14. TANGIBLE CAPITAL ASSETS

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

2017							
	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads and Bridges	Assets Under Construction	TOTAL
COST							
Balance, beginning of year	\$ 689,642	\$ 3,254,892	\$ 1,607,611	\$ 1,699,198	\$ 11,284,345	\$ 129,748	\$ 18,665,436
Additions and betterments	58,813	211,333	60,681	80,919	160,778	34,095	606,619
Contributed assets	-	-	2,725	-	-	-	2,725
Disposals and writedowns	(286)	(56,627)	(87,665)	(149,985)	(93,248)	(32,888)	(420,699)
Transfer between classes	-	25,819	22,245	-	6,862	(54,926)	-
BALANCE, END OF YEAR	748,169	3,435,417	1,605,597	1,630,132	11,358,737	76,029	18,854,081
ACCUMULATED AMORTIZATION							
Balance, beginning of year	189,716	645,687	737,723	1,067,976	9,646,010	-	12,287,112
Annual amortization	19,820	66,016	108,860	117,687	256,229	-	568,612
Amortization disposals	(277)	(56,599)	(72,903)	(131,287)	(93,248)	-	(354,314)
BALANCE, END OF YEAR	209,259	655,104	773,680	1,054,376	9,808,991	-	12,501,410
TANGIBLE CAPITAL ASSETS-NET	\$ 538,910	\$ 2,780,313	\$ 831,917	\$ 575,756	\$ 1,549,746	\$ 76,029	\$ 6,352,671

2016							
	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads and Bridges	Assets Under Construction	TOTAL
COST							
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)
BALANCE, END OF YEAR	689,642	3,254,892	1,607,611	1,699,198	11,284,345	129,748	18,665,436
ACCUMULATED AMORTIZATION							
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)
BALANCE, END OF YEAR	189,716	645,687	737,723	1,067,976	9,646,010	-	12,287,112
TANGIBLE CAPITAL ASSETS-NET	\$ 499,926	\$ 2,609,205	\$ 869,888	\$ 631,222	\$ 1,638,335	\$ 129,748	\$ 6,378,324

THE CORPORATION OF THE TOWNSHIP OF PERRY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2017

15. ACCUMULATED SURPLUS

The 2017 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
RESERVES AND RESERVE FUNDS			
Working capital	\$ 539,721	\$ (38,017)	\$ 501,704
Election	22,073	-	22,073
Fire	108,968	(107)	108,861
Roads	197,456	131,699	329,155
Library	29,134	3,256	32,390
Replacement of building and equipment	772,642	13,666	786,308
Future Needs	330,889	(105,274)	225,615
Joint Waste Management Committee (2017: 55.6% ; 2016: 55.7%)	203,504	15,225	218,729
	2,204,387	20,448	2,224,835
OTHER			
Consolidated tangible capital assets	6,378,324	(25,653)	6,352,671
General operating surplus -			
Municipality	33,000	120,466	153,466
Joint Waste Management Committee (2017: 55.6% ; 2016: 55.7%)	8,347	(1,076)	7,271
Unfunded amounts -			
Employee benefits	(12,743)	(4,359)	(17,102)
Landfill closure and post-closure	(178,290)	(21,257)	(199,547)
	\$ 8,433,025	\$ 88,569	\$ 8,521,594

THE CORPORATION OF THE TOWNSHIP OF PERRY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2017

16. 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.

In the preparation of segmented financial information, some allocation of expenses is made. This generally includes charges of administrative time and office expenses to specific segments.

THE CORPORATION OF THE TOWNSHIP OF PERRY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2017

16. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT (continued)

FOR THE YEAR ENDED DECEMBER 31, 2017

	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
REVENUE											
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,891,691	\$ 2,891,691
User charges	7,218	7,544	4,243	15,974	-	-	12,141	55	14,925	-	62,100
Government transfers -											
Canada	-	-	48,442	-	-	-	69,606	-	27,514	-	145,562
Ontario	9,870	8,871	34,246	79,907	-	-	-	11,101	-	744,200	888,195
Other municipalities	-	24,660	-	-	-	-	-	-	11,421	-	36,081
Gain (loss) on disposal of capital assets	(13,169)	(7,214)	-	(75)	-	-	1,000	65	-	-	(19,393)
r	320	146,680	2,906	19,817	413	-	-	4,208	28,350	79,713	282,407
TOTAL REVENUE	4,239	180,541	89,837	115,623	413	-	82,747	15,429	82,210	3,715,604	4,286,643
EXPENSES											
Salaries, wages and benefits	471,184	173,259	445,938	117,722	-	-	105,352	53,957	44,690	-	1,412,102
Materials	96,621	96,935	465,938	30,930	-	-	56,310	15,395	14,583	-	776,712
Contracted services	134,676	529,735	17,867	186,139	127,267	-	5,750	1,364	11,660	-	1,014,458
Rents and financial expenses	6,032	3,240	753	10,871	-	-	3,603	109	-	-	24,608
External transfers	2,080	-	-	-	66,466	333,036	-	-	-	-	401,582
Interfunctional adjustments	(22,305)	22,305	-	-	-	-	-	-	-	-	-
Amortization	39,010	60,168	377,552	15,902	124	-	31,035	16,307	28,514	-	568,612
TOTAL EXPENSES	727,298	885,642	1,308,048	361,564	193,857	333,036	202,050	87,132	99,447	-	4,198,074
ANNUAL SURPLUS (DEFICIT)	\$ (723,059)	\$ (705,101)	\$ (1,218,211)	\$ (245,941)	\$ (193,444)	\$ (333,036)	\$ (119,303)	\$ (71,703)	\$ (17,237)	\$ 3,715,604	\$ 88,569

THE CORPORATION OF THE TOWNSHIP OF PERRY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2017

16. 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
REVENUE											
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,723,723	\$ 2,723,723
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)
r	1,877	46,396	3,667	40,263	1,104	-	5,603	5,227	7,184	94,067	205,388
TOTAL REVENUE	621	124,183	171,822	117,219	1,104	-	28,765	16,572	12,250	3,575,679	4,048,215
EXPENSES											
Salaries, wages and benefits	428,143	153,768	420,776	110,530	-	-	94,231	52,932	-	-	1,260,380
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
TOTAL EXPENSES	718,753	812,802	1,379,502	316,509	193,729	330,459	214,437	86,346	71,366	-	4,123,903
ANNUAL SURPLUS (DEFICIT)	\$ (718,132)	\$ (688,619)	\$ (1,207,680)	\$ (199,290)	\$ (192,625)	\$ (330,459)	\$ (185,672)	\$ (69,774)	\$ (59,116)	\$ 3,575,679	\$ (75,688)

THE CORPORATION OF THE TOWNSHIP OF PERRY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2017

17. 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
ADOPTED BUDGET:	
Decrease in general municipal operating surplus	\$ (33,000)
Decrease in Joint Waste Management Committee operating surplus	(8,332)
Decrease in consolidated reserves and reserve funds	(160,730)
ADJUSTMENTS:	
Acquisition of tangible capital assets	2,706,250
Amortization of tangible capital assets	(568,610)
Increase in municipal debt	(2,000,000)
ANNUAL DEFICIT	\$ (64,422)

18. 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, 2017. The results of this valuation disclosed total actuarial liabilities of \$94,431 million with respect to benefits accrued for service with actuarial assets at that date of \$89,028 million indicating an actuarial deficit of \$5,403 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 2017 was \$92,318 (2016 \$76,209) for current and prior-year service and is included as an expense on the Consolidated Statement of Operations.

19. COMPARATIVE FIGURES

Certain prior year figures presented for comparative purposes have been reclassified to conform with the basis of presentation adopted for the current year.