
THE CORPORATION OF THE TOWNSHIP OF PERRY

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015

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, 2015 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, 2015, 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
May 18, 2016

Chartered Professional Accountants
Licensed Public Accountants

THE CORPORATION OF THE TOWNSHIP OF PERRY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2015

	2015	2014
FINANCIAL ASSETS		
Cash	\$ 739,832	\$ 1,172,744
Temporary investments <i>(Note 5)</i>	302,318	279,068
Taxes receivable	502,957	513,558
Accounts receivable	283,776	173,249
Portfolio investments <i>(Note 6)</i>	783,547	981,960
Inventory held for resale	-	8,259
	2,612,430	3,128,838
LIABILITIES		
Accounts payable and accrued liabilities	293,164	280,911
Deferred revenue-general	3,503	-
Deferred revenue-obligatory reserve funds <i>(Note 7)</i>	6,763	181,620
Employee benefits payable <i>(Note 9)</i>	12,070	12,893
Landfill closure and post-closure liability <i>(Note 10)</i>	228,741	288,369
	544,241	763,793
NET FINANCIAL ASSETS	2,068,189	2,365,045
NON-FINANCIAL ASSETS		
Tangible capital assets - net <i>(Note 12)</i>	6,322,875	5,746,906
Inventories of supplies	84,015	72,066
Prepaid expenses	33,634	35,034
	6,440,524	5,854,006
ACCUMULATED SURPLUS <i>(Note 13)</i>	\$ 8,508,713	\$ 8,219,051

Contingencies *(see Note 3)*
 Commitments *(see Note 11)*

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, 2015

	Budget 2015 <i>(see Note 15)</i>	Actual 2015	Actual 2014
REVENUE			
Property taxes	\$ 2,530,740	\$ 2,517,962	\$ 2,408,922
User charges	40,650	49,148	37,820
Government transfers	1,018,470	1,060,385	911,598
Net investment income	13,000	12,414	31,551
Gain (loss) on disposal of tangible capital assets	-	(59,486)	14,285
Other	183,863	504,141	226,037
TOTAL REVENUE	3,786,723	4,084,564	3,630,213
EXPENSES			
General government	759,590	734,176	711,686
Protection to persons and property	703,040	716,172	604,784
Transportation services	1,190,930	1,173,578	1,128,268
Environmental services	304,690	310,726	275,518
Health services	188,500	188,055	179,266
Social and family services	328,980	328,974	300,300
Recreation and cultural services	249,994	271,118	212,410
Planning and development	65,640	72,103	61,964
TOTAL EXPENSES	3,791,364	3,794,902	3,474,196
ANNUAL SURPLUS (DEFICIT) <i>(Note 13)</i>	(4,641)	289,662	156,017
ACCUMULATED SURPLUS, BEGINNING OF YEAR	8,219,051	8,219,051	8,063,034
ACCUMULATED SURPLUS, END OF YEAR	\$ 8,214,410	\$ 8,508,713	\$ 8,219,051

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, 2015

	Budget 2015 <i>(see Note 15)</i>	Actual 2015	Actual 2014
Annual surplus (deficit)	\$ (4,641)	\$ 289,662	\$ 156,017
Acquisition of tangible capital assets	(859,670)	(1,079,279)	(415,428)
Contributed tangible capital assets	-	(55,040)	(14,983)
Amortization of tangible capital assets	492,415	493,364	485,236
Loss (gain) on disposal of tangible capital assets	-	59,486	(14,285)
Proceeds from disposal of tangible capital assets	-	5,500	14,690
Change in supplies inventories	-	(11,949)	14,662
Change in prepaid expenses	-	1,400	2,424
Increase (decrease) in net financial assets	(371,896)	(296,856)	228,333
Net financial assets, beginning of year	2,365,045	2,365,045	2,136,712
Net financial assets, end of year	\$ 1,993,149	\$ 2,068,189	\$ 2,365,045

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, 2015

	2015	2014
Operating transactions		
Annual surplus	\$ 289,662	\$ 156,017
Non-cash charges to operations:		
Amortization	493,364	485,236
Loss (gain) on disposal of tangible capital assets	59,486	(14,285)
Change in employee benefits payable	(823)	(988)
Change in landfill closure and post-closure liability	(59,628)	(38,779)
	782,061	587,201
Changes in non-cash items:		
Taxes receivable	10,601	(3,269)
Accounts receivable	(110,527)	76,538
Inventories held for resale	8,259	(8,259)
Accounts payable and accrued liabilities	12,253	(43,556)
Deferred revenue-general	3,503	-
Deferred revenue-obligatory reserve funds	(174,857)	19,364
Inventories of supplies	(11,949)	14,662
Prepaid expenses	1,400	2,424
	(261,317)	57,904
Cash provided by operating transactions	520,744	645,105
Capital transactions		
Acquisition of tangible capital assets	(1,079,279)	(415,428)
Contributed tangible capital assets	(55,040)	(14,983)
Proceeds from disposal of tangible capital assets	5,500	14,690
Cash applied to capital transactions	(1,128,819)	(415,721)
Investing transactions		
Change in temporary investments	(23,250)	(115,591)
Change in portfolio investments	198,413	(29,038)
Cash provided by (applied to) investing transactions	175,163	(144,629)
Net change in cash	(432,912)	84,755
Cash, beginning of year	1,172,744	1,087,989
Cash, end of year	\$ 739,832	\$ 1,172,744

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, 2015

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, 2015

(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, 2015

- (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.

THE CORPORATION OF THE TOWNSHIP OF PERRY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2015

(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.

2. CHANGE IN ACCOUNTING POLICY

On January 1, 2015 the Municipality adopted Public Sector Accounting Standards section 3260 "Liability for contaminated sites". This new standard establishes the recognition, measurement and disclosure requirements for reporting liabilities associated with remediation of contaminated sites. The Municipality's adoption of this new standard has not resulted in any significant changes in liability recognition.

3. CONTRIBUTIONS TO UNCONSOLIDATED JOINT BOARDS

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

	2015	2014
District of Parry Sound Social Services Administration Board	\$ 201,499	\$ 200,032
North Bay Parry Sound District Health Unit	65,162	63,409
District of Parry Sound (East) Home for the Aged	127,475	100,268
	\$ 394,136	\$ 363,709

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.

4. TRANSACTIONS ON BEHALF OF OTHERS

(a) During the year, \$919,275 of taxation was levied on behalf of school boards (2014 \$934,618).

(b) The Municipality administers care and maintenance trust funds totaling \$20,765 (2014 \$3,847) 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.

THE CORPORATION OF THE TOWNSHIP OF PERRY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2015

5. TEMPORARY INVESTMENTS

Temporary investments are comprised of guaranteed and redeemable investment certificates, bearing interest at rates ranging from 1.5% to 2.5% and maturing between January 11, 2016 and August 25, 2017.

6. PORTFOLIO INVESTMENTS

Portfolio investments are comprised of the following:

	2015		2014	
	Carrying Value	Market Value	Carrying Value	Market Value
Cash and Treasury bills	\$ 31,327	\$ 31,330	\$ 16,341	\$ 16,344
Federal government bonds	195,398	208,018	305,722	313,057
Provincial government bonds	149,636	156,070	149,584	153,475
Corporate bonds	402,893	411,327	505,004	511,653
Accrued Income	4,293	4,293	5,309	5,309
	<u>\$ 783,547</u>	<u>\$ 811,038</u>	<u>\$ 981,960</u>	<u>\$ 999,838</u>

Maturity dates for investments range from 2016 to 2022 (2014 - 2015 to 2022) with yields ranging from 1.05% to 1.92% (2014 - 1.36% to 2.23%).

THE CORPORATION OF THE TOWNSHIP OF PERRY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2015

7. 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:

	2015	2014
Balance, beginning of year:		
Recreational land (the Planning Act)	\$ 132,403	\$ 155,492
Development Charges	6,763	6,763
Federal Gas Tax	42,454	-
	<u>181,620</u>	<u>162,255</u>
Received during the year:		
Recreational land (the Planning Act)	75,190	15,350
Federal Gas Tax	134,179	137,474
Interest earned	1,991	1,548
	<u>211,360</u>	<u>154,372</u>
Recognized in revenue during the year	<u>(386,217)</u>	<u>(135,007)</u>
Balance, end of year	\$ 6,763	\$ 181,620
Recreational land (the Planning Act)	\$ -	\$ 132,403
Development Charges	6,763	6,763
Federal Gas Tax	-	42,454
Balance, end of year	\$ 6,763	\$ 181,620

8. CREDIT FACILITY AGREEMENT

The Municipality has an authorized operating loan with the Bank of Nova Scotia of \$150,000 (2014 \$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, 2015

9. 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 \$12,070 (2014 \$12,893) at the end of the year.

10. 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 \$134,391 (2014 \$188,457) 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 2.83% (2014 2.37%) and inflation rate of 1.6% (2014 1.7%). 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 \$170,000 (2014 \$181,000) and represents the present value of closure and post-closure costs for 31% of the approved site area, using an estimated long-term borrowing rate of 3.46% (2014 2.99%) and inflation rate of 1.6% (2014 1.7%). The total estimated future expenditures - representing the sum of the discounted future cash flows for closure and post-closure care - are \$826,226 (2014 \$946,132), leaving an amount to be recognized of \$656,226 (2014 \$765,132). The estimated remaining capacity of the site is approximately 101,800 cubic metres, estimated to be filled in 35 years. Post-closure care is estimated to be required for a period of 25 years. The Committee has closure reserves of \$186,448 (2014 \$119,063) to fund this liability.

The Municipality has recognized \$94,350 (2014 \$99,912) in the financial statements related to its proportionate share of this liability.

11. COMMITMENTS

In 2012 the Municipality committed to the lease of certain municipal property to 6979041 Canada Inc./Water Power Group LP for the purposes of developing the Brooks Falls small hydro project. Lease payments are to be made on an annual basis as soon as the project achieves commercial operation, at an annual rate of \$10,000/year for the first ten years, increasing by the ten-year change in the consumer price index for each subsequent year.

The Municipality has also committed to the purchase of a \$135,000 equity interest in the Brooks Falls small hydro project. Equity deposits are required within 60 days of the power supply contract being awarded by the Independent Electricity System Operator.

THE CORPORATION OF THE TOWNSHIP OF PERRY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2015

12. TANGIBLE CAPITAL ASSETS

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

2015							
	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads and Bridges	Assets Under Construction	TOTAL
COST							
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)	-
BALANCE, END OF YEAR	722,558	3,241,544	1,604,116	1,433,733	11,150,201	8,650	18,160,802
ACCUMULATED AMORTIZATION							
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)
Transfer between classes	-	(600)	600	-	-	-	-
BALANCE, END OF YEAR	217,064	583,856	634,402	947,679	9,454,926	-	11,837,927
TANGIBLE CAPITAL ASSETS-NET	\$ 505,494	\$ 2,657,688	\$ 969,714	\$ 486,054	\$ 1,695,275	\$ 8,650	\$ 6,322,875

2014							
	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads and Bridges	Assets Under Construction	TOTAL
COST							
Balance, beginning of year	\$ 557,305	\$ 3,015,594	\$ 1,401,856	\$ 1,415,898	\$ 10,815,551	\$ 10,481	\$ 17,216,685
Additions and betterments	40,096	43,757	81,528	77,623	167,845	4,579	415,428
Contributed assets	10,107	1,936	2,940	-	-	-	14,983
Disposals and writedowns	(25,944)	(4,340)	(31,054)	(53,455)	(5,449)	-	(120,242)
Transfer between classes	-	10,481	-	-	-	(10,481)	-
BALANCE, END OF YEAR	581,564	3,067,428	1,455,270	1,440,066	10,977,947	4,579	17,526,854
ACCUMULATED AMORTIZATION							
Balance, beginning of year	235,350	507,607	453,661	826,580	9,391,351	-	11,414,549
Annual amortization	5,592	59,349	111,725	112,486	196,084	-	485,236
Amortization disposals	(25,944)	(3,934)	(31,055)	(53,456)	(5,448)	-	(119,837)
BALANCE, END OF YEAR	214,998	563,022	534,331	885,610	9,581,987	-	11,779,948
TANGIBLE CAPITAL ASSETS-NET	\$ 366,566	\$ 2,504,406	\$ 920,939	\$ 554,456	\$ 1,395,960	\$ 4,579	\$ 5,746,906

THE CORPORATION OF THE TOWNSHIP OF PERRY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2015

13. ACCUMULATED SURPLUS

The 2015 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	\$ -	\$ 539,721
Election	18,141	3,932	22,073
Fire	62,152	16,816	78,968
Roads	133,917	(95,819)	38,098
Library	29,134	-	29,134
Replacement of building and equipment	1,584,765	(436,014)	1,148,751
Future Needs	99,871	131,629	231,500
Joint Waste Management Committee (2015: 55.5% ; 2014: 55.2%)	120,605	38,901	159,506
	2,588,306	(340,555)	2,247,751
OTHER			
Consolidated tangible capital assets	5,746,906	575,969	6,322,875
General operating surplus -			
Municipality	163,298	(2,672)	160,626
Joint Waste Management Committee (2015: 55.5% ; 2014: 55.2%)	21,803	(3,531)	18,272
Unfunded amounts -			
Employee benefits	(12,893)	823	(12,070)
Landfill closure and post-closure	(288,369)	59,628	(228,741)
	\$ 8,219,051	\$ 289,662	\$ 8,508,713

THE CORPORATION OF THE TOWNSHIP OF PERRY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2015

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, 2015

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
REVENUE											
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
TOTAL REVENUE	(12,103)	119,789	210,477	118,994	54,435	-	254,310	22,870	8,872	3,306,920	4,084,564
EXPENSES											
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
TOTAL EXPENSES	734,176	716,172	1,173,578	310,726	188,055	328,974	175,260	95,858	72,103	-	3,794,902
ANNUAL SURPLUS (DEFICIT)	\$ (746,279)	\$ (596,383)	\$ (963,101)	\$ (191,732)	\$ (133,620)	\$ (328,974)	\$ 79,050	\$ (72,988)	\$ (63,231)	\$ 3,306,920	\$ 289,662

THE CORPORATION OF THE TOWNSHIP OF PERRY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2015

14. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT (continued)

FOR THE YEAR ENDED DECEMBER 31, 2014

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,408,922	\$ 2,408,922
User charges	7,023	1,534	737	13,388	-	-	11,082	20	4,036	-	37,820
Government transfers -											
Canada	-	-	95,067	-	-	-	-	-	-	-	95,067
Ontario	-	3,381	22,964	40,419	-	-	-	7,987	-	653,900	728,651
Other municipalities	-	86,780	1,100	-	-	-	-	-	-	-	87,880
Net investment income	-	-	-	-	-	-	-	-	-	31,551	31,551
Gain (loss) on disposal of capital assets	-	-	14,690	-	-	-	-	(405)	-	-	14,285
Other	77	19,384	4,767	28,025	72	-	52,258	5,297	6,653	109,504	226,037
TOTAL REVENUE	7,100	111,079	139,325	81,832	72	-	63,340	12,899	10,689	3,203,877	3,630,213
EXPENSES											
Salaries, wages and benefits	417,576	139,006	365,815	97,348	-	-	57,418	44,993	-	-	1,122,156
Materials	104,286	103,854	323,588	18,965	-	-	54,976	13,721	13,982	-	633,372
Contracted services	139,573	291,351	130,374	142,141	115,857	-	7,032	672	6,999	-	833,999
Rents and financial expenses	8,709	-	10,155	10,946	-	-	4,083	11	-	-	33,904
External transfers	1,820	-	-	-	63,409	300,300	-	-	-	-	365,529
Amortization	39,722	70,573	298,336	6,118	-	-	11,140	18,364	40,983	-	485,236
TOTAL EXPENSES	711,686	604,784	1,128,268	275,518	179,266	300,300	134,649	77,761	61,964	-	3,474,196
ANNUAL SURPLUS (DEFICIT)	\$ (704,586)	\$ (493,705)	\$ (988,943)	\$ (193,686)	\$ (179,194)	\$ (300,300)	\$ (71,309)	\$ (64,862)	\$ (51,275)	\$ 3,203,877	\$ 156,017

THE CORPORATION OF THE TOWNSHIP OF PERRY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2015

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
ADOPTED BUDGET:	
Decrease in general municipal operating surplus	\$ (163,300)
Decrease in consolidated reserves and reserve funds	(208,596)
ADJUSTMENTS:	
Acquisition of tangible capital assets	859,670
Amortization of tangible capital assets	(492,415)
ANNUAL DEFICIT	\$ (4,641)

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, 2015. The results of this valuation disclosed total actuarial liabilities of \$81,924 million with respect to benefits accrued for service with actuarial assets at that date of \$74,947 million indicating an actuarial deficit of \$6,977 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 2015 was \$70,291 (2014 \$71,526) for current service and is included as an expense on the Consolidated Statement of Operations.