



**Grant Thornton**

**Consolidated Financial Statements**

**Village of Perth-Andover**

**December 31, 2016**

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**Village of Perth-Andover**  
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**Year Ended December 31, 2016**

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## Financial Statement Review and Approval


The consolidated financial statements of the Village of Perth-Andover have been prepared in accordance with Canadian public sector accounting standards. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined that these amounts are calculated based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of the Village of Perth-Andover's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Mayor and Council are responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Council meets periodically with management and the auditors to review significant accounting, reporting and internal control matters.

The consolidated financial statements have been audited on behalf of the Council by Grant Thornton LLP, in accordance with Canadian generally accepted auditing standards.

The accompanying consolidated financial statements of the Village of Perth-Andover are the responsibility of management and have been reviewed and approved by:

  
\_\_\_\_\_  
Mayor

  
\_\_\_\_\_  
Councilor

Perth-Andover, NB  
August 14, 2017

## **Independent Auditors' Report**

### **To the Mayor and Councilors of the Village of Perth-Andover**

We have audited the accompanying consolidated financial statements of the Village of Perth-Andover as at December 31, 2016, which comprise of the consolidated statement of revenue and expenditures, the consolidated statement of financial position, the consolidated statement of changes in net assets, the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian Public Sector Accounting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' 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

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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 qualified audit opinion.

### **Basis for Qualified Opinion**

In common with many not-for-profit organizations, Village of Perth-Andover derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Village of Perth-Andover. Therefore, we were not able to determine whether any adjustments might be necessary to fire lottery revenue, annual surplus, and cash flows from operations for the year ended December 31, 2016, current assets and net assets as at January 1, 2016 and December 31, 2016

### **Qualified Opinion**

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial consolidated position of Village of Perth-Andover as at December 31, 2016 and the consolidated results of its operations, change in net assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### **Other Matter**

Our audit was conducted for the purposes of forming an opinion on the consolidated financial statements taken as a whole. Schedules 3, 5 and 6 on pages 17 and 19-23 are presented for purposes of additional information and are not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion, in the audit of the financial statements taken as a whole.



Perth-Andover, NB  
August 14, 2017

Chartered Professional Accountants

## Village of Perth-Andover

### Consolidated Statement of Revenue and Expenditures

Year Ended December 31, 2016

	Budget (Schedule 2) 2016	2016	2015
<b>Revenue (Schedule 1)</b>			
Warrant of assessment	\$ 1,420,237	\$ 1,420,237	\$ 1,402,926
Unconditional grants	299,340	299,340	300,869
Project grant	485,941	485,941	-
Services to other governments	197,510	155,845	206,116
Sales of services			
Recreation and cultural services	204,892	283,487	278,540
Water and sewer	565,748	616,643	565,523
Light commission	3,165,179	3,050,819	3,096,192
Other revenue from own sources	39,940	150,488	102,637
Investment income	-	44,510	116,195
Fire lottery	-	574,408	592,251
	<u>6,378,787</u>	<u>7,081,718</u>	<u>6,661,249</u>
<b>Expenses (Schedule 1)</b>			
General government services	339,357	392,646	486,472
Protective services	642,979	621,972	608,470
Transportation services	581,551	464,858	544,209
Environmental health services	93,532	91,408	92,783
Environmental development services	181,452	207,817	130,073
Recreation and cultural services	725,832	736,598	748,636
Light commission	3,196,283	2,962,409	3,099,447
Water and sewer	652,349	884,177	644,517
Fire lottery	-	349,241	389,502
	<u>6,413,335</u>	<u>6,711,126</u>	<u>6,744,109</u>
<b>Annual surplus (deficiency) (Schedule 3)</b>	(34,548)	370,592	(82,860)
<b>Accumulated surplus, beginning of year</b>	-	18,956,448	19,039,309
<b>Accumulated surplus, end of year</b>	\$ -	\$ 19,327,040	\$ 18,956,448

See notes to financial statements

**Village of Perth-Andover**  
**Consolidated Statement of Financial Position**  
**Year Ended December 31, 2016**

	<b>2016</b>	<b>2015</b>
<b>Financial assets</b>		
Cash (Note 3)	\$ 515,510	\$ 443,387
Marketable securities (Note 3)	3,669,375	3,746,313
Accounts receivable (Note 4)	1,241,130	1,397,393
	<u>5,426,015</u>	<u>5,587,093</u>
<b>Liabilities</b>		
Accounts payable (Note 5)	855,318	891,212
Deferred income	59,970	67,342
	<u>915,288</u>	<u>958,554</u>
<b>Net assets</b>	<u>4,510,727</u>	<u>4,628,539</u>
<b>Non-financial assets</b>		
Tangible capital assets (Schedule 4)	14,645,994	14,122,793
Inventory	170,129	191,382
Prepaid expenses	190	13,734
	<u>14,816,313</u>	<u>14,327,909</u>
<b>Accumulated Surplus</b>	<u>\$ 19,327,040</u>	<u>\$ 18,956,448</u>

See notes to financial statements

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**Village of Perth-Andover****Consolidated Statement of Changes in Net Assets****Year Ended December 31, 2016**

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	Budget	2016	2015
Annual surplus (deficiency)	\$ (34,548)	\$ 370,592	\$ (82,860)
Purchase of tangible capital assets	(1,382,404)	(1,382,404)	(657,863)
Amortization of tangible capital assets	844,742	844,742	810,952
Net disposal of tangible capital assets	-	14,461	19,860
Change in prepaid expenses	-	13,543	(9,666)
Change in inventory	-	21,254	16,462
	(572,210)	(117,812)	96,885
<b>Net assets, beginning of year</b>	<u>4,628,539</u>	<u>4,628,539</u>	<u>4,531,654</u>
<b>Net assets, end of year</b>	<u>\$ 4,056,329</u>	<u>\$ 4,510,727</u>	<u>\$ 4,628,539</u>

See notes to financial statements



**Village of Perth-Andover**  
**Consolidated Statement of Cash Flows**  
**Year Ended December 31, 2016**

	2016	2015
<b>Operating activities</b>		
Annual surplus (deficiency)	\$ 370,592	\$ (82,860)
Items not affecting cash:		
Amortization of tangible capital assets	844,742	810,952
Loss on disposal of tangible capital assets	(4,993)	12,975
	<u>1,210,341</u>	<u>741,067</u>
Changes in non-cash working capital:		
Accounts receivable	156,263	778,287
Accounts payable	(35,891)	(373,285)
Deferred income	(7,372)	(21,366)
Inventory	21,251	16,462
Prepaid expenses	13,543	(9,667)
	<u>147,794</u>	<u>390,431</u>
Cash flow from operating activities	<u>1,358,135</u>	<u>1,131,498</u>
<b>Investing activities</b>		
Marketable securities	76,938	(215,423)
Purchase of tangible capital assets	(1,382,404)	(657,863)
Proceeds on disposal of tangible capital assets	19,454	6,886
	<u>(1,286,012)</u>	<u>(866,400)</u>
Cash flow used by investing activities	<u>(1,286,012)</u>	<u>(866,400)</u>
<b>Increase in cash flow</b>	<b>72,123</b>	<b>265,098</b>
<b>Cash - beginning of year</b>	<b>443,387</b>	<b>178,289</b>
<b>Cash - end of year (Note 3)</b>	<b>\$ 515,510</b>	<b>\$ 443,387</b>

See notes to financial statements

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## Village of Perth-Andover

### Notes to Consolidated Financial Statements

Year Ended December 31, 2016

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#### 1. Description of entity

The Village of Perth-Andover is incorporated and operates under the provisions of the Province of New Brunswick Municipalities Act.

The Village provides municipal services such as police, fire, public works, engineering, parks and recreation, community development and general government operations.

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#### 2. Summary of significant accounting policies

The consolidated financial statements of the Municipality are the representations of management prepared in accordance with local government accounting standards established by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Professional Accountants.

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 requirement, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements.

The focus of Public Sector Accounting (PSA) financial statements is on the financial position of the Municipality and the changes thereto. The consolidated statement of financial position includes all of the assets and liabilities of the Municipality.

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

##### Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenue and expenditures, changes in net debt and cash flows of the reporting entity. The reporting entity is comprised of all organizations and enterprises that are owned or controlled by the Municipality and are, therefore, accountable to the Council for the administration of their financial affairs and resources.

There are no other organizations or entities included in these consolidated financial statements.

Inter-departmental and organizational transactions and balances are eliminated.

##### Budget

The budget figures contained in these financial statements were approved by Council on December 29, 2015 and were approved by the Minister of Local Government on January 28, 2016.

##### Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand, demand deposits and short-term investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value

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## Village of Perth-Andover

### Notes to Consolidated Financial Statements

Year Ended December 31, 2016

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#### 2. Summary of significant accounting policies *(continued)*

##### Revenue recognition

Taxation Revenue represents the annual levy administered and collected by the Province of New Brunswick on behalf of all New Brunswick Municipalities for municipal services. They are recorded as warrant of assessment as the funds are received by the Village.

Government Transfers are recognized as revenue in the period that the transfer is authorized, eligibility criteria, if any, have been met by the Village, and a reasonable estimate of the amount to be received can be made.

Fee and charge revenue for building permits, water and wastewater, electricity and transportation are recorded on the accrual basis and recognized as earned which is usually when services are provided or facilities are utilized.

Other revenue is recorded when it is earned, and collection is reasonably assured.

##### Expenditure recognition

Expenditures are recorded on the accrual basis. Outstanding commitments for goods and services relating to the current year are accrued at the balance sheet date.

##### Liability for contaminated sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when a site is not in productive use all the following criteria are met:

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the Village:
  - is directly responsible; or
  - accepts responsibility;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

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## Village of Perth-Andover

### Notes to Consolidated Financial Statements

Year Ended December 31, 2016

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#### 2. Summary of significant accounting policies *(continued)*

##### **Segmented information**

The Municipality is a diversified municipal unit that provides a wide range of services to its residents. For management reporting purposes, the Municipality's operations and activities are organized and reported by function. This presentation was created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions and limitations. Municipal services are provided by departments as follows:

##### **General government services**

This department is responsible for the overall governance and financial administration of the Municipality. This includes council functions, general and financial management, legal matters and compliance with legislation as well as civic relations.

##### **Protective services**

This department is responsible for the provision of policing services, fire protection, emergency measures, animal control and other protective measures.

##### **Transportation services**

This department is responsible for common services, road and street maintenance, street lighting and other transportation related functions.

##### **Environmental health services**

This department is responsible for the provision of waste collection and disposal for planning and zoning, community development, tourism and other municipal development and promotion services.

##### **Recreation and cultural services**

This department is responsible for the maintenance and operations of recreational and cultural facilities, including the swimming pool, arena, parks and playgrounds and other recreational and cultural facilities.

##### **Water supply**

This department is responsible for the provision of water and sewer services including the maintenance and operation of the underground networks and lagoons.

##### **Light commission**

This department is responsible for the provision of electric power services including the maintenance and operation of power lines and substations.

##### **Fire lottery**

The village operates a lottery to raise funds to assist in the purchasing of necessary equipment and supplies for the use of the fire department in providing protection services.

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**Village of Perth-Andover****Notes to Consolidated Financial Statements****Year Ended December 31, 2016**

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**2. Summary of significant accounting policies (continued)****Reserve funds**

Certain amounts, as approved by council, are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to and from reserves and reserve funds are recorded as an adjustment within accumulated surplus. Schedule 5 "Schedule of Reserve Fund Balances" to the consolidated financial statements is included to show the reserve fund balances as supplementary information.

**Employee future benefits**

The Village provides continuation of unused sick banks which do not vest to be used during the employees' period of employment.

**Government transfers**

Government transfers are transfers of monetary or tangible capital assets from a government to an individual, an organization or another government that are not the result of an exchange transaction, expected to be repaid in the future or expected to produce a direct financial return. Government transfers received are recognized in the financial statements as revenue when the transfers are authorized and all eligibility criteria have been met except when there is a stipulation that gives rise to an obligation that meets the definition of a liability. In that case, the transfer is recorded as a liability and recognized as revenue as the stipulations are met.

**Non-financial assets**

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated change in net financial assets for the year.

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## Village of Perth-Andover

### Notes to Consolidated Financial Statements

Year Ended December 31, 2016

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#### 2. Summary of significant accounting policies (continued)

##### Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development and betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over the estimated useful life as follows:

Land improvements	5 - 80 years
Buildings	15 - 80 years
Computer equipment	5 - 10 years
Distribution and lighting systems	10 - 40 years
Equipment	5 - 80 years
Infrastructure	10 - 80 years
Motor vehicles	5 - 10 years
Water and sewer systems	25 - 60 years

Assets under construction are not amortized until the asset is available for productive use, at which time they are transferred to their respective tangible capital asset categories.

Amortization is not recognized in the year assets are acquired.

##### Supplies inventory

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

##### Use of estimates

The preparation of the consolidated financial statements in accordance with Canadian public sector standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. These estimates are reviewed periodically and as adjustments become necessary, they are reported in earnings in the period in which they become known. Significant estimates reported in these financial statements include amortization of tangible capital assets, accrued sick leave obligation and the estimated proceeds to be received from a flood insurance policy. Actual results may differ from those estimates.

As a result of a flood in 2012 the municipality filed an insurance claim to recover costs incurred. Management has estimated that sufficient funds will be recovered from the insurance claim and/or disaster relief assistance to recover amounts included in accounts receivable.

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#### 3. Cash and marketable securities

	2016	2015
Unrestricted	\$ 515,510	\$ 443,387

In addition to the above, as outlined on Schedule 5, the municipality has marketable securities of \$3,669,375 and interfund loan receivables of \$703,169 giving total assets of \$4,372,545, which are all internally restricted. (2015 - \$4,690,083)

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## Village of Perth-Andover

### Notes to Consolidated Financial Statements

Year Ended December 31, 2016

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#### 4. Accounts receivable

	<u>2016</u>	<u>2015</u>
Light commission	\$ 485,562	\$ 459,212
Other accounts receivable	472,233	600,592
Water and sewer	75,194	58,736
Province of New Brunswick	159,589	220,047
Sales tax	48,552	58,806
	<u>\$ 1,241,130</u>	<u>\$ 1,397,393</u>

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#### 5. Accounts payable

	<u>2016</u>	<u>2015</u>
Light commission	\$ 433,965	\$ 402,326
Other accounts payable and accruals	277,086	298,719
Water and sewer	41,598	68,869
Minister of Finance	82,154	99,855
Payroll deductions	20,515	21,444
	<u>\$ 855,318</u>	<u>\$ 891,213</u>

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#### 6. Operating borrowing

As prescribed in the Municipalities Act of New Brunswick, borrowing to finance General Fund operations is limited to 4% of the Municipality's budget. Borrowing to finance Utility Fund operations is limited to 50% of the operating budget for the year. In 2016, the Municipality has complied with these restrictions.

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#### 7. Inter-fund borrowing

The Municipal Financial Reporting Manual requires that short term inter-fund borrowings be repaid in the year unless the borrowing is for a capital project.

A loan payable from the General Operating Fund to the Reserve Fund of \$400,000 (2015 - \$800,000) is not in compliance with the requirements. The Municipality paid \$400,000 during the current year and intends to eliminate the remaining balance in the next year from proceeds of an insurance claim and/or disaster relief program.

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#### 8. Water cost transfer

The Municipality's water cost transfer is within the maximum allowable by Regulation based on the applicable percentage of system expenditures for the population.

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**Village of Perth-Andover****Notes to Consolidated Financial Statements****Year Ended December 31, 2016**

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**9. Water and sewer fund surplus / deficit**

The Municipalities Act required Water and Sewer Fund surplus/deficit amounts to be absorbed into one or more of four Operating Budgets commencing with the second next ensuing year. The balance of the surplus/deficit at the end of the year consists of:

	<u>2016</u>	<u>2015</u>
2016 Surplus	\$ 64,672	\$ -
2015 Surplus	81,578	81,578
2014 Surplus	-	19,305
	<u>\$ 146,250</u>	<u>\$ 100,883</u>

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**10. Sick leave benefits**

The Village provides every employee who works full time hours a sick leave entitlement that accumulates at a rate of 1.25 days for each calendar month. Management employees can accumulate a maximum of 180 days, while other employees can accumulate up to 90 days. An employee can take a leave with pay for an amount of time equal to the accumulated sick leave. The estimated obligation at the end of the year has been accrued. The sick leave is a non-vesting benefit and is unfunded.

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**Village of Perth-Andover  
Schedule of Segment Disclosure  
(Schedule 1)  
Year Ended December 31, 2016**

	General government	Protection	Transportation	Environmental health & development	Recreation and cultural	Water & sewer	Light Commission	Fire Lottery	2016 Consolidated	2015 Consolidated
<b>Revenues</b>										
Warrant of assessment	\$ 196,117	\$ 367,770	\$ 315,923	\$ 148,236	\$ 392,191	\$ -	\$ -	\$ -	\$ 1,402,237	\$ 1,402,926
Unconditional grant	41,335	77,514	66,586	31,243	82,662	-	-	-	299,340	300,869
Services provided to other governments	26,575	129,270	-	-	-	-	-	-	155,845	206,116
Sale of services	-	-	-	-	283,487	616,643	3,050,819	-	3,950,949	3,940,255
Other revenue from own sources	129,209	-	-	-	-	4,329	16,950	-	150,488	102,637
Project grant	-	-	152,767	-	-	333,174	-	-	485,941	-
Investment income (net)	22,862	-	-	-	-	10,727	10,921	-	44,510	116,195
Fire lottery	-	-	-	-	-	-	-	574,408	574,408	592,251
	416,098	574,554	535,276	179,479	758,340	964,873	3,078,690	574,408	7,081,718	6,661,249
<b>Expenses</b>										
Salaries and benefits	198,689	4,969	-	4,017	250,504	171,501	134,851	-	764,531	697,310
Goods and services	192,394	508,897	192,972	285,607	324,591	503,625	2,749,518	349,241	5,106,845	5,222,871
Amortization	7,086	108,106	271,886	9,601	161,503	209,051	77,510	-	844,743	810,952
Loss on disposal of TCA	(5,523)	-	-	-	-	-	530	-	(4,993)	12,975
	392,646	621,972	464,858	299,225	736,598	884,177	2,962,409	349,241	6,711,126	6,744,109
<b>Surplus (deficit) for the year</b>	\$ 23,452	\$ (47,418)	\$ 70,418	\$ (119,746)	\$ 21,742	\$ 80,696	\$ 116,281	\$ 225,167	\$ 370,592	\$ (82,860)

Village of Perth-Andover

Reconciliation of Operating Budget to PSAB Budget

(Schedule 2)

Year Ended December 31, 2016

	General Operating Budget	Water and Sewer Operating Budget	Light Commission Operating Budget	Amortization	Transfers	2016
<b>Revenue</b>						
Warrant of assessment	\$ 1,420,237	\$ -	\$ -	\$ -	\$ -	\$ 1,420,237
Unconditional grant	299,340	-	-	-	-	299,340
Project grant	-	-	-	-	-	-
Services to other governments	197,510	-	-	-	485,941	485,941
Sales of services	-	-	-	-	-	197,510
Recreation and cultural services	230,292	-	-	-	(25,400)	204,892
Water and sewer	-	570,748	-	-	(5,000)	565,748
Light commission	-	-	3,165,179	-	-	3,165,179
Other revenue from own source	23,640	53,900	6,900	-	(44,500)	39,940
Conditional transfers	105,927	-	-	-	(105,927)	-
Surplus of second previous year	32,375	19,305	143,348	-	(195,028)	-
	2,309,321	643,953	3,315,427	-	110,086	6,378,787
<b>Expenses</b>						
General government services	356,721	-	-	7,086	(24,450)	339,357
Protective services	574,123	-	-	108,106	(39,250)	642,979
Transportation services	314,165	-	-	271,886	(4,500)	581,551
Environmental health services	93,532	-	-	-	-	93,532
Environmental development services	171,851	-	-	9,601	-	181,452
Recreation and cultural services	566,029	-	-	161,503	(1,700)	725,832
Light commission	-	-	3,204,045	77,510	(85,272)	3,196,283
Water and sewer	-	468,953	-	209,051	(25,655)	652,349
Fiscal services	232,900	175,000	111,382	-	(519,282)	-
	2,309,321	643,953	3,315,427	844,743	(700,109)	6,413,335
	\$ -	\$ -	\$ -	\$ (844,743)	\$ 810,195	\$ (34,548)

**Village of Perth-Andover**  
**Reconciliation of Annual Surplus**  
*(Schedule 3)*  
**Year Ended December 31, 2016**

	General Operating Fund	Water and Sewer Operating Fund	Light Commission Operating Fund	2016
<b>2016 annual surplus (deficit) per PSAB</b>	\$ 173,615	\$ 80,696	\$ 116,281	\$ 370,592
<b>Adjustments to 2016 annual surplus (deficit) for funding requirements</b>				
Amortization of tangible capital assets	558,181	209,051	77,510	844,742
Tangible capital asset additions	(882,481)	(472,653)	(27,270)	(1,382,404)
Second previous year's surplus	32,375	19,305	143,348	195,028
Transfer from General Operating Fund to the General Operating Reserve Fund	239,184	189,273	(110,919)	317,538
Interfund transfers	61,427	23,845	(85,272)	-
Net disposal of tangible capital assets	13,931	-	530	14,461
Net fire lottery annual surplus	(67,065)	-	-	(67,065)
Sick leave accrual	(5,410)	15,155	(3,754)	5,991
	<u>(49,858)</u>	<u>(16,024)</u>	<u>(5,827)</u>	<u>(71,709)</u>
	\$ 123,757	\$ 64,672	\$ 110,454	\$ 298,883

See notes to financial statements

**Village of Perth-Andover**  
**Consolidated Schedule of Tangible Capital Assets**  
*(Schedule 4)*

**Year Ended December 31, 2016**

	Land	Land Improvements	Buildings	Computer Equipment	Infrastructure	Motor Vehicles	Equipment	2016	2015
<b>Cost</b>									
Balance, beginning of year	\$ 831,174	\$ 2,026,241	\$ 5,629,152	\$ 242,415	\$ 13,339,675	\$ 371,906	\$ 3,784,879	\$ 26,225,442	\$ 25,655,033
Additions		5,423	-	13,702	631,538	53,202	678,539	1,382,404	657,863
Disposals		-	-	-	(34,867)	(15,270)	(53,557)	(103,694)	(87,454)
	831,174	2,031,664	5,629,152	256,117	13,936,346	409,838	4,409,861	27,504,152	26,225,442
<b>Accumulated amortization</b>									
Balance, beginning of year		792,121	2,272,603	102,269	6,976,320	172,050	1,787,286	12,102,649	11,359,291
Amortization		79,990	149,543	25,563	420,807	34,624	134,215	844,742	810,952
Disposals		-	-	-	(34,336)	(15,270)	(39,627)	(89,233)	(67,594)
	872,111	2,422,146	2,422,146	127,832	7,362,791	191,404	1,881,874	12,958,158	12,102,649
<b>Net book value of tangible capital assets</b>	\$ 831,174	\$ 1,159,553	\$ 3,207,006	\$ 128,285	\$ 6,573,555	\$ 218,434	\$ 2,527,987	\$ 14,645,994	\$ 14,122,793
<b>Consists of:</b>									
General Capital Fund	\$ 746,584	\$ 352,152	\$ 2,914,864	\$ -	\$ 1,898,709	\$ 218,434	\$ 1,277,178	\$ 7,407,921	\$ 7,097,553
Water and Sewer Capital Fund	77,790	807,401	292,142	99,836	3,525,580	-	1,250,809	6,053,558	5,789,956
Light Commission Capital Fund	6,800	-	-	28,449	1,149,266	-	-	1,184,515	1,235,284
	\$ 831,174	\$ 1,159,553	\$ 3,207,006	\$ 128,285	\$ 6,573,555	\$ 218,434	\$ 2,527,987	\$ 14,645,994	\$ 14,122,793

See notes to financial statements

**Village of Perth-Andover**  
**Consolidated Statement of Reserve Funds Balances**  
*(Schedule 5)*  
**Year Ended December 31, 2016**

	2016	2015
<b>Accumulated surplus, beginning of year</b>	<b>\$ 2,139,247</b>	<b>\$ 4,690,083</b>
<b>Revenues / Expenditures</b>		
Investment income	34,309	82,951
Transfers from operating funds	16,097	182,000
Increase in unrealized gains on investments	(11,445)	(38,441)
Transfers to capital funds	(344,048)	(544,048)
<b>Annual surplus</b>	<b>(239,184)</b>	<b>(317,538)</b>
	<b>\$ 1,900,063</b>	<b>\$ 4,372,545</b>
	<b>\$ 551,932</b>	<b>\$ 1,998,904</b>
	<b>16,097</b>	<b>32,545</b>
	<b>-</b>	<b>100,000</b>
	<b>(5,370)</b>	<b>(21,626)</b>
	<b>(200,000)</b>	<b>(245,000)</b>
	<b>(189,273)</b>	<b>110,919</b>
	<b>\$ 362,659</b>	<b>\$ 2,109,823</b>
	<b>\$ 4,690,083</b>	<b>\$ 4,664,168</b>

Reserve funds are made up of marketable securities of \$3,669,375 and interfund loans receivable of \$703,170, totaling \$4,372,545.

The marketable securities consist of fixed income securities with maturity dates ranging from January 2017 to December 2045 and interest rates ranging from 0.62% to 2.66%.

The interfund loans receivable include a loan advanced to the General Operating fund of \$400,000 (2015 - \$800,000) to finance expenditures resulting from a flood experienced by the municipality in 2012. The municipality paid \$400,000 in 2016 and intends to repay the remaining loan upon settlement of its flood insurance claim and/or disaster relief assistance.

**Village of Perth-Andover**

**Consolidated Statement of Detailed Revenue and Expenditures**

*(Schedule 6)*

**Year Ended December 31, 2016**

	Budget (Schedule 2) 2016	2016	2015
<b>Revenue</b>			
<b>Services to other governments</b>	\$	\$	\$
<b>Services to municipalities</b>			
Fire	8,500	<b>6,958</b>	8,372
Recreation	39,000	<b>38,088</b>	38,102
<b>Province of New Brunswick</b>			
Fire	150,010	<b>110,799</b>	159,642
	<u>197,510</u>	<u><b>155,845</b></u>	<u>206,116</u>
<b>Sales of service</b>			
<b>Recreation and cultural services</b>			
Civic centre	119,272	<b>153,460</b>	170,157
Recreation commission	85,620	<b>130,027</b>	108,383
	<u>204,892</u>	<u><b>283,487</b></u>	<u>278,540</u>
<b>Water and sewer</b>			
Water	372,124	<b>384,020</b>	365,913
Sewer	193,624	<b>192,878</b>	187,776
Connection and services	-	<b>39,745</b>	11,834
	<u>565,748</u>	<u><b>616,643</b></u>	<u>565,523</u>
<b>Light commission</b>			
Power sales	3,165,179	<b>3,050,819</b>	3,096,192
<b>Other revenue from own source</b>			
<b>Licenses and permits</b>			
Animal	-	<b>50</b>	-
Construction	2,500	<b>955</b>	4,720
<b>Rentals</b>			
Trailer park	20,140	<b>18,305</b>	20,012
<b>Miscellaneous</b>			
Other	34,440	<b>128,128</b>	56,324
Services provided to other utilities	-	<b>10,022</b>	12,327
Other revenues from water and sewer sources	1,300	-	250
<b>Return on investments</b>			
Interest on investments	1,000	<b>6,034</b>	5,221
Interest and service charges	3,200	<b>6,304</b>	3,783
	<u>39,940</u>	<u><b>150,488</b></u>	<u>102,637</u>

*(continues)*

**Village of Perth-Andover**

**Consolidated Statement of Detailed Revenue and Expenditures** *(continued)*

*(Schedule 6)*

**Year Ended December 31, 2016**

	Budget (Schedule 2) 2016	2016	2015
<b>Expenses</b>			
<b>General government services</b>			
<b>Legislative</b>			
Mayor	7,855	8,833	8,443
Councilors	35,000	39,902	34,488
<b>Administrative</b>			
Administration salaries and other	183,116	206,346	185,744
Office building	19,400	12,174	17,978
Solicitor	10,000	1,497	11,663
<b>Financial management</b>			
Audit	11,000	9,063	10,214
<b>Other general government services</b>			
Conventions	10,500	8,578	5,513
Public liability insurance	5,000	3,019	2,945
Grants to organizations	25,000	30,399	41,328
Training and development	3,000	4,403	3,851
Assessment costs	22,400	22,400	22,127
Flood costs	-	44,469	129,092
Amortization	7,086	7,086	7,086
<b>Loss on disposal of tangible capital assets</b>	-	(5,523)	6,000
	339,357	392,646	486,472
<b>Protective services</b>			
<b>Police</b>			
R.C.M.P.	326,043	326,042	329,385
<b>Fire</b>			
Administration	3,000	4,969	4,132
Firefighting force	78,229	66,911	74,230
Fire alarm system	10,000	5,968	6,271
Fire investigation and prevention	1,000	-	-
Station and building	34,600	34,373	32,003
Fighting equipment	73,500	68,943	71,890
<b>Emergency measures</b>			
EMO	2,000	881	2,521
<b>Other</b>			
Animal and pest control	6,500	5,778	2,864
Amortization	108,107	108,107	85,174
	642,979	621,972	608,470

*(continues)*

**Village of Perth-Andover**

**Consolidated Statement of Detailed Revenue and Expenditures (continued)**

**(Schedule 6)**

**Year Ended December 31, 2016**

	Budget (Schedule 2) 2016	2016	2015
<b>Expenses (continued)</b>			
<b>Transportation services</b>			
<b>Roadway transport</b>			
Roadway surfaces	182,500	<b>77,513</b>	126,183
Storm sewers	13,000	<b>1,162</b>	15,725
Street cleaning	10,000	<b>7,503</b>	7,673
Snow and ice removal	100,665	<b>105,552</b>	122,061
<b>Traffic services</b>			
Street signs	3,500	<b>1,242</b>	3,508
<b>Other</b>			
Amortization	271,886	<b>271,886</b>	269,059
	<b>581,551</b>	<b>464,858</b>	<b>544,209</b>
<b>Environmental health services</b>			
Solid waste collection and disposal	88,082	<b>86,213</b>	87,403
Recycling	5,450	<b>5,195</b>	5,380
	<b>93,532</b>	<b>91,408</b>	<b>92,783</b>
<b>Environmental development services</b>			
Community development	57,527	<b>129,005</b>	47,673
Industrial park	-	<b>11,263</b>	791
Tourism promotion	54,324	<b>20,978</b>	17,623
Beautification and land rehabilitation	60,000	<b>36,970</b>	54,386
Amortization	9,601	<b>9,601</b>	9,600
	<b>181,452</b>	<b>207,817</b>	<b>130,073</b>
<b>Recreation and cultural services</b>			
Administration	96,197	<b>106,548</b>	107,166
Civic centre	385,452	<b>343,464</b>	339,400
Recreation commission	-	<b>92,349</b>	112,088
Swimming pool	50,640	-	4,674
Library	30,040	<b>31,229</b>	28,828
Historic sites	2,000	<b>1,505</b>	1,541
Amortization	161,503	<b>161,503</b>	154,939
	<b>725,832</b>	<b>736,598</b>	<b>748,636</b>

(continues)



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**Village of Perth-Andover****Consolidated Statement of Detailed Revenue and Expenditures (continued)****(Schedule 6)****Year Ended December 31, 2016**

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	Budget (Schedule 2) 2016	2016	2015
<b>Expenses (continued)</b>			
<b>Water and sewer</b>			
Administration	47,333	<b>36,811</b>	43,045
Transmission and distribution	195,074	<b>454,885</b>	229,213
Power and pumping	30,000	<b>29,246</b>	27,876
Discounts	2,500	<b>2,675</b>	2,498
Sewerage and collection and disposal	168,391	<b>151,509</b>	129,206
Amortization	209,051	<b>209,051</b>	211,564
Loss on disposal of tangible capital assets	-	-	1,115
	<b>652,349</b>	<b>884,177</b>	<b>644,517</b>
<b>Light commission</b>			
Administration	259,709	<b>219,513</b>	246,964
Postage and office	25,600	<b>38,949</b>	42,757
Power purchases	2,562,564	<b>2,494,296</b>	2,460,913
Transmission and distribution	270,900	<b>131,454</b>	167,328
Substation	-	<b>157</b>	102,096
Amortization	77,510	<b>77,510</b>	73,529
Loss on disposal of tangible capital assets	-	<b>530</b>	5,860
	<b>3,196,283</b>	<b>2,962,409</b>	<b>3,099,447</b>
<b>Fire Lottery</b>			
Lottery payouts	-	<b>283,004</b>	297,666
Interest	-	<b>278</b>	269
Repairs and maintenance	-	<b>18,415</b>	36,700
Supplies	-	<b>47,544</b>	54,867
	<b>\$ -</b>	<b>\$ 349,241</b>	<b>\$ 389,502</b>

See notes to financial statements