

**The Corporation of the County of
Perth
Consolidated Financial
Statements
For the year ended December 31, 2005**

**The Corporation of the County of Perth
Consolidated Financial Statements
For the year ended December 31, 2005**

Contents

The Corporation of the County of Perth

Auditors' Report	2
Consolidated Statement of Financial Position	3
Consolidated Statement of Financial Activities	4
Consolidated Statement of Changes in Financial Position	5
Summary of Significant Accounting Policies	6
Notes to Financial Statements	8 - 11
Schedule of Current Fund Operations	12
Schedule of Capital Fund Operations	13
Schedule of Reserves and Reserve Funds	14

The Corporation of the County of Perth Trust Funds

Auditors' Report	15
Balance Sheet and Statement of Continuity	16
Notes to Financial Statements	17

Auditors' Report

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the County of Perth

We have audited the consolidated statement of financial position of the Corporation of the County of Perth as at December 31, 2005 and the consolidated statements of financial activities and changes in financial position for the year then ended. These financial statements are the responsibility of the municipality's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the County of Perth as at December 31, 2005 and the results of its financial activities and changes in financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP
Chartered Accountants

Stratford, Ontario
May 11, 2006

The Corporation of the County of Perth Consolidated Statement of Financial Position

December 31	2005	2004
Assets and Liabilities		
Financial assets		
Cash	\$ 12,029,721	\$ 8,589,622
Trade and other receivables	1,114,843	3,916,642
	13,144,564	12,506,264
Liabilities		
Accounts payable and accrued liabilities	2,490,921	1,185,171
Post-employment benefits	355,112	319,854
Deferred revenue (Note 1)	370,589	1,987
	3,216,622	1,507,012
Net financial assets	9,927,942	10,999,252
Other assets		
Prepaid expenses	10,338	830
	\$ 9,938,280	\$ 11,000,082
Municipal Position		
Current fund (Page 12)	\$ 1,092,777	\$ 671,810
Capital fund (Page 13)	-	-
Reserves and reserve funds (Page 14)	9,200,615	10,648,126
	10,293,392	11,319,936
Amounts to be recovered (Note 2)	(355,112)	(319,854)
	\$ 9,938,280	\$ 11,000,082

The Corporation of the County of Perth Consolidated Statement of Financial Activities

For the year ended December 31	2005 Budget	2005 Actual	2004 Actual
Revenue			
Taxation	\$ 9,388,941	\$ 9,550,470	\$ 8,728,510
Fees and user charges	1,089,801	1,234,360	1,150,203
Ontario grants	7,474,220	7,658,314	9,225,450
Municipal grants	2,467,496	2,860,542	2,877,290
Other income (Note 3)	1,920,553	2,279,008	1,957,666
	<u>22,341,011</u>	<u>23,582,694</u>	<u>23,939,119</u>
Expenditures			
Current (Note 4)			
General government	1,570,349	1,474,940	1,348,067
Protection services	1,077,725	1,088,499	989,999
Transportation services	3,393,863	5,149,530	4,408,787
Health services	9,077,499	9,030,916	7,954,422
Social and family services	3,500,290	3,451,962	3,315,585
Social Housing	960,200	809,999	662,045
Recreation and cultural services	227,174	227,127	320,878
Planning and development	762,270	718,031	510,293
	<u>20,569,370</u>	<u>21,951,004</u>	<u>19,510,076</u>
Capital			
General government	104,240	93,517	79,045
Protection services	50,000	24,848	-
Transportation services	3,148,000	1,793,273	2,288,404
Health services	277,943	685,904	279,969
Social and family services	90,080	90,080	34,565
Recreational and cultural services	5,148	5,148	8,783
Planning and development	17,550	722	110,965
	<u>3,692,961</u>	<u>2,693,492</u>	<u>2,801,731</u>
Total expenditures	<u>24,262,331</u>	<u>24,644,496</u>	<u>22,311,807</u>
Net revenues (expenditures) for the year	<u>\$ (1,921,320)</u>	<u>\$ (1,061,802)</u>	<u>\$ 1,627,312</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The Corporation of the County of Perth Consolidated Statement of Changes in Financial Position

For the year ended December 31	2005	2004
Cash provided by (used in)		
Operating activities		
Net revenue for the year	\$ (1,061,802)	\$ 1,627,312
(Increase) decrease in trade and other receivables	2,801,799	(3,080,372)
Increase (decrease) in accounts payable and accrued liabilities	1,305,750	(304,056)
Increase (decrease) in post-employment benefits	35,258	(99,458)
Increase (decrease) in deferred revenue	368,602	(9,411)
(Increase) decrease in prepaid expenses	(9,508)	1,089
Net change in cash and cash equivalents	3,440,099	(1,864,896)
Cash and cash equivalents, beginning of year	8,589,622	10,454,518
Cash and cash equivalents, end of year	\$ 12,029,721	\$ 8,589,622

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The Corporation of the County of Perth Summary of Significant Accounting Policies

December 31, 2005

Management Responsibility

The consolidated financial statements of the Corporation of the County of Perth are the representations of management. They have been prepared in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants as prescribed by the Ministry of Municipal Affairs and Housing.

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Basis of Consolidation

The consolidated statements reflect the assets, liabilities, revenues and expenditures of the current fund, capital fund, reserves and reserve funds of all municipal organizations, committees, and boards which are owned or controlled by Council. All interfund assets and liabilities and revenues and expenditures have been eliminated on consolidation.

The following boards and municipal enterprises owned or controlled by Council have been consolidated:

- Perth District Health Unit
- Spruce Lodge Home for the Aged
- Spruce Lodge Home Assistance Corporation
- Spruce Lodge Foundation
- Stratford-Perth Archives

The Corporation of the County of Perth Summary of Significant Accounting Policies

December 31, 2005

Basis of Accounting

Revenues and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures 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.

The consolidated statement of financial position reflects all of the financial assets and liabilities of the municipality. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations. Municipal position represents the financial position of the municipality, and is the difference between its assets and liabilities. This provides information about the municipality's overall future revenue requirements and its ability to finance activities and meet its obligations.

Temporary Investments

Temporary investments are recorded at the lower of cost and market value.

Capital Assets

The historical cost and accumulated amortization of capital assets are not recorded for municipal purposes. Capital assets are reported as an expenditure on the consolidated statement of financial activities in the period of acquisition.

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 financial activities in the year in which it is used for the specified purpose.

Amounts to be Recovered

Amounts to be recovered are reported in the municipal position on the consolidated statement of financial position. The balance represents the outstanding principal portion of unmaturing long-term liabilities, liabilities not yet due, and other future expenditures not yet levied on the ratepayers.

Trust Funds

Funds held in trust by the municipality, and their related operations, are not included in these financial statements. The financial activity and position of the trust funds are reported separately on the trust funds statement of continuity and balance sheet.

The Corporation of the County of Perth Notes to Financial Statements

December 31, 2005

1. Deferred Revenue

	2005	2004
Obligatory Reserve Funds		
Federal gas tax	\$ 367,622	\$ -
Other	2,967	1,987
	\$ 370,589	\$ 1,987

2. Amounts to be recovered

	2005	2004
Vested sick leave payable	\$ 355,112	\$ 319,854

3. Other Income

	2005	2005	2004
	Budget	Actual	Actual
Other fines and penalties	\$ 1,380,000	\$ 1,501,025	\$ 1,322,081
Investment income	194,008	276,592	218,052
Licences, permits and rents	300,569	357,065	306,672
Donations	8,947	115,947	3,134
Sale of publications, equipment, etc.	9,029	9,029	-
Sale of land, equipment and other assets	28,000	19,350	107,727
	\$ 1,920,553	\$ 2,279,008	\$ 1,957,666

The Corporation of the County of Perth Notes to Financial Statements

December 31, 2005

4. Expenditures by Object

Total operating expenditures for the year reported on the consolidated statement of financial activities are as follows:

	<u>2005</u>	<u>2004</u>
Salaries, wages and employee benefits	\$ 12,088,992	\$ 11,256,317
Materials	5,462,642	4,746,375
Contracted services	3,868,528	3,113,366
Rents and financial expenses	120,604	88,545
Contributions to other organizations	374,980	404,931
Amounts for unfunded liabilities	35,258	(99,458)
	<u>\$ 21,951,004</u>	<u>\$ 19,510,076</u>

5. Pension Agreements

The municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of the members of its staff. This plan is a defined benefit plan which specifies the amount of the retirement to be received by the employees based on the length of service and rates of pay. The amount contributed to OMERS for 2005 was \$849,312 (2004 - \$778,531).

The Corporation of the County of Perth Notes to Financial Statements

December 31, 2005

6. Liability for Vested Sick Leave Benefits:

Under the sick leave benefit plan, unused sick leave can accumulate, and employees may become entitled to cash payment when they leave the municipality's employment.

The liability for these accumulated days, to the extent that they have vested and could be taken in cash by an employee upon termination, amounted to \$355,112 (2004 - \$319,854) at the end of the year. An amount of \$338,859 (2004 - \$314,633) has been provided for this past service liability and is reported on the "Consolidated Statement of Financial Position". An amount of \$4,469 (2004 - \$37,729) has been paid to employees who left in the current year and is reported on the "Consolidated Statement of Financial Activities". An amount of \$Nil (2004 - \$204,286) has been paid to employees under the provisions of a union contract and is reported on the consolidated statement of financial activities.

Anticipated payments over the next five years to employees who are eligible to retire are:

2006	\$	2,390
2007		8,600
2008		2,895
2009		3,223
2010		1,934
		<hr/>
	\$	19,042

7. Public Sector Salary Disclosure

During 2005, no employees were paid a salary, as defined in the Public Sector Salary Disclosure Act, 1996, of \$100,000 or more by the Corporation of the County of Perth.

8. Budget Amounts

Under generally accepted accounting principles, budget amounts are to be reported on the consolidated statement of financial activities for comparative purposes. The 2005 budget amounts for the Corporation of the County of Perth approved by Council have been restated to conform to the basis of preparation of the revenues and expenditures on the consolidated statement of financial activities.

The Corporation of the County of Perth Notes to Financial Statements

December 31, 2005

9. Trust Funds

The trust funds administered by the municipality amounting to \$98,761 (2004 - \$95,506) have not been included in the consolidated statement of financial position nor have the operations been included in the consolidated statement of financial activities. The County of Perth's share of responsibility for the trusts is 29.23%.

10. Contingencies

A number of appeals of the current value assessment of properties in the municipality are currently in process. The impact on taxation revenue as a result of settlement of these appeals is not determinable at this time. The effect on taxation of the settlement of these appeals will be recorded in the fiscal year in which they can be determined.

11. Comparative Information

The comparative information in the financial statements was reported on by the firm Monteith, Monteith & Co. which merged with BDO Dunwoody LLP on January 1, 2006.

The comparative figures have been restated to conform to the current year's presentation.

The Corporation of the County of Perth Schedule of Current Fund Operations

For the year ended December 31	2005 Budget	2005 Actual	2004 Actual
Revenue			
Taxation	\$ 9,388,941	\$ 9,550,470	\$ 8,728,510
Fees and user charges	1,089,801	1,234,360	1,150,203
Ontario grants	7,474,220	7,658,314	9,225,450
Municipal grants	2,467,496	2,860,542	2,565,773
Other	1,875,550	2,242,659	1,841,671
	<u>22,296,008</u>	<u>23,546,345</u>	<u>23,511,607</u>
Expenditures			
General government	1,570,349	1,474,940	1,348,067
Protection services	1,077,725	1,088,499	989,999
Transportation services	3,393,863	5,149,530	4,408,787
Health services	9,077,499	9,030,916	7,954,422
Social and family services	3,500,290	3,451,962	3,315,585
Social Housing	960,200	809,999	662,045
Recreation and cultural services	227,174	227,127	320,878
Planning and development	762,270	718,031	510,293
	<u>20,569,370</u>	<u>21,951,004</u>	<u>19,510,076</u>
Net revenues for the year	<u>1,726,638</u>	<u>1,595,341</u>	<u>4,001,531</u>
Financing and transfers			
Change in vested sick leave payable	34,922	35,258	(99,458)
Transfers (to) capital fund operations	(3,664,961)	(2,501,571)	(1,909,065)
Transfers from (to) reserves and reserve funds	1,347,114	1,291,939	(2,229,344)
	<u>(2,282,925)</u>	<u>(1,174,374)</u>	<u>(4,237,867)</u>
Change in fund balance for the year	(556,287)	420,967	(236,336)
Current Fund, beginning of the year	<u>556,287</u>	<u>671,810</u>	<u>908,146</u>
Current Fund, end of the year	\$ -	\$ 1,092,777	\$ 671,810

The Corporation of the County of Perth Schedule of Capital Fund Operations

For the year ended December 31	2005 Budget	2005 Actual	2004 Actual
Revenue			
Municipal grants	\$ -	\$ -	\$ 311,517
Other	28,000	19,350	107,727
	<u>28,000</u>	<u>19,350</u>	<u>419,244</u>
Expenditures			
General government	104,240	93,517	79,045
Protection services	50,000	24,848	-
Transportation services	3,148,000	1,793,273	2,288,404
Health services	277,943	685,904	279,969
Social and family services	90,080	90,080	34,565
Recreation and cultural services	5,148	5,148	8,783
Planning and development	17,550	722	110,965
	<u>3,692,961</u>	<u>2,693,492</u>	<u>2,801,731</u>
Net (expenditures) for the year	<u>(3,664,961)</u>	<u>(2,674,142)</u>	<u>(2,382,487)</u>
Financing and transfers			
Transfers from current fund operations	3,664,961	2,501,571	1,909,065
Transfers from reserves and reserve funds	-	172,571	473,422
	<u>3,664,961</u>	<u>2,674,142</u>	<u>2,382,487</u>
Change in fund balance for the year	-	-	-
Capital Fund, beginning of the year	-	-	-
Capital Fund, end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The Corporation of the County of Perth Schedule of Reserves and Reserve Funds

For the year ended December 31	2005 Budget	2005 Actual	2004 Actual
Revenue			
Other revenue	\$ 17,003	\$ 16,999	\$ 8,268
Net Transfers from (to) other funds			
Transfer (to) from current fund operations	(1,347,114)	(1,291,939)	2,229,344
Transfer (to) capital fund operations	-	(172,571)	(473,422)
	<u>(1,347,114)</u>	<u>(1,464,510)</u>	<u>1,755,922</u>
Change in balance for the year	(1,330,111)	(1,447,511)	1,764,190
Reserves and Reserve Funds, beginning of the year	10,648,126	10,648,126	8,883,936
Reserves and Reserve Funds, end of the year	<u>\$ 9,318,015</u>	<u>\$ 9,200,615</u>	<u>\$ 10,648,126</u>
Analyzed as follows:			
Reserves set aside for specific purpose by Council:			
Working funds		\$ 1,901,413	\$ 2,603,902
Insurance, sick leave and WSIB		474,622	363,436
Current purposes		2,402,013	2,826,393
Capital purposes		3,946,677	4,448,935
		<u>8,724,725</u>	<u>10,242,666</u>
Reserve funds set aside for specific purpose by Council:			
Current purposes		6,136	12,251
Capital purposes		469,754	393,209
		<u>475,890</u>	<u>405,460</u>
Reserves and Reserve Funds, end of the year		<u>\$ 9,200,615</u>	<u>\$ 10,648,126</u>

Auditors' Report

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the County of Perth

We have audited the balance sheet of the trust funds of the Corporation of the County of Perth as at December 31, 2005 and the statement of continuity of fund balances for the year then ended. These financial statements are the responsibility of the municipality's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the trust funds of the Corporation of the County of Perth as at December 31, 2005 and the continuity of fund balances for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP
Chartered Accountants

Stratford, Ontario
May 11, 2006

**The Corporation of the County of Perth
Trust Funds
Balance Sheet**

December 31	Spruce Lodge Burial Fund	Spruce Lodge Residents' Fund	Total 2005	Total 2004
Assets				
Current				
Cash	\$ 1,961	\$ 60,216	\$ 62,177	\$ 59,560
Investments	16,772	22,437	39,209	38,571
	\$ 18,733	\$ 82,653	\$ 101,386	\$ 98,131
Liabilities and Fund Balances				
Current				
Due to revenue fund	\$ 225	\$ 2,400	\$ 2,625	\$ 2,625
Fund balances	18,508	80,253	98,761	95,506
	\$ 18,733	\$ 82,653	\$ 101,386	\$ 98,131

**Statement of Continuity
of Fund Balances**

December 31	Spruce Lodge Burial Fund	Spruce Lodge Residents' Fund	Total 2005	Total 2004
Balance , beginning of the year	\$ 18,013	\$ 77,493	\$ 95,506	88,510
Receipts				
Residents' deposits	-	205,958	205,958	186,705
Interest earned	495	860	1,355	1,530
	495	206,818	207,313	188,235
Expenditures				
Disbursed on account of residents	-	204,058	204,058	181,239
Balance , end of the year	\$ 18,508	\$ 80,253	\$ 98,761	\$ 95,506

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**The Corporation of the County of Perth
Trust Funds
Notes to Financial Statements**

December 31, 2005

Management Responsibility

The financial statements of the Corporation of the County of Perth Trust Funds are the representation of management. They have been prepared in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants as prescribed by the Ministry of Municipal Affairs and Housing.

Capital Assets

The historical cost and accumulated amortization of capital assets are not recorded for municipal purposes. Capital assets are recorded as an expenditure on the statement of continuity in the year of acquisition.

Basis of Accounting

Capital receipts and income are reported on the cash basis of accounting

Expenditures are reported on the cash basis of accounting with the exception of administrative expenses which are reported on the accrual basis of accounting, which recognizes expenditures as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

Joint local boards are proportionally consolidated. Proportional consolidation is a method of accounting and reporting whereby a municipality's pro rata share of each of the assets, liabilities, revenues, and expenses that are subject to joint control is reported. These trust funds have not been proportionally consolidated, however joint responsibility for the trust funds would be shared as follows

	%
County of Perth	29.230
City of Stratford	63.430
Town of St. Marys	<u>7.340</u>
	<u>100.000</u>