

**The Corporation of the County of
Perth
Consolidated Financial
Statements
For the year ended December 31, 2007**

The Corporation of the County of Perth
Consolidated Financial Statements
For the year ended December 31, 2007

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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, 2007 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, 2007 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, Licensed Public Accountants

Stratford, Ontario
March 7, 2008

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

December 31	2007	2006
Assets and Liabilities		
Financial assets		
Cash	\$ 12,422,593	\$ 12,316,872
Trade and other receivables	1,424,112	1,137,229
Mortgage receivable (Note 1)	278,000	-
	14,124,705	13,454,101
Liabilities		
Accounts payable and accrued liabilities	3,070,731	1,683,083
Post-employment benefits (Note 6)	426,295	400,414
Deferred revenue (page 12)	78,711	172,784
	3,575,737	2,256,281
Net financial assets	10,548,968	11,197,820
Other assets		
Prepaid expenses	65,966	51,225
	\$ 10,614,934	\$ 11,249,045
Municipal Position		
Current fund (page 13)	\$ 120,866	\$ 1,749,989
Capital fund (page 14)	-	-
Reserves and reserve funds (page 15)	10,920,363	9,899,470
	11,041,229	11,649,459
Amounts to be recovered (Note 2)	(426,295)	(400,414)
	\$ 10,614,934	\$ 11,249,045

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

For the year ended December 31	2007 Budget	2007 Actual	2006 Actual
Revenue			
Taxation	\$ 9,255,226	\$ 9,181,040	\$ 9,402,518
Fees and user charges	1,236,872	1,178,379	1,403,702
Canada grants	1,117,658	627,551	662,897
Ontario grants	15,649,126	13,397,955	11,278,673
Municipal grants	3,246,777	3,109,514	2,493,868
Other income (Note 3)	2,417,754	2,807,834	2,730,740
	<u>32,923,413</u>	<u>30,302,273</u>	<u>27,972,398</u>
Expenditures			
Current (Note 4)			
General government	1,822,138	1,738,927	1,661,876
Protection services	2,181,714	2,460,098	1,535,769
Transportation services	4,154,167	4,221,590	3,544,540
Health services	10,786,516	10,440,682	10,277,826
Social and family services	3,873,897	3,976,581	3,739,622
Social Housing	1,118,649	1,102,216	926,589
Recreation and cultural services	553,300	428,074	315,993
Planning and development	785,630	687,511	596,970
	<u>25,276,011</u>	<u>25,055,679</u>	<u>22,599,185</u>
Capital			
General government	324,550	256,531	256,823
Transportation services	5,111,725	4,439,246	3,617,781
Health services	1,140,681	1,052,653	124,412
Social and family services	87,194	81,694	51,999
Recreational and cultural services	48,000	48,314	3,265
Planning and development	78,000	2,267	8,168
	<u>6,790,150</u>	<u>5,880,705</u>	<u>4,062,448</u>
Total expenditures	<u>32,066,161</u>	<u>30,936,384</u>	<u>26,661,633</u>
Net revenues (expenditures) for the year	\$ 857,252	\$ (634,111)	\$ 1,310,765
Change in amounts to be recovered			
Change in vested sick leave payable	25,000	25,881	45,302
Change in fund balances for the year	\$ 882,252	\$ (608,230)	\$ 1,356,067
Fund balances, beginning of year	<u>11,649,459</u>	<u>11,649,459</u>	<u>10,293,392</u>
Fund balances, end of year	<u>\$ 12,531,711</u>	<u>\$ 11,041,229</u>	<u>\$ 11,649,459</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	2007	2006
Cash provided by (used in)		
Operating activities		
Net revenue (expenditures) for the year	\$ (634,111)	\$ 1,310,765
(Increase) decrease in trade and other receivables	(286,883)	(22,386)
Increase (decrease) in accounts payable and accrued liabilities	1,387,648	(807,838)
Increase (decrease) in post-employment benefits	25,881	45,302
Increase (decrease) in deferred revenue	(94,073)	(197,805)
(Increase) decrease in prepaid expenses	(14,741)	(40,887)
	<u>383,721</u>	<u>287,151</u>
Investing activities		
Mortgage receivable	(278,000)	-
	<u>105,721</u>	<u>287,151</u>
Net change in cash and cash equivalents	105,721	287,151
Cash and cash equivalents, beginning of year	12,316,872	12,029,721
Cash and cash equivalents, end of year	\$ 12,422,593	\$ 12,316,872

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

December 31, 2007

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.

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
Provincial Offences Administration

Government Transfers

Government transfers are recognized in the consolidated financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made.

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.

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

December 31, 2007

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 unmatured 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 Corporation of the County of Perth Notes to Financial Statements

December 31, 2007

1. Mortgage Receivable

	2007	2006
Mortgage receivable, 3%, first year, no interest no payments, subsequent years, payable monthly installments of principal and interest, term 5 years, amortization period 30 years	\$ 278,000	\$ -
	\$ 278,000	\$ -

2. Amounts to be recovered

	2007	2006
Vested sick leave payable	\$ 426,295	\$ 400,414
	\$ 426,295	\$ 400,414

3. Other Income

	2007	2006
	Actual	Actual
Other fines and penalties	\$ 1,829,421	\$ 1,781,324
Investment income	559,569	498,599
Licences, permits and rents	367,430	393,093
Donations	3,741	6,003
Sale of publications, equipment, etc.	7,954	9,661
Sale of land, equipment and other assets	39,719	42,060
	\$ 2,807,834	\$ 2,730,740

The Corporation of the County of Perth Notes to Financial Statements

December 31, 2007

4. Expenditures by Object

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

	2007	2006
	Actual	Actual
Salaries, wages and employee benefits	\$ 14,473,348	\$ 13,419,850
Materials	5,201,845	4,939,014
Contracted services	3,551,815	3,138,830
Rents and financial expenses	157,667	129,645
Contributions to other organizations	1,645,123	926,544
Amounts for unfunded liabilities	25,881	45,302
	\$ 25,055,679	\$ 22,599,185

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 2007 was \$486,827 (2006 - \$431,354).

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 \$426,295 (2006 - \$400,414) at the end of the year. An amount of \$349,772 (2006 - \$358,163) has been provided for this past service liability and is reported on the "Consolidated Statement of Financial Position". An amount of \$48,020 (2006 - \$12,842) 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 (2006 - \$Nil) 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 year to employees who are eligible to retire are:

2008	\$	40,291
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The Corporation of the County of Perth Notes to Financial Statements

December 31, 2007

7. Budget Amounts

Under generally accepted accounting principles, budget amounts are to be reported on the consolidated statement of financial activities for comparative purposes. The 2007 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.

8. Trust Funds

The trust funds administered by Spruce lodge amounting to \$102,597 (2006 - \$84,597) 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%.

9. 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.

The Corporation of the County of Perth

Notes to Financial Statements

December 31, 2007

10. Tangible Capital Assets

For the year ended December 31, 2009 the County will be required to comply with Section 3150, Tangible Capital Assets of the Public Sector Accounting Board Handbook. Section 3150 requires the capitalization and amortization of tangible capital assets in the financial statements. As a transitional provision, Public Sector Guideline-7, Tangible Capital Assets of Local Governments, requires disclosure of information for each major class of tangible capital asset for which all the relevant information can be provided for the complete stock of tangible capital assets of that category.

To date the County has drafted their accounting policy for the classification and recording of capital assets, and their related accumulated amortization, and has begun collecting data related to their tangible capital assets. Capitalization information is not yet available for any major categories of tangible capital assets.

11. 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.

**The Corporation of the County of Perth
Schedule of Deferred Revenue**

For the year ended December 31 2007

	Opening	Contributions Received	Investment Income	Revenue Recognized	Ending
Obligatory Reserve Funds					
Federal gas tax	\$ 103,386	\$ 490,107	\$ 3,074	\$ (596,567)	\$ -
Other					
Other	69,398	78,744	-	(69,431)	78,711
	\$ 172,784	\$ 568,851	\$ 3,074	\$ (665,998)	\$ 78,711

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

For the year ended December 31	2007 Budget	2007 Actual	2006 Actual
Revenue			
Taxation	\$ 9,255,226	\$ 9,181,040	\$ 9,402,518
Fees and user charges	1,236,872	1,178,379	1,403,702
Canada grants	524,165	34,058	31,040
Ontario grants	13,639,722	11,388,551	9,676,277
Municipal grants	2,776,777	2,636,754	2,493,868
Other	2,380,254	2,759,003	2,670,657
	<u>29,813,016</u>	<u>27,177,785</u>	<u>25,678,062</u>
Expenditures			
General government	1,822,138	1,738,927	1,661,876
Protection services	2,181,714	2,460,098	1,535,769
Transportation services	4,154,167	4,221,590	3,544,540
Health services	10,786,516	10,440,682	10,277,826
Social and family services	3,873,897	3,976,581	3,739,622
Social Housing	1,118,649	1,102,216	926,589
Recreation and cultural services	553,300	428,074	315,993
Planning and development	785,630	687,511	596,970
	<u>25,276,011</u>	<u>25,055,679</u>	<u>22,599,185</u>
Net revenues for the year	<u>4,537,005</u>	<u>2,122,106</u>	<u>3,078,877</u>
Financing and transfers			
Change in vested sick leave payable	25,000	25,881	45,302
Transfers (to) capital fund operations	(1,312,601)	(536,300)	(2,077,113)
Transfers from (to) reserves and reserve funds	(4,999,393)	(3,240,810)	(389,854)
	<u>(6,286,994)</u>	<u>(3,751,229)</u>	<u>(2,421,665)</u>
Change in fund balance for the year	<u>(1,749,989)</u>	<u>(1,629,123)</u>	<u>657,212</u>
Current Fund, beginning of the year	<u>1,749,989</u>	<u>1,749,989</u>	<u>1,092,777</u>
Current Fund, end of the year	<u>\$ -</u>	<u>\$ 120,866</u>	<u>\$ 1,749,989</u>

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

For the year ended December 31	2007 Budget	2007 Actual	2006 Actual
Revenue			
Canada grants	\$ 593,493	\$ 593,493	\$ 631,857
Ontario grants	2,009,404	2,009,404	1,602,396
Municipal grants	470,000	472,760	-
Other	37,500	42,793	53,855
	3,110,397	3,118,450	2,288,108
Expenditures			
General government	324,550	256,531	256,823
Transportation services	5,111,725	4,439,246	3,617,781
Health services	1,140,681	1,052,653	124,412
Social and family services	87,194	81,694	51,999
Recreation and cultural services	48,000	48,314	3,265
Planning and development	78,000	2,267	8,168
	6,790,150	5,880,705	4,062,448
Net (expenditures) for the year	(3,679,753)	(2,762,255)	(1,774,340)
Financing and transfers			
Transfers from (to) current fund operations	1,312,601	536,300	2,077,113
Transfers from (to) reserves and reserve funds	2,367,152	2,225,955	(302,773)
	3,679,753	2,762,255	1,774,340
Change in fund balance for the year	-	-	-
Capital Fund, beginning of the year	-	-	-
Capital Fund, end of the year	\$ -	\$ -	\$ -

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

For the year ended December 31	2007 Budget	2007 Actual	2006 Actual
Revenue			
Other revenue	\$ -	\$ 6,038	\$ 6,228
Net Transfers from (to) other funds			
Transfer from (to) current fund operations	4,999,393	3,240,810	389,854
Transfer from (to) capital fund operations	(2,367,152)	(2,225,955)	302,773
	<u>2,632,241</u>	<u>1,014,855</u>	<u>692,627</u>
Change in balance for the year	2,632,241	1,020,893	698,855
Reserves and Reserve Funds, beginning of the year	<u>9,899,470</u>	<u>9,899,470</u>	<u>9,200,615</u>
Reserves and Reserve Funds, end of the year	<u>\$ 12,531,711</u>	<u>\$ 10,920,363</u>	<u>\$ 9,899,470</u>

Analyzed as follows:

Reserves set aside for specific purpose by Council:

Working funds	\$ 2,759,703	\$ 2,703,438
Insurance, sick leave and WSIB	617,631	593,984
Current purposes	3,525,002	2,555,504
Capital purposes	3,604,465	3,618,594
	<u>10,506,801</u>	<u>9,471,520</u>

Reserve funds set aside for specific purpose by Council:

Capital purposes	<u>413,562</u>	<u>427,950</u>
	<u>413,562</u>	<u>427,950</u>

Reserves and Reserve Funds, end of the year	<u>\$ 10,920,363</u>	<u>\$ 9,899,470</u>
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