

**The Corporation of the County of Perth  
Consolidated Financial Statements  
For the year ended December 31, 2019**

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## Independent Auditors' Report

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

We have audited the consolidated financial statements of The Corporation of the County of Perth ("the Corporation"), which comprise the consolidated statement of financial position as at December 31, 2019, consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2019, and the results of its operations, change in net financial assets and cash flows for the year then ended, in accordance with Canadian public sector accounting standards.

#### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to the audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the 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.

In preparing the consolidated financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of

assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Corporation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Chartered Professional Accountants, Licensed Public Accountants**

**Stratford, Ontario  
October 15, 2020**

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

December 31	2019	2018
<b>Financial assets</b>		
Cash and cash equivalents	\$ 19,880,641	\$ 13,315,483
Investments (Note 1)	1,276,946	1,219,202
Accounts receivable	1,541,211	2,261,126
Mortgage and loan receivable (Note 3)	290,498	303,537
	<b>22,989,296</b>	<b>17,099,348</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	3,843,553	3,060,076
Employee benefits liability (Note 2)	1,611,043	1,121,500
Deferred revenue (Note 4)	3,802,702	1,268,968
Long-term debt (Note 5)	7,687,733	8,124,968
	<b>16,945,031</b>	<b>13,575,512</b>
<b>Net financial assets</b>	<b>6,044,265</b>	<b>3,523,836</b>
<b>Non-financial assets</b>		
Tangible capital assets (Note 6)	99,078,634	101,649,576
Prepaid expenses	237,518	196,492
Inventories of supplies	442,392	453,107
	<b>99,758,544</b>	<b>102,299,175</b>
<b>Net Municipal Position (Note 7)</b>	<b>\$ 105,802,809</b>	<b>\$ 105,823,011</b>

\_\_\_\_\_ Treasurer \_\_\_\_\_ Warden

**The Corporation of the County of Perth  
Consolidated Statement of Operations**

<b>For the year ended December 31</b>	<b>Budget 2019</b>	<b>Actual 2019</b>	<b>Actual 2018</b>
	(Note 13)		
<b>Revenue</b>			
Taxation	\$ 15,674,355	\$ 15,644,260	\$ 14,963,089
Government transfers - Federal (Note 8)	622,409	138,659	1,064,032
Government transfers - Provincial (Note 9)	15,032,746	15,762,027	14,807,501
Municipal transfers	5,479,432	5,819,295	5,879,518
User fees and service charges	2,518,556	2,484,460	2,346,223
Other (Note 10)	2,076,240	2,264,106	2,273,164
	<b>41,403,738</b>	<b>42,112,807</b>	<b>41,333,527</b>
<b>Expenses</b>			
General government	4,378,158	3,511,886	3,248,179
Protection services	1,578,424	1,611,809	1,608,397
Transportation services	10,473,239	11,006,593	10,096,509
Health services	14,595,461	15,267,507	14,562,377
Social and family services	7,163,963	7,058,395	6,760,861
Social housing	2,358,150	2,282,876	1,880,693
Recreation and cultural services	514,385	494,854	476,564
Planning and development	1,038,916	1,032,888	973,411
	<b>42,100,696</b>	<b>42,266,808</b>	<b>39,606,991</b>
<b>Increase (decrease) In Net Municipal Position</b>	<b>(696,958)</b>	<b>(154,001)</b>	<b>1,726,536</b>
<b>Net Municipal Position, beginning of year</b>	<b>105,823,011</b>	<b>105,823,011</b>	<b>103,943,032</b>
<b>Change in proportionate consolidation (Note 17)</b>	<b>-</b>	<b>133,799</b>	<b>153,443</b>
<b>Net Municipal Position, end of year</b>	<b>\$105,126,053</b>	<b>\$105,802,809</b>	<b>\$105,823,011</b>

**The Corporation of the County of Perth**  
**Consolidated Statement of Change in Net Financial Assets**

<b>For the year ended December 31</b>	<b>Budget 2019</b>	<b>Actual 2019</b>	<b>Actual 2018</b>
	(Note 13)		
<b>Increase (decrease) in Net Municipal Position</b>	<b>\$ (696,958)</b>	<b>\$ (154,001)</b>	<b>\$ 1,726,536</b>
Acquisition of tangible capital assets	(3,473,593)	(2,398,530)	(5,119,838)
Amortization of tangible capital assets	4,216,162	4,941,262	4,638,973
Loss (gain) on disposal of tangible capital assets	-	(277)	107,763
Proceeds on disposal of tangible capital assets	-	127,818	-
	<u>45,611</u>	<u>2,516,272</u>	<u>1,353,434</u>
Utilization of prepaid expenses and inventory of supplies	-	(30,310)	(63,416)
<b>Net change in net financial assets</b>	<b>45,611</b>	<b>2,485,962</b>	<b>1,290,018</b>
<b>Net financial assets, beginning of year</b>	<b>3,523,836</b>	<b>3,523,836</b>	<b>2,197,048</b>
Change in proportionate consolidation (Note 17)	-	34,467	36,770
<b>Net financial assets, end of year</b>	<b>\$ 3,569,447</b>	<b>\$ 6,044,265</b>	<b>\$ 3,523,836</b>

**The Corporation of the County of Perth**  
**Consolidated Statement of Cash Flows**

<b>For the year ended December 31</b>	<b>2019</b>	<b>2018</b>
<b>Operating transactions</b>		
Increase (decrease) in Net Municipal Position	\$ (154,001)	\$ 1,726,536
Items not involving cash		
Amortization	4,941,262	4,638,973
Loss (gain) on disposal of tangible capital assets	(277)	107,763
Changes in non-cash operating balances		
Accounts receivable	719,915	(405,415)
Prepaid expenses and inventories of supplies	(30,311)	(63,416)
Accounts payable and accrued liabilities	783,477	(1,058,258)
Employment benefits liabilities	489,543	522,177
Deferred revenue	2,533,734	734,110
	<u>9,283,342</u>	<u>6,202,470</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(2,398,530)	(5,119,838)
Proceeds on disposal of tangible capital assets	127,818	-
	<u>(2,270,712)</u>	<u>(5,119,838)</u>
<b>Investing transactions</b>		
Decrease of mortgages receivable	13,039	12,772
Purchase of investments	(57,744)	(57,488)
	<u>(44,705)</u>	<u>(44,716)</u>
<b>Financing transactions</b>		
Repayment of long-term debt	(437,234)	(424,783)
<b>Net change in cash and cash equivalents</b>	<b>6,530,691</b>	<b>613,133</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>13,315,483</b>	<b>12,665,580</b>
Change in proportionate consolidation (Note 17)	34,467	36,770
<b>Cash and cash equivalents, end of year</b>	<b>\$ 19,880,641</b>	<b>\$ 13,315,483</b>

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

December 31, 2019

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### Management's Responsibility for the Financial Statements

The consolidated financial statements of the Corporation of the County of Perth are the responsibility of management. They have been prepared in accordance with Canadian Public Sector Accounting Standards established by CPA Canada. The Corporation of the County of Perth is a municipality in the Province of Ontario and operates under the provisions of the Municipal Act to provide municipal services such as public works, emergency medical services, planning, provincial offences administration and other general government services.

### Basis of Consolidation

These consolidated financial statements reflect the assets, liabilities, revenue and expenses of all municipal organizations, committees and Boards which are owned or controlled by the County. All interfund assets and liabilities and revenues and expenditures have been eliminated upon consolidation.

Joint local boards controlled by the Corporation of the County of Perth have been proportionately consolidated. Participating municipalities have approved new funding agreements which are effective January 1, 2012, changing the percentages reported. Details of percentages reported are as follows:

	<u>2019</u>	<u>2018</u>
Perth District Health Unit	49.20%	48.05%
Spruce Lodge Home for the Aged	49.20%	48.05%
Spruce Lodge Home Assistance Corporation	49.20%	48.05%
Spruce Lodge Foundation	49.20%	48.05%

### Cash and Cash Equivalents

Management considers all highly liquid investments with maturity of three months or less at acquisition to be cash equivalents.

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

December 31, 2019

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### **Tangible Capital Assets**

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

Land improvement	15 years
Facilities	10 to 75 years
Equipment	10 to 20 years
Vehicles	7 to 20 years
Infrastructure - roads	20 to 50 years
Infrastructure - bridges and culverts	30 to 80 years
Computer systems	4 to 15 years

### **Trust Funds**

Funds held in trust by the County of Perth, its consolidated local boards, and their related operations, are not included in these financial statements. The financial activity and position of any trust funds are reported separately.

### **Deferred Revenue**

Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the consolidated statement of financial position. The revenue is recognized in the consolidated statement of operations in the year in which it is used for the specified purpose.

### **Government Transfers**

Government transfers, which include legislative grants, are recognized in the financial statements 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 in which case they are recognized as deferred revenue until such time as the stipulations are met.

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

**December 31, 2019**

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**Revenue Recognition** Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. Taxes receivable are recognized net of an allowance for anticipated uncollectible amounts.

Conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled. Unconditional grant revenues are recognized as they become receivable.

Grants for the acquisition of tangible capital assets are recognized in the period in which eligible expenditures are made.

Sales of service and other revenue is recognized on an accrual basis.

Provincial Offences revenue is recognized on a cash basis.

**Use of Estimates** The preparation of financial statements in accordance with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

**Liability for Contaminated Sites** A contaminated site is a site at which substances occur in concentrations that exceed maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the County 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 includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. The liability is recorded net of any expected recoveries.

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**1. Investments**

	2019	2018
Guaranteed Investment Certificates, with interest rates ranging from 1.6% to 2.93% and maturity dates ranging from January 2020 to August 2024.	<b>\$ 1,276,946</b>	<b>\$ 1,219,202</b>

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**The Corporation of the County of Perth**  
**Notes to Consolidated Financial Statements**

**December 31, 2019**

**2. Employee Benefits Liability**

The amount reported for employee benefits liability on the consolidated statement of financial position consists of the following:

	2019	2018
Sick leave benefits	\$ 325,628	\$ 325,067
Workplace Safety and Insurance	1,285,415	796,433
	\$ 1,611,043	\$ 1,121,500

**Sick Leave Benefits**

The consolidated boards provide sick leave benefits for employees that can be carried forward and employees may become entitled to a cash payment when they leave their respective employment.

**Workplace Safety and Insurance Board ("WSIB")**

The County is a Schedule II employer under the Workplace Safety and Insurance Act, whereby it self-insures the entire risk of its own WSIB claims. The County is also responsible for reimbursing the WSIB for all costs relating to its workers' claims.

The liability reported in the consolidated statement of financial position is the result of an actuarial update that estimated potential liabilities of the municipality under the provisions of the Workplace Safety and Insurance Act. The last full actuarial evaluation for the County of Perth was completed as at December 31, 2017 and forecasted for the next three years.

	2019	2018
<b>WSIB liability</b>		
Accrued benefit obligation at January 1	\$ 2,426,787	\$ 2,102,512
Add estimated cost of claims (service cost)	469,201	456,266
Add interest accrued	95,630	82,421
Less expected benefit payments	(262,094)	(214,412)
Expected accrued benefit obligation at December 31	2,729,524	2,426,787
Actual accrued benefit obligation	2,729,524	2,426,787
Unamortized actuarial loss from valuation	(1,444,109)	(1,630,354)
Liability at December 31	\$ 1,285,415	\$ 796,433

	2019	2018
<b>WSIB benefits expense</b>		
Current year benefit cost	\$ 469,201	\$ 456,266
Amortization of losses	186,245	186,245
Post employment benefit expense	655,446	642,511
Interest on accrued benefit obligation	95,630	82,421
Total	\$ 751,076	\$ 724,932

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**The Corporation of the County of Perth**  
**Notes to Consolidated Financial Statements**

**December 31, 2019**

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**2. Employee Benefits Liability (continued)**

**Pension Agreements**

The County of Perth and its consolidated boards make contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of all eligible employees. The plan is a defined benefit plan which specifies the amount of the retirement to be received by the employees based on length of service and rates of pay. During the year, employer contributions of \$1,545,062 (2018 - \$1,582,378) were paid by the County and its consolidated boards and reported as an expense on the consolidated statement of operations.

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**3. Mortgage and Loan Receivable**

	<u>2019</u>	<u>2018</u>
First mortgage receivable - Stratford Perth Museum, interest at 3.0%, payable in monthly installments of \$1,194 principal and interest, due September 2037	197,730	205,994
Second mortgage receivable - Stratford Perth Museum, interest at 0.5%, payable in monthly installments of \$438 principal and interest, due July 2038	92,768	97,543
	<u>\$ 290,498</u>	<u>\$ 303,537</u>

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**The Corporation of the County of Perth**  
**Notes to Consolidated Financial Statements**

**December 31, 2019**

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**4. Deferred Revenue**

	Opening balance	Contributions received	Externally restricted investment income	Revenue recognized	Ending balance
Federal gas tax	\$ 610,934	2,373,739	35,729	-	\$ 3,020,402
OFIC	-	485,747	4,703	17,964	472,486
Cannabis	-	51,897	481	-	52,378
PDHU & Spruce Lodge	658,034	25,953	-	(426,551)	257,436
	<u>\$ 1,268,968</u>	<u>2,937,336</u>	<u>40,913</u>	<u>(408,587)</u>	<u>\$ 3,802,702</u>

Federal gas tax

Gas tax revenue is provided by the Government of Canada. The use of the funding is established by a funding agreement between the County of Perth and the Association of Municipalities of Ontario (AMO). Gas tax funding may be used towards designated environmentally sustainable municipal infrastructure and capacity building projects as specified in the funding agreements.

OCIF (Ontario Community Infrastructure Fund)

Community Infrastructure funding is provided by the Province of Ontario. The fund provides for small, rural and northern communities to develop and renew their infrastructure.

Cannabis

Cannabis revenue is provided by the Province of Ontario. This funding can be used to help with the implementation costs of recreational cannabis legalization.

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**The Corporation of the County of Perth**  
**Notes to Consolidated Financial Statements**

**December 31, 2019**

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**5. Net Long-term Debt**

	2019	2018
Debenture, bearing interest at 3.18% and repayable in blended semi-annual instalments of \$89,330. The loan is due October 2035 and was issued on behalf of Ontario Infrastructure and Lands Corporation.	\$ 2,226,920	\$ 2,332,246
Debenture, bearing interest at 2.90% and repayable in blended semi-annual instalments of \$160,646. The loan is due November 2036 and was issued on behalf of Ontario Infrastructure and Lands Corporation.	4,288,048	4,480,784
Debenture, bearing interest at 2.72% and repayable in blended semi-annual instalments of \$86,959. The loan is due February 2027 and was issued on behalf of Ontario Infrastructure and Lands Corporation.	1,172,765	1,311,938
	\$ 7,687,733	\$ 8,124,968

Principal repayments relating to net long term debt of \$7,687,733 outstanding are due as follows:

2020	\$ 450,051
2021	463,245
2022	476,828
2023	490,810
2024	505,203
Thereafter	5,301,596
	\$ 7,687,733

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**The Corporation of the County of Perth**  
Notes to Consolidated Financial Statements

**December 31, 2019**

**6. Tangible Capital Assets**

								2019
	Land and land improvement	Facilities	Equipment	Vehicles	Infrastructure - roads	Infrastructure - bridges and culverts	Computer systems	Total
<b>Cost,</b>								
beginning of year	\$ 1,922,100	\$ 25,012,282	\$ 1,534,190	\$ 5,514,380	\$ 95,604,004	\$ 25,452,180	\$ 1,986,076	\$ 157,025,212
Additions	-	604,784	448,595	478,969	-	530,653	335,529	2,398,530
Disposals	-	(27,903)	(327,788)	(607,920)	-	(17,991)	(232,213)	(1,213,815)
Change in consolidation (Note 17)	1,402	217,153	-	-	-	-	6,822	225,377
<b>Cost, end of year</b>	<b>\$ 1,923,502</b>	<b>\$ 25,806,316</b>	<b>\$ 1,654,997</b>	<b>\$ 5,385,429</b>	<b>\$ 95,604,004</b>	<b>\$ 25,964,842</b>	<b>\$ 2,096,214</b>	<b>\$ 158,435,304</b>
<b>Accumulated amortization,</b>								
beginning of year	\$ 194,625	\$ 8,780,368	\$ 995,219	\$ 2,712,751	\$ 31,133,137	\$ 10,259,007	\$ 1,300,529	\$ 55,375,636
Amortization	25,261	1,081,626	77,294	452,622	2,639,680	479,578	185,201	4,941,262
Disposals	-	(27,394)	(267,788)	(553,603)	-	(16,208)	(221,280)	(1,086,273)
Change in consolidation (Note 17)	651	163,129	-	-	-	-	(37,735)	126,045
<b>Accumulated amortization, end of year</b>	<b>\$ 220,537</b>	<b>\$ 9,997,729</b>	<b>\$ 804,725</b>	<b>\$ 2,611,770</b>	<b>\$ 33,772,817</b>	<b>\$ 10,722,377</b>	<b>\$ 1,226,715</b>	<b>\$ 59,356,670</b>
<b>Net book value, end of year</b>	<b>\$ 1,702,965</b>	<b>\$ 15,808,587</b>	<b>\$ 850,272</b>	<b>\$ 2,773,659</b>	<b>\$ 61,831,187</b>	<b>\$ 15,242,465</b>	<b>\$ 869,499</b>	<b>\$ 99,078,634</b>

The net book value of capital assets not being amortized because they are under construction (or development) is \$453,437 (2018 - \$194,998).

**The Corporation of the County of Perth**  
Notes to Consolidated Financial Statements

December 31, 2019

**6. Tangible Capital Assets (continued)**

	2018							
	Land and land improvement	Facilities	Equipment	Vehicle	Infrastructure - roads	Infrastructure - bridges and culverts	Computer systems	Total
<b>Cost, beginning of year</b>	\$ 1,920,454	\$ 24,449,574	\$ 1,497,147	\$ 5,260,906	\$ 94,832,165	\$ 24,136,107	\$ 1,875,794	\$ 153,972,147
Additions	-	373,681	37,957	253,474	2,727,438	1,530,649	196,639	5,119,838
Disposals	-	(58,679)	(914)	-	(1,955,599)	(214,576)	(93,161)	(2,322,929)
Change in consolidation	1,646	247,706	-	-	-	-	6,804	256,156
<b>Cost, end of year</b>	\$ 1,922,100	\$ 25,012,282	\$ 1,534,190	\$ 5,514,380	\$ 95,604,004	\$ 25,452,180	\$ 1,986,076	\$ 157,025,212
<b>Accumulated amortization, beginning of year</b>	\$ 168,396	\$ 7,843,556	\$ 907,106	\$ 2,282,170	\$ 30,426,766	\$ 9,938,350	\$ 1,246,002	\$ 52,812,346
Amortization	25,498	819,529	89,027	430,581	2,613,465	481,592	179,281	4,638,973
Disposals	-	(57,745)	(914)	-	(1,907,094)	(160,935)	(88,479)	(2,215,167)
Change in consolidation	731	175,028	-	-	-	-	(36,275)	139,484
<b>Accumulated amortization, end of year</b>	\$ 194,625	\$ 8,780,368	\$ 995,219	\$ 2,712,751	\$ 31,133,137	\$ 10,259,007	\$ 1,300,529	\$ 55,375,636
<b>Net book value, end of year</b>	\$ 1,727,475	\$ 16,231,914	\$ 538,971	\$ 2,801,629	\$ 64,470,867	\$ 15,193,173	\$ 685,547	\$ 101,649,576

**The Corporation of the County of Perth**  
Notes to Consolidated Financial Statements

**December 31, 2019**

**7. Net Municipal Position**

	2019	2018
Investment in tangible capital assets	\$ 91,390,952	\$ 93,524,612
Inventory, prepaid expenses and current funds	1,535,278	1,510,665
Operating Surplus		
Perth County	433,549	669,663
Perth District Health Unit	-	37,043
Spruce Lodge	53,120	55,385
Reserves		
Working funds	1,650,829	1,640,222
Current purposes	3,448,383	2,388,584
Capital purposes	7,950,459	6,295,205
Unfunded WSIB	(334,133)	26,699
 Unfunded sick leave liability	 (325,628)	 (325,067)
	<b>\$105,802,809</b>	<b>\$105,823,011</b>

Reserves and reserve funds represent funds set aside by bylaw or council resolution for specific purposes.

**8. Government Transfers - Federal**

	Budget 2019	Actual 2019	Actual 2018
	(Note 13)		
Operating			
Conditional - PDHU grant	\$ 33,156	\$ 28,659	\$ 33,426
Conditional - Other	-	10,000	-
Capital			
Federal gas tax revenue	589,253	100,000	1,030,606
	<b>\$ 622,409</b>	<b>\$ 138,659</b>	<b>\$ 1,064,032</b>

**The Corporation of the County of Perth**  
**Notes to Consolidated Financial Statements**

**December 31, 2019**

**9. Government Transfers - Provincial**

	Budget 2019	Actual 2019	Actual 2018
	(Note 13)		
Operating			
Ontario Municipal Partnership Fund	\$ 1,412,200	\$ 1,412,200	\$ 1,661,400
Conditional -Paramedic Services MOHLTC	5,892,784	6,095,919	5,923,014
-PDHU and Spruce Lodge grants	6,925,757	7,498,155	6,861,165
-other	316,258	12,789	45,709
Unconditional- modernization	-	725,000	-
Capital			
Ontario community infrastructure fund	485,747	17,964	316,213
	<b>\$ 15,032,746</b>	<b>\$ 15,762,027</b>	<b>\$ 14,807,501</b>

**10. Other Income**

	Budget 2019	Actual 2019	Actual 2018
	(Note 13)		
Fines and penalties	\$ 1,641,500	\$ 1,589,150	\$ 1,504,071
Investment income	88,171	307,040	220,581
Licences, permits and rents	346,069	352,249	342,735
Donations (includes in-kind)	500	14,157	12,344
Employee benefits surplus reimbursement	-	-	193,074
Other	-	1,510	359
	<b>\$ 2,076,240</b>	<b>\$ 2,264,106</b>	<b>\$ 2,273,164</b>

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**The Corporation of the County of Perth**  
**Notes to Consolidated Financial Statements**

**December 31, 2019**

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**11. Expenditures by Object**

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

	<b>Budget 2019</b>	<b>Actual 2019</b>	<b>Actual 2018</b>
	<b>(Note 13)</b>		
Salaries, wages and employee benefits	\$ 23,242,226	\$ 23,635,979	\$ 22,966,598
Materials	6,190,190	5,878,634	5,726,877
Contracted services	7,355,377	6,387,299	5,091,301
Rents and financial expenses	429,551	395,505	386,065
Contributions to other organizations	544,062	1,028,406	689,423
Amortization	4,339,290	4,941,262	4,638,966
Loss on disposal of capital assets	-	(277)	107,761
	<b>42,100,696</b>	<b>\$ 42,266,808</b>	<b>\$ 39,606,991</b>

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**12. Trust Funds**

The County's proportional amount of the trust funds administered by the Spruce Lodge amounting to \$30,353 (2018 - \$23,421) have not been included in the consolidated financial statements.

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**The Corporation of the County of Perth**  
**Notes to Consolidated Financial Statements**

**December 31, 2019**

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**13. Budget**

The Financial Plan/Budget, adopted by Council on May 2, 2019, by resolution #3705-2019, other than the proportionate budgets of the consolidated local boards, were not prepared on the same basis as would be reported on the annual financial statements, the latter being required by Public Sector Accounting Standards. The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget figures anticipated use of surpluses accumulated in previous years to reduce current year expenditures in excess of current year revenues to \$nil. Had the budget been presented on a basis consistent with Public Sector Accounting Standards, the Statement of Operations and Change in Net Assets, including proportionately consolidated budgets of the outside local boards would have been shown as follows:

	<u>2019</u>
Financial Plan (Budget) Resolution surplus for the year	\$ -
Add:	
Capital expenditures	3,473,593
Budgeted transfers to net municipal position	3,905,118
Budgeted surplus from other local boards	(227,940)
Less:	
Budgeted transfers from net municipal position	(4,095,249)
Amortization	<u>(3,752,480)</u>
Decrease to net municipal position per statement of operations	<u>\$ (696,958)</u>

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**14. Uncertainty Due to COVID-19**

Subsequent to year-end, the impact of COVID-19 in Canada and on the global economy increased significantly. This has resulted in worldwide emergency measures to combat the spread of the virus. As part of these measures the municipality closed its facilities to the public. Management is actively monitoring the affect on its financial condition. At this time, the full potential impact of COVID-19 on the municipality is not known.

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**15. Comparative Figures**

Certain comparative figures have been reclassified to conform with the current year's financial statement presentation.

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**16. Amalgamation with the Huron County Health Unit**

In the prior year, the Perth District Health Unit board agreed to amalgamate with the Huron County Health Unit. The expected completion date of the amalgamation is January 1, 2020.

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**The Corporation of the County of Perth**  
**Notes to Consolidated Financial Statements**

**December 31, 2019**

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**17. Change in Proportionate Consolidation**

The change in proportionate consolidation of joint local boards is the result of new funding agreements effective January 1, 2019. The resulting changes in funding percentages and their effects are as follows:

<b>Funding Percentage</b>	<u>2019</u>	<u>2018</u>	<u>Change</u>
Perth District Health Unit	49.05%	48.05%	1.15 %
Spruce Lodge	49.05%	48.05%	1.15 %
<b>Effect of Change in Funding Percentages</b>	<u>Jan. 1, 2019</u>	<u>Jan. 1, 2018</u>	
Tangible capital assets			
Cost	\$ 225,377	\$ 256,156	
Accumulated amortization	<u>(126,045)</u>	<u>(139,483)</u>	
Net financial assets	33,391	34,636	
Other non-financial assets	<u>1,076</u>	<u>2,134</u>	
<b>Change in Net Municipal Position</b>	<u><b>\$ 133,799</b></u>	<u><b>\$ 153,443</b></u>	

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**18. Segmented Information**

The Corporation of the County of Perth is a diversified municipal government institution that provides a wide range of services to its citizens. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

**Council and CAO**

This office of the Chief Administrative Officer is responsible for costs relating to the position of the Chief Administrative Officer, and the administrative functions of Accessibility, Human Resources and Economic Development. Council expenditures relate to the remuneration, professional development, and other expenses related to the execution of the duties of the Warden and Councilors.

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## The Corporation of the County of Perth Notes to Consolidated Financial Statements

December 31, 2019

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### 18. Segmented Information (continued)

#### **Corporate Services**

This department is responsible for five functions: Legislative Services (Clerk), Finance, Technology Services, Provincial Offences Administration, and Archives.

#### **Legislative Services (Clerk)**

Legislative Services is responsible for process and related activities of Council providing secretarial support including preparation of agendas, minutes, and by-laws. Also responsible for communication of Council directives and action both internally and externally and is custodian of all corporate records, and for the planning maintenance and mobilization of community resources for declared and non-declared emergencies.

#### **Finance**

Finance is responsible for the administration of the annual budget and procurement policies, providing advice on financial legislative obligations, reserve and reserve fund administration, financial impacts and analysis, investments and borrowing, financial policy and procedures, insurance claims and risk management, administration of payroll, and to foster relations with financial institutions and other stakeholders.

#### **Technology Services**

These costs relate to network and Internet connectivity support and implementation, and assistance to departments in the effective use of communications, workflow and data management.

#### **Provincial Offences Administration (POA)**

POA is responsible for providing administrative support for the Ontario Court of Justice. The Provincial Offences Act applies to all Ontario statutes (and regulations), municipal by-laws, and some federal contraventions.

#### **Stratford - Perth Archives**

Archives is responsible for preserving, protecting and making available the documentary heritage, including municipal and school records of Perth County, including its four lower tier municipalities, and the City of Stratford.

#### **Public Works**

Public works is responsible for the maintenance and winter control of the County's road network, the maintenance and operations of all facilities and fleet assets used by County operations.

#### **Paramedic Services (PS)**

PS is responsible for the provision of pre-hospital medical care and transportation services to the ill and injured in the County.

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**The Corporation of the County of Perth**  
**Notes to Consolidated Financial Statements**

**December 31, 2019**

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**18. Segmented Information (continued)**

**Planning and Development**

This department provides planning services including and Land Division Committee services and support.

**Shared Services**

The operations of the Perth District Health Unit and Spruce Lodge - Home for the Aged are proportionately consolidated with the County. Other services provided by the City of Stratford - Social Services Department and the Stratford-Perth Museum Board are funded in part by the County, but not consolidated. All of these services are reported together in the following chart under "Shared Services" for segmentation purposes.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. In measuring and reporting segment revenue from transactions with other segments, inter-segment transfers have been measured on the basis of the actual cost of services provided. Amounts that are directly attributable to a number of segments have been allocated on a reasonable basis as follows:

Taxation and OMPF grants are allocated to those segments that are funded by the County based on the budgeted share of municipal levy for the year.

**The Corporation of the County of Perth**  
**Notes to Consolidated Financial Statements**

**December 31, 2019**

**18. Segmented Information (continued)**

For the year ended December 31	Council & CAO	Corporate Services	Public Works	Emergency Services	Planning and Development	Shared Services	2019 Total
<b>Revenue</b>							
Taxation operating	\$ 1,457,312	\$ 1,924,659	\$ 2,363,384	\$ 1,579,909	\$ 204,919	\$ 5,069,077	12,599,260
Taxation capital	-	-	2,920,000	125,000	-	-	3,045,000
Government grants	1,045,738	581,272	2,396,005	9,535,458	41,922	8,119,586	21,719,981
User fees and service charges	17,354	4,061	114,663	4,147	141,350	2,202,885	2,484,460
Other	-	1,855,833	352,249	2,099	-	53,925	2,264,106
	<u>2,520,404</u>	<u>4,365,825</u>	<u>8,146,301</u>	<u>11,246,613</u>	<u>388,191</u>	<u>15,445,473</u>	<u>42,112,807</u>
<b>Expenses</b>							
Salaries and wages	631,462	2,053,340	1,866,074	9,747,309	275,349	9,062,445	23,635,979
Goods and services	563,728	1,430,760	3,690,065	1,489,578	120,460	5,366,847	12,661,438
External transfers	142,125	470,229	317,500	-	-	98,552	1,028,406
Amortization	-	141,944	4,327,087	63,109	-	409,122	4,941,262
Loss on disposal	-	10,933	24,281	(36,000)	-	509	(277)
	<u>1,337,315</u>	<u>4,107,206</u>	<u>10,225,007</u>	<u>11,263,996</u>	<u>395,809</u>	<u>14,937,475</u>	<u>42,266,808</u>
<b>Increase (decrease) in net municipal position</b>	<u>\$ 1,183,089</u>	<u>\$ 258,619</u>	<u>\$ (2,078,706)</u>	<u>\$ (17,383)</u>	<u>\$ (7,618)</u>	<u>\$ 507,998</u>	<u>\$ (154,001)</u>

**The Corporation of the County of Perth**  
**Notes to Consolidated Financial Statements**

**December 31, 2019**

**18. Segmented Information (continued)**

For the year ended December 31	Council & CAO	Corporate Services	Public Works	Emergency Services	Planning and Development	Shared Services	2018 Total
<b>Revenue</b>							
Taxation operating	\$ 1,376,154	\$ 1,210,547	\$ 2,215,141	\$ 1,780,986	\$ 628,609	\$ 4,706,654	11,918,091
Taxation capital	-	-	2,920,000	125,000	-	-	3,045,000
Government grant	383,464	507,152	3,658,107	9,539,969	87,629	7,574,730	21,751,051
User fees and service charges	10,273	4,537	78,871	9,566	156,777	2,086,197	2,346,221
Other	193,099	1,695,465	342,735	4,460	-	37,405	2,273,164
	<u>1,962,990</u>	<u>3,417,701</u>	<u>9,214,854</u>	<u>11,459,981</u>	<u>873,015</u>	<u>14,404,986</u>	<u>41,333,527</u>
<b>Expenses</b>							
Salaries and wages	880,262	1,541,627	1,828,926	9,693,927	316,416	8,705,440	22,966,598
Goods and services	1,282,326	1,173,867	2,892,885	493,990	106,948	5,254,227	11,204,243
External transfers	142,274	450,774	-	-	-	96,375	689,423
Amortization	-	143,878	4,045,274	74,697	-	375,117	4,638,966
Loss on disposal	-	4,682	103,079	-	-	-	107,761
	<u>2,304,862</u>	<u>3,314,828</u>	<u>8,870,164</u>	<u>10,262,614</u>	<u>423,364</u>	<u>14,431,159</u>	<u>39,606,991</u>
<b>Increase (decrease) in net municipal position</b>	<u>\$ (341,872)</u>	<u>\$ 102,873</u>	<u>\$ 344,690</u>	<u>\$ 1,197,367</u>	<u>\$ 449,651</u>	<u>\$ (26,173)</u>	<u>1,726,536</u>