

The Corporation of the County of Perth
Consolidated Financial Statements
For the year ended December 31, 2021

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For the year ended December 31, 2021

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Independent Auditor's Report

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, 2021, 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 consolidated financial position of the Corporation as at December 31, 2021, and the consolidated results of its operations, consolidated change in net financial assets and consolidated 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
January 5, 2023

The Corporation of the County of Perth
Consolidated Statement of Operations

For the year ended December 31	Budget 2021	Actual 2021	Actual 2020 Restated (Note 4)
	(Note 15)		
Revenue			
Taxation	\$17,205,458	\$17,367,373	\$ 16,483,168
Government transfers - Federal (Note 10)	1,734,690	3,601,691	3,135,851
Government transfers - Provincial (Note 11)	17,636,690	20,284,926	18,746,724
Municipal transfers	6,219,803	6,654,316	5,925,533
User fees and service charges	2,911,659	2,982,711	2,391,847
Other (Note 12)	2,360,779	2,544,416	2,235,202
	<u>48,069,079</u>	<u>53,435,433</u>	<u>48,918,325</u>
Expenses			
General government	3,969,690	4,013,727	3,793,470
Protection services	1,450,808	1,386,065	1,093,564
Transportation services	11,488,537	11,964,825	10,726,476
Health services	16,453,202	19,854,834	17,380,328
Social and family services	7,573,161	8,189,555	7,832,244
Social housing	2,631,970	2,461,073	2,126,547
Recreation and cultural services	492,125	515,457	517,752
Planning and development	1,488,762	1,365,435	1,063,787
	<u>45,548,255</u>	<u>49,750,971</u>	<u>44,534,168</u>
Increase (decrease) In Net Municipal Position before restructuring adjustment	2,520,824	3,684,462	4,384,157
Net effect of restructuring transaction (Note 19)	-	-	1,123,322
Increase (decrease) In Net Municipal Position	2,520,824	3,684,462	5,507,479
Net Municipal Position, beginning of year	111,018,982	111,018,982	105,802,809
Change in proportionate consolidation (Note 21)	-	94,510	(291,306)
Net Municipal Position, end of year	<u>\$113,539,806</u>	<u>\$114,797,954</u>	<u>\$111,018,982</u>

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

For the year ended December 31	Budget 2021	Actual 2021	Actual 2020 Restated (Note 4)
	(Note 15)		
Increase (decrease) in Net Municipal Position	\$ 2,520,824	\$ 3,684,462	\$ 5,507,479
Acquisition of tangible capital assets	(10,549,695)	(6,649,943)	(6,505,267)
Amortization of tangible capital assets	4,261,269	5,337,526	4,968,429
Loss (gain) on disposal of tangible capital assets	-	200,443	163,695
Net effect of restructuring transaction (Note 19)	-	-	(1,083,222)
	(3,767,602)	2,572,488	3,051,114
Utilization of prepaid expenses and inventory of supplies	-	(195,460)	(15,273)
Net change in net financial assets	(3,767,602)	2,377,028	3,035,841
Net financial assets, beginning of year	9,111,623	9,111,623	6,044,265
Change in proportionate consolidation (Note 21)	-	23,134	31,517
Net financial assets, end of year	\$ 5,344,021	\$11,511,785	\$ 9,111,623

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

For the year ended December 31	2021	2020 Restated (Note 4)
<hr/>		
Operating transactions		
Increase (decrease) in Net Municipal Position	\$ 3,684,462	\$ 5,507,479
Items not involving cash		
Amortization	5,337,526	4,968,429
Loss (gain) on disposal of tangible capital assets	200,443	163,695
Gain on sale of investments	-	(253,200)
Employment benefits liabilities	856,894	377,319
Net effect of restructuring transaction (Note 19)	-	(1,083,222)
Prior period adjustment (Note 4)	-	93,572
Changes in non-cash operating balances		
Accounts receivable	3,679,212	(5,498,792)
Prepaid expenses and inventories of supplies	(195,460)	(15,273)
Accounts payable and accrued liabilities	(877,321)	1,866,334
Deferred revenue	(1,266,877)	(1,519,107)
	<u>11,418,879</u>	<u>4,607,234</u>
Capital transactions		
Acquisition of tangible capital assets	<u>(6,649,943)</u>	<u>(6,505,267)</u>
Investing transactions		
Proceeds on disposition of portfolio investments	-	3,296,778
Decrease of mortgages receivable	13,598	13,313
Purchase of investments	<u>(3,315,260)</u>	<u>(7,000,000)</u>
	<u>(3,301,662)</u>	<u>(3,689,909)</u>
Financing transactions		
Repayment of long-term debt	<u>(463,246)</u>	<u>(450,051)</u>
Net change in cash and cash equivalents	1,004,028	(6,037,993)
Cash and cash equivalents, beginning of year	13,874,165	19,880,641
Change in proportionate consolidation (Note 21)	<u>23,134</u>	<u>31,517</u>
Cash and cash equivalents, end of year	<u>\$14,901,327</u>	<u>\$ 13,874,165</u>
Represented by:		
Cash	\$14,901,327	\$ 10,874,165
Investment Cash	<u>-</u>	<u>3,000,000</u>
	<u>\$14,901,327</u>	<u>\$ 13,874,165</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 Summary of Significant Accounting Policies

December 31, 2021

1. Significant Accounting Policies

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.

The County reports only its share of assets, liabilities and results of operations of any government partnerships in which it participates. The County participates annually in the Huron Perth Public Health, Spruce Lodge Home for the Aged, Spruce Lodge Home Assistance Corporation and Spruce Lodge Foundation to the extent of its share of the prior year's weighted property assessment totals for the participating municipalities. Details of percentages reported are as follows:

	<u>2021</u>	<u>2020</u>
Huron Perth Public Health (HPPH)	28.91%	28.45%
Spruce Lodge Home for the Aged	50.82%	50.15%
Spruce Lodge Home Assistance Corporation	50.82%	50.15%
Spruce Lodge Foundation	50.82%	50.15%

Cash and Cash Equivalents

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

Investments

Investments are recorded at cost unless there has been a decline in the market value which is other than temporary in nature in which case the investments are written down to market value.

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

December 31, 2021

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.

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

December 31, 2021

Revenue Recognition	<p>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.</p> <p>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.</p> <p>Grants for the acquisition of tangible capital assets are recognized in the period in which eligible expenditures are made.</p> <p>Sales of service and other revenue is recognized on an accrual basis.</p> <p>Provincial Offences revenue is recognized on a cash basis.</p>
Use of Estimates	<p>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.</p>
Liability for Contaminated Sites	<p>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.</p>

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

December 31, 2021

2. Investments

	2021	2020
Guaranteed Investment Certificates, with interest rates ranging from 0.55% to 2.02% and maturity dates ranging from January 2022 to December 2023	\$ 1,296,854	\$ 1,233,368
Fixed Income Investment, with interest rate of 1.65%, maturing May 2022	1,992,394	2,000,000
Principal Protected Note, maturing May 2027	1,999,220	2,000,000
Principal Protected Note, maturing July 2026	3,260,160	-
	\$ 8,548,628	\$ 5,233,368

The market value of investments was \$8,548,628 (2020 - 5,302,126). Principal protected notes are stated at a market rate, have a principal of \$5,000,000 (2020 - \$2,000,000) and mature in July 2026 to May 2027. The return is based on certain market performance over the life of the notes and is determined upon maturity.

3. Employee Benefits Liability

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

	2021	2020 Restated (Note 4)
Sick leave benefits	\$ 362,571	\$ 335,706
Workplace Safety and Insurance	2,168,539	1,652,656
Post employment non-pension benefit obligation	407,718	93,572
	\$ 2,938,828	\$ 2,081,934

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 Corporation of the County of Perth
Notes to Consolidated Financial Statements

December 31, 2021

3. Employee Benefits Liability (continued)

Post-employment Non-pension Benefit Obligation

The post-employment benefit obligation relates to HPPH non-pension benefits provided to specified employee groups and the cost is actuarially determined using the projected benefits method prorated on service.

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 was completed as at December 31, 2020 and forecasted for the next three years.

WSIB liability	2021	2020
Accrued benefit obligation at January 1	\$ 2,910,520	\$ 2,729,524
Add estimated cost of claims (service cost)	747,934	482,538
Add interest accrued	96,717	105,503
Less expected benefit payments	(549,812)	(407,045)
Actuarial loss from valuation	347,994	-
Expected accrued benefit obligation at December 31	3,553,353	2,910,520
Actual accrued benefit obligation	3,553,353	2,910,520
Unamortized actuarial loss from valuation	(1,384,814)	(1,257,864)
Liability at December 31	\$ 2,168,539	\$ 1,652,656

WSIB benefits expense	2021	2020
Current year benefit cost	\$ 747,934	\$ 482,538
Amortization of losses	221,044	186,245
Post employment benefit expense	968,978	668,783
Interest on accrued benefit obligation	96,717	105,503
Total	\$ 1,065,695	\$ 774,286

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 \$1,708,292 (2020 - \$1,628,571) were paid by the County and its consolidated boards and reported as an expense on the consolidated statement of operations.

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

December 31, 2021

3. Employee Benefits Liability (continued)

As at December 31, 2021, the OMERS plan was in a deficit of \$3.1 billion (2020 - \$3.2 billion), which will be addressed through temporary contribution rate increases and if needed, benefit reductions. The multi-employer plan is valued on a current market basis for all plan assets. The project benefit method prorated on services was used for the actuarial valuation.

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

December 31, 2021

4. Prior Period Adjustment

During the year, the HPPH determined that post-retirement benefit obligations related to the legacy employees of the former Huron County Board of Health were omitted from liabilities as at January 1, 2020. The correction of this omission also necessitated recording a receivable from the County of Huron for the year ending December 31, 2020. This receivable was then fully impaired as collection is not assured. The retrospective effect of the adjustments of \$328,900 and prorated for the portion related to the County (28.45%) was as follows:

	2020
<u>Statement of Financial Position</u>	
Increase in post-retirement benefit obligations	\$ 93,572
Decrease in accumulated surplus	\$ 93,572
<u>Statement of Operations</u>	
Increase in expenses	
Impairment of long-term receivable	\$ 93,572
Decrease in annual surplus - 2020	\$ (93,572)
Decrease in opening accumulated surplus - 2021	\$ (93,572)

5. Mortgage and Loan Receivable

	2021	2020
First mortgage receivable - Stratford Perth Museum, interest at 3.0%, payable in monthly installments of \$1,194 principal and interest, due September 2037	\$ 180,438	\$ 189,214
Second mortgage receivable - Stratford Perth Museum, interest at 0.5%, payable in monthly installments of \$438 principal and interest, due July 2038	83,149	87,971
	\$ 263,587	\$ 277,185

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

December 31, 2021

6. Deferred Revenue

	Opening balance	Contributions received	Externally restricted investment income	Revenue recognized	Ending balance
CCBF	\$ 1,104,986	2,367,851	17,944	(3,490,781)	\$ -
OFIC	257,034	495,565	3,364	(755,963)	-
Cannabis	52,891	5,000	79	(57,970)	-
COVID Safe Restart	541,360	183,905	4,604	(460,829)	269,040
HPPH & Spruce Lodge	327,324	1,071,193	-	(656,556)	741,961
Modernization Funding		26,250		20,533	5,717
	<u>\$ 2,283,595</u>	<u>4,149,764</u>	<u>25,991</u>	<u>(5,401,566)</u>	<u>\$ 1,016,718</u>

CCBF (Canada Community Building Fund)

Community Building 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). Community Building funding may be used towards designated environmentally sustainable municipal infrastructure and capacity building projects as specified in the funding agreements.

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

December 31, 2021

6. Deferred Revenue (continued)

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.

COVID Safe Restart

COVID Safe Restart revenue is provided by the Province of Ontario. This funding can be used to support COVID related pressures on municipal services during the pandemic and post pandemic. During the year, \$656,556 in COVID funding was recognized by Spruce Lodge.

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

December 31, 2021

7. Net Long-term Debt

	2021	2020
Debenture, bearing interest at 3.18% and repayable in blended semi-annual installments of \$89,330. The loan is due October 2035 and was issued on behalf of Ontario Infrastructure and Lands Corporation.	\$ 2,006,032	\$ 2,118,219
Debenture, bearing interest at 2.90% and repayable in blended semi-annual installments of \$160,646. The loan is due November 2036 and was issued on behalf of Ontario Infrastructure and Lands Corporation.	3,885,522	4,089,682
Debenture, bearing interest at 2.72% and repayable in blended semi-annual installments of \$86,959. The loan is due February 2027 and was issued on behalf of Ontario Infrastructure and Lands Corporation.	882,881	1,029,781
	\$ 6,774,435	\$ 7,237,682

Principal repayments relating to net long term debt of \$6,774,435 outstanding are due as follows:

2022	\$ 476,828
2023	490,810
2024	505,203
2025	520,020
2026	535,273
Thereafter	4,246,301
	\$ 6,774,435

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

December 31, 2021

8. Tangible Capital Assets

	2021							
	Land and land improvement	Facilities	Equipment	Vehicles	Infrastructure - roads	Infrastructure - bridges and culverts	Computer systems	Total
Cost,								
beginning of year	\$ 2,032,963	\$ 26,859,905	\$ 1,763,239	\$ 6,368,344	\$ 97,996,138	\$ 26,323,456	\$ 2,078,947	\$ 163,422,992
Additions	-	692,459	87,406	142,037	5,051,594	386,061	290,386	6,649,943
Disposals	-	(108,465)	(151,678)	-	(3,086,579)	-	(77,170)	(3,423,892)
Reallocation	-	(25,222)	7,784	-	(14,129)	31,567	-	-
Change in consolidation (Note 21)	2,570	145,050	3	-	-	-	7,731	155,354
Cost, end of year	\$ 2,035,533	\$ 27,563,727	\$ 1,706,754	\$ 6,510,381	\$ 99,947,024	\$ 26,741,084	\$ 2,299,894	\$ 166,804,397
Accumulated amortization,								
beginning of year	\$ 245,883	\$ 10,934,796	\$ 893,571	\$ 3,100,148	\$ 34,482,558	\$ 11,207,406	\$ 1,346,453	\$ 62,210,815
Amortization	24,313	921,492	102,764	547,816	2,595,241	873,502	272,398	5,337,526
Disposals	-	(108,089)	(148,078)	-	(2,890,128)	-	(77,149)	(3,223,444)
Change in consolidation (Note 21)	404	(4,665)	-	-	1	-	88,238	83,978
Accumulated amortization, end of year	\$ 270,600	\$ 11,743,534	\$ 848,257	\$ 3,647,964	\$ 34,187,672	\$ 12,080,908	\$ 1,629,940	\$ 64,408,875
Net book value, end of year	\$ 1,764,933	\$ 15,820,193	\$ 858,497	\$ 2,862,417	\$ 65,759,352	\$ 14,660,176	\$ 669,954	\$ 102,395,522

The net book value of capital assets not being amortized because they are under construction (or development) is \$636,675 (2020 - \$312,865).

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

December 31, 2021

8. Tangible Capital Assets (continued)

	2020							
	Land and land improvement	Facilities	Equipment	Vehicle	Infrastructure - roads	Infrastructure - bridges and culverts	Computer systems	Total
Cost, beginning of year	\$ 1,923,502	\$ 25,806,316	\$ 1,654,997	\$ 5,385,429	\$ 95,604,004	\$ 25,964,842	\$ 2,096,214	\$ 158,435,304
Additions	118,068	1,420,828	115,835	982,915	4,330,155	358,614	262,074	7,588,489
Disposals	-	(87,692)	(7,593)	-	(1,938,021)	-	(157,438)	(2,190,744)
Change in consolidation (Note 21)	(8,607)	(279,547)	-	-	-	-	(121,903)	(410,057)
Cost, end of year	\$ 2,032,963	\$ 26,859,905	\$ 1,763,239	\$ 6,368,344	\$ 97,996,138	\$ 26,323,456	\$ 2,078,947	\$ 163,422,992
Accumulated amortization, beginning of year	\$ 220,537	\$ 9,997,729	\$ 804,725	\$ 2,611,770	\$ 33,772,817	\$ 10,722,377	\$ 1,226,715	\$ 59,356,670
Amortization	24,790	1,016,640	96,439	488,378	2,585,472	485,029	271,681	4,968,429
Disposals	-	(6,595)	(7,593)	-	(1,875,731)	-	(137,130)	(2,027,049)
Change in consolidation (Note 21)	556	(72,978)	-	-	-	-	(14,813)	(87,235)
Accumulated amortization, end of year	\$ 245,883	\$ 10,934,796	\$ 893,571	\$ 3,100,148	\$ 34,482,558	\$ 11,207,406	\$ 1,346,453	\$ 62,210,815
Net book value, end of year	\$ 1,787,080	\$ 15,925,109	\$ 869,668	\$ 3,268,196	\$ 63,513,580	\$ 15,116,050	\$ 732,494	\$ 101,212,177

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

December 31, 2021

9. Net Municipal Position

	2021	2020
Investment in tangible capital assets	\$95,621,086	\$ 93,974,493
Inventory, prepaid expenses and current funds	2,013,180	1,796,536
Operating Surplus		
Perth County	518,999	1,059,873
Huron Perth Public Health	(387,022)	111,095
Spruce Lodge	(80,114)	(28,144)
Reserves		
Working funds	1,631,802	1,646,565
Current purposes	3,755,487	3,388,373
Capital purposes	13,283,707	10,188,890
Unfunded WSIB	(1,196,600)	(689,421)
Unfunded sick leave liability	(362,571)	(335,706)
Post-employment non-pension benefits obligation (Note 4)	-	(93,572)
	\$114,797,954	\$111,018,982

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

10. Government Transfers - Federal

	Budget 2021	Actual 2021	Actual 2020
	(Note 15)		
Operating			
Conditional - HPPH grant	\$ 19,482	\$ 13,910	\$ 21,160
Conditional - Other	-	25,000	5,176
Capital			
Canada Community Building Fund	1,560,208	3,490,781	3,109,515
Investing in Canada Infrastructure Program	155,000	72,000	-
	\$ 1,734,690	\$ 3,601,691	\$ 3,135,851

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

December 31, 2021

11. Government Transfers - Provincial

	Budget 2021	Actual 2021	Actual 2020
	(Note 15)		
Operating			
Ontario Municipal Partnership Fund	\$ 1,020,400	\$ 1,020,400	\$ 1,200,400
Conditional -Modernization Funding	-	46,467	100,000
Conditional -Paramedic Services MOHLTC	6,730,480	7,013,798	7,389,583
Conditional -COVID (Safe Restart)	405,160	1,117,385	560,272
Conditional -Community Transportation	496,100	510,714	226,559
Conditional -Cannabis	-	57,970	8,547,111
-HPPH and Spruce Lodge grants	7,833,901		9,708,359
716,050			
-other	97,250	53,870	6,749
Capital			
Ontario community infrastructure fund	1,053,399	755,963	716,050
	<u>\$17,636,690</u>	<u>\$20,284,926</u>	<u>\$ 18,746,724</u>

12. Other Income

	Budget 2021	Actual 2021	Actual 2020
	(Note 15)		
Fines and penalties	\$ 1,590,000	\$ 1,501,958	\$ 1,242,146
Investment income	385,356	493,815	419,531
Licences, permits and rents	363,444	369,266	407,514
Donations (includes in-kind)	500	11,763	10,754
Other	21,479	167,614	155,257
	<u>\$ 2,360,779</u>	<u>\$ 2,544,416</u>	<u>\$ 2,235,202</u>

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

December 31, 2021

13. Expenditures by Object

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

	Budget 2021	Actual 2021	Actual 2020 Restated (Note 4)				
	(Note 15)						
Salaries, wages and employee benefits	\$25,730,544	\$28,759,712	\$ 25,716,600				
Materials	6,338,132	7,046,507	6,422,456				
Contracted services	8,313,284	7,383,866	6,464,826				
Rents and financial expenses	427,075	456,030	388,262				
Contributions to other organizations	477,951	566,887	409,899				
Amortization	4,261,269	5,337,526	4,968,430				
Loss on disposal of capital assets	-	200,443	163,695				
	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;"></td> <td style="text-align: right;">\$45,548,255</td> <td style="text-align: right;">\$49,750,971</td> <td style="text-align: right;">\$ 44,534,168</td> </tr> </table>				\$45,548,255	\$49,750,971	\$ 44,534,168
	\$45,548,255	\$49,750,971	\$ 44,534,168				

14. Trust Funds

The County's proportional amount of the trust funds administered by the Spruce Lodge amounting to \$28,338 (2020 - \$24,491) have not been included in the consolidated financial statements.

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

December 31, 2021

15. Budget

The Financial Plan/Budget, adopted by Council on February 4, 2021, by resolution #3801-2021, 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:

	2021
Financial Plan (Budget) Resolution surplus for the year	\$ -
Add:	
Capital expenditures	10,549,695
Budgeted transfers to net municipal position	3,943,232
Capital interest income	324,172
Budgeted surplus from other local boards	174,542
Less:	
Budgeted transfers from net municipal position	(7,296,761)
Amortization	(3,674,056)
Proceeds from financing	(1,500,000)
Increase to net municipal position per statement of operations	\$ 2,520,824

16. Uncertainty Due to COVID-19

During the year, the impact of COVID-19 in Canadian and on the global economy continued. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Municipality, its citizens, employees, suppliers and other third party business associates as well as on the timing and amounts realized on the Municipality's assets and future ability to deliver services and projects. The Municipality received \$183,905 in 2021 and carried forward from 2020 \$541,360 in Safe Restart Funding from the Province which has helped offset some of the additional costs and revenue losses. Additional \$269,040 in Safe Restart Funding is available for carry forward into 2022. The Municipality will continue to focus on collecting receivables, managing expenditures, and leveraging existing reserves and available credit facilities to ensure it is able to continue providing essential services to its citizens.

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

December 31, 2021

17. Comparative Figures

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

18. Loan Guarantee

In 2020, the Municipality executed a Loan Guarantee with Southwestern Integrated Fibre Technology (SWIFT) for \$1,013,000 relating to SWIFT Phase 3 projects for broadband upgrades.

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

December 31, 2021

19. Government Partnership - Huron Perth Public Health

The Corporation of the County of Perth is a partner in Huron Perth Public Health. The County provides 28.91% of the municipal funding for the Cost Shared Mandatory related programs. The County's share of results of Huron Perth Public Health's financial results from operations for the year and its financial position at year-end have been consolidated within these financial statements. At December 31, 2021, Huron Perth Public Health's financial results and financial performance are as follows:

	2021	2020
Financial assets	\$ 2,711,957	\$ 2,756,590
Liabilities	(3,731,424)	(2,233,731)
Non-financial assets	5,572,695	5,706,203
Accumulated surplus	<u>\$ 4,553,228</u>	<u>\$ 6,229,062</u>
Revenues	\$23,077,870	\$ 18,770,997
Expenses	24,424,804	18,372,070
Annual deficit	\$ (1,346,934)	\$ 398,927
Restructuring gains	-	<u>3,948,406</u>

The County's share of Huron Perth Public Health's assets, liabilities and accumulated surplus as at December 31, 2021 are as follows:

	2021	2020
Financial assets	\$ 784,027	\$ 784,250
Liabilities	(1,078,755)	(635,496)
Non-financial assets	1,611,066	1,623,415
Accumulated surplus	<u>\$ 1,316,338</u>	<u>\$ 1,772,169</u>

Effective January 1, 2020, the Perth District Health Unit and the Corporation of the County of Huron Board of Health amalgamated to form Huron Perth Public Health. This resulted in a net restructuring gain of \$3,948,406 which consisted of the net surplus as at December 31, 2020 of \$140,947, contributed furniture, equipment and technological systems of \$59,709 and property acquired for consideration of \$2 from the County of Huron with a fair market value of \$3,747,750. A letter of opinion of value was obtained with respect to the Legacy Perth District's real property brought into the merger. This letter indicated a value-in-use in the range of \$2,753,000 to \$3,120,000. The County's share of the restructuring gain is \$1,123,322.

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

December 31, 2021

20. Government Partnership - Spruce Lodge

The Corporation of the County of Perth is a partner in Spruce Lodge Home for the Aged and its related entities. The County provides 50.82% of the municipal funding for the Cost Shared Mandatory related programs. The County's share of results of Spruce Lodge Home for the Aged and its related entities' financial results from operations for the year and its financial position at year-end have been consolidated within these financial statements. At December 31, 2021, Spruce Lodge Home for the Aged and its related entities' financial results and financial performance are as follows:

	2021	2020
Financial assets	\$ 6,053,316	\$ 5,308,545
Liabilities	(3,038,645)	(2,149,878)
Non-financial assets	6,888,121	6,901,768
	<u>\$ 9,902,792</u>	<u>\$ 10,060,435</u>
Revenues	\$14,063,301	\$ 13,622,579
Expenses	14,220,946	13,678,698
	<u>\$ (157,645)</u>	<u>\$ (56,119)</u>

The County's share of Huron Perth Public Health's assets, liabilities and accumulated surplus as at December 31, 2021 are as follows:

	2021	2020
Financial assets	\$ 3,076,295	\$ 2,662,235
Liabilities	(1,544,239)	(1,078,164)
Non-financial assets	3,500,543	3,461,237
	<u>\$ 5,032,599</u>	<u>\$ 5,045,308</u>

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

December 31, 2021

21. Change in Proportionate Consolidation

The change in proportionate consolidation of joint local boards is the result of new funding agreements effective January 1, 2020. The resulting changes in funding percentages and their effects are as follows:

Funding Percentage	2021	2020	Change
Huron Perth Public Health	28.91%	28.45%	0.46%
Spruce Lodge	50.82%	50.15%	0.67%
Effect of Change in Funding Percentages	<u>Jan. 1, 2021</u>	<u>Jan. 1, 2020</u>	
Tangible capital assets			
Cost	\$ 155,354	\$ (410,057)	
Accumulated amortization	<u>(83,978)</u>	<u>87,234</u>	
Net book value	71,376	(322,823)	
Net financial assets	22,018	9,184	
Other non-financial assets	<u>1,116</u>	<u>22,333</u>	
Change in Net Municipal Position	<u>\$ 94,510</u>	<u>\$ (291,306)</u>	

22. 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.

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

December 31, 2021

22. 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.

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

December 31, 2021

22. 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, 2021

22. Segmented Information (continued)

For the year ended December 31	Council & CAO	Corporate Services	Public Works	Paramedic Services	Planning and Development	Shared Services	2021 Total
Revenue							
Taxation operating	\$ 1,717,134	\$ 2,076,688	\$ 2,324,880	\$ 2,065,083	\$ 202,083	\$ 5,696,505	14,082,373
Taxation capital	-	-	3,160,000	125,000	-	-	3,285,000
Government grants	391,961	689,606	7,600,588	10,880,455	186,735	10,791,590	30,540,935
User fees and service charges	13,908	49,718	105,709	655,118	218,545	1,939,712	2,982,710
Other	56,740	1,980,331	480,139	3,422	-	23,783	2,544,415
	<u>2,179,743</u>	<u>4,796,343</u>	<u>13,671,316</u>	<u>13,729,078</u>	<u>607,363</u>	<u>18,451,590</u>	<u>53,435,433</u>
Expenses							
Salaries and wages	1,081,990	2,114,385	1,785,812	11,756,069	608,114	11,413,342	28,759,712
Goods and services	465,112	2,283,052	5,314,837	1,086,432	41,119	5,695,850	14,886,402
External transfers	81,850	379,596	-	-	3,000	102,441	566,887
Amortization	-	146,922	4,510,776	88,623	-	591,206	5,337,527
Loss on disposal	-	17	200,245	-	-	181	200,443
	<u>1,628,952</u>	<u>4,923,972</u>	<u>11,811,670</u>	<u>12,931,124</u>	<u>652,233</u>	<u>17,803,020</u>	<u>49,750,971</u>
Increase (decrease) in net municipal position	\$ 550,791	\$ (127,629)	\$ 1,859,646	\$ 797,954	\$ (44,870)	\$ 648,570	3,684,462

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

December 31, 2021

22. Segmented Information (continued)

For the year ended December 31	Council & CAO	Corporate Services	Public Works	Paramedic Services	Planning and Development	Shared Services	2020 Total Restated (Note 4)
Revenue							
Taxation operating	\$ 1,510,832	\$ 1,946,709	\$ 2,673,207	\$ 1,638,385	\$ 294,040	\$ 5,304,995	13,368,168
Taxation capital	-	-	2,990,000	125,000	-	-	3,115,000
Government grant	609,811	638,441	6,547,933	10,940,885	26,403	9,044,635	27,808,108
User fees and service charges	9,253	2,659	109,718	96,713	130,061	2,043,443	2,391,847
Other	155,257	1,635,460	407,514	2,641	-	34,330	2,235,202
	<u>2,285,153</u>	<u>4,223,269</u>	<u>12,728,372</u>	<u>12,803,624</u>	<u>450,504</u>	<u>16,427,403</u>	<u>48,918,325</u>
Expenses							
Salaries and wages	962,628	1,979,281	1,739,085	11,041,006	246,579	9,654,449	25,623,028
Goods and services	304,561	2,188,209	4,661,380	938,955	206,526	4,975,912	13,275,543
External transfers	28,105	277,120	-	-	4,250	100,425	409,900
Amortization	-	163,650	4,178,910	82,287	-	543,583	4,968,430
Loss on disposal	-	19,846	143,387	-	-	462	163,695
Prior period adjustment	-	-	-	-	-	93,572	93,572
	<u>1,295,294</u>	<u>4,628,106</u>	<u>10,722,762</u>	<u>12,062,248</u>	<u>457,355</u>	<u>15,368,403</u>	<u>44,534,168</u>
Increase (decrease) in net municipal position	\$ 989,859	\$ (404,837)	\$ 2,005,610	\$ 741,376	\$ (6,851)	\$ 1,059,000	4,384,157