

**The Corporation of the County of Perth  
Consolidated Financial Statements  
For the year ended December 31, 2014**

**The Corporation of the County of Perth  
Consolidated Financial Statements  
For the year ended December 31, 2014**

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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 accompanying consolidated financial statements of The Corporation of the County of Perth, which comprise the consolidated statement of financial position as at December 31, 2014, the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, a summary of significant accounting policies and other explanatory information.

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

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

### **Auditor's Responsibility**

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

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, 2014 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.

*BDO Canada LLP*

**Chartered Professional Accountants, Licensed Public Accountants**

**Stratford, Ontario  
July 24, 2015**

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

| December 31                              | 2014                 | 2013          |
|--|----------------------|---------------|
| <b>Financial assets</b>                  |                      |               |
| Cash and cash equivalents                | \$ 8,474,435         | \$ 11,216,454 |
| Accounts receivable                      | 2,869,839            | 2,706,770     |
| Mortgage and loan receivable (Note 2)    | 353,087              | 364,858       |
|  | <b>11,697,361</b>    | 14,288,082    |
| <b>Liabilities</b>                       |                      |               |
| Accounts payable and accrued liabilities | 4,620,875            | 4,446,129     |
| Employee benefits liability (Note 1)     | 406,906              | 433,645       |
| Deferred revenue (Note 3)                | 262,033              | 88,510        |
|  | <b>5,289,814</b>     | 4,968,284     |
| <b>Net financial assets</b>              | <b>6,407,547</b>     | 9,319,798     |
| <b>Non-financial assets</b>              |                      |               |
| Tangible capital assets (Note 4)         | 93,305,005           | 90,314,525    |
| Prepaid expenses                         | 105,790              | 74,678        |
| Inventories of supplies                  | 466,597              | 394,647       |
|  | <b>93,877,392</b>    | 90,783,850    |
| <b>Net Municipal Position (Note 5)</b>   | <b>\$100,284,939</b> | \$100,103,648 |

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

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

| <b>For the year ended December 31</b>  | <b>Budget<br/>2014</b> | <b>Actual<br/>2014</b> | <b>Actual<br/>2013</b> |
|--|------------------------|------------------------|------------------------|
|  | (Note 11)              |                        |                        |
| <b>Revenue</b>   |                        |                        |                        |
| Taxation   | \$ 11,907,722          | \$ 11,974,286          | \$ 10,937,484          |
| Government transfers - Federal (Note 6)                                      | 1,174,694              | 1,152,972              | 1,323,495              |
| Government transfers - Provincial (Note 7)                                   | 14,725,755             | 14,804,553             | 15,132,853             |
| Municipal transfers  | 4,484,229              | 4,445,765              | 4,196,788              |
| User fees and service charges  | 1,848,046              | 1,920,312              | 1,927,527              |
| Other (Note 8)   | 2,527,877              | 2,800,684              | 2,995,139              |
|  | <b>36,668,323</b>      | <b>37,098,572</b>      | <b>36,513,286</b>      |
| <b>Expenses</b>  |                        |                        |                        |
| General government   | 2,341,323              | 2,314,866              | 2,498,509              |
| Protection services  | 1,890,841              | 2,024,110              | 1,792,396              |
| Transportation services  | 5,226,655              | 9,997,739              | 9,135,356              |
| Health services  | 12,740,853             | 12,871,732             | 12,569,230             |
| Social and family services   | 6,507,167              | 6,688,315              | 6,457,182              |
| Social housing   | 1,711,462              | 1,703,418              | 1,616,104              |
| Recreation and cultural services   | 501,074                | 466,176                | 464,207                |
| Planning and development   | 873,665                | 822,452                | 801,102                |
|  | <b>31,793,040</b>      | <b>36,888,808</b>      | <b>35,334,086</b>      |
| <b>Increase In Net Municipal Position</b>                                    | <b>4,875,283</b>       | <b>209,764</b>         | <b>1,179,200</b>       |
| <b>Net Municipal Position, beginning of year,<br/>as previously reported</b> | <b>100,103,648</b>     | <b>100,103,648</b>     | <b>98,881,897</b>      |
| <b>Change in proportionate consolidation (Note 13)</b>                       | <b>(28,473)</b>        | <b>(28,473)</b>        | <b>42,551</b>          |
| <b>Net Municipal Position, beginning of year,<br/>restated</b>               | <b>100,075,175</b>     | <b>100,075,175</b>     | <b>98,924,448</b>      |
| <b>Net Municipal Position, end of year</b>                                   | <b>\$104,950,458</b>   | <b>\$100,284,939</b>   | <b>\$100,103,648</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<br/>2014</b> | <b>Actual<br/>2014</b> | <b>Actual<br/>2013</b> |
|--|------------------------|------------------------|------------------------|
|  | (Note 11)              |                        |                        |
| <b>Increase in Net Municipal Position</b>                                  | <b>\$ 4,875,283</b>    | <b>\$ 209,764</b>      | <b>\$ 1,179,200</b>    |
| Acquisition of tangible capital assets                                     | (9,414,006)            | (8,093,135)            | (5,710,131)            |
| Amortization of tangible capital assets                                    | 49,603                 | 4,857,647              | 3,582,015              |
| (Gain) Loss on disposal of tangible capital assets                         | -                      | 151,846                | (660,335)              |
| Proceeds on disposal of tangible capital assets                            | -                      | 68,300                 | 1,471,623              |
| Proceeds on issuance of long-term debt                                     | 3,938,000              | -                      | -                      |
|  | <b>(551,120)</b>       | <b>(2,805,578)</b>     | <b>(137,628)</b>       |
| Utilization (acquisition) of prepaid expenses<br>and inventory of supplies | -                      | (103,062)              | 101,092                |
| <b>Net change in net financial assets</b>                                  | <b>(551,120)</b>       | <b>(2,908,640)</b>     | <b>(36,536)</b>        |
| <b>Net financial assets, beginning of year</b>                             | <b>9,319,798</b>       | <b>9,319,798</b>       | <b>9,352,381</b>       |
| Change in proportionate consolidation (Note 13)                            | (3,611)                | (3,611)                | 3,953                  |
| <b>Net financial assets, end of year</b>                                   | <b>\$ 8,765,067</b>    | <b>\$ 6,407,547</b>    | <b>\$ 9,319,798</b>    |

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

| <b>For the year ended December 31</b>              | <b>2014</b>         | <b>2013</b>          |
|--|---------------------|----------------------|
| <b>Operating transactions</b>                      |                     |                      |
| Increase in Net Municipal Position                 | \$ 209,764          | \$ 1,179,200         |
| Items not involving cash                           |                     |                      |
| Amortization                                       | 4,857,647           | 3,582,015            |
| Loss (gain) on disposal of tangible capital assets | 151,846             | (660,335)            |
| Changes in non-cash operating balances             |                     |                      |
| Accounts receivable                                | (163,069)           | (1,390,440)          |
| Prepaid expenses and inventories of supplies       | (103,062)           | 101,092              |
| Accounts payable and accrued liabilities           | 174,746             | 1,485,055            |
| Employment benefits liabilities                    | (26,739)            | (354,840)            |
| Deferred revenue                                   | 173,523             | (135,616)            |
|  | <b>5,274,656</b>    | <b>3,806,131</b>     |
| <b>Capital transactions</b>                        |                     |                      |
| Acquisition of tangible capital assets             | (8,093,135)         | (5,710,131)          |
| Proceeds on disposal of tangible capital assets    | 68,300              | 1,471,623            |
|  | <b>(8,024,835)</b>  | <b>(4,238,508)</b>   |
| <b>Investing transactions</b>                      |                     |                      |
| Decrease of mortgages receivable                   | 11,771              | 11,539               |
| <b>Net change in cash and cash equivalents</b>     | <b>(2,738,408)</b>  | <b>(420,838)</b>     |
| Cash and cash equivalents, beginning of year       | 11,216,454          | 11,633,339           |
| Change in proportionate consolidation (Note 13)    | (3,611)             | 3,953                |
| <b>Cash and cash equivalents, end of year</b>      | <b>\$ 8,474,435</b> | <b>\$ 11,216,454</b> |

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

**December 31, 2014**

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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 statement 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>2014</u> | <u>2013</u> |
|--|-------------|-------------|
| Perth District Health Unit               | 47.03%      | 47.29%      |
| Spruce Lodge Home for the Aged           | 48.01%      | 48.27%      |
| Spruce Lodge Home Assistance Corporation | 48.01%      | 48.27%      |
| Spruce Lodge Foundation                  | 48.01%      | 48.27%      |

**Basis of Accounting**

These financial statements have been prepared on an accrual basis except for Provincial Offences Administration. 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.

**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, 2014**

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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 7 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, 2014**

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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.

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

**December 31, 2014**

**1. Employee Benefits Liability**

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

|                                | 2014       | 2013       |
|--------------------------------|------------|------------|
| Sick leave benefits            | \$ 265,047 | \$ 300,598 |
| Workplace Safety and Insurance | 141,835    | 133,047    |
|                                | \$ 406,882 | \$ 433,645 |

**Sick Leave Benefits**

The County and its 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.

The County eliminated this benefit as of June 30, 2013, and as of December 31, 2014, the County had no outstanding sick leave benefits liability.

**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 their 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, 2011 and forecasted for the next three years.

|   | 2014       | 2013       |
|---|------------|------------|
| <b>WSIB liability</b>                       |            |            |
| Accrued benefit obligation at January 1     | \$ 133,047 | \$ 124,702 |
| Add estimated cost of claims (service cost) | 3,068      | 2,982      |
| Add interest accrued                        | 5,720      | 5,363      |
| Liability at December 31                    | \$ 141,835 | \$ 133,047 |

|  | 2014     | 2013     |
|--|----------|----------|
| <b>WSIB benefits expense</b>           |          |          |
| Current year benefit cost              | \$ 3,068 | \$ 2,982 |
| Interest on accrued benefit obligation | 5,720    | 5,363    |
| Total                                  | \$ 8,788 | \$ 8,345 |

**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 \$1,457,794 (2013 - \$1,430,642) were paid by the

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

**December 31, 2014**

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County and its consolidated boards and reported as an expense on the consolidated statement of operations.

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**2. Mortgage and Loan Receivable**

|  | <u>2014</u>       | <u>2013</u>       |
|--|-------------------|-------------------|
| First mortgage receivable - Stratford Perth Museum, interest at 3.0%, payable in monthly installments of \$1,194 principal and interest, due September 2037. | 236,684           | 243,799           |
| Second mortgage receivable - Stratford Perth Museum, interest at 0.5%, payable in monthly installments of \$438 principal and interest, due July 2038.       | 116,403           | 125,693           |
|  | <u>\$ 353,087</u> | <u>\$ 369,492</u> |

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

**December 31, 2014**

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**3. Deferred Revenue**

|                         | Opening<br>balance | Contributions<br>received | Externally<br>restricted<br>investment<br>income | Revenue<br>recognized | Ending<br>balance |
|-------------------------|--------------------|---------------------------|--|-----------------------|-------------------|
| Federal gas tax         |                    | 1,118,425                 | 1,005  | (1,119,430) \$        | -                 |
| Source Water Protection |                    | 30,804                    |  | (1,874)               | 28,930            |
| PDHU & Spruce Lodge     | 88,510             | 218,367                   | -  | (73,774)              | 233,103           |
|                         | <u>\$ 88,510</u>   | <u>1,367,596</u>          | <u>1,005</u>                                     | <u>(1,195,078) \$</u> | <u>262,033</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.

Source Water Protection

Source water protection revenue is provided by the Government of Ontario through the Ministry of the Environment. The use of such revenue is established by a funding agreement which specifies that funding may be used towards a portion of costs for small, rural municipalities in preparing and implementing source water protection plans.

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

**December 31, 2014**

**4. Tangible Capital Assets**

|   | <b>2014</b>                  |                      |                     |                     |                           |   |                     |                       |
|---|------------------------------|----------------------|---------------------|---------------------|---------------------------|---|---------------------|-----------------------|
|   | Land and land<br>improvement | Facilities           | Equipment           | Vehicles            | Infrastructure -<br>roads | Infrastructure -<br>bridges and<br>culverts | Computer<br>systems | Total                 |
| <b>Cost,</b><br>beginning of year                         | \$ 1,089,688                 | \$ 13,135,509        | \$ 1,736,175        | \$ 4,164,120        | \$ 90,061,775             | \$ 21,343,499                               | \$ 1,146,340        | \$ 132,677,106        |
| Additions   | 653,349                      | 3,145,403            | 10,927              | 593,955             | 2,853,705                 | 744,759                                     | 91,037              | 8,093,135             |
| Disposals   | (61,568)                     | (28,171)             | (122)               | (273,073)           | (1,393,715)               | (40,799)                                    | (82,055)            | (1,879,503)           |
| Change in consol-<br>idation (Note 15)                    | (242)                        | (43,462)             | -                   | -                   | -                         | -   | (1,373)             | (45,077)              |
| <b>Cost, end of year</b>                                  | <b>\$ 1,681,227</b>          | <b>\$ 16,209,279</b> | <b>\$ 1,746,980</b> | <b>\$ 4,485,002</b> | <b>\$ 91,521,765</b>      | <b>\$ 22,047,459</b>                        | <b>\$ 1,153,949</b> | <b>\$ 138,845,661</b> |
| <b>Accumulated<br/>amortization,</b><br>beginning of year | \$ 77,676                    | \$ 4,911,464         | \$ 600,936          | \$ 2,173,372        | \$ 25,713,686             | \$ 8,039,236                                | \$ 846,211          | \$ 42,362,581         |
| Amortization  | 15,609                       | 1,169,248            | 141,342             | 248,272             | 2,449,080                 | 716,387                                     | 117,709             | 4,857,647             |
| Disposals   | -                            | (28,171)             | (22)                | (230,002)           | (1,279,989)               | (40,799)                                    | (80,374)            | (1,659,357)           |
| Change in consol-<br>idation (Note 15)                    | (93)                         | (19,281)             | -                   | -                   | -                         | -   | (841)               | (20,215)              |
| <b>Accumulated<br/>amortization, end<br/>of year</b>      | <b>\$ 93,192</b>             | <b>\$ 6,033,260</b>  | <b>\$ 742,256</b>   | <b>\$ 2,191,642</b> | <b>\$ 26,882,777</b>      | <b>\$ 8,714,824</b>                         | <b>\$ 882,705</b>   | <b>\$ 45,540,656</b>  |
| <b>Net book value,<br/>end of year</b>                    | <b>\$ 1,588,035</b>          | <b>\$ 10,176,019</b> | <b>\$ 1,004,724</b> | <b>\$ 2,293,360</b> | <b>\$ 64,638,988</b>      | <b>\$ 13,332,635</b>                        | <b>\$ 271,244</b>   | <b>\$ 93,305,005</b>  |

The net book value of capital assets not being amortized because they are under construction (or development) is \$1,925,448 (2013 - \$1,051,398).

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

**December 31, 2014**

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

|  | 2013                         |                      |                     |                     |                           |   |                     |                       |
|--|------------------------------|----------------------|---------------------|---------------------|---------------------------|---|---------------------|-----------------------|
|  | Land and land<br>improvement | Facilities           | Equipment           | Vehicle             | Infrastructure -<br>roads | Infrastructure -<br>bridges and<br>culverts | Computer<br>systems | Total                 |
| <b>Cost, beginning<br/>of year</b>                         | \$ 621,542                   | \$ 13,176,856        | \$ 1,672,234        | \$ 4,043,929        | \$ 89,857,208             | \$ 19,790,338                               | \$ 1,067,581        | \$ 130,229,688        |
| Additions  | 37,015                       | 485,226              | 71,011              | 499,108             | 2,744,265                 | 1,744,584                                   | 128,922             | 5,710,131             |
| Disposals  |                              | (160,764)            | (7,070)             | (378,917)           | (2,539,698)               | (191,423)                                   | (52,229)            | (3,330,101)           |
| Transfers  | 430,755                      | (430,755)            |                     |                     |                           |   |                     | -                     |
| Change in<br>consolidation                                 | 376                          | 64,946               | -                   | -                   | -                         | -   | 2,066               | 67,388                |
| <b>Cost, end of year</b>                                   | <b>\$ 1,089,688</b>          | <b>\$ 13,135,509</b> | <b>\$ 1,736,175</b> | <b>\$ 4,164,120</b> | <b>\$ 90,061,775</b>      | <b>\$ 21,343,499</b>                        | <b>\$ 1,146,340</b> | <b>\$ 132,677,106</b> |
| <b>Accumulated<br/>amortization,<br/>beginning of year</b> | \$ 36,274                    | \$ 4,541,757         | \$ 498,018          | \$ 2,257,494        | \$ 25,205,397             | \$ 7,950,537                                | \$ 781,112          | \$ 41,270,589         |
| Amortization   | 13,272                       | 476,174              | 109,788             | 210,756             | 2,393,754                 | 262,661                                     | 115,610             | 3,582,015             |
| Disposals  |                              | (105,934)            | (6,870)             | (294,878)           | (1,885,465)               | (173,962)                                   | (51,704)            | (2,518,813)           |
| Transfers  | 27,999                       | (27,999)             |                     |                     |                           |   |                     | -                     |
| Change in<br>consolidation                                 | 131                          | 27,466               | -                   | -                   | -                         | -   | 1,193               | 28,790                |
| <b>Accumulated<br/>amortization,<br/>end of year</b>       | <b>\$ 77,676</b>             | <b>\$ 4,911,464</b>  | <b>\$ 600,936</b>   | <b>\$ 2,173,372</b> | <b>\$ 25,713,686</b>      | <b>\$ 8,039,236</b>                         | <b>\$ 846,211</b>   | <b>\$ 42,362,581</b>  |
| <b>Net book value,<br/>end of year</b>                     | <b>\$ 1,012,012</b>          | <b>\$ 8,224,045</b>  | <b>\$ 1,135,239</b> | <b>\$ 1,990,748</b> | <b>\$ 64,348,089</b>      | <b>\$ 13,304,263</b>                        | <b>\$ 300,129</b>   | <b>\$ 90,314,525</b>  |

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

**December 31, 2014**

**5. Net Municipal Position**

|   | 2014                 | 2013                 |
|---|----------------------|----------------------|
| Investment in tangible capital assets         | \$ 93,305,005        | \$ 90,314,524        |
| Inventory, prepaid expenses and current funds | 1,789,279            | 2,013,317            |
| Operating Surplus                             |                      |                      |
| Perth County                                  | 223,872              | 26,231               |
| Perth District Health Unit                    | (35,124)             | 12,702               |
| Spruce Lodge                                  | 4,930                | 484,853              |
| Reserves                                      |                      |                      |
| Working funds                                 | 1,583,984            | 1,571,872            |
| Current purposes                              | 1,387,153            | 1,900,651            |
| Capital purposes                              | 1,672,656            | 3,354,255            |
| Sick leave and WSIB                           | 609,011              | 693,155              |
| Reserve Funds                                 |                      |                      |
| Archives Special Donations                    | 9,244                | 9,102                |
| Unfunded sick leave liability                 | (265,071)            | (277,014)            |
|   | <b>\$100,284,939</b> | <b>\$100,103,648</b> |

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

**6. Government Transfers - Federal**

|                          | Budget<br>2014      | Actual<br>2014      | Actual<br>2013      |
|--------------------------|---------------------|---------------------|---------------------|
|                          | (Note 11)           |                     |                     |
| Operating                |                     |                     |                     |
| Conditional - PDHU grant | \$ 31,694           | \$ 33,542           | \$ 42,367           |
| Capital                  |                     |                     |                     |
| Federal gas tax revenue  | 1,143,000           | 1,119,430           | 1,281,128           |
|                          | <b>\$ 1,174,694</b> | <b>\$ 1,152,972</b> | <b>\$ 1,323,495</b> |

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

**December 31, 2014**

**7. Government Transfers - Provincial**

|                                    | Budget<br>2014       | Actual<br>2014       | Actual<br>2013       |
|------------------------------------|----------------------|----------------------|----------------------|
|                                    | (Note 11)            |                      |                      |
| Operating                          |                      |                      |                      |
| Ontario Municipal Partnership Fund | \$ 3,381,100         | \$ 3,381,200         | \$ 3,977,800         |
| Conditional -EMS grant             | 4,976,523            | 4,897,203            | 4,733,213            |
| -PDHU and Spruce Lodge grants      | 6,343,132            | 6,509,276            | 6,421,840            |
| -other                             | 25,000               | 16,874               | -                    |
|                                    | <b>\$ 14,725,755</b> | <b>\$ 14,804,553</b> | <b>\$ 15,132,853</b> |

**8. Other Income**

|   | Budget<br>2014      | Actual<br>2014      | Actual<br>2013      |
|---|---------------------|---------------------|---------------------|
|   | (Note 11)           |                     |                     |
| Fines and penalties                         | \$ 1,666,000        | \$ 1,876,364        | \$ 1,597,942        |
| Less: fines under appeal                    | -                   | (110,010)           | -                   |
| Investment income                           | 70,477              | 114,672             | 147,715             |
| Licences, permits and rents                 | 316,000             | 290,036             | 297,674             |
| Donations (includes in-kind)                | 400                 | 19,714              | 22,839              |
| Insurance proceeds                          | -                   | 123,507             | -                   |
| Gain on disposal of tangible capital assets | -                   | -                   | 853,969             |
| Sale of land inventory (Clayton Street)     | -                   | 486,401             | -                   |
| IPM advance repayment                       | -                   | -                   | 75,000              |
|   | <b>\$ 2,527,877</b> | <b>\$ 2,800,684</b> | <b>\$ 2,995,139</b> |

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

**December 31, 2014**

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**9. Expenditures by Object**

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

|                                       | <b>Budget<br/>2014</b> | <b>Actual<br/>2014</b> | <b>Actual<br/>2013</b> |
|---------------------------------------|------------------------|------------------------|------------------------|
|                                       |                        |                        |                        |
|                                       |                        | (Note 11)              |                        |
| Salaries, wages and employee benefits | \$ 20,497,849          | \$ 20,608,040          | \$ 20,098,977          |
| Materials                             | 4,906,975              | 5,088,965              | 5,627,557              |
| Contracted services                   | 5,095,380              | 4,949,813              | 4,773,453              |
| Rents and financial expenses          | 266,218                | 258,871                | 152,461                |
| Contributions to other organizations  | 977,015                | 973,627                | 905,989                |
| Amortization                          | 49,603                 | 4,857,646              | 3,582,015              |
| Loss on disposal of capital assets    | -                      | 151,846                | 193,634                |
|                                       | <b>31,793,040</b>      | <b>\$ 36,888,808</b>   | <b>\$ 35,334,086</b>   |

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**10. Trust Funds**

The County's proportional amount of the trust funds administered by the Spruce Lodge amounting to \$14,368 (2013 - \$9,975) 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, 2014**

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**11. Budget**

The Financial Plan/Budget, adopted by Council on February 6, 2014, by resolution #2014-46, 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. In addition, all included budgets do not include full amortization expense. As a result, 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>2014</u>         |
|--|---------------------|
| Financial Plan (Budget) Resolution surplus for the year        | \$ -                |
| Add:   |                     |
| Capital expenditures   | 9,414,006           |
| Budgeted transfers to net municipal position                   | 3,348,568           |
| Budgeted surplus from other local boards                       | 10,066              |
| Less:  |                     |
| Budgeted transfers from net municipal position                 | (3,959,357)         |
| Proceeds from issuance of long-term debt                       | <u>(3,938,000)</u>  |
| Increase to net municipal position per statement of operations | <u>\$ 4,875,283</u> |

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**12. Comparative Figures**

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

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

**December 31, 2014**

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**13. Change in Proportionate Consolidation**

The change in proportionate consolidation of joint local boards is the result of new funding agreements effective January 1, 2012. The resulting changes in funding percentages and their effects are as follows:

| <b>Funding Percentage</b>  | <u>2014</u> | <u>2013</u> | <u>Change</u> |
|----------------------------|-------------|-------------|---------------|
| Perth District Health Unit | 47.03%      | 47.29%      | (0.26)%       |
| Spruce Lodge               | 48.01%      | 48.27%      | (0.26)%       |

| <b>Effect of Change in Funding Percentages</b> | <u>January 1, 2014</u>    |
|--|---------------------------|
| Tangible capital assets                        |                           |
| Cost   | \$ (45,077)               |
| Accumulated amortization                       | <u>20,215</u>             |
| Net book value                                 | (24,862)                  |
| Net financial assets                           | (3,475)                   |
| Other non-financial assets                     | <u>(136)</u>              |
| <b>Change in Net Municipal Position</b>        | <b><u>\$ (28,473)</u></b> |

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**14. 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/Clerk**

This office of the Chief Administrative Officer is responsible for costs relating to the legislative duties of the Clerk, 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, 2014**

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### **Corporate Services**

This department is responsible for four functions: Finance, Technology Services, Provincial Offences Administration, and Archives.

#### **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. This area also relates to the corporate-wide revenues and expenses of the operations of the County that cannot be directly attributed to specific segments.

#### **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.

### **Emergency Services (ES)**

ES is responsible for the provision of pre-hospital medical care and transportation services to the ill and injured in the County, and for the planning, maintenance and mobilization of community resources for declared and non-declared emergencies.

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

**December 31, 2014**

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**14. Segmented Information (Continued)**

**Planning and Development**

This department provides a number of services including planning, protection to persons and property, geographic information system 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, 2014**

**14. Segmented Information (continued)**

| For the year ended<br>December 31                        | Council & CAO     | Corporate Services  | Public Works        | Emergency Services | Planning and<br>Development | Shared Services   | 2014<br>Total     |
|--|-------------------|---------------------|---------------------|--------------------|-----------------------------|-------------------|-------------------|
| <b>Revenue</b>   |                   |                     |                     |                    |                             |                   |                   |
| Taxation operating                                       | \$ 735,464        | \$ 827,613          | \$ 2,062,079        | \$ 1,310,098       | \$ 414,676                  | \$ 3,343,488      | 8,693,418         |
| Taxation capital   | -                 | 70,000              | 3,130,868           | 80,000             | -                           | -                 | 3,280,868         |
| Government grants  | 417,618           | 580,665             | 3,200,196           | 8,126,425          | 235,159                     | 7,843,228         | 20,403,291        |
| User fees and service charges                            | 475               | 3,713               | 43,997              | 3,746              | 64,549                      | 1,803,831         | 1,920,311         |
| Other  | 486,401           | 1,866,014           | 413,543             | -                  | -                           | 34,726            | 2,800,684         |
|  | <u>1,639,958</u>  | <u>3,348,005</u>    | <u>8,850,683</u>    | <u>9,520,269</u>   | <u>714,384</u>              | <u>13,025,273</u> | <u>37,098,572</u> |
| <b>Expenses</b>  |                   |                     |                     |                    |                             |                   |                   |
| Salaries and wages                                       | 847,290           | 1,169,933           | 2,143,476           | 8,238,786          | 489,708                     | 7,718,847         | 20,608,040        |
| Goods and services                                       | 215,830           | 1,539,630           | 3,183,536           | 641,916            | 149,635                     | 4,567,049         | 10,297,596        |
| External transfers                                       | 168,364           | 714,406             | -                   | -                  | -                           | 90,857            | 973,627           |
| Amortization   | -                 | 77,755              | 4,294,362           | 121,402            | -                           | 364,127           | 4,857,646         |
| Loss on disposal   | -                 | 1,628               | 150,118             | 100                | -                           | 53                | 151,899           |
|  | <u>1,231,484</u>  | <u>3,503,352</u>    | <u>9,771,492</u>    | <u>9,002,204</u>   | <u>639,343</u>              | <u>12,740,933</u> | <u>36,888,808</u> |
| <b>Increase (decrease) in net<br/>municipal position</b> | <u>\$ 408,474</u> | <u>\$ (155,347)</u> | <u>\$ (920,809)</u> | <u>\$ 518,065</u>  | <u>\$ 75,041</u>            | <u>\$ 284,340</u> | <u>209,764</u>    |

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

**December 31, 2014**

**14. Segmented Information (continued)**

| For the year ended<br>December 31                        | Council & CAO       | Corporate Services | Public Works       | Emergency Services | Planning and<br>Development | Shared Services   | 2013<br>Total     |
|--|---------------------|--------------------|--------------------|--------------------|-----------------------------|-------------------|-------------------|
| <b>Revenue</b>   |                     |                    |                    |                    |                             |                   |                   |
| Taxation   | \$ 753,593          | \$ 894,686         | \$ 3,918,901       | \$ 1,448,123       | \$ 454,999                  | \$ 3,467,182      | 10,937,484        |
| Government grant   | 274,070             | 623,133            | 3,913,130          | 7,935,884          | 181,749                     | 7,725,170         | 20,653,136        |
| User fees and service charges                            | 17,896              | 5,090              | 52,246             | 11,989             | 70,463                      | 1,769,843         | 1,927,527         |
| Other  | 17,795              | 1,731,270          | 1,151,643          | -                  | 75,000                      | 19,431            | 2,995,139         |
|  | <u>1,063,354</u>    | <u>3,254,179</u>   | <u>9,035,920</u>   | <u>9,395,996</u>   | <u>782,211</u>              | <u>12,981,626</u> | <u>36,513,286</u> |
| <b>Expenses</b>  |                     |                    |                    |                    |                             |                   |                   |
| Salaries and benefits                                    | 846,553             | 1,154,407          | 2,074,773          | 7,984,687          | 505,147                     | 7,533,409         | 20,098,976        |
| Goods and services                                       | 370,131             | 1,407,180          | 3,767,550          | 546,860            | 150,382                     | 4,311,369         | 10,553,472        |
| External transfers                                       | 40,000              | 658,327            | -                  | -                  | 109,250                     | 98,409            | 905,986           |
| Amortization   | -                   | 72,134             | 3,098,800          | 62,807             | -                           | 348,277           | 3,582,018         |
| Loss on disposal   | -                   | 525                | 193,109            | -                  | -                           | -                 | 193,634           |
|  | <u>1,256,684</u>    | <u>3,292,573</u>   | <u>9,134,232</u>   | <u>8,594,354</u>   | <u>764,779</u>              | <u>12,291,464</u> | <u>35,334,086</u> |
| <b>Increase (decrease) in net<br/>municipal position</b> | <u>\$ (193,330)</u> | <u>\$ (38,394)</u> | <u>\$ (98,312)</u> | <u>\$ 801,642</u>  | <u>\$ 17,432</u>            | <u>\$ 690,162</u> | <u>1,179,200</u>  |