

**The Corporation of the County of Perth  
Consolidated Financial Statements  
For the year ended December 31, 2016**

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Consolidated Financial Statements  
For the year ended December 31, 2016**

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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, 2016, the consolidated statements of operations, change in net financial assets (debt) 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, 2016 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.

**Chartered Professional Accountants Licensed Public Accountants**

**Stratford, Ontario  
May 22, 2017**

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

December 31	2016	2015
<b>Financial assets</b>		
Cash and cash equivalents	\$ 11,498,054	\$ 8,848,523
Investments (Note 1)	1,182,067	1,162,478
Accounts receivable	1,041,318	1,306,597
Mortgage and loan receivable (Note 4)	328,820	341,076
	<b>14,050,259</b>	<b>11,658,674</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	3,263,028	4,540,846
Short-term debt (Note 2)	1,200,000	-
Employee benefits liability (Note 3)	525,724	466,275
Deferred revenue (Note 5)	168,277	144,600
Long-term debt (Note 6)	7,383,186	2,629,000
	<b>12,540,215</b>	<b>7,780,721</b>
<b>Net financial assets</b>	<b>1,510,044</b>	<b>3,877,953</b>
<b>Non-financial assets</b>		
Tangible capital assets (Note 7)	101,480,006	97,680,161
Prepaid expenses	159,240	132,399
Inventories of supplies	398,179	371,931
	<b>102,037,425</b>	<b>98,184,491</b>
<b>Net Municipal Position (Note 8)</b>	<b>\$ 103,547,469</b>	<b>\$ 102,062,444</b>

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

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

<b>For the year ended December 31</b>	<b>Budget 2016</b>	<b>Actual 2016</b>	<b>Actual 2015</b>
	(Note 14)		
<b>Revenue</b>			
Taxation	\$ 13,712,137	\$ 13,715,522	\$ 13,234,220
Government transfers - Federal (Note 9)	1,174,288	1,173,133	1,119,329
Government transfers - Provincial (Note 10)	14,235,944	14,304,714	14,607,507
Municipal transfers	5,738,160	5,821,742	5,015,279
User fees and service charges	2,213,659	2,269,318	2,201,354
Other (Note 11)	2,144,683	2,091,788	2,195,390
	<b>39,218,871</b>	<b>39,376,217</b>	<b>38,373,079</b>
<b>Expenses</b>			
General government	2,920,436	2,946,798	2,736,918
Protection services	1,789,329	1,650,138	1,910,401
Transportation services	6,140,134	9,515,929	8,368,408
Health services	13,614,340	13,697,072	13,547,464
Social and family services	6,755,901	6,693,846	6,772,480
Social housing	1,958,641	1,913,381	1,832,003
Recreation and cultural services	504,422	497,525	512,747
Planning and development	968,249	976,503	968,382
	<b>34,651,452</b>	<b>37,891,192</b>	<b>36,648,803</b>
<b>Increase In Net Municipal Position</b>	<b>4,567,419</b>	<b>1,485,025</b>	<b>1,724,276</b>
<b>Net Municipal Position, beginning of year, as previously reported</b>	<b>102,062,444</b>	<b>102,062,444</b>	<b>100,284,939</b>
<b>Change in proportionate consolidation (Note 15)</b>	<b>-</b>	<b>-</b>	<b>53,229</b>
<b>Net Municipal Position, beginning of year, restated</b>	<b>102,062,444</b>	<b>102,062,444</b>	<b>100,338,168</b>
<b>Net Municipal Position, end of year</b>	<b>\$106,629,863</b>	<b>\$103,547,469</b>	<b>\$102,062,444</b>

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

<b>For the year ended December 31</b>	<b>Budget 2016</b>	<b>Actual 2016</b>	<b>Actual 2015</b>
	(Note 14)		
<b>Increase in Net Municipal Position</b>	<b>\$ 4,567,419</b>	<b>\$ 1,485,025</b>	<b>\$ 1,724,276</b>
Acquisition of tangible capital assets	(15,336,017)	(8,197,144)	(8,538,151)
Amortization of tangible capital assets	111,103	4,338,844	4,052,691
Loss on disposal of tangible capital assets	-	35,719	130,355
Proceeds on disposal of tangible capital assets	-	22,736	25,725
	<u>(10,657,495)</u>	<u>(2,314,820)</u>	<u>(2,605,104)</u>
Utilization of prepaid expenses and inventory of supplies	-	(53,089)	68,057
<b>Net change in net financial assets (debt)</b>	<b>(10,657,495)</b>	<b>(2,367,909)</b>	<b>(2,537,047)</b>
<b>Net financial assets, beginning of year</b>	<b>3,877,953</b>	<b>3,877,953</b>	<b>6,407,547</b>
Change in proportionate consolidation (Note 15)	-	-	7,453
<b>Net financial assets (debt), end of year</b>	<b>\$ (6,779,542)</b>	<b>\$ 1,510,044</b>	<b>\$ 3,877,953</b>

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

<b>For the year ended December 31</b>	<b>2016</b>	<b>2015</b>
<b>Operating transactions</b>		
Increase in Net Municipal Position	\$ 1,485,025	\$ 1,724,276
Items not involving cash		
Amortization	4,338,844	4,052,691
Loss on disposal of tangible capital assets	35,719	130,355
Changes in non-cash operating balances		
Accounts receivable	265,279	523,485
Prepaid expenses and inventories of supplies	(53,089)	68,057
Accounts payable and accrued liabilities	(1,277,818)	(80,029)
Employment benefits liabilities	59,449	59,369
Deferred revenue	23,677	(117,433)
	<u>4,877,086</u>	<u>6,360,771</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(8,197,144)	(8,538,151)
Proceeds on disposal of tangible capital assets	22,736	25,725
	<u>(8,174,408)</u>	<u>(8,512,426)</u>
<b>Investing transactions</b>		
Decrease of mortgages receivable	12,256	12,011
Purchase of investments	(19,589)	(4,264)
	<u>(7,333)</u>	<u>7,747</u>
<b>Financing transactions</b>		
Proceeds from issuance of short-term debt	1,200,000	-
Proceeds from issuance of long-term debt	4,850,000	2,629,000
Repayment of long-term debt	(95,814)	-
	<u>5,954,186</u>	<u>2,629,000</u>
<b>Net change in cash and cash equivalents</b>	<b>2,649,531</b>	<b>485,092</b>
Cash and cash equivalents, beginning of year	8,848,523	8,355,978
Change in proportionate consolidation (Note 15)	-	7,453
<b>Cash and cash equivalents, end of year</b>	<b>\$ 11,498,054</b>	<b>\$ 8,848,523</b>



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

December 31, 2016

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### Management's Responsibility for the Financial Statements

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

### Basis of Consolidation

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

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

	<u>2016</u>	<u>2015</u>
Perth District Health Unit	47.50%	47.50%
Spruce Lodge Home for the Aged	48.50%	48.50%
Spruce Lodge Home Assistance Corporation	48.50%	48.50%
Spruce Lodge Foundation	48.50%	48.50%

### 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, 2016

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### **Tangible Capital Assets**

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

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

### **Trust Funds**

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

### **Deferred Revenue**

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

### **Government Transfers**

Government transfers, which include legislative grants, are recognized in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability in which case they are recognized as deferred revenue until such time as the stipulations are met.

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

**December 31, 2016**

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<b>Revenue Recognition</b>	<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>
<b>Use of Estimates</b>	<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>
<b>Liability for Contaminated Sites</b>	<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>

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**1. Investments**

	<b>2016</b>	<b>2015</b>
Guaranteed Investment Certificates, with interest rates ranging from 1.45% to 1.85% and maturity dates ranging from January 2017 to October 2018	<b>\$ 1,182,067</b>	<b>\$ 1,162,448</b>

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

**December 31, 2016**

**2. Short-term debt**

Construction loan, issued on behalf of Ontario Infrastructure and Lands Corporation. The loan is repayable in full at the time of debenture and bears a floating rate of interest which is payable monthly. The loan was debentured February 2017.

**3. Employee Benefits Liability**

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

	2016	2015
Sick leave benefits	\$ 302,199	\$ 284,471
Workplace Safety and Insurance	223,525	181,804
	\$ 525,724	\$ 466,275

**Sick Leave Benefits**

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

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

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

The liability reported in the consolidated statement of financial position is the result of an actuarial update that estimated potential liabilities of the municipality under the provisions of the Workplace Safety and Insurance Act. The last full actuarial evaluation for the County of Perth was completed as at December 31, 2014 and forecasted for the next three years.

	2016	2015
<b>WSIB liability</b>		
Accrued benefit obligation at January 1	\$ 181,804	\$ 141,835
Add estimated cost of claims (service cost)	27,085	26,458
Add interest accrued	14,636	13,511
Liability at December 31	\$ 223,525	\$ 181,804

	2016	2015
<b>WSIB benefits expense</b>		
Current year benefit cost	\$ 27,085	\$ 26,458
Interest on accrued benefit obligation	14,636	13,511
Total	\$ 41,721	\$ 39,969

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

**December 31, 2016**

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

**Pension Agreements**

The County of Perth and its consolidated boards make contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of all eligible employees. The plan is a defined benefit plan which specifies the amount of the retirement to be received by the employees based on length of service and rates of pay. During the year, employer contributions of \$1,517,533 (2015 - \$1,502,896) were paid by the County and its consolidated boards and reported as an expense on the consolidated statement of operations.

**4. Mortgage and Loan Receivable**

	2016	2015
First mortgage receivable - Stratford Perth Museum, interest at 3.0%, payable in monthly installments of \$1,194 principal and interest, due September 2037.	221,799	229,353
Second mortgage receivable - Stratford Perth Museum, interest at 0.5%, payable in monthly installments of \$438 principal and interest, due July 2038.	107,021	111,723
	\$ 328,820	\$ 341,076

**5. Deferred Revenue**

	Opening balance	Contributions received	Externally restricted investment income	Revenue recognized	Ending balance
Federal gas tax	\$ -	1,142,278	-	(1,142,278) \$	-
Aged Friendly Community	20,167	11,067	-	(31,234)	-
PDHU & Spruce Lodge	124,433	146,859	-	(103,015)	168,277
	\$ 144,600	1,300,204	-	(1,276,527) \$	168,277

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

**December 31, 2016**

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**5. Deferred Revenue (continued)**

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.

Aged Friendly Community

Aged Friendly Community Planning grant, provided by the Government of Ontario, specifies funding to support local government community organizations to undertake strategic planning with a focus on seniors as outlined in the Aged Friendly Community Planning Guide.

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**6. Net Long-term Debt**

	2016	2015
Debenture, bearing interest at 3.18% and repayable in blended semi-annual instalments of \$89,330. The loan is due October 2035 and was issued on behalf of Ontario Infrastructure and Lands Corporation.	\$ 2,533,186	\$ 2,629,000
Debenture, bearing interest at 2.90% and repayable in blended semi-annual instalments of \$160,646. The loan is due November 2036 and was issued on behalf of Ontario Infrastructure and Lands Corporation.	4,850,000	-
	<b>7,383,186</b>	<b>2,629,000</b>

Principal repayments relating to net long term debt of \$7,383,186 outstanding are due as follows:

2017	\$ 280,836
2018	289,320
2019	298,062
2020	307,067
2021	316,346
Thereafter	5,891,555
	<b>\$ 7,383,186</b>

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

**December 31, 2016**

**7. Tangible Capital Assets**

								2016
	Land and land improvement	Facilities	Equipment	Vehicles	Infrastructure - roads	Infrastructure - bridges and culverts	Computer systems	Total
<b>Cost,</b>								
beginning of year	\$ 1,827,205	\$ 19,310,027	\$ 1,371,053	\$ 4,872,978	\$ 93,032,668	\$ 22,403,195	\$ 1,754,019	\$ 144,571,145
Additions	43,273	5,296,795	94,968	524,351	1,504,322	641,745	91,690	8,197,144
Disposals		(26,765)	(45,288)	(412,049)	(634,075)	-	(57,536)	(1,175,713)
Transfers	-	-	-	-	-	-	-	-
Change in consolidation (Note 15)	-	-	-	-	-	-	-	-
<b>Cost, end of year</b>	<b>\$ 1,870,478</b>	<b>\$ 24,580,057</b>	<b>\$ 1,420,733</b>	<b>\$ 4,985,280</b>	<b>\$ 93,902,915</b>	<b>\$ 23,044,940</b>	<b>\$ 1,788,173</b>	<b>\$ 151,592,576</b>
<b>Accumulated amortization,</b>								
beginning of year	\$ 117,493	\$ 6,611,569	\$ 722,296	\$ 2,128,824	\$ 27,144,862	\$ 9,092,628	\$ 1,073,312	\$ 46,890,984
Amortization	25,594	677,989	112,151	355,508	2,619,231	394,941	153,430	4,338,844
Disposals	-	(25,446)	(32,054)	(372,049)	(634,075)	-	(53,634)	(1,117,258)
Transfers	-	-	-	-	-	-	-	-
Change in consolidation (Note 15)	-	-	-	-	-	-	-	-
<b>Accumulated amortization, end of year</b>	<b>\$ 143,087</b>	<b>\$ 7,264,112</b>	<b>\$ 802,393</b>	<b>\$ 2,112,283</b>	<b>\$ 29,130,018</b>	<b>\$ 9,487,569</b>	<b>\$ 1,173,108</b>	<b>\$ 50,112,570</b>
<b>Net book value, end of year</b>	<b>\$ 1,727,391</b>	<b>\$ 17,315,945</b>	<b>\$ 618,340</b>	<b>\$ 2,872,997</b>	<b>\$ 64,772,897</b>	<b>\$ 13,557,371</b>	<b>\$ 615,065</b>	<b>\$ 101,480,006</b>

The net book value of capital assets not being amortized because they are under construction (or development) is \$232,814 (2015 - \$2,477,600).

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

**December 31, 2016**

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

	2015							
	Land and land improvement	Facilities	Equipment	Vehicle	Infrastructure - roads	Infrastructure - bridges and culverts	Computer systems	Total
<b>Cost, beginning of year</b>	\$ 1,765,897	\$ 16,118,595	\$ 1,746,980	\$ 4,485,002	\$ 91,527,779	\$ 22,047,459	\$ 1,153,949	\$ 138,845,661
Additions	60,720	3,136,573	157,335	806,769	3,873,424	355,736	147,594	8,538,151
Disposals		(28,891)	-	(418,793)	(2,368,535)	-	(83,170)	(2,899,389)
Transfers	-	-	(533,262)	-	-	-	533,262	-
Change in consolidation	588	83,750	-	-	-	-	2,384	86,722
<b>Cost, end of year</b>	\$ 1,827,205	\$ 19,310,027	\$ 1,371,053	\$ 4,872,978	\$ 93,032,668	\$ 22,403,195	\$ 1,754,019	\$ 144,571,145
<b>Accumulated amortization, beginning of year</b>	\$ 95,074	\$ 6,031,378	\$ 742,256	\$ 2,191,642	\$ 26,882,777	\$ 8,714,824	\$ 882,705	\$ 45,540,656
Amortization	22,224	569,887	89,239	308,631	2,526,332	377,804	158,574	4,052,691
Disposals	-	(28,879)	-	(371,449)	(2,264,247)	-	(78,734)	(2,743,309)
Transfers	-	-	(109,199)	-	-	-	109,199	-
Change in consolidation	195	39,183	-	-	-	-	1,568	40,946
<b>Accumulated amortization, end of year</b>	\$ 117,493	\$ 6,611,569	\$ 722,296	\$ 2,128,824	\$ 27,144,862	\$ 9,092,628	\$ 1,073,312	\$ 46,890,984
<b>Net book value, end of year</b>	\$ 1,709,712	\$ 12,698,458	\$ 648,757	\$ 2,744,154	\$ 65,887,806	\$ 13,310,567	\$ 680,707	\$ 97,680,161



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

**December 31, 2016**

**8. Net Municipal Position**

	2016	2015
Investment in tangible capital assets	\$ 92,896,819	\$ 95,051,153
Inventory, prepaid expenses and current funds	1,763,906	1,767,726
Operating Surplus		
Perth County	140,738	552,149
Perth District Health Unit	(31,813)	(9,161)
Spruce Lodge	47,312	59,103
Reserves		
Working funds	1,602,438	1,594,231
Current purposes	2,060,329	1,494,984
Capital purposes	4,869,542	1,414,766
Sick leave and WSIB	500,396	421,964
Unfunded sick leave liability	(302,198)	(284,471)
	<b>\$103,547,469</b>	<b>\$102,062,444</b>

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

**9. Government Transfers - Federal**

	Budget 2016	Actual 2016	Actual 2015
	(Note 14)		
Operating			
Conditional - PDHU grant	\$ 32,010	\$ 30,855	\$ 31,445
Capital			
Federal gas tax revenue	1,142,278	1,142,278	1,087,884
	<b>\$ 1,174,288</b>	<b>\$ 1,173,133</b>	<b>\$ 1,119,329</b>

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

**December 31, 2016**

**10. Government Transfers - Provincial**

	Budget 2016	Actual 2016	Actual 2015
	(Note 14)		
Operating			
Ontario Municipal Partnership Fund	\$ 2,299,300	\$ 2,299,300	\$ 2,705,000
Conditional -Paramedic Services MOHLTC	5,292,891	5,319,092	5,082,511
-PDHU and Spruce Lodge grants	6,469,259	6,514,549	6,620,725
-other	49,200	46,234	73,484
Capital			
Ontario community infrastructure fund	125,294	125,539	125,787
	<b>\$ 14,235,944</b>	<b>\$ 14,304,714</b>	<b>\$ 14,607,507</b>

**11. Other Income**

	Budget 2016	Actual 2016	Actual 2015
	(Note 14)		
Fines and penalties	\$ 1,746,500	\$ 1,631,960	\$ 1,728,805
Investment income	56,248	93,677	95,638
Licences, permits and rents	341,535	339,683	338,165
Donations (includes in-kind)	400	7,255	8,459
Partners in Employment Funding	-	11,644	24,323
Other	-	7,569	-
	<b>\$ 2,144,683</b>	<b>\$ 2,091,788</b>	<b>\$ 2,195,390</b>

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

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**12. Expenditures by Object**

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

	<b>Budget 2016</b>	<b>Actual 2016</b>	<b>Actual 2015</b>
	<b>(Note 14)</b>		
Salaries, wages and employee benefits	<b>\$ 22,194,680</b>	<b>\$ 22,294,578</b>	\$ 21,561,459
Materials	<b>5,377,272</b>	<b>5,269,612</b>	4,621,043
Contracted services	<b>5,488,866</b>	<b>4,996,124</b>	5,126,112
Rents and financial expenses	<b>366,008</b>	<b>205,419</b>	279,892
Contributions to other organizations	<b>866,295</b>	<b>750,896</b>	877,251
Amortization	<b>358,331</b>	<b>4,338,844</b>	4,052,691
Loss on disposal of capital assets	<b>-</b>	<b>35,719</b>	130,355
	<b>34,651,452</b>	<b>\$ 37,891,192</b>	<b>\$ 36,648,803</b>

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**13. Trust Funds**

The County's proportional amount of the trust funds administered by the Spruce Lodge amounting to \$15,847 (2015 - \$13,510) have not been included in the consolidated financial statements.

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**The Corporation of the County of Perth**  
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**14. Budget**

The Financial Plan/Budget, adopted by Council on March 17, 2016, by resolution #3505-2016, 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>2016</u>
Financial Plan (Budget) Resolution surplus for the year	\$ -
Add:	
Capital expenditures	9,198,584
Budgeted transfers to net municipal position	3,644,890
Budgeted surplus from other local boards	29,741
Less:	
Budgeted transfers from net municipal position	(4,215,052)
Proceeds from issuance of long-term debt	<u>(4,090,744)</u>
Increase to net municipal position per statement of operations	<u>\$ 4,567,419</u>

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

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**15. 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>	<b>2016</b>	<b>2015</b>	<b>Change</b>
Perth District Health Unit	47.50%	47.50%	- %
Spruce Lodge	48.50%	48.50%	- %

<b>Effect of Change in Funding Percentages</b>	<b>Jan. 1, 2016</b>	<b>Jan. 1, 2015</b>
Tangible capital assets		
Cost	\$ -	\$ 86,722
Accumulated amortization	-	(40,946)
Net book value	-	45,776
Net financial assets	-	7,028
Other non-financial assets	-	425
<b>Change in Net Municipal Position</b>	<b>\$ -</b>	<b>\$ 53,229</b>

**16. 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, 2016

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### 16. Segmented Information (continued)

#### **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**  
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**16. 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, 2016**

**16. Segmented Information (continued)**

For the year ended December 31	Council & CAO	Corporate Services	Public Works	Emergency Services	Planning and Development	Shared Services	2016 Total
<b>Revenue</b>							
Taxation operating	\$ 1,153,116	\$ 917,706	\$ 1,763,730	\$ 1,535,600	\$ 611,687	\$ 4,044,997	10,026,836
Taxation capital	-	140,000	3,438,686	110,000	-	-	3,688,686
Government grants	425,171	542,608	3,727,557	8,898,981	202,800	7,502,472	21,299,589
User fees and service charges	1,165	5,465	103,145	5,810	79,128	2,074,605	2,269,318
Other	7,569	1,710,555	339,683	-	-	33,981	2,091,788
	<u>1,587,021</u>	<u>3,316,334</u>	<u>9,372,801</u>	<u>10,550,391</u>	<u>893,615</u>	<u>13,656,055</u>	<u>39,376,217</u>
<b>Expenses</b>							
Salaries and wages	923,499	1,221,078	2,287,341	8,839,916	598,782	8,423,962	22,294,578
Goods and services	667,985	946,427	2,745,646	1,216,119	64,579	4,830,399	10,471,155
External transfers	28,278	494,210	-	-	135,000	93,408	750,896
Amortization	-	115,732	3,746,781	96,304	-	380,027	4,338,844
Loss on disposal	-	3,902	30,498	-	-	1,319	35,719
	<u>1,619,762</u>	<u>2,781,349</u>	<u>8,810,266</u>	<u>10,152,339</u>	<u>798,361</u>	<u>13,729,115</u>	<u>37,891,192</u>
<b>Increase (decrease) in net municipal position</b>	<u>\$ (32,741)</u>	<u>\$ 534,985</u>	<u>\$ 562,535</u>	<u>\$ 398,052</u>	<u>\$ 95,254</u>	<u>\$ (73,060)</u>	<u>1,485,025</u>



**The Corporation of the County of Perth**  
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**16. Segmented Information (continued)**

For the year ended December 31	Council & CAO	Corporate Services	Public Works	Emergency Services	Planning and Development	Shared Services	2015 Total
<b>Revenue</b>							
Taxation operating	\$ 1,117,941	\$ 934,209	\$ 1,969,547	\$ 1,223,758	\$ 544,834	\$ 3,565,451	9,355,740
Taxation capital	-	80,000	3,703,480	95,000	-	-	3,878,480
Government grant	430,565	540,452	3,400,564	8,427,121	260,374	7,683,039	20,742,115
User fees and service charges	700	11,685	72,594	1,235	48,707	2,066,433	2,201,354
Other	-	1,810,366	338,165	-	-	46,859	2,195,390
	<u>1,549,206</u>	<u>3,376,712</u>	<u>9,484,350</u>	<u>9,747,114</u>	<u>853,915</u>	<u>13,361,782</u>	<u>38,373,079</u>
<b>Expenses</b>							
Salaries and wages	789,380	1,236,148	2,065,769	8,543,417	705,353	8,221,392	21,561,459
Goods and services	553,953	920,204	2,161,404	1,042,136	177,388	5,171,962	10,027,047
External transfers	28,000	631,768	-	-	125,000	92,483	877,251
Amortization	-	118,831	3,287,993	271,654	-	374,213	4,052,691
Loss on disposal	-	4,447	125,908	-	-	-	130,355
	<u>1,371,333</u>	<u>2,911,398</u>	<u>7,641,074</u>	<u>9,857,207</u>	<u>1,007,741</u>	<u>13,860,050</u>	<u>36,648,803</u>
<b>Increase (decrease) in net municipal position</b>	<u>\$ 177,873</u>	<u>\$ 465,314</u>	<u>\$ 1,843,276</u>	<u>\$ (110,093)</u>	<u>\$ (153,826)</u>	<u>\$ (498,268)</u>	<u>1,724,276</u>