

**The Corporation of the County of Perth
Consolidated Financial Statements
For the year ended December 31, 2017**

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Consolidated Financial Statements
For the year ended December 31, 2017**

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Independent Auditors' Report

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, 2017, 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, 2017 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
August 21, 2018**

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

December 31	2017	2016
Financial assets		
Cash and cash equivalents	\$ 12,665,580	\$ 11,498,054
Investments (Note 1)	1,161,714	1,182,067
Accounts receivable	1,855,711	1,041,318
Mortgage and loan receivable (Note 3)	316,309	328,820
	15,999,314	14,050,259
Liabilities		
Accounts payable and accrued liabilities	4,118,334	3,263,028
Short-term debt	-	1,200,000
Employee benefits liability (Note 2)	599,323	525,724
Deferred revenue (Note 4)	534,858	168,277
Long-term debt (Note 5)	8,549,751	7,383,186
	13,802,266	12,540,215
Net financial assets	2,197,048	1,510,044
Non-financial assets		
Tangible capital assets (Note 6)	101,159,801	101,480,006
Prepaid expenses	158,134	159,240
Inventories of supplies	428,049	398,179
	101,745,984	102,037,425
Net Municipal Position (Note 7)	\$ 103,943,032	\$ 103,547,469

_____ Treasurer _____ Warden

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

For the year ended December 31	Budget 2017	Actual 2017	Actual 2016
	(Note 13)		
Revenue			
Taxation	\$ 14,321,882	\$ 14,357,273	\$ 13,715,522
Government transfers - Federal (Note 8)	1,173,749	756,600	1,173,133
Government transfers - Provincial (Note 9)	14,095,117	14,256,102	14,304,714
Municipal transfers	5,509,880	5,547,305	5,821,742
User fees and service charges	2,249,486	2,257,506	2,269,318
Other (Note 10)	2,130,754	2,009,344	2,091,788
	39,480,868	39,184,130	39,376,217
Expenses			
General government	2,965,811	2,700,940	2,950,561
Protection services	1,831,247	1,599,986	1,693,351
Transportation services	6,240,241	10,437,472	9,468,953
Health services	13,764,390	13,761,887	13,697,072
Social and family services	6,583,547	6,435,696	6,702,246
Social housing	2,006,389	1,879,818	1,913,381
Recreation and cultural services	513,237	482,065	497,525
Planning and development	1,020,060	1,303,450	968,103
	34,924,922	38,601,314	37,891,192
Increase In Net Municipal Position	4,555,946	582,816	1,485,025
Change in proportionate consolidation (Note 15)	-	(187,253)	-
Net Municipal Position, end of year	\$108,103,415	\$103,943,032	\$103,547,469

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

For the year ended December 31	Budget 2017	Actual 2017	Actual 2016
	(Note 13)		
Increase in Net Municipal Position	\$ 4,555,946	\$ 582,816	\$ 1,485,025
Acquisition of tangible capital assets	(6,136,640)	(4,765,899)	(8,197,144)
Amortization of tangible capital assets	373,531	4,533,140	4,338,844
Loss on disposal of tangible capital assets	-	372,622	35,719
Proceeds on disposal of tangible capital assets	-	32,695	22,736
	(1,207,163)	755,374	(2,314,820)
Utilization of prepaid expenses and inventory of supplies	-	(28,764)	(53,089)
Net change in net financial assets	(1,207,163)	726,610	(2,367,909)
Net financial assets, beginning of year	1,510,044	1,510,044	3,877,953
Change in proportionate consolidation (Note 15)	-	(39,606)	-
Net financial assets, end of year	\$ 302,881	\$ 2,197,048	\$ 1,510,044

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

For the year ended December 31	2017	2016
Operating transactions		
Increase in Net Municipal Position	\$ 582,816	\$ 1,485,025
Items not involving cash		
Amortization	4,533,140	4,338,844
Loss on disposal of tangible capital assets	372,622	35,719
Changes in non-cash operating balances		
Accounts receivable	(814,393)	265,279
Prepaid expenses and inventories of supplies	(28,764)	(53,089)
Accounts payable and accrued liabilities	855,306	(1,277,818)
Employment benefits liabilities	73,599	59,449
Deferred revenue	366,581	23,677
	<u>5,940,907</u>	<u>4,877,086</u>
Capital transactions		
Acquisition of tangible capital assets	(4,765,899)	(8,197,144)
Proceeds on disposal of tangible capital assets	32,695	22,736
	<u>(4,733,204)</u>	<u>(8,174,408)</u>
Investing transactions		
Decrease of mortgages receivable	12,511	12,256
Disposal (Purchase) of investments	20,353	(19,589)
	<u>32,864</u>	<u>(7,333)</u>
Financing transactions		
Proceeds from issuance (repayment of) short-term debt	(1,200,000)	1,200,000
Proceeds from issuance of long-term debt	1,513,772	4,850,000
Repayment of long-term debt	(347,207)	(95,814)
	<u>(33,435)</u>	<u>5,954,186</u>
Net change in cash and cash equivalents	1,207,132	2,649,531
Cash and cash equivalents, beginning of year	11,498,054	8,848,523
Change in proportionate consolidation (Note 15)	<u>(39,606)</u>	<u>-</u>
Cash and cash equivalents, end of year	\$ 12,665,580	\$ 11,498,054

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

December 31, 2017

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>2017</u>	<u>2016</u>
Perth District Health Unit	46.70%	47.50%
Spruce Lodge Home for the Aged	46.70%	48.50%
Spruce Lodge Home Assistance Corporation	46.70%	48.50%
Spruce Lodge Foundation	46.70%	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.

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

December 31, 2017

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, 2017

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>

1. Investments

	2017	2016
Guaranteed Investment Certificates, with interest rates ranging from 1.46% to 2.45% and maturity dates ranging from February 2018 to December 2020.	\$ 1,161,714	\$ 1,182,067

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

December 31, 2017

2. Employee Benefits Liability

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

	2017	2016
Sick leave benefits	\$ 313,410	\$ 302,199
Workplace Safety and Insurance	285,913	223,525
	\$ 599,323	\$ 525,724

Sick Leave Benefits

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

Workplace Safety and Insurance Board ("WSIB")

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

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

	2017	2016
WSIB liability		
Accrued benefit obligation at January 1	\$ 345,789	\$ 319,351
Add estimated cost of claims (service cost)	88,701	66,013
Add interest accrued	15,820	14,636
Less expected benefit payments	(57,416)	(54,211)
Expected accrued benefit obligation at December 31	392,894	345,789
Actuarial loss from valuation	1,709,618	
Actual accrued benefit obligation	2,102,512	345,789
Unamortized actuarial loss from valuation	(1,816,599)	(122,264)
Liability at December 31	\$ 285,913	\$ 223,525

	2017	2016
WSIB benefits expense		
Current year benefit cost	\$ 88,701	\$ 66,013
Amortization of losses	15,283	15,283
Post employment benefit expense	103,984	81,296
Interest on accrued benefit obligation	15,820	14,636
Total	\$ 119,804	\$ 95,932

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

December 31, 2017

2. Employee Benefits Liability (continued)

Pension Agreements

The County of Perth and its consolidated boards make contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of all eligible employees. The plan is a defined benefit plan which specifies the amount of the retirement to be received by the employees based on length of service and rates of pay. During the year, employer contributions of \$1,543,467 (2016 - \$1,517,533) were paid by the County and its consolidated boards and reported as an expense on the consolidated statement of operations.

3. Mortgage and Loan Receivable

	2017	2016
First mortgage receivable - Stratford Perth Museum, interest at 3.0%, payable in monthly installments of \$1,194 principal and interest, due September 2037	214,015	221,799
Second mortgage receivable - Stratford Perth Museum, interest at 0.5%, payable in monthly installments of \$438 principal and interest, due July 2038	102,294	107,021
	\$ 316,309	\$ 328,820

4. Deferred Revenue

	Opening balance	Contributions received	Externally restricted investment income	Revenue recognized	Ending balance
Federal gas tax	\$ -	1,162,500	1,089	(724,278)	\$ 439,311
PDHU & Spruce Lodge	168,227	60,784	-	(133,464)	95,547
	\$ 168,227	1,223,284	1,089	(857,742)	\$ 534,858

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

December 31, 2017

4. 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.

5. Net Long-term Debt

	2017	2016
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.	\$ 2,434,301	\$ 2,533,186
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.	4,668,049	4,850,000
Debenture, bearing interest at 2.72% and repayable in blended semi-annual instalments of \$86,959. The loan is due February 2027 and was issued on behalf of Ontario Infrastructure and Lands Corporation.	1,447,401	-
	8,549,751	7,383,186

Principal repayments relating to net long term debt of \$8,549,751 outstanding are due as follows:

2018	\$ 424,783
2019	437,234
2020	450,051
2021	463,245
2022	476,828
Thereafter	6,297,610
	\$ 8,549,751

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

December 31, 2017

6. Tangible Capital Assets

								2017
	Land and land improvement	Facilities	Equipment	Vehicles	Infrastructure - roads	Infrastructure - bridges and culverts	Computer systems	Total
Cost,								
beginning of year	\$ 1,870,478	\$ 24,580,057	\$ 1,420,733	\$ 4,985,280	\$ 93,902,915	\$ 23,044,940	\$ 1,788,173	\$ 151,592,576
Additions	53,820	206,586	76,414	518,165	2,624,300	1,091,167	195,447	4,765,899
Disposals	(2,099)	(32,858)	-	(242,539)	(1,695,050)	-	(99,786)	(2,072,332)
Transfers	-	-	-	-	-	-	-	-
Change in consolidation (Note 15)	(1,745)	(304,211)	-	-	-	-	(8,040)	(313,996)
Cost, end of year	\$ 1,920,454	\$ 24,449,574	\$ 1,497,147	\$ 5,260,906	\$ 94,832,165	\$ 24,136,107	\$ 1,875,794	\$ 153,972,147
Accumulated amortization,								
beginning of year	\$ 143,087	\$ 7,264,112	\$ 802,393	\$ 2,112,283	\$ 29,130,018	\$ 9,487,569	\$ 1,173,108	\$ 50,112,570
Amortization	26,210	781,068	104,713	396,813	2,613,847	450,781	159,708	4,533,140
Disposals	-	(31,772)	-	(226,926)	(1,317,099)	-	(91,218)	(1,667,015)
Transfers	-	-	-	-	-	-	-	-
Change in consolidation (Note 15)	(901)	(169,852)	-	-	-	-	4,404	(166,349)
Accumulated amortization, end of year	\$ 168,396	\$ 7,843,556	\$ 907,106	\$ 2,282,170	\$ 30,426,766	\$ 9,938,350	\$ 1,246,002	\$ 52,812,346
Net book value, end of year	\$ 1,752,058	\$ 16,606,018	\$ 590,041	\$ 2,978,736	\$ 64,405,399	\$ 14,197,757	\$ 629,792	\$ 101,159,801

The net book value of capital assets not being amortized because they are under construction (or development) is \$169,686 (2016 - \$232,814).

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

December 31, 2017

6. Tangible Capital Assets (continued)

								2016
	Land and land improvement	Facilities	Equipment	Vehicle	Infrastructure - roads	Infrastructure - bridges and culverts	Computer systems	Total
Cost, 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)
Cost, end of year	\$ 1,870,478	\$ 24,580,057	\$ 1,420,733	\$ 4,985,280	\$ 93,902,915	\$ 23,044,940	\$ 1,788,173	\$ 151,592,576
Accumulated amortization, 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	-	-	-	-	-	-	-	-
Accumulated amortization, end of year	\$ 143,087	\$ 7,264,112	\$ 802,393	\$ 2,112,283	\$ 29,130,018	\$ 9,487,569	\$ 1,173,108	\$ 50,112,570
Net book value, end of year	\$ 1,727,391	\$ 17,315,945	\$ 618,340	\$ 2,872,997	\$ 64,772,897	\$ 13,557,371	\$ 615,065	\$ 101,480,006

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

December 31, 2017

7. Net Municipal Position

	2017	2016
Investment in tangible capital assets	\$ 92,610,053	\$ 92,896,819
Inventory, prepaid expenses and current funds	1,494,655	1,763,906
Operating Surplus		
Perth County	459,042	140,738
Perth District Health Unit	(37,043)	(31,813)
Spruce Lodge	55,519	47,312
Reserves		
Working funds	1,620,498	1,602,438
Current purposes	1,984,546	2,060,329
Capital purposes	5,622,861	4,869,542
Sick leave and WSIB	446,314	500,396
Unfunded sick leave liability	(313,413)	(302,198)
	\$103,943,032	\$ 103,547,469

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

8. Government Transfers - Federal

	Budget 2017	Actual 2017	Actual 2016
	(Note 13)		
Operating			
Conditional - PDHU grant	\$ 31,471	\$ 32,322	\$ 30,855
Capital			
Federal gas tax revenue	1,142,278	724,278	1,142,278
	\$ 1,173,749	\$ 756,600	\$ 1,173,133

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

December 31, 2017

9. Government Transfers - Provincial

	Budget 2017	Actual 2017	Actual 2016
	(Note 13)		
Operating			
Ontario Municipal Partnership Fund	\$ 1,954,500	\$ 1,954,500	\$ 2,299,300
Conditional -Paramedic Services MOHLTC	5,681,715	5,631,080	5,319,092
-PDHU and Spruce Lodge grants	6,224,021	6,435,532	6,514,549
-other	12,000	11,894	46,234
Capital			
Ontario community infrastructure fund	222,881	223,096	125,539
	\$ 14,095,117	\$ 14,256,102	\$ 14,304,714

10. Other Income

	Budget 2017	Actual 2017	Actual 2016
	(Note 13)		
Fines and penalties	\$ 1,731,500	\$ 1,503,027	\$ 1,631,960
Investment income	59,368	139,539	93,677
Licences, permits and rents	339,386	341,672	339,683
Donations (includes in-kind)	500	18,887	14,824
Partners in Employment Funding	-	-	11,644
Other	-	6,219	-
	\$ 2,130,754	\$ 2,009,344	\$ 2,091,788

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

December 31, 2017

11. Expenditures by Object

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

	Budget 2017	Actual 2017	Actual 2016
	(Note 13)		
Salaries, wages and employee benefits	\$ 22,265,147	\$ 22,302,241	\$ 22,298,343
Materials	5,504,139	4,987,052	5,149,430
Contracted services	5,672,674	5,104,150	5,005,936
Rents and financial expenses	410,458	385,662	312,027
Contributions to other organizations	698,973	916,447	750,896
Amortization	373,531	4,533,140	4,338,844
Loss on disposal of capital assets	-	372,622	35,719
	34,924,922	\$ 38,601,314	\$ 37,891,192

12. Trust Funds

The County's proportional amount of the trust funds administered by the Spruce Lodge amounting to \$17,577 (2016 - \$15,847) have not been included in the consolidated financial statements.

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

December 31, 2017

13. Budget

The Financial Plan/Budget, adopted by Council on March 2, 2017, by resolution #3585-2017, 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>2017</u>
Financial Plan (Budget) Resolution surplus for the year	\$ -
Add:	
Capital expenditures	6,136,640
Budgeted transfers to net municipal position	3,958,210
Budgeted surplus from other local boards	(133,079)
Less:	
Budgeted transfers from net municipal position	<u>(5,405,825)</u>
Increase to net municipal position per statement of operations	<u>\$ 4,555,946</u>

14. Amalgamation with the Huron County Health Unit

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

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

December 31, 2017

15. Change in Proportionate Consolidation

The change in proportionate consolidation of joint local boards is the result of new funding agreements effective January 1, 2017. The resulting changes in funding percentages and their effects are as follows:

Funding Percentage	<u>2017</u>	<u>2016</u>	<u>Change</u>
Perth District Health Unit	46.70%	47.50%	0.80 %
Spruce Lodge	46.70%	48.50%	1.80 %
Effect of Change in Funding Percentages	<u>Jan. 1, 2017</u>	<u>Jan. 1, 2016</u>	
Tangible capital assets			
Cost	\$ (313,996)	\$ -	-
Accumulated amortization	<u>166,349</u>	<u>-</u>	-
Net financial assets	(1,486)	-	-
Other non-financial assets	<u>(38,120)</u>	<u>-</u>	-
Change in Net Municipal Position	<u>\$ (187,253)</u>	<u>\$ -</u>	-

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.

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

December 31, 2017

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.

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

December 31, 2017

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, 2017

16. Segmented Information (continued)

For the year ended December 31	Council & CAO	Corporate Services	Public Works	Emergency Services	Planning and Development	Shared Services	2017 Total
Revenue							
Taxation operating	\$ 1,306,779	\$ 1,149,520	\$ 2,103,471	\$ 1,691,202	\$ 596,919	\$ 4,469,382	11,317,273
Taxation capital	-	-	2,925,000	115,000	-	-	3,040,000
Government grants	372,883	535,077	3,200,995	9,073,939	114,045	7,263,068	20,560,007
User fees and service charges	29,430	3,355	56,553	12,864	125,524	2,029,780	2,257,506
Other	-	1,635,255	341,672	6,468	-	25,949	2,009,344
	<u>1,709,092</u>	<u>3,323,207</u>	<u>8,627,691</u>	<u>10,899,473</u>	<u>836,488</u>	<u>13,788,179</u>	<u>39,184,130</u>
Expenses							
Salaries and wages	996,109	1,116,564	2,344,179	9,051,078	566,831	8,209,083	22,283,844
Goods and services	415,861	1,018,224	3,772,987	464,846	112,286	4,711,057	10,495,261
External transfers	369,820	451,677	-	-	-	94,950	916,447
Amortization	-	125,992	3,957,342	90,888	-	358,918	4,533,140
Loss on disposal	-	8,568	362,968	-	-	1,086	372,622
	<u>1,781,790</u>	<u>2,721,025</u>	<u>10,437,476</u>	<u>9,606,812</u>	<u>679,117</u>	<u>13,375,094</u>	<u>38,601,314</u>
Increase (decrease) in net municipal position	<u>\$ (72,698)</u>	<u>\$ 602,182</u>	<u>\$ (1,809,785)</u>	<u>\$ 1,292,661</u>	<u>\$ 157,371</u>	<u>\$ 413,085</u>	<u>\$ 582,816</u>

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

December 31, 2017

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
Revenue							
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 grant	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>
Expenses							
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>
Increase (decrease) in net municipal position	<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>