

**The Corporation of the County of Perth
Consolidated Financial Statements
For the year ended December 31, 2018**

**The Corporation of the County of Perth
Consolidated Financial Statements
For the year ended December 31, 2018**

	Contents
Independent Auditors' Report	2
Consolidated Financial Statements	
Statement of Financial Position	4
Statement of Operations	5
Statement of Change in Net Financial Assets	6
Statement of Cash Flows	7
Summary of Significant Accounting Policies	8 - 10
Notes to the Financial Statements	10 - 24

Independent Auditors' Report

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

We have audited the consolidated financial statements of The Corporation of the County of Perth ("the Corporation"), which comprise the consolidated statement of financial position as at December 31, 2018, consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2018, and the results of its operations, change in net financial assets and cash flows for the year then ended, in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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

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

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

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

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

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

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

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

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

Chartered Professional Accountants, Licensed Public Accountants

**Stratford, Ontario
September 5, 2019**

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

December 31	2018	2017
Financial assets		
Cash and cash equivalents	\$ 13,315,483	\$ 12,665,580
Investments (Note 1)	1,219,202	1,161,714
Accounts receivable	2,261,126	1,855,711
Mortgage and loan receivable (Note 3)	303,537	316,309
	17,099,348	15,999,314
Liabilities		
Accounts payable and accrued liabilities	3,060,076	4,118,334
Employee benefits liability (Note 2)	1,121,500	599,323
Deferred revenue (Note 4)	1,268,968	534,858
Long-term debt (Note 5)	8,124,968	8,549,751
	13,575,512	13,802,266
Net financial assets	3,523,836	2,197,048
Non-financial assets		
Tangible capital assets (Note 6)	101,649,576	101,159,801
Prepaid expenses	196,492	158,134
Inventories of supplies	453,107	428,049
	102,299,175	101,745,984
Net Municipal Position (Note 7)	\$ 105,823,011	\$ 103,943,032

_____ Treasurer _____ Warden

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

For the year ended December 31	Budget 2018	Actual 2018	Actual 2017
	(Note 13)		
Revenue			
Taxation	\$ 14,946,188	\$ 14,963,089	\$ 14,357,273
Government transfers - Federal (Note 8)	1,229,053	1,064,032	756,600
Government transfers - Provincial (Note 9)	14,445,277	14,807,501	14,256,102
Municipal transfers	5,542,157	5,879,518	5,547,305
User fees and service charges	2,350,350	2,346,223	2,257,506
Other (Note 10)	2,056,140	2,273,164	2,009,344
	40,569,165	41,333,527	39,184,130
Expenses			
General government	3,402,019	3,248,179	2,700,940
Protection services	1,773,475	1,608,397	1,599,986
Transportation services	10,157,745	10,096,509	10,437,472
Health services	14,534,542	14,562,377	13,761,887
Social and family services	6,753,511	6,760,861	6,435,696
Social housing	2,191,429	1,880,693	1,879,818
Recreation and cultural services	505,738	476,564	482,065
Planning and development	979,391	973,411	1,303,450
	40,297,850	39,606,991	38,601,314
Increase In Net Municipal Position	271,315	1,726,536	582,816
Net Municipal Position, beginning of year	103,943,032	103,943,032	103,547,469
Change in proportionate consolidation (Note 15)	-	153,443	(187,253)
Net Municipal Position, end of year	\$104,214,347	\$105,823,011	\$ 103,943,032

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

For the year ended December 31	Budget 2018	Actual 2018	Actual 2017
	(Note 13)		
Increase in Net Municipal Position	\$ 271,315	\$ 1,726,536	\$ 582,816
Acquisition of tangible capital assets	(6,288,102)	(5,119,838)	(4,765,899)
Amortization of tangible capital assets	4,216,162	4,638,973	4,533,140
Loss on disposal of tangible capital assets	-	107,763	372,622
Proceeds on disposal of tangible capital assets	-	-	32,695
	(1,800,625)	1,353,434	755,374
Utilization of prepaid expenses and inventory of supplies	-	(63,416)	(28,764)
Net change in net financial assets	(1,800,625)	1,290,018	726,610
Net financial assets, beginning of year	2,197,048	2,197,048	1,510,044
Change in proportionate consolidation (Note 15)	-	36,770	(39,606)
Net financial assets, end of year	\$ 396,423	\$ 3,523,836	\$ 2,197,048

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

For the year ended December 31	2018	2017
Operating transactions		
Increase in Net Municipal Position	\$ 1,726,536	\$ 582,816
Items not involving cash		
Amortization	4,638,973	4,533,140
Loss on disposal of tangible capital assets	107,763	372,622
Changes in non-cash operating balances		
Accounts receivable	(405,415)	(814,393)
Prepaid expenses and inventories of supplies	(63,416)	(28,764)
Accounts payable and accrued liabilities	(1,058,258)	855,306
Employment benefits liabilities	522,177	73,599
Deferred revenue	734,110	366,581
	<u>6,202,470</u>	<u>5,940,907</u>
Capital transactions		
Acquisition of tangible capital assets	(5,119,838)	(4,765,899)
Proceeds on disposal of tangible capital assets	-	32,695
	<u>(5,119,838)</u>	<u>(4,733,204)</u>
Investing transactions		
Decrease of mortgages receivable	12,772	12,511
Disposal (Purchase) of investments	(57,488)	20,353
	<u>(44,716)</u>	<u>32,864</u>
Financing transactions		
Repayment of short-term debt	-	(1,200,000)
Proceeds from issuance of long-term debt	-	1,513,772
Repayment of long-term debt	(424,783)	(347,207)
	<u>(424,783)</u>	<u>(33,435)</u>
Net change in cash and cash equivalents	613,133	1,207,132
Cash and cash equivalents, beginning of year	12,665,580	11,498,054
Change in proportionate consolidation (Note 15)	36,770	(39,606)
Cash and cash equivalents, end of year	\$ 13,315,483	\$ 12,665,580

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

December 31, 2018

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>2018</u>	<u>2017</u>
Perth District Health Unit	48.05%	46.70%
Spruce Lodge Home for the Aged	48.05%	46.70%
Spruce Lodge Home Assistance Corporation	48.05%	46.70%
Spruce Lodge Foundation	48.05%	46.70%

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, 2018

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, 2018

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

	2018	2017
Guaranteed Investment Certificates, with interest rates ranging from 1.46% to 2.93% and maturity dates ranging from January 2019 to December 2020.	\$ 1,219,202	\$ 1,161,714

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

December 31, 2018

2. Employee Benefits Liability

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

	2018	2017
Sick leave benefits	\$ 325,067	\$ 313,410
Workplace Safety and Insurance	796,433	285,913
	\$ 1,121,500	\$ 599,323

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.

WSIB liability	2018	2017
Accrued benefit obligation at January 1	\$ 2,102,512	\$ 345,789
Add estimated cost of claims (service cost)	456,266	88,701
Add interest accrued	82,421	15,820
Less expected benefit payments	(214,412)	(57,416)
Expected accrued benefit obligation at December 31	2,426,787	392,894
Actuarial loss from valuation		1,709,618
Actual accrued benefit obligation	2,426,787	2,102,512
Unamortized actuarial loss from valuation	(1,630,354)	(1,816,599)
Liability at December 31	\$ 796,433	\$ 285,913

WSIB benefits expense	2018	2017
Current year benefit cost	\$ 456,266	\$ 88,701
Amortization of losses	186,245	15,283
Post employment benefit expense	642,511	103,984
Interest on accrued benefit obligation	82,421	15,820
Total	\$ 724,932	\$ 119,804

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

December 31, 2018

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 \$1,582,378 (2017 - \$1,543,467) 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

	2018	2017
First mortgage receivable - Stratford Perth Museum, interest at 3.0%, payable in monthly installments of \$1,194 principal and interest, due September 2037	205,994	214,015
Second mortgage receivable - Stratford Perth Museum, interest at 0.5%, payable in monthly installments of \$438 principal and interest, due July 2038	97,543	102,294
	\$ 303,537	\$ 316,309

4. Deferred Revenue

	Opening balance	Contributions received	Externally restricted investment income	Revenue recognized	Ending balance
Federal gas tax	\$ 439,311	1,196,672	5,485	(1,030,534)	\$ 610,934
PDHU & Spruce Lodge	95,547	636,071	-	(73,584)	658,034
	\$ 534,858	1,832,743	5,485	(1,104,118)	\$ 1,268,968

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

December 31, 2018

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

	2018	2017
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.	\$ 2,332,246	\$ 2,434,301
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.	4,480,784	4,668,049
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.	1,311,938	1,447,401
	\$ 8,124,968	\$ 8,549,751

Principal repayments relating to net long term debt of \$8,124,968 outstanding are due as follows:

2019	\$ 437,234
2020	450,051
2021	463,245
2022	476,828
2023	490,810
Thereafter	5,806,800
	\$ 8,124,968

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

December 31, 2018

6. Tangible Capital Assets

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

The net book value of capital assets not being amortized because they are under construction (or development) is \$194,998 (2017 - \$169,686).

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

December 31, 2018

6. Tangible Capital Assets (continued)

	2017							
	Land and land improvement	Facilities	Equipment	Vehicle	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)
Change in consolidation	(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	(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 Corporation of the County of Perth
Notes to Consolidated Financial Statements

December 31, 2018

7. Net Municipal Position

	2018	2017
Investment in tangible capital assets	\$ 93,524,612	\$ 92,610,053
Inventory, prepaid expenses and current funds	1,510,665	1,494,655
Operating Surplus		
Perth County	669,663	459,042
Perth District Health Unit	37,043	(37,043)
Spruce Lodge	55,385	55,519
Reserves		
Working funds	1,640,222	1,620,498
Current purposes	2,388,584	1,984,546
Capital purposes	6,295,205	5,622,861
Sick leave and WSIB	26,699	446,314
Unfunded sick leave liability	(325,067)	(313,413)
	<u>\$105,823,011</u>	<u>\$ 103,943,032</u>

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

8. Government Transfers - Federal

	Budget 2018	Actual 2018	Actual 2017
	(Note 13)		
Operating			
Conditional - PDHU grant	\$ 32,381	\$ 33,426	\$ 32,322
Capital			
Federal gas tax revenue	1,196,672	1,030,606	724,278
	<u>\$ 1,229,053</u>	<u>\$ 1,064,032</u>	<u>\$ 756,600</u>

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

December 31, 2018

9. Government Transfers - Provincial

	Budget 2018	Actual 2018	Actual 2017
	(Note 13)		
Operating			
Ontario Municipal Partnership Fund	\$ 1,661,400	\$ 1,661,400	\$ 1,954,500
Conditional -Paramedic Services MOHLTC	5,852,223	5,923,014	5,631,080
-PDHU and Spruce Lodge grants	6,579,856	6,861,165	6,435,532
-other	36,000	45,709	11,894
Capital			
Ontario community infrastructure fund	315,798	316,213	223,096
	\$ 14,445,277	\$ 14,807,501	\$ 14,256,102

10. Other Income

	Budget 2018	Actual 2018	Actual 2017
	(Note 13)		
Fines and penalties	\$ 1,666,500	\$ 1,504,071	\$ 1,503,027
Investment income	49,754	220,581	139,539
Licences, permits and rents	339,386	342,735	341,672
Donations (includes in-kind)	500	12,344	25,106
Employee benefits surplus reimbursement	-	193,074	-
Other	-	359	-
	\$ 2,056,140	\$ 2,273,164	\$ 2,009,344

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

December 31, 2018

11. Expenditures by Object

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

	Budget 2018	Actual 2018	Actual 2017
	(Note 13)		
Salaries, wages and employee benefits	\$ 23,003,489	\$ 23,546,526	\$ 22,302,241
Materials	6,186,612	5,478,294	4,987,052
Contracted services	5,835,473	4,759,956	5,104,150
Rents and financial expenses	440,434	386,065	385,662
Contributions to other organizations	606,647	689,423	916,447
Amortization	4,225,195	4,638,966	4,533,140
Loss on disposal of capital assets	-	107,761	372,622
	40,297,850	\$ 39,606,991	\$ 38,601,314

12. Trust Funds

The County's proportional amount of the trust funds administered by the Spruce Lodge amounting to \$23,421 (2017 - \$17,577) have not been included in the consolidated financial statements.

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

December 31, 2018

13. Budget

The Financial Plan/Budget, adopted by Council on March 15, 2018, by resolution #3653-2018, 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>2018</u>
Financial Plan (Budget) Resolution surplus for the year	\$ -
Add:	
Capital expenditures	6,288,102
Budgeted transfers to net municipal position	3,920,846
Budgeted surplus from other local boards	(169,854)
Less:	
Budgeted transfers from net municipal position	(5,551,617)
Amortization	<u>(4,216,162)</u>
Increase to net municipal position per statement of operations	<u>\$ 271,315</u>

14. Amalgamation with the Huron County Health Unit

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

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

December 31, 2018

15. Change in Proportionate Consolidation

The change in proportionate consolidation of joint local boards is the result of new funding agreements effective January 1, 2018. The resulting changes in funding percentages and their effects are as follows:

Funding Percentage	<u>2018</u>	<u>2017</u>	<u>Change</u>
Perth District Health Unit	48.05%	46.70%	1.35 %
Spruce Lodge	48.05%	46.70%	1.35 %
Effect of Change in Funding Percentages	<u>Jan. 1, 2018</u>	<u>Jan. 1, 2017</u>	
Tangible capital assets			
Cost	\$ 256,156	\$ (313,996)	
Accumulated amortization	<u>(139,483)</u>	<u>166,349</u>	
Net financial assets	34,636	(1,486)	
Other non-financial assets	<u>2,134</u>	<u>(38,120)</u>	
Change in Net Municipal Position	<u>\$ 153,443</u>	<u>\$ (187,253)</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, 2018

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, 2018

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, 2018

16. Segmented Information (continued)

For the year ended December 31	Council & CAO	Corporate Services	Public Works	Emergency Services	Planning and Development	Shared Services	2018 Total
Revenue							
Taxation operating	\$ 1,376,154	\$ 1,210,547	\$ 2,215,141	\$ 1,780,986	\$ 628,609	\$ 4,706,654	11,918,091
Taxation capital	-	-	2,920,000	125,000	-	-	3,045,000
Government grants	383,464	507,152	3,658,107	9,539,969	87,629	7,574,730	21,751,051
User fees and service charges	10,273	4,537	78,871	9,566	156,777	2,086,197	2,346,221
Other	193,099	1,695,465	342,735	4,460	-	37,405	2,273,164
	<u>1,962,990</u>	<u>3,417,701</u>	<u>9,214,854</u>	<u>11,459,981</u>	<u>873,015</u>	<u>14,404,986</u>	<u>41,333,527</u>
Expenses							
Salaries and wages	880,262	1,541,627	2,408,854	9,693,927	316,416	8,705,440	23,546,526
Goods and services	1,282,326	1,173,867	2,312,957	493,990	106,948	5,254,227	10,624,315
External transfers	142,274	450,774	-	-	-	96,375	689,423
Amortization	-	143,878	4,045,274	74,697	-	375,117	4,638,966
Loss on disposal	-	4,682	103,079	-	-	-	107,761
	<u>2,304,862</u>	<u>3,314,828</u>	<u>8,870,164</u>	<u>10,262,614</u>	<u>423,364</u>	<u>14,431,159</u>	<u>39,606,991</u>
Increase (decrease) in net municipal position	<u>\$ (341,872)</u>	<u>\$ 102,873</u>	<u>\$ 344,690</u>	<u>\$ 1,197,367</u>	<u>\$ 449,651</u>	<u>\$ (26,173)</u>	<u>1,726,536</u>

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

December 31, 2018

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 grant	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>