

**The Corporation of the County of Perth  
Non-consolidated Financial Statements  
For the year ended December 31, 2013**

**The Corporation of the County of Perth  
Non-consolidated Financial Statements  
For the year ended December 31, 2013**

	<u>Contents</u>
<b>Independent Auditors' Report</b>	<b>2</b>
<b>Non-consolidated Financial Statements</b>	
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 - 9
Notes to the Financial Statements	10 - 17

---

## Independent Auditors' Report

---

### To the Warden and Members of Council, of The Corporation of the County of Perth

We have audited the accompanying financial statements of The Corporation of the County of Perth, which comprise the non-consolidated statement of financial position as at December 31, 2013, non-consolidated statements of operations, changes 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 Financial Statements

Management is responsible for the preparation and fair presentation of these non-consolidated 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 presentation of the financial statements.

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

### Basis of Qualified Opinion

The summary of significant accounting policies describes the policy with respect to the non-consolidation of certain council committees and joint local boards. In this respect these financial statements are not in accordance with Canadian Public Sector Accounting Standards.

### Qualified Opinion

In our opinion, except for the failure to consolidate certain council committees and joint local boards, as described in the preceding paragraph, these non-consolidated financial statements present fairly, in all material respects, the financial position of The Corporation of the County of Perth as at December 31, 2013 and the results of its operations, change in net financial assets and cash flows for the year then ended, in accordance with the basis of accounting described in the summary of significant accounting policies.

*BDO Canada LP*

**Chartered Accountants, Licensed Public Accountants**

**Stratford, Ontario**

**July 8, 2014**

---

**The Corporation of the County of Perth**  
**Non-consolidated Statement of Financial Position**

December 31	2013	2012
<b>Financial assets</b>		
Cash and cash equivalents	\$ 10,651,240	\$ 11,150,416
Accounts receivable	1,651,624	477,861
Mortgage and loan receivable (Note 2)	364,858	376,397
	<u>12,667,722</u>	<u>12,004,674</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	3,834,350	2,478,773
Employee benefits liability (Note 1)	156,631	477,314
Deferred revenue (Note 3)	-	135,524
	<u>3,990,981</u>	<u>3,091,611</u>
<b>Net financial assets</b>	<u>8,676,741</u>	<u>8,913,063</u>
<b>Non-financial assets</b>		
Tangible capital assets (Note 4)	85,712,881	84,393,185
Prepaid expenses	49,516	143,151
Inventories of supplies	394,647	402,337
	<u>86,157,044</u>	<u>84,938,673</u>
<b>Net Municipal Position (Note 5)</b>	<u>\$ 94,833,785</u>	<u>\$ 93,851,736</u>

---

\_\_\_\_\_ Treasurer \_\_\_\_\_

\_\_\_\_\_ Warden

**The Corporation of the County of Perth**  
Non-consolidated Statement of Operations

For the year ended December 31	Budget 2013	Actual 2013	Actual 2012
(Note 11)			
<b>Revenue</b>			
Taxation	\$ 10,889,647	\$ 10,937,484	\$ 10,375,501
Government transfers - Federal (Note 6)	1,319,500	1,281,128	1,285,295
Government transfers - Provincial (Note 7)	8,736,019	8,711,013	8,854,978
Municipal transfers	4,110,783	4,196,788	3,936,633
User fees and service charges	209,700	157,684	256,183
Other (Note 8)	2,204,475	2,975,707	1,977,188
	<u>27,470,124</u>	<u>28,259,804</u>	<u>26,685,778</u>
<b>Expenses</b>			
General government	2,472,846	2,488,713	2,318,174
Protection services	2,018,687	1,792,396	1,774,406
Transportation services	4,995,282	9,145,150	7,664,419
Health services	9,207,491	9,207,553	8,893,509
Social and family services	1,755,396	1,762,530	1,664,502
Social housing	1,636,116	1,616,104	1,368,299
Recreation and cultural services	473,079	464,207	450,516
Planning and development	868,661	801,102	834,057
	<u>23,427,558</u>	<u>27,277,755</u>	<u>24,967,882</u>
<b>Increase In Net Municipal Position</b>	<u>4,042,566</u>	<u>982,049</u>	<u>1,717,896</u>
<b>Net Municipal Position, beginning of year</b>	<u>93,851,736</u>	<u>93,851,736</u>	<u>92,133,840</u>
<b>Net Municipal Position, end of year</b>	<u>\$ 97,894,302</u>	<u>\$ 94,833,785</u>	<u>\$ 93,851,736</u>

**The Corporation of the County of Perth**  
**Non-consolidated Statement of Change in Net Financial Assets**

For the year ended December 31	Budget 2013	Actual 2013	Actual 2012
	(Note 11)		
Increase in Net Municipal Position	\$ 4,042,566	\$ 982,049	\$ 1,717,896
Acquisition of tangible capital assets	(9,833,632)	(5,359,208)	(3,622,349)
Amortization of tangible capital assets	49,603	3,233,739	3,404,471
(Gain) Loss on disposal of tangible capital assets	-	(660,335)	215,740
Proceeds on disposal of tangible capital assets	-	1,466,106	7,853
Proceeds on issuance of long-term debt	2,300,000	-	-
	<u>(3,441,463)</u>	<u>(337,649)</u>	<u>1,723,611</u>
Utilization (acquisition) of prepaid expenses and inventory of supplies	-	101,327	(76,820)
<b>Net change in net financial assets</b>	<b>(3,441,463)</b>	<b>(236,322)</b>	<b>1,646,791</b>
<b>Net financial assets, beginning of year</b>	<b>8,913,063</b>	<b>8,913,063</b>	<b>7,266,272</b>
<b>Net financial assets, end of year</b>	<b>\$ 5,471,600</b>	<b>\$ 8,676,741</b>	<b>\$ 8,913,063</b>

**The Corporation of the County of Perth**  
Non-consolidated Statement of Cash Flows

For the year ended December 31

2013

2012

<b>Operating transactions</b>		
Increase in Net Municipal Position	\$ 982,049	\$ 1,717,896
Items not involving cash		
Amortization	3,233,739	3,404,471
(Gain) Loss on disposal of tangible capital assets	(660,335)	215,740
Changes in non-cash operating balances		
Accounts receivable	(1,173,763)	227,893
Prepaid expenses and inventories of supplies	101,325	(76,820)
Accounts payable and accrued liabilities	1,355,579	(446,490)
Employment benefits	(320,683)	41,977
Deferred revenue	(135,524)	(86,191)
	<u>3,382,387</u>	<u>4,998,476</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(5,359,208)	(3,622,349)
Proceeds on disposal of tangible capital assets	1,466,106	7,853
	<u>(3,893,102)</u>	<u>(3,614,496)</u>
<b>Investing transactions</b>		
Decrease of mortgages receivable	<u>11,539</u>	<u>9,000</u>
<b>Net change in cash and cash equivalents</b>	<b>(499,176)</b>	<b>1,392,980</b>
<b>Cash and cash equivalents, beginning of year</b>	<u>11,150,416</u>	<u>9,757,436</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 10,651,240</u>	<u>\$ 11,150,416</u>



---

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

**December 31, 2013**

---

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

The non-consolidated financial statements of The Corporation of the County of Perth are the representations of management.

**Basis of Accounting**

Revenues and expenditures are reported on the accrual basis of accounting, except for Provincial Offences Administration. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

These financial statements do not include the operating results or assets and liabilities of the Perth District Health Unit or Spruce Lodge Home for the Aged. Also, no segmented information disclosure has been provided. In these two respects, these financial statements do not conform to Canadian public sector accounting standards.

**Cash and Cash  
Equivalents**

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

**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	20 to 50 years
Equipment	10 to 20 years
Vehicles	7 to 20 years
Infrastructure - roads	20 to 50 years
Infrastructure - bridges and culverts	75 years
Computer systems	4 to 7 years

**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 statement of financial position. The revenue is recognized in the statement of operations in the year in which it is used for the specified purpose.

---

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

**December 31, 2013**

---

- 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 transfer stipulations are met.
- Revenue Recognition** Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. Taxes receivable are recognized net of an allowance for anticipated uncollectible amounts
- Conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled. Unconditional grant revenue is recognized as it becomes receivable.
- Grants for the acquisition of tangible capital assets are recognized in the period in which eligible expenditures are made.
- Sales of service and other revenue is recognized on an accrual basis.
- Provincial Offences revenue is recognized on a cash basis.
- Use of Estimates** The preparation of financial statements in accordance with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

**The Corporation of the County of Perth**  
Notes to Non-consolidated Financial Statements

**December 31, 2013**

**1. Employee Benefits Liability**

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

	2013	2012
Sick leave benefits	\$ 23,584	\$ 352,612
Workplace Safety and Insurance	133,047	124,702
	\$ 156,631	\$ 477,314

**Sick Leave Benefits**

The Corporation of the County of Perth provides paid sick leave for non-union employees, to a maximum of 17 weeks, that can be carried forward and employees may become entitled to a 50% cash payment when they leave the municipality's employment.

The benefit was frozen as of June 30, 2013 and County employees are no longer entitled to a 50% cash payment when they leave the municipality. All employees, except for a limited number, were paid out their frozen benefit as of June 30, 2013. The remaining employees will be paid out their benefit over the course of the next 5 years as they retire.

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

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

The liability reported in the non-consolidated statement of financial position is the result of an actuarial update that estimated potential liabilities of the municipality under the provisions of the Workplace Safety and Insurance Act. The last full actuarial evaluation for the County of Perth was completed as at December 31, 2011 and forecasted for the next three years.

	2013	2012
<b>WSIB liability</b>		
Accrued benefit obligation at January 1	\$ 124,702	\$ 116,799
Add estimated cost of claims (service cost)	2,982	2,878
Add interest accrued	5,363	5,025
Liability at December 31	\$ 133,047	\$ 124,702

**WSIB benefits expense**

	2013	2012
Current year benefit cost	\$ 2,982	\$ 2,878
Interest on accrued benefit obligation	5,363	5,025
Total	\$ 8,345	\$ 7,903

**The Corporation of the County of Perth**  
Notes to Non-consolidated Financial Statements

December 31, 2013

1. Employee Benefits Liability (continued)

Pension Agreements

The Corporation of the County of Perth makes 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 \$897,209 (2012 - \$769,386) were paid by the County and reported as an expense on the non-consolidated statement of operations.

2. Mortgage and Loan Receivable

	2013	2012
First mortgage receivable - Stratford Perth Museum, interest at 3.0%, payable in monthly installments of \$1,194 principal and interest, due September 2037.	\$ 243,799	\$ 250,704
Second mortgage receivable - Stratford Perth Museum, interest at 0.5%, payable in monthly installments of \$438 principal and interest, due July 2038.	121,059	125,693
	\$ 364,858	\$ 376,397

3. Deferred Revenue

	Opening balance	Contributions received	Externally restricted investment income	Revenue recognized	Ending balance
Federal gas tax	\$ 135,524	1,143,135	2,469	(1,281,128)	\$ -

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 Corporation of 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.

**The Corporation of the County of Perth**  
Notes to Non-consolidated Financial Statements

**December 31, 2013**

	2013							
	Land and land improvement	Facilities	Equipment	Vehicles	Infrastructure - roads	Infrastructure - bridges and culverts	Computer systems	Total
<b>Cost,</b>								
beginning of year \$	577,523	5,491,171	1,672,237	4,043,929	89,857,208	19,790,338	824,298	\$ 122,256,704
Additions	37,015	171,777	71,011	499,108	2,744,265	1,744,584	91,448	5,359,208
Disposals		(146,205)	(7,070)	(378,917)	(2,539,698)	(191,423)	(21,871)	(3,285,184)
Transfers	430,755	(430,755)	-	-	-	-	-	-
<b>Cost, end of year \$</b>	<b>1,045,293</b>	<b>5,085,988</b>	<b>1,736,178</b>	<b>4,164,120</b>	<b>90,061,775</b>	<b>21,343,499</b>	<b>893,875</b>	<b>\$ 124,330,728</b>
<b>Accumulated amortization,</b>								
beginning of year \$	20,747	1,290,703	498,018	2,257,494	25,205,398	7,950,537	640,622	\$ 37,863,519
Amortization	11,731	172,915	109,788	210,756	2,393,754	262,661	72,134	3,233,739
Disposals	-	(96,890)	(6,870)	(294,878)	(1,885,465)	(173,962)	(21,346)	(2,479,411)
Transfers	27,999	(27,999)	-	-	-	-	-	-
<b>Accumulated amortization, end of year \$</b>	<b>60,477</b>	<b>1,338,729</b>	<b>600,936</b>	<b>2,173,372</b>	<b>25,713,687</b>	<b>8,039,236</b>	<b>691,410</b>	<b>\$ 38,617,847</b>
<b>Net book value, end of year \$</b>	<b>984,816</b>	<b>3,747,259</b>	<b>1,135,242</b>	<b>1,990,748</b>	<b>64,348,088</b>	<b>13,304,263</b>	<b>202,465</b>	<b>\$ 85,712,881</b>

The net book value of tangible capital assets not being amortized because they are under construction (or development or have been removed from service) is \$1,051,398 (2012 - \$242,513).

**The Corporation of the County of Perth**  
**Notes to Non-consolidated Financial Statements**

**December 31, 2013**

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

	Land and land improvement	Facilities	Equipment	Vehicle	Infrastructure - roads	Infrastructure - bridges and culverts	Computer systems	Total
<b>Cost,</b>								2012
beginning of year	\$ 552,491	\$ 5,333,474	\$ 1,483,813	\$ 4,010,829	\$ 89,083,541	\$ 18,283,715	\$ 862,827	\$ 119,610,690
Additions	25,032	157,697	188,424	77,406	1,596,480	1,522,275	55,035	3,622,349
Disposals		-	-	(44,306)	(822,813)	(15,652)	(93,564)	(976,335)
<b>Cost, end of year</b>	<b>\$ 577,523</b>	<b>\$ 5,491,171</b>	<b>\$ 1,672,237</b>	<b>\$ 4,043,929</b>	<b>\$ 89,857,208</b>	<b>\$ 19,790,338</b>	<b>\$ 824,298</b>	<b>\$ 122,256,704</b>
<b>Accumulated amortization,</b>								
beginning of year	\$ 18,829	\$ 1,077,378	\$ 398,971	\$ 1,911,647	\$ 23,489,274	\$ 7,696,360	\$ 619,331	\$ 35,211,790
Amortization	1,918	213,325	99,047	383,624	2,323,579	269,829	113,149	3,404,471
Disposals		-	-	(37,777)	(607,455)	(15,652)	(91,858)	(752,742)
<b>Accumulated amortization, end of year</b>	<b>\$ 20,747</b>	<b>\$ 1,290,703</b>	<b>\$ 498,018</b>	<b>\$ 2,257,494</b>	<b>\$ 25,205,398</b>	<b>\$ 7,950,537</b>	<b>\$ 640,622</b>	<b>\$ 37,863,519</b>
<b>Net book value, end of year</b>	<b>\$ 556,776</b>	<b>\$ 4,200,468</b>	<b>\$ 1,174,219</b>	<b>\$ 1,786,435</b>	<b>\$ 64,651,810</b>	<b>\$ 11,839,801</b>	<b>\$ 183,676</b>	<b>\$ 84,393,185</b>

**The Corporation of the County of Perth**  
**Notes to Non-consolidated Financial Statements**

December 31, 2013

5. Net Municipal Position

	2013	2012
Investment in tangible capital assets	<b>\$ 85,712,881</b>	\$ 84,393,185
Current funds	<b>2,013,318</b>	1,060,321
Operating Surplus	<b>26,231</b>	575,878
Reserves and Reserve Funds		
Working funds	<b>1,571,872</b>	1,559,633
Current purposes	<b>1,452,971</b>	2,058,713
Capital purposes	<b>3,354,255</b>	3,440,705
Sick leave and WSIB	<b>693,155</b>	719,339
Archives Special Donations	<b>9,102</b>	43,962
	<b><u>\$ 94,833,785</u></b>	<b><u>\$ 93,851,736</u></b>

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

6. Government Transfers - Federal

	Budget 2013	Actual 2013	Actual 2012
	(Note 11)		
Operating			
Federal gas tax revenue	\$ -	\$ -	\$ 3,327
Capital			
Infrastructure stimulus funding	-	-	132,839
Federal gas tax revenue	<b>1,319,500</b>	<b>1,281,128</b>	1,098,141
Other capital funding	-	-	50,988
	<b><u>\$ 1,319,500</u></b>	<b><u>\$ 1,281,128</u></b>	<b><u>\$ 1,285,295</u></b>

---

The Corporation of the County of Perth  
Notes to Non-consolidated Financial Statements

December 31, 2013

---

7. Government Transfers - Provincial

	Budget 2013	Actual 2013	Actual 2012
	(Note 11)		
Operating			
Ontario municipal partnership fund	\$ 3,977,800	\$ 3,977,800	\$ 4,209,300
Conditional - EMS grant	4,758,219	4,733,213	4,645,678
	<b>\$ 8,736,019</b>	<b>\$ 8,711,013</b>	<b>\$ 8,854,978</b>

---

8. Other Income

	Budget 2013	Actual 2013	Actual 2012
	(Note 11)		
Fines and penalties	\$ 1,810,000	\$ 1,597,941	\$ 1,592,128
Investment income	96,075	132,989	101,287
Licences, permits and rents	298,000	297,674	283,230
Donations (includes in-kind)	400	18,134	543
Gain on disposal of tangible capital assets	-	853,969	-
IPM advance repayment	-	75,000	-
	<b>\$ 2,204,475</b>	<b>\$ 2,975,707</b>	<b>\$ 1,977,188</b>

---



---

The Corporation of the County of Perth  
Notes to Non-consolidated Financial Statements

December 31, 2013

---

9. Expenditures by Object

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

	Budget 2013	Actual 2013	Actual 2012
		(Note 11)	
Salaries, wages and employee benefits	\$ 12,645,883	\$ 12,565,567	\$ 12,005,206
Materials	3,554,456	4,430,552	3,129,363
Contracted services	5,899,513	5,795,814	5,175,786
Rents and financial expenses	208,093	152,461	142,520
Contributions to other organizations	1,070,010	905,986	894,795
Amortization	49,603	3,233,741	3,404,471
Loss on disposal of capital assets		193,634	215,741
	<b>23,427,558</b>	<b>\$ 27,277,755</b>	<b>\$ 24,967,882</b>

---

10. Change in Accounting Policy

Effective January 1, 2013, the County adopted on a prospective basis the new accounting standards PS3410 Government Transfers and PS3510 Tax Revenue from the Chartered Professional Accountants Canada Handbook.

The prospective application of these changes in accounting policy resulted in no changes to the current year's reporting.

---

---

**The Corporation of the County of Perth**  
**Notes to Non-consolidated Financial Statements**

December 31, 2013

---

**11. Budget**

The Financial Plan (Budget) Resolution 2013-80 carried by Council on April 4, 2013 was not prepared on a basis consistent with that used to report actual results (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, the budget does not include amortization expense. As a result, the budget figures presented in the statements of operations and change in net assets represent the Financial Plan adopted by Council on April 4, 2013 with adjustments as follows:

	<u>2013</u>
Financial Plan (Budget) Resolution surplus for the year	\$ -
Add:	
Capital expenditures	9,833,632
Budgeted transfers to net municipal position	3,460,516
Less:	
Budgeted transfers from net municipal position	(6,951,582)
Proceeds from issuance of long-term debt	<u>(2,300,000)</u>
Increase to net municipal position per statement of operations	<u>\$ 4,042,566</u>

---

**12. Measurement Uncertainty**

On December 27th, 2013, a fire destroyed one of the facilities owned and operated by the County, including vehicles, equipment and inventory. The County has adequate insurance coverage to recover the loss from this event, less the set deductible of the County. At year end, management has accrued as receivable an amount of \$965,624 which management believes is a reasonable estimate of proceeds to be recovered from the insurance provider. Given the uncertainty in determining what can be claimed in such an event, some of these proceeds are subject to change and may impact the 2014 fiscal year.

---

**13. Comparative Figures**

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

---