

**The Corporation of the County of Perth  
Consolidated Financial Statements  
For the year ended December 31, 2012**

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Consolidated Financial Statements  
For the year ended December 31, 2012**

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## Independent Auditors' Report

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

We have audited the accompanying consolidated financial statements of The Corporation of the County of Perth, which comprise the consolidated statement of financial position as at December 31, 2012, 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 consolidated financial statements in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants, 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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, 2012 and the results of its operations, change in net financial assets and cash flows for the year then ended, in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

*BDO Canada LLP*

**Chartered Accountants, Licensed Public Accountants**

**Stratford, Ontario  
June 25, 2013**

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

December 31	2012	2011
		Restated (See Note 14)
<b>Financial assets</b>		
Cash and cash equivalents	\$ 11,633,339	\$ 10,232,769
Accounts receivable	1,316,330	1,221,994
Mortgage and loan receivable (Note 2)	376,397	385,397
	<b>13,326,066</b>	<b>11,840,160</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	2,961,074	3,435,104
Employee benefits liability (Note 1)	788,485	632,785
Deferred revenue (Note 3)	224,126	295,336
	<b>3,973,685</b>	<b>4,363,225</b>
<b>Net financial assets</b>	<b>9,352,381</b>	<b>7,476,935</b>
<b>Non-financial assets</b>		
Tangible capital assets (Note 4)	88,959,099	87,449,393
Prepaid expenses	168,080	70,088
Inventories of supplies	402,337	413,466
	<b>89,529,516</b>	<b>87,932,947</b>
<b>Net Municipal Position (Note 5)</b>	<b>\$ 98,881,897</b>	<b>\$ 95,409,882</b>

Contingent Liabilities (Note 12)

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

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

For the year ended December 31	Budget 2012	Actual 2012	Actual 2011
	(Note 11)		Restated (See Note 14)
<b>Revenue</b>			
Taxation	\$ 10,315,784	\$ 10,375,501	\$ 9,808,489
Government transfers - Federal (Note 6)	1,272,946	1,363,279	1,376,878
Government transfers - Provincial (Note 7)	14,824,817	15,037,920	13,950,658
Municipal transfers	3,880,746	4,088,531	3,709,802
User fees and service charges	2,030,730	2,003,860	1,262,775
Other (Note 8)	2,003,131	2,146,789	2,249,083
	<u>34,328,154</u>	<u>35,015,880</u>	<u>32,357,685</u>
<b>Expenses</b>			
General government	2,213,488	2,456,522	2,299,006
Protection services	1,864,379	1,774,406	1,953,559
Transportation services	4,771,310	7,872,362	8,320,606
Health services	12,026,078	12,098,314	11,959,880
Social and family services	6,254,375	6,254,264	3,656,712
Social housing	1,457,166	1,368,299	1,309,178
Recreation and cultural services	458,238	450,516	415,467
Planning and development	871,068	834,057	757,385
	<u>29,916,102</u>	<u>33,108,740</u>	<u>30,671,793</u>
<b>Increase In Net Municipal Position</b>	<u>4,412,052</u>	<u>1,907,140</u>	<u>1,685,892</u>
<b>Net Municipal Position, beginning of year, as previously stated</b>	95,526,681	95,526,681	93,831,717
<b>Change in net interest (Note 15)</b>	1,564,875	1,564,875	-
<b>Prior period adjustment (Note 14)</b>	<u>(116,799)</u>	<u>(116,799)</u>	<u>(107,727)</u>
<b>Net Municipal Position, beginning of year, restated</b>	<u>96,974,757</u>	<u>96,974,757</u>	<u>93,723,990</u>
<b>Net Municipal Position, end of year</b>	<u>\$101,386,809</u>	<u>\$ 98,881,897</u>	<u>\$ 95,409,882</u>

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

<b>For the year ended December 31</b>	<b>Budget 2012</b>	<b>Actual 2012</b>	<b>Actual 2011</b>
	(Note 11)		Restated (See Note 14)
<b>Increase in Net Municipal Position</b>	<b>\$ 4,412,052</b>	<b>\$ 1,907,140</b>	<b>\$ 1,685,892</b>
Acquisition of tangible capital assets	(8,269,590)	(4,050,283)	(5,909,640)
Amortization of tangible capital assets	-	3,762,090	3,485,986
Loss on sale of tangible capital assets	-	215,740	212,039
Proceeds on sale of tangible capital assets	-	7,853	109,948
Proceeds on issuance of long-term debt	4,150,000	-	-
	<b>292,462</b>	<b>1,842,540</b>	<b>(415,775)</b>
Utilization (acquisition) of prepaid expenses and inventory of supplies	-	(86,859)	292,516
<b>Net change in net financial assets</b>	<b>292,462</b>	<b>1,755,681</b>	<b>(123,259)</b>
<b>Net financial assets, beginning of year</b>	<b>7,476,935</b>	<b>7,476,935</b>	<b>7,600,194</b>
Change in net interest (Note 15)	119,765	119,765	-
<b>Net financial assets, end of year</b>	<b>\$ 7,889,162</b>	<b>\$ 9,352,381</b>	<b>\$ 7,476,935</b>

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

<b>For the year ended December 31</b>	<b>2012</b>	<b>2011</b>
		Restated (See Note 14)
<b>Operating transactions</b>		
Increase in Net Municipal Position	\$ 1,907,140	\$ 1,685,892
Items not involving cash		
Amortization	3,762,090	3,485,986
Loss on disposal of tangible capital assets	215,740	212,039
Changes in non-cash operating balances		
Accounts receivable	(94,336)	528,775
Prepaid expenses and inventories of supplies	(86,859)	292,516
Accounts payable and accrued liabilities	(474,030)	(407,822)
Post-employment benefits	155,700	80,043
Deferred revenue	(71,210)	(186,205)
	<u>5,314,235</u>	<u>5,691,224</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(4,050,283)	(5,909,640)
Proceeds on sale of tangible capital assets	7,853	109,948
	<u>(4,042,430)</u>	<u>(5,799,692)</u>
<b>Investing transactions</b>		
Decrease of mortgages receivable	9,000	22,498
<b>Net change in cash and cash equivalents</b>	<b>1,280,805</b>	<b>(85,970)</b>
Cash and cash equivalents, beginning of year	10,232,769	10,318,739
Change in net interest (Note 15)	119,765	-
<b>Cash and cash equivalents, end of year</b>	<b>\$ 11,633,339</b>	<b>\$ 10,232,769</b>



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

December 31, 2012

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### Management's Responsibility for the Financial Statements

The consolidated financial statements of the Corporation of the County of Perth are the responsibility of management. They have been prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. The Corporation of the County of Perth is a municipality in the Province of Ontario and operates under the provisions of the Municipal Act. The Corporation of the County of Perth provides municipal services such as public works, emergency medical services, planning, provincial offences administration and other general government services.

### Basis of Consolidation

The consolidated financial statement reflect the assets, liabilities, revenue and expenses of all municipal organizations, committees and Boards which are owned or controlled by the Corporation of the County of Perth. All interfund assets and liabilities and revenues and expenditures have been eliminated on 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>2012</u>	<u>2011</u>
Perth District Health Unit	46.89%	49.96%
Spruce Lodge Home for the Aged	47.87%	29.23%
Spruce Lodge Home Assistance Corporation	47.87%	29.23%
Spruce Lodge Foundation	47.87%	29.23%

### Accrual Basis of Accounting

These financial statements have been prepared on an accrual basis except for Provincial Offences Administration. Under this basis, revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues. Expenses are recognized in the period to which they relate.

### Cash and Cash Equivalents

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

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

**December 31, 2012**

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**Tangible Capital Assets**

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

Land improvement	15 years
Facilities	10 to 75 years
Equipment	10 to 20 years
Vehicles	5 to 20 years
Infrastructure - roads	20 to 50 years
Infrastructure - bridges and culverts	30 to 75 years
Computer systems	4 to 5 years

**Trust Funds**

Trust funds held in trust by the Corporation of the County of Perth, and their related operations, are not included in these financial statements. The financial activity and position of the 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 in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made.

**Revenue Recognition**

Taxes are recognized as revenue in the year they are levied.

Conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled. Unconditional grant revenue is recognized when monies are 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.

In accordance with policies adopted by other Provincial Offences Administrations and as a result of the nature of business activities, Provincial Offences revenue is recognized on a cash basis.

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

**December 31, 2012**

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**Use of Estimates**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

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

**December 31, 2012**

**1. Employee Benefits Liability**

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

	2012	2011
Sick leave benefits	\$ 663,783	\$ 515,986
Workplace Safety and Insurance	124,702	116,799
	\$ 788,485	\$ 632,785

**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.

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

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

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

	2012	2011
<b>WSIB liability</b>		
Accrued benefit obligation at January 1	\$ 116,799	\$ 107,727
Add estimated cost of claims (service cost)	2,878	4,401
Add interest accrued	5,025	4,671
Liability at December 31	\$ 124,702	\$ 116,799

	2012	2011
<b>WSIB benefits expense</b>		
Current year benefit cost	\$ 2,878	\$ 4,401
Interest on accrued benefit obligation	5,025	4,671
Total	\$ 7,903	\$ 9,072

**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 \$1,262,415 (2011 - \$979,688) were paid by the County of Perth and reported as an expense on the consolidated Statement of Operations.

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

**December 31, 2012**

**2. Mortgage and Loan Receivable**

	2012	2011
First mortgage receivable - Stratford Perth Museum, interest at 3.0%, payable in monthly installments of \$1,194 principal and interest, due September 2037.	250,704	257,397
Loan receivable - Stratford Perth Museum, interest at 0.5%, due April 30, 2012.	\$ -	\$ 128,000
Second mortgage receivable - Stratford Perth Museum, interest at 0.5%, payable in monthly installments of \$438 principal and interest, due July 2038.	125,693	-
	<b>\$ 376,397</b>	<b>\$ 385,397</b>

The first mortgage receivable was refinanced on July 26, 2012. The loan receivable was refinanced as a second mortgage on July 26, 2012.

**3. Deferred Revenue**

	Opening balance	Contributions received	Externally restricted investment income	Revenue recognized	Ending balance
Federal gas tax	\$ 90,530	1,143,135	3,327	(1,101,468)	\$ 135,524
Infrastructure programs	131,185	-	1,654	(132,839)	-
Other	73,621	178,198	-	(163,217)	88,602
	<b>\$ 295,336</b>	<b>1,321,333</b>	<b>4,981</b>	<b>(1,397,524)</b>	<b>\$ 224,126</b>

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 Consolidated Financial Statements

December 31, 2012

	2012							
	Land and land improvement	Facilities	Equipment	Vehicles	Infrastructure - roads	Infrastructure - bridges and culverts	Computer systems	Total
<b>Cost,</b>								
beginning of year	\$ 602,570	\$ 10,211,787	\$ 1,483,813	\$ 4,010,829	\$ 89,080,213	\$ 18,273,441	\$ 1,031,918	\$ 124,694,571
Additions	11,428	504,729	188,421	77,406	1,599,807	1,532,552	135,940	4,050,283
Disposals		(21,849)	-	(44,306)	(822,813)	(15,652)	(110,680)	(1,015,300)
Change in net interest (Note 15)	7,542	2,482,189	-	-	-	-	10,403	2,500,134
<b>Cost, end of year</b>	<b>\$ 621,540</b>	<b>\$ 13,176,856</b>	<b>\$ 1,672,234</b>	<b>\$ 4,043,929</b>	<b>\$ 89,857,207</b>	<b>\$ 19,790,341</b>	<b>\$ 1,067,581</b>	<b>\$ 130,229,688</b>
<b>Accumulated amortization,</b>								
beginning of year	\$ 27,378	\$ 3,022,413	\$ 398,971	\$ 1,911,647	\$ 23,489,273	\$ 7,696,360	\$ 699,136	\$ 37,245,178
Amortization	3,446	505,740	99,047	383,624	2,323,579	269,829	176,825	3,762,090
Disposals	-	(19,694)	-	(37,777)	(607,455)	(15,652)	(108,974)	(789,552)
Change in net interest (Note 15)	5,450	1,033,298	-	-	-	-	14,125	1,052,873
<b>Accumulated amortization, end of year</b>	<b>\$ 36,274</b>	<b>\$ 4,541,757</b>	<b>\$ 498,018</b>	<b>\$ 2,257,494</b>	<b>\$ 25,205,397</b>	<b>\$ 7,950,537</b>	<b>\$ 781,112</b>	<b>\$ 41,270,589</b>
<b>Net book value, end of year</b>	<b>\$ 585,266</b>	<b>\$ 8,635,099</b>	<b>\$ 1,174,216</b>	<b>\$ 1,786,435</b>	<b>\$ 64,651,810</b>	<b>\$ 11,839,804</b>	<b>\$ 286,469</b>	<b>\$ 88,959,099</b>

The net book value of tangible capital assets not being amortized because they are under construction (or development) is \$242,513 (2011 - \$184,306).

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

December 31, 2012

4. Tangible Capital Assets (continued)

	Land and land improvement	Facilities	Equipment	Vehicle	Infrastructure - roads	Infrastructure - bridges and culverts	Computer systems	Total
Cost, beginning of year	\$ 542,309	\$ 9,862,273	\$ 1,068,725	\$ 4,569,508	\$ 87,127,880	\$ 18,061,105	\$ 918,543	\$ 122,150,343
Additions	60,752	409,157	415,088	470,099	4,182,959	212,336	159,249	5,909,640
Disposals	(491)	(59,643)	-	(1,028,778)	(2,230,626)	-	(45,874)	(3,365,412)
Cost, end of year	\$ 602,570	\$ 10,211,787	\$ 1,483,813	\$ 4,010,829	\$ 89,080,213	\$ 18,273,441	\$ 1,031,918	\$ 124,694,571
Accumulated amortization, beginning of year	\$ 24,527	\$ 2,777,540	\$ 322,968	\$ 2,372,380	\$ 23,279,894	\$ 7,433,719	\$ 591,585	\$ 36,802,613
Amortization	2,851	293,212	76,003	422,212	2,277,352	262,641	151,715	3,485,986
Disposals		(48,339)	-	(882,945)	(2,067,973)	-	(44,164)	(3,043,421)
Accumulated amortization, end of year	\$ 27,378	\$ 3,022,413	\$ 398,971	\$ 1,911,647	\$ 23,489,273	\$ 7,696,360	\$ 699,136	\$ 37,245,178
Net book value, end of year	\$ 575,192	\$ 7,189,374	\$ 1,084,842	\$ 2,099,182	\$ 65,590,940	\$ 10,577,081	\$ 332,782	\$ 87,449,393

2011

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

**December 31, 2012**

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**5. Net Municipal Position**

The Corporation of the County of Perth segregates its net municipal position in the following categories:

	2012	2011 Restated (See Note 14)
Investment in tangible capital assets	\$ 88,959,099	\$ 87,449,393
Inventory, prepaid expenses and current funds	964,801	1,018,116
Operating Surplus		
Perth County	575,878	-
Perth District Health Unit	3	(15,513)
Spruce Lodge	417,147	208,089
Reserves		
Working funds	1,559,633	1,698,457
Current purposes	2,369,836	1,978,060
Capital purposes	3,583,370	2,489,127
Sick leave and WSIB	719,339	738,188
Reserve Funds		
Archives Special Donations	43,962	43,413
Unfunded	(311,171)	(197,448)
	<u>\$ 98,881,897</u>	<u>\$ 95,409,882</u>

The investment in tangible capital assets represents amounts already spent and invested in infrastructure and other non-financial assets.

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

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

**December 31, 2012**

**6. Government Transfers - Federal**

	Budget 2012	Actual 2012	Actual 2011
	(Note 11)		
Federal Transfers			
Operating			
Conditional - PDHU grant	\$ 77,725	\$ 77,984	\$ 58,006
Federal gas tax revenue	-	3,327	1,268
Capital			
Infrastructure stimulus funding	-	132,839	5,327
Federal gas tax revenue	1,143,135	1,098,142	1,312,277
Other capital funding	129,811	50,987	-
	<b>\$ 1,272,946</b>	<b>\$ 1,363,279</b>	<b>\$ 1,376,878</b>

**7. Government Transfers - Provincial**

	Budget 2012	Actual 2012	Actual 2011
	(Note 11)		
Provincial Transfers			
Operating			
Ontario Municipal Partnership Fund	\$ 4,209,300	\$ 4,209,300	\$ 4,448,700
Conditional - EMS grant	4,666,234	4,645,678	4,460,886
- PDHU and Spruce Lodge grants	5,949,283	6,182,942	5,041,072
	<b>\$ 14,824,817</b>	<b>\$ 15,037,920</b>	<b>\$ 13,950,658</b>

**8. Other Income**

	Budget 2012	Actual 2012	Actual 2011
	(Note 11)		
Fines and penalties	\$ 1,715,700	\$ 1,609,173	\$ 1,759,433
Investment income	22,784	256,428	189,481
Licences, permits and rents	264,247	266,185	289,932
Donations	400	15,003	10,237
	<b>\$ 2,003,131</b>	<b>\$ 2,146,789</b>	<b>\$ 2,249,083</b>

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

**December 31, 2012**

**9. Expenditures by Object**

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

	<b>Budget 2012</b>	<b>Actual 2012</b>	<b>Actual 2011</b>
			Restated (See Note 14)
	(Note 11)		
Salaries, wages and employee benefits	\$ 19,300,400	\$ 19,618,285	\$ 17,035,392
Materials	4,906,365	4,273,856	5,299,487
Contracted services	4,603,860	4,201,455	3,553,800
Rents and financial expenses	149,579	142,519	134,890
Contributions to other organizations	955,898	894,795	950,199
Amortization	-	3,762,090	3,485,986
Loss on disposal of capital assets	-	215,740	212,039
	<b>29,916,102</b>	<b>\$ 33,108,740</b>	<b>\$ 30,671,793</b>

**10. Trust Funds**

The trust funds administered by the municipality amounting to \$39,010 (2011 - \$31,857) have not been included in the consolidated financial statements.

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

**December 31, 2012**

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**11. Budget**

The Financial Plan (Budget) By-Law #3289-2012 adopted by Council on April 5, 2012, other than the proportionate budgets of the consolidated local boards 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, all included budgets do not include amortization expense. As a result, the budget figures presented in the consolidated statement of operations and change in net assets represent the Financial Plan adopted by Council on April 5, 2012 including proportionate consolidated budgets of the local boards with adjustments as follows:

	<u>2012</u>
Financial Plan (Budget) Bylaw surplus for the year	\$ 56,898
Add:	
Capital expenditures	8,269,590
Budgeted transfers to net municipal position	3,355,034
Less:	
Budgeted transfers from net municipal position	(3,119,470)
Proceeds from issuance of long-term debt	(4,150,000)
	<u>-</u>
Increase to net municipal position per statement of operations	<u>\$ 4,412,052</u>

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**12. Contingencies**

A number of appeals of the current value assessment of properties in the municipality are currently in progress with the Municipal Property Assessment Corporation (MPAC). The impact on taxation revenue as a result of settlement of these appeals is not determinable at this time. The effect on taxation of these appeals will be recorded as they are settled..

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**13. Comparative Figures**

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

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

**December 31, 2012**

**14. Prior Period Adjustment**

During the year, the Corporation of the County of Perth determined that an obligation exists to the Workplace Safety and Insurance Board due to being a self-insured employer. Under PSAB, the County is required to report this liability and related expenses annually.

The prior period adjustment was made to correct the understatement of liabilities and the overstatement of net municipal position as follows:

	2011
<b><u>Statement of Financial Position</u></b>	
Increase in liability	\$ (107,727)
<b>Decrease in opening Net Municipal Position</b>	<b>\$ (107,727)</b>
<b><u>Statement of Operations</u></b>	
Increase in expenses	
Increase in WSIB expense	4,401
Increase in interest expense	4,671
	\$ 9,072
<b>Total increase in expenses</b>	<b>\$ 9,072</b>
<b>Decrease in 2011 Net Municipal Position</b>	<b>\$ (9,072)</b>

**15. Change in Net Interest**

The change in net interest for joint local boards, is the result of new funding agreements effective January 1, 2012. These funding agreements have changed the percentage reported for proportional consolidation in these financial statements. The net change in percentage and the net effect of interest are as follows:

	2012	2011	Net change
<b>Net Change in Percentage</b>			
Perth District Health Unit	46.89%	49.96%	(3.07%)
Spruce Lodge	47.87%	29.23%	18.64%
<b>Net effect of Net Interest</b>		<b><u>January 1, 2012</u></b>	
Tangible capital assets			
Cost			\$ 2,500,134
Accumulated amortization			(1,052,873)
Net book value			1,447,261
Net financial assets			119,765
Other non-financial assets			(2,151)
<b>Change in Net Interest</b>			<b>\$ 1,564,875</b>

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

**December 31, 2012**

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**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 cost 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.

**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 segment.

**Technology Services**

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 comprised of the costs related to Emergency Medical Services in maintaining the County's and surrounding areas' pre-hospital medical care and transportation services to the ill and injured in the community, and Emergency Management for the planning and protection of community resources for declared and non-declared emergencies.

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

**December 31, 2012**

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**16. Segmented Information (Continued)**

**Planning and Development**

This department provides a number of services including planning, protection to persons and property, geographic information system and Land Division Committee services and support.

**Outside Local Boards**

Many outside services are funded by the County and some are proportionately consolidated within the County. These outside local boards are: Perth District Health Unit, Spruce Lodge - Home for the Aged, City of Stratford Social Services and Stratford - Perth Museum.

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, 2012

16. Segmented Information (continued)

For the year ended December 31	Council & CAO	Corporate Services	Public Works	Emergency Services	Planning and Development	Outside Local Boards	2012 Total
Revenue							
Taxation	\$ 679,231	\$ 822,920	\$ 3,868,586	\$ 1,570,144	\$ 432,571	\$ 3,002,049	\$ 10,375,501
Government grants	275,561	839,747	3,766,164	7,855,649	241,856	7,510,753	20,489,730
User fees and service charges	101,076	4,524	58,299	8,994	83,290	1,747,677	2,003,860
Other	-	1,832,310	283,230	-	-	31,249	2,146,789
	1,055,868	3,499,501	7,976,279	9,434,787	757,717	12,291,728	35,015,880
Expenses							
Salaries and wages	578,132	1,273,511	1,931,841	7,596,088	625,634	7,613,079	19,618,285
Goods and services	182,212	1,892,491	2,283,264	518,936	105,773	3,635,154	8,617,830
External transfers	45,000	658,014	-	-	94,250	97,531	894,795
Amortization	-	113,149	3,007,492	283,830	-	357,619	3,762,090
Loss on disposal	-	1,706	214,034	-	-	-	215,740
	805,344	3,938,871	7,436,631	8,398,854	825,657	11,703,383	33,108,740
Increase (decrease) in net municipal position	\$ 250,524	\$ (439,370)	\$ 539,648	\$ 1,035,933	\$ (67,940)	\$ 588,345	\$ 1,907,140

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

December 31, 2012

16. Segmented Information (continued)

For the year ended December 31	Council & CAO	Corporate Services	Public Works	Emergency Services	Planning and Development	Outside Local Boards	2011 Restated (See Note 14) Total
Revenue							
Taxation	\$ 381,512	\$ 374,546	\$ 4,384,968	\$ 1,750,899	\$ 462,025	\$ 2,454,539	\$ 9,808,489
Government grant	246,216	373,501	4,401,962	7,553,129	253,461	6,209,069	19,037,338
User fees and service charges	8,350	7,518	90,927	3,977	86,483	1,065,520	1,262,775
Other	-	2,223,505	-	-	15,353	10,225	2,249,083
	636,078	2,979,070	8,877,857	9,308,005	817,322	9,739,353	32,357,685
Expenses							
Salaries and benefits	418,248	1,252,571	1,643,601	7,438,589	499,552	5,782,831	17,035,392
Goods and services	166,673	1,654,333	3,142,471	809,118	226,212	2,989,370	8,988,177
External transfers	25,000	817,549	-	-	102,650	5,000	950,199
Amortization	-	119,883	2,848,374	314,257	-	203,472	3,485,986
Loss on disposal	-	-	198,049	-	-	13,990	212,039
	609,921	3,844,336	7,832,495	8,561,964	828,414	8,994,663	30,671,793
Increase (decrease) in net municipal position	\$ 26,157	\$ (865,266)	\$ 1,045,362	\$ 746,041	\$ (11,092)	\$ 744,690	\$ 1,685,892