

**The Corporation of the County of  
Perth  
Consolidated Financial  
Statements  
For the year ended December 31, 2006**

**The Corporation of the County of Perth**  
**Consolidated Financial Statements**  
**For the year ended December 31, 2006**

**Contents**

---

**The Corporation of the County of Perth**

Auditors' Report	2
Consolidated Statement of Financial Position	3
Consolidated Statement of Financial Activities	4
Consolidated Statement of Changes in Financial Position	5
Summary of Significant Accounting Policies	6
Notes to Financial Statements	8 - 11
Schedule of Current Fund Operations	12
Schedule of Capital Fund Operations	13
Schedule of Reserves and Reserve Funds	14

---

## Auditors' Report

---

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

We have audited the consolidated statement of financial position of the Corporation of the County of Perth as at December 31, 2006 and the consolidated statements of financial activities and changes in financial position for the year then ended. These financial statements are the responsibility of the municipality's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

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, 2006 and the results of its financial activities and changes in financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

*BDO Dunwoody LLP*

Chartered Accountants, Licensed Public Accountants

Stratford, Ontario  
April 18, 2007

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

December 31	2006	2005
<b>Assets and Liabilities</b>		
<b>Financial assets</b>		
Cash	\$ 12,316,872	\$ 12,029,721
Trade and other receivables	<u>1,137,229</u>	<u>1,114,843</u>
	<b>13,454,101</b>	<b>13,144,564</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	1,683,083	2,490,921
Post-employment benefits	400,414	355,112
Deferred revenue (Note 1)	<u>172,784</u>	<u>370,589</u>
	<b>2,256,281</b>	<b>3,216,622</b>
<b>Net financial assets</b>	<b>11,197,820</b>	<b>9,927,942</b>
<b>Other assets</b>		
Prepaid expenses	<u>51,225</u>	<u>10,338</u>
	<b>\$ 11,249,045</b>	<b>\$ 9,938,280</b>
<b>Municipal Position</b>		
Current fund (Page 12)	\$ 1,749,989	\$ 1,092,777
Capital fund (Page 13)	-	-
Reserves and reserve funds (Page 14)	<u>9,899,470</u>	<u>9,200,615</u>
	<b>11,649,459</b>	<b>10,293,392</b>
Amounts to be recovered (Note 2)	<u>(400,414)</u>	<u>(355,112)</u>
	<b>\$ 11,249,045</b>	<b>\$ 9,938,280</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

## The Corporation of the County of Perth Consolidated Statement of Financial Activities

For the year ended December 31	2006 Budget	2006 Actual	2005 Actual
<b>Revenue</b>			
Taxation	\$ 9,185,226	\$ 9,402,518	\$ 9,550,470
Fees and user charges	839,497	1,353,702	1,234,360
Canada grants	367,622	662,897	-
Ontario grants	10,555,268	11,278,673	7,658,314
Municipal grants	2,367,041	2,493,868	2,860,542
Other income (Note 3)	2,186,296	2,730,740	2,279,008
	<u>25,500,950</u>	<u>27,922,398</u>	<u>23,582,694</u>
<b>Expenditures</b>			
<b>Current (Note 4)</b>			
General government	1,696,541	1,661,876	1,472,473
Protection services	1,246,305	1,535,769	1,087,451
Transportation services	4,440,176	3,544,540	3,860,012
Health services	9,150,044	10,277,826	9,030,916
Social and family services	3,506,372	3,739,622	3,451,962
Social Housing	952,039	926,589	809,999
Recreation and cultural services	267,348	315,993	227,127
Planning and development	858,541	546,970	720,499
	<u>22,117,366</u>	<u>22,549,185</u>	<u>20,660,439</u>
<b>Capital</b>			
General government	346,976	256,823	93,517
Protection services	-	-	24,848
Transportation services	3,996,400	3,617,781	3,083,838
Health services	215,000	124,412	685,904
Social and family services	44,369	44,369	90,080
Recreational and cultural services	3,265	3,265	5,148
Planning and development	16,500	15,798	722
	<u>4,622,510</u>	<u>4,062,448</u>	<u>3,984,057</u>
<b>Total expenditures</b>	<u>26,739,876</u>	<u>26,611,633</u>	<u>24,644,496</u>
<b>Net revenues (expenditures) for the year</b>	<u>\$ (1,238,926)</u>	<u>\$ 1,310,765</u>	<u>\$ (1,061,802)</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

## The Corporation of the County of Perth Consolidated Statement of Changes in Financial Position

For the year ended December 31	2006	2005
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Net revenue for the year	\$ 1,310,765	\$ (1,061,802)
(Increase) decrease in trade and other receivables	(22,386)	2,801,799
Increase (decrease) in accounts payable and accrued liabilities	(807,838)	1,305,750
Increase (decrease) in post-employment benefits	45,302	35,258
Increase (decrease) in deferred revenue	(197,805)	368,602
(Increase) decrease in prepaid expenses	(40,887)	(9,508)
<b>Net change in cash and cash equivalents</b>	<b>287,151</b>	<b>3,440,099</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>12,029,721</b>	<b>8,589,622</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 12,316,872</b>	<b>\$ 12,029,721</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

---

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

December 31, 2006

---

### **Management Responsibility**

The consolidated financial statements of the Corporation of the County of Perth are the representations of management. They have been prepared in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants as prescribed by the Ministry of Municipal Affairs and Housing.

### **Use of Estimates**

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

### **Basis of Consolidation**

The consolidated statements reflect the assets, liabilities, revenues and expenditures of the current fund, capital fund, reserves and reserve funds of all municipal organizations, committees, and boards which are owned or controlled by Council. All interfund assets and liabilities and revenues and expenditures have been eliminated on consolidation.

The following boards and municipal enterprises owned or controlled by Council have been consolidated:

- Perth District Health Unit
- Spruce Lodge Home for the Aged
- Spruce Lodge Home Assistance Corporation
- Spruce Lodge Foundation
- Stratford-Perth Archives

---

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

**December 31, 2006**

---

**Basis of Accounting**

Revenues and expenditures are reported on the accrual basis of accounting. 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.

The consolidated statement of financial position reflects all of the financial assets and liabilities of the municipality. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations. Municipal position represents the financial position of the municipality, and is the difference between its assets and liabilities. This provides information about the municipality's overall future revenue requirements and its ability to finance activities and meet its obligations.

**Temporary Investments**

Temporary investments are recorded at the lower of cost and market value.

**Capital Assets**

The historical cost and accumulated amortization of capital assets are not recorded for municipal purposes. Capital assets are reported as an expenditure on the consolidated statement of financial activities in the period of acquisition.

**Deferred Revenue**

Revenue restricted by legislation, regulation or agreement and not available for general municipal purposes is reported as deferred revenue on the consolidated statement of financial position. The revenue is reported on the consolidated statement of financial activities in the year in which it is used for the specified purpose.

**Amounts to be Recovered**

Amounts to be recovered are reported in the municipal position on the consolidated statement of financial position. The balance represents the outstanding principal portion of unmaturing long-term liabilities, liabilities not yet due, and other future expenditures not yet levied on the ratepayers.

**Trust Funds**

Funds held in trust by the municipality, and their related operations, are not included in these financial statements. The financial activity and position of the trust funds are reported separately on the trust funds statement of continuity and balance sheet.

---

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

**December 31, 2006**

---

**1. Deferred Revenue**

	2006	2005
Obligatory Reserve Funds		
Federal gas tax	\$ 103,386	\$ 367,622
Other	69,398	2,967
	\$ 172,784	\$ 370,589

---

**2. Amounts to be recovered**

	2006	2005
Vested sick leave payable	\$ 400,414	\$ 355,112

---

**3. Other Income**

	2006	2006	2005
	Budget	Actual	Actual
Other fines and penalties	\$ 1,525,000	\$ 1,781,324	\$ 1,501,025
Investment income	168,044	498,599	276,592
Licences, permits and rents	462,752	393,093	357,065
Donations	-	6,003	115,947
Sale of publications, equipment, etc.	-	9,661	9,029
Sale of land, equipment and other assets	30,500	42,060	19,350
	\$ 2,186,296	\$ 2,730,740	\$ 2,279,008

---

---

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

**December 31, 2006**

---

#### 4. Expenditures by Object

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

	<u>2006</u>	<u>2005</u>
Salaries, wages and employee benefits	<b>\$ 13,419,850</b>	\$ 11,861,739
Materials	<b>4,939,013</b>	4,880,066
Contracted services	<b>3,138,830</b>	3,387,792
Rents and financial expenses	<b>129,645</b>	120,604
Contributions to other organizations	<b>876,544</b>	374,980
Amounts for unfunded liabilities	<b>45,302</b>	35,258
	<b><u>\$ 22,549,184</u></b>	<b><u>\$ 20,660,439</u></b>

---

#### 5. Pension Agreements

The municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of the members of its staff. This plan is a defined benefit plan which specifies the amount of the retirement to be received by the employees based on the length of service and rates of pay. The amount contributed to OMERS for 2006 was \$862,708 (2005 - \$849,312).

---

---

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

**December 31, 2006**

---

### **6. Liability for Vested Sick Leave Benefits:**

Under the sick leave benefit plan, unused sick leave can accumulate, and employees may become entitled to cash payment when they leave the municipality's employment.

The liability for these accumulated days, to the extent that they have vested and could be taken in cash by an employee upon termination, amounted to \$400,414 (2005 - \$355,112) at the end of the year. An amount of \$358,163 (2005 - \$338,859) has been provided for this past service liability and is reported on the "Consolidated Statement of Financial Position". An amount of \$12,842 (2005 - \$4,469) has been paid to employees who left in the current year and is reported on the "Consolidated Statement of Financial Activities". An amount of \$NIL (2005 - \$Nil) has been paid to employees under the provisions of a union contract and is reported on the consolidated statement of financial activities.

Anticipated payments over the next five years to employees who are eligible to retire are:

2007	\$	9,276
2008		4,096
2009		927
2010		3,223
2011		1,934
		<hr/>
	\$	19,456

---

### **7. Public Sector Salary Disclosure**

During 2006, no employees were paid a salary, as defined in the Public Sector Salary Disclosure Act, 1996, of \$100,000 or more by the Corporation of the County of Perth.

---

### **8. Budget Amounts**

Under generally accepted accounting principles, budget amounts are to be reported on the consolidated statement of financial activities for comparative purposes. The 2006 budget amounts for the Corporation of the County of Perth approved by Council have been restated to conform to the basis of preparation of the revenues and expenditures on the consolidated statement of financial activities.

---

---

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

**December 31, 2006**

---

### **9. Trust Funds**

The trust funds administered by the municipality amounting to \$84,597 (2005 - \$98,761) have not been included in the consolidated statement of financial position nor have the operations been included in the consolidated statement of financial activities. The County of Perth's share of responsibility for the trusts is 29.23%.

---

### **10. Contingencies**

A number of appeals of the current value assessment of properties in the municipality are currently in process. The impact on taxation revenue as a result of settlement of these appeals is not determinable at this time. The effect on taxation of the settlement of these appeals will be recorded in the fiscal year in which they can be determined.

---

## The Corporation of the County of Perth Schedule of Current Fund Operations

For the year ended December 31	2006 Budget	2006 Actual	2005 Actual
<b>Revenue</b>			
Taxation	\$ 9,185,226	\$ <b>9,402,518</b>	\$ 9,550,470
Fees and user charges	839,497	<b>1,353,702</b>	1,234,360
Canada grants	-	<b>31,040</b>	-
Ontario grants	8,952,872	<b>9,676,277</b>	7,658,314
Municipal grants	2,367,041	<b>2,493,868</b>	2,860,542
Other	2,155,796	<b>2,670,657</b>	2,242,659
	<u>23,500,432</u>	<u><b>25,628,062</b></u>	<u>23,546,345</u>
<b>Expenditures</b>			
General government	1,696,541	<b>1,661,876</b>	1,472,473
Protection services	1,246,305	<b>1,535,769</b>	1,087,451
Transportation services	4,440,176	<b>3,544,540</b>	3,860,012
Health services	9,150,044	<b>10,277,826</b>	9,030,916
Social and family services	3,506,372	<b>3,739,622</b>	3,451,962
Social Housing	952,039	<b>926,589</b>	809,999
Recreation and cultural services	267,348	<b>315,993</b>	227,127
Planning and development	858,541	<b>546,970</b>	720,499
	<u>22,117,366</u>	<u><b>22,549,185</b></u>	<u>20,660,439</u>
<b>Net revenues for the year</b>	<u>1,383,066</u>	<u><b>3,078,877</b></u>	<u>2,885,906</u>
<b>Financing and transfers</b>			
Change in vested sick leave payable	-	<b>45,302</b>	35,258
Transfers (to) capital fund operations	(1,616,445)	<b>(2,077,113)</b>	(3,792,136)
Transfers from (to) reserves and reserve funds	(387,311)	<b>(389,854)</b>	1,291,939
	<u>(2,003,756)</u>	<u><b>(2,421,665)</b></u>	<u>(2,464,939)</u>
<b>Change in fund balance for the year</b>	(620,690)	<b>657,212</b>	420,967
<b>Current Fund, beginning of the year</b>	<u>1,092,777</u>	<u><b>1,092,777</b></u>	<u>671,810</u>
<b>Current Fund, end of the year</b>	<u>\$ 472,087</u>	<u><b>\$ 1,749,989</b></u>	<u>\$ 1,092,777</u>

## The Corporation of the County of Perth Schedule of Capital Fund Operations

For the year ended December 31	2006 Budget	2006 Actual	2005 Actual
<b>Revenue</b>			
Canada grants	\$ 367,622	\$ 631,857	\$ -
Ontario grants	1,602,396	1,602,396	-
Other	30,500	53,855	19,350
	<u>2,000,518</u>	<u>2,288,108</u>	<u>19,350</u>
<b>Expenditures</b>			
General government	346,976	256,823	93,517
Protection services	-	-	24,848
Transportation services	3,996,400	3,617,781	3,083,838
Health services	215,000	124,412	685,904
Social and family services	44,369	44,369	90,080
Recreation and cultural services	3,265	3,265	5,148
Planning and development	16,500	15,798	722
	<u>4,622,510</u>	<u>4,062,448</u>	<u>3,984,057</u>
<b>Net (expenditures) for the year</b>	<u>(2,621,992)</u>	<u>(1,774,340)</u>	<u>(3,964,707)</u>
<b>Financing and transfers</b>			
Transfers from (to) current fund operations	1,616,445	2,077,113	3,792,136
Transfers from (to) reserves and reserve funds	1,005,547	(302,773)	172,571
	<u>2,621,992</u>	<u>1,774,340</u>	<u>3,964,707</u>
<b>Change in fund balance for the year</b>	-	-	-
<b>Capital Fund, beginning of the year</b>	-	-	-
<b>Capital Fund, end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## The Corporation of the County of Perth Schedule of Reserves and Reserve Funds

For the year ended December 31	2006 Budget	2006 Actual	2005 Actual
<b>Revenue</b>			
Other revenue	\$ -	\$ 6,228	\$ 16,999
<b>Net Transfers from (to) other funds</b>			
Transfer from (to) current fund operations	387,311	389,854	(1,291,939)
Transfer from (to) capital fund operations	(1,005,547)	302,773	(172,571)
	(618,236)	692,627	(1,464,510)
<b>Change in balance for the year</b>	(618,236)	698,855	(1,447,511)
<b>Reserves and Reserve Funds, beginning of the year</b>	9,200,615	9,200,615	10,648,126
<b>Reserves and Reserve Funds, end of the year</b>	\$ 8,582,379	\$ 9,899,470	\$ 9,200,615

**Analyzed as follows:**

**Reserves set aside for specific purpose by Council:**

Working funds	\$ 2,703,438	\$ 1,901,413
Insurance, sick leave and WSIB	593,984	474,622
Current purposes	2,555,504	2,402,013
Capital purposes	3,618,594	3,946,677
	9,471,520	8,724,725

**Reserve funds set aside for specific purpose by Council:**

Current purposes	-	6,136
Capital purposes	427,950	469,754
	427,950	475,890

<b>Reserves and Reserve Funds, end of the year</b>	<b>\$ 9,899,470</b>	<b>\$ 9,200,615</b>
--	---------------------	---------------------