

THE CORPORATION OF THE COUNTY OF PERTH

Consolidated Financial Statements

December 31, 2023

THE CORPORATION OF THE COUNTY OF PERTH
Consolidated Financial Statements
For the Year Ended December 31, 2023

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements are the responsibility of the management of The Corporation of the County of Perth and have been prepared in accordance with Canadian public sector accounting standards.

These consolidated financial statements include:

- Independent Auditors' Report
- Consolidated Statement of Financial Position
- Consolidated Statement of Operations and Accumulated Surplus
- Consolidated Statement of Change in Net Financial Assets
- Consolidated Statement of Remeasurement Gains and Losses
- Consolidated Statement of Cash Flows
- Notes to the Consolidated Financial Statements
- Consolidated Schedule of Segment Disclosure

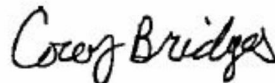
The Chief Administrative Officer and the Director of Financial Services are responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing the consolidated financial statements before they are submitted to Council for approval.

The integrity and reliability of The Corporation of the County of Perth reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The consolidated financial statements have been audited on behalf of the Members of Council, Inhabitants and Ratepayers of The Corporation of the County of Perth by Graham Scott Enns LLP in accordance with Canadian generally accepted auditing standards.



Mrs. Lori Wolfe
Chief Administrative Officer



Mr. Corey Bridges
Treasurer

St. Thomas, Ontario
December 19, 2024



GRAHAM SCOTT ENNS LLP
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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the consolidated financial statements of The **The Corporation of the County of Perth**, which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statement of operations and accumulated surplus, consolidated statement of changes in net financial assets, consolidated statement of remeasurement gains and losses, and consolidated statement of 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 County's consolidated financial statements present fairly, in all material respects, the financial position of the County as at December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for public sector entities.

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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the County in accordance with the ethical requirements that are relevant to our 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.

Other Matter

The consolidated financial statements of the County for the year ended December 31, 2022 were audited by another auditor who expressed an unqualified opinion on those consolidated financial statements on April 11, 2024.

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 accounting standards for public sector entities, 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 County'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 County or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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.



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INDEPENDENT AUDITORS' REPORT (CONTINUED)

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

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 County'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 County'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 County 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.

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.

St. Thomas, Ontario

December 19, 2024

Graham Scott Enns LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Licensed Public Accountants

THE CORPORATION OF THE COUNTY OF PERTH

**Consolidated Statement of Financial Position
As at December 31, 2023**

	2023	Restated (Note 19) 2022
	<u>\$</u>	<u>\$</u>
FINANCIAL ASSETS		
Cash	8,763,435	8,928,958
Investments (Note 3)	9,002,622	10,269,144
Accounts receivable	2,558,611	3,301,098
Mortgages receivable (Note 4)	<u>235,512</u>	<u>249,699</u>
Total financial assets	<u>20,560,180</u>	<u>22,748,899</u>
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities	7,656,622	5,716,711
Employee benefit liabilities (Note 5)	3,989,284	3,570,026
Asset retirement obligations (Note 9)	235,309	-
Deferred revenue (Note 10)	705,582	823,605
Long-term debt (Note 11)	<u>8,426,436</u>	<u>7,528,446</u>
Total financial liabilities	<u>21,013,233</u>	<u>17,638,788</u>
NET FINANCIAL ASSETS	<u>(453,053)</u>	<u>5,110,111</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 12)	116,451,713	111,749,001
Inventories	604,189	553,119
Prepaid expenses	<u>480,712</u>	<u>341,419</u>
Total non-financial assets	<u>117,536,614</u>	<u>112,643,539</u>
TOTAL NET ASSETS	<u>117,083,561</u>	<u>117,753,650</u>
ACCUMULATED SURPLUS (NOTE 13)	117,292,881	117,753,650
ACCUMULATED REMEASUREMENT GAINS AND LOSSES	<u>(209,320)</u>	<u>-</u>
	<u>117,083,561</u>	<u>117,753,650</u>

The accompanying notes are an integral part of these consolidated financial statements.

THE CORPORATION OF THE COUNTY OF PERTH

Consolidated Statement of Operations and Accumulated Surplus For the Year Ended December 31, 2023

	Budget (Note 22) \$	Actual 2023 \$	Restated (Note 19) Actual 2022 \$
REVENUES			
Requisition of local municipalities	19,870,573	19,938,901	18,339,521
Transfer payments			
Federal (Note 14)	1,319,759	1,292,018	1,267,098
Provincial (Note 15)	20,867,209	22,439,097	22,760,213
Municipal	6,749,950	7,191,827	7,096,780
User fees and service charges	2,813,949	2,624,934	2,547,947
Other Income			
Fines and penalties	1,643,000	1,842,196	1,703,577
Investment income	433,129	414,330	81,559
Licences, permits and rents	288,254	305,181	354,935
Donations	500	142,257	12,592
Other contributions	-	30,131	163,168
Contributed tangible capital assets	-	-	<u>4,425,131</u>
Total revenues	<u>53,986,323</u>	<u>56,220,872</u>	<u>58,752,521</u>
EXPENSES			
General government	4,536,683	4,486,463	4,083,364
Health services	19,275,076	20,414,119	20,049,820
Planning and development	1,803,967	1,874,179	1,703,632
Protection services	1,547,273	1,702,190	1,764,486
Recreational and cultural services	562,532	557,327	514,980
Social and family services	8,924,656	9,988,341	9,963,838
Social services - public housing	3,357,496	3,357,496	2,825,318
Transportation	<u>14,393,687</u>	<u>14,329,210</u>	<u>14,885,401</u>
Total expenses (Note 20 [a])	<u>54,401,370</u>	<u>56,709,325</u>	<u>55,790,839</u>
ANNUAL SURPLUS (DEFICIT)	(415,047)	(488,453)	2,961,682
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>117,753,650</u>	<u>117,753,650</u>	<u>114,797,954</u>
CHANGE IN PROPORTIONATE CONSOLIDATION (NOTE 18)	<u>-</u>	<u>27,684</u>	<u>(5,986)</u>
ACCUMULATED SURPLUS, END OF YEAR (NOTE 13)	<u>117,753,650</u>	<u>117,292,881</u>	<u>117,753,650</u>

The accompanying notes are an integral part of these consolidated financial statements.

THE CORPORATION OF THE COUNTY OF PERTH

**Consolidated Statement of Change in Net Financial Assets
For the Year Ended December 31, 2023**

	Budget (Note 22) \$	Actual 2023 \$	Restated (Note 19) Actual 2022 \$
ANNUAL SURPLUS (DEFICIT)	(415,047)	(488,453)	2,961,682
Acquisition of tangible capital assets	(11,682,398)	(11,682,398)	(11,391,373)
Acquisition of contributed tangible capital assets	-	-	(4,425,131)
Amortization of tangible capital assets	6,614,707	6,614,707	5,912,875
Proceeds on disposal of tangible capital assets	-	319,574	103,522
Loss on disposal of tangible capital assets	-	69,946	440,580
Change in prepaid expenses	-	(139,293)	(139,846)
Change in inventory	-	(51,070)	135,947
Change in proportionate consolidation (Note 18)	-	3,143	70
Remeasurement gains (losses)	-	381,110	-
DECREASE IN NET FINANCIAL ASSETS	(5,482,738)	(4,972,734)	(6,401,674)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>5,110,111</u>	<u>5,110,111</u>	<u>11,511,785</u>
ADOPTION OF PS3450 (NOTE 1)	<u>-</u>	<u>(590,430)</u>	<u>-</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>(372,627)</u>	<u>(453,053)</u>	<u>5,110,111</u>

The accompanying notes are an integral part of these consolidated financial statements.

THE CORPORATION OF THE COUNTY OF PERTH

**Consolidated Statement of Remeasurement Gains and Losses
For the Year Ended December 31, 2023**

	2023	2022
	<u>\$</u>	<u>\$</u>
ACCUMULATED REMEASUREMENT GAINS AND (LOSSES), BEGINNING OF YEAR	(590,430)	-
Unrealized gains (losses) attributable to investments	<u>381,110</u>	<u>-</u>
ACCUMULATED REMEASUREMENT GAINS AND (LOSSES), END OF YEAR	<u>(209,320)</u>	<u>-</u>

The accompanying notes are an integral part of these consolidated financial statements.

THE CORPORATION OF THE COUNTY OF PERTH

Consolidated Statement of Cash Flows For the Year Ended December 31, 2023

	2023	Restated (Note 19) 2022
	<u>\$</u>	<u>\$</u>
OPERATING ACTIVITIES		
Annual surplus (deficit)	(488,453)	2,961,682
Add (deduct) items not involving cash:		
Amortization of tangible capital assets	6,614,707	5,912,875
Change in employee post-retirement benefit liabilities	419,258	631,198
Loss on disposal of tangible capital assets	69,946	440,580
Change in proportionate consolidation (Note 18)	3,143	70
Contributed tangible capital assets	<u>-</u>	<u>(4,291,702)</u>
	6,618,601	5,654,703
Change in non-cash assets and liabilities related to operations (Note 20 [b])	<u>2,374,012</u>	<u>746,825</u>
	8,992,613	6,401,528
INVESTING ACTIVITIES		
Purchase of investments	-	(1,720,516)
Proceeds from of investments	1,057,202	-
Proceeds from mortgage receivable	<u>14,187</u>	<u>13,888</u>
	1,071,389	(1,706,628)
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(11,447,089)	(11,524,802)
Proceeds on disposal of tangible capital assets	<u>319,574</u>	<u>103,522</u>
	(11,127,515)	(11,421,280)
FINANCING ACTIVITIES		
Advances of long-term debt	1,500,000	1,285,000
Repayment of long-term debt	<u>(602,010)</u>	<u>(530,989)</u>
	897,990	754,011
NET CHANGE IN CASH	(165,523)	(5,972,369)
CASH, BEGINNING OF YEAR	<u>8,928,958</u>	<u>14,901,327</u>
CASH, END OF YEAR	<u>8,763,435</u>	<u>8,928,958</u>

The accompanying notes are an integral part of these consolidated financial statements.

THE CORPORATION OF THE COUNTY OF PERTH

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2023

The Corporation of the County of Perth (the "County") is an upper-tier municipality, comprised of four local municipalities, in the Province of Ontario. The four lower tier municipalities are the Municipality of North Perth, the Municipality of West Perth, the Township of Perth East, and the Township of Perth South. The County conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

1. CHANGE IN ACCOUNTING POLICIES

On January 1, 2023 The Corporation of the County of Perth adopted accounting policies to conform to new standards issued under Canadian public sector accounting standards. The County adopted the following standards which had the following impact:

- PS 1201 - Financial Statement Presentation - resulting in presentation of a new statement of remeasurement gains and losses. This change has been applied retrospectively.
- PS 3280 - Asset Retirement Obligations - require reporting of any asset retirement obligations as tangible capital assets and their liabilities and associated policies. On January 1, 2023, the Corporation recognized an asset retirement obligation relating to the removal of asbestos in buildings owned by the County. The accompanying increase to the respective tangible capital assets was amortized over 50 years, which has not been revised. This change has been applied prospectively.
- PS 3450 - Financial Instruments - reporting new disclosures regarding financial instrument risks and the restatement of the opening accumulated surplus. This change has been applied prospectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the County are prepared by management in accordance with Canadian Public Sector Accounting Standards. Significant aspects of the accounting policies adopted by the County are as follows:

Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenses of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the County and which are owned or controlled by the County. All inter-fund assets, liabilities, revenues and expenses have been eliminated.

Consolidated Entities

There are no organizations or local boards that are consolidated in these financial statements.

THE CORPORATION OF THE COUNTY OF PERTH

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

Proportionate Consolidation

The following entities have been consolidated on a proportionate basis using the prior years weighted property assessment total for the participating municipalities. Details of percentages reported are as follows:

	<u>2023</u>	<u>2022</u>
Huron Perth Public Health (HPPH)	29.10%	28.76%
Spruce Lodge Home for the Aged	50.94%	50.85%
Spruce Lodge Home Assistance Corporation	50.94%	50.85%
Spruce Lodge Foundation	50.94%	50.85%

Cash and Cash Equivalents

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

Trust Funds

The County's proportional amount of the trust funds administered by Spruce Lodge have not been included in the consolidated statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations. At December 31, 2023 the County's proportional amount held is \$28,568 (2022 - \$28,849) in trust funds.

Basis of Accounting

The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses 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.

Investments

Investments consist of structured notes and guaranteed investment certificates. Investments in guaranteed investment certificates are recorded at cost. Investments in structured notes are recorded at fair value. Any cash or investments with short maturity dates held within investment accounts are for the purposes of investing and are classified as investments in the consolidated statement of financial position. Realized investment income earned are reported as revenue in the period earned and recognized in the consolidated statement of operations. Unrealized changes in fair value are recognized in the consolidated statement of remeasurement gains and losses until they are realized, when they are reclassified to the consolidated statement of operations.

THE CORPORATION OF THE COUNTY OF PERTH

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Change in Net Financial Assets for the year.

i) Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives commencing once the asset is available for productive use as follows:

Land improvements	15 years
Buildings	10 - 75 years
Furniture, fixtures and equipment	10 - 20 years
Computer equipment	4 - 15 years
Vehicles	7 - 20 years
Roadways	20 - 50 years
Bridges	30 - 80 years

ii) Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and that fair value is also recorded as revenue.

iii) Interest capitalization

The County does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

iv) Leased tangible capital assets

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

THE CORPORATION OF THE COUNTY OF PERTH

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Revenue

The County receives funds for specific purposes which are externally restricted by legislation, regulation or agreement. These restricted funds are not available for general municipal purposes and are recognized as revenue in the fiscal year the funds are used for the specified purpose.

Government Transfers

Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined. Any amount received but restricted is recorded as deferred revenue in accordance with Section 3100 of the Public Sector Accounting Handbook and recognized as revenue in the period in which the resources are used for the purpose specified.

In addition, the County periodically receives senior government capital funding in the form of infrastructure grants and receives ongoing funding from both senior levels of government as a result of an allocation of the gas tax funds.

Employee Benefit Plans

The County provides a pension plan for its employees through the Ontario Municipal Employees Retirement System (OMERS). OMERS is a multi-employer pension plan which operates as the Ontario Municipal Employees Retirement Fund. The fund is a contributory defined benefit pension plan. As this is a multi-employer plan, no liability is recorded on the County's books. The employer's contribution to a multi-employer, defined benefit plan are expensed as the obligations arise.

For those self-insured benefit obligations that arise from specific events that occur from time to time, such as obligations for workers' compensation and life insurance and health care benefits for those on disability leave, the cost is recognized immediately in the period the events occur. Any actuarial gains or losses that are related to these benefits are recognized immediately in the period they arise.

The County is an employer included under Schedule II of the Workplace Safety and Insurance Act, it self-ensures the entire risk of its own WSIB claims and is individually liable for reimbursing the WSIB for all costs relating to its workers' WSIB claims. The cost of the claims are expensed as incidents occur, while the liability for future benefit costs is determined by WSIB.

THE CORPORATION OF THE COUNTY OF PERTH

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Requisition of Local Municipalities

In 2023 the County received \$19,938,901 (2022 - \$18,339,521) related to requisition of local municipalities.

The amount of the total annual levy is determined each year through Council's approval of the annual budget. Rates are set annually by Council for each class or type of property, in accordance with legislation and Council-approved policies, in order to raise the revenue required to meet operating budget requirements. The authority to levy and collect property taxes is established under the Municipal Act 2001, the Assessment Act, the Education Act, and other legislation.

Other Revenues

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. 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 consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the period. Significant estimates include assumptions used in estimating provisions for useful life of tangible capital assets, accrued liabilities, asset retirement obligations, and in performing actuarial valuations of employee future benefits. Actual results could differ from these estimates.

THE CORPORATION OF THE COUNTY OF PERTH

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Instruments

The County's financial assets and liabilities are measured as follows:

- i. Cash at fair value
- ii. Portfolio investments at fair value
- iii. Accounts receivable at amortized cost
- iv. Accounts payable and accrued liabilities at amortized cost
- v. Long-term debt at amortized cost

The fair value is determined as follows:

- i. Level 1 - Fair value measurements are those derived from quoted prices (in active markets);
- ii. Level 2 - Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the assets, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- iii. Level 3 - Fair value measurements are those derived from valuation techniques that include inputs for the asset that are not based on observable data (unobservable inputs).

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the consolidated statement of remeasurement gains and losses. When the restricted nature of a financial instrument and any related changes in fair value create a liability, unrealized gains and losses are recognized as deferred revenue.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the consolidated statement of operations.

For financial instruments measure using amortized cost, the effective interest rate method is used to determine interest revenue or expenses. Transaction costs are a component of cost for financial instruments measured using cost or amortized costs. Transaction costs are expensed for financial instruments measured at fair value. Investment management fees are expensed as incurred. The purchase and sale of cash equivalents and portfolio investments are accounted for using trade-date accounting.

Environmental Provisions and Contaminated Sites

The County may be exposed to litigation or other costs of remediation due to contaminated properties in its jurisdiction. A liability for remediation is recognized in the consolidated financial statements when an environmental standard exists, contamination exceeds the standard, the government is responsible for the remediation and a reasonable estimate of the liability 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.

THE CORPORATION OF THE COUNTY OF PERTH

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related Party Transactions

Related parties exist when one party has the ability to control or has shared control over another party. Individuals that are key management personnel or close family members may also be related parties.

Disclosure is made when the transaction or events between related parties occur at a value different from what would have been recorded if they were not related and the transaction could have a material financial impact on the consolidated financial statements.

Asset Retirement Obligations

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

The following liabilities have been recognized based on estimated future expenses:

- Removal of asbestos in various buildings owned by the County. The Occupational Health and Safety Act states the demolition of a building, all or in part, can be done only when asbestos-containing material that may be disturbed during the work, has been removed.

The liabilities are discounted using a present value calculation, where appropriate, and adjusted yearly for changes in circumstances. The recognition of a liability results in an accompanying increase to the respective tangible capital assets or an adjustment to the annual surplus when an asset was fully amortized. The increase to the tangible capital assets is being amortized in accordance with the accounting policies. At each financial reporting date, the County reviews the carrying amount of the liability. The County recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. The County continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

THE CORPORATION OF THE COUNTY OF PERTH

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements

PSAB released a standard related to Revenue (PS 3400). Management is currently evaluating the impact of this accounting standard on future consolidated financial statements. This standard establishes a framework to categorize revenues to enhance the consistency of revenue recognition and its measurement. This standard is effective for fiscal years beginning on or after April 1, 2023 which for the County is the December 31, 2024 year end.

3. INVESTMENTS

The investments consist of Guaranteed Investment Certificates ("GIC's") and principal protected notes which are recorded at fair market value. The cost plus accrued interest approximates the fair market value of these investments due to the liquidity and nature of these investments.

	2023	2022
	<u>\$</u>	<u>\$</u>
GIC's	1,211,942	2,269,144
Principal Protected Note - Due June 24, 2026	951,260	1,000,000
Principal Protected Note - Due July 6, 2026	3,103,170	3,000,000
Principal Protected Note - Due January 25, 2027	897,930	1,000,000
Principal Protected Note - Due May 6, 2027	1,972,160	2,000,000
Principal Protected Note - Due January 24, 2029	<u>866,160</u>	<u>1,000,000</u>
	<u>9,002,622</u>	<u>10,269,144</u>

GIC's bear interest at rates between 0.12% and 5.78%, and have maturity dates ranging from January 2024 to January 2026. The return on the principal protected notes is based on certain market performance over the life of the notes and is determined upon maturity.

During the year, the County earned \$414,330 (2022 - \$81,559) of income in the investments and reported an unrealized gain of \$- (2022 - \$nil) on the schedule of remeasurement gains (losses) and a realized gain (loss) of \$nil (2022 - \$nil) on the statement of operations.

All of the above investments are valued as Level 1 investments

THE CORPORATION OF THE COUNTY OF PERTH

**Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2023**

4. MORTGAGES RECEIVABLE

The balance of the mortgages receivable reported on the Consolidated Statement of Financial Position consists of the following:

	2023	2022
	<u>\$</u>	<u>\$</u>
First mortgage receivable - Stratford Perth Museum, 3.0%, repayable in blended monthly payments of \$1,194, due September 2037	162,080	171,396
First mortgage receivable - Stratford Perth Museum, 0.5%, repayable in blended monthly payments of \$438, due July 2038	<u>73,432</u>	<u>78,303</u>
Total mortgages receivable at the end of the year	<u>235,512</u>	<u>249,699</u>

5. EMPLOYEE BENEFITS LIABILITY

The balance of the employee benefits liability reported on the Consolidated Statement of Financial Position consists of the following:

	2023	2022
	<u>\$</u>	<u>\$</u>
Workplace Safety and Insurance	3,093,564	2,743,089
Post employment non-pension benefit obligation	470,489	436,491
Sick leave benefits	<u>425,231</u>	<u>390,446</u>
	<u>3,989,284</u>	<u>3,570,026</u>

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 CORPORATION OF THE COUNTY OF PERTH

**Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2023**

5. EMPLOYEE BENEFITS LIABILITY (CONTINUED)

Post-employment Non-pension Benefit Obligation

The post-employment benefit obligation relates to HPPH non-pension benefits provided to specified employee groups and the cost is actuarially determined using the projected benefits method prorated on service. 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 was completed as at December 31, 2020 and forecasted for the next three years.

WSIB liability	2023	2022
	<u>\$</u>	<u>\$</u>
Accrued benefit obligation at January 1	3,906,859	3,553,353
Estimated cost of claims	786,988	767,203
Interest accrued	120,334	108,445
Expected benefit payments	<u>(777,891)</u>	<u>(522,142)</u>
Expected accrued benefit obligation at December 31	4,036,290	3,906,859
Unamortized actuarial loss from valuation	<u>(942,726)</u>	<u>(1,163,770)</u>
Liability at December 31	<u><u>3,093,564</u></u>	<u><u>2,743,089</u></u>
WSIB benefit expense	2023	2022
	<u>\$</u>	<u>\$</u>
Current year benefit cost	786,988	767,203
Amortization of losses	221,044	221,044
Interest on accrued benefit obligation	<u>120,334</u>	<u>108,445</u>
	<u><u>1,128,366</u></u>	<u><u>1,096,692</u></u>

THE CORPORATION OF THE COUNTY OF PERTH

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2023

6. PENSION AGREEMENTS

The County makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The OMERS Administration Corporation, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and the administration of the benefits. Each year, an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits the members have earned to date. The most recent actuarial valuation of the Plan was conducted December 31, 2023, and the results of this valuation disclosed actuarial liabilities of \$136.2 billion in respect of benefits accrued for service with actuarial assets at that date of \$132 billion leaving an actuarial deficit of \$4.2 billion.

Because OMERS is a multi-employer pension plan, any pension surpluses or deficits are a joint responsibility of the Ontario municipal organizations and their employees. As a result, the County does not recognize any share of the OMERS pension surplus or deficit.

The amount contributed to OMERS for 2023 was \$2,162,500 (2022 - \$1,868,195) for current service. OMERS contribution rates for 2023 and 2022, depending on income level and retirement dates, ranged from 9% to 15.8%.

7. LOAN GUARANTEE

In 2020, the County executed a Loan Guarantee with Southwestern Integrated Fibre Technology (SWIFT) for \$1,013,000 relating to SWIFT Phase 3 projects for broadband upgrades. As of January 25, 2024 SWIFT has discharged the County from this obligation.

8. CONTINGENT LIABILITY

As at December 31, 2023 certain legal actions are pending against the County. The final outcome of the outstanding claims cannot be determined at this time. However, management believes that ultimate disposition of these matters will not materially exceed the amounts recorded in these consolidated financial statements.

Estimated costs to settle claims are based on available information and projections of estimated future expenses developed based on the County's historical experience. Claims are reported as an operating expense in the year of the loss, where the costs are deemed to be likely and can be reasonably determined. Claim provisions are reported as a liability in the consolidated statement of financial position.

THE CORPORATION OF THE COUNTY OF PERTH

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2023

9. ASSET RETIREMENT OBLIGATIONS

[a] The County's asset retirement obligations consist of the following:

Asbestos removal

The County owns and operates various buildings that are known or are assumed to contain asbestos, which represents a health hazard upon disturbance and as a result carry a legal obligation to remove them when an asset undergoes a significant renovation or demolition. Following the adoption of *PS 3280, Asset Retirement Obligations*, the County recognized an obligation relating to five buildings that contain or are suspected to contain asbestos material, of which were not fully amortized at January 1, 2023. Each building has an estimated useful life of 50 years.

Key assumptions in determining the liability at December 31, 2023 for asbestos removal and disposal are as follows:

- Timing of settlement - it is unknown when the buildings will be demolished or abatement will occur
- Discount rate - due to the unknown timing of retirement, no discount rate was used when estimating the costs
- Estimated time required for retirement activities - at time of demolition only
- Undiscounted liability for asbestos removal - \$235,309

[b] Asset Retirement Obligation Continuity Schedule

December 31, 2023

	<u>Opening</u>	<u>Accretion expense</u>	<u>Change in estimate</u>	<u>Liability settled during period</u>	<u>Ending</u>
Asbestos removal	<u>-</u>	<u>9,593</u>	<u>225,716</u>	<u>-</u>	<u>235,309</u>

THE CORPORATION OF THE COUNTY OF PERTH

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2023

10. DEFERRED REVENUE

The balance of the deferred revenue reported on the Consolidated Statement of Financial Position consists of the following:

	<u>Opening</u>	<u>Contributions received</u>	<u>Externally restricted investment income</u>	<u>Revenue recognized</u>	<u>Ending</u>
HPPH & Spruce Lodge	735,937	641,198	-	(907,178)	469,957
HISH	-	187,500	-	(62,500)	125,000
CPLTC	-	110,625	-	-	110,625
CCBF	-	1,259,759	-	(1,259,759)	-
OCIF	-	827,069	5,828	(832,897)	-
COVID Safe Restart	<u>87,668</u>	<u>-</u>	<u>4,404</u>	<u>(92,072)</u>	<u>-</u>
	<u>823,605</u>	<u>3,026,151</u>	<u>10,232</u>	<u>(3,154,406)</u>	<u>705,582</u>

HPPH & Spruce Lodge

Huron Perth Public Health (HPPH) and Spruce Lodge deferred revenue balance is comprised of the County's proportionate amount of deferred revenue related to consolidation.

HISH (High Intensity Supports at Home)

High Intensity Supports at Home is provided by the Province of Ontario. The funding can be used to support older adults in the community who are awaiting Long-Term Care Home placement or who may be at higher risk of hospitalizations and wish to remain in their own home.

CPLTC (Community Paramedicine Long-Term Care Program)

Community Paramedicine Long-Term Care Program is provided by the Province of Ontario. The funding can be used to support older adults in the community who are awaiting Long-Term Care Home placement or who may be at higher risk of hospitalizations and wish to remain in their own home.

CCBF (Canada Community-Building Fund)

Community Building 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). Funding may be used towards designated environmentally sustainable municipal infrastructure and capacity building projects as specified in the funding agreements.

OCIF (Ontario Community Infrastructure Fund)

Community Infrastructure funding is provided by the Province of Ontario. The fund provides for small, rural and northern communities to develop and renew their infrastructure.

COVID Safe Restart

COVID Safe Restart revenue is provided by the Province of Ontario. This funding can be used to support COVID related pressures on municipal services during the pandemic and post pandemic.

THE CORPORATION OF THE COUNTY OF PERTH

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2023

11. LONG-TERM DEBT

a) The balance of the long-term liabilities reported on the Consolidated Statement of Financial Position consists of the following:

	<u>2023</u>	<u>2022</u>
	<u>\$</u>	<u>\$</u>
Ontario Infrastructure and Lands Corporation, 2.72%, repayable in blended semi annual payments of \$86,959, due February 2027	576,904	731,959
Ontario Infrastructure and Lands Corporation, 3.52%, repayable in blended semi annual payments of \$76,778, due May 2032	1,119,637	1,230,838
Ontario Infrastructure and Lands Corporation, 3.18%, repayable in blended semi annual payments of \$89,330, due October 2035	1,770,757	1,890,250
Ontario Infrastructure and Lands Corporation, 2.90%, repayable in blended semi annual payments of \$160,646, due November 2036	3,459,138	3,675,399
Ontario Infrastructure and Lands Corporation, variable (5.63%), interest only until debenture is fully drawn. Total amount that can be drawn is \$5,400,000	<u>1,500,000</u>	<u>-</u>
Total long-term liabilities at the end of the year	<u><u>8,426,436</u></u>	<u><u>7,528,446</u></u>

b) Principal repayments are summarized as follows:

	2024	2025	2026	2027	2028	Beyond	Total
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
	<u>2,120,352</u>	<u>639,258</u>	<u>658,745</u>	<u>591,873</u>	<u>522,055</u>	<u>3,894,153</u>	<u>8,426,436</u>

c) The long-term liabilities issued in the name of the County have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs.

d) Interest expense on long-term debt in 2023 amounted to \$229,000 (2022 - \$224,243).

THE CORPORATION OF THE COUNTY OF PERTH

**Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2023**

12. TANGIBLE CAPITAL ASSETS

December 31, 2023

Cost	<u>Opening</u>	<u>Additions</u>	<u>Disposals</u>	<u>Change in Consolidation (Note 18)</u>	<u>Ending</u>
Land and land improvements	2,034,866	-	-	1,634	2,036,500
Buildings	28,198,943	2,457,565	(22,364)	38,641	30,672,785
Furniture, fixtures, and equipment	1,791,099	110,507	(361,585)	-	1,540,021
Computer equipment	2,405,718	329,183	(331,418)	3,270	2,406,753
Vehicles	6,874,491	1,379,781	(1,005,538)	-	7,248,734
Roadways	106,802,440	5,153,778	(2,346,226)	-	109,609,992
Bridges and culverts	<u>28,102,707</u>	<u>1,261,552</u>	<u>(143,589)</u>	-	<u>29,220,670</u>
	176,210,264	10,692,366	(4,210,720)	43,545	182,735,455
Work In Progress	<u>1,483,327</u>	<u>990,032</u>	-	-	<u>2,473,359</u>
Total Cost	<u>177,693,591</u>	<u>11,682,398</u>	<u>(4,210,720)</u>	<u>43,545</u>	<u>185,208,814</u>

Accumulated Amortization	<u>Opening</u>	<u>Additions</u>	<u>Disposals</u>	<u>Change in Consolidation (Note 18)</u>	<u>Ending</u>
Land and land improvements	272,676	23,317	-	58	296,051
Buildings	12,641,118	2,177,198	(22,364)	16,596	14,812,548
Furniture, fixtures and equipment	960,777	117,623	(301,207)	-	777,193
Computer equipment	1,740,326	207,902	(326,754)	2,350	1,623,824
Vehicles	3,532,041	643,080	(867,933)	-	3,307,188
Roadways	34,148,345	2,888,400	(2,302,942)	-	34,733,803
Bridges and culverts	<u>12,649,307</u>	<u>557,187</u>	-	-	<u>13,206,494</u>
	65,944,590	6,614,707	(3,821,200)	19,004	68,757,101
Work In Progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Accumulated Amortization	<u>65,944,590</u>	<u>6,614,707</u>	<u>(3,821,200)</u>	<u>19,004</u>	<u>68,757,101</u>

Net Book Value	<u>Opening</u>		<u>Ending</u>
Land and land improvements	1,762,190		1,740,449
Buildings	15,557,825		15,860,237
Furniture, fixtures and equipment	830,322		762,828
Computer equipment	665,392		782,929
Vehicles	3,342,450		3,941,546
Roadways	72,654,095		74,876,189
Bridges and culverts	<u>15,453,400</u>		<u>16,014,176</u>
	110,265,674		113,978,354
Work In Progress	<u>1,483,327</u>		<u>2,473,359</u>
Total Net Book Value	<u>111,749,001</u>		<u>116,451,713</u>

THE CORPORATION OF THE COUNTY OF PERTH

**Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2023**

12. TANGIBLE CAPITAL ASSETS (CONTINUED)

December 31, 2022

Cost	<u>Opening</u>	<u>Additions</u>	<u>Disposals</u>	<u>Change in Consolidation (Note 18)</u>	<u>Ending</u>
Land and land improvements	2,035,533	-	-	(667)	2,034,866
Buildings	27,277,958	928,385	(4,019)	(3,381)	28,198,943
Furniture, fixtures, and equipment	1,706,753	84,346	-	-	1,791,099
Computer equipment	2,112,519	441,487	(146,917)	(1,371)	2,405,718
Vehicles	6,398,040	1,176,189	(699,738)	-	6,874,491
Roadways	99,926,514	10,947,143	(4,071,217)	-	106,802,440
Bridges and culverts	26,710,405	1,392,302	-	-	28,102,707
	<u>166,167,722</u>	<u>14,969,852</u>	<u>(4,921,891)</u>	<u>(5,419)</u>	<u>176,210,264</u>
Work In Progress	636,675	846,652	-	-	1,483,327
Total Cost	<u>166,804,397</u>	<u>15,816,504</u>	<u>(4,921,891)</u>	<u>(5,419)</u>	<u>177,693,591</u>

Accumulated Amortization	<u>Opening</u>	<u>Additions</u>	<u>Disposals</u>	<u>Change in Consolidation (Note 18)</u>	<u>Ending</u>
Land and land improvements	270,600	2,057	-	19	272,676
Buildings	11,743,534	900,204	(4,019)	1,399	12,641,118
Furniture, fixtures and equipment	848,257	112,520	-	-	960,777
Computer equipment	1,629,940	258,020	(146,858)	(776)	1,740,326
Vehicles	3,647,964	536,015	(651,938)	-	3,532,041
Roadways	34,187,672	2,893,089	(2,932,416)	-	34,148,345
Bridges and culverts	12,080,908	1,210,970	(642,571)	-	12,649,307
	<u>64,408,875</u>	<u>5,912,875</u>	<u>(4,377,802)</u>	<u>642</u>	<u>65,944,590</u>
Work In Progress	-	-	-	-	-
Total Accumulated Amortization	<u>64,408,875</u>	<u>5,912,875</u>	<u>(4,377,802)</u>	<u>642</u>	<u>65,944,590</u>

Net Book Value	<u>Opening</u>	<u>Ending</u>
Land and land improvements	1,764,933	1,762,190
Buildings	15,534,424	15,557,825
Furniture, fixtures and equipment	858,496	830,322
Computer equipment	482,579	665,392
Vehicles	2,750,076	3,342,450
Roadways	65,738,842	72,654,095
Bridges and culverts	14,629,497	15,453,400
	<u>101,758,847</u>	<u>110,265,674</u>
Work In Progress	636,675	1,483,327
Total Net Book Value	<u>102,395,522</u>	<u>111,749,001</u>

Accumulated amortization additions for bridges includes an adjustment of \$313,934 in 2022 related to to the prior period adjustment described in note 19.

THE CORPORATION OF THE COUNTY OF PERTH

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2023

13. ACCUMULATED SURPLUS

The accumulated surplus consists of the following balances:

	2023	Restated (Note 19) 2022
	<u>\$</u>	<u>\$</u>
SURPLUS		
Tangible capital assets (Note 12)	116,451,713	111,749,001
Current fund opening balance	1,044,878	1,900,523
Annual surplus (deficit)	(1,038,766)	(413,125)
Share of annual surplus (deficit) in Spruce Lodge	135,686	(442,520)
Share of annual surplus in Huron Perth Public Health	40,863	-
Reserves	<u>11,899,507</u>	<u>14,697,945</u>
	128,533,881	127,491,824
AMOUNTS TO BE RECOVERED		
Committed for completion of assets under construction	(7,205)	(7,123)
Long-term debt (Note 11)	(8,426,436)	(7,528,446)
Unfunded WSIB	(2,163,290)	(1,812,159)
Unfunded asset retirement obligation (Note 9)	(218,838)	-
Unfunded sick leave liability	<u>(425,231)</u>	<u>(390,446)</u>
	<u>(11,241,000)</u>	<u>(9,738,174)</u>
ACCUMULATED SURPLUS	<u>117,292,881</u>	<u>117,753,650</u>
RESERVES		
Working capital	1,627,858	1,662,577
Current purposes	2,509,739	3,201,251
Capital purposes	<u>7,761,910</u>	<u>9,834,117</u>
Total reserves	<u>11,899,507</u>	<u>14,697,945</u>

THE CORPORATION OF THE COUNTY OF PERTH

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2023

14. GOVERNMENT TRANSFERS - FEDERAL

	Budget (Note 22) \$	Actual 2023 \$	Actual 2022 \$
Operating			
Conditional - Other	-	5,305	39,613
Conditional - HPPH grant	-	<u>26,954</u>	<u>17,339</u>
	-	32,259	56,952
Capital			
Canada Community Building Fund	<u>1,259,759</u>	<u>1,259,759</u>	<u>1,210,146</u>
	<u>1,259,759</u>	<u>1,292,018</u>	<u>1,267,098</u>

15. GOVERNMENT TRANSFERS - PROVINCIAL

	Budget (Note 22) \$	Actual 2023 \$	Actual 2022 \$
Operating			
Conditional - Paramedic Services MOHLTC	9,159,733	9,720,507	8,478,056
Ontario Municipal Partnership Fund	737,300	737,300	867,400
Conditional - Community Transportation	576,449	530,018	525,070
Other	81,115	54,837	5,287
HPPH and Spruce Lodge Grants	9,322,086	10,471,466	10,447,452
Conditional - Covid (Safe Restart)	89,860	92,072	895,031
Conditional - Modernization Funding	<u>5,897</u>	<u>-</u>	<u>178,600</u>
	19,972,440	21,606,200	21,396,896
Capital			
Ontario Community Infrastructure Fund	832,897	832,897	978,275
MOH Community Paramedicine	-	-	276,309
Modernization funding	<u>-</u>	<u>-</u>	<u>108,733</u>
	832,897	832,897	1,363,317
	<u>20,805,337</u>	<u>22,439,097</u>	<u>22,760,213</u>

THE CORPORATION OF THE COUNTY OF PERTH

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2023

16. GOVERNMENT PARTNERSHIP - HURON PERTH PUBLIC HEALTH

The County is a partner in Huron Perth Public Health. The County provides 29.10% (2022 - 28.76%) of the municipal funding for the Cost Shared Mandatory related programs. The County's share of results of Huron Perth Public Health's financial results from operations for the year and its financial position at year-end have been consolidated within these financial statements. At December 31, 2023, Huron Perth Public Health's financial results and financial performance are as follows:

	2023	2022
	<u>\$</u>	<u>\$</u>
Financial assets	2,426,690	2,888,072
Liabilities	(3,220,668)	(4,024,830)
Non-financial assets	<u>5,486,322</u>	<u>5,689,986</u>
Accumulated surplus	<u>4,692,344</u>	<u>4,553,228</u>
Revenues	19,310,035	22,273,577
Expenses	<u>19,170,919</u>	<u>22,273,577</u>
Annual deficit	<u>139,116</u>	<u>-</u>

The County's share of Huron Perth Public Health's assets, liabilities and accumulated surplus as at December 31, 2023 are as follows:

	2023	2022
	<u>\$</u>	<u>\$</u>
Financial assets	706,167	830,610
Liabilities	(937,214)	(1,157,541)
Non-financial assets	<u>1,596,520</u>	<u>1,636,440</u>
Accumulated surplus	<u>1,365,473</u>	<u>1,309,509</u>

17. GOVERNMENT PARTNERSHIP - SPRUCE LODGE

The County is a partner in Spruce Lodge Home for the Aged and its related entities. The County provides 50.94% (2022 - 50.85%) of the municipal funding for the Cost Shared Mandatory related programs. The County's share of results of Spruce Lodge Home for the Aged and its related entities' financial results from operations for the year and its financial position at year-end have been consolidated within these financial statements. At December 31, 2023, Spruce Lodge Home for the Aged and its related entities' financial results and financial performance are as follows:

THE CORPORATION OF THE COUNTY OF PERTH

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2023

17. GOVERNMENT PARTNERSHIP - SPRUCE LODGE (CONTINUED)

	2023	2022
	<u>\$</u>	<u>\$</u>
Financial assets	3,808,161	4,942,207
Liabilities	(3,362,465)	(3,283,307)
Non-financial assets	<u>8,053,023</u>	<u>7,373,658</u>
Accumulated surplus	<u>8,498,719</u>	<u>9,032,558</u>
Revenues	17,647,987	16,405,043
Expenses	<u>17,381,624</u>	<u>17,275,283</u>
Annual deficit	<u>266,363</u>	<u>(870,240)</u>

The County's share of Spruce Lodge's assets, liabilities and accumulated surplus as at December 31, 2023 are as follows:

	2023	2022
	<u>\$</u>	<u>\$</u>
Financial assets	1,939,877	2,513,112
Liabilities	(1,712,840)	(1,669,562)
Non-financial assets	<u>4,102,210</u>	<u>3,749,505</u>
Accumulated surplus	<u>4,329,247</u>	<u>4,593,055</u>

18. CHANGE IN PROPORTIONATE CONSOLIDATION

The change in proportionate consolidation of joint local boards is the result of new funding agreements effective January 1, 2023. The resulting changes in funding percentages and their effects are as follows:

	2023	2022
	<u>%</u>	<u>%</u>
Huron Perth Public Health	29.10%	28.76%
Spruce Lodge	50.94%	50.85%
Cost	43,545	(5,416)
Accumulated amortization	<u>(19,004)</u>	<u>(640)</u>
Net book value	24,541	(6,056)
Net financial assets	1,702	(237)
Other non-financial assets	<u>1,441</u>	<u>307</u>
Change in Net Municipal Position	<u>27,684</u>	<u>(5,986)</u>

THE CORPORATION OF THE COUNTY OF PERTH

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2023

19. PRIOR PERIOD ADJUSTMENT

During the year, the County identified an error that resulted in over amortizing capital additions. The error was related to capital improvements made to bridges and culverts. As a result, the balances relating to the comparative December 31, 2022 figures were adjusted as follows:

	2022	
	<u>\$</u>	
Adjustments to the Statement of Financial Position:		
Increase in Tangible Capital Assets	<u>313,934</u>	
Adjustments to the Statement of Operations:		
Decrease in Amortization	<u>(313,934)</u>	
Adjustments to the Statement of Changes in Net Financial Assets:		
Increase in Accumulated surplus	<u>313,934</u>	

20. SUPPLEMENTARY INFORMATION:

	2023	2022
	<u>\$</u>	<u>\$</u>
[a] Current fund expenditures by object:		
Salaries, wages and employee benefits	30,343,523	29,828,170
Contracted services	9,725,451	9,524,825
Materials	8,942,599	8,999,231
Amortization	6,614,707	5,912,875
Rents and financial expenses	534,924	508,421
Contributions to other organizations	478,175	576,736
Loss on disposal of capital assets	<u>69,946</u>	<u>440,580</u>
	<u>56,709,325</u>	<u>55,790,838</u>
[b] Change in non-cash assets and liabilities related to operations:		
Accounts receivable	742,487	59,693
Prepaid expenses	(139,293)	(139,846)
Inventory	(51,070)	135,947
Accounts payable and accrued liabilities	1,939,911	884,144
Deferred revenue	<u>(118,023)</u>	<u>(193,113)</u>
	<u>2,374,012</u>	<u>746,825</u>

THE CORPORATION OF THE COUNTY OF PERTH

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2023

21. FINANCIAL INSTRUMENT RISKS

Risks and Concentrations

The County is exposed to various risks through its financial instruments. The following analysis provides a measure of the County's risk exposure and concentrations at the consolidated statement of financial position date.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The County is mainly exposed to interest and price risk. Municipality has no foreign currency transactions that would expose it to currency risk.

i) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The County is exposed to interest rate risk on its fixed rate long-term debt, mortgages receivable, and guaranteed investment certificates. As the interest rates are fixed management doesn't believe that interest rate risk is a significant risk.

ii) Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. It is management's opinion that the County is not exposed to significant currency risk as all investments are comprised of guaranteed investment certificates and principal protected notes.

Liquidity Risk

Liquidity risk is the risk that the County will encounter difficulty in meeting obligations associated with financial liabilities. The County is exposed to this risk mainly in respect of its accounts payable, accrued liabilities and long-term debt. The County doesn't believe that liquidity risk is a significant risk. The majority of accounts payable and accrued liabilities are expected to be settled in thirty days. All accounts payable and accrued liabilities are to be settled within one year. The maturities of other financial liabilities are provided in the notes to the consolidated financial statements related to those liabilities.

THE CORPORATION OF THE COUNTY OF PERTH

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2023

21. FINANCIAL INSTRUMENT RISKS (CONTINUED)

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The County's main credit risks relate to its accounts receivable and taxes receivable. The County manages this risk by monitoring active receivable balances.

At year end, the County had approximately \$308,000 (2022 - \$111,000) in accounts receivable over 90 days of which the County has deemed no allowance is necessary.

22. BUDGET FIGURES

County Council completes separate budget reviews for its operating and capital budgets each year. The approved operating budget for 2023 is reflected on the Consolidated Statement of Operations. Budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual expenditure amounts. The 2023 operating and capital budgets were approved on February 2, 2023. 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:

Financial Plan (Budget) Resolution surplus for the year:	-
Add:	
Capital expenditures	12,873,403
Budgeted transfer to net municipal position	4,337,041
Capital interest income	320,000
Budgeted surplus from other local boards	<u>108,595</u>
Less:	
Budgeted transfers from net municipal position	(10,155,430)
Amortization	(3,898,656)
Proceeds from financing	<u>(4,000,000)</u>
Decrease to net municipal position per statement of operations	<u>(415,047)</u>

THE CORPORATION OF THE COUNTY OF PERTH

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2023

23. SEGMENTED DISCLOSURES

The County 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

This office of the Chief Administrative Officer is responsible for costs relating to 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 five functions: Legislative Services (Clerk), Finance, Technology Services, Provincial Offences Administration, and Archives.

Legislative Services (Clerk)

Legislative Services is responsible for process and related activities of Council providing secretarial support including preparation of agendas, minutes, and by-laws. Also responsible for communication of Council directives and action both internally and externally and is custodian of all corporate records, and for the planning maintenance and mobilization of community resources for declared and non-declared emergencies.

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.

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 bylaws, 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.

THE CORPORATION OF THE COUNTY OF PERTH

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2023

23. SEGMENTED DISCLOSURES (CONTINUED)

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.

Paramedic Services

Paramedic Services is responsible for the provision of pre-hospital medical care and transportation services to the ill and injured in the County.

Planning and Development

This department provides planning services including 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 accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1. For additional information see the Schedule of Segment Disclosure.

THE CORPORATION OF THE COUNTY OF PERTH

**Schedule of Segment Disclosure
For the Year Ended December 31, 2023**

	Council and CAO \$	Corporate Services \$	Public Works \$	Paramedic Services \$	Planning and Development \$	Shared Services \$	Total \$
REVENUES							
Municipal requisitions - operating	1,780,245	2,383,316	3,040,070	2,161,446	368,005	6,660,819	16,393,901
Municipal requisitions - capital	-	-	3,390,000	155,000	-	-	3,545,000
Government grants	278,091	502,532	5,343,523	13,773,370	227,442	10,797,984	30,922,942
User fees and service charges	131,824	3,166	107,974	17,643	233,465	2,130,862	2,624,934
Other	<u>26,114</u>	<u>2,196,401</u>	<u>309,349</u>	<u>5,188</u>	<u>197,043</u>	<u>-</u>	<u>2,734,095</u>
	<u>2,216,274</u>	<u>5,085,415</u>	<u>12,190,916</u>	<u>16,112,647</u>	<u>1,025,955</u>	<u>19,589,665</u>	<u>56,220,872</u>
EXPENSES							
Salaries and wages	1,379,915	2,610,900	2,206,664	13,429,439	902,416	9,814,189	30,343,523
Goods and services	578,801	1,568,675	6,223,454	1,260,024	194,646	9,377,374	19,202,974
External transfers	48,000	321,038	-	-	-	109,137	478,175
Amortization	-	117,260	5,873,359	103,802	-	520,286	6,614,707
Loss on disposal of capital assets	<u>-</u>	<u>4,665</u>	<u>25,783</u>	<u>39,498</u>	<u>-</u>	<u>-</u>	<u>69,946</u>
	<u>2,006,716</u>	<u>4,622,538</u>	<u>14,329,260</u>	<u>14,832,763</u>	<u>1,097,062</u>	<u>19,820,986</u>	<u>56,709,325</u>
ANNUAL SURPLUS (DEFICIT)	<u>209,558</u>	<u>462,877</u>	<u>(2,138,344)</u>	<u>1,279,884</u>	<u>(71,107)</u>	<u>(231,321)</u>	<u>(488,453)</u>

THE CORPORATION OF THE COUNTY OF PERTH

**Schedule of Segment Disclosure
For the Year Ended December 31, 2022**

	Council and CAO \$	Corporate Services \$	Public Works \$	Paramedic Services \$	Planning and Development \$	Shared Services \$	Total \$
REVENUES							
Municipal requisitions - operating	1,842,883	2,090,031	2,674,712	2,071,045	219,914	6,080,936	14,979,521
Municipal requisitions - capital	-	-	3,225,000	135,000	-	-	3,360,000
Government grants	476,470	584,697	5,774,306	12,482,044	282,803	11,523,771	31,124,091
User fees and service charges	188,906	3,525	119,180	124,866	238,237	1,962,696	2,637,410
Other	-	6,153,560	444,617	5,424	-	47,898	6,651,499
	<u>2,508,259</u>	<u>8,831,813</u>	<u>12,237,815</u>	<u>14,818,379</u>	<u>740,954</u>	<u>19,615,301</u>	<u>58,752,521</u>
EXPENSES							
Salaries and wages	1,226,673	2,294,954	1,868,566	12,529,485	782,639	11,125,853	29,828,170
Goods and services	1,630,761	1,491,622	10,400,991	1,082,050	126,046	4,301,008	19,032,478
External transfers	33,880	305,487	133,429	-	-	103,940	576,736
Amortization	-	126,393	5,138,519	98,509	-	549,454	5,912,875
Loss on disposal of capital assets	-	67	440,513	-	-	-	440,580
	<u>2,891,314</u>	<u>4,218,523</u>	<u>17,982,018</u>	<u>13,710,044</u>	<u>908,685</u>	<u>16,080,255</u>	<u>55,790,839</u>
ANNUAL SURPLUS (DEFICIT)	<u>(383,055)</u>	<u>4,613,290</u>	<u>(5,744,203)</u>	<u>1,108,335</u>	<u>(167,731)</u>	<u>3,535,046</u>	<u>2,961,682</u>