

Consolidated Financial Statements of

**MUNICIPALITY OF NORTH  
PERTH**

And Independent Auditor's Report thereon

Year ended December 31, 2023

**KPMG LLP**

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of Municipality of North Perth

***Opinion***

We have audited the consolidated financial statements of Municipality of North Perth (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2023
- the consolidated statement of operations and changes in accumulated surplus for the year then ended
- the consolidated statement of remeasurement gains (losses) for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2023 and its consolidated results of operations, its consolidated statement of remeasurement gains/losses, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the 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.



### ***Emphasis of Matter - Restatement of Financial Statements***

We draw attention to Note 2 to the financial statements, which explains that certain comparative information presented for the year ended December 31, 2022 has been restated.

Our opinion is not modified in respect to this matter.

### ***Other Matter - Comparative Information***

The financial statements for the year ended December 31, 2022, excluding the adjustments that were applied to restate certain comparative information, were audited by another auditor who expressed an unmodified opinion on those financial statements on December 2, 2024.

As part of our audit of the financial statements for the year ended December 31, 2023, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended December 31, 2022. In our opinion, such adjustments are appropriate and have been properly applied.

Other than with respect to the adjustments that were applied to restate certain comparative information, we were not engaged to audit, review or apply any procedures to the financial statements for the year ended December 31, 2022. Accordingly, we do not express an opinion or any other form of assurance on those financial statements taken as a whole.

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

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

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the 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 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 Entity'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 Entity'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 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.



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- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

Kitchener, Canada

September 9, 2025

# MUNICIPALITY OF NORTH PERTH

## Consolidated Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022
		Restated (note 2)
Financial assets:		
Cash and cash equivalents (note 6)	\$ 20,814,528	\$ 27,283,069
Taxes receivable	1,364,245	844,556
Accounts receivable (note 5)	5,452,630	3,974,589
Drain receivables (note 4)	2,270,964	3,418,810
Long-term receivables (note 8)	780,761	845,688
Investments (note 7)	18,693,800	19,015,000
	49,376,928	55,381,712
Financial liabilities:		
Accounts payable and accrued liabilities	6,269,287	5,502,770
Long-term debt (note 12)	22,522,673	23,470,895
Asset retirement obligation (note 19)	3,040,697	2,951,560
Deferred revenue (note 11)	12,071,300	14,922,398
Perth Meadows obligation (note 3)	4,784,984	4,755,819
	48,688,941	51,603,442
Net financial assets	687,987	3,778,270
Non financial assets:		
Tangible capital assets (note 13)	172,679,844	159,077,210
Prepaid expenses and inventories of supplies	252,945	260,893
	172,932,789	159,338,103
Accumulated surplus and accumulated remeasurement gains (losses)	\$ 173,620,776	\$ 163,116,373
Comprised of:		
Accumulated surplus (note 14)	\$ 173,941,976	\$ 163,116,373
Accumulated remeasurement gains (losses)	(321,200)	-
	\$ 173,620,776	\$ 163,116,373

See accompanying notes to consolidated financial statements.

On behalf of the Board:

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

# MUNICIPALITY OF NORTH PERTH

## Consolidated Statement of Operations and Changes in Accumulated Surplus

Year ended December 31, 2023, with comparative information for 2022

	2023 Budget	2023 Actual	2022 Actual
	(note 21)		Restated (note 2)
Revenue:			
Taxation	\$ 18,993,223	\$ 18,960,755	\$ 17,770,245
User fees and service charges	11,724,431	12,560,059	12,734,059
Government grants - Provincial (note 16)	6,297,268	6,784,774	5,642,997
Government grants - Federal (note 15)	422,420	496,935	1,270,364
Municipal grants	358,815	273,977	287,628
Other (note 17)	2,710,596	7,283,234	1,308,972
	40,506,753	46,359,734	39,014,265
Expenses:			
General government	4,952,736	4,167,842	4,143,254
Protection services	6,103,512	6,176,309	5,090,779
Transportation services	6,908,528	6,939,013	5,832,534
Environmental services	7,112,370	6,991,304	7,369,364
Health services	245,651	227,576	206,238
Social and family services	4,773,831	4,933,464	3,697,437
Recreation and cultural services	5,516,002	5,062,383	4,675,882
Planning and development	664,427	543,944	404,746
Perth meadows	609,965	492,296	572,594
	36,887,022	35,534,131	31,992,828
Annual surplus	3,619,731	10,825,603	7,021,437
Accumulated surplus, beginning of year:			
As previously stated	163,116,373	163,116,373	155,665,176
Change in accounting policy and restatement (note 2)	-	-	429,760
As restated	163,116,373	163,116,373	156,094,936
Accumulated surplus, end of year	\$ 166,736,104	\$ 173,941,976	\$ 163,116,373

See accompanying notes to consolidated financial statements.

# MUNICIPALITY OF NORTH PERTH

## Consolidated Statement of Remeasurement Gains (Losses)

Year ended December 31, 2023

	2023
Accumulated remeasurement gains, beginning of year	\$ -
Adjustment on adoption of the financial instruments standard	(1,564,400)
Net unrealized gains (losses) attributable to investments	1,243,200
Net change in remeasurement gains for the year	1,243,200
Total amount reclassified during the year to the consolidated statement of operations	-
Net change in remeasurement gains for the year	1,243,200
Accumulated remeasurement gains (losses), end of year	\$ (321,200)

See accompanying notes to consolidated financial statements.



# MUNICIPALITY OF NORTH PERTH

## Consolidated Statement of Changes in Net Financial Assets

Year ended December 31, 2023, with comparative information for 2022

	Budget 2023	Actual 2023	Actual 2022 Restated (note 2)
Annual surplus	\$ 3,619,731	\$ 10,825,603	\$ 7,021,437
Acquisition of tangible capital assets	-	(19,248,302)	(7,387,969)
Amortization of tangible capital assets	4,381,188	5,375,936	4,927,138
Loss on sale of tangible capital assets	-	269,732	1,570,488
Proceeds on sale of tangible capital assets	-	-	7,254
Consumption (acquisition) of prepaid expenses and inventory of supplies	-	7,948	(74,408)
Accretion expense	-	-	86,524
Net remeasurement gains for the year	-	(321,200)	-
Change in net financial assets	8,000,919	(3,090,283)	6,150,464
Net financial assets (debt), beginning of year, as previously stated	3,778,270	3,778,270	(2,580,052)
Restatement	-	-	207,858
Adjusted Net financial assets (debt), beginning of year	3,778,270	3,778,270	(2,372,194)
Net financial assets, end of year	\$ 11,779,189	\$ 687,987	\$ 3,778,270

See accompanying notes to consolidated financial statements.

# MUNICIPALITY OF NORTH PERTH

## Consolidated Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
		Restated (note 2)
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 10,825,603	\$ 7,021,437
Items not involving cash:		
Amortization	5,375,936	4,927,138
Loss on disposal of tangible capital assets	269,732	1,570,488
Accretion expense	89,137	86,524
Changes in non-cash operating working capital:		
Taxes receivable	(519,689)	35,355
Accounts receivable	(1,478,041)	(693,269)
Drain receivables	1,147,846	(144,429)
Accounts payable and accrued liabilities	766,517	2,637,295
Deferred revenue	(2,851,098)	1,831,493
Employee benefits plan liability	-	(5,018)
Prepaid expenses and inventories of supplies	7,948	(74,408)
Net change in Perth Meadows obligation	29,165	-
	13,663,056	17,192,606
Capital activities:		
Acquisition of tangible capital assets	(19,248,302)	(7,387,969)
Proceeds on sale of tangible capital assets	-	7,254
	(19,248,302)	(7,380,715)
Financing activities:		
Repayment of long-term debt	(948,222)	(867,612)
Investing activities:		
Collection of long-term receivables	64,927	77,645
Purchase of investments	-	(14,900)
	64,927	62,745
Increase (decrease) in cash and cash equivalents	(6,468,541)	9,007,024
Cash and cash equivalents, beginning of year	27,283,069	18,276,045
Cash and cash equivalents, end of year	\$ 20,814,528	\$ 27,283,069

See accompanying notes to consolidated financial statements.

# MUNICIPALITY OF NORTH PERTH

## Notes to Consolidated Financial Statements

Year ended December 31, 2023

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The Municipality of North Perth (the "Municipality") is a municipality in the Province of Ontario and operates under the provisions of the Municipal Act. The Municipality provides municipal services such as fire, public works, planning, parks, recreation and other general government services.

### 1. Significant accounting policies:

The consolidated financial statements of the Municipality are the responsibility of management. They have been prepared in accordance with Canadian public sector accounting standards.

#### (a) Basis of consolidation:

The consolidated financial statements reflect the assets, liabilities, revenue and expenses, and changes in accumulated surplus of all municipal organizations, committees and boards which are owned or controlled by the Municipality. The following boards have been consolidated:

Listowel Business Improvement Area  
North Perth Cemetery Board  
North Perth Public Library Board

All inter-entity assets, liabilities, revenues and expenses have been eliminated on consolidation.

Trust funds and their related operations administered by the Municipality are not consolidated. The financial activity and position of the trust funds are reported separately.

#### (b) Cash and cash equivalents:

Cash and cash equivalents are represented by cash on hand, cash on deposit in chartered banks and investments that mature within three months.

#### (c) 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. This revenue is recognized in the consolidated statement of operations in the year in which it is used for the specified purpose.

Development charges received are deferred and recognized in revenue when funds are used for specific projects or expenses.

# MUNICIPALITY OF NORTH PERTH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

## 1. Significant accounting policies (continued):

### (d) 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 other income. Assets under construction are not amortized until the asset is put in use.

Amortization is calculated on a straight-line basis over each asset's estimated useful life for all classes except land. Land is considered to have an infinite life and so is not amortized. Amortization is based on the following classifications and useful lives:

Asset	Useful life - Years
Land improvements	20 to 50 years
Buildings	30 to 100 years
Equipment and furniture	5 to 30 years
Fleet	10 to 25 years
Information technology equipment	5 years
Infrastructure - roads	20 years
Infrastructure - bridges and culverts	30 to 75 years
Infrastructure - water, sewer and landfill	4 to 100 years

### (e) Inventory:

Inventory is recorded at the lower of average cost and net realizable value.

### (f) Retirement benefits and other employee benefit plans:

The Municipality participates in a multi-employer defined benefit pension plan, however, sufficient information is not available to use defined benefit accounting. Therefore, the Municipality accounts for the plan as if it were a defined contribution plan. As such, no pension liability is included in the Municipality's financial statements and contributions are recognized as an expense in the year to which they relate.

### (g) Reserves for future expenses:

Certain amounts, as approved by Municipal Council, are set aside in reserves and reserve funds for future operating and capital expenses.

# MUNICIPALITY OF NORTH PERTH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

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## 1. Significant accounting policies (continued):

### (h) Revenue recognition:

Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period of time for which the tax is levied. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals and court decisions, could result in a change in the amount of tax revenue recognized. Taxes receivable are recognized net of an allowance for anticipated uncollectible amounts.

User fees and service charges, including fees for work on drainage, are recognized when the services are performed or goods are delivered and there is reasonable assurance of collection.

Government transfers are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability - in which case they are reported as deferred revenue on the Statement of Financial Position. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Other revenue is recorded as it is earned and collection is reasonably assured.

Investment income earned on operating surplus funds and reserves and reserve funds (other than obligatory reserve funds) are recorded in the period earned. Investment income earned on obligatory reserve funds are recorded directly to each respective fund balance and forms part of the deferred revenue - obligatory reserve funds balance.

### (i) County of Perth and school boards:

The Municipality collects taxation revenue on behalf of the school boards and the County of Perth. Such levies, other revenues, expenses, assets and liabilities with respect to the operations of these entities are not reflected in these financial statements (note 18).

# MUNICIPALITY OF NORTH PERTH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

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## 1. Significant accounting policies (continued):

### (j) Use of estimates:

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates relate to the allowance for taxes receivable, tax revenue, accounts receivable and drain receivables, accrued liabilities, asset retirement obligations, useful lives of tangible capital assets, and the deferred life lease revenue. Actual results could differ from management's best estimates as additional information becomes available in the future.

### (k) Adoption of new accounting standards:

#### (i) PS - 3450 Financial Instruments and Related Standards:

On January 1, 2023, the Municipality adopted PS 3450 Financial Instruments ("PS 3450"), PS 2601 Foreign Currency Translation, PS 1201 Financial Statement Presentation and PS 3041 Portfolio Investments. The standards were adopted prospectively from the date of adoption. The new standards provide comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments and foreign currency transactions.

Under PS 3450, all financial instruments are included on the Statement of Financial Position and, with the exception of derivatives and equity investments, are measured amortized cost. Derivative and equity investments are included on the Statement of Financial Position at fair value with unrealized gains/losses recorded in the statement of remeasurement gains/losses.

#### (ii) PS - 3280 Asset Retirement Obligations :

On January 1, 2023, the Municipality also adopted Public Accounting Standard PS 3280 - Asset Retirement Obligations. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets and resulted in a withdrawal of Section PS 3270 – Solid Waste Landfill Closure and Post-Closure Liability. The standard was adopted on the modified retrospective basis at the date of adoption and the discount rate and assumptions used on initial recognition are those as of the date of adoption of the standard.

# MUNICIPALITY OF NORTH PERTH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

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## 1. Significant accounting policies (continued):

(k) Adoption of new accounting standards (continued):

(ii) PS - 3280 Asset Retirement Obligations (continued):

The Municipality removed the landfill liability that had been recognized to date and recognized an asset retirement obligation upon adoption of PS 3280 on January 1, 2022. The liability represents the required closure and post-closure care for the active landfill sites owned by the Municipality. The liability was measured as of the date of purchase of the sites, when the liability was assumed and was discounted at 3.02% which was the discount rate as of the date of adoption of the standard.

On January 1, 2022, the Municipality recognized an additional asset retirement obligation relating to the removal of asbestos in buildings. The liability was measured as of the date of purchase or construction of the buildings and structures which represents when the liability was assumed. The accompanying increase to the respective tangible capital assets was amortized in accordance with the useful lives and depreciation accounting policies outlined in Note 1.

## 2. Change in accounting policy and restatements:

A summary of the impact of the adjustments for the 2022 comparative records are as follows:

- (a) PS 3280 - Asset Retirement Obligation: As a result of the change in accounting standard, described in Note 1 (k), the Municipality has restated the comparative information, in accordance with the modified retrospective approach, January 1, 2022.
- (b) Perth Meadows Restatement: The Municipality has revised the accounting treatment for Perth Meadows. Since the Municipality will be liable to the purchaser at any time for up to 95% of the original purchase price upon termination of the agreement by the resident, it has been recorded as a Perth Meadows obligation, and measured at an amount equal to the required repurchase obligation, as opposed to being recorded as deferred revenue on the statement of financial position. In addition, the Municipality had previously recognized revenue from deferred revenue resulting in a required adjustment to January 1, 2022 opening accumulated surplus.

# MUNICIPALITY OF NORTH PERTH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

## 2. Change in accounting policy and restatements (continued):

Statement of financial position at December 31, 2022:

	Previously presented	Adoption of PS3280	Perth meadows	As restated
Landfill liability	\$ (3,922,929)	\$ 3,922,929	\$ -	\$ -
Asset retirement obligation	-	(2,951,560)	-	(2,951,560)
Tangible capital assets	158,944,245	132,965	-	159,077,210
Deferred revenue	(18,784,705)	-	3,862,307	(14,922,398)
Perth meadows obligations	-	-	(4,755,819)	(4,755,819)
Accumulated surplus	(162,905,550)	(1,104,334)	893,511	(163,116,373)

Consolidated statement of operations, year ended December 31, 2022

Previously presented annual surplus:	\$ 7,240,374
Perth meadows revenue	(130,000)
Accretion expense	(86,524)
Amortization expense	(2,413)
Restated annual surplus	\$ 7,021,437

## 3. Perth Meadows obligation:

In November 2011, the Municipality purchased the assets of Perth Adult Life Care Residences for \$5,297,241. The assets and obligation associated with this purchase have been recorded at their gross value as an addition in tangible capital assets, deferred revenue and Perth Meadows obligation on the Consolidated Statement of Financial Position. The senior's complex is currently made up of 18 town homes and 36 suite units which the Municipality is offering as life lease or rental units.

The Phase II life leases purchased by tenants of the Perth Adult Life Care Residences as described in Note 1 to these financial statements contain a "guaranteed buy back" clause whereby the Municipality could be liable to the purchaser for up to 95% of the original purchase price upon termination of the agreement by the resident. Please refer to the re-statement of Perth Meadows deferred revenue in Note 2.



# MUNICIPALITY OF NORTH PERTH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

## 4. Drain receivables:

Drainage receivable consists of costs that the Municipality has incurred for drainage works. The Municipality has billed landowners for their apportion of the drainage costs, based on the total cost of the drain to the benefiting landowners. Amounts are due subsequent to the completion of the work and are non-interest bearing.

## 5. Accounts receivable:

Accounts receivable consists of the following:

	2023	2022
General receivables	\$ 2,216,328	\$ 1,895,721
HST receivables	995,508	648,146
Water receivables	1,094,779	902,519
Other	1,146,015	528,203
	<u>\$ 5,452,630</u>	<u>\$ 3,974,589</u>

As at December 31, 2023, the balance of allowance for doubtful accounts is \$nil.

## 6. Cash and cash equivalents:

	2023	2022
Unrestricted	\$ 11,496,659	\$ 14,336,192
Restricted	9,317,869	12,946,877
	<u>\$ 20,814,528</u>	<u>\$ 27,283,069</u>

The restricted funds are held and restricted for specific deferred revenue projects.

# MUNICIPALITY OF NORTH PERTH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

## 7. Investments:

	2023	2022
Principal protected notes	\$ 18,693,800	\$ 19,015,000

The Municipality adopted Financial Instruments as per Note 1(k). As a result, the principal protected notes are measured at fair value, have a principal balance of \$19,015,000 (2022 - \$19,015,000) and a market value of \$18,693,800 (2022 - \$17,435,600). The notes mature in April 2024, April 2025, April 2026 and April 2028. The return is based on certain market performance over the life of the notes and is determined upon maturity.

## 8. Long-term receivables:

	2023	2022
Long-term receivable from several land owners bearing interest at 3.15% per annum. Secured by land due 2032.	\$ 34,804	\$ 38,105
Long-term receivable from several land owners bearing interest at 3.45% per annum. Secured by land due 2047.	82,959	85,160
Long-term receivable from several land owners bearing interest at 3.95%, receivable in blended annual payments of \$61,672, due 2025.	116,402	171,308
Long term receivable from several land owners bearing interest at 4.57%, receivable in blended annual payments of \$45,575, due 2040.	530,726	551,115
Long term receivable bearing interest at 6%, receivable in blended annual payments of \$3,498, due 2028	15,870	-
	\$ 780,761	\$ 845,688

## 9. Temporary borrowings:

The Municipality has an authorized line of credit of up to \$5,000,000 at Canadian Imperial Bank of Commerce bearing interest at prime. The outstanding amount as of December 31, 2023 was \$nil (2022 - \$nil). The facility is secured by general borrowing by-laws.

# MUNICIPALITY OF NORTH PERTH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

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## 10. Retirement benefits:

The Municipality makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of its staff. The plan is a defined benefit plan which specifies the amount of retirement benefit to be received by the employees based on their length of service and rates of pay.

Employees and the Municipality contribute equally to the plan at rates ranging from 9% to 15.8% depending on the member's designated retirement age and level of earnings. The amount contributed to OMERS for 2023 was \$954,743 (2022 - \$688,343) for current service and is reported as an expense on the consolidated statement of operations.

As at December 31, 2023, the OMERS plan is in a deficit position of \$4.2 billion (2022 - \$6.68 billion), which will be addressed through temporary contribution rate increases and, if needed, benefit reductions. The multi-employer plan is valued on a current market basis for all plan assets. The projected benefit method prorated on services was used for the actuarial valuation.

# MUNICIPALITY OF NORTH PERTH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

## 11. Deferred revenue:

	Opening balance	Contributions received	Externally restricted investment income	Revenue recognized or refund issued	Ending balance
Development charges	\$ 8,212,591	\$ 1,164,815	\$ 370,754	\$ (4,332,686)	\$ 5,415,474
Provincial gas tax	687,214	-	8,968	(155,086)	541,096
Recreational land	306,327	20,000	16,909	-	343,236
Other restricted grants	3,740,744	804,178	-	(712,810)	3,832,112
Deferred life lease revenue	1,975,522	-	-	(36,140)	1,939,382
	\$ 14,922,398	\$ 1,988,993	\$ 396,631	\$ (5,236,722)	\$ 12,071,300

### Perth Meadows - Deferred life lease revenue

The Phase II life leases purchased by tenants of the Perth Adult Life Care Residences as described in Note 1 to these financial statements contain a "guaranteed buy back" clause whereby the Municipality is liable to the purchaser for up to 95% of the original purchase price upon termination of the agreement by the resident. Please refer to the re-statement of Perth Meadows deferred revenue in Note 2.

# MUNICIPALITY OF NORTH PERTH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

## 12. Long-term debt:

	2023	2022
OSIFA loan, bearing interest at 2.63%; repayable in blended semi-annual payments of \$124,807; due April 2046	\$ 4,218,803	\$ 4,354,774
OSIFA loan, bearing interest at 3.95%; repayable in blended semi-annual payments of \$30,618; due October 2025	116,656	171,650
OSIFA loan, bearing interest at 4.57%; repayable in blended semi-annual payments of \$74,255; due October 2040	1,742,252	1,808,849
OSIFA loan, bearing interest at 4.91%; repayable in blended semi-annual payments of \$60,204; due May 2051	1,806,280	1,836,869
Cemetery Care and Maintenance Trust Fund loan, bearing interest at 5%; repayable in blended annual payments of \$25,678; due December 2027	91,021	111,141
Canada Mortgage and Housing Corporation mortgage, bearing interest at 3.89%; repayable in annual payments of \$109,300; due March 2031	739,245	816,772
OSIFA loan, bearing interest at 3.65%; repayable in blended semi-annual payments of \$168,651; due November 2037	3,671,828	3,869,676
OILC loan, bearing interest at 2.22%; repayable in blended semi-annual payments of \$290,473, due July 2045	10,068,155	10,419,724
Tile drainage loans, bearing interest at 6.0% and repayable in annual installments. The loans are due between 2024 and 2026 and are recoverable from benefiting landowners	68,433	81,440
	<b>\$ 22,522,673</b>	<b>\$ 23,470,895</b>

# MUNICIPALITY OF NORTH PERTH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

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## 12. Long-term debt (continued):

Principal repayments relating to long-term debt are due as follows:

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2024	\$	975,768
2025		1,006,989
2026		977,458
2027		1,000,116
2028		1,005,986
Thereafter		17,556,356
	\$	22,522,673

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# MUNICIPALITY OF NORTH PERTH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

## 13. Tangible capital assets:

	Land and land improvements	Buildings	Equipment and furniture	Fleet	Information technology equipment	Infrastructure - roads	Infrastructure - bridges and culverts	Infrastructure - water, sewer, storm and landfill	Assets under construction	2023 Total
Cost, beginning of year	\$ 15,074,766	\$ 58,463,901	\$ 8,201,053	\$ 4,607,309	\$ 577,408	\$ 44,422,629	\$ 21,968,838	\$ 74,595,188	\$ 2,787,655	\$ 230,698,747
Additions	364,475	1,381,033	440,468	337,511	69,797	749,343	792,122	-	15,113,553	19,248,302
Disposals	(56,471)	(245,698)	(31,500)	(50,785)	(88,611)	(262,527)	(105,688)	(1,052,414)	-	(1,893,694)
Transfers	110,714	74,610	-	-	-	3,558,965	711,550	11,448,940	(15,904,779)	-
Cost, end of year	\$ 15,493,484	\$ 59,673,846	\$ 8,610,021	\$ 4,894,035	\$ 558,594	\$ 48,468,410	\$ 23,366,822	\$ 84,991,714	\$ 1,996,429	\$ 248,053,355
Accumulated amortization,										
beginning of year	\$ 1,412,591	\$ 14,926,594	\$ 4,109,524	\$ 1,997,000	\$ 313,761	\$ 15,807,329	\$ 8,353,181	\$ 24,701,557	\$ -	\$ 71,621,537
Amortization	170,786	1,409,458	440,853	249,987	82,206	1,347,817	341,312	1,333,517	-	5,375,936
Disposals	(36,471)	(191,806)	(18,421)	(50,785)	(52,428)	(200,867)	(66,698)	(1,006,486)	-	(1,623,962)
Accumulated amortization, end										
of year	\$ 1,546,906	\$ 16,144,246	\$ 4,531,956	\$ 2,196,202	\$ 343,539	\$ 16,954,279	\$ 8,627,795	\$ 25,028,588	\$ -	\$ 75,373,511
Net book value, end of year	\$ 13,946,578	\$ 43,529,600	\$ 4,078,065	\$ 2,697,833	\$ 215,055	\$ 31,514,131	\$ 14,739,027	\$ 59,963,126	\$ 1,996,429	\$ 172,679,844

# MUNICIPALITY OF NORTH PERTH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

## 13. Tangible capital assets (continued):

	Land and land improvements	Buildings	Equipment and furniture	Fleet	Information technology equipment	Infrastructure - roads	Infrastructure - bridges and culverts	Infrastructure - water, sewer, storm and landfill	Assets under construction	2022 Total
Cost, beginning of year	\$ 15,088,582	\$ 59,305,644	\$ 7,705,601	\$ 4,531,827	\$ 551,423	\$ 43,374,859	\$ 19,357,100	\$ 74,298,621	\$ 1,728,796	\$ 225,942,453
Additions	57,483	423,247	612,983	126,270	105,607	1,338,835	622,392	50,014	4,051,138	7,387,969
Disposals	(73,428)	(1,337,951)	(117,531)	(50,788)	(79,622)	(882,987)	(35,287)	(1,888)	(52,193)	(2,631,675)
Transfers	2,129	72,961	-	-	-	591,922	2,024,633	248,441	(2,940,086)	-
Cost, end of year	\$ 15,074,766	\$ 58,463,901	\$ 8,201,053	\$ 4,607,309	\$ 577,408	\$ 44,422,629	\$ 21,968,838	\$ 74,595,188	\$ 2,787,655	\$ 230,698,747
Accumulated amortization,										
beginning of year	\$ 1,332,246	\$ 13,805,315	\$ 3,813,725	\$ 1,826,104	\$ 319,638	\$ 14,967,807	\$ 8,069,633	\$ 23,616,277	\$ -	\$ 67,750,745
Amortization	144,970	1,365,794	413,329	221,684	73,744	1,303,722	315,071	1,086,411	-	4,924,725
Disposals	(64,625)	(244,515)	(117,530)	(50,788)	(79,621)	(464,200)	(31,523)	(1,131)	-	(1,053,933)
Accumulated amortization, end										
of year	\$ 1,412,591	\$ 14,926,594	\$ 4,109,524	\$ 1,997,000	\$ 313,761	\$ 15,807,329	\$ 8,353,181	\$ 24,701,557	\$ -	\$ 71,621,537
Net book value, end of year	\$ 13,662,175	\$ 43,537,307	\$ 4,091,529	\$ 2,610,309	\$ 263,647	\$ 28,615,300	\$ 13,615,657	\$ 49,893,631	\$ 2,787,655	\$ 159,077,210

The net book value of tangible capital assets not being amortized because they are under construction (or development) is \$1,996,429 (2022 - \$2,787,655).



# MUNICIPALITY OF NORTH PERTH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

## 14. Accumulated surplus:

The Municipality segregates its accumulated surplus into the following categories:

	2023	2022
Investment in tangible capital assets	\$ 150,157,171	\$ 135,606,315
Current Funds	-	(833,450)
Working funds	1,882,740	4,985,152
Post-employment benefits	466,044	451,079
Current purposes	4,174,876	12,519,726
Capital purposes	20,301,842	14,099,658
Unfunded	(3,040,697)	(3,712,107)
	<b>\$ 173,941,976</b>	<b>\$ 163,116,373</b>

The investment in tangible capital assets represents amounts already spent and invested in infrastructure less related long-term debt.

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

## 15. Government grants- Federal:

	Budget 2023	Actual 2023	Actual 2022
Operating:			
Other operating funding	\$ 6,000	\$ 62,410	\$ 20,873
Capital:			
Canada Community Building Fund	416,420	434,525	1,249,491
	<b>\$ 422,420</b>	<b>\$ 496,935</b>	<b>\$ 1,270,364</b>

# MUNICIPALITY OF NORTH PERTH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

## 16. Government grants- Provincial:

	Budget 2023	Actual 2023	Actual 2022
Operating:			
Ontario Municipal Partnership Fund	\$ 1,620,900	\$ 1,620,900	\$ 1,509,000
Other operating funding	3,741,665	4,301,845	3,199,294
Capital:			
Ontario Community Infrastructure Fund	934,703	862,029	934,703
	\$ 6,297,268	\$ 6,784,774	\$ 5,642,997

## 17. Other revenue:

	2023	2023	2022
Licences, permits and rents	\$ 809,454	\$ 516,062	\$ 782,541
Development charges	-	4,332,686	633,240
Investment income	923,100	1,174,902	608,511
Perth Meadows	631,411	457,113	438,253
Sale of publications, equipment, etc.	153,211	111,307	160,807
Penalties and interest on taxation	83,023	196,534	115,670
Donations	72,322	159,970	69,161
Other fines and penalties	38,075	38,230	31,283
Gain (loss) on disposal of tangible capital assets	-	(269,732)	(1,530,494)
Other	-	566,162	-
	\$ 2,710,596	\$ 7,283,234	\$ 1,308,972

## 18. Operations of School Boards and the County of Perth:

Total taxation received or receivable on behalf of the the school boards and the County of Perth, which are excluded from these consolidated financial statements, were as follows:

	2023	2022
School boards	\$ 5,148,369	\$ 5,111,620
County of Perth	6,681,499	6,192,283
	\$ 11,829,868	\$ 11,303,903

# MUNICIPALITY OF NORTH PERTH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

## 19. Asset retirement obligation:

The Municipality owns and operates one active landfill site and two closed sites. The liability for the closure of the operational sites and post-closure care has been recognized under PS 3280 – Asset Retirement Obligations. The costs were based upon the presently known obligations that will exist at the estimated year of closure of the site and for post-closure care. These costs were discounted to December 31, 2023 using a discount rate of 3.02%. Solid waste landfill closure and post-closure costs are funded through the Municipality's annual budget.

The Municipality owns and operates buildings that are known to contain asbestos. Following the adoption of PS 3280 – Asset retirement obligations, the Municipality recognized an obligation relating to the removal and post-removal care of the asbestos in these building as estimated at January 1, 2022.

The transition and recognition of asset retirement obligations involved an accompanying increase to the Buildings and Landfill capital assets and the restatement of prior year numbers (see note 2). Changes to the asset retirement obligations in the year are as follows:

2023	Landfill closure	Building Asbestos removal	Total
Opening balance	\$ 2,781,404	\$ 170,156	\$ 2,951,560
Accretion expense	83,998	5,139	89,137
Closing Balance	\$ 2,865,402	\$ 175,295	\$ 3,040,697

  

2022	Landfill closure	Building Asbestos removal	Total
Opening balance	\$ 2,699,868	\$ 165,168	\$ 2,865,036
Accretion expense	81,536	4,988	86,524
Closing Balance	\$ 2,781,404	\$ 170,156	\$ 2,951,560

# MUNICIPALITY OF NORTH PERTH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

## 20. Fund held in trust:

At the year end, the Municipality held \$726,007 (2022 - \$745,706) in trust. These funds are not included in these financial statements. Certain assets have been conveyed or assigned to the Municipality to be administered as directed by agreement or statute. The Municipality holds the assets for the benefit of, and stands in fiduciary relationship to, the beneficiaries. The following trust funds and assets are excluded from the Municipality's financial statements:

	2023	2022
Cemetery Care and Maintenance fund	\$ 726,007	\$ 745,706

## 21. Budget:

The Financial Plan (Budget) By-Law adopted by Council on May 1, 2023 was not prepared on a basis consistent with that used to report actual results (Canadian Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Canadian Public Sector Accounting Standards require a full accrual basis. As a result, the budget figures presented in the statements of operations and change in net financial assets (debt) represent the Financial Plan adopted by Council on May 1, 2023 with adjustments as follows:

	2023
Financial Plan (Budget) By-Law surplus for the year	\$ -
Add:	
Budgeted transfers to reserves	4,107,281
Budgeted capital expenditures	8,308,600
Budgeted principal payment on debt	-
Less:	
Budgeted transfers from reserves	(487,550)
Budgeted capital expenditures	(8,308,600)
Budgeted proceeds from temporary borrowing	-
Budgeted internal transfers and own equipment	-
Budget surplus per statement of operations	\$ 3,619,731

## 22. Contingent liabilities:

The Municipality is a defendant in a number of lawsuits. The outcome of these lawsuits cannot be determined at this time. It is management's opinion that the municipality's insurance will adequately cover any potential liability arising from these lawsuits. Liability for these lawsuits are recorded to the extent that the probability of a loss is likely and it is estimable.

# MUNICIPALITY OF NORTH PERTH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

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## **23. Contractual commitments:**

The Municipality of North Perth has an operating lease with the Avon Maitland District School Board for premises at 6144 Binning Street West that expires in 2055. The annual lease payments range from \$41,507 to \$78,222 and total \$1,913,975 over the remaining term of the lease.

The Municipality also has an operating lease with the Huron Perth Catholic District School Board for premises at 1209 Tremaine Avenue that expires in 2030. The annual lease payments are \$60,515, totalling \$484,120 over the remaining term of the lease.

## **24. Comparative information:**

Certain comparative information have been reclassified from those previously presented to conform to the presentation of the 2023 financial statements. Comparative information has been restated as discussed in note 2.

## **25. Segmented information:**

The Municipality 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:

### **General Government**

This category relates to the revenues and expenses of the operations of the Municipality itself and cannot be directly attributed to a specific segment. It includes Municipal council, administrative and clerk's departments.

### **Protection to Persons and Property**

Protection to persons and property department is comprised of police services, fire protection and protective inspection. The police services work to ensure the safety and protection of the citizens and their property. The fire department is responsible to provide fire suppression service, fire prevention programs, training and education. Protective inspection provides services related to the enforcement of building and construction codes.

# MUNICIPALITY OF NORTH PERTH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

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## 25. Segmented information (continued):

### Transportation

The transportation services department is responsible for the delivery of public works services related to maintenance of roadway systems, winter control, and street lighting.

### Environmental

The environmental services department consists of water, wastewater and solid waste disposal utilities. The department provides drinking water, wastewater collection and treatment to ensure the Municipality's water system meets all Provincial standards, and waste collection and disposal for its citizens.

### Health

The health services department is responsible for maintaining the Municipality's cemeteries.

### Social

The social services department provides child care services.

### Recreation and Cultural

The recreation and cultural services department is responsible for the delivery and upkeep of all recreation programs and facilities including parks and the library.

### Planning and Development

The planning and development department provides a number of services including planning, economic development, and maintenance of the Municipality's drains.

### Perth Meadows

The Municipality purchased the assets of Perth Adult Life Care Residences in November 2011. The senior's complex consists of 18 town homes and 36 suite units which the Municipality is offering as life lease or rental units.

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 are measured on the basis of the actual cost of services provided. Taxation and grants attributable to a number of segments have been allocated to those segments based on the budgeted net operating revenue for the year.

# MUNICIPALITY OF NORTH PERTH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

## 25. Segmented information (continued):

	General government	Protection to persons and property	Transportation	Environmental	Health	Social	Recreation and cultural	Planning and development	Perth Meadows	Total 2023
Revenue:										
Taxation	\$ 3,531,801	\$ 4,365,491	\$ 5,794,767	\$ 274,633	\$ 189,971	\$ -	\$ 4,225,864	\$ 578,228	\$ -	\$ 18,960,755
Government grants	2,525,174	328,482	610,006	9,075	-	3,362,139	696,931	23,879	-	7,555,686
User fees and service charges	183,947	200,640	57,263	9,516,106	63,191	1,248,055	1,177,979	112,878	-	12,560,059
Other	5,430,425	386,479	476,926	228,417	97,353	71,600	151,818	1,500	438,716	7,283,234
	11,671,347	5,281,092	6,938,962	10,028,231	350,515	4,681,794	6,252,592	716,485	438,716	46,359,734
Expenses:										
Salaries and wages	3,195,928	1,167,785	1,371,729	1,336,707	170,727	4,273,834	2,598,183	202,672	43,441	14,361,006
Materials	118,458	797,728	2,355,466	2,374,944	22,891	488,897	1,112,642	237,017	182,396	7,690,439
Contracted services	351,936	3,907,462	962,914	1,209,680	22,768	2,629	373,498	104,255	54,894	6,990,036
Interest on long-term debt	26	-	198,848	345,996	5,559	-	116,430	-	22,095	688,954
Rents and financing expenses	2,928	-	1,709	24,851	-	113,771	2,012	-	-	145,271
Contributions to others	282,489	-	-	-	-	-	-	-	-	282,489
Amortization	216,077	303,334	2,048,347	1,699,126	5,631	54,333	859,618	-	189,470	5,375,936
	4,167,842	6,176,309	6,939,013	6,991,304	227,576	4,933,464	5,062,383	543,944	492,296	35,534,131
Net surplus (deficit)	\$ 7,503,505	\$ (895,217)	\$ (51)	\$ 3,036,927	\$ 122,939	\$ (251,670)	\$ 1,190,209	\$ 172,541	\$ (53,580)	\$ 10,825,603

# MUNICIPALITY OF NORTH PERTH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

## 25. Segmented information (continued):

	General government	Protection to persons and property	Transportation	Environmental	Health	Social	Recreation and cultural	Planning and development	Perth Meadows	Total 2022
Revenue:										
Taxation	\$ 1,885,503	\$ 2,977,026	\$ 3,000,172	\$ 4,409,252	\$ 143,154	\$ 1,854,493	\$ 2,989,806	\$ 191,278	\$ 319,561	\$ 17,770,245
Government grants - Provincial	1,373,613	253,545	622,837	19,634	360	1,812,998	629,016	2,488,986	-	7,200,989
User fees and service charges	452,898	130,754	90,682	8,943,238	51,063	1,580,490	1,267,183	217,751	-	12,734,059
Other	877,331	150	7,130	(951,910)	120,375	43,298	183,166	591,179	438,253	1,308,972
	4,589,345	3,361,475	3,720,821	12,420,214	314,952	5,291,279	5,069,171	3,489,194	757,814	39,014,265
Expenses:										
Salaries and wages	2,573,777	1,019,681	1,229,606	1,126,945	143,006	3,289,984	2,233,614	195,112	41,619	11,853,344
Materials	407,067	512,390	1,196,876	3,371,305	25,663	217,009	1,186,508	110,200	253,454	7,280,472
Contracted services	463,479	3,253,249	1,230,420	1,034,686	25,100	26,535	272,319	98,289	66,587	6,470,664
Interest on long-term debt	15,019	-	207,426	358,243	6,517	-	122,365	-	23,221	732,791
Rents and financing expenses	521,604	-	5,122	43,799	320	110,625	4,685	1,145	618	687,918
Contributions to others	40,001	-	-	-	-	-	500	-	-	40,501
Amortization	122,307	305,459	1,963,084	1,434,386	5,632	53,284	855,891	-	187,095	4,927,138
	4,143,254	5,090,779	5,832,534	7,369,364	206,238	3,697,437	4,675,882	404,746	572,594	31,992,828
Net surplus (deficit)	\$ 446,091	\$ (1,729,304)	\$ (2,111,713)	\$ 5,050,850	\$ 108,714	\$ 1,593,842	\$ 393,289	\$ 3,084,448	\$ 185,220	\$ 7,021,437