

**The Municipality of North Perth
Consolidated Financial Statements
For the year ended December 31, 2021**

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Consolidated Financial Statements
For the year ended December 31, 2021**

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Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of The Municipality of North Perth

Opinion

We have audited the consolidated financial statements of The Municipality of North Perth (the Municipality), which comprise the consolidated statement of financial position as at December 31, 2021, the consolidated statements of operations, change in net debt and 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 accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Municipality as at December 31, 2021, and the consolidated results of its operations, consolidated change in net debt and 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 Consolidated Financial Statements* section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to the audit of 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.

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 Public Sector Accounting Standards, 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 Municipality'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 Municipality or to cease operations, or has no realistic alternative but to do so.

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

Auditor's 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. 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 Municipality'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 Municipality'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 Municipality 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Municipality to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Chartered Professional Accountants, Licensed Public Accountants

Stratford, Ontario
July 17, 2023

The Municipality of North Perth
Consolidated Statement of Financial Position

December 31	2021	2020
Financial assets		
Cash and cash equivalents (Note 2)	\$ 18,276,045	\$ 32,401,423
Taxes receivable	879,911	676,845
Accounts receivable	3,281,320	3,687,790
Drain receivables	3,274,381	2,069,522
Long-term receivables (Note 4)	923,333	997,950
Investments (Note 3)	19,000,100	-
	45,635,090	39,833,530
Liabilities		
Accounts payable and accrued liabilities	2,865,476	3,223,327
Employee benefits plan liability	5,018	5,018
Deferred revenue (Note 7)	17,083,212	14,509,057
Long-term debt (Note 8)	24,338,508	25,241,754
Solid waste closure and post-closure liabilities (Note 9)	3,922,929	2,017,000
	48,215,143	44,996,156
Net debt	(2,580,053)	(5,162,626)
Non-financial assets		
Tangible capital assets (Note 10)	156,746,505	153,826,010
Prepaid expenses and inventories of supplies	186,485	179,605
	156,932,990	154,005,615
Accumulated surplus (Note 11)	\$154,352,937	\$ 148,842,989

_____ Treasurer

_____ Mayor

**The Municipality of North Perth
Consolidated Statement of Operations**

For the year ended December 31	Budget 2021	2021	2020
	(Note 20)		
Revenue			
Taxation	\$ 16,243,945	\$ 16,782,898	\$ 15,929,599
Government grants - Federal (Note 12)	47,500	13,729	1,225,737
Government grants - Provincial (Note 13)	3,808,515	2,985,343	2,875,113
Municipal grants	1,347,835	1,428,633	2,575,633
User fees and service charges	10,547,110	10,874,858	9,815,374
Other (Note 14)	7,705,254	3,521,074	3,432,942
	39,700,159	35,606,535	35,854,398
Expenses			
General government	3,507,839	2,543,631	2,359,783
Protection services	5,167,600	5,140,453	5,290,563
Transportation services	6,357,775	5,448,943	5,099,511
Environmental services	7,009,790	8,388,098	5,869,594
Health services	277,407	242,772	239,707
Social and family services	2,971,762	3,125,765	1,735,646
Recreation and cultural services	4,846,496	4,156,772	3,634,160
Planning and development	394,989	538,794	437,632
Perth Meadows	530,789	511,359	445,246
	31,064,447	30,096,587	25,111,842
Annual surplus	8,635,712	5,509,948	10,742,556
Accumulated surplus, beginning of year	153,002,687	148,842,989	138,100,433
Accumulated surplus, end of year	\$161,638,399	\$154,352,937	\$148,842,989

The Municipality of North Perth
Consolidated Statement of Change in Net Debt

For the year ended December 31	Budget 2021	2021	2020
	(Note 20)		
Annual surplus	\$ 8,635,712	\$ 5,509,948	\$ 10,742,556
Acquisition of tangible capital assets	(20,741,269)	(8,783,019)	(14,434,631)
Amortization of tangible capital assets	4,306,136	4,997,456	4,525,149
Loss (gain) on sale of tangible capital assets	-	734,952	509,482
Proceeds on sale of tangible capital assets	-	130,116	119,756
	(7,799,421)	2,589,453	1,462,312
Consumption (acquisition) of prepaid expenses and inventory of supplies	-	(6,880)	(9,714)
Net change in net debt	(7,799,421)	2,582,573	1,452,598
Net debt, beginning of year	(5,162,626)	(5,162,626)	(6,615,224)
Net debt, end of year	\$ (12,962,047)	\$ (2,580,053)	\$ (5,162,626)

The Municipality of North Perth
Consolidated Statement of Cash Flows

For the year ended December 31

2021

2020

Operating transactions

Annual surplus	\$ 5,509,948	\$ 10,742,556
Items not involving cash		
Amortization	4,997,456	4,525,149
Loss on disposal of tangible capital assets	734,952	509,482
Solid waste closure and post-closure liabilities	1,905,929	119,000
Changes in non-cash operating balances		
Taxes receivable	(203,066)	(112,136)
Accounts receivable	406,470	(701,707)
Drain receivables	(1,204,859)	293,979
Prepaid expenses and inventories of supplies	(6,880)	(9,714)
Accounts payable and accrued liabilities	(357,850)	(281,385)
Deferred revenue	2,574,155	(261,845)
	<u>14,356,255</u>	<u>14,823,379</u>

Capital transactions

Acquisition of tangible capital assets	(8,783,019)	(14,434,631)
Proceeds on sale of tangible capital assets	130,116	119,756
	<u>(8,652,903)</u>	<u>(14,314,875)</u>

Investing transactions

Decrease (increase) in long-term receivables	74,617	71,708
Investments	(19,000,100)	-
	<u>(18,925,483)</u>	<u>71,708</u>

Financing transactions

Repayment of long-term debt	(903,247)	(673,195)
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Net change in cash and cash equivalents

(14,125,378) (92,983)

Cash and cash equivalents, beginning of year

32,401,423 32,494,406

Cash and cash equivalents, end of year

\$ 18,276,045 \$ 32,401,423

The Municipality of North Perth
Notes to the Consolidated Financial Statements

December 31, 2021

1. Significant Accounting Policies

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

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

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:

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.

**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.

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 approved for specific projects or expenses.

The Municipality of North Perth
Notes to the Consolidated Financial Statements

December 31, 2021

1. Significant Accounting Policies (continued)

Solid Waste Closure and Post-Closure Liabilities

The estimated costs to close and maintain solid waste landfill sites are based on estimated future expenses in current dollars, discounted, adjusted for estimated inflation, and are charged to expense as the landfill site's capacity is used.

Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. 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:

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

Subdivision Infrastructure

Subdivision streets, lighting, sidewalks, drainage and other infrastructure are required to be provided by subdivision developers. Upon completion they are turned over to the Municipality at which time they are given accounting recognition. The Municipality is not involved in the construction.

Inventory

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

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.

The Municipality of North Perth
Notes to the Consolidated Financial Statements

December 31, 2021

1. Significant Accounting Policies (continued)

**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.

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 uncollectable 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.

Perth Meadows Phase I and Phase II life leases purchased by tenants of the Perth Adult Life Care Residences have been recorded as deferred lease revenue and are being amortized over the life of the buildings. Amortization is provided on a straight line basis over 50 years.

**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 16)

The Municipality of North Perth
Notes to the Consolidated Financial Statements

December 31, 2021

1. Significant Accounting Policies (continued)

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, employee benefits plan liability, solid waste closure and post-closure liabilities, 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.

2. Cash and Cash Equivalents

	<u>2021</u>	<u>2020</u>
Unrestricted	\$ 10,231,065	\$ 26,428,728
Restricted - obligatory reserve funds	<u>8,044,980</u>	<u>5,972,695</u>
	<u>\$ 18,276,045</u>	<u>\$ 32,401,423</u>

The Municipality of North Perth
Notes to the Consolidated Financial Statements

December 31, 2021

3. Investments

	2021	2020
Principal protected notes	\$ 19,000,100	\$ -

Principal protected notes are stated at cost, have a principal balance of \$19,000,100 (2020 - nil) and 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.

4. Long-Term Receivables

	2021	2020
Long-term receivable from several land owners bearing interest at 3.15% per annum. Secured by land due 2032. \$	41,304	\$ 44,406
Long-term receivable from several land owners bearing interest at 3.45% per annum. Secured by land due 2047.	87,308	89,365
Long-term receivable from several land owners bearing interest at 3.95%, receivable in blended annual payments of \$61,672, due 2025.	224,124	274,936
Long term receivable from several land owners bearing interest at 4.57%, receivable in blended annual payments of \$45,575, due 2040.	570,597	589,243
	\$ 923,333	\$ 997,950

5. 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, 2021 was \$nil (2020 - \$nil). The facility is secured by general borrowing by-laws.

The Municipality of North Perth
Notes to the Consolidated Financial Statements

December 31, 2021

6. 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 2021 was \$633,661 (2020 - \$616,699) for current service and is reported as an expense on the consolidated statement of operations.

As at December 31, 2021, the OMERS plan is in a deficit position of \$3.13 billion (2020 - \$3.21 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.

The Municipality of North Perth
Notes to the Consolidated Financial Statements

December 31, 2021

7. Deferred Revenue

	Opening balance	Contributions received	Externally restricted investment income	Revenue recognized or refund issued	Ending balance
Development charges	\$ 5,215,440	\$ 3,203,855	\$ 37,500	\$ (2,149,050)	\$ 6,307,745
Federal gas tax	-	816,736	16,335	-	833,071
Provincial gas tax	511,828	80,090	5,919	-	597,837
Recreational land	200,427	105,900	-	-	306,327
Other restricted grants	45,000	(45,000)	-	-	-
Deposits	2,368,960	1,030,075	-	(505,990)	2,893,045
Deferred life lease revenue	6,167,402	156,885	-	(179,100)	6,145,187
	<u>\$ 14,509,057</u>	<u>\$ 5,348,541</u>	<u>\$ 59,754</u>	<u>\$ (2,834,140)</u>	<u>\$ 17,083,212</u>

Federal gas tax

Gas tax revenue is provided by the Government of Canada. The use of the funding is established by a funding agreement between the Municipality and the Province of Ontario. Gas tax funding may be used towards designated capacity building projects as specified in the funding agreements.

Perth Meadows - Deferred life lease revenue

In November 2011, the Municipality purchased the assets of Perth Adult Life Care Residences for \$5,297,241. The assets and deferred revenue associated with this purchase have been recorded at their gross value as an addition in tangible capital assets and deferred revenue 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.

The Municipality of North Perth
Notes to the Consolidated Financial Statements

December 31, 2021

8. Long-term Debt

Long term debt reported on the consolidated statement of financial position is comprised of the following:

	<u>2021</u>	<u>2020</u>
OSIFA loan, bearing interest at 2.63%; repayable in blended semi-annual payments of \$124,807; due April 2046	\$ 4,487,241	\$ 4,616,290
OSIFA loan, bearing interest at 3.95%; repayable in blended semi-annual payments of \$30,618; due October 2025	224,534	275,390
OSIFA loan, bearing interest at 4.57%; repayable in blended semi-annual payments of \$74,255; due October 2040	1,872,504	1,933,347
OSIFA loan, bearing interest at 4.91%; repayable in blended semi-annual payments of \$60,204; due May 2051	1,866,010	1,893,770
Cemetery Care and Maintenance Trust Fund loan, bearing interest at 5%; repayable in blended annual payments of \$25,678; due December 2027	130,332	148,580
Canada Mortgage and Housing Corporation mortgage, bearing interest at 3.89%; repayable in annual payments of \$109,300; due March 2031	891,397	963,228
OSIFA loan, bearing interest at 3.65%; repayable in blended semi-annual payments of \$168,651; due November 2037	4,060,309	4,244,536
OILC loan, bearing interest at 2.22%; repayable in blended semi-annual payments of \$290,473, due July 2045	10,763,617	11,100,000
Tile drainage loans, bearing interest at 6.0% and repayable in annual installments. The loans are due between 2022 and 2026 and are recoverable from benefiting landowners	42,564	66,613
	<u>\$ 24,338,508</u>	<u>\$ 25,241,754</u>

The Municipality of North Perth
Notes to the Consolidated Financial Statements

December 31, 2021

8. Long-Term Debt (continued)

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

	Principal Repayments
2022	\$ 922,924
2023	944,430
2024	971,747
2025	1,002,727
2026	972,940
Thereafter	19,523,740
	\$ 24,338,508

9. Solid Waste Closure and Post-Closure Liabilities

Solid waste closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, removal of ground water and leachates, and ongoing environmental monitoring, site inspection and maintenance. The present value of the Municipality's estimated future liability for this expense is recognized as the landfill site's capacity is used. The liability and annual expense is calculated based on the ratio of utilization to total capacity of the landfill site and the discounted estimated cash flows associated with closure and post-closure activities. The reported liability as at year end was \$3,922,929 (2020 - \$2,017,000) and reflects a discount rate of NIL% (2020 - 4.0%).

The liability is based on estimates and assumptions related to events extending over the remaining life of the landfill. Below are the estimated factors for each of the three municipal landfills.

	Remaining Capacity (tonnes)	Undiscounted Future Expenditures	Liability	Remaining Life	Post-closure Care
Listowel	Closed in 2007	\$ 2,002,388	\$ 2,002,388	nil years	37 years
Elma	569,000	2,312,455	512,601	80 years	50 years
Wallace	Closed in 2012	1,407,940	1,407,940	nil years	45 years
		\$ 5,722,783	\$ 3,922,929		

**The Municipality of North Perth
Notes to Consolidated Financial Statements**

December 31, 2021

10. Tangible Capital Assets

	2021									
	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	Total
Cost, beginning of year	\$ 13,484,466	\$ 59,263,711	\$ 7,405,737	\$ 3,477,144	\$ 551,423	\$ 38,620,769	\$ 16,307,576	\$ 68,347,702	\$ 9,737,391	\$ 217,195,919
Additions	707,953	498,720	813,404	1,589,403	-	1,093,507	442,532	180,799	3,456,701	8,783,019
Disposals	(13,302)	(543,422)	(520,646)	(535,178)	-	(815,704)	(16,924)	(402,735)	-	(2,847,911)
Transfers	904,397	86,635	-	458	-	4,417,299	-	6,039,890	(11,448,677)	-
Cost, end of year	\$ 15,083,514	\$ 59,305,644	\$ 7,698,495	\$ 4,531,827	\$ 551,423	\$ 43,315,871	\$ 16,733,184	\$ 74,165,656	\$ 1,745,415	\$ 223,131,027
Accumulated amortization, beginning of year	\$ 1,200,999	\$ 12,763,750	\$ 3,833,322	\$ 2,138,533	\$ 249,262	\$ 13,936,381	\$ 6,532,000	\$ 22,715,662	\$ -	\$ 63,369,909
Amortization	143,197	1,351,777	398,347	209,181	70,376	1,506,553	224,182	1,093,843	-	4,997,456
Disposals	(13,302)	(309,317)	(418,799)	(521,610)	-	(537,923)	(12,637)	(169,253)	-	(1,982,843)
Accumulated amortization, end of year	\$ 1,330,894	\$ 13,806,210	\$ 3,812,870	\$ 1,826,104	\$ 319,638	\$ 14,905,011	\$ 6,743,545	\$ 23,640,252	\$ -	\$ 66,384,522
Net carrying amount, end of year	\$ 13,752,620	\$ 45,499,434	\$ 3,885,625	\$ 2,705,723	\$ 231,785	\$ 28,410,860	\$ 9,989,639	\$ 50,525,404	\$ 1,745,415	\$ 156,746,505

The net book value of tangible capital assets not being amortized because they are under construction (or development) is \$1,745,415 (2020 - \$9,737,391).

**The Municipality of North Perth
Notes to Consolidated Financial Statements**

December 31, 2021

10. Tangible Capital Assets (continued)

	2020									
	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	Total
Cost, beginning of year	\$ 11,929,879	\$ 42,825,842	\$ 6,876,573	\$ 3,529,903	\$ 849,499	\$ 38,029,686	\$ 14,829,668	\$ 68,942,520	\$ 17,931,989	\$ 205,745,559
Additions	435,983	305,109	267,140	152	117,916	473,398	-	153,019	12,681,914	14,434,631
Disposals	(38,569)	-	(44,602)	(52,911)	(415,992)	(34,940)	(21,977)	(2,375,280)	-	(2,984,271)
Transfers	1,157,173	16,132,760	306,626	-	-	152,625	1,499,885	1,627,443	(20,876,512)	-
Cost, end of year	\$ 13,484,466	\$ 59,263,711	\$ 7,405,737	\$ 3,477,144	\$ 551,423	\$ 38,620,769	\$ 16,307,576	\$ 68,347,702	\$ 9,737,391	\$ 217,195,919
Accumulated amortization, beginning of year	\$ 1,179,716	\$ 11,384,856	\$ 3,496,712	\$ 2,042,084	\$ 588,701	\$ 12,735,735	\$ 6,334,762	\$ 23,437,227	\$ -	\$ 61,199,793
Amortization	96,249	1,378,894	377,908	149,208	76,553	1,189,889	213,941	1,042,507	-	4,525,149
Disposals	37,554	-	(41,298)	(52,759)	(415,992)	(26,655)	(16,703)	(1,764,072)	-	(2,355,033)
Transfers	(37,412)	-	-	-	-	37,412	-	-	-	-
Accumulated amortization, end of year	\$ 1,200,999	\$ 12,763,750	\$ 3,833,322	\$ 2,138,533	\$ 249,262	\$ 13,936,381	\$ 6,532,000	\$ 22,715,662	\$ -	\$ 63,369,909
Net carrying amount, end of year	\$ 12,283,467	\$ 46,499,961	\$ 3,572,415	\$ 1,338,611	\$ 302,161	\$ 24,684,388	\$ 9,775,576	\$ 45,632,040	\$ 9,737,391	\$ 153,826,010

The Municipality of North Perth
Notes to the Consolidated Financial Statements

December 31, 2021

11. Accumulated Surplus

The Municipality segregates its accumulated surplus into the following categories:

	2021	2020
Investment in tangible capital assets	\$132,589,868	\$ 128,799,447
Current Funds	(3,368,158)	(4,025,442)
Reserves and Reserve Funds		
Working funds	1,130,000	1,055,000
Post-employment benefits	455,540	399,322
Current purposes	17,792,547	16,850,847
Capital purposes	8,841,157	7,785,832
Unfunded	(3,088,017)	(2,022,017)
	\$154,352,937	\$ 148,842,989

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

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

12. Government Transfers - Federal

	Budget 2021	2021	2020
	(Note 20)		
Operating			
Other operating funding	\$ 3,500	\$ 13,729	\$ 5,103
Capital			
Federal gas tax	4,000	-	1,220,634
Other capital funding	40,000	-	-
	\$ 47,500	\$ 13,729	\$ 1,225,737

The Municipality of North Perth
Notes to the Consolidated Financial Statements

December 31, 2021

13. Government Transfers - Provincial

	Budget 2021	2021	2020
	(Note 20)		
Operating			
Ontario Municipal Partnership Fund	\$ 1,416,878	\$ 1,445,300	\$ 1,367,200
Other operating funding	357,753	1,016,989	657,077
Capital			
Ontario Community Infrastructure Fund	-	68,175	431,108
Small Communities Fund	-	-	325,616
Other capital funding	2,033,884	454,879	94,112
	\$ 3,808,515	\$ 2,985,343	\$ 2,875,113

14. Other Income

	Budget 2021	2021	2020
	(Note 20)		
Donations	\$ 58,200	\$ 219,285	\$ 81,375
Gain (loss) on disposal of capital assets	-	(734,952)	(509,482)
Gain (loss) on Perth Meadows buy back	-	-	(857)
Development charges	5,932,250	2,149,050	1,897,357
Licences, permits and rents	757,069	797,377	717,753
Perth Meadows	599,930	623,480	651,742
Sale of publications, equipment, etc.	97,885	77,610	77,248
Investment income	154,000	326,274	417,758
Penalties and interest on taxation	83,000	34,102	80,522
Other fines and penalties	22,920	28,848	19,526
	\$ 7,705,254	\$ 3,521,074	\$ 3,432,942

The Municipality of North Perth
Notes to the Consolidated Financial Statements

December 31, 2021

15. Expenses by Object

	Budget 2021	2021	2020
	(Note 20)		
Salaries, wages and employee benefits	\$ 11,142,833	\$ 10,948,645	\$ 9,330,469
Materials	9,150,783	8,340,804	5,550,942
Contracted services	4,913,362	4,591,466	4,617,740
Rents and financing expenses	60,350	48,858	38,327
Interest on long-term debt	1,116,779	745,873	637,842
Contributions to others	374,204	423,485	411,373
Amortization	4,306,136	4,997,456	4,525,149
	\$ 31,064,447	\$ 30,096,587	\$ 25,111,842

16. 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:

	2021	2020
School boards	\$ 4,822,730	\$ 4,990,622
County of Perth	5,781,193	5,403,794
	\$ 10,603,923	\$ 10,394,416

17. 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.

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. The ultimate liability, if any, cannot be determined at this time.

The Municipality of North Perth
Notes to the Consolidated Financial Statements

December 31, 2021

18. 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 \$39,896 to \$78,222 and total \$1,954,669 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 \$544,635 over the remaining term of the lease.

19. Funds Held in Trust

At the year end, the Municipality held \$715,092 (2020 - \$696,643) 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:

	<u>2021</u>	<u>2020</u>
Cemetery Care and Maintenance fund	<u>\$ 715,092</u>	<u>\$ 696,643</u>

The Municipality of North Perth
Notes to the Consolidated Financial Statements

December 31, 2021

20. Budget

The Financial Plan (Budget) By-Law adopted by Council on March 23, 2021 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 debt represent the Financial Plan adopted by Council on March 23, 2021 with adjustments as follows:

	<u>2021</u>
Financial Plan (Budget) By-Law surplus for the year	\$ 6,975,271
Add:	
Budgeted transfers to accumulated surplus	3,060,618
Budgeted principal payment on debt	24,050
Less:	
Budgeted transfers from accumulated surplus	<u>(1,424,227)</u>
Budget surplus per statement of operations	<u>\$ 8,635,712</u>

The Municipality of North Perth
Notes to the Consolidated Financial Statements

December 31, 2021

21. Comparative figures

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

22. Uncertainty due to COVID-19

During the 2021 fiscal year, COVID-19 disrupted the Canadian and the global economy. Child care, library and recreation services were closed and/or modified for portions of 2021. The municipal office was also closed to the public during part of the year. Interest and penalties on various accounts receivable were modified throughout the year to support ratepayers coping with the impact of the pandemic. The Municipality also received \$172,401 in Safe Restart Funding from the Province which has helped offset some of the additional costs and revenue losses. Council, senior staff and the emergency control group continue to monitor the situation. The full impact of COVID-19 is still not known as it continues through to 2022.

The Municipality of North Perth
Notes to the Consolidated Financial Statements

December 31, 2021

23. 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.

Transportation

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

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.

The Municipality of North Perth
Notes to the Consolidated Financial Statements

December 31, 2021

22. Segmented Information (continued)

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.

**The Municipality of North Perth
Notes to Consolidated Financial Statements**

December 31, 2021

22. Segmented Information (continued)

For the year ended December 31	General government	Protection to persons and property	Transportation	Environmental	Health	Social	Recreation and cultural	Planning and development	Perth Meadows	2021 Total
Revenue										
Taxation	\$ 2,890,015	\$ 4,410,546	\$ 5,917,650	\$ -	\$ 122,515	\$ -	\$ 3,442,172	\$ -	\$ -	\$ 16,782,898
Government grants	581,407	283,765	1,016,228	24,710	945	1,749,813	677,835	93,002	-	4,427,705
User fees and service charges	101,629	78,166	126,500	8,308,858	64,090	1,447,660	552,879	194,146	930	10,874,858
Other	557,452	41,941	1,460,782	79,658	93,770	8,838	64,861	590,292	623,480	3,521,074
	<u>4,130,503</u>	<u>4,814,418</u>	<u>8,521,160</u>	<u>8,413,226</u>	<u>281,320</u>	<u>3,206,311</u>	<u>4,737,747</u>	<u>877,440</u>	<u>624,410</u>	<u>35,606,535</u>
Expenses										
Salaries and wages	2,095,786	1,167,200	1,224,984	1,124,356	159,807	2,768,680	2,086,610	321,222	-	10,948,645
Materials	194,106	605,085	1,134,470	4,607,107	51,270	249,982	1,062,431	217,572	218,781	8,340,804
Contracted services	71,608	2,707,666	814,959	858,587	17,332	427	39,711	-	81,176	4,591,466
Interest on long-term debt	-	-	215,710	370,337	7,429	-	128,090	-	24,307	745,873
Rents and financing expenses	-	-	-	-	-	48,858	-	-	-	48,858
Contributions to others	68,825	354,660	-	-	-	-	-	-	-	423,485
Amortization	113,306	305,842	2,058,820	1,427,711	6,934	57,818	839,930	-	187,095	4,997,456
	<u>2,543,631</u>	<u>5,140,453</u>	<u>5,448,943</u>	<u>8,388,098</u>	<u>242,772</u>	<u>3,125,765</u>	<u>4,156,772</u>	<u>538,794</u>	<u>511,359</u>	<u>30,096,587</u>
Net surplus (deficit)	<u>\$ 1,586,872</u>	<u>\$ (326,035)</u>	<u>\$ 3,072,217</u>	<u>\$ 25,128</u>	<u>\$ 38,548</u>	<u>\$ 80,546</u>	<u>\$ 580,975</u>	<u>\$ 338,646</u>	<u>\$ 113,051</u>	<u>\$ 5,509,948</u>

The Municipality of North Perth
Notes to Consolidated Financial Statements

December 31, 2021

22. Segmented Information (continued)

For the year ended December 31	General government	Protection to persons and property	Transportation	Environmental	Health	Social	Recreation and cultural	Planning and development	Perth Meadows	2020 Total
Revenue										
Taxation	\$ 1,799,142	\$ 3,189,702	\$ 3,412,877	\$ 4,039,702	\$ 168,782	\$ -	\$ 3,048,287	\$ 271,107	\$ -	\$ 15,929,599
Government grants	699,908	269,174	2,238,259	349,541	1,000	2,409,264	625,721	83,616	-	6,676,483
User fees and service charges	180,576	70,524	99,377	7,990,725	87,359	703,753	522,637	160,423	-	9,815,374
Other	713,464	7,440	1,252,425	(163,757)	57,864	32,051	317,028	565,541	650,886	3,432,942
	<u>3,393,090</u>	<u>3,536,840</u>	<u>7,002,938</u>	<u>12,216,211</u>	<u>315,005</u>	<u>3,145,068</u>	<u>4,513,673</u>	<u>1,080,687</u>	<u>650,886</u>	<u>35,854,398</u>
Expenses										
Salaries and wages	2,021,392	1,173,763	1,166,346	1,054,949	160,189	1,562,929	1,869,642	321,258	-	9,330,468
Materials	29,662	864,693	1,144,388	2,311,993	45,039	95,756	754,104	116,374	188,933	5,550,942
Contracted services	115,982	2,659,309	855,796	878,359	19,838	-	44,593	-	43,864	4,617,741
Interest on long-term debt	-	-	223,710	246,869	8,298	-	133,611	-	25,354	637,842
Rents and financing expenses	-	-	-	-	-	38,327	-	-	-	38,327
Contributions to others	68,752	336,472	-	4,084	-	-	2,065	-	-	411,373
Amortization	123,994	256,326	1,709,271	1,373,341	6,342	38,635	830,145	-	187,095	4,525,149
	<u>2,359,782</u>	<u>5,290,563</u>	<u>5,099,511</u>	<u>5,869,595</u>	<u>239,706</u>	<u>1,735,647</u>	<u>3,634,160</u>	<u>437,632</u>	<u>445,246</u>	<u>25,111,842</u>
Annual surplus (deficit)	\$ 1,033,308	\$ (1,753,723)	\$ 1,903,427	\$ 6,346,616	\$ 75,299	\$ 1,409,421	\$ 879,513	\$ 643,055	\$ 205,640	\$ 10,742,556

**The Municipality of North Perth
Cemetery Board
Schedule of Financial Activities
(unaudited)**

For the year ended December 31	Budget 2021	2021	2020
Revenue			
Interment rights	\$ 71,000	\$ 94,264	\$ 67,851
Interest income transferred from trust fund	22,000	21,136	20,456
Burial charges	42,800	24,961	44,771
Sundry	12,300	17,499	12,145
Contribution from Municipality	53,630	94,484	94,484
	<u>201,730</u>	<u>252,344</u>	<u>239,707</u>
Expenditures			
Administration and general	185,483	182,945	176,367
Cemetery and building maintenance	14,624	40,297	44,245
Transfer to perpetual care trust fund	21,300	18,449	19,095
	<u>221,407</u>	<u>241,691</u>	<u>239,707</u>
Annual surplus (deficit)	(19,677)	10,653	-
Accumulated surplus, beginning of year	102,897	102,897	102,897
Accumulated surplus, end of year	\$ 83,220	\$ 113,550	\$ 102,897

**The Municipality of North Perth
North Perth Public Library Board
Schedule of Financial Activities
(unaudited)**

For the year ended December 31	Budget 2021	2021	2020
Revenue			
Fees and user charges	\$ 40,434	\$ 35,079	\$ 22,792
Donations - Operating	4,400	4,730	13,669
Donations - Friends	3,000	(1,355)	1,800
Ontario grants	115,996	116,246	111,236
Development charges	40,000	40,000	40,000
Contribution from Municipality	879,737	842,929	790,913
	1,083,567	1,037,629	980,410
Expenditures			
Administrative	130,202	105,472	89,281
Books, videos and periodicals	97,500	84,485	73,040
Repairs and maintenance	69,897	33,198	39,715
Utilities and insurance	34,147	29,577	28,579
Wages and benefits	684,054	545,468	494,063
	1,015,800	798,200	724,678
Annual surplus	67,767	239,429	255,732
Accumulated surplus, beginning of year	999,622	999,622	743,890
Accumulated surplus, end of year	\$ 1,067,389	\$ 1,239,051	\$ 999,622

**The Municipality of North Perth
Business Improvement Area
Schedule of Financial Activities
(unaudited)**

For the year ended December 31	Budget 2021	2021	2020
Revenue			
Taxation revenue	\$ 119,300	\$ 119,300	\$ 123,519
	<u>119,300</u>	<u>119,300</u>	<u>123,519</u>
Expenditures			
Administrative	65,300	65,245	60,436
Advertising and promotion	47,500	42,361	40,251
Downtown beautification	14,000	14,200	14,200
	<u>126,800</u>	<u>121,806</u>	<u>114,887</u>
Annual surplus (deficit)	(7,500)	(2,506)	8,632
Accumulated surplus, beginning of year	62,234	62,234	53,602
Accumulated surplus, end of year	\$ 54,734	\$ 59,728	\$ 62,234