

The Municipality of North Perth
Consolidated Financial Statements
For the year ended December 31, 2022

The Municipality of North Perth
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For the year ended December 31, 2022

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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, 2022, 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, 2022, 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

Windsor, Ontario
December 2, 2024

The Municipality of North Perth
Consolidated Statement of Financial Position

December 31,	2022	2021
		(restated - note 2)
Financial assets		
Cash and cash equivalents (Note 4)	\$ 27,283,069	\$ 18,276,045
Taxes receivable	844,556	879,911
Accounts receivable	3,974,589	3,281,320
Drain receivables	3,418,810	3,274,381
Long-term receivables (Note 6)	845,688	923,333
Investments (Note 5)	<u>19,015,000</u>	<u>19,000,100</u>
	<u>55,381,712</u>	<u>45,635,090</u>
Liabilities		
Accounts payable and accrued liabilities	5,502,770	2,865,475
Employee benefits plan liability	-	5,018
Deferred revenue (Note 9)	18,784,705	17,083,212
Long-term debt (Note 10)	23,470,896	24,338,508
Solid waste closure and post-closure liabilities (Note 11)	<u>3,922,929</u>	<u>3,922,929</u>
	<u>51,681,300</u>	<u>48,215,142</u>
Net financial assets (debt)	<u>3,700,412</u>	<u>(2,580,052)</u>
Non-financial assets		
Tangible capital assets (Note 12)	158,944,245	158,058,743
Prepaid expenses and inventories of supplies	<u>260,893</u>	<u>186,485</u>
	<u>159,205,138</u>	<u>158,245,228</u>
Accumulated surplus (Note 13)	<u>\$162,905,550</u>	<u>\$ 155,665,176</u>

_____ Treasurer

_____ Mayor

The Municipality of North Perth
Consolidated Statement of Operations

For the year ended December 31,	Budget 2022	2022	2021
	(Note 21)		(restated - note 2)
Revenue			
Taxation	\$ 17,299,696	\$ 17,770,245	\$ 16,782,898
User fees and service charges	11,508,670	12,734,059	10,874,858
Government grants - Provincial (Note 15)	2,181,542	5,642,997	2,985,343
Government grants - Federal (Note 14)	3,500	1,270,364	13,729
Municipal grants	1,135,777	287,628	1,428,633
Other (Note 16)	1,757,905	1,443,961	3,521,074
	<u>33,887,090</u>	<u>39,149,254</u>	<u>35,606,535</u>
Expenses			
Environmental services	7,939,879	7,285,771	8,388,098
Transportation services	5,402,503	5,832,452	5,488,284
Protection services	5,360,825	5,090,769	5,140,926
Recreation and cultural services	5,383,840	4,675,719	4,156,772
General government	3,395,286	4,143,154	2,543,631
Social and family services	3,339,444	3,697,437	3,125,765
Perth Meadows	575,444	572,594	511,359
Planning and development	344,440	404,746	538,794
Health services	257,783	206,238	242,772
	<u>31,999,444</u>	<u>31,908,880</u>	<u>30,136,401</u>
Annual surplus	1,887,646	7,240,374	5,470,134
Accumulated surplus, beginning of year	161,638,399	155,665,176	150,195,042
Accumulated surplus, end of year	<u>\$163,526,045</u>	<u>\$162,905,550</u>	<u>\$155,665,176</u>

The Municipality of North Perth
Consolidated Statement of Change in Net Financial Assets (Debt)

For the year ended December 31,	Budget 2022	2022	2021
	(Note 21)		(restated - note 2)
Annual surplus	\$ 1,887,646	\$ 7,240,374	\$ 5,470,134
Acquisition of tangible capital assets	-	(7,387,969)	(8,783,019)
Amortization of tangible capital assets	3,524,944	4,924,725	5,037,271
Loss (gain) on sale of tangible capital assets	-	1,570,488	734,952
Proceeds on sale of tangible capital assets	-	7,254	130,116
	5,412,590	6,354,872	2,589,454
Consumption (acquisition) of prepaid expenses and inventory of supplies	-	(74,408)	(6,880)
Net change in net financial assets (debt)	5,412,590	6,280,464	2,582,574
Net debt, beginning of year	(2,580,052)	(2,580,052)	(5,162,626)
Net financial assets (debt), end of year	\$ 2,832,538	\$ 3,700,412	\$ (2,580,052)

The Municipality of North Perth
Consolidated Statement of Cash Flows

For the year ended December 31,	2022	2021
		(restated - note 2)
Operating transactions		
Annual surplus	\$ 7,240,374	\$ 5,470,134
Items not involving cash		
Amortization	4,924,725	5,037,271
Loss on disposal of tangible capital assets	1,570,488	734,952
Solid waste closure and post-closure liabilities	-	1,905,929
Changes in non-cash operating balances		
Taxes receivable	35,355	(203,066)
Accounts receivable	(693,269)	406,471
Drain receivables	(144,429)	(1,204,859)
Prepaid expenses and inventories of supplies	(74,408)	(6,880)
Accounts payable and accrued liabilities	2,637,295	(357,851)
Employee Benefits Plan liability	(5,018)	-
Deferred revenue	1,701,493	2,574,155
	17,192,606	14,356,256
Capital transactions		
Acquisition of tangible capital assets	(7,387,969)	(8,783,019)
Proceeds on sale of tangible capital assets	7,254	130,116
	(7,380,715)	(8,652,903)
Investing transactions		
Decrease (increase) in long-term receivables	77,645	74,617
Investments	(14,900)	(19,000,100)
	62,745	(18,925,483)
Financing transactions		
Repayment of long-term debt	(867,612)	(903,248)
Net change in cash and cash equivalents	9,007,024	(14,125,378)
Cash and cash equivalents, beginning of year	18,276,045	32,401,423
Cash and cash equivalents, end of year	\$ 27,283,069	\$ 18,276,045

The Municipality of North Perth
Notes to the Consolidated Financial Statements

December 31, 2022

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, 2022

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, 2022

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 17)

The Municipality of North Perth
Notes to the Consolidated Financial Statements

December 31, 2022

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. Prior Period Adjustment

During the current year, the Municipality determined that there were unrecorded tangible capital assets with in-service dates ranging from 1920 to 1999. As a result, tangible capital assets were understated in prior years. The result of this correction to the prior year is as follows:

Consolidated Statement of Financial Position as at December 31, 2021

	As originally reported	Change	Restated
Tangible capital assets	\$ 156,746,505	\$ 1,312,238	\$ 158,058,743

Consolidated Statement of operations as at December 31, 2021

	As originally reported	Change	Restated
Protection services	\$ 5,140,453	\$ 473	\$ 5,140,926
Transportation services	5,448,943	39,341	5,488,284
Annual surplus	5,509,948	(39,814)	5,470,134
Accumulated surplus, beginning of year	148,842,990	1,352,052	150,195,042
Accumulated surplus, end of year	\$ 154,352,938	\$ 1,312,238	\$ 155,665,176

The Municipality of North Perth
Notes to the Consolidated Financial Statements

December 31, 2022

2. Prior Period Adjustment (continued)

Consolidated Statement of Change in Net Financial Assets (Debt)

	As originally reported	Change	Restated
Amortization of tangible capital assets	\$ 4,997,456	\$ 39,815	\$ 5,037,271

3. Comparative figures

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

4. Cash and Cash Equivalents

	2022	2021
Unrestricted	\$ 14,336,192	\$ 10,231,065
Restricted - obligatory reserve funds	12,946,877	8,044,980
	\$ 27,283,069	\$ 18,276,045

5. Investments

	2022	2021
Principal protected notes	\$ 19,015,000	\$ 19,000,100

Principal protected notes are stated at cost, have a principal balance of \$19,015,000 (2021 - \$19,000,100) 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.

The Municipality of North Perth
Notes to the Consolidated Financial Statements

December 31, 2022

6. Long-Term Receivables

	2022	2021
Long-term receivable from several land owners bearing interest at 3.15% per annum. Secured by land due 2032. \$	38,105	\$ 41,304
Long-term receivable from several land owners bearing interest at 3.45% per annum. Secured by land due 2047.	85,160	87,308
Long-term receivable from several land owners bearing interest at 3.95%, receivable in blended annual payments of \$61,672, due 2025.	171,308	224,124
Long term receivable from several land owners bearing interest at 4.57%, receivable in blended annual payments of \$45,575, due 2040.	551,115	570,597
	\$ 845,688	\$ 923,333

7. 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, 2022 was \$nil (2021 - \$nil). The facility is secured by general borrowing by-laws.

8. 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 2022 was \$688,343 (2021 - \$633,661) for current service and is reported as an expense on the consolidated statement of operations.

As at December 31, 2022, the OMERS plan is in a deficit position of \$6.68 billion (2021 - \$3.13 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, 2022

9. Deferred Revenue

	Opening balance	Contributions received	Externally restricted investment income	Revenue recognized or refund issued	Ending balance
Development charges	\$ 6,307,745	\$ 2,585,107	\$ 111,502	\$ (791,762)	\$ 8,212,592
Federal gas tax	833,071	416,420	16,661	(1,266,152)	-
Provincial gas tax	597,837	80,089	9,288	-	687,214
Recreational land	306,327	-	-	-	306,327
Other restricted grants	2,893,045	1,448,609	-	(600,910)	3,740,744
Deferred life lease revenue	6,145,187	-	-	(307,359)	5,837,828
	<u>\$ 17,083,212</u>	<u>\$ 4,530,225</u>	<u>\$ 137,451</u>	<u>\$ (2,966,183)</u>	<u>\$18,784,705</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, 2022

10. Long-term Debt

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

	2022	2021
OSIFA loan, bearing interest at 2.63%; repayable in blended semi-annual payments of \$124,807; due April 2046	\$ 4,354,775	\$ 4,487,241
OSIFA loan, bearing interest at 3.95%; repayable in blended semi-annual payments of \$30,618; due October 2025	171,650	224,534
OSIFA loan, bearing interest at 4.57%; repayable in blended semi-annual payments of \$74,255; due October 2040	1,808,849	1,872,504
OSIFA loan, bearing interest at 4.91%; repayable in blended semi-annual payments of \$60,204; due May 2051	1,836,869	1,866,010
Cemetery Care and Maintenance Trust Fund loan, bearing interest at 5%; repayable in blended annual payments of \$25,678; due December 2027	111,141	130,332
Canada Mortgage and Housing Corporation mortgage, bearing interest at 3.89%; repayable in annual payments of \$109,300; due March 2031	816,772	891,397
OSIFA loan, bearing interest at 3.65%; repayable in blended semi-annual payments of \$168,651; due November 2037	3,869,676	4,060,309
OILC loan, bearing interest at 2.22%; repayable in blended semi-annual payments of \$290,473, due July 2045	10,419,724	10,763,617
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	81,440	42,564
	<u>\$23,470,896</u>	<u>\$ 24,338,508</u>

The Municipality of North Perth
Notes to the Consolidated Financial Statements

December 31, 2022

10. Long-Term Debt (continued)

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

	Principal Repayments
2023	\$ 948,224
2024	975,768
2025	1,006,989
2026	977,458
2027	1,000,116
Thereafter	18,562,341
	\$ 23,470,896

11. 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 (2021 - \$3,922,929) and reflects a discount rate of NIL% (2021 - Nil%).

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	33 years
Elma	569,000		2,312,455		512,601	83 years	64 years
Wallace	Closed in 2012		1,407,940		1,407,940	nil years	41 years
			\$ 5,722,783		\$ 3,922,929		

The Municipality of North Perth
Notes to Consolidated Financial Statements

December 31, 2022

12. Tangible Capital Assets

	2022									
	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	\$ 15,088,582	\$ 59,305,644	\$ 7,705,601	\$ 4,531,827	\$ 551,423	\$ 43,374,859	\$ 19,357,100	\$ 74,165,656	\$ 1,728,796	\$ 225,809,488
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	\$ 74,462,223	\$ 2,787,655	\$ 230,565,782
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 carrying amount, end of year	\$ 13,662,175	\$ 43,537,307	\$ 4,091,529	\$ 2,610,309	\$ 263,647	\$ 28,615,300	\$ 13,615,657	\$ 49,760,666	\$ 2,787,655	\$ 158,944,245

The net book value of tangible capital assets not being amortized because they are under construction (or development) is \$2,787,655 (2021 - \$1,745,415).

The Municipality of North Perth
Notes to Consolidated Financial Statements

December 31, 2022

12. Tangible Capital Assets (continued)

	2021 (Restated - Note 2)									
	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	\$ 13,489,534	\$ 59,263,711	\$ 7,412,843	\$ 3,477,144	\$ 551,423	\$ 38,679,757	\$ 18,931,492	\$ 68,347,702	\$ 9,720,772	\$ 219,874,378
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	\$ 15,088,582	\$ 59,305,644	\$ 7,705,601	\$ 4,531,827	\$ 551,423	\$ 43,374,859	\$ 19,357,100	\$ 74,165,656	\$ 1,728,796	\$ 225,809,486
Accumulated amortization, beginning of year	\$ 1,202,351	\$ 12,762,855	\$ 3,833,703	\$ 2,138,533	\$ 249,262	\$ 13,999,177	\$ 7,818,747	\$ 22,691,687	\$ -	\$ 64,696,315
Amortization	143,197	1,351,777	398,821	209,181	70,376	1,506,553	263,523	1,093,843	-	5,037,271
Disposals	13,302	(309,317)	(418,799)	(521,610)	-	(537,923)	(12,637)	(169,253)	-	(1,982,843)
Accumulated amortization, end 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	\$ -	\$ 67,750,743
Net carrying amount, end of year	\$ 13,756,336	\$ 45,500,329	\$ 3,891,876	\$ 2,705,723	\$ 231,785	\$ 28,407,052	\$ 11,287,467	\$ 50,549,379	\$ 1,728,796	\$ 158,058,743

The Municipality of North Perth
Notes to the Consolidated Financial Statements

December 31, 2022

13. Accumulated Surplus

The Municipality segregates its accumulated surplus into the following categories:

	2022	2021 (Restated - Note 2)
Investment in tangible capital assets	\$135,554,789	\$133,902,106
Current Funds	(781,925)	(3,368,157)
Reserves and Reserve Funds		
Working funds	4,985,152	1,130,000
Post-employment benefits	451,079	455,540
Current purposes	12,519,726	17,792,547
Capital purposes	14,099,658	8,841,157
 Unfunded	 (3,922,929)	 (3,088,017)
	\$162,905,550	\$155,665,176

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.

14. Government Transfers - Federal

	Budget 2022	2022	2021
	(Note 21)		
Operating			
Other operating funding	\$ 3,500	\$ 20,873	\$ 13,729
Capital			
Federal gas tax	-	1,249,491	-
	\$ 3,500	\$ 1,270,364	\$ 13,729

The Municipality of North Perth
Notes to the Consolidated Financial Statements

December 31, 2022

15. Government Transfers - Provincial

	Budget 2022 (Note 21)	2022	2021
Operating			
Ontario Municipal Partnership Fund	\$ 194,996	\$ 1,509,000	\$ 1,445,300
Other operating funding	1,986,546	3,199,294	1,016,989
Capital			
Ontario Community Infrastructure Fund	-	934,703	68,175
Other capital funding	-	-	454,879
	<u>\$ 2,181,542</u>	<u>\$ 5,642,997</u>	<u>\$ 2,985,343</u>

16. Other Income

	Budget 2022 (Note 21)	2022	2021
Licences, permits and rents	\$ 737,751	\$ 782,541	\$ 797,377
Development charges	-	633,240	2,149,050
Investment income	163,100	608,511	326,274
Perth Meadows	587,130	568,253	623,480
Sale of publications, equipment, etc.	148,302	160,807	77,610
Penalties and interest on taxation	57,020	115,670	34,103
Donations	38,102	69,161	219,284
Other fines and penalties	26,500	31,284	28,848
Gain (loss) on disposal of assets	-	(1,525,506)	(734,952)
	<u>\$ 1,757,905</u>	<u>\$ 1,443,961</u>	<u>\$ 3,521,074</u>

The Municipality of North Perth
Notes to the Consolidated Financial Statements

December 31, 2022

17. 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:

	<u>2022</u>	<u>2021</u>
School boards	\$ 5,111,620	\$ 4,822,730
County of Perth	<u>6,192,283</u>	<u>5,781,193</u>
	<u>\$ 11,303,903</u>	<u>\$ 10,603,923</u>

18. 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.

19. 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.

The Municipality of North Perth
Notes to the Consolidated Financial Statements

December 31, 2022

20. Funds Held in Trust

At the year end, the Municipality held \$745,706 (2021 - \$715,092) 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:

	2022	2021
Cemetery Care and Maintenance fund	\$ 745,706	\$ 715,092

21. Budget

The Financial Plan (Budget) By-Law adopted by Council on March 7, 2022 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 March 7, 2022 with adjustments as follows:

	2022
Financial Plan (Budget) By-Law surplus for the year	\$ (609,781)
Add:	
Budgeted capital expenditures	-
Budgeted transfers to accumulated surplus	2,924,697
Budgeted principal payment on debt	-
Less:	
Budgeted transfers from accumulated surplus	(427,270)
Budgeted proceeds from long term debt	-
Budgeted proceeds from temporary borrowing	-
Budgeted internal transfers and own equipment	-
Budget surplus per statement of operations	\$ 1,887,646

The Municipality of North Perth
Notes to the Consolidated Financial Statements

December 31, 2022

22. 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. \$48,680 was subtracted from general government materials to balance the accumulated surplus at year end.

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 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.

The Municipality of North Perth
Notes to the Consolidated Financial Statements

December 31, 2022

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, 2022

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	2022 Total
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	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	188,155	591,179	568,253	1,443,961
	<u>4,589,345</u>	<u>3,361,475</u>	<u>3,720,821</u>	<u>12,420,214</u>	<u>314,952</u>	<u>5,291,279</u>	<u>5,074,160</u>	<u>3,489,194</u>	<u>887,814</u>	<u>39,149,254</u>
Expenses										
Salaries and wages	2,528,812	1,024,058	1,226,487	1,127,356	143,009	3,289,985	2,233,612	195,113	41,618	11,810,050
Materials	709,424	525,857	1,126,745	3,169,905	25,981	269,191	1,222,222	156,805	254,073	7,460,203
Contracted services	735,898	3,227,197	1,308,794	1,197,938	25,100	23,192	241,790	52,828	66,587	6,879,324
Interest on long-term debt	15,019	-	207,426	358,243	6,517	-	122,366	-	23,221	732,792
Rents and financing expenses	-	-	-	-	-	61,785	-	-	-	61,785
Contributions to others	40,001	-	-	-	-	-	-	-	-	40,001
Amortization	114,000	313,657	1,963,000	1,432,329	5,631	53,284	855,729	-	187,095	4,924,725
	<u>4,143,154</u>	<u>5,090,769</u>	<u>5,832,452</u>	<u>7,285,771</u>	<u>206,238</u>	<u>3,697,437</u>	<u>4,675,719</u>	<u>404,746</u>	<u>572,594</u>	<u>31,908,880</u>
Net surplus (deficit)	\$ 446,191	\$ (1,729,294)	\$ (2,111,631)	\$ 5,134,443	\$ 108,714	\$ 1,593,842	\$ 398,441	\$ 3,084,448	\$ 315,220	\$ 7,240,374

The Municipality of North Perth
Notes to Consolidated Financial Statements

December 31, 2022

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 (Restated - Note 2) 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	1,224,983	1,124,356	159,807	2,768,680	2,086,610	321,222	-	10,948,644
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	306,315	2,098,162	1,427,711	6,934	57,818	839,930	-	187,095	5,037,271
	<u>2,543,631</u>	<u>5,140,926</u>	<u>5,488,284</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>30,136,401</u>
Annual surplus (deficit)	\$ 1,586,872	\$ (326,508)	\$ 3,032,876	\$ 25,128	\$ 38,548	\$ 80,546	\$ 580,975	\$ 338,646	\$ 113,051	\$ 5,470,134

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

For the year ended December 31,	Budget 2022	2022	2021
Revenue			
Interment rights	\$ 256,182	\$ 163,150	\$ 94,264
Interest income transferred from trust fund	23,100	34,335	21,136
Burial charges	4,830	3,105	24,961
Sundry	210	780	17,499
	<u>284,322</u>	<u>201,370</u>	<u>157,860</u>
Expenditures			
Administration and general	193,187	153,920	182,945
Cemetery and building maintenance	64,395	52,318	40,297
Transfer to perpetual care trust fund	-	31,034	18,449
	<u>257,582</u>	<u>237,272</u>	<u>241,691</u>
Annual surplus (deficit)	26,740	(35,902)	(83,831)
Accumulated surplus, beginning of year	<u>19,066</u>	<u>19,066</u>	<u>102,897</u>
Accumulated surplus, end of year	<u>\$ 45,806</u>	<u>(16,836)</u>	<u>\$ 19,066</u>

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

For the year ended December 31,	Budget 2022	2022	2021
Revenue			
Contribution from Municipality	\$ -	\$ 872,610	\$ -
Development charges	40,000	40,000	40,000
Fees and user charges	36,312	29,053	35,079
Ontario grants	28,513	27,459	116,246
Donations - Operating	4,350	5,501	4,730
Donations - Friends	-	-	(1,355)
	<u>109,175</u>	<u>974,623</u>	<u>194,700</u>
Expenditures			
Wages and benefits	722,423	729,677	545,468
Books, videos and periodicals	107,422	136,485	84,485
Repairs and maintenance	80,274	78,321	33,198
Administrative	29,774	25,845	105,472
Utilities and insurance	4,610	12,174	29,577
	<u>944,503</u>	<u>982,502</u>	<u>798,200</u>
Annual surplus	(835,328)	(7,879)	(603,500)
Accumulated surplus, beginning of year	396,122	396,122	999,622
Accumulated surplus, end of year	<u>\$ (439,206)</u>	<u>\$ 388,243</u>	<u>\$ 396,122</u>

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

For the year ended December 31,	Budget 2022	2022	2021
Revenue			
Taxation revenue	\$ 118,150	\$ 119,114	\$ 119,300
Expenditures			
Administrative	86,600	53,063	65,245
Downtown beautification	13,550	13,550	14,200
Advertising and promotion	18,000	12,773	42,361
	118,150	79,386	121,806
Annual surplus (deficit)	-	39,728	(2,506)
Accumulated surplus, beginning of year	59,728	59,728	62,234
Accumulated surplus, end of year	\$ 59,728	\$ 99,456	\$ 59,728