

**Consolidated Financial Statements**  
**Corporation of the Town of Perth**  
**Year ended December 31, 2023**



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

The accompanying consolidated financial statements of the Corporation of the Town of Perth (the "Corporation") are the responsibility of the Corporation's management and have been prepared in compliance with legislation, and in accordance with Canadian Public Sector Accounting Standards. Significant accounting policies are described in note 2 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Corporation's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of consolidated financial statements. These systems are monitored and evaluated by management.

Management meets with the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to Council approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the Corporation. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Corporation's consolidated financial statements.

Michael Touw  
Chief Administrative Officer

Brian Burns  
Treasurer



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## INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Town of Perth

### ***Opinion***

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

- the consolidated statement of financial position as at December 31, 2023;
- the consolidated statement of operations and municipal equity for the year then ended;
- the consolidated statement of changes in net financial assets for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at December 31, 2022, and its results of operations and its 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 “***Auditors’ Responsibilities for the Audit of the Financial Statements***” section of our auditors’ report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



### ***Emphasis of Matter - Comparative Information***

We draw attention to Note 3 to the financial statements ("Note 3"), which explains that certain comparative information presented for the year ended December 31, 2022 has been restated as a result of the modified retroactive application of the asset retirement obligation standard. Note 3 explains the reason for the restatement and explains the adjustments that were applied to restate certain comparative information.

Our opinion is not modified in respect of this matter.

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

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

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

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

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.



We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



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

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

Perth, Canada

April 17, 2024

**Corporation of the Town of Perth**  
**Consolidated Statement of Financial Position**  
**December 31**  
**(in thousands of dollars)**

	<b>2023</b>	<b>2022</b> (Restated – note 3)
<b>Assets</b>		
Cash	\$13,432	\$9,367
Investments (note 5)	6,443	12,267
Taxes receivable	673	810
User charges receivable	313	297
Accounts receivable	845	897
Land inventory for resale	428	433
	<hr/> 22,134	<hr/> 24,071
<b>Liabilities</b>		
Accounts payable and accrued liabilities	1,484	2,036
Prepaid property taxes	666	550
Asset retirement obligations (note 13)	2,272	2,184
Other current liabilities	537	646
Employee future benefit obligations	---	10
Deferred revenues (note 6)	1,848	1,730
Long-term debt (note 7)	4,768	5,333
	<hr/> 11,575	<hr/> 12,489
<b>Net Financial Assets</b>	<hr/> 10,559	<hr/> 11,582
<b>Non-Financial Assets</b>		
Tangible capital assets (note 18)	66,229	64,411
Prepaid expenses	316	300
	<hr/> 66,545	<hr/> 64,711
<b>Municipal Equity</b> (note 8)	<hr/> \$77,104	<hr/> \$76,293
Contingent liability – contaminated sites (note 11)		
Contingent liabilities (note 12)		
Commitments (note 14)		

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

**Corporation of the Town of Perth  
Consolidated Statement of Operations and Municipal Equity  
For the year ended December 31  
(in thousands of dollars)**

	Budget (note 15)	2023	2022 (restated – note 3)
<b>Revenues</b>			
Property taxation	\$9,014	\$8,937	\$8,719
User charges	4,124	4,307	3,942
Government transfers	2,404	2,663	2,663
Licences and permits	414	319	214
Investment income	678	1,013	600
Penalties and interest on taxes	91	105	93
Provincial offences (note 10)	677	558	663
Other	360	367	828
<b>Total Revenues</b>	<b>17,762</b>	<b>18,269</b>	<b>17,722</b>
<b>Expenses (note 17)</b>			
General government	1,533	1,583	1,538
Protection to persons and property	4,023	4,095	3,945
Transportation services	2,262	2,365	2,156
Environmental services	5,610	5,546	4,855
Social and family services	20	20	20
Recreation and cultural services	3,272	3,488	3,031
Planning and development	1,449	1,256	1,569
Asset retirement costs	---	88	115
<b>Total Expenses</b>	<b>18,169</b>	<b>18,441</b>	<b>17,229</b>
<b>Net Revenue (Expenses) from Operations</b>	<b>(407)</b>	<b>(172)</b>	<b>493</b>
<b>Other</b>			
Grants and transfers related to capital	950	884	1,537
Gain on sale of land inventory	---	37	---
Gain on sale of tangible capital assets	4	62	1
<b>Annual Surplus</b>	<b>547</b>	<b>811</b>	<b>2,031</b>
<b>Municipal Equity, Beginning of Year:</b>			
As previously stated	76,293	76,293	74,987
Change in accounting policies (note 3)	---	---	(725)
As restated	76,293	76,293	74,262
<b>Municipal Equity, End of Year</b>	<b>\$76,840</b>	<b>\$77,104</b>	<b>\$76,293</b>

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



**Corporation of the Town of Perth**  
**Consolidated Statement of Changes in Net Financial Assets**  
**For the year ended December 31**  
**(in thousands of dollars)**

	Budget (note 15)	2023	2022 (Restated – note 3)
<b>Annual surplus</b>	\$3,083	\$811	\$2,031
Amortization of tangible capital assets	2,650	3,105	2,754
Acquisition of tangible capital assets	(9,524)	(4,958)	(4,178)
Proceeds on sale of tangible capital assets	---	97	30
Gain on sale of tangible capital assets	---	(62)	(1)
Acquisition of prepaid expenses	---	(16)	(86)
	(6,874)	(1,834)	(1,481)
<b>Increase (Decrease) in Net Financial Assets</b>	(3,791)	(1,023)	550
<b>Net Financial Assets, Beginning of Year:</b>			
As previously stated	11,582	11,582	11,757
Change in accounting policies (note 3)	---	---	(725)
As restated	11,582	11,582	11,032
<b>Net Financial Assets, End of Year</b>	\$7,791	\$10,559	\$11,582

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

**Corporation of the Town of Perth**  
**Consolidated Statement of Cash Flows**  
**For the year ended December 31**  
(in thousands of dollars)

	<b>2023</b>	<b>2022</b> (Restated – note 3)
<b>Operating Activities</b>		
Annual surplus		
Items not involving cash:	811	2,031
Amortization of tangible capital assets	3,105	2,754
Gain on sale of tangible capital assets	(62)	(1)
Asset retirement obligations	88	115
Employee future benefit obligations	(10)	(31)
	<u>3,932</u>	<u>4,868</u>
<b>Net Change in Non-Cash Working Capital Balances</b>		
Taxes receivable	137	(451)
User charges receivable	(16)	55
Accounts receivable	52	(34)
Land inventory for resale	5	5
Accounts payable and accrued liabilities	(552)	(49)
Prepaid property taxes	116	(57)
Other current liabilities	(109)	(42)
Deferred revenues	118	(377)
Prepaid expenses	(16)	(86)
	<u>(265)</u>	<u>(1,036)</u>
<b>Working capital from operations</b>	<u>3,667</u>	<u>3,832</u>
<b>Capital Activities</b>		
Acquisition of tangible capital assets	(4,958)	(4,178)
Proceeds on sale of tangible capital assets	97	30
<b>Net investment in tangible capital assets</b>	<u>(4,861)</u>	<u>(4,148)</u>
<b>Investing Activities</b>		
Decrease (Increase) in investments	5,824	(12,267)
<b>Net change in cash from investing activities</b>	<u>5,824</u>	<u>(12,267)</u>
<b>Financing Activities</b>		
Debt principal repayments	(565)	(548)
<b>Net change in cash from financing activities</b>	<u>(565)</u>	<u>(548)</u>
<b>Increase (decrease) in cash</b>	4,065	(13,131)
<b>Cash, beginning of year</b>	9,367	22,498
<b>Cash, end of year</b>	<u>\$13,432</u>	<u>\$9,367</u>

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

**Corporation of the Town of Perth**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023**

**1. Corporation of the Town of Perth**

The Corporation of the Town of Perth (the 'Town') was incorporated in 1854. The Town operates as a lower tier government in the County of Lanark, in the Province of Ontario, Canada and provides municipal services such as police, fire, public works, planning, parks and recreation and other general government operations.

**2. Significant Accounting Policies**

The consolidated financial statements of the Town are the representations of management and have been prepared in all material respects in accordance with Canadian Public Sector Accounting Standards. Significant aspects of the accounting policies adopted by the Town are as follows:

**Reporting Entity**

- (i) The consolidated financial statements reflect financial assets, liabilities, operating revenues and expenses, reserves, reserve funds and changes in investment in tangible capital assets of the Town. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Town and which are owned or controlled by the Town. Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated. These consolidated financial statements include:
  - ▶ Business Improvement Area Committee
  - ▶ Public Library Board (proportionate share)
- (ii) The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in the municipal equity of these consolidated financial statements.

**Basis of Accounting**

- (i) The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based on receipt of goods and services and/or the creation of a legal obligation to pay.
- (ii) Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year.

**Corporation of the Town of Perth  
Notes to the Consolidated Financial Statements  
December 31, 2023**

**2. Significant Accounting Policies / continued**

**Taxation and Related Revenues**

Property tax billings are prepared by the Town based on assessment rolls issued by the Municipal Property Assessment Corporation ('MPAC'). Tax rates are established by the Town Council, incorporating amounts to be raised for local services, amounts to be raised on behalf of County of Lanark for regional services, and amounts the Town is required to collect on behalf of the Province of Ontario in respect of education taxes. Taxation revenues are recorded at the time tax billings are issued. Adjustments to taxation revenue can occur during the year related to the issuance of supplementary tax billings and/or assessment appeals. These adjustments are recorded when the amount of the adjustments can be quantified. The Town is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period in which the interest and penalties are applied.

**Tangible Capital Assets**

Tangible capital assets are recorded at cost, which include all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost less the residual value of the tangible capital assets is amortized on a straight-line basis over their estimated useful lives as follows:

Land Improvements	10-25 years
Buildings	20-50 years
Vehicles	10-15 years
Equipment & Machinery	3-15 years
Linear Assets	20 to 65 years

Amortization is charged from the month following acquisition. Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

The Town has a capitalization threshold of \$5,000 for land improvements, vehicles and equipment and \$25,000 for buildings and linear assets so that individual capital assets of lesser value are expensed.

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of the asset as of the date of transfer.

**Corporation of the Town of Perth**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023**

**2. Significant Accounting Policies / continued**

**Tangible Capital Assets / continued**

When tangible capital assets are disposed of, either by way of a sale, destruction or loss, or abandonment of the asset, the asset's net book value, historical cost less accumulated amortization, is written off. Any resulting gain or loss, equal to the proceeds on disposal less the asset's net book value, is reported on the consolidated statement of operations in the year of disposal. Transfers of assets to third parties are recorded as an expense equal to the net book value of the asset as of the date of transfer.

When conditions indicate that a tangible capital asset no longer contributes to the Town's ability to provide services or the value of the future economic benefits associated with the tangible capital asset are less than its net book value, and the decline is expected to be permanent, the cost and accumulated amortization of the asset are reduced to reflect the revised estimate of the value of the asset's remaining service potential. The resulting net adjustment is reported as an expense on the consolidated statement of operations.

**Leases**

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

**Inventories and Prepaid Expenses**

Inventories and prepaid expenses held for consumption are recorded at the lower of cost or replacement cost.

**Pension and Employee Benefits**

The Town accounts for its participation in the Ontario Municipal Employees Retirement System ('OMERS'), a multi-employer public sector pension fund, as a defined contribution plan. The OMERS plan specifies the retirement benefits to be received by employees based on length of service and pay rates.

Employee benefits include vacation entitlement and sick leave benefits. Vacation entitlements are accrued as entitlements are earned. Sick leave benefits are accrued in accordance with the Town's policy.

**Corporation of the Town of Perth  
Notes to the Consolidated Financial Statements  
December 31, 2023**

**2. Significant Accounting Policies / continued**

**Government Transfers**

Government transfers are recognized in the consolidated financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

**Deferred Revenues**

The Town defers recognition of user charges and fees which have been collected but for which the related services have yet to be performed. Government transfers from the Canadian Community-Building Fund, development charges collected under the *Development Charges Act, 1997*, and recreational land collected under the Planning Act are reported as deferred revenues in the consolidated statement of financial position. These amounts will be recognized as revenues in the fiscal year the services are performed.

The Town receives restricted contributions under the authority of Federal and Provincial legislation and Town by-laws. These funds by their nature are restricted in their use and until applied to applicable costs are recorded as deferred revenue. Amounts applied to qualifying expenses are recorded as revenue in the fiscal period they are expended.

Deferred revenue represents certain user charges and fees which have been collected but for which the related services have yet to be performed. Deferred revenue also represents contributions that the Town has received pursuant to legislation, regulation or agreement that may only be used for certain programs or in the completion of specific work. These amounts are recognized as revenue in the fiscal year the services are performed or related expenses incurred.

**Corporation of the Town of Perth**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023**

**2. Significant Accounting Policies / continued**

**Investment Income**

Investment income earned on surplus, current funds, capital funds, reserves and reserve funds (other than obligatory reserve funds) are reported as revenue in the period earned. Investment income earned on development charges and obligatory reserve funds are added to the fund balance and forms part of respective deferred revenue balances.

**Asset Retirement Obligations**

The Town recognizes the fair value of an asset retirement obligation (“ARO”) when all of the following criteria have been met:

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

The liability for closure of operational sites and post-closure care relating to landfill sites has been recognized based on estimated future expenses. An additional liability for the removal of asbestos in several of the buildings owned by the Town has also been recognized based on estimated future expenses on closure of the site and post-closure care. Under the modified retroactive method, the discount rate and assumptions used on initial recognition are those as of the date of adoption of the standard. Assumptions used in the subsequent calculations are revised yearly. Actual remediation costs incurred are charged against the ARO to the extent of the liability recorded. Differences between the actual remediation costs incurred and the associated liability are recognized in the Statement of Operations at the time of remediation.

**Corporation of the Town of Perth**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023**

**2. Significant Accounting Policies / continued**

**Liability for Contaminated Sites**

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries.

A liability for remediation of contaminated sites is recognized when a site is not in productive use and all the following criteria are met:

- (a) an environmental standard exists;
- (b) contamination exceeds the environmental standard;
- (c) the Town:
  - (i) is directly responsible; or
  - (ii) accepts responsibility
- (d) it is expected that future economic benefit will be given up; and
- (e) a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

**Measurement Uncertainty**

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from these estimates. These estimates are reviewed periodically and as adjustments become necessary, they are recorded in the consolidated financial statements in the period in which they become known.



**Corporation of the Town of Perth**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023**

**2. Significant Accounting Policies / continued**

**Financial instruments**

Financial instruments are recorded at fair value on initial recognition, and reported on the Statement of Financial Position.

Unrealized changes in fair value are recognized in the Statement of Remeasurement Gains and Losses until they are realized, when they are transferred to the Statement of Operations.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

All financial assets are assessed for impairment on an annual basis. Where a decline is determined to be other than temporary, the amount of the loss is reported in the Statement of Operations and any unrealized gain is adjusted through the Statement of Remeasurement Gains and Losses. On sale, the statement of remeasurement gains and losses associated with that instrument are reversed and recognized in the Statement of Operations.

**Statement of remeasurement gains and losses**

A statement of remeasurement gains and losses has not been provided as there are no significant unrealized gains or losses at December 31, 2023 or 2022.

**Corporation of the Town of Perth**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023**  
**(all figures in thousands of dollars)**

**3. Change in Accounting Policies – Adoption of New Accounting Standards**

**Asset Retirement Obligations**

- (a) On January 1, 2022, the Town adopted Public Accounting Standard PS 3280 – Asset Retirement Obligations. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in retired buildings by public sector entities. The new accounting standard has resulted in a withdrawal of the existing accounting standard PS 3270 Solid Waste Landfill Closure and Post-Closure Liability. The standard was adopted on the modified retroactive basis at the date of adoption.

The Entity removed the landfill liability that had been recognized to date and recognized an asset retirement obligation upon adoption of PS 3280 on January 1, 2022, using the modified retroactive method. The liability represents the required closure and post-closure care for the landfill site owned by the Town. The landfill site was purchased in 1968, and the liability was measured as of the date of purchase of the site, when the liability was assumed. The landfill had an expected useful life of 65 years, and the estimate has not changed since purchase. As of the date of adoption of the standard, the relevant discount rate is 6% per annum.

On January 1, 2022, the Town recognized an additional asset retirement obligation relating to several buildings owned by the Town that contain asbestos. The buildings were originally purchased at dates between 1863 - 1999, and the liability was measured as of the date of purchase of the buildings, when the liability was assumed. The buildings had an expected useful life of 20-50 years, and the estimate has not been changed since purchase.

In accordance with the provisions of this new standard, the Town reflected the following adjustments at January 1, 2022:

**Corporation of the Town of Perth**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023**  
**(all figures in thousands of dollars)**

**3. Change in Accounting Policies – Adoption of New Accounting Standards / continued**

Landfill obligation:

- A decrease of \$1,344 to the landfill liability to remove the liability recognized to date under PS 3270, and an accompanying increase of \$1,344 to opening accumulated surplus.
- An asset retirement obligation in the amount of \$1,909, representing the original obligation discounted to the present value amount using a rate of 6.0%.
- A decrease to opening accumulated surplus of \$1,909, as a result of the recognition of the liability and accompanying increase in accretion expense for the 55 years since purchase.

Asbestos obligation:

- An increase of \$160 to the buildings tangible capital asset account, representing the original estimate of the obligation as of the date of purchase, and an accompanying increase of \$160 to accumulated amortization, representing 20-50 years of increased amortization had the liability originally been recognized.
- An asset retirement obligation in the amount of \$160, representing the estimated cost of remediation as at that date; and
- A decrease to opening accumulated surplus of \$160, as a result of the recognition of the liability and accompanying increase in amortization expense for the years since purchase.

(b) The Town adopted the following standards concurrently beginning January 1, 2023 prospectively: PS 1201 Financial Statement Presentation, PS 2601 Foreign Currency Translation, PS 3041 Portfolio Investments, and PS 3450 Financial Instruments.

- (i) PS 1201 Financial Statement Presentation replaces PS 1200 Financial Statement Presentation. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 Foreign Currency Translation, PS 3450 Financial Instruments, and PS 3041 Portfolio Investments, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

**Corporation of the Town of Perth**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023**  
**(all figures in thousands of dollars)**

**3. Change in Accounting Policies – Adoption of New Accounting Standards / continued**

- (ii) PS 2601 Foreign Currency Translation replaces PS 2600 Foreign Currency Translation. The standard requires monetary assets and liabilities denominated in a foreign currency and non-monetary items denoted in a foreign currency that are reported as fair value, to be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses arising from foreign currency changes are presented in the new Statement of Remeasurement Gains and Losses.
- (iii) PS 3041 Portfolio Investments replaces PS 3040 Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 Financial Instruments. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 Temporary Investments no longer applies.
- (iv) PS 3450 Financial Instruments establishes accounting and reporting requirements for all types of financial instruments including derivatives. The standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. All other financial instruments will generally be measured at cost or amortized cost. Unrealized gains and losses arising from changes in fair value are presented in the Statement of Remeasurement Gains and Losses.

**4. Operations of the School Boards and County of Lanark**

During 2023, the Town collected and made property tax transfers including payments in lieu of property taxes, to the County of Lanark of \$3,783 (2022 - \$3,763) and to School Boards of \$2,220 (2022 - \$2,247).

**5. Investments**

Investments are comprised of a guaranteed investment certificate yielding interest of 6.15%, with maturity in August 2025.

Investments include accrued interest.

**Corporation of the Town of Perth**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023**  
**(all figures in thousands of dollars)**

**6. Deferred Revenues**

Provincial legislation restricts how certain reserve funds may be used and these reserve funds are recorded as deferred revenue on the Consolidated Statement of Financial Position. These funds are accumulated as follows:

	<b>2023</b>	<b>2022</b>
Balance, beginning of year	\$1,730	\$2,107
Development Charges collected	32	---
Canadian Community-Building Fund	196	188
Parkland Fees	---	---
Investment Income	93	58
Funding Utilized	<u>(203)</u>	<u>(623)</u>
Balance, end of year	<u>\$1,848</u>	<u>\$1,730</u>
Split as:		
Development Charges	\$1,821	\$1,704
Canadian Community-Building Fund	---	---
Parkland Reserve	<u>27</u>	<u>26</u>
Total	<u>\$1,848</u>	<u>\$1,730</u>

**7. Long-Term Debt**

Fixed rate loan from the Federation of Canadian Municipalities which bears interest at 3.41% and matures in 2029. The loan is repayable in blended semi-annual payments of \$265. Loan outstanding at end of 2023 is \$2,637 (2022 - \$3,066).

Fixed rate loan from Infrastructure Ontario which bears interest at 2.6% and matures in 2036. The loan is repayable in blended semi-annual payments of \$97. Loan outstanding at the end of 2023 is \$2,131 (2022 - \$2,267).

Interest expense on the Long-Term Debt in 2023 amounted to \$157 (2022 - \$177).

**Corporation of the Town of Perth**  
**Notes to the Consolidated Financial Statements**  
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**(all figures in thousands of dollars)**

**7. Long Term Debt / continued**

Principal payments on Long-Term Debt fall due as follows:

2024	584
2025	602
2026	622
2027	642
2028	663
2029 and thereafter	<u>1,655</u>
Total	<u>\$4,768</u>

**8. Municipal Equity**

Municipal equity consists of:

	<b>2023</b>	<b>2022</b> (Restated – note 3)
Tangible Capital Assets	\$66,229	\$64,411
Long Term Debt	(4,768)	(5,333)
Unfinanced Capital Outlay	(200)	(400)
Unfinanced Asset Retirement Obligation	(160)	(160)
Reserves (Schedule 1)	<u>16,003</u>	<u>17,775</u>
Total	<u>\$77,104</u>	<u>\$76,293</u>

**9. Pension Contributions**

The Town makes contributions to the Ontario Municipal Employees Retirement System (“OMERS”), which is a multi-employer plan, on behalf of all permanent members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Employers and employees contribute to the plan. Since any surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees, the Town does not recognize any share of the OMERS pension surplus or deficit in these consolidated financial statements. The pension plan reported a deficit of \$4.2 billion as at December 31, 2023 (2022 - \$6.7 billion).

The amount contributed to OMERS was \$396 (2022 - \$353) for current services and is included as an expense on the consolidated statement of operations classified under the appropriate functional expense.

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**10. Provincial Offences Administration (POA)**

The Town assumed the administration of the Provincial Offences office for all County of Lanark resident municipalities as a result of the Provincial Offences Act (POA) 1997, which provides the framework for the transfer of responsibility and administration of POA courts.

The POA is a procedural law for administering and prosecuting provincial offences, including those committed under the Highway Traffic Act, Compulsory Automobile Insurance Act, Trespass to Property Act, Liquor Licence Act, Municipal By-Laws and minor federal offences. The POA governs all aspects of legal process from serving notice to a defendant, to conducting trials, including sentencing and appeals.

The Town's share of net revenues arising from operation of the POA office have been consolidated with these consolidated financial statements. The revenue of the court office consists of fines levied under Parts I and III (including delay penalties) for POA charges filed in the Perth court.

If fines are paid at other court offices, the receipt is recorded in the Integrated Courts Operation Network System ("ICON") operated by the Province of Ontario. Revenue is recognized when receipt of funds is recorded by the provincial ICON system regardless of the location where payment is made.

The Town shares net POA revenues based on weighted assessment.

**11. Contingent Liability – Contaminated Sites**

The Town has identified a potential liability for two contaminated sites. One site was previously used as a landfill and the other attached to an industrial property with environmental issues. The Town has completed environmental assessments on both sites. An estimate of the liability for the contaminated sites could not be reasonably estimated. Both sites are currently vacant.

**12. Contingent Liabilities**

The nature of municipal activities is such that there may be litigation pending or in prospect at any time. With respect to claims as at December 31, 2023, management believes that the Town has valid defenses and appropriate insurance coverages in place.

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**13. Asset Retirement Obligations**

The Town's asset retirement obligations consist of the following:

**(a) Landfill obligation:**

The Town owns and operates one landfill site. The liability for the closure of operational sites and post-closure care has been recognized under *PS 3280 Asset Retirement Obligations*. The costs were based upon the presently known obligations that will exist at the estimated year of closure of the sites and for 50 years post this date. The landfills had an estimated useful life of 65 years when they were purchased, of which 10 years remain. Post-closure care is estimated to be required for years from the date of site closure. These costs were discounted to March 31, 2023 using a discount rate of 6% per annum.

**(b) Asbestos obligation:**

The Entity owns and operates several buildings that are known to have asbestos, which represents a health hazard upon demolition of the building and there is a legal obligation to remove it. Following the adoption of *PS 3280 Asset Retirement Obligations*, the Entity recognized an obligation relating to the removal and post-removal care of the asbestos in these building as estimated at January 1, 2022. The buildings had an estimated useful life of 20-50 years when they were purchased in 1863-1999, of which NIL years remain. Post-closure care is estimated to extend for up to a year post the closure of the building, while demolition and construction continues. Estimated costs have not been discounted as the date of demolition is unknown.

The transition and recognition of asset retirement obligations involved an accompanying increase to the tangible capital assets and the restatement of prior year balances (see note 3). The change in the estimated obligation during the year consists of the following:

	<b>2023</b>	<b>2022</b>
Balance, beginning of year	\$ 2,184	\$ ---
Change in accounting policy (note 3):		
Landfill closure and post-closure obligation	---	1,909
Asbestos obligation	<u>---</u>	<u>160</u>
Opening balance, as restated	<u>\$ 2,184</u>	<u>\$ 2,069</u>
Accretion expense:		
Landfill closure and post-closure obligation	88	115
Asbestos obligation	<u>---</u>	<u>---</u>
Ending balance	<u>\$ 2,272</u>	<u>\$ 2,184</u>



**Corporation of the Town of Perth**  
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**13. Asset Retirement Obligations / continued**

Asset retirement obligations consists of:

	<b>2023</b>	<b>2022</b>
Landfill closure and post-closure	\$2,112	\$ 2,024
Asbestos - buildings	<u>160</u>	<u>160</u>
Total	<u>\$ 2,272</u>	<u>\$ 2,184</u>

**14. Commitments**

- (a) The Town has a long-term contract with Glenview Iron and Metal Ltd. for the collection of waste and source-separated organics and the collection and processing of recyclables. The contract commenced January 1, 2022 and will expire on December 31, 2026. All collection charges are based on the number of households while the processing of recyclables is a charge per tonne. Charges are adjusted annually for inflation. Payments under the contract for 2023 were \$594 (2022 - \$589).
- (b) The Town has entered into a long-term contract with the Ontario Provincial Police for the provision of policing services. The contract period is January 2022 to December 2024. Annual charges are determined based on levels of service and are reconciled to actual costs in the following year. Payments under the contract for 2023 were \$1,593 (2022 - \$1,669).
- (c) Council has approved the carry-forward from 2023 to 2024 of approximately \$2,600 in capital and operating projects.

**15. Budget Figures**

The budget data presented in these financial statements is based on the 2023 budget approved by Council. Budget figures have been reclassified for the purpose of these financial statements to conform with Canadian Public Sector Accounting Standards reporting requirements.

These amounts are unaudited.

**Corporation of the Town of Perth**  
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**16. Financial risks**

**(a) Credit risk:**

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Town is exposed to credit risk with respect to its receivables. The Town assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the Town as at December 31, 2023 is the carrying value of these assets. The carrying amount of accounts receivable is valued with consideration for an allowance for doubtful accounts. The amount of any related impairment loss is recognized in the statement of operations. Subsequent recoveries of impairment losses related to accounts receivable are credited to the statement of operations. The balance of the allowance for doubtful accounts is \$13 (2022 - \$10).

**(b) Liquidity risk:**

Liquidity risk is the risk that the Town will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Town manages its liquidity risk by monitoring its operating requirements. The Town prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. Accounts payable and accrued liabilities are generally due within 30 days of receipt of an invoice.

**(c) Interest rate risk:**

Interest rate risk is the risk that the fair value of future cash flows or a financial instrument will fluctuate because of changes in the market interest rates. Financial assets and liabilities with variable interest rates expose the Town to cash flow interest rate risk.

**17. Segmented Information**

The Town is a diversified municipal government that provides a wide range of services to its citizens. The services are provided by departments and their activities are reported in the consolidated statement of operations.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in note 2.

For each reported segment, expenditures represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

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17. Segmented Information / continued

2023

	Salaries, Wages & Employee Benefits	Long-Term Debt Interest	Materials & Services	External Transfers	Inter functional Adjustments	Amortization	Total
	\$	\$	\$	\$	\$	\$	\$
<b>General Government</b>	\$1,228	---	\$1,959	---	\$(1,766)	162	1,583
<b>Protection to Persons &amp; Property</b>	1,208	---	2,066	126	575	120	4,095
<b>Transportation</b>	640	---	622	---	198	905	2,365
<b>Environmental</b>	1,131	157	2,376	---	498	1,384	5,546
<b>Social and Family</b>	---	---	---	20	---	---	20
<b>Recreation &amp; Cultural Services</b>	1,881	---	711	---	362	534	3,488
<b>Planning and Development</b>	427	---	468	228	133	---	1,256
<b>Asset Retirement Costs</b>	---	---	88	---	---	---	88
<b>Total</b>	6,515	157	8,290	374	---	3,105	18,441

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17. Segmented Information / continued

2022

(Restated – note 3)

	Salaries, Wages & Employee Benefits	Long-Term Debt Interest	Materials & Services	External Transfers	Inter functional Adjustments	Amortization	Total
	\$	\$	\$	\$	\$	\$	\$
<b>General Government</b>	\$1,197	---	\$1,770	---	\$(1,593)	164	1,538
<b>Protection to Persons &amp; Property</b>	1,014	---	2,002	268	547	114	3,945
<b>Transportation</b>	587	---	597	---	175	797	2,156
<b>Environmental</b>	1,208	177	1,818	---	405	1,247	4,855
<b>Social and Family</b>	---	---	---	20	---	---	20
<b>Recreation &amp; Cultural Services</b>	1,699	---	599	---	301	432	3,031
<b>Planning and Development</b>	388	---	791	225	165	---	1,569
<b>Asset Retirement Costs</b>	---	---	115	---	---	---	115
<b>Total</b>	6,093	177	7,692	513	---	2,754	17,229

**Corporation of the Town of Perth**  
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**18. Tangible Capital Assets**

Asset Class	Cost January 1, 2023 (Restated – note 3)	Additions	Disposals	Cost December 31, 2023
	\$	\$	\$	\$
Land	1,697	---	---	1,697
Land Infrastructure	29	---	---	29
Land Improvements	4,691	89	---	4,780
Buildings	12,829	1,516	(180)	14,165
Vehicles	3,733	742	(331)	4,144
Equipment	7,344	505	(42)	7,807
Linear assets:				
Bridges/Culverts	5,955	919	(23)	6,851
Roads	23,481	2,154	(100)	25,535
Water	11,635	639	(17)	12,257
Sewer	21,292	639	(15)	21,916
Storm	9,178	---	---	9,178
Construction in Progress	2,484	57	(2,330)	211
Library Board (proportionate share)	769	28	(20)	777
	105,117	7,288	(3,058)	109,347

**Corporation of the Town of Perth**  
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**18. Tangible Capital Assets / continued**

Asset Class	Accumulated Amortization January 1, 2023  (Restated – note 3)	Amortization	Disposals	Accumulated Amortization December 31, 2023	Net Book Value December 31, 2023
	\$	\$	\$	\$	\$
Land	---	---	---	---	1,697
Land Infrastructure	---	---	---	---	29
Land Improvements	923	275	---	1,198	3,582
Buildings	7,084	500	(180)	7,404	6,761
Vehicles	1,730	231	(295)	1,666	2,478
Equipment	2,250	385	(42)	2,593	5,214
Linear assets:					
Bridges /Culverts	2,302	160	(23)	2,439	4,412
Roads	11,173	602	(100)	11,675	13,860
Water	4,799	181	(17)	4,963	7,294
Sewer	5,821	546	(15)	6,352	15,564
Storm	4,033	172	---	4,205	4,973
Construction in Progress	---	---	---	---	211
Library Board (proportionate share)	590	53	(20)	623	154
	40,705	3,105	(692)	43,118	66,229

**Corporation of the Town of Perth**  
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Schedule 1 – Continuity of Reserves

	<b>2023</b>	<b>2022</b> (Restated – note 3)
Reserves, Beginning of Year	\$17,775	\$18,452
Results of Operations	3,386	3,701
Transferred to Unfunded Capital Outlay	(200)	(200)
Capital Expenditures	(4,958)	(4,178)
Debt Financing Received	---	---
	<u>\$16,003</u>	<u>\$17,775</u>
Reserves, End of Year		
Reserves set aside for specific purposes by Council:		
For Operating Purposes		
Emergencies	750	750
Strategic Initiatives	64	64
Building Inspection	---	76
Business Improvement Area	67	90
For Capital Expenditures		
Capital Assets	5,794	6,618
Water and Sewer	9,085	10,035
Recreational Facilities	80	---
Library	163	142
Total Reserves	<u>\$16,003</u>	<u>\$17,775</u>