

**Consolidated Financial Statements**

**Corporation of the Town of Perth**

**Year ended December 31, 2021**



## Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Corporation of the Town of Perth 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 Town of Perth (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2021;
- 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, 2021, 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.



### ***Other Matter – Comparative Information***

The financial statements as at and for the year ended December 31, 2020 were audited by another auditor who expressed an unmodified opinion on those financial statements on June 9, 2021.

### ***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.
- 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*

Chartered Professional Accountants, Licensed Public Accountants

Perth, Canada

April 19, 2022

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

	<b>2021</b>	<b>2020</b>
<b>Assets</b>		
Cash and short-term investments	\$22,498	\$17,840
Taxes receivable	359	655
User charges receivable	352	349
Accounts receivable	863	353
Land inventory for resale	438	438
	<hr/> 24,510	<hr/> 19,635
<b>Liabilities</b>		
Accounts payable and accrued liabilities	2,085	1,121
Prepaid property taxes	607	653
Accrued landfill closure and post closure liability (note 11)	1,344	1,670
Other current liabilities	688	1,064
Employee future benefit obligations	41	72
Deferred revenues (note 4)	2,107	1,534
Long term debt (note 5)	5,881	3,882
	<hr/> 12,753	<hr/> 9,996
<b>Net Financial Assets</b>	<hr/> 11,757	<hr/> 9,639
<b>Non-Financial Assets</b>		
Tangible capital assets (note 15)	63,016	62,256
Prepaid expenses	214	205
	<hr/> 63,230	<hr/> 62,461
<b>Municipal Equity</b> (note 6)	<hr/> \$74,987	<hr/> \$72,100
Contingent liabilities (note 10)		
Commitments (note 12)		

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

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

	Budget	2021	2020
<b>Revenues</b>			
Property taxation	\$8,052	\$8,189	\$8,046
User charges	4,089	3,800	3,821
Government transfers	2,379	2,611	2,833
Licences and permits	195	272	278
Investment income	150	179	246
Penalties and interest on taxes	91	84	38
Provincial offences (note 8)	604	610	453
Other	662	710	613
<b>Total Revenues</b>	<b>16,222</b>	<b>16,455</b>	<b>16,328</b>
<b>Expenses (note 14)</b>			
General government	1,643	1,377	1,470
Protection to persons and property	3,656	3,670	3,478
Transportation services	1,987	1,755	1,863
Environmental services	4,256	4,049	4,039
Social and family services	117	117	20
Recreation and cultural services	2,718	2,599	2,498
Planning and development	1,299	1,002	940
Landfill closure costs(recovery)	---	(326)	340
<b>Total Expenses</b>	<b>15,676</b>	<b>14,243</b>	<b>14,648</b>
<b>Net Revenue from Operations</b>	<b>546</b>	<b>2,212</b>	<b>1,680</b>
<b>Other</b>			
Grants and transfers related to capital	1,170	643	589
Gain (Loss) on sale of capital assets	4	32	(2)
Gain on sale of land inventory	---	---	62
Write down of capital assets	---	---	(10)
<b>Annual Surplus</b>	<b>1,720</b>	<b>2,887</b>	<b>2,319</b>
<b>Municipal Equity, Beginning of Year</b>	<b>72,100</b>	<b>72,100</b>	<b>69,781</b>
<b>Municipal Equity, End of Year</b>	<b>\$73,820</b>	<b>\$74,987</b>	<b>\$72,100</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	2021	2020
<b>Annual surplus</b>	\$1,720	\$2,887	\$2,319
Amortization of tangible capital assets	2,647	2,557	2,568
Acquisition of tangible capital assets	(7,549)	(3,320)	(1,498)
Loss on write down of tangible capital assets	---	---	10
Proceeds on sale of tangible capital assets	---	35	11
(Loss) Gain on sale of tangible capital assets	---	(32)	2
Acquisition of prepaid expenses	---	(9)	(51)
	(4,902)	(769)	1,042
<b>Increase(Decrease) in Net Financial Assets</b>	(3,182)	2,118	3,361
<b>Net Financial Assets, Beginning of Year</b>	9,639	9,639	6,278
<b>Net Financial Assets, End of Year</b>	\$6,457	\$11,757	\$9,639

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>2021</b>	<b>2020</b>
<b>Operating Activities</b>		
Annual surplus	2,887	2,319
Amortization of tangible capital assets	2,557	2,568
(Loss) Gain on sale of tangible capital assets	(32)	2
Write down of tangible capital assets	---	10
	<b>5,412</b>	<b>4,899</b>
<b>Net Change in Non-Cash Working Capital Balances</b>		
Taxes receivable	296	(194)
User charges receivable	(3)	40
Accounts receivable	(510)	620
Land inventory for resale	---	53
Accounts payable and accrued liabilities	964	(583)
Prepaid property taxes	(46)	89
Accrued landfill closure and post closure liability	(326)	340
Other current liabilities	(376)	(165)
Employee future benefit obligations	(31)	(31)
Deferred revenues	573	---
Prepaid expenses	(9)	(51)
	<b>532</b>	<b>118</b>
<b>Working Capital from Operations</b>	<b>5,944</b>	<b>5,017</b>
<b>Capital Activities</b>		
Acquisition of tangible capital assets	(3,320)	(1,498)
Proceeds on sale of tangible capital assets	35	11
<b>Net investment in tangible capital assets</b>	<b>(3,285)</b>	<b>(1,487)</b>
<b>Financing Activities</b>		
Proceeds of long term loan	2,400	---
Debt principal repayments	(401)	(388)
<b>Net change in cash from financing activities</b>	<b>1,999</b>	<b>(388)</b>
<b>Net Increase in Cash</b>	<b>4,658</b>	<b>3,142</b>
<b>Cash, Beginning of Year</b>	<b>17,840</b>	<b>14,698</b>
<b>Cash, End of Year</b>	<b>\$22,498</b>	<b>\$17,840</b>
Cash is Comprised of :		
Cash	\$22,498	\$14,654
Short term investments	---	\$3,186
	<b>\$22,498</b>	<b>\$17,840</b>

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, 2021**

**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, 2021**

**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, 2021**

**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, 2021**

**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 of gas taxes, 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, 2021**

**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 is added to the fund balance and forms part of respective deferred revenue balances.

**Landfill Closure and Post-Closure Liabilities**

The Town accrues landfill closure and post-closure care requirements that have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over a twenty-five year period using the best information available to management.

Future events may result in significant changes to the estimated total expenditures, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

**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.

**Corporation of the Town of Perth**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2021**  
**(all figures in thousands of dollars)**

**2. Significant Accounting Policies / continued**

**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.

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

During 2021, the Town collected and made property tax transfers including payments in lieu of property taxes, to the County of Lanark of \$3,564 (2020 - \$3,434) and to School Boards of \$2,153 (2020 - \$2,565).

**Corporation of the Town of Perth**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2021**  
**(all figures in thousands of dollars)**

**4. 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:

	2021	2020
Balance, beginning of year	1,534	1,534
Development Charges collected	731	265
Federal Gas Tax Funding	369	180
Parkland Fees	20	---
Investment Income	24	22
Funding Utilized	<u>(571)</u>	<u>(467)</u>
Balance, end of year	<u>2,107</u>	<u>1,534</u>
Split as:		
Development Charges	\$1,786	\$1,423
Gas Tax Revenue	296	106
Parkland Reserve	<u>25</u>	<u>5</u>
Total	<u>\$2,107</u>	<u>\$1,534</u>

**5. 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 2021 is \$3,481 (2020 - \$3,882).

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 2021 is \$2,400 (2020 – nil).

Interest expense on the Long Term Debt in 2021 amounted to \$128 (2020 - \$145).



**Corporation of the Town of Perth**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2021**  
**(all figures in thousands of dollars)**

**5. Long Term Debt / continued**

Principal payments on Long Term Debt fall due as follows:

2022	548
2023	565
2024	584
2025	602
2026	622
2027 and thereafter	<u>2,960</u>
Total	<u>\$5,881</u>

**6. Municipal Equity**

Municipal equity consists of:

	2021	2020
Tangible Capital Assets	\$63,016	\$62,256
Long Term Debt	(5,881)	(3,882)
Unfinanced Capital Outlay	(600)	(900)
Reserves (Schedule 1)	<u>18,452</u>	<u>14,626</u>
Total	<u>\$74,987</u>	<u>\$72,100</u>

**7. 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 amount contributed to OMERS was \$318 (2020 - \$322) for current services and is included as an expense on the consolidated statement of operations classified under the appropriate functional expense. Contributions by employees were a similar amount.

**Corporation of the Town of Perth**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2021**  
**(all figures in thousands of dollars)**

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

The Town of Perth 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 of Perth shares net POA revenues based on weighted assessment.

**9. 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.

**10. 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, 2021, management believes that the Town has valid defences and appropriate insurance coverages in place.

**Corporation of the Town of Perth**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2021**  
**(all figures in thousands of dollars)**

**11. Landfill Closure and Post Closure Liability**

The Environment Protection Act sets out the regulatory requirements to properly close and maintain all active and inactive landfill sites. Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill sites. This requirement is to be provided for over the estimated remaining life of the landfill site based on usage.

Landfill closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over a sixty-five-year period using the best information available to management. Future events may result in significant changes to the estimated total expenditures, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

The Town currently has one active site. The site is in operation and is currently undergoing an expansion in capacity that provides an estimated life of approximately 12 years (2020 - 15 years). The anticipated closure plan, based on information provided by R. J. Burnside and Associated Limited (February 2022), includes a cost \$261 between 2022 and 2025 for closure of the active fill area, \$341 in 2034 for closure of site and \$742 from 2034 to 2086 for post closure maintenance and monitoring.

Estimated total expenditures represent the sum of the discounted future cash flows for closure and post-closure care activities discounted at an estimated average long-term borrowing rate of 6.0%(2020 - 2%) and using an assumed rate of 2.0% (2020- 0%) for inflation. The estimated total landfill closure and post-closure care expenditures are calculated to be approximately \$1,344 (2020 - \$1,670) and are reported on the consolidated statement of financial position.

**Corporation of the Town of Perth**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2021**  
**(all figures in thousands of dollars)**

**12. 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, 2021 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. The contract also provides for the Town to receive all proceeds from the sale of recyclables. Payments under the contract for 2021 were \$510 (2020 - \$413).
- (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 2021 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 2021 were \$1,739 (2020 - \$1,790).

**13. 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.

**Corporation of the Town of Perth**  
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**(in thousands of dollars)**

**13. Segmented Information / continued**

	Salaries, Wages & Employee Benefits	Long-Term Debt Interest	Materials & Services	External Transfers	Inter functional Adjustments	Amortization	Total
	\$	\$	\$	\$	\$	\$	\$
<b>General Government</b>	\$1,133	---	\$1,263	---	\$(1,178)	159	1,377
<b>Protection to Persons &amp; Property</b>	795	---	2,041	246	478	110	3,670
<b>Transportation</b>	457	---	451	---	122	725	1,755
<b>Environmental</b>	1,094	128	1,443	---	247	1,137	4,049
<b>Social and Family</b>	---	---	---	117	---	---	117
<b>Recreation &amp; Cultural Services</b>	1,452	---	491	3	227	426	2,599
<b>Planning and Development</b>	383	---	384	131	104	---	1,002
<b>Landfill Closure Costs</b>	---	---	(326)	---	---	---	(326)
<b>Total</b>	5,314	128	5,747	497	---	2,557	14,243

**Corporation of the Town of Perth**  
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**(in thousands of dollars)**

**14. Tangible Capital Assets**

Asset Class	Cost 01/01/21	Additions	Disposals	Cost 31/12/21
	\$	\$	\$	\$
Land	1,697	---	---	1,697
Land Infrastructure	29	---	---	29
Land Improvements	1,260	113	---	1,373
Buildings	12,615	40	---	12,655
Vehicles	3,517	279	---	3,796
Equipment	7,067	223	(73)	7,217
Bridges/Culverts	5,046	---	---	5,046
Roads	23,116	267	---	23,383
Water	11,635	---	---	11,635
Sewer	21,292	---	---	21,292
Storm	9,178	---	---	9,178
Construction in Progress	746	2,388	---	3,134
Library Board (proportionate share)	698	10	---	708
	97,896	3,320	(73)	101,143

**Corporation of the Town of Perth**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2021**  
(in thousands of dollars)

**14. Tangible Capital Assets / continued**

Asset Class	Accumulated Amortization 01/01/21	Amort	Disposals	Accumulated Amortization 31/12/21	Net Book Value 31/12/21
	\$	\$	\$	\$	\$
Land	---	---	---	---	1,697
Land Infrastructure	---	---	---	---	29
Land Improvements	690	60	---	750	623
Buildings	6,126	405	---	6,531	6,124
Vehicles	1,666	179	---	1,845	1,951
Equipment	1,618	339	(70)	1,887	5,330
Bridges /Culverts	2,094	95	---	2,189	2,857
Roads	10,089	541	---	10,630	12,753
Water	4,445	177	---	4,622	7,013
Sewer	4,740	541	---	5,281	16,011
Storm	3,689	172	---	3,861	5,317
Construction in Progress	---	---	---	---	3,134
Library Board (proportionate share)	483	48	---	531	177
	35,640	2,557	(70)	38,127	63,016

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

Schedule 1 – Continuity of Reserves

	2021	2020
Reserves, Beginning of Year	\$14,626	\$11,601
Results of Operations	5,046	4,523
Transferred to Unfunded Capital Outlay	(300)	---
Capital Expenditures	(3,320)	(1,498)
Debt Financing Received	<u>2,400</u>	<u>---</u>
	<u>\$18,452</u>	<u>\$14,626</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	267	170
Business Improvement Area	94	103
For Capital Expenditures		
Capital Assets	8,185	5,661
Water and Sewer	8,952	7,749
Library	140	129
Total Reserves	<u>\$18,452</u>	<u>\$14,626</u>