

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

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Consolidated Financial Statements
For the year ended December 31, 2021

Contents

Independent Auditor's Report	2 - 3
Consolidated Financial Statements	
Statement of Financial Position	4
Statement of Operations	5
Statement of Change in Net Financial Assets	6
Statement of Cash Flows	7
Summary of Significant Accounting Policies	8 - 10
Notes to the Consolidated Financial Statements	11 - 26
Schedule of Financial Activities - Business Improvement Area	27

Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of The Corporation of the Municipality of West Perth ("the Municipality"), which comprise the consolidated statement of financial position as at December 31, 2021, the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Municipality as at December 31, 2021, and its consolidated results of operations, its consolidated change in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Municipality to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants, Licensed Public Accountants

Stratford, Ontario
October 3, 2022

**The Corporation of the Municipality of West Perth
Consolidated Statement of Financial Position**

December 31	2021	2020
		(restated Note 20)
Financial assets		
Cash and cash equivalents	\$ 15,090,212	\$ 10,535,829
Taxes receivable	712,897	996,337
Trade and other receivables (Note 4)	5,826,448	3,988,979
Drains receivable	1,142,181	1,945,890
Investments (Note 2)	6,805,673	6,694,098
Investment in Government Business Enterprise (Note 1)	3,947,620	3,800,819
	<u>33,525,031</u>	<u>27,961,952</u>
Liabilities		
Accounts payable and accrued liabilities	4,479,726	3,172,559
Deferred revenue (Note 5)	1,392,349	968,501
Construction loan (Note 7)	467,820	-
Long-term debt (Note 8)	4,611,709	846,816
Solid waste closure and post-closure liabilities (Note 6)	1,459,745	1,133,790
	<u>12,411,349</u>	<u>6,121,666</u>
Net financial assets	<u>21,113,682</u>	<u>21,840,286</u>
Non-financial assets		
Tangible capital assets (Note 9)	100,427,652	97,459,812
Prepaid expenses and inventories of supplies	51,448	47,317
Land inventory held for sale	1,433,392	1,505,642
	<u>101,912,492</u>	<u>99,012,771</u>
Accumulated surplus (Note 10)	<u>\$ 123,026,174</u>	<u>\$ 120,853,057</u>

_____ Treasurer

_____ Mayor

The Corporation of the Municipality of West Perth
Consolidated Statement of Operations

For the year ended December 31	Budget 2021	2021	2020
	(Note 16)		
Revenue			
Taxation	\$ 8,862,458	\$ 8,990,393	\$ 8,817,905
Government grants - Federal (Note 12)	942,023	487,421	903,504
Government grants - Provincial (Note 13)	2,048,677	1,972,611	2,579,803
Municipal grants	87,739	109,987	123,063
User fees and service charges	5,081,224	5,560,517	6,247,404
Income from government business enterprise (Note 1)	-	208,040	147,101
Other (Note 14)	1,843,684	1,851,729	1,583,734
	18,865,805	19,180,698	20,402,514
Expenses			
General government	1,538,294	1,569,682	1,322,836
Protection services	2,970,907	3,120,491	2,965,901
Transportation services	3,480,380	6,189,129	5,560,627
Environmental services	3,148,173	3,760,977	3,738,637
Health services	33,185	28,162	24,358
Recreation and cultural services	1,970,598	2,100,605	1,663,066
Planning and development	235,849	238,535	289,404
	13,377,386	17,007,581	15,564,829
Annual surplus	5,488,419	2,173,117	4,837,685
Accumulated surplus, beginning of year	120,853,057	120,853,057	116,015,372
Accumulated surplus, end of year	\$ 126,341,476	\$ 123,026,174	\$ 120,853,057

The Corporation of the Municipality of West Perth
Consolidated Statement of Change in Net Financial Assets

For the year ended December 31	Budget 2021	2021	2020
			(restated Note 20)
Annual surplus	\$ 5,488,419	\$ 2,173,117	\$ 4,837,685
Acquisition of tangible capital assets	(8,632,306)	(7,065,275)	(9,849,731)
Amortization of tangible capital assets	-	3,811,716	3,632,537
Loss on disposal of tangible capital assets	-	230,976	533,460
Proceeds on sale of tangible capital assets	-	54,744	5,000
Write-downs of tangible capital assets	-	-	585,668
	(3,143,887)	(794,722)	(255,381)
Use (acquisition) of prepaid expenses and inventory of supplies	-	(4,132)	2,391
Disposition of land held for resale	-	72,250	266,949
Net change in net financial assets	(3,143,887)	(726,604)	13,959
Net financial assets, beginning of year	21,840,286	21,840,286	21,826,327
Net financial assets, end of year	\$ 18,696,399	\$ 21,113,682	\$ 21,840,286

The Corporation of the Municipality of West Perth
Consolidated Statement of Cash Flows

For the year ended December 31	2021	2020
Operating transactions		
Annual surplus	\$ 2,173,117	\$ 4,837,685
Items not involving cash		
Income from government business enterprise	(208,040)	(147,101)
Amortization	3,811,716	3,632,537
Loss on disposal of tangible capital assets	230,976	533,460
Write-down of tangible capital asset	-	585,668
Solid waste closure and post closure liabilities	325,955	108,653
Changes in non-cash operating balances		
Taxes receivable	283,440	(150,769)
Trade and other receivable	(1,837,469)	(1,326,497)
Drains receivable	803,709	(758,623)
Land inventory held for resale	72,250	266,949
Prepaid expenses and inventories of supplies	(4,132)	2,391
Accounts payable and accrued liabilities	1,307,167	(321,105)
Deferred revenue	423,848	(215,861)
	<u>7,382,537</u>	<u>7,047,387</u>
Capital transactions		
Acquisition of tangible capital assets	(7,065,275)	(9,849,731)
Proceeds on sale of tangible capital assets	54,744	5,000
	<u>(7,010,531)</u>	<u>(9,844,731)</u>
Investing transactions		
Change in investments	(111,575)	(1,725,272)
Dividends from government business enterprise	61,239	32,494
	<u>(50,336)</u>	<u>(1,692,778)</u>
Financing transactions		
Proceeds from construction loan	467,820	-
Proceeds from issuance of long-term debt	4,020,000	-
Repayment of long-term debt	(255,107)	(230,840)
	<u>4,232,713</u>	<u>(230,840)</u>
Net change in cash and cash equivalents	4,554,383	(4,720,962)
Cash and cash equivalents, beginning of year	10,535,829	15,256,791
Cash and cash equivalents, end of year	\$ 15,090,212	\$ 10,535,829

The Corporation of the Municipality of West Perth

Summary of Significant Accounting Policies

December 31, 2021

Management's Responsibility for the Financial Statements

The consolidated financial statements of the Corporation of the Municipality of West Perth are the responsibility of management. They have been prepared in accordance with Canadian public sector accounting standards. The Corporation of the Municipality of West Perth is a municipality in the Province of Ontario and operates under the provisions of the Community Charter. The Corporation of the Municipality of West Perth 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 of all municipal organizations, committees and Boards which are owned or controlled by the Corporation of the Municipality of West Perth. The following entities have been consolidated:

Municipality of West Perth Library Board
Municipality of West Perth Business Improvement Area

All inter-entity transactions and balances have been eliminated.

The investment in a government business enterprise is accounted for using the modified equity method of accounting. Under this method, the government business enterprise's accounting policies, which follow International Financial Reporting Standards, are not adjusted to conform with Public Sector Accounting Standards and inter-entity transactions and balances are not eliminated. The following government business enterprise is reflected in the consolidated financial statements:

ERTH Corporation

Cash and Cash Equivalents

Management considers all highly liquid investments with maturity of three months or less at acquisition to be cash equivalents.

Inventories for Resale

Inventories consist of land held for resale and is recorded at the lower of cost and net realizable value.

Investments

Investments are recorded at cost unless there has been a decline in the market value which is other than temporary in nature in which case the investments are written down to market value.

The Corporation of the Municipality of West Perth

Summary of Significant Accounting Policies

December 31, 2021

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. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing the month the asset is available for productive use as follows:

Land improvements	35 to 50 years
Buildings and building improvements	30 to 100 years
Machinery and equipment	5 to 50 years
Vehicles	5 to 25 years
Infrastructure - roads and bridges	8 to 100 years
Infrastructure - water, sanitary and storm systems	75 years

County and School Board

The Corporation of the Municipality of West Perth 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.

Trust Funds

Funds held in trust by the Corporation of the Municipality of West Perth, and their related operations, are not included in these financial statements. The financial activity and position of the trust funds are reported separately.

Retirement Benefits and Other Employee Benefit Plans

The Corporation of the Municipality of West Perth's contributions due during the period to its multi-employer defined benefit plan are expensed as incurred.

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. The revenue is recognized in the consolidated statement of operations in the year in which it is used for the specified purpose.

The Corporation of the Municipality of West Perth

Summary of Significant Accounting Policies

December 31, 2021

Revenue Recognition	<p>a) 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 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 considerations, such as reassessments due to audits, appeals and court decisions, could result in a change in the amount of tax revenue recognized. Taxes receivable are recognized net of an allowance for anticipated uncollectible amounts.</p> <p>b) 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. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.</p> <p>c) Fines and donations are recognized when collected.</p> <p>d) Fees, user charges and other revenues are recorded upon sale of goods or provision of services when collection is reasonably assured.</p>
Solid Waste Landfills and Post Closure Liabilities	<p>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.</p>
Use of Estimates	<p>The preparation of financial statements in accordance 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. Actual results could differ from management's best estimates as additional information becomes available in the future.</p>
Contaminated Sites	<p>In accordance with PS 3260 management is required to make assessments as to whether any properties not under active use are subject to contamination in the underlying soil, water or sediment. If such contamination exists and exceeds an environmental standard management is required to make an estimate as to the related liability for remediation of the property. Management is not aware of any contaminated sites.</p>

The Corporation of the Municipality of West Perth

Notes to Consolidated Financial Statements

December 31, 2021

1. Investment in Government Business Enterprise

ERTH Corporation was incorporated in 2000 under the Business Corporations Act (Ontario) as mandated by the Ontario Government's Electricity Act, 1998 (Ontario) and Sections 71 and 73 of the Ontario Energy Board Act, 1998 (Ontario). The Corporation of the Municipality of West Perth owns 6.25% (2020 - 6.25%) of the outstanding shares of ERTH Corporation. The investment in ERTH Corporation is comprised of the following:

	2021	2020
Promissory note receivable - West Perth Power Inc.	\$ 1,183,391	\$ 1,183,391
Promissory note receivable - Clinton Power Corporation	900,000	900,000
Class A shares	1	1
Class B shares	1,693,000	1,693,000
Cumulative dividends received	(337,968)	(276,729)
Cumulative amortization of purchase premium	(443,798)	(406,815)
Cumulative share of total comprehensive income	952,994	707,971
	\$ 3,947,620	\$ 3,800,819

West Perth Power Inc. and Clinton Power Corporation are wholly owned subsidiaries of ERTH Corporation. The note receivable from West Perth Power Inc. bears interest at 7.25% (2020 - 7.25%). This note is unsecured and is due on demand. Interest earned during the year included in Other Income is \$85,796 (2020 - \$85,796).

The note receivable from Clinton Power Corporation bears interest at 7.25% (2020 - 7.25%). This note is unsecured and is due on demand. Interest earned during the year included in Other Income is \$65,250 (2020 - \$65,250).

The Corporation of the Municipality of West Perth
Notes to Consolidated Financial Statements

December 31, 2021

1. Investment in Government Business Enterprise (continued)

The following summarizes the financial position and operations of ERTH Corporation which have been reported in these financial statements using the modified equity method:

	<u>2021</u>	<u>2020</u>
Financial Position		
Current	\$ 21,000,436	\$ 20,427,673
Capital	69,320,000	66,710,355
Regulatory and other assets	<u>20,044,334</u>	<u>19,597,988</u>
Total assets	<u>\$ 110,364,770</u>	<u>\$ 106,736,016</u>
Current	24,512,383	24,670,683
Long-term debt	39,419,177	40,488,940
Regulatory and other liabilities	<u>13,787,118</u>	<u>11,871,399</u>
Total liabilities	<u>77,718,678</u>	<u>77,031,022</u>
Net assets	<u>\$ 32,646,092</u>	<u>\$ 29,704,994</u>
Results of Operations		
Revenues	\$ 96,761,811	\$ 99,116,134
Expenditures	<u>93,833,200</u>	<u>96,615,010</u>
Net income for the year	2,928,611	2,501,124
Net movement in regulatory balances, net of tax	<u>847,606</u>	<u>555,464</u>
Net income for the year and net movement of regulatory balances	3,776,217	3,056,588
Other comprehensive income (loss) for the year	<u>144,881</u>	<u>(110,705)</u>
Total comprehensive income for the year	<u>\$ 3,921,098</u>	<u>\$ 2,945,883</u>
West Perth share of comprehensive income	\$ 245,023	\$ 184,084
Amortization of purchase premium	<u>(36,983)</u>	<u>(36,983)</u>
Income from government business enterprises	<u>\$ 208,040</u>	<u>\$ 147,101</u>

The Corporation of the Municipality of West Perth
Notes to Consolidated Financial Statements

December 31, 2021

2. Investments

	2021	2020
Guaranteed investment certificates	\$ 338,942	\$ 4,105,148
Principal protected notes	6,466,731	2,588,950
	\$ 6,805,673	\$ 6,694,098

Guaranteed investment certificates carry effective interest rates of 1.5% (2020- 1.4% to 3.6%) and mature July 2022. Interest is receivable on an annual basis. Principal protected notes are stated at a market rate, have a principal balance of \$6,164,250 (2020 - \$2,500,000) and mature in May 2026 to May 2027. The return is based on certain market performance over the life of the notes and is determined upon maturity.

3. Pension Agreements

The Corporation of the Municipality of West Perth 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 the retirement benefits to be received by the employees based on their length of service and rates of pay. The amount contributed to OMERS for 2021 was \$275,937 (2020 - \$283,571) for employer contributions.

As at December 31, 2021, the OMERS plan is in a deficit position of \$3.1 billion (2020 - \$3.2 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. OMERS is a multi-employer plan, therefore any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Corporation of the Municipality of West Perth does not recognize any share of the OMERS pension surplus or deficit.

4. Trade and other receivables

	2021	2020
General other receivables	\$ 2,477,696	\$ 1,518,140
Grants receivable	862,445	1,693,420
Promissory note receivable	1,647,893	-
HST rebate receivable	530,323	497,430
Accrued revenue	308,091	279,989
	\$ 5,826,448	\$ 3,988,979

The Corporation of the Municipality of West Perth
Notes to Consolidated Financial Statements

December 31, 2021

5. Deferred Revenue

	Opening balance	Contributions received	Externally restricted investment income	Revenue recognized	Ending balance
Federal gas tax	\$ -	\$ 551,437	\$ 1,948	\$ (281,155)	\$ 272,230
Development charges	395,741	410,596	3,562	(318,845)	491,054
Recreational land	319,364	6,000	2,874	-	328,238
Other	253,396	261,733	-	(214,302)	300,827
	<u>\$ 968,501</u>	<u>\$ 1,229,766</u>	<u>\$ 8,384</u>	<u>\$ (814,302)</u>	<u>\$ 1,392,349</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 Corporation of the Municipality of West Perth and the Province of Ontario. Gas tax funding may be used towards designated capacity building projects as specified in the funding agreements.

The Corporation of the Municipality of West Perth

Notes to Consolidated Financial Statements

December 31, 2021

6. 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 Corporation of the Municipality of West Perth'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 \$1,459,745 (2020 - \$1,133,790) and reflects a net discount rate of 0.4% (2020 - 0.7%). As at December 31, 2021, the liability is funded in reserves in the amount of \$376,429 (2020 - \$351,429).

The liability is based on estimates and assumptions related to events extending over the remaining life of the landfill. The Mitchell Industrial landfill is expected to reach its capacity in approximately 39 years and the estimated remaining capacity is 23,280 cubic metres which is 19% (2020 - 20%) of the site's total capacity. The Mitchell Domestic landfill is expected to reach its capacity in approximately 99 years and the estimated remaining capacity is approximately 1,395,455 cubic metres, which is 83% (2020 - 83%) of the site's total capacity. The Logan landfill is expected to reach its capacity in approximately 95 years and the estimated remaining capacity is approximately 1,558,280 cubic metres, which is 97% (2020 - 97%) of the site's total capacity. The total undiscounted estimated future expenditures for closure and post-closure care are \$5,426,265 (2020 - \$5,453,426). The estimated length of time needed for post-closure care is between 11 and 85 years, depending on the landfill.

7. Construction Loan

The construction loan with Ontario Infrastructure and Land Corporation (OILC) bears interest at a variable rate (0.69%) with interest due monthly. This loan has been advanced to assist with cash flow for the construction of a new municipal office which is expected to cost \$3,500,000, including furniture and equipment, with completion in 2022. Costs incurred to December 31, 2021 of \$1,035,000 are included in work in process in Tangible Capital Assets. OILC has approved funding of \$2,439,000 for the project during construction. Final funding sources for the project will be determined by council upon completion.

The Corporation of the Municipality of West Perth
Notes to Consolidated Financial Statements

December 31, 2021

8. Long-term Debt

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

	2021	2020
Tile drainage loans, bearing interest at 6.0% and repayable in annual installments. The loans are due between 2022 and 2028. Recoverable from benefiting landowners.	\$ 51,385	\$ 71,970
Ontario Infrastructure and Land Corporation loans (OILC):		
Bearing interest between 2.42% and 2.63%, blended semi-annual payments of \$88,287, due between 2024 and 2025. Relates to construction of pumping station, water tower and street lights. Recoverable from benefiting landowners through future taxation and user fees.	616,496	774,846
Bearing interest at 2.72%, due 2041, repayable in blended monthly payments of \$11,463. Relates to construction of the fire hall.	2,079,830	-
Bearing interest at 2.72%, due 2041, repayable in blended monthly payments of \$10,273. Relates to construction of the Henry St. bridge.	1,863,998	-
	\$ 4,611,709	\$ 846,816

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

	Principal Repayments
2022	\$ 339,616
2023	334,381
2024	340,508
2025	287,288
Thereafter	3,309,916
	\$ 4,611,709

Interest paid during the year on long term debt was \$ 79,257 (2020 - \$ 30,816).

The Corporation of the Municipality of West Perth
Notes to Consolidated Financial Statements

December 31, 2021

9. Tangible Capital Assets

2021

	Land	Land improvement	Buildings and improvements	Machinery and equipment	Vehicles	Infrastructure - roads and bridges	Infrastructure - water, sanitary and storm system	Total
Cost, beginning of year	\$ 1,859,885	\$ 5,954,523	\$ 19,919,201	\$11,370,416	\$ 8,004,364	80,270,073	\$ 40,948,879	\$ 168,327,341
Additions		773,316	1,888,588	428,943	435,855	652,232	507,988	4,686,922
Disposals		(4,543)	(72,123)	(486,197)	(334,781)	(1,529,968)	(140,281)	(2,567,893)
Reallocations (1)	(1,052,342)	2,753,518	(3,484,072)	1,772,208	(2,508,952)	14,016,198	(11,496,558)	-
Cost, end of year	\$ 807,543	\$ 9,476,814	\$ 18,251,594	\$13,085,370	\$ 5,596,486	\$ 93,408,535	\$ 29,820,028	\$ 170,446,370
Accumulated amortization, beginning of year	\$ -	\$ 1,156,922	\$ 6,577,485	\$ 5,452,045	\$ 4,623,078	\$ 41,436,553	\$ 11,621,446	\$ 70,867,529
Amortization	-	145,064	414,477	471,721	309,163	2,081,886	389,405	3,811,716
Disposals	-	(4,052)	(44,120)	(485,117)	(317,771)	(1,346,218)	(84,947)	(2,282,225)
Reallocations (1)	-	510,152	(886,652)	1,974,372	(1,569,418)	3,149,338	(3,177,792)	-
Accumulated amortization, end of year	\$ -	\$ 1,808,086	\$ 6,061,190	\$ 7,413,021	\$ 3,045,052	\$ 45,321,559	\$ 8,748,112	\$ 72,397,020
Net carrying amount, end of year	\$ 807,543	\$ 7,668,728	\$ 12,190,404	\$ 5,672,349	\$ 2,551,434	\$ 48,086,976	\$ 21,071,916	98,049,350
Assets under construction								<u>2,378,302</u>
								<u>\$ 100,427,652</u>

(1) During the year, as part of its capital asset management plan, the Municipality reviewed its tangible capital assets and category allocations. Certain assets have been reallocated into other categories to better align with the overall plan and reporting requirements.

The Corporation of the Municipality of West Perth
Notes to Consolidated Financial Statements

December 31, 2021

9. Tangible Capital Assets (continued)

								2020
	Land	Land improvement	Buildings and improvements	Machinery and equipment	Vehicle	Infrastructure - roads and bridges	Infrastructure - water, sanitary and storm systems	Total
Cost, beginning of year	\$ 1,859,885	\$ 5,638,283	\$ 19,497,697	\$ 8,823,792	\$ 7,222,289	\$ 76,950,035	\$ 40,569,931	\$ 160,561,912
Additions		78,684	561,355	-	856,340	4,201,049	735,465	6,432,893
Disposals		-	(139,851)	(77,452)	(74,265)	(577,585)	(661,717)	(1,530,870)
Write downs		-	-	-	-	(585,967)	-	(585,967)
Work in progress		237,556	-	2,624,076	-	282,541	305,200	3,449,373
Cost, end of year	\$ 1,859,885	\$ 5,954,523	\$ 19,919,201	\$ 11,370,416	\$ 8,004,364	\$ 80,270,073	\$ 40,948,879	\$ 168,327,341
Accumulated amortization, beginning of year	\$ -	\$ 1,061,977	\$ 6,238,023	\$ 5,234,493	\$ 4,235,470	\$ 39,956,308	\$ 11,468,895	\$ 68,195,166
Amortization		94,945	404,998	262,238	458,902	1,896,080	515,374	3,632,537
Disposals		-	(65,536)	(44,686)	(71,294)	(415,835)	(362,823)	(960,174)
Accumulated amortization, end of year	\$ -	\$ 1,156,922	\$ 6,577,485	\$ 5,452,045	\$ 4,623,078	\$ 41,436,553	\$ 11,621,446	\$ 70,867,529
Net carrying amount, end of year	\$ 1,859,885	\$ 4,797,601	\$ 13,341,716	\$ 5,918,371	\$ 3,381,286	\$ 38,833,520	\$ 29,327,433	\$ 97,459,812

The Corporation of the Municipality of West Perth
Notes to Consolidated Financial Statements

December 31, 2021

10. Accumulated Surplus

The Corporation of the Municipality of West Perth segregates its accumulated surplus in the following categories:

	2021	2020
Invested in tangible capital assets:		
Tangible capital assets at cost less accumulated amortization	\$ 100,420,200	\$ 97,459,812
less: financed by long term debt	(3,943,828)	-
financed by short term construction borrowing	(467,820)	-
financed by long term debt to be recovered from benefitting landowners	(616,496)	(774,846)
	95,392,056	96,684,966
Government business enterprise	3,947,620	3,800,819
Unfunded solid waste closure and post-closure costs	(1,108,317)	(782,362)
Accumulated general surplus (deficit)	1,749,053	(680,672)
	99,980,412	99,022,751
Reserves and reserve funds set aside by council:		
Working funds	440,000	440,000
Operational purposes	3,666,386	3,780,872
Capital purposes	18,939,376	17,609,434
Accumulated surplus	\$123,026,174	\$ 120,853,057

The investment in tangible capital assets represents amounts already spent and invested in infrastructure and other non-financial assets.

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

11. Operations of School Boards and the County of Perth

During the year, the following taxation revenues were raised and remitted to the school boards and the County of Perth:

	2021	2020
School boards	\$ 3,134,067	\$ 3,145,494
County of Perth	4,090,738	3,896,237
	\$ 7,224,805	\$ 7,041,731

The Corporation of the Municipality of West Perth
Notes to Consolidated Financial Statements

December 31, 2021

12. Government Transfers - Federal

	Budget 2021	2021	2020
Federal gas tax revenue	\$ 281,155	\$ 281,155	\$ 269,070
Other	114,739	182,320	606,994
Clean Water/Waste Water Fund	-	23,946	27,440
	\$ 395,894	\$ 487,421	\$ 903,504

13. Government Transfers - Provincial

	Budget 2021	2021	2020
Ontario Municipal Partnership Fund	\$ 996,200	\$ 996,200	\$ 1,171,900
Ontario Community Infrastructure Fund	30,000	564,484	820,351
Ontario Connecting Link	530,172	226,791	409,433
Clean Water and Wastewater Fund	-	-	65,196
Other	492,305	185,136	112,923
	\$ 2,048,677	\$ 1,972,611	\$ 2,579,803

14. Other Income

	Budget 2021	2021	2020
Penalties and interest on taxation	\$ 110,000	\$ 114,731	\$ 69,841
Other fines and penalties	1,200	7,865	2,034
Investment income	405,800	558,709	762,122
Government business enterprise - interest	174,506	151,046	151,046
Licences, permits and rents	369,760	363,759	339,936
Donations	299,348	46,577	49,089
Sale of publications, equipment and other	98,070	59,946	59,505
Industrial land sales and miscellaneous	385,000	549,096	150,161
	\$ 1,843,684	\$ 1,851,729	\$ 1,583,734

The Corporation of the Municipality of West Perth
Notes to Consolidated Financial Statements

December 31, 2021

15. Funds Held in Trust

At the year end, the Corporation of the Municipality of West Perth held \$157,181 (2020 - \$152,684) in trust. The following trust funds and net assets are excluded from the Corporation of the Municipality of West Perth's financial statements:

	2021	2020
Carlingford, Hibbert, N. Logan, Roy's and Staffa Cemeteries	\$ 153,927	\$ 149,517
W.F. Levy Estate	3,254	3,167
	\$ 157,181	\$ 152,684

16. Budget

The Financial Plan (Budget) By-Law adopted by Council on April 6, 2021 was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards require a full accrual basis. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the statements of operations and change in net financial assets represent the Financial Plan adopted by Council with adjustments as follows:

	Budget 2021	Actual 2021	Actual 2020
Annual surplus (page 5)	\$ 5,488,419	\$ 2,173,117	\$ 4,837,685
Amortization	-	3,811,716	3,632,537
Capital acquisitions, disposals and writedowns	(8,632,306)	(6,772,104)	(8,725,603)
Principal repayment of debt	(221,889)	(234,521)	(154,481)
Debt and loan proceeds	4,020,000	4,487,820	-
Net transfers to reserves	(654,224)	(1,362,258)	(910,151)
Change in unfunded liabilities	-	325,955	81,258
Annual surplus - budget model	-	2,429,725	(1,238,755)
Prior year accumulated general surplus (deficit)	-	(680,672)	558,083
Accumulated general surplus (deficit)	\$ -	\$ 1,749,053	\$ (680,672)

The Corporation of the Municipality of West Perth

Notes to Consolidated Financial Statements

December 31, 2021

17. Contingencies

a) The Municipality has been named as a defendant in a legal action in which damages have been sought. The outcome of this action is not determinable as at the date of reporting and accordingly, no provision has been made in these financial statements for any liability that may result. While the outcome is not determinable, management is of the opinion that the claim will not result in any liability for the municipality.

b) The Municipality has signed as a guarantor in the amount of \$1,814,488 for debt in support of a local non profit housing construction project. This guarantee is expected to be released during 2022.

18. Impact of COVID-19

During the year, the impact of COVID-19 in Canadian and on the global economy continued. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Municipality, its citizens, employees, suppliers and other third party business associates as well as on the timing and amounts realized on the Municipality's assets and future ability to deliver services and projects. The Municipality will continue to focus on collecting receivables, managing expenditures, and leveraging existing reserves and available credit facilities to ensure it is able to continue providing essential services to its citizens.

19. Comparative Figures

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

The Corporation of the Municipality of West Perth
Notes to Consolidated Financial Statements

December 31, 2021

20. Prior Period Restatement

Management has determined that the land held for resale should be recognized as a non-financial asset whereas in previous years it had been recognized as a financial asset. The impact of adjusting for this item for 2020 is as follows:

	As previously stated	Increase/ (decrease)	Restated
Consolidated Statement of Financial Position			
Net financial assets	\$ 23,351,633	\$ (1,511,347)	\$ 21,840,286
Non financial assets	97,501,424	1,511,347	99,012,771
Consolidated Statement of Change in Net Financial Assets			
Disposition of land held for resale	-	266,949	266,949
Net change in net financial assets	(254,481)	268,440	13,959
Net financial assets, beginning of year	23,606,114	(1,779,787)	21,826,327
Net financial assets, end of year	23,351,633	(1,511,347)	21,840,286

21. Segmented Information

The Corporation of the Municipality of West Perth 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.

Protection to Persons and Property

Protection 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

Transportation is responsible for the maintenance and upkeep of the Municipality's roads, bridges, winter control, street lights and transit services.

The Corporation of the Municipality of West Perth

Notes to Consolidated Financial Statements

December 31, 2021

Environmental

Environmental services provides water, wastewater, waste disposal and drainage services for the Municipality's commercial and residential population.

Health Services

This service area provides operational and maintenance services to the Municipality's cemeteries.

Recreation and Cultural Services

This service area provides services meant to improve the health and development of the Municipality's citizens through recreational programs, youth centres and library services.

Planning and Development

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

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 have been 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 share of current expenses for the year.

The Corporation of the Municipality of West Perth
Notes to Consolidated Financial Statements

December 31, 2021

21. Segmented Information (continued)

For the year ended December 31	General government	Protection to persons and property	Transportation	Environmental	Health services	Planning and development	Recreation and cultural services	2021 Total
Revenue								
Taxation	\$ 1,033,882	\$ 1,996,737	\$ 2,339,152	\$ 2,115,877	\$ 22,304	\$ 158,009	\$ 1,324,432	\$ 8,990,393
Government grants	290,820	281,572	1,422,985	253,014	2,471	66,862	252,295	2,570,019
User fees and service charges	59,580	83,516	512,314	4,586,824	9,300	62,325	246,658	5,560,517
Income from government business enterprises	208,040	-	-	-	-	-	-	208,040
Other	617,666	293,641	71,614	283,391	10,904	506,281	68,232	1,851,729
	<u>2,209,988</u>	<u>2,655,466</u>	<u>4,346,065</u>	<u>7,239,106</u>	<u>44,979</u>	<u>793,477</u>	<u>1,891,617</u>	<u>19,180,698</u>
Expenses								
Salaries and benefits	947,419	528,333	668,730	648,383	-	11,434	946,015	3,750,314
Materials	587,942	280,747	2,738,558	1,586,928	-	134,299	595,901	5,924,375
Contracted services	-	1,957,982	1,825	666,501	28,152	81,520	-	2,735,980
Interest and rental	-	31,038	32,325	13,167	-	-	2,091	78,621
Rental	1,039	41,400	-	-	-	-	-	42,439
External transfers	-	92,876	42,664	-	-	-	243,348	378,888
Amortization	32,202	160,112	2,496,731	798,128	10	9,191	315,341	3,811,715
Loss on disposal of capital assets	1,080	28,003	208,296	47,870	-	-	-	285,249
	<u>1,569,682</u>	<u>3,120,491</u>	<u>6,189,129</u>	<u>3,760,977</u>	<u>28,162</u>	<u>236,444</u>	<u>2,102,696</u>	<u>17,007,581</u>
Net surplus (deficit)	<u>\$ 640,306</u>	<u>\$ (465,025)</u>	<u>\$ (1,843,064)</u>	<u>\$ 3,478,129</u>	<u>\$ 16,817</u>	<u>\$ 557,033</u>	<u>\$ (211,079)</u>	<u>\$ 2,173,117</u>

The Corporation of the Municipality of West Perth
Notes to Consolidated Financial Statements

December 31, 2021

21. Segmented Information (continued)

For the year ended December 31	General government	Protection to persons and property	Transportation	Environmental	Health services	Planning and development	Recreation and cultural services	2020 Total
Revenue								
Taxation	\$ 716,404	\$ 2,764,103	\$ 2,444,873	\$ 1,776,274	\$ -	\$ 249,140	\$ 867,111	\$ 8,817,905
Government grants	312,576	446,676	2,296,131	307,984	-	37,493	205,510	3,606,370
User fees and service charges	43,271	69,301	422,056	5,121,633	11,860	348,967	230,316	6,247,404
Income from government business enterprises	147,101	-	-	-	-	-	-	147,101
Other	774,498	261,219	80,459	370,941	18,644	9,660	68,313	1,583,734
	<u>1,993,850</u>	<u>3,541,299</u>	<u>5,243,519</u>	<u>7,576,832</u>	<u>30,504</u>	<u>645,260</u>	<u>1,371,250</u>	<u>20,402,514</u>
Expenses								
Salaries and benefits	848,137	504,415	607,495	632,987	-	11,070	790,778	3,394,882
Materials	439,657	285,211	2,177,240	1,289,959	24,348	188,585	419,509	4,824,509
Contracted services	-	1,950,374	22,614	743,093	-	89,467	-	2,805,548
Interest and rental	-	-	4,941	16,144	-	-	-	21,085
Rental	2,889	41,400	-	-	-	-	-	44,289
External transfers	-	88,392	56,444	-	-	-	163,683	308,519
Amortization	32,153	96,109	2,427,109	786,515	10	282	290,358	3,632,536
Loss on disposal of capital assets	-	-	264,784	269,939	-	-	(1,262)	533,461
	<u>1,322,836</u>	<u>2,965,901</u>	<u>5,560,627</u>	<u>3,738,637</u>	<u>24,358</u>	<u>289,404</u>	<u>1,663,066</u>	<u>15,564,829</u>
Net surplus (deficit)	<u>\$ 671,014</u>	<u>\$ 575,398</u>	<u>\$ (317,108)</u>	<u>\$ 3,838,195</u>	<u>\$ 6,146</u>	<u>\$ 355,856</u>	<u>\$ (291,816)</u>	<u>\$ 4,837,685</u>

**The Corporation of the Municipality of West Perth
Business Improvement Area
Schedule of Financial Activities**

For the year ended December 31	Budget 2021	2021	2020
	(Unaudited)		
Revenue			
Taxation revenue	\$ 20,067	\$ 20,167	\$ 20,167
Membership fees and fundraising	2,575	6,075	2,200
	<u>22,642</u>	<u>26,242</u>	<u>22,367</u>
Expenditures			
Administrative	940	12,178	11,726
Advertising	5,000	5,215	3,239
Projects	11,000	9,710	5,899
Office	200	-	237
BIA Dollars	500	-	-
	<u>17,640</u>	<u>27,103</u>	<u>21,101</u>
Annual surplus (deficit)	5,002	(861)	1,266
Accumulated surplus, beginning of year	<u>34,918</u>	<u>33,954</u>	<u>33,652</u>
Accumulated surplus, end of year	<u>\$ 39,920</u>	<u>\$ 33,093</u>	<u>\$ 34,918</u>