

**Consolidated Financial Statements**

**Corporation of the Town of Perth**

**Year ended December 31, 2024**



## **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.

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Nev Jande

Director/Treasurer



**KPMG LLP**

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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, 2024;
- 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, 2024, 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.



### ***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.



Page 3

- 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants

Perth, Canada  
June 24, 2025

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

	<b>2024</b>	<b>2023</b>
<b>Financial Assets</b>		
Cash and short-term deposits	\$8,570	\$7,074
Investments (note 5)	9,947	12,801
Taxes receivable	705	673
User charges receivable	464	313
Other accounts receivable	775	845
Inventory for resale	428	428
	<u>20,889</u>	<u>22,134</u>
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities	2,807	1,484
Prepaid property taxes	709	666
Asset retirement obligations (note 13)	3,309	2,272
Other current liabilities	326	537
Deferred revenue (note 6)	2,635	1,848
Long-term (note 7)	4,873	4,768
	<u>14,659</u>	<u>11,575</u>
<b>Net Financial Assets</b>	<u>6,230</u>	<u>10,559</u>
<b>Non-Financial Assets</b>		
Tangible capital assets (note 18)	71,196	66,229
Prepaid expenses	613	316
	<u>71,809</u>	<u>66,545</u>
<b>Municipal Equity</b> (note 8)	<u>\$78,039</u>	<u>\$77,104</u>
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)	2024	2023
<b>Revenues</b>			
Property taxation	\$9,342	\$9,570	\$8,937
User charges	4,321	4,648	4,307
Government Grants	2,648	2,865	2,663
Licences and permits	455	285	319
Investment income	700	1,043	1,013
Penalties and interest on taxes	91	116	105
Provincial offences (note 10)	687	605	558
Other	242	378	367
<b>Total Revenues</b>	<b>18,486</b>	<b>19,510</b>	<b>18,269</b>
<b>Expenses (note 17)</b>			
General government	1,957	1,936	1,583
Protection to persons and property	4,320	4,446	4,095
Transportation services	2,578	2,629	2,365
Environmental services	5,609	5,522	5,634
Social and family services	20	---	20
Recreation and cultural services	3,612	3,322	3,488
Planning and development	1,555	1,603	1,256
<b>Total Expenses</b>	<b>19,651</b>	<b>19,458</b>	<b>18,441</b>
<b>Net Revenue (Expenses) from Operations</b>	<b>(1,165)</b>	<b>52</b>	<b>(172)</b>
<b>Other</b>			
Grants and transfers related to capital	965	877	884
Gain on sale of tangible capital assets	4	6	62
Gain on sale of land inventory	---	---	37
<b>Annual Surplus</b>	<b>(196)</b>	<b>935</b>	<b>811</b>
<b>Municipal Equity, Beginning of Year</b>	<b>77,104</b>	<b>77,104</b>	<b>76,293</b>
<b>Municipal Equity, End of Year</b>	<b>\$76,908</b>	<b>\$78,039</b>	<b>\$77,104</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)	2024	2023
<b>Annual surplus (deficit)</b>	<b>\$(196)</b>	<b>\$935</b>	<b>\$811</b>
Amortization of tangible capital assets	3,120	3,240	3,105
Acquisition of tangible capital assets	(11,534)	(8,207)	(4,958)
Proceeds on disposal of tangible capital assets	---	6	97
Gain on disposal of tangible capital assets	---	(6)	(62)
Acquisition of prepaid expenses	---	(297)	(16)
	<b>(8,414)</b>	<b>(5,264)</b>	<b>(1,834)</b>
<b>Decrease in Net Financial Assets</b>	<b>(8,610)</b>	<b>(4,329)</b>	<b>(1,023)</b>
<b>Net Financial Assets, Beginning of Year</b>	<b>10,559</b>	<b>10,559</b>	<b>11,757</b>
<b>Net Financial Assets, End of Year</b>	<b>\$1,948</b>	<b>\$6,230</b>	<b>\$10,559</b>

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>2024</b>	<b>2023</b>
<b>Operating Activities</b>		
Annual surplus	935	811
Items not involving cash		
Amortization of tangible capital assets	3,240	3,105
Gain on disposal of tangible capital assets	(6)	(62)
Change in asset retirement obligations	1,037	88
Employee future benefit obligations	---	(10)
	<b>5,206</b>	<b>3,932</b>
<b>Net Change in Non-Cash Working Capital Balances</b>		
Taxes receivable	(32)	137
User charges receivable	(150)	(16)
Accounts receivable	70	52
Inventory for resale	---	5
Accounts payable and accrued liabilities	1,321	(552)
Prepaid property taxes	44	116
Other current liabilities	(210)	(109)
Deferred revenues	786	118
Prepaid expenses	(297)	(16)
	<b>1,532</b>	<b>(265)</b>
<b>Working capital from operations</b>	<b>6,738</b>	<b>3,667</b>
<b>Capital Activities</b>		
Acquisition of tangible capital assets	(8,207)	(4,958)
Proceeds on disposal of tangible capital assets	6	97
<b>Net investment in tangible capital assets</b>	<b>(8,201)</b>	<b>(4,861)</b>
<b>Investing Activities</b>		
Decrease (increase) in investments	2,854	(534)
<b>Net change in cash from investing activities</b>	<b>2,854</b>	<b>(534)</b>
<b>Financing Activities</b>		
Debt principal repayments	(583)	(565)
Long term loans received	688	---
<b>Net change in cash from financing activities</b>	<b>2,854</b>	<b>(534)</b>
<b>Increase (decrease) in cash</b>	<b>1,496</b>	<b>(2,293)</b>
<b>Cash, beginning of year</b>	<b>7,074</b>	<b>9,367</b>
<b>Cash, end of year</b>	<b>\$8,570</b>	<b>\$7,074</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, 2024**

**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.

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, 2024**

**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, 2024**

**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.

**Revenue Recognition**

Government transfers and funding for projects are recognized as revenue when the transfer is authorized, any eligible criteria has been met and the amount can be reasonably estimated. Town generated funds, generally consisting of user fees, licenses and permits, are recognized when the goods are sold or the services are provided, performance obligations fulfilled, and future economic benefits are measurable and expected to be obtained. Other restricted contributions received in advance of the related expenditure are deferred until the related expenditure is incurred.

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.

**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.

**Corporation of the Town of Perth**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2024**

**2. Significant Accounting Policies / continued**

**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.

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 liabilities are recognized in the Statement of Operations and Municipal Equity at the time of remediation.

**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, 2024**

**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.

**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 Municipal Equity 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 and Municipal Equity.

**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, 2024 or 2023.

**Corporation of the Town of Perth**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2024**  
**(all figures in thousands of dollars)**

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

The Town adopted the following standards concurrently beginning January 1, 2024 on a prospective basis: PS 3400 *Revenue*, PSG-8 *Purchased Intangibles* and PS 3160 *Public Private Partnerships*.

- i. PS 3400 *Revenue* establishes standards on how to account for and report on revenue, specifically differentiating between transactions that include performance obligations (i.e. the payor expects a good or service from the public sector entity), referred to as exchange transactions, and transactions that do not have performance obligations, referred to as non-exchange transactions.

For exchange transactions, revenue is recognized when a performance obligation is satisfied. For non-exchange transactions, revenue is recognized when there is authority to retain an inflow of economic resources and a past event that gave rise to an asset has occurred.

In accordance with the provisions of this new standard, the Town deferred \$31 in Building Permit revenue, which is included in other current liabilities on the Statement of Financial Position.

- ii. PSG-8 *Purchased Intangibles* provides guidance on the accounting and reporting for purchased intangible assets that are acquired through arm's length exchange transactions between knowledgeable, willing parties that are under no compulsion to act.

There was no impact to the financial statements as a result of adopting this new accounting standard.

- iii. PS 3160 *Public Private Partnerships* (P3s) provides specific guidance on the accounting and reporting for P3s between public and private sector entities where the public sector entity procures infrastructure using a private sector partner.

There was no impact to the financial statements as a result of adopting this new accounting standard.

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

During 2024, the Town collected and made property tax transfers including payments in lieu of property taxes, to the County of Lanark of \$3,879 (2023 - \$3,783) and to School Boards of \$2,235 (2023 - \$2,220).



**Corporation of the Town of Perth**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2024**  
**(all figures in thousands of dollars)**

**5. Investments**

Investments are comprised of two guaranteed investment certificates. As of December 31, 2024, they are as follows:

- \$6,840, yielding interest of 6.15%, with maturity in August 2025
- \$3,107, yielding interest of 5.62% with maturity in May 2025

Investment totals include accrued interest.

**6. Deferred Revenue**

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>2024</b>	<b>2023</b>
Balance, beginning of year	\$1,848	\$1,730
Development Charges collected	552	32
Canadian Community-Building Fund	206	196
Parkland Fees	---	---
Investment Income	104	93
Funding Utilized	<u>(75)</u>	<u>(623)</u>
Balance, end of year	<u>\$2,635</u>	<u>\$1,848</u>
Comprised of:		
Development Charges	\$2,469	\$1,821
Canadian Community-Building Fund	138	---
Parkland Reserve	<u>28</u>	<u>27</u>
Total	<u>\$2,635</u>	<u>\$1,848</u>

**Corporation of the Town of Perth**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2024**  
**(all figures in thousands of dollars)**

**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 2024 is \$2,193 (2023 - \$2,637).

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 2024 is \$1,992 (2023 – \$2,131).

Fixed rate loan from Infrastructure Ontario which bears interest at 4.28% and matures in 2039. The loan is repayable in blended semi-annual payments of \$31. Loan outstanding at the end of 2024 is \$688 (2023 - \$Nil)

Interest expense on the Long-Term Debt in 2024 amounted to \$141 (2023 - \$157).

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

2025	\$636
2026	657
2027	679
2028	701
2029	724
2030 and thereafter	<u>1,477</u>
Total	<u>\$4,873</u>

**8. Municipal Equity**

Municipal equity consists of:

	<b>2024</b>	<b>2023</b>
Tangible Capital Assets	\$71,196	\$66,229
Long Term Debt	(4,873)	(4,768)
Unfinanced Capital Outlay	---	(200)
Unfinancial Asset Retirement Obligation	(1,197)	(160)
Reserves (Schedule 1)	<u>12,913</u>	<u>16,003</u>
Total	<u>\$78,039</u>	<u>\$77,104</u>

**Corporation of the Town of Perth**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2024**  
**(all figures in thousands of dollars)**

**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 \$2.9 billion as at December 31, 2024 (2023 - \$4.2 billion).

The amount contributed to OMERS was \$464 (2023 - \$396) for current services and is included as an expense on the consolidated statement of operations classified under the appropriate functional expense.

**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.

**Corporation of the Town of Perth**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2024**  
**(all figures in thousands of dollars)**

**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, 2024, management believes that the Town has valid defenses and appropriate insurance coverages in place.

**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 55 years (2023 – 50 years) post this date. The landfills had an estimated useful life of 65 years when they were purchased, of which 9 years (2023 – 10 years) remain. Post-closure care is estimated to be required for years from the date of site closure. These costs were discounted to December 31, 2024 using a discount rate of 4.56% (2023 - 6.0%)

**Corporation of the Town of Perth**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2024**  
**(all figures in thousands of dollars)**

**13. Asset Retirement Obligations / continued**

**(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 buildings. The buildings had an estimated useful life of 20-50 years when they were purchased in 1863-1999, of which Nil (2023 – 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.

	<b>2024</b>	<b>2023</b>
Balance, beginning of year	\$2,272	\$2,184
Change in estimate		
Landfill closure and post-closure	<u>900</u>	<u>---</u>
Accretion and inflationary adjustments		
Landfill closure and post-closure	129	88
Asbestos – buildings	<u>8</u>	<u>---</u>
	<u>137</u>	<u>88</u>
Balance, end of year	<u>\$3,309</u>	<u>\$2,272</u>

Asset retirement obligations consists of:

	<b>2024</b>	<b>2023</b>
Landfill closure and post-closure	\$3,141	\$ 2,112
Asbestos - buildings	<u>168</u>	<u>160</u>
Total	<u>\$ 3,309</u>	<u>\$ 2,272</u>

**Corporation of the Town of Perth**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2024**  
**(all figures in thousands of dollars)**

**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 2024 were \$511 (2023 - \$594).
- (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 2024 were \$1,667 (2023 - \$1,593).
- (c) Council has approved the carry-forward from 2024 to 2025 of approximately \$3,302 in capital and operating projects.

**15. Budget Figures**

The budget data presented in these financial statements is based on the 2024 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.

**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, 2024 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 (2023 - \$13).

**Corporation of the Town of Perth**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2024**  
**(in thousands of dollars)**

**16. Financial risks / continued**

**(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.

Corporation of the Town of Perth  
Notes to the Consolidated Financial Statements  
December 31, 2024  
(in thousands of dollars)

17. Segmented Information / continued

2024

	Salaries, Wages & Employee Benefits	Long-Term Debt Interest	Materials & Services	External Transfers	Inter functional Adjustments	Amortization	Total
	\$	\$	\$	\$	\$	\$	\$
<b>General Government</b>	\$1,529	---	\$2,113	\$---	\$(1,874)	\$168	\$1,936
<b>Protection to Persons &amp; Property</b>	1,348	---	2,383	---	591	124	4,446
<b>Transportation</b>	843	---	572	---	224	990	2,629
<b>Environmental</b>	1,156	141	2,155	---	490	1,443	5,385
<b>Social and Family</b>	---	---	---	---	---	---	---
<b>Recreation &amp; Cultural Services</b>	1,784	---	639	---	384	515	3,322
<b>Planning and Development</b>	541	---	644	233	185	---	1,603
<b>Asset Retirement Costs</b>	---	---	137	---	---	---	137
<b>Total</b>	7,201	141	8,643	233	---	3,240	19,458



**Corporation of the Town of Perth**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2024**  
(in thousands of dollars)

**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

**Corporation of the Town of Perth**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2024**  
(in thousands of dollars)

**18. Tangible Capital Assets**

Asset Class	Cost January 1, 2024	Additions	Disposals, adjustments and transfers	Cost December 31, 2024
	\$	\$	\$	\$
Land	1,697	100	---	1,797
Land Infrastructure	29	---	---	29
Land Improvements	4,780	1,323	---	6,103
Buildings	14,165	1,629	35	15,829
Vehicles	4,145	49	(73)	4,121
Equipment	7,808	537	---	8,345
Linear assets:				
Bridges/Culverts	6,851	28	---	6,879
Roads	25,536	1,562	---	27,098
Water	12,257	855	---	13,112
Sewer	21,914	1,005	---	22,919
Storm	9,177	---	---	9,177
Construction in Progress	211	1,094	(35)	1,270
Library Board	777	25	(21)	781
	109,347	8,207	(94)	117,460

**Corporation of the Town of Perth**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2024**  
(in thousands of dollars)

**18. Tangible Capital Assets / continued**

Asset Class	Accumulated Amortization January 1, 2024	Amortization	Disposals, adjustments and transfers	Accumulated Amortization December 31, 2024	Net Book Value December 31, 2024
	\$	\$	\$	\$	\$
Land	---	---	---	---	1,797
Land Infrastructure	---	---	---	---	29
Land Improvements	1,198	287	---	1,485	4,618
Buildings	7,404	501	---	7,905	7,924
Vehicles	1,666	240	(73)	1,833	2,288
Equipment	2,593	432	---	3,025	5,320
Linear assets:					
Bridges /Culverts	2,439	169	---	2,608	4,271
Roads	11,675	661	---	12,336	14,762
Water	4,963	193	---	5,156	7,956
Sewer	6,352	556	---	6,908	16,011
Storm	4,205	171	---	4,376	4,801
Construction in Progress	---	---	---	---	1,270
Library Board (proportionate share)	623	30	(21)	632	149
	43,118	3,240	(94)	46,264	71,196

**Corporation of the Town of Perth**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2024**  
**(in thousands of dollars)**

Schedule 1 – Continuity of Reserves

	<b>2024</b>	<b>2023</b>
Reserves, Beginning of Year	\$16,003	\$17,775
Results of Operations	5,266	3,386
Transferred to Unfunded Capital Outlay	200	(200)
Transferred to Unfunded Asset Retirement Obligation	(1,037)	---
Capital Expenditures	(8,207)	(4,958)
Debt Financing Received	688	---
Reserves, End of Year	<u>\$12,913</u>	<u>\$16,003</u>
Reserves set aside for specific purposes by Council:		
For Operating Purposes		
Emergencies	750	750
Strategic Initiatives	64	64
Business Improvement Area	131	67
For Capital Expenditures		
Capital Assets	3,598	5,794
Water and Sewer	8,205	9,085
Recreational Facilities	---	80
Library	165	163
Total Reserves	<u>\$12,913</u>	<u>\$16,003</u>