

THE CORPORATION OF THE COUNTY OF PERTH

Consolidated Financial Statements

December 31, 2024

THE CORPORATION OF THE COUNTY OF PERTH
Consolidated Financial Statements
For the Year Ended December 31, 2024

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements are the responsibility of the management of The Corporation of the County of Perth and have been prepared in accordance with Canadian public sector accounting standards.

These consolidated financial statements include:

- Independent Auditors' Report
- Consolidated Statement of Financial Position
- Consolidated Statement of Operations and Accumulated Surplus
- Consolidated Statement of Change in Net Financial Assets (Debt)
- Consolidated Statement of Remeasurement Gains and Losses
- Consolidated Statement of Cash Flows
- Notes to the Consolidated Financial Statements
- Consolidated Schedule of Segment Disclosure

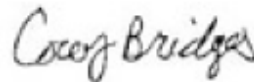
The Chief Administrative Officer and the Director of Finance are responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing the consolidated financial statements before they are submitted to Council for approval.

The integrity and reliability of The Corporation of the County of Perth reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The consolidated financial statements have been audited on behalf of the Members of Council, Inhabitants and Ratepayers of The Corporation of the County of Perth by Graham Scott Enns LLP in accordance with Canadian generally accepted auditing standards.



Mrs. Lori Wolfe
Chief Administrative Officer



Mr. Corey Bridges
Director of Finance

Stratford, Ontario
July 3, 2025



GRAHAM SCOTT ENNS LLP
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INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of The **The Corporation of the County of Perth**:

Opinion

We have audited the consolidated financial statements of The **The Corporation of the County of Perth**, which comprise the consolidated statement of financial position as at December 31, 2024, the consolidated statement of operations and accumulated surplus, consolidated statement of changes in net financial assets (debt), consolidated statement of remeasurement gains and losses, and consolidated statement of 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 County's consolidated financial statements present fairly, in all material respects, the financial position of the County as at December 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for public sector entities.

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 report. We are independent of the County 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 accounting standards for public sector entities, 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 County'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 County or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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.



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INDEPENDENT AUDITORS' REPORT (CONTINUED)

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

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 County'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 County'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 County 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.

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.

St. Thomas, Ontario

July 3, 2025

Graham Scott Enns LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

THE CORPORATION OF THE COUNTY OF PERTH

**Consolidated Statement of Financial Position
As at December 31, 2024**

	2024	2023
	<u>\$</u>	<u>\$</u>
FINANCIAL ASSETS		
Cash	3,811,081	8,763,435
Investments (Note 3)	9,731,216	9,002,622
Accounts receivable	2,889,976	2,558,611
Mortgages receivable (Note 4)	<u>221,017</u>	<u>235,512</u>
Total financial assets	<u>16,653,290</u>	<u>20,560,180</u>
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities	7,319,850	7,656,622
Employee benefit liabilities (Note 5)	5,100,372	3,989,284
Asset retirement obligations (Note 9)	206,328	235,309
Deferred revenue (Note 10)	425,010	705,582
Long-term debt (Note 11)	<u>11,706,083</u>	<u>8,426,436</u>
Total financial liabilities	<u>24,757,643</u>	<u>21,013,233</u>
NET FINANCIAL ASSETS (DEBT)	<u>(8,104,353)</u>	<u>(453,053)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 12)	125,396,303	116,451,713
Inventories	606,296	604,189
Prepaid expenses	<u>238,141</u>	<u>480,712</u>
Total non-financial assets	<u>126,240,740</u>	<u>117,536,614</u>
TOTAL NET ASSETS	<u>118,136,387</u>	<u>117,083,561</u>
ACCUMULATED SURPLUS (NOTE 13)	117,418,887	117,292,881
ACCUMULATED REMEASUREMENT GAINS AND LOSSES (PAGE 7)	<u>717,500</u>	<u>(209,320)</u>
	<u>118,136,387</u>	<u>117,083,561</u>

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

THE CORPORATION OF THE COUNTY OF PERTH

Consolidated Statement of Operations and Accumulated Surplus For the Year Ended December 31, 2024

	Budget (Note 22) <u>\$</u>	Actual 2024 <u>\$</u>	Actual 2023 <u>\$</u>
REVENUES			
Requisition of local municipalities	22,364,354	22,602,363	19,938,901
Transfer payments			
Federal (Note 14)	1,287,379	1,337,354	1,292,018
Provincial (Note 15)	21,527,420	23,110,259	22,439,097
Municipal	7,595,298	7,876,306	7,191,827
User fees and service charges	2,964,426	2,908,722	2,624,934
Other Income			
Fines and penalties	1,690,000	2,493,214	1,842,196
Investment income	439,069	324,606	414,330
Licences, permits and rents	261,890	267,387	305,181
Donations	500	25,441	142,257
Other contributions	-	67	30,131
	<u>58,130,336</u>	<u>60,945,719</u>	<u>56,220,872</u>
EXPENSES			
General government	4,889,593	4,663,390	4,486,463
Health services	19,805,061	21,895,268	20,414,119
Planning and development	2,151,463	1,967,345	1,874,179
Protection services	1,614,106	2,271,968	1,702,190
Recreational and cultural services	607,795	575,021	557,327
Social and family services	9,105,550	10,157,287	9,988,341
Social services - public housing	4,765,830	4,765,830	3,357,496
Transportation	<u>13,379,519</u>	<u>14,553,492</u>	<u>14,329,210</u>
Total expenses (Note 19 [a])	<u>56,318,917</u>	<u>60,849,601</u>	<u>56,709,325</u>
ANNUAL SURPLUS (DEFICIT)	1,811,419	96,118	(488,453)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	117,292,881	117,292,881	117,753,650
CHANGE IN PROPORTIONATE CONSOLIDATION (NOTE 18)	<u>-</u>	<u>29,888</u>	<u>27,684</u>
ACCUMULATED SURPLUS, END OF YEAR (NOTE 13)	<u>119,104,300</u>	<u>117,418,887</u>	<u>117,292,881</u>

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

THE CORPORATION OF THE COUNTY OF PERTH

**Consolidated Statement of Change in Net Financial Assets (Debt)
For the Year Ended December 31, 2024**

	Budget (Note 22) \$	Actual 2024 \$	Actual 2023 \$
ANNUAL SURPLUS (DEFICIT)	1,811,419	96,118	(488,453)
Acquisition of tangible capital assets	(16,549,706)	(14,719,734)	(11,682,398)
Amortization of tangible capital assets	4,895,228	5,690,869	6,614,707
Proceeds on disposal of tangible capital assets	-	100,202	295,033
(Gain) loss on disposal of tangible capital assets	-	(15,927)	69,946
Change in prepaid expenses	-	242,571	(139,293)
Change in inventory	-	(2,107)	(51,070)
Change in proportionate consolidation (Note 18)	-	29,888	27,684
Remeasurement gains (losses)	-	926,820	381,110
	<hr/>	<hr/>	<hr/>
DECREASE IN NET FINANCIAL ASSETS	(9,843,059)	(7,651,300)	(4,972,734)
NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR	<hr/> <u>(453,053)</u>	<hr/> <u>(453,053)</u>	<hr/> <u>4,519,681</u>
NET FINANCIAL ASSETS (DEBT), END OF YEAR	<hr/> <u>(10,296,112)</u>	<hr/> <u>(8,104,353)</u>	<hr/> <u>(453,053)</u>

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

THE CORPORATION OF THE COUNTY OF PERTH

**Consolidated Statement of Remeasurement Gains and Losses
For the Year Ended December 31, 2024**

	2024	2023
	<u>\$</u>	<u>\$</u>
ACCUMULATED REMEASUREMENT GAINS AND (LOSSES), BEGINNING OF YEAR	(209,320)	(590,430)
Unrealized gains (losses) attributable to investments (Note 3)	<u>926,820</u>	<u>381,110</u>
ACCUMULATED REMEASUREMENT GAINS AND (LOSSES), END OF YEAR	<u>717,500</u>	<u>(209,320)</u>

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

THE CORPORATION OF THE COUNTY OF PERTH

Consolidated Statement of Cash Flows For the Year Ended December 31, 2024

	2024	2023
	<u>\$</u>	<u>\$</u>
OPERATING ACTIVITIES		
Annual surplus (deficit)	96,118	(488,453)
Add (deduct) items not involving cash:		
Amortization of tangible capital assets	5,690,869	6,614,707
Change in employee post-retirement benefit liabilities	1,111,088	419,258
(Gain) loss on disposal of tangible capital assets	<u>(15,927)</u>	<u>69,946</u>
	6,882,148	6,615,458
Change in non-cash assets and liabilities related to operations (Note 19 [b])	<u>(708,245)</u>	<u>2,374,012</u>
	<u>6,173,903</u>	<u>8,989,470</u>
INVESTING ACTIVITIES		
Proceeds from of investments	198,226	1,057,202
Proceeds from mortgage receivable	14,495	14,187
Change in proportionate consolidation (Note 18)	<u>29,888</u>	<u>27,684</u>
	<u>242,609</u>	<u>1,099,073</u>
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(14,719,734)	(11,682,398)
Proceeds on disposal of tangible capital assets	100,202	295,033
Asset Retirement Obligation - Change in estimate	-	225,716
Asset Retirement Obligation - Accretion expense	6,887	9,593
Asset Retirement Obligation - Liability settled during the period	<u>(35,868)</u>	<u>-</u>
	<u>(14,648,513)</u>	<u>(11,152,056)</u>
FINANCING ACTIVITIES		
Advances of long-term debt	3,900,000	1,500,000
Repayment of long-term debt	<u>(620,353)</u>	<u>(602,010)</u>
	<u>3,279,647</u>	<u>897,990</u>
NET CHANGE IN CASH	(4,952,354)	(165,523)
CASH, BEGINNING OF YEAR	<u>8,763,435</u>	<u>8,928,958</u>
CASH, END OF YEAR	<u>3,811,081</u>	<u>8,763,435</u>

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

THE CORPORATION OF THE COUNTY OF PERTH

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2024

The Corporation of the County of Perth (the "County") is an upper-tier municipality, comprised of four local municipalities, in the Province of Ontario. The four lower tier municipalities are the Municipality of North Perth, the Municipality of West Perth, the Township of Perth East, and the Township of Perth South. The County conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

1. CHANGE IN ACCOUNTING POLICIES

On January 1, 2024 the County adopted accounting policies to conform to new standards issued under Canadian Public Sector Accounting Standards. The County adopted the following standards which had the following impact:

- PS 3400 - Revenue - This standard impacted the timing of the revenue recognized by the County. There is no impact on the County's financial reporting as a result of the adoption of this standard.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the County are prepared by management in accordance with Canadian Public Sector Accounting Standards. Significant aspects of the accounting policies adopted by the County are as follows:

Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenses of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the County and which are owned or controlled by the County. All inter-fund assets, liabilities, revenues and expenses have been eliminated.

Consolidated Entities

There are no organizations or local boards that are consolidated in these financial statements.

Proportionate Consolidation

The following entities have been consolidated on a proportionate basis using the prior years weighted property assessment total for the participating municipalities. Details of percentages reported are as follows:

	<u>2024</u>	<u>2023</u>
Huron Perth Public Health (HPPH)	29.21%	29.10%
Spruce Lodge Home for the Aged	51.21%	50.94%
Spruce Lodge Home Assistance Corporation	51.21%	50.94%
Spruce Lodge Foundation	51.21%	50.94%

THE CORPORATION OF THE COUNTY OF PERTH

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

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

Trust Funds

The County's proportional amount of the trust funds administered by Spruce Lodge have not been included in the consolidated statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations. At December 31, 2024 the County's proportional amount held is \$30,439 (2023 - \$28,658) in trust funds.

Basis of Accounting

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 as a result of receipt of goods or services and the creation of a legal obligation to pay.

Investments

Investments consist of structured notes and guaranteed investment certificates. Investments in guaranteed investment certificates are recorded at cost. Investments in structured notes are recorded at fair value. Any cash or investments with short maturity dates held within investment accounts are for the purposes of investing and are classified as investments in the consolidated statement of financial position. Realized investment income earned are reported as revenue in the period earned and recognized in the consolidated statement of operations. Unrealized changes in fair value are recognized in the consolidated statement of remeasurement gains and losses until they are realized, when they are reclassified to the consolidated statement of operations.

THE CORPORATION OF THE COUNTY OF PERTH

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Non-Financial Assets

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.

i) Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives commencing once the asset is available for productive use as follows:

Land improvements	15 years
Buildings	10 - 75 years
Furniture, fixtures and equipment	10 - 20 years
Computer equipment	4 - 15 years
Vehicles	7 - 20 years
Roadways	20 - 50 years
Bridges	30 - 80 years

ii) Contributions of tangible capital assets

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.

iii) Interest capitalization

The County does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

iv) Leased tangible capital assets

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.

THE CORPORATION OF THE COUNTY OF PERTH

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Revenue

The County receives funds for specific purposes which are externally restricted by legislation, regulation or agreement. These restricted funds are not available for general municipal purposes and are recognized as revenue in the fiscal year the funds are used for the specified purpose.

Government Transfers

Government transfers are recognized in the 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 determined. Any amount received but restricted is recorded as deferred revenue in accordance with Section 3100 of the Public Sector Accounting Handbook and recognized as revenue in the period in which the resources are used for the purpose specified.

In addition, the County periodically receives senior government capital funding in the form of infrastructure grants and receives ongoing funding from both senior levels of government as a result of an allocation of the gas tax funds.

Employee Benefit Plans

The County provides a pension plan for its employees through the Ontario Municipal Employees Retirement System (OMERS). OMERS is a multi-employer pension plan which operates as the Ontario Municipal Employees Retirement Fund. The fund is a contributory defined benefit pension plan. As this is a multi-employer plan, no liability is recorded on the County's books. The employer's contribution to a multi-employer, defined benefit plan are expensed as the obligations arise.

For those self-insured benefit obligations that arise from specific events that occur from time to time, such as obligations for workers' compensation and life insurance and health care benefits for those on disability leave, the cost is recognized immediately in the period the events occur. Any actuarial gains or losses that are related to these benefits are recognized immediately in the period they arise.

The County is an employer included under Schedule II of the Workplace Safety and Insurance Act, it self-ensures the entire risk of its own WSIB claims and is individually liable for reimbursing the WSIB for all costs relating to its workers' WSIB claims. The cost of the claims are expensed as incidents occur, while the liability for future benefit costs is determined by WSIB.

THE CORPORATION OF THE COUNTY OF PERTH

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Requisition of Local Municipalities

In 2024 the County received \$22,602,363 (2023 - \$19,938,901) related to requisition of local municipalities.

The amount of the total annual levy is determined each year through Council's approval of the annual budget. Rates are set annually by Council for each class or type of property, in accordance with legislation and Council-approved policies, in order to raise the revenue required to meet operating budget requirements. The authority to levy and collect property taxes is established under the Municipal Act 2001, the Assessment Act, the Education Act, and other legislation.

Other Revenues

Conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled. Unconditional grant revenues are recognized as they become receivable. Grants for the acquisition of tangible capital assets are recognized in the period in which eligible expenditures are made. Sales of service and other revenue is recognized on an accrual basis. Provincial Offences revenue is recognized on a cash basis.

Use of Estimates

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 revenues and expenses during the period. Significant estimates include assumptions used in estimating provisions for useful life of tangible capital assets, accrued liabilities, asset retirement obligations, and in performing actuarial valuations of employee future benefits. Actual results could differ from these estimates.

THE CORPORATION OF THE COUNTY OF PERTH

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Instruments

The County's financial assets and liabilities are measured as follows:

- i. Cash at fair value
- ii. Portfolio investments at fair value
- iii. Accounts receivable at amortized cost
- iv. Accounts payable and accrued liabilities at amortized cost
- v. Long-term debt at amortized cost

The fair value is determined as follows:

- i. Level 1 - Fair value measurements are those derived from quoted prices (in active markets);
- ii. Level 2 - Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the assets, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- iii. Level 3 - Fair value measurements are those derived from valuation techniques that include inputs for the asset that are not based on observable data (unobservable inputs).

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the consolidated statement of remeasurement gains and losses. When the restricted nature of a financial instrument and any related changes in fair value create a liability, unrealized gains and losses are recognized as deferred revenue.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the consolidated statement of operations.

For financial instruments measure using amortized cost, the effective interest rate method is used to determine interest revenue or expenses. Transaction costs are a component of cost for financial instruments measured using cost or amortized costs. Transaction costs are expensed for financial instruments measured at fair value. Investment management fees are expensed as incurred. The purchase and sale of cash equivalents and portfolio investments are accounted for using trade-date accounting.

Environmental Provisions and Contaminated Sites

The County may be exposed to litigation or other costs of remediation due to contaminated properties in its jurisdiction. A liability for remediation is recognized in the consolidated financial statements when an environmental standard exists, contamination exceeds the standard, the government is responsible for the remediation and a reasonable estimate of the liability can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. The liability is recorded net of any expected recoveries.

THE CORPORATION OF THE COUNTY OF PERTH

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related Party Transactions

Related parties exist when one party has the ability to control or has shared control over another party. Individuals that are key management personnel or close family members may also be related parties.

Disclosure is made when the transaction or events between related parties occur at a value different from what would have been recorded if they were not related and the transaction could have a material financial impact on the consolidated financial statements.

Asset Retirement Obligations

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

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

The following liabilities have been recognized based on estimated future expenses:

- Removal of asbestos in various buildings owned by the County. The Occupational Health and Safety Act states the demolition of a building, all or in part, can be done only when asbestos-containing material that may be disturbed during the work, has been removed.

The liabilities are discounted using a present value calculation, where appropriate, and adjusted yearly for changes in circumstances. The recognition of a liability results in an accompanying increase to the respective tangible capital assets or an adjustment to the annual surplus when an asset was fully amortized. The increase to the tangible capital assets is being amortized in accordance with the accounting policies. At each financial reporting date, the County reviews the carrying amount of the liability. The County recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. The County continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

THE CORPORATION OF THE COUNTY OF PERTH

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2024

3. INVESTMENTS

The investments consist of Guaranteed Investment Certificates ("GIC's") and principal protected notes which are recorded at fair market value. The cost plus accrued interest approximates the fair market value of these investments due to the liquidity and nature of these investments.

	2024	2023
	<u>\$</u>	<u>\$</u>
GIC's	1,013,716	1,211,942
Principal Protected Note - Due June 2026	1,029,830	951,260
Principal Protected Note - Due July 2026	3,605,610	3,103,170
Principal Protected Note - Due January 2027	1,002,320	897,930
Principal Protected Note - Due May 2027	2,210,520	1,972,160
Principal Protected Note - Due January 2029	<u>869,220</u>	<u>866,160</u>
	<u>9,731,216</u>	<u>9,002,622</u>

GIC's bear interest at rates between 3.45% and 5.70%, and have maturity dates ranging from January 2025 to August 2029. The return on the principal protected notes is based on certain market performance over the life of the notes and is determined upon maturity.

During the year, the County earned \$324,606 (2023 - \$414,330) of income in the investments and reported an unrealized gain of \$926,820 (2023 - \$381,110) on the schedule of remeasurement gains (losses) and a realized gain (loss) of \$nil (2023 - \$nil) on the statement of operations.

All of the above investments are valued as Level 1 investments

THE CORPORATION OF THE COUNTY OF PERTH

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2024

4. MORTGAGES RECEIVABLE

The balance of the mortgages receivable reported on the Consolidated Statement of Financial Position consists of the following:

	<u>2024</u>	<u>2023</u>
	<u>\$</u>	<u>\$</u>
First mortgage receivable - Stratford Perth Museum, 3.0%, repayable in blended monthly payments of \$1,194, due September 2037	152,479	162,080
First mortgage receivable - Stratford Perth Museum, 0.5%, repayable in blended monthly payments of \$438, due July 2038	<u>68,538</u>	<u>73,432</u>
Total mortgages receivable at the end of the year	<u>221,017</u>	<u>235,512</u>

5. EMPLOYEE BENEFITS LIABILITY

The balance of the employee benefits liability reported on the Consolidated Statement of Financial Position consists of the following:

	<u>2024</u>	<u>2023</u>
	<u>\$</u>	<u>\$</u>
Workplace Safety and Insurance	4,142,876	3,093,564
Post employment non-pension benefit obligation	503,493	470,489
Sick leave benefits	<u>454,003</u>	<u>425,231</u>
	<u>5,100,372</u>	<u>3,989,284</u>

Sick Leave Benefits

The consolidated boards provide sick leave benefits for employees that can be carried forward and employees may become entitled to a cash payment when they leave their respective employment.

Workplace Safety and Insurance Board ("WSIB")

The County is a Schedule II employer under the Workplace Safety and Insurance Act, whereby it self-insures the entire risk of its own WSIB claims. The County is also responsible for reimbursing the WSIB for all costs relating to its workers' claims.

THE CORPORATION OF THE COUNTY OF PERTH

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2024

5. EMPLOYEE BENEFITS LIABILITY (CONTINUED)

Post-employment Non-pension Benefit Obligation

The post-employment benefit obligation relates to HPPH non-pension benefits provided to specified employee groups and the cost is actuarially determined using the projected benefits method prorated on service. The liability reported in the consolidated statement of financial position is the result of an actuarial update that estimated potential liabilities of the municipality under the provisions of the Workplace Safety and Insurance Act. The last full actuarial evaluation for the County was completed as at December 31, 2023 and forecasted for the next three years.

WSIB liability	2024	2023
	<u>\$</u>	<u>\$</u>
Accrued benefit obligation at January 1	5,200,835	5,071,404
Estimated cost of claims	1,457,146	786,988
Interest accrued	273,913	120,334
Expected benefit payments	<u>(1,008,659)</u>	<u>(777,891)</u>
Expected accrued benefit obligation at December 31	5,923,235	5,200,835
Unamortized actuarial loss from valuation	<u>(1,780,359)</u>	<u>(2,107,271)</u>
Liability at December 31	<u><u>4,142,876</u></u>	<u><u>3,093,564</u></u>
WSIB benefit expense	2024	2023
	<u>\$</u>	<u>\$</u>
Current year benefit cost	1,457,146	786,988
Amortization of losses	326,912	221,044
Interest on accrued benefit obligation	<u>273,913</u>	<u>120,334</u>
	<u><u>2,057,971</u></u>	<u><u>1,128,366</u></u>

THE CORPORATION OF THE COUNTY OF PERTH

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2024

6. PENSION AGREEMENTS

The County makes contributions to the Ontario Municipal Employees Retirement Fund (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 benefit to be received by the employees based on the length of service and rates of pay. The OMERS Administration Corporation, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and the administration of the benefits. Each year, an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits the members have earned to date. The most recent actuarial valuation of the Plan was conducted December 31, 2024, and the results of this valuation disclosed actuarial liabilities of \$142.5 billion in respect of benefits accrued for service with actuarial assets at that date of \$139.6 billion leaving an actuarial deficit of \$2.9 billion.

Because OMERS is a multi-employer pension plan, any pension surpluses or deficits are a joint responsibility of the Ontario municipal organizations and their employees. As a result, the County does not recognize any share of the OMERS pension surplus or deficit.

The amount contributed to OMERS for 2024 was \$2,441,134 (2023 - \$2,162,500) for current service. OMERS contribution rates for 2024 and 2023, depending on income level and retirement dates, ranged from 9% to 15.8%.

7. LOAN GUARANTEE

In 2020, the County executed a Loan Guarantee with Southwestern Integrated Fibre Technology (SWIFT) for \$1,013,000 relating to SWIFT Phase 3 projects for broadband upgrades. As of January 25, 2024 SWIFT has discharged the County from this obligation.

8. CONTINGENT LIABILITY

As at December 31, 2024 certain legal actions are pending against the County. The final outcome of the outstanding claims cannot be determined at this time. However, management believes that ultimate disposition of these matters will not materially exceed the amounts recorded in these consolidated financial statements.

Estimated costs to settle claims are based on available information and projections of estimated future expenses developed based on the County's historical experience. Claims are reported as an operating expense in the year of the loss, where the costs are deemed to be likely and can be reasonable determined. Claim provisions are reported as a liability in the consolidated statement of financial position.

THE CORPORATION OF THE COUNTY OF PERTH

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2024

9. ASSET RETIREMENT OBLIGATIONS

[a] The County's asset retirement obligations consist of the following:

Asbestos removal

The County owns and operates various buildings that are known or are assumed to contain asbestos, which represents a health hazard upon disturbance and as a result carry a legal obligation to remove them when an asset undergoes a significant renovation or demolition. Following the adoption of *PS 3280, Asset Retirement Obligations*, the County recognized an obligation relating to five buildings that contain or are suspected to contain asbestos material, of which were not fully amortized at January 1, 2024. Each building has an estimated useful life of 50 years.

Key assumptions in determining the liability at December 31, 2024 for asbestos removal and disposal are as follows:

- Timing of settlement - it is unknown when the buildings will be demolished or abatement will occur
- Discount rate - due to the unknown timing of retirement, no discount rate was used when estimating the costs
- Estimated time required for retirement activities - at time of demolition only
- Undiscounted liability for asbestos removal - \$206,328 (2023 - \$235,309)

[b] Asset Retirement Obligation Continuity Schedule

December 31, 2024

	<u>Opening</u>	<u>Accretion expense</u>	<u>Change in estimate</u>	<u>Liability settled during period</u>	<u>Ending</u>
Asbestos removal	<u>235,309</u>	<u>6,887</u>	<u>-</u>	<u>(35,868)</u>	<u>206,328</u>

December 31, 2023

	<u>Opening</u>	<u>Accretion expense</u>	<u>Change in estimate</u>	<u>Liability settled during period</u>	<u>Ending</u>
Asbestos removal	<u>-</u>	<u>9,593</u>	<u>225,716</u>	<u>-</u>	<u>235,309</u>

THE CORPORATION OF THE COUNTY OF PERTH

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2024

10. DEFERRED REVENUE

The balance of the deferred revenue reported on the Consolidated Statement of Financial Position consists of the following:

	Opening	Contributions received	<u>Externally restricted investment income</u>	Revenue recognized	Ending
HPPH & Spruce Lodge	469,957	587,660	-	(724,651)	332,966
CPLTC	110,625	-	-	(35,031)	75,594
HISH	125,000	16,450	-	(125,000)	16,450
CCBF	-	1,306,186	-	(1,306,186)	-
OCIF	-	703,009	16,989	(719,998)	-
	705,582	2,613,305	16,989	(2,910,866)	425,010

HPPH & Spruce Lodge

Huron Perth Public Health (HPPH) and Spruce Lodge deferred revenue balance is comprised of the County's proportionate amount of deferred revenue related to consolidation.

CPLTC (Community Paramedicine Long-Term Care Program)

Community Paramedicine Long-Term Care Program is provided by the Province of Ontario. The funding can be used to support older adults in the community who are awaiting Long-Term Care Home placement or who may be at higher risk of hospitalizations and wish to remain in their own home.

HISH (High Intensity Supports at Home)

High Intensity Supports at Home is provided by the Province of Ontario. The funding can be used to support older adults in the community who are awaiting Long-Term Care Home placement or who may be at higher risk of hospitalizations and wish to remain in their own home.

CCBF (Canada Community-Building Fund)

Community Building revenue is provided by the Government of Canada. The use of the funding is established by a funding agreement between the County of Perth and the Association of Municipalities of Ontario (AMO). Funding may be used towards designated environmentally sustainable municipal infrastructure and capacity building projects as specified in the funding agreements.

OCIF (Ontario Community Infrastructure Fund)

Community Infrastructure funding is provided by the Province of Ontario. The fund provides for small, rural and northern communities to develop and renew their infrastructure.

THE CORPORATION OF THE COUNTY OF PERTH

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2024

11. LONG-TERM DEBT

a) The balance of the long-term liabilities reported on the Consolidated Statement of Financial Position consists of the following:

	<u>2024</u>	<u>2023</u>
	<u>\$</u>	<u>\$</u>
Ontario Infrastructure and Lands Corporation, 2.72%, repayable in blended semi-annual payments of \$86,959, due February 2027	417,602	576,904
Ontario Infrastructure and Lands Corporation, 3.52%, repayable in blended semi-annual payments of \$76,778, due May 2032	1,004,488	1,119,637
Ontario Infrastructure and Lands Corporation, 3.18%, repayable in blended semi-annual payments of \$89,330, due October 2035	1,647,434	1,770,757
Ontario Infrastructure and Lands Corporation, 2.90%, repayable in blended semi-annual payments of \$160,646, due November 2036	3,236,559	3,459,138
Ontario Infrastructure and Lands Corporation, 4.35%, repayable in blended semi-annual payments of \$178,227, due March 2050 (Note 20)	<u>5,400,000</u>	<u>1,500,000</u>
Total long-term liabilities at the end of the year	<u><u>11,706,083</u></u>	<u><u>8,426,436</u></u>

b) Principal repayments are summarized as follows:

2025	2026	2027	2028	2029	Beyond	Total
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
<u>6,039,257</u>	<u>658,745</u>	<u>591,873</u>	<u>522,055</u>	<u>538,536</u>	<u>3,355,617</u>	<u>11,706,083</u>

c) The long-term liabilities issued in the name of the County have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs.

d) Interest expense on long-term debt in 2024 amounted to \$398,335 (2023 - \$229,000).

THE CORPORATION OF THE COUNTY OF PERTH

**Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2024**

12. TANGIBLE CAPITAL ASSETS

December 31, 2024

Cost	<u>Opening</u>	<u>Additions</u>	<u>Disposals</u>	<u>Change in Consolidation (Note 18)</u>	<u>Ending</u>
Land and land improvements	2,036,500	-	-	713	2,037,213
Buildings	30,672,785	6,647,184	(546,046)	63,432	36,837,355
Furniture, fixtures, and equipment	1,540,021	198,968	(14,484)	-	1,724,505
Computer equipment	2,406,753	211,554	(210,510)	2,536	2,410,333
Vehicles	7,248,734	1,127,131	(735,547)	-	7,640,318
Roadways	109,609,992	6,816,550	(2,008,591)	-	114,417,951
Bridges and culverts	<u>29,220,670</u>	<u>1,446,230</u>	<u>-</u>	<u>-</u>	<u>30,666,900</u>
	182,735,455	16,447,617	(3,515,178)	66,681	195,734,575
Work In Progress	<u>2,473,359</u>	<u>-</u>	<u>(1,727,883)</u>	<u>-</u>	<u>745,476</u>
Total Cost	<u>185,208,814</u>	<u>16,447,617</u>	<u>(5,243,061)</u>	<u>66,681</u>	<u>196,480,051</u>

Accumulated Amortization	<u>Opening</u>	<u>Additions</u>	<u>Disposals</u>	<u>Change in Consolidation (Note 18)</u>	<u>Ending</u>
Land and land improvements	296,051	20,929	-	179	317,159
Buildings	14,812,548	985,307	(510,178)	37,276	15,324,953
Furniture, fixtures and equipment	777,193	131,773	(11,103)	-	897,863
Computer equipment	1,623,824	177,501	(203,164)	1,971	1,600,132
Vehicles	3,307,188	725,948	(670,612)	-	3,362,524
Roadways	34,733,803	3,054,664	(2,008,591)	-	35,779,876
Bridges and culverts	<u>13,206,494</u>	<u>594,747</u>	<u>-</u>	<u>-</u>	<u>13,801,241</u>
	68,757,101	5,690,869	(3,403,648)	39,426	71,083,748
Work In Progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Accumulated Amortization	<u>68,757,101</u>	<u>5,690,869</u>	<u>(3,403,648)</u>	<u>39,426</u>	<u>71,083,748</u>

Net Book Value	<u>Opening</u>		<u>Ending</u>
Land and land improvements	1,740,449		1,720,054
Buildings	15,860,237		21,512,402
Furniture, fixtures and equipment	762,828		826,642
Computer equipment	782,929		810,201
Vehicles	3,941,546		4,277,794
Roadways	74,876,189		78,638,075
Bridges and culverts	<u>16,014,176</u>		<u>16,865,659</u>
	113,978,354		124,650,827
Work In Progress	<u>2,473,359</u>		<u>745,476</u>
Total Net Book Value	<u>116,451,713</u>		<u>125,396,303</u>

THE CORPORATION OF THE COUNTY OF PERTH

**Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2024**

12. TANGIBLE CAPITAL ASSETS (CONTINUED)

December 31, 2023

Cost	<u>Opening</u>	<u>Additions</u>	<u>Disposals</u>	<u>Change in Consolidation (Note 18)</u>	<u>Ending</u>
Land and land improvements	2,034,866	-	-	1,634	2,036,500
Buildings	28,198,943	2,457,565	(22,364)	38,641	30,672,785
Furniture, fixtures, and equipment	1,791,099	110,507	(361,585)	-	1,540,021
Computer equipment	2,405,718	329,183	(331,418)	3,270	2,406,753
Vehicles	6,874,491	1,379,781	(1,005,538)	-	7,248,734
Roadways	106,802,440	5,153,778	(2,346,226)	-	109,609,992
Bridges and culverts	<u>28,102,707</u>	<u>1,261,552</u>	<u>(143,589)</u>	-	<u>29,220,670</u>
	176,210,264	10,692,366	(4,210,720)	43,545	182,735,455
Work In Progress	<u>1,483,327</u>	<u>990,032</u>	-	-	<u>2,473,359</u>
Total Cost	<u>177,693,591</u>	<u>11,682,398</u>	<u>(4,210,720)</u>	<u>43,545</u>	<u>185,208,814</u>

Accumulated Amortization	<u>Opening</u>	<u>Additions</u>	<u>Disposals</u>	<u>Change in Consolidation (Note 18)</u>	<u>Ending</u>
Land and land improvements	272,676	23,317	-	58	296,051
Buildings	12,641,118	2,177,198	(22,364)	16,596	14,812,548
Furniture, fixtures and equipment	960,777	117,623	(301,207)	-	777,193
Computer equipment	1,740,326	207,902	(326,754)	2,350	1,623,824
Vehicles	3,532,041	643,080	(867,933)	-	3,307,188
Roadways	34,148,345	2,888,400	(2,302,942)	-	34,733,803
Bridges and culverts	<u>12,649,307</u>	<u>557,187</u>	-	-	<u>13,206,494</u>
	65,944,590	6,614,707	(3,821,200)	19,004	68,757,101
Work In Progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Accumulated Amortization	<u>65,944,590</u>	<u>6,614,707</u>	<u>(3,821,200)</u>	<u>19,004</u>	<u>68,757,101</u>

Net Book Value	<u>Opening</u>		<u>Ending</u>
Land and land improvements	1,762,190		1,740,449
Buildings	15,557,825		15,860,237
Furniture, fixtures and equipment	830,322		762,828
Computer equipment	665,392		782,929
Vehicles	3,342,450		3,941,546
Roadways	72,654,095		74,876,189
Bridges and culverts	<u>15,453,400</u>		<u>16,014,176</u>
	110,265,674		113,978,354
Work In Progress	<u>1,483,327</u>		<u>2,473,359</u>
Total Net Book Value	<u>111,749,001</u>		<u>116,451,713</u>

THE CORPORATION OF THE COUNTY OF PERTH

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2024

13. ACCUMULATED SURPLUS

The accumulated surplus consists of the following balances:

	<u>2024</u>	<u>2023</u>
	<u>\$</u>	<u>\$</u>
SURPLUS		
Tangible capital assets (Note 12)	125,396,303	116,451,713
Current fund opening balance	182,661	1,044,878
Annual surplus (deficit)	(2,124,885)	(1,038,766)
Share of annual (deficit) surplus in		
Huron Perth Public Health (Note 16)	(43,916)	40,863
Share of annual surplus in Spruce Lodge (Note 17)	128,013	135,686
Reserves	<u>9,381,344</u>	<u>11,899,507</u>
	132,919,520	128,533,881
AMOUNTS TO BE RECOVERED		
Committed for completion of assets under construction	-	(7,205)
Long-term debt (Note 11)	(11,706,083)	(8,426,436)
Unfunded WSIB	(3,161,726)	(2,163,290)
Unfunded asset retirement obligation (Note 9)	(178,821)	(218,838)
Unfunded sick leave liability	<u>(454,003)</u>	<u>(425,231)</u>
	<u>(15,500,633)</u>	<u>(11,241,000)</u>
ACCUMULATED SURPLUS	<u>117,418,887</u>	<u>117,292,881</u>
RESERVES		
Working capital	1,391,655	1,627,858
Current purposes	2,435,932	2,509,739
Capital purposes	<u>5,553,757</u>	<u>7,761,910</u>
Total reserves	<u>9,381,344</u>	<u>11,899,507</u>

THE CORPORATION OF THE COUNTY OF PERTH

**Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2024**

14. GOVERNMENT TRANSFERS - FEDERAL

	Budget (Note 22) \$	Actual 2024 \$	Actual 2023 \$
Operating			
Conditional - Other	-	-	5,305
Conditional - HPPH	-	18,869	26,954
Economical Development	-	<u>12,299</u>	-
	-	31,168	32,259
Capital			
Canada Community Building Fund	<u>1,287,379</u>	<u>1,306,186</u>	<u>1,259,759</u>
	<u>1,287,379</u>	<u>1,337,354</u>	<u>1,292,018</u>

15. GOVERNMENT TRANSFERS - PROVINCIAL

	Budget (Note 22) \$	Actual 2024 \$	Actual 2023 \$
Operating			
Conditional - Paramedic Services MOHLTC	10,389,480	10,408,401	9,720,507
Ontario Municipal Partnership Fund	626,800	626,800	737,300
Conditional - Community Transportation	539,819	614,950	530,018
Other	65,000	3,816	54,837
HPPH and Spruce Lodge Grants	9,120,566	10,528,507	10,471,466
Conditional - Covid (Safe Restart)	-	-	92,072
Conditional - HISH	-	125,000	-
	<u>20,741,665</u>	<u>22,307,474</u>	<u>21,606,200</u>
Capital			
Ontario Community Infrastructure Fund	703,000	719,998	832,897
Spruce Lodge	<u>82,755</u>	<u>82,787</u>	-
	<u>21,527,420</u>	<u>23,110,259</u>	<u>22,439,097</u>

THE CORPORATION OF THE COUNTY OF PERTH

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2024

16. GOVERNMENT PARTNERSHIP - HURON PERTH PUBLIC HEALTH

The County is a partner in Huron Perth Public Health. The County provides 29.21% (2023 - 29.10%) of the municipal funding for the Cost Shared Mandatory related programs. The County's share of results of Huron Perth Public Health's financial results from operations for the year and its financial position at year-end have been consolidated within these financial statements. At December 31, 2024, Huron Perth Public Health's financial results and financial performance are as follows:

	2024	2023
	<u>\$</u>	<u>\$</u>
Financial assets	1,770,764	2,426,690
Liabilities	(2,724,551)	(3,220,668)
Non-financial assets	<u>5,495,675</u>	<u>5,486,322</u>
Accumulated surplus	<u>4,541,888</u>	<u>4,692,344</u>
Revenues	18,279,884	19,310,035
Expenses	<u>18,430,331</u>	<u>19,170,919</u>
Annual (deficit) surplus	<u>(150,447)</u>	<u>139,116</u>

The County's share of Huron Perth Public Health's assets, liabilities and accumulated surplus as at December 31, 2024 are as follows:

	2024	2023
	<u>\$</u>	<u>\$</u>
Financial assets	517,240	706,167
Liabilities	(795,841)	(937,214)
Non-financial assets	<u>1,605,287</u>	<u>1,596,520</u>
Accumulated surplus	<u>1,326,686</u>	<u>1,365,473</u>
Revenues	4,451,430	4,746,487
Expenses	<u>4,495,346</u>	<u>4,705,624</u>
Annual (deficit) surplus	<u>(43,916)</u>	<u>40,863</u>

The County's share of revenue and expense are prepared on a consolidated basis and therefore any funding provided by the County has been eliminated along with any expenses.

THE CORPORATION OF THE COUNTY OF PERTH

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2024

17. GOVERNMENT PARTNERSHIP - SPRUCE LODGE

The County is a partner in Spruce Lodge Home for the Aged and its related entities. The County provides 51.21% (2023 - 50.94%) of the municipal funding for the Cost Shared Mandatory related programs. The County's share of results of Spruce Lodge Home for the Aged and its related entities' financial results from operations for the year and its financial position at year-end have been consolidated within these financial statements. At December 31, 2024, Spruce Lodge Home for the Aged and its related entities' financial results and financial performance are as follows:

	2024	2023
	<u>\$</u>	<u>\$</u>
Financial assets	4,398,984	3,808,161
Liabilities	(2,816,252)	(3,362,465)
Non-financial assets	<u>7,966,167</u>	<u>8,053,023</u>
Accumulated surplus	<u>9,548,899</u>	<u>8,498,719</u>
Revenues	18,863,980	17,647,987
Expenses	<u>18,614,002</u>	<u>17,381,624</u>
Annual surplus	<u>249,978</u>	<u>266,363</u>

The County's share of Spruce Lodge's assets, liabilities and accumulated surplus as at December 31, 2024 are as follows:

	2024	2023
	<u>\$</u>	<u>\$</u>
Financial assets	2,252,720	1,939,877
Liabilities	(1,442,203)	(1,712,840)
Non-financial assets	<u>4,079,474</u>	<u>4,102,210</u>
Accumulated surplus	<u>4,889,991</u>	<u>4,329,247</u>
Revenues	9,660,244	8,989,885
Expenses	<u>9,532,230</u>	<u>8,854,199</u>
Annual surplus	<u>128,013</u>	<u>135,686</u>

The County's share of revenue and expense are prepared on a consolidated basis and therefore any funding provided by the County has been eliminated along with any expenses.

THE CORPORATION OF THE COUNTY OF PERTH

**Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2024**

18. CHANGE IN PROPORTIONATE CONSOLIDATION

The change in proportionate consolidation of joint local boards is the result of new funding agreements effective January 1, 2024. The resulting changes in funding percentages and their effects are as follows:

	2024	2023
	<u>%</u>	<u>%</u>
Huron Perth Public Health	29.21%	29.10%
Spruce Lodge	51.21%	50.94%
	2024	2023
	<u>\$</u>	<u>\$</u>
Cost	66,681	43,545
Accumulated amortization	<u>(39,426)</u>	<u>(19,004)</u>
Net book value	27,255	24,541
Net financial assets	2,108	1,702
Other non-financial assets	<u>525</u>	<u>1,441</u>
Change in Net Municipal Position	<u><u>29,888</u></u>	<u><u>27,684</u></u>

19. SUPPLEMENTARY INFORMATION:

	2024	2023
	<u>\$</u>	<u>\$</u>
[a] Current fund expenditures by object:		
Salaries, wages and employee benefits	35,179,183	30,343,523
Contracted services	11,238,791	9,725,451
Materials	7,349,528	8,942,599
Amortization	5,690,869	6,614,707
Rents and financial expenses	651,892	534,924
Contributions to other organizations	755,264	478,175
(Gain) loss on disposal of capital assets	<u>(15,926)</u>	<u>69,946</u>
	<u><u>60,849,601</u></u>	<u><u>56,709,325</u></u>
[b] Change in non-cash assets and liabilities related to operations:		
Accounts receivable	(331,365)	742,487
Prepaid expenses	242,571	(139,293)
Inventory	(2,107)	(51,070)
Accounts payable and accrued liabilities	(336,772)	1,939,911
Deferred revenue	<u>(280,572)</u>	<u>(118,023)</u>
	<u><u>(708,245)</u></u>	<u><u>2,374,012</u></u>

THE CORPORATION OF THE COUNTY OF PERTH

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2024

20. SUBSEQUENT EVENTS

On March 3, 2025 the County's demand loan valued at \$5,400,000 was converted to a 25 year long-term debenture held with Ontario Infrastructure and Lands Corporation. The debenture bears an interest rate of 4.35% and is repayable in blended semi-annual payments of \$178,227, due March 2050.

21. FINANCIAL INSTRUMENT RISKS

Risks and Concentrations

The County is exposed to various risks through its financial instruments. The following analysis provides a measure of the County's risk exposure and concentrations at the consolidated statement of financial position date.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The County is mainly exposed to interest and price risk. The County has no foreign currency transactions that would expose it to currency risk.

i) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The County is exposed to interest rate risk on its fixed rate long-term debt, mortgages receivable, and guaranteed investment certificates. As the interest rates are fixed management doesn't believe that interest rate risk is a significant risk.

ii) Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. It is management's opinion that the County is not exposed to significant currency risk as all investments are comprised of guaranteed investment certificates and principal protected notes.

Liquidity Risk

Liquidity risk is the risk that the County will encounter difficulty in meeting obligations associated with financial liabilities. The County is exposed to this risk mainly in respect of its accounts payable and accrued liabilities and long-term debt. The County doesn't believe that liquidity risk is a significant risk. The majority of accounts payable and accrued liabilities are expected to be settled in thirty days. All accounts payable and accrued liabilities are to be settled within one year. The maturities of other financial liabilities are provided in the notes to the consolidated financial statements related to those liabilities.

THE CORPORATION OF THE COUNTY OF PERTH

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2024

21. FINANCIAL INSTRUMENT RISKS (CONTINUED)

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The County's main credit risks relate to its accounts receivable and taxes receivable. The County manages this risk by monitoring active receivable balances.

At year end, the County had approximately \$282,000 (2023 - \$308,000) in accounts receivable over 90 days of which the County has deemed no allowance is necessary.

22. BUDGET FIGURES

County Council completes separate budget reviews for its operating and capital budgets each year. The approved operating budget for 2024 is reflected on the Consolidated Statement of Operations. Budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual expenditure amounts. The 2024 operating and capital budgets were approved on February 2, 2024. Had the budget been presented on a basis consistent with Public Sector Accounting Standards, the Statement of Operations and Change in Net Assets, including proportionately consolidated budgets of the outside local boards would have been shown as follows:

Financial Plan (Budget) Resolution surplus for the year:	-
Add:	
Capital expenditures	16,549,706
Budgeted transfer to net municipal position	4,866,603
Capital interest income	260,000
Budgeted surplus from other local boards	<u>279,495</u>
Less:	
Budgeted transfers from net municipal position	(11,756,899)
Amortization	(4,287,486)
Proceeds from financing	<u>(4,100,000)</u>
Increase to net municipal position per statement of operations	<u><u>1,811,419</u></u>

THE CORPORATION OF THE COUNTY OF PERTH

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2024

23. SEGMENTED DISCLOSURES

The County 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:

Council and CAO

This office of the Chief Administrative Officer is responsible for costs relating to the position of the Chief Administrative Officer, and the administrative functions of Accessibility, Human Resources and Economic Development. Council expenditures relate to the remuneration, professional development, and other expenses related to the execution of the duties of the Warden and Councilors.

Corporate Services

This department is responsible for five functions: Legislative Services (Clerk), Finance, Technology Services, Provincial Offences Administration, and Archives.

Legislative Services (Clerk)

Legislative Services is responsible for process and related activities of Council providing secretarial support including preparation of agendas, minutes, and by-laws. Also responsible for communication of Council directives and action both internally and externally and is custodian of all corporate records, and for the planning maintenance and mobilization of community resources for declared and non-declared emergencies.

Finance

Finance is responsible for the administration of the annual budget and procurement policies, providing advice on financial legislative obligations, reserve and reserve fund administration, financial impacts and analysis, investments and borrowing, financial policy and procedures, insurance claims and risk management, administration of payroll, and to foster relations with financial institutions and other stakeholders.

Technology Services

These costs relate to network and Internet connectivity support and implementation, and assistance to departments in the effective use of communications, workflow and data management.

Provincial Offences Administration (POA)

POA is responsible for providing administrative support for the Ontario Court of Justice. The Provincial Offences Act applies to all Ontario statutes (and regulations), municipal bylaws, and some federal contraventions.

Stratford - Perth Archives

Archives is responsible for preserving, protecting and making available the documentary heritage, including municipal and school records of Perth County, including its four lower tier municipalities, and the City of Stratford.

THE CORPORATION OF THE COUNTY OF PERTH

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2024

23. SEGMENTED DISCLOSURES (CONTINUED)

Public Works

Public works is responsible for the maintenance and winter control of the County's road network, the maintenance and operations of all facilities and fleet assets used by County operations.

Paramedic Services

Paramedic Services is responsible for the provision of pre-hospital medical care and transportation services to the ill and injured in the County.

Planning and Development

This department provides planning services including and Land Division Committee services and support.

Shared Services

The operations of the Perth District Health Unit and Spruce Lodge - Home for the Aged are proportionately consolidated with the County. Other services provided by the City of Stratford - Social Services Department and the Stratford-Perth Museum Board are funded in part by the County, but not consolidated. All of these services are reported together in the following chart under "Shared Services" for segmentation purposes.

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. Amounts that are directly attributable to a number of segments have been allocated on a reasonable basis as follows:

Taxation and OMPF grants are allocated to those segments that are funded by the County based on the budgeted share of municipal levy for the year.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1. For additional information see the Schedule of Segment Disclosure.

THE CORPORATION OF THE COUNTY OF PERTH

**Schedule of Segment Disclosure
For the Year Ended December 31, 2024**

	Council and CAO \$	Corporate Services \$	Public Works \$	Paramedic Services \$	Planning and Development \$	Shared Services \$	Total \$
REVENUES							
Municipal requisitions - operating	2,016,257	2,806,903	3,409,820	2,312,157	676,662	7,625,564	18,847,363
Municipal requisitions - capital	-	-	3,555,000	200,000	-	-	3,755,000
Government grants	224,514	503,164	5,630,033	14,804,525	277,920	10,883,764	32,323,920
User fees and service charges	78,072	33,949	116,176	14,129	339,988	2,326,409	2,908,723
Other	-	2,729,944	267,454	9,329	-	103,986	3,110,713
	<u>2,318,843</u>	<u>6,073,960</u>	<u>12,978,483</u>	<u>17,340,140</u>	<u>1,294,570</u>	<u>20,939,723</u>	<u>60,945,719</u>
EXPENSES							
Salaries and wages	1,393,838	2,821,699	2,356,310	15,100,932	1,004,421	12,501,983	35,179,183
Goods and services	1,748,917	1,445,725	7,288,670	1,330,009	180,586	7,246,303	19,240,210
External transfers	10,240	629,743	-	-	-	115,281	755,264
Amortization	-	113,039	4,901,143	118,357	-	558,331	5,690,870
(Gain) loss on disposal of capital assets	-	7,347	(22,283)	(990)	-	-	(15,926)
	<u>3,152,995</u>	<u>5,017,553</u>	<u>14,523,840</u>	<u>16,548,308</u>	<u>1,185,007</u>	<u>20,421,898</u>	<u>60,849,601</u>
ANNUAL SURPLUS (DEFICIT)	<u>(834,152)</u>	<u>1,056,407</u>	<u>(1,545,357)</u>	<u>791,832</u>	<u>109,563</u>	<u>517,825</u>	<u>96,118</u>

THE CORPORATION OF THE COUNTY OF PERTH

**Schedule of Segment Disclosure
For the Year Ended December 31, 2023**

	Council and CAO \$	Corporate Services \$	Public Works \$	Paramedic Services \$	Planning and Development \$	Shared Services \$	Total \$
REVENUES							
Municipal requisitions - operating	1,780,245	2,383,316	3,040,070	2,161,446	368,005	6,660,819	16,393,901
Municipal requisitions - capital	-	-	3,390,000	155,000	-	-	3,545,000
Government grants	278,091	502,532	5,343,523	13,773,370	227,442	10,797,984	30,922,942
User fees and service charges	131,824	3,166	107,974	17,643	233,465	2,130,862	2,624,934
Other	26,114	2,196,401	309,349	5,188	197,043	-	2,734,095
	<u>2,216,274</u>	<u>5,085,415</u>	<u>12,190,916</u>	<u>16,112,647</u>	<u>1,025,955</u>	<u>19,589,665</u>	<u>56,220,872</u>
EXPENSES							
Salaries and wages	1,379,915	2,610,900	2,206,664	13,429,439	902,416	9,814,189	30,343,523
Goods and services	578,801	1,568,675	6,223,454	1,260,024	194,646	9,377,374	19,202,974
External transfers	48,000	321,038	-	-	-	109,137	478,175
Amortization	-	117,260	5,873,359	103,802	-	520,286	6,614,707
Loss on disposal of capital assets	-	4,665	25,783	39,498	-	-	69,946
	<u>2,006,716</u>	<u>4,622,538</u>	<u>14,329,260</u>	<u>14,832,763</u>	<u>1,097,062</u>	<u>19,820,986</u>	<u>56,709,325</u>
ANNUAL SURPLUS (DEFICIT)	<u>209,558</u>	<u>462,877</u>	<u>(2,138,344)</u>	<u>1,279,884</u>	<u>(71,107)</u>	<u>(231,321)</u>	<u>(488,453)</u>