

**THE CORPORATION OF THE
MUNICIPALITY OF WEST PERTH
FINANCIAL STATEMENTS
DECEMBER 31, 2025**

SEEBACH & COMPANY
Chartered Professional Accountants

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying consolidated financial statements of The Corporation of the Municipality of West Perth (the "Municipality") are the responsibility of the Municipality's management and have been prepared in accordance with Canadian public sector accounting standards, established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada, as described in Note 1 to the consolidated financial statements.

The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

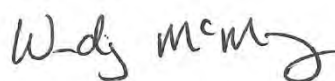
The Municipality's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded from loss, transactions are properly authorized and recorded, and reliable information is available on a timely basis for preparation of the consolidated financial statements. These statements are monitored and evaluated by the Municipality's management. Council meets with management and the external auditor to review the consolidated financial statements and discuss and significant financial reporting or internal control matters prior to their approval.

The financial statements have been audited by Seebach & Company, independent external auditors appointed by the Municipality. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Municipality's consolidated financial statements.

CORPORATION OF THE MUNICIPALITY OF WEST PERTH



Daniel Hobson
Chief Administrative Officer



Wendy McMurray
Director of Financial Services / Treasurer

August 10, 2026

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of the Corporation of the Municipality of West Perth ("the Municipality"), which are comprised of the consolidated statement of financial position as at December 31, 2025 and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAB).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the 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 PSAB, 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 Municipality's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Municipality or to cease operations, or has no realistic alternative but to do so.

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

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

INDEPENDENT AUDITOR'S REPORT (continued)

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 Municipality's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Seebach & Company

Chartered Professional Accountants
Licensed Public Accountants

Clinton, Ontario
August 10, 2026

THE CORPORATION OF THE MUNICIPALITY OF WEST PERTH
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31	2025	2024
FINANCIAL ASSETS		
Cash and cash equivalents	24,341,338	22,864,475
Taxes receivable	933,591	936,876
Accounts receivable	2,103,212	2,112,621
Long-term receivables (note 4)	961,247	495,683
Investments (note 5)	8,359,361	6,496,979
Investment in Government Business Enterprise (note 6)	5,044,347	4,849,033
	<u>41,743,096</u>	<u>37,755,667</u>
LIABILITIES		
Accounts payable and accrued liabilities	3,738,100	4,979,111
Deferred revenue	2,091,717	1,826,077
Asset retirement obligations (note 8)	3,095,838	3,046,933
Municipal debt (note 9)	6,375,783	6,805,962
	<u>15,301,438</u>	<u>16,658,083</u>
NET FINANCIAL ASSETS	26,441,658	21,097,584
NON-FINANCIAL ASSETS		
Tangible capital assets, net (note 10)	103,463,136	104,531,231
Prepaid expenses and inventories of supplies	106,377	124,578
Land inventory held for sale	4,518,169	4,518,169
	<u>108,087,682</u>	<u>109,174,078</u>
ACCUMULATED SURPLUS (note 12)	\$ 134,529,340	\$ 130,271,562

The accompanying notes are an integral part of this financial statement

THE CORPORATION OF THE MUNICIPALITY OF WEST PERTH
CONSOLIDATED STATEMENT OF OPERATIONS

For the year ended December 31	2025 Budget	2025 Actual	2024 Actual
Revenue			
Taxation for municipal purposes	12,571,133	12,483,724	11,599,520
Government transfers - Federal	6,309	292,073	926,026
Government transfers - Provincial	2,661,162	2,741,790	2,678,851
Government transfers - other municipalities	106,966	38,054	143,266
User fees and service charges	5,320,394	6,212,040	6,478,644
Income from government business enterprise (note 6)	-	259,677	180,569
Other (note 13)	1,371,452	3,655,985	1,995,078
	<u>22,037,416</u>	<u>25,683,343</u>	<u>24,001,954</u>
Expenditure			
General government	2,133,605	2,223,306	2,069,602
Protection to persons and property	3,812,998	4,213,896	3,982,261
Transportation services	7,399,570	7,057,060	6,694,243
Environmental services	4,173,646	4,007,215	3,943,141
Health services	69,079	62,900	72,312
Recreation, parks and culture	3,907,679	3,454,257	3,383,222
Planning and development	297,679	406,931	472,868
	<u>21,794,256</u>	<u>21,425,565</u>	<u>20,617,649</u>
Annual surplus (deficit)	243,160	4,257,778	3,384,305
Accumulated surplus, beginning of year	<u>130,271,562</u>	<u>130,271,562</u>	<u>126,887,257</u>
Accumulated surplus, end of year	<u><u>\$ 130,514,722</u></u>	<u><u>\$ 134,529,340</u></u>	<u><u>\$ 130,271,562</u></u>

The accompanying notes are an integral part of this financial statement

THE CORPORATION OF THE MUNICIPALITY OF WEST PERTH
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

For the year ended December 31	2025 Budget	2025 Actual	2024 Actual
Annual surplus (deficit)	243,160	4,257,778	3,384,305
Amortization of tangible capital assets	4,763,904	4,367,693	4,849,562
Net acquisition of tangible capital assets	(6,166,577)	(3,363,844)	(5,878,653)
Loss (gain) on sale of tangible capital assets		64,246	441,192
Use (acquisition) of prepaid expenses and inventories of supplies		18,201	(4,129)
Net change in land inventory held for resale		-	(3,084,777)
Increase (decrease) in net financial assets	(1,159,513)	5,344,074	(292,500)
Net financial assets, beginning of year		21,097,584	21,390,084
Net financial assets, end of year		\$ 26,441,658	\$ 21,097,584

The accompanying notes are an integral part of this financial statement

THE CORPORATION OF THE MUNICIPALITY OF WEST PERTH
CONSOLIDATED STATEMENT OF CASH FLOW

For the year ended December 31	2025	2024
Operating activities		
Annual surplus (deficit)	4,257,778	3,384,305
Items not involving cash		
Income from government business enterprise	(259,677)	(180,569)
Amortization expense	4,367,693	4,849,562
Loss (gain) on disposal of tangible capital assets	64,246	441,192
Changes in non-cash operating balances		
Taxes receivable	3,285	(229,653)
Accounts receivable	9,409	1,242,960
Long-term receivables	(465,564)	(196,131)
Prepaid expenses and inventories of supplies	18,201	(4,129)
Land inventory held for resale	-	(3,084,777)
Accounts payable and accrued liabilities	(1,241,011)	1,387,999
Deferred revenue	265,640	(334,242)
Asset retirement obligations	48,905	902,734
Cash provided by (used for) operating activities	<u>7,068,905</u>	<u>8,179,251</u>
Capital activities		
Net disposals (purchases) of tangible capital assets	<u>(3,363,844)</u>	<u>(5,878,653)</u>
Cash provided by (used for) capital activities	<u>(3,363,844)</u>	<u>(5,878,653)</u>
Investing activities		
Decrease (increase) in investments	(1,862,382)	(9,060)
Dividends from government business enterprises	64,363	44,992
Cash provided by (used for) investing activities	<u>(1,798,019)</u>	<u>35,932</u>
Financing activities		
Proceeds from construction loan and long-term debt issued	-	3,000,000
Principal repayments on long-term debt	(430,179)	(420,900)
Cash provided by (used for) financing activities	<u>(430,179)</u>	<u>2,579,100</u>
Increase (decrease) in cash position	1,476,863	4,915,630
Cash (overdraft) beginning of year	22,864,475	17,948,845
Cash (overdraft) end of year	<u>\$ 24,341,338</u>	<u>\$ 22,864,475</u>

The accompanying notes are an integral part of this financial statement

MUNICIPALITY OF WEST PERTH

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2025

1. Accounting policies

The consolidated financial statements of the Corporation of the Municipality of West Perth are the responsibility of management. They have been prepared in accordance with generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada as prescribed by the Ministry of Municipal Affairs and Housing for municipalities and their related entities. The Corporation of the Municipality of West Perth is a municipality in the Province of Ontario and operates under the provisions of the Community Charter. The Corporation of the Municipality of West Perth provides municipal services such as fire, public works, planning, parks, recreation and other general government services.

Significant aspects of accounting policies adopted by the municipality are as follows:

a) Reporting entity

The consolidated financial statements reflect the financial assets, liabilities, operating revenues and expenditures, Reserves, Reserve Funds, and changes in investment in tangible capital assets of the reporting entity. The reporting entity is comprised of all organizations and enterprises accountable for the administration of their financial affairs and resources to the municipality and which are owned or controlled by the municipality. In addition to general government tax-supported operations, they include any water and sewer systems operated by the municipality and the municipality's proportionate share of joint local boards.

These consolidated financial statements include the proportional share of the financial position and operating activities of the following joint boards:

Municipality of West Perth Library Board - 100%

Municipality of West Perth Business Improvement Area - 100%

Inter-departmental and inter-organizational transactions and balances are eliminated.

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

ERTH Corporation

The statements exclude trust funds that are administered for the benefit of external parties.

b) Accrual basis of accounting

Sources of financing and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable, and recognizes expenditures as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

c) Cash and cash equivalents

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

d) Inventories for resale

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

e) Long-term investments

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

1. Accounting policies (continued)

f) **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.

- **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. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Category	Amortization Period	Capitalization Threshold
Land	not applicable	\$ 0
Land improvements	35 - 50 years	25,000
Buildings	30 - 100 years	5,000 - 25,000
Machinery and equipment	5 - 50 years	5,000 - 25,000
Vehicles	5 - 25 years	3,000
Infrastructure - roads and bridges	8 - 100 years	15,000 - 100,000
Infrastructure - water, sanitary and storm systems	75 years	15,000 - 75,000

Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

The municipality has a capitalized threshold of \$0 - \$100,000 dependent on the category, so that individual tangible capital assets of lesser value are expensed, unless they are pooled because, collectively, they have significant value, or for operational reasons. Examples of pooled assets are computer systems, equipment, furniture and fixtures.

- **Contribution 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. 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.

- **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**

Inventories held for consumption are recorded at the lower of cost or net realizable value.

g) **Reserves for future expenditures**

Certain amounts, as approved by Council, are set aside in reserves for future operating and capital expenditure. Transfers to or from reserves are reflected as adjustments to the respective appropriated equity.

h) **County and School Board**

The Corporation of the Municipality of West Perth collects taxation revenue on behalf of the school boards and the County of Perth. Such levies, other revenues, expenses, assets and liabilities with respect to the operations of these entities are not reflected in these financial statements.

1. Accounting policies (continued)

i) Deferred revenue

Amounts received and required by legislation, regulation or agreement to be set aside for specific, restricted purposes are reported in the statement of financial position as deferred revenue until the obligation is discharged.

j) Asset Retirement Obligations

Asset retirement obligations represent the legal obligations associated with the retirement of a tangible capital asset that result from its acquisition, construction, development, or normal use.

The liability is recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date. This liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate.

Upon the initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related tangible capital asset if it is still in productive use. This cost is amortized over the useful life of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

k) Contaminated Sites

In accordance with PS 3260 management is required to make assessments as to whether any properties not under active use are subject to contamination in the underlying soil, water or sediment. If such contamination exists and exceeds an environmental standard management is required to make an estimate as to the related liability for remediation of the property. Management is not aware of any contaminated sites.

l) Amounts to be recovered in future years

Future years recoveries represent the requirement of the municipality to raise funds in subsequent periods to finance unfunded liabilities. A portion of the amounts to be recovered in future years will be recovered from deferred revenues earned.

m) Pensions

The municipality is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The municipality has adopted defined contribution plan accounting principles for this plan because insufficient information is available to apply defined benefit plan accounting principles. The municipality records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the plan for past employee service. The municipality's contributions due during the period to its multi-employer defined benefit plan are expensed as incurred.

n) Revenue recognition

- Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future considerations, such as reassessments due to audits, appeals and court decisions, could result in a change in the amount of tax revenue recognized. Taxes receivable are recognized net of an allowance for anticipated uncollectible amounts.
- Government transfers are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.
- Fines and donations are recognized when collected.
- Fees, user charges and other revenues are recorded upon sale of goods or provision of services when collection is reasonably assured.

1. Accounting policies (continued)

o) Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards 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 financial statements, the reported amounts of revenues and expenditures during the period, and the accompanying notes. Due to the inherent uncertainty in making estimates, actual results could differ from those estimates.

p) Future accounting pronouncements

These standards and amendments were not effective for the year ended December 31, 2025 and have therefore not been applied to these Consolidated Financial Statements. Management is currently assessing the impact of the following accounting standards updates on the future Consolidated Financial Statements.

(i) The Conceptual Framework for Financial Reporting in the Public Sector will replace current guidance in Section PS 1000 – Financial Statement Concepts and Section PS 1100 – Financial Statement Objectives. The new Conceptual Framework prescribes the nature, function and limits of financial accounting and reporting. It is the foundation on which PSAS are developed and professional judgment is applied. This new Conceptual Framework is effective for fiscal years beginning on or after April 1, 2026 (the first effective year for the Township being the year ending December 31, 2027).

(ii) PS 1202 – Financial Statement Presentation was approved in March 2023. This standard supersedes PS 1201 – Financial Statement Presentation and covers a new conceptual framework and reporting model. Prior period amounts will need to be restated to conform to the presentation requirements for comparative financial information. This standard is effective for fiscal years beginning on or after April 1, 2026 (the first effective year for the Township being the year ending December 31, 2027).

(iii) PS 3251 – Employee Benefits will replace PS 3250 – Retirement Benefits and PS 3255 – Postemployment Benefits, Compensated Absences and Termination Benefits. The standard aims to focus on refining the discount rate guidance for defined benefit plans, eliminating deferral approaches for actuarial gains/losses, and improving transparency. This standard is effective for fiscal years beginning on or after April 1, 2029 (the first effective year for the Township being the year ending December 31, 2030).

2. Operations of school boards and county

Taxation levied for school board and county purposes are not reflected in the financial statements. The amounts transferred were:

	2025	2024
County of Perth	\$ 5,795,731	\$ 5,248,692
School Boards	3,227,250	3,241,403

3. Trust funds

Trust funds administered by the municipality amounting to \$182,966 (2024 : \$174,695) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations.

4. Long-term receivables

	2025	2024
Municipal drain maintenance and debentures receivable from benefitting landowners	958,308	488,334
Tile loans, 6% - 8%, principal and interest receivable annually, due 2026 through 2035	<u>2,939</u>	<u>7,349</u>
	<u>\$ 961,247</u>	<u>\$ 495,683</u>

Amounts due in the next five years are as follows:

2026: \$288,400 2027: \$240,300 2028: \$192,200 2029: \$96,100 2030: \$48,100

5. Investments

	2025	2024
Guaranteed investment certificates	3,326,361	332,729
Principal protected notes	<u>5,033,000</u>	<u>6,164,250</u>
	<u>\$ 8,359,361</u>	<u>\$ 6,496,979</u>

Guaranteed investment certificates carry effective interest rates of 1% to 4.75% (2024 : 2.25% to 4.75%) and mature in July 2027 through May 2028. Interest is receivable on an annual basis. Principal protected notes are stated at their amortized cost, have a principal balance of \$5,033,000 (2024 : \$6,164,250) and mature in December 2031 to November 2035. The return is based on certain market performance over the life of the notes and is determined upon maturity. The fair value of the principal protected notes is \$5,041,168 (2024 : \$7,151,233).

6. Investment in Government Business Enterprise

ERTH Corporation was incorporated in 2000 under the Business Corporations Act (Ontario) as mandated by the Ontario Government's Electricity Act, 1998 (Ontario) and Sections 71 and 73 of the Ontario Energy Board Act, 1998 (Ontario). The Corporation of the Municipality of West Perth owns 6.249% (2024 : 6.249%) of the outstanding shares of ERTH Corporation. The investment in ERTH Corporation is comprised of the following:

	2025	2024
Promissory note receivable		
- West Perth Power Inc.	1,183,391	1,183,391
Promissory note receivable		
- Clinton Power Corporation	900,000	900,000
Class A shares	1	1
Class B shares	1,693,000	1,693,000
Share of retained earnings and		
accumulated other comprehensive income	<u>1,267,955</u>	<u>1,072,641</u>
	<u>\$ 5,044,347</u>	<u>\$ 4,849,033</u>

West Perth Power Inc. and Clinton Power Corporation are wholly owned subsidiaries of ERTH Corporation. The note receivable from West Perth Power Inc. bears interest at 7.25% (2024 : 7.25%). This note is unsecured and is due on demand. Interest earned during the year included in Other Income is \$85,796 (2024 : \$85,796).

The note receivable from Clinton Power Corporation bears interest at 7.25% (2024 : 7.25%). This note is unsecured and is due on demand. Interest earned during the year included in Other Income is \$65,250 (2024 : \$65,250).

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

	2025	2024
Financial Position		
Current assets	30,559,220	25,994,119
Non-current assets	125,844,067	104,218,358
Regulatory and other assets	<u>7,858,038</u>	<u>10,348,498</u>
Total assets	<u>164,261,325</u>	<u>140,560,975</u>
Current liabilities	31,138,194	26,679,509
Long-term debt	64,053,391	50,902,447
Regulatory and other liabilities	<u>24,270,376</u>	<u>21,907,050</u>
Total liabilities	<u>119,461,961</u>	<u>99,489,006</u>
Net assets	<u>\$ 44,799,364</u>	<u>\$ 41,071,969</u>
Results of Operations		
Revenues	121,475,285	109,845,548
Expenses	<u>114,267,428</u>	<u>106,035,778</u>
Net income for the year	<u>7,207,857</u>	<u>3,809,770</u>
Net movement in regulatory balances, net of tax	<u>(3,080,258)</u>	<u>(966,471)</u>
Net income for the year and net movement of		
regulatory balances	4,127,599	2,843,299
Other comprehensive income (loss) for the year	<u>27,998</u>	<u>46,334</u>
Total comprehensive income for the year	<u>\$ 4,155,597</u>	<u>\$ 2,889,633</u>
West Perth share of comprehensive income		
and income from government business enterprise	<u>\$ 259,677</u>	<u>\$ 180,568</u>

7. Pension agreements

The municipality makes contributions to a multi-employer pension plan on behalf of 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. The amount contributed for 2025 was \$436,030 (2024 : \$401,612) for current services and is included as an expenditure on the consolidated statement of financial activities.

The contributions to the Ontario Municipal Employers Retirement System ("OMERS"), a multi-employer defined benefit pension plan, are expensed when contributions are due. Any pension surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the municipality does not recognize any share of the OMERS pension surplus or deficit.

8. Asset retirement obligations

The municipality's financial statements include an asset retirement obligation for the landfill and other environmentally hazardous materials. The related asset retirement costs are being amortized on a straight line basis.

The liability for the landfill has been estimated using a net present value technique with a discount rate of 1.4% - 3% (2024 : 1.4% - 3%). The estimated total undiscounted future expenditures are \$12,167,000 (2024 : \$12,156,000), which are to be incurred over 30 - 35 years after closure. The liability is expected to be fully settled in 30 - 35 years after closure of the landfill.

Legal liabilities exist for the removal and disposal of asbestos and other environmentally hazardous materials within some municipal owned properties and buildings that will undergo major renovations, upgrades, or demolition in the future. The obligation has been measured at current cost as the timing of future cash flows cannot be reasonably determined.

The carrying amount of the liabilities are as follows:

	2025	2024
Asset retirement obligation, beginning	3,046,933	2,144,199
Adjustments and settlements	-	867,408
Accretion expense	48,905	35,326
Asset retirement obligations, ending	<u>\$ 3,095,838</u>	<u>\$ 3,046,933</u>

The liability is expected to be funded through budget allocations to a landfill reserve fund over the remaining life of the related tangible capital asset.

A reserve has been established to partially provide for this landfill site closure and post-closure liability. The reserve balance at December 31, 2025 is \$476,429 (2024 : \$451,429). The balance of the future liability is expected to be funded through budget allocations to the landfill reserve.

9. Municipal debt

The balance of the long-term liabilities reported on the consolidated statement of financial position is made up of the following:

	2025	2024
Ontario Infrastructure and Lands Corporation (OILC) loan payable, 2.72% interest, \$11,463 monthly payments, due 2041. Relates to construction of fire hall.	1,738,044	1,827,003
Ontario Infrastructure and Lands Corporation (OILC) loan payable, 2.72% interest, \$10,273 monthly payments, due 2041. Relates to construction of the Henry Street bridge.	1,557,681	1,637,409
Ontario Infrastructure and Lands Corporation (OILC) loan payable, 2.42% interest, \$59,693 semi-annual payments, due 2025. Relates to pumping station. Recoverable from benefiting landowners through future taxation and user fees.	-	117,254
Ontario Infrastructure and Lands Corporation (OILC) loan payable, 4.24% interest, \$6,947 semi-annual payments, due 2027. Relates to fire truck.	146,787	222,180
Canadian Imperial Bank of Commerce (CIBC) loan payable, 4.74% interest, \$17,093 monthly payments, due 2026. Relates to land.	2,930,332	2,994,767
Tile drain loans payable to Ministry of Finance, responsibility for payment of principal and interest charges have been assumed by individuals, 6% - 8%, due 2023 through 2032. Recoverable from benefiting landowners.	<u>2,939</u>	<u>7,349</u>
	<u>\$ 6,375,783</u>	<u>\$ 6,805,962</u>

Principal payments recoverable from property owners in the next

five years to finance the bank demand and term loans and municipal debentures are:

2026: \$3,183,700 2027: \$247,800 2028: \$183,000 2029: \$188,100 2030: \$193,200

10. Tangible capital assets

The municipality's policy on accounting for tangible capital assets follows:

i) **Contributed tangible capital assets**

The municipality records all tangible capital assets contributed by external parties at fair value.

ii) **Tangible capital assets recognized at nominal value**

Certain assets have been assigned a nominal value because of the difficulty of determining a tenable valuation.

For additional information, see the Consolidated Schedule of Tangible Capital Assets information on the tangible capital assets of the municipality by major class and by business segment, as well as for accumulated amortization of the assets controlled.

11. Segmented information

The Municipality of West Perth is a diversified municipal government institution that provides a wide range of services to its citizens such as recreational and cultural services, planning and development, fire, and transportation services. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

General Government

This segment relates to the general operations of the municipality itself and cannot be directly attributed to a specific segment.

Protection to Persons and Property

Protection is comprised of fire protection, policing, court services, conservation authorities, protective inspection and control, building permit and inspection services, emergency measures and other protection services.

Transportation Services

Transportation services include road maintenance, winter control services, street light maintenance, parking lots, equipment maintenance and other transportation services.

Environmental Services

Environmental services include the sanitary sewer system, storm sewer system, waterworks, waste collection, waste disposal and recycling.

Health Services

This service area includes cemeteries and other health services.

Social and Family Services

This service area includes childcare and other social services.

Recreational and Cultural Services

This service area provides public services that contribute to the provision of recreation and leisure facilities and programs, the maintenance of parks and open spaces, library services, museums and other cultural services.

Planning and Development

This segment includes matters relating to zoning and site plan controls, land acquisition, development initiatives, agriculture and reforestation, municipal drainage and tile drainage.

For additional information, see the schedule of segmented information.

12. Accumulated surplus

The accumulated surplus consists of individual fund surplus/(deficit) amounts and reserve and reserve funds as follows:

	2025	2024
Invested in tangible capital assets, at net book value	\$ 103,463,136	\$ 104,531,231
Unfunded long-term debt	(6,375,783)	(6,805,962)
Unfunded asset retirement obligations	(3,095,838)	(3,046,933)
Government business enterprise	5,044,347	4,849,033
Accumulated general surplus (deficit)	10,624,808	8,137,789
Reserves and reserve funds	<u>24,868,670</u>	<u>22,606,404</u>
	<u>\$ 134,529,340</u>	<u>\$ 130,271,562</u>

For additional information, see the Consolidated Schedule of Continuity of Reserves, Reserve Funds, and Obligatory Deferred Revenue.

13. Other income

The balance of the long-term liabilities reported on the consolidated statement of financial position is made up of the following:

	Budget 2025	2025	2024
Penalties and interest on taxation	101,500	126,676	117,574
Other fines and penalties	5,000	5,794	6,372
Investment income	482,900	2,643,445	961,946
Government business enterprise - interest	154,506	151,046	151,046
Licences, permits and rents	596,296	660,975	628,497
Donations	31,250	119,133	570,835
Industrial land sales and miscellaneous	-	13,162	-
Gain (loss) on disposal of tangible capital assets	-	(64,246)	(441,192)
	<u>\$ 1,371,452</u>	<u>\$ 3,655,985</u>	<u>\$ 1,995,078</u>

14. Financial instrument risk management

Credit risk

The municipality is exposed to credit risk through its cash, trade and other receivables, loans receivable, and long-term investments. There is the possibility of non-collection of its trade and other receivables. The majority of the municipality's receivables are from ratepayers and government entities. For trade and other receivables, the municipality measures impairment based on how long the amounts have been outstanding. For amounts outstanding considered doubtful or uncollectible, an impairment allowance is setup.

Liquidity risk

Liquidity risk is the risk that the municipality will not be able to meet its financial obligations as they fall due. The municipality has a planning and a budgeting process in place to help determine the funds required to support the municipality's normal operating requirements on an ongoing basis. The municipality ensures that there are sufficient funds to meet its short-term requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents. To achieve this aim, it seeks to maintain an available line of credit balance as approved by the appropriate borrowing bylaw to meet, at a minimum, expected requirements.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates or interest rates will affect the municipality's income or the value of its holdings of financial instruments. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing return on investments.

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 municipality is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the variable rate of temporary borrowings and long-term liabilities and the value of fixed rate long-term liabilities.

There has been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure risks.

15. Budget amounts

Under Canadian public sector accounting standards, budget amounts are to be reported on the consolidated statement of operations for comparative purposes. The 2025 budget amounts for the Corporation of the Municipality of West Perth approved by Council are unaudited and have been restated to conform to the basis of presentation of the revenues and expenditures on the consolidated statement of operations. Budget amounts were not available for certain boards consolidated by the municipality.

Approved budget annual surplus (deficit)	\$ -
Acquisition of tangible capital assets	6,166,577
Amortization of tangible capital assets	(4,849,562)
Debt issue proceeds	-
Debt principal repayments	566,453
Net reserve, reserve fund, and surplus transfers	<u>(1,640,308)</u>
Budgeted surplus (deficit) reported on consolidated statement of operations	<u>\$ 243,160</u>

THE CORPORATION OF THE MUNICIPALITY OF WEST PERTH
Consolidated Schedule of Tangible Capital Assets
For the Year Ended December 31, 2025

	Land	Land Improvements	Buildings	Machinery and Equipment	Vehicles	Infrastructure - Roads and bridges	Infrastructure - water, sanitary and storm system	Assets Under Construction	TOTAL Net Book Value 2025	TOTAL Net Book Value 2024
Cost										
Balance, beginning of year	708,996	11,926,702	22,857,866	14,493,366	5,529,688	96,655,133	30,746,403	1,645,924	184,564,078	180,852,384
Add: Additions during the year	33,352	132,995	130,892	667,596		660,320	(95,485)	1,878,973	3,408,643	5,764,108
Less: Disposals during the year	(5,376)	(77,674)	(60,922)	(739,906)		(54,190)	(83,653)		(1,021,721)	(2,052,414)
Other: WIP transfers		80,759				409,357	479,376	(969,492)	-	-
Other: reallocations	927,984	(919,104)	397,793	(397,846)		(8,827)	-		-	-
Balance, end of year	<u>1,664,956</u>	<u>11,143,678</u>	<u>23,325,629</u>	<u>14,023,210</u>	<u>5,529,688</u>	<u>97,661,793</u>	<u>31,046,641</u>	<u>2,555,405</u>	<u>186,951,000</u>	<u>184,564,078</u>
Accumulated Amortization										
Balance, beginning of year	-	3,178,930	6,778,458	7,424,937	3,025,542	49,828,962	9,796,018	-	80,032,847	76,909,052
Add: Amortization during the year		363,813	528,059	599,803	314,175	2,149,845	411,998		4,367,693	4,849,562
Less: Accumulated amortization on disposals		(26,863)	(60,922)	(731,063)		(48,124)	(45,704)		(912,676)	(1,725,767)
Other: reallocations		2,355	108,330	(108,330)		(2,355)	-		-	
Balance, end of year	<u>-</u>	<u>3,518,235</u>	<u>7,353,925</u>	<u>7,185,347</u>	<u>3,339,717</u>	<u>51,928,328</u>	<u>10,162,312</u>	<u>-</u>	<u>83,487,864</u>	<u>80,032,847</u>
Net Book Value of Tangible Capital Assets	<u>1,664,956</u>	<u>7,625,443</u>	<u>15,971,704</u>	<u>6,837,863</u>	<u>2,189,971</u>	<u>45,733,465</u>	<u>20,884,329</u>	<u>2,555,405</u>	<u>\$ 103,463,136</u>	<u>\$ 104,531,231</u>

THE CORPORATION OF THE MUNICIPALITY OF WEST PERTH
Consolidated Schedule of Continuity of Reserves and Reserve Funds
For the Year Ended December 31, 2025

	Balance, beginning of year	Revenues and contributions			Transfers out Utilized During Year	Balance, end of year
		Interest	From Operations	Other		
Reserves and reserve funds						
Reserves						
for general government	1,934,949		314,415		(1,443,543)	805,821
for protection services	906,268		189,256		(218,027)	877,497
for transportation services	5,298,581		913,503		(90,305)	6,121,779
for environmental services	451,429		25,000		-	476,429
for recreation and cultural services	1,180,756		27,998		(77,761)	1,130,993
for planning and development	40,494		-		(1,245)	39,249
	<u>9,812,477</u>	<u>-</u>	<u>1,470,172</u>	<u>-</u>	<u>(1,830,881)</u>	<u>9,451,768</u>
Reserve funds						
Wastewater	10,044,300	2,009,626	855,841		(384,999)	12,524,768
Water	2,419,623	84,718	670,003		(679,427)	2,494,917
Building department	221,353	6,592	64,545		(952)	291,538
Parking meters	91,380				(2,557)	88,823
South Hibbert Athletic Association	7,851	187			(6,789)	1,249
Fullarton Ball Park	9,420	475	5,712			15,607
	<u>12,793,927</u>	<u>2,101,598</u>	<u>1,596,101</u>	<u>-</u>	<u>(1,074,724)</u>	<u>15,416,902</u>
Total reserves and reserve funds	<u>22,606,404</u>	<u>2,101,598</u>	<u>3,066,273</u>	<u>-</u>	<u>(2,905,605)</u>	<u>24,868,670</u>

THE CORPORATION OF THE MUNICIPALITY OF WEST PERTH
Consolidated Schedule of Continuity of Deferred Revenue
For the Year Ended December 31, 2025

	Balance, beginning of year	Revenues and contributions			Transfers out Utilized During Year	Balance, end of year
		Interest	From Operations	Other		
Deferred revenue						
Development Charges	680,121	27,422		623,197	(515,761)	814,979
Parkland	286,735	10,262	20,423			317,420
Pit Rehabilitation Hibbert	60,558	2,124				62,682
Pit Rehabilitation Logan	8,265	290				8,555
Pit Rehabilitation McKillop	16,711	586				17,297
Federal Gas Tax Funds	26,842	5,468		295,996	(285,846)	42,460
Provincial Gas Tax Funds	59,757	1,746		53,140	(59,713)	54,930
Other general deferred revenues	687,088			86,306		773,394
	<u>1,826,077</u>	<u>47,898</u>	<u>20,423</u>	<u>1,058,639</u>	<u>(861,320)</u>	<u>2,091,717</u>

THE CORPORATION OF THE MUNICIPALITY OF WEST PERTH

Segmented Information

For the Year Ended December 31, 2025

	General Government	Protective Services	Transportation Services	Environmental Services	Health Services	Recreation and Culture	Planning and Development	Total 2025	Total 2024
Revenue									
Taxation	12,483,724							12,483,724	11,599,520
Government transfers	1,239,099	589,119	1,160,718	8,199	-	30,644	44,138	3,071,917	3,748,143
User fees and service charges	1,122,631	68,319	51,860	4,172,180	18,745	739,029	39,276	6,212,040	6,478,644
Government business enterprises	259,677							259,677	180,569
Other	3,655,985							3,655,985	1,995,078
	<u>18,761,116</u>	<u>657,438</u>	<u>1,212,578</u>	<u>4,180,379</u>	<u>18,745</u>	<u>769,673</u>	<u>83,414</u>	<u>25,683,343</u>	<u>24,001,954</u>
Operating expenditure									
Wages, salaries and benefits	1,548,783	645,653	1,665,172	941,047	1,984	1,738,308	16,435	6,557,382	6,091,610
Contract services	241,286	1,963,827	1,522,455	621,008	55,374	245,641	143,210	4,792,801	4,539,418
Supplies, materials, equipment and other	372,492	1,435,337	1,486,557	1,204,437	2,346	965,908	240,612	5,707,689	5,137,059
Amortization	60,745	169,079	2,382,876	1,240,723	3,196	504,400	6,674	4,367,693	4,849,562
	<u>2,223,306</u>	<u>4,213,896</u>	<u>7,057,060</u>	<u>4,007,215</u>	<u>62,900</u>	<u>3,454,257</u>	<u>406,931</u>	<u>21,425,565</u>	<u>20,617,649</u>
Net revenue (expense)	<u>16,537,810</u>	<u>(3,556,458)</u>	<u>(5,844,482)</u>	<u>173,164</u>	<u>(44,155)</u>	<u>(2,684,584)</u>	<u>(323,517)</u>	<u>4,257,778</u>	<u>3,384,305</u>

**THE CORPORATION OF THE MUNICIPALITY OF WEST PERTH
BUSINESS IMPROVEMENT AREA
STATEMENT OF OPERATIONS**

For the year ended December 31	2025 Budget	2025 Actual	2024 Actual
Revenue			
Taxation revenue	20,167	20,167	20,167
Membership fees and fundraising	3,700	3,950	3,450
Other	-	-	317
	<u>23,867</u>	<u>24,117</u>	<u>23,934</u>
Expenditure			
Administrative	18,439	23,543	22,303
Advertising	4,000	-	4,034
Projects	3,500	1,819	18,075
	<u>25,939</u>	<u>25,362</u>	<u>44,412</u>
Annual surplus (deficit)	<u><u>(\$ 2,072)</u></u>	<u><u>(\$ 1,245)</u></u>	<u><u>(\$ 20,478)</u></u>

STATEMENT OF RESERVE BALANCES

For the year ended December 31	2025 Actual	2024 Actual
West Perth Business Improvement Area Reserve	<u><u>2,679</u></u>	<u><u>3,924</u></u>
	<u><u>\$ 2,679</u></u>	<u><u>\$ 3,924</u></u>

**THE CORPORATION OF THE
MUNICIPALITY OF WEST PERTH - TRUST FUNDS
FINANCIAL STATEMENTS
DECEMBER 31, 2025**

SEEBACH & COMPANY
Chartered Professional Accountants

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of the trust funds of the Corporation of the Municipality of West Perth ("the Municipality"), which are comprised of the balance sheet as at December 31, 2025 and the statement of continuity of trust funds for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAB).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the 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 PSAB, 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 Municipality's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Municipality or to cease operations, or has no realistic alternative but to do so.

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

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

INDEPENDENT AUDITOR'S REPORT (continued)

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 Municipality's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Seebach & Company

Chartered Professional Accountants
Licensed Public Accountants

Clinton, Ontario
August 10, 2026

**THE CORPORATION OF THE MUNICIPALITY OF WEST PERTH
TRUST FUNDS**

STATEMENT OF FINANCIAL POSITION

As at December 31, 2025

	Cemetery Care and Maintenance Fund	W. F. Levy Estate	2025	2024
Assets				
Cash	87,410	-	87,410	86,329
Investments (note 2)	92,302	-	92,302	85,112
Accounts receivable	-	3,254	3,254	3,254
	<u>\$ 179,712</u>	<u>\$ 3,254</u>	<u>\$ 182,966</u>	<u>\$ 174,695</u>
Liabilities				
Accounts payable and accrued liabilities	-	-	-	-
Fund balance	<u>179,712</u>	<u>3,254</u>	<u>182,966</u>	<u>174,695</u>
	<u>\$ 179,712</u>	<u>\$ 3,254</u>	<u>\$ 182,966</u>	<u>\$ 174,695</u>

STATEMENT OF CONTINUITY

For the Year Ended December 31, 2025

	Cemetery Care and Maintenance Fund	W. F. Levy Estate	2025	2024
Receipts				
Plot sales and monument income	5,380	-	5,380	2,220
Investment income	8,966	-	8,966	11,534
	<u>14,346</u>	<u>-</u>	<u>14,346</u>	<u>13,754</u>
Expenditures				
Contributions to operating fund	6,075	-	6,075	7,761
	<u>6,075</u>	<u>-</u>	<u>6,075</u>	<u>7,761</u>
Excess of receipts over expenditures for the year	<u>8,271</u>	<u>-</u>	<u>8,271</u>	<u>5,993</u>
Fund balance, beginning of year	<u>171,441</u>	<u>3,254</u>	<u>174,695</u>	<u>168,702</u>
Fund balance, end of year	<u>\$ 179,712</u>	<u>\$ 3,254</u>	<u>\$ 182,966</u>	<u>\$ 174,695</u>

MUNICIPALITY OF WEST PERTH
TRUST FUNDS
NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

1. Accounting Policies

Significant aspects of accounting policies adopted by the municipality are as follows:

a) Management responsibility

The financial statements of the Trust Funds are the representations of management. They have been prepared in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada as prescribed by the Ministry of Municipal Affairs and Housing for municipalities and their related entities.

b) Basis of consolidation

These trust funds have not been consolidated with the financial statements of the Municipality of West Perth.

c) Basis of accounting

Capital receipts and income are reported on the cash basis of accounting. Expenditures are reported on the cash basis of accounting with the exception of administration expenses which are reported on the accrual basis of accounting, which recognizes expenditures as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

d) Investments

Investments are recorded at cost less amounts written off to reflect a permanent decline in value.

e) Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards 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 financial statements, and the reported amounts of revenues and expenditures during the period. Actual results could differ from those estimates.

2. Investments

Trust fund investments have a market value equal to cost of \$92,302 (2024 : \$85,112).