TOWNSHIP OF PERTH SOUTH
FINANCIAL STATEMENTS
DECEMBER 31, 2025

SEEBACH & COMPANY
Chartered Professional Accountants

The Corporation of the Township of Perth South

3191 Road 122, St. Pauls Ontario N0K 1V0
Phone: 519-271-0619
Fax: 519-271-0647

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying financial statements of Township of Perth South (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 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 financial statements. These statements are monitored and evaluated by the Municipality's management. The Municipality's Council meets with management and the external auditor to review the 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 financial statements.

TOWNSHIP OF PERTH SOUTH

Will Jaques
CAO

Tracy Johnson
Treasurer / Deputy CAO

July 21, 2026

Seebach & Company
Chartered Professional Accountants

P.O. Box 758, 41 Ontario Street
CLINTON, ONTARIO N0M 1L0
Tel:(519) 482-7979
Fax:(519) 482-5761
www.seebachandcompany.ca
vbs@vbsca.ca

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers
of the Corporation of the Township of Perth South

Opinion

We have audited the accompanying financial statements of Corporation of the Township of Perth South ("the Township"), 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 Township 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 Township 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 Township'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 Township or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Township’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.

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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 Township'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 Township'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 Township 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
July 21, 2026

CORPORATION OF THE TOWNSHIP OF PERTH SOUTH
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31	2025	2024
FINANCIAL ASSETS		
Cash	**11,469,736**	10,000,230
Taxes receivable	**458,250**	187,289
Accounts receivable	**3,660,484**	3,441,378
Long-term receivables (note 3)	**249,028**	145,054
	15,837,498	13,773,951
LIABILITIES		
Accounts payable and accrued liabilities	**2,151,571**	1,022,038
Asset retirement obligations (note 6)	**512,506**	502,457
Municipal debt (note 7)	**249,028**	145,054
	2,913,105	1,669,549
NET FINANCIAL ASSETS	**$ 12,924,393**	$ 12,104,402
NON-FINANCIAL ASSETS		
Tangible capital assets, net (note 8)	**28,339,364**	28,664,786
Other current assets	**46,224**	21,692
ACCUMULATED SURPLUS (note 10)	**$ 41,309,981**	$ 40,790,880

The accompanying notes are an integral part of this financial statement

CORPORATION OF THE TOWNSHIP OF PERTH SOUTH
CONSOLIDATED STATEMENT OF OPERATIONS

For the year ended December 31	2025 Budget	2025 Actual	2024 Actual
Revenue			
Taxation for municipal purposes	4,760,391	**4,778,580**	4,410,445
User fees, licences, permits, and donations	714,608	**913,624**	742,995
Government transfers - Canada	14,448	**137,491**	124,923
Government transfers - Ontario	477,865	**995,443**	910,100
Government transfers - other municipalities	889,577	**863,193**	856,727
Investment income	443,800	**469,798**	464,911
Penalties and interest on taxes	38,083	**24,479**	39,848
Other	280,000	**245,088**	393,998
	7,618,772	**8,427,696**	7,943,947
Expenditure			
General government	1,272,073	**1,238,795**	1,119,538
Protection to persons and property	1,795,950	**1,743,474**	1,634,771
Transportation services	3,791,139	**3,948,137**	3,431,326
Environmental services	359,022	**426,446**	350,413
Health services	18,517	**15,361**	18,786
Recreation and cultural services	415,472	**430,283**	428,081
Planning and development	126,396	**106,099**	124,503
	7,778,569	**7,908,595**	7,107,418
Annual surplus (deficit)	(159,797)	**519,101**	836,529
Accumulated surplus, beginning of year	40,790,880	**40,790,880**	39,954,351
Accumulated surplus, end of year	$ 40,631,083	**$ 41,309,981**	$ 40,790,880

The accompanying notes are an integral part of this financial statement

CORPORATION OF THE TOWNSHIP OF PERTH SOUTH

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

For the year ended December 31	2025 Budget	2025 Actual	2024 Actual
Annual surplus (deficit)	(159,797)	**519,101**	836,529
Amortization of tangible capital assets	1,786,145	**1,785,778**	1,786,512
Net acquisition of tangible capital assets	(1,311,716)	**(1,464,265)**	(2,126,219)
Loss (gain) on disposal of tangible capital assets	-	**3,909**	(78,662)
Decrease (increase) in other current assets	-	**(24,532)**	2,105
	314,632	**819,991**	420,265
Net financial assets, beginning of year		**12,104,402**	11,684,137
Net financial assets, end of year		**$ 12,924,393**	$ 12,104,402

The accompanying notes are an integral part of this financial statement

CORPORATION OF THE TOWNSHIP OF PERTH SOUTH
CONSOLIDATED STATEMENT OF CASH FLOW

For the year ended December 31	2025	2024
Operating activities		
Annual surplus (deficit)	**519,101**	836,529
Amortization expense not requiring cash outlay	**1,785,778**	1,786,512
Loss (gain) on disposal of tangible capital assets	**3,909**	(78,662)
Decrease (increase) in taxes receivable	**(270,961)**	55,836
Decrease (increase) in accounts receivable	**(219,106)**	(1,128,569)
Decrease (increase) in other current assets	**(24,532)**	2,105
Increase (decrease) in accounts payable and accrued liabilities	**1,129,533**	(539,884)
Increase (decrease) in asset retirement obligations	**10,049**	9,853
Cash provided by (used for) operating activities	**2,933,771**	943,720
Capital activities		
Net disposals (purchases) of tangible capital assets	**(1,464,265)**	(2,126,219)
Cash provided by (used for) capital activities	**(1,464,265)**	(2,126,219)
Investing activities		
Decrease (increase) in long-term receivables	**(103,974)**	(80,357)
Cash provided by (used for) investing activities	**(103,974)**	(80,357)
Financing activities		
Proceeds from long-term debt issued	**116,100**	98,600
Net principal proceeds (repayments) on long-term debt	**(12,126)**	(18,243)
Cash provided by (used for) financing activities	**103,974**	80,357
Increase (decrease) in cash position	**1,469,506**	(1,182,499)
Cash (overdraft) beginning of year	**10,000,230**	11,182,729
Cash (overdraft) end of year	**$ 11,469,736**	$ 10,000,230

The accompanying notes are an integral part of this financial statement

1. Accounting policies

The Corporation of the Township of Perth South is a lower tier municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

The consolidated financial statements of the Corporation of the Township of Perth South are the representation of management 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.

Significant aspects of accounting policies adopted by the Township 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 township and which are owned or controlled by the township. In addition to general government tax-supported operations, they include any water and sewer systems operated by the township and the township's proportionate share of joint local boards.

The following boards and municipal enterprises owned or controlled by Council have been proportionately consolidated:

Biddulph-Blanshard Fire Board
Kirkton-Woodham Swimming Pool
Kirkton-Woodham Community Centre

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

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

The following joint local board has not been consolidated:

Perth East Fire Area

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) Long-term investments

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

1. Accounting policies (continued)

d) 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	capitalize all
Land improvements	20 - 100 years	$10,000
Buildings and building improvements	100 years	25,000
Transportation infrastructure	40 - 100 years	10,000
Water and sewer infrastructure	10 - 50 years	10,000
Vehicles	5 - 15 years	5,000
Equipment	4 - 40 years	5,000

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

The Township has a capitalization threshold of $5,000 - $25,000, 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.

e) 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.

f) 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 can be made.

1. Accounting policies (continued)

g) County and School Board

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

h) 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.

i) 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.

j) Amounts to be recovered in future years

Future years recoveries represent the requirement of the township 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.

k) 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.

l) 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)

m) Non-financial assets

Tangible capital and other non-financial assets are accounted for as assets by the Township because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the township unless they are sold.

n) 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.

o) 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 judgement 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 PS1201 - Financial Statement Presentation and covers a new conceptual framework and reporting model. Prior period amounts will need to be restated to confirm o 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 ended December 31, 2027).

(iii) PS 3251 - Employee Benefits will replace PS 3250 - Retirement Benefits and PS 3255 - Post Employment 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 ended December 31, 2030).

2. Operations of county and school boards

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

	2025	**2024**
County of Perth	$ 3,321,893	$ 2,907,278
School Boards	1,697,787	1,612,201

3. Long-term receivables

	2025	**2024**
Tile drain loans, 6% to 8%, principal and interest payable annually, due 2026 through 2035	$ 249,028	$ 145,054

Amounts due in the next five years are as follows:

2026: $21,700. 2027: $23,000. 2028: $24,300. 2029: $25,800. 2030: $27,300.

4. Pension agreements

The Township makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is 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. Employees and employers contribute jointly to the plan. The amount contributed for 2025 was $137,184 (2024 : $115,757) for current services and is included as an expenditure on the consolidated statement of operations. The contribution rate for 2025 was 9% to 14.6% (2024 : 9% to 14.6%) depending on age and income level.

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.

5. Deferred revenue

Deferred revenue funds include obligatory and non-obligatory funds. The use of obligatory funds, together with earnings thereon, is restricted by legislation. The use of non-obligatory funds is at the discretion of Council. These funds are recognized as revenue in the period they are used for the purpose specified.

6. 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 2% (2024 : 2%). The estimated total undiscounted future expenditures are $3,070,043 (2024 : $3,098,645), which are to be incurred over 20 - 115 years after closure. The liability is expected to be fully settled in 20 - 115 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	502,457	492,604
Accretion expense	10,853	9,853
Asset retirement obligations, ending	$ 512,506	$ 502,457

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.

The Township operates one landfill site, Blanshard and has closed the Downie landfill effective 2016, for which the total reported liability is $512,506 (2024: $502,457). A reserve has been established to partially provide for this landfill site closure and post-closure liability. The balance of the future liability is expected to be funded through budget allocations to the landfill reserve.

7. Municipal debt

The balance of the municipal debt reported on the consolidated statement of financial position is made up of the following:

	2025	2024
Tile drain loans payable to Ministry of Finance, responsibility for payment of principal and interest charges have been assumed by individuals, 6% - 8%, due 2026 through 2035	$ 249,028	$ 145,054

Principal payments for the next five years are as follows:
2026: $21,700. 2027: $23,000. 2028: $24,300. 2029: $25,800. 2030: $27,300.

8. Tangible capital assets

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

i) Contributed tangible capital assets
The Township 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 Township by major class and by business segment, as well as for accumulated amortization of the assets controlled.

9. Segmented information

The Township of Perth South is a diversified municipal government institution that provides a wide range of services to its citizens such as recreational and cultural service, 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 township 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.

Recreation 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 Consolidated Schedule of Segmented Information.

10. 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	$ 28,339,364	$ 28,664,786
General revenue accumulated surplus	2,395,143	2,754,840
Reserves and reserve funds	10,575,474	9,371,254
	$ 41,309,987	$ 40,790,880

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

11. Financial instrument risk management

Credit risk

The Township 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 Township's receivables are from ratepayers and government entities. For trade and other receivables, the Township 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 Township will not be able to meet its financial obligations as they fall due. The Township has a planning and a budgeting process in place to help determine the funds required to support the Township's normal operating requirements on an ongoing basis. The Township 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, required expectations.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates or interest rates will affect the Township'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 Township 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.

12. 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 Township of Perth South 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 Township.

Approved budget annual surplus (deficit)	$ -
Acquisition of tangible capital assets	1,311,716
Amortization of tangible capital assets	(1,785,778)
Net reserve, reserve fund, and surplus transfers	314,265
Budgeted surplus (deficit) reported on consolidated statement of operations	$ (159,797)

13. Trust funds

Trust funds administered by the Township amounting to $54,420 (2024 : $51,744) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of financial activities.

TOWNSHIP OF PERTH SOUTH

Consolidated Schedule of Tangible Capital Assets

For the Year Ended December 31, 2025

	Land	Land Improvements	Buildings	Vehicles and Equipment	Roads and Transportation Improvements	Environmental Networks	Assets Under Construction	**TOTAL Net Book Value 2025**	TOTAL Net Book Value 2024
Cost									
Balance, beginning of year	565,693	1,167,277	2,807,707	3,868,359	46,781,461	928,820	671,114	**56,790,431**	54,758,126
Add: Additions during the year			11,864	11,433	1,255,737		185,231	**1,464,265**	2,229,256
Less: Disposals during the year				(5,487)	(35,539)			**(41,026)**	(196,951)
Other: WIP transfers			14,755				(14,755)	**-**	-
Balance, end of year	565,693	1,167,277	2,834,326	3,874,305	48,001,659	928,820	841,590	**58,213,670**	56,790,431
Accumulated Amortization									
Balance, beginning of year	-	472,459	883,700	2,662,219	23,357,599	749,668	-	**28,125,645**	26,511,709
Add: Amortization during the year		24,504	53,139	209,086	1,481,096	17,953		**1,785,778**	1,786,512
Less: Accumulated amortization on disposals				(5,487)	(31,630)			**(37,117)**	(172,576)
Balance, end of year	-	496,963	936,839	2,865,818	24,807,065	767,621	-	**29,874,306**	28,125,645
Net Book Value of Tangible Capital Assets	565,693	670,314	1,897,487	1,008,487	23,194,594	161,199	841,590	**$ 28,339,364**	$ 28,664,786

TOWNSHIP OF PERTH SOUTH
Consolidated Schedule of Tangible Capital Assets
For the Year Ended December 31, 2025

	General Government	Protection	Transportation	Environmental	Recreation and Cultural	Work in Process	**TOTAL Net Book Value 2025**	TOTAL Net Book Value 2024
Cost								
Balance, beginning of year	1,365,685	1,559,529	49,594,455	2,020,496	1,579,152	671,114	**56,790,431**	54,758,126
Add: Additions during the year			1,267,170		11,864	185,231	**1,464,265**	2,229,256
Less: Disposals during the year			(41,026)				**(41,026)**	(196,951)
Other: WIP transfers					14,755	(14,755)	**-**	-
Balance, end of year	1,365,685	1,559,529	50,820,599	2,020,496	1,605,771	841,590	**58,213,670**	56,790,431
Accumulated Amortization								
Balance, beginning of year	524,056	730,917	25,281,076	953,383	636,213	-	**28,125,645**	26,511,709
Add: Amortization during the year	26,386	75,388	1,617,853	25,268	40,883		**1,785,778**	1,786,512
Less: Accumulated amortization on disposals			(37,117)				**(37,117)**	(172,576)
Balance, end of year	550,442	806,305	26,861,812	978,651	677,096	-	**29,874,306**	28,125,645
Net Book Value of Tangible Capital Assets	815,243	753,224	23,958,787	1,041,845	928,675	841,590	**$ 28,339,364**	$ 28,664,786

TOWNSHIP OF PERTH SOUTH
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		**Balance, end of year**
		Interest	From Operations	Other	Utilized During Year	Other	
Reserves and reserve funds							
Reserves							
for general government	2,551,744		1,482,878	12,846	(35,773)	(1,479,974)	**2,531,721**
for protection services	716,123	6,786	205,352		(7,016)		**921,245**
for transportation services	4,934,545		509,061	1,925,513	(636,329)	(458,384)	**6,274,406**
for environmental services	511,868		1,078		(185,767)		**327,179**
for health services	33,388				(1,228)		**32,160**
for recreation and cultural services	140,564						**140,564**
for planning and development	483,022		31,000		(165,823)		**348,199**
Total reserves and reserve funds	$ 9,371,254	6,786	2,229,369	1,938,359	(1,031,936)	(1,938,358)	**$ 10,575,474**

TOWNSHIP OF PERTH SOUTH
Consolidated Schedule of Continuity of Deferred Revenue
For the Year Ended December 31, 2025

	Balance, beginning of year	Revenues and contributions			Transfers out		**Balance, end of year**
		Interest	From Operations	Other	Utilized During Year	Other	
Deferred revenue							
Federal Gas Tax Funds	-			123,664	(123,664)		**-**
	$ 0	-	-	123,664	(123,664)	-	**$ 0**

TOWNSHIP OF PERTH SOUTH

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	4,778,580							**4,778,580**	4,410,445
User charges, licences, permits	350,663	3,405	13,332	409,697	436	72,578	63,513	**913,624**	742,995
Government transfers	1,299,586	13,533	648,108			22,337	12,563	**1,996,127**	1,891,750
Interest and penalties	494,277							**494,277**	504,759
Other	245,088							**245,088**	393,998
	7,168,194	16,938	661,440	409,697	436	94,915	76,076	**8,427,696**	7,943,947
Operating expenditure									
Wages, salaries and benefits	697,896	130,995	760,845	27,148	10,499	157,152	43,521	**1,828,056**	1,714,464
Contract services	123,796	836,841	1,166,179	338,590	589	58,870	52,284	**2,577,149**	1,850,944
Supplies, materials and equipment	390,717	700,250	403,260	35,440	4,273	173,378	10,294	**1,717,612**	1,755,498
Amortization	26,386	75,388	1,617,853	25,268		40,883		**1,785,778**	1,786,512
	1,238,795	1,743,474	3,948,137	426,446	15,361	430,283	106,099	**7,908,595**	7,107,418
Net revenue (expense)	5,929,399	(1,726,536)	(3,286,697)	(16,749)	(14,925)	(335,368)	(30,023)	**519,101**	836,529

TOWNSHIP OF PERTH SOUTH
TRUST FUNDS

FINANCIAL STATEMENTS

DECEMBER 31, 2025

SEEBACH & COMPANY
Chartered Professional Accountants

Seebach & Company
Chartered Professional Accountants

P.O. Box 758, 41 Ontario Street
CLINTON, ONTARIO N0M 1L0
Tel:(519) 482-7979
Fax:(519) 482-5761
www.seebachandcompany.ca
vbs@vbsca.ca

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers
of the Corporation of the Township of Perth South

Opinion

We have audited the accompanying financial statements of the trust funds of the Corporation of the Township of Perth South ("the Township"), 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 Township 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 Township 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 Township'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 Township or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Township’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.

Seebach & Company
Chartered Professional Accountants

P.O. Box 758, 41 Ontario Street
CLINTON, ONTARIO N0M 1L0
Tel:(519) 482-7979
Fax:(519) 482-5761
www.seebachandcompany.ca
vbs@vbsca.ca

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 Township'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 Township'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 Township 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
July 21, 2026

TOWNSHIP OF PERTH SOUTH
TRUST FUNDS

BALANCE SHEET

As at December 31

	Cemetery Care & Maintenance 2025	2024
Assets		
Investments, cost	**54,420**	51,744
Net trust fund balance	**$ 54,420**	$ 51,744

STATEMENT OF CONTINUITY

For the Year Ended December 31

	Cemetery Care & Maintenance 2025	2024
Revenue		
Perpetual care	**900**	1,650
Interest earned	**3,633**	4,074
	4,533	5,724
Expenses		
Transfers to cemetery	**1,857**	1,792
Excess of revenue over expenses for the year	**2,676**	3,932
Fund balance, beginning of year	**51,744**	47,812
Fund balance, end of year	**$ 54,420**	$ 51,744

For the Year Ended December 31, 2025

1. Accounting Policies

Significant aspects of accounting policies adopted by the Township 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 accounting policies established by the Public Sector Accounting Board 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 Township of Perth South.

c) Basis of accounting

Sources of financing and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures 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.

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 of $ 54,420 (2024 : $ 51,744).