

Consolidated Financial Statements of

**CORPORATION OF THE  
COUNTY OF LANARK**

Year ended December 31, 2024

# CORPORATION OF THE COUNTY OF LANARK

Consolidated Financial Statements

Year ended December 31, 2024

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### **Management's Responsibility for the Consolidated Financial Statements**

The accompanying consolidated financial statements of the Corporation of the County of Lanark (the "County") are the responsibility of the County's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards. A summary of significant accounting policies is described in note 1 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The County's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of consolidated financial statements. These systems are monitored and evaluated by management.

Council meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to Council approval of the consolidated financial statements.

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

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Kurt Greaves  
Chief Administrative Officer

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Kevin Wills, CPA, CGA  
Treasurer



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## **INDEPENDENT AUDITOR'S REPORT**

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the County of Lanark

### ***Opinion***

We have audited the consolidated financial statements of the Corporation of the County of Lanark (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2024
- the consolidated statement of operations and accumulated municipal equity for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at December 31, 2024, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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

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

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

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

## ***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 the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.



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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

Perth, Canada

August 28, 2025

# CORPORATION OF THE COUNTY OF LANARK

## Consolidated Statement of Financial Position

December 31, 2024, with comparative information for 2023

	2024	2023
Financial assets:		
Cash	\$ 30,285,044	\$ 39,963,732
Accounts receivable	8,919,447	7,583,704
Long-term investments (note 3)	43,678,366	28,438,705
	<u>82,882,857</u>	<u>75,986,141</u>
Financial liabilities:		
Accounts payable and accrued liabilities	14,438,290	11,765,878
Asset retirement obligations (note 7)	10,247,810	9,885,983
Employee future benefit obligations (note 4)	4,089,407	3,970,233
Other current liabilities	1,377,724	2,707,644
Deferred revenue (note 5)	5,342,216	4,848,320
Long-term liabilities (note 8)	343,452	590,236
	<u>35,838,899</u>	<u>33,768,294</u>
Net financial assets	47,043,958	42,217,847
Non-financial assets:		
Tangible capital assets (note 10)	149,427,111	140,742,682
Inventories	361,435	295,048
Prepaid expenses	984,620	735,649
	<u>150,773,166</u>	<u>141,773,379</u>
Commitments (note 12)		
Contingent liabilities (note 13)		
Accumulated municipal equity (note 14)	\$ 197,817,124	\$ 183,991,226

See accompanying notes to consolidated financial statements.

# CORPORATION OF THE COUNTY OF LANARK

## Consolidated Statement of Operations and Accumulated Municipal Equity

Year ended December 31, 2024, with comparative information for 2023

	Budget 2024 (note 17)	2024	2023
Revenue:			
Taxation - requisition on local municipalities	\$ 43,013,094	\$ 43,013,102	\$ 40,872,921
Taxation - share of supplementary taxes	294,000	833,188	1,368,053
User charges	5,020,583	5,651,023	5,303,241
Government grants - Provincial	55,085,675	54,919,829	50,316,593
Government grants – Federal Grants	1,982,931	2,737,849	2,726,175
Government grants – Other municipalities	2,973,399	3,001,817	3,196,465
Contribution from developers (note 5)	10,500	1,461,116	120,743
Investment income	1,245,000	2,718,866	2,152,370
Other income - rent	2,215,000	2,679,826	2,576,377
Other income - other	286,450	203,530	621,513
Loss on disposal of tangible capital assets	(32,780)	(81,037)	(158,490)
	112,093,852	117,139,109	109,095,961
Expenses (note 16):			
General government	5,326,561	4,329,979	4,127,451
Protection to persons and property	777,924	644,148	665,741
Transportation services	15,460,108	14,674,315	14,915,088
Health services	16,908,736	17,291,190	16,454,732
Social and family services	66,835,516	64,794,166	62,934,720
Planning and development	1,467,955	1,583,616	1,197,961
Post retirement (recovery)	40,921	(4,203)	3,853
	106,817,721	103,313,211	100,299,546
Annual surplus	5,276,131	13,825,898	8,796,415
Municipal equity, beginning of year	183,991,226	183,991,226	175,194,811
Municipal equity, end of year	\$ 189,267,357	\$ 197,817,124	\$ 183,991,226

See accompanying notes to consolidated financial statements.



# CORPORATION OF THE COUNTY OF LANARK

## Consolidated Statement of Changes in Net Financial Assets

Year ended December 31, 2024, with comparative information for 2023

	Budget 2024 (note 17)	2024	2023
Annual surplus	\$ 5,276,131	\$ 13,825,898	\$ 8,796,415
Amortization of tangible capital assets	8,395,539	8,404,158	8,177,537
Acquisition of tangible capital assets	(15,828,000)	(17,368,281)	(11,372,893)
Proceeds on disposal of tangible capital assets	—	198,657	42,656
Loss on disposal of tangible capital assets	32,780	81,037	158,490
Change in inventories of supplies	—	(66,387)	5,833
Acquisition of prepaid expenses	—	(248,971)	(120,699)
Change in net financial assets	(2,123,550)	4,826,111	5,687,339
Net financial assets, beginning of year	42,217,847	42,217,847	36,530,508
Net financial assets, end of year	\$ 40,094,297	\$ 47,043,958	\$ 42,217,847

See accompanying notes to consolidated financial statements.

# CORPORATION OF THE COUNTY OF LANARK

## Consolidated Statement of Cash Flows

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Operating activities:		
Annual surplus	\$ 13,825,898	\$ 8,796,415
Item not involving cash:		
Loss on disposal of tangible capital assets	81,037	158,490
Amortization of tangible capital assets	8,404,158	8,177,537
Employee future benefit obligations	119,174	1,552
Asset retirement obligations	361,827	—
Change in non-cash operating working capital:		
Accounts receivable	(1,335,743)	976,538
Other current liabilities	(1,329,920)	500,234
Accounts payable and accrued liabilities	2,672,412	2,264,406
Deferred revenue	493,896	521,485
Inventories	(66,387)	5,833
Prepaid expenses	(248,971)	(120,699)
Net change in cash from operations	22,977,381	21,281,791
Capital activities:		
Acquisition of tangible capital assets	(17,368,281)	(11,372,893)
Proceeds of disposal of tangible capital assets	198,657	42,656
	(17,169,624)	(11,330,237)
Financing activities:		
Debt principal repayments	(246,784)	(232,977)
Investing activities:		
Increase in long term investments	(15,239,661)	(2,244,212)
Increase (decrease) in cash	(9,678,688)	7,474,365
Cash, beginning of year	39,963,732	32,489,367
Cash, end of year	\$ 30,285,044	\$ 39,963,732

See accompanying notes to consolidated financial statements.

# CORPORATION OF THE COUNTY OF LANARK

## Notes to Consolidated Financial Statements

Year ended December 31, 2024

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The Corporation of the County of Lanark (the "County") was incorporated August 23, 1866 and assumed its responsibilities under the authority of the Provincial Secretary. The County operates as an upper tier government in the County of Lanark, in the Province of Ontario, Canada and provides municipal services such as emergency measures, public works, public health services, ambulance services, social and family assistance, planning and development and other general government operations.

### 1. Significant accounting policies:

The consolidated financial statements of the County are the representations of management and have been prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the County are as follows:

#### (a) Basis of consolidation:

The consolidated financial statements reflect financial assets, liabilities, operating revenues and expenses, reserves, reserve funds and changes in investment in tangible capital assets of the County. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the County and which are owned or controlled by the County. Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated. These consolidated financial statements include the Lanark County Housing Corporation.

The taxation, other revenue, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in the municipal fund balances of these consolidated financial statements.

#### (b) Basis of accounting:

The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based on receipt of goods and services and/or the creation of a legal obligation to pay.

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 annual surplus provides the change in net financial assets for the year.

Trust funds and their related operations administered by the County are not included in these consolidated financial statements but are reported separately on the Trust Funds Statement of Financial Activities and Financial Position.

# CORPORATION OF THE COUNTY OF LANARK

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

## 1. Significant accounting policies (continued):

### (c) Tangible capital assets:

Tangible capital assets are recorded at historical cost or where historical cost records were not available, other methods determined to provide a best estimate of historical cost and accumulated amortization of the assets. In certain cases, the County used replacement costs and appropriate indices to deflate the replacement cost to an estimated historical cost at the year of acquisition. Costs include 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:

Asset	Useful Life
Buildings	15 to 50 years
Vehicles	4 to 20 years
Machinery and equipment	3 to 30 years
Linear assets	
Roads	30 to 40 years
Bridges and culverts	40 to 60 years
Trails	15 years
Parking lots	25 years

Leasehold improvements are amortized over the term of the lease plus one renewal option.

Amortization is charged from the month following the date of acquisition. Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

The County has a capitalization threshold of \$20,000 for vehicles and equipment and \$50,000 for linear assets and buildings so that individual capital assets of lesser value are expensed, unless they are pooled because, collectively, they have significant value, or for operations reasons.

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.

When tangible capital assets are disposed of, either by way of a sale, destruction or loss, or abandonment of the asset, the asset's net book value, historical cost less accumulated amortization, is written off. Any resulting gain or loss, equal to the proceeds on disposal less the asset's net book value, is reported on the Consolidated Statement of Operations and Accumulated Municipal Equity in the year of disposal. Transfers of assets to third parties are recorded as an expense equal to the net book value of the asset as of the date of transfer.

# CORPORATION OF THE COUNTY OF LANARK

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

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## 1. Significant accounting policies (continued):

### (c) Tangible capital assets (continued):

When conditions indicate that a tangible capital asset no longer contributes to the County's ability to provide services or the value of the future economic benefits associated with the tangible capital asset are less than its net book value, and the decline is expected to be permanent, the cost and accumulated amortization of the asset are reduced to reflect the revised estimate of the value of the asset's remaining service potential. The resulting net adjustment is reported as an expense on the Consolidated Statement of Operations and Accumulated Municipal Equity.

### (d) 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.

### (e) Inventories and prepaid expenses:

Inventories and prepaid expenses held for consumption are recorded at the lower of cost or replacement cost.

### (f) Pension and employee benefits:

The County accounts for its participation in the Ontario Municipal Employees Retirement System ("OMERS"), a multi-employer public sector pension fund, as a defined contribution plan. The OMERS plan specifies the retirement benefits to be received by employees based on length of service and pay rates.

Employee benefits include vacation entitlement, sick leave benefits and benefits under the Workplace Safety and Insurance Board Act. Vacation entitlements are accrued as entitlements are earned. Sick leave benefits are accrued in accordance with the County's policy.

The County accrues its obligation for employee benefit plans which will require funding in future periods. The cost of post-retirement benefits earned by employees is actuarially determined using the projected benefit method pro-rated on services and management's best estimate of salary escalation, retirement ages of employees and expected health care costs.

Actual gains (losses) which can arise from changes in the actuarial assumptions used to determine the accrued benefit obligation will be amortized over the average remaining service period of active employees.

# CORPORATION OF THE COUNTY OF LANARK

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

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## 1. Significant accounting policies (continued):

### (g) Revenue recognition:

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

### (h) Deferred revenue:

The County defers recognition of user charges and fees which have been collected but for which the related services have yet to be performed. Government transfers of gas taxes, development charges collected under the Development Charges Act, 1997, and recreational land collected under the Planning Act are reported as deferred revenues in the Consolidated Statement of Financial Position. These amounts will be recognized as revenues in the fiscal year the services are performed.

The County receives restricted contributions under the authority of Federal and Provincial legislation and County by-laws. These funds by their nature are restricted in their use and until applied to applicable costs are recorded as deferred revenue. Amounts applied to qualifying expenses are recorded as revenue in the fiscal period they are expended.

Deferred revenue represents certain user charges and fees which have been collected but for which the related services have yet to be performed. Deferred revenue also represents contributions that the County has received pursuant to legislation, regulation or agreement that may only be used for certain programs or in the completion of specific work. These amounts are recognized as revenue in the fiscal year the services are performed or related expenses incurred.

### (i) Financial instruments:

The County records derivatives and portfolio investments in equity instruments that are quoted in an active market at fair value. All other financial instruments will generally be measured at cost or amortized cost.

Management has not elected to record any investments at fair value as they are not managed and evaluated on a fair value basis.

# CORPORATION OF THE COUNTY OF LANARK

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

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## 1. Significant accounting policies (continued):

### (i) Financial instruments (continued):

Unrealized gains and losses arising from changes in fair value are presented in the Consolidated Statement of Remeasurement Gains and Losses which records the remeasurement gains and losses for financial instruments measured at fair value. Unrealized gains and losses are realized upon settlement of the financial instrument when the financial instrument is sold or reaches maturity through the Consolidated Statement of Operations and Accumulated Municipal Equity. Changes in the fair value on restricted assets are recognized as a liability until the criterion attached to the restrictions has been met, upon which the gain or loss is recognized in the Consolidated Statement of Operations and Accumulated Municipal Equity.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the Consolidated Statement of Operations and Accumulated Municipal Equity and any unrealized gain is adjusted through the Consolidated Statement of Remeasurement Gains and Losses.

Long-term debt is recorded at amortized cost.

#### Establishing fair value:

The fair value of guarantees and letters of credit are based on fees currently charged for similar agreements or on the estimated cost to terminate them or otherwise settle the obligations with the counterparties at the reported borrowing date. In situations in which there is no market for these guarantees, and they were issued without explicit costs, it is not practicable to determine their fair value with sufficient reliability (if applicable).

#### Fair value hierarchy:

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

Level 1 - fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

# CORPORATION OF THE COUNTY OF LANARK

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

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## 1. Significant accounting policies (continued):

### (i) Financial instruments (continued):

Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

### (j) Foreign currency:

Foreign currency transactions are recorded at the exchange rate at the time of the transaction.

Assets and liabilities denominated in foreign currencies are recorded at fair value using the exchange rate at the financial statement date. Unrealized foreign exchange gains and losses are recognized in the Consolidated Statement of Remeasurement Gains and Losses. In the period of settlement, the realized foreign exchange gains and losses are recognized in the Consolidated Statement of Operations and Accumulated Municipal Equity and the unrealized balances are reversed from the Consolidated Statement of Remeasurement Gains and Losses.

### (k) Consolidated Statement of Remeasurement Gains and Losses:

A Consolidated Statement of Remeasurement Gains and Losses has not been provided as there are no significant unrealized gains or losses at December 31, 2024 or 2023.

### (l) Asset retirement obligations:

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

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

The liability for the removal of asbestos in several of the buildings owned by the County has been recognized based on estimated undiscounted future expenses. Assumptions used in the calculations are revised yearly.

The recognition of the ARO liability resulted in an accompanying increase to the respective tangible capital assets. Building tangible capital assets affected by the asbestos liability are being amortized with the building following the amortization accounting policies outlined in Note 1(c).



# CORPORATION OF THE COUNTY OF LANARK

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

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## 1. Significant accounting policies (continued):

### (m) Liability for contaminated sites:

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when a site is not in productive use and all the following criteria are met:

- (i) an environmental standard exists;
- (ii) contamination exceeds the environmental standard;
- (iii) the County:
  - a. is directly responsible; or
  - b. accepts responsibility
- (iv) it is expected that future economic benefit will be given up; and
- (v) a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

### (n) Use of estimates:

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

## 2. Change in accounting policy – adoption of new accounting standards:

The County adopted the following standards concurrently beginning January 1, 2024 prospectively: PS 3160 *Public Private Partnerships*, PS 3400 *Revenue* and PSG-8 *Purchased Intangibles*.

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

# CORPORATION OF THE COUNTY OF LANARK

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

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## 2. Change in accounting policy – adoption of new accounting standards (continued):

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

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

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

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

## 3. Long-term investments:

Long term investments, which consist of bonds in chartered banks and investment banks, are recorded on the Consolidated Statement of Financial Position at cost plus accrued interest and have a market value of \$43,158,631 as at December 31, 2024 (2023 - \$28,027,294).

## 4. Employee future benefit obligations:

(a) Extended health care, dental, life insurance and sick leave benefits:

The County provides non-pension retirement benefits for extended health care, dental and other benefits to specific group of employees. Eligibility is based on years of services between 25 and 30 and the employee must be eligible to receive pension benefits. Coverage is provided from the date of retirement to the age of 65. The County's cost is between 75% and 100% of the premiums.

The liability was determined by an actuarial valuation undertaken as at February 14, 2022, with an extrapolation effective December 31, 2021.

Actuarial gains and losses are amortized on a straight-line basis over the expected average remaining service life of the related employee groups, which is estimated to be between 9 and 10 years (2023 - between 9 and 10 years).

The accrued benefit obligation relating to the employee non-pension retirement benefits has been actuarially determined using the projected benefit method pro-rated on services. At December 31, 2024, based on the actuarial valuation, the accrued benefit obligation was \$2,574,409 (2023 - \$2,578,613).

# CORPORATION OF THE COUNTY OF LANARK

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

## 4. Employee future benefit obligations (continued):

### (a) Extended health care, dental, life insurance and sick leave benefits (continued):

The significant actuarial assumptions adopted in estimating the County's accrued benefit obligation are as follows:

	2024	2023
Discount rate	4.25%	3.25%
Inflation rate	5.00%	5.00%
Health care inflation rate	5.00%	5.00%

The continuity of post employment benefits is as follows:

	2024	2023
Balance, beginning of year	\$ 2,578,613	\$ 2,574,760
Current service costs	87,356	108,013
Interest cost	74,314	55,489
Benefits paid	(93,591)	(113,721)
Amortized actuarial gain	(72,283)	(45,928)
Balance, at end of year	\$ 2,574,409	\$ 2,578,613

The accrued benefit liability at December 31, 2024 includes the following:

	2024	2023
Accrued benefit obligation	\$ 1,819,770	\$ 2,186,846
Unamortized actuarial gain	754,639	391,767
	\$ 2,574,409	\$ 2,578,613

### (b) Workplace Safety Insurance Board:

With respect to responsibilities under provisions of the Workplace Safety and Insurance Board Act, the County has elected to be treated as a Schedule 2 employer and remits payments to the WSIB as required to fund disability payments. An independent actuarial study of the WSIB liabilities was undertaken at December 31, 2023 in order to determine the estimated liability reported in these consolidated financial statements.

Actuarial gains and losses are amortized on a straight-line basis over the average term of the liabilities which is estimated to be 11 years (2023 - 11 years).

# CORPORATION OF THE COUNTY OF LANARK

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

## 4. Employee future benefit obligations (continued):

### (b) Workplace Safety Insurance Board (continued):

At December 31, 2024, the County's accrued benefit liability related to future WSIB claims is \$841,529 (2023 - \$785,245).

The significant actuarial assumptions adopted in estimating the County's accrued benefit liability for WSIB claims are as follows:

	2024	2023
Discount rate	3% per annum	3% per annum
Inflation rate	1.75% per annum	1.75% per annum
Compensation costs	1.90% of estimated payroll	1.90% of estimated payroll
Administration costs	23%	23%
	2024	2023
Accrued benefits liability, beginning of year	\$ 785,245	\$ 727,180
Benefit cost for the year	117,615	114,210
Interest cost	15,332	13,822
Less expected benefit payments	(75,979)	(69,083)
Amortization of gains	(684)	(684)
Accrued benefit liability, end of year	\$ 841,529	\$ 785,445

The accrued benefit liability at December 31 includes the following components:

	2024	2023
Accrued benefit obligation	\$ 547,224	\$ 489,572
Unamortized actuarial gain	294,305	295,673
Accrued benefit liability, end of year	\$ 841,529	\$ 785,245

The County has established a reserve to mitigate the future impact of obligation.

### (c) Liability for vacation credits:

Vacation expense is accrued for employees as entitlement to these payments is earned in accordance with the County's benefit plan for vacation time. Vacation credits earned as at December 31, 2024 are \$500,155 (2023 - \$463,258).

# CORPORATION OF THE COUNTY OF LANARK

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

## 4. Employee future benefit obligations (continued):

Employee benefit obligations are comprised of:

	2024			2023		
	Gross	Funded	Unfunded	Gross	Funded	Unfunded
Future employee benefits	\$ 2,574,409	\$ (132,830)	\$ 2,441,579	\$ 2,578,613	\$ (132,830)	\$ 2,445,783
WSIB actuarial valuation	841,529	(841,529)	–	785,245	(785,245)	–
Vacation credits, overtime and statutory holiday leave	673,469	(673,469)	–	606,375	(606,375)	–
	\$ 4,089,407	\$ (1,647,828)	\$ 2,441,579	\$ 3,970,233	\$ (1,524,450)	\$ 2,445,783

## 5. Deferred revenue:

A requirement of public sector accounting principles of the Chartered Professional Accountants of Canada is that obligatory reserve funds be reported as deferred revenues. This requirement is in place as Provincial legislation restricts how these funds may be used and under certain circumstances these funds may possibly be refunded.

The transactions for the year are summarized as follows:

	Capital improvements	Development charges	Provincial gas tax	Total
January 1, 2024	\$ 532,677	\$ 4,045,320	\$ 270,323	\$ 4,848,320
Contributions from developers	–	390,996	–	390,996
Government grants	1,490,000	–	520,558	2,010,558
Other contributions	43,347	–	–	43,347
Interest	13,578	225,670	14,084	253,332
Transferred to operations	–	(42,915)	(500,000)	(542,915)
Transferred for capital	(243,222)	(1,418,200)	–	(1,661,422)
December 31, 2024	\$ 1,836,380	\$ 3,200,871	\$ 304,965	\$ 5,342,216

# CORPORATION OF THE COUNTY OF LANARK

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

## 6. Pension contributions:

The County makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of all permanent members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Employers and employees contribute to the plan. Since any surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees, the County does not recognize any share of the OMERS pension surplus or deficit in these consolidated financial statements.

The last available report was at December 31, 2024 and at that time, the plan reported a \$2.9 billion actuarial deficit (2023 - \$4.2 billion actuarial deficit).

The amount contributed to OMERS was \$1,669,198 (2023 - \$1,682,403) for current services and is included as an expense on the Consolidated Statement of Operations and Accumulated Municipal Equity classified under the appropriate functional expenditure.

## 7. Asset retirement obligations:

The County owns and operates multiple buildings that are known to have asbestos, which represents a health hazard upon demolition of the building and there is a legal obligation to remove it. The County has recognized an asset retirement obligation relating to the legally required removal or remediation of asbestos-containing materials in certain buildings.

The County discounts significant obligations where there is a high degree of confidence on the amount and timing of cash flows and the obligation will not be settled for at least five years from the reporting date. The discount and inflation rate is reflective of the risks specific to the asset retirement liability.

As at December 31, 2024, all liabilities for asset retirement obligations are reported at current costs in nominal dollars without discounting.

A reconciliation of the beginning and ending aggregate carrying amount of the ARO liability is below:

	2024	2023
Liabilities for asset retirement obligations, beginning of year	\$ 9,885,983	\$ 9,885,983
Remeasurement of asset retirement obligations	361,827	—
Liabilities incurred during the year	—	—
Liabilities settled during the year	—	—
	\$ 10,247,810	\$ 9,885,983

# CORPORATION OF THE COUNTY OF LANARK

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

## 8. Long-term liabilities:

The balance of long-term liabilities reported on the Consolidated Statement of Financial Position is comprised of the following:

	2024	2023
Mortgages with maturity dates in 2026 and interest rates 1.14% and 6.351%.	\$ 343,452	\$ 590,236

Principal payments fall due as follows:

2025	\$ 259,979
2026	83,473
	\$ 343,452

Interest expense on long term liabilities in 2024 amounted to \$23,542 (2023 - \$37,415).

These payments are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

## 9. Trust funds:

Trust funds administered by the County amounting to \$38,690 (2023 - \$40,379) are presented in a separate financial statement of trust fund balances and operations. As such balances are held in trust by the County for the benefit of others, they are not presented as part of the County's financial position or financial activities.

# CORPORATION OF THE COUNTY OF LANARK

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

## 10. Tangible capital assets:

Cost	Balance at December 31, 2023	Transfers and additions	Disposals and adjustments	Balance at December 31, 2024
Land	\$ 16,776,094	\$ —	\$ —	\$ 16,776,094
Buildings	60,773,863	1,668,030	—	62,441,893
Leasehold improvements	80,696	—	—	80,696
Vehicles	9,082,575	1,095,117	(675,100)	9,502,592
Machinery and equipment	7,457,423	892,586	(487,218)	7,862,791
Linear assets				
Roads	153,973,483	8,399,972	(3,496,303)	158,877,152
Bridges	28,500,065	—	—	28,500,065
Culverts	3,721,607	79,182	—	3,800,789
Trails	2,747,500	626,555	—	3,374,055
Parking lots	744,915	58,817	—	803,732
Construction in progress	802,770	4,548,022	—	5,350,792
<b>Total</b>	<b>\$ 284,660,991</b>	<b>\$ 17,368,281</b>	<b>\$ (4,658,621)</b>	<b>\$ 297,370,651</b>

Accumulated amortization	Balance at December 31, 2023	Amortization and adjustments	Transfers, and disposals	Balance at December 31, 2024
Land	\$ —	\$ —	\$ —	\$ —
Buildings	36,771,980	1,377,218	—	38,149,198
Leasehold improvements	80,696	—	—	80,696
Vehicles	5,959,511	1,020,580	(663,917)	6,316,174
Machinery and equipment	5,217,961	516,666	(378,271)	5,356,356
Linear assets				
Roads	81,666,160	4,642,424	(3,336,739)	82,971,845
Bridges	12,143,491	655,472	—	12,798,963
Culverts	1,364,249	50,808	—	1,415,057
Trails	492,452	115,366	—	607,818
Parking lots	221,809	25,624	—	247,433
<b>Total</b>	<b>\$ 143,918,309</b>	<b>\$ 8,404,158</b>	<b>\$ (4,378,927)</b>	<b>\$ 147,943,540</b>



# CORPORATION OF THE COUNTY OF LANARK

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

## 10. Tangible capital assets (continued):

	Net book value 2024	Net book value 2023
Land	\$ 16,776,094	\$ 16,776,094
Buildings	24,292,695	24,001,883
Leasehold improvements	—	—
Vehicles	3,186,418	3,123,064
Machinery and equipment	2,506,435	2,239,462
Linear assets		
Roads	75,905,307	72,307,323
Bridges	15,701,102	16,356,574
Culverts	2,385,732	2,357,358
Trails	2,766,237	2,255,048
Parking lots	556,299	523,106
Construction in progress	5,350,792	802,770
Total	\$ 149,427,111	\$ 140,742,682

## 11. Local housing corporation:

The Lanark County Housing Corporation (LCHC) was incorporated, under the Ontario Business Corporations Act, on December 14, 2000 with the County of Lanark as its sole shareholder. Nominal consideration was given for the 10 common shares issued to the County upon incorporation.

Under the provisions of a transfer order prepared under authority of The Social Housing Reform Act, 2000, the LCHC was the recipient of assets, liabilities, rights and obligations previously owned by the Ontario Housing Corporation (OHC). The transfer included all social housing units, including land and buildings, which were transferred to the Lanark County Housing Corporation at no cost.

The majority of Ontario public housing projects were originally financed by OHC debentures issued by the OHC in favour of Canada Mortgage and Housing Corporation. OHC continues to hold these debentures and the debt charges associated with these debentures are to be paid from federal funding directly by the Province to the debenture holder. As a result, these debentures are not included as part of the consolidation of the Lanark County Housing Corporation into these consolidated financial statements. Total debentures outstanding at December 31, 2024 amount to \$Nil (2023 - \$19,944).

Effective on the date of transfer, the municipality as service manager and the Lanark County Housing Corporation are responsible for the management and operation of the housing projects transferred and are bound by the requirements as set out in the legislation.

# CORPORATION OF THE COUNTY OF LANARK

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

## 12. Commitments:

The County has entered into an agreement with Almonte General Hospital for the provision of ambulance services, expiring in December 2030. The contract fees for 2024 were \$13,322,925 (2023 - \$12,791,075).

The County is committed to a rental lease for an ambulance station. The minimum future lease commitment (excluding taxes) is:

Period ending	Location	Annual Amount
2025 to 2026	84 / 86 Lorne Street, Smiths Falls	\$ 124,032
2027 to 2031	Ambulance station	130,032
2032 to 2036		138,432

## 13. Contingent liabilities:

The nature of municipal activities is such that there may be litigation pending or in prospect at any time. With respect to claims as at December 31, 2024, management believes that the County has valid defences and appropriate reserves and insurance coverages in place.

In the event any claims are successful, the amount of any potential liability is not determinable, therefore, no amount has been accrued in the consolidated financial statements.

## 14. Accumulated municipal equity:

	2024	2023
Tangible capital assets	\$ 149,427,111	\$ 140,742,682
Long-term liabilities	(343,452)	(590,236)
Unfunded asset retirement obligation	(10,247,810)	(9,885,983)
	138,835,849	130,266,463
Unrestricted surplus:		
Invested in inventory	361,435	295,048
Unfunded future employee benefits	(2,441,580)	(2,445,783)
Reserves (Schedule 1)	60,894,239	55,720,655
Reserve funds (Schedule 1)	167,181	154,843
Total accumulated municipal equity	\$ 197,817,124	\$ 183,991,226

# CORPORATION OF THE COUNTY OF LANARK

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

## 15. Financial risks:

### (a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The County is exposed to credit risk with respect to accounts receivable and investments on the Consolidated Statement of Financial Position.

The County assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the County at December 31, 2024 is the carrying value of these assets. The carrying amount of accounts receivable is valued with consideration for an allowance for doubtful accounts. The amount of any related impairment loss is recognized in the Consolidated Statement of Operations and Accumulated Municipal Equity. Subsequent recoveries of impairment losses related to accounts receivable are credited to the Consolidated Statement of Operations and Accumulated Municipal Equity.

	Accounts receivable	Rents receivable	2024 Total	2023 Total
Current	\$ 8,782,002	\$ 18,359	\$ 8,800,361	\$ 7,391,837
Past due	–	617,991	617,991	579,167
Gross receivable	8,782,002	636,350	9,418,352	7,971,004
Allowances	(107,944)	(390,961)	(498,905)	(387,300)
Net receivables	\$ 8,674,058	\$ 245,389	\$ 8,919,447	\$ 7,583,704

Amounts past due but not allowed for are deemed by management to be collectible based on historical experience regarding collections.

The County follows an investment policy approved by its Council. The maximum exposure to credit risk with respect to investments of the County at December 31, 2024 is the carrying value of investment assets.

There have been no significant changes to the credit risk exposure from 2023.

### (b) Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates or interest rates, impact the County's income or the value of its holdings of financial instruments. Market factors include three types of risk: currency risk, interest rate risk and equity risk.

The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing return on investment.

There have been no significant changes to the market risk exposure from 2023.

# CORPORATION OF THE COUNTY OF LANARK

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

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## 15. Financial risks (continued):

### (b) Market risk (continued):

#### (i) Currency risk:

Currency risk arises from the County's operations in different currencies and converting non-Canadian earnings at different points in time at different foreign currency levels when adverse changes in foreign currency rates occur. The County does not have any material transactions or financial instruments denominated in foreign currencies.

#### (ii) Interest rate risk:

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates.

Financial assets and financial liabilities with variable interest rates expose the County to cash flow interest rate risk.

The County's management monitors the interest rate fluctuations on a continuous basis and acts accordingly with regards to long-term debt as described in note 8.

Therefore, fluctuations in market interest rates would not impact future cash flows and operations relating to the long-term debt.

As at December 31, 2024, had prevailing interest rates increased or decreased by 1%, assuming a parallel shift in the yield curve with all other variables held constant, the estimated impact on the market value of investments would be approximately \$436,784 (2023 - \$284,387).

The County's investments are disclosed in note 3.

#### (iii) Equity risk:

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The County is not exposed to this risk based on the current investment portfolio.

### (c) Liquidity risk:

Liquidity risk is the risk that the County will not be able to meet all of its cash outflow obligations as they come due. The County mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining investments that may be converted to cash in the near-term if unexpected cash outflows arise. Accounts payable are all current and the terms of the long-term debt are disclosed in note 8.

There have been no significant changes from the previous year in the County's exposure to liquidity risk or policies, procedures and methods used to measure the risk.

# CORPORATION OF THE COUNTY OF LANARK

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

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## **16. Segmented information:**

The County is a diversified municipal government that provides a wide range of services to its citizens. The services are provided by departments and their activities are reported in the Consolidated Statement of Operations and Accumulated Municipal Equity.

Departments have been separately disclosed in the segmented information, along with the service they provide, are set out in the schedule below.

For each reported segment, expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in note 1.

# CORPORATION OF THE COUNTY OF LANARK

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

## 16. Segmented information (continued):

2024	General Government	Protection to Persons and Property	Transportation Services	Health Services	Social and Family Services	Planning and Development	Post retirement	Total
<b>Revenue:</b>								
Taxation:								
Local municipalities	\$ 43,013,102	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43,013,102
Supplementary taxes	833,188	-	-	-	-	-	-	833,188
User charges	268,869	-	138,403	-	4,684,654	559,097	-	5,651,023
Government grants:								
Province	535,916	87,979	920,913	8,171,106	45,001,448	202,467	-	54,919,829
Federal	-	-	2,120,561	-	617,288	-	-	2,737,849
Other municipal	76,404	-	148,929	1,022,192	1,734,292	20,000	-	3,001,817
Contributions	-	-	1,290,367	-	127,834	42,915	-	1,461,116
Investment income	2,316,414	-	-	-	402,452	-	-	2,718,866
Other income - rent	-	-	-	-	-	2,679,826	-	2,679,826
Other income - other	-	-	65,174	-	46,406	91,950	-	203,530
Gain (loss) on disposal of TCA	-	-	(153,094)	72,057	-	-	-	(81,037)
Total revenue	47,043,893	87,979	4,531,253	9,265,355	52,614,374	3,596,255	-	117,139,109
<b>Expenses:</b>								
Salaries and wages	2,539,561	26,880	3,269,204	-	23,983,070	599,915	(4,203)	30,414,427
Debenture interest	-	-	-	-	23,542	-	-	23,542
Materials and services	2,141,919	480,696	5,212,469	14,801,323	8,082,417	850,835	-	31,569,659
External transfers	874,814	-	-	1,700,892	30,322,720	3,000	-	32,901,426
Interfunctional adjustment	(1,244,711)	5,000	(100,000)	243,500	1,081,711	14,500	-	-
Amortization	18,396	131,572	6,292,642	545,475	1,300,706	115,366	-	8,404,157
Total expenses (recovery)	4,329,979	644,148	14,674,315	17,291,190	64,794,166	1,583,616	(4,203)	103,313,211
Annual surplus (deficit)	\$ 42,713,914	\$ (556,169)	\$ (10,143,062)	\$ (8,025,835)	\$ (12,179,792)	\$ 2,012,639	\$ 4,203	\$ 13,825,898

# CORPORATION OF THE COUNTY OF LANARK

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

## 16. Segmented information (continued):

2023	General Government	Protection to Persons and Property	Transportation Services	Health Services	Social and Family Services	Planning and Development	Post retirement	Total
<b>Revenue:</b>								
Taxation:								
Local municipalities	\$ 40,872,921	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,872,921
Supplementary taxes	1,368,053	-	-	-	-	-	-	1,368,053
User charges	51,943	-	133,416	111,994	4,755,998	249,890	-	5,303,241
Government grants:								
Province	475,297	-	1,020,648	7,621,427	41,069,331	129,890	-	50,316,593
Federal	-	-	1,982,931	-	743,244	-	-	2,726,175
Other municipal	106,923	-	540,152	957,962	1,591,428	-	-	3,196,465
Contributions	-	-	-	97,918	-	22,825	-	120,743
Investment income	1,781,516	-	-	-	370,854	-	-	2,152,370
Other income - rent	-	-	-	-	2,576,377	-	-	2,576,377
Other income - other	13,877	-	48,860	-	543,776	15,000	-	621,513
Gain (loss) on disposal of TCA	-	-	(182,635)	24,145	-	-	-	(158,490)
Total revenue	44,670,530	-	3,543,372	8,813,446	51,651,008	417,605	-	109,095,961
<b>Expenses:</b>								
Salaries and wages	2,255,612	30,425	3,218,483	-	22,363,487	354,673	3,853	28,226,533
Debenture interest	-	-	-	-	37,415	-	-	37,415
Materials and services	2,068,203	492,162	5,774,889	15,406,561	7,897,880	720,007	-	32,359,702
External transfers	765,394	-	-	367,500	30,362,465	3,000	-	31,498,359
Interfunctional adjustment	(1,181,438)	3,398	(119,692)	238,614	1,042,147	16,971	-	-
Amortization	219,680	139,756	6,041,408	442,057	1,231,326	103,310	-	8,177,537
Total expenses (recovery)	4,127,451	665,741	14,915,088	16,454,732	62,934,720	1,197,961	3,853	100,299,546
Annual surplus (deficit)	\$ 40,543,079	\$ (665,741)	\$ (11,371,716)	\$ (7,641,286)	\$ (11,283,712)	\$ (780,356)	\$ (3,853)	\$ 8,796,415

# CORPORATION OF THE COUNTY OF LANARK

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

## 17. Budget figures:

The 2024 approved budget was prepared on a cash-based approach with a reconciliation to a budget based on Public Sector Accounting Standards. The cash-based approach includes capital expenses, repayment of long-term debt and transfers to and from reserves which are removed in the year end Consolidated Statement of Operations and Accumulated Municipal Equity. The revenues attributable to these items continue to be included in the Consolidated Statement of Operations and Accumulated Municipal Equity, resulting in a significant variance. The following analysis is provided to assist readers in their understanding of differences between the approved budget and the audited consolidated financial statements.

	Budget 2024	Actual 2024
Total revenues	\$ 112,093,852	\$ 117,139,109
Total expenses	(106,817,721)	(103,313,211)
Net revenue	5,276,131	13,825,898
Future employee benefits	(507,607)	(4,203)
Amortization	8,395,539	8,404,158
Adjusted net revenue	13,164,063	22,225,853
Acquisition of tangible capital assets	(15,828,000)	(17,368,281)
Increase in ARO Liability due to remeasurement	—	361,827
Disposal of tangible capital assets	—	198,657
Write down of capital assets	32,780	81,037
Principal repayments	(245,897)	(246,784)
Acquisition of inventories of supplies	—	(66,387)
Increase (decrease) in operating surplus	\$ (2,877,054)	\$ 5,185,922
Allocated as follows:		
Net transfers (from) to reserves	\$ (2,877,054)	\$ 5,185,922



# CORPORATION OF THE COUNTY OF LANARK

## Schedule 1: Continuity of Reserves and Reserve Funds

Year ended December 31, 2024, with comparative information for 2023

	Budget (note 17)	2024	2023
Revenue:			
Donations	\$ —	\$ 3,980	\$ 6,400
Investment income	—	8,358	7,948
Total revenue	—	12,338	14,348
Net transfers from (to) other funds			
Transfers from operations	915,000	5,468,180	7,824,279
Transfers to capital acquisitions	(3,792,054)	(294,596)	(2,259,713)
Total net transfers	(2,877,054)	5,173,584	5,564,566
Balance, change in year	(2,877,054)	5,185,922	5,578,914
Reserves and reserve fund balances, beginning of year	55,875,498	55,875,498	50,296,584
Reserves and reserve fund balances, end of year	\$ 52,998,444	\$ 61,061,420	\$ 55,875,498

### Composition of Reserves and Reserve Funds

	2024	2023
<b>Reserves set aside for specific purposes by Council:</b>		
Reserves set aside for specific purposes by Council		
Working capital and contingency	\$ 8,537,643	\$ 8,314,027
Insurance	293,085	340,341
WSIB	2,582,202	1,836,796
Ambulance services	602,103	572,287
Land division	40,054	38,071
Forestry and trails	1,089,910	988,411
Social and family services	1,130,098	1,155,854
Social housing	2,576,548	2,422,895
	16,851,643	15,668,682
For capital purposes:		
Building renovations and equipment	14,861,245	11,803,219
Road capital projects	12,031,862	12,627,281
Ambulance services	791,955	1,023,628
Social housing	14,571,626	13,060,063
Rescue vehicles	1,785,908	1,537,782
	44,042,596	40,051,973
Reserve funds:		
Homes for senior citizens	167,181	154,843
Total reserves and reserve funds	\$ 61,061,420	\$ 55,875,498



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## **INDEPENDENT AUDITOR'S REPORT**

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the County of Lanark:

### ***Opinion***

We have audited the financial statements of the Trust Funds of the Corporation of the County of Lanark (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2024
- the statement of financial activities and changes in fund balances for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at December 31, 2024, and its results of operations for the year then ended in accordance with Canadian public sector accounting standards.

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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



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

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

### ***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 the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

Perth, Canada

August 28, 2025

**THE CORPORATION OF THE COUNTY OF LANARK**

Trust Funds  
Statement of Financial Position

December 31, 2024, with comparative information for 2023

	2024	2023
<b>Assets</b>		
Cash	\$ 38,690	\$ 40,379
<b>Fund Balance</b>		
Fund balance	\$ 38,690	\$ 40,379

See accompanying notes to financial statements.

# THE CORPORATION OF THE COUNTY OF LANARK

Trust Funds

Statement of Financial Activities and Fund Balance

December 31, 2024, with comparative information for 2023

	2024	2023
Revenue:		
Residents' deposits	\$ 130,838	\$ 145,414
Expenses:		
Residents' withdrawals	132,527	142,090
Excess of revenue over expenses (expenses over revenue)	(1,689)	3,324
Fund balance, beginning of year	40,379	37,055
Fund balance, end of year	\$ 38,690	\$ 40,379

# THE CORPORATION OF THE COUNTY OF LANARK

Trust Funds

Notes to Financial Statements

Year ended December 31, 2024

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## 1. Significant accounting policies:

The financial statements of the Corporation of the County of Lanark Trust Funds (the "Trust Funds") are prepared by management in accordance with Canadian public sector accounting standards.

### (a) Basis of presentation:

These statements reflect the assets, liabilities, revenue and expenses of the Trust Funds.

### (b) Basis of accounting:

Revenue and expenses are recorded on an accrual basis.

The accrual basis recognizes revenue as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

### (c) 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 revenue and expenses during the period. Actual results could differ from those estimates.

## 2. Statement of cash flows:

A statement of cash flows has not been included in these financial statements as it would not provide additional meaningful information.

# THE CORPORATION OF THE COUNTY OF LANARK

Trust Funds

Notes to Financial Statements

Year ended December 31, 2024

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### 3. Change in accounting policy - adoption of new accounting standards:

The County adopted the following standards concurrently beginning January 1, 2024 prospectively: PS 3400 *Revenue*, PSG-8 *Purchased Intangibles* and PS 3160 *Public Private Partnerships*.

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

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

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

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

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