

Consolidated Financial Statements of

**THE CORPORATION
OF THE TOWN OF
CARLETON PLACE**

Year ended December 31, 2024

DRAFT

THE CORPORATION OF THE TOWN OF CARLETON PLACE

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Management's Responsibility for the Consolidated Financial Statements

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

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

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

Diane Smithson, B. Comm, Dipl.M.M.,
CMO
Chief Administrative Officer

Trisa McConkey B. Acc. Sc., C.P.A.,
C.G.A.
Treasurer

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Town of Carleton Place

Opinion

We have audited the financial statements of Corporation of the Town of Carleton Place (the Entity), which comprise:

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

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2024, and its consolidated results of operations, its consolidated changes in net financial assets, and its consolidated 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.
- 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.

Chartered Professional Accountants, Licensed Public Accountants

Perth, Canada

(date)

THE CORPORATION OF THE TOWN OF CARLETON PLACE

Consolidated Statement of Financial Position

December 31, 2024, with comparative information for 2023

	2024	2023
Financial assets:		
Cash	\$ 37,308,351	\$ 40,878,774
Taxes receivable	2,831,067	2,734,970
User charges receivable	364,544	352,776
Accounts receivable	2,844,858	2,686,357
Long-term mortgage receivables (note 4)	4,741,216	5,171,813
	48,090,036	51,824,690
Financial liabilities:		
Accounts payable and accrued liabilities	2,656,994	2,606,062
Prepaid property taxes	250,748	299,412
Security deposits	4,015,055	4,937,221
Employee future benefit obligations (note 5)	623,224	593,857
Deferred revenues (note 6)	15,488,166	14,766,048
Asset retirement obligations (note 7)	271,025	284,785
Long-term liabilities (note 8)	3,644,089	4,236,890
Obligations under capital lease (note 9)	575,258	516,172
	27,524,559	28,240,447
Net financial assets	20,565,477	23,584,243
Non-financial assets:		
Tangible capital assets (note 10)	150,167,721	136,079,666
Inventories	84,944	82,665
Prepaid expenses	48,014	106,370
	150,300,679	136,268,701
Commitments (note 14)		
Contingent liabilities (note 15)		
Municipal equity (note 11)	\$ 170,866,156	\$ 159,852,944

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

THE CORPORATION OF THE TOWN OF CARLETON PLACE

Consolidated Statement of Operations and Municipal Equity

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

	2024 Budget (note 17)	2024 Actual	2023 Actual
Revenue:			
Taxation	\$ 15,701,940	\$ 15,816,320	\$ 15,393,974
User charges	14,312,382	11,265,222	10,317,658
Government transfers	11,937,718	6,736,572	7,374,297
Transfers from deferred revenue - obligatory reserve funds:			
Development charges	67,512,027	3,706,082	807,489
Parkland	210,000	182,731	158,092
Licenses and permits	970,060	974,855	996,961
Investment income	803,800	1,506,516	1,637,974
Penalties and interest on taxes	217,500	390,984	284,790
Contributed tangible capital assets	—	2,083,933	253,932
Other	570,756	834,430	808,925
	112,236,183	43,497,645	38,034,092
Expenses (note 16):			
General government	3,913,836	2,666,822	4,093,638
Protection to persons and property	5,657,522	5,864,611	5,384,499
Transportation services	5,292,168	4,639,673	6,530,826
Environmental services	5,199,298	6,931,108	5,553,939
Social and family services	5,089,939	5,580,262	4,716,116
Recreation and cultural services	4,925,888	5,868,129	4,096,159
Planning and development	4,152,203	933,828	929,914
	34,230,854	32,484,433	31,305,091
Annual surplus	78,005,329	11,013,212	6,729,001
Municipal equity, beginning of year	159,852,944	159,852,944	153,123,943
Municipal equity, end of year (note 11)	\$ 237,858,273	\$ 170,866,156	\$ 159,852,944

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

THE CORPORATION OF THE TOWN OF CARLETON PLACE

Consolidated Statement of Changes in Net Financial Assets

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

	2024 Budget (note 17)	2024 Actual	2023 Actual
Annual surplus	\$ 78,005,329	\$ 11,013,212	\$ 6,729,001
Amortization of tangible capital assets	4,000,000	4,588,596	4,045,831
Acquisition of tangible capital assets	(90,364,090)	(16,816,955)	(10,533,236)
Contributed tangible capital assets	—	(2,083,933)	(253,932)
Loss (proceeds) on disposal of tangible capital assets	—	(9,865)	556,460
Loss on disposal of tangible capital assets	—	553,698	871,923
Acquisition of assets under capital lease	—	(319,596)	(487,340)
Increase (decrease) in inventories	—	(2,279)	13,944
Increase in prepaid expenses	—	58,356	46,209
	(86,364,090)	(14,031,978)	(5,740,141)
Change in net financial assets	(8,358,761)	(3,018,766)	988,860
Net financial assets, beginning of year	23,584,243	23,584,243	22,595,383
Net financial assets, end of year	\$ 15,225,482	\$ 20,565,477	\$ 23,584,243

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

THE CORPORATION OF THE TOWN OF CARLETON PLACE

Consolidated Statement of Cash Flows

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

	2024	2023
Operating activities:		
Annual surplus	\$ 11,013,212	\$ 6,729,001
Item not involving cash:		
Amortization of tangible capital assets	4,588,596	4,045,831
Contributed tangible capital assets	(2,083,933)	(253,932)
Loss on disposal of tangible capital assets	553,698	871,923
Employee future benefit obligations	29,367	12,098
Increase (decrease) in asset retirement obligations	(13,760)	284,785
Change in non-cash operating working capital:		
Taxes receivable	(96,097)	(738,977)
User charges receivable	(11,768)	(93,370)
Accounts receivable	(158,501)	1,585,190
Accounts payable and accrued liabilities	50,932	(352,115)
Prepaid property taxes	(48,664)	(575,488)
Security deposits	(922,166)	(2,149,762)
Deferred revenues	722,118	3,344,504
Inventories	(2,279)	13,944
Prepaid expenses	58,356	46,209
	13,679,111	12,769,841
Capital activities:		
Acquisition of tangible capital assets	(16,816,955)	(10,533,236)
Loss (proceeds) on disposal of tangible capital assets	(9,865)	556,460
Acquisition of assets under capital lease	(319,596)	(487,340)
	(17,146,416)	(10,464,116)
Investing activities:		
Receipt of long-term mortgage receivables	430,597	789,245
Financing activities:		
Increase in obligations under capital lease	319,596	487,340
Repayment of obligations under capital lease	(260,510)	(149,446)
Principal repayments of long-term liabilities	(592,801)	(570,758)
	(533,715)	(232,864)
Increase (decrease) in cash	(3,570,423)	2,862,106
Cash, beginning of year	40,878,774	38,016,668
Cash, end of year	\$ 37,308,351	\$ 40,878,774

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

THE CORPORATION OF THE TOWN OF CARLETON PLACE

Notes to Consolidated Financial Statements

Year ended December 31, 2024

The Corporation of the Town of Carleton Place (the "Town") was incorporated January 6, 1890 (previously incorporated as a village in 1870) and assumed its responsibilities under the authority of the Provincial Secretary. The Town operates as a lower tier government in the County of Lanark, in the Province of Ontario, Canada and provides municipal services such as police, fire, public works, planning, parks and recreation, library and other general government operations.

1. Significant accounting policies:

The consolidated financial statements of the Corporation of the Town of Carleton Place are the representations of management and have been prepared in all material respects in accordance with Canadian Public Sector Accounting Standards. Significant aspects of the accounting policies by the Town are as follows:

(a) Reporting entity:

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

- Town of Carleton Place Public Library Board
- Town of Carleton Place Business Improvement Area Committee

The taxation, other revenues, 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. Over levies (under levies) are reported on the Consolidated Statement of Financial Position.

(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.

THE CORPORATION OF THE TOWN OF CARLETON PLACE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(c) Taxation and related revenues:

Property tax billings are prepared by the Town based on assessment rolls issued by the Municipal Property Assessment Corporation ('MPAC'). Tax rates are established by the Council of the Town, incorporating amounts to be raised for local services, amounts to be raised on behalf of County of Lanark for regional services, and amounts the Town is required to collect on behalf of the Province of Ontario in respect of education taxes. Taxation revenues are recorded at the time tax billings are issued. Adjustments to taxation revenue can occur during the year related to the issuance of supplementary tax billings and/or assessment appeals. These adjustments are recorded when the amount of the adjustments can be quantified. The Town is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period in which the interest and penalties are applied.

(d) Tangible capital assets:

Tangible capital assets are recorded at cost, which include all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives, as follows:

Asset	Estimated Useful Life
Land improvements	5-25 years
Buildings:	
General	15-60 years
Water plant	60 years
Sewage plant	60 years
Machinery and equipment	3-60 years
Vehicles	10-15 years
Linear assets:	
Roads	5-35 years
Sidewalks/curbs	35 years
Underground networks:	
Water	60-80 years
Sewer	60-80 years
Storm	60-80 years
Bridges and culverts	75 years

THE CORPORATION OF THE TOWN OF CARLETON PLACE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(d) Tangible capital assets (continued):

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

The Town has a capitalization threshold of \$10,000 for vehicles and equipment and \$100,000 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.

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 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.

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

(e) Leases:

Leases are classified as capital or operations 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.

Assets acquired under capital leases are amortized as described in Note 1(d). Obligations under capital leases are reduced by the principal portion of lease payments. The imputed interest portion of lease payments is charged to expense.

(f) Inventories:

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

THE CORPORATION OF THE TOWN OF CARLETON PLACE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(g) Employee future benefit obligation:

The Town accounts for its participation in the Ontario Municipal Employees Retirement System ("OMERS"), a multi-employer public sector pension fund, as a defined contribution plan. As a result, the Town does not recognize any share of the OMERS pension surplus or deficit.

The Town accrues its obligation for employee benefit plans. 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.

(h) Government transfers:

Government transfers are recognized in the consolidated financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made, except when and to the extent that stipulations by the transferor give rise to an obligation that meets the definition of a liability. Government transfers that meet the definition of a liability are recorded as deferred revenue and recognized as revenue as the liability is extinguished.

(i) Deferred revenue:

The Town receives contributions pursuant to legislation, regulations or agreement that may only be used for certain programs or in the completion of specific work. In addition, certain user charges and fees are collected for which the related services have yet to be performed. These amounts are recognized as revenue in the fiscal year the related expenses are incurred, or services performed.

The Town also receives restricted contributions under the authority of the federal and provincial legislation and Town by-laws. Government transfers of gas taxes, development charges collected under the *Development Charges Act, 1997*, parking-in-lieu and recreational land collected under the Planning Act and building surpluses earned under the Building Code Act are restricted in their use, and until applied to applicable costs, are reported as deferred revenues in the Consolidated Statement of Financial Position. These amounts are recognized as revenue in the fiscal year the services are performed or related expenses incurred.

THE CORPORATION OF THE TOWN OF CARLETON PLACE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(j) Asset retirement obligations:

The Town recognizes the fair value of an asset retirement obligation ("ARO") when all of the following criteria have been met:

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

Actual remediation costs incurred are charged against the ARO to the extent of the liability recorded. Differences between the actual remediation costs incurred and the associated liability are recognized in the Consolidated Statement of Operations and Municipal Equity at the time of remediation.

The asset retirement obligation is based on management's best estimate of the expenditures to settle the obligation. A liability has been recognized based on estimated future expenses on retirement of the tangible capital assets. Under the prospective method, the assumptions used on initial recognition are those as of the date the legal obligation was incurred. Assumptions used in the subsequent calculations are revised yearly.

(k) Liability for contaminated sites:

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

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

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

THE CORPORATION OF THE TOWN OF CARLETON PLACE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(l) Financial instruments:

Financial instruments are recorded at fair value on initial recognition and reported on the Consolidated Statement of Financial Position.

Unrealized changes in fair value are recognized in the Statement of Remeasurement Gains and Losses until they are realized, when they are transferred to the Consolidated Statement of Operations and Municipal Equity.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

All financial assets are assessed for impairment on an annual basis. Where a decline is determined to be other than temporary, the amount of the loss is reported in the Consolidated Statement of Operations and Municipal Equity and any unrealized gain is adjusted through the Consolidated Statement of Remeasurement Gains and Losses. On sale, the unrealized gain or loss included in the Consolidated Statement of Remeasurement Gains and Losses associated with that instrument are reversed and recognized in the Consolidated Statement of Operations and Municipal Equity.

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.

(m) 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. Significant areas requiring the use of management's estimates include the actuarial assumptions used to develop the employee future benefit obligations liability and the asset retirement obligations liability. Actual results could differ from these estimates.

(n) Revenue recognition:

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

THE CORPORATION OF THE TOWN OF CARLETON PLACE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

2. Changes in accounting policies:

The Town 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.

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. Operations of the School Boards and County of Lanark:

The Town collects and makes property tax transfers, including payments in lieu of property taxes, to the County of Lanark and School Boards. The amounts collected and remitted are as follows:

	School board 2024	County 2024	School board 2023	County 2023
Property taxes	\$ 4,270,383	\$ 8,056,300	\$ 3,972,849	\$ 7,384,521
Taxation from other governments	—	30,444	—	29,741
	\$ 4,270,383	\$ 8,086,744	\$ 3,972,849	\$ 7,414,262

THE CORPORATION OF THE TOWN OF CARLETON PLACE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

4. Long-term mortgage receivables:

- (a) The Town entered into a long-term financing agreement with Mississippi Valley Conservation Authority to finance the construction of a new facility to be located within the Town. Long term financing was a debenture funded through Ontario Infrastructure and Lands Corporation ("OILC") in the amount of \$4,640,000.

The loan is secured with an agreement that includes a mortgage on the property. The debenture terms include interest at a rate of 3.4%, semi annual blended payments of \$138,502 due June 1st and December 1st, and is due June 2040.

Year	Amount
2025	\$ 165,658
2026	171,339
2027	177,213
2028	183,290
2029	189,575
Thereafter	2,428,884
	<u>\$ 3,315,959</u>

- (b) In 2021, the Town executed cost recovery agreements with developers for core infrastructure services for water and sewer on Highway 7 and McNeely Avenue. Under the agreement, the Town agreed to fund the up-front infrastructure costs and then recover the funds from the developers through a long-term mortgage.

The mortgages are to be repaid over 15 years with quarterly payments and with interest compounded annually at 4%. The Town has mortgage security on each property within the development area.

The loan agreements provide for lump sum repayments of principal under the following conditions:

- The Town recovers development costs from other owners of land who benefit from the core services within the development area.
- Developer registers a plan of the subdivision, registers a site plan approval, receives a severance or upon the issuance of a building permit for any building requiring a connection to services.

The amounts receivable under these agreements is \$1,425,257 (2023 - \$1,695,688).

THE CORPORATION OF THE TOWN OF CARLETON PLACE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

5. Employee future benefit obligations:

The Town extends non-pension retirement benefits for medical and dental benefits to a maximum of \$5,000 per year, for full time employees for ten years after retirement or to age 65, whichever comes first. To be eligible an employee must be at least age 55 (age 50 for firefighters) and has at least 20 years of service with the Town. Employees with 15 years of service are eligible but will receive 50% of the normal benefit reimbursement.

An independent actuarial study of the employee non-pension benefits has been undertaken. The most recent valuation of the employee future benefits was undertaken for the year ended December 31, 2023.

The accrued benefit liability relating to the employee non-pension retirement benefits has been actuarially determined using the projected benefit method pro-rated on services.

The significant actuarial assumptions adopted in estimating the Town's accrued employee future benefits obligations liability are as follows:

Discount rate	4.25%
Trend rates	7.50% decreasing by 0.50% annually to 4.00%
Employee turnover	4.50% decreasing to 1.00% after 25 years of service, none after age 55
Retirement age	Early age of 65 or age plus service totals 90, with a minimum age of 55
Participation	95.00% will elect family coverage and 5.00% will elect single coverage
Cost of coverage	\$4,370 in 2024 for family coverage and half for single coverage

Information with respect to the Town's non-pension post-retirement benefits is as follows:

	2024	2023
Accrued benefit liability at beginning of year	\$ 593,857	\$ 581,759
Benefits accrued during the year	31,596	30,015
Benefits paid during the year	(28,200)	(34,300)
Interest on accrued benefit liability during the year	25,795	22,818
Amortization of actuarial gain (loss)	176	(6,435)
Accrued benefit liability at end of year	\$ 623,224	\$ 593,857

	2024	2023
Accrued future benefit obligation at end of year	\$ 634,438	\$ 605,248
Unamortized actuarial loss	(11,214)	(11,391)
Accrued benefit liability at end of year	\$ 623,224	\$ 593,857

THE CORPORATION OF THE TOWN OF CARLETON PLACE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

6. Deferred revenues:

Deferred revenues is comprised of the following:

	2024	2023
Deferred revenue - grants and other	\$ 1,574,509	\$ 216,894
Deferred revenue - development contributions	2,615,151	2,615,152
Deferred revenue - obligatory reserve funds:		
Ontario Community Infrastructure Fund ("OCIF")	—	164,982
Development charges	8,384,247	8,915,827
Building department	2,337,839	2,317,041
Recreational land ("Parkland")	297,493	347,762
Parking	33,570	15,137
Canada Community Building Fund ("CCBF")	245,357	173,253
	11,298,506	11,934,002
	\$ 15,488,166	\$ 14,766,048

A requirement of public sector accounting standards of the Chartered Professional Accountants of Canada is that obligatory reserve funds be reported as deferred revenue. 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 below:

	OCIF	Development charges	Building department	Parkland	Parking	CCBF	Total
January 1, 2024	\$ 164,982	\$ 8,915,827	\$ 2,317,041	\$ 347,762	\$ 15,137	\$ 173,253	\$11,934,002
Government grants	968,748	—	—	—	—	398,795	1,367,543
Contributions from developers	—	2,669,905	—	99,878	17,500	—	2,787,283
Building Code Act Interest	—	—	20,798	—	—	—	20,798
Interest	35,895	504,597	—	32,584	933	15,371	589,380
Transfer to revenue	(1,169,625)	(3,706,082)	—	(182,731)	—	(342,062)	(5,400,500)
December 31, 2024	\$ —	\$ 8,384,247	\$ 2,337,839	\$ 297,493	\$ 33,570	\$ 245,357	\$11,298,506

THE CORPORATION OF THE TOWN OF CARLETON PLACE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

6. Deferred revenues (continued):

During the year and in accordance with the Development Charges Act, the Town entered into arrangements with developers to defer the payment of the underlying development charge to a future date. The amounts are repayable between November 2025 and December 2030 with interest rates ranging between 2.45% and 8.20%. The total amount of these arrangements of \$1,200,044 (2023 - \$1,203,461) is included development charges above with a corresponding balance in accounts receivable on the Consolidated Statement of Financial Position.

7. Asset retirement obligations:

The Town owns and operates several buildings that are known to have asbestos, which represents a health hazard upon demolition of the building and there is a legal obligation to remove it. Following the adoption of PS 3280 *Asset Retirement Obligations*, the Town recognized an asset retirement obligation relating to the legally required removal or remediation of asbestos-containing materials in certain buildings.

The obligation is determined based on the estimated undiscounted cash flows that will be required in the future to remove or remediate the asbestos containing materials in accordance with the current legislation.

The change in the estimated obligation during the year consists of the following:

	2024	2023
Liabilities for asset retirement obligations, beginning of year	\$ 284,785	\$ –
Remeasurement of asset retirement obligation	5,249	299,180
Liabilities incurred during the year	–	–
Liabilities settled during the year	(19,009)	(14,395)
Balance, end of year	\$ 271,025	\$ 284,785

THE CORPORATION OF THE TOWN OF CARLETON PLACE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

8. Long-term liabilities:

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

	2024	2023
Total long-term liabilities incurred by the municipality including those incurred on behalf of school boards, other municipalities and municipal enterprises and outstanding at the end of the year	\$ 3,315,959	\$ 3,476,125
Ontario Infrastructure and Land Corporation loan with maturity date 2025 with interest rate of 3.59%	328,130	637,954
Ontario Infrastructure and Land Corporation loan with maturity date 2024, with interest rate 4.49%	—	122,811
	\$ 3,644,089	\$ 4,236,890

- (b) Of the municipal debt shown above, the payment of principal and interest charges for the Mississippi Valley Conservation Authority ("MVCA") of \$3,315,959 (2023 - \$3,476,125) are recovered from the MCVA. Accordingly, a receivable has been recorded as disclosed in note 4(a).

- (c) Principal payments fall due as follows:

	Amount
2025	\$ 493,789
2026	171,339
2027	177,214
2028	183,290
2029	189,575
Thereafter	2,428,882
	\$ 3,644,089

- (d) Interest paid on long term liabilities is \$141,032 (2023 - \$163,075).

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

THE CORPORATION OF THE TOWN OF CARLETON PLACE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

9. Obligations under capital leases:

The Town finances certain vehicles by entering into capital leasing arrangements. Capital lease repayments are due as follows:

	2024	2023
2024	\$ —	\$ 245,692
2025	333,107	236,039
2026	194,784	77,642
2027	62,318	—
2028	29,672	—
2029	5,413	—
Total minimum lease payments	625,294	559,373
Less amount representing interest	(50,036)	(43,201)
Present value of minimum lease payments	\$ 575,258	\$ 516,172

Interest paid on the obligations under capital leases is \$42,181 (2023 - \$25,603).

THE CORPORATION OF THE TOWN OF CARLETON PLACE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

10. Tangible capital assets:

The net book value of tangible capital assets is as follows:

	2024	2023
General capital:		
Land	\$ 11,175,330	\$ 6,017,359
Land improvements	7,312,732	5,404,059
Buildings	19,973,958	18,226,728
Machinery and equipment	2,279,795	1,859,902
Vehicles	769,663	806,975
Leased vehicles	550,700	403,295
	42,062,178	32,718,318
Infrastructure:		
Land improvements	41,704	44,507
Building	13,605,201	14,007,914
Machinery and equipment	3,750,523	3,500,574
Linear assets	68,158,685	65,563,008
Bridges and culverts	10,489,149	10,557,960
Vehicles under capital lease	301,344	218,335
	96,346,606	93,892,298
Construction in progress	11,758,937	9,469,050
	\$ 150,167,721	\$ 136,079,666

For additional information, see Schedule 2 - Tangible Capital Assets.

THE CORPORATION OF THE TOWN OF CARLETON PLACE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

11. Municipal equity:

Municipal equity consists of:

	2024	2023
Investment in intangible capital assets:		
Tangible capital assets	\$ 150,167,721	\$ 136,079,666
Long-term liabilities	(328,130)	(760,765)
Obligations under capital leases	(575,258)	(516,172)
Asset retirement obligations	(271,025)	(284,785)
	148,993,308	134,517,944
Deficit	(3,233,874)	(1,264,819)
Unfinanced capital projects	(11,739,962)	(7,513,109)
Unfunded post retirement benefits	(623,224)	(593,857)
Reserves (Schedule 1)	37,419,822	33,312,622
Reserve Funds (Schedule 1)	50,086	1,394,163
Accumulated municipal equity	\$ 170,866,156	\$ 159,852,944

12. Pension contributions:

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

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

For the year ended December 31, 2024, the amount contributed to OMERS was \$922,209 (2023 - \$801,909) for current services and is included as an expense on the Consolidated Statement of Operations and Municipal Equity classified under the appropriate functional expenditure.

THE CORPORATION OF THE TOWN OF CARLETON PLACE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

13. Provincial offences administration:

The Corporation of the Town of Perth has assumed the administration of the Provincial Offences office for all County of Lanark resident municipalities. The transfer of administration from the Ministry of the Attorney General to the Corporation of the Town of Perth was a result of the Provincial Offences Act ("POA") 1997, which provides the framework for the transfer of responsibility and administration of POA courts.

The POA is a procedural law for administering and prosecuting provincial offences, including those committed under the Highway Traffic Act, Compulsory Automobile Insurance Act, Trespass to Property Act, Liquor Licence Act, Municipal By-Laws and minor federal offences. The POA governs all aspects of legal process from serving notice to a defendant, to conducting trials, including sentencing and appeals.

The Town's share of net revenues arising from operation of the POA office of \$1,152 (2023 - \$12,927) are recorded as government transfers revenue on the Consolidated Statement of Operations and Municipal Equity. The revenue of the court office consists of fines levied under Parts I and III (including delay penalties) for POA charges filed in the Perth court.

If fines are paid at other court offices, the receipt is recorded in the Integrated Courts Operation Network System ("ICON") operated by the Province of Ontario. Revenue is recognized when receipt of funds is recorded by the provincial ICON system regardless of the location where payment is made.

The Town shares net POA revenues based on weighted assessment.

14. Commitments:

- (a) In 1997, the Town entered into a fixed price contract with the Ontario Clean Water Agency to manage the water treatment plant and the sewage treatment plant. The operational costs are subject to inflationary increases and the Town is responsible for capital costs and emergency use costs. The contract expires December 2024.

Included in the Consolidated Statement of Operations and Municipal Equity are the costs paid to the Ontario Clean Water Agency of \$1,104,551 (2023 - \$1,306,832) for the sewage plant and \$1,544,927 (2023 - \$898,468) for the water treatment plant.

- (b) The Town entered into an agreement with GFL Environmental to provide solid waste collection and disposal services. The contract with GFL Environmental is for a period of five (5) years to September 28, 2025, with two additional one-year extensions possible. Annual charges are based on the number of households, volumes of material processed / disposed, and annual inflation adjustments.

THE CORPORATION OF THE TOWN OF CARLETON PLACE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

14. Commitments (continued):

(b) (continued):

Included within the Consolidated Statement of Operations and Municipal Equity is payment for collection of \$447,363 (2023 - \$394,390) and payment for disposal of \$340,283 (2023 - \$332,774).

- (c) The Town has negotiated a long-term contract with the Ontario Provincial Police for the provision of policing services. The contract ends December 2025. Annual charges are determined based on level of service and are reconciled to actual costs in the following year. The contractual expense for 2024 was \$2,400,528 (2023 - \$2,388,667).
- (d) The Town has entered into a long-term lease agreement (99 years) with the Upper Canada District School Board for the childcare centre property. The financial considerations was \$1. Annual financial considerations include upkeep and maintenance of the shared driveway.
- (e) The Town entered into boundary restructuring agreements with Beckwith Township. In consideration of jurisdictional rights, the Town has agreed to compensate Beckwith Township for the municipal share of taxes levied for a maximum 40 years. For the agreement expiring December 31, 2036, the compensation is 30% of the municipal share of taxes. For the agreement expiring December 31, 2051, the compensation is 30% of the municipal share of commercial taxes levied and a one-time payment equivalent to the Beckwith development charge for residential units on new residential units. Payments under these agreements for the year ended December 31, 2024 were \$611,406 (2023 - \$559,330).
- (f) The Town has entered into a boundary restructuring agreement with the Town of Mississippi Mills. In consideration of jurisdictional rights, the Town has agreed to compensate the Town of Mississippi Mills for 30% of commercial taxes levied and a one time payment equivalent to the Mississippi Mills development charge for residential units on new residential units for a maximum of 40 years. The agreement expires December 31, 2051. Payments under these agreements for the year ended December 31, 2024 were \$nil (2023 - \$nil).
- (g) In November 2023, the Town entered into a contractual agreement with the Township of Beckwith and the CPB Health Hub Solution Corporation to attract family physicians and enhance health care services offered to the Town's residents by creating a public health hub facility (the "Health Hub"). The Town has committed to provide \$90,000 per year towards lease payments of the Health Hub for a period of ten years.
- (h) The Town has entered into contractual arrangements for ongoing capital projects. The remaining commitment on key capital projects at December 31, 2024 is \$5,523,131.

THE CORPORATION OF THE TOWN OF CARLETON PLACE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

15. Contingent liabilities:

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

16. Segmented information:

The Town is a diversified municipal government that provides a wide range of services to its citizens. The services are provided by departments and their activities are reported in the Consolidated Statement of Operations and 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 the segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

THE CORPORATION OF THE TOWN OF CARLETON PLACE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

16. Segmented information (continued):

For the year ended December 31, 2024	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	Total
Revenue:								
Property taxation	\$ 15,644,061	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 172,259	\$ 15,816,320
User charges	170,861	389,880	16,974	6,620,734	2,278,761	1,542,724	245,288	11,265,222
Government transfers	242,876	9,120	1,551,890	67,572	4,211,636	626,679	26,799	6,736,572
Transfers from deferred revenue - obligatory reserve funds:								
Development charges	49,258	41,456	-	2,233,909	72,684	1,262,473	46,302	3,706,082
Parkland	-	-	-	-	-	182,731	-	182,731
Licenses and permits	47,120	925,835	1,900	-	-	-	-	974,855
Investment income	1,496,539	-	-	-	-	9,977	-	1,506,516
Penalties and interest on tax	390,984	-	-	-	-	-	-	390,984
Contributed tangible capital assets	-	-	613,914	1,470,019	-	-	-	2,083,933
Other revenue	60,910	34,230	2,725	34,688	23,492	670,700	7,685	834,430
	18,102,609	1,400,521	2,187,403	10,426,922	6,586,573	4,295,284	498,333	43,497,645
Expenses:								
Salaries, wages and benefits	2,086,491	2,015,483	1,408,218	686,424	4,882,096	2,844,586	537,976	14,461,274
Interest on long-term liabilities	-	116,838	-	20,043	4,151	-	-	141,032
Materials and services	1,593,287	3,243,351	1,329,900	4,139,698	579,665	1,980,514	417,252	13,283,667
Amortization	88,251	236,367	1,915,916	1,658,886	114,350	574,825	-	4,588,595
Loss on disposal of tangible capital assets	-	7,572	(14,361)	54,817	-	(38,163)	-	9,865
Inter-functional adjustments	(1,101,207)	245,000	-	371,240	-	506,367	(21,400)	-
	2,666,822	5,864,611	4,639,673	6,931,108	5,580,262	5,868,129	933,828	32,484,433
Annual surplus (deficit)	\$ 15,435,787	\$ (4,464,090)	\$ (2,452,270)	\$ 3,495,814	\$ 1,006,311	\$ (1,572,845)	\$ (435,495)	\$ 11,013,212

THE CORPORATION OF THE TOWN OF CARLETON PLACE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

16. Segmented information (continued):

For the year ended December 31, 2023	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	Total
Revenue:								
Property taxation	\$ 15,240,142	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 153,832	\$ 15,393,974
User charges	148,595	330,281	72,926	6,284,767	1,886,643	1,479,549	114,897	10,317,658
Government transfers	519,551	20,894	2,717,426	187,864	3,164,567	722,204	41,791	7,374,297
Transfers from deferred revenue - obligatory reserve funds:								
Development charges	27,168	15,737	212,939	123,997	-	420,696	6,952	807,489
Parkland	-	-	-	-	-	158,092	-	158,092
Licenses and permits	33,190	954,971	1,800	-	-	-	7,000	996,961
Investment income	1,503,120	-	86,309	41,713	-	6,832	-	1,637,974
Penalties and interest on tax	284,790	-	-	-	-	-	-	284,790
Contributed tangible capital assets	-	-	-	209,832	-	44,100	-	253,932
Other revenue	155,615	33,363	3,050	17,906	11,027	580,065	7,899	808,925
	17,912,171	1,355,246	3,094,450	6,866,079	5,062,237	3,411,538	332,371	38,034,092
Expenses:								
Salaries, wages and benefits	1,761,606	1,792,541	1,349,962	660,593	4,064,433	2,523,285	468,006	12,620,426
Interest on long-term liabilities	-	122,148	-	31,442	9,485	-	-	163,075
Materials and services	2,248,717	3,399,032	2,252,567	3,643,174	534,888	984,050	541,408	13,603,836
Amortization	69,755	144,810	2,702,835	526,838	107,310	494,283	-	4,045,831
Loss on disposal of tangible capital assets	520,560	(304,532)	225,462	335,892	-	94,541	-	871,923
Inter-functional adjustments	(507,000)	230,500	-	356,000	-	-	(79,500)	-
	4,093,638	5,384,499	6,530,826	5,553,939	4,716,116	4,096,159	929,914	31,305,091
Annual surplus (deficit)	\$ 13,818,533	\$ (4,029,253)	\$ (3,436,376)	\$ 1,312,140	\$ 346,121	\$ (684,621)	\$ (597,543)	\$ 6,729,001

THE CORPORATION OF THE TOWN OF CARLETON PLACE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

17. Budget figures:

The 2024 budget amounts that were approved were not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Board Standards). The budget included capital items such as infrastructure replacements and estimated costs for constructed assets, as program expenses, but the actual expenses have been removed in the Consolidated Statement of Operations and Municipal Equity. The revenues attributable to these items continue to be included in the Consolidated Statement of Operations and 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 financial statements:

	Budget	Actual
Total revenues	\$ 112,236,183	\$ 43,497,645
Total expenses	34,230,854	32,484,433
Net revenues	78,005,329	11,013,212
Amortization	4,000,000	4,588,596
Adjusted net revenues	82,005,329	15,601,808
Capital expenses	(90,364,090)	(19,220,484)
Loss on disposal of tangible capital assets	—	553,698
Proceeds on disposal of tangible capital assets	—	(9,865)
Principal repayment of long term debt	(415,033)	(432,635)
Decrease (increase) in post-employment	(12,000)	29,367
Increase in capital lease	—	59,086
Decrease in asset retirement obligations	—	(13,760)
Decrease in operating surplus	\$ (8,785,794)	\$ (3,432,785)
Allocated as follows:		
Net change in year-end deficit	\$ —	\$ (1,969,055)
Net transfers from reserves	(7,869,794)	2,763,123
Net increase in unfinanced capital	(916,000)	(4,226,853)
	\$ (8,785,794)	\$ (3,432,785)

THE CORPORATION OF THE TOWN OF CARLETON PLACE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

18. Financial risks and concentration of risks:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. Town is exposed to credit risk with respect to accounts receivable, taxes receivable and user charges receivables (collectively its “receivables”) on the Consolidated Statement of Financial Position.

The Town assesses, on a continuous basis, its receivables and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the Town at December 31, 2024 is the carrying value of these assets. The carrying amount of receivables 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 Municipal Equity. Subsequent recoveries of impairment losses related to receivables are credited to the Consolidated Statement of Operations and Municipal Equity. The balance of the allowance for doubtful accounts at December 31, 2024 is \$Nil (2023 - \$Nil).

	Current	Past due	Gross receivable	Allowances	Net receivable
Accounts receivable	\$ 1,011,557	\$ 1,833,301	\$ 2,844,858	\$ –	\$ 2,844,858
Taxes receivable	2,439,571	391,496	2,831,067	–	2,831,067
	\$ 3,451,128	\$ 2,224,797	\$ 5,675,925	\$ –	\$ 5,675,925

(b) Liquidity risk:

Liquidity risk is the risk that the Town will not be able to meet all of its cash outflow obligations as they come due. The Town mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting. Accounts payable and accrued liabilities are all current and the terms of long-term liabilities and obligations under capital leases are disclosed in notes 8 and 9, respectively.

(c) Market risk:

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and other price risks, will affect the Town’s net results of operations or the fair value of its holdings of financial instruments. Market risk includes three types of risk: currency risk, interest rate risk and other price risk.

THE CORPORATION OF THE TOWN OF CARLETON PLACE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

18. Financial risks and concentration of risks (continued):

(c) Market risk (continued):

(i) Currency risk:

Currency risk arises from the Town'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 Town 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 Town to cash flow interest rate risk. As the Town does not have any financial assets or financial liabilities with variable interest rates, it is not exposed to these risks.

(iii) Other price risk:

Other price risk arises when the fair value of equity funds changes due to a decrease in a stock market index or other risk variables. The Town is not exposed to this risk as it does not hold any equity investments.

There have been no significant changes to these risk exposures from 2023.

THE CORPORATION OF THE TOWN OF CARLETON PLACE

Schedule 1 – Continuity of Reserves and Reserve Funds

Year ended December 31, 2024

	2024 Budget	2024 Actual	2023 Actual
Transfers to reserves	\$ 5,442,588	\$ 10,298,659	\$ 4,713,043
Transfers from reserves	(13,312,382)	(7,535,536)	(3,358,581)
Reserves and reserve fund balance, change in year	(7,869,794)	2,763,123	1,354,462
Reserves and reserve fund balance, beginning of year	34,706,785	34,706,785	33,352,323
Reserves and reserve fund balances, end of year	\$ 26,836,991	\$ 37,469,908	\$ 34,706,785

THE CORPORATION OF THE TOWN OF CARLETON PLACE

Schedule 1 – Continuity of Reserves and Reserve Funds (continued)

Year ended December 31, 2024

	2024
Reserves set aside for general purposes:	
Strategic reserve	\$ 6,218,214
Asset management reserve	2,511,411
Capital carryforward	407,402
	<u>9,137,027</u>
Reserves set aside for committed use:	
Water/Sewer reserves	14,262,460
Treatment plant expansion	7,548,410
Childcare	2,479,388
Health Hub	1,394,163
Cost sharing reserve	372,295
Library	311,496
Recreation fundraising	108,019
BIA	96,417
	<u>26,572,648</u>
Reserves set aside for operating purposes:	
Contingency	1,508,593
Winter maintenance	74,231
Election	70,700
Volunteer fire	33,618
	<u>1,687,142</u>
Reserves set aside for committee purposes:	
Environmental Committee	3,000
Heritage Committee	3,000
Sister City Committee	17,005
	<u>23,005</u>
Total reserves	<u>37,419,822</u>
Reserve funds:	
Findlay fund	50,086
Total reserves and reserve funds	<u>\$ 37,469,908</u>

THE CORPORATION OF THE TOWN OF CARLETON PLACE

Schedule 1 – Continuity of Reserves and Reserve Funds (continued)

Year ended December 31, 2023

	2023
Reserves set aside for general purposes:	
Working funds	\$ 1,508,593
Asset replacement funds:	
Sewer	6,159,386
Water	6,159,386
Replacement of equipment	132,928
Insurance	31,122
Debenture repayment	341,226
	<u>14,332,641</u>
Reserves set aside for service purposes:	
General government	4,524,433
Protection services	319,625
Transportation services:	
Roadways	2,176,375
Winter control	74,231
Parking	24,529
Street lighting	192,177
Environmental services:	
Wastewater system	4,011,566
Waterworks system	4,011,566
Health services	–
Social and family services	1,787,536
Recreation and cultural services:	
Recreation facilities	1,185,758
Library	222,032
Museums	97,844
Cultural services	134,195
Planning and development	136,269
Business Improvement Area	81,845
	<u>18,979,981</u>
Total reserves	<u>33,312,622</u>
Reserve funds:	
Hydro reserve fund	1,394,163
Total reserves and reserve funds	<u>\$ 34,706,785</u>

THE CORPORATION OF THE TOWN OF CARLETON PLACE

Schedule 2 – 2024 Tangible Capital Assets

Year ended December 31, 2024

Asset class	Cost 12/31/23	Additions	Disposals and transfers	Cost 12/31/24
General capital:				
Land	\$ 6,017,359	5,157,971	–	\$ 11,175,330
Land improvements	7,996,484	833,700	1,273,413	10,103,597
Buildings	24,459,920	1,611,106	615,765	26,686,791
Machinery and equipment	2,793,153	290,349	350,442	3,433,944
Vehicles	1,841,252	–	(126,937)	1,714,315
Vehicles under capital lease	427,949	204,959	–	632,908
General capital total	43,536,117	8,098,085	2,112,683	53,746,885
Infrastructure:				
Land improvements	327,601	–	–	327,601
Building	24,249,252	–	–	24,249,252
Machinery and equipment	4,646,498	521,529	(214,647)	4,953,380
Linear assets	121,568,198	4,961,078	(225,495)	126,303,781
Bridges and culverts	10,678,973	136,727	–	10,815,700
Vehicles under capital lease	237,669	114,637	–	352,306
Infrastructure total	161,708,191	5,733,971	(440,142)	167,002,020
Construction in progress	9,469,050	5,388,428	(3,098,541)	11,758,937
Grand total	\$ 214,713,358	\$ 19,220,484	\$ (1,426,000)	\$ 232,507,842

THE CORPORATION OF THE TOWN OF CARLETON PLACE

Schedule 2 – 2024 Tangible Capital Assets (continued)

Year ended December 31, 2024

Asset class	Accumulated amortization 12/31/23	Amortization	Disposals and transfers	Accumulated amortization 12/31/24
General capital:				
Land	\$ –	\$ –	\$ –	\$ –
Land improvements	2,592,425	270,098	(71,658)	2,790,865
Buildings	6,233,192	479,948	(307)	6,712,833
Machinery and equipment	933,251	277,691	(56,793)	1,154,149
Vehicles	1,034,277	–	(89,625)	944,652
Vehicles under capital lease	24,654	57,554	–	82,208
General capital total	10,817,799	1,085,291	(218,383)	11,684,707
Infrastructure:				
Land improvements	283,094	2,803	–	285,897
Building	10,241,338	402,713	–	10,644,051
Machinery and equipment	1,145,924	251,135	(194,202)	1,202,857
Linear assets	56,005,190	2,609,488	(469,582)	58,145,096
Bridges and culverts	121,013	205,538	–	326,551
Vehicles under capital lease	19,334	31,628	–	50,962
Infrastructure total	67,815,893	3,503,305	(663,784)	70,655,414
Construction in progress	–	–	–	–
Grand total	\$ 78,633,692	\$ 4,588,596	\$ (882,167)	\$ 82,340,121

THE CORPORATION OF THE TOWN OF CARLETON PLACE

Schedule 2 – 2024 Tangible Capital Assets (continued)

Year ended December 31, 2024

Asset class	Net book value 12/31/23	Net book value 31/12/24
General capital:		
Land	\$ 6,017,359	\$ 11,175,330
Land improvements	5,404,059	7,312,732
Buildings	18,226,728	19,973,958
Machinery and equipment	1,859,902	2,279,795
Vehicles	806,975	769,663
Vehicles under capital lease	403,295	550,700
General capital total	32,718,318	42,062,178
Infrastructure:		
Land improvements	44,507	41,704
Building	14,007,914	13,605,201
Machinery and equipment	3,500,574	3,750,523
Linear assets	65,563,008	68,158,685
Bridges and culverts	10,557,960	10,489,149
Vehicles under capital lease	218,335	301,344
Infrastructure total	93,892,298	96,346,606
Construction in progress	9,469,050	11,758,937
Grand total	\$ 136,079,666	\$ 150,167,721

THE CORPORATION OF THE TOWN OF CARLETON PLACE

Schedule 3 – Childcare Operations (Unaudited)

Year ended December 31, 2024

	Francis Street	Carambeck Community Centre	Total
Administration:			
Administration:			
Government transfers	\$ 1,874,995	\$ –	\$ 1,874,995
Parent fees	6,796	–	6,796
Donations	23,492	–	23,492
Transfer from reserve	145,368	–	145,368
Salaries and wages	(127,190)	(85,838)	(213,028)
Employee benefits	(39,523)	(22,406)	(61,929)
Materials	(42,554)	(2,601)	(45,155)
Contracted services	(80,282)	(141)	(80,423)
Interfunction adjustments	(456,334)	–	(456,334)
Transfer to reserve	(423,310)	–	(423,310)
	881,458	(110,986)	770,472
IT Support Services:			
Materials	(22,798)	(10,366)	(33,164)
Contracted services	(119)	(298)	(417)
	(22,917)	(10,664)	(33,581)
Property Maintenance:			
Government transfers	9,956	–	9,956
Salaries and wages	(158,481)	(16,460)	(174,941)
Employee benefits	(50,530)	(5,282)	(55,812)
Materials	(109,677)	(80,423)	(190,100)
Contracted services	(57,445)	(1,178)	(58,623)
Interest on long-term debt	(4,151)	–	(4,151)
Principal repayment on long-term debt	(124,175)	–	(124,175)
	(494,503)	(103,343)	(597,846)
Administration total	\$ 364,038	\$ (224,993)	\$ 139,045

THE CORPORATION OF THE TOWN OF CARLETON PLACE

Schedule 3 – Childcare Operations (Unaudited) (continued)

Year ended December 31, 2024

	Francis Street	Carambeck Community Centre	Total
Programs:			
Dietary:			
Salaries and wages	\$ (109,037)	\$ (43,301)	\$ (152,338)
Employee benefits	(32,822)	(15,692)	(48,514)
Materials	(165,125)	(42,277)	(207,402)
Contracted services	(5,559)	(232)	(5,791)
	(312,543)	(101,502)	(414,045)
Infant:			
Government transfers	174,506	–	174,506
Parent fees	143,455	–	143,455
Salaries and wages	(328,276)	–	(328,276)
Employee benefits	(100,786)	–	(100,786)
Materials	(1,266)	–	(1,266)
	(112,367)	–	(112,367)
Toddler:			
Government transfers	494,369	–	494,369
Parent fees	390,188	–	390,188
Salaries and wages	(835,415)	–	(835,415)
Employee benefits	(241,357)	–	(241,357)
Materials	(4,602)	–	(4,602)
	(196,817)	–	(196,817)
Nursery:			
Government transfers	–	19,134	19,134
Parent fees	–	22,536	22,536
Salaries and wages	–	(22,293)	(22,293)
Employee benefits	–	(12,874)	(12,874)
Materials	–	(192)	(192)
	–	6,311	6,311
Pre-School:			
Government transfers	986,076	–	986,076
Parent fees	781,378	–	781,378
Salaries and wages	(1,255,840)	–	(1,255,840)
Employee benefits	(365,685)	–	(365,685)
Materials	(7,936)	–	(7,936)
	137,993	–	137,993

THE CORPORATION OF THE TOWN OF CARLETON PLACE

Schedule 3 – Childcare Operations (Unaudited) (continued)

Year ended December 31, 2024

	Francis Street	Carambeck Community Centre	Total
Programs (continued):			
Kinder:			
Government transfers	\$ 127,563	\$ 240,818	\$ 368,381
Parent fees	105,094	231,988	337,082
Salaries and wages	(92,884)	(267,766)	(360,650)
Employee benefits	(24,746)	(83,050)	(107,796)
Materials	(1,015)	(2,136)	(3,151)
Contracted services	—	(5,496)	(5,496)
	114,012	114,358	228,370
Junior School Age:			
Government transfers	—	38,934	38,934
Parent fees	—	121,383	121,383
Salaries and wages	—	(44,802)	(44,802)
Employee benefits	—	(17,263)	(17,263)
Materials	—	(2,095)	(2,095)
Contracted services	—	(4,405)	(4,405)
	—	91,752	91,752
School Aged:			
Government transfers	—	113,418	113,418
Parent fees	—	475,945	475,945
Salaries and wages	—	(313,107)	(313,107)
Employee benefits	—	(86,534)	(86,534)
Materials	—	(2,709)	(2,709)
Contracted services	—	(61,641)	(61,641)
	—	125,372	125,372
Special Needs:			
Government transfers	77,276	—	77,276
Salaries and wages	(64,424)	—	(64,424)
Employee benefits	(18,466)	—	(18,466)
	(5,614)	—	(5,614)
Programs total	(375,336)	236,291	(139,045)
Grand total	\$ (11,298)	\$ 11,298	\$ —