F I N A N C I A L   S T A T E M E N T S

For

THE CORPORATION OF THE TOWN OF CARLETON PLACE

For year ended

DECEMBER 31, 2025

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL REPORTING

Management of The Corporation of the Town of Carleton Place (the "Town") is responsible for the preparation, accuracy, objectivity and integrity of the accompanying consolidated financial statements and all other information contained within this Financial Report. Management believes that the consolidated financial statements present fairly the Town's consolidated financial position as at December 31, 2025 and the results of its consolidated operations for the year then ended.

The consolidated financial statements have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards (PSAS) established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

The consolidated financial statements include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly in all material respects.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information and to meet reporting requirements on a timely basis. The system is designed to provide management with reasonable assurance that transactions are properly authorized and assets are properly accounted for and safeguarded.

These systems are monitored and evaluated by management and reliable financial information is available for preparation of the consolidated financial statements.

The Town Council carries out its responsibilities for review of the consolidated financial statements principally through regular meetings. The Town Council meets regularly with management and the external auditors to discuss the results of audit examinations and financial reporting matters.

The external auditors have full access to the Town Council with and without the presence of management. The Town Council has approved the consolidated financial statements.

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

Trisa McConkey
Treasurer

Welch LLP - Chartered Professional Accountants
350 Albert Street, Suite 700, Ottawa, Ontario K1R 1A4
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THE CORPORATION OF THE TOWN OF CARLETON PLACE

CONSOLIDATED AUDITED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2025

INDEPENDENT AUDITOR'S REPORT

To the members of

THE CORPORATION OF THE TOWN OF CARLETON PLACE

Opinion

We have audited the financial statements of The Corporation of the Town of Carleton Place (the "Town"), which comprise the statement of financial position as at December 31, 2025, the statement of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2025 and its results of operations, changes in net financial assets 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 report. We are independent of the Town in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our 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.

Other Matter

The financial statements of the Town for the year ended December 31, 2024 were audited by another auditor who expressed an unmodified opinion on those financial statements on May 12, 2025.

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 Town'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 Town or to cease operations, or has no realistic alternative but to do so.

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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 Town'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 Town'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 Town 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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Welch LLP

Chartered Professional Accountants
Licensed Public Accountants

Ottawa, Ontario
June 9, 2026.

THE CORPORATION OF THE TOWN OF CARLETON PLACE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2025

	2025	2024
FINANCIAL ASSETS		
Cash	$ 40,382,032	$ 37,308,351
Taxes receivable	1,801,874	2,831,067
User charges receivable	644,527	364,544
Accounts receivable	3,353,100	2,844,858
Long-term mortgage receivable (note 5)	4,905,518	4,741,216
	51,087,051	48,090,036
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities	6,646,685	2,656,994
Prepaid property taxes	361,661	250,748
Security deposits	5,185,206	4,015,055
Employee future benefits (note 6)	649,631	623,224
Deferred revenue (note 7)	13,470,013	15,488,166
Asset retirement obligation (note 8)	277,236	271,025
Long-term liabilities (note 9)	3,150,300	3,644,089
Obligation under capital lease (note 10)	548,073	575,258
	30,288,805	27,524,559
NET FINANCIAL ASSETS	20,798,246	20,565,477
NON-FINANCIAL ASSETS		
Tangible capital assets (note 11)	179,722,254	150,167,721
Inventories	70,026	84,944
Prepaid expenses	87,538	48,014
	179,879,818	150,300,679
ACCUMULATED SURPLUS	$ 200,678,064	$ 170,866,156
ACCUMULATED SURPLUS COMPRISED OF		
Deficit	$ (189,599)	$ (3,233,874)
Invested in tangible capital assets (note 11)	175,746,645	148,993,308
Unfunded - capital projects (note 12)	(11,114,306)	(11,739,962)
- employee future benefits (note 6)	(649,631)	(623,224)
Reserves (schedule 1)	36,836,789	37,419,822
Reserve Funds (schedule 1)	48,166	50,086
TOTAL ACCUMULATED SURPLUS (note 12)	$ 200,678,064	$ 170,866,156

Approved by the Council:

.... Mayor

.... Treasurer

(See accompanying notes)

Welch LLP®

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THE CORPORATION OF THE TOWN OF CARLETON PLACE

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

YEAR ENDED DECEMBER 31, 2025

	2025 Budget	2025 Actual	2024 Actual
Revenue			
Taxation	$ 16,860,216	$ 17,070,833	$ 15,816,320
User charges	15,722,810	14,360,733	11,265,222
Government transfers	19,598,626	12,702,085	6,736,572
Transfers from deferred revenue - obligatory reserve funds:			
Development charges	35,770,048	10,642,996	3,706,082
Parkland	305,182	51,142	182,731
Licenses and permits	1,031,560	1,057,387	974,855
Investment income	903,800	1,160,522	1,506,516
Penalties and interest on taxes	270,000	345,434	390,984
Contributed tangible capital assets	-	7,844,542	2,083,933
Other	410,818	1,290,050	834,430
	90,873,060	66,525,724	43,497,645
Expenses			
General government	3,736,482	3,592,802	2,666,822
Protection to persons and property	6,895,509	6,171,931	5,864,611
Transportation services	5,091,222	3,874,874	4,639,673
Environmental services	8,124,654	7,296,198	6,931,108
Social and family services	5,177,099	6,613,735	5,580,262
Recreation and cultural services	6,227,255	6,070,489	5,868,129
Planning and development	1,544,630	3,093,787	933,828
	36,796,851	36,713,816	32,484,433
Annual surplus	54,076,209	29,811,908	11,013,212
Accumulated surplus, beginning of year	170,866,156	170,866,156	159,852,944
Accumulated surplus, end of year	$ 224,942,365	$ 200,678,064	$ 170,866,156

(See accompanying notes)

THE CORPORATION OF THE TOWN OF CARLETON PLACE

CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

YEAR ENDED DECEMBER 31, 2025

	2025 Budget	2025 Actual	2024 Actual
Annual surplus	$ 54,076,209	$ 29,811,908	$ 11,013,212
Amortization of tangible capital assets	500,000	5,040,524	4,588,596
Acquisition of tangible capital assets	(65,245,503)	(28,231,467)	(16,816,955)
Contributed tangible capital assets	-	(7,844,542)	(2,083,933)
Loss (proceeds) on disposal of tangible capital assets	-	1,226,575	(9,865)
Loss on disposal of tangible capital assets	-	613,821	553,698
Acquisition of assets under capital lease	-	(359,444)	(319,596)
Increase (decrease) in inventories	-	14,918	(2,279)
Increase (decrease) in prepaid expenses	-	(39,524)	58,356
	(64,745,503)	(29,579,139)	(14,031,978)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(10,669,294)	232,769	(3,018,766)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	20,565,477	20,565,477	23,584,243
NET FINANCIAL ASSETS, END OF YEAR	$ 9,896,183	$ 20,798,246	$ 20,565,477

(See accompanying notes)

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2025

	2025	2024
OPERATING ACTIVITIES		
Annual surplus	$ 29,811,908	$ 11,013,212
Items not involving cash:		
Amortization on tangible capital assets	5,040,524	4,588,596
Contributed tangible capital assets	(7,844,542)	(2,083,933)
Loss on disposal of tangible capital assets	613,821	553,698
Employee future benefit obligations	26,407	29,367
Increase (decrease) in asset retirement obligations	6,211	(13,760)
	27,654,329	14,087,180
Changes in non-cash working capital components:		
Taxes receivable	1,029,193	(96,097)
User charges receivable	(279,983)	(11,768)
Accounts receivable	(508,242)	(158,501)
Accounts payable and accrued liabilities	3,989,691	50,932
Prepaid property taxes	110,913	(48,664)
Security deposits	1,170,151	(922,166)
Deferred revenues	(2,018,153)	722,118
Inventories	14,918	(2,279)
Prepaid expenses	(39,524)	58,356
	31,123,293	13,679,111
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(28,231,467)	(16,816,955)
Loss (proceeds) on disposal of tangible capital assets	1,226,575	(9,865)
Acquisition of assets under capital lease	(359,444)	(319,596)
	(27,364,336)	(17,146,416)
INVESTING ACTIVITIES		
Receipt (advance) of long-term mortgage receivables	(164,302)	430,597
FINANCING ACTIVITIES		
Increase in obligations under capital lease	376,060	319,596
Repayment of obligations under capital lease	(403,245)	(260,510)
Principal repayments of long-term liabilities	(493,789)	(592,801)
	(520,974)	(533,715)
INCREASE (DECREASE) IN CASH	3,073,681	(3,570,423)
CASH AT BEGINNING OF YEAR	37,308,351	40,878,774
CASH AT END OF YEAR	$ 40,382,032	$ 37,308,351

(See accompanying notes)

1. NATURE OF OPERATIONS

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.

2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Town 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:

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.

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

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.

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.

2. **SIGNIFICANT ACCOUNTING POLICIES** - Cont'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 - 60 years
Buildings:	
General	15-60 years
Water plant	60 years
Sewage plant	60 years
Machinery and equipment	3 - 60 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
Vehicles	10 - 15 years
Leased vehicles	per lease term

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 so that individual capital assets of lesser value are expensed, unless they are pooled because, collectively, they have significant value, or for operational 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. Useful life of these assets is adjusted for the time the asset was in use prior to receipt by the Town.

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 Surplus 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 Accumulated Surplus.

2. **SIGNIFICANT ACCOUNTING POLICIES** - Cont'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.

Assets acquired under capital leases are amortized on the same basis as tangible capital assets. Obligations under capital leases are reduced by the principal portion of lease payments. The imputed interest portion of lease payments is charged to expense.

Inventories

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

Employee future benefit obligations

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.

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.

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 the 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.

2. **SIGNIFICANT ACCOUNTING POLICIES** - Cont'd.

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 Accumulated Surplus 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.

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.

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 Accumulated Surplus.

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 Accumulated Surplus 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 Accumulated Surplus.

A Consolidated Statement of Remeasurement Gains and Losses has not been provided as there are no significant unrealized gains or losses at December 31, 2025 or 2024.

2. **SIGNIFICANT ACCOUNTING POLICIES** - Cont'd.

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.

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. Town 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.

3. **NEW ACCOUNTING STANDARDS**

The Public Sector Accounting Board (PSAB) has issued two new standards that will be effective for fiscal years beginning on or after April 1, 2026:

Revised Conceptual Framework: The new conceptual Framework replaces section PS 1000 (Financial Statement Concepts) and Section PS 1100 (Financial Statement Objectives). This framework will provide updated guidance on the concepts underlying financial statements and reporting for public sector entities.

PS 1202 Financial Statement Presentation: This new standard restructures the presentation of financial statements, including changes to the statement of financial position, statement of net financial assets/liabilities, and statement of cash flows.

The Public Sector Accounting Board (PSAB) has also issued one new standard that will be effective for fiscal years beginning on or after April 1, 2029:

PS 3251 Employee Benefits: This new standard introduces changes to the recognition, measurement, presentation, and disclosure of employee benefit obligations. This framework replaces sections PS 3250 (Retirement Benefits) and PS 3255 (Post-employment Benefits, Compensated Absences and Termination Benefits).

The Town will be required to adopt these standards for the fiscal year beginning April 1, 2029. Early adoption is permitted. Management is currently assessing the impact of this standard on the financial statements.

Until the adoption of this new standard, the Town continues to account for employee requirement benefits in accordance with PS 3250 and other employee future benefits in accordance with PS 3255.

4. 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:

	2025		2024	
	School Board	County	School Board	County
Property taxes	$ 4,465,520	$ 8,700,043	$ 4,270,383	$ 8,056,300
Taxation from other departments	-	30,851	-	30,444
	$ 4,465,520	$ 8,730,894	$ 4,270,383	$ 8,086,744

5. LONG-TERM MORTGAGES RECEIVABLE

(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 amount receivable under this agreement is $3,150,300 (2024 - $3,315,959).

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.

2026	$ 171,339
2027	177,213
2028	183,290
2029	189,575
2030	196,076
Thereafter	2,232,807
	$ 3,150,300

(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:

(i) The Town recovers development costs from other owners of land who benefit from the core services within the development area.

(ii) 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 $631,479 (2024 - $1,425,257).

(c) In 2025, the Town executed a loan agreement with CPB Health Hub Solution Corporation for the provision of financial assistance for the fitting-up of the Health Hub in Carleton Place. The loan shall be repaid monthly over a 10-year period with interest calculated at 4.79% per annum.

The amount receivable under this agreement is $1,123,739 (2024 - $nil).

6. 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:

	2025	2024
Accrued benefit liability at beginning of year	$ 623,224	$ 593,857
Benefits accrued during the year	32,939	31,596
Benefits paid during the year	(34,300)	(28,200)
Interest on accrued benefit liability during the year	26,935	25,795
Amortization of actuarial gain (loss)	833	176
Accrued benefit liability at end of year	$ 649,631	$ 623,224

	2025	2024
Accrued future benefit obligation at end of year	$ 660,012	$ 634,438
Unamortized actuarial loss	(10,381)	(11,214)
Accrued benefit liability at end of year	$ 649,631	$ 623,224

7. DEFERRED REVENUES

Deferred revenues is comprised of the following:

	2025	2024
Deferred revenue - grants and other	$ 6,102,120	$ 1,574,509
Deferred revenue - development contributions	2,928,131	2,615,151
Deferred revenue - obligatory reserve funds:		
Ontario Community Infrastructure Fund ("OCIF")	275,336	-
Development charges	830,431	8,384,247
Building department	2,371,165	2,337,839
Recreational land (“Parkland”)	342,526	297,493
Parking	154,323	33,570
Canada Community Building Fund (“CCBF”)	465,981	245,357
	4,439,762	11,298,506
	$ 13,470,013	$ 15,488,166

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 changes	Building department	Parkland	Parking	CCBF	Total
January 1, 2025	$ -	$ 8,384,247	$ 2,337,839	$ 297,493	$ 33,570	$ 245,357	$ 11,298,506
Government grants	823,436	-	-	-	-	409,933	1,233,369
Contributions from developers	-	2,767,255	-	79,761	120,000	-	2,967,016
Interest	43,181	355,631	73,411	16,414	753	22,195	511,585
Transfer to revenue	(591,281)	(10,676,702)	(40,085)	(51,142)	-	(211,504)	(11,570,714)
December 31, 2025	$ 275,336	$ 830,431	$ 2,371,165	$ 342,526	$ 154,323	$ 465,981	$ 4,439,762

In 2024, 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 2025 amount of $1,095,180 is included in development charges. The 2024 amount of $1,200,044 is included development charges above with a corresponding balance in accounts receivable on the Consolidated Statement of Financial Position. Effective November 3, 2025, interest charges are no longer allowable as amended under the Protect Ontario by Building Faster and Smarter Act, 2025 Schedule 4 (7).

8. 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:

	2025	2024
Liabilities for asset retirement obligations, beginning of year	$ 271,025	$ 284,785
Remeasurement of asset retirement obligation	6,211	5,249
Liabilities settled during the year	-	(19,009)
Balance, end of year	$ 277,236	$ 271,025

9. LONG-TERM LIABILITIES

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

	2025	2024
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	$ 3,150,300	$ 3,315,959
Ontario Infrastructure and Land Corporation loan with maturity date 2025 with interest rate of 3.59%	-	328,130
	$ 3,150,300	$ 3,644,089

(b) Of the municipal debt shown above, the payment of principal and interest charges for the Mississippi Valley Conservation Authority ("MVCA") of $3,150,300 (2024 - $3,315,959) are recovered from the MCVA. Accordingly, a receivable has been recorded as disclosed in note 4(a).

(c) Principal payments fall due as follows:

2026	$ 171,339
2027	177,214
2028	183,290
2029	189,575
2030	196,076
Thereafter	2,232,806
	$ 3,150,300

(d) Interest paid on long term liabilities is $113,082 (2024 - $141,032).

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

10. OBLIGATIONS UNDER CAPITAL LEASES

Capital lease repayments are due as follows:

	2025	2024
2025	$ -	$ 333,107
2026	315,628	194,784
2027	145,467	62,318
2028	107,484	29,672
2029	20,370	5,413
Total minimum lease payments	588,949	625,294
Less amount representing interest	(40,876)	(50,036)
Present value of minimum lease payments	$ 548,073	$ 575,258

Interest paid on the obligations under capital leases is $42,405 (2024 - $42,181).

11. TANGIBLE CAPITAL ASSETS

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

	2025	2024
General capital:		
Land	$ 10,833,935	$ 11,175,330
Land improvements	8,070,397	7,312,725
Buildings	19,908,633	20,009,291
Machinery and equipment	1,583,243	2,263,844
Vehicles	1,295,554	769,667
Leased vehicles	576,499	550,700
	$ 42,268,261	$ 42,081,557
Infrastructure		
Land improvements	$ 131,943	$ 41,705
Building	13,303,125	13,563,060
Machinery and equipment	1,181,131	3,750,523
Linear assets	77,621,335	68,181,443
Bridges and culverts	10,280,822	10,489,150
Vehicles	759,867	-
Leased vehicles	499,514	301,343
	103,777,737	96,327,224
Construction in progress	33,676,256	11,758,940
	$ 179,722,254	$ 150,167,721

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

12. ACCUMULATED SURPLUS

Accumulated surplus consists of:

	2025	2024
Invested in intangible capital assets:		
Tangible capital assets	$ 179,722,254	$ 150,167,721
Long-term liabilities	(3,150,300)	(328,130)
Obligations under capital leases	(548,073)	(575,258)
Asset retirement obligations	(277,236)	(271,025)
	175,746,645	148,993,308
Deficit	(189,599)	(3,233,874)
Unfinanced capital projects	(11,114,306)	(11,739,962)
Unfunded post-retirement benefits	(649,631)	(623,224)
Reserves (Schedule 1)	36,836,789	37,419,822
Reserve Funds (Schedule 1)	48,166	50,086
Accumulated surplus	$ 200,678,064	$ 170,866,156

13. 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, 2025. At that time, the plan reported a $1.3 billion actuarial deficit (2024 - $2.9 billion).

For the year ended December 31, 2025, the amount contributed to OMERS was $980,148 (2024 - $922,209) for current services and is included as an expense on the Consolidated Statement of Operations and Accumulated Surplus classified under the appropriate functional expenditure.

14. 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.

14. **PROVINCIAL OFFENCES ADMINISTRATION** - Cont'd.

The Town's share of net revenues arising from operation of the POA office of $(12,154) (2024 - $1,152) are recorded as government transfers revenue on the Consolidated Statement of Operations and Accumulated Surplus. 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.

15. **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 Accumulated Surplus are the costs paid to the Ontario Clean Water Agency of $1,090,940 (2024 - $1,104,551) for the sewage plant and $1,790,449 (2024 - $1,544,927) 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.

Included within the Consolidated Statement of Operations and Accumulated Surplus is payment for collection of $483,577 (2024 - $447,363) and payment for disposal of $317,800 (2024 - $340,283).

(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 2025 was $2,594,051 (2024 - $2,400,528).

(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 consideration 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, 2025 were $696,672 (2024 - $611,406).

15. **COMMITMENTS** - Cont'd.

(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, 2025 were $nil (2024 - $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 $45,000 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, 2025 is $3,425,715 (2024 - $5,523,131).

(i) The Town has entered into contractual agreements for the Treatment Plant Expansions project. The commitment on the Treatment Plant Expansions project at December 31, 2025 is $139,000,000 (2024 - $nil).

16. **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, 2025, management believes that the Town has valid defences and appropriate and adequate insurance coverage in place.

The Town is subject to various legal claims arising in the normal course of operations. While the aggregate amount of these claims is significant, their outcomes are not determinable at this time and no provision has been recorded. Any potential recoveries from third parties or insurance have not been recognized.

17. **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 Accumulated Surplus.

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 2.

17. **SEGMENTED INFORMATION** - Cont'd.

December 31, 2025	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	$ 16,897,366	$ -	$ -	$ -	$ -	$ -	$ 173,467	$ 17,070,833
User charges	245,143	295,456	130,598	7,000,582	2,198,945	1,826,382	2,663,627	14,360,733
Government transfers	242,210	(977)	895,183	4,771,890	5,111,739	445,457	1,236,583	12,702,085
Transfers from deferred revenue - obligatory reserve funds:								
Development charges	-	180,028	(444,059)	9,134,219	3,265	786,141	95,284	10,642,996
Parkland	-	-	-	-	-	51,142	-	51,142
Licenses and permits	123,915	923,792	1,200	-	-	-	8,480	1,057,387
Investment income	1,150,545	-	-	-	-	9,977	-	1,160,522
Penalties and interest on tax	345,434	-	-	-	-	-	-	345,434
Contributed tangible capital assets	-	-	4,382,497	3,462,045	-	-	-	7,844,542
Other revenue	816,870	46,853	2,566	37,949	3,805	383,829	(1,822)	1,290,050
	19,821,483	1,445,152	5,856,103	24,406,685	7,317,754	3,502,928	4,175,619	66,525,724
Expenses								
Salaries, wages and benefits	2,334,163	2,179,445	1,571,326	735,731	5,687,793	3,042,904	565,765	16,117,127
Interest on long-term liabilities	-	111,347	-	1,735	-	-	-	113,082
Materials and services	1,720,653	3,383,531	497,985	4,269,224	708,482	1,931,436	2,317,951	14,829,262
Amortization	282,413	231,778	1,805,563	1,874,493	121,099	725,178	-	5,040,524
Loss on disposal of tangible capital assets	341,394	8,830	-	22,415	-	(4,059)	245,241	613,821
Inter-functional adjustments	(1,085,821)	257,000	-	392,600	96,361	375,030	(35,170)	-
	3,592,802	6,171,931	3,874,874	7,296,198	6,613,735	6,070,489	3,093,787	36,713,816
Annual surplus (deficit)	$ 16,228,681	$ (4,726,779)	$ 1,981,229	$ 17,110,487	$ 704,019	$ (2,567,561)	$ 1,081,832	$ 29,811,908

17. SEGMENTED INFORMATION - Cont'd.

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

18. BUDGET FIGURES

The 2025 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 Accumulated Surplus. The revenues attributable to these items continue to be included in the Consolidated Statement of Operations and Accumulated Surplus, 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	$ 90,873,060	$ 66,525,724
Total expenses	(36,796,851)	31,673,292
Net revenues	54,076,209	34,852,432
Amortization	5,000,000	5,040,524
Adjusted net revenues	59,076,209	39,892,956
Capital expenses	(65,244,983)	(39,285,826)
Loss on disposal of tangible capital assets	-	613,821
Proceeds on disposal of tangible capital assets	-	1,226,575
Principal repayment of long-term debt	(462,400)	(606,871)
Decrease (increase) in post-employment	(10,400)	26,407
Increase in capital lease	-	(27,185)
Decrease in asset retirement obligations	-	(6,211)
Increase (decrease) in operating surplus	$ (6,641,574)	$ 1,833,666
Allocated as follows:		
Net change in year-end deficit	$ -	$ 3,044,275
Net transfers from reserves	(6,299,574)	(584,953)
Net increase in unfinanced capital	(342,000)	(625,656)
	$ 6,641,574	$ (1,833,666)

19. FINANCIAL RISKS AND CONCENTRATION OF RISKS

Credit risk

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The 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, 2025 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 Accumulated Surplus. Subsequent recoveries of impairment losses related to receivables are credited to the Consolidated Statement of Operations and Accumulated Surplus. The balance of the allowance for doubtful accounts at December 31, 2025 is $nil (2024 - $nil).

	Current	Past due	Gross receivable	Allowances	Net receivable
Accounts receivable	$ -	$ -	$ 3,353,100	$ -	$ 3,353,100
Taxes receivable	-	-	1,801,874	-	1,801,874
	$ -	$ -	$ 5,154,974	$ -	$ 5,154,974

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 9 and 10, respectively.

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.

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 the prior year.

THE CORPORATION OF THE TOWN OF CARLETON PLACE

SCHEDULE 1 - CONTINUITY OF RESERVES AND RESERVE FUNDS

YEAR ENDED DECEMBER 31, 2025

	2025 Budget	2025 Actual	2024 Actual
Transfers to reserves	$ -	$ 6,734,365	$ 10,298,659
Transfers from reserves	-	(7,319,318)	(7,535,536)
Reserves and reserve fund balance, change in year	-	(584,953)	2,763,123
Reserves and reserve fund balance, beginning of year	-	37,469,908	34,706,785
Reserves and reserve fund balances, end of year	$ -	$ 36,884,955	$ 37,469,908

SCHEDULE 1 - CONTINUITY OF RESERVES AND RESERVE FUNDS - Cont'd.

YEAR ENDED DECEMBER 31, 2025

	2025	2024
Reserves set aside for general purposes:		
Strategic reserve	$ 7,030,115	$ 6,218,214
Asset management reserve	3,521,900	2,511,411
Capital carryforward	799,922	407,402
Land transactions	537,696	-
	11,889,633	9,137,027
Reserves set aside for committed use:		
Water/sewer reserves	11,619,484	14,262,460
Treatment plant expansion	6,495,239	7,548,410
Childcare	2,905,705	2,479,388
Health Hub	1,304,163	1,394,163
Cost sharing reserve	372,295	372,295
Library	188,769	311,496
Recreation fundraising	108,019	108,019
BIA	113,184	96,417
	23,106,858	26,572,648
Reserves set aside for operating purposes:		
Contingency	1,608,593	1,508,593
Winter maintenance	88,000	74,231
Election	80,700	70,700
Volunteer fire	40,000	33,618
	1,817,293	1,687,142
Reserves set aside for committee purposes:		
Environmental Committee	3,000	3,000
Heritage Committee	3,000	3,000
Sister City Commerce	17,005	17,005
	23,005	23,005
Total reserves	36,836,789	37,419,822
Reserve funds:		
Findlay fund	48,166	50,086
Total reserves and reserve funds	$ 36,884,955	$ 37,469,908

THE CORPORATION OF THE TOWN OF CARLETON PLACE

SCHEDULE 2 - TANGIBLE CAPITAL ASSETS

YEAR ENDED DECEMBER 31, 2025

	Cost				Accumulated Amortization				2025	2024
	Balance, beginning of year	Additions	Disposals and transfers	Balance, end of year	Balance, beginning of year	Amortization	Accumulated Amortization Disposals and transfers	Balance, end of year	NBV	NBV
General capital:										
Land	$ 11,175,330	$ -	$ (341,395)	$ 10,833,935	$ -	$ -	$ -	$ -	$ 10,833,935	$ 11,175,330
Land improvements	10,103,591	1,098,353	(45,023)	11,156,921	2,790,866	357,901	(62,243)	3,086,524	8,070,397	7,312,725
Buildings	26,730,116	672,713	(431,931)	26,970,898	6,720,825	539,084	(197,644)	7,062,265	19,908,633	20,009,291
Machinery and equipment	3,433,948	225,870	(778,272)	2,881,546	1,170,104	69,347	58,852	1,298,303	1,583,243	2,263,844
Vehicles	1,714,319	-	770,427	2,484,746	944,652	298,979	(54,439)	1,189,192	1,295,554	769,667
Leased vehicles	632,908	99,777	-	732,685	82,208	73,978	-	156,186	576,499	550,700
	53,790,212	2,096,713	(826,194)	55,060,731	11,708,655	1,339,289	(255,474)	12,792,470	42,268,261	42,081,557
Infrastructure:										
Land improvements	327,602	-	114,184	441,786	285,897	4,095	19,851	309,843	131,943	41,705
Buildings	24,205,927	-	307,734	24,513,661	10,642,867	406,170	161,499	11,210,536	13,303,125	13,563,060
Machinery and equipment	4,953,380	44,737	(2,916,262)	2,081,855	1,202,857	13,733	(315,866)	900,724	1,181,131	3,750,523
Linear assets	126,303,781	10,654,678	1,195,608	138,154,067	58,122,338	2,728,645	(318,251)	60,532,732	77,621,335	68,181,443
Bridges and culverts	10,815,700	-	-	10,815,700	326,550	208,328	-	534,878	10,280,822	10,489,150
Vehicles	-	-	1,135,608	1,135,608	-	273,116	102,625	375,741	759,867	-
Leased vehicles	352,306	286,852	(29,033)	610,125	50,962	67,149	(7,500)	110,611	499,514	301,344
	166,958,696	10,986,267	(192,161)	177,752,802	70,631,471	3,701,236	(357,642)	73,975,065	103,777,737	96,327,225
Construction in progress	11,758,940	22,165,302	(247,986)	33,676,256	-	-	-	-	33,676,256	11,758,940
	$ 232,507,848	$ 35,248,282	$ (1,266,341)	$ 266,489,789	$ 82,340,126	$ 5,040,525	$ (613,116)	$ 86,767,535	$ 179,722,254	$ 150,167,722

THE CORPORATION OF THE TOWN OF CARLETON PLACE

SCHEDULE 3 - CHILDCARE OPERATIONS

YEAR ENDED DECEMBER 31, 2025

(Unaudited)

	Francis St Centre		Carambeck Centre		
	Ages 0-5	Ages 6-12	Ages 0-5	Ages 6-12	Total
Program staffing					
Salaries	$ 2,805,505	$ -	$ 295,036	$ 323,877	$ 3,424,418
Benefits	912,314	-	89,608	98,368	1,100,290
Total program staffing	**$ 3,717,819**	**$ -**	**$ 384,644**	**$ 422,245**	**$ 4,524,708**
Supervisors					
Salaries	230,229	-	107,812	111,096	449,137
Benefits	69,069	-	32,344	33,329	134,742
Total supervisors	**299,298**	**-**	**140,156**	**144,425**	**583,879**
Accommodations					
Amortization of tangible assets	121,099	-	-	-	121,099
Occupancy costs	4,875	-	57,257	19,743	81,875
Repairs and maintenance - buildings	79,803	-	287	99	80,189
Security	3,700	-	4,303	1,484	9,487
Total accommodations	**209,477**	**-**	**61,847**	**21,326**	**292,650**
Operations					
Advertising and promotion	1,010	-	14	16	1,040
Bad debt expense	-	-	(110)	(120)	(230)
Insurance	22,664	-	408	448	23,520
Business taxes, licences and memberships	1,628	-	417	458	2,503
Office expenses	2,326	-	415	455	3,196
Legal fees	(207)	-	-	-	(207)
Management and administration fees	361,259	-	45,936	50,426	457,621
Training expense	8,406	-	861	945	10,212
Employee benefits (enhanced support)	3,311	-	-	-	3,311
Employee salaries (enhanced support)	21,370	-	-	-	21,370
Employee benefits (non program staff i.e. cooks, janitorial, admin)	124,353	-	5,817	6,386	136,556
Employee salaries (non program staff i.e. cooks, janitorial, admin)	361,485	-	26,929	29,561	417,975
Supplies	85,755	-	12,664	13,902	112,321
Food and catering	188,416	-	28,812	31,628	248,856
Computer-related expenses	21,834	-	2,951	3,240	28,025
Utilities	95,688	-	-	-	95,688
Telephone and telecommunications	6,838	-	3,400	3,733	13,971
Total operations	**1,306,136**	**-**	**128,514**	**141,078**	**1,575,728**
Less: directly funded expenses	**(27,042)**	**-**	**(30,115)**	**(15,098)**	**(72,255)**
Total expenditures	**$ 5,505,688**	**$ -**	**$ 685,046**	**$ 713,976**	**$ 6,904,710**