Consolidated Financial Statements of

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Year ended December 31, 2025

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Index to Consolidated Financial Statements

Year ended December 31, 2025

Trust Funds:

Management's Responsibility for the Consolidated Financial Statements

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

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

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

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

Adam Goheen
Chief Administrative Officer

Arryn McNichol
Director of Finance

KPMG LLP
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INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the County of Prince Edward

Opinion

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

- the consolidated statement of financial position as at December 31, 2025
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of change in net debt 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 "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements, present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2025, and its consolidated results of operations 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 Consolidated 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 consolidated 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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.

KPMG

- 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group entity to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

August 26, 2026

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Consolidated Statement of Financial Position

December 31, 2025, with comparative information for 2024

	2025	2024
Financial assets:		
Cash	$ 54,928,339	$ 64,553,476
Taxes receivable	7,436,492	9,059,160
Trade and other receivables (note 5)	7,157,846	6,971,411
Long-term investments	55,763	55,763
	69,578,440	80,639,810
Financial liabilities:		
Temporary borrowing (note 4)	40,725,064	40,725,064
Accounts payable and accrued liabilities	26,430,180	24,087,893
Prepaid property taxes (note 6)	3,111,021	2,807,351
Employee future benefit liabilities (note 15)	555,760	516,483
Asset retirement obligations (note 7)	3,482,869	3,379,273
Deferred revenue	10,360,053	1,313,618
Deferred obligatory reserve funds (note 8)	35,219,238	30,161,349
Long-term debt (note 9)	30,445,477	32,569,049
	150,329,662	135,560,080
Net debt	(80,751,222)	(54,920,270)
Non-financial assets:		
Tangible capital assets (note 10)	324,343,174	288,496,170
Inventory (note 11)	3,030,779	3,087,596
Prepaid expenses and deposits	172,586	58,399
	327,546,539	291,642,165
Contingent liabilities (note 16)		
Commitments (note 19)		
Accumulated surplus (note 12)	$ 246,795,317	$ 236,721,895

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

Approved by Council:

____________________ Steve Ferguson, Mayor

Catalina Blumenberg ____________________ Catalina Blumenberg, Interim Director of Corporate/Legislative Services & Municipal Clerk

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2025, with comparative information for 2024

	2025 Budget (note 21)	2025 Actual	2024 Actual
Revenue:			
Net taxes available for municipal purposes	$ 58,227,571	$ 56,253,182	$ 53,992,285
User fees and sale of goods and services	19,626,458	23,053,228	20,388,963
Government grants	14,083,928	13,785,315	13,823,371
Investment income	742,000	1,120,308	1,811,213
Fines and penalties	1,458,000	1,550,738	1,735,651
Donations	93,500	97,152	392,643
Total revenue	94,231,457	95,859,923	92,144,126
Expenses (notes 18 and 22):			
General government	9,493,138	11,467,733	12,281,157
Protection services	12,646,111	12,827,585	11,730,586
Transportation services	21,040,480	27,645,656	22,935,289
Environmental services	15,086,195	14,532,621	16,055,555
Health services	5,509,362	5,363,790	5,252,354
Social and family services	11,006,263	13,193,001	11,632,646
Social housing	2,786,957	2,071,573	2,137,455
Recreation and cultural services	11,960,962	10,429,279	9,737,104
Planning and development	3,925,775	4,511,255	4,369,604
Total expenses	93,455,243	102,042,493	96,131,750
Annual surplus (deficit) before capital items	776,214	(6,182,570)	(3,987,624)
Other income (expense) related to capital:			
Government transfers:			
Federal capital grants	–	100,000	61,500
Provincial capital grants	47,078,025	13,764,692	90,440
Contributions from others	650,000	2,544,602	23,789
Revenue from deferred obligatory reserve funds	3,270,400	1,464,337	3,707,769
Loss on disposal of tangible capital assets	–	(1,617,639)	(265,965)
	50,998,425	16,255,992	3,617,533
Annual surplus (deficit)	51,774,639	10,073,422	(370,091)
Accumulated surplus, beginning of year,	236,721,895	236,721,895	237,091,986
Accumulated surplus, end of year	$ 288,496,534	$ 246,795,317	$ 236,721,895

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

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Consolidated Statement of Change in Net Debt

Year ended December 31, 2025, with comparative information for 2024

	2025 Budget (note 21)	2025 Actual	2024 Actual
Annual surplus (deficit)	$ 51,774,639	$ 10,073,422	$ (370,091)
Amortization of tangible capital assets	12,807,310	12,905,857	11,642,135
Acquisition of tangible capital assets	(60,126,990)	(50,370,500)	(28,429,578)
Loss on disposal of tangible capital assets	–	1,617,639	265,965
Change in inventory	–	56,817	310,374
Change in prepaid expenses and deposits	–	(114,187)	62,882
	(47,319,680)	(35,904,374)	(16,148,222)
Increase in net debt	4,454,959	(25,830,952)	(16,518,313)
Net debt, beginning of year	(54,920,270)	(54,920,270)	(38,401,957)
Net debt, end of year	$ (50,465,311)	$ (80,751,222)	$(54,920,270)

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

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Consolidated Statement of Cash Flows

Year ended December 31, 2025, with comparative information for 2024

	2025	2024
Operating activities:		
Annual surplus (deficit)	$ 10,073,422	$ (370,091)
Items not involving cash:		
Amortization of tangible capital assets	12,905,857	11,642,135
Loss on disposal of tangible capital assets	1,617,639	265,965
Change in asset retirement obligations	103,596	(160,372)
Change in employee future benefit liabilities	39,277	(13,456)
Change in non-cash assets and liabilities:		
Taxes receivable	1,622,668	(3,012,203)
Trade and other receivables	(186,435)	1,730,058
Prepaid expenses and deposits	(114,187)	62,882
Inventory	56,817	310,374
Accounts payable and accrued liabilities	2,342,287	2,535,250
Prepaid property taxes	303,670	78,053
Deferred revenue	9,046,435	224,059
Deferred obligatory reserve funds	5,057,889	14,970,729
Net change in cash from operating activities	42,868,935	28,263,383
Capital activities:		
Acquisition of tangible capital assets	(50,370,500)	(28,429,578)
Financing activities:		
Proceeds from temporary borrowing	–	10,834,000
Repayment of long-term debt	(2,123,572)	(2,100,510)
Proceeds from long-term debt	–	1,079,310
Net change in cash from financing activities	(2,123,572)	9,812,800
Increase (decrease) in cash	(9,625,137)	9,646,605
Cash, beginning of year	64,553,476	54,906,871
Cash, end of year	$ 54,928,339	$ 64,553,476

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

The Corporation of the County of Prince Edward is a municipality in the Province of Ontario, Canada and operates under the provisions of the Ontario Municipal Act.

1. Significant accounting policies:

The consolidated financial statements of The Corporation of the County of Prince Edward (the "County") are prepared by management in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the County are as follows:

(a) Basis of consolidation:

(i) Consolidated entities:

These consolidated statements reflect the assets, liabilities, revenue and expenses of the County and include the activities of all committees of Council which are owned or controlled by the County.

Interdepartmental and inter-organizational transactions and balances between these organizations have been eliminated.

These consolidated financial statements include:

The County of Prince Edward Public Library Board

Picton Business Improvement Area Board of Management

The Prince Edward County Cultivation Corporation

The Prince Edward County Affordable Housing Corporation

Proportionate consolidation:

Centre and South Hastings Waste Services Board is accounted for using the proportionate consolidation method of accounting and reporting, whereby the County's pro-rata share of each of the assets, liabilities, revenue and expenses is combined on a line-by-line basis in the consolidated financial statements. The Board was dissolved effective December 31, 2025. Accordingly, proportionate consolidation of the County's pro-rata share of assets, liabilities, revenues, and expenses ceased at December 31, 2025 and the individual assets and liabilities previously recorded in the County's consolidated financial statements were derecognized.

1. Significant accounting policies (continued):

(a) Basis of consolidation (continued):

(ii) Trust funds and their related operations administered by the County are not consolidated, but are reported separately on the "Trust Funds Statements of Financial Position and Financial Activities".

(iii) Non-consolidated entities:

The following local boards are not consolidated:

South East Health Unit

Visit the County

(iv) Accounting for school board transactions:

Taxation and other revenue, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in these consolidated financial statements. Taxation collected on behalf of the school boards and transferred to the school boards during the year is reported in note 13 to these consolidated financial statements.

(b) Basis of accounting:

Revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenue in the year it is earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(c) Revenue recognition:

Government transfers are recognized as revenue when the transfer is authorized, any eligible criteria has been met and the amount can be reasonably estimated. User charges, generally consisting of user fees, 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 County 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.

1. Significant accounting policies (continued):

(d) Deferred obligatory reserve funds:

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

(e) Investments:

Investments are recorded at cost plus accrued interest and amortization of purchase premiums and discounts. If the market value of investments becomes lower than cost and this decline in value is considered to be other than temporary, the investments are written down to market value.

Investment income earned on available general funds, reserve funds (other than obligatory funds) are reported as revenue in the period earned.

(f) Government transfers:

Government transfers are recognized as revenue or expenditures in the year that the events giving rise to the transfer occurred, provided the transfer is authorized, eligibility criteria, if any, have been met by the recipient, and a reasonable estimate of the amount can be made.

(g) Taxation and related revenues:

Property tax billings are prepared by the County based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established annually by County Council incorporating amounts to be raised for local services and amounts the County is required to collect on behalf of the school boards.

Property tax revenue is recognized on the accrual basis using the approved tax rates and the anticipated assessment related to the current year.

(h) Employee future benefits:

The County provides post-employment benefits to its employees as well as benefits to employees on long-term disability leave. The cost of post-employment 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. Actuarial gains (losses), which can arise from changes in actuarial assumptions used to determine the accrued benefit obligation, are amortized over the average remaining service life of the related employee groups.

1. Significant accounting policies (continued):

(i) 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.

(i) Tangible capital assets:

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

Asset	Useful Life - Years
Land improvements	20 to 40
Buildings	20 to 50
Leasehold improvements	10
Vehicles	5 to 20
Computer hardware and software	5 to 10
Equipment	5 to 30
Plant and facilities	20 to 50
Roads	5 to 50
Underground and other networks	15 to 80
Bridges and other structures	40 to 75

Annual amortization is charged in the first year after acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use, at which time the costs are transferred to the appropriate asset category.

(ii) Contributions of tangible capital assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of the assets as of the date of transfer.

(iii) Works of art:

Assets that have a historical or cultural significance, which include works of art, monuments and other cultural artifacts, are not recognized as tangible capital assets because a reasonable estimate of future benefits associated with this property cannot be made.

1. Significant accounting policies (continued):

(i) Non-financial assets (continued):

(iv) Impairment:

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

(j) Inventory:

Inventory held for consumption is recorded at the lower of cost and replacement cost.

(k) Asset retirement obligations:

The County 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.

The liability for closure of operational sites and post-closure care relating to landfill sites has been recognized based on estimated future expenses. An additional liability for the removal of asbestos in several of the buildings owned by the County and the removal of underground fuel storage tanks has also been recognized based on estimated future expenses. 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 Statement of Operations and Accumulated Surplus at the time of remediation.

1. Significant accounting policies (continued):

(l) Financial instruments:

Financial instruments are recorded at fair value on initial recognition, and reported on the 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 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 Statement of Operations and any unrealized gain is adjusted through the Statement of Remeasurement Gains and Losses. On sale, the statement of remeasurement gains and losses associated with that instrument are reversed and recognized in the Statement of Operations and Accumulated Surplus.

(m) Statement of remeasurement gains and losses:

A 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.

(n) Use of estimates:

The preparation of 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 financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

2. Contributions to consolidated joint boards:

Further to note 1(a)(i), the County paid $681,886 (2024 - $1,094,272) to Centre & South Hastings Waste Services Board for recycling services.

3. Bank indebtedness:

The County has an operating line of credit of $5 million at an interest rate of prime less 0.25%. As at December 31, 2025 $Nil was drawn (2024 - $Nil).

4. Temporary borrowing:

The County has arranged bridge funding for a number of capital projects through the Ontario Infrastructure and Lands Corporation (OILC). This loan has a borrowing capacity of $44,798,215, bears interest at the lender's prime rate and is due on demand until such time that the related capital projects are completed and the loan is converted into a fixed term debenture. As at December 31, 2025, $40,725,064 (2024 - $40,725,064) was outstanding.

5. Trade and other receivables:

	2025	2024
Accounts receivable	$ 5,169,816	$ 5,163,077
HST receivable	1,988,030	1,808,334
Balance, end of year	$ 7,157,846	$ 6,971,411

6. Prepaid property taxes:

As a service to landowners, the County offers a monthly payment plan for property tax billings. The plan is set up such that the annual bill is paid by the end of September. As the billings are spread over the full twelve-month period, this leads to a prepayment of the subsequent year tax billings that is credited to the land-owner account. These amounts reverse to net taxation revenue annually.

7. Asset retirement obligations:

The County's asset retirement obligations consist of the following:

(a) Landfill obligation:

The County owns and operates five active landfill sites, two transfer stations and two closed sites. The liability for the closure of operational sites and post-closure care has been recognized under PS 3280 *Asset Retirement Obligations*. The costs were based upon the presently known obligations that will exist at the estimated year of closure of the sites and for 20 years post this date. The landfills had an estimated useful life of 80 - 180 years when they were purchased, of which 30 – 130 years remain. Post-closure care is estimated to be required for 20 years from the date of site closure. These costs were discounted to December 31, 2025 using a discount rate of 5% per annum.

7. Asset retirement obligations (continued):

(b) Asbestos obligation:

The County 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. The Entity recognized an obligation relating to the removal and post-removal care of the asbestos in these building. The buildings had an estimated useful life of 40 years when they were purchased in 1923 to 1993. Post-closure care is estimated to extend for up to a year post the closure of the building, while demolition and construction continues. Estimated costs have not been discounted as the date of demolition is unknown.

(c) Underground fuel storage tank removal obligation:

The County has one underground fuel storage tank, which represents a legal obligation for the decommissioning of the underground fuel storage tank in accordance with the *Technical Standards and Safety Act*. The Entity recognized an obligation relating to the removal and decommissioning costs. The underground fuel storage tanks had an estimated useful life of 40 years when it was purchased in 2015. Estimated costs have not been discounted as the date of decommissioning is unknown.

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

	2025	2024
Balance, beginning of year	$ 3,379,273	$ 3,539,645
Change in estimate:		
Landfill closure and post closure obligation	3,441	(259,552)
Settlement of asbestos obligation	–	(24,000)
	3,441	3,256,093
Accretion expense	100,155	123,180
Balance, end of year	$ 3,482,869	$ 3,379,273

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

7. Asset retirement obligations (continued):

(d) (continued)

		2025		2024
Landfill closure and post closure obligation	$	2,343,544	$	2,241,335
Asbestos - buildings		1,074,325		1,072,938
Underground fuel storage tank removal		65,000		65,000
	$	3,482,869	$	3,379,273

8. Deferred obligatory reserve funds:

The balance of deferred obligatory reserve funds consists of the following:

		Balance December 31, 2024		Additions		Transferred to income		Balance December 31, 2025
Externally restricted:								
Parkland	$	891,191	$	80,085	$	(91,802)	$	879,474
Parking		113,207		4,424		–		117,631
Development charges		21,327,717		2,813,800		(457,115)		23,684,402
Gasoline tax - Federal		5,812,389		1,907,386		(361,597)		7,358,178
Building services		622,463		47,257		(393,590)		276,130
Water/sewer operations		359,285		12,050		–		371,335
OCIF		1,035,097		1,691,003		(194,012)		2,532,088
Total	$	30,161,349	$	6,556,005	$	(1,498,116)	$	35,219,238

9. Long-term debt:

The balance of long-term debt consists of the following:

	2025	2024
Federation of Canadian Municipalities loan bears interest at 2.0%, payable in semi-annual payments of $304,543 with maturity date of November 15, 2032	$ 3,960,326	$ 4,482,416
Infrastructure Ontario loan bears interest at 4.22%, payable in semi-annual payments of $286,938 with maturity date of October 1, 2033	3,862,221	4,260,461
Infrastructure Ontario loan bears interest at 3.52%, payable in semi-annual payments of $129,822 with maturity date of September 1, 2047	3,952,971	4,070,363
Infrastructure Ontario loan bears interest at 3.51%, payable in semi-annual payments of $242,335 with maturity date of July 3, 2032	2,984,988	3,355,113
Infrastructure Ontario loan bears interest at 3.55%, payable in semi-annual payments of $85,742 with maturity date of March 1, 2049	2,717,713	2,790,768
Infrastructure Ontario loan bears interest at 3.52%, payable in semi-annual payments of $82,569 with maturity date of September 1, 2047	2,514,158	2,588,821
Infrastructure Ontario loan bears interest at 5.32%, payable in semi-annual payments of $78,809 with maturity date of October 21, 2049	2,122,440	2,165,421
Infrastructure Ontario loan bears interest at 2.21%, payable in semi-annual payments of $60,119 with maturity date of December 15, 2045	1,935,184	2,011,389
Infrastructure Ontario loan bears interest at 3.52%, payable in semi-annual payments of $44,750 with maturity date of September 1, 2047	1,362,582	1,403,047
Infrastructure Ontario loan bears interest at 3.52%, payable in semi-annual payments of $44,318 with maturity date of September 1, 2047	1,349,429	1,389,503
Balance forward	26,762,012	28,517,302

9. Long-term debt (continued):

	2025	2024
Balance carried forward	$ 26,762,012	$ 28,517,302
Infrastructure Ontario loan bears interest at 1.80%, payable in semi-annual payments of $64,444 with maturity date of December 15, 2035	1,174,716	1,281,022
Infrastructure Ontario loan bears interest at 3.51%, payable in semi-annual payments of $87,508 with maturity date of July 3, 2032	1,077,897	1,211,552
Infrastructure Ontario loan bears interest at 4.5%, payable in semi-annual payments of $49,863 with maturity date of April 2, 2039	1,000,833	1,053,731
Infrastructure Ontario loan bears interest at 1.46%, payable in semi-annual payments of $41,001 with maturity date of December 15, 2030	394,019	469,442
Canada Mortgage and Housing	36,000	36,000
	$ 30,445,477	$ 32,569,049

Interest included in expenses in the Consolidated Statement of Operations relating to long-term debt totals $2,422,167 (2024 - $2,705,696).

Principal payments are estimated to be as follows:

2026	$ 2,226,595
2027	2,259,978
2028	2,331,746
2029	2,406,091
2030 and thereafter	21,221,067
	$ 30,445,477

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

10. Tangible capital assets:

Cost	Balance at December 31, 2024	Additions	Disposals/ adjustments	Balance at December 31, 2025
General:				
Land	$ 9,583,125	$ –	$ –	$ 9,583,125
Land improvements	16,928,806	155,015	(37,942)	17,045,879
Building and leasehold improvements	45,699,103	205,902	–	45,905,005
Vehicles	20,337,472	2,690,199	(1,160,740)	21,866,931
Computer hardware and software	3,400,176	298,730	(74,317)	3,624,589
Equipment	12,909,938	1,181,912	(151,931)	13,939,919
Infrastructure:				
Plants and facilities	68,724,103	6,355,939	(31,210)	75,048,832
Roads	220,477,127	8,808,081	(1,127,201)	228,158,007
Underground and other networks	65,797,736	6,934,201	(1,551,882)	71,180,055
Bridges and other structures	16,067,890	–	–	16,067,890
Assets under construction	35,817,258	44,231,887	(20,491,366)	59,557,779
Total	$ 515,742,734	$ 70,861,866	$ (24,626,589)	$ 561,978,011

Accumulated amortization	Balance at December 31, 2024	Amortization expense	Disposals/ adjustments	Balance at December 31, 2025
General:				
Land improvements	$ 8,539,578	$ 442,085	$ (37,942)	$ 8,943,721
Building and leasehold improvements	19,302,359	1,206,375	–	20,508,734
Vehicles	10,615,727	1,045,162	(969,365)	10,691,524
Computer hardware and software	1,989,456	352,097	(74,317)	2,267,236
Equipment	6,573,032	781,174	(147,396)	7,206,810
Infrastructure:				
Plants and facilities	29,756,940	1,704,431	(31,209)	31,430,162
Roads	129,662,907	6,256,793	(1,104,616)	134,815,084
Underground and other networks	16,971,497	849,791	(152,739)	17,668,549
Bridges and other structures	3,835,068	267,949	–	4,103,017
Total	$ 227,246,564	$ 12,905,857	$ (2,517,584)	$ 237,634,837

10. Tangible capital assets (continued):

	Net book value December 31, 2024	Net book value December 31, 2025
General:		
Land	$ 9,583,125	$ 9,583,125
Land improvements	8,389,228	8,102,158
Building and leasehold improvements	26,396,744	25,396,271
Vehicles	9,721,745	11,175,407
Computer hardware and software	1,410,720	1,357,353
Equipment	6,336,906	6,733,109
Infrastructure:		
Plants and facilities	38,967,163	43,618,670
Roads	90,814,220	93,342,923
Underground and other networks	48,826,239	53,511,506
Bridges and other structures	12,232,822	11,964,873
Assets under construction	35,817,258	59,557,779
Total	$ 288,496,170	$ 324,343,174

(a) Work-in-progress:

Assets under construction having a value of $59,557,779 (2024 - $35,817,258) have not been amortized. Amortization of these assets will commence when the asset is put into service.

(b) Works of art and historical treasures:

The County manages and controls various works of art and non-operational historical cultural assets including buildings, artifacts, paintings and sculptures located at County sites and public display areas, these assets are deemed worth of preservation because of the social rather than financial benefits they provide to the community.

11. Inventory:

The inventory is comprised of the following:

	2025	2024
Inventory for resale	$ 21,768	$ 19,578
Inventory for own consumption	841,435	940,047
Gravel and sand supplies	2,167,576	2,127,971
Balance, end of year	$ 3,030,779	$ 3,087,596

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2025

12. Accumulated surplus:

	2025	2024
Equity in tangible capital assets	$ 324,343,174	$ 288,496,170
Less: related debt	(30,445,477)	(32,569,049)
Less: unfinanced capital projects	(44,762,978)	(15,581,424)
Less: temporary borrowing	(40,725,064)	(40,725,064)
	208,409,655	199,620,633
Reserves set aside for specific purpose by Council:		
Acquisition of capital assets	5,218,461	4,493,231
Solid waste landfill and post-closure	1,811,197	1,270,479
Roads construction	12,247,063	12,827,123
Recreation programs and facilities	472,030	363,103
Working capital	184,970	604,670
Contingencies	5,334,565	4,587,444
Protection services	422,901	399,736
Water and sewer systems	6,762	6,762
Planning and development	1,176,857	1,084,995
Business Improvement Area	12,652	12,652
Social services	56,371	56,371
Pits and quarries	98,529	98,259
Cemetery maintenance	3,000	3,000
Total reserves	27,045,358	25,807,825
Reserve funds set aside for specific purpose by Council:		
Acquisition of capital assets	200,186	101,412
Roads construction	–	1,623
Recreation programs and facilities	60,209	65,210
Water and sewer systems	17,116,981	14,865,476
Cemetery maintenance	266,792	250,300
Parking	326,505	174,447
Lot levies	4,996	4,834
Total reserve funds	17,975,669	15,463,302
Total reserves and reserve funds	45,021,027	41,271,127
Amounts to be recovered:		
Asset retirement obligations	(3,482,869)	(3,379,273)
Employee future benefits	(555,760)	(516,483)
Unrestricted surplus (deficiency):		
The County of Prince Edward	(2,930,775)	(946,781)
The County of Prince Edward Public Library Board	418,388	449,141
The Prince Edward County Affordable Housing Corporation	(84,349)	(47,503)
Centre & South Hastings Waste Services Board	–	271,034
	$ 246,795,317	$ 236,721,895

13. Operations of school boards:

During 2025, requisitions were made by the school boards requesting the County to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are summarized below:

	2025	2024
Amounts requisitioned	$ 9,159,482	$ 8,955,954

14. Pension agreements:

The County makes contributions to the Ontario Municipal Employees Retirement System Pension Fund (OMERS) which is a multiemployer plan, on behalf of the members of its staff. As a result, the County does not recognize any share of the OMERS' pension surplus or deficit. The last available report of the OMERS plan at December 31, 2025. At that time, the plan reported $1.3 billion actuarial deficit (2024 - $2.9 billion). The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The amounts contributed to OMERS for current service in 2025 was $2,428,190 (2024 - $2,075,883) for current service and are included as an expense on the Consolidated Statement of Operations and Accumulated Surplus.

15. Employee future benefit liabilities:

The County provides extended health care, dental and other benefits to its employees while in early retirement. An independent actuarial study of the post-retirement and post-employment benefits was undertaken in December 2024.

Actuarial gains and losses are amortized on a straight-line basis over the expected average remaining service life of the related employees, which is estimated to be 12 years.

At December 31, 2025, the County's accrued benefit liability relating to post-employment benefits plans is $555,760 (2024 - $516,483).

15. Employee future benefit liabilities (continued):

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

	2025
Discount rate	4.75% per annum
Inflation rate	1.75% per annum
Salary escalation	2.75% per annum
Dental benefits escalation	3.75% per annum
Health benefits escalation	4.76% in 2025 reducing by 0.33% per year to 3.75% in 2029

Information with respect to the County's post-employment benefit obligations is as follows:

	2025	2024
Accrued benefit liability, January 1	$ 516,483	$ 529,939
Increase due to plan amendment	38,180	–
Service cost	27,194	25,452
Benefits paid for the period	(50,086)	(63,184)
Interest cost	23,989	24,276
Accrued benefit liability, December 31	$ 555,760	$ 516,483

The accrued benefit obligations at December 31 includes the following components

	2025	2024
Accrued benefit obligations	$ 555,760	$ 516,483
Unamortized actuarial loss	–	–
Accrued benefit liability, December 31	$ 555,760	$ 516,483

16. Contingent liabilities:

(a) As at December 31, 2025, certain legal actions are pending against the County. An estimate of the contingency cannot be made since the outcome of these matters cannot be determined at this time. The County carries liability insurance. Any settlement in excess of amounts which have been recorded in the accounts and insurance coverage will be accounted for as a current transaction in the year of settlement.

(b) The County has seven open gravel pit sites which will be reclaimed in the future. The estimated future costs of reclamation have not been accrued in these consolidated financial statements as an estimate cannot be reasonably determined at this time.

(c) The County has entered into property development agreements which require the developers to contribute various infrastructure assets to the Corporation, including roads and underground networks. The timing and extent of these future contributions vary depending on development activity and fair value of the assets at time of contribution which cannot be determined with certainty at this time.

17. Trust funds:

Trust funds administered by the County amounting to $2,471,682 (2024 - $2,551,932) have not been included in the Consolidated Statement of Financial Position nor have their operations been included on the Consolidated Statement of Operations and Accumulated Surplus. Such balances are held in trust by the County for the benefit of others and are therefore not presented as part of the County's consolidated financial statements.

18. Supplementary information:

	2025 Budget	2025 Actual	2024 Actual
Salaries, wages and employee benefits	$ 35,997,227	$ 39,441,747	$ 34,734,661
Interest on long-term debt	4,617,850	2,422,167	2,705,696
Materials and supplies	15,948,161	17,574,197	20,576,560
Contracted services and general services	16,634,323	23,145,701	20,079,154
Rents and financial services	856,900	1,196,035	1,030,643
External transfers	6,593,472	5,356,789	5,362,901
Amortization of tangible capital assets	12,807,310	12,905,857	11,642,135
	$ 93,455,243	$ 102,042,493	$ 96,131,750

19. Commitments:

The County has contracts committing it to payments in future years. The following agreements existed at December 31, 2025:

(a) At December 31, 2025, the County has outstanding capital project contractual commitments of approximately $56,786,062.

(b) An agreement with the Corporation of the County of Hastings for the provision of land ambulance services. Costs will be charged on the basis of services used. Budgeted costs for 2025 were $4,266,325.

(c) An agreement with the Province of Ontario for policing services. Costs will be charged on the basis of services used. Budgeted costs for 2025 were $4,544,054.

(d) An agreement with Environmental 360 Solutions for the collection and disposal of household waste and organics. Budgeted costs for 2025 were $2,003,734.

20. Provincial offences administration:

The Provincial Offences Act 1997 (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 License Act, Municipal bylaws and minor federal offences. The POA governs all aspects of the legal process from serving notice to a defendant to conducting trials, including sentencing and appeals.

Balances arising from the operation of the POA office have been consolidated with these financial statements. The revenue of the court office consists of fines levied under Parts I and III (including delay penalties) for POA charges filed in the Picton Court. Offenders may pay their fines at any court office in Ontario, at which time their 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. Total revenue and expenditures recorded as of December 31, 2025 are as follows:

	2025	2024
Gross revenue received	$ 306,938	$ 595,974
Gross expenditures	362,794	390,144
Net revenue (expenditures)	$ (55,856)	$ 205,830

21. Budget figures:

The budget data presented in these consolidated financial statements is based upon the 2025 operating and capital budgets approved by Council. In accordance with Ontario Regulation 284/09, the budget approved by Council excluded amortization expense. Estimates for certain revenue and expenses that were not included as part of the approved operating budgets have been included in the 2025 budget figures reported on the Consolidated Statement of Operations and Accumulated Surplus, including an estimate for amortization expense. The reconciliation of the approved budget to the budget figures reported in these consolidated financial statements is detailed below:

	2025 Budget
Reported on consolidated statement of operations:	
Operating revenue	$ 81,331,950
Add:	
Water and Wastewater Services	12,053,830
Library Board	1,981,813
Less:	
Reserve fund transfers and other budget adjustments	(1,136,136)
Total adjusted budget for revenue	94,231,457
Operating expenses	81,031,527
Add:	
Water and Wastewater Services	12,053,830
Library Board	1,864,813
Estimate for amortization	12,807,310
Less:	
Principal repayments of debt	(2,123,572)
Reserve fund transfers and other budget adjustments	(12,178,665)
Total adjusted budget for expenses	93,455,243
Net budgeted revenue per statement of operations	$ 776,214
Capital grant and other revenue	$ 50,998,425
Capital transfer from reserves	9,128,565
Capital funded through long-term debt	–
Capital expenditures	$ 60,126,990

22. Segmented information:

The County provides a wide range of services to its residents. Segmented information has been identified based upon lines of service provided by the County. Services are delivered directly by departments of the County, by boards and agencies or by contract through other organizations. The lines of service that have been separately disclosed along with the department or body responsible for providing the service are as follows:

(a) General Government:

The General Government Services segment is comprised of the following service areas: Council and Mayor's Office, Administration/CAO's Office, Clerk's Office, Finance Department, Purchasing Department, Information Technology and Human Resources.

(b) Protection services:

The Protection Services segment is comprised of the following service areas: Police Services, Source Water Protection, Fire Protection and Rescue, Building Services, By-law Enforcement and Canine Control, Provincial Offences Administration and Quinte Conservation Authority. Policing is provided by contract with the Ontario Provincial Police.

(c) Transportation services:

The Transportation Services segment is comprised of the following service areas: Roads & Bridges including road and roadside maintenance, storm water maintenance, winter control, street lights and traffic signals, project planning, engineering and management, development planning and servicing, and parking.

(d) Environmental services:

The Environmental Services segment is comprised of Water treatment and distribution, Wastewater collection and treatment and Waste Management Services. Most waste management services are provided under contract.

(e) Health services:

The Health Services segment is comprised of Ambulance Services, Public Health Services provided by the Hastings and Prince Edward Health Unit and Cemetery Maintenance. Ambulance service is provided under contract with the Corporation of the County of Hastings.

(f) Social and family services:

Social and Family Services segment is comprised of Children's Services and Ontario Works provided by Prince Edward Lennox and Addington Social Services and Assistance to Aged Persons - H. J. McFarland Memorial Home.

22. Segmented information (continued):

(g) Social housing:

Social Housing services are provided by Prince Edward Lennox and Addington Social Services.

(h) Recreation and cultural services:

The Recreation and Cultural Services segment is comprised of the following service areas: Parks, Trails and Sports fields, Community Centres and Arenas, Harbours, Marinas and Boat Launches, Libraries and Archives, Community Halls/Theatre, Museums, and Recreational and Cultural Activities.

(i) Planning and development:

The Planning and Development Services segment is comprised of the following service areas: Planning and Zoning and Community Development.

The segmented information is provided in accordance with the financial reporting guidelines established by the Public Sector Accounting Board of Canada. Certain allocation methodologies are employed in the preparation of segmented financial information.

User charges and other revenue have been allocated to the segments based upon the segment that generated the revenue. Government transfers have been allocated to the segment based upon the purpose for which the transfer was made.

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD
Schedule of Segment Disclosure

Year ended December 31, 2025

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD
Schedule of Segment Disclosure
Year Ended December 31, 2025

2025	General Government	Protection Services	Transportation Services	Environmental Services	Heath Services	Social and family services	Social Housing	Recreation and Cultural Services	Planning and Development Services	2025 Total
Revenues:										
User charges	$ 2,709,038	$ 1,579,324	$ 915,062	$ 14,161,048	$ 46,047	$ 2,309,830	$ 49,762	$ 899,003	$ 384,114	$ 23,053,228
Government grants	4,053,138	54,452	13,593,837	554,692	2,249,408	6,587,491	226,280	208,883	121,826	27,650,007
Investment income	1,073,334	-	-	-	-	-	11,477	35,497	-	1,120,308
Fines and penalities	957,320	349,612	169,254	74,552	-	-	-	-	-	1,550,738
Donations	-	-	-	-	-	1,172	-	95,980	-	97,152
Additional revenues - obligatory	601,568	-	1,852,765	985,886	-	-	-	429,484	(2,405,366)	1,464,337
	9,394,398	1,983,388	16,530,918	15,776,178	2,295,455	8,898,493	287,519	1,668,847	(1,899,426)	54,935,770
Expenses:										
Salaries, wages and employee benefits	6,263,932	4,937,381	8,245,543	3,461,766	-	8,368,424	412,293	5,243,878	2,508,530	39,441,747
Interest on long-term debt	43,984	107,199	189,320	2,011,660	30,967	-	-	39,037	-	2,422,167
Materials	4,184,795	1,578,133	3,372,906	3,635,973	35,648	1,497,428	86,977	2,255,374	926,963	17,574,197
Contracted and general services	614,908	4,661,485	7,942,206	2,143,662	4,253,351	2,386,661	23,891	766,751	352,786	23,145,701
Rents and financial expenses	311,321	86,882	576,531	44,504	-	2,381	72,512	20,810	81,094	1,196,035
External transfers	-	805,599	-	-	680,298	788,300	1,475,900	978,963	627,729	5,356,789
Inter-functional adjustments	(414,300)	(3,500)	(109,510)	303,010	230,000	-	-	(5,700)	-	-
Amortization	463,093	654,406	7,428,660	2,932,046	133,526	149,807	-	1,130,166	14,153	12,905,857
	11,467,733	12,827,585	27,645,656	14,532,621	5,363,790	13,193,001	2,071,573	10,429,279	4,511,255	102,042,493
Excess of revenue over expenses (expenses over revenue) before the undernoted	(2,073,335)	(10,844,197)	(11,114,738)	1,243,557	(3,068,335)	(4,294,508)	(1,784,054)	(8,760,432)	(6,410,681)	(47,106,723)
Property taxation										(56,253,182)
Other capital										(2,544,602)
Net loss on disposal of tangible capital assets										1,617,639
Annual surplus										**$ 10,073,422**

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Schedule of Segment Disclosure (continued)

Year ended December 31, 2025

2024	General Government	Protection Services	Transportation Services	Environmental Services	Heath Services	Social and family services	Social Housing	Recreation and Cultural Services	Planning and Development Services	2024 Total
Revenues:										
User charges	$ 1,582,144	$ 1,632,462	$ 1,038,730	$ 12,743,725	$ 79,153	$ 2,117,262	$ 37,031	$ 659,302	$ 499,154	$ 20,388,963
Government grants	3,550,635	76,779	417,616	647,885	1,707,394	6,976,578	244,445	269,470	84,509	13,975,311
Investment income	1,743,461	-	-	-	-	-	19,366	48,386	-	1,811,213
Fines and penalities	831,456	631,011	180,285	92,900	-	-	-	-	-	1,735,652
Donations	-	1,255	-	-	-	1,096	150	390,142	-	392,643
Additional revenues - obligatory	601,568	-	1,852,765	985,886	-	-	-	267,549	-	3,707,768
	8,309,264	2,341,507	3,489,396	14,470,396	1,786,547	9,094,936	300,992	1,634,849	583,663	42,011,550
Expenses:										
Salaries, wages and employee benefits	5,354,557	4,202,859	6,997,138	3,252,877	-	7,173,073	507,227	4,596,398	2,650,532	34,734,661
Interest on long-term debt	45,642	110,298	185,640	2,288,438	31,862	-	-	43,816	-	2,705,696
Materials	6,033,758	1,553,625	5,199,805	3,492,901	36,106	1,246,341	144,328	2,200,241	669,454	20,576,559
Contracted and general services	596,930	4,552,498	3,456,398	4,063,135	4,137,696	2,292,849	10,701	790,231	178,717	20,079,155
Rents and financial expenses	334,657	67,962	439,777	32,238	-	2,187	53,299	18,917	81,606	1,030,643
External transfers	-	676,231	-	-	645,992	765,700	1,421,900	1,078,055	775,023	5,362,901
Inter-functional adjustments	(414,300)	(3,500)	(109,510)	303,010	230,000	-	-	(5,700)	-	-
Amortization	329,913	570,613	6,766,041	2,622,956	170,698	152,496	-	1,015,146	14,272	11,642,135
	12,281,157	11,730,586	22,935,289	16,055,555	5,252,354	11,632,646	2,137,455	9,737,104	4,369,604	96,131,750
Excess of expenses over revenue before the undernoted	(3,971,893)	(9,389,079)	(19,445,893)	(1,585,159)	(3,465,807)	(2,537,710)	(1,836,463)	(8,102,255)	(3,785,941)	(54,120,200)
Property taxation										(53,992,285)
Other capital										(23,789)
Net loss on disposal of tangible capital assets										265,965
Annual deficit										$ (370,091)

23. Financial risks:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The County is exposed to credit risk with respect to the receivables.

The County assesses, on a continuous basis, receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the County as at December 31, 2025 is the carrying value of these assets. The carrying amount of accounts receivable is valued with consideration for an allowance for doubtful accounts. The amount of any related impairment loss is recognized in the statement of operations. Subsequent recoveries of impairment losses related to receivable are credited to the statement of operations. The balance of the allowance for doubtful accounts is $Nil (2024 - $Nil).

(b) Liquidity risk:

Liquidity risk is the risk that the County will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The County manages its liquidity risk by monitoring its operating requirements. The County prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. Accounts payable and accrued liabilities are generally due within 30 days of receipt of an invoice.

At December 31, 2025, the County is in a net debt position of $80,751,223 (2024 - $54,920,270) and is reporting an operational accumulated deficit and unfinanced capital (note 12). The County continues to identify and consider opportunities to address their financial challenges, including but not limited to increasing internal and external financing, obtaining additional support from government sources and implementing cost savings resulting from efficiency measures.

As a result of its ongoing financial position, the County has an increased level of reliance on government funding and external financing to assist in meeting its operating and capital requirements at current levels.

(c) Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows or a financial instrument will fluctuate because of changes in the market interest rates. Financial assets and liabilities with variable interest rates expose the County to cash flow interest rate risk.

There have been no changes to the risk exposures from 2024.

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INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the County of Prince Edward

Opinion

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

- the statement of financial position as at December 31, 2025
- the statement of financial activities and changes in fund balances for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at December 31, 2025, and its results of operations for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

KPMG

- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

August 28, 2026

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Trust Funds

Statement of Financial Position

December 31, 2025, with comparative information for 2024

	2025	2024
Assets		
Cash	$ 2,169,589	$ 2,254,326
Investments (note 3)	300,010	295,523
Loans to homeowners (note 2)	2,083	2,083
	$ 2,471,682	$ 2,551,932
Liabilities and Fund Balances		
Due to the Corporation of the County of Prince Edward	$ 87,445	$ 202,495
Fund balances	2,384,237	2,349,437
	$ 2,471,682	$ 2,551,932

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

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Trust Funds

Statement of Financial Activities and Changes in Fund Balances

Year ended December 31, 2025, with comparative information for 2024

	2025	2024
Revenue:		
Individuals' deposits	$ 185,964	$ 115,823
Interest earned	84,072	185,424
	270,036	301,247
Expenditures:		
Payments on behalf of individuals	50,478	47,090
Cemetery maintenance	9,307	10,437
Collection and management fees	2,519	2,299
Deposits refunded	112,217	856,978
Interest to the Corporation of the County of Prince Edward	60,715	157,458
	235,236	1,074,262
Change in fund balances	34,800	(773,015)
Fund balances, beginning of year	2,349,437	3,122,452
Fund balances, end of year	$ 2,384,237	$ 2,349,437

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

1. Significant accounting policies:

The financial statements of the Trust Funds of The Corporation of the County of Prince Edward are prepared by management in accordance with Canadian public sector accounting standards.

(a) Basis of accounting:

Revenue and expenditures are recorded on an accrual basis of accounting.

The accrual basis recognizes revenues in the period in which the transactions or events occurred and are measurable. Expenditures are recognized in the period in which they are incurred and measurable and a legal obligation to pay is created. Refunds are reported in the period that they are issued.

(b) Investments:

Investments are recorded at cost.

(c) Financial instruments

Financial instruments are recorded at fair value on initial recognition, and reported on the 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 Statement of Operations Changes in Fund Balances.

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 Statement of Operations and any unrealized gain is adjusted through the Statement of Remeasurement Gains and Losses. On sale, the statement of remeasurement gains and losses associated with that instrument are reversed and recognized in the Statement of Operations Changes in Fund Balances.

(d) Statement of remeasurement gains and losses:

A 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.

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Trust Funds

Notes to Financial Statements (continued)

Year ended December 31, 2025

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1. Significant accounting policies (continued):

(e) Use of estimates:

The preparation of 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 financial statements and the reported amounts of revenue and expenditures during the period. Actual results could differ from those estimates.

2. Ontario Home Renewal Program:

The Ontario Home Renewal Program was established by the Ontario Ministry of Housing in 1973 to provide grants for municipalities to make loans to assist owner occupants to repair, rehabilitate and improve their homes to local property standards. Individual loans are limited to $7,500 of which the maximum forgivable portion is $4,000.

Ontario Home Renewal Program loans receivable at December 31, 2025 are comprised of repayable loans of $2,083 (2024 - $2,083) and no forgivable loans. In the event of the sale or lease of the home or in the event of the homeowner ceasing to occupy the home, the balances of the repayable loan and the unearned forgivable loan immediately become due and payable by the homeowner.

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Trust Funds

Notes to Financial Statements (continued)

Year ended December 31, 2025

3. Investments:

Investments consist of the following:

		2025		2024
	Cost	Market value	Cost	Market value
Bloomfield Cemetery Perpetual Care - Mutual Fund	$ 105,729	$ 106,446	$ 105,005	$ 102,086
Rose Cemetery Perpetual Care - Mutual Fund	67,491	67,417	66,800	66,294
Sophiasburgh Cemetery Perpetual Care - Mutual Fund	86,185	86,578	83,401	83,246
Bowerman/McFaul Cemetery Perpetual Care - Mutual Fund	29,345	29,382	29,048	28,897
Salem Cemetery Perpetual Care - Mutual Fund	11,260	11,285	11,269	11,213
	$ 300,010	$ 301,108	$ 295,523	$ 291,736

4. Statement of cash flows:

A statement of cash flows has not been included in these financial statements as the information is readily determinable.

5. Financial instruments:

The Trust Fund's financial instruments consist of cash, accounts receivable and accounts payable and accrued liabilities and are carried at cost. Unless otherwise noted, it is management's opinion that the Trust Fund is not exposed to significant credit, liquidity or market risks arising from these financial instruments. The fair value of the Trust Fund's financial instruments approximates their carrying value due to their short-term nature.

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Trust Funds

Schedule of Trust Fund Assets and Liabilities

December 31, 2025

2025	Cash	Investments	Loans to Homeowners	Total Assets	Fund Balances
McFarland Home Residents	$ 158,586	$ -	$ -	$ 158,586	$ 155,629
McFarland Home Bequests	2,057	-	-	2,057	2,057
Craft	4,568	-	-	4,568	4,568
Macaulay Heritage Park	126,025	-	-	126,025	126,025
Performance Guarantees	1,814,625	-	-	1,814,625	1,730,137
Library Large Print Books	8,202	-	-	8,202	8,202
Ameliasburgh Scholarships	27,332	-	-	27,332	27,332
Ameliasburgh Museum	6,239	-	-	6,239	6,239
Wellington Museum	3,843	-	-	3,843	3,843
Consecon Cemetery Perpetual Care	17,482	-	-	17,482	17,482
Bloomfield Cemetery Perpetual Care	10	105,729	-	105,739	105,739
Rose Cemetery Perpetual Care	7	67,491	-	67,498	67,498
Sophiasburgh Cemetery Perpetual Care	9	86,185	-	86,194	86,194
Bowerman/McFaul Cemetery Perpetual Care	3	29,345	-	29,348	29,348
Salem Cemetery Perpetual Care	1	11,260	-	11,261	11,261
Pioneer Cemeteries Perpetual Care	600	-	-	600	600
Home Renewal Program	-	-	2,083	2,083	2,083
	$ 2,169,589	$ 300,010	$ 2,083	$ 2,471,682	$ 2,384,237

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Trust Funds

Schedule of Continuity of Trust Funds

Year ended December 31, 2025

		REVENUES		
Receipts	Balance, beginning of year	Individuals' deposits	Interest earned	Total receipts
McFarland Home Residents	$ 150,997	$ 52,175	$ 2,955	$ 55,130
McFarland Home Bequests	1,990	-	67	67
Craft	4,440	-	148	148
Macaulay Heritage Park	121,955	-	4,090	4,090
Performance Guarantees	1,710,214	127,669	65,186	192,855
Library Large Print Books	8,202	-	-	-
Ameliasburgh Scholarships	26,465	-	887	887
Ameliasburgh Museum	6,057	-	202	202
Wellington Museum	3,718	-	125	125
Consecon Cemetery Perpetual Care	16,934	-	568	568
Bloomfield Cemetery Perpetual Care	102,590	4,140	3,094	7,234
Rose Cemetery Perpetual Care	66,800	700	2,640	3,340
Sophiasburgh Cemetery Perpetual Care	85,795	600	3,168	3,768
Bowerman/McFaul Cemetery Perpetual Care	29,348	680	477	1,157
Salem Cemetery Perpetual Care	11,269	-	445	445
Pioneer Cemeteries Perpetual Care	580	-	20	20
Home Renewal Program	2,083	-	-	-
	$ 2,349,437	$ 185,964	$ 84,072	$ 270,036

THE CORPORATION OF THE COUNTY OF PRINCE EDWARD

Trust Funds

Schedule of Continuity of Trust Funds (continued)

Year ended December 31, 2025

Expenditures	Payments on behalf of individuals	Cemetery maintenance	Collection and management fees	Deposits refunded	Interest to County	Total expenditures	Balance, end of year
McFarland Home Residents	$ 50,478	$ -	$ 20	$ -	$ -	$ 50,498	$ 155,629
McFarland Home Bequests	-	-	-	-	-	-	2,057
Craft	-	-	20	-	-	20	4,568
Macaulay Heritage Park	-	-	20	-	-	20	126,025
Performance Guarantees	-	-	-	112,217	60,715	172,932	1,730,137
Library Large Print Books	-	-	-	-	-	-	8,202
Ameliasburgh Scholarships	-	-	20	-	-	20	27,332
Ameliasburgh Museum	-	-	20	-	-	20	6,239
Wellington Museum	-	-	-	-	-	-	3,843
Consecon Cemetery Perpetual Care	-	-	20	-	-	20	17,482
Bloomfield Cemetery Perpetual Care	-	3,305	780	-	-	4,085	105,739
Rose Cemetery Perpetual Care	-	2,055	587	-	-	2,642	67,498
Sophiasburgh Cemetery Perpetual Care	-	2,620	749	-	-	3,369	86,194
Bowerman/McFaul Cemetery Perpetual Care	-	874	283	-	-	1,157	29,348
Salem Cemetery Perpetual Care	-	453	-	-	-	453	11,261
Pioneer Cemeteries Perpetual Care	-	-	-	-	-	-	600
Home Renewal Program	-	-	-	-	-	-	2,083
	$ 50,478	$ 9,307	$ 2,519	$ 112,217	$ 60,715	$ 235,236	$ 2,384,237