Corporation of the Township of North Dundas
Financial Statements
For the year ended December 31, 2025

Contents

Management's Responsibility for the Financial Statements

The accompanying financial statements are prepared in accordance with Canadian public sector accounting standards.

The financial statements are the responsibility of management and have been approved by the municipal council.

To assess certain facts and operations, management has made estimates based on its best judgement of the situation and by taking into account materiality.

Management is responsible for maintaining appropriate internal control and accounting systems that provide reasonable assurance that the Township's policies are adopted, that its operations are carried out in accordance with the appropriate laws and authorizations, that its assets are adequately safeguarded, and that the financial statements are based on reliable accounting records.

The Township's power and responsibilities are exercised by the municipal council.

The responsibilities of the municipal council include overseeing financial reporting and presentation procedures, which includes reviewing and approving the financial statements.

The independent auditor, BDO Canada LLP, has audited the financial statements and presented the following report.

Meena Mullur
Chief Administrative Officer

Marcus Hewitt
Marcus Hewitt, CPA
Director of Finance/Treasurer

Winchester, Ontario
July 27, 2026

BDO

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Independent Auditor's Report

To the members of council of the
Corporation of the Township of North Dundas

Opinion

We have audited the financial statements of the Corporation of the Township of North Dundas ("the Township"), which comprise the statement of financial position as at December 31, 2025, and the statements of operations, changes in net debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Township as at December 31, 2025, and the results of its operations, its change in net debt 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 Township in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Change in Accounting Policy

We draw attention to Note 1 to the financial statements, which explains that the Township has adopted PS 3280 Asset Retirement Obligations effective January 1, 2025. Comparative figures for the year ended December 31, 2024 have been restated to reflect this change in accounting policy. Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation and fair presentation of these 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 Township's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Township or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Township's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Township to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario
July 27, 2026

Corporation of the Township of North Dundas
Statement of Financial Position

December 31	2025	2024 Restated (Note 1)
Financial assets		
Cash	**$ 11,000,010**	$ 8,605,747
Investments (Note 2)	**134,924**	134,924
Taxes receivable	**3,359,509**	2,588,784
Accounts receivable	**5,425,771**	3,132,155
Long-term receivables	**39,403**	47,434
	19,959,617	14,509,044
Liabilities		
Accounts payable and accrued liabilities	**7,181,909**	4,356,189
Other current liabilities	**962,960**	1,286,667
Asset retirement obligation (Note 1)	**4,553,907**	4,385,081
Deferred revenue (Note 3)	**2,312,397**	2,309,161
Net long-term liabilities (Note 4)	**19,736,425**	16,694,134
	34,747,598	29,031,232
Net debt	**(14,787,981)**	(14,522,188)
Non-financial assets		
Tangible capital assets (Note 5)	**97,175,072**	91,475,417
Prepaid expenses	**54,441**	78,708
Inventory	**74,655**	66,303
	97,304,168	91,620,428
Accumulated surplus (Note 10)	**$ 82,516,187**	$ 77,098,240

Commitments (Note 12)
Contingency (Note 13)

On behalf of the council:

______________________ Mayor ______________________ Deputy Mayor

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Corporation of the Township of North Dundas
Statement of Operations

For the year ended December 31	2025 Budget (Note 11)	2025 Actual	2024 Actual Restated (Note 1)
Revenues			
Taxation	$ 10,840,224	$10,942,938	$ 9,085,694
User charges	6,031,743	6,320,125	6,272,961
Government transfers			
Government of Canada	2,625,875	1,905,714	718,265
Province of Ontario	3,544,333	3,369,940	1,804,376
Other municipalities	418,318	392,739	73,807
Other revenues (Note 6)	788,500	2,184,249	3,656,033
	24,248,993	25,115,705	21,611,136
Expenses (Note 7)			
General government	2,244,857	2,524,826	2,711,940
Environmental services	3,878,075	4,628,675	4,344,751
Planning and development	1,098,995	1,021,102	717,347
Protection services	1,987,814	2,035,700	2,038,148
Recreation and cultural services	3,643,201	3,271,473	3,286,576
Transportation services	5,134,336	6,514,825	5,196,161
	17,987,278	19,996,601	18,294,923
Other			
Obligatory reserve funds revenue recognized (Note 3)	238,843	298,843	360,365
Annual surplus	6,500,558	5,417,947	3,676,578
Accumulated surplus, beginning of the year	77,098,240	77,098,240	75,540,706
Change in accounting policy (Note 1)	-	-	(2,119,044)
Accumulated surplus, beginning of the year - restated	77,098,240	77,098,240	73,421,662
Accumulated surplus, end of the year	$ 83,598,798	$82,516,187	$ 77,098,240

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Corporation of the Township of North Dundas
Statement of Changes in Net Debt

For the year ended December 31	2025 Budget (Note 11)	2025 Actual	2024 Actual Restated (Note 1)
Annual surplus	$ 6,500,558	$ 5,417,947	$ 3,676,578
Acquisition of tangible capital assets	(17,106,487)	(10,230,371)	(15,742,599)
Amortization of tangible capital assets	4,246,481	4,246,481	3,641,598
Loss on disposal of tangible capital assets	-	284,233	1,178
Proceeds on disposal of tangible capital assets	200,000	-	26,454
	(6,159,448)	(281,710)	(8,396,791)
(Increase) decrease in inventory	-	(8,352)	12,358
Decrease (increase) in prepaid expenses	-	24,269	(13,005)
	-	15,917	(647)
Net change in net debt	(6,159,448)	(265,793)	(8,397,438)
Net debt, beginning of the year	(14,522,188)	(14,522,188)	(3,886,452)
Change in accounting policy (Note 1)	-	-	(2,238,298)
Net debt, end of the year	$ (20,681,636)	$ (14,787,981)	$ (14,522,188)

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Corporation of the Township of North Dundas
Statement of Cash Flows

For the year ended December 31	2025	2024 Restated (Note 1)
Operating transactions		
Annual surplus	$ 5,417,947	$ 3,676,578
Items not affecting cash:		
Amortization of tangible capital assets	4,246,481	3,641,598
Accretion expense	168,826	162,567
Loss on disposal of tangible capital assets	284,233	1,178
Contributed subdivision assets	(1,207,767)	(2,941,957)
	8,909,720	4,539,964
Changes in non-cash operating balances:		
Increase in taxes receivable	(770,725)	(214,441)
Increase in accounts receivable	(2,293,616)	(176,824)
Decrease in long-term receivables	8,031	6,575
Increase (decrease) in accounts payable and accrued liabilities	2,825,720	(1,926,373)
Decrease in other current liabilities	(323,707)	(772,303)
Increase (decrease) in deferred revenue	3,236	(124,343)
(Increase) decrease in inventory	(8,352)	12,358
Decrease (increase) in prepaid expenses	24,269	(13,005)
	8,374,576	1,331,608
Capital transactions		
Acquisition of tangible capital assets	(9,022,604)	(12,800,642)
Proceeds on disposal of tangible capital assets	-	26,454
	(9,022,604)	(12,774,188)
Financing transactions		
Proceeds from long-term liabilities	3,342,269	14,858,881
Repayment of long-term liabilities	(299,978)	(315,223)
	3,042,291	14,543,658
Net increase in cash	2,394,263	3,101,078
Cash, beginning of the year	8,605,747	5,504,669
Cash, end of the year	$11,000,010	$ 8,605,747

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Nature and Purpose of the Entity	The Corporation of the Township of North Dundas (the "Township") was created through provincial legislation and commenced operations on January 1, 1998. The Township is responsible for providing municipal services such as community services, emergency and protective services including police and fire and public works including roads, sewers and wastewater, drinking water, garbage and recycling.
Basis of Accounting	The financial statements have been prepared in accordance with Canadian public sector accounting standards.
Financial Instruments	Cash and equity instruments quoted in an active market are measured at fair value. Accounts receivable, investments, accounts payable, and long-term debt are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest expense.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

Financial Instrument Risk Management

The Township is exposed to credit risk, liquidity risk and interest rate risk from its financial instruments. This note describes the Township's objectives, policies and processes for managing those risks and the methods used to measure them. Further qualitative information in respect of these risks is presented below and throughout these financial statements.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Township is exposed to credit risk through its cash and accounts receivable. Cash is held with a Canadian chartered financial institution, which minimizes the associated credit risk. Credit risk related to accounts receivable is mitigated through the Township's diversified receivable base, which consists primarily of amounts due from municipal tax levies and government funding agencies. Management reviews outstanding balances on an ongoing basis and considers the risk of material loss to be low.

There have not been any changes from the prior year in the Township's exposure to credit risk or the policies, procedures and methods it uses to manage and measure the risk.

Financial instruments (continued)

Liquidity risk

Liquidity risk is the risk that the Township will encounter difficulty in meeting obligations associated with its financial liabilities. The Township manages its liquidity risk by preparing and monitoring annual operating and capital budgets, maintaining adequate cash balances, forecasting cash flows, and monitoring actual results against budget throughout the year. Management believes that the Township has sufficient financial resources to meet its obligations as they become due.

There have not been any changes from the prior year in the Township's exposure to liquidity risk or the policies, procedures and methods it uses to manage and measure the risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Township's exposure to interest rate risk is limited as substantially all of its borrowings bear fixed interest rates for the term of the debt. Accordingly, changes in market interest rates do not have a significant impact on the Township's cash flows. Management considers the Township's exposure to interest rate risk to be low.

There have not been any changes from the prior year in the Township's exposure to interest rate risk or the policies, procedures and methods it uses to manage and measure the risk.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the statement of financial position, and the reported amounts of revenues and expenses during the reporting year. The amounts that include estimates are those relating to tangible capital assets as well as those relating to asset retirement obligations.

December 31, 2025

Revenue Recognition	Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurred. For property taxes, the taxable event is the year for which the tax is levied. Taxes receivable are recognized net of an allowance for anticipated uncollectible amounts. Government transfers are recognized as revenue in the financial statements when the transfer is authorized and all eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled. User charges, including water and sewer charges, are recognized as revenue as the related services are provided. Connection fee revenue is recognized when the related connection has been established and the Township has fulfilled its obligations associated with the connection. Interest income earned on available funds, other than obligatory reserve funds, are reported as revenue in the year earned. Investment income earned on obligatory reserve funds is added back to the reserve fund balance and forms part of the deferred revenue balance.
Counties and School Boards	The Township collects taxation revenue on behalf of the school boards and the United Counties of Stormont, Dundas and Glengarry. The taxation, other revenue, expenses, assets and liabilities with respect to the operations of the school boards and the United Counties of Stormont, Dundas and Glengarry are not reflected in these financial statements.
Asset retirement obligations	The Township's financial statements include an asset retirement obligation related to their buildings and landfills. The related asset retirement costs are being amortized on the same basis as the building and landfill tangible capital assets.. The liability has been estimated using a net present value technique with a discount rate of 3.85% (2024 - 3.81%). This liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate.

Tangible Capital Assets

Tangible capital assets are stated at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is provided on the basis of their useful lives using the straight-line method as follows:

Land improvements	15 to 75 years
Buildings	15 to 50 years
Roads, sidewalks and bridges	7 to 75 years
Equipment, furniture and machinery	3 to 30 years
Water infrastructure	20 to 100 years
Sewer infrastructure	75 to 100 years
Vehicles	7 to 20 years

Landfill sites are amortized using the units of production method based upon capacity used during the year.

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Township's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations.

Contributed tangible capital assets are recorded at fair value on the date of contribution, except in unusual circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value.

1. Change in Accounting Policy - First Time Adoption

Effective January 1, 2025, the Township adopted new Public Accounting Sector Accounting Handbook Standard PS 3280, *Asset Retirement Obligations*. PS 3280 establishes standards for the recognition, measurement, presentation and disclosure of legal obligations associated with the retirement of tangible capital assets. Under the standard, an asset retirement obligation is recognized when, as at the financial reporting date, there is a legal obligation associated with the retirement of 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 Township has applied this on a retrospective basis. Upon adoption, asset retirement obligations meeting the recognition criteria were recorded with an increase to the carrying amount of the related tangible capital assets. The capitalized asset retirement costs are amortized over the remaining useful lives of the related assets, while the liability is adjusted over time to reflect the passage of time and revisions to estimated future cash flows. The estimated total undiscounted future expenditures are $5,338,000. The liability is expected to be settled over the next 5 to 40 years.

The impacts of these restatements on the financial statements have been detailed below:

	2024
	Statement of Financial Position
Increase in tangible capital assets	$ 106,959
Increase in asset retirement obligation	(2,400,863)
Decrease in accumulated surplus, end of year	$ (2,293,904)
	Statement of Operations
Increase in accretion expense	$ 174,860
Decrease in accumulated surplus, beginning of year	$ (2,119,044)
	Statement of Changes in Net Debt
Increase in amortization	12,294
Increase in net debt, beginning of year	2,238,298
Decrease in annual surplus	(174,860)

The retroactive approach requires a restatement using assumptions and discount rates that were in effect as of January 1, 2024. As a result, the Township recorded an adjustment to opening accumulated surplus on January 1, 2024. Significant estimates and assumptions are made in recording the asset retirement obligations since there are numerous factors that will influence the timing and cost required to settle these obligations. At each reporting date, the Township must re-evaluate the value of the obligation while incorporating changes in estimates resulting from new evidence. Adjustments to these factors are accounted for as an adjustment to the asset retirement obligation in the current period on a prospective basis.

2. Investments

	2025	2024
Guaranteed investment certificates, 3.36% to 3.87%, maturing no later than April 2026.	$ 134,924	$ 134,924

3. Deferred Revenue

	2025	2024
Obligatory Reserve Funds		
Development charges	$ 1,275,886	$ 1,224,779
Recreational land	359,498	377,180
Federal Gas Tax	-	11,284
Ontario Community Infrastructure Fund (OCIF)	-	33,733
Other		
Building code act	477,894	582,618
Deposits	199,119	79,567
	$ 2,312,397	$ 2,309,161

The net change during the year in the restricted deferred revenue balance is made up of the following:

	Development charges	Recreational land	Federal Gas Tax	OCIF
Deferred revenue, beginning of the year	$ 1,224,779	$ 377,180	$ 11,284	$ 33,733
Restricted funds received during the year	246,370	42,318	385,862	515,476
Interest earned	43,580	-	2,821	3,427
Revenue recognized during the year	(238,843)	(60,000)	(399,967)	(552,636)
	$ 1,275,886	$ 359,498	$ -	$ -

4. Net Long-Term Liabilities

	2025	2024
Loan, 2.24%, due April 2030, payable by monthly instalments of $3,475, principal plus interest (Winchester arena slab).	$ 184,168	$ 222,392
Loan, 2.24%, due April 2030, payable by monthly instalments of $3,326, principal plus interest (Chesterville arena upgrades).	169,474	212,860
Tile drainage loans bear interest at 6% and are repayable in annual instalments. The loans are due between 2026 and 2029 and are recoverable from benefiting landowners.	15,245	33,613
Debentures, 2.27%, maturing December 2031, payable by monthly instalments of $16,666, principal only.	1,200,000	1,400,000
Construction loan bearing interest at variable rates, payable monthly. Interest-only payments during construction period, with principal repayment commencing upon completion of project.	18,167,538	14,825,269
	$ 19,736,425	$ 16,694,134

The principal payments for the next five years amount to: 2026, $281,610; 2027, $281,610; 2028, $281,610; 2029, $281,610; 2030, $227,204.

5. Tangible Capital Assets

2025	Land	Land improvements and landfill sites	Buildings	Roads, sidewalks and bridges	Equipment, furniture and machinery
Cost, beginning of year	$ 2,385,325	$ 21,045,211	$ 11,790,041	$ 50,558,640	$ 7,059,691
Acquisitions of tangible capital assets	6,547	(4,758,426)	386,549	3,283,006	404,902
Disposals of tangible capital assets	-	(99,631)	(24,014)	(746,013)	(604,920)
Cost, end of year	2,391,872	16,187,154	12,152,576	53,095,633	6,859,673
Accumulated amortization, beginning of year	-	4,280,544	5,768,895	23,285,652	3,811,466
Amortization of tangible capital assets	-	273,348	338,476	2,110,164	515,891
Disposals of tangible capital assets	-	(63,183)	(12,126)	(560,937)	(575,682)
Accumulated amortization, end of year	-	4,490,709	6,095,245	24,834,879	3,751,675
Net carrying amount, end of year	$ 2,391,872	$ 11,696,445	$ 6,057,331	$ 28,260,754	$ 3,107,998

	Water infrastructure	Sewer infrastructure	Vehicles	Total
Cost, beginning of year	$ 21,793,155	$ 20,687,597	$ 6,491,639	$ 141,811,299
Acquisitions of tangible capital assets	4,395,481	6,444,888	67,424	10,230,371
Disposals of tangible capital assets	(81,288)	-	-	(1,555,866)
Cost, end of year	26,107,348	27,132,485	6,559,063	150,485,804
Accumulated amortization, beginning of year	6,253,003	3,711,992	3,224,330	50,335,882
Amortization of tangible capital assets	455,323	133,985	419,294	4,246,481
Disposals of tangible capital assets	(59,705)	-	-	(1,271,633)
Accumulated amortization, end of year	6,648,623	3,845,977	3,643,624	53,310,732
Net carrying amount, end of year	$ 19,458,725	$ 23,286,508	$ 2,915,439	$ 97,175,072

December 31, 2025

5. Tangible Capital Assets (continued)

2024

	Land	Land improvements and landfill sites	Buildings	Roads, sidewalks and bridges	Equipment, furniture and machinery
Cost, beginning of year	$ 2,385,325	$ 11,442,008	$ 11,057,076	$ 48,086,324	$ 7,183,733
Change in accounting policy (Note 1)	-	416,389	221,328	-	-
Acquisitions of tangible capital assets	-	9,205,166	511,636	2,721,101	327,566
Disposals of tangible capital assets	-	(18,352)	-	(248,785)	(451,608)
Cost, end of year	2,385,325	21,045,211	11,790,041	50,558,640	7,059,691
Accumulated amortization, beginning of year	-	3,906,322	5,259,022	21,899,446	3,757,245
Change in accounting policy (Note 1)	-	326,239	202,928	-	-
Amortization of tangible capital assets	-	54,811	306,945	1,634,990	490,131
Disposals of tangible capital assets	-	(6,829)	-	(248,784)	(435,910)
Accumulated amortization, end of year	-	4,280,544	5,768,895	23,285,652	3,811,466
Net carrying amount, end of year	$ 2,385,325	$ 16,764,667	$ 6,021,146	$ 27,272,988	$ 3,248,225

	Water infrastructure	Sewer infrastructure	Vehicles	Total
Cost, beginning of year	$ 19,809,237	$ 19,986,236	$ 6,265,068	$ 126,215,007
Change in accounting policy (Note 1)	19,045	876	-	657,638
Acquisitions of tangible capital assets	1,979,163	700,486	297,481	15,742,599
Disposals of tangible capital assets	4,755	-	(70,910)	(784,900)
Cost, end of year	21,793,155	20,687,597	6,491,639	141,811,299
Accumulated amortization, beginning of year	5,685,281	3,558,832	2,866,062	46,932,210
Change in accounting policy (Note 1)	9,043	175	-	538,385
Amortization of tangible capital assets	572,558	152,985	429,178	3,641,598
Disposals of tangible capital assets	(13,879)	-	(70,910)	(776,312)
Accumulated amortization, end of year	6,253,003	3,711,992	3,224,330	50,335,882
Net carrying amount, end of year	$ 15,540,152	$ 16,975,605	$ 3,267,309	$ 91,475,417

The book value of tangible capital assets not being amortized because they are under construction is $10,541,333 (2024 - $4,905,685).

6. Other Revenues

	2025 Budget	2025 Actual	2024 Actual
Donations	$ 118,500	$ 241,627	$ 78,158
Interest and penalties on taxes	325,000	459,685	375,378
Interest income	345,000	275,170	260,540
Contributed assets	-	1,207,767	2,941,957
	$ 788,500	$ 2,184,249	$ 3,656,033

7. Expenses by Object

Total expenses for the year reported on the statement of operations are as follows:

	2025	2024
Amortization of tangible capital assets	$ 4,246,481	$ 3,641,598
Contracted services	2,715,279	2,629,707
Contributions to other organizations	394,373	518,998
Loss on disposal of tangible capital assets	284,233	4,163
Materials	5,315,035	4,302,076
Rents and financial expenses	577,404	566,069
Salaries, wages and benefits	6,463,796	6,632,312
	$ 19,996,601	$ 18,294,923

8. Pension Agreement

The Township is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. The Township has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles.

OMERS provides pension services to over 600,000 active and retired members and approximately 1,000 employers. Each year an independent actuary determines the funding status of the OMERS Primary Pension Plan (the Plan) by comparing the fair market value of the invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2025. The results of this valuation disclosed total actuarial liabilities of $151,365 million in respect of benefits accrued for service with fair market assets at that date of $150,043 million indicating an actuarial deficit of $1,322 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Township does not recognize any share of the OMERS pension surplus or deficit. The amount contributed to OMERS by the Township and expensed for 2025 was $428,186 (2024 - $381,632).

9. Operations of School Boards and the United Counties of Stormont, Dundas and Glengarry

During the year, the following taxation revenues were raised and remitted to the school boards and the United Counties of Stormont, Dundas and Glengarry:

	2025	2024
School boards	$ 3,884,518	$ 3,884,271
United Counties of Stormont, Dundas and Glengarry	$12,389,618	$ 11,586,755

10. Accumulated Surplus

	2025	2024
Reserves		
Working fund	$ 2,162,782	$ 1,726,927
Fire	636,259	594,913
Recreation and culture	47,703	87,981
Roads	525,776	490,550
Sewer and water	4,470,941	5,133,784
Waste management	905,390	627,737
Other	226,339	212,639
	8,975,190	8,874,531
Reserve funds		
Association and events	252,437	205,445
Recreation and culture	26,415	30,412
Sewer and Water	2,922,569	2,234,886
South Mountain Union Cemetery	18,748	20,122
Waste management	618,555	611,337
	3,838,724	3,102,202
Investment in tangible capital assets		
Invested in tangible capital assets	97,175,072	91,475,417
Unfinanced tangible capital assets	(3,443,008)	(5,590,127)
Related net long-term liabilities	(19,751,670)	(16,660,521)
Asset retirement obligations	(4,278,121)	(4,103,262)
	69,702,273	65,121,507
Accumulated surplus	$ 82,516,187	$ 77,098,240

11. Budget

The Financial Plan (Budget) By-Law adopted by Council was not prepared on a basis consistent with that used to report actual results (Canadian public sector accounting standards). The budget was prepared on a modified accrual basis while Canadian public sector accounting standards requires a full accrual basis. In addition, the budget expenses all tangible capital assets rather than including amortization of tangible capital assets expense. As a result, the budget figures presented in the statements of operations and changes in net financial assets represents the Financial Plan adopted by Council with adjustments as follows:

	2025
Budget for the year	$ -
Add:	
Acquisition of tangible capital assets	17,106,487
Repayment of long-term liabilities	(118,390)
Less:	
Proceeds on disposal of tangible capital assets	(200,000)
Transfers from accumulated surplus	(2,935,569)
Proceeds on issuance of long-term liabilities	(3,342,269)
Amortization of tangible capital assets	(4,246,481)
Budgeted surplus per statement of operations	$ 6,500,558

12. Commitments

The Township has signed a 5 year contract for fire dispatcher services with the City of Ottawa. The total amount of the contract from January 2025 to December 2029 is $230,514.

The Township has signed several regular maintenance contracts, lasting from April 2023 to December 2028. The total expected commitment for those services is $69,496.

The Township has signed a 7 year contract (plus a four year renewal term) with the Ontario Clean Water Agency for services relating to water, from 2021 to 2031. The remaining amount on this contract is $4,626,064.

The Township signed a contribution agreement for the Hallville Park, from 2021 to 2026. The remaining amount for 2026 is $152,871.

The Township's agreement for the Winchester Lagoon was extended into 2026, with a remaining amount of $53,259.

December 31, 2025

12. Commitments (continued)

The total minimum annual payments over the next five years are as follows:

2026	$ 1,168,795
2027	$ 979,711
2028	$ 1,000,800
2029	$ 1,012,895
2030	$ 970,003

13. Contingency

During 2014, the Government of Ontario expanded regulations to include six additional cancers presumed to be work-related for firefighters under the Workplace Safety and Insurance Act. This change is retroactive to January 1, 1960. During the years 1997 to 2010, the Township was a Schedule 2 employer for WSIB, meaning that the Township self-insured for WSIB benefits. This change in regulations may give rise to liabilities of the Township for work-related cancers incurred by firefighters during that period. The Township is assessing the impact of this change and is unable to determine whether a liability exists at year end. Consequently, no provision has been made in these financial statements for any liability that may result.

14. Comparative Figures

Certain figures for the previous year have been reclassified to conform to the presentation adopted in the current year.

15. Segmented Information

The Township is a diversified municipal government institution that provides a wide range of services to its citizens such as police, fire, water and sewer, transportation and recreational. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

Environmental
Environmental services consists of providing the Township's drinking water, waste disposal as well as garbage and recycling collection to citizens, processing and cleaning sewage and ensuring the water and sewer system meet all Provincial standards.

Planning and Development
This department provides a number of services including city planning and review of all property development plans through its application process. It also provides maintenance of municipal drains, which ensures proper drainage for agricultural properties and tile drainage, whereas the Township acts an intermediate between the landowners and the province.

Protection
Protection is comprised of police services, fire protection, conservation authority, protective inspection, control and emergency measures and enforcement of building and construction codes. The police services work to ensure the safety and protection of the citizens and their property. The fire department is responsible to provide fire suppression service, fire prevention programs, training and education. The inspection and control department includes building inspection, by-law enforcement and dog control services.

Recreation and Cultural
Recreation and cultural consists of providing services that contribute to neighbourhood development and sustainability through the provision of recreation and leisure programs and facilities including community halls, libraries, parks, recreation fields and arenas.

Transportation
Transportation is responsible for providing the winter and summer maintenance, the repair and construction of the Township's roads system including bridges, sidewalks and culverts.

General Government
This item relates to the revenues and expenses from operations of the Township itself and cannot be directly attributed to a specific segment.

December 31

15. Segmented Information (continued)

For the year ended December 31	Environmental	Planning and Development	Protection	Recreation and Cultural	Transportation	General Government	2025 total
Revenues							
Taxation	$ -	$ -	$ -	$ -	$ -	$ 10,942,938	$ 10,942,938
User charges	4,178,624	341,625	321,650	769,638	132,854	575,734	6,320,125
Government transfers - Federal	1,104,956	-	-	400,791	399,967	-	1,905,714
Government transfers - Provincial	920,704	83,632	8,307	638,018	552,636	1,166,643	3,369,940
Government transfers - Other municipalities	3,644	-	14,186	-	274,151	100,758	392,739
Other revenues (Note 6)	21,923	1,207,767	55,093	71,352	184,740	643,374	2,184,249
Obligatory reserve funds revenue (Note 3)	3,002	-	-	-	3,000	292,841	298,843
	6,232,853	1,633,024	399,236	1,879,799	1,547,348	13,722,288	25,414,548
Expenses							
Amortization of tangible capital assets	844,260	22,118	260,104	390,227	2,634,884	94,888	4,246,481
Contracted services	1,031,572	415,625	95,651	334,741	343,692	493,998	2,715,279
Contributions to other organizations	-	131,524	117,445	82,904	-	62,500	394,373
Loss (gain) on disposal of tangible capital assets	49,067	(622)	710	-	232,790	2,288	284,233
Materials	1,244,290	42,365	517,613	1,171,655	1,597,012	742,100	5,315,035
Rents and financial expenses	494,892	1,226	577	13,402	54,278	13,029	577,404
Salaries, wages and benefits	964,594	408,866	1,043,600	1,278,544	1,652,169	1,116,023	6,463,796
	4,628,675	1,021,102	2,035,700	3,271,473	6,514,825	2,524,826	19,996,601
Annual surplus (deficit)	$ 1,604,178	$ 611,922	$ (1,636,464)	$ (1,391,674)	$ (4,967,477)	$ 11,197,462	$ 5,417,947

December 31

15. Segmented Information (continued)

For the year ended December 31	Environmental	Planning and Development	Protection	Recreation and Cultural	Transportation	General Government	2024
Revenues							
Taxation	$ -	$ -	$ -	$ -	$ -	$ 9,085,694	$ 9,085,694
User charges	4,227,710	237,558	419,539	804,033	106,486	477,635	6,272,961
Government transfers - Federal	87,873	-	-	-	381,572	248,820	718,265
Government transfers - Provincial	73,249	51,790	5,603	-	1,006,027	667,707	1,804,376
Government transfers - Other municipalities	3,415	35,184	15,733	20,523	38,217	(39,265)	73,807
Other revenues (Note 6)	21,923	-	55,093	71,352	184,740	3,322,925	3,656,033
Obligatory reserve funds revenue (Note 3)	2,959	5,338	13,810	-	-	338,258	360,365
	4,417,129	329,870	509,778	895,908	1,717,042	14,101,774	21,971,501
Expenses							
Amortization of tangible capital assets	742,794	22,116	260,586	364,079	2,162,231	89,792	3,641,598
Contracted services	1,228,826	240,058	196,702	181,434	320,019	462,668	2,629,707
Contributions to other organizations	-	34,218	111,316	116,896	-	256,568	518,998
Loss (gain) on disposal of tangible capital assets	26,493	-	(779)	-	(21,551)	-	4,163
Materials	997,584	33,036	457,180	1,117,808	1,213,762	482,706	4,302,076
Rents and financial expenses	449,645	19,414	851	17,902	62,904	15,353	566,069
Salaries, wages and benefits	899,409	368,505	1,012,292	1,488,457	1,458,796	1,404,853	6,632,312
	4,344,751	717,347	2,038,148	3,286,576	5,196,161	2,711,940	18,294,923
Annual surplus (deficit)	$ 72,378	$ (387,477)	$ (1,528,370)	$ (2,390,668)	$ (3,479,119)	$ 11,389,834	$ 3,676,578