The Corporation of the Township of Enniskillen
Consolidated Financial Statements
December 31, 2025

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MANAGEMENT'S REPORT

The management of the Corporation of the Township of Enniskillen ("Municipality") is responsible for the integrity, objectivity and accuracy of the financial information in the accompanying consolidated financial statements.

The consolidated financial statements have been prepared by management in accordance with Canadian Generally Accepted Accounting Principles established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies is disclosed in Note 1 to the consolidated financial statements.

To meet its responsibility, management maintains comprehensive financial and internal control systems designed to ensure the proper authorization of transactions, the safeguarding of assets and the integrity of the financial data. The Municipality employs highly qualified professional staff and deploys an organizational structure that effectively segregates responsibilities, and appropriately delegates authority and accountability.

The December 31, 2025 consolidated financial statements have been examined by the Corporation of the Township of Enniskillen's external auditors, MNP LLP, and their report precedes the consolidated financial statements.

Enniskillen, Canada

Christine Poland
Treasurer

To the Members of Council, Inhabitants and Ratepayers of The Corporation of the Township of Enniskillen:

Opinion

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

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

Basis for Opinion

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

Emphasis of Matter - Comparative Information

As part of our audit of the financial statements of the Township for the year ended December 31, 2025, we also audited the adjustments described in Note 4 that were applied to restate the financial statements for the year ended December 31, 2024. In our opinion, such adjustments are appropriate and have been properly applied.

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 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 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 these 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 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 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 Township 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Township as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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.

MNP LLP

Wallaceburg, Ontario
July 20, 2026

Chartered Professional Accountants
Licensed Public Accountants

MNP

The Corporation of the Township of Enniskillen
Consolidated Statement of Financial Position
As at December 31, 2025

		2025		*2024 (Restated Note 4)*
Financial assets				
Cash and bank (Note 5)	**$**	**4,024,915**	$	3,366,666
Investments (Note 6)		**894,494**		881,327
Taxes receivable (Note 7)		**227,269**		166,885
User charges receivable		**383,429**		356,928
Accounts receivable		**330,282**		377,834
Drainage receivable		**689,553**		1,112,040
Long-term receivables		**11,643**		20,677
Total financial assets		**6,561,585**		6,282,357
Financial liabilities				
Accounts payable and accrued liabilities		**665,666**		719,282
Deferred revenue (Note 8)		**85,966**		123,219
Tile drain debenture prelevies		**1,956**		1,956
Total financial liabilities		**753,588**		844,457
Net financial assets		**5,807,997**		5,437,900
Non-financial assets				
Prepaid expenses and deposit		**47,057**		15,000
Inventories of supplies		**57,858**		68,399
Tangible capital assets (Note 9)		**20,934,271**		20,821,702
Total non-financial assets		**21,039,186**		20,905,101
Accumulated surplus (Note 10)	**$**	**26,847,183**	$	26,343,002

Commitments *(Note 21)*

Approved on behalf of the Council

_____ _____

Mayor **Treasurer/Administrator**

The accompanying notes are an integral part of these financial statements

The Corporation of the Township of Enniskillen
Consolidated Statement of Operations and Accumulated Surplus
For the year ended December 31, 2025

	Budget (Note 18)	***2025***	*2024 (Restated Note 4)*
Revenue			
Taxation	**$ 2,994,100**	**$ 3,680,001**	$ 3,510,607
User charges	**2,611,584**	**2,032,042**	1,818,460
Government of Canada	**315,320**	**312,047**	91,105
Province of Ontario	**715,100**	**723,903**	678,709
Other municipalities	**5,000**	**13,264**	16,510
Investment income and other	**144,000**	**139,780**	195,334
Penalties and interest on taxes	**38,000**	**45,225**	38,365
Gain on disposal of tangible capital assets	**-**	**74,546**	20,538
Total Revenue	**6,823,104**	**7,020,808**	6,369,628
Expenses			
General government	**700,760**	**710,706**	675,921
Protection to persons and property	**1,168,841**	**1,128,369**	1,086,752
Transportation	**1,832,318**	**2,510,033**	2,131,683
Environmental services	**1,820,600**	**2,056,675**	1,891,566
Health services	**8,000**	**6,063**	8,012
Recreation and culture	**64,450**	**68,942**	59,218
Planning and development	**65,000**	**35,839**	53,816
Total Expenses	**5,659,969**	**6,516,627**	5,906,968
Annual surplus	**1,163,135**	**504,181**	462,660
Accumulated surplus, beginning of year as previously stated	**25,230,962**	**25,230,962**	24,639,228
Restatement (Note 4)	**1,112,040**	**1,112,040**	1,241,114
Accumulated surplus, beginning of year, as restated	**26,343,002**	**26,343,002**	25,880,342
Accumulated surplus, end of year	**$ 27,506,137**	**$ 26,847,183**	$ 26,343,002

The accompanying notes are an integral part of these financial statements

The Corporation of the Township of Enniskillen
Consolidated Statement of Change in Net Financial Assets
For the year ended December 31, 2025

	2025	*2024 (Restated Note 4)*
Annual surplus	**$ 504,181**	$ 462,660
Acquisition of tangible capital assets	**(1,303,172)**	(1,374,388)
Amortization of tangible capital assets	**1,020,149**	819,584
Gain on disposal of tangible capital assets	**(74,546)**	(20,538)
Proceeds on sale of tangible capital assets	**245,000**	20,538
Change in inventories of supplies	**10,541**	(10,406)
Change in prepaid expenses and deposit	**(32,057)**	(1,960)
Change in net financial assets	**370,097**	(104,509)
Net financial assets, beginning of year, as previously stated	**4,325,860**	4,301,296
Restatement (Note 4)	**1,112,040**	1,241,114
Net financial assets, beginning of year as restated	**5,437,900**	5,542,410
Net financial assets, end of year	**$ 5,807,997**	$ 5,437,901

The accompanying notes are an integral part of these financial statements

The Corporation of the Township of Enniskillen
Consolidated Statement of Cash Flows
For the year ended December 31, 2025

		2025		*2024 (Restated Note 4)*
Operating activities				
Annual surplus		**504,181**		462,660
Items not requiring cash				
Amortization		**1,020,149**		819,584
Gain on disposal of tangible capital assets		**(74,546)**		(20,538)
		1,449,784		1,261,706
Changes in non-cash assets and liabilities related to operations				
Taxes receivable		**(60,384)**		44,776
User charges receivable		**(26,501)**		(52,879)
Accounts receivable		**47,552**		(8,436)
Long-term receivables		**9,034**		9,386
Drainage receivable		**422,487**		129,074
Prepaid expenses and deposit		**(32,057)**		(1,960)
Accounts payable and accrued liabilities		**(53,616)**		186,314
Deferred revenue		**(37,253)**		(13,424)
Inventories of supplies		**10,541**		(10,405)
Cash provided by operating activities		**1,729,587**		1,544,152
Capital activities				
Additions to tangible capital assets		**(1,303,172)**		(1,374,388)
Proceeds on sale of tangible capital assets		**245,000**		20,538
Purchase of investments		**(248,311)**		(221,108)
Proceeds from sale of investments		**235,144**		205,735
Cash used in capital activities		**(1,071,338)**		(1,369,223)
Increase in cash, during the year		**658,249**		174,929
Cash, beginning of year		**3,366,666**		3,191,736
Cash, end of year	**$**	**4,024,915**	$	3,366,666

The accompanying notes are an integral part of these financial statements

1. Purpose of the Township

The Corporation of the Township of Enniskillen is a lower tier municipality that was created in 1855 in the Province of Ontario. The Township provides municipal services such as police, fire, public works, planning, parks and recreation, and other general government operations. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, 2001, Municipal Affairs Act and related legislation.

2. Summary of significant accounting policies

a. *Management responsibility*

These consolidated financial statements of The Corporation of the Township of Enniskillen are the representation of management prepared in accordance with Canadian Public Sector Accounting Standards ("PSAS") as defined in the CPA Canada Public Sector Accounting Handbook. Significant aspects of the accounting policies adopted by the Township are as follows:

b. Basis of consolidation

These consolidated financial statements reflect the assets, liabilities, revenue and expenses, changes in tangible capital assets and accumulated surplus of the reporting entity. The reporting entity is comprised of all municipal organizations, committees and boards which are owned or controlled by the Township. All interfund assets and liabilities and revenue and expenses have been eliminated on consolidation.

The following municipal departments has been consolidated:

Enniskillen water department

c. Basis of accounting

Revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes all revenue in the period in which the transactions or events occurred that gave rise to the revenue; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

The consolidated statement of financial position reflects all of the financial assets and liabilities of the Township. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations. Municipal position represents the financial position of the Township, and is the difference between its assets and liabilities. This provides information about the Township's overall future revenue requirements and its ability to finance activities and meet its obligations.

d. Accounting for region and school board transactions

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

e. Trust funds

Trust funds and their related operations administered by the Township are not consolidated nor have their operations been included in the Consolidated Statement of Operations and Accumulated Surplus, but are reported separately on the Trust Funds Statement of Financial Position and Statement of Operations.

f. Reserve and reserve funds

Certain amounts, as approved by council, are set aside in reserves and reserve funds for future operating and capital purposes. Reserve funds are interest bearing and the current year interest is accounted for as an adjustment within accumulated surplus. Transfers to and/or from reserved and reserve funds are an adjustment to the respective funds when approved.

2. Summary of significant accounting policies (continued)

g. Investments

Investments consist of Guaranteed Investment Certificates and are recorded at cost plus accrued interest. If the market value of investments becomes lower than cost and this decline is considered to be other than temporary, the investments are written down to market value.

h. 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 amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets excluding land and landfill sites, are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful life – years
Building and building improvements	20 – 50
Vehicles, machinery and equipment	5 – 20
Water and waster infrastructure	20 – 80
Road infrastructure – base	50
Road infrastructure – surface	15 – 20

Annual amortization is charged in the year of acquisition. Assets under construction are not amortized until the asset is available for productive use.

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.

iii. Natural resources

Natural resources that have not been purchased are not recognized as assets in the consolidated financial statements.

iv. Works of art and cultural and historic assets

Works of art and cultural and historic assets are not recorded as assets in these consolidated financial statements.

v. Tangible capital assets disclosed at nominal values

Where an estimate of fair market value could not be made, the tangible capital asset was recognized at a nominal value. Land is the only category where nominal values were assigned.

vi. Leased tangible capital assets

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

2. Summary of significant accounting policies (continued)

h. Non-financial assets (continued)

i. Inventories of supplies

Inventories of supplies held for consumption are recorded at cost.

i. Deferred revenue

Revenue restricted by legislation, regulation or agreement and not available for general municipal purposes is reported as deferred revenue on the consolidated statement of financial position. The revenue is reported on the consolidated statement of operations in the year in which it is used for the specified purpose.

j. Government transfers

Government transfers are recognized in the consolidated financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made. Funding that is stipulated to be used for specific purposes is only recognized as revenue in the fiscal year that the related expenses are incurred and services are performed. If funding is received for which the related expenses have not yet been incurred or services performed, these amounts are recorded as a liability at year end.

k. Revenue recognition

Property tax billings are prepared by the Township based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established annually by Council, incorporating amounts to be raised for local services and amounts the Township is required to collect on behalf of the Province of Ontario in respect of education taxes. A normal part of the assessment process is the issuance of supplementary assessment rolls, which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the Township determines the taxes applicable and renders supplementary tax billings.

Taxation revenues are recorded at the time the taxes are levied. Assessments and related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded as a reduction of tax revenue when the result of the appeal process is reasonably certain. The Township is entitled to collect interest and penalties on overdue taxes and these revenues are recorded in the period the interest and penalties are levied. Tax revenue is recorded net of reductions including rebates. Taxes receivable are reported net of any expense or allowance for doubtful accounts.

Grant revenue is recognized when the amount has been determined and approval has been obtained. If the grants relate to specific expenses, the revenue is recognized when the resources have been used for the specified purpose.

Investment income is reported as revenue on the accrual basis. Investment income earned on reserve funds is recorded directly to each fund balance.

The Township recognizes revenue from fines and penalties on late tax payments. These non-exchange transactions have no performance obligations and are recognized at their realizable value when the Township has the authority to claim or retain economic inflows based on a past transaction or event giving rise to an asset.

Revenue from transactions with performance obligations is recognized when the Township satisfies a performance obligation by providing the promised goods or services to a payor. The performance obligation is evaluated as being satisfied either over a period of time or at a point in time. The Township recognizes revenues from utilities, licenses and permits, certificates, recycling services, and rentals at a point in time, which occurs when the goods and/or services have been provided. In determining the transaction price, the Township measures revenue based on the consideration that is expected to receive in exchange for providing the goods and/or services.

2. Summary of significant accounting policies (continued)

l. Financial instruments

The Township classifies its financial instruments as either fair value or amortized cost. The Township's accounting policy for each category is as follows:

i. Fair Value

Fair value investments that are measured subsequent to initial recognition at fair value are grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 - Inputs for the asset or liability that are not based on observable market date (unobservable inputs)

This category includes cash. Which is initially recognized at cost and subsequently carried at fair value. Changes in fair value are recognized in the statement of operations. The Township classifies this as a Level 1.

Transaction costs related to financial instruments in the fair value category are expensed as incurred.

ii. Amortized Cost

Financial assets measured at amortized cost include investments, accounts receivable, taxes receivable, user charges receivable, long-term receivables, and accounts payable and accrued liabilities. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest method rate, less any impairment losses on financial assets

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instrument.

Writedowns on financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the writedown being recognized in the statement of operations.

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. As the Township has no applicable financial instruments recognized at fair value with unrealized changes in fair value, the Township does not have a Statement of Remeasurement Gains and Losses.

m. Use of estimates

The preparation of the consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the period.

Due to the inherent uncertainty in making estimates, actual results could differ from management's best estimates as additional information becomes available in the future.

Significant items subject to such estimates and assumptions include valuation allowances for taxes and accounts receivable, certain accrued liabilities and the carrying value of tangible capital assets.

2. Summary of significant accounting policies (continued)

n. Accumulated surplus

Accumulated surplus represents the Corporation's net economic resources. It is an amount by which all assets (financial and non-financial) exceed liabilities. An accumulated surplus indicates that the Corporation has net resources (financial and physical) that can be used to provide future services. An accumulated deficit means that liabilities are greater than assets.

o. Budget figures

The Township's council completes separate budget reviews for tax supported operating and capital, as well as water and wastewater budgets each year. Budget figures have been provided for comparison purposes. Given the differences between the budgeting model and generally accepted accounting principles established by the Public Sector Accounting Board (PSAB), certain budgeted amounts have been reclassified to reflect the presentation adopted under PSAB.

p. Retirement benefits and other employee benefit plans

The Township's contributions due during the period to its multi-employer defined benefit plan, the Ontario Municipal Employee's Retirement System ("OMERS"), are expensed as incurred.

q. *Asset retirement obligations*

A liability for an asset retirement obligation is recognized when 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 is recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date. 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. Upon the initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related tangible capital asset if it is still in productive use. This cost is amortized over the useful life of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

3. Future accounting standards

Effective April 1, 2026, the Township adopted the Public Sector Accounting Board's ("PSAB") revised Section PS 1202, Financial Statement Presentation, along with the related Conceptual Framework for Financial Reporting in the Public Sector.

PS 1202 establishes a revised financial reporting model and introduces changes to the presentation and structure of financial statements, including:

- A new Statement of Net Financial Assets (Net Financial Liabilities)
- A new Statement of Changes in Net Assets (Net Liabilities)
- A revised Statement of Financial Position, including updated classifications of financial and non-financial assets and liabilities; and
- Updated terminology and enhanced disclosure requirements aligned with the revised conceptual framework.

The Township is currently assessing the impact of the standard. The adoption is expected to result in changes to financial presentation and disclosure; however, it is not expected to have a material impact on the Municipality's accumulated surplus (deficit) or annual results.

4. Restatement

The prior year's figures have been adjusted to reflect the following corrections that were made to the December 31, 2024 and December 31, 2023 financial statements.

During the year, the Township determined that drainage receivable was understated by $1,112,040 and annual surplus was overstated $129,074 due to the presentation of amounts to be received from ratepayers and other municipalities for drainage expenses as accumulated surplus. For 2024 and 2023, the impact of this correction has resulted in an increase to drainage recoverable of $1,112,040, a decrease to annual surplus of $129,074, and an increase to accumulated surplus of $1,112,040.

A summary of the above adjustments' impact on the December 31, 2024 figures is as follows:

	Previously Reported	***Adjustments***	**Restated**
Statement of financial position			
Drainage receivable	**$ -**	**$ 1,112,040**	**$ 1,112,040**
Accumulated surplus	**25,230,961**	**1,112,040**	**26,343,001**
Statement of operations and accumulated surplus			
Expenses	**5,777,894**	**129,074**	**5,906,968**
Annual surplus	**591,734**	**(129,074)**	**462,659**
Accumulated surplus, beginning of year	**24,639,228**	**1,241,114**	**25,880,342**
Accumulated surplus, end of year	**25,230,961**	**1,112,040**	**26,343,001**
Statement of changes in net financial assets			
Annual surplus	**591,734**	**(129,074)**	**462,659**
Net financial assets, beginning of year	**4,301,296**	**1,241,114**	**5,542,410**
Net financial assets, end of year	**4,325,860**	**1,112,040**	**5,437,900**
Statement of cash flows			
Annual surplus	**591,734**	**(129,074)**	**462,659**
Drainage receivable	**$ -**	**$ 129,074**	**$ 129,074**

5. Cash

The Township's bank accounts are held at one chartered bank.

6. Investments

The investments consist of Guaranteed Investment Certificates, are recorded at cost plus accrued interest. The investments bear interest at varying rates between 1.80% and 4.86% (2024 – 2.25% to 4.86%) and mature between June, 2026 and January, 2028. At year end the carrying values approximated their market values. Interest earned on investments in the year was $133,889 (2024 - $194,425).

7. Taxes receivable

As at December 31, 2025, the taxes receivables are as follows:

	2025	*2024*
Taxes receivable	**$ 207,837**	$ 156,574
Penalties and interest	**19,432**	10,311
	$ 227,269	$ 166,885

8. Deferred revenue

The net change during the year in the restricted deferred revenue balance is made up as follows:

			2025	*2024*
	Parkland	***Other***	***Total***	*Total*
Deferred revenue, beginning of the year	**$ 46,569**	**$ 76,650**	**$ 123,219**	$ 136,643
Restricted fund received during the year	**3,708**	**-**	**3,708**	5,393
Revenue recognized during the year	**(40,000)**	**(961)**	**(40,961)**	(18,817)
Deferred revenue, end of the year	**$ 10,277**	**$ 75,689**	**$ 85,966**	$ 123,219

9. Tangible capital assets

Cost	*Balance 2024*	***Additions***	***Disposals***	***Balance 2025***
Land	$ 161,761	**$ -**	**$ -**	**$ 161,761**
Building and building improvements	2,892,534	**310,189**	**-**	**3,202,723**
Vehicles, machinery and equipment	4,696,151	**302,644**	**(297,926)**	**4,700,872**
Water and wastewater infrastructure	7,607,596	**-**	**-**	**7,607,596**
Road infrastructure	27,331,502	**690,337**	**(84,701)**	**27,937,138**
	$ 42,689,548	**$ 1,303,172**	**$ (382,627)**	**$ 43,610,090**

Accumulated amortization	*Balance 2024*	***Amortization***	***Disposals***	***Balance 2025***
Building and building improvements	$ 1,446,492	**$ 76,817**	**$ -**	**$ 1,523,309**
Vehicles, machinery and equipment	2,287,840	**82,199**	**(127,472)**	**2,242,567**
Water and wastewater infrastructure	3,170,573	**95,269**	**-**	**3,265,842**
Road infrastructure	14,962,937	**765,864**	**(84,700)**	**15,644,101**
	$ 21,867,842	**$ 1,020,149**	**$ (212,172)**	**$ 22,675,819**

Net book value	Balance 2024	***Balance 2025***
Land	$ 161,761	**$ 161,761**
Building and building improvements	1,446,042	**1,679,410**
Vehicles, machinery and equipment	2,408,311	**2,498,514**
Water and wastewater infrastructure	4,437,025	**4,301,721**
Road infrastructure	12,368,565	**12,292,864**
	$ 20,821,702	**$ 20,934,271**

During the year, the Township had additions to assets under construction totaling $Nil (2024 - $256,370).

10. Accumulated surplus

The accumulated surplus is comprised of the following:

	2025	*2024 (Restated)*
Surplus		
Available to offset future revenue requirements		
General surplus taxation	**$ 977,628**	$ 764,598
Water	**2,688,193**	2,704,894
Education scholarship	**7,179**	9,854
Oil City sewers	**28,484**	62,323
Marthaville streetlights	**17,045**	14,860
Oil City streetlights	**21,581**	19,239
Howlett Lane Streetlights	**6,512**	6,622
Consolidate Fire surplus	**544,042**	316,660
	4,290,664	3,899,050
Net book value of tangible capital assets	**20,934,271**	20,821,703
	25,224,935	24,720,753
Reserves	**1,622,248**	1,622,248
	$ 26,847,183	$ 26,343,001

Reserves set aside for specific purpose by council:		
Working capital	**$ 558,792**	$ 558,792
Water capital	**933,635**	933,635
Insurance	**64,099**	64,099
Water and municipal drainage debentures	**65,722**	65,722
	$ 1,622,248	$ 1,622,248

11. Operations of School Boards and The County of Lambton

The total levies raised on behalf of the school boards and the County of Lambton are comprised of the following:

	School Boards		**County of Lambton**	
	2025	***2024***	***2025***	***2024***
Taxation and user charges	**$ 1,054,100**	$ 1,025,656	**$ 2,420,078**	$ 2,277,634
Share of payment in lieu	**-**	-	**10,655**	10,364
Requisitions	**$ 1,054,099**	$ 1,025,656	**$ 2,430,733**	$ 2,287,998

12. Trust funds

The trust funds administered by the Township amounting to $13,567 (2024 - $12,524) have not been included in the consolidated statement of financial position nor have the operations been included in the consolidated statement of operations.

13. Net long-term liabilities

The Township initially deposits assessments into the General Fund and then subsequently transfers the applicable portion of the assessment to the Reserve Fund according to the budget.

a) Net long-term liabilities made up of the following:

		2025		***2024***
Tile drainage loans, maturing 2027-2032	**$**	**155,494**	$	146,064
Of the long-term liabilities shown above, the responsibility for payment of principal and interest charges for the file drainage loans has been assumed by individuals. At the end of the year, the outstanding principal amount of the liability is		**(155,494)**		(146,064)
	$	**-**	$	-

b) Of the total long-term liabilities reported in (a) of this note, $104,641 in principal payments are payable from 2026 to 2029 and $50,853 from 2030 to 2032 and are summarized as follows:

		2026 to 2029		***2030 to 2032***
From benefiting landowners	**$**	**104,641**	$	50,853

c) The township is contingently liable for the long-term liabilities with respect to the tile drainage loans. The total amount outstanding at December 31, 2025 is $155,494 (2024 - $146,064) and is not recorded on the consolidated statement of financial position.

d) The long-term liabilities have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

14. Segmented information

The Township is a municipal government institution that provides a wide range of services to its citizens, including police, fire and water. For management reporting purposes, the operations and activities are organized and reported by fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with specific regulations, restrictions or limitations.

Segmented information has been identified based upon lines of service provided by the Township. The Township services are provided by departments and their activities are reported by functional area in the body of the consolidated financial statements. Certain lines of service that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

a) General Government

General Government is comprised of governance, corporate management and program support.

b) Protection to persons and property

Protection is comprised of the Police Services, Fire, conservation authority, protective inspection and control, emergency measures and Provincial offences. The mandate of the Police Services department is to ensure the safety of the lives and property of citizens; preserve peace and good order; prevent crimes from occurring; detect offenders; and enforce the law. The Fire department is responsible to provide fire suppression services; fire prevention programs; training and education related to prevention; and detection or extinguishment of fires.

14. Segmented information (continued)

c) Public Works – Transportation

The Public Works department is responsible for the delivery of municipal public works services related to the planning, development and maintenance of roadway systems, the maintenance of parks and open space, and street lighting.

d) Public Works – Environment

The Township is responsible for environmental programs such as the engineering and operation of Water and Wastewater systems and Waste Management, the latter of which encompasses Solid Waste Collection and Recycling.

e) Health Services

Health Services includes Public Heath and Ambulance Services.

f) Recreation and Cultural Services

Recreation and Cultural Services include Parks, Recreation Programs and Facilities, libraries and cultural services. The Community Services Department provides public services that contribute to neighbourhood development and sustainability through the provision of recreation and leisure services, and the development and maintenance of various parks and recreational facilities.

g) Planning and Development

The Planning and Development department manages development for business interest, environmental concerns, and land development plans.

Certain allocation methodologies are employed in the preparation of segmented financial information. Taxation and payments in lieu are apportioned to current fund services based on the fund segment's net surplus, and general program support costs are apportioned based on a percentage of total expenditure by segment.

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

15. Liability for vested sick leave benefits

Subsequent to January 1, 2007, 10 sick days per year are granted and may be paid out or accumulated to a maximum of 85 (2024 – 85) days. If unused, the amount accumulated is not paid out.

16. Expenses by object

Total expenses classified by object are as follows:

	2025	*2024 Restated*
Salaries, wages and employee benefits	**$ 914,211**	$ 832,158
Materials	**3,511,496**	3,226,069
Contract services	**1,070,771**	1,029,157
Amortization	**1,020,149**	819,584
	$ 6,516,627	$ 5,906,968

17. Salary disclosure

In 2025, two employees were paid a salary, as defined in the Public Sector Salary Disclosure Act, 1996, of $100,000 or more.

18. Budget data

The approved operating and capital budgets are approved by Council in March 2026 and reflected on the consolidated statement of operations and accumulated surplus for municipal projects. The capital projects benefiting and assessed to landowners and developers, for example water, wastewater, and drainage are not budgeted for. The budgets established for capital projects are on project-oriented basis the costs of which may be carried out over one or more years and therefore, may not be comparable with the current year amounts. Amortization was not contemplated on development of the budget and, as such, has not been included.

	2025
Budgeted surplus for the year	**$880,111**
Adjustments to budgeted surplus	
Capital expenditures	**1,303,172**
Amortization	**(1,020,149)**
	$1,163,135

19. Pension agreements

The Township makes contributions to the Ontario Municipal Employees Retirement Fund ("OMERS"), which is a multi-employer plan, on behalf of members of its employees. The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by employees based on the length of service and rates of pay. Employers and employees contribute jointly to the plan. OMERS provides pension services to more than 665,000 active and retired members and over 1,000 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (“the plan”) by comparing the actuarial value of 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 $149,575 million (2024 - $140,766 million) in respect of benefits accrued for service with actuarial assets at that date of $145,536 million (2024 - $137,853 million) indicating an actuarial deficit of $1,322 million (2024 - $2,913 million).

OMERS is a multi-employer plan, therefore any pension surpluses or deficits are a joint responsibility of the Ontario Municipal organizations and their employees. As a result, the Township does not recognize any share of the OMERS pension surplus or deficit. Employees and employers contribute jointly to the plan The employer amount contributed to OMERS for 2025 was $45,290 (2024 - $36,043) for current service. Employer’s contributions for current service are included as an expense in the consolidated Statement of Operations.

20. Credit facility agreement

Effective May 1, 2015 the Township entered into a credit facility arrangement with its financial institution. The agreement was further renewed on November 1, 2020. The amount available under this credit facility is $700,000 via an operating loan. Any balance borrowed will accrue interest at the bank's prime lending rate plus 0.50% per annum. Council authorized the borrowing limit pursuant to by-law. The credit facility was not utilized at year end.

21. Commitments

a) Recycling services

The Township has entered into an agreement with Waste Management for recycling services which commenced on January 1, 2026 at an annual cost of $48,400. The contract expires on December 31, 2028.

The Township is currently negotiating a new contract with a producer group to manage the collection of recycling materials at the waste and recycling depot. The contract is expected to generate $30,000 in annual revenue

b) Waste collection services

The Township has entered into an agreement for waste collection services which commenced on January 1, 2026 and expires December 31, 2028. Summary of the annual fixed costs are outlined below:

2026	**$28,155**
2027	**29,844**
2028	**31,635**
Total	**$89,635**

In addition to the above fixed fees, the Township is responsible for paying $187 per bin, $110 per bin, and $220 per lift for waste roll off services, container delivery, and metal roll off hauls per year respectively.

22. Financial Instruments and Risks

Unless otherwise noted it is management's opinion that the Township is not exposed to significant risks. There have been no changes in the Township's risk exposures from the prior year.

Credit Risk

The Township is exposed to credit risk through its cash, trade and other receivables loans receivable and long-term receivables. There is a possibility of non-collection of its trade and other receivables. The majority of the Township's receivables are from rate payers and government entities. The Township mitigates its exposure to credit loss by placing its cash with major financial institutions.

The Township's maximum exposure to credit risk at the financial statement date is the carrying value of accounts receivable and other accounts receivable as presented on the statement of financial position.

At year end, the amounts outstanding for the Township's accounts receivable are as follows:

	2025				
	Current	***31-60 days***	***61-90 days***	***91-120 days***	***Total***
Taxes receivable	**$ 162,092**	**$ -**	**$ -**	**$ 65,177**	**$ 227,269**
User charges receivable	**370,370**	**5,928**	**1,032**	**6,099**	**383,429**
Accounts receivable	**302,174**	**28,108**	**-**	**-**	**330,282**
Long-term receivables	**-**	**-**	**-**	**11,643**	**11,643**
Drainage receivables	**-**	**-**	**-**	**689,553**	**689,553**
	$ 834,636	**$ 34,036**	**$ 1,032**	**$ 772,472**	**$ 1,642,176**

22. Financial Instruments and Risks (continued)

Credit Risk (continued)

2024

	Current	*31-60 days*	*61-90 days*	*91-120 days*	*Total*
Taxes receivable	$ 133,361	$ -	$ -	$ 33,524	$ 211,661
User charges receivable	325,269	22,953	2,383	6,323	128,324
Accounts receivable	310,187	8,014	-	59,633	369,398
Long-term receivables	-	-	-	20,677	30,063
Drainage receivables	-	-	-	1,112,040	1,112,040
	$ 768,817	$ 30,967	$ 2,383	$ 1,232,197	$ 2,034,364

Liquidity risk

Liquidity risk is the risk that the Township will not be able to meet its obligations as they become due. The Township manages this risk by establishing budgets and funding plans to fund its expenses and debt payments.

The following tables sets out the expected maturities (representing undiscounted contractual cash-flow of financial liabilities):

2025

	Within 1 year	***1-5 year***	***Over 5 years***	***Total***
Accounts payable and accrued liabilities	**$ 630,787**	**$ 34,879**	**$ -**	**$ 665,666**
Tile drain debenture prelevies	**-**	**-**	**1,956**	**1,956**
	$ 630,788	**$ 120,845**	**$ 1,956**	**$ 753,589**

2024

	Within 1 year	*1-5 year*	*Over 5 years*	*Total*
Accounts payable and accrued liabilities	$ 631,751	$ 87,531	$ -	$ 719,282
Tile drain debenture prelevies	-	-	1,956	1,956
	$ 631,751	$ 210,750	$ 1,956	$ 844,457

Interest rate risk

Interest rate risk is the risk of potential loss caused by fluctuations in fair value of cashflow of financial instruments due to the changes in market interest rates. The Township is exposed to this risk through its interest-bearing investments. The Township manages this risk through investing in fixed-rate securities of short to medium term maturity and plans to hold the securities to maturity.

Enniskillen Township
Segmented Information
December 31, 2025

	General Government	*Protection*	*Public Works-Transportation*	*Public Works-Environmental*	*Health Services*	*Recreation and Culture*	*Planning and Development*	*2025*
Revenue								
Taxation	$ 3,680,001	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,680,001
User charges	-	9,099	6,794	1,969,189	-	46,960	-	2,032,042
Grants	13,264	-	1,035,950	-	-	-	-	1,049,214
Investment income and other	133,889	-	-	5,891	-	-	-	139,780
Penalties and interest on taxes	45,225	-	-	-	-	-	-	45,225
Gain on sale of tangible capital assets	-	-	74,546	-	-	-	-	74,546
Total Revenue	3,872,379	9,099	1,117,290	1,975,080	-	46,960		7,020,808
Expenses								
Salaries, wages and benefits	436,582	-	330,320	93,557	-	17,913	35,839	914,211
Operating	262,934	1,070,771	1,380,032	1,828,211	6,063	34,256	-	4,582,267
Amortization	11,190	57,598	799,681	134,907	-	16,773	-	1,020,149
Total Expenses	710,706	1,128,369	2,510,033	2,056,675	6,063	68,942	35,839	6,516,627
Annual surplus (deficit)	$ 3,161,673	$ (1,119,270)	$ (1,392,743)	$ (81,595)	$ (6,063)	$ (21,982)	$ (35,839)	$ 504,181

The accompanying notes are an integral part of these financial statements

Enniskillen Township
Segmented Information
December 31, 2024

	General Government	*Protection*	*Public Works-Transportation*	*Public Works-Environmental*	*Health Services*	*Recreation and Culture*	*Planning and Development*	*2024 Restated (Note 4)*
Revenue								
Taxation	$ 3,510,607	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,510,607
User charges	-	9,426	6,759	1,796,312	-	5,963	-	1,818,460
Grants	16,510	-	769,814	-	-	-	-	786,324
Investment income and other	194,424	-	-	910	-	-	-	195,334
Penalties and interest on taxes	38,365	-	-	-	-	-	-	38,365
Gain on sale of tangible capital assets	-	-	20,538	-	-	-	-	20,538
Total Revenue	3,759,906	9,426	797,111	1,797,222	-	5,963		6,369,628
Expenses								
Salaries, wages and benefits	359,698	-	329,071	72,137	-	17,436	53,816	832,158
Operating	305,032	1,029,153	1,201,620	1,684,125	8,012	27,284	-	4,255,226
Amortization	11,191	57,599	600,992	135,304	-	14,498	-	819,584
Total Expenses	675,921	1,086,752	2,131,683	1,891,566	8,012	59,218	53,816	5,906,968
Annual surplus (deficit)	$ 3,083,985	$ (1,077,326)	$ (1,334,572)	$ (94,344)	$ (8,012)	$ (53,255)	$ (53,816)	$ 462,660

The accompanying notes are an integral part of these financial statements