

**CORPORATION OF THE TOWNSHIP OF
OTONABEE-SOUTH MONAGHAN**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

**CORPORATION OF THE TOWNSHIP OF
OTONABEE-SOUTH MONAGHAN**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

TABLE OF CONTENTS

	Page Number
MANAGEMENT REPORT	
INDEPENDENT AUDITOR'S REPORT	
CONSOLIDATED FINANCIAL STATEMENTS	
Statement of Financial Position	1
Statement of Operations and Accumulated Surplus	2
Statement of Remeasurement Gains and Losses	3
Statement of Change in Net Financial Assets	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 - 20
Schedule of Tangible Capital Assets	21
Schedules of Segment Disclosure	22 - 23
TRUST FUNDS	
Independent Auditor's Report	24
Statement of Financial Position	26
Statement of Continuity	26
Notes to the Financial Statements	27 - 28
LOCAL BOARD	
Otonabee-South Monaghan Township Public Library Board	29 - 41



The Corporation of the
Township of Otonabee-South Monaghan

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

For The Year Ended December 31, 2025

MANAGEMENT REPORT

The accompanying consolidated financial statements of the Corporation of the Township of Otonabee-South Monaghan are the responsibility of management and have been approved by Council.

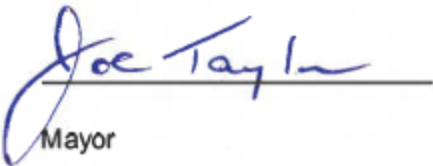
The consolidated financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

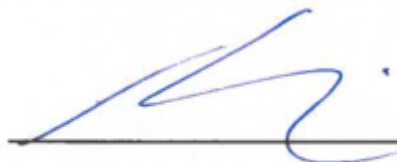
The Township maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Township's assets are appropriately accounted for and adequately safeguarded.

The Township's Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving financial statements.

Council reviews and approves the Township's financial statements for issuance to the members of Council, inhabitants and ratepayers of the Corporation of the Township of Otonabee-South Monaghan. Council meets periodically with management, as well as the external auditor, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities and to review the financial statements and the independent auditor's report.

The consolidated financial statements have been audited by Baker Tilly KDN LLP in accordance with Canadian generally accepted auditing standards on behalf of the Township. Baker Tilly KDN LLP has full and free access to Council.


Mayor


Treasurer

July 13, 2026

Email: cao@osmtownship.ca Telephone: 705.295.6852 Facsimile 705.295.6405

P.O. Box 70 20 Third St Keene, ON K0L 2G0

Visit our website at www.osmtownship.ca or follow us on Twitter @OSMTownship

Baker Tilly KDN LLP
272 Charlotte St.
Peterborough, ON
Canada K9J 2V4

INDEPENDENT AUDITOR'S REPORT

**To the Members of Council, Inhabitants and Ratepayers
of the Corporation of the Township of Otonabee-South
Monaghan**

**T: (705) 742-3418
F: (705) 742-9775**

www.bakertilly.ca

Opinion

We have audited the consolidated financial statements of the Corporation of the Township of Otonabee-South Monaghan and its local boards (the Township), which comprise the consolidated statement of financial position as at December 31, 2025, the consolidated statements of operations and accumulated surplus, remeasurement gains and losses, change 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 consolidated 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 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.

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.

ASSURANCE • TAX • ADVISORY

Baker Tilly KDN LLP is a member of Baker Tilly Canada Cooperative, which is a member of the global network of Baker Tilly International Limited. All members of Baker Tilly Canada Cooperative and Baker Tilly International Limited are separate and independent legal entities.

Peterborough

Courtice

Lindsay

Cobourg

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 group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for 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.

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
September 23, 2026

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2025

	2025 \$	2024 \$
FINANCIAL ASSETS		
Cash (note 5)	8,597,415	6,709,442
Investments (note 6)	6,892,400	6,249,547
Accounts receivable	1,158,733	1,945,429
Taxes receivable	1,557,882	955,359
Long-term debt assumed by Otonabee NP Housing Corporation (note 7)	877,038	910,060
TOTAL FINANCIAL ASSETS	19,083,468	16,769,837
LIABILITIES		
Accounts payable and accrued liabilities	2,983,983	2,956,504
Deferred revenue - obligatory reserve funds (note 8)	2,728,346	2,349,873
Deferred revenue - other (note 9)	535,147	475,433
Long-term debt (note 7)	2,745,198	3,004,131
Asset retirement obligations (note 10)	599,369	604,269
Employee future benefits (note 11)	420,800	418,600
TOTAL LIABILITIES	10,012,843	9,808,810
NET FINANCIAL ASSETS	9,070,625	6,961,027
NON-FINANCIAL ASSETS		
Tangible capital assets (note 12)	22,654,057	23,066,346
Inventories of materials and supplies	30,287	24,666
Prepaid expenses	1,346,463	1,217,650
TOTAL NON-FINANCIAL ASSETS	24,030,807	24,308,662
	33,101,432	31,269,689
Comprised of:		
Accumulated surplus (note 13)	32,113,912	30,500,387
Accumulated remeasurement gains	987,520	769,302
	33,101,432	31,269,689

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the Year Ended December 31, 2025

	Budget 2025 \$ (note 18)	Actual 2025 \$	Actual 2024 \$
REVENUES			
Property taxation	8,361,473	8,605,960	7,929,429
User charges	1,181,708	1,060,853	1,344,858
Government of Canada	-	-	130,000
Province of Ontario	889,416	1,054,632	958,416
Other municipalities	20,000	660	20,851
Penalties and interest on taxes	95,000	166,207	127,727
Investment income	200,000	720,514	807,119
Donations	8,377	9,653	12,404
Donated tangible capital assets	-	-	50,000
Other grants	-	3,033	3,244
Landfill compensation	302,350	316,522	288,552
Other	-	127,210	36,611
Development charges earned (note 8)	438,000	37,512	744,451
Canada Community-Building Fund earned (note 8)	230,000	-	-
Gain on disposal of tangible capital assets	-	-	622
TOTAL REVENUES	11,726,324	12,102,756	12,454,284
EXPENSES			
General government	1,865,045	1,904,751	1,666,727
Protection services	2,843,566	2,627,729	2,659,055
Transportation services	3,228,258	3,778,077	2,915,427
Environmental services	891,189	827,568	725,949
Health services	46,123	41,033	44,347
Social housing	-	35,354	36,611
Recreation and cultural services	1,176,085	1,165,495	1,097,511
Planning and development	179,771	109,224	121,171
TOTAL EXPENSES	10,230,037	10,489,231	9,266,798
ANNUAL SURPLUS	1,496,287	1,613,525	3,187,486
ACCUMULATED SURPLUS - beginning of year		30,500,387	27,922,279
ADJUSTMENT ON ADOPTION OF THE REVENUE RECOGNITION STANDARD		-	(609,378)
ACCUMULATED SURPLUS - beginning of year, as restated		30,500,387	27,312,901
ACCUMULATED SURPLUS - end of year		32,113,912	30,500,387

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES

For the Year Ended December 31, 2025

	2025 \$	2024 \$
ACCUMULATED REMEASUREMENT GAINS - beginning of year	769,302	644,750
Unrealized gain/(loss) on portfolio investments during the year	218,218	124,552
ACCUMULATED REMEASUREMENT GAINS - end of year	987,520	769,302

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

For the Year Ended December 31, 2025

	Budget 2025 \$ (note 18)	Actual 2025 \$	Actual 2024 \$
ANNUAL SURPLUS	1,496,287	1,613,525	3,187,486
Amortization of tangible capital assets	1,353,087	1,510,194	1,353,087
Purchase of tangible capital assets	(2,850,017)	(1,150,337)	(2,216,871)
Loss (gain) on disposal of tangible capital assets	-	13,777	(622)
Proceeds on sale of tangible capital assets	-	38,655	622
Contributed capital assets	-	-	(50,000)
Change in inventories of materials and supplies	-	(5,621)	18,582
Change in prepaid expenses	-	(128,813)	(739,121)
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	(643)	1,891,380	1,553,163
NET FINANCIAL ASSETS - beginning of year	6,961,027	6,961,027	5,892,690
ADJUSTMENT ON ADOPTION OF THE REVENUE RECOGNITION STANDARD	-	-	(609,378)
NET FINANCIAL ASSETS - beginning of year, as restated	6,961,027	6,961,027	5,283,312
INCREASE IN ACCUMULATED REMEASUREMENT GAINS	-	218,218	124,552
NET FINANCIAL ASSETS - end of year	6,960,384	9,070,625	6,961,027

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2025

	2025 \$	2024 \$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	1,613,525	3,187,486
Items not involving cash		
Amortization of tangible capital assets	1,510,194	1,353,087
Loss (gain) on disposal of tangible capital assets	13,777	(622)
Contributed capital assets	-	(50,000)
Accretion expense	19,759	11,200
Change in employee future benefits	2,200	4,200
Change in non-cash assets and liabilities		
Accounts receivable	786,696	1,600,059
Taxes receivable	(602,523)	(267,942)
Inventories of materials and supplies	(5,621)	18,582
Prepaid expenses	(128,813)	(739,121)
Accounts payable and accrued liabilities	27,479	(206,357)
Deferred revenue - obligatory reserve funds	378,473	(227,417)
Deferred revenue - other	59,714	(315,109)
Remediation of asset retirement obligation	(24,659)	(24,200)
Net change in cash from operating activities	3,650,201	4,343,846
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(1,150,337)	(2,216,871)
Proceeds on disposal of tangible capital assets	38,655	622
Net change in cash from capital activities	(1,111,682)	(2,216,249)
INVESTING ACTIVITIES		
Purchase of investments	(976,460)	(979,728)
Disposal of investments	551,825	564,998
Net change in cash from investing activities	(424,635)	(414,730)
FINANCING ACTIVITIES		
Long term debt issued	-	999,555
Debt principal repayments	(258,933)	(219,456)
Decrease in long-term debt assumed by Otonabee NP Housing Corporation	33,022	31,765
OILC advance (repayment)	-	(1,000,000)
Net change in cash from financing activities	(225,911)	(188,136)
NET CHANGE IN CASH	1,887,973	1,524,731
CASH - beginning of year	6,709,442	5,184,711
CASH - end of year	8,597,415	6,709,442

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

The Township of Otonabee-South Monaghan is a lower tier municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

1. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook. Significant aspects of the accounting policies are as follows:

(a) Reporting entity

These consolidated financial statements reflect the assets, liabilities, revenues and expenses and accumulated surplus of the reporting entity.

The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Township and which are owned and controlled by the Township. These consolidated financial statements include:

- Otonabee-South Monaghan Township Public Library Board

All interfund assets and liabilities and revenues and expenses are eliminated.

(b) Trust funds

Trust funds and their related operations administered by the Township are not included in these consolidated financial statements but are reported on separately on the Trust Funds Statement of Continuity and Statement of Financial Position.

(c) Deferred revenue

Deferred revenue represents grants, user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

(d) Reserves and reserve funds

Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to and/or from reserves and reserve funds are an adjustment to the respective fund when approved.

(e) Non-financial assets

Tangible capital and other non-financial assets are accounted for as assets by the Township because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the Township unless they are sold.

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(f) Recognition of revenues and expenses

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which the transactions or events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

Property taxation

Property tax billings are prepared by the Township based on assessment rolls issued by the Municipal Property Assessment Corporation (MPAC) and in accordance with the provisions of the Municipal Act, 2001. The Township's Council establishes the tax rates annually, incorporating amounts to be raised for local services, and amounts the Township is required to collect on behalf of the County and School Boards. From time to time property assessments are adjusted by MPAC through the reconsideration process or by the Assessment Review Board through the appeal process. Additional assessments, referred to as supplementary and omitted assessment can also be issued by MPAC in accordance with the Assessment Act. These adjustments and additional assessments are reported in the financial statements when amounts can be reasonably determined.

The Township is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.

Government funding

Government funding is recognized in the financial statements as revenues in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

Other revenue

User charges are recognized as revenue in the year the goods and services are provided.

Investment income is recorded in the year in which it is earned.

Canada Community-Building Fund, recoverable police force fees, development charges and parkland fees are recognized in the period in which the related expenditures are recorded.

Landfill compensation is recorded when earned.

(g) Inventories of materials and supplies

Inventories of materials and supplies are recorded at cost on a first-in first-out basis.

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(h) 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, as well as legally or contractually required retirement activities. When historical cost records were not available, other methods were used to estimate costs. The cost, less residual value, if any, is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Land improvements	30 years
Buildings	50 years
Machinery and equipment	3 to 30 years
Vehicles	5 to 25 years
Roads and bridges	15 to 50 years
Water systems	25 years

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue.

Tangible capital assets categorized as assets under construction are not amortized until they are put into service.

(i) Use of estimates

Certain items recognized in the consolidated financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the Township's best information and judgment. By their nature, these estimates are subject to measurement uncertainty and the effect on the consolidated financial statements or changes in such estimates in future periods could be significant. The Township's significant estimates include:

- The amount recorded for asset retirement obligation is based on estimates of the assets with potential contaminants and management's estimate of the costs to retire those assets - See Note 1(k) and related costs added to tangible capital assets - See Note 1(h)
- Amortization of tangible capital assets is based on estimated useful life and residual value - See Note 1(h)
- Employee future benefits depend on certain actuarial and economic assumptions

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(j) Financial instruments

Financial instruments are classified as either fair value or amortized cost. The following chart shows the measurement method for each type of financial instrument.

Financial Instrument	Measurement Method
Cash	Amortized Cost
Investments:	
Corporate bond portfolio	Fair Value
Equity portfolio	Fair Value
Guaranteed investment certificates	Amortized Cost
Credit union shares	Amortized Cost
Accounts receivable	Amortized Cost
Taxes receivable	Amortized Cost
Accounts payable and accrued liabilities	Amortized Cost
Long-term debt	Amortized Cost

Fair value category: The Township manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses.

Amortized cost category: Amounts are measured at the initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial instrument asset or financial instrument liability.

The following hierarchy provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2025

1. SIGNIFICANT ACCOUNTING POLICIES, continued

- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

(k) Asset retirement obligation

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are 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. The landfill liability is discounted using a present value calculation, and adjusted yearly for accretion expense and any amounts paid. An additional liability for the removal of asbestos in several of the buildings owned by the Township has also been recognized based on estimated future expenses for remediation or disposal. A liability for the retirement of other Township assets has been recorded based on the estimate of future costs.

The recognition of the liability resulted in an accompanying increase to the respective tangible capital assets. The increase to the tangible capital assets is being amortized in accordance with the accounting policies outlined in (h).

2. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF PETERBOROUGH

During 2025, requisitions were made by the County of Peterborough and School Boards requiring the Township to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are as follows:

	School Boards \$	County \$
Amounts requisitioned and remitted	2,360,881	5,321,896

These amounts have not been included in the Consolidated Statement of Operations and Accumulated Surplus.

3. TRUST FUNDS

Trust funds administered by the Township amounting to \$537,997 (2024 - \$479,461) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations and Accumulated Surplus. As such balances are held in trust by the Township for the benefit of others, they are not presented as part of the Township's financial position or operations.

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

4. CREDIT FACILITY AGREEMENT

The Township has a revolving credit facility agreement with its main financial institution. The amount available at any time is limited to \$750,000 via a line of credit. Any balance borrowed will accrue interest at the bank's prime lending rate per annum. Council authorized the temporary borrowing limit by By-law 2025-02. At December 31, 2025 there was no balance outstanding (2024 - \$Nil).

5. CASH

Cash consists of the following:

	2025 \$	2024 \$
Unrestricted	7,194,520	5,573,764
Restricted	1,402,895	1,135,678
	8,597,415	6,709,442

6. INVESTMENTS

Investments consist of the following:

	Level (note 1(j))	2025 \$	2024 \$
Investments held at amortized cost			
Guaranteed investment certificates, interest rates from 1.50% to 2.95%, maturing from August 2026 to July 29, 2027		1,467,549	-
Guaranteed investment certificates, interest rates from 1.50% to 2.75%, maturing from February 2025 to August 2026		-	1,439,489
Kawartha Credit Union shares		660,007	660,007
Affinity shares		59,083	58,071
		2,186,639	2,157,567
Investments held at market value			
ONE fund - equity portfolio	1	3,279,096	2,705,773
ONE fund - bond portfolio	1	1,426,665	1,386,207
		4,705,761	4,091,980
		6,892,400	6,249,547

Book cost of ONE fund - equity portfolio and ONE fund - bond portfolio are \$2,221,194 and \$1,497,047 respectively at December 31, 2025.

There were no transfers in or out of level 2 and level 3 during the year.

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

7. LONG-TERM DEBT

- (a) The balance of long-term debt reported on the Consolidated Statement of Financial Position is made up of the following:

	2025 \$	2024 \$
Ontario Infrastructure and Lands Corporation debentures for Arena upgrades, due January 15, 2038, repayable in blended semi-annual instalments of \$43,992, interest rate at 3.22% per annum.	899,526	957,149
Ontario Infrastructure Projects Corporation debentures for Fire Hall 1 and water system upgrades, due December 15, 2025, repayable in blended semi-annual instalments of \$70,814, interest rate at 4.12% per annum.	-	137,368
Ontario Infrastructure Projects Corporation debentures, due July 2, 2043, repayable in blended semi-annual instalments of \$34,188, interest rate at 3.92% per annum (see (d) below).	877,038	910,060
Ontario Infrastructure and Lands Corporation debentures for Community Centre upgrades, due August 1, 2044, repayable in blended semi-annual instalments of \$38,919, interest rate at 4.73% per annum.	968,634	999,554
	2,745,198	3,004,131

- (b) The long-term debt in (a) issued in the name of the Township 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.
- (c) Interest paid during the year on long-term debt amounted to \$116,891 (2024 - \$137,976).
- (d) In 2013, the Township approved the issuance of debentures from the Ontario Infrastructure Projects Corporation (OIPC) for \$1,200,000 which was assumed by Otonabee Non-Profit Housing Corporation. A portion of long-term debt reported in (a) is recoverable from Otonabee Non-Profit Housing Corporation with blended semi-annual payments of \$34,188 (\$68,376 annually) and interest at a rate of 3.92% per annum to match the debt held by the Township.
- (e) Future debt payments are as follows:

	Principal \$	Interest \$	Total \$
2026	126,222	107,974	234,196
2027	131,063	103,133	234,196
2028	136,094	98,102	234,196
2029	141,324	92,872	234,196
2030	146,760	87,436	234,196
2031 and subsequent years	2,063,735	574,749	2,638,484
	2,745,198	1,064,266	3,809,464

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

8. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

A requirement of the Chartered Professional Accountants Canada Public Sector Accounting Handbook is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as legislation and external agreements restrict how these funds may be used and under certain circumstances these funds may possibly be refunded. The balances in the obligatory reserve funds of the Township are summarized below:

	2025	2024
	\$	\$
Parkland	110,154	88,980
Development charges	1,492,578	1,396,485
Canada Community-Building Fund	1,082,169	817,541
Recoverable police force fees	43,445	46,867
	2,728,346	2,349,873

The continuity of deferred revenue - obligatory reserve funds is as follows:

	2025	2024
	\$	\$
Balance - beginning of year	2,349,873	2,577,290
Add amounts received:		
Parkland fees	19,468	23,575
Development charges	122,287	217,916
Canada Community-Building Fund	232,100	222,815
Interest	47,130	52,728
	420,985	517,034
Less transfer to operations:		
Development charges earned	37,512	744,451
Recoverable police force fees earned	5,000	-
	42,512	744,451
Balance - end of year	2,728,346	2,349,873

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2025

9. DEFERRED REVENUE - OTHER

Included in deferred revenue - other are the following amounts:

	2025	2024
	\$	\$
Deferred building permits	531,040	471,568
Arena	-	1,357
Library	4,107	2,508
	535,147	475,433

The continuity of deferred revenue - other is as follows:

	2025	2024
	\$	\$
Balance - beginning of year	475,433	181,164
Adjustment to opening balance	-	609,378
Building permit fees	341,073	440,929
Arena	-	1,357
Library	6,517	-
	347,590	442,286
Less transfer to operations:		
Ontario Community Infrastructure Fund	-	178,656
Building permit fees	281,601	578,739
Arena	1,357	-
Library	4,918	-
	287,876	757,395
Balance - end of year	535,147	475,433

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

10. ASSET RETIREMENT OBLIGATION

The Township's asset retirement obligation consists of the following:

(a) Landfill obligation

The Township owns one closed landfill site. The liability has been recognized under PS 3280 – Asset Retirement Obligations. The costs have been estimated based upon the presently known obligations that will exist for 25 years after the closure date using a discount rate of 4.5% and an inflation rate of 3.0%. There are 12 years of remaining monitoring costs; however, the monitoring period could be extended based on the results of the monitoring.

(b) Asbestos obligation

The Township owns and operates several buildings that are known to have asbestos, which represents a health hazard upon demolition of the building and there is a legal obligation to remove it. Following the adoption of PS 3280 – Asset Retirement Obligations, the Township recognized an obligation relating to the removal of the asbestos in these building as estimated at December 31, 2023. These costs have not been discounted as the remediation date cannot be reliably estimated.

(c) Gravel pit

The Township operates a gravel pit. The liability for the closure of this site and the costs to return the property to it's original state has been recognized under PS 3280 – Asset Retirement Obligations. The costs were based on presently known obligations that will exist at the estimated year of closure of the site. These costs have not been discounted as the closure date cannot be reliably estimated.

Changes to the asset retirement obligation in the year are as follows:

	Landfill post- closure \$	Asbestos \$	Gravel pit \$	Total 2025 \$	Total 2024 \$
Asset Retirement Obligation					
Opening balance	254,000	243,350	106,919	604,269	617,269
Remediation costs incurred	(24,659)	-	-	(24,659)	(24,200)
Accretion expense	19,759	-	-	19,759	11,200
Closing balance	249,100	243,350	106,919	599,369	604,269

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

11. EMPLOYEE FUTURE BENEFITS

The Township provides certain employee future benefits that will require funding in future periods.

	2025	2024
	\$	\$
Accrued benefit obligation	353,600	330,300
Unamortized actuarial gain	67,200	88,300
Liability at December 31	420,800	418,600

The Township sponsors benefit plans to pay costs of life, accidental death and dismemberment, medical, dental and employee assistance program, for eligible employees after they retire and their eligible dependents. All benefits are provided upon retirement and continue for a period of 10 years, but not beyond the age of 65, at which time the benefits cease. The plans are not funded by the Township until the plan premiums are paid.

The actuarial valuation as at December 31, 2022 was based on a number of assumptions about future events, such as discount rate, weighted average health care trend rates, and employee turnover and mortality. Under this method, the benefit costs are recognized over the expected average service life of the employee group. Any actuarial gains and losses related to the past service of employees are amortized over the expected average remaining service life of the employee group, which is 10 years. The assumptions used reflect management's best estimate. The main actuarial assumptions employed for the valuation are as follows:

Discount rate	4.60%
Weighted average health care trend rate - initial	6.90%
- ultimate	4.50%
- year ultimate reached	2043

The employee future benefits expense is reported on the Consolidated Statement of Operations and Accumulated Surplus and is comprised of the following:

	2025	2024
	\$	\$
Current year benefit cost	25,900	24,800
Interest cost	16,000	14,800
Amortization of actuarial gains	(21,100)	(21,100)
Annual expense	20,800	18,500

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

12. TANGIBLE CAPITAL ASSETS

The net book value of the Township's tangible capital assets are:

	2025	2024
	\$	\$
General		
Land	731,905	740,645
Land improvements	723,151	743,696
Buildings	7,605,502	7,802,091
Machinery and equipment	1,843,963	1,885,122
Vehicles	1,582,833	1,828,350
Infrastructure		
Roads and bridges	8,424,037	8,236,278
Water systems	1,737,272	1,830,164
	22,648,663	23,066,346
Assets under construction	5,394	-
	22,654,057	23,066,346

For additional information, see the Consolidated Schedule of Tangible Capital Assets.

During the year there were no write-downs of assets (2024 - \$Nil), no interest was capitalized (2024 - \$Nil), and no contributed assets (2024 - \$50,000).

The allocation of tangible capital assets by segment are as follows:

	2025	2024
	\$	\$
General government	493,606	530,640
Protection services	3,732,053	3,881,049
Transportation services	10,380,346	10,373,429
Environmental services	1,760,086	1,864,454
Health services	208,089	218,482
Recreation and cultural services	6,079,877	6,198,292
	22,654,057	23,066,346

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

13. ACCUMULATED SURPLUS

(a) Accumulated surplus consists of the following:

	2025 \$	2024 \$
Surplus/(Deficit)		
Unfunded employee future benefits liability	(420,800)	(418,600)
Invested In Capital Assets		
Tangible capital assets - net book value	22,654,057	23,066,346
Long-term debt related to tangible capital assets	(1,868,161)	(2,094,072)
Unfunded asset retirement obligations	(599,369)	(604,269)
	20,186,527	20,368,005
Surplus	19,765,727	19,949,405
Reserves		
Working funds	1,470,688	1,460,688
General	5,372,616	3,954,685
Fire	1,276,061	921,352
Policing	275,172	157,843
Transportation services	530,718	1,000,141
Waste management and recycling	768,545	699,516
Parks and recreation programs	172,197	153,887
Arena	427,869	279,980
Planning	286,559	206,011
Public property	533,446	483,446
Building department	94,578	176,500
Waterworks	120,685	148,831
Cemeteries	25,877	18,985
Otonabee-South Monaghan Township Public Library Board	77,880	73,139
Wastewater	178,036	91,726
Total Reserves	11,610,927	9,826,730
Reserve Funds		
Waste management	678,175	665,169
Waste management general purpose	59,083	59,083
Total Reserve Funds	737,258	724,252
	32,113,912	30,500,387

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

14. EXPENSES BY OBJECT

The expenses for the year reported on the Consolidated Statement of Operations and Accumulated Surplus by object are as follows:

	Budget 2025 \$ (note 18)	Actual 2025 \$	Actual 2024 \$
Salaries and benefits	3,683,827	3,490,668	3,271,156
Interest charges	136,420	116,891	137,976
Materials	3,032,546	3,101,188	2,678,007
Contracted services	1,918,352	2,132,342	1,721,452
Rents and financial	11,194	32,091	19,496
External transfers	94,611	92,080	85,624
Amortization	1,353,087	1,510,194	1,353,087
Loss on disposal of tangible capital assets	-	13,777	-
	10,230,037	10,489,231	9,266,798

15. PENSION AGREEMENTS

Certain employees of the Township are eligible members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan.

The Actuarial Opinion contained in the 2025 Annual Report disclosed total actuarial liabilities of \$151,365 million in respect of benefits accrued for service with actuarial assets 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 Township's total contributions to OMERS in 2025 were \$390,534 (2024 - \$350,580) of which \$195,267 (2024 - \$175,290) was contributed by employees.

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

16. FINANCIAL INSTRUMENTS

The Township is exposed to the following risks in respect of certain of the financial instruments held:

(a) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The value of fixed income securities will generally rise if interest rates fall and conversely fall when rates rise.

The value of equity securities changes with stock market conditions, which are affected by market conditions and a general economic outlook. The equity securities are also affected by the future outlook of the mutual funds and changes in interest rates (if applicable).

(b) Market risk

The Township is exposed to certain market risks related to investments recorded at fair value including changes in pricing and limited access to foreign markets.

In the opinion of management, the Township is not exposed to any significant liquidity, credit or currency risk.

17. CONTINGENT LIABILITIES

The Township, in the course of its operations, has been named in litigation matters, the outcome of which is indeterminable at this time. No amounts in connection with this item has been reflected in these financial statements.

The Township along with another municipality and possibly a private land owner are responsible for a closed landfill site that has not met all Provincial closure requirements. Amounts cannot be estimated at this time as the Province has not yet approved a final closure plan. No amounts in connection with this item have been reflected in these consolidated financial statements. The Township has a separate waste management reserve for any contingent liabilities associated with this site totaling \$235,933 (2024 - \$235,933).

18. BUDGET FIGURES

The budget, approved by the Township differs from the budget reflected on the Consolidated Statement of Operations and Accumulated Surplus as the approved budget has been adjusted to comply with PSA reporting requirements.

The following is a reconciliation of Council's approved budget to the PSA presented budget:

	2025 \$
Council approved budgeted surplus	-
Tangible capital asset additions	2,850,017
Amortization of tangible capital assets	(1,353,087)
Principal repayment of long term debt	187,691
Transfers to/(from) library reserves and reserve funds	(22,975)
Transfers to/(from) reserves and reserve funds	(165,359)
<u>Annual surplus reported on the Consolidated Statement of Operations</u>	<u>1,496,287</u>

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

19. SEGMENTED INFORMATION

The Township of Otonabee-South Monaghan is a municipal government organization that provides a range of services to its residents. Township services are reported by function and their activities are separately disclosed in the segmented information.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Certain allocation methodologies are employed in the preparation of segmented financial information. Taxation, payments-in-lieu of taxes and certain unconditional government transfers are apportioned based on each segment's net requirements.

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. For additional information see the Consolidated Schedule of Segment Disclosure.

General Government

General government consists of the activities of Council and general financial and administrative management of the Township and its programs and services.

Protection Services

Protection services include police, fire, conservation authority and protective inspection and control and emergency measures.

Transportation Services

The activities of the transportation function include operations and maintenance of the Township's roads and bridges, winter control and street lighting.

Environmental Services

The environmental function is responsible for water, sewer, waste collection, waste disposal and recycling activities not provided by the County of Peterborough.

Health Services

The health services function consists of the activities of the cemetery board, assumed cemetery and operations of the Keene Medical Centre building.

Social Housing

The social housing segment represents the interest on long-term debt for the loan borrowed by the Township on behalf of the Otonabee Non-Profit Housing Corporation.

Recreation and Cultural Services

The recreation and cultural services function provides indoor and outdoor recreational facilities and library services.

Planning and Development

The planning and development services function manages commercial, industrial and residential development within the Township.

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the Year Ended December 31, 2025

	General					Infrastructure		Assets Under Construction	Totals
	Land \$	Land Improvements \$	Buildings \$	Machinery and Equipment \$	Vehicles \$	Roads and Bridges \$	Water Systems \$	\$	\$
COST									
Balance, beginning of year	740,645	798,062	9,499,086	3,791,632	4,100,408	25,629,134	3,301,282	-	47,860,249
Add: additions during the year	(8,740)	8,740	-	267,540	-	877,403	-	5,394	1,150,337
Less: disposals during the year	-	-	-	119,306	-	-	-	-	119,306
Balance, end of year	731,905	806,802	9,499,086	3,939,866	4,100,408	26,506,537	3,301,282	5,394	48,891,280
ACCUMULATED AMORTIZATION									
Balance, beginning of year	-	54,366	1,696,995	1,906,510	2,272,058	17,392,856	1,471,118	-	24,793,903
Add: additions during the year	-	29,285	196,589	256,267	245,517	689,644	92,892	-	1,510,194
Less: disposals during the year	-	-	-	66,874	-	-	-	-	66,874
Balance, end of year	-	83,651	1,893,584	2,095,903	2,517,575	18,082,500	1,564,010	-	26,237,223
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	731,905	723,151	7,605,502	1,843,963	1,582,833	8,424,037	1,737,272	5,394	22,654,057

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE For the Year Ended December 31, 2025

	General Government \$	Protection Services \$	Transportation Services \$	Water and Sewer \$	Other Environmental Services \$	Health Services \$	Social Housing \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues										
Property taxation	2,259,227	2,282,516	2,691,158	-	-	13,130	-	1,243,368	116,561	8,605,960
User charges	16,256	428,394	13,093	145,299	63,878	8,200	-	312,323	73,410	1,060,853
Government transfers - operating	623,418	176,000	-	-	-	-	-	21,882	-	821,300
Government transfers - capital	-	68,891	164,441	-	-	-	-	-	-	233,332
Other municipalities	-	-	-	-	660	-	-	-	-	660
Penalties and interest on taxes	166,207	-	-	-	-	-	-	-	-	166,207
Investment income	720,066	-	-	-	-	-	-	448	-	720,514
Donations	-	-	-	-	-	-	-	9,653	-	9,653
Other grants	-	-	-	-	-	-	-	3,033	-	3,033
Landfill compensation	-	-	-	-	316,522	-	-	-	-	316,522
Other	91,856	-	-	-	-	-	35,354	-	-	127,210
Development charges earned	29,527	-	-	-	-	-	-	7,985	-	37,512
Total revenues	3,906,557	2,955,801	2,868,692	145,299	381,060	21,330	35,354	1,598,692	189,971	12,102,756
Expenses										
Salaries and benefits	849,351	858,968	1,125,857	13,248	70,841	-	-	482,641	89,762	3,490,668
Interest charges	-	2,215	-	2,044	-	-	35,354	77,278	-	116,891
Materials	804,423	353,599	1,242,518	114,635	87,001	30,640	-	448,910	19,462	3,101,188
Contracted services	203,266	1,072,137	443,047	248,813	175,599	-	-	(10,520)	-	2,132,342
Rents and financial	10,677	-	-	-	19,759	-	-	1,655	-	32,091
External transfers	-	92,080	-	-	-	-	-	-	-	92,080
Amortization	37,034	248,876	952,732	95,628	-	10,393	-	165,531	-	1,510,194
Loss on disposal of tangible capital assets	-	(146)	13,923	-	-	-	-	-	-	13,777
Total expenses	1,904,751	2,627,729	3,778,077	474,368	353,200	41,033	35,354	1,165,495	109,224	10,489,231
Net surplus/(deficit)	2,001,806	328,072	(909,385)	(329,069)	27,860	(19,703)	-	433,197	80,747	1,613,525

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2024

	General Government \$	Protection Services \$	Transportation Services \$	Water and Sewer \$	Other Environmental Services \$	Health Services \$	Social Housing \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues										
Property taxation	1,940,296	2,136,425	2,592,602	341,989	84,381	5,000	-	736,232	92,504	7,929,429
User charges	13,848	739,116	11,183	141,215	63,768	2,061	-	304,530	69,137	1,344,858
Government transfers - operating	613,622	18,379	-	-	-	-	-	23,885	-	655,886
Government transfers - capital	-	-	332,530	-	-	-	-	100,000	-	432,530
Other municipalities	-	-	-	-	20,851	-	-	-	-	20,851
Penalties and interest on taxes	127,727	-	-	-	-	-	-	-	-	127,727
Investment income	806,657	-	-	-	-	-	-	462	-	807,119
Donations	-	-	-	-	-	-	-	12,404	-	12,404
Donated tangible capital assets	-	-	-	-	-	-	-	50,000	-	50,000
Other grants	-	-	-	-	-	-	-	3,244	-	3,244
Landfill compensation	-	-	-	-	288,552	-	-	-	-	288,552
Other	-	-	-	-	-	-	36,611	-	-	36,611
Development charges earned	-	-	69,000	-	-	-	-	675,451	-	744,451
Gain on disposal of tangible capital assets	21	-	601	-	-	-	-	-	-	622
Total revenues	3,502,171	2,893,920	3,005,916	483,204	457,552	7,061	36,611	1,906,208	161,641	12,454,284
Expenses										
Salaries and benefits	679,324	897,013	1,025,661	-	82,533	-	-	502,391	84,234	3,271,156
Interest charges	-	5,069	-	4,679	-	-	36,611	91,617	-	137,976
Materials	729,051	390,008	976,617	105,269	61,878	33,954	-	344,293	36,937	2,678,007
Contracted services	216,672	1,055,461	88,598	186,310	178,486	-	-	(4,075)	-	1,721,452
Rents and financial	4,656	815	1,476	-	11,200	-	-	1,349	-	19,496
External transfers	-	85,624	-	-	-	-	-	-	-	85,624
Amortization	37,024	225,065	823,075	95,594	-	10,393	-	161,936	-	1,353,087
Total expenses	1,666,727	2,659,055	2,915,427	391,852	334,097	44,347	36,611	1,097,511	121,171	9,266,798
Net surplus/(deficit)	1,835,444	234,865	90,489	91,352	123,455	(37,286)	-	808,697	40,470	3,187,486

Baker Tilly KDN LLP
272 Charlotte St.
Peterborough, ON
Canada K9J 2V4

INDEPENDENT AUDITOR'S REPORT

T: (705) 742-3418
F: (705) 742-9775

www.bakertilly.ca

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Otonabee-South Monaghan

Opinion

We have audited the financial statements of the Trust Funds of the Corporation of the Township of Otonabee-South Monaghan (the Trust Funds), which comprise the statement of financial position as at December 31, 2025, the statement of continuity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Trust Funds as at December 31, 2025, and the continuity of the Trust Funds 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 Trust Funds 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 Trust Funds' 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 Trust Funds or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust Funds' financial reporting process.

ASSURANCE • TAX • ADVISORY

Baker Tilly KDN LLP is a member of Baker Tilly Canada Cooperative, which is a member of the global network of Baker Tilly International Limited. All members of Baker Tilly Canada Cooperative and Baker Tilly International Limited are separate and independent legal entities.

Peterborough

Courtice

Lindsay

Cobourg

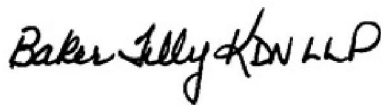
Auditor's Responsibilities for the Audit of the Financial Statements

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 Trust Funds' 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 Trust Funds' 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 Trust Funds 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.



Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
September 23, 2026

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

TRUST FUNDS STATEMENT OF FINANCIAL POSITION At December 31, 2025

	Cemetery Care and Maintenance \$	Responsibility Agreements \$	Darling Trust \$	Assumed Cemetery Care and Maintenance \$	2025 Total \$	2024 Total \$
FINANCIAL ASSETS						
Cash	10,955	435,577	3,357	-	449,889	414,421
Investments (note 2)	3,692	-	-	5,840	9,532	12,304
Accrued interest	-	-	-	118	118	118
Due from Township	50,132	28,800	-	-	78,932	52,618
	64,779	464,377	3,357	5,958	538,471	479,461
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Due to Township	-	-	366	108	474	-
FUND BALANCES						
Capital	64,517	327,173	2,991	5,850	400,531	315,613
Income	262	137,204	-	-	137,466	163,848
	64,779	464,377	2,991	5,850	537,997	479,461
	64,779	464,377	3,357	5,958	538,471	479,461

TRUST FUNDS STATEMENT OF CONTINUITY For the Year Ended December 31, 2025

	Cemetery Care and Maintenance \$	Responsibility Agreements \$	Darling Trust \$	Assumed Cemetery Care and Maintenance \$	2025 Total \$	2024 Total \$
BALANCES - beginning of year						
	62,279	408,341	2,991	5,850	479,461	418,347
RECEIPTS						
Interest earned	85	11,510	367	134	12,096	58,696
Interment fees	2,500	-	-	-	2,500	3,025
Contributions	-	82,418	-	-	82,418	-
	2,585	93,928	367	134	97,014	61,721
EXPENSES						
Contribution to operations	85	37,892	367	134	38,478	607
BALANCES - end of year	64,779	464,377	2,991	5,850	537,997	479,461

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

TRUST FUNDS NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2025

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook.

(a) Basis of Accounting

Revenue and expenses are reported on the accrual basis of accounting which recognizes revenues as they become available 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.

(b) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions 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 and are based on the Township's best information and judgment. Actual results could differ from these estimates.

(c) Revenue Recognition

Interment fees are recognized on the accrual basis of accounting which recognizes the revenues as they are earned. Investment income is recognized when earned.

2. INVESTMENTS

Investments include guaranteed investment certificates, term deposits, Universe Corp bond, and equity funds with various maturity dates between February 2027 to January 2028 and bearing interest between 3.20% to 4.50% per annum.

3. CARE AND MAINTENANCE FUNDS

The figures reported for the cemetery care and maintenance funds represent the trust fund activities for the Keene cemetery. The figures reported for the assumed cemetery care and maintenance funds represent the trust fund activities for the Dawson cemetery.

The Care and Maintenance Funds administered by the Township are funded by the sale of cemetery plots, monuments, markers and niches. These funds are invested and earnings derived there from are used to perform care and maintenance for the Township's cemeteries. The operations and investments of the Fund are undertaken by the Township in accordance with the regulations of the Funeral, Burial and Cremation Services Act, 2002.

4. RESPONSIBILITY AGREEMENTS

The figures reported for the responsibility agreements represent funds held from Kawartha Trails and Shady Acres for maintenance of water systems in these respective areas should the owners not fulfill their requirements.

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

TRUST FUNDS

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

5. SUBSEQUENT EVENT

Subsequent to the year end, Council approved the Township to become the trustee of the Bailieboro Community Cemetery care and maintenance fund through the Cemetery Transfer and Acceptance by Mutual Consent.

**CORPORATION OF THE TOWNSHIP OF
OTONABEE-SOUTH MONAGHAN**

**OTONABEE-SOUTH MONAGHAN TOWNSHIP PUBLIC LIBRARY
BOARD**

FINANCIAL STATEMENTS

DECEMBER 31, 2025

INDEPENDENT AUDITOR'S REPORT

**To the Members of the Otonabee-South Monaghan Township
Public Library Board, the Members of Council, Inhabitants
and Ratepayers of the Corporation of the Township of
Otonabee-South Monaghan**

Baker Tilly KDN LLP
272 Charlotte St.
Peterborough, ON
Canada K9J 2V4

T: (705) 742-3418
F: (705) 742-9775

www.bakertilly.ca

Qualified Opinion

We have audited the financial statements of the Otonabee-South Monaghan Township Public Library Board of the Corporation of the Township of Otonabee-South Monaghan (the Board), which comprise the statement of financial position as at December 31, 2025, the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2025, and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Qualified Opinion

In common with many Public Library Boards, the Board derives revenue from user fees, donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Board. Therefore, we were not able to determine whether any adjustments might be necessary to user fees, donations and fundraising revenue, annual surplus/(deficit) and cash flows from operations for the years ended December 31, 2025 and 2024, and assets and accumulated surplus as at December 31, 2025 and 2024. Our opinion on the financial statements for the year ended December 31, 2024 was modified accordingly because of the possible effects of this scope limitation.

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

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

ASSURANCE • TAX • ADVISORY

Baker Tilly KDN LLP is a member of Baker Tilly Canada Cooperative, which is a member of the global network of Baker Tilly International Limited. All members of Baker Tilly Canada Cooperative and Baker Tilly International Limited are separate and independent legal entities.

Peterborough

Courtice

Lindsay

Cobourg

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 Board'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 Board'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 Board 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.

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
September 23, 2026

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

OTONABEE-SOUTH MONAGHAN TOWNSHIP PUBLIC LIBRARY BOARD STATEMENT OF FINANCIAL POSITION At December 31, 2025

	2025 \$	2024 \$
FINANCIAL ASSETS		
Cash	51,434	49,255
Investments (note 2)	21,095	20,647
Accounts receivable	11,709	8,427
TOTAL FINANCIAL ASSETS	84,238	78,329
LIABILITIES		
Accounts payable	5,361	6,212
Deferred revenue (note 3)	4,107	2,508
TOTAL LIABILITIES	9,468	8,720
NET FINANCIAL ASSETS	74,770	69,609
NON-FINANCIAL ASSETS		
Tangible capital assets (note 4)	66,113	71,247
Prepaid expenses	3,108	3,528
TOTAL NON-FINANCIAL ASSETS	69,221	74,775
ACCUMULATED SURPLUS (note 7)	143,991	144,384

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

OTONABEE-SOUTH MONAGHAN TOWNSHIP PUBLIC LIBRARY BOARD STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS For the Year Ended December 31, 2025

	Budget 2025 \$ (note 6)	Actual 2025 \$	Actual 2024 \$
REVENUES			
Municipal contributions - levy (note 8)	235,000	235,000	230,068
Municipal contributions - development charges (note 8)	8,000	7,985	7,951
Municipal contributions - occupancy (note 8)	-	32,213	15,317
Province of Ontario	19,268	19,268	19,268
Other grants	1,135	5,586	7,729
User fees	4,450	6,178	9,052
Interest	-	448	462
Donations and fundraising	8,227	11,369	12,621
TOTAL REVENUES	276,080	318,047	302,468
EXPENSES			
Salaries and benefits	225,371	219,125	208,668
Custodian	9,000	8,454	8,127
Telephone	6,150	3,974	3,403
Office, supplies, bank charges	12,850	10,108	8,900
Equipment	1,400	4,001	4,738
Resource and professional development	1,200	-	531
Program costs	8,867	6,097	11,467
Library collection costs	10,700	12,379	5,898
Amortization	22,055	22,089	22,055
Occupancy costs (note 8)	-	32,213	15,317
TOTAL EXPENSES	297,593	318,440	289,104
ANNUAL SURPLUS/(DEFICIT)	<u>(21,513)</u>	(393)	13,364
ACCUMULATED SURPLUS - beginning of year		144,384	131,020
ACCUMULATED SURPLUS - end of year		143,991	144,384

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

OTONABEE-SOUTH MONAGHAN TOWNSHIP PUBLIC LIBRARY BOARD

STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

For the Year Ended December 31, 2025

	Budget 2025 \$ (note 6)	Actual 2025 \$	Actual 2024 \$
ANNUAL SURPLUS/(DEFICIT)	(21,513)	(393)	13,364
Amortization of tangible capital assets	22,055	22,089	22,055
Acquisition of tangible capital assets	(23,517)	(16,955)	(24,478)
Change in prepaid expenses	-	420	347
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	(22,975)	5,161	11,288
NET FINANCIAL ASSETS - beginning of year	69,609	69,609	58,321
NET FINANCIAL ASSETS - end of year	46,634	74,770	69,609

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

OTONABEE-SOUTH MONAGHAN TOWNSHIP PUBLIC LIBRARY BOARD

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2025

	2025 \$	2024 \$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus/(deficit)	(393)	13,364
Items not involving cash		
Amortization of tangible capital assets	22,089	22,055
Change in non-cash assets and liabilities		
Accounts receivable	(3,282)	(877)
Prepaid expenses	420	347
Accounts payable	(851)	(4,172)
Deferred revenue	1,599	-
Net change in cash from operating activities	19,582	30,717
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(16,955)	(24,478)
INVESTING ACTIVITIES		
Redemption of investments	19,640	19,178
Purchase of investments	(20,088)	(20,647)
Net change in cash from investing activities	(448)	(1,469)
NET CHANGE IN CASH	2,179	4,770
CASH - beginning of year	49,255	44,485
CASH - end of year	51,434	49,255

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

OTONABEE-SOUTH MONAGHAN TOWNSHIP PUBLIC LIBRARY BOARD

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook. Significant aspects of the accounting policies adopted by the Board are as follows:

(a) Recognition of revenue and expenses

Revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenue in the period in which the transactions of events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

Government funding is recognized in the financial statements as revenues in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

User fees, donations and fundraising are recognized as revenue in the year amounts are received or become receivable if collection is reasonably assured.

(b) Use of estimates

Certain items recognized in the financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the Board's best information and judgment. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant. The Board's significant estimates include:

- Amortization of tangible capital assets is based on estimated useful life and residual value - See Note 1(c)

(c) 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, as well as legally or contractually required retirement activities. When historical cost records were not available, other methods were used to estimate costs. The cost, less residual value, if any, is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Books and periodicals	7 years
-----------------------	---------

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue.

(d) Deferred revenue

Deferred revenue represents grants which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

OTONABEE-SOUTH MONAGHAN TOWNSHIP PUBLIC LIBRARY BOARD

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(e) Financial instruments

Financial instruments are classified as either fair value or amortized cost. The following chart shows the measurement method for each type of financial instrument.

Financial Instrument	Measurement Method
Cash	Amortized Cost
Investments	Amortized Cost
Accounts receivable	Amortized Cost
Accounts payable	Amortized Cost

Fair value category: The Board manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses.

Amortized cost category: Amounts are measured at the initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial instrument asset or financial instrument liability.

The following hierarchy provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

As there are no unrealized gains or losses on financial instruments to report, the Statement of Remeasurement Gains and Losses has not been presented in these financial statements.

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

OTONABEE-SOUTH MONAGHAN TOWNSHIP PUBLIC LIBRARY BOARD

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(f) Non-financial assets

Tangible capital assets and other non-financial assets are accounted for as assets by the Board because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the Board unless they are sold.

(g) Reserves

Certain amounts, as approved by the Board, are set aside in reserves for future operating and capital purposes. Transfers to and/or from reserves are an adjustment to the respective fund when approved.

(h) Inter-entity transactions

The Otonabee-South Monaghan Township Public Library Board is a Board of the Township of Otonabee-South Monaghan and is consolidated with the Township's financial statements.

Allocated costs and recovery of costs are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Unallocated costs are measured at the carrying amount, which is the amount recorded in the records of the Township.

2. INVESTMENTS

Investments consist of a redeemable term deposit of \$20,088 with a maturity date of February 16, 2027 and bearing interest at 2.00% per annum and Kawartha Credit Union Affinity Shares totalling \$1,007.

3. DEFERRED REVENUE

Deferred revenue consists of the following:

	2025 \$	2024 \$
Capacity Fund	973	973
Older Adult Centres' Association of Ontario - senior's literacy	1,013	406
Improving Library Digital Services	1,129	1,129
Community Foundation Grant	492	-
Community Involvement Grant	500	-
	4,107	2,508

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

OTONABEE-SOUTH MONAGHAN TOWNSHIP PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2025

4. TANGIBLE CAPITAL ASSETS

The net book value of the Board's tangible capital assets are:

	2025 Books and Periodicals \$	2024 Books and Periodicals \$
COST		
Balance, beginning of year	158,968	159,249
Add: additions during the year	16,955	24,478
Less: disposals during the year	25,885	24,759
Balance, end of year	150,038	158,968
ACCUMULATED AMORTIZATION		
Balance, beginning of year	87,721	90,425
Add: additions during the year	22,089	22,055
Less: disposals during the year	25,885	24,759
Balance, end of year	83,925	87,721
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	66,113	71,247

5. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in the Board assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

The Board is exposed to the following risks in respect of certain of the financial instruments held:

(a) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The value of fixed income securities will generally rise if interest rates fall and conversely fall when rates rise.

In the opinion of management, the Board is not exposed to any significant liquidity, credit, market or currency risks.

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

OTONABEE-SOUTH MONAGHAN TOWNSHIP PUBLIC LIBRARY BOARD

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

6. BUDGET FIGURES

The budget, approved by the Board differs from the budget reflected on the Statement of Operations and Accumulated Surplus as the approved budget has been adjusted to comply with PSA reporting requirements.

The following is a reconciliation of the Board's approved budget to the PSA presented budget:

	2025 \$
Board approved budgeted surplus	-
Tangible capital asset additions	23,517
Amortization of tangible capital assets	(22,055)
Transfers to/(from) reserves and reserve funds	(22,975)
Annual surplus/(deficit) reported on the Statement of Operations	(21,513)

7. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2025 \$	2024 \$
Invested In Capital Assets		
Tangible capital assets - net book value	66,113	71,247
Surplus	66,113	71,247
Reserves		
Capital improvements	7,368	4,978
Technology	18,774	16,536
Book purchases	9,928	8,185
Liz Coleman	3,267	3,462
Human resources	19,342	20,355
Community outreach	5,463	4,141
Professional fees	684	684
Health and safety	811	811
Collection designated funds	1,657	3,401
Programming projects	10,584	10,584
Total Reserves	77,878	73,137
	143,991	144,384

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

OTONABEE-SOUTH MONAGHAN TOWNSHIP PUBLIC LIBRARY BOARD

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

8. INTER-ENTITY TRANSACTIONS

During the year, the Board entered into transactions with the Township of Otonabee-South Monaghan.

As part of the budgeting process, the Township approves a contribution and development charges to the Board which is identified on the Statement of Operations and Accumulated Surplus.

Details of the inter-entity expense transactions are as follows:

	2025	2024
	\$	\$
Allocated costs:		
Occupancy costs	32,213	15,317

In addition, the following services are provided to the Board by the Township at no cost:

- Professional services
- Rental of buildings

All balances with the Township of Otonabee-South Monaghan have been identified on the Statement of Financial Position. Due from (to) balances are unsecured, without interest and have no terms of repayment.

9. COMPARATIVE FIGURES

Certain comparative figures were restated, where required, to conform with the current year presentation.