

Non-Consolidated Financial Statements of

**CORPORATION OF THE
UNITED COUNTIES OF
LEEDS AND GRENVILLE**

Year ended December 31, 2025

CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Non-Consolidated Financial Statements

Year ended December 31, 2025

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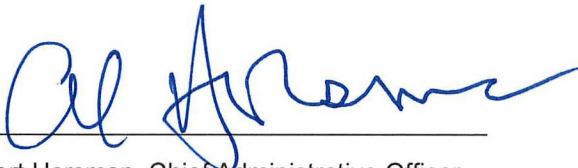
Management's Responsibility for the Non-Consolidated Financial Statements

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

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

Council meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to Council approval of the financial statements.

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

A handwritten signature in blue ink, appearing to read 'Al Horsman', written over a horizontal line.

Albert Horsman, Chief Administrative Officer

A handwritten signature in blue ink, appearing to read 'Pat Huffman', written over a horizontal line.

Pat Huffman, Treasurer



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INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the United Counties of Leeds and Grenville

Opinion

We have audited the non-consolidated financial statements of the Corporation of the United Counties of Leeds and Grenville (the Entity), which comprise:

- the non-consolidated statement of financial position as at December 31, 2025
- the non-consolidated statement of operations and accumulated municipal equity for the year then ended
- the non-consolidated statement of changes in net debt for the year then ended
- the non-consolidated statement of cash flows for the year then ended
- and notes to the non-consolidated financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at December 31, 2025, and its non-consolidated results of operations and its non-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 Financial Statements***" section of our auditor's report.

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

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



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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

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



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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font. Below the signature is a single horizontal line.

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

July 30, 2026

CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Non-Consolidated Statement of Financial Position

December 31, 2025, with comparative information for 2024

	2025	2024
Financial assets:		
Cash	\$ 83,414,557	\$ 61,508,357
Accounts receivable	17,119,283	13,945,612
Investments (note 5)	18,415,111	17,788,652
Long-term receivables (note 3)	—	4,012,697
	118,948,951	97,255,318
Financial liabilities:		
Accounts payable and accrued liabilities	40,909,299	31,573,335
Employee future benefit obligations (note 4)	12,703,984	11,341,026
Asset retirement obligations (note 7)	28,400,210	26,028,133
Deferred revenue	4,706,260	3,141,562
Deferred revenue - obligatory reserve funds (note 6)	2,268,903	3,381,763
Long-term liabilities (note 8)	90,897,270	58,595,816
	179,885,926	134,061,635
Net debt	(60,936,975)	(36,806,317)
Non-financial assets:		
Tangible capital assets (note 17)	267,876,998	241,774,824
Prepaid expenses	5,372,647	4,759,438
Inventories	1,284,429	1,540,647
Total non-financial assets	274,534,074	248,074,909
Contingent liabilities (note 12)		
Commitments (note 15)		
Accumulated municipal equity (note 9)	\$ 213,597,099	\$ 211,268,592

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

CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Non-Consolidated Statement of Operations and Accumulated Municipal Equity

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

	Budget 2025 (note 19)	Actual 2025	Actual 2024
Revenue (note 18):			
Taxation - requisition on local municipalities	\$ 54,716,418	\$ 54,900,924	\$ 51,465,317
Taxation - share of supplementary taxes	250,000	688,253	626,505
User charges	3,956,657	3,093,607	3,051,968
Government grants - provincial	80,846,337	68,594,142	68,509,381
Government grants - federal	4,982,327	4,982,327	408,742
Government grants - other municipalities	6,816,887	6,754,927	6,945,295
Provincial offences fines	1,500,000	1,654,379	1,394,992
Investment income	2,028,736	2,832,714	3,513,075
Other income:			
Rental	4,031,246	4,526,411	4,425,203
Other	22,350	1,520,715	30,233
Gain on sale of tangible capital assets	—	357,622	1,027,095
Loss on write down of tangible capital assets	—	—	(402,942)
Total revenue	159,150,958	149,906,021	140,994,864
Expenses (note 18):			
General government	4,899,222	4,879,493	3,650,683
Protection to persons and property	2,389,885	2,404,856	2,221,082
Transportation services	27,383,266	26,675,195	24,720,857
Environmental services	379,544	335,114	335,629
Health services	26,217,533	26,543,861	24,844,162
Social and family services	91,872,918	84,169,203	66,335,744
Recreation and cultural services	23,647	23,728	21,261
Planning and development	2,842,781	2,546,064	2,431,627
Total expenses	156,008,796	147,577,514	124,561,045
Annual surplus	3,142,162	2,328,507	16,433,819
Accumulated municipal equity, beginning of year	211,268,592	211,268,592	194,834,773
Accumulated municipal equity, end of year	\$ 214,410,754	\$ 213,597,099	\$ 211,268,592

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

CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Non-Consolidated Statement of Changes in Net Debt

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

	Budget 2025 (note 19)	Actual 2025	Actual 2024
Annual surplus	\$ 3,142,162	\$ 2,328,507	\$ 16,433,819
Amortization of tangible capital assets	14,016,398	15,476,411	14,016,400
Acquisition of tangible capital assets	(88,661,429)	(41,662,054)	(60,117,330)
Loss on write down of tangible capital assets	—	—	402,942
Gain on disposal of tangible capital assets	—	(357,622)	(1,027,095)
Proceeds on disposal of tangible capital assets	—	441,091	1,686,847
Acquisition (consumption) of prepaid expenses	—	(613,209)	(2,161,293)
Acquisition (consumption) of supplies inventories	—	256,218	143,505
Change in net debt	(71,502,869)	(24,130,658)	(30,622,205)
Net financial assets (debt), beginning of year	(36,806,317)	(36,806,317)	(6,184,112)
Net debt, end of year	<u>\$(108,309,186)</u>	<u>\$ (60,936,975)</u>	<u>\$ (36,806,317)</u>

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

CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Non-Consolidated Statement of Cash Flows

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

	2025	2024
Operating activities:		
Annual surplus	\$ 2,328,507	\$ 16,433,819
Item not involving cash:		
Amortization of tangible capital assets	15,476,411	14,016,400
Gain on sale of tangible capital assets	(357,622)	(1,027,095)
Loss on write down of tangible capital assets	—	402,942
Increase in asset retirement obligations	2,372,077	781,401
Change in non-cash operating working capital:		
Accounts receivable	(3,173,671)	(8,244,019)
Accounts payable and accrued liabilities	9,335,964	13,159,093
Employee future benefit obligations	1,362,958	1,674,317
Deferred revenue	3,884,648	(5,322,395)
Deferred revenue - obligatory reserve funds	(3,432,810)	(1,254,872)
Inventories	256,218	143,505
Prepaid expenses	(613,209)	(2,161,293)
Net change in cash from operations	27,439,471	28,601,803
Investing activities:		
Increase in investments	(626,459)	(399,371)
Repayment of long-term receivables	4,012,697	118,511
	3,386,238	(280,860)
Capital activities:		
Acquisition of tangible capital assets	(41,662,054)	(60,117,330)
Proceeds of disposal of tangible capital assets	441,091	1,686,847
	(41,220,963)	(58,430,483)
Financing activities:		
Proceeds of long-term liabilities	32,846,270	26,710,000
Debt principal repayments	(544,816)	(788,312)
	32,301,454	25,921,688
Increase (decrease) in cash	21,906,200	(4,187,852)
Cash, beginning of year	61,508,357	65,696,209
Cash, end of year	\$ 83,414,557	\$ 61,508,357

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

CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Notes to Non-Consolidated Financial Statements

Year ended December 31, 2025

The Corporation of the United Counties of Leeds and Grenville (the "United Counties") was incorporated January 28, 1850 and assumed its responsibilities under the authority of the Municipal Act. The United Counties operates as an upper tier government in the United Counties of Leeds and Grenville, in the Province of Ontario, Canada and provides municipal services such as emergency measures, public works, public health services, ambulance services, social and family assistance, planning and development and other general government operations.

1. Significant accounting policies:

The non-consolidated financial statements of the United Counties are the representations of management and have been prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the United Counties are as follows:

(a) Basis of accounting:

- (i) The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based on receipt of goods and services and/or the creation of a legal obligation to pay.
- (ii) Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the annual surplus, provides the change in net financial assets (debt) for the year.
- (iii) Trust funds and their related operations administered by the United Counties are not included in these financial statements but are reported separately on the Trust Funds Statement of Financial Activities and Financial Position.

(b) Tangible capital assets:

Tangible capital assets are recorded at historical cost or where historical cost records were not available, other methods determined to provide a best estimate of historical cost and accumulated amortization of the assets. Costs include all amounts that are directly attributable to acquisition, construction, development or betterment of the asset.

CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2025

1. Significant accounting policies (continued):

(b) Tangible capital assets (continued):

The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful Life - Years
Land improvements	10
Buildings	15 to 40
Vehicles	5 to 12
Machinery, equipment, furniture and fixtures	7 to 30
Linear assets:	
Roads	35 to 50
Bridges and culverts	75

Amortization is charged from the month following the date of acquisition. Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

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

When tangible capital assets are disposed of, either by way of a sale, destruction or loss, or abandonment of the asset, the asset's net book value, historical cost less accumulated amortization, is written off. Any resulting gain or loss, equal to the proceeds on disposal less the asset's net book value, is reported on the non-consolidated statement of operations and accumulated municipal equity in the year of disposal. Transfers of assets to third parties are recorded as an expense equal to the net book value of the asset as of the date of transfer.

When conditions indicate that a tangible capital asset no longer contributes to the United Counties' ability to provide services or the value of the future economic benefits associated with the tangible capital asset are less than its net book value, and the decline is expected to be permanent, the cost and accumulated amortization of the asset are reduced to reflect the revised estimate of the value of the asset's remaining service potential. The resulting net adjustment is reported as an expense on the non-consolidated statement of operations and accumulated municipal equity.

CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2025

1. Significant accounting policies (continued):

(c) Financial instruments:

The United Counties records derivatives and portfolio investments in equity instruments that are quoted in an active market at fair value. All other financial instruments will generally be measured at cost or amortized cost.

Management has not elected to record any investments at fair value as they are not managed and evaluated on a fair value basis.

Unrealized gains and losses arising from changes in fair value are presented in the statement of remeasurement gains and losses which records the remeasurement gains and losses for financial instruments measured at fair value. Unrealized gains and losses are realized upon settlement of the financial instrument when the financial instrument is sold or reaches maturity through the non-consolidated statement of operations and accumulated municipal equity. Changes in the fair value on restricted assets are recognized as a liability until the criterion attached to the restrictions has been met, upon which the gain or loss is recognized in the non-consolidated statement of operations and accumulated municipal equity.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and any unrealized gain is adjusted through the non-consolidated statement of remeasurement gains and losses.

Long-term debt is recorded at amortized cost.

Establishing fair value

The fair value of guarantees and letters of credit are based on fees currently charged for similar agreements or on the estimated cost to terminate them or otherwise settle the obligations with the counterparties at the reported borrowing date. In situations in which there is no market for these guarantees, and they were issued without explicit costs, it is not practicable to determine their fair value with sufficient reliability (if applicable).

CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2025

1. Significant accounting policies (continued):

(c) Financial instruments (continued):

Establishing fair value (continued)

(i) Fair value hierarchy:

The following 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 - fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - fair value measurements are those derived from 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); and

Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

(d) Foreign currency:

Foreign currency transactions are recorded at the exchange rate at the time of the transaction.

Assets and liabilities denominated in foreign currencies are recorded at fair value using the exchange rate at the financial statement date. Unrealized foreign exchange gains and losses are recognized in the non-consolidated statement of remeasurement gains and losses. In the period of settlement, the realized foreign exchange gains and losses are recognized in the non-consolidated statement of operations and accumulated municipal equity and the unrealized balances are reversed from the non-consolidated statement of remeasurement gains and losses.

(e) Statement of Remeasurement Gains and Losses:

A non-consolidated statement of remeasurement gains and losses has not been provided as there are no significant unrealized gains or losses at December 31, 2025 or 2024.

CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2025

1. Significant accounting policies (continued):

(f) Leases:

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

(g) Inventories and prepaid expenses:

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

(h) Pension and employee benefits:

The United Counties accounts for its participation in the Ontario Municipal Employees Retirement System ("OMERS"), a multi-employer public sector pension fund, as a defined contribution. The OMERS plan specifies the retirement benefits to be received by employees based on length of service and pay rates.

As a result, the United Counties does not recognize any share of the OMERS pension surplus or deficit. The last available report was as at December 31, 2025, at that time, the plan reported a \$2.9 billion actuarial deficit (2024 - \$4.2 billion actuarial deficit).

Employee benefits include vacation entitlement, sick leave benefits and benefits under the Workplace Safety and Insurance Board Act. Vacation entitlements are accrued as entitlements are earned. Sick leave benefits are accrued in accordance with the United Counties' policy.

(i) Revenue recognition:

Government transfers and funding for projects are recognized when the transfer is authorized, any eligible criteria has been met and the amount can be reasonably estimated. United Counties generated funds, generally consisting of user charges are recognized when the goods are sold or the services are provided, performance obligations fulfilled, and future economic benefits are measurable and expected to be obtained. Other restricted contributions received in advance of the related expenditure are deferred until the related expenditure is incurred.

CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2025

1. Significant accounting policies (continued):

(j) Deferred revenue:

The United Counties defers recognition of user charges and fees which have been collected but for which the related services have yet to be performed. Government transfers, development charges collected under the Development Charges Act, 1997, and recreational land collected under the Planning Act are reported as deferred revenues in the non-consolidated statement of financial position. These amounts will be recognized as revenues in the fiscal year the services are performed.

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

Deferred revenue represents certain user charges and fees which have been collected but for which the related services have yet to be performed. Deferred revenue also represents contributions that the United Counties has received pursuant to legislation, regulation or agreement that may only be used for certain programs or in the completion of specific work. These amounts are recognized as revenue in the fiscal year the services are performed or related expenses incurred.

(k) Asset retirement obligations:

An asset retirement obligation ("ARO") is recognized when, as at the financial reporting date, all of the following criteria are met:

- (i) There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- (ii) The past transaction or event giving rise to the liability has occurred;
- (iii) It is expected that future economic benefits will be given up; and
- (iv) A reasonable estimate of the amount can be made.

The liability for the removal of asbestos in several of the buildings owned by the United Counties has been recognized based on estimated undiscounted future expenses. Assumptions used in the calculations are revised yearly.

Actual remediation costs incurred are charged against the ARO to the extent of the liability recorded. Differences between the actual remediation costs incurred and the associated liabilities are recognized in the non-consolidated statement of operations and accumulated municipal equity at the time of remediation.

CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2025

1. Significant accounting policies (continued):

(k) Asset retirement obligations (continued):

The recognition of the ARO liability resulted in an accompanying increase to the respective tangible capital assets. Building tangible capital assets affected by the asbestos liability are being amortized with the building following the amortization accounting policies outlined in Note 1 (b).

(l) Liability for contaminated sites:

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when a site is not in productive use and all the following criteria are met:

- (i) an environmental standard exists;
- (ii) contamination exceeds the environmental standard;
- (iii) the United Counties:
 - a) is directly responsible; or
 - b) accepts responsibility
- (iv) it is expected that future economic benefit will be given up; and
- (v) a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

(m) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Amounts subject to estimates include employee future benefit obligations, asset retirement obligations and the carrying value of the tangible capital assets. Actual results could differ from these estimates.

CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2025

2. Service Contract with the Ministry of Children, Community and Social Services and the Ministry of Education:

The United Counties has a service contract with the Ministry of Children, Community and Social Services and the Ministry of Education. A reconciliation report summarizes by service, all revenues and expenses and identifies any resulting surplus that relates to the service contract.

A review of the report shows various Child Care Programs to be in a surplus position as at December 31, 2025. The net surplus amount is reflected as a component of accounts payable and accrued liabilities on the non-consolidated statement of financial position.

3. Long-term receivables:

Long-term receivables are comprised of the following:

	2025	2024
Due from Marguerita Residence Corporation (prime less 0.95%) for funds advanced to finance the construction of an 88 unit affordable housing project in Brockville ON. Amount of the loan will not exceed \$4,000,000 and will be for a period of up to 5 years coinciding with building occupancy. This loan has been settled in the year.	\$ —	\$ 4,012,697
	\$ —	\$ 4,012,697

CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2025

4. Employee future benefit obligations:

(a) Liability for vacation, overtime and statutory holiday credits:

Vacation, overtime and statutory holiday expense are accrued for employees as entitlement to these payments is earned in accordance with the United Counties' benefit plan.

(b) Sick leave credits:

The United Counties previously provided a sick leave benefit plan, now discontinued, that would allow unused sick leave to accumulate such that employees became entitled to cash payment when they leave their employment. The liability for these accumulated days, to the extent they were vested, could be taken in cash by an employee on termination as set out below.

(c) The United Counties is a Schedule 2 employer under the Workplace Safety and Insurance Act and as such assume full responsibility for financing its workplace safety insurance costs. The accrued obligation represents the present value of future benefits on existing claims.

The liability was determined by an actuarial valuation undertaken as at February 4, 2025, with an extrapolation effective December 31, 2024. The estimate is based on a number of assumptions about future events including interest rates, inflation rates, salary and wage rates and claim rates. The valuation estimated claims at 5.98% of salaries and wages, a discount rate of 3.0% and a rate of inflation of 1.75%.

Future actuarial valuations may result in increases or decreases to the liability. The actuarial gain or loss will be amortized over the expected average remaining service life of 9.96 years (2024 - 9.96 years).

The United Counties have established reserves to mitigate the future impact of the obligation and this has been reported on Schedule 1 - Composition of Reserves and Reserve Funds, \$1,494,336 (2024 - \$1,161,462).

CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2025

4. Employee future benefit obligations (continued):

(c) (continued):

Information with respect to the United Counties Workplace Safety and Insurance Board accrued benefit liability is as follows:

	2025	2024
Accrued WSIB benefit obligation at January 1	\$ 15,147,649	\$ 12,031,343
Current valuation	—	2,231,949
Benefit cost for the year	2,186,023	1,996,062
Interest cost	611,189	368,675
Expected benefit payments	(1,921,870)	(1,480,380)
	\$ 16,022,991	\$ 15,147,649
Accrued WSIB benefit obligation at December 31	16,022,991	15,147,649
Unamortized actuarial loss	(4,269,644)	(4,990,442)
Accrued WSIB liability at December 31	\$ 11,753,347	\$ 10,157,207

Information with respect to the County's Workplace Safety and Insurance Board unamortized loss is as follows:

	2025	2024
Remaining unamortized loss at January 1	\$ (4,990,442)	\$ (3,264,956)
Amortization during the year	720,798	506,463
Actuarial loss	—	(2,231,949)
Remaining unamortized loss at December 31	\$ (4,269,644)	\$ (4,990,442)

(d) Employee benefit obligations are comprised of:

	2025	2024
Sick leave	\$ 5,045	\$ 6,133
Vacation, overtime, statutory holidays	945,592	1,177,686
WSIB	11,753,347	10,157,207
	\$ 12,703,984	\$ 11,341,026

CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2025

5. Investments:

Investments reported under financial assets represent excess operating funds that are comprised of the following:

	Level	2025	2024
Fixed income investments	2	\$ 18,415,111	\$ 17,788,652

Fixed income investments yields interest rates ranging of 2.40% to 5.68% with varying maturities between January 2027 and November 2035.

6. Deferred revenue - obligatory reserve fund:

A requirement of public sector accounting principles of the Chartered Professional Accountants of Canada is that obligatory reserve funds be reported as deferred revenues. This requirement is in place as legislation restricts how these funds may be used and under certain circumstances these funds may possibly be refunded.

The transactions for the year are summarized as follows:

	Infrastructure grants	Canada Community Building Fund	2025 Total	2024 Total
January 1, 2025	\$ 1,039,942	\$ 2,341,821	\$ 3,381,763	\$ 4,387,418
Interest	63,703	47,489	111,192	260,856
Government grants	2,925,992	2,374,155	5,300,147	2,313,685
Transfer to capital fund	(443,176)	(4,653,344)	(5,096,520)	(3,530,196)
Transfer to operating fund	(1,427,679)	—	(1,427,679)	(50,000)
December 31, 2025	\$ 2,158,782	\$ 110,121	\$ 2,268,903	\$ 3,381,763

CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2025

7. Asset retirement obligations:

The United Counties discounts significant obligations where there is a high degree of confidence on the amount and timing of cash flows and the obligation will not be settled for at least five years from the reporting date. The discount and inflation rate is reflective of the risks specific to the asset retirement liability

All liabilities for asset retirement obligations are reported at current costs in nominal dollars without discounting.

A reconciliation of the beginning and ending aggregate carrying amount of the ARO liability is below:

	2025	2024
Liabilities for asset retirement obligations, beginning of year	\$ 26,028,133	\$ 25,246,732
Remeasurement of asset retirement obligation	416,450	781,401
Liabilities incurred during the year	1,955,627	–
Liabilities for asset retirement obligations, end of year	\$ 28,400,210	\$ 26,028,133

8. Long-term liabilities:

(a) Long term liabilities are comprised of the following:

	2025	2024
Serial debentures:		
St. Lawrence Lodge, 5.60% and 4.71%, due September 2024 and September 2025. This loan has been repaid in the year.	\$ –	\$ 544,816
County Road 43 and Maplevue Lodge redevelopment, interim financing, interest rate is OILC's monthly construction rate	90,897,270	58,051,000
	\$ 90,897,270	\$ 58,595,816

CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2025

8. Long-term liabilities (continued):

- (b) In previous years, total debt included two mortgages held by the City of Brockville on behalf of the St. Lawrence Lodge (the "Lodge"). The Lodge receives capital funding in the amount of \$10.35 per resident day from the Ministry of Health and Ministry of Long-Term Care which equates to \$70,516 per month which is sent to the City of Brockville to be applied towards the capital debt. The remaining amounts payable towards the outstanding mortgage balance was paid by the Municipal partners on the following approximate percentage basis:

City of Brockville	60%
United Counties of Leeds and Grenville	29%
Town of Prescott	9%
Town of Gananoque	2%

- (c) Principal payments are due as follows:

	Total
2026	\$ 90,897,270

- (d) Interest expense on long term liabilities in 2025 amounted to \$2,471,400 (2024 - \$2,137,502).
- (e) These payments are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2025

8. Long-term liabilities (continued):

- (f) During 2021, the United Counties entered into an agreement with OILC to provide financing up to a maximum of \$99,668,333 related to the Maple View Lodge redevelopment and the County Road 43 expansion (the "Projects"). Funds drawn bear interest at a floating rate per annum as determined by OILC based on OILC's cost of funds plus OILC's prevailing rate. Repayment of funds drawn is due at the earlier of termination of the agreement or the Issue Date for the Projects for which the advance was made. As of December 31, 2025, the balance drawn amounted to \$90,897,270 (2024 - \$58,051,000) with planned refinancing of the debt facility on a long-term basis upon expiry of the term of the current facility.

9. Accumulated municipal equity:

	2025	2024
Investment in tangible capital assets:		
Tangible capital assets	\$ 267,876,998	\$ 241,774,824
Unfunded asset retirement obligation	(28,400,210)	(26,028,133)
Long-term liabilities	(90,897,270)	(58,595,816)
Unfinanced capital outlay	—	(9,694,964)
	148,579,518	147,455,911
Reserves (Schedule 1)	65,017,581	63,812,681
Total accumulated municipal equity	\$ 213,597,099	\$ 211,268,592

10. Pension contributions:

The United Counties makes contributions to the OMERS, which is a multi-employer plan, on behalf of all permanent members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Employers and employees contribute to the plan. Since any surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees, the United Counties does not recognize any share of the OMERS pension surplus or deficit in these financial statements.

The amount contributed to OMERS was \$3,243,050 (2024 - \$2,909,428) for current services and is included as an expense on the non-consolidated statement of operations and accumulated municipal equity classified under the appropriate functional expenditure.

CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2025

11. Trust funds:

Trust funds administered by the United Counties amounting to \$5,317 (2024 - \$5,060) are presented in a separate financial statement of trust fund balances and operations. As such balances are held in trust by the United Counties for the benefit of others, they are not presented as part of the United Counties' financial position or financial activities.

12. Contingent liabilities:

(a) Community housing:

Under the provision of a transfer order prepared under authority of The Social Housing Reform Act, 2000, the United Counties of Leeds and Grenville were the recipient of assets, liabilities, rights and obligations previously owned by the Ontario Housing Corporation ("OHC"). The transfer included all community housing units, including land and buildings, which were transferred to the United Counties at no cost.

The majority of Ontario public housing projects were originally financed by OHC debentures issued by the OHC in favour of Canada Mortgage and Housing Corporation. OHC continues to hold these debentures and the debt charges associated with these debentures are to be paid from Federal funding directly by the Province to the debenture holder. As a result, these debentures are not included as part of the consideration of the United Counties' into these non-consolidated financial statements. Total debentures outstanding at December 31, 2025 amount to \$92,080 (2024 - \$147,968).

Effective on the date of transfer, the United Counties as service manager is responsible for the management and operation of the housing projects transferred and are bound by the requirements as set out in the legislation.

- (b) The nature of municipal activities is such that there may be litigation pending or in prospect at any time. With respect to claims as at December 31, 2025, management believes that the United Counties have valid defences and appropriate insurance coverages in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the United Counties' financial position.

CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2025

13. Contributions to Joint Boards and Health Unit:

- (a) The assets and liabilities of the Lodge have not been included in these non-consolidated financial statements. The United Counties' contributions to the Lodge in fiscal 2025 was \$1,007,535 (2024 - \$978,189) and are reported on the non-consolidated statement of operations and accumulated municipal equity.
- (b) The assets and liabilities of the Southeast Public Health ("Health Unit") have not been included in these non-consolidated financial statements. The United Counties contributions to the Health Unit in fiscal 2025 was \$1,512,000 (2024 - \$1,309,441) and is reported on the non-consolidated statement of operations and accumulated municipal equity.

14. Provincial offences administration:

The United Counties have assumed the administration of the Provincial Offences office for all United Counties resident municipalities. The transfer of administration from the Ministry of the Attorney General to the United Counties was a result of the Provincial Offences Act ("POA") 1997, which provides the framework for the transfer of responsibility and administration of POA courts.

The POA is a procedural law for administering and prosecuting provincial offences, including those committed under the Highway Traffic Act, Compulsory Automobile Insurance Act, Trespass to Property Act, Liquor Licence Act, Municipal By-Laws and minor federal offences. The POA governs all aspects of legal process from serving notice to a defendant, to conducting trials, including sentencing and appeals.

The United Counties' share of net revenues arising from operation of the POA office have been included with these financial statements. The revenue of the court office consists of fines levied under Parts I, II and III (including delay penalties) for POA charges filed in the United Counties court.

If fines are paid at other court offices, the receipt is recorded in the Integrated Courts Operation Network System ("ICON") operated by the Province of Ontario. Revenue is recognized when receipt of funds is recorded by the provincial ICON system regardless of the location where payment is made.

The United Counties shares net POA revenues based on the cost sharing agreement established in 2000. Gross revenues for POA charges total \$1,654,379 (2024 - \$1,394,992).

CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2025

15. Commitments:

- (a) The United Counties have committed to the expansion of a portion of Highway 42 in North Grenville to a four-lane highway and replacing the bridge. The project is projected to cost \$43 million with costs incurred as of December 31, 2025 amounting to \$18.6 million. The project is expected to be completed during 2026.
- (b) The Counties have approved a multi-year funding commitment to local Hospitals as follows:

	University Hospitals Kingston Foundation	Brockville & District Hospital Foundation	Kemptville District Hospital
2018	\$ —	\$ —	\$ 75,000
2019	120,000	—	—
2020	120,000	212,500	—
2021	120,000	212,500	—
2022	120,000	212,500	—
2023	120,000	212,500	90,000
2024	—	212,500	90,000
2025	—	212,500	90,000
2026	—	212,500	90,000
2027	—	212,500	90,000
2028	—	212,500	90,000
2029	—	212,500	90,000
2030	—	—	90,000
2031	—	—	90,000
2032	—	—	90,000
	\$ 600,000	\$ 2,125,000	\$ 975,000

16. Cost sharing allocations:

The Joint Operating Agreement (signed May 25, 2000) sets out formulae under which the costs for Social Services, Child Care, Social Housing, Provincial Offences and Land Ambulance are shared between the United Counties of Leeds and Grenville, the City of Brockville, the Town of Gananoque and the Town of Prescott (collectively, the "Municipalities").

CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2025

16. Cost sharing allocations (continued):

Program costs are shared between the parties as follows:

Social Housing	weighted assessment
Ambulance	weighted assessment
Provincial Offences	25% ticket revenue, 25% households 25% population, 25% weighted assessment
Social Services	50% caseload, 50% weighted assessment

(a) St. Lawrence Lodge:

Operations

The Lodge makes an annual assessment to the participating municipalities for operating expenditures and minor capital costs that are not funded by other sources of revenue (primarily resident fees and subsidy from the Province of Ontario). The Lodge tracks the residents based on the municipality that they lived in prior to entering the facility (if they resided in one of the four participating municipalities). The annual assessment is allocated to the municipalities based on a five year rolling average of the percentage of residents from their jurisdiction. The Counties' allocation for 2025 was 28.57% (2024 - 30.89%).

Operating levies and any excess of operating revenue over expenditures (expenditures over revenue) is allocated to the municipalities based on the percentage of assessment used for that year.

Redevelopment

The Lodge redeveloped its facility over a number of years resulting in occupancy in 2006. The cost was approximately \$34,500,000 of which \$32,400,000 was financed by debentures issued by the City of Brockville. The Province of Ontario was committed to providing \$846,192 annually until the debentures were repaid in 2025. The municipalities have agreed to fund the balance of the amounts required to repay the debentures and pay the interest due on those obligations in a fixed ratio being:

City of Brockville	60.26%
United Counties of Leeds and Grenville	28.57%
Town of Prescott	9.38%
Town of Gananoque	1.79%

The excess (or shortfall) or municipal funding over interest on long term liabilities and amortization of the new facility is allocated to municipal surplus using those ratios and represents the difference between the timing of funding (received over 20 years) and the amortization of the building (over 40 years). Ultimately, at the end of 2046, the surplus will be reduced to \$Nil.

CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2025

16. Cost sharing allocations (continued):

(a) St. Lawrence Lodge (continued):

The Counties' portion of the Lodge's accumulated surplus is as follows:

	2025 (Estimated)	2024
Surplus from redevelopment	3,614,556	3,200,000
Total accumulated municipal equity	\$ 3,614,556	\$ 3,200,000

During the year, the Counties had the following transactions with the Lodge:

- The Counties contributed to the Lodge an annual operating grant of \$1,007,535 (2024 - \$978,189).

These transactions were in the normal course of operations and are measured at the exchange value, the amount of consideration established and agreed to by the related parties, which approximates the arm's length equivalent value for such transactions.

17. Tangible capital assets:

Cost	Balance at December 31, 2024	Transfers and additions	Disposals and adjustments	Balance at December 31, 2025
Land	\$ 2,007,289	\$ 78,643	\$ (1)	\$ 2,085,931
Land improvements	3,107,831	599,261	—	3,707,092
Buildings	87,530,077	82,313,961	—	169,844,038
Vehicles	10,083,973	2,708,886	(1,352,283)	11,440,576
Machinery, equipment, furniture and fixtures	16,249,244	4,107,427	(111,961)	20,244,710
Linear assets:				
Roads	435,070,264	7,261,933	—	442,332,197
Bridges and culverts	39,755,708	3,950,200	(36,657)	43,669,251
Construction in progress	88,139,724	(59,358,257)	—	28,781,467
Total	\$ 681,944,110	\$ 41,662,054	\$ (1,500,902)	\$ 722,105,262

CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2025

17. Tangible capital assets (continued):

Accumulated amortization	Balance at December 31, 2024	Amortization and adjustments	Transfers, and disposals	Balance at December 31, 2025
Land	\$ 18,105	\$ —	\$ —	\$ 18,105
Land improvements	1,830,379	128,011	—	1,958,390
Buildings	45,871,269	3,768,163	—	49,639,432
Vehicles	5,770,053	1,223,658	(1,279,853)	5,713,858
Machinery, equipment, furniture and fixtures	8,823,691	1,220,905	(111,961)	9,932,635
Linear assets:				
Roads	362,582,625	8,073,933	—	370,656,558
Bridges and culverts	15,273,164	1,061,741	(25,619)	16,309,286
Construction in progress	—	—	—	—
Total	\$ 440,169,286	\$ 15,476,411	\$ (1,417,433)	\$ 454,228,264

	Net book value 2024	Net book value 2025
Land	\$ 1,989,184	\$ 2,067,826
Land improvements	1,277,452	1,748,702
Buildings	41,658,808	120,204,606
Vehicles	4,313,920	5,726,718
Machinery, equipment, furniture and fixtures	7,425,553	10,312,075
Linear assets:		
Roads	72,487,639	71,675,639
Bridges and culverts	24,482,544	27,359,965
Construction in progress	88,139,724	28,781,467
Total	\$ 241,774,824	\$ 267,876,998

CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2025

18. Segmented information:

The United Counties is a diversified municipal government that provides a wide range of services to its citizens. The services are provided by departments and their activities are reported in the non-consolidated statement of operations and accumulated municipal equity.

Departments have been separately disclosed in the segmented information, along with the service they provide, are set out in the schedule below.

For each reported segment, expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

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

CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2025

18. Segmented information (continued):

	General Government	Protection to Persons and Property	Transportation Services	Health Services	Social and Family Services	Recreation & Cultural	Planning and Development	Environmental	2025 Total
Revenue									
Taxation:									
Local Municipalities	\$ 54,900,924	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 54,900,924
Supplementary Taxes	688,253	-	-	-	-	-	-	-	688,253
User charges	49,726	-	-	150,929	2,570,289	-	320,933	1,730	3,093,607
Government grants:									
Province	-	-	5,948,863	13,038,392	49,295,412	-	247,919	63,556	68,594,142
Federal	-	-	4,653,344	-	328,983	-	-	-	4,982,327
Other municipal	112,834	14,683	359,643	3,085,341	3,157,688	-	8,406	16,332	6,754,927
Investment income	2,832,714	-	-	-	-	-	-	-	2,832,714
Provincial offences	-	1,654,379	-	-	-	-	-	-	1,654,379
Other income - rent	178,966	63,966	-	-	4,278,074	-	5,405	-	4,526,411
Other income - other	58,839	-	29,989	-	1,429,674	-	2,213	-	1,520,715
Gain (loss) on disposal of TCA	357,622	-	-	-	-	-	-	-	357,622
	59,179,878	1,733,028	10,991,839	16,274,662	61,060,120	-	584,876	81,618	149,906,021
Expenses									
Salaries, wages and employee benefits	5,110,882	725,404	6,186,842	19,674,775	20,791,983	4,486	1,564,057	7,285	54,065,714
Debenture debt interest	-	-	468,953	-	2,002,019	-	428	-	2,471,400
Material and services	4,115,467	1,112,491	8,601,450	2,671,988	14,124,008	18,728	627,214	318,846	31,590,192
External and services	572,500	147,749	-	1,996,696	41,206,417	-	50,435	-	43,973,797
Interfunctional adjustments	(5,347,947)	193,586	841,617	1,290,328	2,730,536	514	282,383	8,983	-
Amortization	428,591	225,626	10,576,333	910,074	3,314,240	-	21,547	-	15,476,411
	4,879,493	2,404,856	26,675,195	26,543,861	84,169,203	23,728	2,546,064	335,114	147,577,514
Annual surplus (deficit)	\$ 54,300,385	\$ (671,828)	\$ (15,683,356)	\$ (10,269,199)	\$ (23,109,083)	\$ (23,728)	\$ (1,961,188)	\$ (253,496)	\$ 2,328,507

CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2025

18. Segmented information (continued):

	General Government	Protection to Persons and Property	Transportation Services	Health Services	Social and Family Services	Recreation & Cultural	Planning and Development	Environmental	2024 Total
Revenue									
Taxation:									
Local Municipalities	\$ 51,465,317	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 51,465,317
Supplementary Taxes	626,505	-	-	-	-	-	-	-	626,505
User charges	50,568	386,601	814	52,821	2,287,297	-	273,444	423	3,051,968
Government grants:									
Province	-	-	9,323,022	11,311,960	47,491,765	-	332,773	49,861	68,509,381
Federal	-	-	-	-	408,742	-	-	-	408,742
Other municipal	139,105	14,320	387,391	3,210,329	3,163,473	-	14,558	16,119	6,945,295
Investment income	3,513,075	-	-	-	-	-	-	-	3,513,075
Provincial offences	-	1,394,992	-	-	-	-	-	-	1,394,992
Other income - rent	177,277	54,083	-	-	4,185,432	-	2,745	5,666	4,425,203
Other income - other	-	-	28,556	-	(1,300)	-	2,977	-	30,233
Gain (loss) on disposal of TCA	624,153	-	-	-	-	-	-	-	624,153
	56,596,000	1,849,996	9,739,783	14,575,110	57,535,409	-	626,497	72,069	140,994,864
Expenses									
Salaries, wages and employee benefits	4,233,522	690,454	5,824,841	18,545,911	16,955,783	3,758	1,565,251	4,826	47,824,346
Debenture debt interest	-	2,327	206,203	-	1,928,306	-	666	-	2,137,502
Material and services	3,396,458	1,078,937	7,184,961	2,552,938	10,378,007	16,997	536,415	322,241	25,466,954
External and services	499,500	108,823	-	1,818,365	32,635,182	-	53,975	-	35,115,845
Interfunctional adjustments	(4,968,918)	180,158	811,599	1,168,029	2,546,374	506	253,690	8,562	-
Amortization	490,121	160,383	10,693,253	758,919	1,892,092	-	21,630	-	14,016,398
	3,650,683	2,221,082	24,720,857	24,844,162	66,335,744	21,261	2,431,627	335,629	124,561,045
Annual surplus (deficit)	\$ 52,945,317	\$ (371,086)	\$ (14,981,074)	\$ (10,269,052)	\$ (8,800,335)	\$ (21,261)	\$ (1,805,130)	\$ (263,560)	\$ 16,433,819

CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2025

19. Budget figures:

The 2025 budget amounts that were approved were not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Board Standards). The budget included capital items such as infrastructure replacements and estimated costs for constructed assets, as program expenses, but the actual expenses have been removed in the non-consolidated statement of operations and accumulated municipal equity. The revenues attributable to these items continue to be included in the non-consolidated statement of operations and accumulated municipal equity, resulting in a significant variance. The following analysis is provided to assist readers in their understanding of differences between the approved budget and the audited non-consolidated financial statements.

	Budget 2025	Actual 2025
Total revenues as presented on the non-consolidated statement of operations and municipal equity	\$ 159,150,958	\$ 149,906,021
Total expenses as presented on the non-consolidated statement of operations and accumulated municipal equity	(156,008,796)	(147,577,514)
Deficit presented on the non-consolidated statement of operations and accumulated municipal equity	3,142,162	2,328,507
Add back: Amortization	14,016,398	15,476,411
Adjusted surplus	17,158,560	17,804,918
Capital expenses	(88,661,429)	(41,662,054)
Proceeds on disposal of tangible capital assets	—	441,091
Gain on disposal of tangible capital assets	—	(357,622)
Increase in asset retirement obligation	—	2,372,077
Proceeds of long-term debt	63,500,000	32,846,270
Principal repayments	(564,816)	(544,816)
Decrease in operating surplus	\$ (8,567,685)	\$ 10,899,864
Allocated as follows:		
Unfunded capital	\$ —	\$ 9,694,964
Net transfers (from) to reserves	(8,567,685)	1,204,900
	\$ (8,567,685)	\$ 10,899,864

CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2025

20. Financial risks:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The United Counties is exposed to credit risk with respect to accounts receivable and investments on the non-consolidated statement of financial position.

The United Counties assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the United Counties at December 31, 2025 is the carrying value of these assets. The carrying amount of accounts receivable is valued with consideration for an allowance for doubtful accounts. The amount of any related impairment loss is recognized in the non-consolidated statement of operations and accumulated municipal equity. Subsequent recoveries of impairment losses related to accounts receivable are credited to the non-consolidated statement of operations and accumulated municipal equity.

	Accounts and other receivables	Rents receivable	2025 Total	Balance at 2024 Total
Current	\$ 17,074,287	\$ 6,231	\$ 17,080,518	\$ 13,905,668
Past due	15,877	396,478	412,355	431,531
Gross receivable	17,090,164	402,709	17,492,873	14,337,199
Allowances	(14,035)	(359,555)	(373,590)	(391,587)
Net receivables	\$ 17,076,129	\$ 43,154	\$ 17,119,283	\$ 13,945,612

Amounts past due but not allowed for are deemed by management to be collectible based on historical experience regarding collections.

The United Counties follows an investment policy approved by its Council. The maximum exposure to credit risk with respect to investments of the United Counties at December 31, 2025 is the carrying value of investment assets.

There have been no significant changes to the credit risk exposure from 2024.

(b) Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates or interest rates, impact the United Counties' income or the value of its holdings of financial instruments. Market factors include three types of risk: currency risk, interest rate risk and equity risk.

CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2025

20. Financial risks (continued):

(b) Market risk (continued):

The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing return on investment.

There have been no significant changes to the market risk exposure from 2024.

(i) Currency risk:

Currency risk arises from the United Counties' operations in different currencies and converting non-Canadian earnings at different points in time at different foreign currency levels when adverse changes in foreign currency rates occur. The United Counties does not have any material transactions or financial instruments denominated in foreign currencies.

(ii) Interest rate risk:

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates. Financial assets and financial liabilities with variable interest rates expose the United Counties to cash flow interest rate risk.

The United Counties' management monitors the interest rate fluctuations on a continuous basis and acts accordingly with regards to long-term debt as described in note 8. Therefore, fluctuations in market interest rates would not impact future cash flows and operations relating to the long-term debt.

As at December 31, 2025, had prevailing interest rates increased or decreased by 1%, assuming a parallel shift in the yield curve with all other variables held constant, the estimated impact on the market value of investments would be approximately \$181,132 (2024 - \$171,530).

The United Counties' investments are disclosed in Note 5.

(iii) Equity risk:

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The United Counties is not exposed to this risk based on the current investment portfolio.

CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2025

20. Financial risks (continued):

(c) Liquidity risk:

Liquidity risk is the risk that the United Counties will not be able to meet all of its cash outflow obligations as they come due. The United Counties mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining investments that may be converted to cash in the near-term if unexpected cash outflows arise. Accounts payable are all current and the terms of the long-term debt are disclosed in note 8.

There have been no significant changes from the previous year in the United Counties' exposure to liquidity risk or policies, procedures and methods used to measure the risk.

21. Comparative information:

Certain comparative information has been reclassified to conform to the financial statement presentation adopted in the current year.

CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Schedule 1: Continuity of Reserves and Reserve Funds

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

	Budget 2025 (note 19)	Actual 2025	Actual 2024
Net transfers from (to) other funds			
Transfers from operations	\$ 7,229,187	\$ 7,848,611	\$ 12,854,471
Transfers to capital acquisitions	(15,796,872)	(6,643,711)	(4,953,340)
Total net transfers	(8,567,685)	1,204,900	7,901,131
Reserves and reserve fund balances, change in year	(8,567,685)	1,204,900	7,901,131
Reserves and reserve fund balances, beginning of year	63,812,681	63,812,681	55,911,550
Reserves and reserve fund balances, end of year	\$ 55,244,996	\$ 65,017,581	\$ 63,812,681

Composition of Reserves and Reserve Funds

	2025	2024
Reserves set aside for specific purposes by Council:		
Reserves set aside for specific purposes by Council		
Working capital	\$ 9,808,653	\$ 9,796,577
Tax rate stabilization	4,136,641	4,723,088
Insurance	1,102,111	1,131,522
WSIB claims	1,553,109	1,494,336
Planning	358,484	361,028
Hospital contributions	394,968	316,337
Road maintenance	735,699	735,699
Social and family services	270,837	444,324
Forest regeneration	80,000	40,000
Other projects	237,232	237,232
	18,677,734	19,280,143
For capital purposes:		
Capital projects	9,683,071	8,406,045
Emergency medical services	1,817,898	2,090,566
Road capital projects	14,873,795	15,603,414
Social housing	5,143,242	5,249,713
Equipment replacement	1,130,056	953,728
Maple View Lodge projects	2,727,489	3,369,068
Emergency measures	1,127,041	1,018,242
Dedicated infrastructure	9,837,255	7,841,762
	46,339,847	44,532,538
Total reserves	\$ 65,017,581	\$ 63,812,681

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INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the United Counties of Leeds and Grenville:

Opinion

We have audited the financial statements of the Trust Funds of the Corporation of the United Counties of Leeds and Grenville (the "Entity"), which comprise:

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

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

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

Basis for Opinion

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

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

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

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

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



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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

July 23, 2026

**THE CORPORATION OF THE UNITED COUNTIES OF LEEDS
AND GRENVILLE**

Trust Funds
Statement of Financial Position

December 31, 2025, with comparative information for 2024

	2025	2024
Assets		
Cash	\$ 5,317	\$ 5,060
Fund Balances		
Fund balances	\$ 5,317	\$ 5,060

See accompanying notes to financial statements.

THE CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Trust Funds

Statement of Financial Activities and Changes in Fund Balance

December 31, 2025, with comparative information for 2024

	2025	2024
Revenue:		
Residents' deposits	\$ 9,625	\$ 4,750
Expenses:		
Residents' withdrawals	9,368	3,968
Excess of revenue over expenses	257	782
Fund balance, beginning of year	5,060	4,278
Fund balance, end of year	\$ 5,317	\$ 5,060

THE CORPORATION OF THE UNITED COUNTIES OF LEEDS AND GRENVILLE

Trust Funds
Notes to Financial Statements

Year ended December 31, 2025

1. Significant accounting policies:

The financial statements of the Corporation of the United Counties of Leeds and Grenville Trust Funds (the "Trust Funds") are prepared by management in accordance with Canadian public sector accounting standards.

(a) Basis of presentation:

These statements reflect the assets, liabilities, revenue and expenses of the Trust Funds.

(b) Basis of accounting:

Revenue and expenses are recorded on an accrual basis.

The accrual basis recognizes revenue as they become available and measurable; 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.

(c) Use of estimates:

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

2. Statement of cash flows:

A statement of cash flows has not been included in these financial statements as it would not provide additional meaningful information.