

**CORPORATION OF THE TOWN OF AYLMER**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

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CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2025**

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## **INDEPENDENT AUDITOR'S REPORT**

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**To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Town of Aylmer**

### **Opinion**

We have audited the accompanying consolidated financial statements of Corporation of the Town of Aylmer (the "Town"), which comprise the Consolidated Statement of Financial Position as at December 31, 2025, and Consolidated Statements of Operations and Accumulated Surplus, Cash Flows and Change in Net Financial Assets 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 financial position of Corporation of the Town of Aylmer as at December 31, 2025 and its financial performance and its cash flows and change in net assets for the year then ended in accordance with Canadian public sector accounting standards.

### **Basis of 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 Town 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 these 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 Town's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Town or to cease operations, or has no realistic alternative but to do so.

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



### **Auditor's Responsibilities for the Audit of the 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 Town'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 Town'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 Town 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.

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.

**June 17, 2026**  
**London, Canada**

*Scrimgeour & Company*  
**LICENSED PUBLIC ACCOUNTANT**

**CORPORATION OF THE TOWN OF AYLMEER  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2025**

	2025	2024
<b>FINANCIAL ASSETS</b>		
Cash and short-term investments (note 1.i), (note 3)	\$ 26,857,145	\$ 25,581,837
Taxes receivable	956,719	929,290
Accounts receivable	3,259,112	2,710,550
Loan receivable (note 5)	2,263,500	2,263,500
Investment in EARTH Corporation (note 7)	6,474,044	6,004,493
Land held for resale	2,532,761	2,532,761
	<b>42,343,281</b>	<b>40,022,431</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	3,744,637	3,674,302
Other current liabilities	746,858	1,223,783
Deferred revenue (note 10)	6,120,910	6,700,020
Employee post-retirement benefit liabilities (note 9)	1,447,200	1,429,200
Net long-term liabilities (note 11.a)	6,059,564	6,564,653
Asset retirement obligation (note 17)	370,523	359,731
	<b>18,489,692</b>	<b>19,951,689</b>
<b>NET FINANCIAL ASSETS</b>	<b>23,853,589</b>	<b>20,070,742</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets - Schedule 1 (note 1.c)	82,699,735	66,890,278
Capital work in progress	1,780,824	10,825,354
Prepaid supplies	190,132	114,261
	<b>84,670,691</b>	<b>77,829,893</b>
<b>ACCUMULATED SURPLUS (PAGE 4) (NOTE 12)</b>	<b>\$ 108,524,280</b>	<b>\$ 97,900,635</b>

Approved by:

Approved by:

The accompanying notes are an integral part of the financial statements

**CORPORATION OF THE TOWN OF AYLMER  
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS  
FOR THE YEAR ENDED DECEMBER 31, 2025**

	Budget 2025	Actual 2025	Actual 2024
<b>REVENUE</b>			
Property taxation	\$ 7,313,568	\$ 7,430,618	\$ 7,027,411
User charges	6,173,015	7,763,519	6,997,929
Government grants	2,291,254	2,370,704	1,987,811
Investment income	259,000	1,134,913	1,499,353
Penalty and interest on taxes	65,000	147,338	121,093
Other revenue	50,000	3,348,930	1,641,000
	<b>16,151,837</b>	<b>22,196,022</b>	<b>19,274,597</b>
<b>EXPENDITURES</b>			
General government	1,928,429	1,861,143	1,905,274
Protection to persons and property	4,229,835	4,719,800	4,262,524
Transportation services	1,259,779	2,017,525	1,761,611
Environmental services	4,988,703	5,958,244	5,512,539
Health services	10,000	10,000	16,025
Recreation and cultural development	1,944,029	1,574,910	1,285,328
Planning and development	581,898	671,327	1,073,333
	<b>14,942,673</b>	<b>16,812,949</b>	<b>15,816,634</b>
<b>EXCESS OF REVENUE OVER EXPENDITURES BEFORE OTHER</b>	<b>1,209,164</b>	<b>5,383,073</b>	<b>3,457,963</b>
<b>OTHER</b>			
Government transfers related to capital	1,157,952	1,140,625	600,709
Developer and other contributions related to capital	9,252,504	3,808,961	1,369,056
Investment increase (decrease) in EARTH Corporation	-	469,551	325,939
Gain (loss) on disposal of tangible capital assets	-	(160,565)	27,407
Net (increase) decrease in post-retirement benefits	-	(18,000)	(49,000)
	<b>10,410,456</b>	<b>5,240,572</b>	<b>2,274,111</b>
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	<b>11,619,620</b>	<b>10,623,645</b>	<b>5,732,074</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>97,900,635</b>	<b>97,900,635</b>	<b>92,168,561</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$ 109,520,255</b>	<b>\$ 108,524,280</b>	<b>\$ 97,900,635</b>

The accompanying notes are an integral part of the financial statements

**CORPORATION OF THE TOWN OF AYLMER  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2025**

	2025	2024
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenditures (page 4)	\$ 10,623,645	\$ 5,732,074
Non-cash changes to operations		
Amortization	2,159,093	1,863,506
Net change in investment in Erie Thames Power Corporation	(469,551)	(325,939)
Net change in working capital other than cash (A)	(1,532,899)	4,553,579
	<b>10,780,288</b>	<b>11,823,220</b>
<b>INVESTING ACTIVITIES</b>		
Acquisition of tangible capital assets	(18,206,453)	(4,374,153)
Decrease (increase) in capital work in progress	9,044,530	(4,681,344)
Loss (gain) on disposal of tangible capital assets	237,903	-
Decrease (increase) in prepaid expenditures	(75,871)	(3,738)
	<b>(8,999,891)</b>	<b>(9,059,235)</b>
<b>FINANCING ACTIVITIES</b>		
Advances (repayments) of long-term liabilities	(505,089)	(503,285)
	<b>(505,089)</b>	<b>(503,285)</b>
Net change in cash and cash equivalents during the year	<b>1,275,308</b>	<b>2,260,700</b>
Cash and cash equivalents, beginning of year	<b>25,581,837</b>	<b>23,321,137</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 26,857,145</b>	<b>\$ 25,581,837</b>

(A) Net change in working capital other than cash includes the net change in taxes receivable, accounts receivable, loan receivable, land held for resale, accounts payable and accrued liabilities, other current liabilities, deferred revenue, employee post-retirement liabilities and asset retirement obligation.

The accompanying notes are an integral part of the financial statements

**CORPORATION OF THE TOWN OF AYLMER  
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2025**

	<b>Budget 2025</b>	<b>Actual 2025</b>	Actual 2024
Excess of revenue over expenditures (page 4)	\$ 11,619,620	\$ 10,623,645	\$ 5,732,074
Amortization of tangible capital assets	-	2,159,093	1,863,506
Acquisition of tangible capital assets	(16,356,586)	(18,206,453)	(4,374,153)
Loss (gain) on disposal of tangible capital assets	-	237,903	-
Decrease (increase) in works in progress	9,044,530	9,044,530	(4,681,344)
Decrease (increase) in prepaid expenditures	-	(75,871)	(3,738)
Increase (decrease) in net financial assets	4,307,564	3,782,847	(1,463,655)
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<b>20,070,742</b>	<b>20,070,742</b>	21,534,397
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<b>\$ 24,378,306</b>	<b>\$ 23,853,589</b>	\$ 20,070,742

The accompanying notes are an integral part of the financial statements

**CORPORATION OF THE TOWN OF AYLMER  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2025**

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The Corporation of the Town of Aylmer (the Town) is a 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**

The consolidated financial statements of the Corporation of the Town of Aylmer are prepared by management in accordance with Canadian public sector accounting standards (PS) for local governments as recommended by the Public Sector Accounting Board (PSAB) of the CPA Canada.

The focus of PSAB financial statements is on the financial position of the Town and changes thereto. The Consolidated Statement of Financial Position reports financial assets and liabilities. Financial assets are available to provide resources to discharge existing liabilities or finance future operations. Net financial assets represent the financial position of the Town and is the difference between financial assets and liabilities. This information explains the Town's overall future revenue requirements and its ability to finance activities and meet its obligations.

Significant aspects of the accounting policies adopted by the Town are as follows:

**a. Reporting entity**

These consolidated financial statements reflect the tangible capital assets, liabilities, revenue, expenditures and accumulated surplus of the reporting entity. The reporting entity includes the activities of all local boards, joint local boards, municipal enterprises and committees of Council including the following:

Aylmer Business Improvement Area  
Aylmer Police Services  
East Elgin Community Complex (Town's portion only - 50%)  
ERTH Corporation (ERTH) (modified equity method) (note 7)  
Aylmer Area Secondary Water System (note 14.b)

All interfund assets and liabilities, and revenue and expenditures have been eliminated.

The following are local boards, joint local boards, municipal enterprises and utilities which are not consolidated:

Elgin Area Primary Water Supply System (note 14.a)

**b. Revenue recognition**

Revenue is recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Government grants and transfers are recognized in the consolidated financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

**CORPORATION OF THE TOWN OF AYLMER  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2025**

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**1. Significant accounting policies continued**

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

Land improvements	15 to 80 years
Buildings	30 to 50 years
Fleet	4 to 25 years
Equipment	7 to 45 years
Bridges and other structures	50 to 80 years
Infrastructure - water	60 to 100 years
Infrastructure - sewer	60 to 100 years
Infrastructure - transportation	40 to 60 years
Infrastructure - storm sewers	80 years

Amortization is charged for a half year in the year of acquisition and in the year of disposal.

The Town has a capitalization threshold of \$10,000 so that individual assets of lesser value are expensed unless they are pooled because collectively they have a significant value. Tangible capital assets are recorded based on the reporting entity as described in note 1.a.

**d. 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 expense as incurred.

**e. Deferred revenue**

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs, in the completion of specific work or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenditures are incurred, services performed, or the tangible capital assets are acquired.

**f. Use of estimates**

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

**CORPORATION OF THE TOWN OF AYLMER  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2025**

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**1. Significant accounting policies continued**

**g. Employee benefit plans**

The costs of retirement benefits are actuarially determined using the projected benefit method prorated on services and management's best estimate of retirement ages of employees and salary escalation.

**h. Financial instruments**

Financial instruments of the Town consist mainly of cash, accounts receivable and taxes receivable. The carrying values of these financial assets approximate their fair values unless otherwise disclosed.

**i. Short-term investments**

Portfolio investments are recorded at cost, unless there has been a decline in the market value, which is other than temporary in nature, in which case the investments are written down to market value. At December 31, 2025, the market value approximates cost.

**j. Asset retirement obligations**

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 the future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

Buildings and underground pipes containing asbestos, are estimated and recognized as a liability and an increase in the cost of the asset at the time of acquisition. The liability is discounted annually over the same useful life as the asset's annual amortization expense, calculated in accordance with the Town's amortization policies. The liability is increased due to the passage of time and is recorded as accretion expense on Schedule 2 under Rent and Financial Expenses.

**CORPORATION OF THE TOWN OF AYLMER  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2025**

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**2. Public Sector Accounting Standards (PSAS)**

There are two new PSAS that will be implemented for the year ended December 31, 2027.

PS 1100 will replace PS 1000. This standard provides a new Conceptual Framework providing guidance for the application of accounting policies where no standard exists and will guide future new standards.

PS 1202 will result in a new Financial Statement Presentation Model. The changes will result in the following:

- a. Restructured Statement of Financial Position with liabilities classified as financial or non-financial.
- b. New statements disclosing the change in net assets and net debt as well as debt indicators.
- c. Isolated financing transactions in the Statement of Cash Flows.

Management is currently assessing the impact of these new standards on future financial statements.

**3. Short term investments**

The Town's investment activities are governed by the Municipal Act and the Town's investment policy. The short term investments of \$2,039,716 (2024 - \$1,774,607) are recorded at cost plus realized gains and losses which approximates market. The market value represents the realizable value of the investments if they were sold on December 31, 2025. Accordingly, only realized gains and losses are recognized in the Consolidated Statement of Operations and Accumulated Surplus. These short term investments are recorded in the Cash balance on the Consolidated Statement of Financial Position.

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	<b>2025</b>	<b>2024</b>
Canadian Bond Fund	\$ 811,804	\$ 62,194
Canadian Equity Fund	571,289	442,064
Corporate Bond Fund	202,562	62,964
Global Bond Fund	51,850	292,845
Global Equity Fund	402,211	914,540
	<b>\$ 2,039,716</b>	<b>\$ 1,774,607</b>

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**CORPORATION OF THE TOWN OF AYLME  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2025**

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**4. Tax revenue**

Property tax billings are prepared by the Town based on an assessment roll prepared by the Municipal Property Assessment Corporation. All assessed property values in the Town were reviewed and new values established based on a common valuation date which was used by the Town in computing the 2025 property tax bills. Property tax revenue and tax receivables are subject to appeals which may not have been heard yet. Any supplementary billing adjustments made necessary by the determination of such appeals will be recognized in the fiscal year they are determined and the effect shared with the County of Elgin and the appropriate school boards.

**5. Loan receivable**

The Town entered into a loan arrangement for \$2,263,500 with EARTH on September 1, 2000 as a result of the restructuring of the former Aylmer Public Utilities Commission under Bill 35. The loan is receivable from EARTH with no specific terms of repayment, bearing interest at a rate of 7.25% commencing on January 1, 2003. In 2025, \$164,104 (2024 - \$164,104) interest was received on this loan. The loan is convertible to Class B shares of EARTH.

**6. Operations of School Boards and the County of Elgin**

Further to note 4, the Town's share of taxation revenue of the School Boards and County of Elgin are comprised of the following:

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	<b>School Boards</b>	<b>County</b>
Taxation and user charges	\$ 1,752,549	\$ 5,262,167
Requisitions	\$ 1,752,549	\$ 5,262,167

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**CORPORATION OF THE TOWN OF AYLMER  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2025**

**7. Investment in EARTH Corporation**

As at December 31, 2025, the Town owns 15.02% valued at \$6,474,044 (2024 - 15.02% \$6,004,493) of EARTH. As a government business enterprise of the Town, it is accounted for on a Modified Equity basis in these consolidated financial statements, which are prepared according to International Financial Reporting Standards. The following table provides condensed supplementary financial information for EARTH for the year ended December 31, 2025 from their audited financial statements:

	2025	2024
<b>Financial Position</b>		
Total net assets	<b>\$ 43,094,867</b>	\$ 39,969,270
<b>Results of Operations</b>		
Total revenue	<b>121,475,284</b>	109,845,547
Total operating and other expenditures	<b>117,319,687</b>	106,955,914
Total net income	<b>\$ 4,155,597</b>	\$ 2,889,633

ERTH declared a dividend of \$1,030,000 in 2025 (2024 - \$720,000) of which the Town's share was \$154,735 (2024 - \$108,164).

**8. Pension agreements**

The Town makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 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 services and rates of pay. The amount contributed to OMERS for 2025 was \$555,029 (2024 - \$464,041) for current service and is included as an expenditure on the Consolidated Statement of Operations and Accumulated Surplus. The Town has no obligation, as of December 31, 2025, under the past service provisions. The OMERS funding ratio for 2025 is 99.0% (2024 - 98.0%).

**CORPORATION OF THE TOWN OF AYLMER  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2025**

**9. Employee post-retirement benefit liability**

Employee post-retirement benefits represents the Town's share of the cost to provide employees with extended benefits on retirement. This liability will require funding in future periods. The accrued benefit obligation and the net periodic benefit cost were determined by an actuarial valuation updated as at December 31, 2024 in accordance with the financial reporting guideline of PSAB 3250 established by the Public Sector Accounting Board of CPA Canada.

	2025	2024
Post-employment benefits		
Town	\$ 234,000	\$ 224,100
Police Services	1,213,200	1,205,100
<b>Total post-retirement benefit liability</b>	<b>\$ 1,447,200</b>	<b>\$ 1,429,200</b>

Significant assumptions for the year ending December 31, 2025 are as follows:

General inflation	3.00%
Discount rate	4.20%
Rate of compensation increase	3.00%
Dental cost increase	6.00%
Healthcare, life insurance and travel cost increase	4.00% to 8.00%

**10. Deferred revenue - obligatory reserve funds**

A requirement of the public sector accounting standards is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial legislation restricts 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 Town are summarized as follows:

	2025	2024
Parkland	\$ 52,268	\$ 46,550
Ontario Community Infrastructure Fund	364,191	1,470,321
Building code	481,570	397,957
Canada Community-Building Fund	290,918	525,576
Development charges	4,931,963	4,259,616
	<b>\$ 6,120,910</b>	<b>\$ 6,700,020</b>

**CORPORATION OF THE TOWN OF AYLMER  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2025**

**11. Long-term liabilities**

**a. Long-term liabilities**

The balance of long-term liabilities reported on the Consolidated Statement of Financial Position is comprised of the following:

	2025	2024
Total long-term incurred by the municipality outstanding at the end of the year amount to	\$ 6,059,564	\$ 6,564,653
	\$ 6,059,564	\$ 6,564,653

**b. Principal repayments**

Of the net long-term liabilities reported in note 11.a, the following details the repayments:

	Recovered from taxation	Recovered from user charges
2026 to 2030	\$ 252,897	\$ 2,233,333
2031 to 2035	\$ -	\$ 2,233,333
2036 to 2038	\$ -	\$ 1,340,001

**c. Approval**

Approval of the Ontario Municipal Board has been obtained for those pending issues of long term liabilities and commitments to be financed by revenue beyond the term of Council and approved on or before December 31, 1992. Those approved after January 1, 1993 have been approved by by-law. The principal and interest payments required to service these pending issues and commitments are within the debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

**d. Interest**

Interest expensed during the year, on net long-term liabilities, was \$300,570 (2024 - \$329,450).

**CORPORATION OF THE TOWN OF AYLMEYER  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2025**

**12. Accumulated Surplus**

The accumulated surplus on the Consolidated Statement of Financial Position at the end of the year is comprised of the following:

	2025	2024
<b>Operations - surplus</b>		
Town	\$ -	\$ -
Business Improvement Area	16,128	11,032
	<b>16,128</b>	<b>11,032</b>
<b>Reserves set aside for specific purpose:</b>		
acquisition of capital assets	5,073,388	4,556,154
replacement of lagoons, sanitary and storm sewers	3,501,130	3,275,827
replacement of water systems	4,972,550	5,991,249
replacement of sidewalks	36,510	35,210
council initiatives	616,582	501,629
industrial development	2,880,543	24,845
insurance	88,318	21,841
parks development	216,389	125,267
police services	494,608	531,139
arena development	428,115	635,303
property taxes	1,087,411	936,831
contingencies	91,383	88,130
	<b>19,486,927</b>	<b>16,723,425</b>
<b>Reserves set aside for working capital</b>	<b>303,000</b>	<b>303,000</b>
<b>Future employee post-retirement benefits</b>	<b>(1,447,200)</b>	<b>(1,429,200)</b>
<b>Asset retirement obligation</b>	<b>(370,523)</b>	<b>(359,731)</b>
<b>Investment in tangible capital assets</b>	<b>81,798,404</b>	<b>74,384,116</b>
<b>Investment in EARTH Corporation</b>	<b>8,737,544</b>	<b>8,267,993</b>
<b>ACCUMULATED SURPLUS</b>	<b>\$ 108,524,280</b>	<b>\$ 97,900,635</b>

**13. Budget figures**

The Town's Council completes separate budget reviews for its operating and capital budgets each year. The approved operating budget for 2025 is reflected on the Consolidated Statement of Operations and Accumulated Surplus.

**CORPORATION OF THE TOWN OF AYLMER  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2025**

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**14. Commitments**

**a. Elgin Area Primary Water Supply System**

In accordance with a transfer order from the Ministry of the Environment, the Elgin Area Primary Water Supply System is operated by an outside party. The Town is obligated to meet its share of the operating costs and deficits and repay its share of the long-term liabilities related to these projects. The Town's share (10.52%) is based on its water consumption relative to that of other participating municipalities and the costs associated with this consumption are reflected in the Consolidated Statement of Operations and Accumulated Surplus.

The charges relating to operating costs and debt servicing are recovered through the water rates levied by the Town.

Information received from the City of London as at December 31, 2025 indicates the Town's share is as follows:

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	<b>Accumulated Surplus</b>
Primary Water Supply System	<b>\$ 9,087,779</b>

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The accumulated surplus indicated above is not reflected in the accompanying Consolidated Financial Statements as the Town does not have controlling interest in the System.

**b. Aylmer Area Secondary Water System**

In accordance with a transfer order with the Ministry of the Environment, the Aylmer Area Secondary Water System is operated by an outside party. The Town is obligated to meet its share of the operating costs and deficits related to these projects. The Town's share - 97.82% (2024 - 97.59%) is based on its water consumption relative to that of other participating municipalities.

The charges relating to operating costs are recovered through the water rates levied by the Town. The cost of the water purchases are reflected in these Consolidated Financial Statements.

The Town's share of the tangible capital assets and related amortization are included on Schedule 1 and the accumulated surplus.

**15. Public sector salary disclosure**

There are twenty-two employees paid a salary, as defined in the Public Sector Disclosure Act, 1996 of \$100,000 or more.

**CORPORATION OF THE TOWN OF AYLMEER  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2025**

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**16. Segmented information**

Segmented information is presented on Schedule 2. The Town is a diversified municipality and provides a wide range of services to its citizens including police, fire, protective services, transportation, environmental, including water, wastewater, waste disposal and storm management, and community services, including recreation and planning. The general government segment includes such functions as finance and information services, council and administrative offices.

**17. Asset retirement obligation**

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

**a. Asbestos obligation**

The Town owns and operates several buildings and underground pipes that are known to have asbestos, which is subject to health and safety regulatory requirements if disturbed or removed. In accordance with the adoption of PS 3280 - Asset Retirement Obligations, the Town recognized an obligation related to the removal of asbestos. Remaining useful lives are determined on an individual asset basis. The related asset retirement costs were discounted to December 31, 2025 using a discount rate of 2.5% per annum.

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

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	2025	2024
<b>Beginning of year</b>	\$ 359,731	\$ 350,957
<b>Accretion expense</b>	10,792	8,774
<b>END OF YEAR</b>	\$ 370,523	\$ 359,731

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**18. Comparative balances**

Certain comparative balances have been reclassified to conform with the current year's financial statement presentation.

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**CORPORATION OF THE TOWN OF AYLMER  
SCHEDULE 1 - CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2025**

	Land	Land Improvements	Buildings	Fleet	Equipment	Linear Assets	2025 Total	2024 Total
<b>COST</b>								
Balance, beginning of year	\$ 2,863,097	\$ 2,177,965	\$ 15,572,286	\$ 3,629,086	\$ 1,549,237	\$ 80,729,056	\$ 106,520,727	\$ 102,603,628
Add:								
Additions during the year	-	476,559	632,149	80,954	-	17,016,791	18,206,453	4,374,153
Less:								
Disposals during the year	-	(215,594)	-	(88,013)	(11,652)	(545,049)	(860,308)	(457,054)
Balance, end of year	2,863,097	2,438,930	16,204,435	3,622,027	1,537,585	97,200,798	123,866,872	106,520,727
<b>ACCUMULATED AMORTIZATION</b>								
Balance, beginning of year	-	1,370,958	6,735,786	1,649,810	645,637	29,228,258	39,630,449	38,223,997
Add:								
Amortization during the year	-	69,948	340,486	350,360	100,388	1,297,911	2,159,093	1,863,506
Less:								
Disposals during the year	-	(150,587)	-	(17,603)	(3,195)	(451,020)	(622,405)	(457,054)
Balance, end of year	-	1,290,319	7,076,272	1,982,567	742,830	30,075,149	41,167,137	39,630,449
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>\$ 2,863,097</b>	<b>\$ 1,148,611</b>	<b>\$ 9,128,163</b>	<b>\$ 1,639,460</b>	<b>\$ 794,755</b>	<b>\$ 67,125,649</b>	<b>\$ 82,699,735</b>	<b>\$ 66,890,278</b>

This schedule is provided for information purposes only.

**CORPORATION OF THE TOWN OF AYLMER  
SCHEDULE 2 - CONSOLIDATED SCHEDULE OF SEGMENTED INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2025**

	General Government	Protective Services	Transportation	Environmental	Health	Recreation and Culture	Planning and Development	Total
<b>REVENUE</b>								
Taxation	\$ 7,430,618	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,430,618
User fees	70,622	389,649	53,397	6,848,195	-	338,547	63,109	7,763,519
Government grants operating	1,660,500	487,280	28,506	1,956	-	192,462	-	2,370,704
Investment income	1,134,913	-	-	-	-	-	-	1,134,913
Penalty and interest on taxes	147,338	-	-	-	-	-	-	147,338
Other	101,470	-	-	-	7,400	-	3,240,060	3,348,930
	<b>10,545,461</b>	<b>876,929</b>	<b>81,903</b>	<b>6,850,151</b>	<b>7,400</b>	<b>531,009</b>	<b>3,303,169</b>	<b>22,196,022</b>
<b>EXPENDITURES</b>								
Salaries and benefits	1,408,201	3,615,911	678,514	520,576	-	632,175	419,028	7,274,405
Materials, goods and services	427,527	830,625	570,705	4,253,909	10,000	714,839	250,629	7,058,234
Rent and financial expenses	1,489	9,104	9,380	298,711	-	2,533	-	321,217
Amortization	23,926	264,160	758,926	885,048	-	225,363	1,670	2,159,093
	<b>1,861,143</b>	<b>4,719,800</b>	<b>2,017,525</b>	<b>5,958,244</b>	<b>10,000</b>	<b>1,574,910</b>	<b>671,327</b>	<b>16,812,949</b>
<b>EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE) BEFORE OTHER</b>	<b>8,684,318</b>	<b>(3,842,871)</b>	<b>(1,935,622)</b>	<b>891,907</b>	<b>(2,600)</b>	<b>(1,043,901)</b>	<b>2,631,842</b>	<b>5,383,073</b>
<b>OTHER</b>								
Government transfers related to capital	-	-	-	1,140,625	-	-	-	1,140,625
Developer and other contributions	-	-	3,514,744	292,092	-	2,125	-	3,808,961
Investment in EARTH Corporation	469,551	-	-	-	-	-	-	469,551
Gain (loss) on disposal of tangible capital assets	-	(5,850)	111	(90,836)	(63,990)	-	-	(160,565)
Post retirement benefits	(9,900)	(8,100)	-	-	-	-	-	(18,000)
	<b>459,651</b>	<b>(13,950)</b>	<b>3,514,855</b>	<b>1,341,881</b>	<b>(63,990)</b>	<b>2,125</b>	<b>-</b>	<b>5,240,572</b>
<b>EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE)</b>	<b>\$ 9,143,969</b>	<b>\$ (3,856,821)</b>	<b>\$ 1,579,233</b>	<b>\$ 2,233,788</b>	<b>\$ (66,590)</b>	<b>\$ (1,041,776)</b>	<b>\$ 2,631,842</b>	<b>\$ 10,623,645</b>

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