Township of LaValley

Financial Statements

December 31, 2025

Township of LaVallee
Contents
For the year ended December 31, 2025

Management's Responsibility

To the Members of Council, Inhabitants and Ratepayers of the Township of LaVallee:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Township Council is composed primarily of members who are neither management nor employees of the Municipality. The Council is responsible for overseeing management in the performance of its financial reporting responsibilities. The Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management. The Council is also responsible for recommending the appointment of the Municipality's external auditors.

MNP LLP is appointed by the Members of Council to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and management to discuss their audit findings.

May 7, 2026

Reeve

CAO/Clerk-Treasurer

To the Members of Council, Inhabitants and Ratepayers of the Township of LaVallee:

Opinion

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

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Municipality 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 Municipality'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 Municipality or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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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 Municipality'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 Municipality'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 Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

MNP LLP

Chartered Professional Accountants
Licensed Public Accountants

Fort Frances, Ontario
May 7, 2026

Township of LaVallee
Statement of Financial Position
As at December 31, 2025

	2025	*2024*
Financial assets		
Cash and cash equivalents	**26,232**	20,002
Portfolio investments *(Note 2)*	**4,920,407**	4,512,672
Property tax receivable	**118,478**	127,360
Accounts receivable	**255,085**	157,111
Total of assets	**5,320,202**	4,817,145
Liabilities		
Accounts payable and accruals	**130,363**	109,738
Deferred revenue *(Note 3)*	**381,280**	456,686
Long-term debt *(Note 4)*	**-**	42,136
Employee benefit obligations	**55,382**	51,576
Asset retirement obligations *(Note 5)*	**129,139**	125,377
Total of financial liabilities	**696,164**	785,513
Net financial assets	**4,624,038**	4,031,632
Non-financial assets		
Tangible capital assets *(Note 6)*	**4,544,385**	4,373,922
Inventories of supplies / Inventories held for use	**6,910**	6,910
Prepaid expenses	**11,319**	10,567
Total non-financial assets	**4,562,614**	4,391,399
Accumulated surplus *(Note 7)*	**9,186,652**	8,423,031

Approved on behalf of the Council

______________________ **Reeve** ______________________ **CAO/Clerk-Treasurer**

The accompanying notes are an integral part of these financial statements

Township of LaVallee
Statement of Operations and Accumulated Operating Surplus
For the year ended December 31, 2025

	2025 Budget	**2025**	*2024*
Revenue			
Taxation	1,194,764	**1,205,247**	1,180,517
Government transfers *(Note 8), (Note 9)*	864,218	**739,911**	542,921
User fees and service charges	29,150	**665,766**	69,283
Investment income	150,000	**145,508**	221,012
Permits, licences, and fines	10,900	**10,435**	13,108
Penalties and interest on taxes	21,000	**22,133**	25,694
Other income	9,038	**2,515**	6,226
	2,279,070	**2,791,515**	2,058,761
Program expenses			
General Government	457,638	**479,602**	455,643
Protection Services	436,025	**419,983**	309,069
Transportation Services	956,734	**582,444**	647,437
Environmental Services	88,182	**55,422**	63,172
Health Services	195,514	**194,900**	198,409
Social and Family Services	36,936	**23,996**	21,524
Social Housing	122,269	**122,269**	114,034
Recreation and Cultural Services	104,886	**125,622**	124,719
Planning and Development	101,171	**23,656**	6,037
Total expenditures	2,499,355	**2,027,894**	1,940,044
Operating surplus	(220,285)	**763,621**	118,717
Accumulated operating surplus, beginning of year	8,423,031	**8,423,031**	8,304,314
Accumulated operating surplus, end of year	8,202,746	**9,186,652**	8,423,031

The accompanying notes are an integral part of these financial statements

Township of LaVallee
Statement of Change in Net Financial Assets
For the year ended December 31, 2025

	2025 Budget	2025	2024
Annual surplus	(220,285)	763,621	118,717
Acquisition of tangible capital assets	(202,700)	(469,166)	(459,098)
Amortization of tangible capital assets	255,414	298,703	268,838
Use of prepaid expenses and inventory of supplies	-	(752)	5,070
Increase in net financial assets (net debt)	(167,571)	592,406	(66,473)
Net financial assets, beginning of year	4,031,632	4,031,632	4,098,105
Net financial assets, end of year	3,864,061	4,624,038	4,031,632

Township of LaVallee
Statement of Cash Flows
For the year ended December 31, 2025

	2025	*2024*
Operating activities		
Operating surplus	**763,621**	118,717
Non-cash items		
Amortization	**298,703**	268,838
Changes in working capital accounts		
Accounts receivable	**(97,974)**	9,857
Inventory	**-**	5,634
Prepaid expenses and deposits	**(752)**	(564)
Taxes receivable	**8,882**	201
Employee benefits payable	**3,806**	(2,260)
Asset retirement obligation - landfill	**3,762**	3,652
Accounts payable and accruals	**20,625**	(210)
Deferred revenue	**(75,406)**	45,167
	925,267	449,032
Financing activities		
Long-term debt repayments	**(42,136)**	(80,974)
Capital activities		
Purchases of tangible capital assets	**(469,166)**	(459,098)
Investing activities		
Disposition (acquisition) of investments	**(407,735)**	39,618
Increase (decrease) in cash resources	**6,230**	(51,422)
Cash resources, beginning of year	**20,002**	71,424
Cash resources, end of year	**26,232**	20,002

The accompanying notes are an integral part of these financial statements

1. Significant accounting policies

These financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and including the following significant accounting policies:

Basis of consolidation

The statements reflect the assets, liabilities, revenues and expenditures of all municipal organizations, committees, and boards which are owned or controlled by Council.

Government business enterprises and partnerships are separate legal Entities which do not rely on the Municipality for funding. Investments in government business enterprises are accounted for using the modified equity method. No government business enterprises are reflected in the financial statements.

A government partnership exists where the Municipality has shared control over the board or Entity. The Municipality's pro-rata share of the assets, liabilities, revenues and expenditures are reflected in the financial statements using the proportionate consolidation method.

The following government partnership has been proportionately consolidated (Note 16):

- Joint Fire Chief Services Committee

The following boards are not consolidated:

- Northwestern Health Unit
- Rainy River District Social Services Administration Board

Basis of accounting

Revenues and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

The statement of financial position reflects all of the financial assets and liabilities of the Municipality. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations. 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 excess of revenues over expenses, provides the change in net financial assets for the year. Accumulated surplus represents the financial position of the Municipality, and is the difference between its' assets and liabilities. This provides information about the Municipality's overall future revenue requirements and its' ability to finance activities and meet its' obligations.

Cash and cash equivalents

The policy of the Municipality is to disclose bank balances under cash and cash equivalents including bank overdrafts and lines of credit with balances that fluctuate frequently from being positive to being overdrawn and temporary investments with a maturity of three months or less from the date of acquisition.

1. Significant accounting policies *(Continued from previous page)*

Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue.

Amortization

Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

	Method	*Rate*
Land improvements	straight-line	25 to 50 years
Buildings	straight-line	50 years
Machinery and equipment	straight-line	10 to 20 years
Roads	straight-line	15 to 80 years
Bridges and culverts	straight-line	40 to 80 years
Vehicles	straight-line	10 to 20 years
Computers	straight-line	5 to 10 years

Revenue recognition

The Municipality prepares property tax billings based on assessment rolls issued by the Municipal Property Assessment Corporation (MPAC), in accordance with rates established and approved annually by Council and the Province of Ontario. Taxation revenue is recognized when the taxable event occurs.

User fees and other revenues are recognized when the services are performed or goods are delivered and there is reasonable assurance of collection.

Deferred revenue

Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the statement of financial position. The revenue is recognized on the statement of operations in the year in which it is used for the specified purpose.

Government transfers

Government transfers, which include legislative grants, are recognized in the financial statements in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria and stipulations have been met, and reasonable estimates of the amount can be made.

School boards

The Municipality collects taxation revenue on behalf of the school boards. The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards are not reflected in these financial statements.

Use of estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

The estimates used in preparation of these financial statements are the useful lives of the property, plant and equipment, the present value of the asset retirement obligation, and taxation revenue.

1. Significant accounting policies *(Continued from previous page)*

Pension agreement

The Municipality is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. The Municipality has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The Municipality records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the Plan for past employee service.

Asset retirement obligation

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset (or a component thereof) at the financial statement date when there is a legal obligation for the Municipality to incur retirement costs in relation to a tangible capital asset (or component thereof), the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at December 31, 2025. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset (or component thereof). The asset retirement cost is amortized over the useful life of the related asset.

At each financial reporting date, the Municipality reviews the carrying amount of the liability. The Municipality recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset.

The Municipality continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

Financial instruments

The Municipality recognizes its financial instruments when the Municipality becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

At initial recognition, the Municipality may irrevocably elect to subsequently measure any financial instrument at fair value. The Municipality has not made such an election during the year.

The Municipality subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Transactions to purchase or sell these items are recorded on the trade date. Net gains and losses arising from changes in fair value are recognized in the statement of remeasurement gains and losses. Interest income is recognized in the statement of operations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost. With the exception of those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost using the effective interest rate method.

Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in operating surplus. Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

All financial assets except derivatives are tested annually for impairment. Any impairment, which is not considered temporary, is recorded in the statement of operations. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value. Reversals of any net remeasurements of financial assets measured at fair value are reported in the statement of remeasurement gains and losses.

2. Portfolio investments

	2025	*2024*
Investments restricted by Council resolution		
At cost or amortized cost:		
High interest savings account, variable interest rates ranging from 2.775% to 3.955% during the year (2024 - variable interest rates ranging from 4.28% to 5.47%)	**1,509,041**	1,404,325
Term deposit, 2.75% interest rate, matures December 4, 2026 (2024 - 3.60% interest rate, matured December 4, 2025)	**487,633**	470,688
	1,996,674	1,875,013
Unrestricted investments		
At cost or amortized cost:		
High interest savings account, variable interest rates ranging from 2.775% to 3.955% during the year (2024 - variable interest rates ranging from 4.28% to 5.47%)	**2,542,453**	2,180,973
Externally restricted investments		
At cost or amortized cost:		
High interest savings account, variable interest rates ranging from 2.775% to 3.955% during the year (2024 - variable interest rates ranging from 4.28% to 5.47%)	**381,280**	456,686
	4,920,407	4,512,672

The income from investments for the year was $145,508 (2024 - $221,012). The market value of the Municipality's investments was $4,920,407 (2024 - $4,512,672).

Certain surplus funds are set aside through Council by-law or resolution for specific purposes and referred to as reserve funds. Investments restricted through Council by-law or resolution represent the assets that are maintained in respect of those reserve funds (Note 7).

3. Deferred revenue

	Opening balance	*Contributions received*	*Externally restricted investment income*	*Revenue recognized*	*Ending balance*
Canada Community Building Fund	**374,503**	**51,614**	**12,227**	**(57,064)**	**381,280**
Infrastructure programs	**82,183**	**67,626**	**-**	**(149,809)**	**-**
	456,686	**119,240**	**12,227**	**(206,873)**	**381,280**

Canada Community Building Fund
The Federal Government advances the Municipality funding related to gasoline tax. This funding must be spent on approved infrastructure projects. The funding can be deferred for a maximum of 5 years.

Infrastructure Programs
These programs relate to various capital grants that are required to be spent on infrastructure. Until the funding has been spent on infrastructure it has not been earned and therefore, has been deferred.

4. Long-term debt

	2025	*2024*
Capital equipment loan, repayable at $7,133 per month, including interest at 5.35%. Secured by the related capital equipment. Matured June 2025.	-	42,136

5. Asset retirement obligation

The Municipality's financial statements include an asset retirement obligation for the closure and post closure costs of the Municipality's solid waste landfill. The related asset retirement costs are being amortized on a straight line basis.
The liability for the landfill has been estimated using a net present value technique with a discount rate of 3% (2024 - 3%). The estimated total undiscounted future expenditures are $643,208 (2024 - $643,208), which are to be incurred over 25 years. The liability is expected to be settled in 333 years.

The carrying amount of the liabilities are as follows:

	2025	*2024*
Balance, beginning of year	**125,377**	121,725
Accretion	**3,762**	3,652
Balance, end of year	**129,139**	125,377

6. Tangible capital assets

	Cost	*Additions*	*Disposals*	*Accumulated amortization*	*2025 Net book value*
Land	**59,466**	**6,907**	**-**	**3,280**	**63,093**
Land improvements	**199,717**	**40,777**	**-**	**62,868**	**177,626**
Buildings	**950,939**	**27,086**	**-**	**546,458**	**431,567**
Vehicles	**623,090**	**28,173**	**-**	**514,718**	**136,545**
Machinery and equipment	**1,390,062**	**43,631**	**-**	**528,431**	**905,262**
Computers	**21,631**	**-**	**-**	**21,631**	**-**
Roads	**1,972,404**	**322,592**	**-**	**1,244,276**	**1,050,720**
Bridges	**3,057,458**	**-**	**-**	**1,307,006**	**1,750,452**
Landfill	**33,155**	**-**	**-**	**4,035**	**29,120**
	8,307,922	**469,166**	**-**	**4,232,703**	**4,544,385**

	Cost	*Additions*	*Disposals*	*Accumulated amortization*	*2024 Net book value*
Land	59,466	-	-	3,280	56,186
Land improvements	146,281	53,436	-	56,806	142,911
Buildings	856,387	94,551	-	517,957	432,981
Vehicles	569,756	53,334	-	488,420	134,670
Machinery and equipment	1,324,788	65,274	-	447,145	942,917
Computers	21,631	-	-	21,631	-
Roads	1,794,429	177,975	-	1,130,741	841,663
Bridges	3,042,930	14,528	-	1,264,072	1,793,386
Landfill	33,155	-	-	3,947	29,208
	7,848,823	459,098	-	3,933,999	4,373,922

7. Accumulated operating surplus

Accumulated operating surplus consists of the following:

	2025	2024
Investment in tangible capital assets	**4,544,385**	4,373,922
Long-term debt	**-**	(42,137)
	4,544,385	4,331,785
Current operations	**492,539**	55,611
Other allocated deficits		
Asset retirement obligations	**(129,139)**	(125,377)
Employee benefits	**(55,382)**	(51,576)
	(184,521)	(176,953)
Reserve funds		
Capital purposes	**1,138,474**	1,102,480
Landfill	**783,763**	700,450
Sick leave	**74,437**	72,083
	1,996,674	1,875,013
Reserves		
Working capital reserve	**95,000**	95,000
Capital projects	**1,522,500**	1,522,500
Contingencies	**66,075**	66,075
Volunteer fire department	**654,000**	654,000
	2,337,575	2,337,575
	9,186,652	8,423,031

The investment in tangible capital assets represents amounts already spent and invested in infrastructure and other non-financial assets.

Reserve funds represent funds set aside through by-law or Council resolution for specific purposes.

8. Government transfers - federal

	2025	2024
Operating		
Canada Summer Jobs	-	3,958
Association of Municipalities of Ontario - Canada Community Building Fund	-	34,924
Other	23,110	-
Total operating transfers	23,110	38,882
Tangible capital assets		
Association of Municipalities of Ontario - Canada Community Building Fund	57,064	25,017
Total federal transfers	80,174	63,899

9. Government transfers - provincial

	2025	2024
Operating		
Ontario Municipal Partnership Fund	314,100	286,500
Other	118,790	13,236
Total operating transfers	432,890	299,736
Tangible capital assets		
Ontario Community Infrastructure Fund	100,000	100,000
Ministry of Northern Development, Mines, Natural Resources and Forestry (NORDS)	126,847	45,994
Northern Ontario Heritage Fund Corporation (NOHFC)	-	33,292
Total tangible capital asset transfers	226,847	179,286
Total provincial transfers	659,737	479,022

10. Expenses by object

	2025	2024
Salaries and benefits	563,107	507,111
Materials	453,395	427,434
Contracted services	197,441	220,304
Rent and financial	127,702	137,871
Contributions to other organizations	386,886	373,866
Interest on long-term debt	660	4,620
Amortization	298,703	268,838
	2,027,894	1,940,044

11. Operations of school boards

During the year, the following taxation revenue was raised and remitted:

	2025	2024
School boards	136,378	138,154

12. Contributions to unconsolidated boards

The following contributions were made by the Municipality to these boards:

	2025	*2024*
Northwestern Health Unit	**60,840**	51,320
Rainy River District Social Services Administration Board	**270,685**	259,927
	331,525	311,247

13. Credit facilities

The Municipality has unused credit facilities available with a chartered bank in the amount of $100,000.

14. Pension agreement

The employees of the Municipality participate in the Ontario Municipal Employees Retirement System (OMERS). The Municipality also makes contributions to the OMERS plan on behalf of its employees. The Plan has a defined benefit option at retirement available to some employees, which specifies the amount of the retirement benefit to be received by the employees based on length of service and rates of pay. However, the Plan is accounted for as a defined contribution plan as insufficient information is available to account for the Plan as a defined benefit plan. The Municipality is only one of a number of employers that participate in the Plan and the financial information provided to the Municipality on the basis of the contractual agreements is usually insufficient to reliably measure the Municipality's proportionate share in the plan assets and liabilities.

The contributions payable in exchange for services rendered during a period are recognized as an expense during that period. The Municipality's employer portion of amounts paid to OMERS during the year ended December 31, 2025, was $37,233 (2024 - $36,125).

As at December 31, 2025, the OMERS plan was 99% (2024 - 98%) funded and reported an actuarial funding deficit of $1.3 billion (2024 - $2.9 billion). OMERS has a strategy to return the Plan to a fully funded position. The Municipality is not able to assess the implications, if any, of this strategy or of the withdrawal of other participating Entities from the OMERS plan on its future contributions.

15. Trust funds

The Trust Funds administered by the Municipality amounting to $75,149 (2024 - $71,820) have not been included in the statement of financial position nor have the operations been included in the statement of operations.

16. Partnership in Joint Fire Chief Services Committee

On July 15, 2020, the Corporation of the Township of LaVallee entered into an agreement with the Corporation of the Township of Alberton, the Corporation of the Township of Chapple and the Corporation of the Township of Emo in order to provide common administration and oversight of fire chief services and directly related matters. This agreement was executed in an effort to increase delivery efficiency and cost effectiveness of fire chief services and directly related matters for each of the Municipalities. Under the agreement, decisions related to the financial and operating activities of the Joint Fire Chief Services Committee are shared. No partner is in a position to exercise unilateral control.

The Municipality's financial statements reflect proportionate consolidation, whereby they include the Corporation of the Township of LaVallee's pro-rata share of the expenses and jointly controlled assets.

Effective March 31 2023, the Township of Alberton withdrew from the partnership. The remaining partners acquired the Township of Alberton's share of the non-financial asset for $11,700 ($3,900 each). For each of the remaining three member communities, the exit resulted in an increase in their proportionate interest of the partnership to 33.33%.

Effective March 12, 2025, the Joint Fire Chief Services Committee was dissolved. Each municipality has appointed a part-time Fire Chief to carry on services for their respective Municipalities.

The Joint Fire Chief Services Committee has total expenses of $33,179 for the year ended December 31, 2025 (2024 - $99,914). The Corporation of the Township of LaVallee's pro-rata share of these expenses is $8,334 (2024 - $33,212).

17. Budget

The Financial Plan (Budget) By-Law adopted by Council on June 18, 2025, was not prepared on a basis consistent with that used to report actual results (public sector accounting standards). The budget was prepared on a modified accrual basis while public sector accounting standards now require a full accrual basis. The budget figures anticipated to use surpluses accumulated in previous years to reduce current year expenditures in excess of current year revenues to $NIL. In addition, the budget did not include amortization expense. As a result, the budget figures presented in the consolidated statements of operations and change in net financial assets represent the Financial Plan adopted by Council on June 18, 2025, with adjustments as follows:

Surplus (deficit) per Financial Plan (Budget) By-Law	-
Tangible capital asset additions	**202,700**
Amortization	**(268,838)**
Budgeted transfers from reserve and reserve funds	**(98,536)**
Budgeted use of prior year surplus funds	**(55,611)**
	(220,285)

18. Segments

The Corporation of the Township of LaVallee is a diversified municipal government institution that provides a wide range of services to its citizens. The management of the Municipality considers decisions based on separate service areas. These service areas are: general government, protection services, transportation services, environmental services, health services, social and family services, social housing, recreation and cultural services and planning and development.

Descriptions of the services and funds that management bases their decisions on, are as follows:

General Government
General government consists of governance, Corporate management and program support. These categories relate to operations of all of the various programs and services that the Municipality offers to its citizens.

Protection Services
Protection is comprised of police service and fire protection. Police service is contracted out to the Ontario Provincial Police. The fire department is responsible for providing fire suppression service, fire prevention programs, training and education related to prevention, detection and extinguishment of fires. The members of the fire department consist of volunteers.

Transportation Services
The transportation services area provides construction and maintenance of roadways throughout the Municipality.

Environmental Services
Environmental services consist of maintenance of the waste disposal facility located within the municipal borders.

Health Services
Health services are comprised of public health services and ambulance service. The Municipality contributes to local boards which provide these services to the citizens of the Municipality.

Social and Family Services
Social and family services are comprised of general assistance, childcare and assistance to the aged. The Municipality contributes to local boards which provide these services to the citizens of the Municipality.

Social Housing
The Municipality contributes to a local board, which provides social housing if the citizens of the Corporation of the Township of LaVallee require the service.

Recreation and Cultural Services
This service area consists of various small recreation programs. Also, the Municipality contributes to the recreation board and library of another Municipality in order to ensure these services are available to the citizens of the Municipality.

Planning and Development
This service relates to zoning issues as well as planning of various municipal maintenance projects.

Township

Schedule 1 - Schedule of Segmente

For the year ended D

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Social Housing	Recreation and Cultural Services	Planning Develop
	335,661	221,263	177,429	83,554	166,450	64,876	123,283	18,933	13,
ervice charges	1,700	20,023	9,393	626,700	6,950	-	-	-	1,
ts	-	47,696	283,910	-	-	-	-	93,765	
ants	87,476	57,663	46,241	21,775	43,379	16,907	32,129	4,934	3,
	50,292	33,154	26,585	12,520	24,941	9,721	18,473	2,837	2,
	475,129	379,799	543,558	744,549	241,720	91,504	173,885	120,469	20,
nefits	272,360	37,812	202,973	46,719	-	-	-	3,243	
	93,980	166,698	108,601	8,343	8,486	-	-	49,147	18,
ces	23,448	173,993	-	-	-	-	-	-	
al	78,507	8,944	36,272	-	-	-	-	3,979	
's	850	-	-	-	185,260	23,996	122,269	48,995	5,
term debt	660	-	-	-	-	-	-	-	
	469,805	387,447	347,846	55,062	193,746	23,996	122,269	105,364	23,
ore amortization	5,324	(7,648)	195,712	689,487	47,974	67,508	51,616	15,105	(2,
	9,797	32,536	234,598	360	1,154	-	-	20,258	
	(4,473)	(40,184)	(38,886)	689,127	46,820	67,508	51,616	(5,153)	(2,

Township

Schedule 1 - Schedule of Segmente

For the year ended D

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Social Housing	Recreation and Cultural Services	Plannin Develop
	302,332	177,823	263,313	68,262	148,918	43,423	98,596	51,041	26,
ervice charges	1,600	15,551	11,755	31,727	8,150	-	-	-	
ts	-	10,909	205,935	-	-	-	-	39,137	
ants	73,373	43,156	63,903	16,567	36,141	10,538	23,928	12,387	6,
	68,133	40,074	59,340	15,383	33,560	9,786	22,220	11,503	6,
	445,438	287,513	604,246	131,939	226,769	63,747	144,744	114,068	40,
nefits	229,527	23,540	199,069	43,614	-	-	-	11,361	
	83,322	66,185	201,680	19,321	15,566	-	-	35,323	6,
ces	62,278	158,026	-	-	-	-	-	-	
al	63,362	33,145	36,115	-	-	-	-	5,249	
s	2,737	-	-	-	181,689	21,524	114,034	53,882	
term debt	4,620	-	-	-	-	-	-	-	
	445,846	280,896	436,864	62,935	197,255	21,524	114,034	105,815	6,
ore amortization	(408)	6,617	167,382	69,004	29,514	42,223	30,710	8,253	34,
	9,797	28,173	210,573	237	1,154	-	-	18,904	
	(10,205)	(21,556)	(43,191)	68,767	28,360	42,223	30,710	(10,651)	34,