



Municipalité de
RUSSELL
Township

Consolidated financial statements of Corporation of the Township of Russell

December 31, 2025



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Independent Auditor's Report

To the members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Russell

Opinion

We have audited the consolidated financial statements of the Corporation of the Township of Russell (the "Municipality") which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statements of operations, change in net debt and cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

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, change in its net debt, and its cash flow 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.

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.

Hawkesbury ON
May 25, 2026

Chartered Professional Accountants
Licensed Public Accountants



Corporation of the Township of Russell

Consolidated statement of operations

Year ended December 31, 2025

	Budget 2025	Actual 2025	Actual 2024
	\$	\$	\$
Revenue			
Taxation – all classes	40,890,842	43,076,708	39,616,848
Less amounts received for:			
United Counties (Note 3)	(14,402,110)	(15,929,808)	(14,808,626)
School boards (Note 3)	(6,164,834)	(6,684,342)	(6,353,437)
Net taxation for municipal purposes	20,323,898	20,462,558	18,454,785
User charges	18,678,183	19,733,839	16,253,899
Government transfers			
Government of Canada	723,837	895,384	897,116
Province of Ontario	1,469,794	12,080,500	1,481,634
Other municipalities	2,149,394	5,550,890	2,773,875
Loss on sale of tangible capital assets	-	(18,070)	(403,748)
(Loss) gain on sale of land held for resale	7,133,000	(198,000)	2,952,000
Penalties and interest	225,494	371,237	262,176
Donations	5,000	13,096,138	13,564,679
Interest income	282,733	373,718	360,060
Development charges	2,718,404	7,825,454	12,123,657
	53,709,737	80,173,648	68,720,133
Expenses (Schedule 4)			
General government	2,842,587	3,897,934	3,295,624
Protection services	7,458,230	7,082,399	6,558,904
Transportation services	3,336,441	10,255,505	6,267,043
Environmental services	10,847,145	13,711,876	14,790,059
Recreation and cultural services	4,576,753	5,289,276	5,280,340
Child-care services	4,315,890	4,439,181	3,776,854
Planning and development	1,329,141	1,152,268	2,985,144
	34,706,187	45,828,439	42,953,968
Annual surplus	19,003,550	34,345,209	25,766,165
Accumulated surplus, beginning of year	203,414,792	203,414,792	177,648,627
Accumulated surplus, end of year (Schedule 2)	222,418,342	237,760,001	203,414,792

The accompanying notes and schedules are an integral part of these consolidated financial statements.



Corporation of the Township of Russell

Consolidated statement of financial position

As at December 31, 2025

	2025	2024
	\$	\$
Assets		
Financial assets		
Cash	1,680,840	4,609,935
Accounts receivable	16,048,941	3,899,173
Taxes receivable	2,747,831	3,352,517
User charges receivable	1,879,151	1,691,879
Other assets	76,883	27,123
Land held for resale	8,799,496	8,367,374
Investments (Note 4)	1,066,757	1,028,726
Loans to landowners (Note 5)	595,468	681,348
	32,895,367	23,658,075
Liabilities		
Accounts payable and accrued liabilities	17,856,174	8,723,179
Deposits	1,654,180	1,166,961
Deferred revenues (Note 8)	7,142,268	4,975,365
Accrued interest on debt	145,181	153,779
Debts (Note 9)	37,251,265	15,897,444
Asset retirement obligation liability (Note 10)	5,690,195	5,576,727
	69,739,263	36,493,455
Net debt	(36,843,896)	(12,835,380)
Contingencies and commitments (Notes 13 and 14)		
Non-financial assets		
Tangible capital assets (Schedule 1)	274,112,846	215,773,313
Inventories	10,892	67,228
Prepaid expenses	480,159	409,631
	274,603,897	216,250,172
Accumulated surplus (Schedule 2)	237,760,001	203,414,792

The accompanying notes and schedules are an integral part of these consolidated financial statements.

Approved by the Board

_____, Mayor

_____, Chief Administrative Officer/Treasurer



Corporation of the Township of Russell Consolidated statement of change in net debt

Year ended December 31, 2025

	Budget 2025	Actual 2025	Actual 2024
	\$	\$	\$
Annual surplus	19,003,550	34,345,209	25,766,165
Loss on sale of tangible capital assets	-	18,070	403,748
Amortization of tangible capital assets	-	6,683,185	6,396,378
Purchase of tangible capital assets	(10,610,623)	(66,341,688)	(36,076,406)
Proceeds from disposal of tangible capital assets	-	18,175	121,450
Transfer of assets under construction to expenses	-	1,244,225	2,984,544
Net changes in asset retirement obligation liability	-	38,500	-
Decrease (increase) in inventory	-	56,336	(16,756)
Increase in prepaid expenses	-	(70,528)	(43,196)
Increase in net debt	8,392,927	(24,008,516)	(464,073)
Net debt, beginning of year	(12,835,380)	(12,835,380)	(12,371,307)
Net debt, end of year	(4,442,453)	(36,843,896)	(12,835,380)

The accompanying notes and schedules are an integral part of these consolidated financial statements.



Corporation of the Township of Russell

Consolidated statement of cash flow

Year ended December 31, 2025

	2025	2024
	\$	\$
Operating activities		
Annual surplus	34,345,209	25,766,165
Changes in non-cash assets and liabilities		
Increase in accounts receivable	(12,149,768)	(500,771)
Decrease (increase) in taxes receivable	604,686	(1,612,538)
Increase in user charges receivable	(187,272)	(174,927)
(Increase) decrease in other assets	(49,760)	4,403
Increase in accounts payable and accrued liabilities	3,823,114	122,690
Increase in deposits	487,219	219,705
Increase (decrease) in deferred revenue	2,166,903	(5,180,899)
Decrease in accrued interest on debt	(8,598)	(8,483)
Increase in asset retirement obligation liability	113,468	44,619
Decrease (increase) in inventory	56,336	(16,756)
Increase in prepaid expenses	(70,528)	(43,196)
	(5,214,200)	(7,146,153)
Non-cash operating items		
Loss on sale of tangible capital assets	18,070	403,748
Net changes in asset retirement obligation liability	38,500	-
Amortization of tangible capital assets	6,683,185	6,396,378
Donations in kind of tangible capital assets	(13,057,925)	(13,467,579)
Transfer of assets under construction to expenses	1,244,225	2,984,544
	(5,073,945)	(3,682,909)
Net increase in cash from operating activities	24,057,064	14,937,103
Capital activities		
Purchase of tangible capital assets	(47,973,882)	(21,929,922)
Proceeds from sale of tangible capital assets	18,175	121,450
	(47,955,707)	(21,808,472)
Investing activities		
(Increase) decrease in investments	(38,031)	2,959
(Increase) decrease in land for resale	(432,122)	1,832,146
Decrease in loans to landowners	85,880	93,800
	(384,273)	1,928,905
Financing activities		
Proceeds from long-term debt	22,200,000	4,000,000
Repayment of long-term liabilities	(846,179)	(849,514)
	21,353,821	3,150,486
Net decrease in cash	(2,929,095)	(1,791,978)
Cash, beginning of year	4,609,935	6,401,913
Cash, end of year	1,680,840	4,609,935

See additional information presented in Note 11.

The accompanying notes and schedules are an integral part of these consolidated financial statements.

Corporation of the Township of Russell

Notes to the consolidated financial statements

December 31, 2025

1. Future accounting policies

Effective on January 1, 2027

Conceptual Framework for Financial Reporting in the Public Sector

In December 2022, the Public Sector Accounting Board (PSAB) issued The Conceptual Framework for Financial Reporting in the Public Sector (the Conceptual Framework), which replaces the conceptual aspects of Section PS 1000, Financial Statement Concepts, and Section PS 1100, Financial Statement Objectives. The Conceptual Framework establishes the fundamental concepts that underpin financial reporting in the public sector, including the characteristics of public sector entities, the objectives of financial reporting, the primary users of financial statements, qualitative characteristics of financial information, and general concepts related to recognition, measurement, and presentation.

The Conceptual Framework is effective for fiscal years beginning on or after April 1, 2026, and will be effective for the Municipality beginning January 1, 2027. Early adoption is permitted. Adoption of the Conceptual Framework is expected to primarily affect the basis for developing accounting policies and financial statement presentation rather than recognition or measurement amounts.

GAAP Designation of Application Guidance – PSA Handbook Appendices

In February 2025, PSAB issued amendments to clarify the generally accepted accounting principles (GAAP) designation of certain application guidance appendices in the Public Sector Accounting Handbook. These amendments elevate the GAAP status of selected appendices related to revenue, government transfers, financial instruments, and disclosure of allocated expenses, and clarify that application guidance appendices form an integral part of the standards they support rather than being merely illustrative. Related amendments were also made to Section PS 1150, Generally Accepted Accounting Principles.

These amendments are effective for fiscal years beginning on or after April 1, 2026, and will be effective for the Municipality beginning January 1, 2027. The amendments are primarily clarifying in nature and are not expected to result in material changes to the Municipality's financial statements.

Financial Statement Presentation (Section PS 1202)

In October 2023, PSAB issued Section PS 1202, Financial Statement Presentation, which replaces Section PS 1201 and introduces a new financial reporting model based on the Conceptual Framework for Financial Reporting in the Public Sector. Section PS 1202 introduces changes to the presentation of the statement of financial position, including new categories of liabilities, the introduction of a statement of net financial assets or net financial liabilities, revisions to the statement of cash flows, and new requirements for presenting changes in net assets or net liabilities.

Section PS 1202 is effective for fiscal years beginning on or after April 1, 2026, and will be effective for the Municipality beginning January 1, 2027. Early adoption is permitted only if the Conceptual Framework is adopted at the same time, and comparative information will be restated upon adoption. Adoption of Section PS 1202 is expected to result in changes to the presentation of the Municipality's financial statements; however, no changes to recognition or measurement amounts are expected.

Effective on January 1, 2030

Tangible Capital Assets (Amendments to Section PS 3150)

In May 2025, PSAB issued amendments to Section PS 3150, Tangible Capital Assets. The amendments clarify definitions and guidance related to tangible capital assets, introduce new disclosure requirements for works of art, historical treasures and collections, and provide guidance for assets acquired at substantially below fair value.

These amendments are effective for fiscal years beginning on or after April 1, 2030, with earlier adoption permitted. The amendments are expected to be applied retroactively, with certain exceptions applied prospectively. Management does not expect these amendments to have a material impact on the Municipality's financial statements at this time but will continue to assess their impact prior to adoption.

Corporation of the Township of Russell

Notes to the consolidated financial statements

December 31, 2025

2. Accounting policies

The consolidated financial statements of the Municipality are the responsibility of management and are prepared in accordance with Canadian public sector accounting standards ("PSAS") as recommended by the Public Sector Accounting Board ("PSAB") of CPA Canada.

The focus of PSAB consolidated financial statements is on the financial position of the Municipality and the changes thereto. The consolidated statement of financial position reports financial assets and liabilities and non-financial assets of the Municipality. Financial assets are available to provide resources to discharge existing liabilities or finance future operations. Non-financial assets are not available to repay liabilities and are used to provide services. The net debt is the difference between financial assets and liabilities.

Reporting entity

Consolidated financial statements

These consolidated financial statements reflect the assets, liabilities, operating revenues and expenses, reserves and reserve funds and changes in investment in tangible capital assets and include the activities of all committees of the Council and the following board and commissions which are under the control of Council:

Township of Russell Public Library Board
Police Village of Russell

Basis of accounting

Accrual basis

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

Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the annual surplus, provide the change in net debt.

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. The Municipality has not presented a statement of remeasurement gains and losses as it does not have any items giving rise to remeasurement gains and losses. 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.

Corporation of the Township of Russell

Notes to the consolidated financial statements

December 31, 2025

2. Accounting policies (continued)

Basis of accounting (continued)

Financial instruments (continued)

Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in expenses. 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 consolidated 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.

Tangible capital assets

Tangible capital assets ("TCA") are recorded at cost, which includes all amounts that are directly attributable to acquisitions, construction, development or betterment of the asset. The cost, less residual value of the TCA, is amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements	10 to 25 years
Buildings and facilities	20 to 50 years
Waterworks and sewers	20 to 100 years
Vehicles	3 to 25 years
Roads and bridges	25 to 80 years
Machinery and equipment	3 to 15 years

Land is not amortized.

The amortization starts in the month when the asset is put into service and ends in the month of disposal. Assets under construction are not amortized until the TCA are available for productive use.

The Municipality has a capitalization threshold of \$50,000 for civil infrastructure systems, \$10,000 for the vehicles and \$5,000 for pooled assets and all other assets. Items of lesser value are expensed, unless they are pooled because, collectively, they have significant value or for operational reasons. Examples of pooled assets are desktop computer systems, cars, utility poles and equipment.

Contribution of tangible capital assets

TCA received as contributions are recorded in the consolidated statement of financial position at their fair value at the date of receipt, and that fair value is also recorded as revenue. Transfers of TCA to other organizations are recorded as an expense at the net book value as of the date of transfer.

Investments

The investments are recorded at the lower of cost and market value.

Inventories

Inventories held for consumption are recorded at the lower of cost or replacement cost. Cost is determined on a first-in, first-out basis.

Deferred revenues

Funds received for specific purposes are accounted for as deferred revenues until the Municipality discharges its obligation, which led to receipt of the funds.

Corporation of the Township of Russell

Notes to the consolidated financial statements

December 31, 2025

2. Accounting policies (continued)

Basis of accounting (continued)

Government transfers

Government transfers are recognized as revenues in the period during which the transfer is authorized and any eligibility criteria are met. Government transfers are deferred if they are restricted through stipulations that require specific actions to be carried out in order to keep the transfer. For such transfers, revenue is recognized when the stipulation has been met.

Segment disclosures

A segment is defined as a distinguishable activity or group of activities for which it is appropriate to separately report financial information. Management has determined that existing disclosures in the consolidated statement of operations and within the related notes for both the prior and current years sufficiently disclose information of all appropriate segments and therefore no additional disclosure is required.

Reserves and reserve funds

Reserves and reserve funds consist of funds set aside by the Council for specific purposes.

Asset retirement obligation liability

The Municipality recognizes the liability for an asset retirement obligation arising from the acquisition, development, construction or normal operation of a long-lived asset, in the year in which it is incurred and when a reasonable estimate of the amount of the obligation can be made. The liability is measured at the best estimate of the expenditure required to settle the present obligation.

The corresponding cost is capitalized as part of the related asset and is amortized over the asset's useful life.

In subsequent years, the liability is adjusted for changes resulting from the passage of time and revisions to either the timing or the amount of the original estimate of the undiscounted cash flows or the discount rate. The accretion of the liability as a result of the passage of time is charged to earnings while changes to the liability resulting from revisions to either the original estimate of the undiscounted cash flows or the discount rate are accounted for as an adjustment to the carrying amount of the related long-lived 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.

Use of estimates

The preparation of consolidated financial statements in conformity with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Key components of the consolidated financial statements requiring management to make estimates include the provision for doubtful accounts in respect of receivables, the useful lives of tangible capital assets, the evaluation of asset retirement obligations and the evaluation of certain accrued liabilities. Actual results could differ from these estimates.

Corporation of the Township of Russell
Notes to the consolidated financial statements
 December 31, 2025

3. Operating of the United Counties of Prescott and Russell and the school boards

The amounts collected on behalf of the United Counties of Prescott and Russell and the school boards are comprised of the following:

	United Counties	School boards	Total
	\$	\$	\$
2025			
Taxation	15,897,650	6,684,342	22,581,992
Grants in lieu of taxes	32,158	-	32,158
	15,929,808	6,684,342	22,614,150
2024			
Taxation	14,777,557	6,353,437	21,130,994
Grants in lieu of taxes	31,069	-	31,069
	14,808,626	6,353,437	21,162,063

4. Investments

	2025	2024
	\$	\$
Mutual funds; the fair market value of these investments as at December 31, 2025, is \$1,195,093 (\$1,195,001 in 2024)	1,066,757	1,028,726

Mutual funds result from the proceeds from the sale of former Russell Hydro and are under the exclusive control of the trustees of the Police Village of Russell. These investments, including all revenues derived from them, shall be used solely for the operating costs, expenses of the trustees and for community or capital projects for the general benefit of the residents of Russell.

5. Loans to landowners

	2025	2024
	\$	\$
Loans to landowners, financed by the Municipality's long-term liabilities, interest rates varying from 2.92% to 5.45%, payable by annual instalments from \$11,456 to \$33,138, principal and interest, due from 2026 to 2041	595,468	681,348

Principal repayments for the next fiscal years are as follows:

	\$
2026	86,201
2027	50,013
2028	51,888
2029	53,838
2030	43,124
Thereafter	310,404
	595,468



Corporation of the Township of Russell

Notes to the consolidated financial statements

December 31, 2025

6. Note receivable

	2025	2024
	\$	\$
Embrun Hydro Cooperative Inc., interest free, no specified terms of repayment	2,862,994	2,862,994
Allowance	(2,862,994)	(2,862,994)
	-	-

At the time of the creation of the Embrun Hydro Cooperative Inc., the Municipality agreed to provide it with an advance of \$2,862,994. According to this agreement, this amount is repayable only in the occurrence of a specific event such as a sale, liquidation or a bankruptcy of the cooperative.

7. Bank loan

The Municipality has an authorized line of credit of \$1,500,000 (\$1,500,000 in 2024), bearing interest at bank's prime rate less 0.5%, renewable in 2026, of which \$1,500,000 (\$1,500,000 in 2024) remained unused at year-end.

8. Deferred revenues

	2025	2024
	\$	\$
Development charges	4,395,576	3,541,534
Recreational land	784,331	650,965
Parking	5,856	5,808
Canada Community - Building Fund	-	169,776
Other	1,956,505	607,282
	7,142,268	4,975,365

The net change during the year in deferred revenues is made up as follows:

Amounts received	11,649,618	7,271,044
Interest earned	37,568	124,844
Recognized revenues	(9,520,283)	(12,576,787)
	2,166,903	(5,180,899)
Deferred revenues, beginning of year	4,975,365	10,156,264
Deferred revenues, end of year	7,142,268	4,975,365



Corporation of the Township of Russell

Notes to the consolidated financial statements

December 31, 2025

9. Debts

The balance of the debts reported in the consolidated statement of financial position is made up of the following:

	2025	2024
	\$	\$
Debts bearing interest between 2.52% and 4.85%, maturing between 2027 and 2041	11,051,265	11,897,444
Debts bearing interest at bank's prime rate plus 2.00% with interest only payment until 2027	26,200,000	4,000,000
	37,251,265	15,897,444

Of the debts reported above, principal payments for the next fiscal years are as follows:

	General taxation	User charges	Total
	\$	\$	\$
2026	257,777	620,953	878,730
2027	226,113	1,323,554	1,549,667
2028	193,092	1,345,654	1,538,746
2029	43,995	1,368,839	1,412,834
2030	45,111	1,393,163	1,438,274
Thereafter	461,119	29,971,895	30,433,014
	1,227,207	36,024,058	37,251,265

The annual principal and interest payments required to service these debts are within the annual debt repayment limits prescribed by the Ministry of Municipal Affairs and Housing.

10. Asset retirement obligation liability

The main obligations of the Municipality related to the decommissioning of tangible assets consist of the landfill which is no longer in service, as well as buildings and installations of the Municipality containing lead and asbestos, which must be properly eliminated when they are sold or when renovations are undertaken.

	2025	2024
	\$	\$
Opening balance	5,576,727	5,532,108
Addition on purchase of tangible capital assets	30,000	-
Obligation settled	(5,934)	(28,728)
Disposal of the assets	(38,500)	(41,200)
Accretion expense	127,902	114,547
	5,690,195	5,576,727

Asset retirement obligation liability is made up as follows:

Landfill post-closure activities	642,386	648,320
Buildings and facilities	5,047,809	4,928,407
	5,690,195	5,576,727

Landfill post-closure activities

Landfill post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, the monitoring of well development, groundwater and surface water sampling and analysis, groundwater level monitoring and reporting to the Ministry.

The reported liability is based on estimates and assumptions with respect to events extending over a 20-year period using the best information available to management. Future events may result in significant changes to the estimated total expenses, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

Corporation of the Township of Russell

Notes to the consolidated financial statements

December 31, 2025

11. Additional information relating to the consolidated statement of cash flow

Non-cash transactions

During the year, TCA were acquired at an aggregate cost of \$66,341,688 (\$36,076,406 in 2024), of which \$30,000 (Nil in 2024) represent the non-cash transactions related to the asset retirement obligation liability, \$13,057,925 (\$13,467,579 in 2024) of donations in kind, \$7,701,000 (\$2,391,119 in 2024) were paid after year-end and \$45,552,763 (\$20,217,708 in 2024) were paid during the year.

12. Pension plans

The Municipality makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), a multi-employer plan, which, for 2025, was on behalf of 224 members (195 in 2024) 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.

The amount contributed to OMERS for 2025 was \$1,023,718 (\$933,838 in 2024) for current service and is included as an expense in the consolidated statement of operations.

13. Contingencies

Legal actions

Legal actions are still pending against the Municipality by third parties. It is not possible at this time to determine the amount, if any, of any awards that may be made against the Municipality. Any amount awarded in excess of any applicable insurance proceeds as a result of these actions will be charged to operations in the year incurred. The Municipality has outside coverage for public liability claims up to \$25,000,000.

14. Commitments

Drinking water supply

The Municipality signed an agreement in 2007 for the drinking water supply from 2007 to 2037. The total estimated disbursements over the next twelve years are \$80,190,000.

Waste disposal and collection

The Municipality signed an agreement in 2020 for the waste collection and recycling from 2020 to March 2027. The total estimated disbursements over the next two years are \$1,840,000.

The Municipality signed an agreement in 2014 for the transportation, transfer and disposal of garbage and recycling from 2014 to December 2028. The total estimated disbursements over the next three years are \$1,160,000.

Contractual obligations

The Municipality has signed contracts for capital projects. Future payments aggregate to \$41,800,000.

15. Financial instruments

The Municipality as part of its operations carries a number of financial instruments. It is management's opinion that the Municipality is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

Corporation of the Township of Russell

Notes to the consolidated financial statements

December 31, 2025

15. Financial instruments (continued)

Interest rate risk (continued)

The Municipality is exposed to price risk arising from variations in interest rates due to its bank loan and its debts, which bear interest at fixed rates. Fixed interest rate instruments subject the Municipality to fair value risk since it varies inversely with variations in market interest rates.

Liquidity risk

The Municipality's objective is to have sufficient liquidity to meet its liabilities when due. The Municipality monitors its cash balances and cash flows generated from operations to meet its requirements. As at December 31, 2025, the financial liabilities are the accounts payable and accrued liabilities and debts.

16. Budget amounts

The initial operating budget, approved by the Municipality for 2025, is reflected in the consolidated statement of operations. The budget established for capital investments in tangible capital assets is on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual purchase amounts.

For the purposes of these consolidated financial statements, budget figures have been presented on a basis consistent with the presentation of actual figures.

Corporation of the Township of Russell

Consolidated tangible capital assets

Year ended December 31, 2025

Schedule 1

	Land and land improvements	Buildings and facilities	Waterworks and sewers	Vehicles	Roads and bridges	Machinery and equipment	Assets under construction	2025	2024
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost									
Beginning of year	16,945,556	51,564,483	74,043,045	6,850,604	115,436,470	12,410,820	26,893,315	304,144,293	272,345,560
Purchases	267,514	466,392	3,769,909	977,891	9,387,937	279,725	51,192,320	66,341,688	36,076,406
Sales	(1,500)	(109,344)	-	(83,269)	-	(183,025)	-	(377,138)	(1,293,129)
Transfer to expenses	-	-	-	-	-	-	(1,244,225)	(1,244,225)	(2,984,544)
Transfer	184,196	166,004	1,292,363	-	2,828,582	39,453	(4,510,598)	-	-
End of year	17,395,766	52,087,535	79,105,317	7,745,226	127,652,989	12,546,973	72,330,812	368,864,618	304,144,293
Accumulated amortization									
Beginning of year	2,637,809	22,069,525	16,327,712	2,831,557	38,843,110	5,661,267	-	88,370,980	82,742,533
Amortization	369,714	1,634,062	1,027,886	446,257	2,605,331	599,935	-	6,683,185	6,396,378
Accumulated amortization on sale	(1,500)	(66,224)	-	(83,269)	-	(151,400)	-	(302,393)	(767,931)
End of year	3,006,023	23,637,363	17,355,598	3,194,545	41,448,441	6,109,802	-	94,751,772	88,370,980
Net book value	14,389,743	28,450,172	61,749,719	4,550,681	86,204,548	6,437,171	72,330,812	274,112,846	215,773,313



Corporation of the Township of Russell

Consolidated accumulated surplus

Year ended December 31, 2025

Schedule 2

	2025	2024
	\$	\$
Reserves		
Working fund	1,694,328	1,640,406
Tangible capital assets	6,388,335	5,181,578
Other specific projects	4,313,462	6,627,529
	12,396,125	13,449,513
Reserve funds		
Waterworks	9,729,356	8,192,669
Sewer	2,062,003	1,582,564
Township of Russell Public Library Board	650,784	563,110
Police Village of Russell	1,069,213	1,044,784
	13,511,356	11,383,127
Reserves and reserve funds (Schedule 3)	25,907,481	24,832,640
Land held for resale	8,799,496	8,367,374
Unfinanced accrued interest	(145,181)	(153,779)
Unfinanced landfill post-closure activities	(642,386)	(648,320)
Invested in tangible capital assets	236,861,582	199,875,869
Unfinanced asset retirement obligation liability	(5,047,809)	(4,928,407)
Expenses to be funded by development charges	(8,111,678)	(5,654,392)
Expenses to be funded by the sale of land held for resale	(13,129,233)	(11,290,682)
Internal debt	(6,732,271)	(6,985,511)
	211,852,520	178,582,152
	237,760,001	203,414,792



Corporation of the Township of Russell

Consolidated statement of operations for the reserves and reserve funds

Year ended December 31, 2025

Schedule 3

	Budget 2025	Actual 2025	Actual 2024
	\$	\$	\$
Investment income	282,733	239,135	297,239
Net transfers from:			
Operating activities	15,977,330	7,457,103	5,488,149
Unfinanced tangible capital assets	(8,603,320)	(6,621,397)	(2,814,810)
Change in reserves and reserve funds	7,656,743	1,074,841	2,970,578
Reserves and reserve funds, beginning of year	24,832,640	24,832,640	21,862,062
Reserves and reserve funds, end of year (Schedule 2)	32,489,383	25,907,481	24,832,640



Corporation of the Township of Russell

Consolidated statement of expenses by object

Year ended December 31, 2025

Schedule 4

	Budget 2025	Actual 2025	Actual 2024
	\$	\$	\$
Expenses			
Salaries, wages and benefits	16,467,812	16,121,813	14,673,055
Interest	548,018	539,280	573,337
Materials	4,190,542	5,424,269	6,187,284
Contracted services	13,007,442	16,313,471	14,592,459
Rents and financial expenses	122,422	287,384	154,334
External transfers	369,951	459,037	377,121
Amortization of tangible capital assets	-	6,683,185	6,396,378
Total expenses by object	34,706,187	45,828,439	42,953,968