LAMBTON AREA WATER SUPPLY SYSTEM

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

LAMBTON AREA WATER SUPPLY SYSTEM
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FOR THE YEAR ENDED DECEMBER 31, 2025

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To the Members of Lambton Area Water Supply System:

Opinion

We have audited the financial statements of Lambton Area Water Supply System ("the Organization"), which comprise the statement of financial position as at December 31, 2025, and the statement of operations, change in net financial assets and cash flow 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 Organization as at December 31, 2025, and the results of its operations, its change in 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 Organization 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 Consolidated 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated 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 Organization’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 Organization’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 Organization 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Municipality as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

MNP LLP

Sarnia, Ontario

Chartered Professional Accountants

June 18, 2026

Licensed Public Accountants

LAMBTON AREA WATER SUPPLY SYSTEM
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2025

	2025 ACTUAL $	2024 ACTUAL $
FINANCIAL ASSETS		
Cash (note 2)	**25,372,734**	21,643,596
Accounts receivable (note 9)	**215,760**	686,667
Total financial assets	**25,588,494**	22,330,263
LIABILITIES		
Accounts payable and accruals (note 9)	**1,540,679**	971,447
Asset retirement obligation (note 4)	**297,015**	282,171
Total Liabilities	**1,837,694**	1,253,618
NET FINANCIAL ASSETS	**23,750,800**	21,076,645
NON-FINANCIAL ASSETS		
Tangible capital assets - net (Schedule 1)	**97,411,791**	95,230,084
ACCUMULATED SURPLUS (Schedule 2)	**121,162,591**	116,306,729

Commitments (note 6)

Contingent liability (note 7)

LAMBTON AREA WATER SUPPLY SYSTEM
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2025

	2025 BUDGET $	2025 ACTUAL $	2024 ACTUAL $
REVENUE			
Municipality recovery (note 10)	**13,586,170**	**13,586,173**	12,510,288
Interest	**84,600**	**832,473**	1,105,318
Other revenue	**134,000**	**166,499**	241,207
	13,804,770	**14,585,145**	13,856,813
EXPENSES			
Plant operating	**5,377,158**	**5,365,538**	4,954,454
Amortization	**-**	**2,113,334**	2,309,050
Tax allowance	**323,675**	**304,310**	315,604
Maintenance			
Distribution repairs	**200,000**	**526,805**	135,810
Major maintenance	**476,500**	**212,028**	180,049
Engineering study	**486,914**	**172,118**	250,914
Facility maintenance	**30,000**	**34,508**	21,335
Administration			
Professional	**37,950**	**445,511**	27,221
Wages and benefits	**352,500**	**328,101**	314,425
St.Clair Conservation consulting	**74,294**	**77,453**	74,294
Insurance	**59,367**	**54,318**	53,970
Computer software	**54,292**	**38,187**	81,038
Telephone and internet	**15,280**	**18,500**	16,529
Accretion expense	**-**	**14,844**	15,671
Office supplies	**13,292**	**11,607**	8,666
Meals and travel	**6,000**	**5,366**	7,883
Education and conference	**23,000**	**6,755**	4,871
Total expenses	**7,530,222**	**9,729,283**	8,771,784
ANNUAL SURPLUS	**6,274,548**	**4,855,862**	5,085,029
ACCUMULATED SURPLUS, beginning of the year	**116,306,729**	**116,306,729**	111,221,700
ACCUMULATED SURPLUS, end of the year (Schedule 2)	**122,581,277**	**121,162,591**	116,306,729

The accompanying notes and schedules are an integral part of this financial statement.

LAMBTON AREA WATER SUPPLY SYSTEM
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2025

	2025 BUDGET $	2025 ACTUAL $	2024 ACTUAL $
ANNUAL SURPLUS	**6,274,548**	**4,855,862**	5,085,029
Amortization of tangible capital assets	**2,176,706**	**2,113,334**	2,309,050
Acquisition of tangible capital assets	**(3,175,000)**	**(4,295,041)**	(4,532,770)
Change in Net Financial Assets	**5,276,254**	**2,674,155**	2,861,309
NET FINANCIAL ASSETS, beginning of the year	**21,076,645**	**21,076,645**	18,215,336
NET FINANCIAL ASSETS, end of the year	**26,352,899**	**23,750,800**	21,076,645

The accompanying notes and schedules are an integral part of this financial statement.

LAMBTON AREA WATER SUPPLY SYSTEM
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED DECEMBER 31, 2025

	2025 ACTUAL $	2024 ACTUAL $
OPERATING ACTIVITIES		
Annual surplus	**4,855,862**	5,085,029
Sources (uses) of cash:		
Accounts receivable	**470,907**	270,902
Accounts payable	**569,233**	133,762
	1,040,140	404,664
Non-cash charges to operations:		
Amortization	**2,113,334**	2,309,050
Accretion	**14,844**	15,671
	2,128,178	2,324,721
Cash provided by operations	**8,024,179**	7,814,414
CAPITAL ACTIVITIES		
Cash used to acquire tangible capital assets	**(4,295,041)**	(4,532,770)
NET CHANGE IN CASH	**3,729,138**	3,281,644
CASH, beginning of the year	**21,643,596**	18,361,952
CASH, end of the year	**25,372,734**	21,643,596

The accompanying notes and schedules are an integral part of this financial statement.

In 1998, the participating municipalities received a draft Notice of Transfer for the Lambton Area Water Supply System (“the Organization”) pursuant to Section 5 of the Municipal Water and Sewage Transfer Act, 1997.

Under the transfer order the works, properties and all assets, liabilities, rights and obligations of the system have been conveyed, assigned and transferred jointly to the following participating municipalities: The Corporation of the City of Sarnia, The Corporation of the Municipality of Lambton Shores, The Corporation of the Township of St. Clair, The Corporation of the Town of Plympton-Wyoming, The Corporation of the Village of Point Edward, and The Corporation of the Township of Warwick. As long as a participating municipality is serviced by the works, each will have an undivided beneficial ownership interest in the works as tenant in common with all other municipalities jointly. The proportion that each municipality's interest bears to the total of the municipalities' interest shall be in the same ratio that the quantity of water supplied from the works to the municipality at any time and from time to time bears to the total quantity of water supplied to all the municipalities at such time.

A joint Organization of management was established to govern the management of the water supply system. The joint Organization of management is comprised of one representative from each of the participating municipalities. The representative for The Corporation of the City of Sarnia has 5 votes, The Corporation of the Township of St. Clair has 2 votes, and all other representatives have one vote each.

1. Summary of significant accounting policies

These financial statements are the representation of management and have been prepared in accordance with generally accepted accounting policies for municipal governments, as recommended by the Public Sector Accounting Organization (PSAB) as defined in the CPA Canada Public Sector Accounting Handbook. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgements.

Basis of Accounting

(i) The Organization follows the accrual method of accounting for revenues and expenses. Revenues are recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of a receipt of goods or services and/or the creation of a legal obligation to pay.

(ii) Financial Instruments

Financial instruments are classified in one of the following categories: (i) fair value; (ii) cost or (iii) amortized cost. The Corporation determines the classification of its financial instruments at initial recognition.

Financial Instrument	Measurement Method
Cash	Cost
Trade and other receivables	Cost
Accounts payable and accrued liabilities	Cost

1. **Summary of significant accounting policies – (continued)**

(ii) Financial Instruments – (continued)

Other financial instruments, including cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities are initially recorded at their fair value and are subsequently measured at cost, net of any provisions for impairment. The above table provides the carrying amount information of the Organization financial instruments by category.

(iii) 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.

(a) 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, less accumulated amortization. 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 25 years
Equipment	10 years
Facilities	15 to 100 years
Environmental Infrastructure	75 to 115 years

Amortization is charged commencing the year after acquisition. Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

(iv) Revenue Recognition

Municipality recovery revenue is recognized in the year that the service relates to. Municipality recoveries for water use are based on annual budgeted amounts as determined with reference to anticipated operating and capital costs. Interest is recorded as revenue when earned.

(v) Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Estimates are used with accounting for items such as accrued receivables, tangible capital assets, accrued liabilities and asset retirement obligation.

1. **Summary of significant accounting policies – (continued)**

(v) Use of estimates – (continued)

In addition, the Organization’s implementation of the Public Sector Accounting Handbook PS3150 has required management to make estimates of historical cost and useful lives of tangible capital assets. Actual results could differ from these estimates.

(vi) Asset retirement obligations

A liability for an asset retirement obligation is recognized when there is a legal obligation to incur retirement costs in relation to a tangible capital asset; the past transaction or event giving rise to the liability has occurred; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability is recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date. This liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate. Upon the initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related tangible capital asset if it is still in productive use. This cost is amortized over the useful life of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

2. **Cash**

The Organization's cash is held at one Canadian chartered bank and earns interest based on the monthly average prime rate less 1.00%. An operating line of credit was available by way of bank overdraft in the amount of $50,000 as at December 31, 2025. $NIL (2024 - $NIL) has been drawn on this line of credit.

3. **Reserve**

A reserve of $23,750,800 (2024 - $21,076,645) has been established for future capital repairs and replacement.

4. **Asset retirement obligations**

The Organization’s financial statements include an asset retirement obligation for the remediation of asbestos contained within building. The related asset retirement costs are being amortized on a straight-line basis. The liability has been estimated using a net present value technique with a discount rate of 5.57% (2024- 5.57%). The estimated total undiscounted future expenditures are $4,464,822 (2024 - $4,464,822), which are to be incurred over the remaining productive useful life of the building of 50 years. The liability is expected to be settled at the end of the buildings’ productive useful life in 2075.

4. **Asset retirement obligations – (continued)**

The carrying amount of the liability is as follows:

	2025	2024
Asset Retirement Obligation, Beginning of Year	**$ 282,171**	$ 266,500
Increase Due to Accretion Expense	**14,844**	15,671
Total	**$ 297,015**	$ 282,171

Note that the total amount of the liability may change due to changes in estimates noted above, such as the discount rate, estimated total undiscounted future expenditures, and expected remediation date.

5. **Pension agreements**

The Organization makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 2 members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Employees and employers contribute jointly to the p00.lan.

The Administration Corporation Organization of Directors, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the plan assets and administration of the benefits. OMERS provides pension services to over 541,000 active and retired members and approximately 1,000 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2025. The results of this valuation disclosed total actuarial liabilities of $142,489 million in respect of benefits accrued for services with actuarial assets at that date of $139,576 million indicating an actuarial deficit of $2,913 million. Ongoing adequacy of the current contribution rates will need to be monitored as fluctuations in the financial markets may lead to increased future funding requirements.

Because OMERS is a multi-employer pension plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal Organizations and their employees. As a result, the Organization does not recognize any share of the OMERS pension surplus or deficit. The amount contributed to OMERS for 2025 was $29,620 (2024 - $27,926) for current service and is included as an expenditure on the Statement of Operations. The OMERS Organization rate was 9.0% to 14.6% depending on income level for 2025 (2024 - 9.0% to 14.6% depending on income level).

The Organization made no contribution under the past services provisions of the OMERS Agreement.

6. **Commitments**

During the year, the Organization has agreed to the following projects:

Project	Estimated Cost	Spent thus far
Engineering designs and tendering for 5kV Motor Control Groups A & B	**$ 162,554**	92,592
WLPS South Resevoir Rehabilitation and Replacement	**$ 1,750,000**	828,498
Rehabilitation for Reservoir 1 & 2 at the WLPS Station	**$ 17,244,120**	5,475,856
Various Panel SCADA upgrades	**$ 255,546**	179,567
Phase 3 SCADA Upgrades Engineering	**$ 524,460**	101,189
Engineering Studies for 2026	**$ 150,000**	-
Low Lift Pump Re-imbursement 2026	**$ 120,000**	-
Updated Master Plan	**$ 350,000**	94,114
Asset Management plan, Financial plan update, Pipeline Condition Assessment Program and Security audit.	**$ 925,000**	-
Fill Constraings for East Lambton Pumping Station Engineering	**$ 850,000**	125,895
Constuction of new 150mm watermain at WLPS Station	**$ 5,188,000**	-
SCADA Projects for various panels and Phase 3 control panel Construction	**$ 755,000**	365,412

7. **Contingent liability**

The Organization is currently in an adjudication with a ruling expected end of June, 2026. The matter being disputed is regarding a current project whereby the contractor is seeking contract changes and a $14.5 million adjustment. The Organization is disputing the adjustment stating that $600,000 is the actual amount. In addition, the Organization is entitled to liquidated damages of approximately $0.9 million from the contractor as of February 27, 2026. It is unknown at this time how the ruling will be determined and thus no contingent liability has been recorded.

Subsequent to year-end, the Organization was the recipient of a $12.5 million statement of claim in regards to the matter noted above. The ultimate outcome of this matter is uncertain at this time and thus no contingent liability has been recorded.

8. **Expenditure by project**

Total expenditures for the year reported on the Statement of Operations are as follows:

	2025	2024
Wages and employee benefits	**$ 328,101**	$ 314,425
Materials	**134,733**	172,957
Contracted services	**7,138,271**	5,959,681
Accretion	**14,844**	15,671
Amortization	**2,113,334**	2,309,050
Total	**$ 9,729,283**	$ 8,771,784

9. **Financial instrument risk management**

The Organization is exposed to credit risk, and liquidity risk from its financial instruments. This note describes the Organization's objectives, policies and processes for managing those risks and the methods used to measure them. Further qualitative and quantitative information in respect of these risks is presented below and throughout these financial statements.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization is exposed to credit risk through its cash and accounts receivable.

The Organization holds its cash accounts with a federally regulated chartered bank.

Accounts receivable credit risk is resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with same counterparty; or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions.

The Organization manages its credit risk by limiting the amount of days aged in accounts receivable before appropriate action is taken.

The Organization's maximum exposure to credit risk at the financial statement date is the carrying value of accounts receivable and other accounts receivable as presented on the statement of financial position.

9. **Financial instrument risk management – (continued)**

(a) Credit risk (continued)

At year end, the amounts outstanding for the Organization's accounts receivable are as follows:

As at December 31

	2025			2024		
	Accounts Receivable	**Less: Impairment Allowance**	**Total**	Accounts Receivable	Less: Impairment Allowance	Total
Current	**$ 165,045**	**$ -**	**$ 165,045**	$ 681,982	$ -	$ 681,982
31 to 60 days	**$ 50,687**	**-**	**$ 50,687**	-	-	-
61 to 90 days	**-**	**-**	**-**	-	-	-
Over 90 days	**$ 28**	**-**	**$ 28**	-	-	-
Tal	**$ 215,760**	**$ -**	**$ 215,760**	$ 681,982	$ -	$ 681,982

At year end, management has determined that the credit quality of accounts receivable are not past due or impaired.

There have not been any changes from the prior year in the Organization's exposure to credit risk or the policies, procedures and methods it uses to manage and measure the risk.

(b) Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities, and other non-current liabilities.

The Organization's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash flow to fund its operations and to meet its liabilities when due, under both normal and stressed conditions. The Organization also maintains certain credit facilities, which can be drawn upon as needed.

9. **Financial instrument risk management – (continued)**

The following table sets out the contractual maturities (representing undiscounted contractual cash-flow of financial liabilities):

	2025			
	within 6 months	**6 months to 1 year**	**1 - 5 years**	**>5 years**
Accounts Payable and Accrued Liabilities	**$ 797,711**	**$ -**	**$ -**	**$ -**
Holdbacks	**-**	**742,967**	**-**	**-**
	$ 797,711	**$ 742,967**	**$ -**	**$ -**

	2024			
	within 6 months	6 months to 1 year	1 - 5 years	>5 years
Accounts Payable and Accrued Liabilities	$ 493,791	$ -	$ -	$ -
Holdbacks	-	477,656	-	-
	$ 493,791	$ 477,656	$ -	$ -

There have not been any changes from the prior year in the Organization's exposure to liquidity risk or the policies, procedures and methods it uses to manage and measure the risk.

10. **Related party transactions**

During the year, the Organization had the following transactions with related parties measured at the exchange amount, the amount mutually agreed upon between the two parties.

Revenues	**2025**	2024
Village of Point Edward	**221,457**	208,926
Township of Warwick	**297,537**	276,477
Town of Plympton Wyoming	**787,998**	720,592
St. Clair Township	**3,897,872**	3,525,398
Municipality of Lambton Shores	**296,179**	261,465
Corporation of the City of Sarnia	**8,085,130**	7,517,430
Total Revenue	**13,586,173**	12,510,288

10. Related party transactions – (continued)

Expenses	**2025**	2024
Village of Point Edward		
Property Maintenance - Snow Removal	**1,250**	1,250
Township of Warwick		
Property Tax	**391**	400
Town of Plympton Wyoming		
Property Tax	**19,327**	19,758
Pipeline Construction	**96,713**	108,324
Drain Fee	**2,915**	2,232
	118,955	130,314
St. Clair Township		
Property Tax	**1,244**	1,290
Municipality of Lambton Shores		
Property Tax	**1,117**	1,146
Corporation of the City of Sarnia		
Property Tax	**272,172**	264,896
Wages and Benefits	**310,262**	328,887
Office Supplies	**-**	4,991
Pipeline Construction	**92,781**	-
	675,215	598,774
Total Expenses	**798,171**	733,174

11. Comparative amounts

The comparative amounts presented in the financial statements have been reclassified to conform with the current year's presentation. There has been no impact to the earnings as a result of this.

Tangible Capital Assets
Schedule 1
2025

	Land	Land Improvements	Equipment	Facilities	Environmental Infrastructure	Work In Progress	2025 Actual	2024 Actual
COST								
BALANCE, beginning of the year	$ 1,272,202	$ 1,310,190	$ 80,777	$ 62,172,569	$ 84,555,433	$ 5,017,850	**$ 154,409,021**	$ 149,876,249
Add:								
Additions during the year	-	-	-	1,114,093	205,037	3,186,336	**4,505,467**	4,630,527
Less:						-		
Transfers during the year	-	-	-	-	-	(210,427)	**(210,427)**	(97,755)
BALANCE, end of the year	**1,272,202**	**1,310,190**	**80,777**	**63,286,662**	**84,760,471**	**7,993,759**	**158,704,061**	**154,409,021**
ACCUMULATED AMORTIZATION								
BALANCE, beginning of the year	-	700,533	67,718	28,317,154	30,093,531	-	**59,178,936**	56,869,885
Add:								
Amortization during the year	-	25,402	4,353	1,248,019	835,559	-	**2,113,334**	2,309,050
Less:								
Accumulated amortization on disposals	-	-	-	-	-	-	**-**	-
Adjustment Prior Year	-	-	-	-	-	-	**-**	-
BALANCE, end of the year		**725,936**	**72,071**	**29,565,173**	**30,929,090**	**-**	**61,292,270**	**59,178,935**
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	**1,272,202**	**584,255**	**8,706**	**33,721,489**	**53,831,381**	**7,993,759**	**97,411,791**	**95,230,086**

Tangible Capital Assets
Schedule 1
2024

	Land	Land Improvements	Equipment	Facilities	Environmental Infrastructure	Work In Progress	2024 Actual	2023 Actual
COST								
BALANCE, beginning of the year	$ 1,272,202	$ 1,310,190	$ 80,777	$ 61,646,101	$ 84,462,652	$ 1,104,327	$ 149,876,249	$ 145,409,947
Add:								
Additions during the year	-	-	-	526,468	92,781	4,011,278	4,630,527	5,260,768
Less:						-		
Transfers during the year	-	-	-	-	-	(97,755)	(97,755)	(794,466)
BALANCE, end of the year	**1,272,202**	**1,310,190**	**80,777**	**62,172,569**	**84,555,433**	**5,017,850**	**154,409,021**	**149,876,249**
ACCUMULATED AMORTIZATION								
BALANCE, beginning of the year	-	675,131	63,365	26,880,432	29,250,958	-	56,869,885	54,693,376
Add:								
Amortization during the year	-	25,402	4,353	1,436,722	842,573	-	2,309,050	2,176,508
Less:								
Accumulated amortization on disposals	-	-	-	-	-	-	-	-
Adjustment Prior Year	-	-	-	-	-	-	-	-
BALANCE, end of the year	**-**	**700,533**	**67,718**	**28,317,154**	**30,093,531**	**-**	**59,178,935**	**56,869,884**
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	**1,272,202**	**609,657**	**13,059**	**33,855,415**	**54,461,902**	**5,017,850**	**95,230,084**	**93,006,365**

LAMBTON AREA WATER SUPPLY SYSTEM
SCHEDULE OF ACCUMULATED SURPLUS (SCHEDULE 2)
FOR THE YEAR ENDED DECEMBER 31, 2025

	2025 ACTUAL $	2024 ACTUAL $
RESERVE	**23,750,800**	21,076,645
SURPLUSES		
Invested in tangible capital assets	**97,411,791**	95,230,084
ACCUMULATED SURPLUS	**121,162,591**	116,306,729