Financial Statements of

LONDON TRANSIT COMMISSION

And Independent Auditor's Report thereon

Year ended December 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Commissioners, Members of Council, Inhabitants and Ratepayers of the Corporation of the City of London

Opinion

We have audited the financial statements of London Transit Commission (the Entity), which comprise:

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

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2025, and its results of operations, its changes 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 auditor's report.

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

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

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

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

April 29, 2026

LONDON TRANSIT COMMISSION

Statement of Financial Position

December 31, 2025, with comparative information for 2024

	2025	2024
Financial Assets		
Cash and cash equivalents	$ 43,722,428	$ 37,232,288
Accounts receivable	1,312,338	2,277,280
Due from Province of Ontario	-	2,539,572
Due from The City of London	844,395	3,030,849
	45,879,161	45,079,989
Financial Liabilities		
Accounts payable and accrued liabilities	13,724,023	12,198,607
Due to The City of London	92,907	134,273
Accrued liability insurance claims (note 7)	1,999,110	1,562,270
Employee future benefits (note 6)	4,125,000	4,275,000
Asset retirement obligation liability (note 12)	1,691,000	1,691,000
Deferred fare media	6,750,961	6,751,787
Deferred revenue (note 10)	8,902,869	8,696,103
	37,285,870	35,309,040
Net financial assets	8,593,291	9,770,949
Non - Financial Assets		
Inventories (note 2)	5,740,470	3,431,025
Tangible capital assets (note 9)	116,813,230	99,234,604
Prepaid expenses	1,964,783	1,937,474
	124,518,483	104,603,103
Commitments (note 8)		
Accumulated surplus (note 3)	$ 133,111,774	$ 114,374,052

See accompanying notes to financial statements.

LONDON TRANSIT COMMISSION

Statement of Operations

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

	Budget (note 11)	2025	2024
Revenue:			
Grants:			
The City of London (note 4)	$ 108,201,200	$ 93,104,366	$ 69,477,809
Province of Ontario (note 4)	16,150,800	9,951,521	18,257,742
Government of Canada (note 4)	14,980,000	-	3,619,882
	139,332,000	103,055,887	91,355,433
User charges, conventional transit:			
Cash fares	2,747,700	2,593,063	2,891,581
Ticket fares	12,517,100	12,662,079	12,224,125
Pass fares	24,953,800	24,370,472	24,305,017
Other transportation revenue	-	269,008	(90,933)
	40,218,600	39,894,622	39,329,790
Other revenue, conventional transit:			
Advertising	654,900	670,528	662,289
Interest and discounts	1,272,200	1,453,303	2,091,792
Rent	-	-	360
Gain on disposal of capital assets	48,000	201,459	118,671
Miscellaneous	31,000	50,637	59,214
	2,006,100	2,375,927	2,932,326
User charges, specialized transit:			
Cash fares	42,600	29,757	33,393
Ticket fares	574,300	612,402	477,024
Pass fares	322,400	231,967	256,398
	939,300	874,126	766,815
Total revenue	$ 182,496,000	$ 146,200,562	$ 134,384,364

See accompanying notes to financial statements.

LONDON TRANSIT COMMISSION

Statement of Operations

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

	Budget (note 11)	2025	2024
Expenses:			
Salaries, wages and benefits:			
Transportation	$ 50,187,423	$ 48,759,955	$ 47,487,669
Vehicle maintenance	12,811,812	11,854,220	11,519,489
Facility	731,211	618,936	604,613
Planning, marketing and general administration	5,201,554	4,541,435	4,350,275
	68,932,000	65,774,546	63,962,046
Materials, supplies, utilities and services:			
Transportation	4,749,700	4,322,429	4,348,177
Vehicle maintenance	9,450,300	10,573,449	9,053,597
Facility	4,101,100	4,031,135	3,450,813
Planning, marketing and general administration	2,836,400	2,692,167	2,620,932
Fuel	10,558,100	8,368,802	9,269,413
Amortization	-	16,079,365	13,756,840
	31,695,600	46,067,347	42,499,772
Current operations, specialized transit:			
Administration:			
Salaries and benefits	1,555,400	1,490,565	1,359,682
Materials and supplies	368,700	409,128	356,288
	1,924,100	1,899,693	1,715,970
Contracted service delivery	14,049,600	13,721,254	11,916,497
	15,973,700	15,620,947	13,632,467
Total expenses	116,601,300	127,462,840	120,094,285
Annual surplus (note 11)	65,894,700	18,737,722	14,290,079
Accumulated surplus, beginning of year	114,374,052	114,374,052	100,083,973
Accumulated surplus, end of year	$ 180,268,752	$ 133,111,774	$ 114,374,052

See accompanying notes to financial statements.

LONDON TRANSIT COMMISSION

Statement of Change in Net Financial Assets

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

	Budget (note 11)	2025	2024
Annual surplus	$ 65,894,700	$ 18,737,722	$ 14,290,079
Acquisition of tangible capital assets	(67,568,900)	(33,657,991)	(24,958,531)
Amortization of tangible capital assets	-	16,079,365	13,756,840
Gain on disposal of tangible capital assets	(48,000)	(201,459)	(118,671)
Proceeds on sale of tangible capital assets	48,000	201,459	118,671
	(1,674,200)	1,159,096	3,088,388
Inventories	-	(2,309,445)	520,478
Prepaid expenses	-	(27,309)	(14,047)
	-	(2,336,754)	506,431
Change in net financial assets	(1,674,200)	(1,177,658)	3,594,819
Net financial assets, beginning of year	9,770,949	9,770,949	6,176,130
Net financial assets, end of year	$ 8,096,749	$ 8,593,291	$ 9,770,949

See accompanying notes to financial statements.

LONDON TRANSIT COMMISSION

Statement of Cash Flows

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

		2025		2024
Cash provided by (used in):				
Operating activities:				
Annual surplus	$	18,737,722	$	14,290,079
Items not involving cash:				
Amortization		16,079,365		13,756,840
Gain on disposal of tangible capital assets		(201,459)		(118,671)
Change in employee future benefit liability		(150,000)		106,000
Changes in non-cash assets and liabilities:				
Accounts receivable		964,942		(327,906)
Due from The City of London		2,186,454		(1,726,107)
Due from The Province of Ontario		2,539,572		(2,539,572)
Inventories		(2,309,445)		520,478
Prepaid expenses		(27,309)		(14,047)
Accounts payable and accrued liabilities		1,525,416		288,317
Due to The City of London		(41,366)		(41,057)
Accrued liability insurance claims		436,840		231,344
Deferred fare media		(826)		1,939,241
Deferred revenue		206,766		(5,085,904)
Net change in cash from operating activities		39,946,672		21,279,035
Capital activities:				
Proceeds on sale of tangible capital assets		201,459		118,671
Cash used to acquire tangible capital assets		(33,657,991)		(24,958,531)
Net change in cash from capital activities		(33,456,532)		(24,839,860)
Net change in cash and cash equivalents		6,490,140		(3,560,825)
Cash and cash equivalents, beginning of year		37,232,288		40,793,113
Cash and cash equivalents, end of year	$	43,722,428	$	37,232,288
Cash	$	23,050,009	$	17,008,401
Cash equivalents		20,672,419		20,223,887
Cash and cash equivalents, end of year	$	43,722,428	$	37,232,288

See accompanying notes to financial statements.

1. Significant accounting policies:

The financial statements of the London Transit Commission (the "Commission"), a local commission of the Corporation of the City of London (the "City of London"), are the representation of management prepared in accordance with Canadian generally accepted accounting principles as defined in the Chartered Professional Accountants Canada Public Sector Accounting Handbook.

(a) **Basis of accounting:**

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

(b) **Cash and cash equivalents:**

The balances reported for cash and cash equivalents in these financial statements include both funds for current purposes and balances held for reserve funds.

Cash and cash equivalents include amounts held in banks and highly liquid investments with maturities at time of purchase of three months or less.

(c) **Deferred fare media and revenue:**

The Commission receives contributions pursuant to legislation, regulations or agreement that may only be used for certain programs or in the completion of specific work. In addition, certain user charges and fees are collected for which the related services have yet to be performed. These amounts are recognized as revenue in the fiscal year the related expenditures are incurred or the services performed.

Government transfer payments from the City of London and the Province of Ontario are recognized in the financial statements in the year in which the payment is authorized and the events giving rise to the transfer occur, performance criteria are met, and a reasonable estimate of the amount can be made. Funding that is stipulated to be used for specific purposes is only recognized as revenue in the fiscal year that the related expenses are incurred or services performed. If the funding is received for which the related expenses have not yet been incurred or services performed, these amounts are recorded as deferred revenue at year end.

(d) **Post-employment benefits liability:**

The Commission provides defined retirement and other future benefits to specified employee groups. These benefits include pension, health, dental, life insurance, compensated absences, and workers' compensation benefits. The Commission has adopted the following policies with respect to accounting for:

(i) The cost of employee future benefit plans are actuarially determined using management's best estimate of salary escalation, insurance and health care cost trends, long-term inflation rates and discount rates.

(ii) The cost of multi-employer defined benefit pension plan, such as the Ontario Municipal Employees Retirement System ("OMERS") pensions, are the employer's contributions to the plan in the period. OMERS provides benefits for employees of Ontario municipalities, local boards, public utilities and school boards. As this is a multi employer plan, no liability is recorded on the Commission's books.

1. Significant accounting policies (continued):

(e) **Tangible capital assets:**

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land, are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful life - years
Site work	25
Buildings	5 - 60
Shelters, pads, and terminals	10
Rolling stock	12
Fare and data collection equipment	15
Radio/communication equipment	15
Bike racks on buses	5
Service fleet	3
Shop equipment	5
Small tools	3
Computer hardware	3
Computer software	3

Tangible capital assets which are under construction are not amortized until the tangible capital assets are available for productive use.

(f) **Use of estimates:**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

(g) **Financial instruments:**

Financial Instruments are classified into three categories: fair value, amortized cost or cost. The following chart shows the measurement method for each type of financial instrument.

Financial Instrument	**Measurement method**
Cash and cash equivalents	Cost
Accounts receivable	Cost
Accounts payable and accrued liabilities	Cost
Due to / from The City of London	Amortized cost

Amortized cost is measured using the effective interest rate method.

1. **Significant accounting policies (continued):**

(g) **Financial instruments (continued):**

Fair value category: The Commission manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses. A Statement of Remeasurement Gains and Losses has not been included as there are no matters to report therein.

Amortized cost: Amounts are measured using the effective interest rate method. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, based on the effective interest rate. It is applied to financial assets or financial liabilities that are not in the fair value category.

Cost category: Amounts are measured at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt.

(h) **Asset retirement obligations**

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

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

A liability for the removal of asbestos, fuel tanks and other hazardous materials in several of the buildings owned by the Commission has been recognized based on estimated future expenses.

In addition, the Commission's implementation of PS3280 Asset Retirement Obligations has resulted in the requirement for management to make estimates regarding the useful lives of affected tangible capital assets and the expected retirement costs, as well as the timing and duration of these retirement costs.

2. **Inventories:**

	2025	2024
Spare parts	$ 5,740,470	$ 3,431,025

3. Accumulated surplus:

Accumulated surplus consists of individual fund surpluses, reserves and reserve funds as follows:

		2025		2024
Surplus:				
Invested in tangible capital assets	$	116,813,230	$	99,234,604
To be recovered from public liability insurance reserve fund		(1,999,110)		(1,562,270)
Unfunded:				
Employee future benefits liability		(4,125,000)		(4,275,000)
Vacation pay earned and accrued payroll		(3,578,400)		(3,353,900)
Asset retirement obligation liability		(1,691,000)		(1,691,000)
Total surplus		105,419,720		88,352,434
Reserves set aside for specific purposes of the Commission (note 10):				
Energy management reserve		4,165,750		4,165,750
General operating reserve		5,200,567		4,943,418
Health care management reserve		5,407,051		4,602,699
Total reserves		14,773,368		13,711,867
Reserve funds set aside for specific purposes by the Commission (note 10):				
Capital program reserve fund		7,204,441		7,125,476
Public liability insurance reserve fund		5,714,245		5,184,275
Total reserve funds		12,918,686		12,309,751
	$	133,111,774	$	114,374,052

4. Grants:

(a) The City of London:

Grants from The City of London for current and capital operations for conventional transit and specialized transit are as follows:

		2025		2024
Operating grants:				
Specialized transit	$	15,034,500	$	14,236,400
Conventional transit		47,936,100		44,113,000
		62,970,600		58,349,400
Capital grants:				
Capital levy and debentures		30,133,766		10,166,207
Development		-		962,202
		30,133,766		11,128,409
Total grants received from The City of London	$	93,104,366	$	69,477,809

4. Grants (continued):

(a) The City of London (continued):

In addition, The City of London sponsors certain groups using both conventional and specialized public transit. These groups receive reduced fares or free fares. The Commission receives grants, on behalf of the respective groups, as fare offsets and are shown as such on the Statement of Operations as part of the ticket and pass fares. Particulars of the grants are as follows:

	2025	2024
Equalization grant, seniors (reduced fares)	$ 452,904	$ 413,473
Equalization grant, income related (reduced fares)	397,880	303,360
Equalization grant, youth (reduced fares)	448,200	462,320
Free transportation, blind	381,796	369,261
Free transportation, children	198,048	190,697
	$ 1,878,828	$ 1,739,111

(b) Province of Ontario:

Provincial grants recognized as revenue during the year ended December 31, for capital and operating programs are as follows:

	2025	2024
Capital grants:		
Gas tax program	$ 2,620,508	$ 5,377,591
Investing in Canada infrastructure program	-	3,013,551
	2,620,508	8,391,142
Operating grants:		
Gas tax program	7,331,013	9,866,600
Total Province of Ontario grants	$ 9,951,521	$ 18,257,742

(c) Government of Canada:

	2025	2024
Capital grants:		
Investing in Canada infrastructure program	$ -	$ 3,619,882
Total Government of Canada grants	$ -	$ 3,619,882

5. Pension agreement:

Effective February 1, 1989, the London Transit Commission commenced participation in the Ontario Municipal Employees Retirement System (OMERS) which is a multi employer plan, for all active employees at that date as well as for all new employees. During the year ending December 31, 2025 there were 675 (2024 - 676) active employees. The plan is a contributory defined benefit plan which specifies the amount of retirement benefit to be received by the employees based on their length of service and rates of pay. Changes by OMERS to the plan, since February 1, 1989, apply to service after February 1, 1989. For pre-February 1, 1989 service, the Commission provides pension benefits, as determined by the pension plan document.

The amount contributed to OMERS for 2024 was $4,136,938 (2024 - $3,821,950) for current service and is expensed in the statement of operations.

The last available report for the OMERS plan was on December 31, 2025. At that time, the plan reported a $1.3 billion actuarial deficit (2024 - $2.9 billion), based on actuarial liabilities for $151.4 million (2024 - $142.5 million) and actuarial assets for $150 million (2024 - $139.6 million). If actuarial surpluses are not available to offset the existing deficit and subsidize future contributions, increases in contributions will be required in the future.

The London Transit Commission continues to sponsor a pre-February 1, 1989, contributory defined benefit pension plan for employees on long term disability at February 1, 1989 that are not likely to return to active employment.

6. Employee future benefits:

The Commission provides benefits to retirees until they reach sixty-five years of age and provides certain benefits to employees on long-term disability. The employee future benefit liability has been estimated based on an actuarial valuation which was completed at December 31, 2024 , and projected for the year ended December 31, 2025.

	2025	2024
Employee future benefits liability as of December 31	$ 4,125,000	$ 4,275,000

Retirement and other future benefit expenses included in total expenditures consist of the following:

	2025	2024
Current year benefit cost	$ 275,000	$ 257,000
Interest on accrued benefit obligation	120,000	113,000
Amortized gain (loss)	(171,000)	76,000
Benefits paid	(374,000)	(340,000)
	$ (150,000)	$ 106,000

6. Employee future benefits (continued):

Significant assumptions are as follows:

	2025	2024
Discount rate	4.20%	3.50%
Rate of compensation increase	2.00%	2.00%
Healthcare cost current	4.83%	5.47%
Healthcare cost ultimate	4.00%	4.00%

7. Public liability insurance:

At December 31, 2025, there were 140 liability claims (2024 - 115) and 10 accident benefits claims (2024 - 11) outstanding that may result in payment under the insurance deductible provisions. The estimated cost to the Commission is $1,663,640 and $335,470 (2024 - $1,317,123 and $245,147) respectively for a total of $1,999,110 (2024 - $1,562,270) to be funded from the public liability reserve fund.

8. Commitments:

Bus procurement:

The Commission has approved the awarding of contracts with New Flyer Industries for the purchase of twenty-nine buses for $27,853,383 in 2025. It is anticipated these buses will arrive by the end of 2026. In January 2026, the Commission approved the awarding of contracts with New Flyer Industries for the additional purchase of seventeen buses for $16,228,336. It is anticipated these buses will arrive in 2027.

9. Tangible capital assets:

The historical cost, accumulated amortization and net book value of tangible capital assets employed by the Commission at December 31 is as follows:

Cost	Balance December 31, 2024	Additions	Disposals	Reclassed	Balance December 31, 2025
Land	$ 2,804,632	$ -	$ -	$ -	$ 2,804,632
Site work	3,825,110	244,626	-	-	4,069,736
Buildings	48,057,029	167,801	-	-	48,224,830
Shelters, pads, and terminals	5,388,376	78,309	-	-	5,466,685
Rolling stock	142,802,053	31,958,080	(13,269,639)	214,806	161,705,300
Fare and data collection equipment	8,231,822	558,200	-	-	8,790,022
Radio/communication equipment	10,462,699	39,520	-	790,030	11,292,249
Bike racks on buses	158,878	-	-	-	158,878
Service fleet	580,154	53,732	(33,635)	-	600,251
Shop equipment	5,134,627	182,756	(16,737)	-	5,300,646
Small tools	264,375	98,151	(94,833)	-	267,693
Computer hardware	1,780,544	96,666	-	-	1,877,210
Computer software	2,722,077	180,150	-	316,538	3,218,765
Capital work in progress	1,489,934	-	-	(1,321,374)	168,560
	$ 233,702,310	$ 33,657,991	$ (13,414,844)	$ -	$ 253,945,457

Accumulated amortization	Balance December 31, 2024	Disposals	Amortization	Reclassed	Balance December 31, 2025
Land	$ -	$ -	$ -		$ -
Site work	2,291,617	-	162,789	-	2,454,406
Buildings	25,412,290	-	1,228,841	-	26,641,131
Shelters, pads, and terminals	3,466,458	-	461,790	-	3,928,248
Rolling stock	80,048,888	(13,269,639)	12,583,762	-	79,363,011
Fare and data collection equipment	5,238,811	-	453,744	-	5,692,555
Radio/communication equipment	8,717,422	-	297,455	-	9,014,877
Bike racks on buses	158,878	-	-	-	158,878
Service fleet	463,823	(33,635)	86,065	-	516,253
Shop equipment	4,495,888	(16,737)	204,851	-	4,684,002
Small tools	174,834	(94,833)	89,231	-	169,232
Computer hardware	1,576,614	-	173,674	-	1,750,288
Computer software	2,422,183	-	337,163	-	2,759,346
			-		
	$ 134,467,706	$ (13,414,844)	$ 16,079,365	$ -	$ 137,132,227

Net book value	Balance December 31, 2024	Balance December 31, 2025
Land	$ 2,804,632	$ 2,804,632
Site work	1,533,493	1,615,330
Buildings	22,644,739	21,583,699
Shelters, pads, and terminals	1,921,918	1,538,437
Rolling stock	62,753,165	82,342,289
Fare and data collection equipment	2,993,011	3,097,467
Radio/communication equipment	1,745,277	2,277,372
Service fleet	116,331	83,998
Shop equipment	638,739	616,644
Small tools	89,541	98,461
Computer hardware	203,930	126,922
Computer software	299,894	459,419
Capital in progress	1,489,934	168,560
	$ 99,234,604	$ 116,813,230

10. Analysis of reserves, reserve funds, and deferred revenues:

	Energy management reserve	General operating reserve	Health care management reserve	2025 Total	2024 Total
Reserves:					
Balance, beginning of year	$ 4,165,750	$ 4,943,418	$ 4,602,699	$ 13,711,867	$ 9,669,014
Contributions from current operations	-	298,850	804,352	1,103,202	4,526,653
Appropriations to current operations	-	(41,701)	-	(41,701)	(483,800)
					$ -
	$ 4,165,750	$ 5,200,567	$ 5,407,051	$ 14,773,368	$ 13,711,867

	Capital program	Public liability insurance	2025 Total	2024 Total
Reserve funds:				
Balance, beginning of year	$ 7,125,477	$ 5,184,275	$ 12,309,752	$ 12,786,872
Interest earned	230,251	169,489	399,740	680,153
Contributions from current operations	451,500	1,000,000	1,451,500	768,700
	7,807,228	6,353,764	14,160,992	14,235,725
Expenditures:				
Appropriations to current operations	$ -	(639,519)	(639,519)	(643,373)
Appropriations to capital LTC	(602,787)	-	(602,787)	(1,282,600)
	(602,787)	(639,519)	(1,242,306)	(1,925,973)
Balance, end of year	$ 7,204,441	$ 5,714,245	$ 12,918,686	$ 12,309,752

Deferred revenues	Provincial gas tax program	2025 Total	2024 Total
Deferred revenues:			
Balance, beginning of year	$ 8,696,103	$ 8,696,103	$ 13,782,007
Interest earned	300,929	300,929	536,498
Contributions	10,158,287	10,158,287	10,158,287
	19,155,319	19,155,319	24,476,792
Expenditures:			
Appropriations to current operations	(7,331,013)	(7,331,013)	(9,866,600)
Appropriations to capital LTC	(2,921,437)	(2,921,437)	(5,914,089)
	(10,252,450)	(10,252,450)	(15,780,689)
Balance, end of year	$ 8,902,869	$ 8,902,869	$ 8,696,103

11. Reconciliation of annual surplus to Commission approved operating surplus:

The Commission's annual operating and capital budget programs are fully funded with actual to budget performance expected to be in a balanced position, that is the Commission does not budget for a surplus or deficit.

PSAB requirements impact how and where revenue and expenditure items are reported and on what financial statement. This results in the reporting of a 2025 budget surplus, a 2025 actual deficit and a 2024 actual surplus.

These reported surplus and deficits, budgeted and actual, are reconciled to the balanced position in the following table:

	Budget	2025	2024
Annual surplus	$ 65,894,700	$ 18,737,722	$ 14,290,079
Capital expenditures	(67,568,900)	(33,657,991)	(24,958,531)
Transfers from reserves and reserve funds	2,950,800	1,284,006	2,409,773
Contributions to reserves and reserve funds	(1,276,600)	(2,954,442)	(5,975,505)
Amortization of tangible capital assets	-	16,079,365	13,756,840
Increase (decrease) in employee future benefits	-	(150,000)	106,000
Increase in liability for insurance claims	-	436,840	231,344
Increase in liability for vacation pay	-	224,500	140,000
Other	-	-	-
Commission approved surplus (deficit)	$ -	$ -	$ -

12. Asset retirement obligations:

The Commission has recorded an asset retirement obligation as of the January 1, 2023 implementation date on a modified retroactive basis, with a restatement of prior year amounts.

As at December 31, 2025, all liabilities for asset retirement obligations are reported at current costs in nominal dollars without discounting.

A reconciliation of the beginning and ending aggregate carrying amount of the asset retirement obligation liability is below:

As at December 31	2025	2024
Liabilities for Asset Retirement Obligations at beginning of year	$ 1,691,000	1,691,000
Liabilities for Asset Retirement Obligations at end of year	$ 1,691,000	$ 1,691,000

13. Financial instruments:

(a) Risks arising from financial instruments and risk management.

The Commission is exposed to a variety of financial risks including credit risk, liquidity risk and market risk. The Commission's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Commission's financial performance.

(b) Credit risk

The Commission's principal financial assets are cash and accounts receivable, which are subject to credit risk. The carrying amounts of financial assets on the Statement of Financial Position represent the Commission's maximum credit exposure as at the Statement of Financial Position date.

(c) Liquidity risk

The Commission mitigates liquidity risk by monitoring cash activities and expected outflows through extensive budgeting. Accounts payable and accrued liabilities are all current. There have been no significant changes from the previous year in the Commission's exposure to liquidity risk or policies, procedures and methods used to measure the risk. The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities:

As at December 31, 2025	Within 6 months	6-12 months	1-4 years	4+ years
Accounts payable and accrued liabilities	$ 10,155,884	$ 2,081,980	$ 621,515	$ 864,644

As at December 31, 2024	Within 6 months	6-12 months	1-4 years	4+ years
Accounts payable and accrued liabilities	$ 8,998,800	$ 1,926,295	$ 531,659	$ 741,853