The Corporation of Haldimand County

Consolidated Financial Statements

December 31, 2025

The Corporation of Haldimand County

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December 31, 2025

Haldimand
County

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements of The Corporation of Haldimand County have been prepared in accordance with Canadian public sector accounting standards (PSAS). When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of The Corporation of Haldimand County's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees, and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Chief Administrative Officer is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements before they are submitted to Council.

The consolidated financial statements have been audited on behalf of the members of council, inhabitants, and ratepayers of The Corporation of Haldimand County by Millard, Rouse & Rosebrugh LLP, in accordance with Canadian generally accepted auditing standards.

[redacted]

Mark Merritt, Chief Financial Officer

[redacted]

Tareq El-Ahmed, Treasurer

August 25, 2026
Cayuga, Ontario

Millards
Chartered Professional Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of The Corporation of Haldimand County

Opinion

We have audited the consolidated financial statements of The Corporation of Haldimand County (the Corporation), which comprise the consolidated statement of financial position as at December 31, 2025, the consolidated statements of operations and accumulated surplus, remeasurement gains and losses, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

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 Consolidated Financial Statements* section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

Budget figures are provided for comparative purposes and have not been subject to audit procedures. Accordingly, we do not express an opinion regarding the budget figures.

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

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

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

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

(continues)

Millard, Rouse & Rosebrugh LLP

85 Robinson Street, Simcoe, ON N3Y 1W7 T: 519.426.1606

SIMCOE BRANTFORD HAGERSVILLE

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation'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 Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Millard, Rouse + Rosebrugh LLP

Millard, Rouse & Rosebrugh LLP
Chartered Professional Accountants
Licensed Public Accountants

August 25, 2026
Simcoe, Ontario

The Corporation of Haldimand County

Consolidated Statement of Financial Position

As at December 31, 2025

	2025	2024 (Restated)
FINANCIAL ASSETS		
Cash	**$ 12,984,038**	$ 28,217,947
Investments *(Note 4)*	**311,271,709**	251,368,147
Taxes receivable	**13,109,058**	11,167,476
Accounts receivable	**8,571,714**	10,968,930
Due from trust funds	**56,611**	-
	345,993,130	301,722,500
LIABILITIES		
Accounts payable	**36,933,682**	32,604,445
Due to trust funds	**-**	21,261
Employee benefits liability *(Note 5)*	**10,560,000**	10,616,500
Deferred revenue *(Note 6)*	**40,221,182**	40,948,873
Asset retirement obligations *(Note 7)*	**36,835,441**	37,060,526
Long-term liabilities *(Note 8)*	**38,131,830**	45,395,598
	162,682,135	166,647,203
NET FINANCIAL ASSETS	**183,310,995**	135,075,297
NON-FINANCIAL ASSETS		
Tangible capital assets *(Note 9)*	**624,725,391**	587,832,650
Prepaid expenses	**542,751**	1,300,382
Inventory	**865,199**	1,002,522
	626,133,341	590,135,554
ACCUMULATED SURPLUS	**$809,444,336**	$725,210,851

ACCUMULATED SURPLUS IS COMPRISED OF:		
Accumulated operating surplus *(Note 10)*	**$752,322,473**	$714,600,527
Accumulated remeasurement gains	**57,121,863**	10,610,324
	$809,444,336	$725,210,851

See accompanying notes to financial statements

The Corporation of Haldimand County

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2025

	Budget 2025 *(Note 19)*	2025	2024
REVENUES			
Taxation *(Note 11)*	**$ 97,016,850**	**$ 97,174,364**	$ 91,311,661
Government transfers - Federal *(Note 12)*	**3,239,510**	**9,503,196**	2,903,707
Government transfers - Provincial *(Note 13)*	**29,698,100**	**29,771,886**	27,979,162
Recoveries from other municipalities	**2,300,750**	**2,784,773**	3,581,057
User charges	**36,515,430**	**38,927,235**	37,804,152
Other income *(Note 14)*	**7,980,820**	**31,499,410**	30,220,448
	176,751,460	**209,660,864**	193,800,187
Expenses			
General government	**12,606,149**	**19,023,404**	15,238,660
Protection services	**25,090,767**	**20,517,508**	18,828,446
Transportation services	**34,662,971**	**41,309,678**	35,949,905
Environmental services	**39,527,053**	**37,446,074**	54,153,648
Health services	**13,312,783**	**13,526,309**	12,932,010
Social and family services	**19,593,588**	**19,635,806**	16,749,767
Social housing	**1,842,200**	**2,124,482**	1,888,214
Recreation and cultural services	**13,830,888**	**14,256,089**	13,624,543
Planning and development	**4,505,751**	**4,099,568**	4,063,912
	164,972,150	**171,938,918**	173,429,105
ANNUAL SURPLUS	**11,779,310**	**37,721,946**	20,371,082
Accumulated surplus - beginning of year	**714,600,527**	**714,600,527**	694,229,445
ACCUMULATED OPERATING SURPLUS - END OF YEAR	**$726,379,837**	**$752,322,473**	$714,600,527

See accompanying notes to financial statements

The Corporation of Haldimand County

Consolidated Statement of Remeasurement Gains and Losses

Year ended December 31, 2025

	2025	2024 *(Restated)*
Accumulated remeasurement gains and losses - beginning of year *(Note 3)*	**$ 10,610,324**	$ (2,288,950)
Unrealized gains attributed to:		
Investments	**58,438,327**	21,850,584
Amounts reclassified to the Consolidated Statement of Operations:		
Investments	**(11,926,788)**	(8,951,310)
Net remeasurement gains for the year	**46,511,539**	12,899,274
ACCUMULATED REMEASUREMENT GAINS - END OF YEAR	**$ 57,121,863**	$ 10,610,324

See accompanying notes to financial statements

The Corporation of Haldimand County

Consolidated Statement of Changes in Net Financial Assets

Year Ended December 31, 2025

	Budget 2025 *(Note 19)*	**2025**	2024 *(Restated)*
ANNUAL SURPLUS	**$ 11,779,310**	**$ 37,721,946**	$ 20,371,082
Amortization of tangible capital assets	**28,545,308**	**28,545,308**	27,134,790
Purchase of tangible capital assets	**(52,586,540)**	**(67,937,384)**	(58,744,883)
Proceeds on disposal of tangible capital assets	**-**	**293,934**	71,516
Loss on disposal of tangible capital assets	**-**	**2,205,397**	123,715
Decrease (increase) in prepaid expenses	**-**	**757,635**	(1,062,011)
Decrease (increase) in inventory	**-**	**137,323**	(3,238)
Net remeasurement gains for the year	**-**	**46,511,539**	12,899,274
	(24,041,232)	**10,513,752**	(19,580,837)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	**(12,261,922)**	**48,235,698**	790,245
Net financial assets - beginning of year	**135,075,297**	**135,075,297**	134,285,052
NET FINANCIAL ASSETS - END OF YEAR	**$122,813,375**	**$183,310,995**	$135,075,297

See accompanying notes to financial statements

The Corporation of Haldimand County

Consolidated Statement of Cash Flows

Year ended December 31, 2025

	2025	2024 *(Restated)*
OPERATING ACTIVITIES		
Annual surplus	**$ 37,721,946**	$ 20,371,082
Items not affecting cash:		
Amortization of tangible capital assets	**28,545,308**	27,134,790
Loss on disposal of tangible capital assets	**2,205,397**	123,715
Net remeasurement gains for the year	**46,511,539**	12,899,274
	114,984,190	60,528,861
Changes in non-cash working capital:		
Taxes receivable	**(1,941,582)**	(3,676,749)
Accounts receivable	**2,397,216**	5,023,375
Accounts payable	**4,329,241**	1,181,339
Due to/from trust funds	**(77,872)**	(41,149)
Employee benefits liability	**(56,500)**	(70,400)
Deferred revenue	**(727,691)**	7,570,553
Asset retirement obligations	**(225,085)**	17,785,091
Prepaid expenses	**757,631**	(1,062,011)
Inventory	**137,323**	(3,238)
	4,592,681	26,706,811
Cash flow from operating activities	**119,576,871**	87,235,672
INVESTING ACTIVITY		
Change in investments	**(59,903,562)**	(9,258,366)
Cash flow used by investing activity	**(59,903,562)**	(9,258,366)
FINANCING ACTIVITY		
Repayment of long-term debt	**(7,263,768)**	(7,239,768)
Cash flow used by financing activity	**(7,263,768)**	(7,239,768)
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	**(67,937,384)**	(58,744,883)
Proceeds on disposal of tangible capital assets	**293,934**	71,516
Cash flow used by capital activities	**(67,643,450)**	(58,673,367)
INCREASE (DECREASE) IN CASH	**(15,233,909)**	12,064,171
Cash - beginning of year	**28,217,947**	16,153,776
CASH - END OF YEAR	**$ 12,984,038**	$ 28,217,947

See accompanying notes to financial statements

1. INCORPORATION

Effective January 1, 2001, the Corporation of Haldimand County (the County, Haldimand County, the Corporation) was incorporated as a single tier municipality. Haldimand County assumed all assets, liabilities, and operations of the former Town of Haldimand and former Town of Dunnville, and some of the assets, liabilities, and operations of the former City of Nanticoke and former Regional Municipality of Haldimand-Norfolk.

Based on the recommendations of the provincially appointed arbitrator of the transition and restructuring process, Haldimand County was given the administrative responsibility over investments and long-term liabilities existing as at December 31, 2000, some of which are to be shared with Norfolk County. Haldimand County was also to administer the Tom Howe and Canborough waste disposal sites. Norfolk County was given administrative responsibility as the Consolidated Municipal Service Manager, as well as the Board of Health, for the provision of Public Health and Social Services to both Haldimand County and Norfolk County. The Public Health services have since been transferred to the Grand Erie Public Health Unit.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the County are prepared by management in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

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

Reporting entity

(i) Consolidated entities
The consolidated financial statements reflect the assets, liabilities, revenues, expenses, changes in accumulated surplus, and changes in net financial assets of the reporting entity. The consolidated financial statements include the activities of all committees of Council and local boards, municipal enterprises, and utilities which are owned or controlled by the County. These consolidated financial statements include:

Haldimand County Public Library Board
Police Services Board
Court of Revision
Committee of Adjustment
Accessibility Advisory Board
Haldimand County Business Development and Planning Advisory Committee
Agricultural Advisory Committee
Heritage Haldimand Advisory Committee
Trails Advisory Committee
Museum Advisory Committee
Caledonia Business Improvement Area
Dunnville Business Improvement Area
Hagersville Business Improvement Area

All inter-departmental and inter-organizational transactions and balances between these organizations have been eliminated.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(ii) Joint local boards
As explained in Note 1, Norfolk County has been given administrative responsibility for the following joint local board:

Joint Health and Social Services Advisory Committee

On January 1, 2025 the Haldimand-Norfolk Health Unit voluntarily merged with the Brant County Health Unit and became the Grand Erie Public Health (GEPH) in line with regulatory changes to the Health Protection and Promotion Act. The GEPH operates as the autonomous Board of Health serving Brant, Brantford, Haldimand and Norfolk counties. The GEPH Board of Health is composed of 9 members, 1 of which is an appointee of the County and a member of the County's Council.

Amounts paid to Norfolk County for the County's proportionate share of social, family services and social housing are recorded as an expense on the Consolidated Statement of Operations.

(iii) Accounting for school board transactions
The taxation, other revenue, expenses, assets, and liabilities with respect to the operations of the school boards are not reflected in the municipal fund balances of these financial statements. The taxation revenue collected and remitted on behalf of the school boards amounted to $15,393,880 (2024 - $15,119,289).

(iv) Trust funds
Trust funds and their related operations administered by the County amounting to $1,777,331 (2024 - $1,765,518) are not consolidated, but are reported separately on the "Trust Funds Statement of Continuity and Balance Sheet".

(v) Provincial offences fines
The County administers the Provincial Offences Act (POA) on behalf of the Ministry of the Attorney General for the Haldimand County Court Service Area.

Fine revenue is recognized as the fine payment is received. Fine revenue includes all monies received less payments made to other municipalities for monies received on their behalf, less payments made to the Ministry of the Attorney General for victim fine surcharges and dedicated fines. Revenue also includes outstanding transfers of fine receipts collected by other municipalities.

A receivable for the value of fines issued but unpaid as at the year-end date amounts to $7,454,302 (2024 - $7,137,004) and is not recorded in these consolidated financial statements. Included in this figure is an amount in arrears transferred from the Province in 2001 approximating $1,647,000.

(vi) Haldimand-Norfolk Housing Corporation
Bill 128 (the Social Housing Reform Act, 2000) provided for the formation of local housing corporations to be organized under the provisions of the Ontario Business Corporations Act with a municipal service manager as the sole shareholder. The Haldimand-Norfolk Housing Corporation was incorporated under the Ontario Business Corporations Act on December 14, 2000. The Corporation was deemed upon incorporation to have issued 100 common shares to The Corporation of Norfolk County. On July 12, 2001, 40 of those shares were transferred to the County. Haldimand-Norfolk Housing Corporation financial statements are not consolidated within these financial statements. The Haldimand-Norfolk Housing Corporation have their own audited financial statements reported separately.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

(i) Taxation
Annually, the County bills and collects property tax revenue for municipal levy purposes as well as education taxes on behalf of the local school boards. The County has the authority to levy and collect property taxes under the Municipal Act, 2001.

The amount of the total annual municipal property tax levy is determined each year through Council's approval of the annual operating budget. Municipal tax rates are set annually by Council for each class of property, in accordance with legislation and Council-approved policies, in order to raise the revenue needed to meet operating budget requirements.

The Municipal Property Assessment Corporation (MPAC), a not-for-profit corporation funded by all of Ontario's municipalities, is responsible for property assessments. MPAC provides the current value assessment (CVA) of each property in the returned assessment roll in December of each year. The amount of property tax levied on an individual property is the product of the CVA, the municipal tax rate by class, and the education tax rate by class.

Taxation revenue is recorded at the time tax billings are issued. Additional property tax revenue can be added throughout the year, relating to: newly occupied properties, properties omitted in the December assessment roll, or other MPAC adjustments. Tax revenue can also be reduced if there are reductions in assessment values resulting from property assessment appeals. Taxes receivable are recognized net of allowance for uncollectible amounts, which was estimated to be $2,700,000 at year end (2024 - $2,700,000).

(ii) Government transfers
Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the Consolidated Statement of Operations as the stipulation liabilities are settled.

(iii) User charges
User charges relate to various municipal programs and fees imposed based on specific activities. Examples of user charges include: recreation programs, water, wastewater, and solid waste. Revenue is recognized when the activity is performed or when services are rendered.

(iv) Developer contributed assets
Developer contributed assets are recognized in the year that the subdivision has reached preliminary acceptance from the County. Estimated value is provided by the developer with the exception of storm management ponds which is estimated based on acreage.

(v) Other income
Other income is recognized in the year that the events giving rise to the revenue occur and the revenue is earned. Amounts received which relate to revenue that will be earned in a future year are deferred and reported as liabilities on the Consolidated Statement of Financial Position.

Basis of presentation

Revenue and expenses 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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Tangible capital assets

Tangible capital assets are stated at cost, less accumulated amortization. Costs include all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees, and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing the year the asset is available for productive use. Half the normal rate of amortization is recorded in the initial year of productive use. Amortization rates are as follows:

Land improvements	20 to 50 years
Buildings and structures	50 to 100 years
Infrastructure	28 to 100 years
Vehicles, machinery, and equipment	5 to 20 years

Investments

Investments consist of authorized investments pursuant to provisions of the Municipal Act and are comprised of government and corporate bonds, GICs and money market instruments, high interest savings, fixed interest senior notes and principal protected notes ("PPNs"). Investments are recorded at amortized cost, with the exception of PPNs which are quoted in an active market and are level 1 investments in the fair value hierarchy. There has been no significant transfers between level 1 and level 2 of the fair value hierarchy. These level 1 investments are recorded at fair market value less any amounts written off to reflect a permanent decline in value.

Investment income earned on available current funds, reserves, and reserve funds (other than obligatory funds) are reported in the period earned. Investment income earned on obligatory reserve funds is added to the fund balance and forms part of the respective deferred revenue balances. Changes in the fair market value of PPNs are recognized in the Consolidated Statement of Remeasurement Gains and Losses in the period in which they occur.

As approved in the Hydro Legacy Fund Policy, starting in 2017, market investment earnings are to be accrued to the Hydro Legacy Fund based on the average yield to maturity. The annual market yield to be accrued is determined annually by the Investment Committee, with advice from the external investment manager. Any accrued investment income to the Hydro Legacy Fund will be offset by the Investment Income Stabilization Reserve and later reconciled as the related growth income matures or is liquidated.

Inventory

Inventory of supplies held for consumption is valued at the lower of cost or replacement value.

Deferred revenue

The County receives funds for specific purposes, which are externally restricted by legislation, regulation or agreement. These restricted funds are not available for general municipal purposes and are recognized as revenue in the fiscal year the funds are used for the specified purpose.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Asset retirement obligations

Asset retirement obligations (ARO) represent the legal obligations associated with the retirement of a tangible capital asset that result from its acquisition, construction, development, or normal use.

A significant part of the ARO results from the costs of closing and maintaining landfill sites, as well as removal and disposal of designated substances, such as asbestos, from County buildings. The County reports liabilities related to the legal obligations where the County is obligated to incur costs to retire a tangible capital asset.

The liability associated with an ARO is measured with reference to the best estimate of the amount required to ultimately remediate the liability at the consolidated financial statement date to the extent that all recognition criteria are met. AROs are only recognized when there is a legal obligation for the County to incur costs in relation to a specific tangible capital asset, when the past transaction or event causing the liability has already occurred, when economic benefits will need to be given up in order to remediate the liability and when a reasonable estimate of such amount can be made. The best estimate of the liability includes all costs directly attributable to the remediation of the asset retirement obligation, based on the most reliable information that is available as at the applicable reporting date. When a liability for an ARO is initially recognized, the estimated retirement costs are capitalized to the carrying value of the associated assets and amortized over the asset's estimated useful life. The amortization of the asset retirement costs follows the same method of amortization as the associated tangible capital asset.

The County's ongoing efforts to assess the costs of closing and maintaining landfill sites and the extent to which designated substances exist in County assets, and new information obtained through regular maintenance and renewal of County assets may result in additional asset retirement obligations from better information on the nature and extent the substance exists or from changes to the estimated cost to fulfil the obligation. The measurement of AROs is also impacted by activities that occurred to settle all or part of the obligation, or any changes in the legal obligation. Revisions to the estimated cost of the obligation will result in a change to the carrying amount of the associated assets that are in productive use and amortized as part of the asset on an ongoing basis.

Due to significant uncertainty surrounding the timing of cash flows for the removal and disposal of designated substances that exist in County assets, the County is choosing not to discount the cash flows, except for landfill sites as noted below. Discounting the cash flows introduces additional estimation uncertainty over and above the uncertainty surrounding the timing of the cash flows and would result in an asset and liability recognized that is estimated to be less representative of the cash flows that will be expended in the future period to retire the asset. Due to the timing of cash flows for the costs of closing and maintaining landfill sites being more predictable, the County is choosing to discount the cash flows for these AROs.

Through the passage of time in subsequent reporting periods, the carrying value of the liability related to the landfill sites is adjusted to reflect accretion expenses incurred in the current period. This expense ensures that the time value of money is considered when recognizing outstanding landfill liabilities at each reporting date.

At remediation, the County reduces the liability that was established. In some circumstances, gains or losses may be incurred upon settlement related to the ongoing measurement of the liability and corresponding estimates that were made and are recognized in the Consolidated Statement of Operations and Accumulated Surplus.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets that are quoted in an active market are reported at fair value, with any unrealized gains and losses reported in the Consolidated Statement of Remeasurement Gains and Losses. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

When the asset is sold, the unrealized gains and losses previously recognized in the Consolidated Statement or Remeasurement Gains and Losses are reversed and recognized in the Consolidated Statement of Operations.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the Consolidated Financial Statements, and the reported amounts of revenues and expenses during the period.

Significant items subject to such estimates and assumptions include allowances for uncollectible amounts, accounts receivable, accounts payable, employee benefits liability and asset retirement obligations. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in operations in the year which they become known.

Actual results could differ from management's best estimates as additional information becomes available in the future.

There is measurement uncertainty surrounding the estimation of liabilities for asset retirement obligations of $36,835,441 (2024 - $37,060,526). These estimates are subject to uncertainty because of several factors including but not limited to incomplete information on the extent of controlled materials used (e.g. asbestos included in inaccessible construction material), indeterminate settlement dates and the allocation of costs between required and discretionary activities.

3. RESTATEMENT OF PRIOR YEAR BALANCES

During the year, the County completed a review of the accounting treatment of its investments in Principal Protected Notes ("PPNs") in accordance with Section PS 3450, Financial Instruments.

The County previously recorded PPNs at amortized cost. Following a review of the contractual terms of these investments, including the market-linked return features based on the performance of reference indices and exchange-traded funds, management determined that these investments should have been measured at fair value in accordance with PS 3450.

Accordingly, the comparative figures have been restated to correct these prior year balances. The correction resulted in an increase in investments to reflect their fair value and recognition of the related unrealized gains in the Consolidated Statement of Remeasurement Gains and Losses.

The impact of the correction on the previously reported Consolidated Financial Statements is as follows:

	As previously reported	Adjustments	**2024 As restated**
Consolidated Statement of Financial Position			
Accounts receivable	$ 14,142,740	$ (3,173,810)	**$ 10,968,930**
Investments	237,584,013	13,784,134	**251,368,147**
Accumulated surplus	714,600,527	10,610,324	**725,210,851**
Consolidated Statement of Remeasurement Gains and Losses			
Accumulated remeasurement losses - beginning of year	-	(2,288,950)	**(2,288,950)**
Net remeasurement gains for the year	-	12,899,274	**12,899,274**
Accumulated remeasurement gains - end of year	-	10,610,324	**10,610,324**
Consolidated Statement of Changes in Net Financial Assets			
Net remeasurement gains for the year	-	12,899,274	**12,899,274**
Net financial assets - beginning of year	136,574,002	(2,288,950)	**134,285,052**
Net financial assets - end of year	124,464,973	10,610,324	**135,075,297**
Consolidated Statement of Cash Flows			
Net remeasurement gains for the year	-	12,899,274	**12,899,274**
Accounts receivable	1,849,565	3,173,810	**5,023,375**
Change in investments	6,814,718	(16,073,084)	**(9,258,366)**

4. INVESTMENTS

	2025		2024	
	Market Value	**Carrying Value**	Market Value	Carrying Value *(Restated)*
Government and corporate bonds	**$ 9,117,729**	**$ 8,829,203**	$ 8,076,451	$ 7,814,169
GICs and money market instruments	**12,894,534**	**12,891,140**	14,066,657	14,060,943
High interest savings	**18,229,506**	**18,229,506**	8,901	8,901
Fixed interest senior notes	**10,956,400**	**10,000,000**	35,653,400	35,000,000
Principal protected notes - fixed interest	**96,272,185**	**96,272,184**	88,379,640	88,379,640
Principal protected notes - equity	**165,049,676**	**165,049,676**	106,104,494	106,104,494
	$312,520,030	**$311,271,709**	$252,289,543	$251,368,147

Maturity dates on the investments in the portfolio range from 2026 to 2035 and interest rates range from 1.89% to 9.05%.

5. EMPLOYEE BENEFITS LIABILITY

The County provides certain employee benefits which will require funding in future periods and is comprised of the following:

	2025	2024
Vested and non-vested sick leave	**$ 1,482,400**	$ 1,395,000
Post-employment and post-retirement benefits	**3,387,000**	3,219,300
Workers' compensation	**5,690,600**	6,002,200
	$ 10,560,000	$ 10,616,500

The County is liable for vacation days earned by its employees as at December 31, but not taken until a later date. The liability as at December 31, 2025 is estimated at $832,549 (2024 - $644,123) and is recorded in accounts payable.

a) Liability for vested and non-vested sick leave benefits

Under the sick leave benefit plan, unused sick leave can be accumulated and a comprehensive actuarial evaluation for the vested and non-vested sick leave benefits liability was conducted as at December 31, 2023. The report includes projections for the years 2024 to 2025.

The estimate of the vested and non-vested sick leave benefits liability, based on the actuarial report, is $1,482,400 (2024 - $1,395,000). The County has established a reserve fund of $367,227 (2024 - $349,431) to mitigate some of the future impacts of these obligations; however, vested and non-vested sick leave benefits are unfunded by a balance of $1,115,173 (2024 - $1,045,569). This unfunded liability is presented in the Consolidated Statement of Financial Position in accumulated surplus (Note 10).

(continues)

5. EMPLOYEE BENEFITS LIABILITY *(continued)*

b) Post-employment and post-retirement benefits

The County provides retirement benefits consisting of health care, dental, and life insurance to qualifying members.

A comprehensive actuarial evaluation for the employee benefits liability was conducted as at December 31, 2023, the report includes projections for the years 2024 to 2025. Significant assumptions used in the actuarial evaluation are:

Discount rate	4.30%
Extended healthcare trend rate	
Initial	6.75%
Ultimate	4.25%
Year ultimate reached	2044
Dental trend rate	4.25%

The estimate of the post-employment and post-retirement benefits liability, based on the actuarial report, is $3,387,000 (2024 - $3,219,300). The County has established a reserve fund of $932,819 (2024 - $1,052,697) to mitigate some of the future impacts of these obligations; however, post-employment and post-retirement benefits are unfunded by a balance of $2,454,181 (2024 - $2,166,603). This unfunded liability is presented in the Consolidated Statement of Financial Position in accumulated surplus (Note 10).

c) Liability for workers' compensation

The County is self-insured for injured worker benefits with the Workplace Safety and Insurance Board (WSIB) administering the benefits on behalf of the municipality as a Schedule II employer.

A comprehensive actuarial evaluation for the employee benefits liability was conducted as at December 31, 2025. Significant assumptions used in the actuarial evaluation are:

Discount rate	4.30%
Inflation rate (health benefits)	4.00%
Inflation rate (loss of earnings and other income benefits)	
- in 2025	3.00%
- thereafter	2.00%

The estimate of the future benefit costs for WSIB claims based on the actuarial report is $5,690,600 (2024 - $6,002,200). The County has established a reserve fund of $15,554,159 (2024 - $13,724,982) to mitigate the future impacts of these obligations; WSIB is overfunded by a balance of $9,863,559 (2024 - $7,722,782). This overfunded asset is presented in the Consolidated Statement of Financial Position in accumulated surplus (Note 10).

The County also administers a reserve fund, in trust, from the former Regional Municipality of Haldimand-Norfolk, for WSIB, which has a gross amount of $123,234 (2024 - $144,400).

6. DEFERRED REVENUE

A requirement of the Public Sector Accounting Principles of the Canadian Institute of Chartered Professional Accountants is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial legislation restricts how these funds may be used and under certain circumstances these funds may possibly be refunded. The balances in deferred revenue including obligatory reserve funds of the County are as follows:

	Opening Balance	Contributions Received	Investment Income	Revenue Recognized	**Ending Balance**
Parkland	$ 1,557,183	$ 197,040	$ 83,735	$ (7,544)	**$ 1,830,414**
Development charges	11,963,696	3,759,169	653,261	(5,997,630)	**10,378,496**
Building permits	8,716,937	-	430,038	(291,520)	**8,855,455**
Canada Community - Building Fund	13,574,536	3,223,660	607,676	(7,164,065)	**10,241,807**
Provincial OCIF	1,458,544	6,098,720	107,340	(4,553,684)	**3,110,920**
Deferred provincial grants	1,891,114	3,955,730	-	(1,650,456)	**4,196,388**
Other	1,786,863	4,326,010	-	(4,505,171)	**1,607,702**
	$ 40,948,873	$ 21,560,329	$ 1,882,050	$ (24,170,070)	**$ 40,221,182**

7. ASSET RETIREMENT OBLIGATIONS

The County made an adjustment as at December 31, 2024 to reflect an updated estimate of the asset retirement obligations (ARO) of the landfill sites. This change in estimate has been expensed in 2024 through environmental services in the Consolidated Statement of Operations as the ARO asset for the landfill has already been fully amortized. There have been no changes to this estimate as at December 31, 2025. A reconciliation of the beginning and ending aggregate carrying amount of the ARO liability is below:

	2025	2024
ARO at beginning of year	**$ 37,060,526**	$ 19,275,435
Increase in ARO reflecting accretion	**1,103,817**	623,957
ARO settled during the year	**(1,328,902)**	(1,453,229)
Increase in ARO reflecting changes in estimates	**-**	18,614,363
ARO at end of year	**$ 36,835,441**	$ 37,060,526

The ARO liability consists of:		
Landfill sites	**$ 36,568,821**	$ 36,793,906
Asbestos	**266,620**	266,620
	$ 36,835,441	$ 37,060,526

Landfill sites

The Tom Howe landfill site is jointly owned by Norfolk County and Haldimand County and has reached its capacity of approximately 2,300,000 cubic metres in October 2015.

(continues)

7. ASSET RETIREMENT OBLIGATIONS *(continued)*

The Canborough landfill site is also jointly owned by Norfolk County and Haldimand County. The Canborough landfill site was temporarily closed, to be re-opened and used once Tom Howe landfill site reached its capacity. In July 2014, it was decided by both counties that the Canborough landfill site would not be re-opened and would be permanently closed.

The costs of closing and maintaining the landfill sites are shared by both Norfolk County and Haldimand County. It is estimated that Haldimand County's share of the total costs to close and maintain the sites are approximately $36,568,821. The estimated costs are calculated at net present value. Haldimand County has not designated any specific assets to assist with the cost of closing the sites. However, Haldimand County's share of the capital costs to close the sites have been included in the 10-year Capital Forecast and have been funded from capital reserves. Post-closure activities will continue for 84 years for Tom Howe landfill site and 60 years for Canborough landfill site subsequent to year end.

Key assumptions in determining the liability at December 31, 2025 for the sites are as follows:

Inflation rate		2.0%
Discount rate (net of inflation rate)		3.0%
Estimated time for post-closure site rehabiliation and monitoring:		
	- Tom Howe landfill site	95 years
	- Canborough landfill site	77 years

<u>Asbestos</u>

The County owns buildings which contain asbestos, and therefore, the County is legally required to perform abatement activities upon renovation or demolition of these assets. Abatement activities include handling and disposing of the asbestos in a prescribed manner when it is disturbed. Due to significant uncertainty surrounding the timing of the cash flows, no discounting has been applied to the liability.

8. LONG-TERM LIABILITIES

a) Long-term liabilities reported on the Consolidated Statement of Financial Position is comprised of amounts owing to Canadian Depository for Securities (CDS) and Ontario Infrastructure and Lands Corporation (OILC):

	2025	2024
CDS debenture bearing interest at 1.20% - 2.40% per annum, repayable in annual payments ranging from $1,151,000 - $1,340,000 plus semi-annual interest payments. The debenture matures on July 2027.	**$ 2,651,000**	$ 3,933,000
OILC debenture bearing interest at 5.27% per annum, repayable in semi-annual payments of $425,000 plus interest. The debenture matures on July 2027.	**1,700,000**	2,550,000
OILC debenture bearing interest at 3.82% per annum, repayable in semi-annual payments of $56,227 plus interest. The debenture matures on October 2028.	**337,360**	449,813
OILC debenture bearing interest at 4.11% per annum, repayable in semi-annual payments of $356,933 plus interest. The debenture matures on October 2033.	**5,710,920**	6,424,785
OILC debenture bearing interest at 2.07% per annum, repayable in semi-annual payments of $368,155 plus interest. The debenture matures on October 2026.	**736,310**	1,472,620
OILC debenture bearing interest at 2.40% per annum, repayable in semi-annual payments of $660,063 plus interest. The debenture matures on July 2029.	**5,280,500**	6,600,625
OILC debenture bearing interest at 2.71% per annum, repayable in semi-annual payments of $486,250 plus interest. The debenture matures on July 2039.	**13,615,000**	14,587,500
OILC debenture bearing interest at 1.85% per annum, repayable in semi-annual payments of $417,433 plus interest. The debenture matures on October 2031.	**5,009,190**	5,844,055
OILC debenture bearing interest at 4.07% per annum, repayable in semi-annual payments of $220,825 plus interest. The debenture matures on September 2032.	**3,091,550**	3,533,200
	$ 38,131,830	$ 45,395,598

(continues)

8. LONG-TERM LIABILITIES *(continued)*

b) Of the long-term liabilities reported above, principal payments are recoverable from general municipal revenues and are repayable as follows:

2026	**7,292,768**
2027	**6,585,458**
2028	**4,395,458**
2029	**4,283,005**
2030	**2,962,880**
Thereafter	**12,612,261**
	$ 38,131,830

The above long-term liabilities are unsecured.

c) The long-term liabilities in part (a) have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayments and limits prescribed by the Ministry of Municipal Affairs and Housing.

9. TANGIBLE CAPITAL ASSETS

	Land	Land Improvements	Buildings and Structures	Infrastructure	Vehicles, Machinery and Equipment	Assets under Construction	2025
Cost, beginning of year	$17,308,220	$109,936,695	$ 191,960,331	$ 651,307,740	$ 126,717,338	$49,216,692	**$1,146,447,016**
Additions	165,000	2,851,610	19,436,950	11,989,041	11,333,214	53,875,634	**99,651,449**
Disposals	-	(41,135)	(3,213,283)	(2,596,765)	(1,910,609)	(54,459)	**(7,816,251)**
Transfer to capital assets	-	-	-	-	-	(31,714,065)	**(31,714,065)**
Cost, end of year	17,473,220	112,747,170	208,183,998	660,700,016	136,139,943	71,323,802	**1,206,568,149**
Accumulated amortization, beginning of year	-	63,578,607	69,222,859	357,953,539	67,859,361	-	**558,614,366**
Amortization	-	1,863,418	4,007,516	15,498,725	7,175,649	-	**28,545,308**
Disposals	-	(30,692)	(1,247,825)	(2,308,945)	(1,729,454)	-	**(5,316,916)**
Accumulated amortization, end of year	-	65,411,333	71,982,550	371,143,319	73,305,556	-	**581,842,758**
Net carrying amount, end of year	$17,473,220	$ 47,335,837	$ 136,201,448	$ 289,556,697	$ 62,834,387	$71,323,802	**$ 624,725,391**

(continues)

9. TANGIBLE CAPITAL ASSETS *(continued)*

	Land	Land Improvements	Buildings and Structures	Infrastructure	Vehicles, Machinery and Equipment	Assets under Construction	2024
Cost, beginning of year	$15,013,278	$ 106,991,770	$ 190,804,464	$ 634,175,591	$ 118,131,438	$28,493,210	$1,093,609,751
Additions	2,294,942	2,944,925	1,157,247	21,926,506	9,666,833	25,202,720	63,193,173
Disposals	-	-	(1,380)	(4,794,357)	(1,080,933)	(30,948)	(5,907,618)
Transfer to capital assets	-	-	-	-	-	(4,448,290)	(4,448,290)
Cost, end of year	17,308,220	109,936,695	191,960,331	651,307,740	126,717,338	49,216,692	1,146,447,016
Accumulated amortization, beginning of year	-	61,659,374	65,344,980	347,644,200	62,543,409	-	537,191,963
Amortization	-	1,919,233	3,878,845	14,999,851	6,336,861	-	27,134,790
Disposals	-	-	(966)	(4,690,512)	(1,020,909)	-	(5,712,387)
Accumulated amortization, end of year	-	63,578,607	69,222,859	357,953,539	67,859,361	-	558,614,366
Net carrying amount, end of year	$17,308,220	$ 46,358,088	$ 122,737,472	$ 293,354,201	$ 58,857,977	$49,216,692	$ 587,832,650

10. ACCUMULATED OPERATING SURPLUS

The County segregates its accumulated operating surplus into the following categories:

	2025	2024
Investment in tangible capital assets	**$ 624,725,391**	$ 587,832,650
Long-term liabilities	**(38,131,830)**	(45,395,598)
Under financed capital	**(30,739,476)**	(14,348,749)
Net investment in tangible capital assets	**555,854,085**	528,088,303
BIA surpluses	**162,228**	162,228
Reserves and reserve funds - Operating		
Contingency	**23,263,889**	27,722,521
Land sales	**1,936,618**	2,359,413
Employee benefits insurance	**3,686,719**	3,508,053
Insurance	**1,930,857**	2,141,840
Water rate stabilization	**1,917,139**	2,441,062
Wastewater rate stabilization	**2,160,200**	2,838,021
Investment income stabilization	**15,103,421**	8,204,480
Other	**9,039,221**	8,853,804
	59,038,064	58,069,194
Reserves and reserve funds - Capital		
Roads infrastructure	**9,967,225**	10,328,085
Wastewater	**20,489,919**	19,593,730
Water	**5,202,510**	5,223,642
General	**4,619,364**	6,108,172
Storm sewer	**3,172,036**	2,293,716
Fire fleet	**-**	6,348,334
Other fleet	**21,790,105**	3,488,584
Other	**1,398,958**	11,334,835
	66,640,117	64,719,098
Subtotal - Reserves and reserve funds	**125,678,181**	122,788,292
Hydro legacy fund	**105,346,130**	101,294,356
Community vibrancy fund	**(4,300,149)**	(5,327,136)
WSIB reserve fund held jointly with Norfolk County (gross amounts)	**123,234**	144,400
Unfunded liabilities		
Asset retirement obligations	**(36,835,441)**	(37,060,526)
Post-employment and post-retirement benefits liability	**(2,454,181)**	(2,166,603)
Vested and non-vested sick leave liability	**(1,115,173)**	(1,045,569)
WSIB	**9,863,559**	7,722,782
	(30,541,236)	(32,549,916)
	$ 752,322,473	$ 714,600,527

11. TAXATION REVENUE

	Budget (Note 19)	2025	2024
Property tax levy	$ 92,200,590	$ 92,200,590	$ 86,097,640
Supplemental taxes	2,000,000	2,115,597	2,436,806
Payments in lieu of taxes	2,107,480	2,152,660	2,078,048
Other	708,780	705,517	699,167
	$ 97,016,850	$ 97,174,364	$ 91,311,661

12. GOVERNMENT TRANSFERS - FEDERAL

	Budget (Note 19)	2025	2024
Operating			
Conditional	$ 15,850	$ 36,525	$ 36,168
Capital			
Infrastructure funding	-	2,302,606	1,788,783
Canada Community - Building Fund	3,223,660	7,164,065	1,078,756
	$ 3,239,510	$ 9,503,196	$ 2,903,707

13. GOVERNMENT TRANSFERS - PROVINCIAL

	Budget (Note 19)	2025	2024
Operating			
Ontario Municipal Partnership Fund	$ 4,783,600	$ 4,783,600	$ 4,090,500
Conditional	18,815,780	19,673,313	18,083,637
Capital			
Infrastructure funding	6,098,720	5,314,973	5,805,025
	$ 29,698,100	$ 29,771,886	$ 27,979,162

14. OTHER INCOME

	Budget (Note 19)	2025	2024
Licenses, permits, rents, and concessions	**$ 4,153,570**	**$ 4,484,405**	$ 4,259,652
Provincial offences and other fines	**524,330**	**939,041**	564,499
Penalties and interest on taxes	**1,300,000**	**1,925,394**	1,498,726
Investment income	**1,647,300**	**15,033,564**	10,172,275
Development charges earned	**-**	**6,337,350**	4,837,532
Developer contributed assets	**-**	**3,769,154**	8,212,153
Proceeds from sale of other assets	**260,680**	**290,451**	107,609
Loss on disposal of tangible capital assets	**-**	**(2,205,397)**	(123,715)
Donations	**57,150**	**524,375**	522,556
Other	**37,790**	**401,073**	169,161
	$ 7,980,820	**$ 31,499,410**	$ 30,220,448

15. CONTRACTUAL OBLIGATIONS

a) Veolia Water Canada (U.S. Filter) (PSG)
The County has entered into an agreement with Veolia Water Canada for the operation and maintenance of regional wastewater treatment facilities and pumping stations. This contract expires June 30, 2027 and the annual cost of this contract for 2025 was $4,045,577 (2024 - $3,730,695).

b) *Ontario Clean Water Agency (OCWA)*
The County has entered into an agreement with Ontario Clean Water Agency for the operation and maintenance of the Central Water System in Nanticoke and the water systems in Dunnville. This contract expires September 30, 2030 and the annual cost of this contract for 2025 was $2,832,759 (2024 - $2,636,843).

c*) Ontario Provincial Police contract*
The County has entered into a five-year agreement with the Solicitor General of Ontario for the provision of police services. This contract was extended for three years and expires December 31, 2025. The annual cost of this contract for 2025 was $8,583,576 (2024 - $8,310,805).

d*) Hamilton Water contract*
The County has entered into a twenty-year contract with the City of Hamilton to purchase water for the supply to Caledonia and Cayuga, and this contract expires July 31, 2034. In 2025, the County paid $5,451,547 (2024 - $4,226,002) for water under this contract.

e*) Halton Cheshire Homes Inc. mortgage guarantee*
The County has entered into a twenty-five year agreement as the guarantor for the mortgage between Halton Cheshire Homes Inc. as mortgagor and Infrastructure Ontario as mortgagee in the amount of $999,165 with an agreement that expires February 14, 2050.

f*) Landfill sites*
Under the terms of an interim agreement between Haldimand County and Norfolk County, Haldimand County is responsible for the operation of two landfill sites within the geographic boundaries of Haldimand County, which are available for the use of both Counties. Norfolk County operates the Material Recovery Facility (MRF) located in Simcoe, on behalf of both Counties. Ownership of all facilities is vested jointly through Provincial legislation and/or asset allocation through the Arbitrator's Report following restructuring.

16. PENSION AGREEMENTS

The County makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of its staff. The plan is a defined benefit plan, which specifies the amount of the retirement benefits to be received by the employees based on length of service and rate of pay.

The amount contributed to OMERS for current service is included as an expenditure on the Consolidated Statement of Operations. Contributions were made in the 2025 calendar year at rates ranging from 9.0% to 14.6% (2024 - 9.0% to 14.6%). The amount contributed to OMERS for 2025 was $3,887,452 (2024 - $4,096,430). Since any surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees, the County does not recognize any share of the OMERS pension surplus or deficit in these Consolidated Financial Statements. The OMERS pension plan ended 2025 with a funding deficit of $1.3 billion (2024 - $2.9 billion) which will be addressed through temporary contribution rate increases, benefit reductions and investment returns.

17. PUBLIC LIABILITY INSURANCE

The County has a program of risk identification, evaluation and control to minimize the risk of injury to its employees and to third parties and to minimize the risk of damage to its property and the property of others. It uses a combination of self-insurance and purchased insurance to protect itself financially against risk that it cannot reasonably control. The County has adequate self-insurance coverage. Purchased insurance coverage is in place for claims in excess of the County's self-insurance coverage to a maximum of $50,000,000 with the exception of certain environmental liability claims, should such claims arise.

At December 31, 2025, there are outstanding legal and liability claims against the County, some of which were assumed from predecessor municipalities. Any insured amounts have not been provided for in the financial statements, as the outcome of the related claim(s) is not in excess of insurance coverage. For claims not covered by purchased insurance, a reserve has been established by the County (post-restructuring), which has a balance at December 31, 2025 of $1,930,857 (2024 - $2,141,840).

18. CONTAMINATED SITES

A contaminated site is an unproductive site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. A liability for remediation of contaminated sites is recognized when the County is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate for the amount can be made. All criteria must be met in order to recognize a liability. As at December 31, 2025, there is no liability recorded in the Consolidated Financial Statements. The County will continue to review contaminated sites on an annual basis and, when the criteria for recognition have been met, a liability will be recorded.

19. BUDGET FIGURES

The budget adopted by Council was not prepared on a basis consistent with that used to report actual results (public sector accounting standards). The budget was prepared on a modified accrual basis while public sector accounting standards now require a full accrual basis to be used. The budget figures anticipated using surpluses accumulated in previous years to reduce current year expenditures in excess of current year revenues to $nil. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the Consolidated Statements of Operations represent the budget adopted by Council with adjustments as follows:

	2025
Budget surplus for the year adopted by Council	$ -
Add:	
Budgeted transfers to accumulated surplus	43,484,700
Principal payments on debt	7,263,768
Less:	
Budgeted transfers from accumulated surplus	(9,877,560)
Budgeted transfers from capital fund	(546,290)
Amortization	(28,545,308)
Budget surplus per Consolidated Statement of Operations	$ 11,779,310

20. CREDIT FACILITY

The County has available a $5,000,000 operating credit facility at the bank's prime rate plus 1%. The facility is secured by a borrowing by-law approved annually. There were no funds advanced under this credit facility at December 31, 2025.

21. COMPARATIVE FIGURES

Certain prior year figures have been adjusted to conform with the 2025 financial statement presentation.

22. FINANCIAL INSTRUMENTS

The County is exposed to various risks through its financial instruments, and continues to monitor, evaluate and manage these risks. The following analysis provides information about the County's risk exposure and concentration as of December 31, 2025.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The County is exposed to credit risk from customers and taxpayers. In order to reduce its credit risk, an allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The County has a significant number of customers which minimizes concentration of credit risk.

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22. FINANCIAL INSTRUMENTS *(continued)*

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities on a timely basis or at a reasonable cost. The County is exposed to this risk mainly in respect of its collection of taxes receivable and accounts receivable and the generation of cash through revenue activities to meet its obligations such as long-term liabilities, contributions to the pension plan, and accounts payable.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The County is mainly exposed to interest rate risk and other price risk.

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. In seeking to minimize the risks from interest rate fluctuations, the County manages exposure through its normal operating and financing activities.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The County is exposed to other price risk through its investments in Principal Protected Notes.

Unless otherwise noted, it is management’s opinion that the County is not exposed to significant other financial risks arising from these financial instruments.

23. SEGMENTED INFORMATION

The County is a single-tier municipality that provides a wide range of services to its residents. The major services chosen for segmented disclosure are the six departments that consume the greatest amount of the County's total operating expenses. The revenue and expenses reported for each segment includes directly attributable amounts as well as internal charges and recoveries allocated on a reasonable basis.

A description of each major service and the activities each provide are as follows:

General government
The general government includes council and corporate management.

Protection services
The protection services includes fire, police, conservation authority, protection inspection and control, emergency measures, and Provincial Offences Act.

Transportation services
The transportation services department is responsible for the safe and efficient movement of people and goods within Haldimand County. Responsibilities include road construction and maintenance, traffic signals and signs, winter control, developing parking and traffic by-laws, and implementation and maintenance of street lighting.

Environmental services
This segment includes sanitary sewer system, storm sewer system, waterworks system, waste collection and disposal, recycling and administration.

Social and family services
Social and family services includes general assistance for Ontario Works, assistance to aged persons for Grandview Lodge, and child care.

Other services
Other services includes health services, social housing, recreation and cultural services, and planning and development.

(continues)

24. SEGMENTED INFORMATION *(continued)*

	General Government	Protection Services	Transportation Services	Environmental Services	Social and Family Services	Other Services	Consolidated 2025
Revenue							
Government transfers - Federal	$ 7,164,065	$ -	$ -	$ -	$ 2,302,606	$ 36,525	**$ 9,503,196**
Government transfers - Provincial	9,605,719	686,311	802,646	633,073	11,823,073	6,221,064	**29,771,886**
User charges	2,987,400	197,412	173,498	29,262,513	3,382,981	2,923,431	**38,927,235**
Other revenue [1]	23,633,166	3,060,235	3,920,825	2,414,499	120,506	1,134,952	**34,284,183**
	43,390,350	3,943,958	4,896,969	32,310,085	17,629,166	10,315,972	**112,486,500**
Expenses							
Salaries, wages, and benefits	14,039,774	5,996,861	6,724,772	5,086,091	12,597,468	20,132,541	**64,577,507**
Materials	4,676,793	551,509	3,646,113	9,860,456	2,171,422	2,145,005	**23,051,298**
Contracted services	9,828,481	8,344,478	11,412,613	13,841,902	2,850,411	3,335,630	**49,613,515**
External transfers	-	814,093	-	-	31,190	2,932,981	**3,778,264**
Financial expenses	634,970	24,544	79,438	143,239	-	195,349	**1,077,540**
Interest on long-term liabilities	687,497	-	-	431,644	139,384	36,961	**1,295,486**
Amortization	1,211,066	1,538,433	15,321,464	6,847,823	722,991	2,903,531	**28,545,308**
Interdepartmental charges	(12,055,177)	3,247,590	4,125,278	1,234,919	1,122,940	2,324,450	**-**
	19,023,404	20,517,508	41,309,678	37,446,074	19,635,806	34,006,448	**171,938,918**
Surplus (deficiency) of revenue over expenses for the year financed by net municipal levy	$24,366,946	$ (16,573,550)	$ (36,412,709)	$ (5,135,989)	$ (2,006,640)	$ (23,690,476)	**$ (59,452,418)**
Taxation revenue							**97,174,364**
Annual surplus							**$ 37,721,946**

[1] Other revenue - Includes recoveries from other municipalities and other income categories detailed in Note 14.

24. SEGMENTED INFORMATION *(continued)*

	General Government	Protection Services	Transportation Services	Environmental Services	Social and Family Services	Other Services	Consolidated 2024
Revenue							
Government transfers - Federal	$ 1,078,756	$ -	$ -	$ -	$ 1,788,783	$ 36,168	**$ 2,903,707**
Government transfers - Provincial	9,443,593	794,374	644,197	211,981	10,990,614	5,894,403	**27,979,162**
User charges	2,728,900	291,120	402,453	28,638,681	3,271,772	2,471,226	**37,804,152**
Other revenue [1]	18,707,642	2,449,085	8,205,213	3,157,525	121,338	1,160,702	**33,801,505**
	31,958,891	3,534,579	9,251,863	32,008,187	16,172,507	9,562,499	**102,488,526**
Expenses							
Salaries, wages, and benefits	12,004,553	5,351,323	5,884,612	5,392,437	10,466,406	18,719,802	**57,819,133**
Materials	4,323,816	513,240	2,480,456	8,634,566	1,742,004	2,181,810	**19,875,892**
Contracted services	7,475,822	7,859,394	8,885,513	32,051,758	2,823,875	5,203,160	**64,299,522**
External transfers	-	763,401	-	-	15,009	1,158,562	**1,936,972**
Financial expenses	436,327	33,583	82,376	115,808	25	185,104	**853,223**
Interest on long-term liabilities	761,746	-	-	511,982	188,964	46,881	**1,509,573**
Amortization	1,204,524	1,341,555	14,685,556	6,259,200	707,204	2,936,751	**27,134,790**
Interdepartmental charges	(10,968,128)	2,965,950	3,931,392	1,187,897	806,280	2,076,609	**-**
	15,238,660	18,828,446	35,949,905	54,153,648	16,749,767	32,508,679	**173,429,105**
Surplus (deficiency) of revenue over expenses for the year financed by net municipal levy	$ 16,720,231	$ (15,293,867)	$ (26,698,042)	$(22,145,461)	$ (577,260)	$ (22,946,180)	**$ (70,940,579)**
Taxation revenue							**91,311,661**
Annual surplus							**$ 20,371,082**

[1] Other revenue - Includes recoveries from other municipalities and other income categories detailed in Note 14.

The Corporation of Haldimand County
Library Division - Schedule of Operations
Year Ended December 31, 2025

	Budget (Note 19)	2025	2024
REVENUE			
Government transfers:			
Provincial library operating grant (Ministry of Tourism, Culture, and Sport)	**$ 79,200**	**$ 79,162**	$ 79,162
Other	**-**	**4,128**	-
Fees and service charges	**26,560**	**30,378**	29,852
Fines	**1,600**	**5,138**	19,316
Donations	**5,160**	**14,207**	4,753
Other revenue	**21,010**	**25,608**	23,137
	133,530	**158,621**	156,220
EXPENSES			
Salaries, wages and benefits	**1,741,630**	**1,626,509**	1,504,765
Materials and supplies	**171,310**	**136,712**	138,065
Services	**195,570**	**170,608**	170,608
Rents and financial expenses	**744,690**	**744,527**	684,862
	2,853,200	**2,678,356**	2,498,300
DEFICIENCY OF REVENUE OVER EXPENSES BEFORE UNDERNOTED ITEMS	**(2,719,670)**	**(2,519,735)**	(2,342,080)
Transfer from reserves	**176,180**	**172,029**	173,209
Transfer to reserves	**(316,680)**	**(514,314)**	(427,969)
	(140,500)	**(342,285)**	(254,760)
DEFICIENCY OF REVENUE OVER EXPENSES FOR THE YEAR, FINANCED BY NET MUNICIPAL LEVY	**$ (2,860,170)**	**$ (2,862,020)**	$ (2,596,840)

The above financial information is included in the Consolidated Financial Statements of the County.

The Corporation of Haldimand County

Museum Division - Schedule of Operations

Year Ended December 31, 2025

	Budget *(Note 19)*	**2025**	2024
REVENUE			
Government transfers	**$ 53,760**	**$ 70,311**	$ 55,882
Fees and service charges	**31,740**	**24,148**	22,007
Donations	**19,990**	**15,627**	13,504
	105,490	**110,086**	91,393
EXPENSES			
Salaries, wages and benefits	**407,460**	**437,669**	438,418
Materials and supplies	**75,390**	**58,758**	46,270
Services	**37,390**	**39,455**	35,166
Rents and financial expenses	**730**	**472**	472
	520,970	**536,354**	520,326
DEFICIENCY OF REVENUE OVER EXPENSES BEFORE UNDERNOTED ITEMS	**(415,480)**	**(426,268)**	(428,933)
Transfer from reserves	**1,200**	**356**	2,465
DEFICIENCY OF REVENUE OVER EXPENSES FOR THE YEAR FINANCED BY NET MUNICIPAL LEVY	**$ (414,280)**	**$ (425,912)**	$ (426,468)

The above financial information is included in the Consolidated Financial Statements of the County.

See accompanying notes to financial statements