# Consolidated financial statements of
# The Corporation of the Town of Lincoln

December 31, 2025

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## Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Corporation of the Town of Lincoln (the "Town") are the responsibility of the Town's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Town's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The committee of the whole meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by Deloitte LLP, independent external auditors appointed by the Town. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Town's consolidated financial statements.

Original signed by
Michael Kirkopoulos
Chief Administrative Officer

Original signed by
Charlotte Tunikaitis, CPA, CA
Treasurer

July 6, 2026

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# Independent Auditor's Report

To the Members of Council of
The Corporation of the Town of Lincoln

## Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2025, the results of its operations and accumulated surplus, and its 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 ("Canadian GAAS"). 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 Town 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 these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the 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 Town'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 Town to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the 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 GAAS 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 GAAS, 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 Town'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 Town'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 Town 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Town as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
July 6, 2026

## The Corporation of the Town of Lincoln

### Consolidated statement of financial position

As at December 31, 2025

| | Notes | 2025<br>$ | 2024<br>$ |
|---|---|---|---|
| **Financial assets** | | | |
| Cash | | **27,526,820** | 5,087,829 |
| Investments | 2 | **11,152,739** | 16,391,309 |
| Accounts receivable | | **11,650,543** | 6,088,381 |
| User charges receivable | | **3,119,196** | 2,910,531 |
| Taxes receivable | | **6,955,945** | 5,918,214 |
| Development charges receivable | | **1,432,316** | — |
| Recoverable long-term debt | 11 | **51,265** | 60,181 |
| Investment in Peninsula West Power Inc. | 3 | **20,589,762** | 20,132,612 |
| | | **82,478,586** | 56,589,057 |
| **Liabilities** | | | |
| Accounts payable and accrued liabilities | | **22,628,847** | 12,278,256 |
| Short-term loan | 5 | **2,907,000** | — |
| Construction advance | 6 | **4,304,532** | 3,490,692 |
| Employee future benefits | 7 | **1,260,692** | 1,164,202 |
| Liability for site remediation | 8 | **2,956,690** | 2,792,663 |
| Other current liabilities and deferred revenue | | **4,537,568** | 3,765,995 |
| Deferred revenue - obligatory reserve funds | 9 | **15,365,180** | 9,763,710 |
| Asset retirement obligations | 10 | **4,437,146** | 2,487,246 |
| Long-term debt | 11 | **53,432,634** | 30,294,285 |
| | | **111,830,289** | 66,037,049 |
| Net debt | | **(29,351,703)** | (9,447,992) |
| **Non-financial assets** | | | |
| Tangible capital assets | 12 | **242,461,898** | 205,902,261 |
| Inventories and prepaid expenses | | **968,396** | 883,858 |
| | | **243,430,294** | 206,786,119 |
| Accumulated remeasurement losses | | **—** | (368,452) |
| Accumulated surplus from operations | | **214,078,591** | 197,706,579 |
| **Accumulated surplus** | 13 | **214,078,591** | 197,338,127 |

The accompanying notes are an integral part of the consolidated financial statements.

## The Corporation of the Town of Lincoln

### Consolidated statement of operations and accumulated surplus

Year ended December 31, 2025

| | Notes | Budget $ (Note 20) | 2025 $ | 2024 $ |
|---|---|---|---|---|
| **Revenue** | | | | |
| Taxation | 14 | **27,163,849** | **27,854,674** | 24,988,342 |
| User charges | | **19,661,365** | **21,049,042** | 19,066,394 |
| Grants | 15 | **4,246,884** | **13,642,937** | 6,854,095 |
| Investment income | | **120,000** | **565,614** | 448,384 |
| Penalties and interest on taxes | | **600,000** | **990,581** | 909,989 |
| Contributions from developers | | **2,291,492** | **3,128,569** | 1,358,959 |
| Contributed tangible capital assets | 12 | **—** | **7,774,744** | — |
| Equity income in Peninsula West Power Inc. | 3 | **—** | **814,100** | 739,212 |
| Loss on disposal of tangible capital assets | | **—** | **(764,285)** | (501,900) |
| Other | | **130,532** | **775,155** | 885,861 |
| Total revenue | | **54,214,122** | **75,831,131** | 54,749,336 |
| **Expenses** | | | | |
| General government | | **16,567,229** | **16,735,904** | 8,031,823 |
| Protection to persons and property | | **5,525,642** | **5,279,743** | 5,437,354 |
| Transportation services | | **10,480,609** | **11,503,597** | 10,689,753 |
| Environmental services | | **12,274,707** | **12,007,738** | 10,451,659 |
| Health services | | **270,886** | **262,387** | 258,416 |
| Social and family services | | **98,236** | **80,577** | 95,955 |
| Recreation and cultural services | | **9,882,811** | **10,665,780** | 9,019,605 |
| Planning and development services | | **2,981,999** | **2,923,393** | 4,021,813 |
| Total expenses | | **58,082,119** | **59,459,119** | 48,006,378 |
| **Annual (deficit) surplus** | | **(3,867,997)** | **16,372,012** | 6,742,958 |
| Accumulated surplus, beginning of year | | **197,706,579** | **197,706,579** | 190,963,621 |
| **Accumulated surplus, end of year** | | **193,838,582** | **214,078,591** | 197,706,579 |

The accompanying notes are an integral part of the consolidated financial statements.

## The Corporation of the Town of Lincoln

### Consolidated statement of changes in net debt

Year ended December 31, 2025

| | Budget 2025 $ | Actual 2025 $ | Actual 2024 $ |
|---|---|---|---|
| **Annual surplus** | **(3,867,997)** | **16,372,012** | 6,742,958 |
| Acquisition of tangible capital assets | **(18,741,790)** | **(36,118,034)** | (22,514,005) |
| Amortization of tangible capital assets | **6,914,700** | **8,308,520** | 7,748,188 |
| Contributed tangible capital assets | **—** | **(7,774,744)** | — |
| Retirement obligation costs of tangible capital assets | **—** | **(1,876,633)** | (72,312) |
| Loss on disposal of tangible capital assets | **—** | **764,285** | 501,900 |
| Proceeds on disposal of tangible capital assets | **—** | **136,969** | 91,018 |
| Change in inventories and prepaid expenses | **—** | **(84,538)** | 106,882 |
| Changes in net debt | **(15,695,087)** | **(20,272,163)** | (7,395,371) |
| Net debt, beginning of year | **(9,447,992)** | **(9,447,992)** | (1,966,270) |
| Unrealized gain (loss) on portfolio investments | **—** | **368,452** | (86,351) |
| **Net debt, end of year** | **(25,143,079)** | **(29,351,703)** | (9,447,992) |

The accompanying notes are an integral part of the consolidated financial statements.

## The Corporation of the Town of Lincoln

### Consolidated statement of cash flows

Year ended December 31, 2025

| | Notes | 2025<br>$ | 2024<br>$ |
|---|---|---|---|
| **Operating activities** | | | |
| Annual surplus | | **16,372,012** | 6,742,958 |
| Items not involving cash | | | |
| Amortization of tangible capital assets | 12 | **8,308,520** | 7,748,188 |
| Net loss on disposal of tangible capital assets | | **764,285** | 501,900 |
| Contributed tangible capital assets | 12 | **(7,774,744)** | — |
| Equity income in Peninsula West Power Inc. | 3 | **(814,100)** | (739,212) |
| Deferred revenue and obligatory reserve funds earned | 9 | **(3,842,051)** | (2,615,185) |
| Asset retirement obligation expense | | **73,267** | — |
| Change in non-cash assets and liabilities | | | |
| Accounts receivable | | **(5,562,162)** | (1,167,308) |
| User charges receivable | | **(208,665)** | (330,996) |
| Taxes receivable | | **(1,037,731)** | (1,092,452) |
| Accounts payable and accrued liabilities | | **10,350,591** | 25,368 |
| Employee benefits | | **96,490** | 71,088 |
| Liability for site remediation | | **164,027** | 129,172 |
| Other current liabilities and deferred operating revenue | | **771,573** | (1,032,389) |
| Recoverable long-term debt | | **8,916** | 8,411 |
| Inventories and prepaid expenses | | **(84,538)** | 106,882 |
| | | **17,585,690** | 8,356,425 |
| **Capital activities** | | | |
| Proceeds on disposal of tangible capital assets | | **136,969** | 91,018 |
| Cash used to acquire tangible capital assets | | **(36,118,034)** | (22,514,005) |
| | | **(35,981,065)** | (22,422,987) |
| **Investing activities** | | | |
| Dividend received from Peninsula West Power Inc. | 3 | **356,950** | 330,990 |
| Decrease (increase) in investments | | **5,607,022** | (787,057) |
| | | **5,963,972** | (456,067) |
| **Financing activities** | | | |
| Obligatory deferred receipts | | **8,011,205** | 7,336,633 |
| Long-term debt assumed | | **24,008,423** | 5,254,825 |
| Long-term debt principal repayment | | **(870,074)** | (747,223) |
| Increase in short-term loan | 5 | **2,907,000** | — |
| Increase in construction advance | 6 | **813,840** | 1,335,194 |
| | | **34,870,394** | 13,179,429 |
| Net change in cash | | **22,438,991** | (1,343,200) |
| Cash, beginning of year | | **5,087,829** | 6,431,029 |
| **Cash, end of year** | | **27,526,820** | 5,087,829 |
| Cash paid for interest on long-term liabilities | | **1,481,835** | 1,158,286 |
| Cash received for interest income | | **829,661** | 668,033 |

The accompanying notes are an integral part of the consolidated financial statements.

## The Corporation of the Town of Lincoln

### Consolidated statement of remeasurement gains and losses

Year ended December 31, 2025

| | 2025<br>$ | 2024<br>$ |
|---|---|---|
| **Accumulated remeasurement losses, beginning of year** | **(368,452)** | (282,101) |
| Unrealized gain (loss) on portfolio investments | **368,452** | (86,351) |
| **Accumulated remeasurement gains (losses), end of year** | **—** | (368,452) |

The accompanying notes are an integral part of the consolidated financial statements.

## 1. Significant accounting policies

The Corporation of the Town of Lincoln (the "Town") is a municipality that provides municipal services such as fire, public works, planning, parks and recreation and other general government operations.

The consolidated financial statements of the Town are prepared by management in accordance with Canadian public sector accounting standards ("PSAS"). Significant accounting policies adopted by the Town are as follows:

*(a) Basis of consolidation*

*(i) Consolidated entities*

These consolidated financial statements reflect the assets, liabilities, revenues, expenses and accumulated surplus of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of the Town's financial affairs and resources to the Town and which are owned or controlled by the Town except for the Town's government business enterprise (Peninsula West Power Inc.), which is accounted for on the modified equity basis of accounting as described below. These financial statements include:

- Beamsville Central Business Improvement Area

  Interorganizational transactions and balances are eliminated.

- Lincoln Pelham Union Public Library Board

  Lincoln Pelham Union Public Library was established on March 7, 2022 pursuant to and in accordance with the provisions of the Public Libraries Act to serve The Corporation of the Town of Lincoln and The Corporation of the Town of Pelham. This board is under the management and control of the union board as described in the *Public Libraries Act*, which is a corporation incorporated pursuant to the *Non-for-Profit Corporations Act*, 2010, S.O. 2010 C. 15. Lincoln and Pelham are responsible for their proportionate share of the operating budget based on population. Pelham's portion is 42% and Lincoln's portion is 58%. The library facilities remain the responsibility and asset of the respective municipality. The Town proportionately consolidates its interest in the assets, liabilities and results of the equity, and interorganizational transactions and balances are eliminated.

- Peninsula West Power Inc.

  The investment in Peninsula West Power Inc. ("PWPI") is accounted for on a modified equity basis, consistent with the generally accepted accounting treatment for government business enterprises (Note 3). Under the modified equity basis, PWPI's accounting principles are not adjusted to conform with those of the Town, and inter-organizational transactions and balances are not eliminated. The Town recognizes its equity interest in the annual income or loss of PWPI in its Consolidated Statement of Operations with a corresponding increase or decrease in its investment asset account. Any dividends that the Town receives from PWPI are reflected as reductions in the investment asset account.

*(ii) Accounting for Region and School Board transactions*

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards and the Regional Municipality of Niagara are not reflected in these consolidated financial statements.

## 1. Significant accounting policies (continued)

*(a) Basis of consolidation (continued)*

*(iii) Trust funds*

Trust funds and their related operations are not included in these consolidated financial statements.

*(b) Basis of accounting*

The Town follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned 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.

*(c) Portfolio investments*

Investments are carried at amortized cost or fair value depending on the nature of the financial instrument. Discounts and premiums arising on the purchase of investments carried at cost are amortized over the term of the investments. Unrealized gains and losses from investments carried at fair value are recognized in the consolidated statement of remeasurement gains and losses. Upon settlement, the cumulative gains or losses are reclassified from the consolidated statement of remeasurement gains and losses and recognized in the statement of operations and accumulated surplus. When there has been a loss in value that is other than a temporary decline in market value, the respective investment is written down to recognize the loss.

Financial instruments measured at fair value are classified according to a fair value hierarchy that reflects the reliability of the data used to determine fair value, which includes three levels of information that may be used to measure fair value:

- Level 1 – Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 – Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

The fair value hierarchy requires the use of observable data from the market each time such data exists. A financial instrument is classified at the lowest level of hierarchy for which have been considered in measuring fair value.

*(d) Non-financial assets*

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

## 1. Significant accounting policies (continued)

*(d) Non-financial assets (continued)*

*(i) 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 and landfill sites, are amortized on a straight-line basis over their estimated useful lives as follows:

| Asset | Useful life – Years |
|---|---|
| Land improvements | 7 to 20 |
| Buildings and components | 15 to 75 |
| Linear assets | 20 to 75 |
| Machinery and equipment | 10 to 20 |
| Furniture and fixtures | 4 to 20 |

One half of the annual amortization is charged in the year of acquisition and in the year of disposal. Work in progress assets are not amortized until the asset is available for productive use. Gains and/or losses on disposal of an asset are recorded on the consolidated statement of operations as gain/loss on disposal of tangible capital assets. The Town does not capitalize interest as part of the costs of its tangible capital assets.

*(ii) Contributions of tangible capital assets*

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue.

*(iii) Leases*

Leases are classified as capital or operating leases. Leases that transfer substantially all benefits incidental to ownership are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

*(iv) Inventories*

Inventories held for consumption are recorded at the lower of cost and replacement cost.

*(e) Reserves and reserve funds*

Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to and/or from reserves and reserve funds are an adjustment to the respective fund when approved.

*(f) Taxation revenue*

Taxes receivable and tax revenue are recognized when they meet the definition of an asset, the tax is authorized and the taxable event has occurred.

## 1. Significant accounting policies (continued)

*(g) Government transfers*

Government transfers are recognized as revenue in the financial statements when the transfer is authorized, any eligibility criteria are met and a reasonable estimate of the amount can be made, except when and to the extent that stipulations by the transferor give rise to an obligation that meet the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished. Transfers to charitable and non-profit organizations are recognized as expenses once the grants are paid.

*(h) Deferred revenue*

Deferred revenue represents user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

Deferred revenue – obligatory reserve funds represents receipts which are restricted by legislation of senior governments, by agreement with external parties, or by Town by-laws. When qualifying expenses are incurred, restricted revenues are brought into revenue. Revenues received in advance of expenses which will be incurred in a later period are deferred.

*(i) Asset retirement obligations*

Asset retirement obligations (ARO) are provisions for legal obligations for the retirement of the Town's tangible capital assets that are either in productive use or no longer in productive use. An ARO is recognized when, as at the financial reporting date:

(a) there is a statutory, contractual, or legal obligation to incur retirement costs in relation to a tangible capital asset;

(b) the past transaction or event giving rise to the liability has occurred;

(c) it is expected that future economic benefits will be given up; and

(d) a reasonable estimate of the amount can be made.

The Town recognizes an ARO in the period in which it incurs a statutory, contractual, or legal obligation associated with the retirement of tangible capital assets resulting from the acquisition, construction, development, and/or normal operation of the tangible capital assets.

The liabilities are measured initially at management's best estimate of the undiscounted future cash flows required to settle the retirement obligation. For tangible capital assets that are still in productive use, the estimated amount of the asset retirement cost is capitalized as part of the carrying value of the related tangible capital asset and is amortized over the life of the asset. For tangible capital assets that are not recorded or are no longer in productive use, the liability is expensed in the period.

At each reporting date, the Town reviews its ARO to reflect current best estimates. The ARO is adjusted for changes in the liability estimate, with the offsetting amount recorded to the carrying amount of the related tangible capital asset.

Actual costs incurred are charged against the ARO to the extent of the liability recorded. Differences between the actual costs incurred and the liability are recognized in the Statement of Operations when remediation is completed.

## 1. Significant accounting policies (continued)

*(j) Other income*

Other income is recognized as revenue when the service is performed.

*(k) Investment income*

Investment income earned on surplus current funds, capital funds, reserves and reserve funds other than obligatory reserve funds (deferred revenue) are reported as revenue in the period earned. Investment income earned on obligatory reserve funds is added to the fund balance and forms part of the deferred revenue.

*(l) Employee benefits*

The Town provides certain employee benefits which will require funding in future periods. These benefits include extended health and dental benefits for early retirees. The costs of life insurance and extended health and dental benefits are actuarially determined using management's best estimate of salary escalation, health care cost trends, earned days accumulated for certain employees payable at retirement, long term inflation rates and discount rates.

For self-insured retirement and other employee future benefits that vest or accumulate over the periods of service provided by employees, such as service payments and health and dental benefits for retirees, the cost is actuarially determined using the projected benefits method prorated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group. Any actuarial gain or loss related to the past service of employees are amortized over the expected average remaining service life of the employee group.

The costs of multi-employer defined benefit pension plan benefits, such as the Ontario Municipal Employees Retirement System ("OMERS") pensions, are the employer's contributions due to the plan in the period. OMERS, which is a multi-employer plan, has been accounted for as a defined benefit plan.

*(m) Liability for site remediation*

Contamination is a result of contamination being introduced into the air, soil, water or sediment of a chemical, organic, radioactive material or live organism that exceeds an environmental standard. The liability is recognized net of any expected recoveries. A liability for remediation of contaminated sites is recognized when all of the following criteria are met:

(i) An environmental standard exists;

(ii) Contamination exceeds the environmental standard;

(iii) The Town is directly responsible or accepts responsibility;

(iv) It is expected that future economic benefits will be given up; and

(v) A reasonable estimate of the amount can be made.

The liability is estimated based on information that is available when the financial statements are prepared. It is based upon the costs directly attributable to the remediation activities required using a present value measurement technique.

## 1. Significant accounting policies (continued)

*(n) Use of estimates*

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates. Significant estimates include accounts receivable, accrued liabilities, deferred revenue, employee future benefits, asset retirement obligations, liability for site remediation and the useful lives of tangible capital assets. These estimates and assumptions are based on management's best information and judgment and may differ from actual results.

## 2. Portfolio investments

Investments reported on the consolidated statement of financial position have carrying and market values as follows:

| **2025** | **Carrying Value** | **Market Value** |
|---|---|---|
| | **$** | **$** |
| Amortized cost investments | **11,152,739** | **10,513,717** |

| **2024** | Carrying Value | Market Value |
|---|---|---|
| | $ | $ |
| Fair value investments | 8,100,348 | 8,100,348 |
| Amortized cost investments | 8,290,961 | 7,737,495 |
| Total investment | 16,391,309 | 15,837,843 |

In 2025, all investments held by the Town consist of bonds with average yield rates of 2.65%, and mature between 2026 and 2031. The bonds comprise the entirety of the Town's investment portfolio, and are measured at amortized cost. Investments previously held by the Town at fair value were disposed of in 2025. In 2024, all of the Town's investments measured at fair value were considered level 2.

## 3. Investment in Peninsula West Power Inc.

The following provides condensed supplementary financial information for the operations of Peninsula West Power Inc. for the years ended December 31, 2025, and December 31, 2024. The Town owns 59% (59% in 2024) of the outstanding shares of Peninsula West Power Inc.

| | **2025** | 2024 |
|---|---|---|
| | **$** | $ |
| **Financial position** | | |
| Current assets | **1,889,204** | 1,810,169 |
| Capital assets | **50,426** | 50,753 |
| Investment in Niagara Peninsula Energy Inc. (25.5% ownership) | **40,817,804** | 39,818,483 |
| Deferred tax asset | **42,274** | 68,251 |
| Total assets | **42,799,708** | 41,747,656 |
| Current liabilities | **62,810** | 35,929 |
| Other liabilities | **7,141,329** | 6,890,989 |
| Total liabilities | **7,204,139** | 6,926,918 |
| Net assets | **35,595,569** | 34,820,738 |
| Minority interest | **(14,594,181)** | (14,276,500) |
| Fair market value adjustment | **(411,626)** | (411,626) |
| Investment in Peninsula West Power Inc. | **20,589,762** | 20,132,612 |
| **Results of operations** | | |
| Revenues | **97,329** | 100,493 |
| Operating expenses | **107,764** | 117,779 |
| | **(10,435)** | (17,286) |
| Other items | **1,390,266** | 1,270,188 |
| Net income before the undernoted | **1,379,831** | 1,252,902 |
| Minority interest | **(565,731)** | (513,690) |
| Net income – Peninsula West Power Inc. | **814,100** | 739,212 |
| **The equity in Peninsula West Power Inc.** | | |
| Opening balance | **20,132,612** | 19,724,390 |
| Net income | **814,100** | 739,212 |
| Dividends received | **(356,950)** | (330,990) |
| Closing balance – Investment in Peninsula West Power Inc. | **20,589,762** | 20,132,612 |

## 4. Lincoln Pelham Public Library Board

The Lincoln Pelham Public Library Board (the "LPPL") was established on May 7, 2022 by the Towns of Pelham and Lincoln in accordance with the provisions of the of the Public Libraries Act to serve the Towns of Pelham and Lincoln. The new library board commenced operations on January 1, 2023. The proportions of the local operating support to be contributed by the Councils of Pelham and Lincoln is based on the 2016 census data. The Town of Lincoln's proportionate share of local support to the Library Board is 58% (58% in 2024).

| | **2025** | 2024 |
|---|---|---|
| | **$** | $ |
| **Financial assets** | | |
| Cash and cash equivalents | **1,141,441** | 839,292 |
| Harmonized Sales Tax receivable | **14,301** | 73,097 |
| Accounts receivable | **22,338** | 159,302 |
| | **1,178,080** | 1,071,691 |
| **Liabilities** | | |
| Accounts payable and accrued liabilities | **148,880** | 117,368 |
| Post-retirement benefits | **132,073** | 87,978 |
| Deferred revenue | **196,697** | 199,161 |
| | **477,650** | 404,507 |
| Net financial assets | **700,430** | 667,184 |
| **Non-financial assets** | | |
| Tangible capital assets | **849,759** | 747,788 |
| Inventories and prepaid expenses | **15,415** | 4,196 |
| | **865,174** | 751,984 |
| | **1,565,604** | 1,419,168 |
| **Accumulated surplus** | | |
| Operating deficit | **(327,977)** | (178,383) |
| Trust | **357,621** | 295,378 |
| Reserves - Town of Lincoln | **124,956** | 137,647 |
| Reserves - Pelham | **370,119** | 416,738 |
| Reserve - Fonthill renovation | **158,811** | — |
| Reserve - Rittenhouse reimagined | **32,315** | — |
| Investment in tangible capital assets | **849,759** | 747,788 |
| | **1,565,604** | 1,419,168 |

## 4. Lincoln Pelham Public Library Board (continued)

| | 2025 | 2024 |
|---|---|---|
| | $ | $ |
| **Revenue** | | |
| Municipal grants | **2,274,296** | 2,153,053 |
| Provincial grants | **118,016** | 80,825 |
| Fees, fines, and rentals | **30,005** | 31,651 |
| Fundraising and donations | **4,618** | 15,416 |
| Developer charge allocation | **66,600** | 63,995 |
| Trust fund donations | **237,196** | 131,308 |
| Investment income | **19,837** | 12,752 |
| Contributed tangible capital assets - Towns | **—** | 38,910 |
| Total revenue | **2,750,568** | 2,527,910 |
| **Expenses** | | |
| Staffing costs | **2,127,449** | 2,025,654 |
| Program costs | **26,826** | 32,440 |
| Materials and processing | **75,995** | 65,311 |
| Administration | **80,451** | 86,696 |
| Miscellaneous supplies | **35,788** | 38,865 |
| Telephone and internet | **30,431** | 36,283 |
| Automated systems and software support | **78,287** | 63,095 |
| Amortization of tangible capital assets | **148,905** | 161,853 |
| Total expenses | **2,604,132** | 2,510,197 |
| Annual surplus | **146,436** | 17,713 |
| Accumulated surplus, beginning of year | **1,419,168** | 1,401,455 |
| Accumulated surplus, end of year | **1,565,604** | 1,419,168 |

The financial position information is as reported by the LPPL as at December 31, 2025 and the results of operations are as reported for the year ended December 31, 2025.

The Town has recorded in the financial statements its 58% share of LPPL's assets, liabilities, accumulated surplus, revenues, expenses, and annual surplus.

The following summarizes the Town's related party transactions with the LPPL for the year. All transactions are in the normal course of operations, and are recorded at the exchange value based on normal commercial rates, or as agreed to by the parties.

| | 2025 | 2024 |
|---|---|---|
| | $ | $ |
| Municipal Grant - From Lincoln to Library | 1,318,720 | 1,248,769 |
| Contributed Tangible Capital Assets | — | 28,910 |
| Development Charge Allocation | 40,600 | 42,340 |

## 5. Short term loan

The Town has a floating rate capital loan for the purchase and associated costs of the former Beamsville District Secondary School site. The loan can be up to a maximum of $4,000,000, is non-revolving, and due on demand. The loan incurs interest at Infrastructure Ontario's floating construction rate and can be repaid up to September 2029 in whole or in part; any outstanding balance will be converted to a debenture. At December 31, 2025 the Town had drawn $2,907,000 (nil in 2024).

## 6. Construction advance

The Town has a floating rate construction bridge loan from which the Town can draw upon a maximum of $26,832,049. This loan was issued by Infrastructure Ontario for capital works and incurs interest at Infrastructure Ontario's floating construction rate. The loan will be converted to long term debt when construction is substantially complete. As at year end, the following amounts had been drawn on the loan:

| | **2025** | 2024 |
|---|---|---|
| | **$** | $ |
| Balance, beginning of year | **3,490,692** | 2,155,498 |
| Drawings | **6,512,466** | 1,335,194 |
| Converted to long term debt | **(5,698,626)** | — |
| Balance, end of year | **4,304,532** | 3,490,692 |

## 7. Employee future benefits

The Town provides certain employee benefits which will require funding in future periods.

| | **2025** | 2024 |
|---|---|---|
| | **$** | $ |
| Vacation pay | **449,292** | 358,102 |
| Post-employment benefits | **811,400** | 806,100 |
| | **1,260,692** | 1,164,202 |

*Accrued vacation pay*

Unused credits may be carried forward to the next year.

*Post-employment benefits*

The Town pays certain medical and dental benefits for early retirees and life insurance benefits on behalf of its retired employees.

The accrued benefit liability for post-employment benefits was determined by a full actuarial valuation as at December 31, 2023, using a discount rate of 4.6% (4.6% in 2024). 2025 figures are an extrapolation of the December 31, 2023 actuarial report. The next required actuarial valuation is required no later than December 31, 2026.

## 7. Employee future benefits (continued)

*Defined benefit plan information*

| | 2025 | 2024 |
|---|---|---|
| | **$** | $ |
| Accrued benefit obligation | | |
| Balance, beginning of year | **654,800** | 628,700 |
| Current benefit cost | **50,100** | 47,900 |
| Interest | **31,000** | 29,900 |
| Benefits paid | **(62,400)** | (51,700) |
| Balance, end of year | **673,500** | 654,800 |
| Unamortized actuarial gain | **137,900** | 151,300 |
| Accrued benefit liability, end of year | **811,400** | 806,100 |

Included in employee benefits expense in the consolidated statement of operations is $137,900 ($151,300 in 2024) for amortization of the actuarial loss. The unamortized actuarial gain is amortized over the expected average remaining service life of 9.7 years.

The main assumptions employed for the valuation are as follows:

Medical costs – medical costs were assumed to increase at 7% per annum in 2023, grading down at 1% per annum to a rate of 5% per annum over time.

Dental costs – dental costs were assumed to increase at 4% per annum in 2023, grading down at 1% per annum to a rate of 3% per annum over time.

## 8. Liability for site remediation

The Town has provided for the remediation of sites under the Environmental Protection Act, based on monitoring costs provided by an external consultant and internal subject matter experts. The future remediation costs have an estimated cost of $2,956,690 ($2,792,663 in 2024). These costs are anticipated to be incurred over a period from 3 to 41 years and the annual costs have been increased at a rate of 2% per year. The estimated present value of the liability for site remediation of these two sites is $2,950,690 ($2,786,663 in 2024) using a discount rate of 2% (2% in 2024). The Town has also recognized $6,000 ($6,000 in 2024) within the liability for site remediation for three potential sites where remediation may be required in the future.

## 9. Deferred revenue – obligatory reserve funds

Deferred revenues set aside for specific purposes by legislation, regulation or agreement are made up of the following:

| | 2025 | 2024 |
|---|---|---|
| | **$** | $ |
| Development Charges Act | **7,610,024** | 6,150,567 |
| CCBF (Federal Gasoline Tax) | **1,836,134** | 1,366,960 |
| Canada Cultural Spaces Fund | **403,333** | 504,167 |
| Housing Enabling Water Systems Fund | **3,682,096** | — |
| Other deferred revenue (Planning Act, Building Code Act & Other) | **1,833,593** | 1,742,016 |
| Balance, end of year | **15,365,180** | 9,763,710 |

## 9. Deferred revenue – obligatory reserve funds (continued)

The continuity of obligatory reserve funds is summarized below:

| | **2025** | 2024 |
|---|---|---|
| | **$** | $ |
| Balance, beginning of year | **9,763,710** | 5,042,262 |
| Contributions from: | | |
| Development Charges Act | **4,041,290** | 5,483,891 |
| Recreational land (Planning Act) | **378,255** | 317,461 |
| CCBF (Federal Gasoline Tax) | **842,300** | 820,361 |
| Housing Enabling Water Systems Fund | **3,682,096** | — |
| Other | **19,939** | 167,729 |
| Interest earned | **479,641** | 547,191 |
| Total contributions | **9,443,521** | 7,336,633 |
| Revenue earned | **(3,842,051)** | (2,615,185) |
| Balance, end of year | **15,365,180** | 9,763,710 |

## 10. Asset retirement obligations

*(a) Asbestos obligation*

The Town owns and operates buildings that are known to have asbestos, which represents a health hazard upon demolition of the building and there is a legal obligation to remove it under the Canadian Occupational Health and Safety Regulations. Following the adoption of PS 3280 Asset Retirement Obligations, the Town recognized an obligation relating to the removal and post-removal as estimated. The estimated useful life of the structures ranges from 15 to 75 years from the date of completion of construction, of which various numbers of years remain.

*(b) Fuel tanks*

The Town owns and operates two underground storage tanks that are required through Technical Standards and Safety Act (TSSA) to be decommissioned at the end of their useful life, which would indicate a monetary cost, resulting in a legal obligation to remove the tanks. Following the adoption of PS 3280 Asset Retirement Obligations, the Town recognized an obligation relating to the removal and post-removal as estimated. The estimated useful life of the underground storage tanks range from 25-40 years from the date of purchase and installation, the tanks are assumed to be fully amortized.

## 10. Asset retirement obligations (continued)

*(b) Fuel tanks (continued)*

Changes in the asset retirement obligation in the year are as follows:

| | **Fuel tanks removal** | **Asbestos removal** | **Balance at December 31, 2025** |
|---|---|---|---|
| | **$** | **$** | **$** |
| **Asset retirement obligation** | | | |
| Opening balance | **102,452** | **2,384,794** | **2,487,246** |
| Additions | **—** | **1,875,286** | **1,875,286** |
| Change in estimate | **3,077** | **71,537** | **74,614** |
| Closing balance | **105,529** | **4,331,617** | **4,437,146** |

| | Fuel tanks removal | Asbestos removal | December 31, 2024 |
|---|---|---|---|
| | $ | $ | $ |
| **Asset retirement obligation** | | | |
| Opening balance | 99,600 | 2,315,334 | 2,414,934 |
| Change in estimate | 2,852 | 69,460 | 72,312 |
| Closing balance | 102,452 | 2,384,794 | 2,487,246 |

## 11. Net long-term liabilities

(a) Net long-term liabilities of $53,381,369 ($30,234,104 in 2024) are made up of the following:

| | **2025** | 2024 |
|---|---|---|
| | **$** | $ |
| The Town has assumed responsibility for the payment of principal and interest charges on certain long-term liabilities issued by the Region of Niagara. At the end of the year, the outstanding principal amount of this liability is: | **53,432,634** | 30,294,285 |
| Of the long-term liabilities shown above, the responsibility for payment of principal and interest charges for tile drainage, municipal drainage and shoreline property assistance loans has been assumed by individuals. At the end of the year the outstanding principal amount of this liability is: | **(51,265)** | (60,181) |
| | **53,381,369** | 30,234,104 |

## 11. Net long-term liabilities (continued)

(b) Principal repayments due in each of the next five years and thereafter are as follows:

| | $ |
|---|---|
| 2026 | 1,618,856 |
| 2027 | 1,662,207 |
| 2028 | 1,711,686 |
| 2029 | 1,763,206 |
| 2030 | 1,816,867 |
| Thereafter | 44,859,812 |
| | 53,432,634 |

(c) The long-term liabilities in (a) issued in the name of the Town have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs.

(d) The Town is contingently liable for long-term liabilities with respect to tile drainage, municipal drainage and shoreline property assistance loans. The total amount outstanding as at December 31, 2025 is $51,265 ($60,181 in 2024).

(e) Total interest on net long-term liabilities which are reported on the consolidated statement of operations amounted to $1,481,835 ($1,158,286 in 2024). The long-term liabilities bear interest at rates ranging from 1.96% to 5.04%. The interest on long-term liabilities assumed by individuals in the case of tile drainage and shoreline property assistance loans are not reflected in these financial statements.

(f) The Town has an authorized revolving line of credit in the amount of $10,000,000 ($7,000,000 in 2024) which bears interest at prime less 0.375%, of which $10,000,000 ($7,000,000 in 2024) remained unused at year-end. The line of credit is secured by a borrowing by-law and is due on demand.

## 12. Tangible capital assets

| | 2025 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Land | Land improvements | Buildings and components | Linear assets | Machinery and equipment | Furniture and fixtures | Asset retirement obligations | Work in progress | Total |
| | $ | $ | $ | $ | $ | $ | $ | $ | $ |
| Cost | | | | | | | | | |
| Balance, beginning of year | 23,941,402 | 16,859,530 | 38,261,598 | 208,404,327 | 21,590,375 | 3,560,316 | 2,487,246 | 16,836,855 | 331,941,649 |
| Additions | 508,910 | 532,599 | 2,493,539 | 33,515,109 | 2,741,156 | 346,795 | 1,876,633 | 5,859,210 | 47,873,951 |
| Contributed tangible capital assets | 14 | 242,180 | — | 7,532,550 | — | — | — | — | 7,774,744 |
| Disposals | — | — | — | (2,435,418) | (919,347) | (20,611) | — | (9,879,284) | (13,254,660) |
| Balance, end of year | 24,450,326 | 17,634,309 | 40,755,137 | 247,016,568 | 23,412,184 | 3,886,500 | 4,363,879 | 12,816,781 | 374,335,684 |
| Accumulated amortization | | | | | | | | | |
| Balance, beginning of year | — | 5,467,777 | 16,249,424 | 90,344,207 | 9,836,172 | 2,453,126 | 1,688,682 | — | 126,039,388 |
| Amortization expense | — | 847,381 | 1,074,602 | 4,602,200 | 1,339,524 | 399,481 | 45,332 | — | 8,308,520 |
| Disposals | — | — | — | (1,549,677) | (903,834) | (20,611) | — | — | (2,474,122) |
| Balance, end of year | — | 6,315,158 | 17,324,026 | 93,396,730 | 10,271,862 | 2,831,996 | 1,734,014 | — | 131,873,786 |
| Net book value, end of year | 24,450,326 | 11,319,151 | 23,431,111 | 153,619,838 | 13,140,322 | 1,054,504 | 2,629,865 | 12,816,781 | 242,461,898 |

| | 2024 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Land | Land improvements | Buildings and components | Linear assets | Machinery and equipment | Furniture and fixtures | Asset retirement obligations | Work in progress | Total |
| | $ | $ | $ | $ | $ | $ | $ | $ | $ |
| Cost | | | | | | | | | |
| Balance, beginning of year | 23,612,933 | 16,206,184 | 38,247,275 | 199,446,667 | 19,702,215 | 3,524,743 | 2,414,934 | 8,649,018 | 311,803,969 |
| Additions | 328,469 | 653,346 | 14,323 | 10,951,392 | 2,299,901 | 78,737 | 72,312 | 12,042,364 | 26,440,844 |
| Disposals | — | — | — | (1,993,732) | (411,741) | (43,164) | — | (3,854,527) | (6,303,164) |
| Balance, end of year | 23,941,402 | 16,859,530 | 38,261,598 | 208,404,327 | 21,590,375 | 3,560,316 | 2,487,246 | 16,836,855 | 331,941,649 |
| Accumulated amortization | | | | | | | | | |
| Balance, beginning of year | — | 4,670,931 | 15,274,435 | 87,511,116 | 8,984,458 | 2,047,924 | 1,658,055 | — | 120,146,919 |
| Amortization expense | — | 796,846 | 974,989 | 4,265,862 | 1,231,498 | 448,366 | 30,627 | — | 7,748,188 |
| Disposals | — | — | — | (1,432,771) | (379,784) | (43,164) | — | — | (1,855,719) |
| Balance, end of year | — | 5,467,777 | 16,249,424 | 90,344,207 | 9,836,172 | 2,453,126 | 1,688,682 | — | 126,039,388 |
| Net book value, end of year | 23,941,402 | 11,391,753 | 22,012,174 | 118,060,120 | 11,754,203 | 1,107,190 | 798,564 | 16,836,855 | 205,902,261 |

## 12. Tangible capital assets (continued)

*(a) Work-in-progress*

Work-in-progress has a value of $12,816,781 ($16,836,855 in 2024) and has not been amortized. Amortization of these assets will commence when the asset is put into service.

*(b) Contributed tangible capital assets*

Contributed capital assets are recognized at fair market value at the date of contribution. The value of contributed assets received during the year is $7,774,744 (nil in 2024).

*(c) Tangible capital assets disclosed at nominal values*

Where an estimate of fair value could not be made, the tangible capital asset was recognized at a nominal value. Land is the only category where nominal values were assigned.

*(d) Works of art and historical treasures*

The Town manages and controls various works of art and non-operational historical cultural assets including buildings, artifacts, paintings and sculptures located at Town sites and public display areas. These assets are not recorded as tangible capital assets and are not amortized.

*(e) Write-down of tangible capital assets*

The write-down of tangible capital assets during the year was nil (nil in 2024).

## 13. Accumulated surplus

The balance of accumulated surplus on the consolidated statement of financial position is made up of the following:

| | **2025** | 2024 |
|---|---|---|
| | **$** | $ |
| **Surplus** | | |
| Invested in tangible capital assets (note 12) | **242,461,898** | 205,902,261 |
| Unfunded capital | **(4,147,071)** | (11,595,394) |
| Operating deficit – Library | **(190,227)** | (52,435) |
| Equity in Peninsula West Power Inc. (note 3) | **20,589,762** | 20,132,612 |
| Unfunded | | |
| Long term debentures (note 11) | **(53,381,369)** | (30,234,104) |
| Short-term loan (note 5) | **(2,907,000)** | — |
| Construction advance (note 6) | **(4,304,532)** | (3,490,692) |
| Employee future benefits (note 7) | **(1,260,692)** | (1,164,202) |
| Liability for site remediation (note 8) | **(2,956,690)** | (2,792,663) |
| Asset retirement obligations (note 10) | **(4,437,146)** | (2,487,246) |
| Unrealized loss on portfolio investment | **—** | (368,452) |
| Other | **(776,209)** | (902,058) |
| | **188,690,724** | 172,947,627 |
| Reserves and reserve funds set aside by Council | | |
| Tax rate stabilization reserve | **488,986** | 455,219 |
| Year end encumbrance reserve | **796,411** | 642,498 |
| Water main replacement | **11,717,362** | 7,764,655 |
| Wastewater main replacement | **9,411,443** | 6,032,339 |
| West Lincoln Memorial Hospital | **—** | 7,963,691 |
| Infrastructure | **1,328,508** | 405,217 |
| Special purposes | **1,645,157** | 1,126,881 |
| Total reserves and reserve funds | **25,387,867** | 24,390,500 |
| Total | **214,078,591** | 197,338,127 |

## 14. Taxation

| | **Budget** | **2025** | 2024 |
|---|---|---|---|
| | **$** | **$** | $ |
| Residential and farm taxation | **21,977,037** | **22,201,366** | 20,283,412 |
| Commercial, industrial and business taxation | **4,932,596** | **5,380,047** | 4,452,819 |
| Taxation from other governments | **254,216** | **273,261** | 252,111 |
| | **27,163,849** | **27,854,674** | 24,988,342 |

## 15. Grants

The government transfers reported on the consolidated statement of operations are:

| | Budget | 2025 | 2024 |
|---|---|---|---|
| | $ | $ | $ |
| **Grant revenue** | | | |
| Federal grants | | | |
| Active Transportation Fund | **701,000** | **1,590,545** | 202,977 |
| Investing in Canada Infrastructure Program | **—** | **1,511,258** | 66,899 |
| Canada Community Building Fund | **842,300** | **397,609** | 846,312 |
| Tourism Growth | **—** | **250,040** | — |
| Museum | **—** | **277,225** | 154,504 |
| Other | **—** | **153,049** | 138,382 |
| | **1,543,300** | **4,179,726** | 1,409,074 |
| Provincial grants | | | |
| Ontario Municipal Partnership Fund | **201,600** | **201,600** | 187,600 |
| Investing in Canada Infrastructure Program | **795,000** | **1,259,832** | 55,743 |
| Housing Enabling Water Systems Fund | **—** | **5,856,587** | 2,018,664 |
| Seniors Active Living Centre | **50,000** | **58,553** | 50,000 |
| Skills Development Fund | **—** | **—** | 995,892 |
| Library | **48,411** | **68,449** | 46,879 |
| Museum | **28,000** | **29,202** | 54,857 |
| Ontario Community Infrastructure Fund | **1,213,073** | **1,213,073** | 1,258,927 |
| Other | **5,000** | **74,938** | 51,667 |
| | **2,341,084** | **8,762,234** | 4,720,229 |
| Municipal grants | | | |
| Region of Niagara | **362,500** | **664,654** | 588,549 |
| Other grants | **—** | **36,323** | 136,243 |
| Total grants | **4,246,884** | **13,642,937** | 6,854,095 |

## 16. Trust funds

Trust funds administered by the Town amounting to $2,728,403 ($2,641,700 in 2024) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations.

## 17. Pension agreements

The Town makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of 171 members of its staff and Council. The plan is a defined benefit plan which specifies the amount of retirement benefit to be received by the employees based on the length of service and rates of pay.

Contribution rates for 2024 were 9% for employees earning below the year's maximum pensionable earnings and 14.6% on earnings above the year's maximum pensionable earnings.

The amount contributed to OMERS for 2025 was $1,119,722 ($1,113,586 in 2024) for current service cost and is included as an expenditure on the consolidated statement of operations.

There are no outstanding obligations for past service as at December 31, 2025.

## 17. Pension agreements (continued)

As OMERS is a multi-employer pension plan, any pension pan surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees. The OMERS pension plan has a deficit of $1.3 billion as at December 31, 2025 (deficit of $2.9 billion in 2024) based on an actuarial valuation of plan assets. Increase to future contributions may be required to fund deficits.

## 18. Contingent liabilities

From time to time, the Town is subject to claims and other lawsuits that arise in the ordinary course of business, some of which may seek damages in substantial amounts, including punitive or extraordinary damages. Liability for these claims and lawsuits are recorded to the extent that the probability of a loss is likely and it is estimable.

## 19. Segmented information

Segmented information has been identified based upon various operating departments within the Town and their activities are reported by functional area in the body of the financial statements.

Certain operating departments along with the services they provide have been separately disclosed in the segmented information as follows:

*(i) General Government – Mayor and Council, Corporate Services, Finance Services*

The departments within General Government are responsible for the general management and control of the Town, including adopting by-laws, adopting administrative policy, levying taxes, providing administrative, technical, and financial services. They also ensure quality services are provided to the community and that the services provided are aligned with Council approved actions.

*(ii) Protection to Persons & Property*

The departments within Protection to Persons and Property are responsible for fire suppression services, fire prevention programs, training and education related to prevention, detection or extinguishment of fires and emergency rescue services, by-law enforcement, animal and weed control, building permit processing and building inspections.

*(iii) Transportation Services*

The departments within Transportation Services are responsible for operations, infrastructure management (roads, bridges and culverts), traffic control, parking control, streetlights and development engineering.

*(iv) Environmental Services*

The departments within Environmental Services are responsible for wastewater collection services, storm water management services and water distribution services.

*(v) Health Services*

The departments within Health Services are responsible for the operation and maintenance of the Town cemeteries.

## 19. Segmented information (continued)

*(vi) Social & Family Services*

The department within Social and Family Services are responsible for the operation and maintenance the Lincoln Centre, including services to aged persons.

*(vii) Recreation and Cultural Services – Community Services, Library, Museum*

The departments within Recreation and Cultural Services are responsible for the development, provision and maintenance of facilities, parks and recreation and cultural programs and services including the library and museum, providing the community with materials, programs and services to support and encourage informal life-long learning.

*(viii) Planning & Development Services*

The departments within Planning and Development Services are responsible for planning and zoning, land use policy formulation and implementation, commercial and industrial development, agricultural and reforestation, heritage matters, business promotion and improvement functions, and the downtown Beamsville BIA.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Certain allocation methodologies are employed in the preparation of segmented financial information. Taxation is allocated to the segments based on the segment's budgeted net expenditure. User charges and other revenue have been allocated to the segments based upon the segment that generated the revenue. Government transfers have been allocated to the segment based upon the purpose for which the transfer was made. Development charges earned and developer contributions received were allocated to the segment for which the charge was collected.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

## 19. Segmented information (continued)

| | 2025 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | General government | Protection to persons & property | Transportation services | Environmental services | Health services | Social & family services | Recreation & cultural services | Planning & development services | Total |
| | $ | $ | $ | $ | $ | $ | $ | $ | $ |
| **Revenues** | | | | | | | | | |
| Property taxation | 12,397,174 | 3,442,945 | 3,607,781 | — | 20,188 | 2,734 | 6,529,564 | 1,854,288 | 27,854,674 |
| User fees | 342,340 | 1,233,033 | 58,364 | 16,806,169 | 175,260 | 19,011 | 1,556,549 | 858,316 | 21,049,042 |
| Government grants | | | | | | | | | |
| Other | — | 9,043 | — | — | — | — | 25,878 | 1,402 | 36,323 |
| Municipal | — | — | 43,494 | 431,514 | — | — | 180,500 | 9,146 | 664,654 |
| Provincial | 201,600 | 33,284 | 1,213,073 | 7,124,007 | — | 58,553 | 131,717 | — | 8,762,234 |
| Federal | 28,568 | — | 1,959,588 | 1,511,257 | — | — | 669,376 | 10,937 | 4,179,726 |
| Investment income | 554,109 | — | — | — | — | — | 11,505 | — | 565,614 |
| Penalties and interest | 990,581 | — | — | — | — | — | — | — | 990,581 |
| Developer contributions | — | 187,198 | 2,402,855 | 117,335 | — | — | 421,181 | — | 3,128,569 |
| Developer contributed assets | — | — | 1,573,773 | 5,958,791 | — | — | 242,180 | — | 7,774,744 |
| Equity in Peninsula West Inc. | 814,100 | — | — | — | — | — | — | — | 814,100 |
| Gain (loss) from disposal | 4,753 | 89,424 | (436,031) | (422,431) | — | — | — | — | (764,285) |
| Other | 142,839 | 32,080 | 276,651 | — | 64,880 | — | 257,149 | 1,556 | 775,155 |
| Total revenues | 15,476,064 | 5,027,007 | 10,699,548 | 31,526,642 | 260,328 | 80,298 | 10,025,599 | 2,735,645 | 75,831,131 |
| **Expenses** | | | | | | | | | |
| Salaries, wages and employee benefits | 3,287,596 | 3,583,253 | 3,050,550 | 1,685,467 | 196,443 | — | 5,198,580 | 1,640,141 | 18,642,030 |
| Purchased goods | 2,934,934 | 637,345 | 1,536,642 | 471,982 | 27,302 | 36,421 | 1,849,886 | 112,099 | 7,606,611 |
| Purchased services | 1,136,292 | 242,919 | 2,012,115 | 8,093,707 | 30,646 | 20,641 | 1,506,060 | 578,187 | 13,620,567 |
| Financial expenses | 825,203 | 91,232 | 917,882 | 343,249 | — | 352 | 344,511 | 591,325 | 3,113,754 |
| Transfers to others | 8,135,923 | 7,110 | — | — | — | 1,500 | 21,463 | 1,641 | 8,167,637 |
| Amortization expense | 415,956 | 717,884 | 3,986,408 | 1,413,333 | 7,996 | 21,663 | 1,745,280 | — | 8,308,520 |
| Total expenses | 16,735,904 | 5,279,743 | 11,503,597 | 12,007,738 | 262,387 | 80,577 | 10,665,780 | 2,923,393 | 59,459,119 |
| (Deficit) surplus | (1,259,840) | (252,736) | (804,049) | 19,518,904 | (2,059) | (279) | (640,181) | (187,748) | 16,372,012 |

## 19. Segmented information (continued)

| | 2024 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | General government | Protection to persons & property | Transportation services | Environmental services | Health services | Social & family services | Recreation & cultural services | Planning & development services | Total |
| | $ | $ | $ | $ | $ | $ | $ | $ | $ |
| **Revenues** | | | | | | | | | |
| Property taxation | 5,871,225 | 4,768,945 | 5,038,303 | 433,278 | 60,279 | 35,083 | 7,281,345 | 1,499,884 | 24,988,342 |
| User fees | 353,026 | 914,542 | 93,093 | 14,678,519 | 150,519 | 13,096 | 1,370,789 | 1,492,810 | 19,066,394 |
| Government grants | | | | | | | | | |
| Other | — | — | 5,000 | — | — | — | 84,256 | 46,987 | 136,243 |
| Municipal | — | — | 298,906 | 281,808 | — | — | — | 7,835 | 588,549 |
| Provincial | 187,600 | 39,740 | 3,333,334 | — | — | 50,000 | 112,419 | 997,136 | 4,720,229 |
| Federal | 43,683 | 2,318 | 1,072,505 | — | — | — | 271,250 | 19,318 | 1,409,074 |
| Investment income | 440,988 | — | — | — | — | — | 7,396 | — | 448,384 |
| Penalties and interest | 909,989 | — | — | — | — | — | — | — | 909,989 |
| Developer contributions | 71,073 | — | 928,667 | 108,107 | — | — | 151,197 | 99,915 | 1,358,959 |
| Developer contributed assets | — | — | — | — | — | — | — | — | — |
| Equity in Peninsula West Inc. | 739,212 | — | — | — | — | — | — | — | 739,212 |
| Gain (loss) from disposal | 4,836 | 6,635 | (516,192) | — | — | — | 2,821 | — | (501,900) |
| Other | (217,604) | 7,500 | 760,539 | — | 51,439 | — | 283,987 | — | 885,861 |
| Total revenues | 8,404,028 | 5,739,680 | 11,014,155 | 15,501,712 | 262,237 | 98,179 | 9,565,460 | 4,163,885 | 54,749,336 |
| **Expenses** | | | | | | | | | |
| Salaries, wages and employee benefits | 3,124,876 | 3,780,137 | 3,000,859 | 1,667,622 | 188,651 | — | 4,988,278 | 1,562,535 | 18,312,958 |
| Purchased goods | 2,745,797 | 729,229 | 1,359,946 | 376,248 | 26,764 | 51,796 | 1,353,511 | 213,389 | 6,856,680 |
| Purchased services | 728,687 | 275,490 | 1,626,177 | 6,833,801 | 35,005 | 20,906 | 820,598 | 1,580,482 | 11,921,146 |
| Financial expenses | 415,005 | 64,119 | 867,917 | 311,584 | — | 377 | 257,998 | 665,407 | 2,582,407 |
| Transfers to others | 560,462 | 2,741 | — | — | — | 1,500 | 20,296 | — | 584,999 |
| Amortization expense | 456,996 | 585,638 | 3,834,854 | 1,262,404 | 7,996 | 21,376 | 1,578,924 | — | 7,748,188 |
| Total expenses | 8,031,823 | 5,437,354 | 10,689,753 | 10,451,659 | 258,416 | 95,955 | 9,019,605 | 4,021,813 | 48,006,378 |
| Surplus | 372,205 | 302,326 | 324,402 | 5,050,053 | 3,821 | 2,224 | 545,855 | 142,072 | 6,742,958 |

## 20. Budget data

Budget data presented in these consolidated financial statements are based upon the 2025 operating and capital budgets approved by Council on December 16, 2024. The chart below reconciles the approved budget to the budget figures reported in these consolidated financial statements.

| | Budget amount |
|---|---|
| | $ |
| **Revenue** | |
| Operating, approved | **50,342,489** |
| Library, approved (58%) | **118,493** |
| BIA, approved | **105,000** |
| Less | |
| Transfers from reserves | **(756,356)** |
| Reclassification between revenue and expenses | **(544,877)** |
| Add | |
| Developer contributions and government grants for capital | **4,949,373** |
| Total revenue | **54,214,122** |
| | |
| **Expenses and transfers** | |
| Operating, approved | **50,342,489** |
| Library, approved (58%) | **1,437,213** |
| BIA, approved | **165,000** |
| Less | |
| Reclassification between revenue and expenses | **(544,877)** |
| Town contribution to library | **(1,318,720)** |
| Debt principal payments | **(1,146,600)** |
| Transfers to reserves | **(6,726,586)** |
| Add | |
| Amortization of tangible capital assets | **6,914,700** |
| Estimated capital budget items expense in nature | **891,800** |
| WLMH contribution previously approved | **8,000,000** |
| Employee future benefits | **67,700** |
| Total expenses | **58,082,119** |
| | |
| Net budgeted deficit | **(3,867,997)** |
| | |
| Actual annual surplus as per consolidated statement of operations | **16,372,012** |

## 21. Comparative amounts

Certain corresponding information has been reclassified to conform to the presentation adopted in the current year. There is no impact on annual surplus or accumulated surplus as a result of the reclassification.