

CORPORATION OF THE COUNTY OF HASTINGS

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

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TABLE OF CONTENTS

	Page Number
MANAGEMENT REPORT	
INDEPENDENT AUDITOR'S REPORT	
CONSOLIDATED FINANCIAL STATEMENTS	
Statement of Financial Position	1
Statement of Operations and Accumulated Surplus	2
Statement of Remeasurement Gains and Losses	3
Statement of Change in Net Debt	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 - 21
Schedule of Tangible Capital Assets	22
Schedules of Segment Disclosure	23 - 24
TRUST FUNDS	
Independent Auditor's Report	25
Statement of Financial Position	27
Statement of Continuity	27
Notes to the Financial Statements	28



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CORPORATION OF THE COUNTY OF HASTINGS

For The Year Ended December 31, 2025

MANAGEMENT REPORT

The accompanying consolidated financial statements of the Corporation of the County of Hastings are the responsibility of management and have been approved by Council.

The consolidated financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The County maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the County's assets are appropriately accounted for and adequately safeguarded.

The County's Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving financial statements.

Council reviews and approves the County's financial statements for issuance to the members of Council, inhabitants and ratepayers of the Corporation of the County of Hastings. Council meets periodically with management, as well as the external auditor, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities and to review the financial statements and the independent auditor's report.

The consolidated financial statements have been audited by Baker Tilly KDN LLP in accordance with Canadian generally accepted auditing standards on behalf of the County. Baker Tilly KDN LLP has full and free access to Council.

Warden

Director of Finance/
Treasurer

June 25, 2026

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the County of Hastings

Opinion

We have audited the consolidated financial statements of the Corporation of the County of Hastings and its local board (the County), 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, change in net debt 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 consolidated financial position of the County as at December 31, 2025, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the County 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 Canadian Public Sector Accounting Standards, 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 County'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 County or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the County'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 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 County'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 County'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 County 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 group as a basis for forming an opinion on the group 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.

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
June 25, 2026



CORPORATION OF THE COUNTY OF HASTINGS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2025

	2025	2024
	\$	\$
FINANCIAL ASSETS		
Cash	46,037,803	50,782,362
Investments (note 2)	4,703,847	2,615,478
Trade and other receivables	21,605,411	16,006,073
Long term receivables	1,958,398	1,768,691
TOTAL FINANCIAL ASSETS	74,305,459	71,172,604
LIABILITIES		
Accounts payable and accrued liabilities	35,893,407	31,401,842
Deferred revenue - obligatory reserve funds (note 3)	351,841	284,019
Deferred revenue - other	1,871,791	3,450,631
Long term debt (note 4)	18,173,937	19,863,168
Asset retirement obligation (note 5)	13,784,670	13,499,196
Employee future amounts payable (note 7)	19,739,067	16,036,788
TOTAL LIABILITIES	89,814,713	84,535,644
NET DEBT	(15,509,254)	(13,363,040)
NON-FINANCIAL ASSETS		
Tangible capital assets (note 9)	125,979,101	118,942,196
Prepaid expenses	175,334	700,669
TOTAL NON-FINANCIAL ASSETS	126,154,435	119,642,865
	110,645,181	106,279,825
Comprised of:		
Accumulated surplus (note 10)	110,784,124	106,432,831
Accumulated remeasurement gains/(losses)	(138,943)	(153,006)
	110,645,181	106,279,825

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE COUNTY OF HASTINGS

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the Year Ended December 31, 2025

	Budget 2025 \$ (note 15)	Actual 2025 \$	Actual 2024 \$
REVENUES			
Property taxation	20,526,127	20,505,604	19,459,589
User charges	19,157,468	20,191,825	19,342,702
Government of Canada	2,908,554	3,386,066	3,672,762
Province of Ontario	135,487,101	124,195,473	111,120,715
Other municipalities	37,224,772	37,245,328	34,558,567
Provincial Offenses Act - fines (note 12)	4,685,676	5,903,813	2,888,415
Investment income	1,018,845	1,687,209	2,018,576
Donated tangible capital assets	-	-	70,000
Canada Community-Building Fund earned (note 3)	1,297,280	1,307,280	1,272,216
Gain/(loss) on disposal of tangible capital assets	-	23,601	275
Other	-	29,222	21,511
TOTAL REVENUES	222,305,823	214,475,421	194,425,328
EXPENSES			
General government	5,139,725	8,304,163	5,593,824
Protection services	4,667,692	5,840,334	2,943,794
Transportation services	1,686,632	1,475,882	1,505,650
Health services	36,051,573	33,779,569	31,078,648
Social and family services	138,932,144	128,052,123	113,979,924
Social housing	30,885,028	30,672,708	29,636,821
Planning and development	2,419,258	1,999,349	1,920,651
TOTAL EXPENSES	219,782,052	210,124,128	186,659,312
ANNUAL SURPLUS	<u>2,523,771</u>	4,351,293	7,766,016
ACCUMULATED SURPLUS - beginning of year		106,432,831	98,666,815
ACCUMULATED SURPLUS - end of year		110,784,124	106,432,831

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE COUNTY OF HASTINGS

CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES

For the Year Ended December 31, 2025

	2025	2024
	\$	\$
ACCUMULATED REMEASUREMENT LOSSES - beginning of year	(153,006)	(214,707)
Unrealized gains attributable to:		
Change in market value of bond fund	14,063	61,701
ACCUMULATED REMEASUREMENT LOSSES - end of year	(138,943)	(153,006)

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the Year Ended December 31, 2025

	Budget 2025 \$ (note 15)	Actual 2025 \$	Actual 2024 \$
ANNUAL SURPLUS	2,523,771	4,351,293	7,766,016
Amortization of tangible capital assets	7,207,375	7,907,494	7,207,375
Purchase of tangible capital assets	(28,612,449)	(15,029,220)	(11,249,798)
Gain on disposal of tangible capital assets	-	(23,601)	(275)
Proceeds on sale of tangible capital assets	-	108,422	38,518
Contributed capital assets	-	-	(70,000)
Change in prepaid expenses	-	525,335	270,584
CHANGE IN NET DEBT BEFORE CHANGE IN REMEASUREMENT GAINS AND LOSSES	(18,881,303)	(2,160,277)	3,962,420
CHANGE IN REMEASUREMENT GAINS AND LOSSES	-	14,063	61,701
CHANGE IN NET DEBT	(18,881,303)	(2,146,214)	4,024,121
NET DEBT - beginning of year	(13,363,040)	(13,363,040)	(17,387,161)
NET DEBT - end of year	(32,244,343)	(15,509,254)	(13,363,040)

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE COUNTY OF HASTINGS

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2025

	2025	2024
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	4,351,293	7,766,016
Items not involving cash		
Amortization of tangible capital assets	7,907,494	7,207,375
Gain on disposal of tangible capital assets	(23,601)	(275)
Contributed capital assets	-	(70,000)
Accretion expense	631,762	603,518
Asset retirement obligation costs incurred due to abatement	(346,288)	-
Change in employee future amounts payable	3,702,279	1,241,477
Change in non-cash assets and liabilities		
Trade and other receivables	(5,599,338)	(223,095)
Long term receivables	(189,707)	520,810
Prepaid expenses	525,335	270,584
Accounts payable and accrued liabilities	4,491,565	6,232,244
Deferred revenue - obligatory reserve funds	67,822	70,200
Deferred revenue - other	(1,578,840)	(578,261)
Net change in cash from operating activities	13,939,776	23,040,593
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(15,029,220)	(11,249,798)
Proceeds on disposal of tangible capital assets	108,422	38,518
Net change in cash from capital activities	(14,920,798)	(11,211,280)
INVESTING ACTIVITIES		
Purchase of investments	(2,074,306)	(64,366)
FINANCING ACTIVITIES		
Long term debt issued	-	5,300,000
Debt principal repayments	(1,689,231)	(1,829,502)
Net change in cash from financing activities	(1,689,231)	3,470,498
NET CHANGE IN CASH	(4,744,559)	15,235,445
CASH - beginning of year	50,782,362	35,546,917
CASH - end of year	46,037,803	50,782,362

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE COUNTY OF HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

The County of Hastings is an upper tier municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

1. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook. Significant aspects of the accounting policies are as follows:

(a) Reporting Entity

These consolidated financial statements reflect the assets, liabilities, revenues and 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 their financial affairs and resources to the County and which are owned and controlled by the County. These consolidated financial statements include:

- Hastings Local Housing Corporation

All interfund assets and liabilities and revenues and expenses are eliminated.

(b) Recognition of Revenues and Expenses

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which the transactions or events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

Property taxation

The County establishes the tax rates annually based on the amount required to be raised. These tax rates are used to levy amounts to the lower tier municipalities are based on their annual assessment. Adjustments to the lower tier levy amounts for additions to and reductions in assessment are reported in the consolidated financial statements when amounts can be reasonably determined.

Government funding

Government funding is recognized in the financial statements as revenues in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

Other revenue

Fines levied under the Provincial Offenses Act 1997 are recognized when the funds are received. (see note 12)

User charges are recognized as revenue in the year the goods and services are provided.

Investment income is recorded in the year in which it is earned.

Canada Community-Building Fund is recognized in the period in which the related expenditures are recorded.

CORPORATION OF THE COUNTY OF HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2025

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(c) Financial Instruments

Financial instruments are classified as either fair value or amortized cost. The following chart shows the measurement method for each type of financial instrument.

Financial Instrument	Measurement Method
Cash	Amortized Cost
Investments	Fair Value
Trade and other receivables	Amortized Cost
Long term receivables	Amortized Cost
Accounts payable and accrued liabilities	Amortized Cost
Long term debt	Amortized Cost

Fair value category: The County manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses.

Amortized cost category: Amounts are measured at the initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial instrument asset or financial instrument liability.

The following hierarchy provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

- 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 in inactive markets or market data for substantially the full term of the assets or liabilities; 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.

CORPORATION OF THE COUNTY OF HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2025

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) Deferred Revenue

Deferred revenue represents grants, 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.

(e) Asset Retirement Obligation

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

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

A liability for the removal of asbestos in several of the buildings owned by the County has been recognized based on estimated future expenses for remediation or disposal.

The liability is discounted using a present value calculation, and adjusted yearly for accretion expense and any amounts paid. The recognition of the liability resulted in an accompanying increase to the respective tangible capital assets. The increase to the tangible capital assets is being amortized in accordance with the accounting policies outlined in (f).

(f) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset, as well as legally or contractually required retirement activities. When historical cost records were not available, other methods were used to estimate costs. The cost, less residual value, if any, is amortized, over the expected useful life of the asset, as follows:

Land improvements	25-50 years straight-line
Buildings	50-100 years straight-line
Building components	10-50 years straight-line
Leasehold improvements	current lease term plus one renewal term
Machinery and equipment	2-50 years straight-line
Ambulances	percentage of use
Other vehicles	7 years straight-line
Computer hardware and software	4 years straight-line
Roads and bridges	15-50 years straight-line

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

Tangible capital assets categorized as assets under construction are not amortized until they are put into service.

(g) Non-financial Assets

Tangible capital and other non-financial assets are accounted for as assets by the County because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the County unless they are sold.

CORPORATION OF THE COUNTY OF HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(h) 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.

(i) Use of Estimates

Certain items recognized in the consolidated financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the County's best information and judgment. By their nature, these estimates are subject to measurement uncertainty and the effect on the consolidated financial statements or changes in such estimates in future periods could be significant. The County's significant estimates include:

- The amount recorded for asset retirement obligation is based on estimates of the assets with potential contaminants and management's estimate of the costs to retire those assets - See Note 1(e) and related costs added to tangible capital assets - See Note 1(f)
- Amortization of tangible capital assets is based on estimated useful life and residual value - See Note 1(f)
- Employee future amounts payable depend on certain actuarial and economic assumptions - See Note 1(j)
- Allowance for doubtful accounts receivable is based in management's estimate of future collectibility

(j) Employee Future Amounts Payable

The County provides certain employee benefits which will require funding in future periods. These benefits include extended health benefits and benefits under the Workplace Safety and Insurance Board Act.

(k) Trust Funds

Trust funds and their related operations administered by the County are not included in these consolidated financial statements but are reported on separately on the Trust Funds Statement of Continuity and Statement of Financial Position.

CORPORATION OF THE COUNTY OF HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

2. INVESTMENTS

Investments are recorded at fair value and are comprised of the following:

	Level (note 1(c))	2025 \$	2024 \$
WorldSource Financial Management Inc.			
Short term bond fund	1	2,700,014	2,615,478
BMO Private Wealth			
High interest savings	1	3,833	-
GIC's due between November 26, 2026 and November 26, 2030 with rates of interest between 3.0% and 3.92%	1	2,000,000	-
		4,703,847	2,615,478

There were no transfers in or out of level 2 and level 3 during the year.

3. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

A requirement of the Chartered Professional Accountants Canada Public Sector Accounting Handbook, is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as legislation and external agreements restrict how these funds may be used and under certain circumstances these funds may possibly be refunded. The balance in the obligatory reserve funds of the County is summarized below:

	2025 \$	2024 \$
Canada Community-Building Fund	351,841	284,019

The continuity of deferred revenue - obligatory reserve funds is as follows:

	2025 \$	2024 \$
Balance - beginning of year	284,019	213,819
Add amounts received:		
Canada Community-Building Fund	1,361,750	1,326,860
Interest	13,352	15,556
	1,375,102	1,342,416
Less transfer to operations:		
Canada Community-Building Fund earned	1,307,280	1,272,216
Balance - end of year	351,841	284,019

CORPORATION OF THE COUNTY OF HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

4. LONG TERM DEBT

- (a) The balance of long term debt reported on the Consolidated Statement of Financial Position is made up of the following:

	2025	2024
	\$	\$
Long term debt issued for the North Hastings Professional Building matures April 30, 2026. It is repayable in blended monthly instalments of \$4,565 with interest at the rate of 3.08% per annum.	18,144	71,472
Long term debt issued by the Hastings Local Housing Corporation to the Canada Mortgage and Housing Corporation (CMHC) matures January 1, 2028 and is secured by the land and building at 48A Brant Street, Deseronto, Ontario. It is repayable in blended monthly instalments of \$10,781 with interest at the rate of 3.81% per annum.	258,879	376,062
Long term debt issued by the Hastings Local Housing Corporation to CMHC matures February 1, 2028 and is secured by the land and building at 59 Russell Street, Belleville, Ontario. It is repayable in blended monthly instalments of \$32,851 with interest at the rate of 3.81% per annum.	819,081	1,175,017
Debenture issued for the Hastings Local Housing Corporation to OILC matures February 18, 2040. It is repayable in blended semi-annual instalments of \$233,535 with interest at the rate of 2.59% per annum.	5,617,195	5,931,666
Long term debt issued by the Hastings Local Housing Corporation to CMHC matures January 1, 2025 and is secured by the land and building at 424 Bleeker Avenue, Belleville, Ontario. It is repayable in blended monthly instalments of \$16,937 with interest at the rate of 0.69% per annum.	-	16,924
Long term debt issued by the Hastings Local Housing Corporation to the Scotiabank matures April 1, 2027 and is secured by the land and building at 24 Brown Street, Belleville, Ontario. It is repayable in blended monthly instalments of \$15,607 with interest at the rate of 2.75% per annum.	928,443	1,087,966
Long term debt issued for the Hastings Local Housing Corporation to Scotiabank matures on November 1, 2027 and is secured by the land and building at 46 Tracey Park Drive, Belleville, Ontario. It is repayable in blended monthly instalments of \$22,850 with interest at the rate of 5.3% per annum.	496,161	750,821
Debenture issued for the administration building to OILC matures June 15, 2041. It is repayable in blended semi-annual instalments of \$118,109 with interest at the rate of 3.30% per annum.	2,848,197	2,986,981
Debenture issued for Hastings Manor to OILC matures July 15, 2034. It is repayable in blended semi-annual instalments of \$26,958 with interest at the rate of 2.52% per annum.	431,740	473,976

CORPORATION OF THE COUNTY OF HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

4. LONG TERM DEBT, continued

	2025	2024
	\$	\$
Debenture issued for Hastings Manor to OILC matures February 18, 2030. It is repayable in blended semi-annual instalments of \$22,943 with interest at the rate of 2.42% per annum.	194,532	234,875
Debenture issued for Hastings Manor to OILC matures July 2, 2040. It is repayable in blended semi-annual instalments of \$53,693 with interest at the rate of 2.06% per annum.	1,379,646	1,457,408
Debenture issued for EMS to OILC matures December 16, 2049. It is repayable in blended monthly instalments of \$29,339 with interest at the rate of 4.46% per annum.	5,181,919	5,300,000
	18,173,937	19,863,168

- (b) The long term debt in (a) issued in the name of the County or the Hastings Local Housing Corporation 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 and Housing.
- (c) Interest paid during the year on long term debt amounted to \$615,773 (2024 - \$420,870).
- (d) The debentures payable by the County Housing Corporation at December 31, 2025 to the Canada Mortgage and Housing Corporation of \$22,547 (2024 - \$81,662) mature January 1, 2026 and are secured by land and buildings. These debentures were not assumed by or assigned to the Hastings Local Housing Corporation when the Social Housing devolution occurred on January 1, 2001 and are not recorded in these financial statements.
- (e) The long term debt reported in (a) of this note is repayable as follows based on the current repayment terms:

	Principal	Interest	Total
	\$	\$	\$
2026	1,680,697	585,161	2,265,858
2027	2,296,349	512,408	2,808,757
2028	876,999	462,357	1,339,356
2029	824,586	437,959	1,262,545
2030	826,460	413,142	1,239,602
	6,505,091	2,411,027	8,916,118
2031 to 2035	4,348,660	1,680,716	6,029,376
2036 and subsequent years	7,320,186	1,546,789	8,866,975
	18,173,937	5,638,532	23,812,469

CORPORATION OF THE COUNTY OF HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2025

5. ASSET RETIREMENT OBLIGATION

The County's asset retirement obligation consists of the following:

(a) Asbestos obligation

The County owns and operates several 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. Following the adoption of PS 3280 – Asset Retirement Obligations, the County recognized an obligation relating to the removal of the asbestos in these buildings as estimated at January 1, 2023. The buildings have a revised estimated useful life of 20 years. Estimated costs to remediate the asbestos at the end of their useful life has been discounted to the present value using a discount rate of 4.68% per annum.

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

	Asbestos removal 2025 \$	Asbestos removal 2024 \$
Asset Retirement Obligation		
Opening balance	13,499,196	12,895,678
Remediation costs incurred	(346,288)	-
Accretion expense	631,762	603,518
Closing balance	13,784,670	13,499,196

6. CREDIT FACILITY AGREEMENT

The County has a revolving credit facility agreement with its main financial institution. The amount available at any time is limited to \$5,000,000 via an operating loan. Any balance borrowed will accrue interest at the bank's prime lending rate less 0.75% per annum. At December 31, 2025 there was no balance outstanding.

CORPORATION OF THE COUNTY OF HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2025

7. EMPLOYEE FUTURE AMOUNTS PAYABLE

Certain employee benefits payable are shareable with the City of Belleville and the City of Quinte West. The portion recoverable from the noted municipal partners at December 31, 2025 is included in the long term receivables.

Actuarial estimates of the future liabilities have been completed and form the basis for the estimated liabilities reported in these consolidated financial statements.

Employee future amounts payable includes the following:

	2025	2024
	\$	\$
Post employment benefits	3,348,830	3,182,656
Future payments for WSIB costs	13,065,319	9,789,291
Unfunded employee future benefits	16,414,149	12,971,947
Vacation pay	3,139,789	2,879,712
Accumulated sick leave benefit plan	143	143
Severance payouts	184,986	184,986
Other amounts payable	3,324,918	3,064,841
	19,739,067	16,036,788

The actuarial valuation for post-employment benefits as at December 31, 2024 was based on a number of assumptions about future events, such as inflation rates, interest rates, medical inflation rates, wage and salary increases and employee turnover and mortality. The assumptions used reflect management's best estimate. The main actuarial assumptions employed for the valuation are as follows:

Expected inflation rate	2.00%
Future health care cost rates - 2025	6.00%
Future health care cost rates - 2026 - 2031	Decreasing 0.333% per year
Future health care cost rates - 2031 thereafter	4.00%
Future dental cost rate escalation	4.00%
Future salary escalation	3.00%
Future cost of long term debt (discount rate)	4.25%

CORPORATION OF THE COUNTY OF HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

7. EMPLOYEE FUTURE AMOUNTS PAYABLE, continued

The County sponsors benefit plans to pay costs of certain health and other insurance benefits for eligible employees after they retire.

The continuity of the liability for post-employment benefits is as follows:

	2025	2024
	\$	\$
Accrued benefit obligation at January 1	4,656,967	4,127,849
Unamortized actuarial losses	(1,474,311)	(1,127,681)
Liability at January 1	3,182,656	3,000,168
Current year benefit cost	187,310	171,223
Interest	193,319	162,491
Amortization of actuarial loss	189,435	151,145
Less: benefit payments	(403,890)	(302,371)
Liability at December 31	3,348,830	3,182,656

The actuarial valuation for future payments for WSIB costs as at December 31, 2024 was based on a number of assumptions about future events, such as inflation rates, interest rates, expected future WSIB payments per lost time injury, wage and salary increases and employee turnover and mortality. The assumptions used reflect management's best estimate. The main actuarial assumptions employed for the valuation are as follows:

Discount rate	4.00%
Loss of earnings benefits	193%
Expected inflation rate	2.75%
WSIB administration fee	19%
Loss time injury count	61
Mean term of future payments for long term care	11 years
Mean term of future payments for other groups	10 years

The continuity of the liability for future payments for WSIB costs is as follows:

	2025	2024
	\$	\$
Accrued benefit obligation at January 1	21,928,821	11,864,763
Unamortized actuarial losses	(12,139,530)	(3,379,398)
Liability at January 1	9,789,291	8,485,365
Current year benefit cost	4,037,876	1,938,586
Interest	896,422	451,179
Amortization of actuarial loss	1,416,128	519,386
Less: benefit payments	(3,074,398)	(1,605,225)
Liability at December 31	13,065,319	9,789,291

CORPORATION OF THE COUNTY OF HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

8. CONTINGENT LIABILITIES

The County, in the course of its operations, is often named in lawsuits the outcomes of which are indeterminable at this time. No amounts in connection with these items have been reflected in these financial statements.

9. TANGIBLE CAPITAL ASSETS

The net book value of the County's tangible capital assets are:

	2025	2024
	\$	\$
General		
Land and land improvements	14,541,246	12,620,556
Buildings	82,237,219	83,896,122
Machinery and equipment	15,295,744	14,930,006
Vehicles	3,398,895	2,027,374
Infrastructure		
Roads and bridges	1,057,650	1,007,933
	116,530,754	114,481,991
Assets under construction	9,448,347	4,460,205
	125,979,101	118,942,196

For additional information, see the Consolidated Schedule of Tangible Capital Assets.

During the year there were no write-downs of assets (2024 - \$Nil), no interest capitalized (2024 - \$Nil) and no contributed assets (2024 - \$70,000).

Tangible capital assets allocated by segment are as follows:

	2025	2024
	\$	\$
General government	21,775,575	21,935,180
Transportation services	1,280,203	1,244,618
Health services	10,519,714	9,922,194
Social and family services	32,953,589	32,448,945
Social housing	59,385,172	53,326,411
Planning and development	64,848	64,848
	125,979,101	118,942,196

CORPORATION OF THE COUNTY OF HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

10. ACCUMULATED SURPLUS

(a) Accumulated surplus consists of the following:

	2025	2024
	\$	\$
Surplus/(Deficit)		
Hastings Local Housing Corporation	141,955	141,955
Unfunded employee future benefits	(16,414,149)	(12,971,947)
	(16,272,194)	(12,829,992)
Invested In Capital Assets		
Tangible capital assets - net book value	125,979,101	118,942,196
Long term debt	(18,173,937)	(19,863,168)
Unfunded capital - Housing (b)	(1,880,441)	-
Unfunded capital - EMS (c)	(861,928)	(988,817)
Unfunded asset retirement obligation	(13,784,670)	(13,499,196)
	91,278,125	84,591,015
Surplus	75,005,931	71,761,023
Reserves		
Working funds	3,439,279	3,439,281
General purposes	4,290,468	4,690,013
County highways	2,297,811	1,595,112
Social services	2,804,727	2,195,153
Ambulance capital	1,510,745	1,612,492
Hastings and Centennial Manor	7,558,269	6,544,238
Doctor recruitment	521,003	609,901
Social housing	6,685,760	8,103,756
WSIB	3,983,822	3,191,774
Desktop computer replacement	659,871	844,835
Economic development	656,663	463,864
Official plan	325,220	356,834
EMS cross border services	959,555	959,555
Provincial Offences	85,000	65,000
Total Reserves	35,778,193	34,671,808
	110,784,124	106,432,831

(b) The housing unfunded capital will be financed with debt when the project is complete.

(c) The EMS unfunded capital is being funded through an internal debt at 3.5%.

CORPORATION OF THE COUNTY OF HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

11. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in the County assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

The County is exposed to the following risks:

(a) Interest rate risk

Interest rate risk is the risk that the County has interest rate exposure on its mortgages and investments. This exposure is low as the mortgages have fixed interest rates, the investments are within a short term bond fund, and GIC's have staggered maturity dates and are intended to be held to maturity.

(b) Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The County has limited exposure to credit risk as most receivables are due from Municipal, Provincial and Federal levels of government.

In the opinion of management, the County is not exposed to any significant currency, market or liquidity risks.

12. PROVINCIAL OFFENCES OFFICES

As a result of the provincial-municipal restructuring under Bill 108, streamlining of administration of Provincial Offences Act ("POA") 1997, the County has assumed responsibility and administration of the POA office and courts.

Revenues from the POA office consists of fines levied under Part I and III (including delay penalties) for POA charges filed at 253 Pinnacle Street in Belleville. Offenders may pay their fines at any court office in Ontario, at which time, their receipt is recorded in the Integrated Courts Operations Network system ("ICON") operated by the Province of Ontario. The County of Hastings recognizes fine revenue when the receipt of funds is recorded by ICON and matched to the offence notice, regardless of the location where payment is made.

Revenues and expenses related to these operations have been reported as follows:

	2025	2024
	\$	\$
Fines	5,903,813	2,888,415
Other revenue	74,121	68,302
Operating costs	(1,610,382)	(1,355,229)
Amounts transferred to City of Belleville	(3,613,863)	(1,158,468)
Amounts transferred to City of Quinte West	(402,673)	(221,127)
Net County revenue	351,016	221,893

CORPORATION OF THE COUNTY OF HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

13. PENSION AGREEMENTS

Certain employees of the County are eligible members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan.

The Actuarial Opinion contained in the 2025 Annual Report disclosed total actuarial liabilities of \$151,365 million in respect of benefits accrued for service with actuarial assets of \$150,043 million indicating an actuarial deficit of \$1,322 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the County does not recognize any share of the OMERS pension surplus or deficit.

The County's total contributions to OMERS in 2025 were \$10,127,866 (2024 - \$9,837,086) of which \$5,057,879 (2024 - \$4,916,974) was contributed by employees.

14. EXPENSES BY OBJECT

The expenses for the year reported on the Consolidated Statement of Operations and Accumulated Surplus by object are as follows:

	Budget 2025 \$ (note 15)	Actual 2025 \$	Actual 2024 \$
Salaries and benefits	94,118,343	91,323,660	81,577,709
Interest charges	407,529	615,773	420,870
Materials	24,583,158	21,153,815	21,011,471
Contracted services	54,997,951	45,956,294	37,587,828
Rents and financial	979,559	1,700,697	1,543,105
External transfers	37,488,137	41,466,395	37,310,954
Amortization	7,207,375	7,907,494	7,207,375
	219,782,052	210,124,128	186,659,312

CORPORATION OF THE COUNTY OF HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

15. BUDGET FIGURES

The budget, approved by the County differs from the budget reflected on the Consolidated Statement of Operations and Accumulated Surplus as the approved budget has been adjusted to comply with PSA reporting requirements.

The following is a reconciliation of Council's approved budget to the PSA presented budget:

	2025
	\$
Council approved budgeted surplus	-
Tangible capital asset additions	28,612,449
Amortization of tangible capital assets	(7,207,375)
Principal repayment of long term debt	1,547,441
Transfers to/(from) reserves	(8,024,572)
Change in unfunded capital	(12,404,172)
<u>Annual surplus reported on the Consolidated Statement of Operations</u>	<u>2,523,771</u>

16. SOCIAL HOUSING

The County of Hastings Housing Corporation was incorporated under Part III of The Ontario Business Corporations Act in response to the Province's overall initiative to devolve Social Housing to local municipalities. The Corporation currently provides 1,471 units of subsidized housing to its tenants and their families.

As the Service Manager, on behalf of the Cities of Belleville and Quinte West and the County of Hastings, the County is now the sole shareholder of the Corporation.

On January 1, 2001 the Ontario Housing Corporation transferred 1,115 units and certain head office assets to the Corporation. The properties transferred carried the following restriction:

"The properties cannot be transferred or mortgaged or otherwise encumbered, developed or redeveloped or disposed of by any person without prior consent of the Minister of Municipal Affairs and Housing."

17. SEGMENTED INFORMATION

The County of Hastings is a municipal government organization that provides a range of services to its residents. County services are reported by function and their activities are separately disclosed in the segmented information.

CORPORATION OF THE COUNTY OF HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

17. SEGMENTED INFORMATION, continued

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 based on each segment's net requirements. Internal transfers include rent charges which are allocated based on the segment's square footage usage of the County's buildings and computer replacement costs that are allocated based on the segment's proportionate share of the total number of devices. Allocated administration includes the following: 1) Governance costs that are allocated based on the segment's proportionate share of the total number of committees; 2) Corporate management wages and benefits that are allocated based on the estimated percentage of time each employee spends working for each segment and other costs that are allocated based on the average percentage of corporate management wages and benefits allocated to each department; 3) Human resources wages and benefits that are allocated based on the segment's proportionate share as determined by head count; and 4) Information technologies wages and benefits that are allocated based on the segment's proportionate share of the total number of devices.

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. For additional information see the Consolidated Schedule of Segment Disclosure.

General Government

General government consists of the activities of Council and general financial and administrative management of the County and its programs and services.

Protection Services

Protection services include emergency measures and provincial offences operations for the County of Hastings and the Cities of Belleville and Quinte West.

Transportation Services

The activities of the transportation function include construction and maintenance of the County's roads and bridges and transfer of the Canada Community-Building Fund funding to the lower tier municipalities.

Health Services

The health services function consists of Land Ambulance services for the Counties of Hastings and Prince Edward and the Cities of Belleville and Quinte West and contributions to the Doctor Recruitment Program, Health Care facilities and to the local Health Unit.

Social and Family Services

Social and family services consist of general assistance, homes for the aged and child care services to inhabitants of the County of Hastings and the Cities of Belleville and Quinte West.

Social Housing

Social housing services provides affordable housing to qualified inhabitants of the County of Hastings and the Cities of Belleville and Quinte West.

CORPORATION OF THE COUNTY OF HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2025

17. SEGMENTED INFORMATION, continued

Planning and Development

The planning and development services function manages commercial, industrial and residential development within the County.

18. COMMITMENTS

(a) The County has entered into lease agreements and service contracts for various office accommodations and equipment. Future lease payments for the next five years are as follows:

2026	\$533,765
2027	476,813
2028	430,403
2029	430,403
2030	335,302

(b) The County of Hastings has developed a Doctor Recruitment Program. The Program provides education funding to medical students over a 4 to 6 year period. The students enter into an agreement for the funding in exchange for a minimum 5 year commitment to provide medical services within the County of Hastings.

Future payments for the program are as follows:

2026	\$329,500
2027	172,500
2028	157,500
2029	90,000
2030	60,000

(c) The County has agreed to assist the University Hospitals Kingston Foundation. The total commitment was for \$645,000. The remaining commitment at December 31, 2025 is \$85,000, payable in 2026.

(d) The County has agreed to assist the Belleville General Hospital Foundation. The total commitment was for \$500,000. The remaining commitment at December 31, 2025 is \$64,000, payable in 2026.

(e) The County has a commitment for the construction of a Social Housing building. The total cost is estimated at \$12,700,000 and outstanding commitments at December 31, 2025 are \$8,481,316.

19. TRUST FUNDS

Trust funds administered by the County amounting to \$139,569 (2024 - \$139,807) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations and Accumulated Surplus. As such balances are held in trust by the County for the benefit of others, they are not presented as part of the County's financial position or operations.

CORPORATION OF THE COUNTY OF HASTINGS

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the Year Ended December 31, 2025

	General				Infrastructure	Assets Under Construction	Totals
	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads and Bridges		
	\$	\$	\$	\$	\$	\$	\$
COST							
Balance, beginning of year	15,280,880	153,275,015	25,176,267	5,185,285	3,733,993	4,460,205	207,111,645
Add: additions during the year	2,214,263	3,072,098	2,057,357	2,529,880	167,480	4,988,142	15,029,220
Less: disposals during the year	87,718	5,320	253,267	973,182	-	-	1,319,487
Balance, end of year	17,407,425	156,341,793	26,980,357	6,741,983	3,901,473	9,448,347	220,821,378
ACCUMULATED AMORTIZATION							
Balance, beginning of year	2,660,324	69,378,893	10,246,261	3,157,911	2,726,060	-	88,169,449
Add: additions during the year	255,403	4,729,117	1,646,852	1,158,359	117,763	-	7,907,494
Less: disposals during the year	49,548	3,436	208,500	973,182	-	-	1,234,666
Balance, end of year	2,866,179	74,104,574	11,684,613	3,343,088	2,843,823	-	94,842,277
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	14,541,246	82,237,219	15,295,744	3,398,895	1,057,650	9,448,347	125,979,101

CORPORATION OF THE COUNTY OF HASTINGS

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2025

	General Government \$	Protection Services \$	Transportation Services \$	Health Services \$	Social and Family Services \$	Social Housing \$	Planning and Development \$	Consolidated \$
Revenues								
Property taxation	4,374,670	(246,710)	85,300	5,170,712	3,904,804	5,231,320	1,985,508	20,505,604
User charges	272,099	9,649	96,583	806,880	10,173,930	8,660,159	172,525	20,191,825
Government transfers - operating	124,295	-	-	15,674,476	105,533,958	3,495,054	-	124,827,783
Government transfers - capital	-	-	-	172,835	-	2,580,921	-	2,753,756
Other municipalities	382,207	160,995	-	13,485,515	10,483,225	12,733,386	-	37,245,328
Provincial Offenses Act - fines	-	5,903,813	-	-	-	-	-	5,903,813
Investment income	334,693	57,637	-	-	1,084,407	210,472	-	1,687,209
Canada Community-Building Fund earned	-	-	1,307,280	-	-	-	-	1,307,280
Gain/(loss) on disposal of tangible capital assets	(7,998)	-	-	88,837	(17,185)	(40,053)	-	23,601
Other	-	-	-	-	29,222	-	-	29,222
Total revenues	5,479,966	5,885,384	1,489,163	35,399,255	131,192,361	32,871,259	2,158,033	214,475,421
Expenses								
Salaries and benefits	10,559,522	762,460	-	25,117,671	48,502,351	5,027,340	1,354,316	91,323,660
Interest charges	98,887	-	-	233,986	46,747	236,153	-	615,773
Materials	2,113,360	38,284	3,010	3,794,409	6,009,851	8,878,700	316,201	21,153,815
Contracted services	1,712,041	505,985	33,698	1,607,895	36,900,049	5,180,332	16,294	45,956,294
Rents and financial	102,654	169,158	-	372,188	245,908	802,719	8,070	1,700,697
External transfers	-	4,016,536	1,307,280	149,000	29,950,242	5,994,469	48,868	41,466,395
Amortization	792,212	-	131,894	1,635,688	1,900,427	3,447,273	-	7,907,494
Internal transfers	(1,281,915)	148,613	-	89,932	871,648	171,722	-	-
Allocated administration	(5,792,598)	199,298	-	778,800	3,624,900	934,000	255,600	-
Total expenses	8,304,163	5,840,334	1,475,882	33,779,569	128,052,123	30,672,708	1,999,349	210,124,128
Net surplus/(deficit)	(2,824,197)	45,050	13,281	1,619,686	3,140,238	2,198,551	158,684	4,351,293

CORPORATION OF THE COUNTY OF HASTINGS

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2024

	General Government \$	Protection Services \$	Transportation Services \$	Health Services \$	Social and Family Services \$	Social Housing \$	Planning and Development \$	Consolidated \$
Revenues								
Property taxation	4,199,885	(310,498)	105,628	4,846,913	3,800,191	4,946,834	1,870,636	19,459,589
User charges	256,518	10,327	121,545	880,586	9,886,677	8,037,304	149,745	19,342,702
Government transfers - operating	134,848	-	-	13,373,024	94,415,467	4,382,006	16,023	112,321,368
Government transfers - capital	-	-	-	666,921	-	1,805,188	-	2,472,109
Other municipalities	(32,713)	161,930	-	12,604,328	9,957,330	11,867,692	-	34,558,567
Provincial Offenses Act - fines	-	2,888,415	-	-	-	-	-	2,888,415
Investment income	517,221	47,066	-	-	1,086,304	367,985	-	2,018,576
Donated tangible capital assets	70,000	-	-	-	-	-	-	70,000
Canada Community-Building Fund earned	-	-	1,272,216	-	-	-	-	1,272,216
Gain/(loss) on disposal of tangible capital assets	-	-	-	(3,311)	(1,019)	4,605	-	275
Other	-	-	-	-	21,511	-	-	21,511
Total revenues	5,145,759	2,797,240	1,499,389	32,368,461	119,166,461	31,411,614	2,036,404	194,425,328
Expenses								
Salaries and benefits	7,591,234	724,537	-	22,883,019	44,259,454	4,866,467	1,252,998	81,577,709
Interest charges	104,972	-	-	1,764	50,330	263,804	-	420,870
Materials	2,291,074	37,696	2,980	3,890,163	6,039,313	8,403,338	346,907	21,011,471
Contracted services	1,374,325	394,949	96,402	1,747,543	29,362,451	4,600,215	11,943	37,587,828
Rents and financial	120,810	76,617	-	331,994	247,510	758,104	8,070	1,543,105
External transfers	-	1,379,595	1,272,216	149,000	28,038,523	6,410,187	61,433	37,310,954
Amortization	730,713	-	134,052	1,294,665	1,755,139	3,292,806	-	7,207,375
Internal transfers	(1,243,004)	146,200	-	62,300	867,404	167,100	-	-
Allocated administration	(5,376,300)	184,200	-	718,200	3,359,800	874,800	239,300	-
Total expenses	5,593,824	2,943,794	1,505,650	31,078,648	113,979,924	29,636,821	1,920,651	186,659,312
Net surplus/(deficit)	(448,065)	(146,554)	(6,261)	1,289,813	5,186,537	1,774,793	115,753	7,766,016

INDEPENDENT AUDITOR'S REPORT**To the Members of Council, Inhabitants and Ratepayers
of the Corporation of the County of Hastings***Qualified Opinion*

We have audited the financial statements of the Trust Funds of the Corporation of the County of Hastings (the Trust Funds), which comprise the statement of financial position as at December 31, 2025, the statement of continuity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements present fairly, in all material respects, the financial position of the Trust Funds as at December 31, 2025, and the continuity of the Trust Funds for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Qualified Opinion

In common with many municipal trust funds, the completeness of the revenue derived from resident receipts and donations is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Trust Funds. Therefore, we were not able to determine whether any adjustments might be necessary to resident receipts and donations for the years ended December 31, 2025 and 2024, and assets and fund balances as at December 31, 2025 and 2024. Our opinion on the financial statements for the year ended December 31, 2024 was modified accordingly because of the possible effects of this scope limitation.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Trust Funds in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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

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

In preparing the financial statements, management is responsible for assessing the Trust Funds' 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 Trust Funds or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust Funds' financial reporting process.

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
June 25, 2026

CORPORATION OF THE COUNTY OF HASTINGS

TRUST FUNDS STATEMENT OF FINANCIAL POSITION At December 31, 2025

	Benevolent Trust \$	Centennial Manor \$	Hastings Manor \$	2025 Total \$	2024 Total \$
FINANCIAL ASSETS					
Cash	442	24,415	61,721	86,578	89,263
Investment (note 3)	49,561	-	-	49,561	47,954
Due from Hastings Manor	-	-	-	-	180
Due from Centennial Manor	-	3,430	-	3,430	2,410
	50,003	27,845	61,721	139,569	139,807
FUND BALANCES	50,003	27,845	61,721	139,569	139,807

TRUST FUNDS STATEMENT OF CONTINUITY For the Year Ended December 31, 2025

	Benevolent Trust \$	Centennial Manor \$	Hastings Manor \$	2025 Total \$	2024 Total \$
BALANCES - beginning of year	48,396	30,327	61,084	139,807	133,332
RECEIPTS					
Interest earned	1,607	-	-	1,607	2,414
Received from residents	-	50,033	100,615	150,648	143,827
Donations	-	-	-	-	100
	1,607	50,033	100,615	152,255	146,341
EXPENSES					
Personal needs	-	51,316	97,919	149,235	137,671
Refunds to residents	-	1,199	2,059	3,258	2,195
	-	52,515	99,978	152,493	139,866
BALANCES - end of year	50,003	27,845	61,721	139,569	139,807

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE COUNTY OF HASTINGS

TRUST FUNDS NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2025

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook.

(a) Basis of Accounting

Revenue and expenses are reported on the accrual basis of accounting which 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.

(b) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions 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 revenue and expenses during the period and are based on the County's best information and judgment. Actual results could differ from these estimates.

2. PURPOSE OF TRUSTS

Benevolent Trust - On November 25, 1987, the Corporation of the County of Hastings (through Hastings Centennial Manor) was bequeathed with funds from the estate of Robert Clark. Interest on the funds are to be used to purchase items for the enjoyment of the residents, not covered by the Home's normal operating budget.

Centennial Manor and Hastings Manor - These funds are for these Homes for the Aged, Long Term Care residents and represent their personal funds that are to be used exclusively for the residents' personal items.

3. INVESTMENT

The investment is stated at fair value and includes purchase amount plus accrued interest. The investment consists of a term deposit which earns interest at the rate of 3.35% (2024 - 3.35%) and matures on February 21, 2026.