Financial Statements

City of Port Colborne

December 31, 2025

Contents

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Independent auditor's report

To the Members of Council, Inhabitants and Taxpayers of the Corporation of the City of Port Colborne

Opinion

We have audited the consolidated financial statements of the City of Port Colborne ("the Municipality"), which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statements of operations, change in net debt and cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Municipality 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 these 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 Municipality's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Municipality or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Municipality'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 Municipality'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 Municipality'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 Municipality 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 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.

Doane Grant Thornton LLP

Port Colborne, Canada
June 30, 2026

Chartered Professional Accountants
Licensed Public Accountants

City of Port Colborne
Consolidated Statement of Financial Position
As at December 31, 2025

	2025	2024
Financial assets		
Cash (Note 2)	**$ 1,703,269**	$ 2,839,791
Portfolio investments (Note 3)	**4,580,153**	17,428,790
Taxes receivable	**6,469,810**	4,551,251
User charges receivable	**2,445,215**	2,262,208
Other receivables	**13,104,784**	9,132,356
Trust fund receivable	**47,198**	54,330
	28,350,429	36,268,726
Liabilities		
Bank indebtedness (Note 4)	**2,331,139**	-
Payables and accruals	**14,127,925**	6,345,694
Other liabilities and deposits	**4,598,595**	3,489,387
Deferred revenue (Note 5)	**3,886,430**	2,268,902
Asset retirement obligations (Note 6)	**1,737,425**	1,737,337
Long term debt (Note 7)	**23,881,042**	25,079,923
Employee benefit obligations (Notes 8 and 17)	**8,198,800**	8,337,800
	58,761,356	47,259,043
Net debt	**(30,410,927)**	(10,990,317)
Non-financial assets		
Tangible capital assets (Note 9)	**179,734,069**	147,742,072
Prepaid expenses	**1,157,540**	609,225
	180,891,609	148,351,297
Accumulated surplus (Note 10)	**$ 150,480,682**	$ 137,360,980

Contingencies (Note 21)

Approved by

Chief Administrative Officer

Chief Financial Officer/Treasurer

See accompanying notes to the consolidated financial statements

City of Port Colborne
Consolidated Statement of Operations
For the Year Ended December 31, 2025

	Budget 2025 (Note 23)	**Actual 2025**	Actual 2024
Revenues			
Taxation (Note 12)	$ 27,540,500	**$ 27,793,785**	$ 25,684,290
User charges (Note 14)	22,924,858	**23,193,468**	20,312,848
Government transfers (Note 15)	5,081,269	**11,394,858**	8,770,056
Penalties and interest	546,300	**859,023**	697,363
Investment income	1,078,448	**867,902**	1,553,507
Other (Note 16)	1,463,157	**2,864,675**	2,054,096
	58,634,532	**66,973,711**	59,072,160
Expenses			
General government	5,707,449	**2,687,736**	2,086,359
Protection to persons and property	7,135,810	**7,879,825**	6,454,995
Transportation services	8,454,448	**9,011,141**	9,801,906
Environmental services	16,722,792	**16,732,905**	15,596,452
Health services	184,421	**255,788**	219,278
Recreation and culture services	12,045,941	**13,864,547**	14,346,311
Planning and development	2,613,194	**3,422,067**	2,593,463
	52,864,055	**53,854,009**	51,098,764
Annual surplus	5,770,477	**13,119,702**	7,973,396
Accumulated surplus (Note 10)			
Beginning of year	137,360,980	**137,360,980**	129,387,584
End of year	$ 143,131,457	**$ 150,480,682**	$ 137,360,980

See accompanying notes to the consolidated financial statements.

City of Port Colborne
Consolidated Statement of Changes in Net Debt
For the Year Ended December 31, 2025

	Budget 2025 (Note 23)	**Actual 2025**	Actual 2024
Annual surplus	$ 5,770,477	**$ 13,119,702**	$ 7,973,396
Amortization of tangible capital assets	6,970,794	**6,976,005**	6,618,132
Acquisition of tangible capital assets	(10,249,350)	**(39,071,384)**	(14,884,527)
Proceeds from disposal of tangible capital assets	-	**31,989**	336,004
Loss (gain) on disposal of tangible capital assets	-	**71,393**	(301,481)
	2,491,921	**(18,872,295)**	(258,476)
Acquisition of prepaid expenses	-	**(548,315)**	(544,909)
(Increase) decrease in net debt	2,491,921	**(19,420,610)**	(803,385)
Net debt			
Beginning of year	(10,990,317)	**(10,990,317)**	(10,186,932)
End of year	$ (8,498,396)	**$ (30,410,927)**	$ (10,990,317)

See accompanying notes to the consolidated financial statements.

City of Port Colborne
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2025

	2025	2024
Increase (decrease) in cash		
Operating activities		
Annual surplus	**$ 13,119,702**	$ 7,973,396
Non-cash items:		
Amortization of tangible capital assets	**6,976,005**	6,618,132
Loss (gain) on disposal of tangible capital assets	**71,393**	(301,481)
Accretion of asset retirement obligations	**88**	27
Increase in taxes receivable	**(1,918,559)**	(1,046,318)
Increase in user charges receivable	**(183,007)**	(403,462)
Increase in other receivables	**(3,965,296)**	(2,133,814)
Decrease in asset held for sale	**-**	266,417
Increase (decrease) in payables and accruals	**7,782,231**	(51,394)
Increase (decrease) in other liabilities and deposits	**1,109,208**	(365,391)
Increase (decrease) in deferred revenue	**1,617,528**	(525,426)
Increase in prepaid expenses	**(548,315)**	(544,909)
	24,060,978	9,485,777
Capital activities		
Proceeds from disposal of tangible capital assets	**31,989**	336,004
Acquisition of tangible capital assets	**(39,071,384)**	(14,884,527)
	(39,039,395)	(14,548,523)
Financing activities		
Increase in bank indebtedness	**2,331,139**	-
Repayment of long term debt	**(1,197,397)**	(1,161,073)
Repayment of capital lease obligation	**(1,484)**	(1,747)
Decrease in employee benefit obligation	**(139,000)**	(42,600)
	993,258	(1,205,420)
Investing activities		
Decrease in portfolio investments	**12,848,637**	5,600,267
Net decrease in cash	**(1,136,522)**	(667,899)
Cash (Note 2)		
Beginning of year	**2,839,791**	3,507,690
End of year	**$ 1,703,269**	$ 2,839,791

See accompanying notes to the consolidated financial statements.

1. Significant accounting policies

Management responsibility

The consolidated financial statements of the City of Port Colborne (the “Municipality”) are the responsibility of and prepared by management in accordance with Canadian public sector accounting standards.

The significant accounting policies used are as follows:

(a) Reporting entity

The consolidated financial statements reflect the financial assets, liabilities, non-financial assets, revenues, expenses and changes in accumulated surplus of the reporting entity. The reporting entity is comprised of all organizations and enterprises accountable for the administration of their affairs and resources to the Municipality and which are owned or controlled by the Municipality. In addition to general government tax-supported operations, they include the following:

Port Colborne Public Library Board
Port Colborne Downtown Development Board
Port Colborne Main Street Business Improvement Area
Niagara's South Coast Tourism Association

Interdepartmental and organizational transactions and balances are eliminated.

The following joint local board is proportionally consolidated:

Niagara Central Dorothy Rungeling Airport Commission (Joint Board)

Related party transactions are eliminated (Note 18).

The statements exclude trust assets that are administered for the benefit of external parties (Note 19).

(b) Basis of accounting

Sources of revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting records revenues in the period they are earned and measurable and expenses in the period the goods and services are acquired and a liability is incurred.

1. Significant accounting policies (continued)

(c) Deferred revenue

Resources restricted by agreement with an external party are recognized as revenue in the entity's financial statements in the period in which the resources are used for the purpose or purposes specified. An externally restricted inflow received before this criterion has been met is recorded as a liability until the resources are used for the purpose or purposes specified.

(d) Employee future benefits

The present value of the cost of providing employees with future benefit programs is expensed as employees earn these entitlements through service.

(e) Contaminated sites liability

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when a site is not in productive use and all the following criteria are met:

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the Municipality:
  - is directly responsible; or
  - accepts responsibility;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

(f) Tangible capital assets

Tangible capital assets are recorded at cost. Cost includes all directly attributable expenses in the acquisition, construction, development and/or betterment of the asset required to install the asset at the location and in the condition necessary for its intended use. Contributed tangible capital assets are capitalized at their estimated fair value upon acquisition. The Municipality does not capitalize interest as part of the costs of its capital assets.

Works of art for display in municipal property are not included as capital assets. The works of art are held for exhibition, educational and historical interest. Such assets are deemed worthy of preservation because of the social rather than financial benefits they provide to the community. The cost of art is not determinable or relevant to their significance. No valuation of the collection has been conducted or disclosed in the consolidated financial statements.

1. Significant accounting policies (continued)

(f) Tangible capital assets (continued)

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.

Amortization is calculated on a straight-line basis to write-off the net cost of each asset over its estimated useful life for all classes except land. Land is considered to have an infinite life without amortization. Residual values of assets are assumed to be zero with any net gain or loss arising from the disposal of assets recognized in the consolidated statement of operations as "other revenues". Assets under construction are not amortized until the asset is available for productive use.

Amortization is based on the following classifications and useful lives:

Classification	Useful Life
Land improvements	10-100 years
Buildings	10-60 years
Leasehold improvements	10-60 years
Vehicles	10-20 years
Office equipment and furniture and fixtures	5-10 years
Machinery and equipment	3-35 years
Infrastructure	5-100 years

(g) Subdivision infrastructure

Subdivision streets, lighting, sidewalks, drainage and other infrastructure are required to be provided by subdivision developers. Upon completion they are turned over to the Municipality and recorded as tangible capital assets. The Municipality is not involved in the construction.

(h) Revenue recognition

i) Taxation

Property tax billings are prepared by the Municipality based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established annually by Council, incorporating amounts to be raised for local services and amounts the Municipality is required to collect on behalf of the Province of Ontario in respect of education taxes. Realty taxes are billed based on the assessment rolls provided by MPAC. Taxation revenues are recorded at the time tax billings are issued.

A normal part of the assessment process is the issue of supplementary assessment rolls which provide updated information with respect to changes in property assessment.

1. Significant accounting policies (continued)

(h) Revenue recognition (continued)

i) Taxation (continued)
Once a supplementary roll is received, the Municipality determines the taxes applicable and renders supplementary tax billings. Assessments of the related property taxes are subject to appeal. Any supplementary billing adjustments made necessary by the determination of such changes will be recognized in the fiscal year they are determined and the effect shared with the school boards, as appropriate.

ii) User charges
User charges are recognized when the services are performed or goods are delivered and there is reasonable assurance of collection.

iii) Government transfers
Government transfers received are recognized in the financial statements as revenue when the transfers are authorized and all eligibility criteria have been met except when there is a stipulation that gives rise to an obligation that meets the definition of a liability. In that case, the transfer is recorded as a liability and recognized as revenue as the stipulations are met. Government transfers to individuals and other entities are recognized as an expense when the transfers are authorized and all eligibility criteria have been met.

iv) Other
Other revenue is recorded when it is earned, any performance obligations have been satisfied and collection is reasonably assured.

(i) Reserves for future expenses

Certain amounts, as approved by Municipal Council, are set aside in reserves and reserve funds for future operating and capital expenses.

(j) Local improvements

The Municipality records capital expenses funded by local improvement agreements as they are incurred. Revenues are recognized in the year they become payable.

(k) Region and school board transactions

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

(l) Use of estimates

The preparation of financial statements in accordance 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 reporting period. Actual results could differ from those estimates. Areas in which management make estimates are with regards to an allowance for uncollectible taxes receivable, useful lives of tangible capital assets and obligations for asset retirement and employee benefits.

1. Significant accounting policies (continued)

(m) Financial instruments

All financial instruments are recorded at their cost or amortized cost except for portfolio investments in equity instruments quoted in an active market and derivatives which are recorded at their fair value with unrealized remeasurement gains and losses recorded in the Statement of Remeasurement Gains and Losses. Once realized, remeasurement gains and losses are transferred to the Statement of Operations. Changes in the fair value on restricted assets are recognized as a liability until the criterion attached to the restrictions has been met, upon which the gain or loss is recognized in the Statement of Operations.

Transaction costs related to financial instruments measured at cost or amortized cost are added to the carrying value of the financial instrument. Transaction costs related to financial instruments recorded at their fair values are expensed as incurred.

Financial liabilities (or part of a financial liability) are removed from the Statement of Financial Position when, and only when, they are discharged or cancelled or expire.

Financial assets measured at amortized cost include cash and cash equivalents, portfolio investments and other receivables.

Financial liabilities measured at amortized cost include payables, other liabilities and long term debt.

(n) Asset retirement obligations

A liability for an asset retirement obligation is recognized when 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.

The liability is measured at the Municipality's best estimate of the amount required to retire a tangible capital asset (or a component thereof) at the financial statement date. The estimate includes costs directly attributable to the asset retirement activities. The costs also include post-retirement operation, maintenance and monitoring that are an integral part of the retirement of the tangible capital asset and the costs of tangible capital assets acquired as part of asset retirement activities to the extent those assets have no alternative use.

1. Significant accounting policies (continued)

(n) Asset retirement obligations (continued)

Upon initial recognition of the liability for an asset retirement obligation, the carrying amount of the corresponding tangible capital asset (or component thereof) is increased by the same amount. The capitalized asset retirement cost is expensed in a rational and systematic manner over the useful life of the tangible capital asset (or a component thereof). For obligations for which there is no tangible capital asset recognized or for tangible capital assets that are no longer in productive use, the asset retirement costs are expensed immediately. Subsequently, the liability is reviewed at each financial statement reporting date and adjusted for (1) changes as a result of the passage of time with corresponding accretion expense and (2) adjusted for any revisions to the timing, amount of the original estimate of undiscounted cash flows, or the discount rate. Adjustments to the liability as a result of revisions to the timing, amount of the estimate of undiscounted cash flows or the discount rate are adjusted to the cost of the related tangible capital asset and the revised carrying amount of the related tangible capital asset is amortized except for adjustments related to tangible capital assets that are not recognized or no longer in productive use, which are expensed in the period they are incurred.

The asset retirement costs are amortized on a straight-line basis over the estimated useful life of the related asset.

A recovery related to asset retirement obligation is recognized when the recovery can be appropriately measured; reasonably estimated and it is expected that future economic benefits will be obtained. The recovery is not netted against the liability.

2. Cash	**2025**	2024
Cash on hand	**$ 3,250**	$ 2,450
Bank balances	**1,700,019**	2,837,341
	$ 1,703,269	$ 2,839,791

3. Portfolio investments

Guaranteed investment certificates carry an effective interest rate from 2.50% to 6.09% with maturity dates ranging between January, 2026 to December, 2026. Interest is receivable on maturity. Carrying value approximates market value.

4. Bank indebtedness

An operating line of credit of $ 20,000,000 (2024 - $ 6,000,000) has been established with the CIBC, of which $ 2,331,139 (2024 - $ Nil) was used at December 31, 2025. The increase in the line of credit to $20,000,000 reflects the temporary internal financing of infrastructure projects pending the issuance of long-term debt. An executed borrowing by-law in form and content satisfactory to CIBC is in effect to a limit of $ 20,000,000. Interest is calculated at prime minus 0.50% (3.95% as of December 31, 2025; 2024 - 4.95%). Overdrafts outstanding under the line of credit are converted to a promissory note at the CIBC's request which has not been enacted.

5. Deferred revenue

	2025	2024
Development Charges Act	**$ 788,330**	$ 609,924
Parkland	**2,212,058**	1,134,860
Canada Community Building Fund	**554,605**	456,670
Ontario Community Infrastructure Fund	**331,437**	67,448
	$ 3,886,430	$ 2,268,902

The continuity of deferred revenue is made up of the following:

	2025	2024
Balance, beginning of year	**$ 2,268,902**	$ 2,794,328
Contributions from		
Development charges	**1,355,346**	384,824
Interest earned	**162,420**	154,242
Government transfers received		
Federal	**656,083**	638,885
Provincial	**1,370,031**	1,191,331
	3,543,880	2,369,282
Utilized for		
Tangible capital asset acquisitions	**(1,926,352)**	(2,894,708)
Balance, end of year	**$ 3,886,430**	$ 2,268,902

6. Asset retirement obligations

The Municipality has recognized an asset retirement obligation related to the removal and disposal of designated substances such as asbestos and lead paint from Municipality buildings. The Municipality reports liabilities related to the legal obligations where the Municipality is obligated to incur costs to retire a tangible capital asset.

The Municipality's ongoing efforts to assess the extent to which designated substances exist in Municipality assets, and new information obtained through regular maintenance and renewal of Municipality assets may result in additional asset retirement obligations from better information on the nature and extent the substance exists or from changes to in the estimated cost to fulfil the obligation. The measurement of asset retirement obligations is also impacted by activities that occurred to settle all or part of the obligation, or any changes in the legal obligation. Revisions to the estimated cost of the obligation will result in revisions to the carrying amount of the associated assets that are in productive use and amortized as part of the asset on an ongoing basis. When obligations have reliable cash flow projections, the liability may be estimated using the present value of future cash flows. Subsequently, accretion of the discounted liability due to the passage of time is recorded as an in-year expense.

As at December 31, 2025, all liabilities for asset retirement obligations are reported at estimated present value.

A reconciliation of the aggregate carrying amount of the liability is as follows:

	2025	2024
Opening balance	**$ 1,737,337**	$ 1,737,310
Increase in liabilities due to accretion	**88**	27
	$ 1,737,425	$ 1,737,337

7. Long term debt

(a) The balance of net long term debt reported on the consolidated statement of financial position is made up of the following:

	2025	2024
The Municipality has assumed responsibility for the payment of principal and interest charges on certain long term debt issued by the Region of Niagara. At the end of the year, the outstanding principal amount of this debt is	**$ 23,881,042**	$ 25,078,439
Capital lease obligations	**-**	1,484
Net long term debt	**$ 23,881,042**	$ 25,079,923

(b) The net long term debt is made up of the following:

Debenture Type	Interest Rate	Maturity Date	2025	2024
Serial	1.15 to 2.80%	2025	**$ -**	$ 303,000
Amortizer	3.18%	2028	**180,798**	249,218
Amortizer	3.37%	2033	**364,071**	406,078
Amortizer	3.46%	2035	**1,233,952**	1,335,636
Amortizer	3.22%	2037	**303,494**	323,919
Amortizer	3.70%	2043	**1,344,141**	1,397,934
Amortizer	3.43%	2047	**11,351,095**	11,692,051
Amortizer	3.56%	2048	**4,614,738**	4,746,738
Amortizer	2.29%	2050	**4,384,780**	4,513,489
Airport loan from City of Welland	3.75%	2038	**103,973**	110,376
Capital leases	Various	2025	**-**	1,484
			$ 23,881,042	$ 25,079,923

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

2026	$ 923,963
2027	954,543
2028	948,248
2029	941,202
2030	972,487

(d) The Municipality recorded $ 792,294 (2024 - $ 805,886) in expenses for interest on long term debt during the year.

8. Employee benefit obligations

	2025	2024
Workplace Safety and Insurance Board future benefits	$ 1,976,800	$ 2,085,200
Vested sick leave benefits	440,400	402,700
Retirement benefits	5,781,600	5,849,900
	$ 8,198,800	$ 8,337,800

(a) Workplace Safety and Insurance Board future benefits

The Municipality is a Workplace Safety and Insurance Board ("WSIB") Schedule 1 employer as of February 27, 2025. Prior to this, the Municipality was a Schedule 2 employer.

The most recent actuarial valuation was prepared at December 31, 2025.

The accrued benefit obligation at December 31, 2025 of $ 1,976,800 (2024 - $ 2,085,200) was determined by an actuarial valuation using a discount rate of 4.60% (2024 - 4.60%).

During the year $ 92,512 (2024 - $ 164,897) was paid by the Municipality to the WSIB in relation to these benefits.

The Municipality's obligation will be funded out of current revenue.

The main actuarial assumptions employed above are as follows (where applicable):

(i) Interest (discount) rate

The obligations as at December 31, 2025 of the present value of future liabilities were determined using a discount rate of 4.60% (2024 - 4.60%).

(ii) Future benefit indexing rate

The rates used for loss of earnings benefits and pension and survivors benefits are assumed to be 2.00% in 2025 (2024 - 5.00%) and thereafter. The rate for health benefits is assumed to be 4.00% per annum.

8. **Employee benefit obligations** (continued)

(a) **Workplace Safety and Insurance Board future benefits** (continued)

	2025	2024
Accrued benefit obligation		
Beginning of year	**$ 2,085,200**	$ 2,171,500
Benefit payments	**(91,900)**	(179,800)
Current service cost	**-**	106,800
Interest cost	**63,200**	66,400
Amortization of actuarial gain	**(79,700)**	(79,700)
	$ 1,976,800	$ 2,085,200
Funded status		
Deficit	**$ 1,127,200**	$ 1,419,800
Unamortized actuarial gain	**849,600**	665,400
	$ 1,976,800	$ 2,085,200

The net benefit expense is as follows:

	2025	2024
Current service cost	**$ -**	$ 106,800
Interest cost	**63,200**	66,400
Amortization of actuarial gain	**(79,700)**	(79,700)
	$ (16,500)	$ 93,500

(b) **Vested sick leave benefits**

Under the sick leave benefit plan for employees of the Port Colborne Firefighters' Association, sick leave can accumulate and employees may become entitled to a cash payment upon leaving the Municipality's employment.

The most recent actuarial valuation for the vested sick leave was prepared at December 31, 2025.

The accrued benefit obligation at December 31, 2025 of $ 440,400 (2024 - $ 402,700) was determined by an actuarial valuation using a discount rate of 4.60% (2024 - 4.60%).

The Municipality's obligation will be funded out of current revenue.

The main actuarial assumptions employed for the vested sick leave and retirement benefits valuations above are as follows (where applicable):

(i) Interest (discount) rate

The obligations as at December 31, 2025 of the present value of future liabilities were determined using a discount rate of 4.60% (2024 - 4.60%).

8. Employee benefit obligations (continued)

(b) Vested sick leave benefits (continued)

(ii) Salary increase rate

The rate used to increase salaries is assumed to be 3.00% (2024 - 3.00%) per annum. This rate reflects management's best estimate of future salary increases.

	2025	2024
Accrued benefit obligation		
Beginning of year	**$ 402,700**	$ 388,500
Benefit payments	**-**	(22,900)
Current service cost	**26,600**	25,400
Interest cost	**16,500**	15,800
Amortization of actuarial gain	**(5,400)**	(4,100)
	$ 440,400	$ 402,700
Funded status		
Deficit	**$ 375,300**	$ 348,500
Unamortized actuarial gain	**65,100**	54,200
	$ 440,400	$ 402,700

The net benefit expense is as follows:

	2025	2024
Current service cost	**$ 26,600**	$ 25,400
Interest cost	**16,500**	15,800
Amortization of actuarial gain	**(5,400)**	(4,100)
	$ 37,700	$ 37,100

During the year $ Nil (2024 - $ Nil) was paid to employees who left the Municipality's employment.

(c) Retirement benefits

The Municipality pays certain retirement benefits on behalf of its retired employees. The Municipality recognizes these retirement costs in the period in which the employees rendered the services. The plan is substantially unfunded and requires no contributions from employees.

The most recent actuarial valuation for the retirement benefits was prepared at December 31, 2025.

Actuarial valuations for accounting purposes are performed every three years using the projected benefit method, pro-rated on service. Under this method, the projected retirement benefits are deemed to be earned on a pro-rata basis over the employee's years of service.

The accrued benefit obligation at December 31, 2025 of $ 5,781,600 (2024 - $ 5,849,900) was determined by an actuarial valuation using a discount rate of 4.60% (2024 - 4.60%).

The Municipality's obligation under the retirement provision of employment agreements will be funded out of current revenue.

8. Employee benefit obligations (continued)

(c) Retirement benefits (continued)

The main actuarial assumptions employed for retirement benefits valuation above are as follows (where applicable):

(i) Interest (discount) rate

The obligations as at December 31, 2025 of the present value of future liabilities were determined using a discount rate of 4.60% (2024 - 4.60%).

(ii) Medical costs

Drug costs were assumed to be 9.23% in 2025 (2024 - 7.81%) and decrease 0.225% per year until 2046 when the rate will be 4.50% and continue thereafter.

Vision costs were assumed to be 4.50% in 2025 (2024 - 4.50%) and continue thereafter.

Other health costs were assumed to be 4.50% in 2025 (2024 - 4.50%) and continue thereafter.

(iii) Dental costs

Dental costs were assumed to be 4.50% in 2025 (2024 - 4.50%) and continue thereafter.

	2025	2024
Accrued benefit obligation		
Beginning of year	**$ 5,849,900**	$ 5,820,400
Benefit payments	**(322,600)**	(328,300)
Current service cost	**150,000**	212,600
Interest cost	**210,700**	223,900
Plan amendment	**100**	-
Amortization of actuarial gain	**(106,500)**	(78,700)
	$ 5,781,600	$ 5,849,900
Funded status		
Deficit	**$ 4,629,400**	$ 4,925,600
Unamortized actuarial gain	**1,152,200**	924,300
	$ 5,781,600	$ 5,849,900

The net benefit expense is as follows:

	2025	2024
Current service cost	**$ 150,000**	$ 212,600
Interest cost	**210,700**	223,900
Plan amendment	**100**	-
Amortization of actuarial gain	**(106,500)**	(78,700)
	$ 254,300	$ 357,800

9. Tangible capital assets

	Land	Land Improvements	Buildings and Leaseholds	Vehicles	Furniture and Equipment	Infrastructure	Construction in Process	2025
Cost								
Beginning of year	$ 6,465,670	$ 22,819,862	$ 64,905,987	$ 7,809,644	$ 11,981,788	$ 139,196,520	$ 7,176,406	**$ 260,355,877**
Additions	-	3,699,682	649,164	684,604	1,759,098	19,052,731	17,490,695	**43,335,974**
Disposals	(14)	(33,700)	(48,469)	-	(239,157)	(622,475)	(4,264,590)	**(5,208,405)**
End of year	6,465,656	26,485,844	65,506,682	8,494,248	13,501,729	157,626,776	20,402,511	**298,483,446**
Accumulated amortization								
Beginning of year	-	11,886,238	24,532,956	3,968,916	6,600,641	65,625,054	-	**112,613,805**
Amortization	-	695,463	1,940,359	464,480	991,185	2,884,518	-	**6,976,005**
Amortization on disposals	-	(27,058)	(48,470)	-	(238,204)	(526,701)	-	**(840,433)**
End of year	-	12,554,643	26,424,845	4,433,396	7,353,622	67,982,871	-	**118,749,377**
Net book value	$ 6,465,656	$ 13,931,201	$ 39,081,837	$ 4,060,852	$ 6,148,107	$ 89,643,905	$ 20,402,511	**$ 179,734,069**

The value of contributed tangible capital assets during the year is $ Nil.

9. Tangible capital assets (continued)

	Land	Land Improvements	Buildings and Leaseholds	Vehicles	Furniture and Equipment	Infrastructure	Construction in Process	2024
Cost								
Beginning of year	$ 6,073,518	$ 21,769,233	$ 64,358,948	$ 6,912,426	$ 11,508,445	$ 133,574,853	$ 2,371,000	$ 246,568,423
Additions	409,714	1,050,629	581,159	1,330,871	861,810	5,844,938	5,227,663	15,306,784
Disposals	(17,562)	-	(34,120)	(433,653)	(388,467)	(223,271)	(422,257)	(1,519,330)
End of year	6,465,670	22,819,862	64,905,987	7,809,644	11,981,788	139,196,520	7,176,406	260,355,877
Accumulated amortization								
Beginning of year	-	11,251,617	22,511,758	3,981,234	6,076,409	63,237,205	-	107,058,223
Amortization	-	634,621	2,050,508	421,335	912,391	2,599,277	-	6,618,132
Amortization on disposals	-	-	(29,310)	(433,653)	(388,159)	(211,428)	-	(1,062,550)
End of year	-	11,886,238	24,532,956	3,968,916	6,600,641	65,625,054	-	112,613,805
Net book value	$ 6,465,670	$ 10,933,624	$ 40,373,031	$ 3,840,728	$ 5,381,147	$ 73,571,466	$ 7,176,406	$ 147,742,072

The value of contributed tangible capital assets during the year is $ Nil.

10. Accumulated surplus

	2025	2024
Consists of:		
Surpluses (deficits)		
Operating	**$ -**	$ -
Port Colborne Public Library Board	**-**	-
Port Colborne Downtown Development Board	**129,395**	97,879
Port Colborne Main Street Business Improvement Area	**31,927**	35,639
Niagara's South Coast Tourism Association	**2,219**	2,337
Niagara Central Dorothy Rungeling Airport Commission (Note 18)	**(121,382)**	(130,406)
	42,159	5,449
Investment in tangible capital assets	**179,734,069**	147,742,072
Unfunded liabilities		
Asset retirement obligation	**(1,737,425)**	(1,737,337)
Long term debt	**(23,881,042)**	(25,079,923)
Employee benefit obligations	**(8,198,800)**	(8,337,800)
	(33,817,267)	(35,155,060)
Reserves and reserve funds (Note 11)	**4,521,721**	24,768,519
	$ 150,480,682	$ 137,360,980

11. Reserves and reserve funds

Reserves and reserve funds set aside for specific purposes by Council or agreement

	2025	2024
Boards and committees		
Community Safety Committee	**$ 4,947**	$ 4,947
Library bequest	**4,188**	4,188
Library future liabilities	**117,821**	111,793
Library capital	**275,887**	275,887
Library stabilization	**172,987**	108,307
Grant Committee	**2,199**	2,199
Niagara's South Coast Tourism Association	**45,353**	45,353
Museum bequests	**220,909**	219,694
Museum capital	**1,729**	1,729
Roselawn	**149,299**	489,299
Tourism	**63,952**	63,952
	1,059,271	1,327,348

11. Reserves and reserve funds (continued)

	2025	2024
Programs, grants and activities		
Canal Days	**106,672**	106,672
CIP incentives	**465,015**	316,134
Municipal elections	**127,136**	79,583
	698,823	502,389
Self-sustaining entities		
Building department	**1,152,841**	590,078
Nickel Beach	**118,165**	198,165
Cemeteries	**150,600**	65,600
Marina	**(990,332)**	(912,319)
	431,274	(58,476)
General government		
Encumbrance	**824,992**	906,071
Future liabilities	**3,834,346**	3,070,006
Opportunity Fund	**2,000,000**	2,000,000
Subject matter experts	**264,680**	264,680
General stabilization	**2,770,878**	2,500,641
Working capital	**2,770,878**	2,559,135
Economic development	**(2,501,388)**	(1,600,874)
	9,964,386	9,699,659
Capital and related projects		
Drains	**(126,917)**	(178,960)
Facilities	**-**	437,386
Goderich maintenance	**161,241**	161,241
Infrastructure	**1,084,251**	1,218,784
Storm sewer	**877,938**	213,702
Wastewater	**3,234,671**	2,800,595
Water	**66,952**	746,529
	5,298,136	5,399,277
Allocated capital and related projects	**(12,930,169)**	7,898,322
Total reserves and reserve funds	**$ 4,521,721**	$ 24,768,519

The marina, economic development, drains and allocated capital and related projects reserves represent internal financing balances that will be funded from future revenue sources. The marina and drains reserves will be replenished from future user fees. The economic development reserve will be replenished from future land sales. The allocated capital and related projects reserve will be replenished as projects intended to be debt financed reach substantial completion and the related debt is issued.

12. Taxation

	Budget 2025	Actual 2025	Actual 2024
Real property		**$ 53,280,738**	$ 49,120,217
From other governments			
Payments in lieu of taxes		**595,252**	546,027
		53,875,990	49,666,244
Less: taxation collected on behalf of (Note 13):			
Region of Niagara		**21,046,302**	19,018,266
School boards		**5,035,903**	4,963,688
		26,082,205	23,981,954
Net taxes available for municipal purposes		**$ 27,793,785**	$ 25,684,290
Residential, multi-residential and farm	$ 27,129,800	**$ 21,482,908**	$ 19,689,025
Commercial and industrial	410,700	**6,310,877**	5,995,265
Net taxes available for municipal purposes	$ 27,540,500	**$ 27,793,785**	$ 25,684,290

13. Collections for the Region of Niagara and school boards

Total taxation and development charges received or receivable on behalf of the Region of Niagara and the school boards were as follows:

	2025	2024
Region of Niagara	**$ 21,046,302**	$ 19,018,266
School boards	**5,035,903**	4,963,688
	$ 26,082,205	$ 23,981,954

The Municipality is required to levy and collect taxes on behalf of the Region of Niagara and the school boards. The taxes levied over (under) the amounts requisitioned are recorded as accounts payable (receivable).

14. User charges

	Budget 2025	**Actual 2025**	Actual 2024
Operating			
Fees and service charges	$ 5,774,586	**$ 5,428,185**	$ 4,596,092
Direct water billings	6,750,400	**6,896,286**	6,030,109
Wastewater surcharges	9,406,400	**9,667,554**	8,456,914
Licences and permits	993,472	**1,201,443**	1,229,733
	$ 22,924,858	**$ 23,193,468**	$ 20,312,848

15. Government transfers

	Budget 2025	**Actual 2025**	Actual 2024
Operating			
Government of Canada	$ 8,000	**$ 234,854**	$ 72,239
Province of Ontario	2,706,900	**2,903,111**	2,858,190
Municipal	368,700	**34,239**	80,213
	3,083,600	**3,172,204**	3,010,642
Capital			
Government of Canada	656,083	**4,736,363**	3,225,702
Province of Ontario	1,191,331	**3,351,707**	2,050,257
Municipal	150,255	**134,584**	483,455
	1,997,669	**8,222,654**	5,759,414
	$ 5,081,269	**$ 11,394,858**	$ 8,770,056

16. Other revenues

	Budget 2025	**Actual 2025**	Actual 2024
Operating			
Fines	$ -	**$ 175,834**	$ 86,857
Rental income	792,050	**853,929**	857,849
Contributions from developers	-	**225,247**	-
Transfer from trust funds	-	**-**	23,427
Donations	345,900	**425,708**	388,726
Other	322,207	**428,062**	349,814
	1,460,157	**2,108,780**	1,706,673
Capital			
Donations	3,000	**702,779**	37,143
Other	-	**124,509**	8,799
(Loss) gain on disposal of tangible capital assets	-	**(71,393)**	301,481
	3,000	**755,895**	347,423
	$ 1,463,157	**$ 2,864,675**	$ 2,054,096

17. Pension agreements

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

Since OMERS is a multi-employer pension plan, the Municipality does not recognize any share of the pension plan deficit of $ 6.1 billion (2024 - $ 4.3 billion deficit) based on the fair market value of the plan's assets, as this is a joint responsibility of all Ontario municipal entities and their employees. Contributions were made in the 2025 calendar year at rates ranging from 9.0% to 15.8% depending on the member's designated retirement age and level of earnings. Employer contributions for current and past service are included as an expense in the consolidated statement of operations. Employer contributions to OMERS for 2025 current and past service was $ 1,423,850 (2024 - $ 1,254,453) and were matched by employee contributions in a similar amount.

18. Niagara Central Dorothy Rungeling Airport Commission

The Niagara Central Dorothy Rungeling Airport Commission operates a two runway airport offering a year round fixed base operation. The Commission is funded by the four nearby municipalities, City of Welland, City of Port Colborne, Town of Pelham and the Township of Wainfleet. The Municipality has a non-controlling interest in the airport of 19.86% (2024 - 19.86%) based on population.

The following table provides condensed supplementary financial information for the Niagara Central Dorothy Rungeling Airport Commission:

	2025	2024
Statement of Financial Position		
Financial assets		
Cash and cash equivalents	**$ 55,860**	$ 43,423
Investments	**-**	170,944
Receivables	**2,472**	36,497
	58,332	250,864
Liabilities		
Accounts payable and accrued liabilities	**66,315**	68,221
Loans payable	**642,715**	721,272
Capital lease obligation	**-**	7,472
Asset retirement obligation	**42,810**	42,367
	751,840	839,332
Net financial debt	**(693,508)**	(588,468)
Non-financial assets		
Prepaid expenses	**19,714**	20,580
Fuel inventory	**19,857**	19,035
Tangible capital assets	**2,213,714**	2,074,826
	2,253,285	2,114,441
Accumulated surplus	**$ 1,559,777**	$ 1,525,973
Accumulated surplus consists of:		
Operating (deficit) surplus	**$ (11,222)**	$ 14,880
Unfunded long term debt	**(642,715)**	(721,272)
Reserves	**-**	157,539
Investment in tangible capital assets	**2,213,714**	2,074,826
	$ 1,559,777	$ 1,525,973

18. Niagara Central Dorothy Rungeling Airport Commission (continued)

Statement of Operations

Revenues		
Grants	**$ 200,000**	$ 172,000
Fuel, rentals and other	**198,568**	247,340
Interest	**6,481**	13,541
	405,049	432,881
Expenses	**(371,245)**	(546,302)
Annual surplus (deficit)	**$ 33,804**	$ (113,421)

The financial position information is as reported by the Niagara Central Dorothy Rungeling Airport Commission as at December 31, 2025 and the results of operations are as reported for the year ended December 31, 2025. The comparative financial position and results of operations figures are as reported by the Niagara Central Dorothy Rungeling Airport Commission at December 31, 2024.

The Municipality has recorded in the financial statements its 19.86% (2024 - 19.86%) share of the Niagara Central Dorothy Rungeling Airport Commissions' assets, liabilities, accumulated surplus, revenues, expenses, and annual surplus.

The following summarizes the Municipality's related party transactions with the Niagara Central Dorothy Rungeling Airport Commission 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
Government transfers	**$ 39,724**	$ 34,163
Interest	**401**	563
Loan, bearing interest of 3.5% per annum repayable in annual instalments of $ 6,012, commencing June 15, 2018, due June 15, 2027	**$ 11,639**	$ 17,165
Loan, bearing interest of 4.3% per annum repayable in annual instalments of $ 4,113, commencing August 24, 2019, due August 24, 2028	**11,523**	15,051
	$ 23,162	$ 32,216

19. Trust funds

Trust funds administered by the Municipality amounting to $ 722,818 (2024 - $ 636,744) have not been included in the Consolidated Statement of Financial Position nor have these operations been included in the Consolidated Statement of Operations.

20. Subdividers' deposits

The Municipality holds bank letters of credit as security to ensure the provision of subdivision services and the completion of contracts.

	2025	2024
Letters of credit, beginning of year	**$ 2,129,883**	$ 650,158
Net (deletions) additions	**(693,527)**	1,479,725
Letters of credit, end of year	**$ 1,436,356**	$ 2,129,883

These letters of credit are not reflected in the accounts.

21. Contingencies

The Municipality is involved from time to time in litigation, which arises in the normal course of business. In respect of any outstanding claims, the Municipality believes that insurance coverage is adequate and that no material exposure exists on the eventual settlement of such litigation, therefore no provision has been made in the accompanying financial statements.

22. Liabilities for contaminated sites

The Municipality reports environmental liabilities related to the management and remediation of any contaminated sites where the Municipality is obligated or likely obligated to incur such costs. The Municipality has identified one property where environmental assessments have indicated soil contamination exceeds environmental standards. A reasonable estimate of any liability cannot be made as the Municipality has not determined how the property will be used, therefore, no liability has been recognized.

The Municipality's ongoing efforts to assess contaminated sites may result in future environmental remediation liabilities related to newly identified sites, or changes in the assessments or intended use of existing sites. Any changes to the Municipality's liabilities for contaminated sites will be accrued in the year in which they are assessed as likely and reasonably estimable.

23. Comparative figures

Certain of the comparative figures have been reclassified to conform with the consolidated financial statement presentation adopted for the current year.

24. Budget

The budget bylaw adopted by Council on October 16, 2024 was not prepared on a basis consistent with that used to report actual results in accordance with Canadian public sector accounting standards. The budget was prepared on a modified accrual basis while Canadian public sector accounting standards require a full accrual basis. As a result, the budget figures presented in the Consolidated Statement of Operations and Consolidated Statement of Changes in Net Debt represent the budget adopted by Council with the following adjustments:

Budgeted annual surplus	$ 1,666
Add:	
Acquisition of tangible capital assets	10,249,350
Repayment of long term debt	1,443,909
Transfers from reserves, net	1,046,345
Less:	
Amortization of tangible capital assets	(6,970,794)
Budgeted surplus per Consolidated Statement of Operations	$ 5,770,476

Amounts included in the original Council approved capital budget which are not recognized as tangible capital assets are included in the Consolidated Statement of Operations under the appropriate functional expense categories, while those recognized as tangible capital assets are included in the Consolidated Statement of Changes in Net Debt.

25. Financial instruments

The Municipality is exposed to various risks through its financial instruments. The Municipality's overall risk management program seeks to minimize potential adverse effects on financial performance. The following analysis provides a measure of the Municipality's risk exposures as at December 31, 2025:

Credit risk

Credit risk is the risk that a counterparty may default on its contractual obligations resulting in financial loss to the Municipality. The Municipality is exposed to credit risk with respect to cash, other receivables and portfolio investments. The Municipality holds its cash accounts with a federally regulated chartered bank who is insured by the Canadian Deposit Insurance Corporation. In the event of default, the Municipality's cash accounts are insured up to $ 408,019 (2024 - $ 319,694).

Receivables are primarily due from government, corporations and individuals. The Municipality is not subject to credit risk with regards to government receivables and it assesses, on a continuous basis, other receivables and sets up an allowance for doubtful accounts for those considered not collectible. The exposure to credit risk of the Municipality is the carrying value of these receivables.

There have been no significant changes to credit risk exposure from the previous year.

25. Financial instruments (continued)

Liquidity risk

Liquidity risk is the risk that the Municipality will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Municipality manages its liquidity risk by monitoring its operating requirements, preparing a budget, as well as cash forecasts to ensure that it has sufficient funds to settle its financial liabilities. Management has determined that the liquidity risk exposure to the Municipality is low.

There have been no significant changes to the liquidity risk exposure from the previous year.

Market risk

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

The Municipality is exposed to interest and currency risks.

a) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows or a financial instrument will fluctuate because of changes in the market interest rates. The Municipality is not subject to significant interest rate risk as its cash, portfolio investments and long-term debt have fixed interest rates and are intended to be carried until maturity. These financial instruments are carried at amortized cost, therefore their valuation does not change when interest rates fluctuate. In addition, the Municipality follows a conservative investment policy approved by Council.

b) Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate due to changes in foreign exchange rates. The Municipality is not significantly exposed to currency risk as the level of cash denominated in U.S. dollars is not substantial.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure interest rate and currency risks.

26. Segmented reporting

The Municipality is a diverse municipal government that provides a wide range of services to its citizens. Segmented information has been identified for the service lines that reflect the way in which the operations are managed and resource needs are identified and budgeted. Municipal activities are reported by function in the body of the financial statements.

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

General

The general provision of municipal services includes general government, fire services, transportation services, storm sewer services, planning and development, facilities, parks and cemeteries.

Water

The water operations install and maintain water capital infrastructure to ensure the safe supply, metering and cost recovery for all treated water to serviced areas within all urban and settlement areas of the Municipality.

Wastewater

The wastewater operations install and maintain wastewater capital infrastructure and recover costs of providing this service within all urban and settlement areas of the Municipality.

Storm sewer

The storm sewer operations install and maintain storm sewer capital infrastructure and recover costs of providing this service within all urban and settlement areas of the Municipality.

Port Colborne Public Library Board

The Port Colborne Public Library Board provides library services, materials and facilities. The Municipality controls the board and consolidates the financial activities.

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.

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. The consolidated schedule of segment disclosure and the schedules of segment disclosure with budget information follow the notes.

City of Port Colborne
Consolidated Schedule of Segment Disclosure
For the Year Ended December 31, 2025

	General	Library	Eliminations	**Levy**	Water	Wastewater	Storm sewer	**2025**
Revenues								
Taxation	$ 27,793,785	$ -	$ -	**$ 27,793,785**	$ -	$ -	$ -	**$ 27,793,785**
User charges	3,873,611	9,405	-	**3,883,016**	6,922,825	9,672,162	2,715,465	**23,193,468**
Government transfers	11,346,588	1,254,521	(1,206,251)	**11,394,858**	-	-	-	**11,394,858**
Penalties and interest	809,443	-	-	**809,443**	20,201	29,379	-	**859,023**
Investment income	861,664	6,238	-	**867,902**	-	-	-	**867,902**
Other	2,908,524	5,244	-	**2,913,768**	(31,806)	1,212	(18,499)	**2,864,675**
	47,593,615	1,275,408	(1,206,251)	**47,662,772**	6,911,220	9,702,753	2,696,966	**66,973,711**
Expenses								
Wages and benefits	16,923,687	875,420	-	**17,799,107**	1,272,365	1,100,273	387,266	**20,559,011**
Materials	6,873,200	221,820	-	**7,095,020**	424,410	254,208	76,646	**7,850,284**
Contracted services	7,653,196	60,079	(1,206,251)	**6,507,024**	3,623,112	6,495,569	313,153	**16,938,858**
Rents and financial expenses	374,651	3,081	-	**377,732**	926	917	514	**380,089**
External transfers to others	303,222	-	-	**303,222**	7,000	6,916	-	**317,138**
Interest on long term debt	474,000	-	-	**474,000**	47,848	-	270,446	**792,294**
Tax write-offs	40,330	-	-	**40,330**	-	-	-	**40,330**
Amortization	5,190,273	100,493	-	**5,290,766**	799,681	506,960	378,598	**6,976,005**
Inter-functional transfers	(276,082)	-	-	**(276,082)**	153,084	122,998	-	**-**
	37,556,477	1,260,893	(1,206,251)	**37,611,119**	6,328,426	8,487,841	1,426,623	**53,854,009**
Annual surplus	$ 10,037,138	$ 14,515	$ -	**$ 10,051,653**	$ 582,794	$ 1,214,912	$ 1,270,343	**$ 13,119,702**

City of Port Colborne
Consolidated Schedule of Segment Disclosure
For the Year Ended December 31, 2024

	General	Library	Eliminations	**Levy**	Water	Wastewater	Storm sewer	2024
Revenues								
Taxation	$ 25,684,290	$ -	$ -	**$ 25,684,290**	$ -	$ -	$ -	$ 25,684,290
User charges	3,808,292	9,658	-	**3,817,950**	6,123,624	8,459,660	1,911,614	20,312,848
Government transfers	8,718,546	1,229,448	(1,179,677)	**8,768,317**	1,739	-	-	8,770,056
Penalties and interest	649,960	-	-	**649,960**	19,363	28,040	-	697,363
Investment income	1,546,897	6,610	-	**1,553,507**	-	-	-	1,553,507
Other	2,025,169	6,680	-	**2,031,849**	22,645	762	(1,160)	2,054,096
	42,433,154	1,252,396	(1,179,677)	**42,505,873**	6,167,371	8,488,462	1,910,454	59,072,160
Expenses								
Wages and benefits	15,899,344	702,991	-	**16,602,335**	1,000,977	957,309	306,505	18,867,126
Materials	7,038,387	182,348	-	**7,220,735**	425,431	304,738	87,471	8,038,375
Contracted services	7,452,311	48,539	(1,179,677)	**6,321,173**	3,050,909	5,695,190	660,666	15,727,938
Rents and financial expenses	357,182	18	-	**357,200**	(106)	-	-	357,094
External transfers to others	583,761	-	-	**583,761**	14,500	10,500	-	608,761
Interest on long term debt	390,609	-	-	**390,609**	57,000	73,077	285,200	805,886
Tax write-offs	75,452	-	-	**75,452**	-	-	-	75,452
Amortization	5,046,290	97,147	-	**5,143,437**	700,666	406,659	367,370	6,618,132
	36,843,336	1,031,043	(1,179,677)	**36,694,702**	5,249,377	7,447,473	1,707,212	51,098,764
Annual surplus	$ 5,589,818	$ 221,353	$ -	**$ 5,811,171**	$ 917,994	$ 1,040,989	$ 203,242	$ 7,973,396

City of Port Colborne
Consolidated Schedule of Segment Disclosure with Budget Information
For the Year Ended December 31, 2025

	Budget 2025	**Actual 2025**	Actual 2024
General			
Revenues			
Taxation	$ 27,540,500	**$ 27,793,785**	$ 25,684,290
User charges	4,014,458	**3,873,611**	3,808,292
Government transfers	5,042,969	**11,346,588**	8,718,546
Penalties and interest	546,300	**809,443**	649,960
Investment income	1,078,448	**861,664**	1,546,897
Other	1,453,607	**2,908,524**	2,025,169
	39,676,282	**47,593,615**	42,433,154
Expenses			
Wages and benefits	17,046,201	**16,923,687**	15,899,344
Materials	6,739,460	**6,873,200**	7,038,387
Contracted services	6,113,696	**7,653,196**	7,452,311
Rents and financial expenses	306,400	**374,651**	357,182
External transfers to others	311,376	**303,222**	583,761
Interest on long term debt	485,700	**474,000**	390,609
Tax write-offs	288,600	**40,330**	75,452
Amortization	5,185,062	**5,190,273**	5,046,290
Inter-functional transfers	-	**(276,082)**	-
	36,476,495	**37,556,477**	36,843,336
Annual surplus	$ 3,199,787	**$ 10,037,138**	$ 5,589,818

City of Port Colborne
Consolidated Schedule of Segment Disclosure with Budget Information
For the Year Ended December 31, 2025

	Budget 2025	**Actual 2025**	Actual 2024
Library			
Revenues			
User charges	$ 4,000	**$ 9,405**	$ 9,658
Government transfers	1,139,006	**1,254,521**	1,229,448
Investment income	-	**6,238**	6,610
Other	5,650	**5,244**	6,680
	1,148,656	**1,275,408**	1,252,396
Expenses			
Wages and benefits	871,508	**875,420**	702,991
Materials	192,760	**221,820**	182,348
Contracted services	31,138	**60,079**	48,539
Rents and financial expenses	-	**3,081**	18
Amortization	100,493	**100,493**	97,147
	1,195,899	**1,260,893**	1,031,043
Annual surplus (deficit)	$ (47,243)	**$ 14,515**	$ 221,353

City of Port Colborne
Consolidated Schedule of Segment Disclosure with Budget Information
For the Year Ended December 31, 2025

	Budget 2025	**Actual 2025**	Actual 2024
Water			
Revenues			
User charges	$ 6,757,000	**$ 6,922,825**	$ 6,123,624
Government transfers	-	**-**	1,739
Penalties and interest	-	**20,201**	19,363
Other	3,900	**(31,806)**	22,645
	6,760,900	**6,911,220**	6,167,371
Expenses			
Wages and benefits	1,043,758	**1,272,365**	1,000,977
Materials	459,004	**424,410**	425,431
Contracted services	3,159,594	**3,623,112**	3,050,909
Rents and financial expenses	-	**926**	(106)
External transfers to others	51,500	**7,000**	14,500
Interest on long term debt	267,900	**47,848**	57,000
Amortization	799,681	**799,681**	700,666
Inter-functional transfers	-	**153,084**	-
	5,781,437	**6,328,426**	5,249,377
Annual surplus	$ 979,463	**$ 582,794**	$ 917,994

City of Port Colborne
Consolidated Schedule of Segment Disclosure with Budget Information
For the Year Ended December 31, 2025

	Budget 2025	**Actual 2025**	Actual 2024
Wastewater			
Revenues			
User charges	$ 9,408,100	**$ 9,672,162**	$ 8,459,660
Penalties and interest	-	**29,379**	28,040
Other	-	**1,212**	762
	9,408,100	**9,702,753**	8,488,462
Expenses			
Wages and benefits	1,043,856	**1,100,273**	957,309
Materials	346,188	**254,208**	304,738
Contracted services	6,557,530	**6,495,569**	5,695,190
Rents and financial expenses	-	**917**	-
External transfers to others	85,000	**6,916**	10,500
Interest on long term debt	541,700	**-**	73,077
Amortization	506,960	**506,960**	406,659
Inter-functional transfers	-	**122,998**	-
	9,081,234	**8,487,841**	7,447,473
Annual surplus	$ 326,866	**$ 1,214,912**	$ 1,040,989

City of Port Colborne
Consolidated Schedule of Segment Disclosure with Budget Information
For the Year Ended December 31, 2025

	Budget 2025	**Actual 2025**	Actual 2024
Storm sewer			
Revenues			
User charges	$ 2,741,300	**$ 2,715,465**	$ 1,911,614
Other	-	**(18,499)**	(1,160)
	2,741,300	**2,696,966**	1,910,454
Expenses			
Wages and benefits	527,120	**387,266**	306,505
Materials	99,833	**76,646**	87,471
Contracted services	150,845	**313,153**	660,666
Rents and financial expenses	2,100	**514**	-
Interest on long term debt	271,200	**270,446**	285,200
Amortization	378,598	**378,598**	367,370
	1,429,696	**1,426,623**	1,707,212
Annual surplus	$ 1,311,604	**$ 1,270,343**	$ 203,242