Township of Hamilton
Ontario, Canada

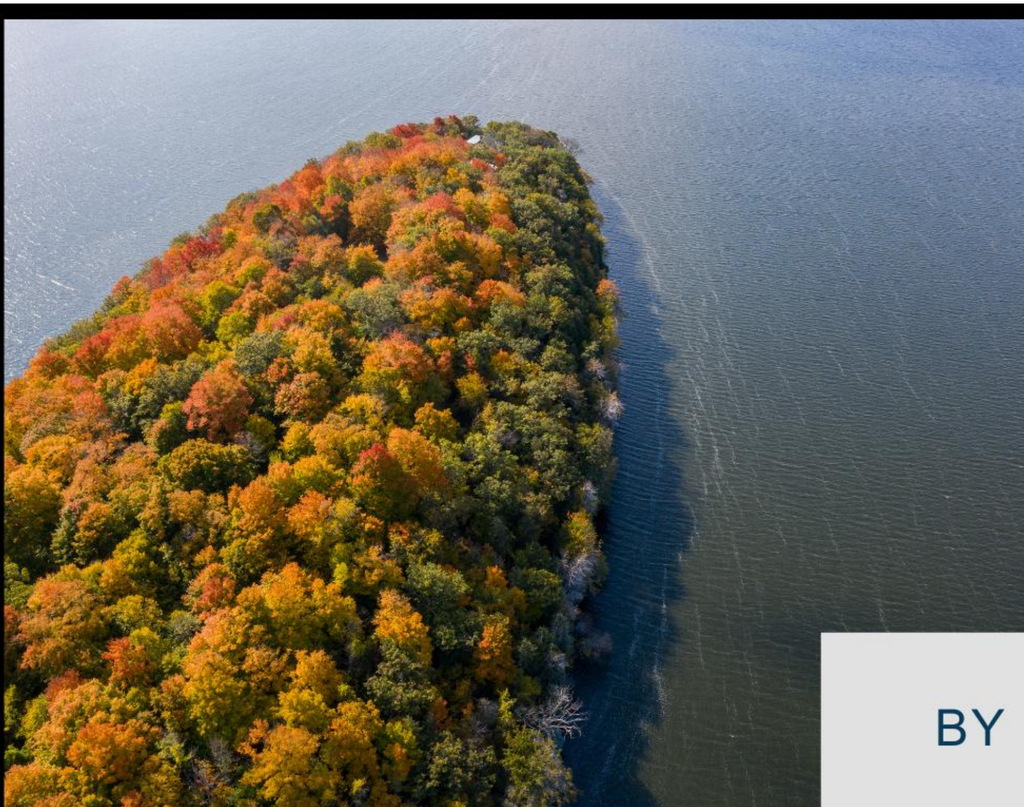
2025 Annual Financial Report

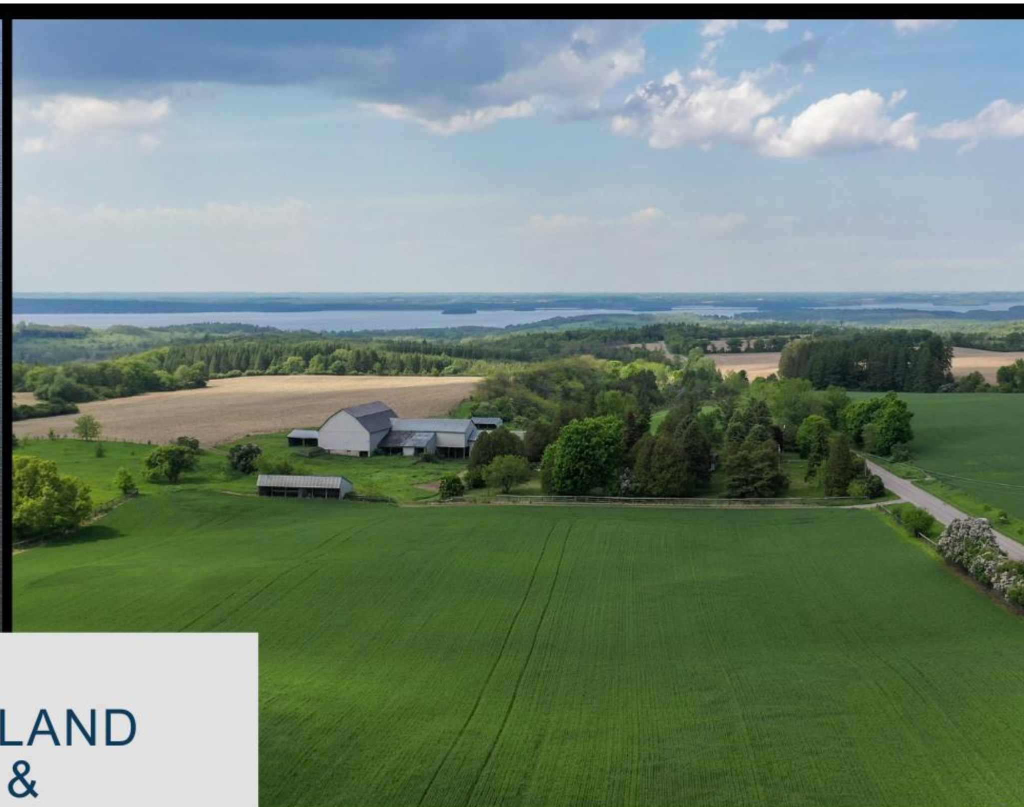
For the year ended December 31, 2025
Prepared by: Corporate Financial Services

www.hamiltontownship.ca info@hamiltontownship.ca

LAND ACKNOWLEDGEMENT STATEMENT

The Township of Hamilton is situated within the traditional territory of the Mississauga Anishinaabeg and Chippewa Nations, collectively known as the Williams Treaties First Nations. Our work on these lands respectfully acknowledges their resilience and their longstanding contributions to the area now known as the Township of Hamilton.





BY LAND
&
WATER

WE FLOURISH

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EXECUTIVE SUMMARY

The Township of Hamilton is pleased to present its Annual Financial Report, which provides a transparent and comprehensive overview of the Township's financial performance for the year ended December 31, 2025. This report serves as an important accountability tool, offering residents, businesses, Council and, stakeholders insight into the Township's financial management practices, the impact of significant economic events, and key accomplishments achieved throughout the year.

The report includes detailed financial information to enhance public understanding of how the Township generates revenue and allocates resources to deliver essential programs and services.

It also incorporates the audited Consolidated Financial Statements, which have been prepared in accordance with the accounting principles and standards established by the Public Sector Accounting Board (PSAB), as issued by the Chartered Professional Accountants of Canada. The preparation and fair presentation of these financial statements are the responsibility of the Township of Hamilton's Management.

INTRODUCTION

For the Fiscal Year Ended December 31, 2025

Prepared By:
Corporate Financial Services

Message from our Mayor

Every year brings its own set of challenges and opportunities, and 2025 was no different for the Township of Hamilton. What remains constant is the commitment of Council, staff, and our community to work together in a way that is steady, practical, and focused on what matters most.

Throughout the year, we continued to navigate rising costs and growing service demands while being mindful of the impact on residents. These decisions affect households and businesses across our Township, and we approach that responsibility with care.

Much of our work in 2025 centered on maintaining and strengthening the core services people rely on every day. Roads, emergency services, recreational spaces, and community infrastructure all require ongoing attention, and we have continued to prioritize careful investment to ensure they remain safe, reliable, and functional for years to come.

Council's approach this past year has been to stay focused on long-term sustainability while making sure we do not lose sight of today's needs. This report reflects that work. It represents not only financial decisions, but also the care and effort of many people working quietly and consistently behind the scenes. I want to thank our staff, Council members, and the residents who continue to stay engaged and supportive of our community.

Together, we are building a Township that is steady, responsible, and ready for the future.

Sincerely,
Scott Jibb, Mayor
June 2026

Message from our CAO

The 2025 Annual Report provides a clear and reliable picture of the Township's financial position and operations for the year 2025. Prepared in accordance with Canadian Public Sector Accounting Standards and audited by the Township's independent external auditors, they reflect a year of sound financial management and continued organizational commitment to accountability and transparency.

What stands out to me most in joining the Township recently, is the care with which Council and staff approach the stewardship of public resources. Municipal government is built on trust, and that trust is strengthened when financial decisions are made thoughtfully, services are delivered consistently, and long-term impacts are kept in view. The 2025 results demonstrate that Hamilton Township continues to manage this responsibility well.

The Township remains in a stable financial position while continuing to provide the essential services residents rely on every day. Just as importantly, the organization continues to balance present needs with future resilience, an approach that supports sustainability, service continuity, and readiness for the challenges and opportunities ahead.

As someone new to this organization, I want to acknowledge the work of Council, staff, and everyone involved in preparing, managing, and overseeing the Township's finances. Their diligence and professionalism have helped maintain a solid financial footing and have positioned the Township to move forward with confidence.

Sincerely,
Brian Gilmer, CAO
June 2026

Our Township at a Glance

The Township of Hamilton is a lower-tier municipality in Northumberland County, and home to more than 11,000 residents. Founded in 1850, it is a predominantly rural community celebrated for its picturesque scenery and strong sense of local pride. Situated between Lake Ontario and Rice Lake, the Township encompasses eight distinctive hamlets—Baltimore, Bewdley, Camborne, Cold Springs, Precious Corners, Plainville, Gore's Landing, and Harwood—each offering its own character. The gently rolling countryside of Northumberland County frames a rich mosaic of farmland, wetlands, and the Oak Ridges Moraine, supporting diverse wildlife and natural habitats.

The Township's southern area is home to the largest concentration of residents and serves as the centre for most commercial and industrial activity. In contrast, the northern portion features a mix of agricultural and residential uses and is complemented by a range of tourism and resort destinations. Within this region, Bewdley is especially well known as a premier fishing destination, offering some of the best angling opportunities in Southern Ontario.

11,000
POPULATION

1.1%
INCREASE FROM 2016

51% MALE; 49% FEMALE
28% CHILDREN

2.6%
IDENTIFY AS INDIGENOUS

3.5%
VISIBLE MINORITY

Municipal governance in the Township of Hamilton is provided by a Council consisting of the Mayor, Deputy Mayor, and three Councillors, all elected by eligible voters for four-year terms. Together, the current Council members contribute more than 50 years of combined political experience. Whether inspired by rural landscapes or drawn to the surrounding lakes, the Township of Hamilton proudly reflects the lasting appeal, natural splendour, and close-knit community spirit that define rural Ontario.

Local Assessment Base

2025 Assessment Data from MPAC

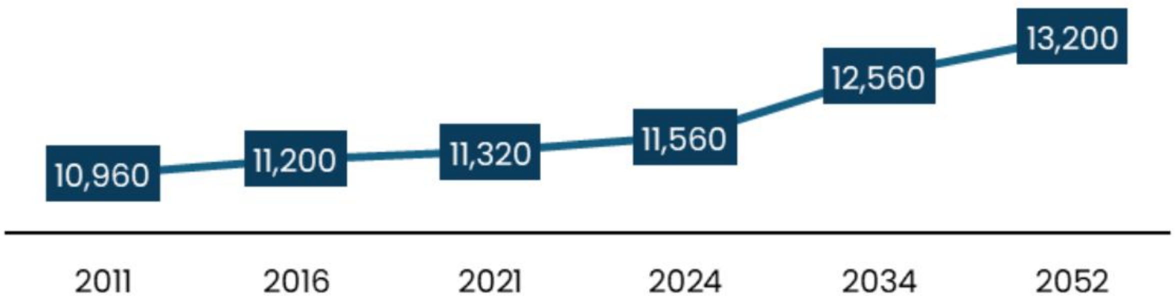
5465

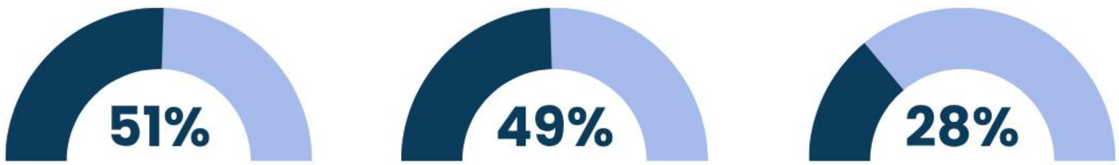
Total Properties in Township

- 4566 **Residential Properties**
- 728 **Farm Properties**
- **82** Commercial Properties
- **54** Special / Exempt Properties
- **34** Industrial Properties
- **$1,923,990,800** Total Assessed Property Value in Township

Our Township

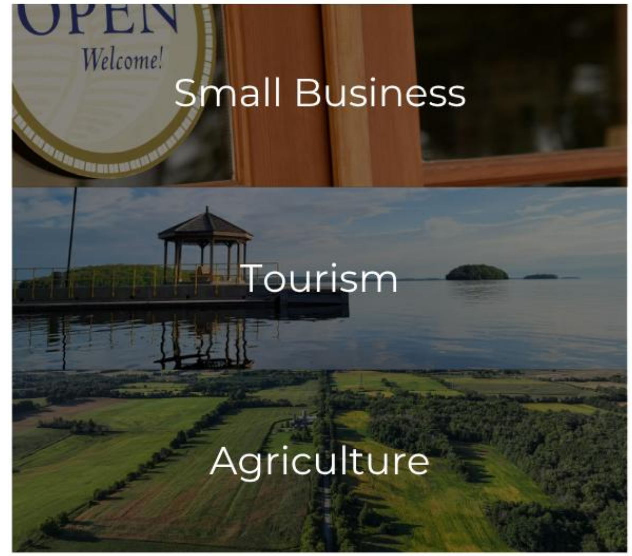
Population Growth





Male **Female** **Children**

Top Three Industries



Workforce Statistics

1
9,500
Total Eligible Workforce

2
$106,000
Average Household Income

3
54.5%
Those with College diplomas, Bachelor degree, or more

4
10%
Those with Apprenticeship, or Trades Certificates

Our Council

Scott Jibb
Mayor

Larry Williamson
Deputy Mayor

John Davison
Councillor

Mark Lovshin
Councillor

Bruce Buttar
Councillor

Our Strategic Plan 2023-2026

A Roadmap for our Future

The purpose of a Strategic Plan is to guide the decisions and actions of Council and the municipal administration in a way that will shape the direction of our community and be attuned to the needs of the Township's residents and businesses. It looks at the overall goals of our community and the necessary strategies to achieve these goals, including the allocation of the human, physical or financial resource of the Township. The Township of Hamilton is committed to its vision, mission, and values as identified in the Township Strategic Plan.

Did You Know?

The **Implementation Plan** of the 2023–2026 Strategic Plan is essential in determining whether we accomplished what we set out to do.

Each year, as part of the annual budget process, the Senior Management Team—working in consultation with Council—develops departmental business plans that align with and support the goals and priorities outlined in this Strategic Plan.

At the June 20, 2023, Council Meeting, Council adopted the 2023-2026 Strategic Plan. Given the nature of a strategic plan, we have set the overall direction and will bring projects and initiatives forward that meet the plan. We have already identified many of the initiatives that we will be pursuing during the life of this plan, depending upon resources and timing of projects, including weather, lifecycle/replacement of existing assets, etc.

The vision, mission, values, and priorities outlined in the Strategic Plan serve as the foundation for our community resources.

We firmly believe that exceptional service is the cornerstone of our success, and we strive to exceed expectations through innovation, continuous improvement, and solutions that enhance the quality of life for our residents.

Our Mission

To provide effective and efficient services delivered through accountability and respect to promote the social, economic and environmental priorities of our community.

Our Vision

Making life better everyday by creating a vibrant and sustainable township we are all proud to call home.

Our Values

- Accountability & Transparency
- Respect
- Service Focused
- Teamwork
- Inclusive

Our Strategic Priorities

PEOPLE

Our people are at the heart of our efforts to deliver quality services to our residents and community. The Township is committed to enabling our staff to be engaged and supported in the work that they do and in their professional and personal lives by establishing an inclusive, positive, innovative, progressive, and united workplace culture.

COMMUNITY

The Township is committed to building a strong community to encourage social connections, a sense of belonging, safety, and security, and participation in a community bonded by shared progressive and inclusive attitudes, values, and goals for a fulfilling life.

EFFECTIVE GOVERNANCE

To deliver efficient and cost effective governance in a timely manner through leadership and respect - administer with an unbiased view.

ENVIRONMENT

The Township of Hamilton is committed to protecting, maintaining, and raising awareness of the natural environment and greenspaces within the Township.

DEVELOPMENT

The Township is committed to growing our economy and residential capacity responsibly and sustainably to ensure agricultural and heritage resources are protected while affordable housing, services, and infrastructure needs are met.

Our Core Services

The Township of Hamilton places a strong emphasis on delivering high-quality municipal services that support residents, businesses, and visitors alike. Our approach is rooted in providing essential services in a manner that is both reliable and cost-conscious, while remaining responsive to the varied needs of the community. Priority is given to safeguarding public wellbeing, maintaining critical infrastructure, and ensuring the dependable operation of services that underpin everyday life. Through thoughtful planning, responsible stewardship of resources, and ongoing performance review, the Township works to strengthen service delivery and adapt to changing community expectations, all while maintaining a high standard of excellence.

The services provided by the Township encompass key areas such as:

- Planning, building, and finance
- Road, bridge, and drainage infrastructure development and maintenance
- Snow removal from roads
- Public parks, green spaces, trails, and recreational facilities
- By-law enforcement, and fire/emergency services

Our Organizational Chart

The Senior Management Team reports to the Chief Administrative Officer (CAO) and plays a key role in setting organizational direction while providing leadership and professional expertise across their respective portfolios. The team is made up of individuals with a wide range of skills, experiences, and perspectives, strengthening our ability to respond effectively to the needs of the community.

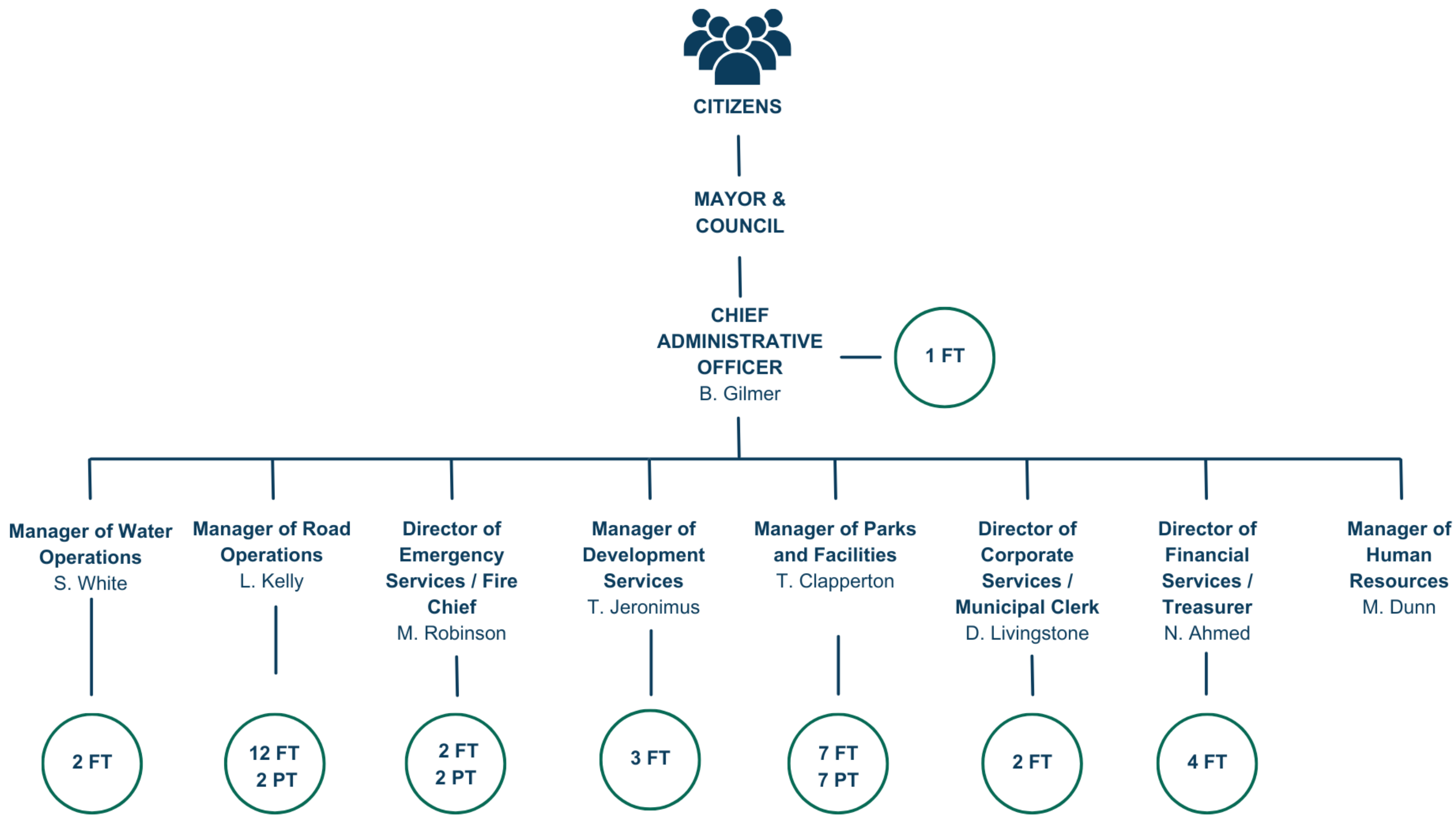


Figure 1: Township's Organizational Chart

2021-2025 Staffing Summary

Maintaining high-quality service delivery is essential to meet the needs of our community. To support this, it is critical to assess our staffing levels and adjust as necessary to keep pace with expanding demands.

The table below shows the staffing complement of the Township from 2021 to 2025:

Table 1: Full-Time (FT) and Part Time (PT) Staff Complement 2021-2025

	General Government	Road Operations	Parks and Facilities*	Emergency Services	Development Services	Water	Total
2021	10FT	13FT / 1PT	7FT / 7PT	2FT / 3PT	3FT	2.5FT	**37.5FT / 11PT**
2022	11FT	13FT / 1PT	7FT / 7PT	2FT / 3PT	3FT	2.5FT	**38.5FT / 11PT**
2023	11FT	13FT / 1PT	8FT / 7PT	3FT / 2PT	4FT	2.5FT	**41.5FT / 10PT**
2024	11FT	13FT / 3PT	8FT / 7PT	3FT / 2PT	4FT	2.5FT	**41.5FT / 12PT**
2025	11FT	13FT / 2PT	8FT / 7PT	3FT / 2PT	4FT	3.0FT	**42FT / 11PT**

Additional Note:

2022: 58 Volunteer Firefighters
2023: 57 Volunteer Firefighters
2024: 52 Volunteer Firefighters
2025: 53 Volunteer Firefighters

*PT Facility Operators work limited hours during the ice season

OUR DEPARTMENTS

GENERAL GOVERNMENT

Oversees key municipal functions to ensure effective governance, financial stewardship, and community services. It includes Council, which represents residents and develops policies; the Office of the CAO, responsible for leading, guiding, and evaluating municipal activities; Corporate Services, which supports Council and Committees, manages elections, records, communications, IT, and cemeteries; Financial Services, which handles budgeting, tax collection, audits, and financial policies; and Human Resources, which manages recruitment, training, compensation, labour compliance, and employee well-being. Together, these divisions ensure efficient municipal operations and serve community needs.

ROAD OPERATIONS

Maintains and improves the Township's 299 km of roads while managing a fleet of vehicles and equipment under a long-term replacement plan. The department prioritizes service delivery and customer satisfaction, ensuring roads meet Township and minimum maintenance standards. Its operations include maintaining right-of-ways, roads, drainage systems, conducting winter control operations, installing and maintaining signage, performing surface treatments, asphalt patching, and general street maintenance. In addition, the department oversees long-term planning for roads and storm sewers, manages stormwater systems, inspects road reconstruction projects, and assists with GIS updates and mapping.

PARKS & FACILITIES

Provides a variety of recreation and active living opportunities by managing and maintaining the parks system, multi-use recreational facilities, community banquet halls, and waterfront parks. Their work includes managing arenas, indoor turf, ball diamonds, courts, trails, and both active and passive parks throughout the Township of Hamilton. The staff collaborates with approximately fifty different user groups and organizations to offer recreational services, and provide programs for residents of all ages, such as youth camps, senior activities, and community events.

OUR DEPARTMENTS

EMERGENCY SERVICES

Aims to provide the community with optimal protection from fire and other public safety hazards. Under the Fire Protection and Prevention Act (FPPA), municipalities are required to establish a fire safety education program and offer other fire protection services based on local needs and circumstances.

This includes public education on fire safety and certain aspects of fire prevention.

DEVELOPMENT SERVICES

Manages the Township's Land Use Planning Program, which includes the Official Plan, Secondary Plans, Zoning By-laws, Site Plans, Subdivisions, and related programs. The Secretary Treasurer to the Committee of Adjustment reviews applications for relief from the Zoning By-law, in accordance with the Planning Act.

The By-law Enforcement department's mission is to provide high-quality public service while ensuring compliance with municipal by-laws related to community safety and security. Their work includes enforcing provincial and municipal by-laws, primarily under the Ontario Building Code Act. This involves receiving and tracking complaints, investigating their validity, and enforcing compliance through orders or legal action if necessary.

BUILDING

Provides high-quality public service, ensuring compliance with building regulations and by-laws while working with the public and the building industry to create a safe, sustainable, and accessible environment. Their responsibilities include reviewing plans, issuing permits, conducting inspections to ensure compliance with the Ontario Building Code, setting fees to cover associated costs, and enforcing compliance through investigations and orders when necessary. The department is focused on continuously improving service quality, efficiency, and innovation to address increasing complexity and regulatory changes in permit activities.

Our 2025 Accomplishments

Strategic Priorities – People

- Led initiatives in relation to HR improvements and workplace culture, aiming to be an employer of choice – including continued implementation of BetterWorks (performance management through Objectives and Key Results (OKRs)), the Fire Master Plan, the Parks Master Plan, and completing a detailed Public Works Service Review Report.

- Invested in firefighter welfare and professional development.

- On January 1st, 2025, staff successfully transitioned into the new Ontario Building Code. Staff were well prepared based on the support and investment in formal training as outlined in our Strategic Plan.
- Implemented a new performance management process.

- Completed negotiations with CUPE for a new CUPE Collective Agreement.

- Implemented a specialized rescue plan for surface water and ice water rescue.

Strategic Priorities – Community

- Continued success in Automatic mutual Aid agreements with neighbouring municipalities to provide faster and more efficient emergency response services to residents.
- Achieved emergency response times (Chute) under the national standard of 9 minutes, 90% of the time.
- Promoted and pursued Economic Development initiatives for the Township, including community promotion, servicing discussions with property owners, and land development opportunities.
- Developed and began implementing the Township Communications Plan and branding standards to improve community engagement and consistency.
- Successfully delivered a 9-week summer day camp program with a 40% increase in registration compared to the previous year.
- Hosted the third Annual Community Recognition Awards Program to honour residents and volunteers.

Strategic Priorities – Effective Governance

- Led the completion of the Township's Asset Management Plan and Water Rate Study.
- Worked with staff and Council to achieve a timely approved 2026 Budget while actively managing costs and expenditures throughout the year.
- Provided Council with ongoing strategic guidance and support through more than 122 meetings, education initiatives, presentations, discussions, and memos throughout the year.
- Received the Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award four years in a row (2022-2026)
- Launched the new modernized Township website, enhancing accessibility, functionality, and overall user experience.
- Completed Council Chambers renovations and installed a new accessible audio system through the Enabling Accessibility Fund to improve accessibility and communication for in-person and hybrid meetings.

Strategic Priorities – Environment

- The Township's Official Plan and Zoning By-law made strides towards being updated to incorporate the source protection policies.
- Prioritized firefighter safety and environmental responsibility.

Strategic Priorities – Development

- Completed over $1.26M in road rehabilitation projects across the Township, including double surface treatment with base stabilization, single lift surface treatment overlays, and asphalt reconstruction to improve road conditions, extend asset life, and support safe and reliable transportation infrastructure.
- The Building Department completed all inspections and plan reviews within regulated timeframes and closed approximately 200 inactive permits through a new pilot program to reduce municipal liability.
- Completed the reconstruction of Sidey Drive from Main Street to Boulton Street in the Hamlet of Bewdley.
- Started the Sackville Bridge Study to evaluate replacement, rehabilitation, and removal options.
- Advanced the strategic goal of adopting technology to streamline processes and enhance application packages through the Township's new website.
- Modernized equipment and adapted operations to support community growth.

2025 SNAPSHOT

122 meetings supported

21.09 km of road repairs

124 building permit applications

73k Township website views

58 new email subscribers

2100+ social media followers

2500 library card holders

500+ building inspections

3 new fire recruits

92 indoor turf birthday parties

398 emergency response activations

3 marriage licenses issued

35 planning applications

41 winter events

12 staff positions filled

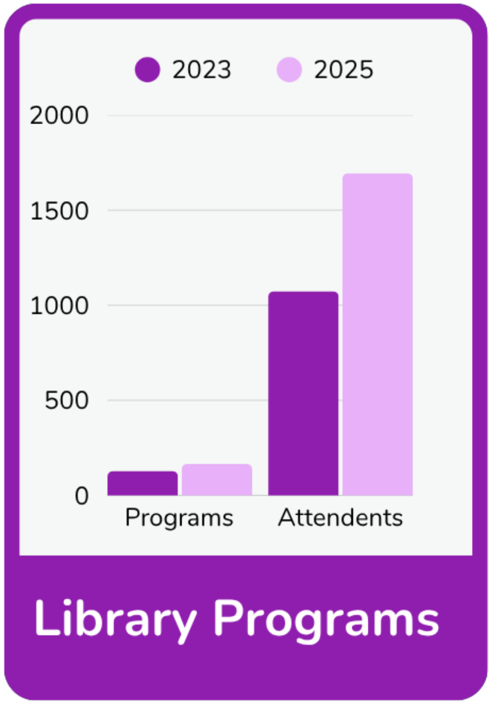
280 approved roads permits

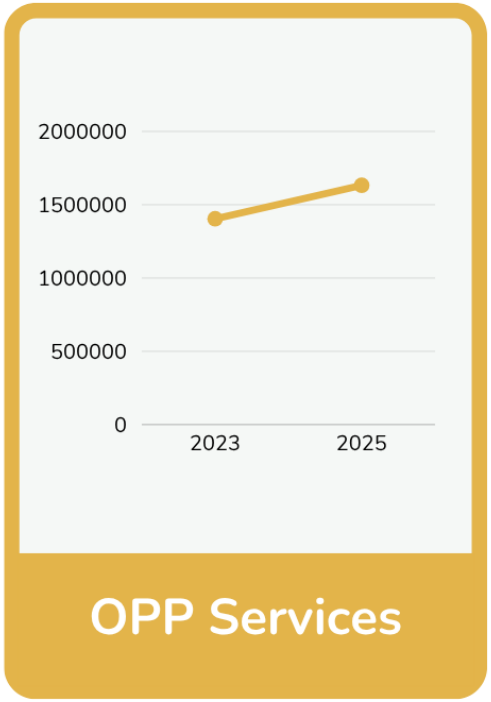
1394 campers registered

5 staff training events

119.5 hours per week of booked ice time

199 hall rentals


2023
2025
2000
1500
1000
500
0
Programs
Attendents
Library Programs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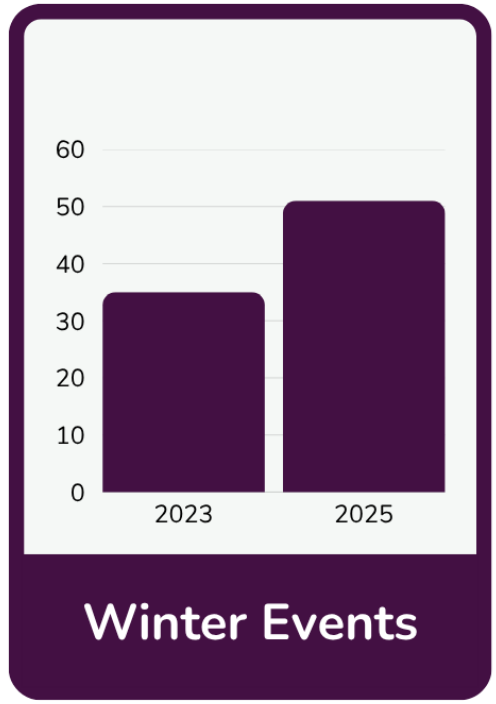
2023
2025
OPP Services


60
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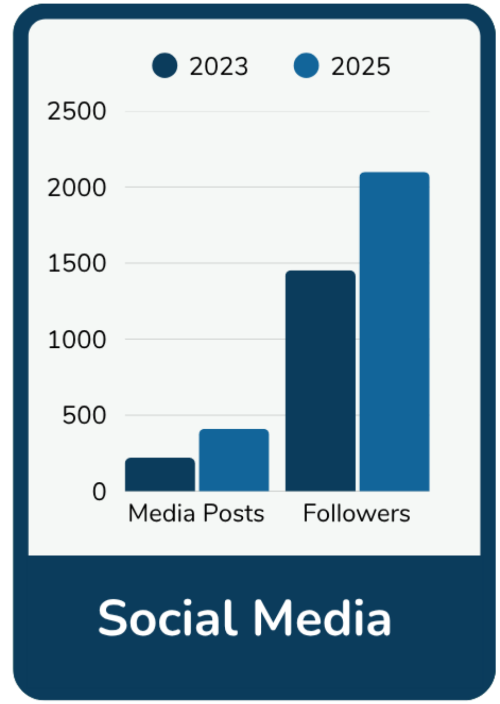
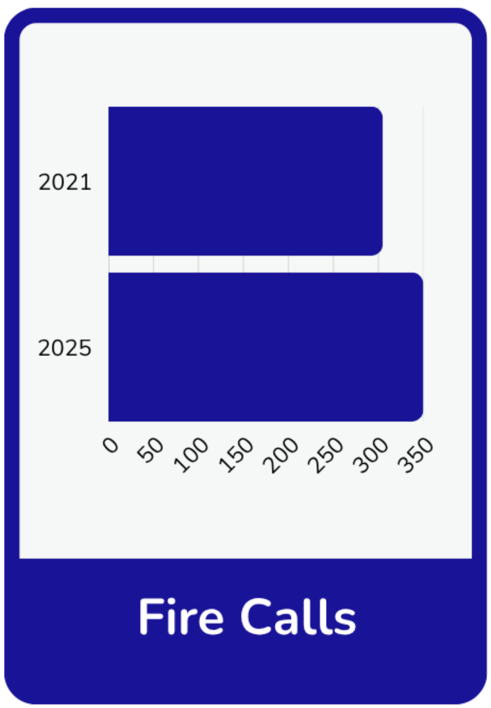
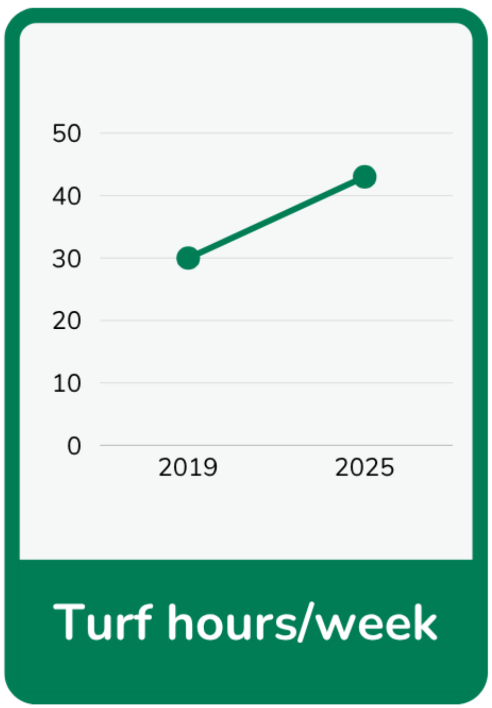
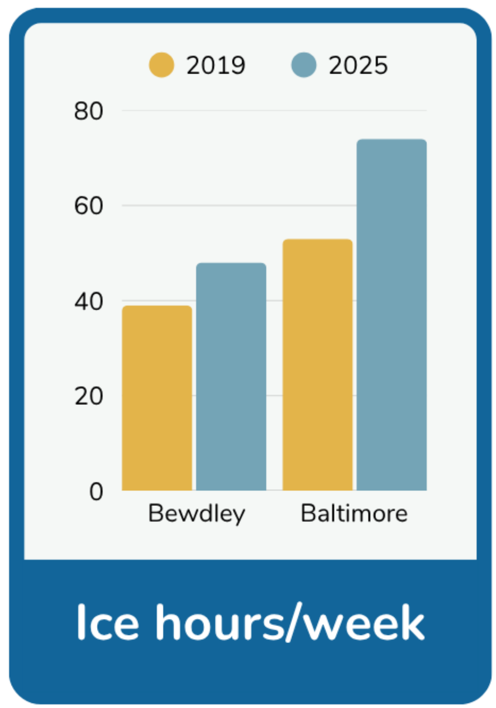
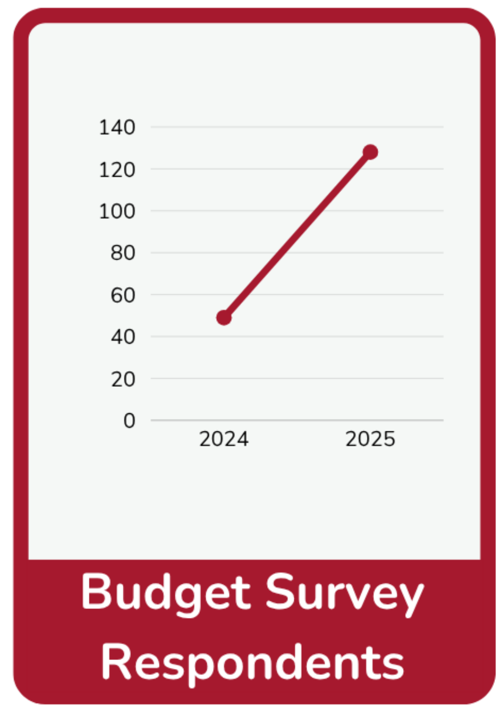
2023
2025
Winter Events


2023
2025
2500
2000
1500
1000
500
0
Media Posts
Followers
Social Media


2021
2025
0
50
100
150
200
250
300
350
Fire Calls


50
40
30
20
10
0
2019
2025
Turf hours/week


2019
2025
80
60
40
20
0
Bewdley
Baltimore
Ice hours/week


140
120
100
80
60
40
20
0
2024
2025
Budget Survey Respondents

FINANCIAL STATEMENTS
DISCUSSION & ANALYSIS

For the Fiscal Year Ended
December 31, 2025

Prepared By:
Corporate Financial Services

WWW.HAMILTONTOWNSHIP.CA

Message from our Treasurer

We stand behind our commitments!

I am pleased to present the Consolidated Financial Statements for the Township of Hamilton for the fiscal year ended December 31, 2025. These statements, together with the accompanying notes, have been prepared in accordance with Canadian Public Sector Accounting Standards.

The preparation and integrity of the information contained in the Township's 2025 Annual Financial Report, including the Consolidated Financial Statements and related notes, are the responsibility of Management.

This report provides an overview of the Township's 2025 financial results and highlights key financial indicators, significant changes from the prior year, and the Township's overall financial position. Throughout the year, Council received regular financial updates to support informed decision-making and effective financial oversight.

Pursuant to the Municipal Act, 2001, Council appoints an independent auditor to examine the Township's annual financial statements. Baker Tilly KDN LLP served as the Township's external auditors for the 2025 fiscal year.

The Township remains committed to sound financial management, transparency, and accountability. The 2025 financial results demonstrate continued progress toward maintaining a strong and sustainable financial foundation while supporting Council's priorities and the needs of our community.

Sincerely,
Nusrat Ahmed, Treasurer
June 2026

2025 at a Glance

Financial Assets
$14.8 million

Liabilities
$6.2 million

Non-Financial Assets
$47.5 million

Accumulated Surplus
$56 million

Revenues
$16.1 million

Expenses
$15.7 million

School Board Levy
$3.1 million

Annual Surplus
$440k

Amortization
$3.1 million

Development Charges
$1.6 million

Long Term Debt
$461k

County Levy
$10.5 million

Tangible Capital Assets
$47.1 million

Asset Retirement Obligation
$584k

Reserves & Reserve Funds
$10.7 million

Property Taxation
$10.9 million

User Fees Charge
$1.9 million

Economic Outlook and Risk Management

Economic Outlook

- Municipalities continue to face significant economic pressures that extend well beyond general inflation. While the Consumer Price Index (CPI) has moderated in recent years, municipal costs for construction, infrastructure maintenance, contracted services, utilities, insurance, and equipment continue to rise. Many municipal expenditures are tied more closely to construction-related indexes, which remain substantially higher than CPI.

- At the same time, labour shortages and persistent global supply chain disruptions continue to affect municipal operations and capital projects. These pressures have led to project delays, volatility in tender pricing, higher costs, and increased uncertainty in both day-to-day operations and long-term financial planning.

- Municipalities remain exposed to wider global economic forces, such as commodity price fluctuations, changes in interest rates, and evolving trade policies. Anticipated increases in U.S. tariffs, along with Canada's potential countermeasures, could drive up the cost of materials, equipment, and contracted services, while also intensifying pressures on supply chains.

- Together, these economic factors continue to place significant pressure on municipal budgets and reinforce the importance of prudent financial planning, long-term sustainability, and strategic management of municipal resources.

Financial Limitations

- Municipalities continue to encounter increasing financial constraints as they work to balance rising service demands, aging infrastructure requirements, and escalating operating costs within limited revenue frameworks.
- At the same time, municipalities are expected to uphold current service levels and infrastructure standards while navigating inflationary pressures, and regulatory changes. Increased reliance on grants and external funding further adds to this challenge.
- The Township continues to monitor these evolving financial pressures closely and adjusts its budget accordingly based on available federal and provincial funding information, including new grants, funding increases, or reductions to existing programs. This requires ongoing prudent financial planning and a balanced approach to maintaining service delivery while supporting long-term financial sustainability.

Strategic Priorities

- The Township's budgeting and financial planning processes are closely aligned with the Strategic Plan and reflect recommendations from various master plans and organizational reviews. Integrating these long-term planning documents into financial decision-making helps ensure that municipal resources are allocated in a manner that supports Council's strategic priorities, operational needs, and future community goals.

Strategic Priorities (continued)

- At the same time, the Township continues progressing with the implementation of its Asset Management Plan. As is the case for many municipalities, it faces persistent infrastructure funding challenges, where the costs associated with maintaining and renewing assets exceed available financial resources. Escalating construction costs, inflationary pressures, and constrained access to grant funding have further compounded this issue.
- To address these pressures, the Township continues to pursue grant funding opportunities, identify operational efficiencies, and strategically phase projects through the 10-year capital forecast. The Asset Management Plan recommends gradual and sustainable funding increases to help preserve infrastructure, maintain service levels, and support the Township's long-term financial sustainability.

Long-Term Planning

- The Township's long-term financial strategy, including the Fire Master Plan, Parks and Recreation Master Plan, Organization Master Plan, Official Land Use Plan, Strategic Plan, and Asset Management Plan, ensures that the Township is prepared to meet future demands without overburdening reserves, supporting sustainable growth and infrastructure Management well into 2026 and beyond

Risk Management

In response to increasing economic volatility, legislative changes, and operational uncertainties, the Township continues to strengthen its risk management practices. This includes enhanced financial forecasting, scenario analysis, and contingency planning to proactively address external pressures and safeguard long-term fiscal sustainability.

Financial Management Policies

Council has adopted policies to promote sound financial management and ensure the effective use of public funds. The 2025 financial statements are in accordance with these established policies. Examples of such financial policies include:

Council Remuneration Policy – Policy No. P-FIN-100

The Council Remuneration Policy sets out rules and principles for reimbursable expenses to ensure all Members of Council have a solid understanding of acceptable expenses, expense limits and the appropriate approvals needed.

Effective Date: April 2024
Expiry Date: April 2029

Procurement Policy – Policy No. P-FIN-200

The purpose of this policy is to detail the principles, procedures, roles, and responsibilities for the Township's Procurement operations.

Effective Date: March 2025
Expiry Date: March 2030

Community Grants Policy – Policy No. P-FIN-300

The Community Grant Policy assists in the provision of grants to organizations and non-profit associations in a consistent manner that is in the best interest of the residents and is aligned with the strategic direction of the Township.

Effective Date: September 2025
Expiry Date: September 2030

Annual Budget Process – Policy No. P-FIN-400

The Annual Budget Process Policy ensures consistent guidelines of the Township's budget process ensuring that Council's priority of service delivery and a balanced budget are being presented.

Effective Date: September 2025
Expiry Date: September 2030

Financial Management Policies (continued)

Investment Policy – Policy No. P-FIN-600

The Investment Policy outlines the process and responsibilities of the Finance Department and Council for the investment of surplus Township funds to ensure proper governance, capital preservation, and cash flow needs. This policy applies to all funds invested by the Township.

Effective Date: September 2025
Expiry Date: September 2030

Asset Management Policy – Policy No. P-FIN-700

The Asset Management Policy is intended to guide the consistent use of Asset Management across the organization, to facilitate logical and evidence-based decision-making for the management of Municipal Infrastructure Assets and to support the delivery of sustainable community services now and in the future.

Effective Date: September 2025
Expiry Date: September 2030

Debt Management Policy – Policy No. P-FIN-800

The Debt Management Policy sets forth the parameters for issuing debt and managing the debt portfolio. It enhances the quality of decisions, rationalizes the decision-making process, identifies objectives for staff to implement, and demonstrates a commitment to long-term financial planning objectives.

Effective Date: September 2025
Expiry Date: September 2030

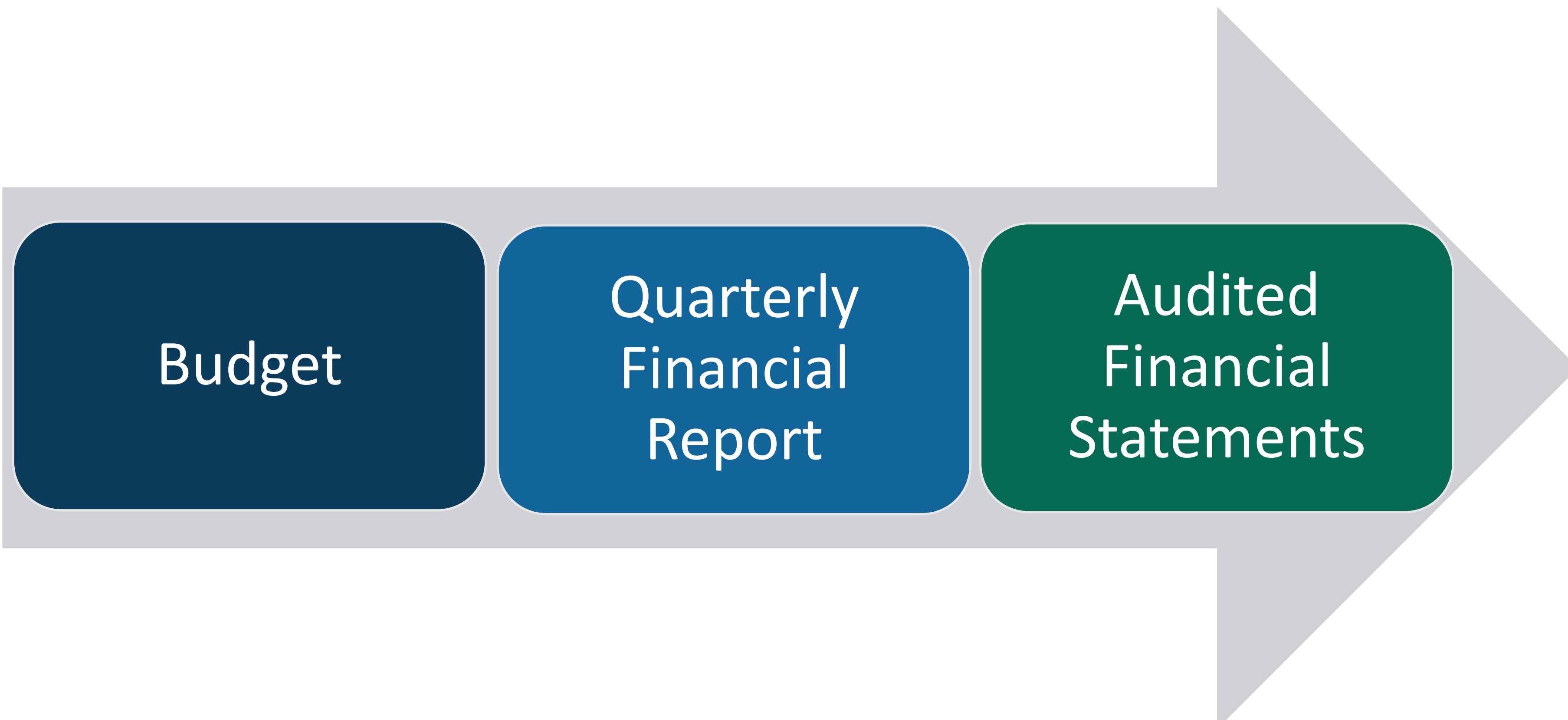
Reserve Policy – Policy No. P-FIN-900

The Reserve Policy outlines the principles, requirements, and guidelines governing the establishment, purpose, maintenance, management, and accounting treatment of both mandatory and discretionary Reserves and Reserve Funds.

Effective Date: September 2025
Expiry Date: September 2030

Our Reporting Process

The Township's financial governance framework is grounded in Council's approval of the annual budget, which formally authorizes spending and establishes the strategic financial direction for the year. Financial performance is tracked through detailed quarterly reports provided to Council, supporting transparency, evaluating alignment with budget objectives, and highlighting emerging risks or trends. This process concludes at year-end with the presentation of consolidated, externally audited financial statements, offering Council and the public assurance of financial accountability, compliance with legislation, and adherence to public sector accounting standards.



Budget

Preparation

The Township's budget preparation is a crucial initiative led by the administration, serving as a plan to allocate resources for Council's strategic priorities. Departments initiate the process by analyzing the previous year's budget, quarterly financial reports, and year-to-date actuals to identify trends and service efficiencies. This comprehensive approach ensures informed allocation of resources, fostering progress, and aligning financial strategies with the Township's strategic goals. The Township also utilizes a budget survey to give ratepayers an opportunity to share their priorities and input on the upcoming budget.

Review

The budget review process entails a comprehensive staff-level assessment that balances service delivery and capital planning within fiscal limitations and long-term sustainability goals. It ensures the protection of essential services for residents while encouraging the identification of efficiencies and cost-saving opportunities across the Township.

Approval

The budget approval process involves Council's review and consideration of both the operating and capital budgets presented by staff. This detailed evaluation is a key component of the approval process, promoting transparency and accountability in financial decisions that affect the community's well-being and growth.

Post Budget Approval

From time-to-time, the budget may need to be amended after adoption. The process for amending the capital and operating budgets after adoption are as follows:

Amendment to Operating Budgets

The operating budget **cannot** be amended after budget adoption as changes to the tax rate are not permissible.

Amendment to Capital Budgets

The Chief Administrative Officer (CAO) and the Treasurer are authorized to award contracts and execute related agreements on behalf of the Township, provided that the purchase does not exceed the approved capital budget by more than the lesser of 10% or $10,000, in accordance with the Township's Procurement Policy. All such approvals are reported to Council annually. Where the lowest compliant bid or quote exceeds the approved capital budget by more than 10% or $10,000, prior Council approval is required before the contract may be awarded. Following such approval, the capital budget is formally amended to reflect the updated project cost and funding source(s).

Quarterly Financial Reporting

Council is provided with quarterly financial reports detailing year-to-date revenues and expenditures against the approved annual budget. Variances between actual and budgeted figures are identified and clearly communicated to Council through accompanying staff reports.

Audited Financial Statements

The Township publishes an annual report that provides a clear and comprehensive overview of its financial performance. This report promotes accountability and transparency to residents and businesses by outlining key financial management policies, significant economic developments, and the Township's achievements for the year. It also includes Audited Financial Statements prepared in accordance with the financial reporting principles and standards established by the Public Sector Accounting Board, as prescribed by the Chartered Professional Accountants of Canada.

Average Property Tax Bill Distribution

Property assessments are not determined by the Township. The Municipal Property Assessment Corporation (MPAC) is responsible for managing a standardized, province-wide property assessment system in accordance with the *Assessment Act*. MPAC establishes the current value and classification of all properties in Ontario, which is reflected in the property assessment notice sent to property owners and in the Township's property tax bill.

Property taxes are a vital source of funding for municipalities, upper-tier governments, and local school boards. The Township collects these taxes on behalf of Northumberland County and the Province of Ontario for educational purposes. While these contributions appear on property tax bills, they are not included in the Township's own tax revenue.

Township's Property Tax Distribution by Service

For every dollar the Township collects in property taxes, $0.44 remains with the Township, with the rest being allocated to Northumberland County ($0.43) and local school boards ($0.13).

The portion allocated to the Township supports public safety, infrastructure development and maintenance, recreation programs, park maintenance, roads maintenance and various other municipal services. Upper-tier's funds typically go towards large-scale projects and services that benefit the broader area such as community and social services/housing, transportation infrastructure, paramedic, and waste Management. Local school boards receive property tax funds to cover the operating expenses of educational institutions, infrastructure maintenance and development, educational and extracurricular programs, and technology acquisition for schools.

Township

- Building Permits
- Business & Marriage Licenses
- Fire and Emergency Services
- Library
- Local Roads
- Winter Maintenance
- Planning and Building
- Parking
- By-Law Enforcement
- Property Tax Billing
- Police Services
- Recreation and Events
- Parks, Trails and Facilities
- Water Supply

Who does what?

County

- Affordable Housing & Homelessness
- County Roads
- County Forest
- County-Wide Land Use Planning
- EarlyON Centres & Child Care System Planning
- Municipal Long-Term Care Home
- Paramedics
- Plumbing & Septic Inspections
- Provincial Offences Court Services
- Social Services
- Waste Collection

GFOA Canadian Award for Financial Reporting


Government Finance Officers Association

Canadian Award for Financial Reporting

Presented to

The Township of Hamilton

Ontario

For its Annual Financial Report for the Year Ended

December 31, 2024

Christopher P. Morrill

Executive Director/CEO

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Canadian Award for Financial Reporting to the Township of Hamilton for its annual financial report for the fiscal year ended December 31, 2024. The Canadian Award for Financial Reporting program was established to encourage municipal governments throughout Canada to publish high quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports.

In order to be awarded a Canadian Award for Financial Reporting, a government unit must publish an easily readable and efficiently organized annual financial report, whose contents conform to program standards. Such reports should go beyond the minimum requirements of generally accepted accounting principles and demonstrate an effort to clearly communicate the municipal government's financial picture, enhance an understanding of financial reporting by municipal governments, and address user needs.

A Canadian Award for Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Canadian Award for Financial Reporting program requirements, and we are (will be) submitting it to GFOA to determine its eligibility for another award.

Approved Budget Compared to Financial Statements

In December 2024, Council approved a balanced 2025 budget. The budget is prepared on a "modified accrual basis" of accounting. This approach looks primarily at expected cash inflows and outflows and uses the property tax levy to achieve a balance between them. This is different from the "full accrual" treatment used for the Consolidated Financial Statements, which are prepared in accordance with standards set by the Public Sector Accounting Board.

As a result of the differing approaches used in preparing the annual budget and reporting actual financial results, a reconciliation is required to compare actual operating results to the budget plan. This reconciliation accounts for key differences in methodology and timing between the budget and the Audited Financial Statements. The graphic below outlines these differences and illustrates how they are addressed in the reconciliation process:

2025 Council Approved Budget		
Expenses	**13,990,138**	
Revenues	(2,706,782)	
Tax Levy	(11,283,356)	
Total Budget	**-**	
Financial Statements Budget Reconcilition		
Council Approved		**-**
TCA Purchases		2,737,032
Amortization		(3,215,031)
Treansfer To (from) Reserves		462,860
Changes in Unfunded Capital		18,656
Changes in Hydrant Surplus		14,083
Annual Surplus (Deficit) Budget		**17,600**

Table 2: Council Approved Budget vs. Financial Statements

There are primary differences between the modified accrual budget and the full accrual- based budget in the audited statements: presentation - treatment of related entities, legislation, and accrual.

Presentation

- In line with provincial requirements, the financial statements provided in the Township's annual report present expenses by function rather than by department. However, the budget is presented by department.

Legislative

- Ontario Regulation 284/09 under the Municipal Act allows municipalities to exclude expenses that do not require an immediate outlay of cash from the budget, provided that Council is informed of these exclusions and their impacts.
- Two key expenses that fall into this category are amortizations of capital assets and post-employment benefits, both of which must be included in reporting under full accrual treatment.

Accrual

- Under the full accrual method, qualified capital spending on tangible capital assets must be capitalized and amortized over the useful life of the asset instead of recognizing the entire cost in the year it occurred.
- Transfers from reserves are not considered revenues under full accrual accounting. This reduces budgeted revenues, thereby reducing the annual surplus.
- Transfers and contributions into reserves and principal debt repayments are not considered expenses under full accrual accounting, so they are removed from expenses. This reduces budgeted spending, thereby increasing the surplus under full accrual basis.

Consolidated Financial Statements

The Township of Hamilton is pleased to present the 2025 Consolidated Financial Statements. Section 294.1 of the *Municipal Act* requires municipalities to prepare annual financial statements in accordance with Generally Accepted Accounting Principles (GAAP) for local governments, as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. These statements are the responsibility of management, who ensure they are prepared fairly and accurately, with appropriate internal controls in place to safeguard the integrity of the financial reporting process. The audited statements serve as a key measure of the Township's financial position and performance, and the 2025 results reflect our continued commitment to strong leadership, responsible financial planning, and sound fiscal management.

> *Section 296 (1) of the Municipal Act requires that all municipalities appoint an external auditor licensed under the Public Accounting Act, who is responsible for annually auditing the accounts and transactions of the municipality and its local boards and express an opinion on the financial statements of these bodies based on the audit.*

The 2025 consolidated financial statements have been audited by Baker Tilly KDN LLP, Chartered Professional Accountants, in accordance with Canadian Generally Accepted Auditing Principals. The statutory auditor's role is to provide an independent opinion on the fair presentation of the Township's financial position and operating results as stated in the Financial Report, and to provide assurance that the statements are free from material misstatements. Additionally, the auditors are responsible for advising Management and Council on any control or operational issues identified during the audit.

> *In the auditor's opinion, the 2025 consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Township 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.*

Components of the Financial Statements

The Township's financial statements provide a comprehensive view of its financial position as of December 31, 2025. They highlight changes from the previous year and, where applicable, compare actual results to the budget. The accompanying notes are an integral part of the Township's financial reporting, offering additional context and details.

> *These Consolidated Financial Statements are prepared using the full accrual basis of accounting, whereby revenues and expenses are recognized in the period they occur.*

The Township's Audited Financial Statements include:

Consolidated Statement of Financial Position

This statement serves as the Township's balance sheet, outlining its assets, liabilities, and accumulated surplus as of year-end.

Consolidated Statement of Operations and Accumulated Surplus

This statement details the Township's revenues and expenses for the year. The net difference results in either an annual surplus or deficit, which in turn affects the accumulated surplus.

Consolidated Statement of Change in Net Financial Assets

This statement reconciles changes in the Township's net financial assets compared to the previous year.

Consolidated Statement of Cash Flow

This statement outlines the Township's cash inflows and outflows, demonstrating how funds were generated and used throughout the year. It also presents the net change in cash and cash equivalents by year-end. It serves as the reconciliation from accrual basis accounting to cash basis.

Our Financial Year in Review

The Financial Highlights have been extracted from the Township's Audited Consolidated Financial Statements.

Consolidated Statement of Financial Position

The Consolidated Statement of Financial Position presents a snapshot of the Township's balance sheet as of December 31, 2025. It provides an overview of the Township's financial and non-financial assets, including tangible capital assets, as well as its obligations in the form of liabilities, such as long-term debt.

Since the Township's total assets exceed its liabilities, the 2025 statement reflects an accumulated surplus, demonstrating the Township's strong financial position.

The highlighted sections below provide a summary:

Table 3: Township's Statement of Financial Position

	2025	2024	Variance	% Change
Financial Assets	$ 14,844,162	$ 13,235,722	$ 1,608,440	12%
Liabilities	6,247,555	6,162,441	85,114	1%
NET FINANCIAL ASSETS	**8,596,607**	**7,073,281**	**1,523,326**	**22%**
Tangible capital assets	47,110,971	48,031,288	(920,317)	-2%
Prepaid expenses	241,240	353,614	(112,374)	-32%
Inventories of materials and supplies	101,431	151,841	(50,410)	-33%
NON-FINANCIAL ASSETS	**47,453,642**	**48,536,743**	**(1,083,101)**	**-2%**
ACCUMULATED SURPLUS	**$ 56,050,249**	**$ 55,610,024**	**$ 440,225**	**0.8%**

FINANCIAL ASSETS INCREASED BY 12%

The Township's financial assets include cash, investments, accounts receivable and taxes receivable. The Township financial assets totaled $14.8 million at the end of 2025, up by $1.6 million or 12% from previous year.

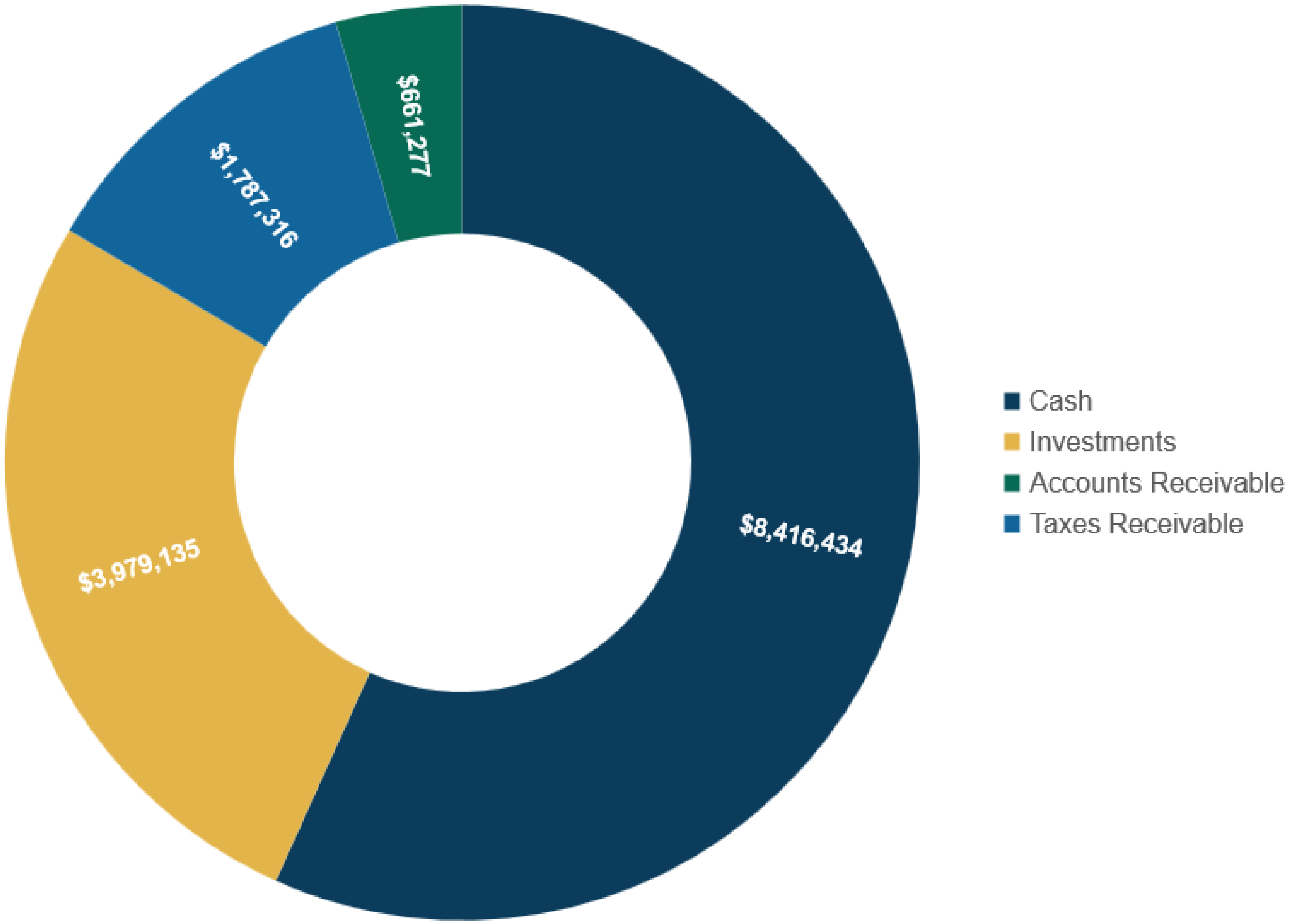


Figure 2: Financial Asset Disbursement

Cash

The Township experienced a slight improvement in its cash position in 2025, closing the year with $8.4 million in cash—up $106k from 2024. Strong operating activities generated $3.4 million in cash, primarily driven by annual surplus, amortization, and non-cash adjustments. These inflows largely funded $2.2 million in capital asset acquisitions and $1.1 million in new investments. Overall, the Township maintained positive cash flow while continuing to invest in infrastructure and long-term financial sustainability.

Investments

In 2025, investments totaled $3.9 million, an increase of $1.1 million from 2024. The growth was primarily driven by higher reserve balances, the reinvestment of investment earnings, and the deferral of certain capital projects, which allowed funds to remain invested for a longer period. These factors, combined with prudent cash and investment management practices, supported the Township's objective of maximizing returns while maintaining appropriate levels of liquidity and security.

Accounts Receivable

Accounts Receivable totaled $661k in 2025, compared to $465k in 2024, representing an increase of $196K. The increase is primarily attributable to the timing of collections. The Township maintains regular monitoring and follow-up procedures to support the timely collection of outstanding amounts. Management will continue to review collection practices and identify opportunities to improve efficiency, reduce aging balances, and strengthen cash flow.

Taxes Receivable

Taxes Receivable totaled $1.7 million in 2025, up from $1.5 million in 2024, representing an increase of $205k. This increase is largely attributed to a higher tax rate implemented during the year.

Despite the increase, taxes receivable remained relatively consistent year over year as a percentage of the tax levy, reflecting the Township's ongoing commitment to effective tax collection in support of the community and its residents.

Five Year Trend - Financial Assets

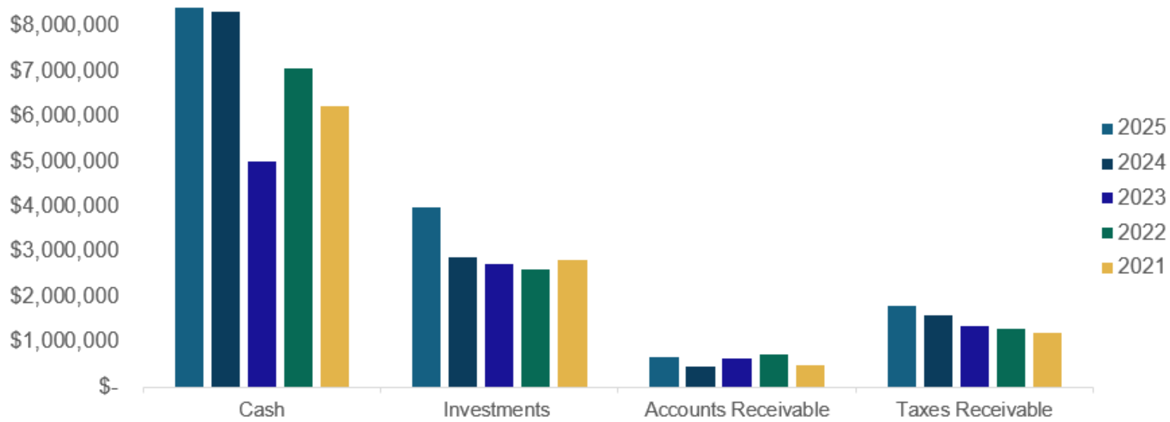


Figure 3: Five Year Trend of Financial Assets

Over the five-year period from 2021 to 2025, the Township's financial assets have shown a positive and stable trend, reflecting sound fiscal management and strategic planning. The five-year trend points to strong financial stewardship and a solid foundation for continued service delivery and community investment.

Cash balances have steadily increased each year, rising from approximately $6.2 million in 2021 to $8.4 million in 2025. This consistent growth highlights strong liquidity, improved revenue collection, and disciplined spending. Investments grew this year to $3.9 million reflecting the Townships commitment to earn additional interest to reduce the tax burden on its residents and combat inflationary expenses. Accounts receivable has held steady, with slight fluctuations, and ending higher in 2025 due to increased usage of the parks and recreation facilities. Taxes receivable has shown a gradual increase, rising to $1.7 million from $1.5 million, largely due to a higher tax rate; however, this has remained around 16% of the current tax base year over year representing a moderate risk as per the Ministry of Municipal Affairs and Housing (MMAH).

Overall, the five-year trend points to strong financial stewardship and a solid foundation for continued service delivery and community investment.

LIABILITIES INCREASED BY 1%

Financial liabilities are financial obligations to outside organizations or individuals that are the result of transactions or events that occurred on or before the end of the accounting period. Financial liabilities were $6.2 million, a slight increase from $6.16 million in 2024.

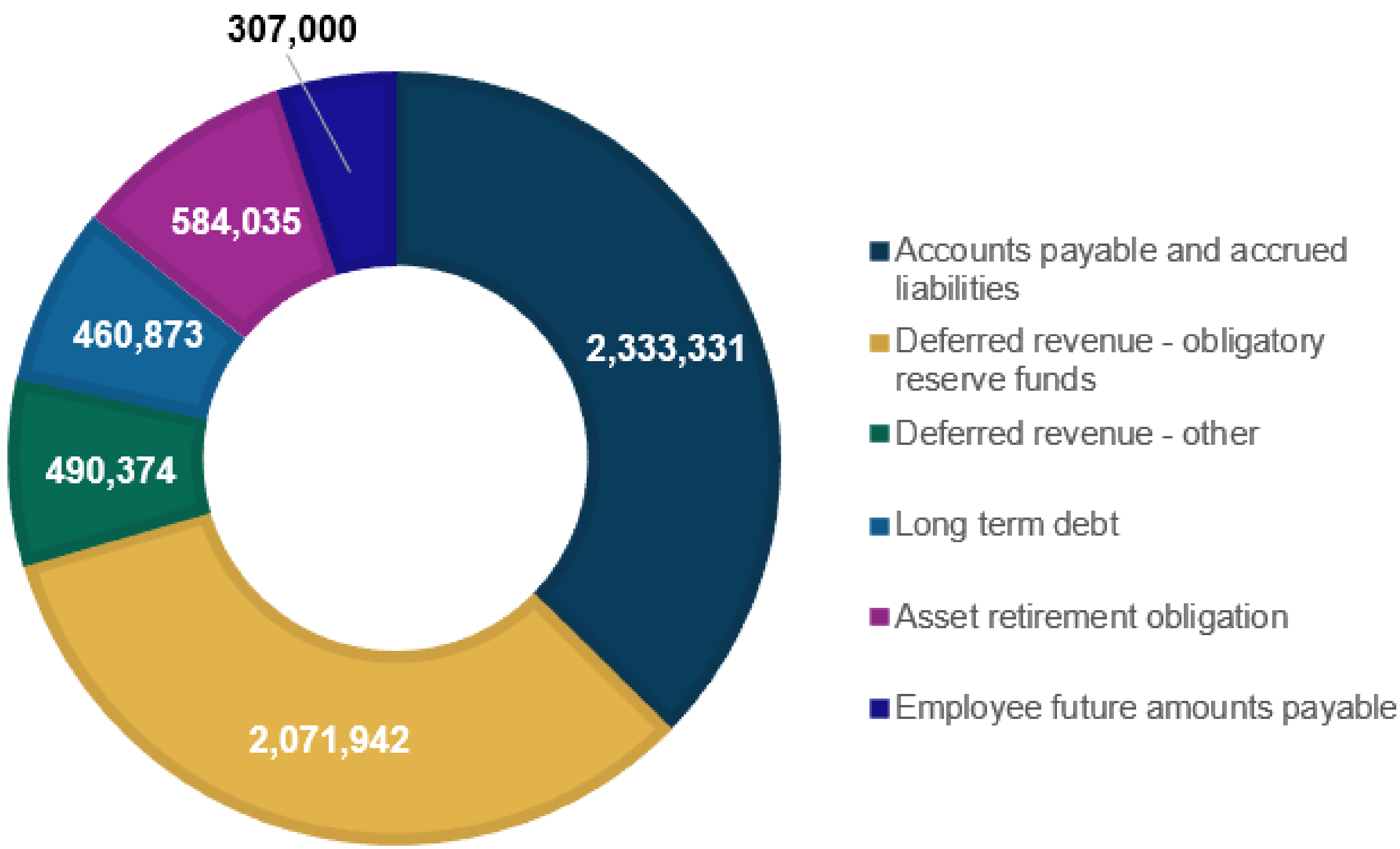


Figure 4: 2025 Liability Disbursement

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities slightly increased in 2025 to $2.3 million, up from $2.2 million in 2024—an increase of $54K or 2%. This increase is driven primarily by the timing of vendor payments and the recognition of year-end accruals for active projects and operating expenses.

Deferred Revenue

Obligatory reserve funds consist of Development Charges (DC), Canada Community-Building Fund (CCBF), and Parkland reserves. The balance ended the year at $2.1 million, down from $2.3 million in 2024, primarily reflecting the planned utilization of CCBF funding to support eligible capital projects.

Other consists of Ontario Community Infrastructure Fund, deferred Building Permits and other deferred revenue amounts. The balance increased to $490k from $462k in 2024. The leading contributor to this increase was an increase in deferred revenue related to building permits. As per section 3400 – *Revenue* in the Public Sector Accounting Sector (PSA) handbook revenue related to building permits needs to be recognized as work is performed.

Long Term Debt

Under the *Municipal Act*, municipalities in Ontario may incur debt primarily for capital projects. A regulation under the Act restricts the annual cost of servicing long-term debt and other financial obligations to 25% of a municipality's own-source revenue. The 2025 Annual Repayment Limit (ARL) for the Township is $2.9 million. This limit represents the maximum amount which the Township can commit to payments relating to debt and financial obligation. Municipalities in Ontario are responsible for ensuring that they do not exceed their ARL.

The Township maintains a revolving credit facility agreement with its primary financial institution. The maximum available credit is limited to $5.2 million from January 1 to September 30, and $2.3 million from October 1 to December 31. The temporary borrowing limits were authorized by Council under By-law 2025-02. As of December 31, 2025, there was no outstanding balance (2024 – $Nil).

When developing its long-term financial plan, the Township has maintained a commitment to strong financial discipline and strategic management of debt.

The total net external debt outstanding at the end of 2025 was $461k.The balance of long-term debt reported on the Consolidated Statement of Financial Position is as follows:

Table 4: Long-Term Debt Payment

Issued to	Instalment Payment	Repayable Amount (Principal)	Interest Rate	Due	Amount	
					2025	2024
Ontario Infrastructure and Lands Corporation	Quarterly	$ 970	4.31%	May 1, 2053	$ 106,713	$ 110,593
	Quarterly	$ 1,588	4.18%	May 1, 2043	$ 111,160	$ 117,513
	Quarterly	$ 2,700	4.27%	May 1, 2048	$ 243,000	$ 253,800

Table 5: Long-term Debt Principal and Interest Commitments

	Principal	Interest	Total
2022	$ -	$ -	**$ -**
2023	$ 10,516	$ 10,602	**$ 21,118**
2024	$ 21,033	$ 21,132	**$ 42,164**
2025	$ 21,033	$ 20,180	**$ 41,212**
2026	$ 21,033	$ 19,286	**$ 40,319**
2026 and thereafter	$ 387,258	$ 152,008	**$ 539,268**
Total	**$ 460,873**	**$ 223,208**	**$ 684,081**

Asset Retirement Obligation

Effective January 1, 2023, the Township was required to report asset retirement obligations related to asbestos removal upon building retirement. The Township owns and operates several buildings known to contain asbestos, which poses a health hazard upon demolition and creates a legal obligation for removal. In accordance with *PS3280 – Asset Retirement Obligations*, the Township recognized a liability as of January 1, 2023, for the estimated costs associated with asbestos removal. All buildings remain in active use and are expected to continue serving operational needs for the foreseeable future.

Employee Future amounts payable

The Township provides certain employee benefits that will require payment in future periods, including plans to cover the cost of specific health and other insurance benefits for eligible employees after retirement meeting specific conditions.

The associated liability has been estimated based on employees currently or could be eligible for these benefits, based on a new actuarial calculation. These benefit plans are unfunded, meaning the Township does not set aside funds in advance but instead pays the premiums as they become due.

In 2025, the estimated balance was $307k, up from $4k in 2024. This sharp increase is due to the Township adopting its first actuarial valuation to comply with accounting standards and reflect a more accurate value factoring in all potentially eligible employees and the time value of money. The Township does not have an immediate cash outlay and pays them annually as they occur.

Five years Trend – Liabilities

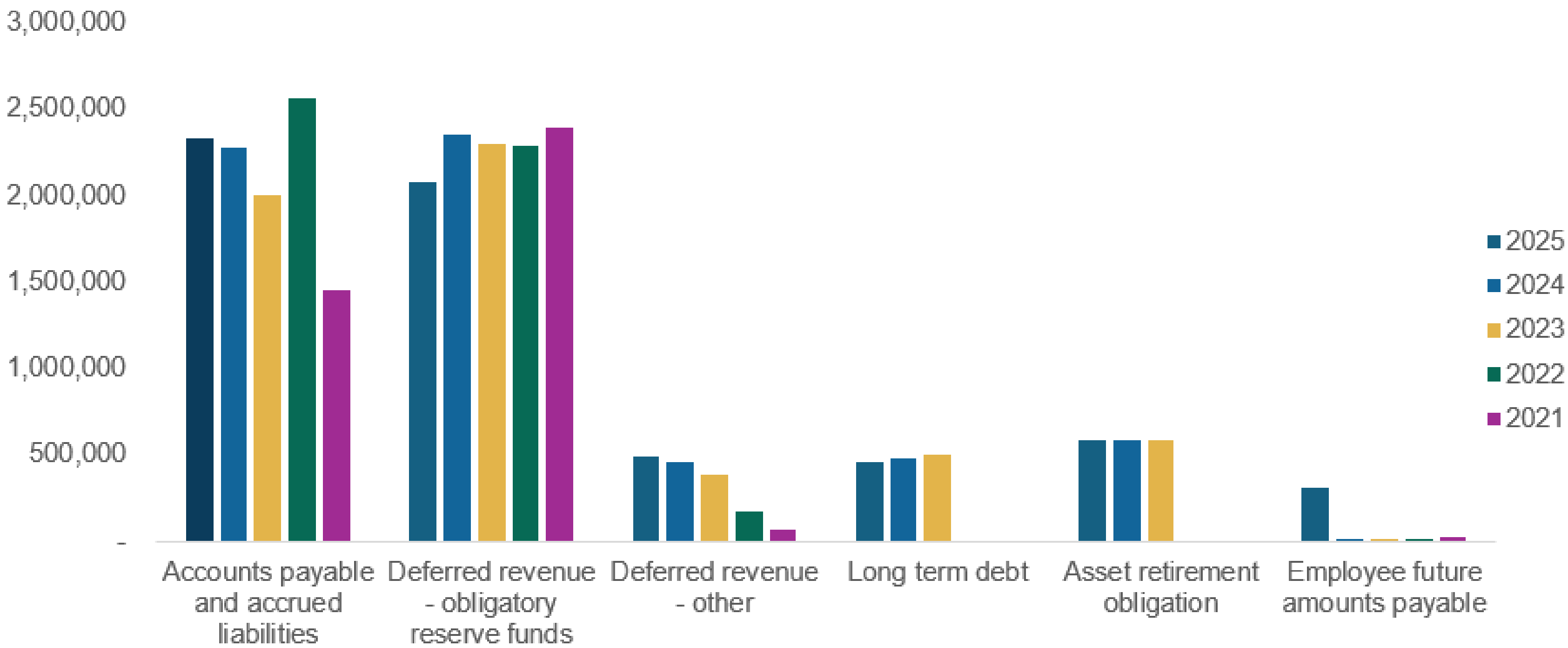


Figure 5: 2021-2025 Liabilities Trends

The graph shows relatively stable long-term debt and asset retirement obligations from 2021 to 2025, reflecting the Township's consistent debt repayment strategy and unchanged asset retirement obligation estimate. Accounts payable and accrued liabilities fluctuate year over year based on the timing of payments and project activity. Deferred revenue balances have remained relatively consistent, reflecting ongoing grant funding and reserve fund activity. Employee future benefits payable increased significantly in 2025 following the completion of an actuarial valuation and recognition of post-employment benefit obligations.

NON-FINANCIAL ASSETS DECREASED BY 2%

Non-financial assets are assets with a physical value such as property and supplies. It includes tangible capital assets (TCA), inventories (e.g. salt and sand) and prepaid expenses. The net book value of TCA is determined by the gross cost of all assets, including in-year additions and adjustments, minus disposals and accumulated amortization. Non-financial assets totaled $47.5 million, a decrease of $1.1 million over 2024.

Tangible Capital Assets

The net book value of the Township's tangible capital assets is $47.1 million ($48.0 million in 2024). The change was driven by the amortization of capital assets. Amortization expense exceeded the value of new capital asset additions by $920k, resulting in the decrease in the value of TCAs.

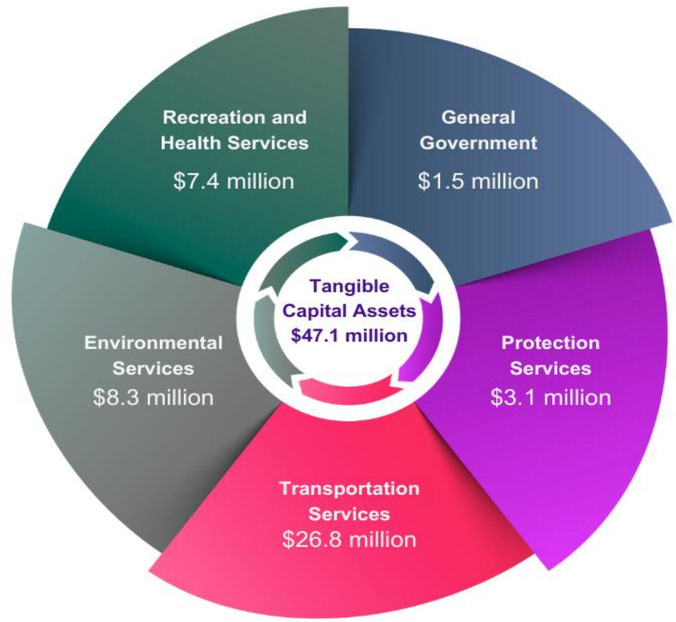


Figure 6: Tangible Capital Assets

Prepaid Expenses

Prepaid expenses totaled $241k in 2025, down from $353k in 2024. The decrease is primarily related to the timing of prepaid expenditures between fiscal years. Prepaid expenses represent payments made in advance for goods and services to be received in future periods. As a result, balances may fluctuate from year to year depending on the timing of renewals, contracts, and other advance payments.

Inventories of Materials and Supplies

Inventory of materials and supplies totaled $101k in 2025, compared to $151K in 2024 – a decrease of $50k. This reduction reflects the consumption of salt, sand, and fuel which naturally fluctuates from year to year. In 2025, increased weather events toward the end of the year led to higher usage of these materials to ensure road safety across the Township.

Consolidated Statement of Operations

Under the *Municipal Act*, there are two items that may be excluded from a municipal budget because they require no cash outlay, so long as Council is informed:

- **Post-employment benefits** – Employee benefits that have been earned but will be paid in the future as employees retire.
- **Amortization** – A fraction of the cost of a tangible capital asset, recorded as an expense each year the asset is expected to be in service.

The budget approved by the Township differs from the budget presented in the Statement of Operations and Accumulated Surplus, as it has been adjusted to align with Public Sector Accounting (PSA) reporting requirements. These adjustments include the removal of capital expenditures, and reserve transfers, which are included in the approved budget but not recognized in the same manner under PSA standards.

Table 6: Reconciliation of Council's approved budget to the annual surplus

2025 Council Approved Budget		
Expenses	**13,990,138**	
Revenues	(2,706,782)	
Tax Levy	(11,283,356)	
Total Budget	**-**	
Financial Statements Budget Reconcilition		
Council Approved		**-**
TCA Purchases		2,737,032
Amortization		(3,215,031)
Treansfer To (from) Reserves		462,860
Changes in Unfunded Capital		18,656
Changes in Hydrant Surplus		14,083
Annual Surplus (Deficit) Budget		**17,600**

Annual Surplus - Actual

Revenues	-	Expenses	=	Annual Surplus
$16,132,209		$15,691,984		$440,225

Revenues – Where does the money come from?

Table 7: Revenue Sources

For the year ended Decemerber 31	Budget 2025	Actual 2025	Variance Fav/(Unfav)	Variance %	Actual 2024
Property taxation	10,850,407	10,910,605	60,198	1%	10,128,079
User charges	1,846,943	1,966,126	119,183	6%	1,685,710
Government of Canada	-	33,523	33,523	100%	43,523
Province of Ontario	1,413,980	1,234,425	(179,555)	-15%	1,351,705
Other municipalities	-	-	-		-
Penalties and interest on taxes	200,000	270,169	70,169	26%	208,942
Investment income	126,757	319,178	192,421	60%	499,112
Donations	-	1,579	1,579	100%	5,536
Sales and recoveries	16,000	29,886	13,886	46%	13,941
Other Grants	7,500	73,053	65,553	90%	-
Capital contributions	232,000	247,772	15,772	6%	224,108
Other	-	154,854	154,854	100%	-
Development charges earned	179,250	220,873	41,623	19%	163,213
Canada Community-Building Fund earned	821,183	656,451	(164,732)	-25%	372,004
Gain/(loss) on disposal of tangible capital assets		13,715	13,715		(36,798)
TOTAL REVENUES	**$ 15,694,020**	**$ 16,132,209**	**$ 438,189**	**2.7%**	**$ 14,659,075**

Property Taxation totaled $10.9 million in 2025, up from $10.1 million in 2024. This growth in property tax revenue is primarily due to increase in taxation and growth within the Township.

User Fees totaled $1.9 million in 2025, up from $1.7 million in 2024. This growth is largely attributed to the Township's expansion of Parks and Facilities rentals and programming, which resulted in a 17% increase in related revenue for the year vs 2024.

Government of Canada funding was higher than budgeted, as the Township recognized $33k in 2025. The funding was related to Canada Summer Jobs to employ local youth with the Township and, the remaining federal portion of the Enabling Accessibility Fund to make council chambers more accessible for residents.

Province of Ontario funding totaled $1.2 million. This included a $19k library grant, $799k for Ontario Municipal Partnership Fund (OMPF) and, 27k for floodplain mapping within the Township.

Penalties and interest on taxes and utility billing exceeded the budget by $70k, primarily due to a higher-than-anticipated number of late payments from taxpayers. While the additional revenue contributed positively to the Township's financial results, the Township remains mindful of the financial pressures residents may face and continues to prioritize clear communication and flexible payment options where possible to support timely tax payments.

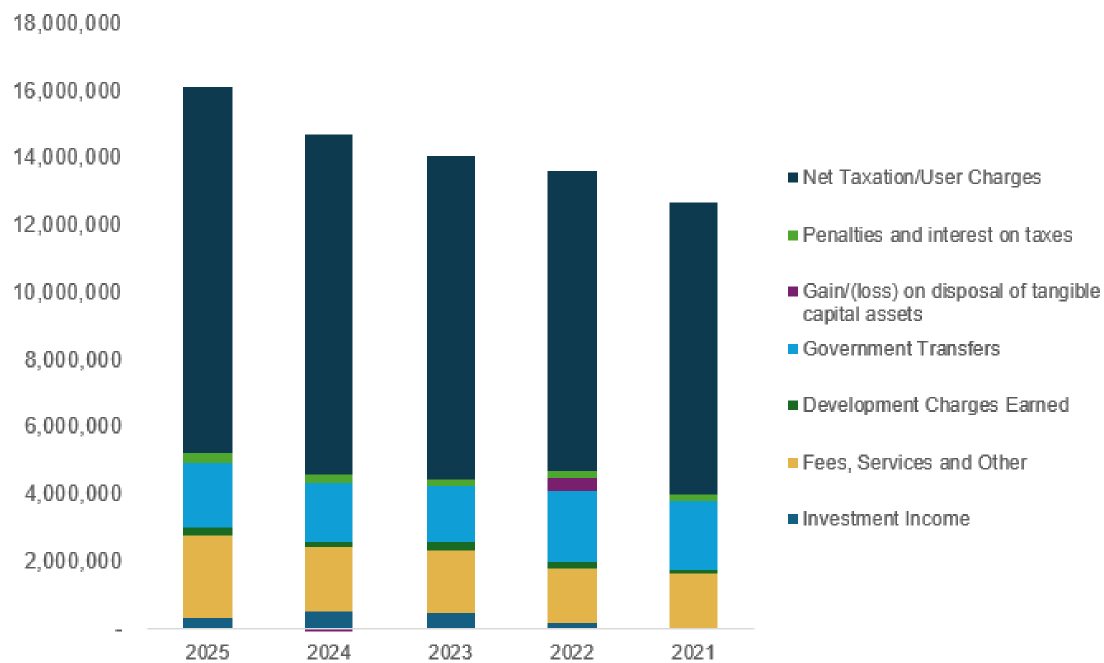
Investment income exceeded the budget by $192k due to increased cash balances maintained throughout the year, and the strategic timing of investments, which allowed the Township to maximize returns on available funds.

Development charge revenue was $41K more than budgeted contributing $221K to the Townships Revenue. This increase over budget is due to the timing of growth projects within the Township.

Five Year Trend - Revenues

The graph below illustrates annual changes in sources of revenue over the past five years:

Figure 7: Five-year annual changes in sources of revenue



In total, revenues over which the Township has control—including taxation, user charges, fees, services, and interest earnings—account for 85% of total revenues in 2025. Over the past five years, these sources have consistently provided an average of 83% of the Township's total revenues. In contrast, transfer payments from other levels of government, which are beyond the Township's direct control, have averaged 17% of total revenues during the same period. Notably, the Township has expanded its operations in investment income over the past five years, contributing to greater financial independence and offering more predictable revenue streams—an indication of strong and proactive financial management.

Expenses – Where does the money go?

Total expenses in 2025 were $15.7 million, an increase of $1.4 million or 9%, primarily due to the adoption of an actuarial valuation for future employee benefits and, an increase in external factors such as policing and insurance.

Table 8: Summary of Expenses from the 2025 Consolidated Statement of Operations

For the year ended Decemerber 31	Budget 2025	Actual 2025	Variance Fav/(Unfav)	Variance %	Actual 2024
General government	$ 2,689,566	$ 2,624,742	64,824	2%	$ 2,140,092
Protection services	3,583,295	3,738,036	(154,741)	-4%	3,405,990
Transportation services	5,509,542	5,333,705	175,837	3%	4,999,888
Environmental services	939,725	956,332	(16,607)	-2%	893,105
Health services	-	-	-	-	-
Recreation and cultural services	2,683,092	2,759,091	(75,999)	-3%	2,582,720
Planning and development	271,200	280,078	(8,878)	-3%	263,573
TOTAL EXPENSES	**$ 15,676,420**	**$ 15,691,984**	**(15,564)**	**-0.1%**	**$ 14,285,368**

Overall, the Township's expenditures were in line with budget, with total expenses exceeding budget by 0.1%. Favourable variances in General Government and Transportation Services helped offset higher costs in Protection Services, Environmental Services, Recreation and Cultural Services, and Planning and Development. Protection Services exceeded budget primarily due to increased emergency response activity and staffing-related costs. Recreation and Cultural Services were modestly over budget as a result of enhanced programming, increased facility utilization, and the Township assuming operation of the canteen. A significant portion of these additional costs was offset by increased user fee revenues. Despite these pressures, the Township maintained strong overall budgetary control while continuing to deliver key services to the community.

Five Year Trend - Expenses

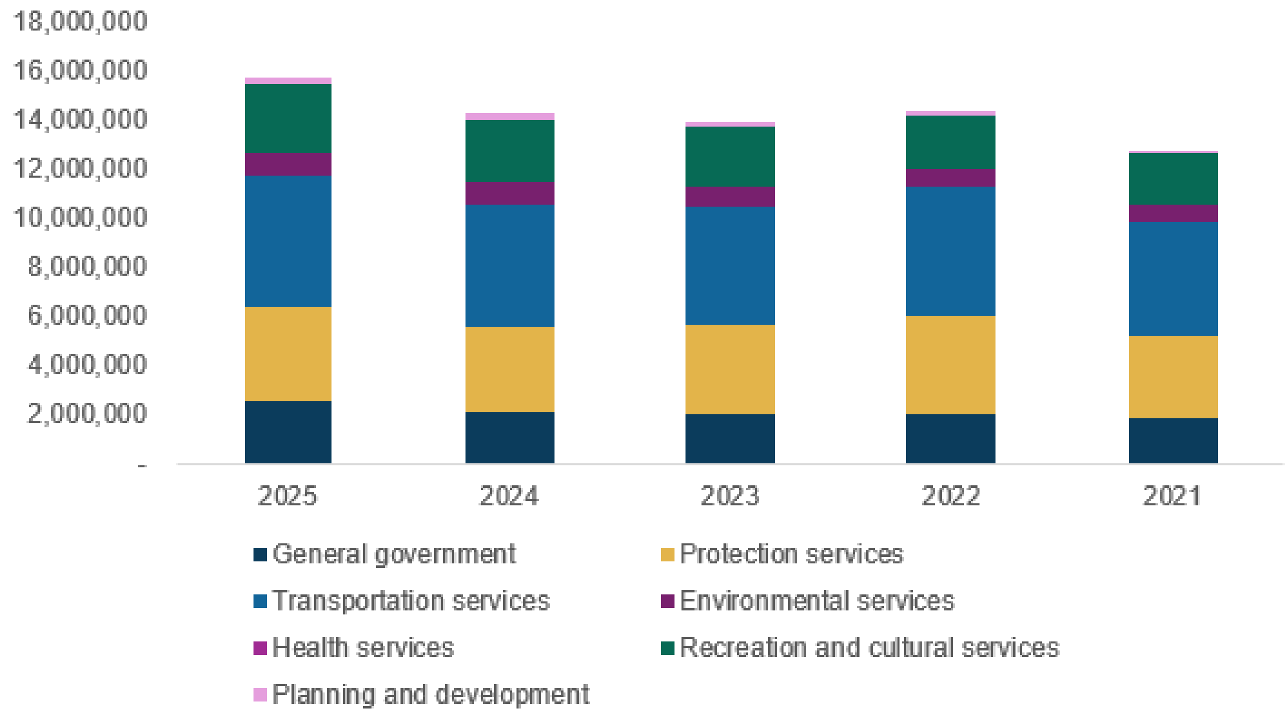


Figure 8: 2021-2025 Expenses by Service Area

Over the past five years, the Township's expenditures have increased in a measured and controlled manner, reflecting both inflationary pressures and growing service demands. Transportation Services has consistently remained the largest expenditure category, representing the significant resources required to maintain the Township's transportation infrastructure. Protective Services and Recreation and Cultural Services have experienced the most notable growth, driven by increased emergency response activity, staffing costs, facility operations, and expanded community programming. Despite these pressures, the overall distribution of expenditures has remained relatively stable, demonstrating prudent financial management and effective stewardship of public resources.

2025 Capital Projects

Township infrastructure plays a vital role in supporting the economic, social, and environmental well-being and growth of the community by enabling the delivery of essential services relied upon by residents. Through the application of effective asset management practices, the Township ensures that its infrastructure is managed responsibly to sustain municipal service delivery over the long term. This includes overseeing a diverse portfolio of assets through a full lifecycle approach—starting with acquisition, followed by ongoing maintenance and renewal, and ultimately concluding with disposal. Given that infrastructure assets often have long service lives, careful planning is necessary to distribute costs fairly across both current and future generations.

To guide these efforts, the Township adopted a **Strategic Asset Management Policy** in March 2019, in accordance with **Ontario Regulation 588/17**. This policy demonstrates leadership and commitment to the development of an Asset Management Program grounded in logic and evidence-based decision-making. It emphasizes the importance of linking infrastructure investment decisions directly to service outcomes, promoting a service-focused rather than strictly budget-driven approach.

> *In 2025, tangible capital assets decreased by $920K, bringing the total to $47.1 million as of December 31, 2025. This reflects the Township's acquisitions of $2.2 million, offset by amortization of $3.2 million and disposals of $517k.*

The Township successfully completed several capital projects in 2025, resulting in a net surplus of $460k from the approved capital budget.

Table 9: Closed Capital Projects in 2025

Department	Budget Year	Description of Capital Project	Budget	Actual	Surplus (Deficit)
Fire	2025	Extrication Equipment	$ 100,217	$ 100,217	$ -
Fire	2025	½ Ton Pick-up Emergency Support Unit	90,000	89,719	281
Fire	2025	Thermal Imaging	40,000	33,906	6,094
Fire	2025	Emergency Equipment - Firehouse Subs Grant	38,000	33,276	4,724
Fire	2025	Bunker Gear	24,692	24,692	-
Water	2020	Creighton Heights Chlorine System	40,000	9,655	30,345
Water	2021	Line Valve Replacement	15,000	12,767	2,233
Water	2021	Camborne Repairs (Pressure Tank & Flow Control Valves)	38,900	13,309	25,591
Water	2025	Distribution System Preventative Maintenance - Creighton Heights	60,000	26,433	33,567
Water	2025	Water Meter Replacement Program	20,000	17,310	2,690
Water	2025	Water Rate Study	35,000	25,597	9,403
Parks and Facilities	2025	Lions Arena Score Clock	15,000	13,381	1,619
Parks and Facilities	2025	Compact Tractor Loader	50,000	44,591	5,409
Parks and Facilities	2025	Parks Trailers (2)	15,000	12,261	2,739
Parks and Facilities	2025	Vending Machine	10,000	9,715	285
General Government	2020	Work Order Program-Water/Roads/Parks & Rec	25,088	25,088	-
General Government	2022	Procurement Process Review	30,000	9,667	20,333
General Government	2022	Enabling Accessibility Fund - Accessible Council Changes	77,642	59,855	17,787
General Government	2023	IT Projects	20,000	20,000	-
General Government	2024	Council Chambers Audio System	35,000	33,927	1,073
Library	2025	New Collection	3,500	3,500	-
Public Works	2025	Wallace Jibb Retaining Wall	49,000	48,845	155
Public Works	2024	Stormwater Network Assessment phase 1	38,064	8,762	29,302
Public Works	2024	Road Needs Study	30,335	30,335	-
Public Works	2025	Portable Battery Powered Column Lifts	45,000	41,465	3,535
Public Works	2024/2025	Various Roads Projects within Hamilton Township	1,435,000	1,179,132	255,868
General Government	2024	Server Replacement	30,000	23,019	6,981
		Total 2025 Closed Projects	**$ 2,410,438**	**$ 1,950,423**	**$ 460,015**

Reserves and Reserve Funds

Reserves and reserve funds are essential financial tools through which the Township allocates and tracks monetary resources designated by Council for specific future needs. These funds form a key component of the Township's long-term financial strategy, enabling proactive and responsible fiscal planning.

In general, contributions to reserves and reserve funds are sourced from the operating budget, while withdrawals are used to finance capital projects, asset replacement, and Council-approved initiatives.

The establishment and utilization of these funds are at Council's discretion and form an integral part of the Township's overall financial governance framework.

By maintaining reserves, the Township is better equipped to address future or contingent liabilities, manage financial risk, and ensure service continuity in the face of economic uncertainty. Reserves act as a financial buffer against unanticipated changes in revenues or expenditures, support one-time investments, and help to moderate tax rate fluctuations driven by external factors. They also serve to reduce reliance on debt and support strategic capital planning.

Transfers from reserves and reserve funds are made annually to fund a variety of needs, including operating costs, studies, capital projects, and the replacement of aging infrastructure.

The ability to draw from reserves when needed allows the Township to finance projects in a timely and efficient manner without imposing undue pressure on the tax base.

The strategic use of reserves provides several long-term financial benefits, including:

- Stabilizing tax rates amidst variable and sometimes uncontrollable economic conditions;
- Financing one-time or short-term investment needs;
- Accumulating funds for significant, future infrastructure investments;
- Managing reliance on debt to fund capital; and
- Normalizing infrastructure funding requirements over time.

There is ongoing discussion within the municipal sector regarding the appropriate level of reserves that should be maintained. While no single benchmark has gained universal acceptance, municipalities are encouraged to consider a range of factors when determining adequate reserve levels.

These factors include:

- The breadth and complexity of services provided;
- The age and condition of existing infrastructure;
- The municipality's current and projected use of debt;
- The prevailing and anticipated economic environment; and
- Internal reserve and debt Management policies.

As of December 31, 2025, the Township's total reserves and reserve funds balances stood at $10.6 million, an increase from $9.1 million in 2024.

Staff regularly review and monitor reserve levels to ensure the Township remains well-positioned to meet long-term financial obligations and take advantage of future opportunities. Council is updated annually on the status of reserves and reserve funds—a practice that is not consistently followed across all municipalities.

The five-year reserves and reserve funds balance chart highlights strong performance in core administrative and infrastructure areas; whole fire needs some attention. Water utility has seen a great improvement year over year reflecting responsible action taken by the Township.

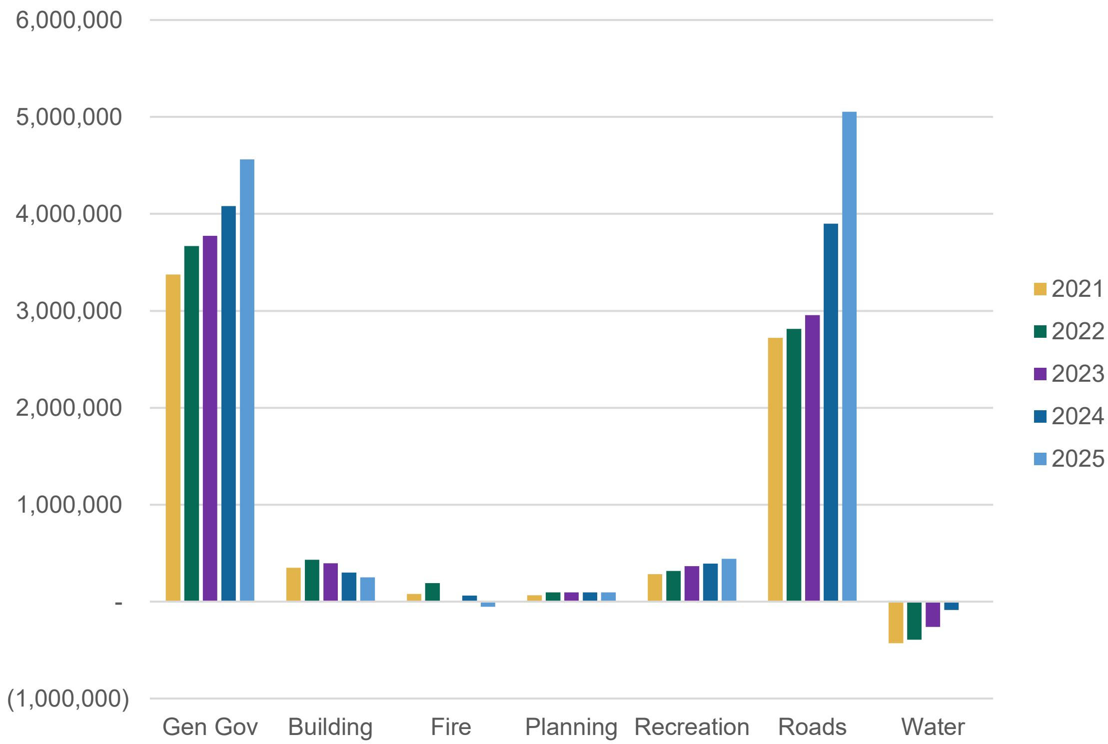


Figure 9: 2021-2025 Reserves and Reserve Funds

Table 10: Reserves and Reserve Funds Balances as of December 31, 2025

Description	Balance as of Dec. 31, 2025 (Surplus)/Deficit
COUNCIL RETIREMENT RESERVE	(5,060)
HERITAGE RESERVE	(40,538)
ADMINISTRATION FACILITY RESERVE	(256,017)
ELECTION RESERVE	(94,574)
ADMIN IT RESERVE	(262,845)
GENERAL RESERVE	(3,546,250)
CEMETERY-BEWDLEY TRUST RES	(53)
ACCESSIBILITY RESERVE	(62,334)
ECONOMIC DEVELOPMENT RESERVE	(7,638)
PROVINCIAL EFFICIENCY FUNDING RESERVE	(93,169)
ROADS VEHICLE/EQUIPMENT RESERVE	(606,499)
ROADS FACILITY RESERVE	(202,390)
GRAVEL REHAB RESERVE	(291,461)
STRUCTURE RESERVE (BRIDGE/CULVERT)	(927,042)
ROADS RESERVE	(1,912,457)
BEAVERMEADOW FINLAY GR	(8,378)
WINTER MAINTENANCE RESERVE	(410,852)
TREE REMOVAL RESERVE	(15,000)
STREETLIGHT RESERVE	(283,244)
ROADS NEEDS STUDY RESERVE	(49,997)
STORMWATER RESERVE	(225,950)
GENERATOR RESERVE	(120,000)
FIRE FACILITY RESERVE	(23,040)
PARKS RESERVE	(38,945)
RECREATION FACILITY RESERVE	(271,619)
COLD SPRINGS HALL RESERVE	(35,665)
CLIMATE CHANGE RESERVE	(6,646)
BEWDLEY COMMUNITY RESERVE	(7,098)
BUILDING RESERVE	(248,801)
PLANNING RESERVE	(95,691)
BUTTERSFIELD CAPITAL RESERVE	(47,992)
WATER CAPITAL RESERVE	(149,228)
WATER RATE STUDY	(41,317)
CEMETERY-BETHEL GROVE RESERVE	(55,112)
ANIMAL SERVICES RESERVE	(90,325)
ENVIRONMENTAL INITIATIVE RESERVE	(37,513)
POLICE SERVICE BOARD RESERVE FUND	(11,274)
P & R VEHICLE/EQUIPMENT RESERVE FUND	(81,675)
COLDSPRINGS PARK BOARD RESERVE FUND	(773)
HYDRANT RESERVE	(156,056)
FIRE VEHICLE/EQUIPMENT RESERVE	75,053
WATER RESERVE	118,418
WATER - UNFUNDED CAPITAL - KENNEDY RD	277,572

Development Charges

The Development Charges (D.C.) background study for the Township of Hamilton was completed in 2024 in accordance with the requirements of the Development Charges Act (D.C.A.), as amended. The Township retained Watson & Associates Economists Ltd. to lead the study, working in collaboration with Township staff to review and develop updated Development Charge (D.C.) policies. The study includes a proposed D.C. by-law and has been made publicly available to promote transparency and provide context on legislative requirements, policy recommendations, and the basis for the proposed charges.

Table 11: Development Charges balance as of December 31, 2025:

Description	Services to which the Development Charge Relates						Total
	Services Related to a Highway	Water Services	Protection Services	Parks and Recreation Services	Library Services	Administration	
Opening Balance, January 1, 2025	$ (1,145,642)	$ (23,105)	**$ 88,888**	$ (335,467)	$ (93,589)	$ (131,450)	$ (1,640,363)
Plus:							
Development Charge Collections and Interest	$ (112,475)	$ (580)	$ (54,740)	$ (29,295)	$ (3,959)	$ (16,806)	$ (217,855)
Repayment of Monies Borrowed from Fund and Associated Interest	-	-	-	-	-	-	-
Sub-Total	**$ (112,475)**	**$ (580)**	**$ (54,740)**	**$ (29,295)**	**$ (3,959)**	**$ (16,806)**	**$ (217,855)**
Less:							
Amount Transferred to Capital (or Other) Funds	$ 112,492	$ 2,560	$ 72,489	$ 29,832	$ 3,500	-	$ 220,873
Amounts Refunded	-	-	-	-	-	-	-
Amounts Loaned to Other D.C. Service Category for Interim Financing	-	-	-	-	-	-	-
Credits	-	-	-	-	-	-	-
Sub-Total	**$ 112,492**	**$ 2,560**	**$ 72,489**	**$ 29,832**	**$ 3,500**	**$ -**	**$ 220,873**
Closing Balance, December 31, 2025	**$ (1,145,625)**	**$ (21,125)**	**$ 106,637**	**$ (334,930)**	**$ (94,048)**	**$ (148,256)**	**$ (1,637,345)**

The Township continues to demonstrate sound financial management by strategically allocating available funds to support growth-related capital projects. By utilizing designated reserves to finance eligible infrastructure, the Township ensures that development costs are appropriately managed without placing undue pressure on the tax base. This approach supports long-term financial sustainability while meeting the needs of a growing community. Development Charges balance (2021 to 2025):

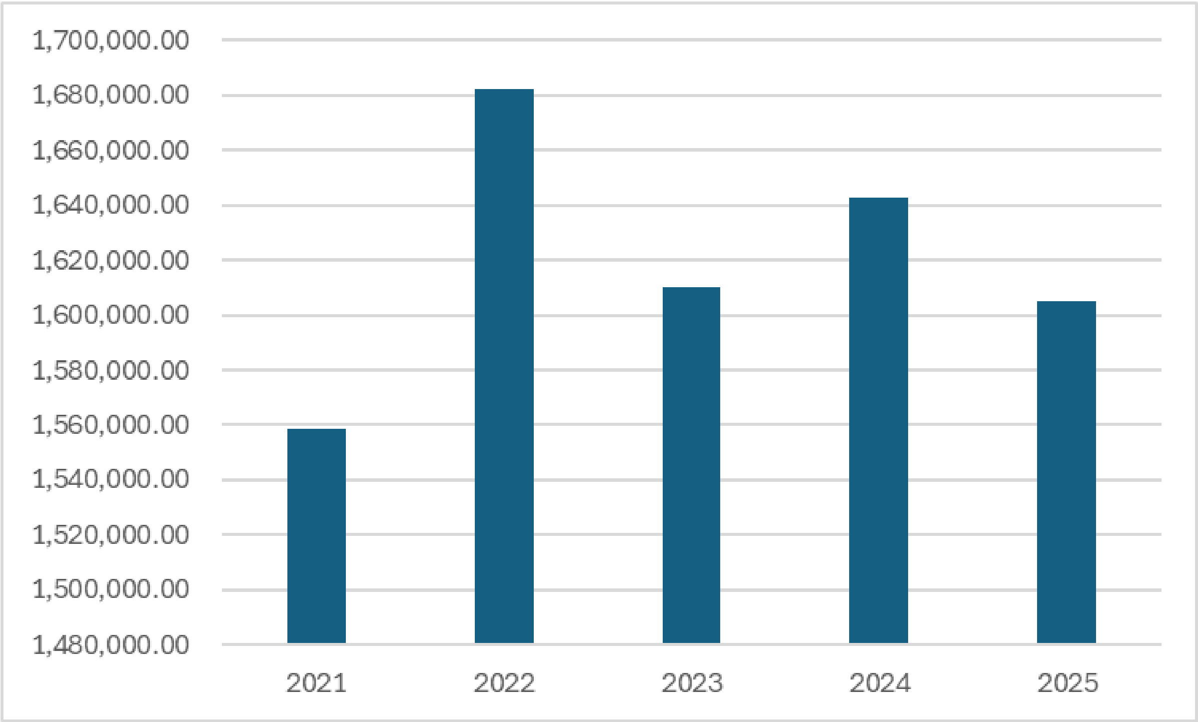


Figure 10: 2021-2025 Development Charges Balance

Asset Management Plan

The Township's asset Management goal is to provide an adequate level of service in a cost-effective manner through strategies and long-term financial planning. The Township's Asset Management Plan (AMP) identifies current practices and recommends improvements for managing public infrastructure.

> *With the development of the AMP, the Township has achieved compliance with O. Reg. 588/17 to the extent of the requirements that must be completed by July 1, 2025.*

The Township of Hamilton's infrastructure has an estimated total replacement value of $278 million. Of the assets assessed, 87% are in fair or better condition, with condition data available for 86% of the inventory. For the remaining 14%, where condition data was not available—a common data gap across many municipalities—asset age was used as a proxy to estimate condition.

To address capital replacement and rehabilitation needs, avoid infrastructure backlogs, and support long-term sustainability, the Township requires an average annual capital investment of $8.3 million. Based on historical trends in sustainable funding, the Township is currently allocating approximately $2.6 million each year toward capital projects and reserves. This results in an annual funding shortfall of $5.7 million. To help address this funding gap, the AMP identified that an additional 2.5% annual levy increase over approximately 20 years would be required to gradually improve long term infrastructure sustainability. This equates to approximately $269,000 in 2026.

> *The Township of Hamilton is not alone in having an annual funding gap as this is a persistent issue among many municipalities across Canada.*

During the year, the Township continued progressing towards the recommendations identified within the AMP.

Key implementation updates include:

- Council approved 2.5% levy increase for reserve transfer as recommended within the AMP's long-term financial strategy;
- Staff continued improving asset data quality through ongoing review of asset condition information, service levels, and lifecycle assumptions;
- Asset management principles continued to be incorporated into budget deliberations, capital planning, and long-term financial decision-making; and
- Staff continued to participate in asset management training, workshops, and professional development opportunities to remain current with evolving asset management practices, legislative requirements, and industry best practices.

Challenges continue to include balancing affordability for residents with long-term infrastructure replacement needs, while also managing inflationary pressures and increasing construction costs associated with maintaining municipal infrastructure.

To address these challenges, the Township will continue focusing on improving data accuracy, lifecycle forecasting, and long-term financial planning ahead of the next AMP update.

Planned actions for the coming year include utilizing the Township's summer student program to assist with additional asset data collection and recommending continuation of the AMP's 2.5% levy increase during the 2027 budget deliberations.

CONSOLIDATED FINANCIAL STATEMENTS

For the Fiscal Year Ended December 31, 2024

Prepared By:
Corporate Financial Services

WWW.HAMILTONTOWNSHIP.CA

CORPORATION OF THE TOWNSHIP OF HAMILTON

FINANCIAL STATEMENTS

DECEMBER 31, 2025

CORPORATION OF THE TOWNSHIP OF HAMILTON

FINANCIAL STATEMENTS

DECEMBER 31, 2025

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CORPORATION OF THE TOWNSHIP OF HAMILTON

For The Year Ended December 31, 2025

MANAGEMENT REPORT

The accompanying financial statements of the Corporation of the Township of Hamilton are the responsibility of management and have been approved by Council.

The 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 Township 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 Township's assets are appropriately accounted for and adequately safeguarded.

The Township'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 Township's financial statements for issuance to the members of Council, inhabitants and ratepayers of the Corporation of the Township of Hamilton. 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 financial statements have been audited by Baker Tilly KDN LLP in accordance with Canadian generally accepted auditing standards on behalf of the Township. Baker Tilly KDN LLP has full and free access to Council.

Mayor	Treasurer	May 19, 2026

Baker Tilly KDN LLP
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INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the
Township of Hamilton

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Township as at December 31, 2025, and the results of its operations and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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 Township'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 Township's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Township 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
May 29, 2026

bakertilly

CORPORATION OF THE TOWNSHIP OF HAMILTON

STATEMENT OF FINANCIAL POSITION

At December 31, 2025

	2025	2024
	$	$
FINANCIAL ASSETS		
Cash	8,416,434	8,309,812
Investments (note 2)	3,979,135	2,879,062
Accounts receivable	661,277	465,311
Taxes receivable	1,787,316	1,581,537
TOTAL FINANCIAL ASSETS	14,844,162	13,235,722
LIABILITIES		
Accounts payable and accrued liabilities	2,333,331	2,279,076
Deferred revenue - obligatory reserve funds (note 4)	2,071,942	2,351,082
Deferred revenue - other (note 5)	490,374	462,251
Long term debt (note 6)	460,873	481,906
Asset retirement obligation (note 7)	584,035	584,035
Employee future amounts payable (note 8)	307,000	4,091
TOTAL LIABILITIES	6,247,555	6,162,441
NET FINANCIAL ASSETS	8,596,607	7,073,281
NON-FINANCIAL ASSETS		
Tangible capital assets (note 9)	47,110,971	48,031,288
Prepaid expenses	241,240	353,614
Inventories of materials and supplies	101,431	151,841
TOTAL NON-FINANCIAL ASSETS	47,453,642	48,536,743
ACCUMULATED SURPLUS (note 10)	56,050,249	55,610,024

The accompanying notes are an integral part of these financial statements.

CORPORATION OF THE TOWNSHIP OF HAMILTON

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
For the Year Ended December 31, 2025

	Budget 2025 $ (note 14)	Actual 2025 $	Actual 2024 $
REVENUES			
Property taxation	10,850,407	10,910,605	10,128,079
User charges	1,846,943	1,966,126	1,685,710
Government of Canada	-	33,523	43,523
Province of Ontario	1,413,980	1,234,425	1,351,705
Penalties and interest on taxes	200,000	270,169	208,942
Investment income	126,757	319,178	499,112
Donations	-	1,579	5,536
Sales and recoveries	16,000	29,886	13,941
Other grants	7,500	73,053	-
Capital contributions	232,000	247,772	224,108
Other	-	154,854	-
Development charges earned (note 4)	179,250	220,873	163,213
Canada Community-Building Fund earned (note 4)	821,183	656,451	372,004
Gain/(loss) on disposal of tangible capital assets	-	13,715	(36,798)
TOTAL REVENUES	15,694,020	16,132,209	14,659,075
EXPENSES			
General government	2,689,566	2,624,742	2,140,092
Protection services	3,583,295	3,738,036	3,405,990
Transportation services	5,509,542	5,333,705	4,999,888
Environmental services	939,725	956,332	893,105
Recreation and cultural services	2,683,092	2,759,091	2,582,720
Planning and development	271,200	280,078	263,573
TOTAL EXPENSES	15,676,420	15,691,984	14,285,368
ANNUAL SURPLUS	17,600	440,225	373,707
ACCUMULATED SURPLUS - beginning of year		55,610,024	55,439,545
ADJUSTMENT ON ADOPTION OF THE REVENUE RECOGNITION STANDARD		-	(203,228)
ACCUMULATED SURPLUS - beginning of year, as restated		55,610,024	55,236,317
ACCUMULATED SURPLUS - end of year		56,050,249	55,610,024

The accompanying notes are an integral part of these financial statements.

CORPORATION OF THE TOWNSHIP OF HAMILTON

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
For the Year Ended December 31, 2025

	Budget 2025 $ (note 14)	Actual 2025 $	Actual 2024 $
ANNUAL SURPLUS	17,600	440,225	373,707
Amortization of tangible capital assets	3,215,031	3,139,277	3,215,031
Purchase of tangible capital assets	(2,737,032)	(2,230,486)	(2,177,277)
Loss/(gain) on disposal of tangible capital assets	-	(13,715)	36,798
Proceeds on sale of tangible capital assets	-	25,241	59,114
Change in prepaid expenses	-	112,374	(100,959)
Change in inventories of materials and supplies	-	50,410	34,264
INCREASE IN NET FINANCIAL ASSETS	495,599	1,523,326	1,440,678
NET FINANCIAL ASSETS - beginning of year	7,073,281	7,073,281	5,835,831
ADJUSTMENT ON ADOPTION OF THE REVENUE RECOGNITION STANDARD	-	-	(203,228)
NET FINANCIAL ASSETS - beginning of year, as restated	7,073,281	7,073,281	5,632,603
NET FINANCIAL ASSETS - end of year	7,568,880	8,596,607	7,073,281

The accompanying notes are an integral part of these financial statements.

CORPORATION OF THE TOWNSHIP OF HAMILTON

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2025

	2025 $	2024 $
CASH PROVIDED BY (USED IN)		
Annual surplus	440,225	373,707
Items not involving cash		
Amortization of tangible capital assets	3,139,277	3,215,031
Loss/(gain) on disposal of tangible capital assets	(13,715)	36,798
Change in employee future amounts payable	302,909	(7,013)
Change in non-cash assets and liabilities		
Accounts receivable	(195,966)	23,936
Taxes receivable	(205,779)	(235,181)
Prepaid expenses	112,374	(100,959)
Inventories of materials and supplies	50,410	34,264
Accounts payable and accrued liabilities	54,255	407,838
Deferred revenue - obligatory reserve funds	(279,140)	49,613
Deferred revenue - other	28,123	(122,674)
Net change in cash from operating activities	3,432,973	3,675,360
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(2,230,486)	(2,177,277)
Proceeds on disposal of tangible capital assets	25,241	59,114
Net change in cash from capital activities	(2,205,245)	(2,118,163)
INVESTING ACTIVITIES		
Purchase of investments	(1,100,073)	(156,951)
Disposal of investments	-	11,212
Net change in cash from investing activities	(1,100,073)	(145,739)
FINANCING ACTIVITIES		
Debt principal repayments	(21,033)	(21,032)
NET CHANGE IN CASH	106,622	1,390,426
CASH - beginning of year	8,309,812	6,919,386
CASH - end of year	8,416,434	8,309,812

The accompanying notes are an integral part of these financial statements.

The Township of Hamilton is a lower 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 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 financial statements reflect the assets, liabilities, revenues and expenses and accumulated surplus of the Township of Hamilton.

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

Property tax billings are prepared by the Township based on assessment rolls issued by the Municipal Property Assessment Corporation (MPAC) and in accordance with the provisions of the Municipal Act, 2001. The Township's Council establishes the tax rates annually, incorporating amounts to be raised for local services, and amounts the Township is required to collect on behalf of the County and School Boards. From time-to-time property assessments are adjusted by MPAC through the reconsideration process or by the Assessment Review Board through the appeal process. Additional assessments, referred to as supplementary and omitted assessment can also be issued by MPAC in accordance with the Assessment Act. These adjustments and additional assessments are reported in the financial statements when amounts can be reasonably determined.

The Township is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.

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

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 and development charges are recognized in the period in which the related expenditures are recorded.

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(c) 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.

(d) 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.

The liability has not been discounted using a present value calculation due to the uncertainty of when the future costs will be incurred. The recognition of the initial 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 (e).

(e) 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 on a straight-line basis, over the expected useful life of the asset, as follows:

Land improvements	25 years
Buildings and facilities	40-80 years
Building components	15-40 years
Waterworks systems	75 years
Roads and bridges	7-40 years
Vehicles	7-25 years
Machinery and equipment	5-10 years

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.

(f) Inventories of Materials and Supplies

Inventories of materials and supplies held for consumption are recorded at cost.

(g) Non-financial Assets

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

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(h) 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
Accounts receivable	Amortized Cost
Taxes receivable	Amortized Cost
Accounts payable and accrued liabilities	Amortized Cost
Long term debt	Amortized Cost

Fair value category: The Township 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 collectability. 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.

As there are no unrealized gains or losses on financial instruments to report, the Statement of Remeasurement Gains and Losses have not been presented in these financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(i) 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.

(j) Use of Estimates

Certain items recognized in the financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the Township's best information and judgment. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements or changes in such estimates in future periods could be significant. The Township'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(d) and related costs added to tangible capital assets - See Note 1(e)
- Amortization of tangible capital assets is based on estimated useful life and residual value - See Note 1(e)
- Employee future amounts payable depend on certain actuarial and economic assumptions
- Allowance for doubtful accounts receivable is based in management's estimate of future collectability

(k) Trust Funds

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

2. INVESTMENTS

Investments, recorded at fair value, consist of the following:

	2025 $	2024 $
High interest savings account with One Investment Program	3,979,135	2,879,062

3. CREDIT FACILITY AGREEMENT

The Township has a revolving credit facility agreement with its main financial institution. The amount available at any time is limited to $5,217,000 during the period January 1 to September 30 and $2,324,000 during the period October 1 to December 31 via an overdraft or demand loan. Any balance borrowed will accrue interest at the bank's prime lending rate. Council authorized the temporary borrowing limit by By-law 2025-02. At December 31, 2025, there was no balance outstanding (2024 - $Nil).

4. 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 balances in the obligatory reserve funds of the Township are summarized below:

	2025 $	2024 $
Development charges	1,637,346	1,640,943
Parkland	257,008	247,298
Canada Community-Building Fund	177,588	462,841
	2,071,942	2,351,082

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

	2025 $	2024 $
Balance - beginning of year	2,351,082	2,301,469
Add amounts received: Development charges	190,991	149,726
Parkland fees	7,500	21,000
Canada Community-Building Fund	362,184	353,103
Interest	37,509	61,001
	598,184	584,830
Less transfer to operations: Development charges earned	220,873	163,213
Canada Community-Building Fund earned	656,451	372,004
	877,324	535,217
Balance - end of year	2,071,942	2,351,082

5. DEFERRED REVENUE - OTHER

Included in deferred revenue - other are the following amounts:

	2025	2024
	$	$
Ontario Community Infrastructure Fund	254,522	212,918
Building permits	231,755	222,693
Other	4,097	26,640
	490,374	462,251

The continuity of deferred revenue - other is as follows:

	2025	2024
	$	$
Balance - beginning of year	462,251	381,697
Adjustment to opening balance	-	203,228
Add amounts received:		
Ontario Community Infrastructure Fund	396,131	466,037
Building permits	202,035	156,457
Interest	7,705	16,273
	605,871	638,767
Less transfer to operations:		
Ontario Community Infrastructure Fund	362,233	552,799
Building permits	192,972	136,992
Other	22,543	71,650
	577,748	761,441
Balance - end of year	490,374	462,251

6. 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
	$	$
Debenture issued to the Ontario Infrastructure and Lands Corporation, repayable in quarterly principal instalments of $970 plus interest, interest at 4.31% per annum, due May 1, 2053.	106,713	110,593
Debenture issued to the Ontario Infrastructure and Lands Corporation, repayable in quarterly principal instalments of $1,588 plus interest, interest at 4.18% per annum, due May 1, 2043.	111,160	117,513
Debenture issued to the Ontario Infrastructure and Lands Corporation, repayable in quarterly principal instalments of $2,700 plus interest, interest at 4.27% per annum, due May 1, 2048.	243,000	253,800
	460,873	481,906

(b) The long-term debt in (a) issued in the name of the Township 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 $19,917 (2024 - $24,658).

(d) The long-term debt reported in (a) of this note is repayable as follows:

	Principal	Interest	Total
	$	$	$
2026	21,033	19,286	40,319
2027	21,033	18,392	39,425
2028	21,033	17,546	38,579
2029	21,033	16,604	37,637
2030	21,033	15,710	36,743
2031 to 2035	105,163	65,180	170,343
2036 and subsequent years	250,545	70,490	321,035
	460,873	223,208	684,081

7. ASSET RETIREMENT OBLIGATION

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

(a) Asbestos obligation

The Township 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 PS3280 – Asset retirement obligations, the Township recognized an obligation relating to the removal of the asbestos in these building as estimated at January 1, 2023. The buildings had an estimated useful life of 40 years when they were purchased. Of the six buildings identified as likely having asbestos, four were fully amortized and two had five years of useful life remaining. As all of the buildings are still in use and are projected to be for the foreseeable future.

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

Asset Retirement Obligation	Asbestos removal 2025 $	Asbestos removal 2024 $
Opening balance	584,035	584,035
Closing balance	584,035	584,035

8. EMPLOYEE FUTURE AMOUNTS PAYABLE

The Township provides certain employee benefits which will require payment in future periods. The Township provides benefit plans to pay costs of certain health and other insurance benefits for eligible employees after they retire. The plans are not funded until the Township pays the premiums for the benefits.

The liability has been determined by an actuarial review completed as of December 31, 2025.

Actuarial assumptions

Discount rate	4.60%
Healthcare trends - drugs	8.175% reducing 0.175% yearly to 4.5% in 2046
Healthcare trends - health and dental	4.50%

	2025 $	2024 $
Liability at January 1	4,091	11,104
Benefit payments	(4,091)	(7,013)
Initial actuarial valuation	307,000	-
Liability at December 31	307,000	4,091

9. TANGIBLE CAPITAL ASSETS

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

	2025 $	2024 $
General		
Land	2,081,546	2,081,546
Land improvements	856,400	934,911
Buildings	7,130,664	7,519,781
Vehicles and equipment	5,756,547	5,665,687
Infrastructure		
Roads and bridges	23,803,720	24,490,694
Waterworks systems	6,949,452	7,084,811
	46,578,329	47,777,430
Assets under construction	532,642	253,858
	47,110,971	48,031,288

zed (2024 -

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 capital $Nil) and no contributed assets (2024 - $Nil).

Tangible capital assets allocated by segment are as follows:

	2025 $	2024 $
General government	1,457,705	1,416,487
Protection services	3,100,655	2,871,831
Transportation services	26,846,963	27,732,410
Environmental services	8,266,640	8,328,893
Health services	12,634	12,634
Recreation and cultural services	7,426,374	7,669,033
	47,110,971	48,031,288

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

	2025 $	2024 $
Surplus/(Deficit)		
Township	51,166	60,664
Hydrant area charges	156,056	140,734
Waterworks operations	(118,418)	(188,681)
Unfunded employee future benefits	(307,000)	(4,091)
	(218,196)	8,626
Invested In Capital Assets		
Tangible capital assets - net book value	47,110,971	48,031,288
Long term debt	(460,873)	(481,906)
Unfunded capital - Administration (b)	(109,455)	(128,112)
Unfunded capital - Water (c)	(277,572)	(299,658)
Unfunded capital - Fire (d)	(75,053)	-
Asset retirement obligation	(584,035)	(584,035)
	45,603,983	46,537,577
Surplus	45,385,787	46,546,203
Reserves		
General government	4,405,989	3,922,637
Roads	5,053,270	3,898,115
Fire	23,040	61,746
Recreation	359,973	347,694
Building	248,801	298,687
Planning	95,691	95,691
Water	238,538	238,410
Animal control	90,325	90,325
Cemetery	55,112	55,112
Total Reserves	10,570,739	9,008,417
Reserve Funds		
Policing	11,274	11,274
Recreation	82,449	44,130
Total Reserve Funds	93,723	55,404
	56,050,249	55,610,024

(b) Unfunded capital for administration is related to internal debt for the administration building addition, which is being repaid annually through a charge to operations.

(c) The balances related to Kennedy Road is $277,572. 2024 also included other capital costs of $22,086. The unfunded capital costs will be reduced by acquisition of long-term debt.

(d) Unfunded capital for fire is being repaid annually through a charge to operations.

11. 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 14)	Actual 2025 $	Actual 2024 $
Salaries and benefits	5,956,048	6,413,591	5,525,654
Interest charges	24,300	19,917	24,658
Materials	3,939,417	3,620,461	3,161,133
Contracted services	1,872,239	1,786,777	1,714,372
Rents and financial	13,550	65,792	15,551
External transfers	655,835	646,169	628,969
Amortization	3,215,031	3,139,277	3,215,031
	15,676,420	15,691,984	14,285,368

12. PENSION AGREEMENTS

Certain employees of the Township 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 Township does not recognize any share of the OMERS pension surplus or deficit.

The Township's total contributions to OMERS in 2025 were $795,964 (2024 - $713,432) of which $397,982 (2024 - $356,716) was contributed by employees.

13. CONTINGENT LIABILITIES

The Township, 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.

14. BUDGET FIGURES

The budget, approved by the Township differs from the budget reflected on the 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 annual surplus:

	2025 $
Council approved budgeted surplus	-
Tangible capital asset additions	2,737,032
Amortization of tangible capital assets	(3,215,031)
Transfers to/(from) reserves and reserve funds	462,860
Change in unfunded capital	18,656
Change in hydrants surplus	14,083
Annual surplus reported on the Statement of Operations	17,600

15. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in the Township 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 Township is exposed to the following risks in respect of certain of the financial instruments held:

(a) Interest rate risk

Interest rate risk is the risk that the value of investments will fluctuate due to changes in market interest rates. The Township is also exposed to interest rate risk on their long-term debt. These risks are generally outside the control of the Township but are mitigated by the Township's investment policies and the long-term debt are fixed rates for the entire term of the debt.

(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 Township reduces its exposure to credit risk by creating an allowance for bad debts when applicable. The Township monitors and assesses the collectability of accounts receivable based on past experience to derive a net realizable value.

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

16. SEGMENTED INFORMATION

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

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, payments-in-lieu of taxes and certain unconditional government transfers are apportioned based on each segment's net requirements.

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 Township and its programs and services.

Protection Services
Protection services include police, fire, conservation authority and protective inspection and control.

Transportation Services
The activities of the transportation function include construction and maintenance of the Township's roads and bridges, winter control and street lighting.

Environmental Services
The environmental function is responsible for providing water services to certain areas of the Township.

Recreation and Cultural Services
The recreation and cultural services function provides indoor and outdoor recreational facilities and programs and library services.

Planning and Development
The planning and development services function manages commercial, industrial and residential development within the Township.

17. COMPARATIVE FIGURES

Certain comparative figures were restated, where required, to conform with the current year presentation.

18. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF NORTHUMBERLAND

During 2025, requisitions were made by the County of Northumberland and School Boards requiring the Township to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are as follows:

	School Boards $	County $
Amounts requisitioned and remitted	3,054,845	10,509,370

These amounts have not been included in the Consolidated Statement of Operations and Accumulated Surplus.

19. TRUST FUNDS

Trust funds administered by the Township amounting to $159,447 (2024 - $157,076) have not been included in the Statement of Financial Position nor have their operations been included in the Statement of Operations and Accumulated Surplus. As such balances are held in trust by the Township for the benefit of others, they are not presented as part of the Township's financial position or operations.

CORPORATION OF THE TOWNSHIP OF HAMILTON

SCHEDULE OF TANGIBLE CAPITAL ASSETS
For the Year Ended December 31, 2025

	General				Infrastructure			
	Land $	Land Improvements $	Buildings $	Vehicles and Equipment $	Roads and Bridges $	Waterworks Systems $	Assets Under Construction $	Totals $
COST								
Balance, beginning of year	2,081,546	2,172,587	15,445,591	10,845,904	78,151,332	9,999,475	253,858	118,950,293
Add: additions during the year	-	-	13,381	685,325	1,229,946	23,050	278,784	2,230,486
Less: disposals during the year	-	-	-	64,354	452,935	-	-	517,289
Balance, end of year	2,081,546	2,172,587	15,458,972	11,466,875	78,928,343	10,022,525	532,642	120,663,490
ACCUMULATED AMORTIZATION								
Balance, beginning of year	-	1,237,676	7,925,810	5,180,217	53,660,638	2,914,664	-	70,919,005
Add: additions during the year	-	78,511	402,498	587,550	1,912,309	158,409	-	3,139,277
Less: disposals during the year	-	-	-	57,439	448,324	-	-	505,763
Balance, end of year	-	1,316,187	8,328,308	5,710,328	55,124,623	3,073,073	-	73,552,519
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	2,081,546	856,400	7,130,664	5,756,547	23,803,720	6,949,452	532,642	47,110,971

CORPORATION OF THE TOWNSHIP OF HAMILTON

SCHEDULE OF SEGMENT DISCLOSURE
For the Year Ended December 31, 2025

	General Government	Protection Services	Transportation Services	Environmental Services	Recreation and Cultural Services	Planning and Development	Consolidated
	$	$	$	$	$	$	$
Revenues Property taxation	1,308,401	3,118,594	4,259,597	245,500	1,747,413	231,100	10,910,605
User charges	75,662	417,048	22,105	703,353	699,158	48,800	1,966,126
Government transfers - operating	851,912	27,014	4,646	-	21,503	640	905,715
Government transfers - capital	-	-	362,233	-	-	-	362,233
Penalties and interest on taxes	270,169	-	-	-	-	-	270,169
Investment income	319,178	-	-	-	-	-	319,178
Donations	1,500	-	-	-	79	-	1,579
Sales and recoveries	-	-	12,514	6,814	10,558	-	29,886
Other grants	-	36,951	29,000	-	7,102	-	73,053
Capital contributions	-	-	-	247,772	-	-	247,772
Other	140,967	5,838	-	8,049	-	-	154,854
Development charges earned	-	72,489	112,492	2,560	33,332	-	220,873
Canada Community-Building Fund earned	-	-	654,840	1,611	-	-	656,451
Gain/(loss) on disposal of tangible capital assets	-	10,975	(4,613)	-	7,353	-	13,715
Total revenues	2,967,789	3,688,909	5,452,814	1,215,659	2,526,498	280,540	16,132,209
Expenses							
Salaries and benefits	1,866,753	1,296,668	1,554,698	347,383	1,104,438	243,651	6,413,591
Interest charges	-	-	-	19,917	-	-	19,917
Materials	648,896	429,151	1,383,480	367,402	778,901	12,631	3,620,461
Contracted services	34,327	1,516,785	170,622	53,258	9,785	2,000	1,786,777
Rents and financial	32,158	26,275	1,361	-	5,998	-	65,792
External transfers	-	222,339	-	-	402,034	21,796	646,169
Amortization	48,724	246,091	2,223,544	177,373	443,545	-	3,139,277
Internal transfers	(6,116)	727	-	(9,001)	14,390	-	-
Total expenses	2,624,742	3,738,036	5,333,705	956,332	2,759,091	280,078	15,691,984
Net surplus/(deficit)	343,047	(49,127)	119,109	259,327	(232,593)	462	440,225

CORPORATION OF THE TOWNSHIP OF HAMILTON

SCHEDULE OF SEGMENT DISCLOSURE
For the Year Ended December 31, 2024

	General Government	Protection Services	Transportation Services	Environmental Services	Recreation and Cultural Services	Planning and Development	Consolidated
	$	$	$	$	$	$	$
Revenues Property taxation	1,090,535	2,943,450	4,177,695	59,368	1,624,391	232,640	10,128,079
User charges	66,041	315,263	50,305	638,605	554,446	61,050	1,685,710
Government transfers - operating	792,123	-	-	8,496	49,180	1,126	850,925
Government transfers - capital	-	-	544,303	-	-	-	544,303
Penalties and interest on taxes	208,942	-	-	-	-	-	208,942
Investment income	499,112	-	-	-	-	-	499,112
Donations	1,250	-	-	-	4,286	-	5,536
Sales and recoveries	-	-	-	4,145	9,796	-	13,941
Capital contributions	-	-	-	224,108	-	-	224,108
Development charges earned	44,734	-	92,857	23,022	2,600	-	163,213
Canada Community-Building Fund earned	-	-	347,696	24,308	-	-	372,004
Gain/(loss) on disposal of tangible capital assets	-	-	(36,798)	-	-	-	(36,798)
Total revenues	2,702,737	3,258,713	5,176,058	982,052	2,244,699	294,816	14,659,075
Expenses							
Salaries and benefits	1,454,763	1,183,202	1,356,875	314,934	993,058	222,822	5,525,654
Interest charges	-	-	-	24,658	-	-	24,658
Materials	641,168	346,010	1,187,264	262,542	705,194	18,955	3,161,133
Contracted services	-	1,417,588	177,847	109,381	9,556	-	1,714,372
Rents and financial	9,243	-	-	123	6,185	-	15,551
External transfers	-	209,250	-	-	397,923	21,796	628,969
Amortization	53,255	249,023	2,277,902	175,957	458,894	-	3,215,031
Internal transfers	(18,337)	917	-	5,510	11,910	-	-
Total expenses	2,140,092	3,405,990	4,999,888	893,105	2,582,720	263,573	14,285,368
Net surplus/(deficit)	562,645	(147,277)	176,170	88,947	(338,021)	31,243	373,707

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INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Township of Hamilton

Opinion

We have audited the financial statements of the Trust Funds of the Corporation of the Township of Hamilton (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, 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 Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our 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 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.

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
May 29, 2026

CORPORATION OF THE TOWNSHIP OF HAMILTON

TRUST FUNDS STATEMENT OF FINANCIAL POSITION At December 31, 2025

	Hydro Easement $	Subdividers Trust $	Cemetery Care and Maintenance $	2025 Total $	2024 Total $
FINANCIAL ASSETS					
Cash	-	93,826	41,731	135,557	134,386
One Fund investment (note 3)	22,590	-	-	22,590	22,590
Due from Township of Hamilton	-	-	1,300	1,300	100
	22,590	93,826	43,031	159,447	157,076
FUND BALANCES	22,590	93,826	43,031	159,447	157,076

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

	Hydro Easement $	Subdividers Trust $	Cemetery Care and Maintenance $	2025 Total $	2024 Total $
BALANCES - beginning of year	22,590	93,826	40,660	157,076	155,824
RECEIPTS					
Interest earned	-	-	1,071	1,071	1,152
Care and maintenance receipts	-	-	1,300	1,300	100
	-	-	2,371	2,371	1,252
BALANCES - end of year	22,590	93,826	43,031	159,447	157,076

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 Township's best information and judgment. Actual results could differ from these estimates.

2. CARE AND MAINTENANCE FUNDS

The figures reported for the cemetery care and maintenance funds represent the trust fund activities for the Bethel Grove Cemetery.

The Care and Maintenance Funds administered by the Township are funded by the sale of cemetery plots, monuments, markers and niches. These funds are invested and earnings derived there from are used to perform care and maintenance for the Township's cemeteries. The operations and investments of the Fund are undertaken by the Township in accordance with the regulations of the Funeral, Burial and Cremation Services Act, 2002.

3. INVESTMENT

Investment consists of a high interest savings account with the One Investment fund recorded at fair value.

STATISTICAL INFORMATION

Prepared By:
Corporate Financial Services

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Revenue by Source & Expense by Function

Table 12: Five-year comparison of revenues and expenses by sources and functions

OPERATIONS	2025	2024	2023	2022	2021
Revenues by Source					
Property taxation	$ 10,910,605	$ 10,128,079	$ 9,572,962	$ 8,937,968	$ 8,670,638
User charges	1,966,126	1,685,710	1,575,832	1,417,647	1,385,234
Government of Canada	33,523	43,523	28,673	79,870	60,181
Province of Ontario	1,234,425	1,351,705	1,194,914	1,382,856	1,336,087
Other municipalities	-	-	135,700	42,337	228,042
Penalties and interest on taxes	270,169	208,942	206,996	193,017	198,946
Investment income	319,178	499,112	474,227	176,647	6,261
Donations	1,579	5,536	4,595	2,203	105,174
Sales and recoveries	29,886	13,941	21,203	15,265	14,697
Other Grants	73,053	-	-	-	-
Capital contributions	247,772	224,108	240,480	168,964	146,706
Other	154,854				
Development charges earned	220,873	163,213	272,668	228,406	66,475
Canada Community-Building Fund earned	656,451	372,004	306,350	583,179	456,362
Gain/(loss) on disposal of tangible capital assets	13,715	- 36,798	-	404,862	6,923
TOTAL REVENUES	**$ 16,132,209**	**$ 14,659,075**	**$ 14,034,600**	**$ 13,633,221**	**$ 12,681,726**
Expenses by Function					
General government	$ 2,624,742	$ 2,140,092	$ 2,062,296	$ 2,030,885	$ 1,900,433
Protection services	3,738,036	3,405,990	3,583,005	3,985,916	3,275,105
Transportation services	5,333,705	4,999,888	4,834,676	5,234,638	4,613,008
Environmental services	956,332	893,105	802,059	768,561	786,778
Recreation and cultural services	2,759,091	2,582,720	2,389,157	2,175,573	2,040,702
Planning and development	280,078	263,573	218,884	114,275	140,415
TOTAL EXPENSES	**$ 15,691,984**	**$ 14,285,368**	**$ 13,890,077**	**$ 14,309,848**	**$ 12,756,441**
ANNUAL SURPLUS/(DEFICIT)	**440,225**	**373,707**	**144,523**	**(676,627)**	**(74,715)**

Expense by Object

Table 13: Five-year comparison of expenses by object

Expenses by Object	2025	2024	2023	2022	2021
Salaries and benefits	$ 6,413,591	$ 5,525,654	$ 5,100,663	$ 4,903,814	$ 4,672,910
Interest charges	19,917	24,658	10,962	-	-
Materials	3,620,461	3,161,133	3,119,156	3,260,699	2,516,454
Contracted services	1,786,777	1,714,372	1,595,922	1,729,705	1,745,386
Rents and financial	65,792	15,551	32,779	44,883	84,110
External transfers	646,169	628,969	840,008	1,173,935	587,263
Amortization	3,139,277	3,215,031	3,230,371	3,196,812	3,150,318
Loss (Gain) on Disposal	-	-	(39,784)		
TOTAL EXPENSES	**$ 15,691,984**	**$ 14,285,368**	**$ 13,890,077**	**$ 14,309,848**	**$ 12,756,441**

Net Financial Assets & Liabilities

Table 14: Five-year comparison of net financial assets and liabilities

NET FINANCIAL ASSETS	2025	2024	2023	2022	2021
Financial Assets					
Cash	$ 8,416,434	$ 8,309,812	$ 5,000,000	$ 7,068,217	$ 6,236,631
Investments	3,979,135	2,879,062	2,733,323	2,619,346	2,802,632
Accounts Receivable	661,277	465,311	619,079	720,497	471,127
Taxes Receivable	1,787,316	1,581,537	1,346,356	1,293,020	1,190,182
Total Financial Assets	**$ 14,844,162**	**$ 13,235,722**	**$ 9,698,758**	**$ 11,701,080**	**$ 10,700,572**
Financial Liabilities					
Accounts payable and accrued liabilities	2,333,331	2,279,076	2,001,070	2,558,794	1,453,891
Deferred revenue - obligatory reserve funds	2,071,942	2,351,082	2,301,469	2,289,010	2,391,631
Deferred revenue - other	490,374	462,251	381,697	173,189	63,080
Long term debt	460,873	481,906	502,938	-	-
Asset retirement obligation	584,035	584,035	584,035	-	-
Employee future amounts payable	307,000	4,091	11,104	15,647	25,731
Total Financial Liabilities	**$ 6,247,555**	**$ 6,162,441**	**$ 5,782,313**	**$ 5,036,640**	**$ 3,934,333**
NET FINANCIAL ASSETS	**$ 8,596,607**	**$ 7,073,281**	**$ 3,916,445**	**$ 6,664,440**	**$ 6,766,239**
Non-Financial Assets					
Tangible capital assets	47,110,971	48,031,288	49,164,954	48,345,283	48,954,401
Prepaid expenses	241,240	353,614	252,655	202,054	190,181
Inventories of materials and supplies	101,431	151,841	186,105	83,245	60,828
Total Non-Financial Assets	**$ 47,453,642**	**$ 48,536,743**	**$ 49,603,714**	**$ 48,630,582**	**$ 49,205,410**
ACCUMULATED SURPLUS	**$ 56,050,249**	**$ 55,610,024**	**$ 53,520,159**	**$ 55,295,022**	**$ 55,971,649**

Tangible Capital Assets

Table 15: Five-year comparison of tangible capital assets, by type

TANGIBLE CAPITAL ASSETS NET BOOK VALUE		2024	2023	2022	2021
Land	$ 2,081,546	$ 2,081,547	$ 2,081,547	$ 2,081,547	$ 2,201,279
Land improvements	856,400	934,910	1,014,121	1,019,031	1,145,356
Buildings	7,130,664	7,519,781	7,844,993	7,621,272	8,173,204
Vehicles and equipment	5,756,547	5,665,687	5,603,255	4,546,326	4,508,595
Roads and bridges	23,803,720	24,490,694	25,236,475	25,774,316	25,921,151
Waterworks systems	6,949,452	7,084,811	7,235,922	7,161,729	6,901,922
TANGIBLE CAPITAL ASSETS COST					
Balance, beginning of year	118,950,293	117,768,944	114,817,992	113,810,909	111,764,187
Additions during the year	2,230,486	2,177,277	3,498,149	3,126,535	2,569,067
Disposals during the year	**(517,289)**	**(995,928)**	**(1,119,781)**	**(2,119,452)**	**(522,345)**
Asset retirement obligation		-	572,584	-	-
Balance, end of year	**$ 120,663,490**	**$ 118,950,293**	**$ 117,768,944**	**$ 114,817,992**	**$ 113,810,909**

Reserves and Reserves Funds

Table 16: Five-year comparison of reserves and reserve funds

Reserves and Reserves Funds		2024	2023	2022	2021
RESERVES					
General government	$ 4,405,989	$ 3,922,637	$ 3,609,420	$ 3,643,013	$ 3,335,672
Roads	5,053,270	3,898,115	2,954,163	2,813,880	2,721,221
Fire	23,040	61,746	12,711	191,594	78,779
Recreation	359,973	347,694	285,373	233,605	181,693
Building	248,801	298,687	396,004	431,654	348,231
Planning	95,691	95,691	95,691	95,691	64,691
Water	238,538	238,410	144,308	79,796	124,409
Animal Control	90,325	90,325	90,325	282,870	58,808
Cemetery	55,112	55,112	59,112	-	-
RESERVES FUNDS					
Policing	11,274	11,274	13,363	25,763	38,163
Recreation	82,449	44,130	79,350	82,424	100,939
MAS		-	-	-	678,759

Major Reserves and Reserve Funds Balances

Table 17: Five-year comparison of major reserves and reserve funds balances (Source: Staff Report)

RESERVES and RESERVE FUNDS Deficit/(Surplus)	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Actual
ADMIN IT RESERVE	$ (114,153)	$ (131,853)	$ (176,488)	$ (221,078)	$ (262,845)
FIRE VEHICLE/EQUIPMENT RESERVE	(66,068)	(178,884)	6,025	(44,706)	75,053
PARK VEHICLE/EQUIPMENT RESERVE	(75,865)	(58,577)	(78,577)	(43,357)	(81,676)
ROADS VEHICLE/EQUIPMENT RESERVE	(404,189)	(660,569)	(315,052)	(312,385)	(606,499)
GENERATOR RESERVE	(60,000)	(70,000)	(80,000)	(90,000)	(120,000)
ADMININSTRATION FACILITY RESERVE	(256,017)	(256,017)	(256,017)	(256,017)	(256,017)
FIRE FACILITY RESERVE	(12,711)	(12,711)	(12,711)	(17,040)	(23,040)
RECREATION FACILITY RESERVE	(92,455)	(140,867)	(189,135)	(251,045)	(271,619)
ROADS FACILITY RESERVE	-	-	(110,000)	(165,000)	(202,390)
ENVORONMENTAL INITIATIVE RESERVE	-	-	-	(55,000)	(37,513)
PLANNING RESERVE	(64,691)	(95,691)	(95,691)	(95,691)	(95,691)
GRAVEL REHAB RESERVE	(291,461)	(291,461)	(291,461)	(291,461)	(291,461)
STREETLIGHT RESERVE	(256,672)	(263,672)	(270,672)	(279,201)	(283,244)
ROADS RESERVE	(1,297,938)	(1,124,448)	(1,124,448)	(1,484,448)	(1,912,457)
ROADS NEEDS STUDY RESERVE	(60,332)	(65,332)	(70,332)	(45,332)	(49,997)
STRUCTURE RESERVE	(66,522)	(50,292)	(242,592)	(615,042)	(927,042)
WINTER MAINTENANCE RESERVE	(261,452)	(265,452)	(351,952)	(406,852)	(410,852)
ELECTION RESERVE	(92,498)	(64,574)	(74,574)	(84,574)	(94,574)
ANIMAL SERVICES RESERVE	-	-	(90,325)	(90,325)	(90,325)
GENERAL RESERVE	(2,442,209)	(2,901,950)	(2,849,472)	(3,081,856)	(3,546,250)
DEVELOPMENT CHARGES	(1,558,583)	(1,682,106)	(1,610,187)	(1,640,943)	(1,637,345)
BUILDING RESERVE	(348,231)	(431,654)	(396,004)	(298,687)	(248,801)

Continuity of Long-term Debt

Table 18: Five-year comparison of long-term debt continuity

LONG TERM DEBT	2025	2024	2023	2022	2021
Long term debt issued	$ 481,906	$ 502,938	$ 513,454	$ -	$ -
Debt principal repayments	(21,033)	(21,032)	(10,516)	-	-
Long term debt (Source: Audited Financial Statements)	**$ 460,873**	**$ 481,906**	**$ 502,938**	**$ -**	**$ -**
Debt Servicing Cost as a % of Total Revenues (Less Donated TCAs)	0.1%	0.1%	0.1%	0%	0.0%
Debt Per Capita	791	827	875	-	-
Debt supported by Property Tax	0%	0%	0%	0%	0%
Debt supported by Water Users - per household	100%	100%	100%	0%	0%
Annual Repayment Limit (as determined by the Province of Ontario)	2,942,476	$ 2,685,687	$ 2,595,238	$ 2,465,516	$ 2,469,835

Taxation and Assessments

Table 19: Five-year comparison of taxes and assessments (part 1)

TAX RATE STATISTICS	2025	2024	2023	2022	2021
Residential & Farm - RT					
Township	0.00609840	0.00574710	0.00550290	0.00522640	0.00510630
Upper Tier	0.00596085	0.00561221	0.00523979	0.00493389	0.00478717
School Board	0.00153000	0.00153000	0.00153000	0.00153000	0.00153000
Total Residential rate	**0.01358925**	**0.01288931**	**0.01227269**	**0.01169029**	**0.01142347**
Commercial - CT					
Township	0.00914760	0.00862070	0.00825440	0.00783960	0.00765950
Upper Tier	0.00894128	0.00841831	0.00785968	0.00740084	0.00718076
School Board	0.00880000	0.00880000	0.00880000	0.00880000	0.00880000
Total Commercial rate	**0.02688888**	**0.02583901**	**0.02491408**	**0.02404044**	**0.02364026**
Industrial - IT					
Township	0.01280660	0.01206890	0.01155610	0.01097540	0.01072320
Upper Tier	0.01251779	0.01178564	0.01100355	0.01036117	0.01005306
School Board	0.00880000	0.00880000	0.00880000	0.00880000	0.00880000
Total Industrial rate	**0.03412439**	**0.03265454**	**0.03135965**	**0.03013657**	**0.02957626**
TAX LEVIED (Source: Audited Financial Statements)					
Township	$ 10,910,605	$ 10,128,079	$ 9,315,357	$ 8,731,791	$ 8,481,818
Upper Tier	10,509,370	9,757,160	8,869,949	8,243,092	7,945,850
School Board	3,054,845	3,011,218	2,942,524	2,912,499	2,896,236
Total	**$ 24,474,820**	**$ 22,896,457**	**$ 21,127,830**	**$ 19,887,382**	**$ 19,323,904**

Taxation and Assessments *(continued)*

Table 20: Five-year comparison of taxes and assessments (part 2)

TAX RECEIVABLE	2025	2024	2023	2022	2021	2020
Taxes Receivable, Beginning of Year	$ 1,581,537	$ 1,346,356	1,293,020	$ 1,190,182	1,103,181	$ 1,043,289
PLUS: Tax Amounts Levied In the Year (SLC 26 9199 03)	24,491,414	22,879,856	21,580,444	20,178,329	19,598,944	19,252,673
PLUS: Current Year Penalties and Interest	270,169	208,942	206,996	193,017	198,946	127,014
LESS: Total Cash Collections (SLC 72 0699 09)	(24,425,296)	(22,796,589)	(21,621,088)	(20,210,259)	(19,632,627)	(19,218,645)
LESS: Tax Adjustments Before Allowances (SLC 72 2899 09)	(130,508)	(57,028)	(113,016)	(58,249)	(78,262)	(101,150)
Taxes Receivable, End of Year (source: FIR)	**$ 1,787,316**	**$ 1,581,537**	**$ 1,346,356**	**$ 1,293,020**	**$ 1,190,182**	**$ 1,103,181**

Table 21: Five-year comparison of taxes and assessments (part 3)

ASSESSMENT VALUE BY CLASS (Source: MPAC)	2025	2024	2023	2022	2021
Residential	1,597,859,905	$ 1,574,681,105	$ 1,557,646,505	$ 1,533,481,005	$ 1,523,338,022
Farm	215,070,098	218,445,398	213,091,298	217,764,998	215,028,198
Commercial	32,208,897	31,064,797	30,165,197	30,821,897	30,924,080
Pipeline	17,024,000	16,949,000	16,979,000	16,921,000	16,882,000
Industrial	7,960,500	7,324,600	6,804,300	4,356,900	5,027,800
Managed Forest	8,473,700	8,340,700	8,030,000	8,091,900	6,756,800

Demographic and Other Information

Table 22: Five-year comparison of the population demographic and other information

	2025	2024	2023	2022	2021
Population[1]	11,059	11,059	11,059	11,059	11,059
Households[1]	4,685	4685	4,685	4,685	4,685
Property Accounts (Residential / Commercial / Industrial)[2]	5,859	5,456	5,451	5,437	5,416
Property Assessment Values[2]	1,878,597,100	1,906,010,700	1,875,844,700	1,858,101,000	1,841,412,900
# of Residential Households[3]	4,685	4685	4,685	4,685	4,685
Avg Total Property Taxes per Avg Residential Household[3]	$ 1,862	$ 1,856	$ 1,709	$ 1,606	$ 1,566
Total Value of Construction Activity based on permits issued[3]	$ 23,065,030	$ 21,514,559	$ 28,787,549	$ 42,715,250	$ 40,612,300
Number of Building Permit Issued[4]	124	116	123	138	151
Fire/Emergency Calls[4]	398	365	358	347	305
Recruits Hired[4]	3	5	13	14	3
Fire Prevention Events[4]	43	27	32	26	28
# of Marriage Licenses Issued[4]	3	7	6	5	0
Median Home Selling Price[2]	$ 885,000	$ 743,500	$ 790,000	$ 835,000	$ 817,500
Median Tax Assessed Value[2]	$ 298,000	$ 294,000	$ 292,000	$ 290,000	$ 289,000
Staffing Levels (Full Time (FT) and Part Time (PT))[4]	42FT / 11PT	41.5FT / 11PT	41.5FT / 10PT	38.5FT / 11PT	37.5FT / 11PT

1 Source: Statistic Canada - 2 Source: MPAC - 3 Source: Financial Information Return - 4 Source: Staff Report

Top Five – Largest Corporate Property Taxpayers

Table 23: Top five largest corporate property taxpayers (Source: MPAC)

	Owner	Assessment Value
1	2388165 Ontario Ltd.	1,595,000
2	Greydafton Farms Inc.	1,454,000
3	Brainakr Limited	931,000
4	Seironia Enterprises Limited	746,000
5	1555700 Ontario Inc	699,000
	Top 5 - Assessed Value	**5,425,000**

GLOSSARY

Prepared By:
Corporate Financial Services

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Glossary

Accrual Accounting – An accounting method where revenues are recognized in the accounting period in which they are earned, and expenses are recognized in the period in which they are incurred.

Administrative Monetary Penalty System (AMPS) – A compliance-based approach to collecting, appealing, and paying penalties associated with non-compliance of By-laws.

Adopted Budget – The budgeted amounts approved by the Township's Council for a fiscal year.

Amortization – Amortization is the process of gradually expensing the cost of an intangible asset over its useful life.

AMP – Asset Management Plan.

Annual Budget – A budget for a single year which identifies the revenues and expenditures for meeting the objectives of the annual financial plan.

Annualization – Incremental costs of a full year impact of staff approved in the previous year.

Annual Repayment Limit (ARL) - The Province of Ontario, through regulation, prescribes the ARL for municipalities. The ARL is calculated based on 25% of the municipality's own source revenues and represents the maximum amount which the municipality has available to commit to payments relating to debt and financial obligation.

Approved Budget – The budget as formally adopted by the Town Council for the upcoming fiscal year.

Assets – All tangible property owned by the Township.

Glossary (continued)

Audit - Examination and verification of a company's financial records to ensure that the financial information is presented fairly and accurately, in compliance with applicable standards and regulations.

Balanced Budget – A budget in which the estimated revenues are equal to the estimated expenses.

Budget – A financial plan for a specified period that outlines planned expenditures and the proposed means of financing these expenditures.

Capital Asset – A tangible asset used in operations with a useful life extending beyond one year, such as roads, buildings, or vehicles.

Capital Budget – The expenditures and financing sources to acquire or construct Township's assets.

Capital Expenditure – A capital expenditure is an expenditure wherein funds are used to buy a fixed asset or to add to the value of an existing fixed asset.

Capital Forecast – the expenditures and funding sources projected for consideration in the subsequent years of the Capital Budget approval year.

Consumer Price Index (CPI) – Is an indicator of changes in consumer prices.

Debt – A financial obligation resulting from the borrowing of money.

Debt Servicing – The payment of principal and interest on borrowed funds.

Glossary (continued)

Deficit - Amount by which expenses or liabilities exceed income or revenues over a specific period, resulting in a shortfall.

Department – A major administrative division of the Township that has overall management responsibility for an operation within a functional area.

Depreciation – The process of estimating and recording the lost usefulness, expired useful life or diminution of service from a fixed asset that cannot or will not be restored by repair and will be replaced. The cost of the fixed asset's lost usefulness is the depreciation or the cost to reserve to replace the item at the end of its useful life.

Development Charges – A fee imposed on new development to assist in the funding of future off-site services (infrastructure) which is needed, in part, by that new development.

Expenditures – The cost of goods and services received for both the regular Township operations and the capital programs.

Fiscal Year – A 12-month period (January 1 through December 31) in which the annual operating budget applies and at the end of which an assessment is made of the Township's financial condition and performance of operations.

Full Accrual Accounting – An accounting method that records revenues when earned and expenses when incurred, including amortization of capital assets.

Glossary (continued)

Full Time Equivalent (FTE) – A measurement of staff; FTE is the ratio of the number of paid hours during a period for staff divided by the number of working hours in that period that would be worked by a regular full-time employee. One full-time position (1.0 FTE) is defined as working 1,040 hours; a half-time position (.5 FTE) requires 910 work hours annually.

Fund – Generally established for specific activities or government functions, funds are separate accounting entities, with self-balancing sets of accounts, recording financial transactions.

Fund Balance – The accumulation of revenues over expenditures for the life of the fund.

GAAP – An abbreviation for Generally Accepted Accounting Practices which are guiding principles used in accounting.

Government Finance Officers Association (GFOA) - A professional organization that provides resources, training, and advocacy for government finance professionals. It aims to promote sound financial management practices in public sector organizations, including budgeting, accounting, and financial reporting.

GIS – Geographic Information System - Any system that captures, stores, analyzes, manages, and represents data which is linked to a location.

Grant – Contribution or gift of cash or other asset to be used or expended for a specified purpose, activity, or facility.

Glossary (continued)

Inflationary – This section is used to identify budget increases due to rate increases for items such as insurance, contract, and gas.

Inflation – A rise in price levels caused by economic activity over a period of time.

Infrastructure Deficit – The estimated cost of upgrading and maintaining aging public infrastructure to a minimum acceptable standard.

Levy – To impose taxes, special assessments, or service charges for the support of Township's activities.

New Budget Items – Incremental costs from providing the same / enhanced levels of services to a growing community.

Mission – A written declaration of the organization's core purpose and focus. This declaration typically does not change over time.

Modified Accrual Basis – Accounting basis where revenues are recognized in the period they become both available and measurable while expenditures are recognized when an event or transaction is expected to draw upon current spendable resources.

MPAC – Municipal Property Assessment Corporation.

Municipal Act – Legislation of the province for administering and regulating the activities of municipalities within Ontario.

OCIF – Ontario Community Infrastructure Fund

Glossary (continued)

Operating Budget – The Township's financial plan which outlines proposed expenditures for the upcoming fiscal year and estimated revenues which will be used to finance them.

Operating Expense – An expense incurred in the proprietary-type funds that is directly related to the primary function of the fund.

Operating Revenue – Revenue generated in the proprietary-type funds that is directly related to the primary function of the fund.

OPP – Ontario Provincial Police

Policy – A course of action designed to set parameters for decision and actions.

Property Tax – Tax paid by those owning property in the Township.

Property Tax Rate – The rate at which real property in the Township is taxed in order to produce revenues sufficient to conduct necessary governmental activities.

PSAB – The Public Sector Accounting & Auditing Board

Rate-Supported Services – Municipal services that are funded through user fees rather than property taxation (e.g., water).

Glossary (continued)

Reserves and Reserve Funds – Funds set aside in a separate account for a specific purpose by By-law or required to be set aside for specific purposes as set out in a statute, regulation, or by a written agreement between the Township and another party.

Revenue – All funds that the Township government receives as income, including items such as tax payments, fees for specific services, receipts from other governments, fines, forfeitures, shared revenues, and interest income.

Strategic Plan – The strategic plan is developed by Council and identifies their community goals and outcomes for their electoral term.

Tax – Compulsory charge levied by a city for the purpose of financing services performed for the common benefit.

Tax Assessment – An estimate of a property's value in order to determine an amount subject to a property tax levy.

Tax Levy – Revenue produced by applying a given tax rate to a property's assessed, or tax value.

TCA – Tangible Capital Assets

User Fee – The payment of a fee for direct receipt of a public service by the party benefiting from the service.

Vision – An aspirational description or story of what the organization would like to become in the mid-term to long-term future. A vision provides the organization with a road map for setting a defined direction for future courses of action.

Thank You

Creating the annual financial report demands substantial effort and coordination across the organization. We express gratitude to all involved for their hard work and diligence in this process.