

**CORPORATION OF THE TOWNSHIP OF HAMILTON**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2025**

**CORPORATION OF THE TOWNSHIP OF HAMILTON**

**FINANCIAL STATEMENTS**

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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

## **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

# CORPORATION OF THE TOWNSHIP OF HAMILTON

## STATEMENT OF FINANCIAL POSITION

At December 31, 2025

	2025	2024
	\$	\$
<b>FINANCIAL ASSETS</b>		
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
<b>TOTAL FINANCIAL ASSETS</b>	<b>14,844,162</b>	<b>13,235,722</b>
<b>LIABILITIES</b>		
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
<b>TOTAL LIABILITIES</b>	<b>6,247,555</b>	<b>6,162,441</b>
<b>NET FINANCIAL ASSETS</b>	<b>8,596,607</b>	<b>7,073,281</b>
<b>NON-FINANCIAL ASSETS</b>		
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
<b>TOTAL NON-FINANCIAL ASSETS</b>	<b>47,453,642</b>	<b>48,536,743</b>
<b>ACCUMULATED SURPLUS (note 10)</b>	<b>56,050,249</b>	<b>55,610,024</b>

*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 \$
<b>REVENUES</b>			
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)
<b>TOTAL REVENUES</b>	<b>15,694,020</b>	<b>16,132,209</b>	<b>14,659,075</b>
<b>EXPENSES</b>			
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
<b>TOTAL EXPENSES</b>	<b>15,676,420</b>	<b>15,691,984</b>	<b>14,285,368</b>
<b>ANNUAL SURPLUS</b>	<b>17,600</b>	<b>440,225</b>	<b>373,707</b>
<b>ACCUMULATED SURPLUS - beginning of year</b>		<b>55,610,024</b>	<b>55,439,545</b>
<b>ADJUSTMENT ON ADOPTION OF THE REVENUE RECOGNITION STANDARD</b>		<b>-</b>	<b>(203,228)</b>
<b>ACCUMULATED SURPLUS - beginning of year, as restated</b>		<b>55,610,024</b>	<b>55,236,317</b>
<b>ACCUMULATED SURPLUS - end of year</b>		<b>56,050,249</b>	<b>55,610,024</b>

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 \$
<b>ANNUAL SURPLUS</b>	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
<b>INCREASE IN NET FINANCIAL ASSETS</b>	495,599	1,523,326	1,440,678
<b>NET FINANCIAL ASSETS - beginning of year</b>	7,073,281	7,073,281	5,835,831
<b>ADJUSTMENT ON ADOPTION OF THE REVENUE RECOGNITION STANDARD</b>	-	-	(203,228)
<b>NET FINANCIAL ASSETS - beginning of year, as restated</b>	7,073,281	7,073,281	5,632,603
<b>NET FINANCIAL ASSETS - end of year</b>	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
	\$	\$
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
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)
<b>Net change in cash from operating activities</b>	<b>3,432,973</b>	<b>3,675,360</b>
<b>CAPITAL ACTIVITIES</b>		
Purchase of tangible capital assets	(2,230,486)	(2,177,277)
Proceeds on disposal of tangible capital assets	25,241	59,114
<b>Net change in cash from capital activities</b>	<b>(2,205,245)</b>	<b>(2,118,163)</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of investments	(1,100,073)	(156,951)
Disposal of investments	-	11,212
<b>Net change in cash from investing activities</b>	<b>(1,100,073)</b>	<b>(145,739)</b>
<b>FINANCING ACTIVITIES</b>		
Debt principal repayments	(21,033)	(21,032)
<b>NET CHANGE IN CASH</b>	<b>106,622</b>	<b>1,390,426</b>
<b>CASH - beginning of year</b>	<b>8,309,812</b>	<b>6,919,386</b>
<b>CASH - end of year</b>	<b>8,416,434</b>	<b>8,309,812</b>

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

# CORPORATION OF THE TOWNSHIP OF HAMILTON

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

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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.

# CORPORATION OF THE TOWNSHIP OF HAMILTON

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

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### 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.

# CORPORATION OF THE TOWNSHIP OF HAMILTON

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

### 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 uncollectibility. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial instrument asset or financial instrument liability.

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

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

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

# CORPORATION OF THE TOWNSHIP OF HAMILTON

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

### 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 collectibility

(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).

# CORPORATION OF THE TOWNSHIP OF HAMILTON

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

### 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
	<u>2,071,942</u>	<u>2,351,082</u>

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
	<u>598,184</u>	<u>584,830</u>
Less transfer to operations:		
Development charges earned	220,873	163,213
Canada Community-Building Fund earned	656,451	372,004
	<u>877,324</u>	<u>535,217</u>
Balance - end of year	<u>2,071,942</u>	<u>2,351,082</u>

# CORPORATION OF THE TOWNSHIP OF HAMILTON

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

### 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

# CORPORATION OF THE TOWNSHIP OF HAMILTON

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

### 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
	<b>460,873</b>	<b>481,906</b>

- (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
	<b>460,873</b>	<b>223,208</b>	<b>684,081</b>

# CORPORATION OF THE TOWNSHIP OF HAMILTON

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

### 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:

	Asbestos removal 2025 \$	Asbestos removal 2024 \$
<b>Asset Retirement Obligation</b>		
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	-
<b>Liability at December 31</b>	<b>307,000</b>	<b>4,091</b>

# CORPORATION OF THE TOWNSHIP OF HAMILTON

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

### 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

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

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

# CORPORATION OF THE TOWNSHIP OF HAMILTON

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

### 10. ACCUMULATED SURPLUS

(a) Accumulated surplus consists of the following:

	2025	2024
	\$	\$
<b>Surplus/(Deficit)</b>		
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
<b>Invested In Capital Assets</b>		
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
<b>Surplus</b>	45,385,787	46,546,203
<b>Reserves</b>		
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
<b>Total Reserves</b>	10,570,739	9,008,417
<b>Reserve Funds</b>		
Policing	11,274	11,274
Recreation	82,449	44,130
<b>Total Reserve Funds</b>	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.

# CORPORATION OF THE TOWNSHIP OF HAMILTON

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

### 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.

# CORPORATION OF THE TOWNSHIP OF HAMILTON

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

### 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
<u>Annual surplus reported on the Statement of Operations</u>	<u>17,600</u>

### 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.

# CORPORATION OF THE TOWNSHIP OF HAMILTON

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

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### 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.

**CORPORATION OF THE TOWNSHIP OF HAMILTON**

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

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**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:

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

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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		Assets Under Construction	Totals
	Land	Land Improvements	Buildings	Vehicles and Equipment	Roads and Bridges	Waterworks Systems		
	\$	\$	\$	\$	\$	\$	\$	\$
<b>COST</b>								
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
<b>ACCUMULATED AMORTIZATION</b>								
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
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	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 \$
<b>Revenues</b>							
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
<b>Total revenues</b>	<b>2,967,789</b>	<b>3,688,909</b>	<b>5,452,814</b>	<b>1,215,659</b>	<b>2,526,498</b>	<b>280,540</b>	<b>16,132,209</b>
<b>Expenses</b>							
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	-	-
<b>Total expenses</b>	<b>2,624,742</b>	<b>3,738,036</b>	<b>5,333,705</b>	<b>956,332</b>	<b>2,759,091</b>	<b>280,078</b>	<b>15,691,984</b>
<b>Net surplus/(deficit)</b>	<b>343,047</b>	<b>(49,127)</b>	<b>119,109</b>	<b>259,327</b>	<b>(232,593)</b>	<b>462</b>	<b>440,225</b>

# 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 \$
<b>Revenues</b>							
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)
<b>Total revenues</b>	<b>2,702,737</b>	<b>3,258,713</b>	<b>5,176,058</b>	<b>982,052</b>	<b>2,244,699</b>	<b>294,816</b>	<b>14,659,075</b>
<b>Expenses</b>							
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	-	-
<b>Total expenses</b>	<b>2,140,092</b>	<b>3,405,990</b>	<b>4,999,888</b>	<b>893,105</b>	<b>2,582,720</b>	<b>263,573</b>	<b>14,285,368</b>
<b>Net surplus/(deficit)</b>	<b>562,645</b>	<b>(147,277)</b>	<b>176,170</b>	<b>88,947</b>	<b>(338,021)</b>	<b>31,243</b>	<b>373,707</b>

## **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 \$
<b>FINANCIAL ASSETS</b>					
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
<b>FUND BALANCES</b>	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 \$
<b>BALANCES - beginning of year</b>	22,590	93,826	40,660	157,076	155,824
<b>RECEIPTS</b>					
Interest earned	-	-	1,071	1,071	1,152
Care and maintenance receipts	-	-	1,300	1,300	100
	-	-	2,371	2,371	1,252
<b>BALANCES - end of year</b>	22,590	93,826	43,031	159,447	157,076

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

# CORPORATION OF THE TOWNSHIP OF HAMILTON

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

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### 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.