

CORPORATION OF THE TOWNSHIP OF HAMILTON

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

CORPORATION OF THE TOWNSHIP OF HAMILTON

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The Corporation of the Township of Hamilton

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CORPORATION OF THE TOWNSHIP OF HAMILTON

For The Year Ended December 31, 2022

MANAGEMENT REPORT

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

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

The 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 consolidated 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

July 18, 2023

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the consolidated financial statements of the Corporation of the Township of Hamilton (the Township), which comprise the consolidated statement of financial position as at December 31, 2022, the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Township as at December 31, 2022, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the 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 Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Township to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Township to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
July 25, 2023



CORPORATION OF THE TOWNSHIP OF HAMILTON

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2022

	2022	2021
	\$	\$
FINANCIAL ASSETS		
Cash	7,068,217	6,236,631
Investments (note 2)	2,619,346	2,802,632
Accounts receivable	720,497	471,127
Taxes receivable	1,293,020	1,190,182
TOTAL FINANCIAL ASSETS	11,701,080	10,700,572
LIABILITIES		
Accounts payable and accrued liabilities	2,558,794	1,453,891
Deferred revenue - obligatory reserve funds (note 4)	2,289,010	2,391,631
Deferred revenue - other	173,189	63,080
Employee future amounts payable (note 5)	15,647	25,731
TOTAL LIABILITIES	5,036,640	3,934,333
NET FINANCIAL ASSETS	6,664,440	6,766,239
NON-FINANCIAL ASSETS		
Tangible capital assets (note 6)	48,345,283	48,954,401
Prepaid expenses	202,054	190,181
Inventories of materials and supplies	83,245	60,828
TOTAL NON-FINANCIAL ASSETS	48,630,582	49,205,410
ACCUMULATED SURPLUS (note 7)	55,295,022	55,971,649

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF HAMILTON

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the Year Ended December 31, 2022

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
REVENUES			
Property taxation	9,008,308	8,937,968	8,670,638
User charges	1,404,863	1,417,647	1,385,234
Government of Canada	-	79,870	60,181
Province of Ontario	1,307,749	1,382,856	1,336,087
Other municipalities	126,989	42,337	228,042
Penalties and interest on taxes	200,000	193,017	198,946
Investment income	53,400	176,647	6,261
Donations	3,500	2,203	105,174
Sales and recoveries	16,000	15,265	14,697
Capital contributions	167,024	168,964	146,706
Development charges earned	250,000	228,406	66,475
Canada Community-Building Fund earned	647,273	583,179	456,362
Gain/(loss) on disposal of tangible capital assets	-	404,862	6,923
TOTAL REVENUES	13,185,106	13,633,221	12,681,726
EXPENSES			
General government	2,047,624	2,030,885	1,900,433
Protection services	3,378,539	3,985,916	3,275,105
Transportation services	5,004,134	5,234,638	4,613,008
Environmental services	707,012	768,561	786,778
Recreation and cultural services	2,166,655	2,175,573	2,040,702
Planning and development	198,019	114,275	140,415
TOTAL EXPENSES	13,501,983	14,309,848	12,756,441
ANNUAL DEFICIT	<u>(316,877)</u>	(676,627)	(74,715)
ACCUMULATED SURPLUS - beginning of year		55,971,649	56,046,364
ACCUMULATED SURPLUS - end of year		55,295,022	55,971,649

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF HAMILTON

CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

For the Year Ended December 31, 2022

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
ANNUAL DEFICIT	(316,877)	(676,627)	(74,715)
Amortization of tangible capital assets	3,131,450	3,196,812	3,150,318
Purchase of tangible capital assets	(3,895,490)	(3,126,535)	(2,569,067)
Gain on disposal of tangible capital assets	-	(404,862)	(6,923)
Proceeds on sale of tangible capital assets	-	943,703	82,846
Change in prepaid expenses	-	(11,873)	(27,744)
Change in inventories of materials and supplies	-	(22,417)	38,752
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	(1,080,917)	(101,799)	593,467
NET FINANCIAL ASSETS - beginning of year	6,766,239	6,766,239	6,172,772
NET FINANCIAL ASSETS - end of year	5,685,322	6,664,440	6,766,239

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF HAMILTON

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2022

	2022	2021
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual deficit	(676,627)	(74,715)
Items not involving cash		
Amortization of tangible capital assets	3,196,812	3,150,318
Gain on disposal of tangible capital assets	(404,862)	(6,923)
Change in employee future amounts payable	(10,084)	(16,049)
Change in non-cash assets and liabilities		
Accounts receivable	(249,370)	91,803
Taxes receivable	(102,838)	(87,001)
Prepaid expenses	(11,873)	(27,744)
Inventories of materials and supplies	(22,417)	38,752
Accounts payable and accrued liabilities	1,104,903	(146,029)
Deferred revenue - obligatory reserve funds	(102,621)	459,810
Deferred revenue - other	110,109	27,896
Net change in cash from operating activities	2,831,132	3,410,118
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(3,126,535)	(2,569,067)
Proceeds on disposal of tangible capital assets	943,703	82,846
Net change in cash from capital activities	(2,182,832)	(2,486,221)
INVESTING ACTIVITIES		
Purchase of investments	(45,311)	(4,724)
Sale of investments	228,597	175,469
Net change in cash from investing activities	183,286	170,745
NET CHANGE IN CASH	831,586	1,094,642
CASH - beginning of year	6,236,631	5,141,989
CASH - end of year	7,068,217	6,236,631

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF HAMILTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2022

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

(a) Reporting Entity

These consolidated financial statements reflect the assets, liabilities, revenues and expenses and accumulated surplus of the reporting entity.

The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Township and which are owned and controlled by the Township. These consolidated financial statements include the transactions of the Joint Animal Control Municipal Services Board to April 29, 2022 when the assets and operations of the board were transferred to the Northumberland Humane Society.

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

(b) 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.

(c) 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. Initial costs for tangible capital assets that were acquired or developed prior to 2009 were obtained using historical cost information or using current fair market values discounted by a relevant inflation factor to the point of acquisition. The cost, less residual value, if any, of tangible capital assets 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 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.

CORPORATION OF THE TOWNSHIP OF HAMILTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) 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.

(e) 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.

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, with the exception of building permits that are recognized when the permits are issued.

Investment income is recorded when earned.

Canada Community-Building Fund, development charges and parkland fees are recognized in the period in which the related expenditures are recorded.

CORPORATION OF THE TOWNSHIP OF HAMILTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(f) Use of Estimates

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

- The amounts recorded for amortization of tangible capital assets are based on estimates of useful life and residual values;
- The amount recorded as allowance for doubtful accounts receivable is based on management's estimate of future payments on receivable account balances; and
- The amounts recorded for employee future amounts payable are based on estimates of amounts that will be paid out to eligible employees.

(g) 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.

(h) Trust Funds

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

2. INVESTMENTS

Investments, recorded at cost, consist of the following:

	2022	2021
	\$	\$
Money Market Fund with The One Investment Program	2,234,254	2,199,646
High interest savings account with One Investment Program	385,092	602,986
	<u>2,619,346</u>	<u>2,802,632</u>

3. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

The Township does not have any obligations for landfill sites since the County of Northumberland assumed waste management responsibilities for the County in 1990. The Township has completed settlements with the County for its landfill sites in prior years.



CORPORATION OF THE TOWNSHIP OF HAMILTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

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:

	2022	2021
	\$	\$
Development charges	1,682,106	1,558,582
Parkland	211,620	209,050
Canada Community-Building Fund	395,284	623,999
	2,289,010	2,391,631

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

	2022	2021
	\$	\$
Balance - beginning of year	2,391,631	1,931,821
Add amounts received:		
Development charges	339,259	258,248
Parkland fees	1,500	36,000
Canada Community-Building Fund	347,027	680,634
Interest	21,178	7,765
	708,964	982,647
Less transfer to operations:		
Development charges earned	228,406	66,475
Canada Community-Building Fund earned	583,179	456,362
	811,585	522,837
Balance - end of year	2,289,010	2,391,631

5. 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 liability has been estimated based on employees currently eligible to receive these benefits as an actuarial valuation of this liability has not been prepared. The plans are not funded until the Township pays the premiums for the benefits.

CORPORATION OF THE TOWNSHIP OF HAMILTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2022

6. TANGIBLE CAPITAL ASSETS

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

	2022	2021
	\$	\$
General		
Land	2,081,547	2,201,279
Land improvements	1,019,031	1,145,356
Buildings	7,621,272	8,173,204
Vehicles and equipment	4,546,326	4,508,595
Infrastructure		
Roads and bridges	25,774,316	25,921,151
Waterworks systems	7,161,729	6,901,922
	48,204,221	48,851,507
Assets under construction	141,062	102,894
	48,345,283	48,954,401

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

During the year there were no write-downs of assets (2021 - \$Nil) and no interest capitalized (2021 - \$Nil).

Tangible capital assets allocated by segment are as follows:

	2022	2021
	\$	\$
General government	1,343,093	1,361,308
Protection services	2,224,155	2,717,555
Transportation services	28,598,173	28,695,778
Environmental services	8,351,764	8,070,319
Health services	12,634	12,634
Recreation and cultural services	7,815,464	8,096,807
	48,345,283	48,954,401

CORPORATION OF THE TOWNSHIP OF HAMILTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

7. ACCUMULATED SURPLUS

(a) Accumulated surplus consists of the following:

	2022	2021
	\$	\$
Surplus/(Deficit)		
Township	193,095	113,382
Hydrant area charges	147,095	152,383
Waterworks operations	(352,284)	(436,407)
Unfunded employee future benefits	(15,647)	(25,731)
Joint Animal Control Municipal Services Board	-	70,340
	(27,741)	(126,033)
Invested In Capital Assets		
Tangible capital assets - net book value	48,345,283	48,954,401
Unfunded capital - Administration (b)	(165,426)	(184,083)
Unfunded capital - Water (c)	(737,384)	(404,001)
	47,442,473	48,366,317
Surplus	47,414,732	48,240,284
Reserves		
General government	3,643,013	3,335,672
Roads	2,813,880	2,721,221
Fire	191,594	78,779
Recreation	233,605	181,693
Building	431,654	348,231
Planning	95,691	64,691
Water	79,796	124,409
Joint Animal Control Municipal Services Board	282,870	58,808
Total Reserves	7,772,103	6,913,504
Reserve Funds		
Policing	25,763	38,163
Recreation	82,424	100,939
Joint Animal Control Municipal Services Board	-	678,759
Total Reserve Funds	108,187	817,861
	55,295,022	55,971,649

(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) Unfunded capital for water will be reduced by borrowing funds. The balance also includes balances related to Kennedy Road.

CORPORATION OF THE TOWNSHIP OF HAMILTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

8. 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 2022-03. At December 31, 2022 there was no balance outstanding (2021 - \$Nil).

9. BUDGET FIGURES

The budget, approved by the Township, for 2022 is reflected on the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated Statement of Changes in Net Financial Assets. The budget established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

10. EXPENSES BY OBJECT

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

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
Salaries and benefits	5,024,531	4,920,903	4,672,910
Materials	3,001,775	3,243,610	2,516,454
Contracted services	1,729,212	1,729,705	1,745,386
Rents and financial	10,624	44,883	84,110
External transfers	604,391	1,173,935	587,263
Amortization	3,131,450	3,196,812	3,150,318
	13,501,983	14,309,848	12,756,441

11. 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 2022 Annual Report disclosed total actuarial liabilities of \$130,306 million in respect of benefits accrued for service with actuarial assets of \$123,628 million indicating an actuarial deficit of \$6,678 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 required contributions to OMERS in 2022 were \$268,091 (2021 - \$253,295).

CORPORATION OF THE TOWNSHIP OF HAMILTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2022

12. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF NORTHUMBERLAND

During 2022, 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	2,928,203	8,323,853

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

13. TRUST FUNDS

Trust funds administered by the Township amounting to \$116,416 (2021 - \$116,039) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations and Accumulated Surplus. As such balances are held in trust by the Township for the benefit of others, they are not presented as part of the Township's financial position or operations.

14. 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.

CORPORATION OF THE TOWNSHIP OF HAMILTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

14. SEGMENTED INFORMATION, continued

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.

15. 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.

16. COMMITMENTS

During 2021 and 2022, the Township committed to the purchase of three vehicles with a total cost of \$1,535,892 plus HST that were not received by December 31, 2022.

CORPORATION OF THE TOWNSHIP OF HAMILTON

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the Year Ended December 31, 2022

	General				Infrastructure		Assets Under Construction	Totals
	Land	Land Improvements	Buildings	Vehicles and Equipment	Roads and Bridges	Waterworks Systems		
	\$	\$	\$	\$	\$	\$	\$	\$
COST								
Balance, beginning of year	2,201,279	2,252,646	15,105,005	8,662,457	76,136,139	9,350,489	102,894	113,810,909
Add: additions during the year	-	-	62,678	623,689	1,926,268	410,881	103,019	3,126,535
Less: disposals during the year	119,732	154,361	450,730	321,380	1,070,440	2,809	-	2,119,452
Internal transfers	-	-	-	64,851	-	-	(64,851)	-
Balance, end of year	2,081,547	2,098,285	14,716,953	9,029,617	76,991,967	9,758,561	141,062	114,817,992
ACCUMULATED AMORTIZATION								
Balance, beginning of year	-	1,107,290	6,931,801	4,153,862	50,214,988	2,448,567	-	64,856,508
Add: additions during the year	-	76,367	393,322	540,362	2,038,026	148,735	-	3,196,812
Less: disposals during the year	-	104,403	229,442	210,933	1,035,363	470	-	1,580,611
Balance, end of year	-	1,079,254	7,095,681	4,483,291	51,217,651	2,596,832	-	66,472,709
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	2,081,547	1,019,031	7,621,272	4,546,326	25,774,316	7,161,729	141,062	48,345,283

CORPORATION OF THE TOWNSHIP OF HAMILTON

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2022

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues							
Property taxation	847,086	2,795,843	3,816,034	4,368	1,347,618	127,019	8,937,968
User charges	61,537	476,413	28,414	470,578	354,617	26,088	1,417,647
Government transfers - operating	818,289	2,100	4,200	10,780	102,180	12,825	950,374
Government transfers - capital	-	-	505,152	-	7,200	-	512,352
Other municipalities	-	42,337	-	-	-	-	42,337
Penalties and interest on taxes	193,017	-	-	-	-	-	193,017
Investment income	176,104	543	-	-	-	-	176,647
Donations	-	2,027	-	-	176	-	2,203
Sales and recoveries	-	-	-	5,287	9,796	182	15,265
Capital contributions	-	-	-	168,964	-	-	168,964
Development charges earned	-	92,617	40,259	77,536	17,994	-	228,406
Canada Community-Building Fund earned	-	-	583,179	-	-	-	583,179
Gain/(loss) on disposal of tangible capital assets	-	171,770	247,891	(7,915)	(6,884)	-	404,862
Total revenues	2,096,033	3,583,650	5,225,129	729,598	1,832,697	166,114	13,633,221
Expenses							
Salaries and benefits	1,324,934	1,170,283	1,326,156	268,673	747,786	83,071	4,920,903
Materials	617,949	419,437	1,315,272	269,074	612,470	9,408	3,243,610
Contracted services	1,892	1,430,176	257,827	31,409	8,401	-	1,729,705
Rents and financial	40,439	776	-	-	3,668	-	44,883
External transfers	-	759,453	-	-	392,686	21,796	1,173,935
Amortization	56,672	205,791	2,335,383	188,404	410,562	-	3,196,812
Internal transfers	(11,001)	-	-	11,001	-	-	-
Total expenses	2,030,885	3,985,916	5,234,638	768,561	2,175,573	114,275	14,309,848
Net surplus/(deficit)	65,148	(402,266)	(9,509)	(38,963)	(342,876)	51,839	(676,627)

CORPORATION OF THE TOWNSHIP OF HAMILTON

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2021

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues							
Property taxation	745,773	2,736,752	3,750,219	18,451	1,325,304	94,139	8,670,638
User charges	75,182	513,303	28,513	417,013	291,635	59,588	1,385,234
Government transfers - operating	779,987	170,519	5,987	77,222	49,429	-	1,083,144
Government transfers - capital	-	-	306,724	-	6,400	-	313,124
Other municipalities	-	228,042	-	-	-	-	228,042
Penalties and interest on taxes	198,946	-	-	-	-	-	198,946
Investment income	5,586	675	-	-	-	-	6,261
Donations	-	104,396	-	-	778	-	105,174
Sales and recoveries	-	-	-	1,027	13,670	-	14,697
Capital contributions	-	-	-	146,706	-	-	146,706
Development charges earned	-	51,881	-	-	14,594	-	66,475
Canada Community-Building Fund earned	-	-	456,362	-	-	-	456,362
Gain/(loss) on disposal of tangible capital assets	-	-	(11,802)	6,005	12,720	-	6,923
Total revenues	1,805,474	3,805,568	4,536,003	666,424	1,714,530	153,727	12,681,726
Expenses							
Salaries and benefits	1,245,761	1,097,666	1,241,122	277,243	722,470	88,648	4,672,910
Materials	476,971	329,823	964,653	199,151	516,296	29,560	2,516,454
Contracted services	42,375	1,451,897	117,045	128,011	6,058	-	1,745,386
Rents and financial	80,173	1,344	-	-	2,593	-	84,110
External transfers	-	179,470	-	-	385,586	22,207	587,263
Amortization	55,348	214,905	2,290,188	182,178	407,699	-	3,150,318
Internal transfers	(195)	-	-	195	-	-	-
Total expenses	1,900,433	3,275,105	4,613,008	786,778	2,040,702	140,415	12,756,441
Net surplus/(deficit)	(94,959)	530,463	(77,005)	(120,354)	(326,172)	13,312	(74,715)

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, 2022, 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 accompanying financial statements present fairly, in all material respects, the financial position of the Trust Funds as at December 31, 2022, 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
July 25, 2023

CORPORATION OF THE TOWNSHIP OF HAMILTON

TRUST FUNDS STATEMENT OF FINANCIAL POSITION At December 31, 2022

	Hydro Easement \$	Subdividers Trust \$	2022 Total \$	2021 Total \$
FINANCIAL ASSETS				
Cash	-	93,826	93,826	93,826
One Fund investment (note 2)	22,590	-	22,590	22,213
	22,590	93,826	116,416	116,039
FUND BALANCES	22,590	93,826	116,416	116,039

TRUST FUNDS STATEMENT OF CONTINUITY For the Year Ended December 31, 2022

	Hydro Easement \$	Subdividers Trust \$	2022 Total \$	2021 Total \$
BALANCES - beginning of year	22,213	93,826	116,039	115,902
RECEIPTS				
Investment income	377	-	377	137
BALANCES - end of year	22,590	93,826	116,416	116,039

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, 2022

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. INVESTMENT

Investment consists of a Canadian Government Bond account with the One Investment fund recorded at cost.