

CORPORATION OF THE TOWNSHIP OF HAMILTON

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019

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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, 2019

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

June 16, 2020

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, 2019, 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, 2019, 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
June 16, 2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At December 31, 2019

	2019	2018
	\$	\$
FINANCIAL ASSETS		
Cash	4,312,786	2,498,806
Investments (note 3)	2,916,031	3,124,407
Accounts receivable	666,862	752,759
Taxes receivable	1,043,289	1,085,468
TOTAL FINANCIAL ASSETS	8,938,968	7,461,440
LIABILITIES		
Accounts payable and accrued liabilities	2,171,972	1,592,846
Deferred revenue - obligatory reserve funds (note 5)	2,034,435	1,381,445
Deferred revenue - other	70,354	72,325
Employee future amounts payable (note 6)	59,346	46,989
TOTAL LIABILITIES	4,336,107	3,093,605
NET FINANCIAL ASSETS	4,602,861	4,367,835
NON-FINANCIAL ASSETS		
Tangible capital assets (note 7)	51,080,645	51,569,906
Prepaid expenses	157,006	148,939
Inventories of materials and supplies	93,203	133,835
TOTAL NON-FINANCIAL ASSETS	51,330,854	51,852,680
ACCUMULATED SURPLUS (note 8)	55,933,715	56,220,515

The accompanying notes are an integral part of these financial statements

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
For the Year Ended December 31, 2019

	Budget 2019 \$ (Unaudited)	Actual 2019 \$	Actual 2018 \$
REVENUES			
Property taxation	8,258,323	8,224,595	7,989,077
User charges	1,196,462	1,290,478	1,202,383
Government of Canada	-	37,069	166,483
Province of Ontario	1,080,127	1,732,126	1,072,142
Other municipalities	223,789	223,789	219,402
Penalties and interest on taxes	200,000	161,057	219,267
Investment income	51,000	124,518	98,523
Donations	3,000	64,684	19,004
Sales and recoveries	18,840	14,008	13,276
Capital contributions	134,228	131,990	131,596
Development charges earned	-	172,713	309,209
Parkland fees earned	-	18,878	21,671
Federal gas tax earned	331,883	93,958	342,722
Loss on disposal of tangible capital assets	-	(193,613)	(186,139)
TOTAL REVENUES	11,497,652	12,096,250	11,618,616
EXPENSES			
General government	1,632,341	1,579,899	1,528,632
Protection services	3,357,250	3,252,161	3,174,182
Transportation services	4,740,076	4,747,691	4,656,134
Environmental services	575,579	605,393	503,765
Recreation and cultural services	2,112,066	2,080,419	2,012,823
Planning and development	147,994	117,487	113,046
TOTAL EXPENSES	12,565,306	12,383,050	11,988,582
ANNUAL DEFICIT	<u>(1,067,654)</u>	(286,800)	(369,966)
ACCUMULATED SURPLUS - beginning of year		56,220,515	56,590,481
ACCUMULATED SURPLUS - end of year		55,933,715	56,220,515

The accompanying notes are an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
For the Year Ended December 31, 2019

	Budget 2019 \$ (Unaudited)	Actual 2019 \$	Actual 2018 \$
ANNUAL DEFICIT	(1,067,654)	(286,800)	(369,966)
Amortization of tangible capital assets	3,064,597	3,048,843	3,064,597
Purchase of tangible capital assets	(2,007,499)	(2,822,618)	(4,000,665)
Loss on disposal of tangible capital assets	-	193,613	186,139
Proceeds on sale of tangible capital assets	-	69,423	80,333
Change in prepaid expenses	-	(8,067)	(4,555)
Change in inventories of materials and supplies	-	40,632	(86,852)
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	(10,556)	235,026	(1,130,969)
NET FINANCIAL ASSETS - beginning of year	4,367,835	4,367,835	5,498,804
NET FINANCIAL ASSETS - end of year	4,357,279	4,602,861	4,367,835

The accompanying notes are an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
 For the Year Ended December 31, 2019

	2019	2018
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual deficit	(286,800)	(369,966)
Items not involving cash		
Amortization of tangible capital assets	3,048,843	3,064,597
Loss on disposal of tangible capital assets	193,613	186,139
Change in employee future amounts payable	12,357	(19,971)
Change in non-cash assets and liabilities		
Accounts receivable	85,897	(209,650)
Taxes receivable	42,179	308,278
Prepaid expenses	(8,067)	(4,555)
Inventories of materials and supplies	40,632	(86,852)
Accounts payable and accrued liabilities	579,126	371,665
Deferred revenue - obligatory reserve funds	652,990	(70,392)
Deferred revenue - other	(1,971)	69,538
Net change in cash from operating activities	4,358,799	3,238,831
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(2,822,618)	(4,000,665)
Proceeds on disposal of tangible capital assets	69,423	80,333
Net change in cash from capital activities	(2,753,195)	(3,920,332)
INVESTING ACTIVITIES		
Purchase of investments	(680,839)	(1,010,216)
Sale of investments	889,215	104,604
Net change in cash from investing activities	208,376	(905,612)
NET CHANGE IN CASH	1,813,980	(1,587,113)
CASH - beginning of year	2,498,806	4,085,919
CASH - end of year	4,312,786	2,498,806

The accompanying notes are an integral part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

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:

- Joint Animal Control Municipal Services Board

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) 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.

(d) 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. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(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.

Federal gas tax, development charges and parkland fees are recognized in the period in which the related expenditures are recorded.

(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 and opening costs of tangible capital assets are based on estimates of useful life, residual values and valuation rates;
 - 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.
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(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. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF NORTHUMBERLAND

During 2019, requisitions were made by the County of Northumberland and School Boards requiring the Township to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are as follows:

	School Boards \$	County \$
Amounts requisitioned and remitted	3,037,463	7,494,029

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

3. INVESTMENTS

Investments, recorded at cost, consist of the following:

	2019 \$	2018 \$
Money Market Fund with The One Investment Program	2,180,388	2,144,446
High interest savings account with One Investment Program	735,643	979,961
	2,916,031	3,124,407

4. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

5. 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:

	2019	2018
	\$	\$
Development charges	1,283,075	1,231,083
Parkland	162,140	150,362
Federal gas tax	589,220	-
	2,034,435	1,381,445

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

	2019	2018
	\$	\$
Balance - beginning of year	1,381,445	1,451,837
Add amounts received:		
Development charges received	209,687	218,058
Parkland fees received	29,500	32,000
Federal gas tax received	679,157	340,869
Interest	20,195	12,283
	938,539	603,210
Less transfer to operations:		
Development charges earned	172,713	309,209
Parkland fees earned	18,878	21,671
Federal gas tax earned	93,958	342,722
	285,549	673,602
Balance - end of year	2,034,435	1,381,445

6. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

7. TANGIBLE CAPITAL ASSETS

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

	2019	2018
	\$	\$
General		
Land	2,201,279	2,201,279
Land improvements	1,300,252	1,334,996
Buildings	8,821,975	9,224,512
Vehicles and equipment	4,657,862	3,573,713
Infrastructure		
Roads and bridges	26,995,284	28,046,369
Waterworks systems	6,981,928	7,105,828
	50,958,580	51,486,697
Assets under construction	122,065	83,209
	51,080,645	51,569,906

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

During the year there were no write-downs of assets (2018 - \$Nil) and no interest capitalized (2018 - \$Nil).

Tangible capital assets allocated by segment are as follows:

	2019	2018
	\$	\$
General government	1,320,562	1,353,693
Protection services	2,946,571	2,437,066
Transportation services	30,304,459	30,996,448
Environmental services	7,833,831	7,872,475
Health services	12,634	12,634
Recreation and cultural services	8,662,588	8,897,590
	51,080,645	51,569,906

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

8. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2019	2018
	\$	\$
Surplus/(Deficit)		
Township	315,130	314,717
Hydrant area charges	124,519	109,980
Waterworks operations	(279,079)	(156,519)
Unfunded employee future benefits	(59,346)	(46,989)
	101,224	221,189
Invested In Capital Assets		
Tangible capital assets - net book value	51,080,645	51,569,906
Unfunded capital	(657,132)	(504,981)
	50,423,513	51,064,925
Surplus	50,524,737	51,286,114
Reserves		
General government	2,393,670	1,634,728
Roads	1,869,663	2,146,006
Fire	12,711	213,424
Recreation	76,779	53,029
Building	195,456	133,248
Planning	64,691	64,691
Water	52,064	-
Policing	135,330	135,330
Joint Animal Control Municipal Services Board	58,808	58,808
Total Reserves	4,859,172	4,439,264
Reserve Funds		
Policing	43,083	35,083
Recreation	207,490	250,334
Joint Animal Control Municipal Services Board	299,233	209,720
Total Reserve Funds	549,806	495,137
	55,933,715	56,220,515

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

9. 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 \$2,620,000 via an overdraft or demand loan. Any balance borrowed will accrue interest at the bank's prime lending rate less 0.25% per annum. Council authorized the temporary borrowing limit by By-law 2019-10. At December 31, 2019 there was no balance outstanding (2018 - \$Nil).

10. BUDGET FIGURES

The budget, approved by the Township, for 2019 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.

The following is a reconciliation of the Council approved budget amounts to the PSA amounts:

	(Unaudited) Revenues \$	(Unaudited) Expenses \$
Council approved budget:		
Operating	3,906,867	9,881,600
Capital	-	2,007,500
Levy Requirement	7,982,233	-
Total Council approved budget	11,889,100	11,889,100
Less: Tangible capital assets capitalized	-	(2,007,499)
Add: Amortization of tangible capital assets	-	3,064,597
Less: Transfers to/from reserves and reserve funds	(665,367)	(636,154)
Less: Repayment of internal debt	-	(18,657)
Joint Animal Control Municipal Services Board	260,919	260,919
Interdepartmental charges	13,000	13,000
Adjusted budget per Consolidated Statement of Operations	11,497,652	12,565,306

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

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 2019 \$ (Unaudited)	Actual 2019 \$	Actual 2018 \$
Salaries and benefits	4,459,216	4,429,760	4,103,421
Materials	2,931,807	2,832,260	2,747,345
Contracted services	1,509,466	1,495,460	1,527,284
Rents and financial	8,200	11,096	9,486
External transfers	592,020	565,631	536,449
Amortization	3,064,597	3,048,843	3,064,597
	12,565,306	12,383,050	11,988,582

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 2019 Annual Report disclosed total actuarial liabilities of \$107,687 million in respect of benefits accrued for service with actuarial assets of \$104,290 million indicating an actuarial deficit of \$3,397 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 2019 were \$243,788 (2018 - \$233,635).

13. TRUST FUNDS

Trust funds administered by the Township amounting to \$115,230 (2018 - \$114,688) 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.

14. SEGMENTED INFORMATION, continued

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.

15. CONTINGENT LIABILITIES

The Township, in the course of its operations, has been named in several 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. COMMITMENT

The Township signed an agreement in 2019 for road reconstruction which was not completed before year-end. The outstanding value of the contract at December 31, 2019 is \$175,000 which will be completed in 2020.

17. COMPARATIVE FIGURES

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

18. SUBSEQUENT EVENT

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Township's environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Township's operations. The extent of the impact of this outbreak and related containment measures on the Township's operations cannot be reliably estimated at this time.

CORPORATION OF THE TOWNSHIP OF HAMILTON



CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
For the Year Ended December 31, 2019

	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	2,194,583	15,051,515	6,904,901	73,338,504	9,137,285	83,209	108,911,276
Add: additions during the year	-	47,766	-	1,566,328	1,115,996	2,679	89,849	2,822,618
Less: disposals during the year	-	-	2,250	424,934	911,344	-	-	1,338,528
Internal transfers	-	-	-	31,449	8,663	10,881	(50,993)	-
Balance, end of year	2,201,279	2,242,349	15,049,265	8,077,744	73,551,819	9,150,845	122,065	110,395,366
ACCUMULATED AMORTIZATION								
Balance, beginning of year	-	859,587	5,827,003	3,331,188	45,292,135	2,031,457	-	57,341,370
Add: additions during the year	-	82,510	402,537	454,477	1,971,859	137,460	-	3,048,843
Less: disposals during the year	-	-	2,250	365,783	707,459	-	-	1,075,492
Balance, end of year	-	942,097	6,227,290	3,419,882	46,556,535	2,168,917	-	59,314,721
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	2,201,279	1,300,252	8,821,975	4,657,862	26,995,284	6,981,928	122,065	51,080,645

CORPORATION OF THE TOWNSHIP OF HAMILTON



CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE For the Year Ended December 31, 2019

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues							
Property taxation	567,783	2,764,224	3,506,324	18,088	1,265,482	102,694	8,224,595
User charges	34,658	420,383	35,296	344,332	413,759	42,050	1,290,478
Government transfers - operating	1,410,353	-	-	-	59,215	-	1,469,568
Government transfers - capital	-	-	299,627	-	-	-	299,627
Other municipalities	-	223,789	-	-	-	-	223,789
Penalties and interest on taxes	161,057	-	-	-	-	-	161,057
Investment income	122,145	2,373	-	-	-	-	124,518
Donations	-	62,061	-	-	2,623	-	64,684
Sales and recoveries	-	-	-	3,593	10,415	-	14,008
Capital contributions	-	-	-	131,990	-	-	131,990
Development charges earned	22,713	150,000	-	-	-	-	172,713
Parkland fees earned	-	-	-	-	18,878	-	18,878
Federal gas tax earned	-	-	93,958	-	-	-	93,958
Gain/(loss) on disposal of tangible capital assets	-	(9,956)	(198,412)	-	14,755	-	(193,613)
Total revenues	2,318,709	3,612,874	3,736,793	498,003	1,785,127	144,744	12,096,250
Expenses							
Salaries and benefits	1,083,882	1,067,365	1,359,637	114,110	728,160	76,606	4,429,760
Materials	438,440	344,791	1,256,031	201,059	572,854	19,085	2,832,260
Contracted services	11,803	1,455,948	-	14,530	13,179	-	1,495,460
Rents and financial	5,467	1,176	-	2,555	1,898	-	11,096
External transfers	-	179,134	-	-	364,701	21,796	565,631
Amortization	40,307	203,747	2,229,548	175,614	399,627	-	3,048,843
Internal transfers	-	-	(97,525)	97,525	-	-	-
Total expenses	1,579,899	3,252,161	4,747,691	605,393	2,080,419	117,487	12,383,050
Net surplus/(deficit)	738,810	360,713	(1,010,898)	(107,390)	(295,292)	27,257	(286,800)

CORPORATION OF THE TOWNSHIP OF HAMILTON



CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE For the Year Ended December 31, 2018

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues							
Property taxation	543,795	2,782,794	3,383,723	-	1,198,974	79,791	7,989,077
User charges	38,748	308,264	35,990	338,910	438,733	41,738	1,202,383
Government transfers - operating	817,788	-	-	-	19,180	-	836,968
Government transfers - capital	-	-	187,619	-	214,038	-	401,657
Other municipalities	-	219,402	-	-	-	-	219,402
Penalties and interest on taxes	219,267	-	-	-	-	-	219,267
Investment income	96,892	1,631	-	-	-	-	98,523
Donations	-	9,864	-	-	9,140	-	19,004
Sales and recoveries	-	-	-	3,480	9,796	-	13,276
Capital contributions	-	-	-	131,596	-	-	131,596
Development charges earned	-	-	309,209	-	-	-	309,209
Parkland fees earned	-	-	-	-	21,671	-	21,671
Federal gas tax earned	-	-	342,722	-	-	-	342,722
Gain/(loss) on disposal of tangible capital assets	(36,096)	1,606	(153,518)	-	1,869	-	(186,139)
Total revenues	1,680,394	3,323,561	4,105,745	473,986	1,913,401	121,529	11,618,616
Expenses							
Salaries and benefits	1,044,211	991,344	1,264,277	54,848	676,389	72,352	4,103,421
Materials	408,850	364,219	1,211,660	178,048	564,898	19,670	2,747,345
Contracted services	10,224	1,481,417	-	23,835	11,808	-	1,527,284
Rents and financial	4,954	1,157	1,373	105	1,897	-	9,486
External transfers	-	159,668	-	-	355,757	21,024	536,449
Amortization	60,393	176,377	2,274,437	151,316	402,074	-	3,064,597
Internal transfers	-	-	(95,613)	95,613	-	-	-
Total expenses	1,528,632	3,174,182	4,656,134	503,765	2,012,823	113,046	11,988,582
Net surplus/(deficit)	151,762	149,379	(550,389)	(29,779)	(99,422)	8,483	(369,966)

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, 2019, 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, 2019, 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
June 16, 2020

TRUST FUNDS
STATEMENT OF FINANCIAL POSITION
At December 31, 2019

	Hydro Easement \$	Subdividers Trust \$	2019 Total \$	2018 Total \$
FINANCIAL ASSETS				
Cash	-	93,826	93,826	93,826
One Fund investment (note 2)	21,404	-	21,404	20,862
	21,404	93,826	115,230	114,688
FUND BALANCES	21,404	93,826	115,230	114,688

TRUST FUNDS
STATEMENT OF CONTINUITY
For the Year Ended December 31, 2019

	Hydro Easement \$	Subdividers Trust \$	2019 Total \$	2018 Total \$
BALANCES - beginning of year	20,862	93,826	114,688	114,378
RECEIPTS				
Investment income	542	-	542	310
BALANCES - end of year	21,404	93,826	115,230	114,688

The accompanying notes are an integral part of these financial statements

TRUST FUNDS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

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

The One Fund Investment is recorded at cost less a reduction in the value that is not a temporary decline. The cost of the investment is \$22,187.

CORPORATION OF THE TOWNSHIP OF HAMILTON

JOINT ANIMAL CONTROL MUNICIPAL SERVICES BOARD

FINANCIAL STATEMENTS

DECEMBER 31, 2019

INDEPENDENT AUDITOR'S REPORT**To the Members of the Joint Animal Control Municipal Services Board, the Members of Council, Inhabitants and Ratepayers of the Township of Hamilton***Qualified Opinion*

We have audited the financial statements of the Joint Animal Control Municipal Services Board of the Corporation of the Township of Hamilton (the Board), which comprise the statement of financial position as at December 31, 2019, the statements of operations and accumulated surplus, change 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, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2019, and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Qualified Opinion

In common with many Municipal boards, the Board derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Board. Therefore, we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, annual surplus/(deficit), assets and accumulated surplus.

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 Board in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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

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

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

Those charged with governance are responsible for overseeing the Board'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 Board'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 Board'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 Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
June 16, 2020

JOINT ANIMAL CONTROL MUNICIPAL SERVICES BOARD
 STATEMENT OF FINANCIAL POSITION
 At December 31, 2019

	2019	2018
	\$	\$
FINANCIAL ASSETS		
Investment (note 2)	108,608	106,235
Due from Township of Hamilton	249,433	162,293
NET FINANCIAL ASSETS	358,041	268,528
NON-FINANCIAL ASSETS		
Tangible capital assets (note 3)	326,235	322,970
ACCUMULATED SURPLUS (note 4)	684,276	591,498

The accompanying notes are an integral part of these financial statements

JOINT ANIMAL CONTROL MUNICIPAL SERVICES BOARD
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
For the Year Ended December 31, 2019

	Budget 2019 \$ (Unaudited)	Actual 2019 \$	Actual 2018 \$
REVENUES			
Municipal partner funding:			
Township of Hamilton	59,489	59,489	58,332
Other partners	223,789	223,789	219,402
Other contributing municipalities	10,804	10,803	9,871
Adoption fees	17,825	18,394	13,738
Boarding and surrender fees	4,500	6,742	4,538
Dog tag fees	3,000	3,600	3,220
Recoveries and other	4,600	140	55
Donations and fundraising	-	62,061	9,864
Interest	1,000	2,373	1,631
TOTAL REVENUES	325,007	387,391	320,651
EXPENSES			
Salaries and benefits	200,000	163,096	160,840
Communications	6,750	8,556	3,282
Veterinary fees	13,432	8,881	7,195
Vehicle	3,250	1,934	1,494
Emergency costs	36,720	44,480	41,227
Building and maintenance	24,500	17,397	20,932
Operating costs	28,520	23,112	20,783
Office	5,635	4,397	6,334
Professional fees	5,200	3,892	3,155
Amortization	16,655	18,868	16,655
TOTAL EXPENSES	340,662	294,613	281,897
ANNUAL SURPLUS/(DEFICIT)	<u>(15,655)</u>	92,778	38,754
ACCUMULATED SURPLUS - beginning of year		591,498	552,744
ACCUMULATED SURPLUS - end of year		684,276	591,498

The accompanying notes are an integral part of these financial statements

JOINT ANIMAL CONTROL MUNICIPAL SERVICES BOARD
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the Year Ended December 31, 2019

	Budget 2019 \$ (Unaudited)	Actual 2019 \$	Actual 2018 \$
ANNUAL SURPLUS/(DEFICIT)	(15,655)	92,778	38,754
Amortization of tangible capital assets	16,655	18,868	16,655
Acquisition of tangible capital assets	-	(22,133)	-
INCREASE IN NET FINANCIAL ASSETS	1,000	89,513	55,409
NET FINANCIAL ASSETS - beginning of year	268,528	268,528	213,119
NET FINANCIAL ASSETS - end of year	269,528	358,041	268,528

The accompanying notes are an integral part of these financial statements

JOINT ANIMAL CONTROL MUNICIPAL SERVICES BOARD
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2019

	2019	2018
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	92,778	38,754
Items not involving cash		
Amortization of tangible capital assets	18,868	16,655
Change in non-cash assets and liabilities		
Due from Township of Hamilton	(87,140)	(53,778)
Net change in cash from operating activities	24,506	1,631
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(22,133)	-
INVESTING ACTIVITIES		
Purchase of investment	(2,373)	(1,631)
NET CHANGE IN CASH	-	-
CASH - beginning of year	-	-
CASH - end of year	-	-

The accompanying notes are an integral part of these financial statements

**JOINT ANIMAL CONTROL MUNICIPAL SERVICES BOARD
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019**

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 adopted by the Board are as follows:

(a) Recognition of Revenue and Expenses

Revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenue in the period in which the transactions of 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.

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.

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

Donations and fundraising revenue is recognized when the amounts are received.

(b) 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 Board's best information and judgment. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant. The Board's significant estimates include:

- The amounts recorded for amortization and opening costs of tangible capital assets are based on estimates of useful life, residual values and valuation rates.

(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. 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 building improvements	15 - 40 years
Equipment	5 years
Vehicles	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.

(d) Non-Financial Assets

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

JOINT ANIMAL CONTROL MUNICIPAL SERVICES BOARD
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(e) Reserves and Reserve Funds

Certain amounts, as approved by the Board, 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.

(f) Inter-Entity Transactions

The Joint Animal Control Municipal Services Board is a Board of the Township of Hamilton and is consolidated with the Township's financial statements.

Allocated costs and recovery of costs are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Unallocated costs are measured at the carrying amount, which is the amount recorded in the records of the Township.

2. INVESTMENT

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

3. TANGIBLE CAPITAL ASSETS

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

	Land Improvements \$	Buildings \$	Vehicles and Equipment \$	2019 Totals \$	2018 Totals \$
COST					
Balance, beginning of year	128,466	349,738	29,562	507,766	507,766
Add: additions during the year	-	-	22,133	22,133	-
Balance, end of year	128,466	349,738	51,695	529,899	507,766
ACCUMULATED AMORTIZATION					
Balance, beginning of year	69,973	108,013	6,810	184,796	168,141
Add: additions during the year	5,139	8,672	5,057	18,868	16,655
Balance, end of year	75,112	116,685	11,867	203,664	184,796
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	53,354	233,053	39,828	326,235	322,970

**JOINT ANIMAL CONTROL MUNICIPAL SERVICES BOARD
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019**

4. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2019	2018
	\$	\$
Invested In Capital Assets		
Tangible capital assets - net book value	326,235	322,970
Reserve		
Operations	58,808	58,808
Reserve Fund		
Emergency costs	299,233	209,720
	684,276	591,498

5. PENSION AGREEMENTS

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

The Actuarial Opinion contained in the 2019 Annual Report disclosed total actuarial liabilities of \$107,687 million in respect of benefits accrued for service with actuarial assets of \$104,290 million indicating an actuarial deficit of \$3,397 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 Board's required contributions to OMERS in 2019 were \$6,693 (2018 - \$7,187).

6. INTER-ENTITY TRANSACTIONS

During the year, the Board entered into transactions with the Township of Hamilton.

As part of the budgeting process, the Township approves a contribution to the Board which is identified on the Statement of Operations and Accumulated Surplus.

Details of the related party expense transactions are as follows:

Allocated costs:		
Accounting and administrative services	6,000	6,000
Groundskeeping	4,000	4,000
	10,000	10,000

In addition, the Township provides use of land to the Board at no cost.

All balances with the Township of Hamilton have been identified on the Statement of Financial Position. Due from (to) balances are unsecured, without interest and have no terms of repayment.

JOINT ANIMAL CONTROL MUNICIPAL SERVICES BOARD
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

7. BUDGET FIGURES

The operating budget, approved by the Board, for 2019 is reflected on the Statement of Operations and Accumulated Surplus and the Statement of Change in Net Financial Assets. The budgets 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 expenditure 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.

The following is a reconciliation of the Board approved budget amounts to the PSA amounts:

	(Unaudited) Revenues \$	(Unaudited) Expenses \$
Board approved budget: Operating	329,757	329,757
Total Board approved budget	329,757	329,757
Add: Amortization of tangible capital assets	-	16,655
Less: Transfers to/from reserves and reserve funds	(4,000)	(5,000)
Revenue and expenses grouped for statement presentation	(750)	(750)
Adjusted budget per Statement of Operations	325,007	340,662

8. SUBSEQUENT EVENT

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Board's environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Board's operations. The extent of the impact of this outbreak and related containment measures on the Board's operations cannot be reliably estimated at this time.