

CORPORATION OF THE TOWNSHIP OF HAMILTON

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020

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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, 2020

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 20, 2021

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, 2020, 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, 2020, 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 20, 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At December 31, 2020

	2020	2019
	\$	\$
FINANCIAL ASSETS		
Cash	5,141,989	4,312,786
Investments (note 2)	2,973,377	2,916,031
Accounts receivable	562,930	666,862
Taxes receivable	1,103,181	1,043,289
TOTAL FINANCIAL ASSETS	9,781,477	8,938,968
LIABILITIES		
Accounts payable and accrued liabilities	1,599,920	2,171,972
Deferred revenue - obligatory reserve funds (note 4)	1,931,821	2,034,435
Deferred revenue - other	35,184	70,354
Employee future amounts payable (note 5)	41,780	59,346
TOTAL LIABILITIES	3,608,705	4,336,107
NET FINANCIAL ASSETS	6,172,772	4,602,861
NON-FINANCIAL ASSETS		
Tangible capital assets (note 6)	49,611,575	51,080,645
Prepaid expenses	162,437	157,006
Inventories of materials and supplies	99,580	93,203
TOTAL NON-FINANCIAL ASSETS	49,873,592	51,330,854
ACCUMULATED SURPLUS (note 7)	56,046,364	55,933,715

The accompanying notes are an integral part of these financial statements

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
For the Year Ended December 31, 2020

	Budget 2020 \$ (Unaudited)	Actual 2020 \$	Actual 2019 \$
REVENUES			
Property taxation	8,508,240	8,392,638	8,224,595
User charges	1,200,045	1,079,743	1,290,478
Government of Canada	-	11,651	39,026
Province of Ontario	1,176,548	1,478,147	1,730,169
Other municipalities	228,019	228,042	223,789
Penalties and interest on taxes	200,000	127,014	161,057
Investment income	52,020	47,469	124,518
Donations	3,500	203,351	64,684
Sales and recoveries	14,500	11,849	14,008
Capital contributions	131,990	132,384	131,990
Development charges earned	-	40,293	172,713
Parkland fees earned	-	-	18,878
Federal gas tax earned	632,832	523,804	93,958
Gain/(loss) on disposal of tangible capital assets	-	11,010	(193,613)
TOTAL REVENUES	12,147,694	12,287,395	12,096,250
EXPENSES			
General government	1,828,901	1,587,208	1,579,899
Protection services	3,393,351	3,357,812	3,252,161
Transportation services	4,557,057	4,473,118	4,747,691
Environmental services	702,877	704,076	605,393
Recreation and cultural services	2,111,553	1,928,756	2,080,419
Planning and development	139,291	123,776	117,487
TOTAL EXPENSES	12,733,030	12,174,746	12,383,050
ANNUAL SURPLUS/(DEFICIT)	<u>(585,336)</u>	112,649	(286,800)
ACCUMULATED SURPLUS - beginning of year		55,933,715	56,220,515
ACCUMULATED SURPLUS - end of year		56,046,364	55,933,715

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, 2020

	Budget 2020 \$ (Unaudited)	Actual 2020 \$	Actual 2019 \$
ANNUAL SURPLUS/(DEFICIT)	(585,336)	112,649	(286,800)
Amortization of tangible capital assets	3,048,843	3,056,471	3,048,843
Purchase of tangible capital assets	(1,889,570)	(1,594,481)	(2,822,618)
Loss/(gain) on disposal of tangible capital assets	-	(11,010)	193,613
Proceeds on sale of tangible capital assets	-	18,090	69,423
Change in prepaid expenses	-	(5,431)	(8,067)
Change in inventories of materials and supplies	-	(6,377)	40,632
INCREASE IN NET FINANCIAL ASSETS	573,937	1,569,911	235,026
NET FINANCIAL ASSETS - beginning of year	4,602,861	4,602,861	4,367,835
NET FINANCIAL ASSETS - end of year	5,176,798	6,172,772	4,602,861

The accompanying notes are an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2020

	2020	2019
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus/(deficit)	112,649	(286,800)
Items not involving cash		
Amortization of tangible capital assets	3,056,471	3,048,843
Loss/(gain) on disposal of tangible capital assets	(11,010)	193,613
Change in employee future amounts payable	(17,566)	12,357
Change in non-cash assets and liabilities		
Accounts receivable	103,932	85,897
Taxes receivable	(59,892)	42,179
Prepaid expenses	(5,431)	(8,067)
Inventories of materials and supplies	(6,377)	40,632
Accounts payable and accrued liabilities	(572,052)	579,126
Deferred revenue - obligatory reserve funds	(102,614)	652,990
Deferred revenue - other	(35,170)	(1,971)
Net change in cash from operating activities	2,462,940	4,358,799
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(1,594,481)	(2,822,618)
Proceeds on disposal of tangible capital assets	18,090	69,423
Net change in cash from capital activities	(1,576,391)	(2,753,195)
INVESTING ACTIVITIES		
Purchase of investments	(57,346)	(680,839)
Sale of investments	-	889,215
Net change in cash from investing activities	(57,346)	208,376
NET CHANGE IN CASH	829,203	1,813,980
CASH - beginning of year	4,312,786	2,498,806
CASH - end of year	5,141,989	4,312,786

The accompanying notes are an integral part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

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) 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.

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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

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:

	2020	2019
	\$	\$
Money Market Fund with The One Investment Program	2,198,817	2,180,388
High interest savings account with One Investment Program	774,560	735,643
	<u>2,973,377</u>	<u>2,916,031</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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

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:

	2020	2019
	\$	\$
Development charges	1,360,715	1,283,075
Parkland	173,012	162,140
Federal gas tax	398,094	589,220
	1,931,821	2,034,435

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

	2020	2019
	\$	\$
Balance - beginning of year	2,034,435	1,381,445
Add amounts received:		
Development charges received	113,124	209,687
Parkland fees received	10,500	29,500
Federal gas tax received	331,939	679,157
Interest	5,920	20,195
	461,483	938,539
Less transfer to operations:		
Development charges earned	40,293	172,713
Parkland fees earned	-	18,878
Federal gas tax earned	523,804	93,958
	564,097	285,549
Balance - end of year	1,931,821	2,034,435

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

6. TANGIBLE CAPITAL ASSETS

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

	2020	2019
	\$	\$
General		
Land	2,201,279	2,201,279
Land improvements	1,227,627	1,300,252
Buildings	8,483,598	8,821,975
Vehicles and equipment	4,554,440	4,657,862
Infrastructure		
Roads and bridges	26,057,438	26,995,284
Waterworks systems	6,844,468	6,981,928
	49,368,850	50,958,580
Assets under construction	242,725	122,065
	49,611,575	51,080,645

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

During the year there were no write-downs of assets (2019 - \$Nil) and no interest capitalized (2019 - \$Nil).

Tangible capital assets allocated by segment are as follows:

	2020	2019
	\$	\$
General government	1,356,081	1,320,562
Protection services	2,830,457	2,946,571
Transportation services	29,099,319	30,304,459
Environmental services	7,973,815	7,833,831
Health services	12,634	12,634
Recreation and cultural services	8,339,269	8,662,588
	49,611,575	51,080,645

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

7. ACCUMULATED SURPLUS

(a) Accumulated surplus consists of the following:

	2020	2019
	\$	\$
Surplus/(Deficit)		
Township	2,040	315,130
Hydrant area charges	136,708	124,519
Waterworks operations	(355,029)	(279,079)
Unfunded employee future benefits	(41,780)	(59,346)
	(258,061)	101,224
Invested In Capital Assets		
Tangible capital assets - net book value	49,611,575	51,080,645
Unfunded capital - Administration (b)	(202,740)	(221,397)
Unfunded capital - Fire reserve (c)	(43,952)	(158,308)
Unfunded capital - Water (d)	(277,427)	(277,427)
	49,087,456	50,423,513
Surplus	48,829,395	50,524,737
Reserves		
General government	3,034,610	2,393,670
Roads	2,843,879	1,869,663
Fire	12,711	12,711
Recreation	140,208	76,779
Building	211,852	195,456
Planning	64,691	64,691
Water	55,642	52,064
Policing	-	135,330
Joint Animal Control Municipal Services Board	58,808	58,808
Total Reserves	6,422,401	4,859,172
Reserve Funds		
Policing	41,755	43,083
Recreation	179,154	207,490
Joint Animal Control Municipal Services Board	573,659	299,233
Total Reserve Funds	794,568	549,806
	56,046,364	55,933,715

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

(c) Unfunded capital for fire is related to reserve transfers in excess of the fire reserve balance being repaid annually through a charge to operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

7. ACCUMULATED SURPLUS, continued

- (d) Unfunded capital for water will be reduced in years that the water system has an operating surplus.

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 \$7,600,000 during the period January 1 to September 30 and \$3,800,000 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 2020-02. At December 31, 2020 there was no balance outstanding (2019 - \$Nil).

9. BUDGET FIGURES

The budget, approved by the Township, for 2020 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 and capital	3,944,447	12,176,236
Levy Requirement	8,231,789	-
Total Council approved budget	12,176,236	12,176,236
Less: Tangible capital assets capitalized	-	(1,889,570)
Add: Amortization of tangible capital assets	-	3,048,843
Less: Transfers to/from reserves and reserve funds	(166,073)	(721,353)
Less: Repayment of internal debt	-	(18,657)
Joint Animal Control Municipal Services Board	274,651	274,651
Interdepartmental charges	(137,120)	(137,120)
Adjusted budget per Consolidated Statement of Operations	12,147,694	12,733,030

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

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 2020 \$ (Unaudited)	Actual 2020 \$	Actual 2019 \$
Salaries and benefits	4,646,880	4,386,910	4,429,760
Materials	2,815,978	2,528,923	2,832,260
Contracted services	1,636,172	1,617,844	1,495,460
Rents and financial	8,724	10,209	11,096
External transfers	576,433	574,389	565,631
Amortization	3,048,843	3,056,471	3,048,843
	12,733,030	12,174,746	12,383,050

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 2020 Annual Report disclosed total actuarial liabilities of \$113,055 million in respect of benefits accrued for service with actuarial assets of \$109,844 million indicating an actuarial deficit of \$3,211 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 2020 were \$249,334 (2019 - \$243,788).

12. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF NORTHUMBERLAND

During 2020, 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	3,023,614	7,790,933

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

13. TRUST FUNDS

Trust funds administered by the Township amounting to \$115,902 (2019 - \$115,230) 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.

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. COMPARATIVE FIGURES

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

17. UNCERTAINTY CAUSED BY COVID-19

In March 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, 2020

	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	2,242,349	15,049,265	8,077,744	73,551,819	9,150,845	122,065	110,395,366
Add: additions during the year	-	3,647	61,733	373,070	971,523	-	184,508	1,594,481
Less: disposals during the year	-	-	51,558	19,714	152,225	-	2,163	225,660
Internal transfers	-	6,650	2,748	7,178	45,109	-	(61,685)	-
Balance, end of year	2,201,279	2,252,646	15,062,188	8,438,278	74,416,226	9,150,845	242,725	111,764,187
ACCUMULATED AMORTIZATION								
Balance, beginning of year	-	942,097	6,227,290	3,419,882	46,556,535	2,168,917	-	59,314,721
Add: additions during the year	-	82,922	402,558	483,670	1,949,861	137,460	-	3,056,471
Less: disposals during the year	-	-	51,258	19,714	147,608	-	-	218,580
Balance, end of year	-	1,025,019	6,578,590	3,883,838	48,358,788	2,306,377	-	62,152,612
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	2,201,279	1,227,627	8,483,598	4,554,440	26,057,438	6,844,468	242,725	49,611,575

CORPORATION OF THE TOWNSHIP OF HAMILTON



CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE For the Year Ended December 31, 2020

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues							
Property taxation	618,851	2,790,777	3,583,564	18,935	1,286,970	93,541	8,392,638
User charges	36,194	390,309	31,707	342,665	248,893	29,975	1,079,743
Government transfers - operating	735,326	362,611	8,437	-	75,076	-	1,181,450
Government transfers - capital	-	-	308,348	-	-	-	308,348
Other municipalities	-	228,042	-	-	-	-	228,042
Penalties and interest on taxes	127,014	-	-	-	-	-	127,014
Investment income	45,838	1,631	-	-	-	-	47,469
Donations	-	203,153	-	-	198	-	203,351
Sales and recoveries	-	-	-	2,053	9,796	-	11,849
Capital contributions	-	-	-	132,384	-	-	132,384
Development charges earned	-	40,293	-	-	-	-	40,293
Federal gas tax earned	-	-	523,804	-	-	-	523,804
Gain/(loss) on disposal of tangible capital assets	15,628	-	(4,618)	-	-	-	11,010
Total revenues	1,578,851	4,016,816	4,451,242	496,037	1,620,933	123,516	12,287,395
Expenses							
Salaries and benefits	1,097,585	1,156,178	1,215,098	165,962	675,712	76,375	4,386,910
Materials	407,888	306,681	1,105,504	220,067	463,178	25,605	2,528,923
Contracted services	28,941	1,510,695	140	71,549	6,519	-	1,617,844
Rents and financial	5,241	1,194	-	528	3,246	-	10,209
External transfers	-	171,874	-	-	380,719	21,796	574,389
Amortization	48,571	211,190	2,217,876	179,452	399,382	-	3,056,471
Internal transfers	(1,018)	-	(65,500)	66,518	-	-	-
Total expenses	1,587,208	3,357,812	4,473,118	704,076	1,928,756	123,776	12,174,746
Net surplus/(deficit)	(8,357)	659,004	(21,876)	(208,039)	(307,823)	(260)	112,649

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	-	1,957	-	59,215	-	1,471,525
Government transfers - capital	-	-	297,670	-	-	-	297,670
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)

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, 2020, 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, 2020, 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 20, 2021

TRUST FUNDS
STATEMENT OF FINANCIAL POSITION
 At December 31, 2020

	Hydro Easement \$	Subdividers Trust \$	2020 Total \$	2019 Total \$
FINANCIAL ASSETS				
Cash	-	93,826	93,826	93,826
One Fund investment (note 2)	22,076	-	22,076	21,404
	22,076	93,826	115,902	115,230
FUND BALANCES	22,076	93,826	115,902	115,230

TRUST FUNDS
STATEMENT OF CONTINUITY
 For the Year Ended December 31, 2020

	Hydro Easement \$	Subdividers Trust \$	2020 Total \$	2019 Total \$
BALANCES - beginning of year	21,404	93,826	115,230	114,688
RECEIPTS				
Investment income	672	-	672	542
BALANCES - end of year	22,076	93,826	115,902	115,230

The accompanying notes are an integral part of these financial statements

TRUST FUNDS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

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.

CORPORATION OF THE TOWNSHIP OF HAMILTON

JOINT ANIMAL CONTROL MUNICIPAL SERVICES BOARD

FINANCIAL STATEMENTS

DECEMBER 31, 2020

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, 2020, 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, 2020, 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
July 20, 2021

JOINT ANIMAL CONTROL MUNICIPAL SERVICES BOARD
 STATEMENT OF FINANCIAL POSITION
 At December 31, 2020

	2020	2019
	\$	\$
FINANCIAL ASSETS		
Investment (note 2)	138,194	108,608
Due from Township of Hamilton (note 5)	494,273	249,433
NET FINANCIAL ASSETS	632,467	358,041
NON-FINANCIAL ASSETS		
Tangible capital assets (note 3)	307,367	326,235
ACCUMULATED SURPLUS (note 4)	939,834	684,276

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, 2020

	Budget 2020 \$ (Unaudited)	Actual 2020 \$	Actual 2019 \$
REVENUES			
Municipal partner funding:			
Township of Hamilton (note 5)	60,642	60,642	59,489
Other partners	228,019	228,042	223,789
Other contributing municipalities	11,008	11,009	10,803
Adoption fees	18,182	14,254	18,394
Boarding and surrender fees	4,590	5,640	6,742
Dog tag fees	3,060	5,150	3,600
Recoveries and other	4,692	3,111	140
Donations and fundraising	-	203,153	62,061
Interest	1,020	1,631	2,373
TOTAL REVENUES	331,213	532,632	387,391
EXPENSES			
Salaries and benefits	204,000	173,371	163,096
Communications	6,886	4,078	8,556
Veterinary fees	9,567	5,673	8,881
Vehicle	3,315	1,432	1,934
Emergency costs	41,587	28,261	44,480
Building and maintenance	24,696	14,046	17,397
Operating costs	29,090	24,219	23,112
Office	5,748	3,768	4,397
Professional fees	5,304	3,358	3,892
Amortization	18,868	18,868	18,868
TOTAL EXPENSES	349,061	277,074	294,613
ANNUAL SURPLUS/(DEFICIT)	<u>(17,848)</u>	255,558	92,778
ACCUMULATED SURPLUS - beginning of year		684,276	591,498
ACCUMULATED SURPLUS - end of year		939,834	684,276

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, 2020

	Budget 2020 \$ (Unaudited)	Actual 2020 \$	Actual 2019 \$
ANNUAL SURPLUS/(DEFICIT)	(17,848)	255,558	92,778
Amortization of tangible capital assets	18,868	18,868	18,868
Acquisition of tangible capital assets	-	-	(22,133)
INCREASE IN NET FINANCIAL ASSETS	1,020	274,426	89,513
NET FINANCIAL ASSETS - beginning of year	358,041	358,041	268,528
NET FINANCIAL ASSETS - end of year	359,061	632,467	358,041

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, 2020

	2020	2019
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	255,558	92,778
Items not involving cash		
Amortization of tangible capital assets	18,868	18,868
Change in non-cash assets and liabilities		
Due from Township of Hamilton	(244,840)	(87,140)
Net change in cash from operating activities	29,586	24,506
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	-	(22,133)
INVESTING ACTIVITIES		
Purchase of investment	(29,586)	(2,373)
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, 2020**

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 of tangible capital assets are based on estimates of useful life and residual values.

(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 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, 2020**

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 \$	2020 Totals \$	2019 Totals \$
COST					
Balance, beginning of year	128,466	349,738	51,695	529,899	507,766
Add: additions during the year	-	-	-	-	22,133
Balance, end of year	128,466	349,738	51,695	529,899	529,899
ACCUMULATED AMORTIZATION					
Balance, beginning of year	75,112	116,685	11,867	203,664	184,796
Add: additions during the year	5,138	8,673	5,057	18,868	18,868
Balance, end of year	80,250	125,358	16,924	222,532	203,664
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	48,216	224,380	34,771	307,367	326,235

JOINT ANIMAL CONTROL MUNICIPAL SERVICES BOARD
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

4. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2020	2019
	\$	\$
Invested In Capital Assets		
Tangible capital assets - net book value	307,367	326,235
Reserve		
Operations	58,808	58,808
Reserve Fund		
Emergency costs	573,659	299,233
	939,834	684,276

5. 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 inter-entity expense transactions are as follows:

	2020	2019
	\$	\$
Allocated costs:		
Accounting and administrative services	6,120	6,000
Groundskeeping	4,080	4,000
	10,200	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, 2020

6. 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 2020 Annual Report disclosed total actuarial liabilities of \$113,055 million in respect of benefits accrued for service with actuarial assets of \$109,844 million indicating an actuarial deficit of \$3,211 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 2020 were \$6,634 (2019 - \$6,693).

7. BUDGET FIGURES

The operating budget, approved by the Board, for 2020 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	336,058	336,058
Total Board approved budget	336,058	336,058
Add: Amortization of tangible capital assets	-	18,868
Less: Transfers to/from reserves and reserve funds	(4,080)	(5,100)
Revenue and expenses grouped for statement presentation	(765)	(765)
Adjusted budget per Statement of Operations	331,213	349,061

8. UNCERTAINTY CAUSED BY COVID-19

In March 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.