



CORPORATION OF THE TOWNSHIP OF HAMILTON
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018

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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, 2018

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.

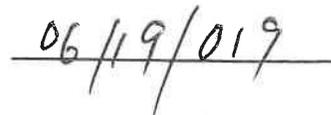
Council reviews and approves the Township's financial statements for issuance to the members of Council, inhabitants and ratepayers of the Corporation of the Township of Hamilton. Council meets periodically with management, as well as the external auditor, to discuss internal controls over the financial 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



Date



Treasurer



Date



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, 2018, 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, 2018, 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.

Other Matter

The financial statements of the Township as at and for the year ended December 31, 2017 were audited by Collins Barrow Kawarthas LLP, which became Baker Tilly KDN LLP effective January 10, 2019.

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 26, 2019

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At December 31, 2018

	2018	2017
	\$	\$
FINANCIAL ASSETS		
Cash	2,498,806	4,085,919
Investments (note 4)	3,124,407	2,218,795
Accounts receivable	752,759	543,109
Taxes receivable	1,085,468	1,393,746
TOTAL FINANCIAL ASSETS	7,461,440	8,241,569
LIABILITIES		
Accounts payable and accrued liabilities	1,592,846	1,221,181
Deferred revenue - obligatory reserve funds (note 6)	1,381,445	1,451,837
Deferred revenue - other	72,325	2,787
Employee future amounts payable (note 7)	46,989	66,960
TOTAL LIABILITIES	3,093,605	2,742,765
NET FINANCIAL ASSETS	4,367,835	5,498,804
NON-FINANCIAL ASSETS		
Tangible capital assets (note 8)	51,569,906	50,900,310
Prepaid expenses	148,939	144,384
Inventories of materials and supplies	133,835	46,983
TOTAL NON-FINANCIAL ASSETS	51,852,680	51,091,677
ACCUMULATED SURPLUS (note 9)	56,220,515	56,590,481

The accompanying notes are an integral part of these financial statements

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
For the Year Ended December 31, 2018

	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
REVENUES			
Property taxation	7,991,151	7,989,077	7,803,049
User charges	1,193,452	1,192,745	1,179,893
Government of Canada	-	166,483	28,932
Province of Ontario	1,116,599	1,084,341	929,500
Other municipalities	219,394	219,402	210,963
Penalties and interest on taxes	200,000	219,267	222,010
Investment income	25,000	98,523	40,633
Donations	3,000	19,004	36,428
Sales and recoveries	11,500	13,276	35,819
Capital contributions	117,600	129,035	129,035
Federal gas tax earned	331,883	342,722	658,366
Development charges earned	-	309,209	-
Parkland contributions earned	-	21,671	-
Loss on disposal of tangible capital assets	-	(186,139)	(77,272)
TOTAL REVENUES	11,209,579	11,618,616	11,197,356
EXPENSES			
General government	1,576,561	1,528,632	1,489,624
Protection services	3,305,216	3,174,182	3,124,096
Transportation services	4,524,309	4,656,134	4,220,094
Environmental services	517,890	503,765	431,942
Recreation and cultural services	2,004,892	2,012,823	2,009,606
Planning and development	141,091	113,046	119,085
TOTAL EXPENSES	12,069,959	11,988,582	11,394,447
ANNUAL DEFICIT	<u>(860,380)</u>	(369,966)	(197,091)
ACCUMULATED SURPLUS - beginning of year		56,590,481	56,787,572
ACCUMULATED SURPLUS - end of year		56,220,515	56,590,481

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, 2018

	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
ANNUAL DEFICIT	(860,380)	(369,966)	(197,091)
Amortization of tangible capital assets	2,966,256	3,064,597	2,966,255
Purchase of tangible capital assets	(3,501,500)	(4,000,665)	(2,405,505)
Loss on disposal of tangible capital assets	-	186,139	77,272
Proceeds on sale of tangible capital assets	-	80,333	23,240
Change in prepaid expenses	-	(4,555)	(17,015)
Change in inventories of materials and supplies	-	(86,852)	(46,983)
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	(1,395,624)	(1,130,969)	400,173
NET FINANCIAL ASSETS - beginning of year	5,498,804	5,498,804	5,098,631
NET FINANCIAL ASSETS - end of year	4,103,180	4,367,835	5,498,804

The accompanying notes are an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2018

	2018	2017
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual deficit	(369,966)	(197,091)
Items not involving cash		
Amortization of tangible capital assets	3,064,597	2,966,255
Loss on disposal of tangible capital assets	186,139	77,272
Change in employee future amounts payable	(19,971)	-
Change in non-cash assets and liabilities		
Accounts receivable	(209,650)	59,952
Taxes receivable	308,278	(97,663)
Prepaid expenses	(4,555)	(17,015)
Inventories of materials and supplies	(86,852)	(46,983)
Accounts payable and accrued liabilities	371,665	145,515
Deferred revenue - obligatory reserve funds	(70,392)	(81,854)
Deferred revenue - other	69,538	(2,311)
Net change in cash from operating activities	3,238,831	2,806,077
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(4,000,665)	(2,405,505)
Proceeds on disposal of tangible capital assets	80,333	23,240
Net change in cash from capital activities	(3,920,332)	(2,382,265)
INVESTING ACTIVITIES		
Purchase of investments	(1,010,216)	(13,434)
Sale of investments	104,604	-
Net change in cash from investing activities	(905,612)	(13,434)
NET CHANGE IN CASH	(1,587,113)	410,378
CASH - beginning of year	4,085,919	3,675,541
CASH - end of year	2,498,806	4,085,919

The accompanying notes are an integral part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

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, 2018

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.

Property taxation

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

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

Government funding

Government funding is recognized in the financial statements as revenues in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

Other revenue

User charges are recognized as revenue in the year the goods and services are provided, 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; and
 - The amounts recorded for employee future amounts payable are based on estimates of amounts that will be paid out to eligible employees.
-

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. CHANGES IN ACCOUNTING POLICIES

The Township has implemented the following PSA sections which are now effective under the PSA Handbook: 3320 Contingent Assets, 3380 Contractual Rights, 2200 Related Party Disclosures and 3420 Inter-Entity Transactions.

Under Section 3320, a contingent asset is a potential asset that exists at the financial statement date but requires confirmation or disproof at a future date that is not in the control of the public-sector entity. If the contingent asset is deemed to be likely to exist, then this should be disclosed in the notes to the financial statements. Disclosure should include the nature, extent (except in those cases where extent cannot be measured or disclosure would have an adverse effect on the outcome), the reason for any non-disclosure of extent, and when an estimate of the amount has been made, the basis for that estimate. This section has been applied prospectively. The adoption of this standard did not have an impact on the Township's consolidated financial statements.

Under Section 3380, a contractual right arises out of a contract or agreement where it will result in the Township having both an asset and future revenue. The contract or agreement must be between two or more parties and be enforceable under contract law. Contractual rights are assets and revenues that will occur in the future due to an enforceable agreement in effect at the financial statement date. If a contractual right exists, it should be disclosed in the notes or schedules to the statements and include descriptions about nature, extent and timing. This section has been applied prospectively. The adoption of this standard did not have an impact on the Township's consolidated financial statements.

Section 3240 establishes the standards and requirements on how to account for and Section 2200 establishes the standards and requirements on how to report transactions between public sector entities that comprise the government's reporting entity. These sections have been applied retroactively with restatement of prior periods. The adoption of these standards did not have an impact on the Township's consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

3. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF NORTHUMBERLAND

During 2018, 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	3,038,542	7,209,204

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

4. INVESTMENTS

Investments, recorded at cost, consist of the following:

	2018 \$	2017 \$
Money Market Fund with The One Investment Program	2,144,446	2,114,191
High interest savings account with BMO Nesbitt Burns	-	104,604
High interest savings account with One Investment Program	979,961	-
	3,124,407	2,218,795

5. 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, 2018

6. 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:

	2018	2017
	\$	\$
Development charges	1,231,083	1,311,866
Parkland	150,362	139,194
Federal gas tax	-	777
	1,381,445	1,451,837

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

	2018	2017
	\$	\$
Balance - beginning of year	1,451,837	1,533,691
Add amounts received:		
Development charges received	218,058	226,548
Parkland fees received	32,000	13,000
Federal gas tax received	340,869	331,135
Interest	12,283	5,829
	603,210	576,512
Less transfer to operations:		
Development charges earned	309,209	-
Parkland fees earned	21,671	-
Federal gas tax earned	342,722	658,366
	673,602	658,366
Balance - end of year	1,381,445	1,451,837

7. 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, 2018

8. TANGIBLE CAPITAL ASSETS

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

	2018	2017
	\$	\$
General		
Land	2,201,279	2,243,005
Land improvements	1,334,996	919,380
Buildings	9,218,777	8,771,886
Vehicles and equipment	3,579,448	3,023,550
Infrastructure		
Roads and bridges	28,046,369	28,620,841
Waterworks systems	7,105,828	7,243,108
	51,486,697	50,821,770
Assets under construction	83,209	78,540
	51,569,906	50,900,310

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

During the year there were no write-downs of assets (2017 - \$Nil) and no interest capitalized (2017 - \$Nil).

Tangible capital assets allocated by segment are as follows:

	2018	2017
	\$	\$
General government	1,353,693	1,431,120
Protection services	2,437,066	1,975,841
Transportation services	30,996,448	30,708,469
Environmental services	7,872,475	8,003,656
Health services	12,634	12,634
Recreation and cultural services	8,897,590	8,768,590
	51,569,906	50,900,310

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

9. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2018	2017
	\$	\$
Surplus/(Deficit)		
Hydrant area charges	109,980	95,985
Waterworks operations	(156,519)	(262,324)
Township	314,717	269,887
Unfunded employee future amounts payable	(46,989)	(66,960)
	221,189	36,588
Invested In Capital Assets		
Tangible capital assets - net book value	51,569,906	50,900,310
Unfunded capital	(504,981)	(544,962)
	51,064,925	50,355,348
Surplus	51,286,114	50,391,936
Reserves		
General government	1,634,728	2,109,941
Roads	2,146,006	2,737,523
Fire	213,424	490,406
Recreation	53,029	124,422
Building	133,248	107,021
Planning	64,691	64,691
Policing	135,330	131,389
Joint Animal Control Municipal Services Board	58,808	58,808
Total Reserves	4,439,264	5,824,201
Reserve Funds		
Policing	35,083	49,619
Recreation	250,334	170,414
Joint Animal Control Municipal Services Board	209,720	154,311
Total Reserve Funds	495,137	374,344
	56,220,515	56,590,481

10. 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 \$2,500,000 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 2018-01. At December 31, 2018 there was no balance outstanding (2017 - \$Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

11. BUDGET FIGURES

The budget, approved by the Township, for 2018 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	2,611,670	9,557,570
Capital	2,687,869	3,501,500
Levy Requirement	7,759,531	-
Total Council approved budget	13,059,070	13,059,070
Less: Tangible capital assets capitalized	-	(3,501,500)
Add: Amortization of tangible capital assets	-	2,966,256
Less: Transfers to/from reserves and reserve funds	(2,114,836)	(719,212)
Joint Animal Control Municipal Services Board	259,345	259,345
Interdepartmental charges	6,000	6,000
Adjusted budget per Consolidated Statement of Operations	11,209,579	12,069,959

12. EXPENSES BY OBJECT

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

	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
Salaries and benefits	4,320,180	4,103,421	3,963,784
Materials	2,722,124	2,747,345	2,426,214
Contracted services	1,535,305	1,527,284	1,518,313
Rents and financial	6,200	9,486	5,893
External transfers	519,894	536,449	513,988
Amortization	2,966,256	3,064,597	2,966,255
	12,069,959	11,988,582	11,394,447

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

13. 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 2018 Annual Report disclosed total actuarial liabilities of \$100,081 million in respect of benefits accrued for service with actuarial assets of \$95,890 million indicating an actuarial deficit of \$4,191 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 2018 were \$233,635 (2017 - \$211,804).

14. TRUST FUNDS

Trust funds administered by the Township amounting to \$114,688 (2017 - \$114,378) 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.

15. 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.

15. SEGMENTED INFORMATION, continued

Environmental Services

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

Recreation and Cultural Services

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

Planning and Development

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

16. 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.

17. COMMITMENT

The Township has committed to the purchase of a front end loader in the amount of \$226,544 plus HST and a pumper tanker in the amount of \$609,284 plus HST that were ordered in 2018 but not delivered until 2019. These items have been included in the 2019 budget.

CORPORATION OF THE TOWNSHIP OF HAMILTON



CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
For the Year Ended December 31, 2018

	General				Infrastructure		Assets Under Construction	Totals
	Land	Land Improvements	Buildings	Vehicles and Equipment	Roads and Bridges	Waterworks Systems		
	\$	\$	\$	\$	\$	\$	\$	\$
COST								
Balance, beginning of year	2,243,005	1,718,189	14,221,697	7,027,085	72,711,304	9,137,285	78,540	107,137,105
Add: additions during the year	4	496,846	835,867	1,025,980	1,574,401	-	67,567	4,000,665
Less: disposals during the year	41,730	20,452	82,542	1,120,853	960,917	-	-	2,226,494
Internal transfers	-	-	47,815	1,366	13,717	-	(62,898)	-
Balance, end of year	2,201,279	2,194,583	15,022,837	6,933,578	73,338,505	9,137,285	83,209	108,911,276
ACCUMULATED AMORTIZATION								
Balance, beginning of year	-	798,809	5,449,811	4,003,535	44,090,463	1,894,177	-	56,236,795
Add: additions during the year	-	80,599	416,770	391,276	2,038,672	137,280	-	3,064,597
Less: disposals during the year	-	19,821	62,521	1,040,681	836,999	-	-	1,960,022
Balance, end of year	-	859,587	5,804,060	3,354,130	45,292,136	2,031,457	-	57,341,370
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	2,201,279	1,334,996	9,218,777	3,579,448	28,046,369	7,105,828	83,209	51,569,906

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	23,791	341,471	438,733	41,738	1,192,745
Government transfers - operating	817,788	-	12,199	-	19,180	-	849,167
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	-	-	-	129,035	-	-	129,035
Federal gas tax earned	-	-	342,722	-	-	-	342,722
Development charges earned	-	-	309,209	-	-	-	309,209
Parkland contributions earned	-	-	-	-	21,671	-	21,671
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)

CORPORATION OF THE TOWNSHIP OF HAMILTON



CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE For the Year Ended December 31, 2017

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues							
Property taxation	488,395	2,686,049	3,360,557	4,209	1,171,076	92,763	7,803,049
User charges	47,293	286,461	19,904	318,714	456,133	51,388	1,179,893
Government transfers - operating	767,057	-	9,114	-	21,480	-	797,651
Government transfers - capital	-	-	131,849	-	28,932	-	160,781
Other municipalities	-	210,963	-	-	-	-	210,963
Penalties and interest on taxes	222,010	-	-	-	-	-	222,010
Investment income	39,795	838	-	-	-	-	40,633
Donations	20	31,633	-	-	4,775	-	36,428
Sales and recoveries	-	23,010	-	1,740	11,069	-	35,819
Capital contributions	-	-	-	129,035	-	-	129,035
Federal gas tax earned	-	-	658,366	-	-	-	658,366
Gain (loss) on disposal of tangible capital assets	-	889	(61,107)	(3,168)	(13,886)	-	(77,272)
Total revenues	1,564,570	3,239,843	4,118,683	450,530	1,679,579	144,151	11,197,356
Expenses							
Salaries and benefits	1,035,442	956,547	1,179,512	49,541	669,101	73,641	3,963,784
Materials	386,847	340,486	929,184	126,412	620,332	22,953	2,426,214
Contracted services	7,356	1,482,422	4,868	10,935	12,732	-	1,518,313
Rents and financial	4,902	-	-	-	991	-	5,893
External transfers	-	162,795	-	-	328,702	22,491	513,988
Amortization	55,077	181,846	2,200,268	151,316	377,748	-	2,966,255
Internal transfers	-	-	(93,738)	93,738	-	-	-
Total expenses	1,489,624	3,124,096	4,220,094	431,942	2,009,606	119,085	11,394,447
Net surplus/(deficit)	74,946	115,747	(101,411)	18,588	(330,027)	25,066	(197,091)

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, 2018, 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, 2018, 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.

Other Matter

The financial statements of the Trust Funds as at and for the year ended December 31, 2017 were audited by Collins Barrow Kawarthas LLP, which became Baker Tilly KDN LLP effective January 10, 2019.

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 26, 2019

TRUST FUNDS
STATEMENT OF FINANCIAL POSITION
 At December 31, 2018

	Hydro Easement \$	Subdividers Trust \$	2018 Total \$	2017 Total \$
FINANCIAL ASSETS				
Cash	-	93,826	93,826	93,826
One Fund investment (note 2)	20,862	-	20,862	20,552
	20,862	93,826	114,688	114,378
FUND BALANCES	20,862	93,826	114,688	114,378

TRUST FUNDS
STATEMENT OF CONTINUITY
 For the Year Ended December 31, 2018

	Hydro Easement \$	Subdividers Trust \$	2018 Total \$	2017 Total \$
BALANCES - beginning of year	20,552	93,826	114,378	118,361
RECEIPTS				
Investment income	310	-	310	-
EXPENSES				
Development costs	-	-	-	3,952
Investment loss	-	-	-	31
	-	-	-	3,983
BALANCES - end of year	20,862	93,826	114,688	114,378

The accompanying notes are an integral part of these financial statements

TRUST FUNDS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

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, 2018

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****T: (705) 742-3418**
F: (705) 742-9775**www.bakertilly.ca***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, 2018, 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, 2018, 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.

Other Matter

The financial statements of the Board as at and for the year ended December 31, 2017 were audited by Collins Barrow Kawarthas LLP, which became Baker Tilly KDN LLP effective January 10, 2019.

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.

ASSURANCE • TAX • ADVISORY

Baker Tilly KDN LLP is a member of Baker Tilly Canada Cooperative, which is a member of the global network of Baker Tilly International Limited. All members of Baker Tilly Canada Cooperative and Baker Tilly International Limited are separate and independent legal entities.

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
August 22, 2019

JOINT ANIMAL CONTROL MUNICIPAL SERVICES BOARD
STATEMENT OF FINANCIAL POSITION
At December 31, 2018

	2018	2017
	\$	\$
FINANCIAL ASSETS		
Investment (note 3)	106,235	104,604
Due from Township of Hamilton	162,293	108,515
NET FINANCIAL ASSETS	268,528	213,119
NON-FINANCIAL ASSETS		
Tangible capital assets (note 4)	322,970	339,625
ACCUMULATED SURPLUS (note 5)	591,498	552,744

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, 2018

	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
REVENUES			
Municipal partner funding:			
Township of Hamilton	58,330	58,332	56,100
Other partners	219,394	219,402	210,963
Other municipal contributions	9,121	9,871	8,770
Adoption fees	23,250	13,738	15,114
Boarding and surrender fees	4,580	4,538	4,724
Dog tag fees	3,000	3,220	2,616
Recoveries and other	4,650	55	2,238
Donations and fundraising	-	9,864	21,915
Interest	-	1,631	838
Gain on disposal of tangible capital assets	-	-	889
TOTAL REVENUES	322,325	320,651	324,167
EXPENSES			
Salaries and benefits	200,000	160,840	148,293
Communications	4,100	3,282	3,588
Veterinary fees	9,250	7,195	7,817
Vehicle	3,250	1,494	1,811
Emergency costs	40,000	41,227	40,616
Building and maintenance	24,000	20,932	20,764
Operating costs	25,950	20,783	25,291
Office	6,575	6,334	6,453
Professional fees	4,200	3,155	3,053
Amortization	16,879	16,655	16,879
TOTAL EXPENSES	334,204	281,897	274,565
ANNUAL SURPLUS/(DEFICIT)	<u>(11,879)</u>	38,754	49,602
ACCUMULATED SURPLUS - beginning of year		552,744	503,142
ACCUMULATED SURPLUS - end of year		591,498	552,744

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, 2018

	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
ANNUAL SURPLUS/(DEFICIT)	(11,879)	38,754	49,602
Amortization of tangible capital assets	16,879	16,655	16,879
Acquisition of tangible capital assets	-	-	(28,440)
Gain on disposal of tangible capital assets	-	-	(889)
Proceeds on sale of tangible capital assets	-	-	20,000
INCREASE IN NET FINANCIAL ASSETS	5,000	55,409	57,152
NET FINANCIAL ASSETS - beginning of year	213,119	213,119	155,967
NET FINANCIAL ASSETS - end of year	218,119	268,528	213,119

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, 2018

	2018	2017
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	38,754	49,602
Items not involving cash		
Amortization of tangible capital assets	16,655	16,879
Gain on disposal of tangible capital assets	-	(889)
Change in non-cash assets and liabilities		
Due from Township of Hamilton	(53,778)	(56,314)
Net change in cash from operating activities	1,631	9,278
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	-	(28,440)
Proceeds on disposal of tangible capital assets	-	20,000
Net change in cash from capital activities	-	(8,440)
INVESTING ACTIVITIES		
Purchase of investment	(1,631)	(838)
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, 2018**

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 improvement	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, 2018**

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. CHANGES IN ACCOUNTING POLICIES

The Board has implemented the following PSA sections which are now effective under the PSA Handbook: 3320 Contingent Assets, 3380 Contractual Rights, 2200 Related Party Disclosures and 3420 Inter-Entity Transactions.

Under Section 3320, a contingent asset is a potential asset that exists at the financial statement date but requires confirmation or disproof at a future date that is not in the control of the public-sector entity. If the contingent asset is deemed to be likely to exist, then this should be disclosed in the notes to the financial statements. Disclosure should include the nature, extent (except in those cases where extent cannot be measured or disclosure would have an adverse effect on the outcome), the reason for any non-disclosure of extent, and when an estimate of the amount has been made, the basis for that estimate. This section has been applied prospectively. The adoption of this standard did not have an impact on the Board's financial statements.

Under Section 3380, a contractual right arises out of a contract or agreement where it will result in the Board having both an asset and future revenue. The contract or agreement must be between two or more parties and be enforceable under contract law. Contractual rights are assets and revenues that will occur in the future due to an enforceable agreement in effect at the financial statement date. If a contractual right exists, it should be disclosed in the notes or schedules to the statements and include descriptions about nature, extent and timing. This section has been applied prospectively. The adoption of this standard did not have an impact on the Board's financial statements.

Section 3240 establishes the standards and requirements on how to account for and Section 2200 establishes the standards and requirements on how to report transactions between public sector entities that comprise the government's reporting entity. These sections have been applied retroactively with restatement of prior periods. The adoption of these standards resulted in additional disclosure in note 7.

3. INVESTMENT

Investment consists of a high interest savings account with the One Investment fund (2017 - BMO Nesbitt Burns) recorded at cost.

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4. TANGIBLE CAPITAL ASSETS

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

	Land Improvements \$	Buildings \$	Vehicles and Equipment \$	2018 Totals \$	2017 Totals \$
COST					
Balance, beginning of year	128,466	349,738	29,562	507,766	509,904
Add: additions during the year	-	-	-	-	28,440
Less: disposals during the year	-	-	-	-	30,578
Balance, end of year	128,466	349,738	29,562	507,766	507,766
ACCUMULATED AMORTIZATION					
Balance, beginning of year	64,834	99,341	3,966	168,141	162,729
Add: additions during the year	5,139	8,672	2,844	16,655	16,879
Less: disposals during the year	-	-	-	-	11,467
Balance, end of year	69,973	108,013	6,810	184,796	168,141
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	58,493	241,725	22,752	322,970	339,625

5. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2018 \$	2017 \$
Invested In Capital Assets		
Tangible capital assets - net book value	322,970	339,625
Reserve		
Operations	58,808	58,808
Reserve Fund		
Emergency costs	209,720	154,311
	591,498	552,744

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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 2018 Annual Report disclosed total actuarial liabilities of \$100,081 million in respect of benefits accrued for service with actuarial assets of \$95,890 million indicating an actuarial deficit of \$4,191 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 2018 were \$7,187 (2017 - \$9,025).

7. 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:

	2018	2017
	\$	\$
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
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8. BUDGET FIGURES

The operating budget, approved by the Board, for 2018 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	322,325	322,325
Total Board approved budget	322,325	322,325
Add: Amortization of tangible capital assets	-	16,879
Less: Transfers to/from reserves and reserve funds	-	(5,000)
Adjusted budget per Statement of Operations	322,325	334,204

9. COMPARATIVE FIGURES

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