

**CORPORATION OF THE TOWNSHIP OF HAMILTON**

**CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2023**

**CORPORATION OF THE TOWNSHIP OF HAMILTON**

**CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2023**

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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, 2023

### 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.

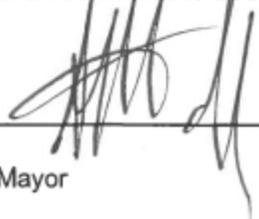
The consolidated financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen 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 16, 2024

## **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, 2023, 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, 2023, 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 16, 2024



# CORPORATION OF THE TOWNSHIP OF HAMILTON

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2023

	2023	2022
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash	6,919,386	7,068,217
Investments (note 2)	2,733,323	2,619,346
Accounts receivable	619,079	720,497
Taxes receivable	1,346,356	1,293,020
<b>TOTAL FINANCIAL ASSETS</b>	<b>11,618,144</b>	<b>11,701,080</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	2,001,070	2,558,794
Deferred revenue - obligatory reserve funds (note 4)	2,301,469	2,289,010
Deferred revenue - other	381,697	173,189
Long term debt (note 7)	502,938	-
Asset retirement obligation (note 9)	584,035	-
Employee future amounts payable (note 5)	11,104	15,647
<b>TOTAL LIABILITIES</b>	<b>5,782,313</b>	<b>5,036,640</b>
<b>NET FINANCIAL ASSETS</b>	<b>5,835,831</b>	<b>6,664,440</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 6)	49,164,954	48,345,283
Prepaid expenses	252,655	202,054
Inventories of materials and supplies	186,105	83,245
<b>TOTAL NON-FINANCIAL ASSETS</b>	<b>49,603,714</b>	<b>48,630,582</b>
<b>ACCUMULATED SURPLUS (note 8)</b>	<b>55,439,545</b>	<b>55,295,022</b>

The accompanying notes are an integral part of these financial statements

# CORPORATION OF THE TOWNSHIP OF HAMILTON

## CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the Year Ended December 31, 2023

	Budget 2023 \$ (Unaudited)	Actual 2023 \$	Actual 2022 \$
<b>REVENUES</b>			
Property taxation	9,591,808	9,572,962	8,937,968
User charges	1,502,616	1,575,832	1,417,647
Government of Canada	-	28,673	79,870
Province of Ontario	1,216,680	1,194,914	1,382,856
Other municipalities	-	135,700	42,337
Penalties and interest on taxes	200,000	206,996	193,017
Investment income	51,000	474,227	176,647
Donations	3,500	4,595	2,203
Sales and recoveries	16,000	21,203	15,265
Capital contributions	192,078	240,480	168,964
Development charges earned (note 4)	-	272,668	228,406
Canada Community-Building Fund earned (note 4)	362,115	306,350	583,179
Gain/(loss) on disposal of tangible capital assets	-	39,784	404,862
<b>TOTAL REVENUES</b>	<b>13,135,797</b>	<b>14,074,384</b>	<b>13,633,221</b>
<b>EXPENSES</b>			
General government	2,109,521	2,060,156	2,030,885
Protection services	3,255,042	3,592,206	3,985,916
Transportation services	4,928,471	4,865,259	5,234,638
Environmental services	818,872	802,059	768,561
Health services	-	2,140	-
Recreation and cultural services	2,254,438	2,389,157	2,175,573
Planning and development	259,339	218,884	114,275
<b>TOTAL EXPENSES</b>	<b>13,625,683</b>	<b>13,929,861</b>	<b>14,309,848</b>
<b>ANNUAL SURPLUS/(DEFICIT)</b>	<b><u>(489,886)</u></b>	<b>144,523</b>	<b>(676,627)</b>
<b>ACCUMULATED SURPLUS - beginning of year</b>		<b>55,295,022</b>	<b>55,971,649</b>
<b>ACCUMULATED SURPLUS - end of year</b>		<b>55,439,545</b>	<b>55,295,022</b>

The accompanying notes are an integral part of these financial statements

# CORPORATION OF THE TOWNSHIP OF HAMILTON

## CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

For the Year Ended December 31, 2023

	Budget 2023 \$ (Unaudited)	Actual 2023 \$	Actual 2022 \$
<b>ANNUAL SURPLUS/(DEFICIT)</b>	(489,886)	144,523	(676,627)
Amortization of tangible capital assets	3,196,813	3,230,371	3,196,812
Purchase of tangible capital assets	(2,035,064)	(3,498,149)	(3,126,535)
Gain on disposal of tangible capital assets	-	(39,784)	(404,862)
Proceeds on sale of tangible capital assets	-	60,475	943,703
Change in prepaid expenses	-	(50,601)	(11,873)
Change in inventories of materials and supplies	-	(102,860)	(22,417)
<b>INCREASE/(DECREASE) IN NET FINANCIAL ASSETS</b>	<b>671,863</b>	<b>(256,025)</b>	<b>(101,799)</b>
<b>NET FINANCIAL ASSETS - beginning of year</b>	<b>6,664,440</b>	<b>6,664,440</b>	<b>6,766,239</b>
<b>ADJUSTMENT ON ADOPTION OF THE ASSET RETIREMENT OBLIGATION STANDARD (note 3)</b>	<b>-</b>	<b>(572,584)</b>	<b>-</b>
<b>NET FINANCIAL ASSETS - beginning of year, as restated</b>	<b>6,664,440</b>	<b>6,091,856</b>	<b>6,766,239</b>
<b>NET FINANCIAL ASSETS - end of year</b>	<b>7,336,303</b>	<b>5,835,831</b>	<b>6,664,440</b>

The accompanying notes are an integral part of these financial statements

# CORPORATION OF THE TOWNSHIP OF HAMILTON

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2023

	2023	2022
	\$	\$
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Annual surplus/(deficit)	144,523	(676,627)
Items not involving cash		
Amortization of tangible capital assets	3,230,371	3,196,812
Gain on disposal of tangible capital assets	(39,784)	(404,862)
Accretion expense	11,451	-
Change in employee future amounts payable	(4,543)	(10,084)
Change in non-cash assets and liabilities		
Accounts receivable	101,418	(249,370)
Taxes receivable	(53,336)	(102,838)
Prepaid expenses	(50,601)	(11,873)
Inventories of materials and supplies	(102,860)	(22,417)
Accounts payable and accrued liabilities	(557,724)	1,104,903
Deferred revenue - obligatory reserve funds	12,459	(102,621)
Deferred revenue - other	208,508	110,109
<b>Net change in cash from operating activities</b>	<b>2,899,882</b>	<b>2,831,132</b>
<b>CAPITAL ACTIVITIES</b>		
Purchase of tangible capital assets	(3,498,149)	(3,126,535)
Proceeds on disposal of tangible capital assets	60,475	943,703
<b>Net change in cash from capital activities</b>	<b>(3,437,674)</b>	<b>(2,182,832)</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of investments	(2,372,320)	(45,311)
Sale of investments	2,258,343	228,597
<b>Net change in cash from investing activities</b>	<b>(113,977)</b>	<b>183,286</b>
<b>FINANCING ACTIVITIES</b>		
Long term debt issued	513,454	-
Debt principal repayments	(10,516)	-
<b>Net change in cash from financing activities</b>	<b>502,938</b>	<b>-</b>
<b>NET CHANGE IN CASH</b>	<b>(148,831)</b>	<b>831,586</b>
<b>CASH - beginning of year</b>	<b>7,068,217</b>	<b>6,236,631</b>
<b>CASH - end of year</b>	<b>6,919,386</b>	<b>7,068,217</b>

The accompanying notes are an integral part of these financial statements

# CORPORATION OF THE TOWNSHIP OF HAMILTON

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

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The Township of Hamilton is a lower tier municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

### 1. SIGNIFICANT ACCOUNTING POLICIES

These 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 Township of Hamilton.

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

#### (b) Recognition of Revenues and Expenses

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which the transactions or events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

#### Taxation

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

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

#### Government Funding

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

#### Other revenue

User charges are recognized as revenue in the year the goods and services are provided, with the exception of building permits that are recognized when the permits are issued.

Investment income is recorded when earned.

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

# CORPORATION OF THE TOWNSHIP OF HAMILTON

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2023

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### 1. SIGNIFICANT ACCOUNTING POLICIES, continued

(c) Deferred Revenue

Deferred revenue represents grants, user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

(d) Asset Retirement Obligation

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

The liability is discounted using a present value calculation, and adjusted yearly for accretion expense and any amounts paid. The recognition of a liability resulted in an accompanying increase to the respective tangible capital assets. The increase to the tangible capital assets is being amortized in accordance with the accounting policies outlined in (e).

(e) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. 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	40-80 years
Building components	15-40 years
Waterworks systems	75 years
Roads and bridges	7-40 years
Vehicles	7-25 years
Machinery and equipment	5-10 years

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue.

Tangible capital assets categorized as assets under construction are not amortized until they are put into service.

(f) Inventories of Materials and Supplies

Inventories of materials and supplies held for consumption are recorded at cost.

(g) Non-financial Assets

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

# CORPORATION OF THE TOWNSHIP OF HAMILTON

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2023

### 1. SIGNIFICANT ACCOUNTING POLICIES, continued

(h) Financial Instruments

Financial instruments are classified as either fair value or amortized cost. The following chart shows the measurement method for each type of financial instrument.

Financial Instrument	Measurement Method
Cash	Amortized Cost
Investments	Fair Value
Accounts receivable	Amortized Cost
Taxes receivable	Amortized Cost
Accounts payable and accrued liabilities	Amortized Cost
Long term debt	Amortized Cost

Fair value category: The Township manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses.

Amortized cost category: Amounts are measured at the initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial instrument asset or financial instrument liability.

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

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

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



# CORPORATION OF THE TOWNSHIP OF HAMILTON

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2023

### 1. SIGNIFICANT ACCOUNTING POLICIES, continued

(i) Reserves and Reserve Funds

Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to and/or from reserves and reserve funds are an adjustment to the respective fund when approved.

(j) Use of Estimates

Certain items recognized in the 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.

In addition, the Township's implementation of PS3280 Asset Retirement Obligations has resulted in the requirement for management to make estimates regarding the useful lives of affected tangible capital assets in conjunction with estimates of expected asset retirement costs, as well as the timing and duration of these retirement costs.

(k) 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 market value, consist of the following:

	2023	2022
	\$	\$
Money Market Fund with The One Investment Program	-	2,234,254
High interest savings account with One Investment Program	2,733,323	385,092
	<u>2,733,323</u>	<u>2,619,346</u>

# CORPORATION OF THE TOWNSHIP OF HAMILTON

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

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### 3. CHANGES IN ACCOUNTING POLICIES

The Township has implemented the following sections which are now effective under the PSA Handbook: PS 1201 Financial Statement Presentation, PS 2601 Foreign Currency Translation, PS 3041 Portfolio Investments, PS 3450 Financial Instruments and PS 3280 Asset Retirement Obligations were adopted prospectively on January 1, 2023.

PS 1201 Financial Statement Presentation replaces PS 1200 Financial Statement Presentation. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 Foreign Currency Translation, PS 3450 Financial Instruments, and PS 3041 Portfolio Investments, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

PS 2601 Foreign Currency Translation replaces PS 2600 Foreign Currency Translation. The standard provides comprehensive requirements for the recognition, measurement, presentation and disclosure of foreign currency transactions. The adoption of this standard did not have an impact on the Township's consolidated financial statements.

PS 3041 Portfolio Investments replaces PS 3040 Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 Financial Instruments. The adoption of this standard did not have an impact on the Township's consolidated financial statements.

PS 3450 Financial Instruments establishes accounting and reporting requirements for all types of financial instruments including derivatives. Financial instruments are included on the statement of financial position and are measured either at fair value or cost or amortized cost based on the characteristics of the instrument and the Township's accounting policy choices (see Note 1. Significant Accounting Policies). The new standard provides comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments. The adoption of this standard did not have an impact on the Township's consolidated financial statements.

PS 3280 Asset Retirement Obligations addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in retired buildings by public sector entities. The new accounting standard has resulted in a withdrawal of the existing Section PS 3270 – Solid Waste Landfill Closure and Post-Closure Liability.

In accordance with the provisions of this new standard, the Township reflected the following adjustments at January 1, 2023:

#### Asbestos Obligation

- An increase of \$572,584 to the buildings tangible capital asset account and a corresponding increase to the opening asset retirement obligation liability.

# CORPORATION OF THE TOWNSHIP OF HAMILTON

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

### 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:

	2023	2022
	\$	\$
Development charges	1,610,186	1,682,106
Parkland	222,620	211,620
Canada Community-Building Fund	468,663	395,284
	<u>2,301,469</u>	<u>2,289,010</u>

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

	2023	2022
	\$	\$
Balance - beginning of year	2,289,010	2,391,631
Add amounts received:		
Development charges	156,617	339,259
Parkland fees	7,500	1,500
Canada Community-Building Fund	362,115	347,027
Interest	65,245	21,178
	<u>591,477</u>	<u>708,964</u>
Less transfer to operations:		
Development charges earned	272,668	228,406
Canada Community-Building Fund earned	306,350	583,179
	<u>579,018</u>	<u>811,585</u>
Balance - end of year	<u>2,301,469</u>	<u>2,289,010</u>

### 5. EMPLOYEE FUTURE AMOUNTS PAYABLE

The Township provides certain employee benefits which will require payment in future periods. The Township provides benefit plans to pay costs of certain health and other insurance benefits for eligible employees after they retire. The liability has been estimated based on employees currently eligible to receive these benefits as an actuarial valuation of this liability has not been prepared. The plans are not funded until the Township pays the premiums for the benefits.

# CORPORATION OF THE TOWNSHIP OF HAMILTON

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2023

### 6. TANGIBLE CAPITAL ASSETS

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

	2023	2022
	\$	\$
General		
Land	2,081,547	2,081,547
Land improvements	1,014,121	1,019,031
Buildings	7,844,993	7,621,272
Vehicles and equipment	5,603,255	4,546,326
Infrastructure		
Roads and bridges	25,236,475	25,774,316
Waterworks systems	7,235,922	7,161,729
	49,016,313	48,204,221
Assets under construction	148,641	141,062
	49,164,954	48,345,283

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

During the year there were no write-downs of assets (2022 - \$Nil) and no interest capitalized (2022 - \$Nil).

Tangible capital assets allocated by segment are as follows:

	2023	2022
	\$	\$
General government	1,366,921	1,343,093
Protection services	2,908,516	2,224,155
Transportation services	28,529,631	28,598,173
Environmental services	8,407,635	8,351,764
Health services	12,634	12,634
Recreation and cultural services	7,939,617	7,815,464
	49,164,954	48,345,283

# CORPORATION OF THE TOWNSHIP OF HAMILTON

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

### 7. LONG TERM DEBT

- (a) The balance of long term debt reported on the Consolidated Statement of Financial Position is made up of the following:

	2023	2022
	\$	\$
Debenture issued to the Ontario Infrastructure and Lands Corporation, repayable in quarterly principal instalments of \$970 plus interest, interest at 4.31% per annum, due May 1, 2053.	114,474	-
Debenture issued to the Ontario Infrastructure and Lands Corporation, repayable in quarterly principal instalments of \$1,588 plus interest, interest at 4.18% per annum, due May 1, 2043.	123,864	-
Debenture issued to the Ontario Infrastructure and Lands Corporation, repayable in quarterly principal instalments of \$2,700 plus interest, interest at 4.27% per annum, due May 1, 2048.	264,600	-
	502,938	-

- (b) The long term debt in (a) issued in the name of the Township have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

- (c) Interest paid during the year on long term debt amounted to \$10,962 (2022 - \$Nil).

- (d) The long term debt reported in (a) of this note is repayable as follows:

	Principal	Interest	Total
	\$	\$	\$
2024	21,033	21,131	42,164
2025	21,033	20,180	41,213
2026	21,033	19,286	40,319
2027	21,033	18,392	39,425
2028	21,033	17,546	38,579
2029 and subsequent years	397,773	167,984	565,757
	502,938	264,519	767,457

# CORPORATION OF THE TOWNSHIP OF HAMILTON

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

### 8. ACCUMULATED SURPLUS

(a) Accumulated surplus consists of the following:

	2023	2022
	\$	\$
<b>Surplus/(Deficit)</b>		
Township	224,348	193,095
Hydrant area charges	131,796	147,095
Waterworks operations	(258,953)	(352,284)
Unfunded employee future benefits	(11,104)	(15,647)
	<u>86,087</u>	<u>(27,741)</u>
<b>Invested In Capital Assets</b>		
Tangible capital assets - net book value	49,164,954	48,345,283
Long term debt	(502,938)	-
Unfunded capital - Administration (b)	(146,769)	(165,426)
Unfunded capital - Water (c)	(311,549)	(737,384)
Unfunded capital - Fire	(6,025)	-
Asset retirement obligation	(584,035)	-
	<u>47,613,638</u>	<u>47,442,473</u>
<b>Surplus</b>	<u>47,699,725</u>	<u>47,414,732</u>
<b>Reserves</b>		
General government	3,609,420	3,643,013
Roads	2,954,163	2,813,880
Fire	12,711	191,594
Recreation	285,373	233,605
Building	396,004	431,654
Planning	95,691	95,691
Water	144,308	79,796
Animal control	90,325	282,870
Cemetery	59,112	-
<b>Total Reserves</b>	<u>7,647,107</u>	<u>7,772,103</u>
<b>Reserve Funds</b>		
Policing	13,363	25,763
Recreation	79,350	82,424
<b>Total Reserve Funds</b>	<u>92,713</u>	<u>108,187</u>
	<u>55,439,545</u>	<u>55,295,022</u>

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

(c) This amount includes balances related to Kennedy Road (\$277,572) and unfunded capital costs (\$33,977). The unfunded capital costs will be reduced by borrowing funds.

**CORPORATION OF THE TOWNSHIP OF HAMILTON**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2023**

**9. ASSET RETIREMENT OBLIGATION**

The Township's asset retirement obligation consists of the following:

(a) Asbestos obligation

The Township owns and operates several buildings that are known to have asbestos, which represents a health hazard upon demolition of the building and there is a legal obligation to remove it. Following the adoption of PS3280 – Asset retirement obligations, the Township recognized an obligation relating to the removal of the asbestos in these building as estimated at January 1, 2023. The buildings had an estimated useful life of 40 years when they were purchased. Of the six buildings identified as likely having asbestos, four were fully amortized and two had five years of useful life remaining. As all of the buildings are still in use and are projected to be for the foreseeable future, the useful lives have been revised to 80 years and the asset retirement obligation is being amortized over the remaining number of years. As the date the obligation is to be incurred is not known, the January 1 2023 liability has been accreted to December 31, 2023 using an inflation rate of 3.0%.

Changes to the asset retirement obligation in the year are as follows:

	Asbestos removal \$
Asset Retirement Obligation	
Opening balance - January 1, 2023	-
Adjustment on adoption of the asset retirement obligation standard	572,584
Opening balance, as restated	572,584
Accretion expense	11,451
Closing balance	584,035

**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 \$5,217,000 during the period January 1 to September 30 and \$2,324,000 during the period October 1 to December 31 via an overdraft or demand loan. Any balance borrowed will accrue interest at the bank’s prime lending rate. Council authorized the temporary borrowing limit by By-law 2023-03. At December 31, 2023 there was no balance outstanding (2022 - \$Nil).

**11. BUDGET FIGURES**

The budget, approved by the Township, for 2023 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.



# CORPORATION OF THE TOWNSHIP OF HAMILTON

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

### 12. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in the Township assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

The Township is exposed to the following risks in respect of certain of the financial instruments held:

(a) Interest rate risk

Interest rate risk is the risk that the value of investments will fluctuate due to changes in market interest rates. The Township is also exposed to interest rate risk on their long term debt. These risks are generally outside the control of the Township but are mitigated by the Township's investment policies and the long term debt are fixed rates for the entire term of the debt.

(b) Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Township reduces its exposure to credit risk by creating an allowance for bad debts when applicable. The Township monitors and assesses the collectability of accounts receivable based on past experience to derive a net realizable value.

In the opinion of management, the Township is not exposed to any significant liquidity, currency or market risk.

### 13. EXPENSES BY OBJECT

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

	Budget 2023 \$ (Unaudited)	Actual 2023 \$	Actual 2022 \$
Salaries and benefits	5,319,770	5,100,663	4,903,814
Interest charges	29,479	10,962	-
Materials	2,777,651	3,119,156	3,260,699
Contracted services	1,667,732	1,595,922	1,729,705
Rents and financial	10,850	32,779	44,883
External transfers	623,388	840,008	1,173,935
Amortization	3,196,813	3,230,371	3,196,812
	<b>13,625,683</b>	<b>13,929,861</b>	<b>14,309,848</b>

### 14. CONTINGENT LIABILITIES

The Township, in the course of its operations, is often named in lawsuits the outcomes of which are indeterminable at this time. No amounts in connection with these items have been reflected in these financial statements.

# CORPORATION OF THE TOWNSHIP OF HAMILTON

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

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### 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.

#### **Environmental Services**

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

#### **Health Services**

The health services function consists of external transfers to cemeteries.

#### **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. COMPARATIVE FIGURES

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

# CORPORATION OF THE TOWNSHIP OF HAMILTON

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2023

### 17. 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 2023 Annual Report disclosed total actuarial liabilities of \$136,185 million in respect of benefits accrued for service with actuarial assets of \$131,983 million indicating an actuarial deficit of \$4,202 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 2023 were \$306,916 (2022 - \$268,091).

### 18. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF NORTHUMBERLAND

During 2023, requisitions were made by the County of Northumberland and School Boards requiring the Township to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are as follows:

	School Boards \$	County \$
Amounts requisitioned and remitted	2,976,699	8,987,462

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

### 19. COMMITMENTS

During 2022, the Township committed to the purchase of a roads vehicle with a cost of \$357,060 plus HST that was not received by December 31, 2023.

The Township has committed to the completion of a water supply master plan with a cost of \$125,386 plus HST. The costs incurred to December 31, 2023 were \$1,078.

### 20. TRUST FUNDS

Trust funds administered by the Township amounting to \$155,824 (2022 - \$116,416) 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.

# CORPORATION OF THE TOWNSHIP OF HAMILTON

## CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the Year Ended December 31, 2023

	General				Infrastructure		Assets Under Construction	Totals
	Land	Land Improvements	Buildings	Vehicles and Equipment	Roads and Bridges	Waterworks Systems		
	\$	\$	\$	\$	\$	\$	\$	\$
<b>COST</b>								
Balance, beginning of year	2,081,547	2,098,285	14,716,953	9,029,617	76,991,967	9,758,561	141,062	114,817,992
Add: additions during the year	-	74,301	67,294	1,691,137	1,424,729	233,109	7,579	3,498,149
Less: disposals during the year	-	-	-	334,455	785,326	-	-	1,119,781
Asset retirement obligation	-	-	572,584	-	-	-	-	572,584
<b>Balance, end of year</b>	<b>2,081,547</b>	<b>2,172,586</b>	<b>15,356,831</b>	<b>10,386,299</b>	<b>77,631,370</b>	<b>9,991,670</b>	<b>148,641</b>	<b>117,768,944</b>
<b>ACCUMULATED AMORTIZATION</b>								
Balance, beginning of year	-	1,079,254	7,095,681	4,483,291	51,217,651	2,596,832	-	66,472,709
Add: additions during the year	-	79,211	416,157	620,690	1,955,397	158,916	-	3,230,371
Less: disposals during the year	-	-	-	320,937	778,153	-	-	1,099,090
<b>Balance, end of year</b>	<b>-</b>	<b>1,158,465</b>	<b>7,511,838</b>	<b>4,783,044</b>	<b>52,394,895</b>	<b>2,755,748</b>	<b>-</b>	<b>68,603,990</b>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>2,081,547</b>	<b>1,014,121</b>	<b>7,844,993</b>	<b>5,603,255</b>	<b>25,236,475</b>	<b>7,235,922</b>	<b>148,641</b>	<b>49,164,954</b>

# CORPORATION OF THE TOWNSHIP OF HAMILTON

## CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2023

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
<b>Revenues</b>								
Property taxation	1,046,073	2,821,176	3,977,176	4,368	-	1,501,930	222,239	9,572,962
User charges	105,740	347,469	31,660	602,969	1,322	448,897	37,775	1,575,832
Government transfers - operating	763,493	5,000	-	-	-	27,860	3,130	799,483
Government transfers - capital	-	-	378,000	46,104	-	-	-	424,104
Other municipalities	-	-	135,700	-	-	-	-	135,700
Penalties and interest on taxes	206,996	-	-	-	-	-	-	206,996
Investment income	474,227	-	-	-	-	-	-	474,227
Donations	1,000	-	-	-	-	3,595	-	4,595
Sales and recoveries	-	-	-	6,873	-	14,330	-	21,203
Capital contributions	-	-	-	240,480	-	-	-	240,480
Development charges earned	-	250,000	8,590	1,078	-	13,000	-	272,668
Canada Community-Building Fund earned	-	-	298,908	7,442	-	-	-	306,350
Gain/(loss) on disposal of tangible capital assets	-	9,201	30,583	-	-	-	-	39,784
<b>Total revenues</b>	<b>2,597,529</b>	<b>3,432,846</b>	<b>4,860,617</b>	<b>909,314</b>	<b>1,322</b>	<b>2,009,612</b>	<b>263,144</b>	<b>14,074,384</b>
<b>Expenses</b>								
Salaries and benefits	1,413,465	1,127,617	1,294,937	280,119	-	829,157	155,368	5,100,663
Interest charges	-	-	-	10,962	-	-	-	10,962
Materials	602,908	388,904	1,142,685	258,749	1,140	683,050	41,720	3,119,156
Contracted services	-	1,416,060	141,289	25,906	-	12,667	-	1,595,922
Rents and financial	16,903	294	979	-	-	14,603	-	32,779
External transfers	-	417,466	-	-	-	400,746	21,796	840,008
Amortization	54,244	241,865	2,285,369	198,959	-	449,934	-	3,230,371
Internal transfers	(27,364)	-	-	27,364	1,000	(1,000)	-	-
<b>Total expenses</b>	<b>2,060,156</b>	<b>3,592,206</b>	<b>4,865,259</b>	<b>802,059</b>	<b>2,140</b>	<b>2,389,157</b>	<b>218,884</b>	<b>13,929,861</b>
<b>Net surplus/(deficit)</b>	<b>537,373</b>	<b>(159,360)</b>	<b>(4,642)</b>	<b>107,255</b>	<b>(818)</b>	<b>(379,545)</b>	<b>44,260</b>	<b>144,523</b>

# CORPORATION OF THE TOWNSHIP OF HAMILTON

## CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2022

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
<b>Revenues</b>							
Property taxation	847,086	2,795,843	3,816,034	4,368	1,347,618	127,019	8,937,968
User charges	61,537	476,413	28,414	470,578	354,617	26,088	1,417,647
Government transfers - operating	818,289	2,100	4,200	10,780	102,180	12,825	950,374
Government transfers - capital	-	-	505,152	-	7,200	-	512,352
Other municipalities	-	42,337	-	-	-	-	42,337
Penalties and interest on taxes	193,017	-	-	-	-	-	193,017
Investment income	176,104	543	-	-	-	-	176,647
Donations	-	2,027	-	-	176	-	2,203
Sales and recoveries	-	-	-	5,287	9,796	182	15,265
Capital contributions	-	-	-	168,964	-	-	168,964
Development charges earned	-	92,617	40,259	77,536	17,994	-	228,406
Canada Community-Building Fund earned	-	-	583,179	-	-	-	583,179
Gain/(loss) on disposal of tangible capital assets	-	171,770	247,891	(7,915)	(6,884)	-	404,862
<b>Total revenues</b>	<b>2,096,033</b>	<b>3,583,650</b>	<b>5,225,129</b>	<b>729,598</b>	<b>1,832,697</b>	<b>166,114</b>	<b>13,633,221</b>
<b>Expenses</b>							
Salaries and benefits	1,314,866	1,163,262	1,326,156	268,673	747,786	83,071	4,903,814
Materials	628,017	426,458	1,315,272	269,074	612,470	9,408	3,260,699
Contracted services	1,892	1,430,176	257,827	31,409	8,401	-	1,729,705
Rents and financial	40,439	776	-	-	3,668	-	44,883
External transfers	-	759,453	-	-	392,686	21,796	1,173,935
Amortization	56,672	205,791	2,335,383	188,404	410,562	-	3,196,812
Internal transfers	(11,001)	-	-	11,001	-	-	-
<b>Total expenses</b>	<b>2,030,885</b>	<b>3,985,916</b>	<b>5,234,638</b>	<b>768,561</b>	<b>2,175,573</b>	<b>114,275</b>	<b>14,309,848</b>
<b>Net surplus/(deficit)</b>	<b>65,148</b>	<b>(402,266)</b>	<b>(9,509)</b>	<b>(38,963)</b>	<b>(342,876)</b>	<b>51,839</b>	<b>(676,627)</b>

## **INDEPENDENT AUDITOR'S REPORT**

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

#### *Opinion*

We have audited the financial statements of the Trust Funds of the Corporation of the Township of Hamilton (the Trust Funds), which comprise the statement of financial position as at December 31, 2023, 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, 2023, 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.

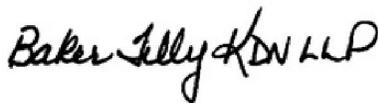
### *Auditor's Responsibilities for the Audit of the Financial Statements*

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.



Chartered Professional Accountants  
Licensed Public Accountants

Peterborough, Ontario  
July 16, 2024

# CORPORATION OF THE TOWNSHIP OF HAMILTON

## TRUST FUNDS STATEMENT OF FINANCIAL POSITION At December 31, 2023

	Hydro Easement \$	Subdividers Trust \$	Cemetery Care and Maintenance \$	2023 Total \$	2022 Total \$
<b>FINANCIAL ASSETS</b>					
Cash	22,590	93,826	39,408	155,824	93,826
One Fund investment	-	-	-	-	22,590
	22,590	93,826	39,408	155,824	116,416
<b>FUND BALANCES</b>	22,590	93,826	39,408	155,824	116,416

## TRUST FUNDS STATEMENT OF CONTINUITY For the Year Ended December 31, 2023

	Hydro Easement \$	Subdividers Trust \$	Cemetery Care and Maintenance \$	2023 Total \$	2022 Total \$
<b>BALANCES - beginning of year</b>	22,590	93,826	-	116,416	116,039
<b>RECEIPTS</b>					
Investment income	-	-	-	-	377
Received on assumption of Cemetery	-	-	39,408	39,408	-
	-	-	39,408	39,408	377
<b>BALANCES - end of year</b>	22,590	93,826	39,408	155,824	116,416

The accompanying notes are an integral part of these financial statements

# CORPORATION OF THE TOWNSHIP OF HAMILTON

## TRUST FUNDS NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2023

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### 1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook.

(a) Basis of Accounting

Revenue and expenses are reported on the accrual basis of accounting which recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(b) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period and are based on the Township's best information and judgment. Actual results could differ from these estimates.

### 2. CARE AND MAINTENANCE FUNDS

The figures reported for the cemetery care and maintenance funds represent the trust fund activities for the Bethel Grove Cemetery.

The Care and Maintenance Funds administered by the Township are funded by the sale of cemetery plots, monuments, markers and niches. These funds are invested and earnings derived there from are used to perform care and maintenance for the Township's cemeteries. The operations and investments of the Fund are undertaken by the Township in accordance with the regulations of the Funeral, Burial and Cremation Services Act, 2002.