

HAMILTON PARISH COUNCIL

FINANCIAL STATEMENTS

MARCH 31, 2023

(UNAUDITED)



Office of the Auditor General

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Minister of Youth, Culture and Sports

I have reviewed the accompanying financial statements of the Hamilton Parish Council that comprise the statement of financial position as at March 31, 2023, and the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with public sector accounting standards generally accepted in Bermuda and Canada, 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.

Practitioner's Responsibility

My responsibility is to express a conclusion on these financial statements based on my review. I conducted my review in accordance with standards for review engagements generally accepted in Bermuda and Canada which require me to comply with relevant ethical requirements.

A review of financial statements in accordance with standards for review engagements generally accepted in Bermuda and Canada is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with auditing standards generally accepted in Bermuda and Canada. Accordingly, I do not express an audit opinion on these financial statements.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the financial statements do not present fairly, in all material respects, the financial position of the Hamilton Parish Council as at March 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with public sector accounting standards generally accepted in Bermuda and Canada

Heather Thomas, CPA, CFE, CGMA
Auditor General

Hamilton, Bermuda
April 9, 2024

HAMILTON PARISH COUNCIL
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2023
(UNAUDITED)

	2023	2022
	\$	\$
FINANCIAL ASSETS		
Cash (note 4)	20,736	14,650
Due from the Government of Bermuda (note 6)	2,200	1,650
	<u>22,936</u>	<u>16,300</u>
LIABILITIES		
Accounts payable and accrued liabilities	850	900
Deferred scholarship revenue (note 7)	7,055	2,455
	<u>7,905</u>	<u>3,355</u>
NET FINANCIAL ASSETS	<u>15,031</u>	<u>12,945</u>
NON-FINANCIAL ASSETS		
Prepaid expense	297	212
Tangible capital assets (note 5)	27,118	30,509
Vacant, unused land (note 5)	120,000	120,000
	<u>147,415</u>	<u>150,721</u>
ACCUMULATED SURPLUS	<u>162,446</u>	<u>163,666</u>
CONTRACTUAL RIGHT (note 6)		

The accompanying notes are an integral part of these financial statements

HAMILTON PARISH COUNCIL
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED MARCH 31, 2023

(UNAUDITED)

	2023	2022	Budget <i>(Note 12)</i>
	\$	\$	\$
REVENUES			
Rental income (note 6)	22,800	7,600	22,800
Donated review and accounting services	10,400	4,500	5,500
Contributions towards scholarship program (note 7)	7,500	20,500	20,000
Government grant for Council meetings Expense (note 6)	3,200	5,750	5,300
Unrestricted donations and miscellaneous items	772	1	100
	44,672	38,351	53,700
EXPENSES			
General administration (note 8)	21,401	24,412	11,721
Review and accounting fees	10,400	4,500	5,500
Scholarship awards (note 7)	7,500	20,500	20,000
Amortization of tangible capital assets (note 5)	3,391	3,391	3,391
Council meetings Expense (note 6)	3,200	5,750	5,300
	45,892	58,553	45,912
DEFICIT	(1,220)	(20,202)	<u>7,788</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	163,666	183,868	
ACCUMULATED SURPLUS, END OF YEAR	<u>162,446</u>	<u>163,666</u>	

The accompanying notes are an integral part of these financial statements

HAMILTON PARISH COUNCIL
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED MARCH 31, 2023

(UNAUDITED)

	2023	2022
	\$	\$
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>12,945</u>	<u>29,756</u>
Deficit	(1,220)	(20,202)
Change in prepaid expense	(85)	-
Amortization of tangible capital assets (note 5)	<u>3,391</u>	<u>3,391</u>
Change in net financial assets during the year	<u>2,086</u>	<u>(16,811)</u>
NET FINANCIAL ASSETS, END OF YEAR	<u><u>15,031</u></u>	<u><u>12,945</u></u>

The accompanying notes are an integral part of these financial statements

**HAMILTON PARISH COUNCIL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2023**

(UNAUDITED)

	2023	2022
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficit	(1,220)	(20,202)
Adjustment for items not affecting cash		
Amortization of tangible capital assets	3,391	3,391
	<u>2,171</u>	<u>(16,811)</u>
Change in non-cash working capital items:		
(Increase) decrease in due from the Government of Bermuda	(550)	300
Increase in prepaid expense	(85)	-
Decrease in accounts payable and accrued liabilities	(50)	(200)
Increase(decrease) in deferred scholarship revenue	4,600	(3,700)
	<u>6,086</u>	<u>(20,411)</u>
Net cash from/(used in) operating activities		
	<u>6,086</u>	<u>(20,411)</u>
CASH, BEGINNING OF YEAR	14,650	35,061
	<u>14,650</u>	<u>35,061</u>
CASH, END OF YEAR	<u>20,736</u>	<u>14,650</u>

The accompanying notes are an integral part of these financial statements

HAMILTON PARISH COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2023
(UNAUDITED)

1. AUTHORITY

The Hamilton Parish Council (the “Council”) was established by statute under the Parish Councils Act 1971. The main functions of the Council are to advise the Minister responsible for parish councils on matters affecting the general welfare of persons resident in the parish, and assist with the preservation and enhancement of the general amenities of the parish.

On October 19, 2022 the Parish Councils Act 1971 was amended by the Parish Councils Amendment Act 2022 (the “Amendment Act”). The day-to-day operations of the Parish Councils remain unchanged following the tabling of the Amendment Act.

The principal amendments made were:

- (i) Transfers the appointment of Parish Council members from the Governor to the Minister.
- (ii) Adjusts the composition of the Councils from a mandatory twelve members to a range from three to twelve members.
- (iii) Allows the Minister to undertake a review of the Parish Council if required.
- (iv) Removes a legacy provision which can hold the Government liable from Parish Council expenses.

2. SIGNIFICANT ACCOUNTING POLICIES

Pursuant to standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, the Council is classified as a government not-for-profit organization. These financial statements are prepared in accordance with public sector accounting standards generally accepted in Bermuda and Canada and the accounting policies considered particularly significant are as follows:

a. Cash

Cash is comprised of a Bermuda dollar chequing account with a local bank.

Cash donations earmarked for the Council’s scholarship program are subject to an internal restriction for such use.

b. Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization. The cottage located on 11 Radnor Road (hereinafter the “Cottage”) is amortized on a straight-line basis over the estimated useful life of 30 years. The furniture and fittings are amortized on a straight-line basis over their estimated useful life of 5 years.

Vacant and unused land is recorded at cost and is not subject to amortization.

HAMILTON PARISH COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2023
(UNAUDITED)

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

c. Rent revenue

Revenue from rental income is recognized when earned. Amounts due to the Council at year end, if any, are accrued. Rental income is separately reported in the statement of operations and accumulated surplus.

d. Relief grants provided by the Government of Bermuda for meeting expenses.

The Government of Bermuda provides every parish council with a relief grant to fully fund meeting expenses. Such grants are automatically accrued as the Council incurs meeting expenses. These relief grants are separately reported in the statement of operations and accumulated surplus.

e. Unrestricted donations

Donations received from the public which are not restricted to any particular program or purpose are recognized when received. These types of donations are separately reported in the statement of operations and accumulated surplus.

f. Contribution provided to the scholarship program

Contributions made towards the scholarship program are recorded when received or when a written pledge to give a specified amount is provided and collectability is assured. Contributions are initially deferred and then recognized as revenue when the matching scholarship expenses are paid. Scholarship revenues and expenses are separately reported in the statement of operations and accumulated surplus. Deferred contributions are separately reported in the statement of financial position.

g. General expenses

Expenses are recognized when an obligation has arisen from services received or goods purchased. Expenses are measured at the fair value of the consideration paid or payable.

HAMILTON PARISH COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2023
(UNAUDITED)

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

h. Donated goods and contributed services

Donated goods and services are recorded as received when a fair value can be reasonably estimated and when the goods and services would otherwise have been purchased or incurred. Volunteers contribute time to assist the Council in carrying out its activities. Except for donated review and accounting services, contributed services are not recognized in these financial statements due to the difficulty in determining their fair values.

i. Measurement uncertainty

The preparation of financial statements in accordance with public sector accounting standards generally accepted in Bermuda and Canada requires management to make estimates and assumptions that 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 revenues and expenses during the year. A significant area requiring the use of estimates includes the estimated useful lives of tangible capital assets. Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Actual results could differ from these estimates.

j. Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current period and are not intended for sale in the normal course of operations.

k. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are stated at their cost. The Council recognizes a provision if a present obligation has arisen as a result of a past event, payment is probable and the amount can be measured reliably. The amount recognized is the best estimate of the expenditure required to settle the present obligation at the statement of financial position date, that is, the amount the Council would rationally pay to settle the obligation to a third party.

l. Subsequent events

Post year-end events that provide additional information about the Council's position at the statement of financial position date (adjusting events) are reflected in the financial statements. Post year end events that are not adjusting events are disclosed in the notes to the financial statements when material.

HAMILTON PARISH COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2023
(UNAUDITED)

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

m. Financial instruments

The Council classifies its financial instruments under cost category.

Cash, due from the Government of Bermuda, accounts payable and accrued liabilities are recognized at cost.

Transaction costs related to the financial instruments are added to the carrying value of the instrument when initially recognized.

Write-downs on financial assets are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the write-down being recognized in the statement of operations and accumulated surplus.

It is management's opinion that the Council is not exposed to significant interest rate, currency or credit risks arising from these financial instruments.

3. ECONOMIC DEPENDENCE

The Council is economically dependent upon renting a single Cottage under its management and the financial assistance provided by the Government of Bermuda (the "Government") to fund its daily operations, cash flow, capital development and capital acquisitions.

4. CASH

	2023	2022
	\$	\$
Unrestricted cash	13,681	12,195
Internally restricted cash (note 7)	<u>7,055</u>	<u>2,455</u>
	<u><u>20,736</u></u>	<u><u>14,650</u></u>

Internally restricted cash consists of funds restricted for the scholarship program.

HAMILTON PARISH COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
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5. TANGIBLE CAPITAL ASSETS

	2023		
	Cottage	Furniture & Fittings	Total
	\$	\$	\$
Cost:			
Opening balance	101,720	7,915	109,635
Additions	-	-	-
Closing Balance	101,720	7,915	109,635
Accumulated Amortization:			
Opening balance	71,211	7,915	79,126
Amortization	3,391	-	3,391
Closing Balance	74,602	7,915	82,517
Net Book Value	27,118	-	27,118
	2022		
	Cottage	Furniture & Fittings	Total
	\$	\$	\$
Cost:			
Opening balance	101,720	7,915	109,635
Additions	-	-	-
Closing Balance	101,720	7,915	109,635
Accumulated Amortization:			
Opening balance	67,820	7,915	75,735
Amortization	3,391	-	3,391
Closing Balance	71,211	7,915	79,126
Net Book Value	30,509	-	30,509

In 1971, with the establishment of the Parish Councils Act, the Cottage located on 11 Radnor Road (previously known as “Radnor House”) was transferred to the Council from the Hamilton Parish Vestry. An insurance valuation has estimated the replacement cost of the Cottage to be \$619,092.

In 1991, the Council secured a \$120,000 mortgage to purchase a plot of undeveloped land immediately behind the Cottage. The mortgage was retired in August 2017. The plot of land remains vacant and unused, and as such provides no utility towards the Cottage or anything else. On November 20, 2015, the Council received official Ministerial approval to find a buyer for the plot of land. If a buyer is found, Ministerial permission will be needed before finalizing the sale.

HAMILTON PARISH COUNCIL
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6. RELATED PARTY TRANSACTIONS

The Council is related to all Government departments, ministries, funds, agencies and quasi-autonomous non-governmental organizations under the common control of the Government. Commencing December 1, 2021 the Council has been renting the Cottage to the Bermuda Housing Corporation (the “BHC”) for a period of 2 years. Both the Council and the BHC are under the common control of the Government. Rental payments from the BHC have been timely. The Council received \$22,800 (2022: \$7,600) of rental income during the year. Rental income is reported in the statement of operations and accumulated surplus. From October 1, 2020 to November 30, 2021, the Cottage was vacated for repairs. As at March 31, 2023, the remaining contractual right under the agreement is \$15,200.

Every year the Government provides a grant to all Parish Councils to ensure there is a source of funding for meeting expenses. These grants are paid after the Parish Council has invoiced Government for the cost of their members’ attendance, provided that such invoices are supported by the signed Minutes documenting the meetings. Grants due from Government for attendance on March 31, 2023 amounted to \$2,200 (2022: \$1,650). Grants due from Government are reported in statement of financial position.

Council meeting expenses and the corresponding grant provided from Government to fund the meeting expenses amounted to \$3,200 (2022: \$5,750) each. The Government did not pay the meeting fees receivable from prior year amounting to \$1,650 as it did not meet the reporting financial year deadline and has been written-off. Grants received and write-offs are reported in the statement of operations and accumulated surplus. Amounts owed to council members for their attendance are included in the accounts payable and accrued liabilities total shown on the statement of financial position.

The Government may also provide an additional grant to support the Council’s Scholarship Program. Such grants may only be awarded after the successful completion of an application process. Government grants received in support of the Scholarship Program are reported in the statement of operations and accumulated surplus. During the year no support was provided since no application was made.

7. SCHOLARSHIP PROGRAM

On November 19, 2013, the Council officially launched their scholarship program and from that point began fundraising. All contributions were in the form of cash. Cash contributed towards the scholarship program is treated as segregated components of the Council’s running cash balances. Cash restricted to the scholarship program is disclosed in note 4. Scholarship revenues and expenses are fully disclosed in the statement of operations and accumulated surplus. Deferred contributions are fully disclosed in the statement of financial position. Cash flows relating to all amounts received and paid through the scholarship program are fully disclosed in note 14.

HAMILTON PARISH COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
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8. GENERAL ADMINISTRATION

	2023	2022
	\$	\$
Repairs and maintenance to cottage	14,989	18,459
Insurance	2,862	2,861
Attendance receivable write off (note 6)	1,650	-
Website hosting	425	425
Website administration	407	1,500
Bank charges	360	411
Appreciation lunch	323	-
Land tax	300	300
Post office box rental	85	85
Donations made	-	320
Miscellaneous	-	51
	21,401	24,412
	21,401	24,412

9. THE LYCEUM TRUST MATCH GRANT

The Lyceum Trust (the “Trust”) is a supporter of the scholarship program. To that end they have agreed to provide a matching grant towards the Scholarship Program. Typically, the matching grant is capped up to \$10,000, but the Trust reserves the right to provide more. Contributions received from the Trust are recognized in accordance with accounting policies discussed in note 2(f). Amounts received are disclosed in note 14.

10. FINANCIAL RISK MANAGEMENT

The Council is exposed to various risks through its financial instruments. The Council members have overall responsibility for the establishment and oversight of its risk management framework. The Council manages its risk and risk exposures through sound business practices. The following analysis provides a measure of the risks at the reporting date, March 31, 2023.

a. Credit risk

Credit risk arises from cash held with a bank and receivables. The maximum exposure to credit risk is equal to the carrying values of these financial assets. The objective of managing counterparty credit risk is to prevent losses on financial assets. The Council determines, on a continuous basis, amounts receivable on the basis of amounts it is virtually certain to receive based on their estimated realizable value. It is the Council’s opinion that it is not exposed to significant credit risk.

HAMILTON PARISH COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
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(UNAUDITED)

10. FINANCIAL RISK MANAGEMENT (*continued*)

a. Credit risk (continued)

The amount outstanding at year end related to due from the Government of Bermuda and is current. There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods to measure credit risk.

b. Liquidity risk

Liquidity risk is the risk the Council will not be able to meet its financial obligations as they fall due. The Council's objective in managing liquidity is to ensure that it will always have sufficient liquidity to meet its commitments when due, without incurring unacceptable losses or risking damage to the Council's reputation. The Council manages exposure to liquidity risk by closely monitoring supplier and other liabilities, focusing on generating positive cash flows from operations and establishing and maintaining good relationships with various financial institutions.

Cash flows stemming from financial liabilities for accounts payable and accrued liabilities are current.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods to measure liquidity risk.

c. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the fair value of recognized assets and liabilities or future cash flows of the Council's results of operations. The Council has minimal exposure to market risk.

(i) Foreign exchange risk

The Council's operations are carried out in Bermuda and all business transactions are made in Bermuda dollars. Therefore, it has no exposure to foreign exchange risk.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods to measure market risk.

11. CAPITAL MANAGEMENT

The Council's objective when managing capital is to hold sufficient accumulated surplus to enable it to withstand negative unexpected financial events. The Council seeks to achieve this objective through receipt of rental income and grants from the Government. The Council seeks to maintain sufficient liquidity to meet its short-term obligations as they come due. The Council is not subject to any externally imposed capital requirements.

HAMILTON PARISH COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2023
(UNAUDITED)

12. BUDGET FIGURES

These amounts represent the operating budget approved by the Council.

13. STATEMENT OF REMEASUREMENT GAINS AND LOSSES

The statement of remeasurement gains and losses has not been prepared as it would not provide any additional useful information.

14. SUPPLEMENTAL CASH FLOW INFORMATION

The statement of cash flows is prepared using the indirect method of accounting. Under this method the cash flows from operations is calculated by taking any operating surplus or deficit, adding back any non-cash items affecting operations and then adding any changes in non-cash working capital used to operate the entity. The indirect method does not show amounts of cash raised and spent as it relates to operations. When none of an entity's cash flows are related to investment or financing transactions, it is also particularly helpful to show to the reader cash amounts raised and spent from operations. The following analysis shows the operating cash flows of the Council as prepared using the direct method. This analysis provides a more direct view of amounts spent and received during the year as it relates to the operations of the Council.

	2023	2022
	\$	\$
Cash received from renting the cottage (note 6)	22,800	7,600
Cash paid insuring the cottage	(2,862)	(2,861)
Cash paid maintaining the cottage	(14,989)	(18,459)
Cash paid for land tax	(300)	(300)
	<hr/>	<hr/>
Net cash received / (used) relating to the Cottage	4,649	(14,020)
	<hr/>	<hr/>
Cash paid for bank fees	(360)	(411)
Donations made for COVID-19 relief	-	(320)
Cash received from Government for attendance fees	1,000	6,000
Cash paid to members for attendance	(1,150)	(1,650)
Cash paid for website hosting & administration	(407)	(1,925)
Cash paid for appreciation lunch	(323)	-
Matching grant from The Lyceum Trust (note 9)	10,000	12,500
Cash paid for scholarships (note 7)	(7,500)	(20,500)
Cash paid for PO Box fee	(170)	(85)
Unrestricted donations and miscellaneous items (note2(e))	347	-
	<hr/>	<hr/>
Net cash received / (used) in operations ex-Cottage	1,437	(6,391)
	<hr/>	<hr/>
Net cash received / (used) in all operating activities	<u>6,086</u>	<u>(20,411)</u>

HAMILTON PARISH COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2023
(UNAUDITED)

15. SUBSEQUENT EVENTS

There were no significant subsequent events that required disclosure.