

HAMILTON PARISH COUNCIL
FINANCIAL STATEMENTS
MARCH 31, 2024
(UNAUDITED)



Office of the Auditor General

Reid Hall, Penthouse
3 Reid Street
Hamilton HM 11, Bermuda

Tel: (441) 296-3148

Fax: (441) 295-3849

Email: oag@oagbermuda.bm

Website: www.oagbermuda.bm

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Minister of Tourism, 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, 2024, 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, 2024, 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

Hamilton, Bermuda
July 30, 2024

Heather Thomas, CPA, CFE, CGMA
Auditor General

HAMILTON PARISH COUNCIL
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2024
(UNAUDITED)

	2024	2023
	\$	\$
FINANCIAL ASSETS		
Cash (note 4)	28,606	20,736
Due from the Government of Bermuda (note 6)	1,500	2,200
	30,106	22,936
LIABILITIES		
Accounts payable and accrued liabilities	852	850
Deferred scholarship revenue (note 7)	905	7,055
	1,757	7,905
NET FINANCIAL ASSETS	28,349	15,031
NON-FINANCIAL ASSETS		
Prepaid expense	212	297
Tangible capital assets (note 5)	23,727	27,118
Vacant, unused land (note 5)	120,000	120,000
	143,939	147,415
ACCUMULATED SURPLUS	172,288	162,446
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, 2024
(UNAUDITED)

	2024	2023	Budget <i>(Note 12)</i>
	\$	\$	\$
REVENUES			
Rental income (note 6)	22,800	22,800	22,800
Contributions towards scholarship program (note 7)	18,000	7,500	20,000
Donated review and accounting services	12,200	10,400	6,400
Government grant for Council meetings (note 6)	4,700	3,200	5,300
Unrestricted donations and miscellaneous items	-	772	100
	<u>57,700</u>	<u>44,672</u>	<u>54,600</u>
EXPENSES			
Scholarship awards (note 7)	18,000	7,500	20,000
Review and accounting fees	12,200	10,400	6,400
General administration (note 8)	9,567	21,401	11,472
Council meetings (note 6)	4,700	3,200	5,300
Amortization of tangible capital assets (note 5)	3,391	3,391	3,391
	<u>47,858</u>	<u>45,892</u>	<u>46,563</u>
OPERATING SURPLUS (DEFICIT)	9,842	(1,220)	<u>8,037</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>162,446</u>	<u>163,666</u>	
ACCUMULATED SURPLUS, END OF YEAR	<u>172,288</u>	<u>162,446</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, 2024
(UNAUDITED)

	2024	2023
	\$	\$
NET FINANCIAL ASSETS, BEGINNING OF YEAR	15,031	12,945
Operating surplus (deficit)	9,842	(1,220)
Change in prepaid expense	85	(85)
Amortization of tangible capital assets (note 5)	3,391	3,391
Change in net financial assets during the year	13,318	2,086
NET FINANCIAL ASSETS, END OF YEAR	28,349	15,031

The accompanying notes are an integral part of these financial statements

HAMILTON PARISH COUNCIL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2024
(UNAUDITED)

	2024	2023
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating surplus (deficit)	9,842	(1,220)
Adjustment for items not affecting cash:		
Amortization of tangible capital assets	3,391	3,391
	13,233	2,171
Change in non-cash working capital items:		
Decrease (increase) in due from the Government of Bermuda	700	(550)
Decrease (increase) in prepaid expense	85	(85)
Increase (decrease) in accounts payable and accrued liabilities	2	(50)
(Decrease) increase in deferred scholarship revenue	(6,150)	4,600
	7,870	6,086
Net cash from operating activities	7,870	6,086
CASH, BEGINNING OF YEAR	20,736	14,650
CASH, END OF YEAR	28,606	20,736

The accompanying notes are an integral part of these financial statements

HAMILTON PARISH COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024
(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 person’s 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 the estimated useful life of 5 years.

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

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.

HAMILTON PARISH COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024
(UNAUDITED)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The Government of Bermuda provides funding to the Council for members attendance to Council meetings. 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. Contributions 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.

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.

HAMILTON PARISH COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024
(UNAUDITED)

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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. 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.

m. 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.

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.

HAMILTON PARISH COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024
(UNAUDITED)

4. CASH

	2024	2023
	\$	\$
Unrestricted cash	27,701	13,681
Internally restricted cash (note 7)	905	7,055
	28,606	20,736

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

5. TANGIBLE CAPITAL ASSETS

	2024		
	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	74,602	7,915	82,517
Amortization	3,391	-	3,391
Closing Balance	77,993	7,915	85,908
Net Book Value	23,727	-	23,727
	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

HAMILTON PARISH COUNCIL
NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2024

(UNAUDITED)

5. TANGIBLE CAPITAL ASSETS *(continued)*

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 \$688,307.

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.

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. The contract was renewed on December 1, 2023, with no increase in the rent. 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 (2023: \$22,800) of rental income during the year. Rental income is reported in the statement of operations and accumulated surplus. As at March 31, 2024, the remaining contractual right under the agreement is \$38,000.

Every year the Government can provide a grant to Parish Councils to ensure there is a source of funding for meeting expenses. These grants are paid after the Parish Council has invoiced the 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, 2024, amounted to \$1,500 (2023: \$2,200). 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 \$4,700 (2023: \$3,200) each. Grants write-offs amounted to Nil (2023: \$1,650) and 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 13.

HAMILTON PARISH COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024
(UNAUDITED)

8. GENERAL ADMINISTRATION

	2024	2023
	\$	\$
Insurance	3,116	2,862
Repairs and maintenance to cottage	3,004	14,989
Website administration	990	407
Tea party	598	-
Donations	578	-
Website hosting	425	425
Bank charges	371	360
Land tax	300	300
Miscellaneous	100	-
Post office box rental	85	85
Attendance receivable write off	-	1,650
Appreciation lunch	-	323
	9,567	21,401
	9,567	21,401

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 13.

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, 2024.

HAMILTON PARISH COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024
(UNAUDITED)

10. FINANCIAL RISK MANAGEMENT (continued)

(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.

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.

HAMILTON PARISH COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024
(UNAUDITED)

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 maintains sufficient liquidity to meet its short-term obligations as they come due. The Council is not subject to any externally imposed capital requirements.

12. BUDGET FIGURES

These amounts represent the operating budget approved by the Council.

13. 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.

	2024	2023
	\$	\$
Cash received from renting the cottage (note 6)	22,800	22,800
Cash paid insuring the cottage	(2,914)	(2,862)
Cash paid maintaining the cottage	(3,004)	(14,989)
Cash paid for land tax	<u>(300)</u>	<u>(300)</u>
Net cash received / (used) relating to the Cottage	<u>16,582</u>	<u>4,649</u>
Cash paid for bank fees	(371)	(360)
Cash paid for tea party	(598)	-
Donation to Friendship Vale	(250)	-
Donation to Easter Lily Rest Home	(328)	-
Cash received from Government for attendance fees	5,300	1,000
Cash paid to members for attendance	(3,050)	(1,150)
Cash paid for website hosting & administration	(1,415)	(407)
Cash paid for appreciation lunch	-	(323)
Matching grant from The Lyceum Trust (note 9)	10,000	10,000
Cash paid for scholarships (note 7)	(18,000)	(7,500)
Cash paid for PO Box fee	-	(170)
Miscellaneous	<u>-</u>	<u>347</u>
Net cash (used in) received from operations ex-Cottage	<u>(8,712)</u>	<u>1,437</u>
Net cash received from all operating activities	<u><u>7,870</u></u>	<u><u>6,086</u></u>