

The Corporation of Haldimand County
Consolidated Financial Statements
December 31, 2023



The Corporation of Haldimand County
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December 31, 2023

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements of The Corporation of Haldimand County have been prepared in accordance with Canadian public sector accounting standards (PSAS). When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of The Corporation of Haldimand County's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees, and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Chief Administrative Officer is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements before they are submitted to Council.

The consolidated financial statements have been audited on behalf of the members of council, inhabitants, and ratepayers of The Corporation of Haldimand County by Millard, Rouse & Rosebrugh LLP, in accordance with Canadian generally accepted auditing standards.



Cathy Case, Chief Administrative Officer



Mark Merritt, General Manager of Financial and Data Services -
Chief Financial Officer

Cayuga, Ontario
August 27, 2024

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of The Corporation of Haldimand County:

Opinion

We have audited the consolidated financial statements of The Corporation of Haldimand County (the Corporation), which comprise the consolidated statement of financial position as at December 31, 2023, and 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 financial position of the Corporation as at December 31, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS).

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 Corporation 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

Budget figures are provided for comparative purposes and have not been subject to audit procedures. Accordingly, we do not express an opinion regarding the budget figures.

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 PSAS, 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 Corporation's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

(continues)

Millard, Rouse & Rosebrugh LLP

85 Robinson Street, Simcoe, ON N3Y 1W7 T: 519.426.1606
SIMCOE BRANTFORD HAGERSVILLE

Independent Auditor's Report to the Members of Council, Inhabitants and Ratepayers of The Corporation of Haldimand County: *(continued)*

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 Corporation'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 Corporation'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 Corporation 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.

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.

Millard, Rouse & Rosebrugh LLP

Millard, Rouse & Rosebrugh LLP
Chartered Professional Accountants
Licensed Public Accountants

August 27, 2024
Simcoe, Ontario

Millard, Rouse & Rosebrugh LLP

85 Robinson Street, Simcoe, ON N3Y 1W7 T: 519.426.1606
SIMCOE BRANTFORD HAGERSVILLE

The Corporation of Haldimand County
Consolidated Statement of Financial Position
As at December 31, 2023

	2023	2022 (Restated)
FINANCIAL ASSETS		
Cash	\$ 16,153,776	\$ 9,992,174
Investments (Note 4)	244,398,732	252,642,280
Taxes receivable	10,049,104	9,340,066
Accounts receivable	15,992,305	8,804,100
	286,593,917	280,778,620
LIABILITIES		
Accounts payable	31,423,105	28,003,983
Due to trust funds	62,410	156,326
Employee benefits liability (Note 5)	10,686,900	11,225,600
Allowance for assessment adjustments (Note 6)	2,558,378	2,683,993
Deferred revenue (Note 7)	33,378,320	29,361,968
Asset retirement obligations (Note 8)	19,275,435	20,480,639
Long-term liabilities (Note 9)	52,635,367	60,739,455
	150,019,915	152,651,964
NET FINANCIAL ASSETS	136,574,002	128,126,656
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 10)	577,146,195	548,145,926
Prepaid expenses	238,371	330,750
Inventory	999,284	783,838
	578,383,850	549,260,514
ACCUMULATED SURPLUS (Note 11)	\$714,957,852	\$677,387,170

See accompanying notes to financial statements

The Corporation of Haldimand County
Consolidated Statement of Operations and Accumulated Surplus
Year ended December 31, 2023

	Budget 2023 <i>(Note 20)</i>	2023	2022 <i>(Restated)</i>
REVENUES			
Taxation <i>(Note 12)</i>	\$ 84,641,450	\$ 85,716,220	\$ 80,386,950
Government transfers - Federal <i>(Note 13)</i>	3,121,600	4,318,149	2,276,158
Government transfers - Provincial <i>(Note 14)</i>	23,587,770	26,373,933	24,972,476
Recoveries from other municipalities	2,104,620	1,292,693	1,168,564
User charges	32,888,590	31,760,152	29,987,767
Other income <i>(Note 15)</i>	7,603,210	31,602,420	36,621,769
	153,947,240	181,063,567	175,413,684
Expenses			
General government	10,270,816	14,182,330	12,102,126
Protection services	22,851,369	18,079,923	17,330,845
Transportation services	32,201,455	36,452,553	38,635,857
Environmental services	35,477,260	30,547,586	31,766,379
Health services	11,233,295	11,268,108	10,247,754
Social and family services	15,432,947	15,178,219	14,151,497
Social housing	1,871,600	1,817,275	1,150,163
Recreation and cultural services	12,090,085	12,723,872	10,324,850
Planning and development	3,458,557	3,243,019	2,776,427
	144,887,384	143,492,885	138,485,898
ANNUAL SURPLUS	9,059,856	37,570,682	36,927,786
Accumulated surplus - beginning of year			
As previously reported	677,387,170	677,387,170	625,618,202
PSAS adjustments <i>(Note 3)</i>	-	-	14,841,182
As restated	677,387,170	677,387,170	640,459,384
ACCUMULATED SURPLUS - END OF YEAR	\$ 686,447,026	\$ 714,957,852	\$ 677,387,170

See accompanying notes to financial statements

The Corporation of Haldimand County
Consolidated Statement of Changes in Net Financial Assets
Year ended December 31, 2023

	Budget 2023 <i>(Note 20)</i>	2023	2022 <i>(Restated)</i>
ANNUAL SURPLUS	\$ 9,059,856	\$ 37,570,682	\$ 36,927,786
Amortization of tangible capital assets	26,600,072	26,600,072	27,824,875
Purchase of tangible capital assets	(55,433,180)	(59,315,471)	(44,209,251)
Proceeds on tangible capital assets	-	3,586,908	902,431
(Gain) loss on disposal of tangible capital assets	-	128,222	(343,844)
Decrease (increase) in prepaid expenses	-	92,379	(24,793)
Increase in inventory	-	(215,446)	(160,738)
	(28,833,108)	(29,123,336)	(16,011,320)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(19,773,252)	8,447,346	20,916,466
Net financial assets - beginning of year			
As previously reported	128,126,656	128,126,656	113,744,132
PSAS adjustments <i>(Note 3)</i>	-	-	(6,533,942)
As restated	128,126,656	128,126,656	107,210,190
NET FINANCIAL ASSETS - END OF YEAR	\$ 108,353,404	\$ 136,574,002	\$ 128,126,656

See accompanying notes to financial statements

The Corporation of Haldimand County

Consolidated Statement of Cash Flows

Year ended December 31, 2023

	2023	2022 <i>(Restated)</i>
OPERATING ACTIVITIES		
Annual surplus	\$ 37,570,682	\$ 36,927,786
Items not affecting cash:		
Amortization of tangible capital assets	26,600,072	27,824,875
(Gain) loss on disposal of tangible capital assets	128,222	(343,844)
	64,298,976	64,408,817
Changes in non-cash working capital:		
Taxes receivable	(709,038)	2,149,326
Accounts receivable	(7,188,205)	2,779,709
Accounts payable	3,419,122	8,481,488
Due to trust funds	(93,916)	7,138
Employee benefits liability	(538,700)	(864,800)
Allowance for assessment adjustments	(125,615)	165,038
Deferred revenue	4,016,352	614,577
Asset retirement obligations	(1,205,204)	(1,038,543)
Prepaid expenses	92,379	(24,793)
Inventory	(215,446)	(160,738)
	(2,548,271)	12,108,402
Cash flow from operating activities	61,750,705	76,517,219
INVESTING ACTIVITY		
Change in investments	8,243,548	(43,161,047)
Cash flow from (used by) investing activity	8,243,548	(43,161,047)
FINANCING ACTIVITIES		
Long-term debt issued	-	4,416,500
Repayment of long-term debt	(8,104,088)	(7,641,438)
Cash flow used by financing activities	(8,104,088)	(3,224,938)
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(59,315,471)	(44,209,251)
Proceeds on tangible capital assets	3,586,908	902,431
Cash flow used by capital activities	(55,728,563)	(43,306,820)
INCREASE (DECREASE) IN CASH	6,161,602	(13,175,586)
Cash - beginning of year	9,992,174	23,167,760
CASH - END OF YEAR	\$ 16,153,776	\$ 9,992,174

See accompanying notes to financial statements

The Corporation of Haldimand County
Notes to Consolidated Financial Statements
Year ended December 31, 2023

1. INCORPORATION

Effective January 1, 2001, the Corporation of Haldimand County (the County, Haldimand County) was incorporated as a single tier municipality. Haldimand County assumed all assets, liabilities, and operations of the former Town of Haldimand and former Town of Dunnville, and some of the assets, liabilities, and operations of the former City of Nanticoke and former Regional Municipality of Haldimand-Norfolk.

Based on the recommendations of the provincially appointed arbitrator of the transition and restructuring process, Haldimand County was given the administrative responsibility over investments and long-term liabilities existing as at December 31, 2000, some of which are to be shared with Norfolk County. Haldimand County was also to administer the Tom Howe and Canborough waste disposal sites. Norfolk County was given administrative responsibility as the Consolidated Municipal Service Manager, as well as the Board of Health, for the provision of Public Health and Social Services to both Haldimand County and Norfolk County.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the County are prepared by management in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

Significant aspects of the accounting policies adopted by the County are as follows:

Reporting entity

(i) Consolidated entities

The consolidated financial statements reflect the assets, liabilities, revenues, expenses, changes in accumulated surplus, and changes in net financial assets of the reporting entity. The consolidated financial statements include the activities of all committees of Council and local boards, municipal enterprises, and utilities which are owned or controlled by the County. These consolidated financial statements include:

*Haldimand County Public Library Board
Police Services Board
Court of Revision
Committee of Adjustment
Accessibility Advisory Board
Haldimand County Business Development and Planning Advisory Committee
Agricultural Advisory Committee
Heritage Haldimand Advisory Committee
Trails Advisory Committee
Museum Advisory Committee
Caledonia Business Improvement Area
Dunnville Business Improvement Area
Hagersville Business Improvement Area*

All inter-departmental and inter-organizational transactions and balances between these organizations have been eliminated.

(continues)

The Corporation of Haldimand County
Notes to Consolidated Financial Statements
Year ended December 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) Joint local boards

As explained in Note 1, Norfolk County has been given administrative responsibility for the following joint local board:

Joint Health and Social Services Advisory Committee

Amounts paid to Norfolk County for the County's proportionate share of health, social, and family services, and social housing are recorded as an expense on the Consolidated Statement of Operations.

(iii) Accounting for school board transactions

The taxation, other revenue, expenses, assets, and liabilities with respect to the operations of the school boards are not reflected in the municipal fund balances of these financial statements. The taxation revenue collected and remitted on behalf of the school boards amounted to \$14,667,812 (2022 - \$14,475,706).

(iv) Trust funds

Trust funds and their related operations administered by the County amounting to \$1,731,557 (2022 - \$1,653,141) are not consolidated, but are reported separately on the "Trust Funds Statement of Continuity and Balance Sheet".

(v) Provincial offences fines

The County administers the Provincial Offences Act (POA) on behalf of the Ministry of the Attorney General for the Haldimand County Court Service Area.

Fine revenue is recognized as the fine payment is received. Fine revenue includes all monies received less payments made to other municipalities for monies received on their behalf, less payments made to the Ministry of the Attorney General for victim fine surcharges and dedicated fines. Revenue also includes outstanding transfers of fine receipts collected by other municipalities.

A receivable for the value of fines issued but unpaid as at the year-end date amounts to \$6,957,308 (2022 - \$6,596,463) and is not recorded in these consolidated financial statements. Included in this figure is an amount in arrears transferred from the Province in 2001 approximating \$1,647,000.

(vi) Haldimand-Norfolk Housing Corporation

Bill 128 (the Social Housing Reform Act, 2000) provided for the formation of local housing corporations to be organized under the provisions of the Ontario Business Corporations Act with a municipal service manager as the sole shareholder. The Haldimand-Norfolk Housing Corporation was incorporated under the Ontario Business Corporations Act on December 14, 2000. The Corporation was deemed upon incorporation to have issued 100 common shares to The Corporation of Norfolk County. On July 12, 2001, 40 of those shares were transferred to the County. Haldimand-Norfolk Housing Corporation financial statements are not consolidated within these financial statements. The Haldimand-Norfolk Housing Corporation have their own audited financial statements reported separately.

Basis of presentation

Revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting 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.

(continues)

The Corporation of Haldimand County
Notes to Consolidated Financial Statements
Year ended December 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

(i) Taxation

Annually, the County bills and collects property tax revenue for municipal levy purposes as well as education taxes on behalf of the local school boards. The County has the authority to levy and collect property taxes under the Municipal Act, 2001.

The amount of the total annual municipal property tax levy is determined each year through Council's approval of the annual operating budget. Municipal tax rates are set annually by Council for each class of property, in accordance with legislation and Council-approved policies, in order to raise the revenue needed to meet operating budget requirements.

The Municipal Property Assessment Corporation (MPAC), a not-for-profit corporation funded by all of Ontario's municipalities, is responsible for property assessments. MPAC provides the current value assessment (CVA) of each property in the returned assessment roll in December of each year. The amount of property tax levied on an individual property is the product of the CVA, the municipal tax rate by class, and the education tax rate by class.

Taxation revenue is recorded at the time tax billings are issued. Additional property tax revenue can be added throughout the year, relating to: newly occupied properties, properties omitted in the December assessment roll, or other MPAC adjustments. Tax revenue can also be reduced if there are reductions in assessment values resulting from property assessment appeals.

(ii) Government transfers

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

(iii) User charges

User charges relate to various municipal programs and fees imposed based on specific activities. Examples of user charges include: recreation programs, water, wastewater, and solid waste. Revenue is recognized when the activity is performed or when services are rendered.

(iv) Developer contributed assets

Developer contributed assets are recognized in the year that the subdivision has reached preliminary acceptance from the County. Estimated value is provided by the developer with the exception of storm management ponds which is estimated based on acreage.

(v) Other income

Other income is recognized in the year that the events giving rise to the revenue occur and the revenue is earned. Amounts received which relate to revenue that will be earned in a future year are deferred and reported as liabilities on the Consolidated Statement of Financial Position.

(continues)

The Corporation of Haldimand County

Notes to Consolidated Financial Statements

Year ended December 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Tangible capital assets

Tangible capital assets are stated at cost, less accumulated amortization. Costs include all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees, and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing the year the asset is available for productive use. Half the normal rate of amortization is recorded in the initial year of productive use. Amortization rates are as follows:

Land improvements	20 to 50 years
Buildings and structures	50 to 100 years
Infrastructure	28 to 100 years
Vehicles, machinery, and equipment	5 to 20 years

Investments

Investments are recorded at amortized cost, less any amounts written off to reflect a permanent decline in value. Investments consist of authorized investments pursuant to provisions of the Municipal Act and are comprised of government and corporate bonds, GICs and money market instruments, high interest savings, fixed interest senior notes and principal protected notes.

Investment income earned on available current funds, reserves, and reserve funds (other than obligatory funds) are reported in the period earned. Investment income earned on obligatory reserve funds is added to the fund balance and forms part of the respective deferred revenue balances.

A statement of remeasurement gains and losses is not included in the County's consolidated financial statements as there are no investments or financial instruments recorded at fair value at year end.

As approved in the Hydro Legacy Fund Policy, starting in 2017, market investment earnings are to be accrued to the Hydro Legacy Fund based on the average yield to maturity. The annual market yield to be accrued is determined annually by the Investment Committee, with advice from the external investment manager. Any accrued investment income to the Hydro Legacy Fund will be offset by the Investment Income Stabilization Reserve and later reconciled as the related growth income matures or is liquidated.

Inventory

Inventory of supplies held for consumption is valued at the lower of cost or replacement value.

Deferred revenue

The County receives funds for specific purposes, which are externally restricted by legislation, regulation or agreement. These restricted funds are not available for general municipal purposes and are recognized as revenue in the fiscal year the funds are used for the specified purpose.

(continues)

The Corporation of Haldimand County
Notes to Consolidated Financial Statements
Year ended December 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Asset retirement obligations

Asset retirement obligations (ARO) represent the legal obligations associated with the retirement of a tangible capital asset that result from its acquisition, construction, development, or normal use.

A significant part of the ARO results from the costs of closing and maintaining landfill sites, as well as removal and disposal of designated substances, such as asbestos, from County buildings. The County reports liabilities related to the legal obligations where the County is obligated to incur costs to retire a tangible capital asset.

The liability associated with an ARO is measured with reference to the best estimate of the amount required to ultimately remediate the liability at the consolidated financial statement date to the extent that all recognition criteria are met. AROs are only recognized when there is a legal obligation for the County to incur costs in relation to a specific tangible capital asset, when the past transaction or event causing the liability has already occurred, when economic benefits will need to be given up in order to remediate the liability and when a reasonable estimate of such amount can be made. The best estimate of the liability includes all costs directly attributable to the remediation of the asset retirement obligation, based on the most reliable information that is available as at the applicable reporting date. When a liability for an ARO is initially recognized, the estimated retirement costs are capitalized to the carrying value of the associated assets and amortized over the asset's estimated useful life. The amortization of the asset retirement costs follows the same method of amortization as the associated tangible capital asset.

The County's ongoing efforts to assess the costs of closing and maintaining landfill sites and the extent to which designated substances exist in County assets, and new information obtained through regular maintenance and renewal of County assets may result in additional asset retirement obligations from better information on the nature and extent the substance exists or from changes to the estimated cost to fulfill the obligation. The measurement of AROs is also impacted by activities that occurred to settle all or part of the obligation, or any changes in the legal obligation. Revisions to the estimated cost of the obligation will result in a change to the carrying amount of the associated assets that are in productive use and amortized as part of the asset on an ongoing basis.

Due to significant uncertainty surrounding the timing of cash flows for the removal and disposal of designated substances that exist in County assets, the County is choosing not to discount the cash flows, except for landfill sites as noted below. Discounting the cash flows introduces additional estimation uncertainty over and above the uncertainty surrounding the timing of the cash flows and would result in an asset and liability recognized that is estimated to be less representative of the cash flows that will be expended in the future period to retire the asset. Due to the timing of cash flows for the costs of closing and maintaining landfill sites being more predictable, the County is choosing to discount the cash flows for these AROs.

Through the passage of time in subsequent reporting periods, the carrying value of the liability related to the landfill sites is adjusted to reflect accretion expenses incurred in the current period. This expense ensures that the time value of money is considered when recognizing outstanding landfill liabilities at each reporting date.

At remediation, the County reduces the liability that was established. In some circumstances, gains or losses may be incurred upon settlement related to the ongoing measurement of the liability and corresponding estimates that were made and are recognized in the Consolidated Statement of Operations and Accumulated Surplus.

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The Corporation of Haldimand County
Notes to Consolidated Financial Statements
Year ended December 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. All financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the period.

Significant items subject to such estimates and assumptions include valuation allowances for assessment adjustments, accounts receivable, accounts payable, employee benefits liability and asset retirement obligations. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in operations in the year which they become known.

Actual results could differ from management's best estimates as additional information becomes available in the future.

There is measurement uncertainty surrounding the estimation of liabilities for asset retirement obligations of \$19,275,435 (2022 - \$20,480,639). These estimates are subject to uncertainty because of several factors including but not limited to incomplete information on the extent of controlled materials used (e.g. asbestos included in inaccessible construction material), indeterminate settlement dates and the allocation of costs between required and discretionary activities.

3. CHANGE IN ACCOUNTING POLICY - ADOPTION OF NEW ACCOUNTING STANDARDS

PS 3280 Asset Retirement Obligations (ARO) establishes the accounting and reporting requirements for legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization. A liability for an ARO can apply to tangible capital assets either in productive use or no longer in productive use. This standard was adopted on January 1, 2022 on a modified retroactive basis with prior period restatement.

In previous years, the County has reported its obligations related to the retirement of tangible capital assets in the period when the asset was retired directly as an expense. The new standard requires the recognition of a liability for legal obligations that exist as a result of the acquisition, construction or development of a tangible capital asset, or that result from the normal use of the asset when the asset is recorded, and replaces Section PS 3270, Solid Waste Landfill Closure and Post-Closure Liability. Such obligation justifies recognition of a liability and can result from existing legislation, regulation, agreement, contract, or that is based on a promise and an expectation of performance. The estimate of the liability includes costs directly attributable to asset retirement activities.

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The Corporation of Haldimand County

Notes to Consolidated Financial Statements

Year ended December 31, 2023

3. CHANGE IN ACCOUNTING POLICY - ADOPTION OF NEW ACCOUNTING STANDARDS (continued)

As a result of applying this accounting standard, an ARO of \$19,275,435 (2022 – \$20,480,639) was recognized as a liability in the Consolidated Statement of Financial Position. These obligations represent estimated retirement costs for the County owned buildings and landfills. The County has restated the prior period based on a simplified approach, using the ARO liabilities, ARO tangible capital assets and the associated ARO accumulated amortization and amortization expense for the period January 1, 2023 to December 31, 2023 as a proxy for the January 1, 2022 to December 31, 2022 information. The adoption of PS 3280 ARO was applied to the comparative period as follows:

	As previously reported	Adjustments	2022 As restated
<u>Consolidated Statement of Financial Position</u>			
Solid waste landfill closure and post-closure liability	\$ (16,893,153)	\$ 16,893,153	\$ -
Asset retirement obligations	-	(20,480,639)	(20,480,639)
Tangible capital assets including ARO	527,035,715	21,110,211	548,145,926
Accumulated surplus	659,864,445	17,522,725	677,387,170
<u>Consolidated Statement of Operations and Accumulated Surplus</u>			
Recoveries from other municipalities	(2,161,487)	992,923	(1,168,564)
General government	12,101,998	128	12,102,126
Protection services	17,330,365	480	17,330,845
Transportation services	38,635,272	585	38,635,857
Environmental services	35,442,045	(3,675,666)	31,766,379
Recreation and cultural services	10,324,843	7	10,324,850
Annual surplus	34,246,243	2,681,543	36,927,786
Accumulated surplus - beginning of year	625,618,202	14,841,182	640,459,384
Accumulated surplus - end of year	659,864,445	17,522,725	677,387,170
<u>Consolidated Statement of Changes in Net Financial Assets</u>			
Annual surplus	34,246,243	2,681,543	36,927,786
Amortization of tangible capital assets	27,559,962	264,913	27,824,875
Net financial assets - beginning of year	113,744,132	(6,533,942)	107,210,190
Net financial assets - end of year	131,714,142	(3,587,486)	128,126,656
<u>Consolidated Statement of Cash Flow</u>			
Annual surplus	34,246,243	2,681,543	36,927,786
Amortization of tangible capital assets	27,559,962	264,913	27,824,875
Solid waste landfill closure and post-closure liability	1,907,913	(1,907,913)	-
Asset retirement obligations	-	(1,038,543)	(1,038,543)

The Corporation of Haldimand County

Notes to Consolidated Financial Statements

Year ended December 31, 2023

4. INVESTMENTS

	2023		2022	
	Market Value	Carrying Value	Market Value	Carrying Value
Government and corporate bonds	\$ 7,660,739	\$ 7,541,185	\$ 3,493,059	\$ 3,559,362
GICs and money market instruments	1,035,804	1,028,913	30,116,366	29,705,212
High interest savings	7,128,634	7,128,634	25,667,706	25,667,706
Fixed interest senior notes	42,833,920	43,000,000	36,774,900	38,000,000
Principal protected notes - fixed interest	75,658,750	80,000,000	43,920,300	50,000,000
Principal protected notes - equity	107,752,300	105,700,000	107,599,650	105,700,000
	\$242,070,147	\$244,398,732	\$247,571,981	\$252,632,280

Maturity dates on the investments in the portfolio range from 2024 to 2035 and interest rates range from 0.95% to 5.47%

5. EMPLOYEE BENEFITS LIABILITY

The County provides certain employee benefits which will require funding in future periods and is comprised of the following:

	2023	2022
Vested and non-vested sick leave	\$ 1,319,700	\$ 1,231,500
Post-employment and post-retirement benefits	3,059,100	2,865,500
Workers' compensation	6,308,100	7,128,600
	\$10,686,900	\$11,225,600

The County is liable for vacation days earned by its employees as at December 31, but not taken until a later date. The liability as at December 31, 2023 is estimated at \$523,625 (2022 - \$457,308) and is recorded in accounts payable.

a) Liability for vested and non-vested sick leave benefits

Under the sick leave benefit plan, unused sick leave can be accumulated and some employees may become entitled to a cash payment when they leave the County's employment. The amount paid to employees who left the County's employment during the year amounted to \$nil (2022 - \$nil).

A comprehensive actuarial evaluation for the vested and non-vested sick leave benefits liability was conducted as at December 31, 2023. The report includes projections for the years 2024 to 2025.

The estimate of the vested and non-vested sick leave benefits liability, based on the actuarial report, is \$1,319,700 (2022 - \$1,231,500). The County has established a reserve fund of \$334,683 (2022 - \$322,576) to mitigate some of the future impacts of these obligations; however, vested and non-vested sick leave benefits are unfunded by a balance of \$985,017 (2022 - \$908,924). This unfunded liability is presented in the Consolidated Statement of Financial Position in accumulated surplus (Note 11).

(continues)

The Corporation of Haldimand County

Notes to Consolidated Financial Statements

Year ended December 31, 2023

5. EMPLOYEE BENEFITS LIABILITY (*continued*)

b) Post-employment and post-retirement benefits

The County provides retirement benefits consisting of health care, dental, and life insurance to qualifying members.

A comprehensive actuarial evaluation for the employee benefits liability was conducted as at December 31, 2023, the report includes projections for the years 2024 to 2025. Significant assumptions used in the actuarial evaluation are:

Discount rate	4.30%
Extended healthcare trend rate	
Initial	6.88%
Ultimate	4.25%
Year ultimate reached	2044
Dental trend rate	4.25%

The estimate of the post-employment and post-retirement benefits liability, based on the actuarial report, is \$3,059,100 (2022 - \$2,865,500). The County has established a reserve fund of \$1,164,242 (2022 - \$1,208,748) to mitigate some of the future impacts of these obligations; however, post-employment and post-retirement benefits are unfunded by a balance of \$1,894,858 (2022 - \$1,656,752). This unfunded liability is presented in the Consolidated Statement of Financial Position in accumulated surplus (Note 11).

c) Liability for workers' compensation

The County is self-insured for injured worker benefits with the Workplace Safety and Insurance Board (WSIB) administering the benefits on behalf of the municipality as a Schedule II employer.

A comprehensive actuarial evaluation for the employee benefits liability was conducted as at December 31, 2023, the report includes projections for the years 2024 to 2025. Significant assumptions used in the actuarial evaluation are:

Discount rate	4.30%
Inflation rate (health benefits)	4.00%
Inflation rate (loss of earnings and other income benefits)	
- in 2024	4.40%
- in 2025	3.00%
- thereafter	2.00%

The estimate of the future benefit costs for WSIB claims based on the actuarial report is \$6,308,100 (2022 - \$7,128,600). The County has established a reserve fund of \$11,984,695 (2022 - \$11,068,021) to mitigate the future impacts of these obligations; WSIB is overfunded by a balance of \$5,676,595 (2022 - \$3,939,421). This overfunded asset is presented in the Consolidated Statement of Financial Position in accumulated surplus (Note 11).

The County also administers a reserve fund, in trust, from the former Regional Municipality of Haldimand-Norfolk, for WSIB, which has a gross amount of \$319,145 (2022 - \$337,283).

The Corporation of Haldimand County

Notes to Consolidated Financial Statements

Year ended December 31, 2023

6. ALLOWANCE FOR ASSESSMENT ADJUSTMENTS

The County has included annual allowances to cover the estimated costs of the disposition of various assessment appeals initiated by property owners. The final outcome of these outstanding amounts cannot be determined at this time. However, management believes the ultimate disposition of these appeals will not materially exceed the allowance recorded in these consolidated financial statements.

7. DEFERRED REVENUE

A requirement of the Public Sector Accounting Principles of the Canadian Institute of Chartered Professional Accountants, is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial legislation restricts how these funds may be used and under certain circumstances these funds may possibly be refunded. The balances in deferred revenue including obligatory reserve funds of the County are as follows:

	Opening Balance	Contributions Received	Investment Income	Revenue Recognized	Ending Balance
Parkland	\$ 918,604	\$ 24,350	\$ 35,082	\$ (967)	\$ 977,069
Development charges	8,800,844	8,544,080	385,638	(8,180,927)	9,549,635
Building permits	7,618,659	586,340	294,504	(8,649)	8,490,854
Canada Community - Building Fund	8,646,768	3,018,709	342,494	(1,021,175)	10,986,796
Provincial OCIF	1,098,077	4,611,509	54,492	(4,674,185)	1,089,893
Deferred provincial grants	755,781	-	-	-	755,781
Other	1,523,235	2,251,052	-	(2,245,995)	1,528,292
	\$29,361,968	\$ 19,036,040	\$1,112,210	\$(16,131,898)	\$ 33,378,320

8. ASSET RETIREMENT OBLIGATIONS

The County has recorded asset retirement obligations (ARO) as of the January 1, 2022 implementation date on a modified retroactive basis, with a simplified restatement of prior year amounts (Note 3). A reconciliation of the beginning and ending aggregate carrying amount of the ARO liability is below:

	2023	2022
ARO at beginning of year - as previously reported	\$ 20,480,639	\$ -
Opening adjustments for PS3280 ARO	-	21,519,182
Increase in ARO reflecting accretion	43,506	27,965
ARO settled during the year	(1,248,710)	(1,066,508)
ARO at end of year	\$ 19,275,435	\$ 20,480,639

The ARO liability consists of:

Landfill sites	\$ 19,007,435	\$ 20,212,639
Asbestos	268,000	268,000
	\$ 19,275,435	\$ 20,480,639

(continues)

The Corporation of Haldimand County
Notes to Consolidated Financial Statements
Year ended December 31, 2023

8. ASSET RETIREMENT OBLIGATIONS (continued)

Landfill sites

The Tom Howe landfill site is jointly owned by Norfolk County and Haldimand County and has reached its capacity of approximately 2,300,000 cubic metres in October 2015.

The Canborough landfill site is also jointly owned by Norfolk County and Haldimand County. The Canborough landfill site was temporarily closed, to be re-opened and used once Tom Howe landfill site reached its capacity. In July 2014, it was decided by both counties that the Canborough landfill site would not be re-opened and would be permanently closed.

The costs of closing and maintaining the landfill sites are shared by both Norfolk County and Haldimand County. It is estimated that Haldimand County's share of the total costs to close and maintain the sites are approximately \$19,007,435. The estimated costs are calculated at net present value. Haldimand County has not designated any specific assets to assist with the cost of closing the sites. However, Haldimand County's share of the capital costs to close the sites have been included in the 10-year Capital Forecast and have been funded from capital reserves. Post-closure activities will continue for 86 years for Tom Home landfill site and 62 years for Canborough landfill site.

Key assumptions in determining the liability at December 31, 2023 for the sites are as follows:

Inflation rate	2.0%
Discount rate	3.0%
Estimated time for post-closure site rehabilitation and monitoring:	
- Tom Howe landfill site	95 years
- Canborough landfill site	77 years

Asbestos

The County owns buildings which contain asbestos, and therefore, the County is legally required to perform abatement activities upon renovation or demolition of these assets. Abatement activities include handling and disposing of the asbestos in a prescribed manner when it is disturbed. Due to significant uncertainty surrounding the timing of the cash flows, no discounting has been applied to the liability.

The Corporation of Haldimand County

Notes to Consolidated Financial Statements

Year ended December 31, 2023

9. LONG-TERM LIABILITIES

a) Long-term liabilities reported on the Consolidated Statement of Financial Position is comprised of amounts owing to Canadian Depository for Securities (CDS) and Ontario Infrastructure and Lands Corporation (OILC):

	2023	2022
CDS debenture bearing interest at 1.20% - 2.40% per annum, repayable in annual payments ranging from \$1,151,000 - \$1,340,000 plus semi-annual interest payments. The debenture matures on July 2027.	\$ 5,191,000	\$ 6,426,000
OILC debenture matured during the year.	-	887,320
OILC debenture bearing interest at 5.27% per annum, repayable in semi-annual payments of \$425,000 plus interest. The debenture matures on July 2027.	3,400,000	4,250,000
OILC debenture bearing interest at 3.82% per annum, repayable in semi-annual payments of \$56,227 plus interest. The debenture matures on October 2028.	562,267	674,720
OILC debenture bearing interest at 4.11% per annum, repayable in semi-annual payments of \$356,933 plus interest. The debenture matures on October 2033.	7,138,650	7,852,515
OILC debenture bearing interest at 2.07% per annum, repayable in semi-annual payments of \$368,155 plus interest. The debenture matures on October 2026.	2,208,930	2,945,240
OILC debenture bearing interest at 2.40% per annum, repayable in semi-annual payments of \$660,063 plus interest. The debenture matures on July 2029.	7,920,750	9,240,875
OILC debenture bearing interest at 2.71% per annum, repayable in semi-annual payments of \$486,250 plus interest. The debenture matures on July 2039.	15,560,000	16,532,500
OILC debenture bearing interest at 1.85% per annum, repayable in semi-annual payments of \$417,433 plus interest. The debenture matures on October 2031.	6,678,920	7,513,785
OILC debenture bearing interest at 4.07% per annum, repayable in semi-annual payments of \$220,825 plus interest. The debenture matures on September 2032.	3,974,850	4,416,500
	<u>\$ 52,635,367</u>	<u>\$ 60,739,455</u>

(continues)

The Corporation of Haldimand County

Notes to Consolidated Financial Statements

Year ended December 31, 2023

9. LONG-TERM LIABILITIES (*continued*)

b) Of the long-term liabilities reported above, principal payments are recoverable from general municipal revenues and are repayable as follows:

2024	7,239,768
2025	7,263,768
2026	7,292,768
2027	6,585,458
2028	4,395,458
Thereafter	<u>19,858,147</u>
	<u>\$ 52,635,367</u>

The above long-term liabilities are unsecured.

c) The long-term liabilities in part (a) have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayments and limits prescribed by the Ministry of Municipal Affairs and Housing.

The Corporation of Haldimand County
Notes to Consolidated Financial Statements
Year ended December 31, 2023

10. TANGIBLE CAPITAL ASSETS

	Land	Land Improvements	Buildings and Structures	Infrastructure	Vehicles, Machinery and Equipment	Assets under Construction	2023
Cost, beginning of year	\$14,666,976	\$ 98,551,479	\$ 187,591,408	\$ 597,389,565	\$ 114,580,343	\$29,131,058	\$1,041,910,829
Additions	348,938	8,672,510	3,315,749	41,339,703	5,715,368	29,583,253	88,975,521
Disposals	(2,636.00)	(232,219)	(102,693)	(4,553,677)	(2,164,273)	(561,051)	(7,616,549)
Transfer to capital assets	-	-	-	-	-	(29,660,050)	(29,660,050)
Cost, end of year	15,013,278	106,991,770	190,804,464	634,175,591	118,131,438	28,493,210	1,093,609,751
Accumulated amortization, beginning of year	-	39,082,535	61,571,022	334,566,345	58,545,001	-	493,764,903
Amortization	-	2,002,085	3,820,581	14,863,888	5,913,518	-	26,600,072
Disposals	-	(153,653)	(46,623)	(1,786,033)	(1,915,110)	-	(3,901,419)
Accumulated amortization, end of year	-	40,930,967	65,344,980	347,644,200	62,543,409	-	516,463,556
Net carrying amount, end of year	\$15,013,278	\$ 66,060,803	\$ 125,459,484	\$ 286,531,391	\$ 55,588,029	\$28,493,210	\$ 577,146,195

(continues)

The Corporation of Haldimand County
Notes to Consolidated Financial Statements
Year ended December 31, 2023

10. TANGIBLE CAPITAL ASSETS (continued)

	Land	Land Improvements	Buildings and Structures	Infrastructure	Vehicles, Machinery and Equipment	Assets under Construction	2022
Cost, beginning of year	\$ 14,675,144	\$ 74,147,833	\$ 178,396,780	\$ 571,359,838	\$ 104,745,328	\$ 39,915,914	\$ 983,240,837
Adjustments for PS3280	-	21,251,182	268,000	-	-	-	21,519,182
As restated	14,675,144	95,399,015	178,664,780	571,359,838	104,745,328	39,915,914	1,004,760,019
Additions	1	3,163,189	9,687,424	31,003,532	11,133,347	23,568,125	78,555,618
Disposals	(8,169)	(10,725)	(760,796)	(4,973,805)	(1,298,332)	(6,614)	(7,058,441)
Transfer to capital assets	-	-	-	-	-	(34,346,367)	(34,346,367)
Cost, end of year	14,666,976	98,551,479	187,591,408	597,389,565	114,580,343	29,131,058	1,041,910,829
Accumulated amortization, beginning of year	-	37,141,511	58,233,625	322,704,771	54,215,917	-	472,295,824
Adjustments for PS3280	-	-	144,058	-	-	-	144,058
As restated	-	37,141,511	58,377,683	322,704,771	54,215,917	-	472,439,882
Amortization	-	1,951,749	3,730,580	16,564,156	5,578,390	-	27,824,875
Disposals	-	(10,725)	(537,241)	(4,702,582)	(1,249,306)	-	(6,499,854)
Accumulated amortization, end of year	-	39,082,535	61,571,022	334,566,345	58,545,001	-	493,764,903
Net carrying amount, end of year	\$ 14,666,976	\$ 59,468,944	\$ 126,020,386	\$ 262,823,220	\$ 56,035,342	\$ 29,131,058	\$ 548,145,926

The Corporation of Haldimand County

FIN-13-2024, Attachment 3

Notes to Consolidated Financial Statements

Year ended December 31, 2023

11. ACCUMULATED SURPLUS

The County segregates its accumulated surplus into the following categories:

	2023	2022
Investment in tangible capital assets	\$ 577,146,195	\$ 548,145,926
Long-term liabilities	(52,635,367)	(60,739,455)
Over (under) financed capital	(3,451,480)	4,039,481
Net investment in tangible capital assets	521,059,348	491,445,952
BIA surpluses	138,017	138,017
Reserves and reserve funds - Operating		
Contingency	24,501,378	22,236,414
Land sales	2,478,610	2,442,463
Employee benefits insurance	3,359,992	2,757,017
Insurance	2,045,908	1,082,579
Water rate stabilization	1,904,038	3,016,081
Wastewater rate stabilization	3,541,263	3,598,348
Investment income stabilization	8,608,645	9,804,110
Other	8,451,191	7,933,032
	54,891,025	52,870,044
Reserves and reserve funds - Capital		
Roads infrastructure	9,508,844	13,234,221
Wastewater	19,611,557	18,701,862
Water	6,429,769	7,523,799
General	6,714,734	6,402,363
Storm sewer	1,878,138	1,494,783
Fire fleet	6,177,817	5,432,623
Other fleet	3,084,308	2,797,760
Other	10,772,843	10,292,936
	64,178,010	65,880,347
Subtotal - Reserves and reserve funds	119,069,035	118,750,391
Hydro legacy fund	97,398,419	93,652,326
Community vibrancy fund	(6,547,397)	(7,829,905)
WSIB reserve fund held jointly with Norfolk County (gross amounts)	319,145	337,283
Unfunded liabilities		
Asset retirement obligations	(19,275,435)	(20,480,639)
Post-employment and post-retirement benefits liability	(1,894,858)	(1,656,752)
Vested and non-vested sick leave liability	(985,017)	(908,924)
WSIB	5,676,595	3,939,421
	(16,478,715)	(19,106,894)
	\$ 714,957,852	\$ 677,387,170

The Corporation of Haldimand County

Notes to Consolidated Financial Statements

Year ended December 31, 2023

12. TAXATION REVENUE

	Budget (Note 20)	2023	2022
Property tax levy	\$ 80,305,850	\$ 80,305,850	\$ 76,219,456
Supplemental taxes	1,700,000	2,730,870	1,617,197
Payments in lieu of taxes	1,940,580	1,984,503	1,861,321
Other	695,020	694,997	688,976
	\$ 84,641,450	\$ 85,716,220	\$ 80,386,950

13. GOVERNMENT TRANSFERS - FEDERAL

	Budget (Note 20)	2023	2022
Operating			
Conditional	\$ 102,890	\$ 81,977	\$ 108,965
Capital			
Infrastructure funding	-	3,214,997	316,139
Canada Community - Building Fund	3,018,710	1,021,175	1,851,054
	\$ 3,121,600	\$ 4,318,149	\$ 2,276,158

14. GOVERNMENT TRANSFERS - PROVINCIAL

	Budget (Note 20)	2023	2022
Operating			
Ontario Municipal Partnership Fund	\$ 4,241,700	\$ 4,241,700	\$ 4,084,200
Conditional	14,734,560	16,606,030	15,161,525
Capital			
Infrastructure funding	4,611,510	5,526,203	5,726,751
	\$ 23,587,770	\$ 26,373,933	\$ 24,972,476

The Corporation of Haldimand County

Notes to Consolidated Financial Statements

Year ended December 31, 2023

15. OTHER INCOME

	Budget		
	(Note 20)	2023	2022
Licenses, permits, rents, and concessions	\$ 4,092,920	\$ 4,053,413	\$ 4,275,224
Provincial offences and other fines	519,250	1,339,863	442,099
Penalties and interest on taxes	1,000,000	1,252,793	1,312,505
Investment income	1,611,370	5,670,562	13,241,242
Development charges earned	-	8,181,894	9,981,536
Developer contributed assets	-	9,209,616	4,616,291
Proceeds from sale of other assets	236,230	139,263	174,052
Gain (loss) on disposal of tangible capital assets	-	(128,222)	343,844
Donations	134,890	515,023	1,260,575
Other	8,550	1,368,215	974,401
	\$ 7,603,210	\$ 31,602,420	\$ 36,621,769

16. CONTRACTUAL OBLIGATIONS

a) *Veolia Water Canada (U.S. Filter) (PSG)*

The County has entered into an agreement with Veolia Water Canada for the operation and maintenance of regional wastewater treatment facilities and pumping stations. This contract expires June 30, 2027 and the annual cost of this contract for 2023 was \$3,441,970 (2022 - \$2,865,747).

b) *Ontario Clean Water Agency (OCWA)*

The County has entered into an agreement with Ontario Clean Water Agency for the operation and maintenance of the Central Water System in Nanticoke and the water systems in Dunnville. This contract expires September 30, 2030 and the annual cost of this contract for 2023 was \$2,532,476 (2022 - \$2,227,791).

c) *Ontario Provincial Police contract*

The County has entered into a five-year agreement with the Solicitor General of Ontario for the provision of police services. This contract was extended for three years and expires December 31, 2025. The annual cost of this contract for 2023 was \$8,245,576 (2022 - \$8,406,718).

d) *Hamilton Water contract*

The County has entered into a twenty-year contract with the City of Hamilton to purchase water for the supply to Caledonia and Cayuga, this contract expires July 31, 2034. In 2023, the County paid \$4,135,246 (2022 - \$3,689,129) for water under this contract.

e) *Halton Cheshire Homes Inc. mortgage guarantee*

The County has entered into a twenty-five year agreement as the guarantor for the mortgage between Halton Cheshire Homes Inc. as mortgagor and Infrastructure Ontario as mortgagee in the amount of \$999,165. As at December 31, 2023, the balance outstanding was \$582,221 (2022 - \$613,221). This agreement expires August 31, 2036.

f) *Landfill sites*

Under the terms of an interim agreement between Haldimand County and Norfolk County, Haldimand County is responsible for the operation of two landfill sites within the geographic boundaries of Haldimand County, which are available for the use of both Counties. Norfolk County operates the Material Recovery Facility (MRF) located in Simcoe, on behalf of both Counties. Ownership of all facilities is vested jointly through Provincial legislation and/or asset allocation through the Arbitrator's Report following restructuring.

The Corporation of Haldimand County

Notes to Consolidated Financial Statements

Year ended December 31, 2023

17. PENSION AGREEMENTS

The County makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of its staff. The plan is a defined benefit plan, which specifies the amount of the retirement benefits to be received by the employees based on length of service and rate of pay.

The amount contributed to OMERS for current service is included as an expenditure on the Consolidated Statement of Operations. Contributions were made in the 2023 calendar year at rates ranging from 9.0% to 14.6% (2022 - 9.0% to 14.6%). The amount contributed to OMERS for 2023 was \$3,404,288 (2022 - \$3,024,387). Since any surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees, the County does not recognize any share of the OMERS pension surplus or deficit in these consolidated financial statements. The OMERS pension plan ended 2023 with a funding deficit of \$4.2 billion (2022 - \$6.7 billion) which will be addressed through temporary contribution rate increases, benefit reductions and investment returns.

18. PUBLIC LIABILITY INSURANCE

The County has a program of risk identification, evaluation and control to minimize the risk of injury to its employees and to third parties and to minimize the risk of damage to its property and the property of others. It uses a combination of self-insurance and purchased insurance to protect itself financially against risk that it cannot reasonably control. The County has adequate self-insurance coverage. Purchased insurance coverage is in place for claims in excess of the County's self-insurance coverage to a maximum of \$50,000,000 with the exception of certain environmental liability claims, should such claims arise.

At December 31, 2023, there are outstanding legal and liability claims against the County, some of which were assumed from predecessor municipalities. Any insured amounts have not been provided for in the financial statements, as the outcome of the related claim(s) is not in excess of insurance coverage. For claims not covered by purchased insurance, a reserve has been established by the County (post-restructuring), which has a balance at December 31, 2023 of \$2,045,908 (2022 - \$1,082,579).

19. CONTAMINATED SITES

A contaminated site is an unproductive site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. A liability for remediation of contaminated sites is recognized when the County is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate for the amount can be made. All criteria must be met in order to recognize a liability. As at December 31, 2023, there is no liability recorded in the consolidated financial statements. The County will continue to review contaminated sites on an annual basis and, when the criteria for recognition have been met, a liability will be recorded.

The Corporation of Haldimand County
Notes to Consolidated Financial Statements
Year ended December 31, 2023

20. BUDGET FIGURES

The budget adopted by Council was not prepared on a basis consistent with that used to report actual results (public sector accounting standards). The budget was prepared on a modified accrual basis while public sector accounting standards now require a full accrual basis to be used. The budget figures anticipated using surpluses accumulated in previous years to reduce current year expenditures in excess of current year revenues to \$nil. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the Consolidated Statements of Operations represent the budget adopted by Council with adjustments as follows:

	2023
Budget surplus for the year adopted by Council	\$ -
Add:	
Budgeted transfers to accumulated surplus	38,508,430
Principal payments on debt	8,104,088
Less:	
Budgeted transfers from accumulated surplus	(10,251,790)
Budgeted transfers from capital fund	(700,800)
Amortization	(26,600,072)
Budget surplus per Consolidated Statement of Operations	\$ 9,059,856

21. CREDIT FACILITY

The County has available a \$5,000,000 operating credit facility at the bank's prime rate plus 1%. The facility is secured by a borrowing by-law approved annually. There were no funds advanced under this credit facility at December 31, 2023.

22. COMPARATIVE FIGURES

Certain prior year figures have been adjusted to conform with the 2023 financial statement presentation.

23. FINANCIAL INSTRUMENTS

The County is exposed to various risks through its financial instruments and continues to monitor, evaluate and manage these risks. The following analysis provides information about the County's risk exposure and concentration as of December 31, 2023.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The County is exposed to credit risk from customers and taxpayers. In order to reduce its credit risk, an allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The County has a significant number of customers which minimizes concentration of credit risk.

(continues)

The Corporation of Haldimand County

FIN-13-2024, Attachment 3

Notes to Consolidated Financial Statements

Year ended December 31, 2023

23. FINANCIAL INSTRUMENTS *(continued)*

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The County is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, long term debt, contributions to the pension plan, and accounts payable.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The County is mainly exposed to interest rate risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the County manages exposure through its normal operating and financing activities.

Unless otherwise noted, it is management's opinion that the County is not exposed to significant other financial risks arising from these financial instruments.

The Corporation of Haldimand County
Notes to Consolidated Financial Statements
Year ended December 31, 2023

24. SEGMENTED INFORMATION

The County is a single-tier municipality that provides a wide range of services to its residents. The major services chosen for segmented disclosure are the six departments that consume the greatest amount of the County's total operating expenses. The revenue and expenses reported for each segment includes directly attributable amounts as well as internal charges and recoveries allocated on a reasonable basis.

A description of each major service and the activities each provide are as follows:

General government

The general government includes council and corporate management.

Protection services

The protection services includes fire, police, conservation authority, protection inspection and control, emergency measures, and Provincial Offences Act.

Transportation services

The transportation services department is responsible for the safe and efficient movement of people and goods within Haldimand County. Responsibilities include road construction and maintenance, traffic signals and signs, winter control, developing parking and traffic by-laws, and implementation and maintenance of street lighting.

Environmental services

This segment includes sanitary sewer system, storm sewer system, waterworks system, waste collection and disposal, recycling and administration.

Social and family services

Social and family services includes general assistance for Ontario Works, assistance to aged persons for Grandview Lodge, and child care.

Other services

Other services includes health services, social housing, recreation and cultural services, and planning and development.

(continues)

The Corporation of Haldimand County
Notes to Consolidated Financial Statements
Year ended December 31, 2023

24. SEGMENTED INFORMATION (continued)

	General Government	Protection Services	Transportation Services	Environmental Services	Social and Family Services	Other Services	Consolidated 2023
Revenue							
Government transfers - Federal	\$ 1,117,175	\$ -	\$ 234,195	\$ 228,741	\$ 2,656,061	\$ 81,977	\$ 4,318,149
Government transfers - Provincial	9,306,084	567,001	522,158	1,020,520	9,051,081	5,907,089	26,373,933
User charges	3,433,251	240,680	320,914	22,585,720	3,057,199	2,122,388	31,760,152
Other revenue [1]	26,465,044	3,153,835	103,810	2,169,267	36,096	967,061	32,895,113
	40,321,554	3,961,516	1,181,077	26,004,248	14,800,437	9,078,515	95,347,347
Expenses							
Salaries, wages, and benefits	10,705,506	4,354,751	5,370,073	4,905,492	9,411,292	17,264,180	52,011,294
Materials	5,014,120	581,954	1,998,112	8,770,707	1,827,006	2,264,514	20,456,413
Contracted services	6,526,660	8,260,279	10,573,928	8,890,592	2,358,813	4,100,985	40,711,257
External transfers	-	762,534	-	-	-	595,188	1,357,722
Financial expenses	265,484	2,735	58,927	111,553	85	181,250	620,034
Interest on long-term liabilities	843,284	-	-	598,813	237,566	56,430	1,736,093
Amortization	1,199,736	1,262,879	14,616,125	6,065,288	700,987	2,755,057	26,600,072
Interdepartmental charges	(10,372,460)	2,854,791	3,835,388	1,205,141	642,470	1,834,670	-
	14,182,330	18,079,923	36,452,553	30,547,586	15,178,219	29,052,274	143,492,885
Surplus (deficiency) of revenue over expenses for the year financed by net municipal levy							
	\$26,139,224	\$ (14,118,407)	\$ (35,271,476)	\$ (4,543,338)	\$ (377,782)	\$ (19,973,759)	\$ (48,145,538)
Taxation revenue							85,716,220
Annual surplus							\$ 37,570,682

[1] Other revenue - Includes recoveries from other municipalities and other income categories detailed in Note 15.

The Corporation of Haldimand County
Notes to Consolidated Financial Statements
Year ended December 31, 2023

24. SEGMENTED INFORMATION (continued)

	General Government	Protection Services	Transportation Services	Environmental Services	Social and Family Services	Other Services	Consolidated 2022
Revenue							
Government transfers - Federal	\$ 1,851,054	\$ -	\$ -	\$ -	\$ 227,687	\$ 197,417	\$ 2,276,158
Government transfers - Provincial	9,701,490	235,546	150,829	757,379	9,387,160	4,740,072	24,972,476
User charges	2,759,645	311,192	132,037	21,688,422	2,900,664	2,195,807	29,987,767
Other revenue [1]	32,200,044	2,067,393	470,675	1,404,243	25,896	1,622,082	37,790,333
	46,512,233	2,614,131	753,541	23,850,044	12,541,407	8,755,378	95,026,734
Expenses							
Salaries, wages, and benefits	9,818,524	3,790,846	5,594,984	4,443,371	9,163,827	15,184,475	47,996,027
Materials	5,082,102	473,095	2,467,089	7,725,816	1,580,129	2,004,798	19,333,029
Contracted services	4,129,892	8,820,826	10,684,448	12,266,272	1,821,180	1,637,178	39,359,796
External transfers	297,190	688,897	-	-	-	632,395	1,618,482
Financial expenses	327,175	3,112	25,694	58,160	96	160,972	575,209
Interest on long-term liabilities	467,851	49,353	-	504,596	286,656	470,024	1,778,480
Amortization	1,167,912	1,215,906	16,484,290	5,582,496	660,279	2,713,992	27,824,875
Interdepartmental charges	(9,188,520)	2,288,810	3,379,352	1,185,668	639,330	1,695,360	-
	12,102,126	17,330,845	38,635,857	31,766,379	14,151,497	24,499,194	138,485,898
Surplus (deficiency) of revenue over expenses for the year financed by net municipal levy							
	\$ 34,410,107	\$ (14,716,714)	\$ (37,882,316)	\$ (7,916,335)	\$ (1,610,090)	\$ (15,743,816)	\$ (43,459,164)
Taxation revenue							80,386,950
Annual surplus							<u>\$ 36,927,786</u>

[1] Other revenue - Includes recoveries from other municipalities and other income categories detailed in Note 15.

The Corporation of Haldimand County
Library Division - Schedule of Operations
Year ended December 31, 2023

	Budget (Note 20)	2023	2022
REVENUE			
Government transfers:			
Provincial library operating grant (Ministry of Tourism, Culture, and Sport)	\$ 72,400	\$ 72,400	\$ 72,400
Pay equity	6,800	6,762	6,762
Other	3,360	-	3,600
Fees and service charges	19,240	24,743	18,736
Fines	17,170	18,118	16,886
Donations	7,800	9,640	8,250
Other revenue	18,310	22,577	18,301
	145,080	154,240	144,935
EXPENSES			
Salaries, wages and benefits	1,500,200	1,317,936	1,307,051
Materials and supplies	66,430	63,343	52,619
Services	236,930	228,787	223,129
Rents and financial expenses	683,240	705,313	678,529
	2,486,800	2,315,379	2,261,328
DEFICIENCY OF REVENUE OVER EXPENSES BEFORE UNDERNOTED ITEMS			
	(2,341,720)	(2,161,139)	(2,116,393)
Transfer from reserves	174,800	174,796	176,392
Transfer to reserves	(316,680)	(497,257)	(526,069)
	(141,880)	(322,461)	(349,677)
DEFICIENCY OF REVENUE OVER EXPENSES FOR THE YEAR, FINANCED BY NET MUNICIPAL LEVY			
	\$ (2,483,600)	\$ (2,483,600)	\$ (2,466,070)

The above financial information is included in the consolidated financial statements of the County.

The Corporation of Haldimand County**Museum Division - Schedule of Operations****Year ended December 31, 2023**

	Budget <i>(Note 20)</i>	2023	2022
REVENUE			
Government transfers	\$ 53,760	\$ 54,324	\$ 88,251
Fees and service charges	29,930	26,736	19,132
Donations	19,990	15,921	14,983
	103,680	96,981	122,366
EXPENSES			
Salaries, wages and benefits	372,530	403,412	352,862
Materials and supplies	67,360	48,118	40,646
Services	36,940	29,282	26,286
Rents and financial expenses	650	476	543
	477,480	481,288	420,337
DEFICIENCY OF REVENUE OVER EXPENSES BEFORE UNDERNOTED ITEMS	(373,800)	(384,307)	(297,971)
Transfer from reserves	1,200	-	-
DEFICIENCY OF REVENUE OVER EXPENSES FOR THE YEAR FINANCED BY NET MUNICIPAL LEVY	\$ (372,600)	\$ (384,307)	\$ (297,971)

The above financial information is included in the consolidated financial statements of the County.

The Corporation of Haldimand County
Trust Funds - Financial Statements
December 31, 2023

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of The Corporation of Haldimand County

Opinion

We have audited the financial statements of the Trust Funds of The Corporation of Haldimand County (the Corporation), which comprise the balance sheet as at December 31, 2023, and 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 Corporation as at December 31, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS).

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 Corporation in accordance with 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 PSAS, 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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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Millard, Rouse & Rosebrugh LLP

85 Robinson Street, Simcoe, ON N3Y 1W7 T: 519.426.1606

SIMCOE BRANTFORD HAGERSVILLE

Independent Auditor's Report To the Members of Council, Inhabitants and Ratepayers of The Corporation of Haldimand County (*continued*)

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 Corporation'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 Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation 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.

August 27, 2024
Simcoe, Ontario

Millard, Rouse & Rosebrugh LLP

Millard, Rouse & Rosebrugh LLP
Chartered Professional Accountants
Licensed Public Accountants

The Corporation of Haldimand County

Balance Sheet - Trust Funds Year ended December 31, 2023

	Combined Cemetery Perpetual Care	Grandview Bequest Trust	Grandview Comfort Trust	Total 2023	Total 2022
NET ASSETS					
Cash	\$ -	\$ -	\$125,118	\$ 125,118	\$ 18,022
Investments (Note 2)	1,544,029	-	-	\$1,544,029	1,478,793
Due from (to) Haldimand County	(43,998)	81,383	25,025	\$ 62,410	156,326
TOTAL NET ASSETS	\$1,500,031	\$ 81,383	\$150,143	\$1,731,557	\$1,653,141
TRUST FUND BALANCE	\$1,500,031	\$ 81,383	\$150,143	\$1,731,557	\$1,653,141

See accompanying notes to financial statements

The Corporation of Haldimand County
Statement of Continuity - Trust Funds
Year ended December 31, 2023

	Combined Cemetery Perpetual Care	Grandview Bequest Trust	Grandview Comfort Trust	Total 2023	Total 2022
RECEIPTS					
Sale of plots and markers	\$ 62,720	\$ -	\$ -	\$ 62,720	\$ 68,465
Investment income	57,048	3,254	-	60,302	33,159
Resident contributions	-	-	292,198	292,198	176,634
Donations	-	175	-	175	2,325
	119,768	3,429	292,198	415,395	280,583
Disbursements					
Transfer to cemetery operations	57,048	-	-	57,048	30,999
Transfer to County (Note 3)	-	10,687	-	10,687	9,805
Transfer to residents	-	-	269,244	269,244	172,914
	57,048	10,687	269,244	336,979	213,718
NET RECEIPTS (DISBURSEMENTS) FOR THE YEAR					
	62,720	(7,258)	22,954	78,416	66,865
Trust fund balance - beginning of year					
	1,437,311	88,641	127,189	1,653,141	1,586,276
TRUST FUND BALANCE - END OF YEAR					
	\$ 1,500,031	\$ 81,383	\$ 150,143	\$1,731,557	\$1,653,141

See accompanying notes to financial statements

The Corporation of Haldimand County
Notes to the Trust Funds Financial Statements
Year ended December 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements of the Trust Funds of the Corporation of Haldimand County are prepared by management in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

Revenue recognition

Sale of plots and markers and resident contributions are recognized as income when earned under the respective contracts, provided the amount is measurable and collection is reasonably assured. Investment income is recognized as it is earned.

Measurement uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period.

Actual results could differ from management's best estimates as additional information becomes available in the future.

2. INVESTMENTS

Trust fund investments of \$1,544,029 (2022 - \$1,478,793) are reported on the Balance Sheet at cost and have a fair value of \$1,528,548 (2022 - \$1,446,380) at the end of the year.

3. TRANSFER TO COUNTY

During the year, the Grandview Bequest Trust contributed to Haldimand County capital projects that were for the benefit of Grandview residents in the amount of \$10,687 (2022 - \$9,805).

4. STATEMENT OF CASH FLOW

A statement of cash flow has not been provided as the information is readily available in the financial statements provided.