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# HALDIMAND COUNTY

Report FIN-13-2024 Audited Financial Statements for 2023

For Consideration by Council in Committee on August 27, 2024

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## OBJECTIVE:

To present the audited 2023 Consolidated Financial Statements (including the Trust Fund statements) and details of the Operating Surplus/(Deficit) position for Haldimand County for the year ended December 31, 2023.

## RECOMMENDATIONS:

1. THAT Report FIN-13-2024 Audited Financial Statements for 2023 be received;
2. AND THAT the consolidated financial statements, including the Trust Fund Statements, for Haldimand County for 2023, as audited by Millard, Rouse and Rosebrugh LLP, be approved.

**Prepared by:** Tareq El-Ahmed, CPA, Treasurer

**Reviewed by and Respectfully submitted:** Mark Merritt, CPA, CA, General Manager, Financial & Data Services

**Approved:** Cathy Case, Chief Administrative Officer

## EXECUTIVE SUMMARY:

Highlights from the 2023 audited financial statements (presented under separate cover) are as follows:

- **Investment Portfolio:** As outlined in the annual investment report to Council in May 2024, the total book value of the County's investments portfolio, as of December 31, 2023, was \$259.2 million, which is comprised of \$153.5 million in fixed income investments and \$105.7 million in growth/equity investments. Upon review by the Investment Committee and with the assistance/advice of the County's Investment manager, the County liquidated one investment in January of 2023, and reinvested the \$10 million principal into a new seven-year growth Principal Protected Bank Notes. As reported in FIN-05-2024 Investment Status report – December 31, 2023, the realized return for 2023 was \$6.7 million or 2.55%. This portfolio, coupled with strong annual returns has led to increased liquidity, revenue and financial flexibility.
- **Substantial Investment in Infrastructure:** The County invested over \$59 million in infrastructure (replacement and new). This significant investment is outpacing the use of current assets, and is a result of needed facility replacements, some growth, and the acceleration and enhancement to the roads program. Prior years have ranged anywhere from \$27 million to \$46 million. At the end of 2023, the historical cost of the County's infrastructure was estimated at approximately \$1.09 billion.
- **Reserves/Reserve Funds:** The County has established numerous reserves/reserve funds to ensure sufficient funds are available for future expenditures. Total Operating and Capital Reserves/Reserve Funds, at December 31, 2023, were \$119.1 million which represents an increase of approximately \$0.3 million over the previous year. This excludes both our Hydro Legacy Fund of \$97.4 million, which increased \$3.7 million over 2022, as well as our Community Vibrancy Fund which has a negative balance of \$6.5 million to be recovered from future receipts.

- **Strong Credit Rating:** The above noted items were several of the factors noted during the County’s annual credit rating review in 2023. The County’s credit rating was affirmed at “AA/Stable” by the independent bond rating agency of Standards & Poor’s Rating Services; primarily based on exceptional liquidity, strong and flexible budgetary performance and minimal debt burden.

The audited 2023 surplus/(deficits) for Haldimand County financial operations are presented in this report, together with reasons for the significant variances from the Council approved budgets.

The net surplus for the four main functional areas is transferred to/from the appropriate reserve in accordance with previously approved Council resolutions.

## 2023 Audited Operating Surplus/(Deficit)

2023 Audited Operating Surplus/(Deficit)		
<b>Investment Income (in excess of \$100,000)</b>		<b>(\$905,143)</b>
<b>Tax Supported Operations</b>		<b>\$5,865,042</b>
<b>Rate Supported Operations</b>		
Water Operations	(\$314,010)	
Wastewater Operations	<u>(\$299,208)</u>	<b><u>(\$613,218)</u></b>
<b>Total Operating Surplus/(Deficit)</b>		<b><u>\$4,346,681</u></b>

The presentation of the 2023 audited financial statements, albeit a part of transparent and accountable fiscal management, fulfills the Corporation’s statutory obligations to present annual audited financial statements to Council and the public. These statements, as well as the attached Building Division and Parkland Dedication Reserve Fund Statement of Activities, will be posted on the County’s website for public access.

## BACKGROUND:

The Municipal Act, 2001 (the Act) provides that the auditor appointed by the municipality shall annually audit the accounts and transactions of the municipality, express an opinion on the financial statements and report to Council. The external auditor’s responsibility is to express an independent opinion on the financial statements, based on audit evidence, as to whether the statements present fairly, in all material respects, the financial information contained therein. Audit practices and procedures are based on the following principles: the users (or readers) of the statements are “reasonable users”; auditor’s evaluation of risks of misstatement is based on internal controls/inherent risk of misstatement; professional judgment; and sufficient audit evidence to support their opinion.

Management is responsible for the preparation and fair presentation of the annual statements in accordance with Canadian Public Sector Accounting Board (PSAB) accounting standards. As a result, management is responsible to ensure there are adequate internal controls so that financial reporting is accurate and free of misstatements. The auditors will use management’s established controls and processes to determine the level of audit evidence they must obtain to issue their opinion on the municipality’s statements.

In an effort to move to a full accrual basis of accounting, PSAB adopted Handbook Section 3150, Tangible Capital Assets, and its associated reporting requirements. The implementation of this section,

effective January 1, 2009, requires municipalities to report tangible capital assets in the statement of financial position. In addition, the amortization of tangible capital assets is to be accounted for as an expense in the statement of operations. Ultimately, these reporting requirements changed how municipalities report capital assets and the financial resources necessary, or lack thereof, to fund these requirements.

Even prior to these more recent amendments, there have always been reporting differences between the annual budgets, internal financial reporting and the audited financial statements. Although the intent of the latest PSAB amendments is to better align the municipality's annual reporting with full accrual accounting, most municipalities have maintained their previous internal reporting and budget formats. The rationale for some of these differences is that a municipality's budget is focused on long range financing principles and manageable impacts on rates and taxpayers over these periods. As a result, differences in financial reporting and funding of certain liabilities and costs are likely to persist into the future (e.g. amortization of existing assets may not provide a good basis for determining future funding requirements to replace the existing assets).

Similar to most municipalities in Ontario, the County has adopted a process to convert the internal statements to PSAB compliant financial statements for auditing purposes (as detailed in Table 2 below). The County traditionally segregates its operational financial results into three main areas: tax supported operations, water operations and wastewater operations (these last two areas are independently financed – water costs from water users and wastewater costs from wastewater users). Capital operations are considered a work-in-progress until projects are complete and each project has specific, Council approved funding. It should also be noted that any capital variances are excluded from the analysis presented in this staff report (as they are typically reported on separately during the year). Reserve and reserve fund operations represent the net transfers to and from reserves or reserve funds during the year.

At this point in time, staff present the operational financial results to Council on two separate occasions during a fiscal year. These are segregated primarily between tax supported and rate supported operations (with sub-categories identified in each category). Reporting timeframes are as follows:

- Draft Budget: In the respective draft operating budget (i.e. tax supported and rate supported water and wastewater), the projected previous year end financial results are reported. Included in the Treasurer's Report is an explanation of any significant anticipated variances and the impact, if any, on the draft operating budgets.
- As part of the audited year-end financial statements: actual surpluses and deficits are identified and major drivers are summarized.

It is staff's intent to have more regular in-year reporting as we implement more features of the County's financial software systems.

The focus of this staff report, independent of the auditor's report, is to:

- Summarize the required adjustments to meet PSAB reporting requirements, as they are reflected in the accompanying audited financial statements; and
- Summarize key components of the audited surplus or deficit for the year (for internal reporting purposes, operational surpluses or deficits are transferred to/from specifically identified reserves).

## **ANALYSIS:**

The County's auditor, Millard, Rouse & Rosebrugh LLP, has recently completed their audit of the 2023 Consolidated Financial Statements. The audited statements are provided as Attachment 3 to this report and will be presented by the auditor at the August 27th Council meeting. These statements also include

the annual results of the County administered Trust Funds (i.e. cemetery perpetual care funds, Grandview Lodge bequest funds and Grandview Lodge Comfort Trust fund).

As outlined above, under the PSAB principles, the move to full accrual accounting required dramatic changes to past methods of reporting certain transactions. Most notable is the requirement to report tangible capital assets on the Statement of Financial Position (i.e. balance sheet) and amortize these capital costs over their useful life. Prior to 2009, these costs were expensed on a cash basis in the year they were acquired or constructed, rather than depreciated over time.

## Reconciliation of Budget and 2023 Operating “Surplus”

To date, Ontario municipalities have not been legislated to amend their annual budget formats to reflect the accrual accounting method for tangible capital assets. As a result, the format of the annual budget does not match the audited financial statement presentation, making it somewhat difficult for Council and the public to reconcile these critical financial reports. Municipalities have expressed significant concern to the Province of Ontario that, although supportive of the reasons for recording asset values in the financial statements, the legislated budgeting methodologies are currently incompatible with the PSAB approach (for example, municipalities must have balanced budgets), resulting in significant public confusion. In particular, the reporting of budget variances (surpluses/deficits) will cause confusion because of the timing of financial transactions based on cash accounting (traditional approach) versus accrual accounting (PSAB approach). In other words, municipalities traditionally do not budget for amortization of the acquisition, utilization or disposal of assets based on the useful life but, instead, based on actual timing of the cash transactions associated with each of those activities. For comparison purposes, the budgets included in the Financial Statements include a budget for amortization based on the actuals.

Under PSAB reporting requirements, reserve and reserve funds form an integral part of the County’s accumulated surplus and, as such, do not appear as a separate schedule within the financial statements. Correspondingly, any contributions to or from these reserves and reserve funds must be removed. Principal debt repayments are removed as these payments reflect a reduction in a long term liability. All the above noted adjustments represent “financing” requirements which are integral to any municipality’s long range funding plan.

The following table outlines the adjustments required and the resulting amended “budget” to be reflected in the audited financial statements for 2023 to meet PSAB reporting requirements.

**TABLE 1 - Adjustments required and the resulting amended “budget”**

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

(\*) – includes both tax supported and rate supported operating and capital budgets.

As shown above, most of the PSAB related budget transfers to surplus are related to capital transactions, including expenditures, reserve transactions and debt financing. The net effect of these adjustments results in a budgeted “surplus” due, primarily, to the construction of new capital assets. Since the majority of the County’s financing of capital related transactions is from specific reserves and

reserve funds, these amounts must be removed or added back, as applicable, for financial statement presentation purposes. This is due to the PSAB requirement to amortize capital assets on the statement of operations (i.e. income statement). For 2023, budgeted expenditures related to amortization has been added (equal to actual amortization) to eliminate large variances related to amortization for the year (which has been an issue in previous years when reviewing actual results compared to budgets).

As outlined during the review of the 2023 Tax Supported Operating Budget, certain annual expenditures are not required to be budgeted, as follows: amortization expenses related to capital assets; post-employment benefit costs; and solid waste landfill closure and post-closure expenses. This factor, combined with the required presentation of capital assets in the financial statements (as noted in Table 1), makes it challenging to reconcile the reporting of operational results under the traditional format presented in the annual operating budget, as compared to the current PSAB format.

Table 3, presented later in this report, identifies an overall net operating surplus for the 2023 fiscal year of \$4.3 million. This reflects the financial results for tax and rate supported operations – which excludes capital and reserve/reserve fund operations. In comparison, the PSAB compliant reported surplus on the 2023 audited financial statements is approximately \$37.6 million. The following table reconciles the reasons for the differences in how the surplus/deficit has been reported.

**TABLE 2 – Reconciling Differences in Surplus/Deficit Reporting**

<u>Description</u>	<u>Impact on 2023 Surplus Increase/(Decrease)</u>
Revenue Fund - tax supported and water/wastewater operations (details analyzed in Table 3)	\$4,346,681
<b><i>Add Net Capital and Reserve Fund Operations:</i></b>	
Capital Fund (work in progress to be funded)	(\$7,490,961)
Reserve/Reserve Funds (net transfers prior to surplus/deficit entries)	\$5,877,995
Sub-total per Internal Financial Statements	\$2,733,715
<b><i>Adjustments for PSAB Audited Financial Statements</i></b>	
Principal debt repayments	\$8,104,088
Debt Proceeds	-
BIA (net operations)	-
Decrease (increase) in ARO	\$1,205,204
Capital Costs capitalized (i.e. not expensed) during the year	\$59,392,268
Capital Costs included in work-in-progress (i.e. not complete as of December 31st and not expensed)	(\$76,797)
Amortization of capital assets	(\$26,600,072)
Net costs associated with the disposal of capital assets	(\$3,715,130)
Change in post-employment and sick leave liabilities	(\$281,800)
Change in workers' compensation liabilities	\$820,500
Change in deferred revenues/obligatory reserves	(\$4,011,294)
<b>Surplus Reported on Audited Financial Statements</b>	<b><u>\$37,570,682</u></b>

## Net Capital and Reserve Fund Operation:

The Net Capital Fund of (\$7,490,961) is the sum of all the capital fund transactions (revenues net of expenses) for 2023. The Reserves and Reserve Funds balance of \$5.9 million is a sum of all the transfers to and from the reserve accounts.

## PSAB Adjustments:

As identified in the table above, most of the PSAB related budget adjustments are related to capital transaction costs, net of the amortization of capital assets. The net effect of these adjustments results in a budgeted “surplus” for financial statement presentation. Additional PSAB adjustments relate to the accrual of post-employment benefits and WSIB liability which are not reflected in annual budgets (these costs are budgeted based on actual cost to be incurred in the year or estimated liability based on current costs). It should be noted that for the 2023 year end, the County updated the actuarial reviews related to post-employment benefits and WSIB liability. This provides us with estimates for 2023 through to 2025.

Some of the more significant 2023 operating variances included in the audited Financial Statements for PSAB purposes (under separate cover), totalling \$37.6 million, are as follows:

- Operating Revenues: The total variance between actual revenues compared to budgeted revenues is approximately \$27.1 million favourable variance. The main contributing factors to the reported variance is related to:
  - Investment Income: as detailed in the Investment Status Report to Council in May 2024, upon review by the Investment Committee and with the assistance/advice of the County’s Investment manager, the County liquidated one investment in January of 2023, and reinvested the \$10 million principal into a new seven-year growth Principle Protected Bank Note. As reported in FIN-05-2023 Investment Status report – December 31, 2023, the realized return for 2023 was \$6.7 million or 2.55%. As per the Investment Policy, variances in investment earnings, greater than \$100,000, are to be transferred to or from the Investment Income Stabilization Reserve, so a transfer of approximately \$905,143 was made in 2023 to this reserve. The purpose of this reserve is to mitigate the impact of annual fluctuations in investment returns, particularly due to the timing of liquidating the growth/equity investments as this gain will be required in future years to assist in stabilizing fluctuating returns due to the timing differences as well as any volatility in the markets.
  - Developer Contributed Assets: during 2023 there were a couple of developer related assets (i.e. subdivisions) that were developed to the point that the County assumed significant infrastructure totaling approximately \$9.2 million. The value of these contributed assets, although built and paid for by the development, is recorded as revenue upon assumption by the County. As the timing and value of these assumed assets can vary significantly, year over year, these revenues are not typically budgeted by municipalities and as such are reported as a variance.
  - Development Charges Recognized: Since development charges collected on an annual basis are used directly for specifically identified growth related capital projects, these revenues can only be recognized/reported as income in the years the related project is constructed. Due to the timing and magnitude of the projects, the development charge revenue recognized on an annual basis can fluctuate considerably. As these revenues are recorded in the County’s books as reserve funds, there is no annual budget established. In 2023, revenues of 8.2 million were recognized, related to 2023 growth related capital project expenditures, resulting in a favourable variance.
  - Canada Community-Building Fund Revenue (CCBF) - formerly Federal Gas Tax Revenue: The County received \$3.0 million in funding in 2023. The County is required to allocate funds to specific projects. As a result of the timing of the CCBF funded projects in 2023,

approximately \$1.0 million of this funding was utilized in 2023. It should be noted that though only \$1.0 million was utilized in 2023, all funds received are budgeted to be utilized during the annual capital budgeting process, and under the terms of the CCBF Agreement.

- Operating Expenditures: The total variance between actual expenditures compared to budget is approximately \$1.4 million favourable. The major drivers in expenditures for 2023 include the variances noted in Table 5 plus the net PSAB adjustments for tangible capital assets (i.e. non-capitalized expenditures) and adjustments for annual amortization.

Staff acknowledge that the above reporting of the annual “surplus” is confusing. **It must be emphasized that the PSAB reported net 2023 surplus of \$37.6 million is a book value adjustment, not a “cash” surplus.** Although the Province initiated a review in 2014 to evaluate the current disparities between internal reporting/budgeting and current PSAB annual reporting requirements, the overwhelming response from municipal representatives was to leave the current reporting requirements as is. It was also acknowledged that simpler methods of reconciling the differences and reporting to the public need to be developed to foster a better understanding of the municipality’s financial position and key financial components. This will be an evolving process with best practices and feedback from users of the financial statements leading the way.

### Analysis of 2023 Net Operating Surplus/(Deficit)

The table below provides a breakdown of the audited 2023 operating surplus (the “cash” surplus) by major function. In accordance with previous resolutions of Council, the net surplus/(deficit) from the operational areas denoted below are contributed to or transferred from various Reserves/Reserve Funds.

**TABLE 3 - 2023 Audited Operating Surplus/(Deficit)**

<b>2023</b>		
(a)	<b>Investment Income (in excess of \$100,000)</b>	<b>(\$905,143)</b>
	Tax Supported Operations	\$4,901,594
	Public Health	\$426,399
	Social Assistance/Child Care	\$312,567
	Social Housing	\$54,325
	Library	\$170,157
(b)	<b>Sub-Total – Tax Supported Operations (detailed in Table 4)</b>	<b>\$5,865,042</b>
(c)	Water Operations (detailed in Table 5)	(\$314,010)
(d)	Wastewater Operations (detailed in Table 6)	(\$299,208)
	<b>Sub-Total – Rate Supported Operations</b>	<b>(\$613,218)</b>
	<b>Total Operating Surplus/(Deficit)</b>	<b>\$4,346,681</b>

The total 2023 operating expenditures (combined tax supported and rate supported) were budgeted at approximately \$164.9 million. The above noted net operating surplus, excluding the annual net investment loss of \$905,143 represents a 3.2% positive variance in relation to Council’s approved budgeted expenditures. As these operations/funds have significantly different revenue sources and expenditure drivers, details of the significant variances in the individual areas/functions are provided below.

## **A. Investment Income (in excess of \$100,000)**

As noted above and detailed in the May, 2023 annual Investment Report FIN-05-2024, as per the Investment Policy, variances in investment earnings or losses (budgeted tax supported investment earnings is \$1.6 million), greater than \$100,000, are to be transferred to or from the Investment Income Stabilization Reserve. As a result of an unfavourable realized investment earnings totaling \$6.7 million in 2023, a transfer from the reserve of \$905,143 was made in 2023. The purpose of this reserve is to mitigate the impact of annual fluctuations in investment returns, particularly due to the timing of liquidating the growth/equity investments as this gain will be required in future years to assist in stabilizing fluctuating returns due to the timing differences. The stabilization reserve is also used to offset any volatility in the investment markets. The audited balance in reserve at the end of 2023 was approximately \$8.6 million.

## **B. Net Tax Supported Operations**

Overall, the Tax Supported Operations reflect a 2023 surplus of approximately \$5.9 million. This net surplus represents a 4.2% favourable variance on approximately \$138.2 million of budgeted 2023 tax supported operating expenditures. The annual tax supported operational surplus has traditionally been approximately 3.0% and has been positive over the past five years (albeit, given Provincial COVID funding, the surpluses have been higher in recent years).

Based on previous Council approval, any annual surplus/(deficit) is transferred to or from the applicable reserves. Annual variances will impact the associated balances of these reserves but have no direct impact on the following year's tax levy. With respect to the general tax supported operations, a net surplus of \$4,901,594 was transferred to the Contingency Reserve, which has a balance of approximately \$24.5 million at the end of 2023. Although there are no set guidelines for an optimal balance, a typical rule of thumb is a minimum of 10% of tax supported operating costs. This would require, at a minimum, a balance of \$13.8 million. This reserve will be available for future years as a source of financing for unexpected events/liabilities and to offset any one-time costs which can assist in preventing spikes to the annual budgets for isolated expenditures. Any excess funds can be reallocated by a future Council for another one-time municipal purpose if so warranted.

The surplus is the net result of several favourable and unfavourable financial impacts on operations during the year. Significant items contributing to the overall surplus from Tax Supported Operations are detailed below. As outlined in Table 5 below, there are a number of variances within the Roads Operations Division. Milder weather conditions throughout the winter months resulted in a substantial winter control budget surplus. As gravel roads are being converted, a reduction in aggregate can be expected as well. Fines related to Provincial Offences are in a substantial surplus, which is almost entirely attributed to one large fine that occurred within 2023, and is atypical in nature.



**TABLE 4 - 2023 Tax Supported Operating Surplus/(Deficit)**

<b>2023 Tax Supported Operating Surplus/(Deficit)</b>	<b>Surplus/(Deficit)</b>
<b>Revenues</b>	
Taxation- One-time Transition Mitigation Grant	\$183,327
Supplementary Billings	\$1,030,870
Tax Adjustments (net)	\$145,720
Taxes Penalty and Interest	\$252,793
Investment Deficit	(\$100,000)
HST Audit Revenues, Net of Consulting Fees	\$123,530
Finance -Transfer to Taxes Fee	\$75,327
EMS Cross Border Billing	(\$97,852)
Cemeteries Administration-HISA Interest	\$40,053
Policing Service - Court Security Grant	\$96,572
Provincial Offences Act-Fines	\$777,282
Engineering/Inspection Fees	\$107,637
Roads Aggregate Resource Grant	(\$26,227)
Solid Waste Tipping Fees	\$44,213
Planning & Development Division-Planning Fees	(\$123,100)
Arena Ice Time (HCCC and Cayuga)	\$126,403
<b>Subtotal, Revenues</b>	<b>\$2,656,547</b>
<b>Expenditures</b>	
Salaries & Benefits (Including Professional Development, Travel, etc.)	\$988,009
Unallocated Revenues & Expenses - Write Off of A/R	(\$51,757)
GVL - Raw Food	(\$27,826)
Clerks Bi-Election	(\$75,531)
Finance-Postage	(\$37,434)
IT Maintenance Contracts	\$61,273
Legal Support Services-Legal Fees	(\$191,169)
Provincial Offences Act-Legal Fees	(\$42,948)
Provincial Offences Act-Transfers to Province	(\$62,672)
Tree Conservation-Consulting Fees & Service	(\$103,237)
Roads - Mainly Contracted Services and Aggregate	\$588,946
Roads - Winter Control	\$1,589,727
Solid Waste Collection Contract	(\$147,214)
Solid Waste Disposal - Leachate costs, offset partially by Norfolk recoveries	(\$143,419)
Facilities - Mainly Contracted Services and Maintenance and Repair	(\$155,831)
Misc. Under \$25K	\$56,131
<b>Subtotal, Expenditures</b>	<b>\$2,245,047</b>
<b>Total 2023 Tax Supported Operating Budget Surplus/(Deficit)</b>	<b>\$4,901,594</b>
Public Health	\$426,399
Social Assistance/Child Care	\$312,567
Social Housing	\$54,325
Library Operations	\$170,157
<b>Total 2023 Net Tax Supported Operating Surplus</b>	<b>\$5,865,042</b>

*Note: Above table excludes items that net to \$0 levy impact (e.g. additional revenues offset by transfers to reserves or additional costs).*

### C. Water and Wastewater Operations

The combined 2023 Water and Wastewater Operations net deficit is approximately \$613,218 on total budgeted operating expenditures of \$26.7 million. This represents a negative variance of 1.9%. However, as the water systems are self-funded specifically from the direct users of that system, as are the wastewater systems (which in some cases are not the same users), the variance must be further segregated between water and wastewater operations.

The 2023 water operations budget included one-time use of the water stabilization reserve (\$20,000) to offset anticipated increases in the Hamilton water contract, all of which was utilized. Water operations experienced an additional deficit of \$314,010 on budgeted expenditures of approximately \$15.2 million (2.1%). Wastewater operations experienced a deficit of \$299,208 on budgeted expenditures of approximately \$11.5 million (2.6%). A further breakdown of the significant variances is provided as follows (Table 5 for Water and Table 6 for Wastewater.)

**TABLE 5 - 2023 Rate Supported Operating Surplus/(Deficit) – WATER**

<b><u>2023 Rate Supported Operating Surplus/(Deficit) - WATER</u></b>	<b><u>Surplus/ (Deficit)</u></b>
<b>Revenues</b>	
Bulk Water Sales	(\$125,127)
Recoveries - Scrap Metal, Sweeper Charges, etc.	\$34,411
Base Charge - Residential	(\$69,690)
Base Charge - Regular Commercial	(\$29,248)
Consumption - Residential	(\$42,263)
Consumption - Large Industrial	\$258,008
Consumption - Regular Commercial	(\$190,562)
<b><u>Subtotal, Revenues</u></b>	<b><u>(\$164,471)</u></b>
<b>Expenditures</b>	
Salaries & Benefits (including PD, travel, etc.)	\$69,728
Hydro	(\$26,837)
Property Tax - Nanticoke Supplementary Billings	(\$53,472)
Chemicals	(\$47,061)
Maintenance & Repair Supplies	(\$35,212)
Hamilton Water Contract	(\$77,046)
Industrial Pumping Station (net)	\$49,743
Insurance Charges	(\$35,660)
Write Off of A/R	(\$29,590)
Miscellaneous under \$25K	\$35,868
<b><u>Subtotal, Expenditures</u></b>	<b><u>(\$149,539)</u></b>
<b><u>Net Water Surplus/(Deficit)</u></b>	<b><u>(\$314,010)</u></b>

Water operational revenues are significantly impacted by consumption patterns. Extreme wet or dry conditions can dramatically impact consumption, particularly for residential users. Although there has been a downward trend in average residential consumption in recent years, as a result of water conservation measures, an increase in the number of users has offset this reduction and the County is starting to experience increases in annual consumption. Staff will continue to monitor this trend and incorporate it into future budget analysis as required. In 2021 the meter that was used to gather consumption data for billing our water from the City of Hamilton was found to be faulty. As a result, this meter was replaced and it was determined that the consumption usage is substantially higher than previously reported. This resulted in a substantial deficit in this area for 2021. Staff incorporated the new expected consumption in the 2022 and 2023 budget, along with some mitigation measures (i.e.

use of the Rate Stabilization Reserve) in order to offset this large increase to the water users. As discussed above, only \$20,000 was required from the Rate Stabilization Reserve in 2023 which was significantly less than originally estimated in 2022. The balance in the Rate Stabilization Reserve at the end of 2023 is approximately \$1.9 million.

## D. Wastewater

**TABLE 6 - 2023 Rate Supported Operating Surplus/(Deficit) - WASTEWATER**

<b><u>2023 Rate Supported Operating Surplus/(Deficit) - WASTEWATER</u></b>	<b><u>Surplus/ (Deficit)</u></b>
<b>Revenues</b>	
Bulk Processing - Holding Tank	\$148,831
Bulk Processing - Leachate	\$170,630
Base Charge - Residential	(\$115,814)
Base Charge Regular Commercial	(\$145,202)
Consumption - Residential	(\$47,334)
Consumption Large Industrial	(\$29,926)
<b><u>Subtotal, Revenues</u></b>	<b><u>(\$18,816)</u></b>
<b>Expenditures</b>	
Salaries & Benefits (Including Professional Development, Travel, etc.)	\$49,004
Veolia Contract	(\$381,280)
Hydro	(\$25,134)
Miscellaneous under \$10k	\$77,018
<b><u>Subtotal, Expenditures</u></b>	<b><u>(\$280,392)</u></b>
<b><u>Net Wastewater Surplus/(Deficit)</u></b>	<b><u>(\$299,208)</u></b>

The majority of water users also have wastewater services, a number of these customers (approximately 200 users including several large industrial users) only have water services. As a result, annual fluctuations in water consumption may not have the same corresponding impact on wastewater revenues, though for 2023 there were deficits in residential and regular commercial consumption for both water and wastewater customers. The net wastewater surplus is transferred to the Wastewater Rate Stabilization Reserve, which has a balance of approximately \$3.5 million as at December 31, 2023.

As detailed above, the operating surplus/(deficits) in water and wastewater operations are transferred to or funded from the applicable rate stabilization reserve. A multi-year plan has been established to ensure these reserves have sufficient funds to cover annual fluctuations in operations. The impact of the current year's surplus or deficit will be re-evaluated with future operating budget reviews.

### Summary of Operational Variances:

To summarize the above analysis, although there are significant variations in certain revenue sources or expenditures in many operational areas, staff worked diligently during the 2023 calendar year to offset most of the negative fluctuations through changes to approved expenditure plans. The end result is limited net surpluses and deficits in most controllable operational areas. Some of these fluctuations can be expected as a historical recurrence (for example, salary gapping) or unpredictable (for example, winter control), so variances should be anticipated as a normal result of such diverse operations. Finding significant expenditure savings to mitigate repeated revenue shortfalls or expenditure overruns is not a realistic solution on an ongoing basis without a negative impact on service delivery. Steps have and will continue to be taken to deal with the revenue shortfalls and re-occurring expenditure overruns that the County is experiencing in certain areas of its operations. On the other hand, areas of continued surplus also need to be re-examined to ensure the annual operating budget is not too conservative

from a tax levy and user rates perspective. This will be an ongoing focus of future budget reviews, both from a preparation and monitoring perspective, in order to ensure the sustainability of the County's operations and service delivery.

### **FINANCIAL/LEGAL IMPLICATIONS:**

The transfer of the audited 2023 operating surpluses (or funding of deficits) to or from various reserves or reserve funds provides a means of ensuring the prior year's variance is not carried forward to the future year's budget. The reserves and reserve funds also provide a source of financing for unexpected or future expenditures and are particularly appropriate to fund one-time costs. During the preparation of the annual operating budgets, the balances in the respective reserves and reserve funds are evaluated and plans are recommended to replenish these funds where necessary.

### **STAKEHOLDER IMPACTS:**

Division Managers review their budgets regularly during the year and attempt to mitigate variances within their relevant operations to the best of their ability.

### **REPORT IMPACTS:**

Agreement: No

By-law: No

Budget Amendment: No

Policy: No

### **REFERENCES:**

1. [FIN-05-2024 Investment Status Report – December 31, 2023](#)

### **ATTACHMENTS:**


1. Building Division Statement of Activities 2014-2023
2. Parkland Dedication Reserve Fund Statement of Activities 2023
3. Auditors Report from Millard, Rouse & Rosebrugh, dated August 27, 2024 accompanied by a copy of Haldimand County's 2023 Audited Financial Statements



**Corporation of Haldimand County**  
Building Division  
Statement of Activities 2014 - 2023

<u>January 1st to December 31st</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
	<u>(\$)</u>	<u>(\$)</u>	<u>(\$)</u>	<u>(\$)</u>	<u>(\$)</u>	<u>(\$)</u>	<u>(\$)</u>	<u>(\$)</u>	<u>(\$)</u>	<u>(\$)</u>
<b>Revenues:</b>										
Building Permits	1,565,168	1,333,386	1,661,880	2,290,725	1,106,725	1,432,586	1,543,472	2,841,225	1,874,731	2,059,181
Plumbing Permits				-	57,631	57,932	85,827	135,301	114,173	118,122
Septic Inspections	15,572	14,858	16,787	20,980	18,946	28,750	26,855	24,078	87,881	73,077
Provincial Student Grant				-	-	-				
<b>Total Revenues</b>	<b>1,580,740</b>	<b>1,348,244</b>	<b>1,678,667</b>	<b>2,311,705</b>	<b>1,183,302</b>	<b>1,519,268</b>	<b>1,656,154</b>	<b>3,000,604</b>	<b>2,076,785</b>	<b>2,250,379</b>
<b>Less Expenses:</b>										
Direct Costs	(599,915)	(620,022)	(670,871)	(861,709)	(1,264,861)	(1,171,035)	(1,439,748)	(1,488,852)	(1,230,368)	(1,373,537)
Indirect Costs	(172,220)	(178,660)	(194,710)	(205,510)	(218,411)	(225,470)	(224,259)	(284,130)	(295,420)	(299,150)
<b>Total Expenses</b>	<b>(772,135)</b>	<b>(798,682)</b>	<b>(865,581)</b>	<b>(1,067,219)</b>	<b>(1,483,273)</b>	<b>(1,396,505)</b>	<b>(1,664,006)</b>	<b>(1,772,982)</b>	<b>(1,525,788)</b>	<b>(1,672,687)</b>
<b>Contribution to/(from) Building Permit Cost Stabilization Reserve Fund</b>	<b>808,605</b>	<b>549,562</b>	<b>813,087</b>	<b>1,244,486</b>	<b>(299,971)</b>	<b>122,763</b>	<b>(7,852)</b>	<b>1,227,622</b>	<b>550,997</b>	<b>577,692</b>
<b>Continuity of Building Permit Cost Stabilization Reserve Fund</b>										
Opening Balance - January 1st	1,589,453	2,441,959	3,041,573	3,975,100	5,278,545	5,064,031	5,369,727	5,512,358	6,904,538	7,618,658
Transfer to/(from) Reserve	808,605	549,562	813,087	1,244,486	(299,971)	122,763	(7,852)	1,227,622	550,997	577,692
Interest	43,901	50,053	120,441	58,959	85,456	182,933	150,484	164,558	163,124	294,504
Closing Balance - December 31st	<b>2,441,959</b>	<b>3,041,573</b>	<b>3,975,100</b>	<b>5,278,545</b>	<b>5,064,031</b>	<b>5,369,727</b>	<b>5,512,358</b>	<b>6,904,538</b>	<b>7,618,658</b>	<b>8,490,854</b>

*This statement is presented in accordance with Section 7(4) of the Building Code Act (the "Act") and related Ontario Regulations in relation to fees authorized under Section 7(1)(c) of the Act.*

 <b>Haldimand</b> County		<b>Corporation of Haldimand County</b> <b>Parkland Dedication Reserve Fund</b> Statement of Activities 2023
<u>January 1st to December 31st</u>		<u>2023</u> <u>(\$)</u>
<b>Continuity of Parkland Reserve Fund</b>		
Opening Balance - January 1st		<b>918,604</b>
<b>Sources of Funds:</b>		
Park Dedication Payments		24,350
Interest Earned		35,082
<b>Total Source of Funds</b>		<b>59,432</b>
<b>Use of Funds*</b>		
Amounts Transferred to Capital (or Other) Funds (1)		(967)
<b>Total Use of Funds</b>		<b>(967)</b>
<b>Closing Balance - December 31st</b>		<b>977,069</b>
<i>(1) See Attachment 1 for details</i>		
<i>This statement is presented in accordance with Section 37 (5)-(10) and 42 (17)-(20) of the Planning Act (the "Act").</i>		

<b>PARKLAND RESERVE FUND STATEMENT                      THE CORPORATION OF HALDIMAND COUNTY                      FOR THE YEAR 2023</b>					
<b>Capital Project</b>	<b>Parkland Reserve Fund Draw</b>	<b>Development Charges - Leisure Services</b>	<b>Other Reserves Fund Draw</b>	<b>Grants, Subsidies, Other Contributions</b>	<b>Total 2023 Funding</b>
721018 - Jarvis to Townsend Trail Feasibility Study	\$ 966.72	\$ 8,700.48	\$ -	\$ -	\$ 9,667.20
<b>Totals</b>	<b>\$ 967</b>	<b>\$ 8,700</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 9,667</b>

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





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

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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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.



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Cathy Case, Chief Administrative Officer



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

Cayuga, Ontario  
August 27, 2024

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## INDEPENDENT AUDITOR'S REPORT

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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)
<b>FINANCIAL ASSETS</b>		
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
	<b>286,593,917</b>	<b>280,778,620</b>
<b>LIABILITIES</b>		
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
	<b>150,019,915</b>	<b>152,651,964</b>
<b>NET FINANCIAL ASSETS</b>	<b>136,574,002</b>	<b>128,126,656</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 10)	577,146,195	548,145,926
Prepaid expenses	238,371	330,750
Inventory	999,284	783,838
	<b>578,383,850</b>	<b>549,260,514</b>
<b>ACCUMULATED SURPLUS (Note 11)</b>	<b>\$714,957,852</b>	<b>\$677,387,170</b>

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>
<b>REVENUES</b>			
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
	<b>153,947,240</b>	<b>181,063,567</b>	175,413,684
<b>Expenses</b>			
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
	<b>144,887,384</b>	<b>143,492,885</b>	138,485,898
<b>ANNUAL SURPLUS</b>	<b>9,059,856</b>	<b>37,570,682</b>	36,927,786
<b>Accumulated surplus - beginning of year</b>			
As previously reported	677,387,170	677,387,170	625,618,202
PSAS adjustments <i>(Note 3)</i>	-	-	14,841,182
As restated	<b>677,387,170</b>	<b>677,387,170</b>	640,459,384
<b>ACCUMULATED SURPLUS - END OF YEAR</b>	<b>\$686,447,026</b>	<b>\$714,957,852</b>	\$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>
<b>ANNUAL SURPLUS</b>	<b>\$ 9,059,856</b>	<b>\$ 37,570,682</b>	<b>\$ 36,927,786</b>
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)
	<b>(28,833,108)</b>	<b>(29,123,336)</b>	<b>(16,011,320)</b>
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	<b>(19,773,252)</b>	<b>8,447,346</b>	<b>20,916,466</b>
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	<b>128,126,656</b>	<b>128,126,656</b>	<b>107,210,190</b>
<b>NET FINANCIAL ASSETS - END OF YEAR</b>	<b>\$ 108,353,404</b>	<b>\$ 136,574,002</b>	<b>\$ 128,126,656</b>

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>
<b>OPERATING ACTIVITIES</b>		
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)
	<b>64,298,976</b>	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)
	<b>(2,548,271)</b>	12,108,402
Cash flow from operating activities	<b>61,750,705</b>	76,517,219
<b>INVESTING ACTIVITY</b>		
Change in investments	8,243,548	(43,161,047)
Cash flow from (used by) investing activity	<b>8,243,548</b>	(43,161,047)
<b>FINANCING ACTIVITIES</b>		
Long-term debt issued	-	4,416,500
Repayment of long-term debt	(8,104,088)	(7,641,438)
Cash flow used by financing activities	<b>(8,104,088)</b>	(3,224,938)
<b>CAPITAL ACTIVITIES</b>		
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	<b>(55,728,563)</b>	(43,306,820)
<b>INCREASE (DECREASE) IN CASH</b>	<b>6,161,602</b>	(13,175,586)
Cash - beginning of year	9,992,174	23,167,760
<b>CASH - END OF YEAR</b>	<b>\$ 16,153,776</b>	\$ 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)*

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

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**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)*

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

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**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 fulfil 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.

*(continues)*

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

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**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.

*(continues)*

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

# 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
	<b>\$242,070,147</b>	<b>\$244,398,732</b>	<b>\$247,571,981</b>	<b>\$252,632,280</b>

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
	<b>\$10,686,900</b>	<b>\$11,225,600</b>

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.	<b>\$ 5,191,000</b>	\$ 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.	<b>3,400,000</b>	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.	<b>562,267</b>	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.	<b>7,138,650</b>	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.	<b>2,208,930</b>	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.	<b>7,920,750</b>	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.	<b>15,560,000</b>	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.	<b>6,678,920</b>	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.	<b>3,974,850</b>	4,416,500
	<b><u>\$ 52,635,367</u></b>	<b><u>\$ 60,739,455</u></b>

(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	19,858,147
	<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	<b>\$1,041,910,829</b>
Additions	348,938	8,672,510	3,315,749	41,339,703	5,715,368	29,583,253	<b>88,975,521</b>
Disposals	(2,636.00)	(232,219)	(102,693)	(4,553,677)	(2,164,273)	(561,051)	<b>(7,616,549)</b>
Transfer to capital assets	-	-	-	-	-	(29,660,050)	<b>(29,660,050)</b>
<b>Cost, end of year</b>	<b>15,013,278</b>	<b>106,991,770</b>	<b>190,804,464</b>	<b>634,175,591</b>	<b>118,131,438</b>	<b>28,493,210</b>	<b>1,093,609,751</b>
Accumulated amortization, beginning of year	-	39,082,535	61,571,022	334,566,345	58,545,001	-	<b>493,764,903</b>
Amortization	-	2,002,085	3,820,581	14,863,888	5,913,518	-	<b>26,600,072</b>
Disposals	-	(153,653)	(46,623)	(1,786,033)	(1,915,110)	-	<b>(3,901,419)</b>
Accumulated amortization, end of year	-	40,930,967	65,344,980	347,644,200	62,543,409	-	<b>516,463,556</b>
Net carrying amount, end of year	<b>\$15,013,278</b>	<b>\$ 66,060,803</b>	<b>\$ 125,459,484</b>	<b>\$ 286,531,391</b>	<b>\$ 55,588,029</b>	<b>\$28,493,210</b>	<b>\$ 577,146,195</b>

(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
<b>Net investment in tangible capital assets</b>	<b>521,059,348</b>	<b>491,445,952</b>
<b>BIA surpluses</b>	<b>138,017</b>	<b>138,017</b>
<b>Reserves and reserve funds - Operating</b>		
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
	<b>54,891,025</b>	<b>52,870,044</b>
<b>Reserves and reserve funds - Capital</b>		
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
	<b>64,178,010</b>	<b>65,880,347</b>
<b>Subtotal - Reserves and reserve funds</b>	<b>119,069,035</b>	<b>118,750,391</b>
<b>Hydro legacy fund</b>	<b>97,398,419</b>	<b>93,652,326</b>
<b>Community vibrancy fund</b>	<b>(6,547,397)</b>	<b>(7,829,905)</b>
<b>WSIB reserve fund held jointly with Norfolk County (gross amounts)</b>	<b>319,145</b>	<b>337,283</b>
<b>Unfunded liabilities</b>		
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
	<b>(16,478,715)</b>	<b>(19,106,894)</b>
	<b>\$ 714,957,852</b>	<b>\$ 677,387,170</b>



# 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
	<b>\$ 84,641,450</b>	<b>\$ 85,716,220</b>	<b>\$ 80,386,950</b>

### 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
	<b>\$ 3,121,600</b>	<b>\$ 4,318,149</b>	<b>\$ 2,276,158</b>

### 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
	<b>\$ 23,587,770</b>	<b>\$ 26,373,933</b>	<b>\$ 24,972,476</b>

# 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
	<b>\$ 7,603,210</b>	<b>\$ 31,602,420</b>	<b>\$ 36,621,769</b>

### 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.

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# The Corporation of Haldimand County

## Notes to Consolidated Financial Statements

Year ended December 31, 2023

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### 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:

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

**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)*

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# The Corporation of Haldimand County

FIN-13-2024, Attachment 3

## Notes to Consolidated Financial Statements

Year ended December 31, 2023

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### 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.

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

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**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
<b>Revenue</b>							
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
<b>Expenses</b>							
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
<b>Surplus (deficiency) of revenue over expenses for the year financed by net municipal levy</b>							
	\$26,139,224	\$ (14,118,407)	\$ (35,271,476)	\$ (4,543,338)	\$ (377,782)	\$ (19,973,759)	\$ (48,145,538)
<b>Taxation revenue</b>							<b>85,716,220</b>
<b>Annual surplus</b>							<b>\$ 37,570,682</b>

[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
<b>Revenue</b>							
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
<b>Expenses</b>							
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
<b>Surplus (deficiency) of revenue over expenses for the year financed by net municipal levy</b>							
	\$ 34,410,107	\$ (14,716,714)	\$ (37,882,316)	\$ (7,916,335)	\$ (1,610,090)	\$ (15,743,816)	\$ (43,459,164)
<b>Taxation revenue</b>							80,386,950
<b>Annual surplus</b>							\$ 36,927,786

[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
<b>REVENUE</b>			
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
	<b>145,080</b>	<b>154,240</b>	<b>144,935</b>
<b>EXPENSES</b>			
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
	<b>2,486,800</b>	<b>2,315,379</b>	<b>2,261,328</b>
<b>DEFICIENCY OF REVENUE OVER EXPENSES BEFORE UNDERNOTED ITEMS</b>			
	<b>(2,341,720)</b>	<b>(2,161,139)</b>	<b>(2,116,393)</b>
Transfer from reserves	174,800	174,796	176,392
Transfer to reserves	(316,680)	(497,257)	(526,069)
	<b>(141,880)</b>	<b>(322,461)</b>	<b>(349,677)</b>
<b>DEFICIENCY OF REVENUE OVER EXPENSES FOR THE YEAR, FINANCED BY NET MUNICIPAL LEVY</b>			
	<b>\$ (2,483,600)</b>	<b>\$ (2,483,600)</b>	<b>\$ (2,466,070)</b>

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**

	<b>Budget</b> <i>(Note 20)</i>	<b>2023</b>	<b>2022</b>
<b>REVENUE</b>			
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
	<b>103,680</b>	<b>96,981</b>	122,366
<b>EXPENSES</b>			
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
	<b>477,480</b>	<b>481,288</b>	420,337
<b>DEFICIENCY OF REVENUE OVER EXPENSES BEFORE UNDERNOTED ITEMS</b>	<b>(373,800)</b>	<b>(384,307)</b>	<b>(297,971)</b>
Transfer from reserves	1,200	-	-
<b>DEFICIENCY OF REVENUE OVER EXPENSES FOR THE YEAR FINANCED BY NET MUNICIPAL LEVY</b>	<b>\$ (372,600)</b>	<b>\$ (384,307)</b>	<b>\$ (297,971)</b>

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**

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## INDEPENDENT AUDITOR'S REPORT

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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.

*(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*)

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

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

See accompanying notes to financial statements

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

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**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.