

Consolidated Financial Statements

**THE CORPORATION OF THE
COUNTY OF HALIBURTON**

And Independent Auditor's Report thereon

Year ended December 31, 2023

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Corporation of the County of Haliburton (the "County") are the responsibility of the County's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies is described in Note 1 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The County's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by Management.

Council meets with Management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the County. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Municipality's consolidated financial statements.


Chief Administrative Officer



KPMG LLP

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INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the County of Haliburton

Opinion

We have audited the consolidated financial statements of The Corporation of the County of Haliburton (the "County"), which comprise:

- the consolidated statement of financial position as at December 31, 2023;
- the consolidated statement of operations and accumulated surplus for the year then ended;
- the consolidated statement of change in net financial assets for the year then ended;
- the consolidated statement of remeasurement gains and losses for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- and the notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the County as at December 31, 2023, and its consolidated results of operations and accumulated surplus and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditor's Responsibilities for the Audit of the Financial Statements**" section of our auditor's report.

We are independent of the County in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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



Emphasis of Matter – Comparative Information

We draw attention to Note 2 to the financial statements (“Note 2”), which explains that certain comparative information presented for the year ended December 31, 2023 has been restated as a result of the modified retroactive adoption of the asset retirement obligation standard. Note 2 explains the reason for the restatement and also explains the adjustments that were applied to restate certain comparative information. Our opinion is not modified in respect of this matter.

Other Matter – Comparative Information

As part of our audit of the financial statements for the year ended December 31, 2023, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended December 31, 2022 as a result of a change in accounting policy. In our opinion, such adjustments are appropriate and have been properly applied.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the County'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 County or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the County'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 the 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.



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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 County'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 County'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 County's 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.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P', with a small upward tick at the end.

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

May 1, 2024

THE CORPORATION OF THE COUNTY OF HALIBURTON

Consolidated Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022
		(Restated - note 2)
Financial Assets		
Cash	\$ 2,788,046	\$ 5,252,825
Investments (note 3)	7,569,169	6,670,718
Accounts receivable (note 4)	1,301,345	1,465,374
	<u>11,658,560</u>	<u>13,388,917</u>
Financial Liabilities		
Accounts payable and accrued liabilities	3,099,850	4,636,469
Deferred revenue (note 5)	-	346,881
Employee post-retirement benefits (note 6)	417,500	398,300
Municipal debt (note 7)	6,951,793	7,745,326
Asset retirement obligation (note 9)	120,000	120,000
	<u>10,589,143</u>	<u>13,246,976</u>
Net financial assets	1,069,417	141,941
Non-financial Assets		
Tangible capital assets (note 8)	48,455,243	47,779,244
Prepaid expenses	118,859	102,096
	<u>48,574,102</u>	<u>47,881,340</u>
Contingencies and commitments (note 11)		
Accumulated surplus	\$ 49,643,519	\$ 48,023,281
Accumulated surplus is comprised of:		
Accumulated operating surplus (note 10)	\$ 49,580,017	\$ 48,034,750
Accumulated rereasurement gains (losses)	63,502	(11,469)
	<u>\$ 49,643,519</u>	<u>\$ 48,023,281</u>

THE CORPORATION OF THE COUNTY OF HALIBURTON

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2023, with comparative information for 2022

	2023 Budget (note 12)	2023 Actual	2022 Actual
Revenue:			
Requisition on local municipalities	\$ 21,722,570	\$ 21,921,054	\$ 20,960,141
Government grants - Federal	624,419	699,862	1,213,369
Government grants - Provincial	5,434,462	6,214,175	4,696,090
User fees and service charges	516,687	810,988	1,042,718
Other:			
Investment income	70,500	536,620	113,020
Donations and other	962,725	57,097	34,842
Gain on sale of tangible capital assets	47,000	73,053	105,577
Total revenue	29,378,363	30,312,849	28,165,757
Expenses:			
General government	3,967,730	3,862,412	3,487,972
Protection services	221,037	176,387	206,161
Transportation services	11,383,760	10,596,601	10,480,305
Health services	8,793,603	8,807,355	8,275,933
Social and family services	1,914,826	1,979,453	1,720,686
Recreational and cultural services	1,444,973	1,349,028	1,235,565
Planning and development	2,001,895	1,921,375	1,781,119
Total expenses	29,727,824	28,692,611	27,187,741
Annual surplus (deficit)	(349,461)	1,620,238	978,016
Accumulated surplus, beginning of year	48,023,281	48,023,281	47,165,265
Adjustment on adoption of the asset retirement obligation standard (note 2)	-	-	(120,000)
Accumulated surplus, beginning of year, as restated	48,023,281	48,023,281	47,045,265
Accumulated surplus, end of year	\$ 47,673,820	\$ 49,643,519	\$ 48,023,281

The accompanying notes are an integral part of these consolidated financial statements.

THE CORPORATION OF THE COUNTY OF HALIBURTON

Consolidated Statement of Change in Net Financial Assets

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
		(Restated - note 2)
Annual surplus	\$ 1,620,238	\$ 978,016
Acquisition of tangible capital assets	(6,196,699)	(9,863,481)
Amortization of tangible capital assets	5,509,993	5,115,232
Gain on sale of tangible capital assets	(73,053)	(105,577)
Proceeds on sale of tangible capital assets	83,760	251,618
Acquisition of prepaid expenses	(118,859)	(102,096)
Utilization of prepaid expenses	102,096	34,863
Change in net financial assets	927,476	(3,691,425)
Net financial assets, beginning of year	141,941	3,953,366
Adjustment on adoption of the asset retirement obligation standard (note 2)	-	(120,000)
Net financial assets, beginning of year, as restated	141,941	3,833,366
Net financial assets, end of year	\$ 1,069,417	\$ 141,941

The accompanying notes are an integral part of these consolidated financial statements.

THE CORPORATION OF THE COUNTY OF HALIBURTON

Consolidated Statement of Remeasurement Gains and Losses

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Accumulated remeasurement gains (losses), beginning of year	\$ (11,469)	\$ 107,839
Unrealized gains (losses)	74,971	(119,308)
Net remeasurement gains (losses) for the year	74,971	(119,308)
Accumulated remeasurement gains (losses), end of year	\$ 63,502	\$ (11,469)

The accompanying notes are an integral part of these consolidated financial statements.

THE CORPORATION OF THE COUNTY OF HALIBURTON

Consolidated Statement of Cash Flows

December 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 1,620,238	\$ 978,016
Items not involving cash:		
Amortization of tangible capital assets	5,509,993	5,115,232
Gain on sale of tangible capital assets	(73,053)	(105,577)
	7,057,178	5,987,671
Change in non-cash assets and liabilities:		
Decrease (increase) in accounts receivable	164,029	(88,817)
Decrease in deferred revenue	(346,881)	(203,805)
Increase in prepaid expenses	(16,763)	(67,233)
Increase in employee future benefits	19,200	30,100
Increase (decrease) payable and accrued liabilities	(1,536,619)	461,846
Net change in cash from operating activities	5,340,144	6,119,762
Capital activities:		
Proceeds on disposition of tangible capital assets	83,760	251,618
Acquisition of tangible capital assets	(6,196,699)	(9,863,481)
Net change in cash from capital activities	(6,112,939)	(9,611,863)
Financing activities:		
Purchase of investments	(898,451)	(24,991)
Proceeds on issuance of debt	-	4,152,931
Debt principal repayments	(793,533)	(375,766)
Net change in cash from financing activities	(1,691,984)	3,752,174
Net change in cash and cash equivalents	(2,464,779)	260,073
Cash, beginning of year	5,252,825	4,992,752
Cash, end of year	\$ 2,788,046	\$ 5,252,825

The accompanying notes are an integral part of these consolidated financial statements.

THE CORPORATION OF THE COUNTY OF HALIBURTON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

The Corporation of the County of Haliburton (the "County") is an upper-tier county in Ontario. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and other related legislation.

1. 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:

(a) Basis of consolidation:

These consolidated financial statements reflect the assets, liabilities, revenues, expenses and fund balances of the reporting entity and include the activities of all committees of Council and the following local boards which are under the control of Council:

Haliburton County Public Library Board

All interfund and inter-entity assets, liabilities, revenues and expenses have been eliminated.

(b) Basis of accounting:

Government transfers are transfers from senior levels of government that are not the result of an exchange transaction and are not expected to be repaid in the future. Government transfers without eligibility criteria or stipulations are recognized as revenue when the transfer is authorized. A transfer with eligibility criteria is recognized as revenue when the transfer is authorized and all eligibility criteria have been met. A transfer with or without eligibility criteria but with stipulations is recognized as revenue in the period the transfer is authorized and all eligibility criteria have been met, except where and to the extent that the transfer gives rise to an obligation that meets the definition of a liability for the City.

User fees and other revenues are recognized when the services are performed or goods are delivered, collection of the relevant receivable is probable, persuasive evidence of an arrangement exists and fees are fixed or determinable. Amounts received for future services are deferred until the service is provided.

Fines and donations are recognized when collected.

Expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

(c) Cash:

Cash includes cash and cash equivalents which consist of bank balances and investments in money market instruments with maturities of three months or less, and is net of any temporary borrowings for current purposes.

THE CORPORATION OF THE COUNTY OF HALIBURTON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(d) Tangible capital assets:

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes 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 donations, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated useful life of the tangible capital asset as follows:

Assets	Useful Life - Years
Land improvements	15
Buildings	20 to 40
Leasehold improvements	
Vehicles	4 to 10
Machinery and equipment-heavy	20
Machinery and equipment-operating	10
Computer and hardware and software	
Road surface	5 to 25
Road base	40
Bridges	50 to 100
Culverts	25 to 75
Websites	

Tangible capital assets under construction are recorded at cost. Amortization is recorded at 50% in the year of acquisition.

(e) Investments:

Investments consist of authorized investments pursuant to provisions of the Municipal Act and are comprised of short term instruments in various securities. Investments with original maturity dates between three months and one year are classified as investments in the statement of financial position and are carried at fair market value.

Investment income earned on the short term instruments, reserve and reserve funds (other than obligatory funds) are reported as revenue 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.

THE CORPORATION OF THE COUNTY OF HALIBURTON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(f) Pension plan:

The County is an employer member of the Ontario Municipal Employees Retirement System (“OMERS”), which is a multi-employer, defined benefit pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. The County has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The County records as pension expense the current service cost.

(g) Employee post-retirement benefits:

The County accrues its obligations for employee benefit plans. The cost of non-pension post-retirement and post-employment benefits earned by employers is actuarially determined using the projected benefit method pro-rated on service and management’s best estimate of retirement ages of employees and expected health care costs.

Actuarial gains (losses) on the on the accrued benefit obligation arise from changes in actuarial assumptions used to determine the accrued benefit obligation. The net accumulated actuarial gains (losses) are amortized over the average remaining service period of active employees. The average remaining service period of the active employees covered by the employee benefit plan is 13 years.

Past service costs arising from plan amendments are recognized immediately in the period the plan amendments occur.

(h) Deferred revenue:

Under PSAB accounting principles, obligatory reserve funds and any other externally restricted financing amounts must be reported as deferred revenue. Only the amount earned by qualifying expenses in the current year is reflected as revenue in the consolidated statement of operations.

(i) Use of estimates:

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting periods. Significant items subject to such estimates and assumptions include valuation allowances for taxes and user charges receivable, accounts receivable, and estimating provisions for accrued liabilities. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earning in the year in which they become known.

THE CORPORATION OF THE COUNTY OF HALIBURTON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(j) Asset retirement obligations:

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

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

The liability for asset retirement obligations has been recognized based on estimated future expenses. The recognition of a liability resulted in an accompanying increase to the respective tangible capital assets. The increase to the tangible capital assets is being amortized in accordance with the amortization accounting policies outlined in note 1(d).

2. Change in accounting policies:

The County adopted the following standards concurrently beginning January 1, 2022 prospectively: PS 1201 *Financial Statement Presentation*, PS 2601 *Foreign Currency Translation*, PS 3041 *Portfolio Investments* and PS 3450 *Financial Instruments*.

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

PS 2601 *Foreign Currency Translation* replaces PS 2600 *Foreign Currency Translation*. The standard requires monetary assets and liabilities denominated in a foreign currency and nonmonetary items denominated in a foreign currency that are reported as fair value, to be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses arising from foreign currency changes are presented in the new Statement of Remeasurement Gains and Losses. PS 3041 *Portfolio Investments* replaces PS 3040 *Portfolio Investments*. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 *Financial Instruments*. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 *Temporary Investments* no longer applies.

THE CORPORATION OF THE COUNTY OF HALIBURTON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

2. Change in accounting policies (continued):

PS 3450 *Financial Instruments* establishes accounting and reporting requirements for all types of financial instruments including derivatives. The standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. All other financial instruments will generally be measured at cost or amortized cost. Unrealized gains and losses arising from changes in fair value are presented in the Statement of Remeasurement Gains and Losses.

Establishing fair value:

The fair value of guarantees and letters of credit are based on fees currently charged for similar agreements or on the estimated cost to terminate them or otherwise settle the obligations with the counterparties at the reported borrowing date.

Fair value hierarchy:

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

Level 1 – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

PS 3280 Asset Retirement Obligations:

On January 1, 2022, the County adopted Public Accounting Standard PS 3280 *Asset Retirement Obligations*. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets. The new accounting standard has resulted in a withdrawal of the existing Section PS 3270 *Solid Waste Landfill Closure and Post-Closure Liability*. The standard was adopted on the modified retrospective basis at the date of adoption.

Under the modified retrospective method, the discount rate and assumptions used on initial recognition are those as of the date of adoption of the standard.

THE CORPORATION OF THE COUNTY OF HALIBURTON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

2. Change in accounting policies (continued):

PS 3280 Asset Retirement Obligations (continued):

On January 1, 2022, the County recognized asset retirement relating to six aggregate pits that are either owned or leased by the County. Under the Aggregate Resources Act and associated regulations, the County has an obligation to remediate the aggregate pits at the end of their useful lives.

In accordance with the provisions of this new standard, the Corporation reflected the following adjustments at January 1, 2022 relating to its ownership or lease of aggregate pits :

- a) An increase of \$120,000 to Asset Retirement Obligations, representing the original estimate of the obligation to remediate the County's aggregate pits.
- b) A decrease to Opening Accumulated Surplus of \$120,000 as a result of the recognition of the liability and the accompanying increase in amortization expense for the years since the purchase or lease of the aggregate pits.

The County currently does not operate landfill sites. An engineering assessment of its facilities did not identify a material asset retirement obligation relating to asbestos abatement. As a result, the County has not recorded additional Asset Retirement Obligations.

3. Portfolio investments:

	2023 Cost	2023 Market	2022 Cost	2022 Market
Equity portfolio	\$ 490,704	\$ 607,373	\$ 464,631	\$ 518,158
High interest savings	5,911,431	5,911,431	5,156,171	5,156,171
Money market portfolio	545,560	539,790	516,739	515,826
Bond portfolio	557,972	510,575	544,648	480,563
	<u>\$ 7,505,667</u>	<u>\$ 7,569,169</u>	<u>\$ 6,682,189</u>	<u>\$ 6,670,718</u>

4. Accounts receivable:

	2023	2022
Government of Canada	\$ 458,502	\$ 1,009,116
Province of Ontario	–	58,403
Other municipalities	301,240	378,988
Other	541,603	18,867
	<u>\$ 1,301,345</u>	<u>\$ 1,465,374</u>

THE CORPORATION OF THE COUNTY OF HALIBURTON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

5. Deferred revenue:

Deferred revenue represents unspent funds externally restricted for a specific purpose received in the current and/or prior period that are unspent in the current period.

	2023	2022
Deferred revenue – OCIF	\$ –	\$ 346,881

6. Employee post-retirement benefits:

OMERS provides pension services to more than 461,000 active and retired members and approximately 1,000 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the “Plan”) by comparing the actuarial value of invested assets to estimated present value of all pension benefits that members have earned to date. Because OMERS is a multi-employer plan, any pension plan surpluses or deficit are a joint responsibility of Ontario municipal organizations and their employees. As a result, the County does not recognize any share of the OMERS pension surplus or deficit. Contributions made by the County to OMERS for 2023 were \$910,360 (2022 - \$769,114).

The County sponsors a post-retirement defined benefit plan for medical, life insurance and dental benefits for substantially all full time employees with various cost sharing arrangements as determined by their collective agreements. The most recent valuation of employee future benefits was completed as at December 31, 2022.

The accrued benefit obligation is recorded in the financial statements as follows:

	2023	2022
Balance, beginning of year	\$ 398,300	\$ 368,200
Add: Benefit costs	75,800	54,500
Add: Interest costs	13,000	12,500
	487,100	435,200
Less: benefit contributions	(69,600)	(36,900)
Balance, end of year	\$ 417,500	\$ 398,300

Similar to most post-employment benefit plans (other than pension) in Canada, the County’s plan is not pre-funded, resulting in plan deficit equal to the accrued benefit obligation.

THE CORPORATION OF THE COUNTY OF HALIBURTON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

6. Employee post-retirement benefits (continued):

The significant actuarial assumptions adopted in measuring the County's accrued benefit obligations are as follows:

	2023	2022
Discount rate	2.60%	2.60%
Dental cost trend rates	4.00%	4.00%
Extended health care trend rates	4.00%	4.00%

7. Municipal debt:

The balance of net municipal debt is made up of the following:

	2023	2022
Loan payable, 1.38%, repayable monthly at \$25,000 principal plus interest, due 2030	\$ 2,050,000	\$ 2,350,000
Loan payable, 4.24%, repayable in blended semi-annual installments of \$58,933 principal and interest, due 2032	1,164,155	4,152,931
Loan payable, 3.24%, repayable in semi-annual instalments of \$207,647 principal plus interest, due 2035	3,737,638	1,242,395
Net municipal debt	\$ 6,951,793	\$ 7,745,326

Principal payments on the long-term debt are as follows:

2024	\$ 796,089
2025	798,728
2026	801,453
2027	804,267
2028	807,173
Thereafter	2,944,083
	\$ 6,951,793

The long-term liabilities issued in the County's name have been approved by by-law as required and the annual principal and interest payments required are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

THE CORPORATION OF THE COUNTY OF HALIBURTON

Notes to Consolidated Financial Statements (continued)

December 31, 2023, with comparative information for 2022

8. Tangible capital assets:

Cost	Balance at December 31, 2022	Additions	Disposals and adjustments	Balance at December 31, 2023
Land	\$ 754,228	\$ -	\$ -	\$ 754,228
Building and leasehold improvements	4,637,830	104,938	-	4,742,768
Multi-use trail	260,532	5,385	-	265,917
Equipment	4,495,856	509,046	-	5,004,902
Vehicles - licensed	5,112,716	1,245,447	(566,850)	5,791,313
Vehicles - unlicensed	1,158,439	225,346	(111,348)	1,272,437
Trailers - unlicensed	144,391	-	-	144,391
Roads infrastructure	103,633,556	2,845,430	-	106,478,986
Bridges	11,781,430	1,259,975	-	13,041,405
Culverts	3,507,195	1,132	-	3,508,327
Total	\$ 135,486,173	\$ 6,196,699	\$ (678,198)	\$ 141,004,674

Accumulated Amortization	Balance at December 31, 2022	Amortization	Disposals and adjustments	Balance at December 31, 2023
Land	\$ -	\$ -	\$ -	\$ -
Building and leasehold improvements	1,761,579	191,405	-	1,952,984
Multi-use trail	39,080	26,592	-	65,672
Equipment	2,675,856	565,148	-	3,241,004
Vehicles - licensed	2,819,767	518,310	(522,416)	2,815,661
Vehicles - unlicensed	629,246	79,260	(111,348)	597,158
Trailers - unlicensed	67,911	8,127	-	76,038
Roads infrastructure	76,246,786	3,435,788	-	79,682,574
Bridges	2,552,655	542,564	-	3,095,219
Culverts	880,322	142,799	-	1,023,121
Total	\$ 87,673,202	\$ 5,509,993	\$ (633,764)	\$ 92,549,431

	Net book value, December 31, 2022	Net book value, December 31, 2023
Land	\$ 754,228	\$ 754,228
Building and land improvements	2,876,251	2,789,784
Multi-use trail	221,452	200,245
Equipment	1,820,000	1,763,898
Vehicles - licensed	2,292,949	2,975,652
Vehicles - unlicensed	495,466	675,279
Trailers - unlicensed	76,480	68,353
Roads surface	27,386,770	26,796,412
Bridges	9,228,775	9,946,186
Culverts	2,626,873	2,485,206
Total	\$ 47,779,244	\$ 48,455,243

THE CORPORATION OF THE COUNTY OF HALIBURTON

Notes to Consolidated Financial Statements (continued)

December 31, 2023, with comparative information for 2022

8. Tangible capital assets (continued):

Cost	Balance at December 31, 2021			Balance at December 31, 2022	
		Additions	Disposals		
Land	\$ 754,228	\$ -	\$ -	\$ 754,228	
Building and leasehold improvements	4,516,923	120,907	-	4,637,830	
Multi-use trail	260,532	-	-	260,532	
Equipment	3,906,531	607,262	(17,937)	4,495,856	
Vehicles - licensed	4,848,971	694,489	(430,744)	5,112,716	
Vehicles - unlicensed	1,549,992	-	(425,280)	1,124,712	
Trailers - unlicensed	144,391	-	-	144,391	
Roads infrastructure	99,298,426	4,335,130	-	103,633,556	
Bridges	8,574,536	3,308,792	(101,898)	11,781,430	
Culverts	2,710,294	796,901	-	3,507,195	
Total	\$ 126,564,824	\$ 9,863,481	\$ (975,859)	\$ 135,452,446	

Accumulated Amortization	Balance at December 31, 2021			Balance at December 31, 2022	
		Disposals and adjustments			
Land	\$ -	\$ -	\$ -	\$ -	
Building and leasehold improvements	1,587,048	174,531	-	1,761,579	
Multi-use trail	13,027	26,053	-	39,080	
Equipment	2,186,436	507,359	(17,939)	2,675,856	
Vehicles - licensed	2,776,883	468,258	(425,374)	2,819,767	
Vehicles - unlicensed	947,759	67,992	(386,505)	629,246	
Trailers - unlicensed	59,338	8,573	-	67,911	
Roads infrastructure	72,831,653	3,415,133	-	76,246,786	
Bridges	2,208,218	344,437	-	2,552,655	
Culverts	777,426	102,896	-	880,322	
Total	\$ 83,387,788	\$ 5,115,232	\$ (829,818)	\$ 87,673,202	

	Net book value, December 31, 2021		Net book value, December 31, 2022	
Land	\$ 754,228		\$ 754,228	
Building and land improvements	2,929,875		2,876,251	
Multi-use trail	247,505		221,452	
Equipment	1,720,095		1,820,000	
Vehicles - licensed	2,072,088		2,292,949	
Vehicles - unlicensed	602,233		495,466	
Trailers - unlicensed	85,053		76,480	
Roads surface	26,466,773		27,386,770	
Bridges	6,366,318		9,228,775	
Culverts	1,932,868		2,626,873	
Total	\$ 43,177,036		\$ 47,779,244	

THE CORPORATION OF THE COUNTY OF HALIBURTON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

9. Asset retirement obligation:

The County's owns or leases aggregate pits and under the Aggregate Resources Act, the County is required to remediate the pits at the end of their useful life. Following the adoption of PS3280 – Asset retirement obligations, the County recognized an obligation relating to the remediation of these aggregate pits as estimated at January 1, 2022. The obligation is determined based on the estimated undiscounted cash flows that will be required in the future to remediate the pits in accordance with current legislation.

The transition and recognition of asset retirement obligations involved an accompanying restatement of prior year numbers (see note 2).

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

	2023	2022
Opening balance	\$ 120,000	\$ –
Adjustment on adoption of asset retirement obligation standard	–	120,000
Opening balance as restated	120,000	120,000
Change during the year	–	–
Closing balance	\$ 120,000	\$ 120,000

10. Accumulated surplus:

	2023	2022
Internal current and capital funds	\$ 290,705	\$ 260,731
Invested in tangible capital assets	48,452,712	47,779,244
Municipal debt to be recovered in future	(6,951,793)	(7,745,326)
Reserve/reserve fund balances	8,389,395	8,246,932
Unfunded employee post-retirement benefits	(417,500)	(398,300)
Unfunded asset retirement obligation	(120,000)	(120,000)
Accumulated surplus	\$ 49,643,519	\$ 48,023,281

THE CORPORATION OF THE COUNTY OF HALIBURTON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

11. Contingencies and commitments:

(a) Credit facility agreement:

The County has a revolving credit facility agreement with its main financial institution. The amount available at any time is limited to \$2 million via an operating line. Any balance borrowed will bear interest at prime plus 0.5% per year. Council authorized the temporary borrowing limit and there was a balance owing as at December 31, 2023 of \$Nil (2022 - \$Nil).

(b) Other contingencies:

In the normal course of its operations, the County is subject to various litigations and claims. The ultimate outcome of these claims cannot be determined at this time. However, the County's management believes that the ultimate disposition of these matters will not have a material adverse effect on its consolidated statement of financial position.

12. Budget amounts:

The budget adopted by the County on February 22, 2023, was prepared on a basis consistent with that used to report actual results. The budget surplus was used for capital expenditures, amortization and repayments of long-term debt.

	2023
Budgeted surplus for the year as per financial statements	\$ (349,461)
Add:	
Transfers from reserve	2,050,910
Amortization expense	5,509,993
Less:	
Capital expenditures	(6,079,527)
Transfer to reserves	(338,115)
Principal repayments of long-term debt	(793,800)
<hr/> Budgeted use of surplus	<hr/> \$ -

13. Public sector salary disclosure:

During 2023, twenty-five employees were paid a salary, as defined in the Public Sector Salary Disclosure Act, 1996, of \$100,000 or more by the County.

THE CORPORATION OF THE COUNTY OF HALIBURTON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

14. Comparative information:

Certain comparative information have been reclassified to conform to the consolidated financial statement presentation adopted for 2023.

15. Segmented information:

The Corporation of the County of Haliburton is a municipal government institution that provides a wide range of services to its citizens. County services are reported by function and their activities are separately disclosed in the segmented information. These County services are funded primarily by taxation levies.

The nature of the segments and the activities they encompass are as follows:

General government:

General government revenues and expenses are related to the administration departments and activities including Council, Corporate Administration, Finance, and Information Technology.

Protection services:

Protection to persons and property revenues and expenses are related to Forestry Bylaw and 911 services.

Transportation services:

Transportation services revenues and expenses are related to roads, bridges and culverts, engineering, rail corridor, traffic operations and roadside and winter control.

Health services:

Health services revenues and expenses are related to the operation of Land ambulances and transfer to Public Health Unit.

Social and family services:

Social and family services revenues and expenses are related to the County's share of social assistance and child care services provided by City of Kawartha Lakes.

Social housing:

Social housing revenues and expenses are related to the County's share of assisted housing costs provided by City of Kawartha Lakes.

Recreational and cultural services:

Recreational and cultural services revenues and expenses are related to the library.

THE CORPORATION OF THE COUNTY OF HALIBURTON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

15. Segmented information (continued):

Planning and development:

Planning and development revenues and expenses are related to the Planning, Land Division, Tourism, Geographic Information System (GIS), and Broadband.

For each segment separately reported in the schedule below, the segment revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. These County services are funded primarily by taxation levies.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in the summary of significant accounting policies.

THE CORPORATION OF THE COUNTY OF HALIBURTON

Note 14 - Segmented Information (continued)

Year ended December 31, 2023

	General Government	Protection Services	Transportation Services	Health Services	Social and Family Services	Recreation and Culture	Planning and Development	2023
Revenue:								
Requisition on local municipalities	\$ 3,395,045	110,307	9,049,393	4,710,496	2,014,826	1,234,503	1,406,484	\$ 21,921,054
Government grants - federal	697,745	-	2,117	-	-	-	-	699,862
Government grants - provincial	1,041,368	-	(179)	4,852,136	-	120,353	200,497	6,214,175
User fees and services charges	218,370	22,390	161,739	193,732	-	7,952	206,805	810,988
Investment income	536,620	-	-	-	-	-	-	536,620
Donations and other	-	-	29,979	-	-	27,018	100	57,097
Gain on sale of tangible capital assets	-	-	62,053	11,000	-	-	-	73,053
	5,889,148	132,697	9,305,102	9,767,364	2,014,826	1,389,826	1,813,886	30,312,849
Expenses:								
Salaries and benefits	2,109,598	85,512	2,541,353	6,339,961	-	1,001,203	994,213	13,071,840
Materials, supplies and services	776,186	42,685	2,795,389	1,069,946	-	210,167	603,322	5,497,695
Contracted services	72,116	47,897	457,783	22,069	-	10,176	73,575	683,616
Interest on long-term debt	-	-	194,851	38,991	-	-	-	233,842
Amortization	183,944	293	4,607,225	364,957	-	113,309	240,265	5,509,993
Rents and financial	30,909	-	-	-	-	14,173	-	45,082
Interfunction	(367,990)	-	-	367,990	-	-	-	-
Transfers to other entities	1,057,649	-	-	604,441	1,978,453	-	10,000	3,650,543
	3,862,412	176,387	10,596,601	8,808,355	1,978,453	1,349,028	1,921,375	28,692,611
Annual surplus (deficit)	\$ 2,026,736	(43,690)	(1,291,499)	959,009	36,373	40,798	(107,489)	\$ 1,620,238

THE CORPORATION OF THE COUNTY OF HALIBURTON

Note 14 - Segmented Information (continued)

Year ended December 31, 2022

	General Government	Protection Services	Transportation Services	Health Services	Social and Family Services	Recreation and Culture	Planning and Development	2022
Revenue:								
Requisition on local municipalities	\$ 2,888,056	237,280	8,886,010	4,219,058	2,049,923	1,140,752	1,539,062	\$ 20,960,141
Government grants - federal	-	-	1,123,526	-	-	1,500	88,343	1,213,369
Government grants - provincial	184,803	-	310,044	4,075,991	-	120,353	4,899	4,696,090
User fees and services charges	367,815	29,220	221,739	210,675	-	9,026	204,243	1,042,718
Investment income	107,498	-	-	-	-	-	5,522	113,020
Donations and other	-	-	-	-	-	33,618	1,224	34,842
Gain on sale of tangible capital assets	-	-	104,866	711	-	-	-	105,577
	3,548,172	266,500	10,646,185	8,506,435	2,049,923	1,305,249	1,843,293	28,165,757
Expenses:								
Salaries and benefits	1,767,815	48,599	2,554,648	5,980,591	-	910,185	981,916	12,243,754
Materials, supplies and services	715,309	66,064	3,167,578	914,439	-	196,146	437,351	5,496,887
Contracted services	48,835	91,498	430,203	141,609	-	5,190	166,694	884,029
Interest on long-term debt	-	-	34,670	41,486	-	-	-	76,156
Amortization	180,245	-	4,293,206	346,690	-	109,933	185,158	5,115,232
Rents and financial	35,578	-	-	-	-	14,111	-	49,689
Interfunction	(315,766)	-	-	315,766	-	-	-	-
Transfers to other entities	1,055,956	-	-	535,352	1,720,686	-	10,000	3,321,994
	3,487,972	206,161	10,480,305	8,275,933	1,720,686	1,235,565	1,781,119	27,187,741
Annual surplus (deficit)	\$ 60,200	60,339	165,880	230,502	329,237	69,684	62,174	\$ 978,016