
HALDIMAND COUNTY

Report FIN-07-2022 Audited Financial Statements for 2020

For Consideration by Council in Committee on May 10, 2022



OBJECTIVE:

To present the audited 2020 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, 2020.

RECOMMENDATIONS:

1. THAT Report FIN-07-2022 Audited Financial Statements for 2020 be received;
2. AND THAT the consolidated financial statements, including the Trust Fund Statements, for Haldimand County for 2020, as audited by Millard, Rouse and Rosebrugh LLP, be received and approved.

Prepared by: Heather Love, CPA, CGA, Supervisor, Budgets & Financial Planning

Respectfully submitted: Mark Merritt, CPA, CA, General Manager of Financial & Data Services

Approved: Craig Manley, MCIP, RPP, Chief Administrative Officer

EXECUTIVE SUMMARY:

Highlights from the 2020 audited financial statements (presented under separate cover) are as follows:

- **Investment Portfolio:** As outlined in the annual investment report to Council in May 2021, the carrying book value of the County's investment portfolio was approximately \$195.1 million compared to a book value of \$188.0 million at December 31, 2019. The 2020 year end book value is comprised of approximately \$103.1 million in fixed income investments, while the 2020 growth/equity year end book value remain equivalent to 2018 yearend of \$92.0 million. This portfolio, coupled with strong annual returns has led to increased liquidity, revenue and financial flexibility. Though the 2020 fiscal year did see a downfall in returns due to the Covid-10 pandemic, it did start to rebound at the end of 2020.
- **Substantial Investment in Infrastructure:** The County invested over \$44 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 2020, the historical cost of the County's infrastructure was estimated at approximately \$957 million.
- **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, 2020, were \$98.6 million which represents an increase of approximately \$7.6 million over the previous year. This excludes both our Hydro Legacy Fund of \$86.6 million, which increased \$2.6 million over 2019, as well as our Community Vibrancy Fund which has a negative balance of \$10.3 million.

- **Strong Credit Rating:** The above noted items were several of the factors noted during the County's annual credit rating review in 2020. 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 2020 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 three main functional areas is transferred to/from the appropriate reserve in accordance with previously approved Council resolutions.

2020 Audited Operating Surplus/(Deficit)		
Investment Income (in excess of \$100,000)		(\$1,834,276)
Unspent Safe Restart (Covid) Funding - carried forward to 2021		\$1,165,337
Tax Supported Operations		\$4,860,418
Rate Supported Operations		
Water Operations	\$874,638	
Wastewater Operations	\$435,234	\$1,309,872
Total Operating Surplus/(Deficit)		\$5,501,351

The presentation of the 2020 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 by local taxpayers and ratepayers.

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 Provincial municipalities, 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.

Typically, staff present the operational financial results to Council on three 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:

- In-year results: This report is presented to Council based on year to date financial results and reflects the annual projections for expenditures and revenues to year end (taking into account the year to date operations). This report is typically presented to Council in late summer or early fall.
- 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 financial statements: actual surpluses and deficits are identified and major drivers are summarized.

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 2020 Consolidated Financial Statements. The audited statements are provided as Attachment 3 to this report

and will be presented by the auditor at the April 19th 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 2020 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 2020 to meet PSAB reporting requirements.

TABLE 1

<u>Description</u>	<u>2020</u>
Budget surplus for the year adopted by Council(*)	\$ -
Add:	
Budgeted transfers to accumulated surplus	29,052,280
Principal payments on debt	7,552,250
Less:	
Budgeted transfers from accumulated surplus	(4,926,090)
Budgeted transfers from capital fund	(416,810)
Amortization	(24,891,421)
Budget surplus per Consolidated Statement of Operations	\$ 6,370,209

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

As shown above, most of the PSAB related budget transfers to surplus 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 2020, 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 2020 Tax Supported Operating Budget, certain annual expenditures are not required to be budgeted for, 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 2020 fiscal year of \$5.5 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 2020 audited financial statements is approximately \$29.8 million. The following table reconciles the reasons for the differences in how the surplus/deficit has been reported:

TABLE 2

<u>Description</u>	<u>Impact on 2020 Surplus Increase/(Decrease)</u>
Revenue Fund - tax supported and water/wastewater operations (details analyzed in Table 3)	5,501,351
<i>Add Net Capital and Reserve Fund Operations:</i>	
Capital Fund (work in progress to be funded)	(4,538,549)
Reserve/Reserve Funds (net transfers prior to surplus/deficit entries)	5,889,554
Sub-total per Internal Financial Statements	6,852,356
<i>Adjustments for PSAB Audited Financial Statements</i>	
Principal debt repayments	7,552,251
Decrease (increase) in landfill post-closure liability	591,745
Capital Costs capitalized (i.e. not expensed) during the year	41,750,712
Capital Costs included in work-in-progress (i.e. not complete as of December 31st and not expensed)	(2,692,612)
Amortization of capital assets	(24,891,421)
Net costs associated with the disposal of capital assets	(730,791)
Change in post employment and sick leave liabilities	(71,200)
Change in workers' compensation liabilities	968,800
Change in deferred revenues/obligatory reserves	413,915
Surplus Reported on Audited Financial Statements	29,743,755

Net Capital and Reserve Fund Operation - The Net Capital Fund of -\$4.5 million is the sum of all the capital fund transactions (revenues net of expenses) for 2020. 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 2019 year end, the County updated the actuarial reviews related to post employment benefits and WSIB liability. This provides us with estimates for 2019 through to 2022.

Some of the more significant 2020 operating variances included in the audited Financial Statements for PSAB purposes (under separate cover), totalling \$29.8 million, are as follows:

- **Operating Revenues:** The total variance between actual revenues compared to budgeted revenues is approximately \$21.8 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 2021, the County experienced lower than budgeted investment returns due to the economic impacts of the global pandemic. 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 \$1,834,276 was made in 2020 from 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 2020 several subdivisions were developed to the point that the County assumed significant infrastructure totaling approximately \$8.6 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 2020, revenues of \$3.0 million were recognized, related to 2020 growth related capital project expenditures, resulting in a favourable variance.
- **Operating Expenditures:** The total variance between actual expenditures compared to budget is approximately \$1.6 million favourable. The major drivers in expenditures for 2020 include the variances noted in Table 4 plus the net PSAB adjustments for tangible capital assets (i.e. non-capitalized expenditures) and adjustments for annual amortization; primarily in Protection Services, Transportation Services and Environmental Services.

Staff acknowledge that the above reporting of the annual “surplus” is confusing. **It must be emphasized that the PSAB reported net 2020 surplus of \$29.8 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 2020 Net Operating Surplus/(Deficit)

The table below provides a breakdown of the audited 2020 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

2020 Audited Operating Surplus/(Deficit)		
(a)	Investment Income (in excess of \$100,000)	(\$1,834,276)
(b)	Unspent Safe Restart (Covid) Funding - carried forward to 2021	\$1,165,337
	Tax Supported Operations	\$3,772,880
	Public Health	\$191,456
	Social Assistance/Child Care	\$372,174
	Social Housing	\$137,873
	Library	\$386,035
(c)	Sub-Total – Tax Supported Operations (detailed in Table 4)	\$4,860,418
(d)	Water Operations (detailed in Table 5)	\$874,638
(e)	Wastewater Operations (detailed in Table 6)	\$435,234
	Sub-Total – Rate Supported Operations	\$1,309,872
	Total Operating Surplus/(Deficit)	\$5,501,351

The total 2020 operating expenditures (combined tax supported and rate supported) were budgeted at approximately \$139.2 million. The above noted net operating surplus, excluding the annual net Investment losses is \$6,170,290 represents a 4.4% 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 11, 2021 annual Investment Report FIN-07-2020, as per the Investment Policy, variances in investment earnings or losses, greater than \$100,000, are to be transferred to or from the Investment Income Stabilization Reserve, so a transfer from the reserve of approximately \$1.8 million was made in 2020. 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 2020 was approximately \$2.7 million.

(b) Safe Restart (Covid) Funding

In 2020, the County received approximately \$2.5 million in funding related to expenditures or lost revenues as the result of the Covid-19 Pandemic. Approximately \$1.4 million of this funding was utilized in 2020, resulting in a balance at the end of 2020 of approximately \$1.2 million.

(c) Net Tax Supported Operations

Overall, the Tax Supported Operations reflect a 2020 surplus of approximately \$4.9 million. This net surplus represents a 4.1% favourable variance on approximately \$117.3 million of budgeted 2020 tax supported operating expenditures. The annual tax supported operational surplus has traditionally been approximately 1.4% and has been positive over the past five 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 \$3,772,881 was transferred to the Contingency Reserve, which has a balance of approximately \$15.6 Million at the end of 2020 (including of the above noted deficit). Although there are no set guidelines for an optimal balance, a typical rule of thumb is 10% of tax supported operating costs. This would require, at a minimum, a balance of \$11.7 million. This reserve will be available for future years as a source of financing for unexpected events/liabilities. 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.

TABLE 4

2020 Operating Variance Analysis for Tax Supported Operations	
<u>Revenues</u>	<u>Surplus/(Deficit)</u>
Investment Income	(100,000)
Account Receivable Interest	62,572
Finance fees	(71,000)
Taxation - lost revenue as tax sale not completed in 2020	(55,000)
Solid Waste Surplus - Mainly due to increased tipping fee revenues	157,349
Roads - Aggregate Resources Grant - higher than budgeted	97,932
Taxation - One-time Transitional Mitigation Grant	183,327
Taxation - Penalty & Interest	307,672
GVL - Various impacts including higher global increase than budgeted (\$100K), and various Covid related funding	544,861
Sub-total Revenues	<u>\$ 1,127,713</u>
<u>Expenditures</u>	
Salaries/Wages & Benefits - including early retirement benefits	1,475,213
POA - Transfers to province and legal fees	110,259
Admin Faculties - Contracted Services and utilities savings due to move to HCAB in March 2020	62,104
Arenas/Pools - contracted services and utilities - savings due to Covid Closures	171,050

Roads - various contracted services and materials (major drivers: bridges & culverts \$88K; shoulder maintenance \$46K; Line Painting \$31K; Roadside Maintenance \$127K; Storm Sewer 46K; Street Lighting \$59K)	538,891
Winter Control - Contracted Services & Materials (Sand & Salt)	(278,609)
Policing Contract	37,009
Child Crossing Contract - Covid savings due to school closures	84,508
Parks/Forestry Contracted Services	49,930
Community Guide, Advertising, Staff Relations (CAO's office)	86,073
Taxation - Rebates & Write-offs	99,938
ActiveNet Processing Fees - Covid related savings due to reduction in recreational programs	22,598
Fire Contracted Services - Various Accounts (i.e. snow removal)	28,614
Miscellaneous Items	157,589
Sub-total Expenditures	\$ 2,645,167
Sub-total Net Tax Supported Operations Surplus	\$ 3,772,880
Public Health	191,456
Social Assistance/Child Care	372,174
Social Housing	137,873
Library Operations	386,035
Total Net Tax Supported Operations Surplus	\$ 4,860,418

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

(d) Water and Wastewater Operations

The combined 2020 Water and Wastewater Operations net surplus is approximately \$1.31 million on total budgeted operating expenditures of \$21.9 million. This represents a positive variance of 6.0%. 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 2020 water operations reflected a \$874,638 surplus on budgeted expenditures of approximately \$12.5 million (7.0%), and wastewater operations had a surplus of \$435,234 on budgeted expenditures of approximately \$9.3 million (4.7%). A further breakdown of the significant variances is provided as follows (Table 5 for Water and Table 6 for Wastewater.)

TABLE 5

2020 Operating Variance Analysis for Rate Supported Operations - WATER	
Revenues	<u>Surplus/(Deficit)</u>
Bulk Water Revenues	364,311
New Credit Consumption - Wholesale and Depot	71,789
User Rates Revenues - deficits in commercial consumption offset by increase in residential consumption	22,879
Sub-total Revenues	\$ 458,979

Expenditures	
Salaries & Benefits - gapping	90,803
Billing & Collecting Contract - budget based on 10,000 customers which was not reached until late in 2020	30,145
Maintenance & Repair Supplies	(59,057)
Hamilton Water Contract - meter reading issues not identified/rectified until 2021	207,273
Operations Contract	34,181
Miscellaneous Items	112,314
Sub-total Expenditures	\$ 415,659
Net Water Surplus	\$ 874,638

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. Net water operating surpluses are transferred to the Water Rate Stabilization Reserve, which has a balance of approximately \$2.9 million at December 31, 2020.

TABLE 6

2020 Operating Variance Analysis for Rate Supported Operations - WASTEWATER	
Revenues	Surplus/(Deficit)
Holding/Septic tank revenues - mainly due to temporary agreement with Brooks Road Environmental	234,662
Sub-total Revenues	\$ 234,662
Expenditures	
Salaries & Benefits - gapping	100,847
Billing & Collecting Contract - budget based on 10,000 customers which was not reached until late in 2020	30,145
Wastewater Hydro	(181,030)
Taxes and Local Improvements - mainly Townsend Lagoon	44,783
Operations Contract	84,596
Maintenance & Repair Services	27,050
Miscellaneous items Under \$25K	94,181
Sub-total Expenditures	\$ 200,572
Net Wastewater Surplus	\$ 435,234

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. As we can see above, residential water revenues experienced an increase, however, the wastewater residential revenues did not see an increased residential consumption charges. The net wastewater surplus is transferred to the Wastewater Rate Stabilization Reserve, which has a balance of approximately \$1.7 million as at December 31, 2020.

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 2020 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 2020 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

ATTACHMENTS:

1. Building Division Statement of Activities 2010-2020
2. Parkland Dedication Reserve Fund Statement of Activities 2020
3. Auditors Report from Millard, Rouse & Rosebrugh, dated May 10, 2022, accompanied by a copy of Haldimand County's 2020 Audited Financial Statements

The Corporation of Haldimand County
Consolidated Financial Statements
December 31, 2020



The Corporation of Haldimand County
Index to Consolidated Financial Statements
December 31, 2020

FIN-07-2022, Attachment 3

	Page
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING	1
INDEPENDENT AUDITOR'S REPORT	2 - 3
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations and Accumulated Surplus	5
Consolidated Statement of Changes in Net Financial Assets (Debt)	6
Consolidated Statement of Cash Flow	7
Notes to Consolidated Financial Statements	8 - 27
Library Division - Schedule of Operations	28
Museum Division - Schedule of Operations	29



MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements of The Corporation of Haldimand County have been prepared in accordance with Canadian Public Sector Accounting Standards. 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.



Craig Manley, Chief Administrative Officer



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

Cayuga, Ontario
May 10, 2022

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the consolidated financial statements of The Corporation of Haldimand County (the Organization), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statements of operations and accumulated surplus, changes in net financial assets, and cash flow 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 Organization as at December 31, 2020, and the results of its operations and its cash flow 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 Consolidated Financial Statements* section of our report. We are independent of the Organization 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 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 consolidated financial statements, management is responsible for assessing the Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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

(continues)

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 Organization'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 Organization'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 Organization 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

May 10, 2022
Simcoe, Ontario

The Corporation of Haldimand County
Consolidated Statement of Financial Position
As at December 31, 2020

	2020	2019
FINANCIAL ASSETS		
Cash	\$ 15,081,071	\$ 6,950,048
Investments (Note 3)	180,947,499	188,068,384
Taxes receivable	9,493,256	7,087,179
Accounts receivable	10,758,223	11,377,749
Loan receivable (Note 4)	-	1,914,788
	216,280,049	215,398,148
LIABILITIES		
Accounts payable	15,842,732	21,541,943
Due to trust funds	126,167	88,991
Employee benefits liability (Note 5)	12,956,900	13,854,500
Allowance for assessment adjustments (Note 6)	2,461,120	2,928,369
Deferred revenue (Note 7)	15,388,638	16,063,492
Solid waste landfill closure and post-closure liability (Note 8)	15,541,967	16,133,712
Long term liabilities (Note 9)	62,404,317	69,956,567
	124,721,841	140,567,574
NET FINANCIAL ASSETS	91,558,208	74,830,574
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 10)	501,912,101	488,476,213
Prepaid expenses	345,714	756,671
Inventory	691,760	700,570
	502,949,575	489,933,454
ACCUMULATED SURPLUS (Note 11)	\$594,507,783	\$564,764,028

See accompanying notes

The Corporation of Haldimand County
Consolidated Statement of Operations and Accumulated Surplus
Year ended December 31, 2020

	Budget 2020	2020	2019
(Note 19)			
REVENUES			
Taxation	\$ 74,098,160	\$ 73,920,774	\$ 71,715,542
Government transfers - Federal (Note 12)	2,786,140	6,371,332	5,876,322
Government transfers - Provincial (Note 13)	17,251,340	25,286,401	17,175,080
Recoveries from other municipalities	2,493,970	2,352,572	2,676,737
User charges	29,192,150	26,853,960	26,479,906
Other income (Note 14)	8,020,330	20,836,645	31,455,997
	133,842,090	155,621,684	155,379,584
Expenses			
General government	9,506,264	9,592,846	8,361,124
Protection services	20,080,114	17,841,176	16,342,222
Transportation services	29,853,047	37,375,000	41,648,451
Environmental services	30,862,502	24,952,824	33,100,918
Health services	8,732,901	8,488,696	7,956,781
Social and family services	13,063,396	13,494,491	12,789,041
Social housing	937,400	799,527	915,150
Recreation and cultural services	11,615,201	10,857,808	9,099,410
Planning and development	2,821,056	2,475,561	2,426,194
	127,471,881	125,877,929	132,639,291
ANNUAL SURPLUS	6,370,209	29,743,755	22,740,293
Accumulated surplus - beginning of year	564,764,028	564,764,028	542,023,735
ACCUMULATED SURPLUS - END OF YEAR	\$571,134,237	\$594,507,783	\$564,764,028

See accompanying notes

The Corporation of Haldimand County
Consolidated Statement of Changes in Net Financial Assets (Debt)
Year ended December 31, 2020

	Budget 2020	2020	2019
(Note 19)			
ANNUAL SURPLUS	\$ 6,370,209	\$ 29,743,755	\$ 22,740,293
Amortization of tangible capital assets	41,232,620	24,891,421	24,258,872
Purchase of tangible capital assets	(50,368,470)	(39,058,100)	(46,141,165)
Proceeds on disposal of tangible capital assets	-	594,549	427,715
Loss on disposal of tangible capital assets	-	136,242	662,773
Decrease (increase) in prepaid expenses	-	410,957	(27,722)
Decrease (increase) in inventory	-	8,810	(42,332)
	(9,135,850)	(13,016,121)	(20,861,859)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(2,765,641)	16,727,634	1,878,434
Net financial assets - beginning of year	-	74,830,574	72,952,140
NET FINANCIAL ASSETS (DEBT) - END OF YEAR	\$ (2,765,641)	\$ 91,558,208	\$ 74,830,574

See accompanying notes

The Corporation of Haldimand County

Consolidated Statement of Cash Flow

Year ended December 31, 2020

	2020	2019
OPERATING ACTIVITIES		
Annual surplus	\$ 29,743,755	\$ 22,740,293
Items not affecting cash:		
Amortization of tangible capital assets	24,891,421	24,258,872
Loss on disposal of tangible capital assets	136,242	662,773
	54,771,418	47,661,938
Changes in non-cash working capital:		
Taxes receivable	(2,406,077)	654,071
Accounts receivable	619,526	(1,274,415)
Loan receivable	1,914,788	206,714
Accounts payable	(5,699,211)	1,596,371
Due to trust funds	37,176	(32,610)
Employee benefits liability	(897,600)	(364,848)
Allowance for assessment adjustments	(467,249)	14,160
Deferred revenue	(674,854)	2,307,776
Solid waste landfill closure and post-closure liability	(591,745)	2,080,198
Prepaid expenses	410,957	(27,722)
Inventory	8,810	(42,332)
	(7,745,479)	5,117,363
Cash flow from operating activities	47,025,939	52,779,301
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(39,058,100)	(46,141,165)
Proceeds from sale of tangible capital assets	594,549	427,715
Cash flow used by capital activities	(38,463,551)	(45,713,450)
FINANCING ACTIVITIES		
Long term debt issued	-	32,651,250
Repayment of long term debt	(7,552,250)	(5,222,874)
Cash flow from (used by) financing activities	(7,552,250)	27,428,376
INCREASE IN CASH FLOW	1,010,138	34,494,227
Cash - beginning of year	195,018,432	160,524,205
CASH - END OF YEAR	196,028,570	195,018,432
CASH CONSISTS OF:		
Cash	\$ 15,081,071	\$ 6,950,048
Investments	180,947,499	188,068,384
	\$196,028,570	\$195,018,432

See accompanying notes

The Corporation of Haldimand County

Notes to Consolidated Financial Statements

Year ended December 31, 2020

1. INCORPORATION

Effective January 1, 2001, 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 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 of the Chartered Professional Accountants of Canada.

Significant aspects of the accounting policies adopted by The Corporation of Haldimand 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, 2020

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 Haldimand 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 \$15,473,223 (2019 - \$15,358,319).

(iv) *Trust funds*

Trust funds and their related operations administered by the municipality are not consolidated and have their own separate audited financial statements.

(v) *Provincial offences fines*

Haldimand 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 \$7,180,445 (2019 - \$7,477,358) 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 Corporation of Haldimand 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.

(continues)

The Corporation of Haldimand County

Notes to Consolidated Financial Statements

Year ended December 31, 2020

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

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.

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

FIN-07-2022, Attachment 3

Notes to Consolidated Financial Statements

Year ended December 31, 2020

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	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 bonds, GICs, debentures, and money market instruments.

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.

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

(*continues*)

The Corporation of Haldimand County

Notes to Consolidated Financial Statements

Year ended December 31, 2020

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

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 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 taxes receivable, accounts receivable, employee benefits liability, and solid waste landfill closure and post-closure liability. 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.

3. INVESTMENTS

Investments, as at December 31, consist of the following:

	<u>2020</u>		<u>2019</u>	
	Market Value	Carrying Value	Market Value	Carrying Value
<u>Fixed income</u>				
Government bonds and GICs	\$ 6,995,224	\$ 6,871,086	\$ 8,801,998	\$ 8,783,620
Money market instruments	962,224	962,224	888,528	888,457
High interest savings	23,114,189	23,114,189	28,396,307	28,396,307
Principal protected notes	59,760,360	58,000,000	60,778,505	58,000,000
	90,831,997	88,947,499	98,865,338	96,068,384
<u>Growth/equity investments</u>				
Principal protected notes	95,325,700	92,000,000	92,453,500	92,000,000
	\$186,157,697	\$180,947,499	\$191,318,838	\$188,068,384

Maturity dates on the investments in the portfolio range from 2020 to 2026.

4. LOAN RECEIVABLE

In 2015, Council approved a policy and framework for Front End Financing of Residential Development. Eligible properties, as approved by Council, can receive a loan of up to 50% of the eligible development costs. All approved loans have a maximum term of 10 years and accumulated annual interest at 1% above the County's borrowing rate.

Council has approved one loan agreement to date, the maximum approved loan is \$2,367,096. The term of the loan is for 10 years commencing on October 5, 2017, and bears interest at 4.04%. As at December 31, 2020, the principal amount outstanding was paid in full.

The Corporation of Haldimand County
Notes to Consolidated Financial Statements
Year ended December 31, 2020

5. EMPLOYEE BENEFITS LIABILITY

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

	2020	2019
Vested and non-vested sick leave	\$ 1,074,300	\$ 1,027,700
Post-employment and post-retirement benefits	2,800,000	2,775,400
Workers' compensation	9,082,600	10,051,400
	\$ 12,956,900	\$ 13,854,500

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, 2020 is estimated at \$398,136 (2019 - \$342,344) 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 municipality's employment. The amount paid to employees who left the County's employment during the year amounted to \$11,851 (2019 - \$33,105).

A comprehensive actuarial evaluation for the vested and non-vested sick leave benefits liability was conducted as at December 31, 2019. The report includes projections for the years 2020 to 2022.

The estimate of the vested and non-vested sick leave benefits liability, based on the actuarial report, is \$1,074,300 (2019 - \$1,027,700). The County has established a reserve fund of \$306,096 (2019 - \$309,178) to mitigate some of the future impacts of these obligations; however, vested and non-vested sick leave benefits are unfunded by a balance of \$768,204 (2019 - \$718,522). 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, 2020

5. EMPLOYEE BENEFITS LIABILITY (*continued*)

b) Post-employment and post-retirement benefits

Haldimand 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, 2019, the report includes projections for the years 2020 to 2022. Significant assumptions used in the actuarial evaluation are:

Discount rate	2.90%
Extended healthcare trend rate	
Initial	5.83%
Ultimate	3.91%
Year ultimate reached	2036
Dental trend rate	4.00%

The estimate of the post-employment and post-retirement benefits liability, based on the actuarial report, is \$2,800,000 (2019 - \$2,775,400). The County has established a reserve fund of \$1,155,148 (2019 - \$1,008,981) to mitigate some of the future impacts of these obligations; however, post-employment and post-retirement benefits are unfunded by a balance of \$1,644,852 (2019 - \$1,766,419). This unfunded liability is presented in the Consolidated Statement of Financial Position in accumulated surplus (Note 11).

c) Workers' compensation

Haldimand 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.

The estimate of future benefit costs for WSIB claims based on a comprehensive actuarial evaluation are \$9,082,600 (2019 - \$10,051,400). The County has established a reserve fund of \$8,456,785 (2019 - \$7,489,856) to mitigate some of the future impacts of these obligations; however, WSIB is unfunded by a balance of \$625,815 (2019 - \$2,561,544). This unfunded liability 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 \$376,350 (2019 - \$402,872).

6. ALLOWANCE FOR ASSESSMENT ADJUSTMENTS

Haldimand 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 financial statements.

The Corporation of Haldimand County

Notes to Consolidated Financial Statements

Year ended December 31, 2020

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 Corporation of Haldimand County are as follows:

	Opening Balance	Contributions Received	Investment Income	Revenue Recognized	Ending Balance
Parkland	\$ 739,960	\$ 15,250	\$ 21,048	\$ 287	\$ 776,545
Development charges	1,167,193	5,600,833	119,102	(3,031,070)	3,856,058
Building permits	5,369,727	242,525	150,484	(250,377)	5,512,359
Federal gas tax	5,385,989	2,767,150	116,850	(5,856,655)	2,413,334
Provincial OCIF	1,890,236	2,636,631	54,724	(3,000,698)	1,580,893
Deferred provincial grants	755,781	-	-	-	755,781
Other	754,606	493,668	-	(754,606)	493,668
	\$ 16,063,492	\$ 11,756,057	\$ 462,208	\$ (12,893,119)	\$ 15,388,638

The Corporation of Haldimand County

Notes to Consolidated Financial Statements

Year ended December 31, 2020

8. SOLID WASTE LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

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

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 \$15,541,967. 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 94 years Tom Home landfill site and 76 years for Canborough landfill site.

Key assumptions in determining the liability at December 31, 2019 for the sites are as follows:

Inflation rate	2.0%
Discount rate	4.0%
Estimated time for post-closure site rehabilitation and monitoring:	
- Tom Howe landfill site	94 years
- Canborough landfill site	76 years

	2020	2019
Capital costs upon closure	\$ 467,555	\$ 487,616
Closed landfill site rehabilitation and monitoring	15,074,412	15,646,096
	\$ 15,541,967	\$ 16,133,712

The Corporation of Haldimand County

Notes to Consolidated Financial Statements

Year ended December 31, 2020

9. LONG TERM LIABILITIES

a) Long term liabilities reported on the Consolidated Statement of Financial Position is comprised of the following:

	2020	2019
Total long term liabilities issued or assumed by the municipality and outstanding at the end of the year amounts to:	\$ 62,404,317	\$ 69,956,567

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

2021	6,788,573
2022	6,806,573
2023	6,827,573
2024	5,963,253
2025	5,987,253
Thereafter	30,031,092
	<u>\$ 62,404,317</u>

The above long term liabilities have maturity dates ranging from 2020 to 2039 with interest rates varying between 1.20% to 5.27%.

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, 2020

FIN-07-2022, Attachment 3

10. TANGIBLE CAPITAL ASSETS

	Land	Land Improvements	Buildings and Structures	Infrastructure	Vehicles, Machinery and Equipment	Assets under Construction	2020
Cost, beginning of year	\$ 13,995,225	\$ 69,947,289	\$ 158,131,681	\$ 546,292,464	\$ 97,451,483	\$ 36,662,512	\$ 922,480,654
Additions	330,317	2,364,334	17,754,133	15,547,405	5,754,523	21,713,638	63,464,350
Disposals	(10,548)	(54,813)	(116,060)	(3,274,052)	(1,303,220)	-	(4,758,693)
Transfer to capital assets	-	-	-	-	-	(24,406,250)	(24,406,250)
Cost, end of year	14,314,994	72,256,810	175,769,754	558,565,817	101,902,786	33,969,900	956,780,061
Accumulated amortization, beginning of year	-	34,045,315	51,339,803	302,363,225	46,256,098	-	434,004,441
Amortization	-	1,532,204	3,489,760	14,594,001	5,275,456	-	24,891,421
Disposals	-	(54,813)	(91,506)	(2,617,622)	(1,263,961)	-	(4,027,902)
Accumulated amortization, end of year	-	35,522,706	54,738,057	314,339,604	50,267,593	-	454,867,960
Net carrying amount, end of year	\$ 14,314,994	\$ 36,734,104	\$ 121,031,697	\$ 244,226,213	\$ 51,635,193	\$ 33,969,900	\$ 501,912,101

(continues)

The Corporation of Haldimand County
Notes to Consolidated Financial Statements
Year ended December 31, 2020

10. TANGIBLE CAPITAL ASSETS (continued)

	Land	Land Improvements	Buildings and Structures	Infrastructure	Vehicles, Machinery and Equipment	Assets under Construction	2019
Cost, beginning of year	\$ 12,222,029	\$ 68,355,114	\$ 154,427,243	\$ 533,124,055	\$ 94,270,546	\$ 21,658,503	\$ 884,057,490
Additions	1,936,589	1,597,021	3,937,869	18,444,165	5,221,512	27,496,897	58,634,053
Disposals	(163,393)	(4,846)	(233,431)	(5,275,756)	(2,040,575)	-	(7,718,001)
Transfer to capital assets	-	-	-	-	-	(12,492,888)	(12,492,888)
Cost, end of year	13,995,225	69,947,289	158,131,681	546,292,464	97,451,483	36,662,512	922,480,654
Accumulated amortization, beginning of year	-	32,531,629	48,434,085	292,269,910	43,137,458	-	416,373,082
Amortization	-	1,518,532	3,096,541	14,578,879	5,064,920	-	24,258,872
Disposals	-	(4,846)	(190,823)	(4,485,564)	(1,946,280)	-	(6,627,513)
Accumulated amortization, end of year	-	34,045,315	51,339,803	302,363,225	46,256,098	-	434,004,441
Net carrying amount, end of year	\$ 13,995,225	\$ 35,901,974	\$ 106,791,878	\$ 243,929,239	\$ 51,195,385	\$ 36,662,512	\$ 488,476,213

The Corporation of Haldimand County

Notes to Consolidated Financial Statements

Year ended December 31, 2020

11. ACCUMULATED SURPLUS

The Corporation of Haldimand County segregates its accumulated surplus into the following categories:

	2020	2019
Investment in tangible capital assets	\$ 501,912,101	\$ 488,476,213
Long term liabilities	(62,404,317)	(69,956,567)
Unfinanced capital	(1,759,261)	2,779,288
Net investment in tangible capital assets	437,748,523	421,298,934
BIA surpluses	121,894	121,894
Reserves and reserve funds - Operating		
Contingency	15,637,103	11,551,522
Land sales	2,100,385	1,555,574
Employee benefits insurance	2,609,114	2,273,892
Insurance	1,294,198	1,935,234
Water rate stabilization	2,850,905	1,919,473
Wastewater rate stabilization	1,728,245	3,567,538
Investment income stabilization	2,718,119	5,559,712
Other	6,244,475	5,605,415
	35,182,544	33,968,360
Reserves and reserve funds - Capital		
Roads infrastructure	15,592,659	12,963,565
Wastewater	16,185,174	14,080,451
Water	8,688,157	9,397,068
General	7,673,071	8,352,211
Storm sewer	1,039,582	1,150,248
Fire fleet	3,468,351	2,875,930
Other fleet	2,052,905	1,975,946
Other	8,691,948	6,252,511
	63,391,847	57,047,930
Subtotal - Reserves and reserve funds	98,574,391	91,016,290
Hydro legacy fund	86,586,840	83,977,731
Community vibrancy fund	(10,319,377)	(10,873,496)
WSIB reserve fund held jointly with Norfolk County (gross amounts)	376,350	402,872
Unfunded liabilities		
Solid waste landfill closure and post-closure liability	(15,541,967)	(16,133,712)
Post-employment and post-retirement benefits liability	(1,644,852)	(1,766,419)
Vested and non-vested sick leave liability	(768,204)	(718,522)
WSIB	(625,815)	(2,561,544)
	(18,580,838)	(21,180,197)
	\$ 594,507,783	\$ 564,764,028

The Corporation of Haldimand County

Notes to Consolidated Financial Statements

Year ended December 31, 2020

12. GOVERNMENT TRANSFERS - FEDERAL

	Budget (Note 19)	2020	2019
Operating			
Conditional	\$ 18,990	\$ 98,209	\$ 10,937
Capital			
Infrastructure funding	-	416,468	462,581
Federal gas tax revenue	2,767,150	5,856,655	5,402,804
	\$ 2,786,140	\$ 6,371,332	\$ 5,876,322

13. GOVERNMENT TRANSFERS - PROVINCIAL

	Budget (Note 19)	2020	2019
Operating			
Ontario Municipal Partnership Fund	\$ 3,951,800	\$ 3,951,800	\$ 3,932,300
Safe Restart funding	-	2,532,800	-
Modernization funding	-	-	725,000
Conditional	10,662,910	12,733,550	11,187,045
Capital			
Infrastructure funding	2,636,630	6,068,251	1,330,735
	\$ 17,251,340	\$ 25,286,401	\$ 17,175,080

14. OTHER INCOME

	Budget (Note 19)	2020	2019
Licenses, permits, rents, and concessions	\$ 4,470,900	\$ 3,894,511	\$ 3,852,509
Provincial offences and other fines	521,210	417,071	702,252
Penalties and interest on taxes	900,000	1,207,672	925,324
Investment income	1,624,500	2,682,909	16,087,121
Development charges earned	-	3,030,782	2,955,228
Developer contributed assets	-	8,599,205	5,389,056
Proceeds from sale of land and other assets	313,380	245,365	618,870
Loss on disposal of tangible capital assets	-	(136,242)	(662,773)
Donations	182,130	62,662	328,418
Other	8,210	832,710	1,259,992
	\$ 8,020,330	\$ 20,836,645	\$ 31,455,997

The Corporation of Haldimand County

Notes to Consolidated Financial Statements

Year ended December 31, 2020

15. CONTRACTUAL OBLIGATIONS

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

Haldimand 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, 2024 and the annual cost of this contract for 2020 was \$2,516,404 (2019 - \$2,482,667).

As well, Haldimand County negotiated an operating and maintenance agreement with Veolia Water Canada for the Central Water System in Nanticoke and the water systems in Dunnville. This contract expired June 30, 2020. The annual cost of this contract for 2020 was \$2,058,951 (2019 - \$2,217,826).

b) Ontario Provincial Police contract

Haldimand County has entered into a five-year agreement with the Solicitor General of Ontario for the provision of police services. The five-year term expires December 31, 2022. The annual cost of this contract for 2020 was \$7,702,729 (2019 - \$7,470,280).

c) Hamilton Water contract

Haldimand 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 2020 Haldimand County paid \$2,142,237 (2019 - \$2,354,379) for water under this contract.

d) Halton Cheshire Homes Inc. mortgage guarantee

Haldimand 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, 2020, the balance outstanding was \$671,829. This agreement expires August 31, 2036.

e) Landfill sites

Under the terms of an interim agreement between Haldimand County and Norfolk County, Haldimand County is responsible for the two landfill sites within the geographic boundaries of Haldimand County, which are available for the use of both counties. Ownership of all facilities is vested jointly through Provincial legislation and/or asset allocation through the Arbitrator's Report following restructuring.

16. PENSION AGREEMENTS

The municipality 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. The amount contributed to OMERS for 2020 was \$2,724,389 (2019 - \$2,626,151). Since any surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees, the municipality does not recognize any share of the OMERS pension surplus or deficit in these consolidated financial statements.

The Corporation of Haldimand County

Notes to Consolidated Financial Statements

Year ended December 31, 2020

17. PUBLIC LIABILITY INSURANCE

Haldimand 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 the risk that it cannot reasonably control. The municipality has adequate self-insurance coverage. Purchased insurance coverage is in place for claims in excess of these limits to a maximum of \$50,000,000 with the exception of certain environmental liability claims, should such claims arise.

At December 31, 2020, there are outstanding legal and liability claims against Haldimand County, 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 Haldimand County (post-restructuring), which has a balance at December 31, 2020 of \$1,294,208 (2019 - \$1,935,234).

18. 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, 2020, 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

FIN-07-2022, Attachment 3

Notes to Consolidated Financial Statements

Year ended December 31, 2020

19. 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:

	2020
Budget surplus for the year adopted by Council	\$ -
Add:	
Budgeted transfers to accumulated surplus	29,052,280
Principal payments on debt	7,552,250
Less:	
Budgeted transfers from accumulated surplus	(4,926,090)
Budgeted transfers from capital fund	(416,810)
Amortization	(24,891,421)
Budget surplus per Consolidated Statement of Operations	\$ 6,370,209

20. COMPARATIVE FIGURES

Certain prior year figures have been adjusted to conform with the 2020 financial statement presentation.

21. EXTRAORDINARY EVENTS

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). This has resulted in governments worldwide, including the Canadian, Ontario, and Municipal governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods, and social distancing, have caused material disruption to businesses in Ontario resulting in an economic slowdown. The Federal and Provincial Governments, as well as the Bank of Canada, have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The success of these interventions is not currently determinable. The current challenging economic climate may lead to adverse changes in cash flows, working capital and debt requirements, which may also have a direct impact on the County's operating results and financial position in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and our business are not known at this time.

The Corporation of Haldimand County

Notes to Consolidated Financial Statements

Year ended December 31, 2020

22. SEGMENTED INFORMATION

The Corporation of Haldimand County is a municipality that provides a wide range of services to its residents. The major services chosen for segmented disclosure are the five 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, 2020

22. SEGMENTED INFORMATION (continued)

	General Government	Protection Services	Transportation Services	Enviromental Services	Social and Family Services	Other Services	Consolidated 2020
Revenue							
Government transfers - Federal	\$ 5,856,655	\$ -	\$ -	\$ 416,468	\$ -	\$ 98,209	\$ 6,371,332
Government transfers - Provincial	9,771,505	183,858	3,095,788	802,183	7,868,162	3,564,905	25,286,401
User charges	2,069,642	215,653	38,393	19,809,769	2,933,341	1,787,162	26,853,960
Other revenue [1]	17,834,174	2,302,395	418,513	2,391,635	15,697	226,803	23,189,217
	35,531,976	2,701,906	3,552,694	23,420,055	10,817,200	5,677,079	81,700,910
Expenses							
Salaries, wages, and benefits	8,173,786	3,776,589	5,018,353	4,193,133	8,978,244	12,192,264	42,332,369
Materials	4,222,422	590,793	2,875,122	5,985,661	1,482,583	1,777,059	16,933,640
Contracted services	3,261,082	9,872,961	12,012,141	8,207,666	1,361,717	3,191,137	37,906,704
External transfers	2,250	615,268	-	-	-	775,219	1,392,737
Financial expenses	397,709	4,587	74,588	24,149	1,377	50,446	552,856
Interest on long term liabilities	521,968	74,216	-	485,523	385,864	585,809	2,053,380
Amortization	1,110,404	1,096,404	14,372,677	4,925,013	653,076	2,548,669	24,706,243
Interdepartmental charges	(8,096,776)	1,810,358	3,022,119	1,131,679	631,630	1,500,990	-
	9,592,845	17,841,176	37,375,000	24,952,824	13,494,491	22,621,593	125,877,929
Surplus (deficiency) of revenue over expenses for the year financed by net municipal levy	\$25,939,131	\$ (15,139,270)	\$ (33,822,306)	\$ (1,532,769)	\$ (2,677,291)	\$ (16,944,514)	\$ (44,177,019)
Taxation revenue							73,920,774
Annual surplus							\$ 29,743,755

[1] Other revenue - Includes fines, penalties and interest on taxes, recoveries from other municipalities, investment income, sale of assets, prepaid special charges, and donations.

The Corporation of Haldimand County
Notes to Consolidated Financial Statements
Year ended December 31, 2020

22. SEGMENTED INFORMATION (continued)

	General Government	Protection Services	Transportation Services	Enviromental Services	Social and Family Services	Other Services	Consolidated 2019
Revenue							
Government transfers - Federal	\$ 5,402,804	\$-	\$-	\$ 462,581	\$-	\$ 10,937	\$ 5,876,322
Government transfers - Provincial	6,042,977	187,494	270,665	809,038	6,641,827	3,223,079	17,175,080
User charges	1,825,351	225,537	47,733	19,389,252	2,810,261	2,181,772	26,479,906
Other revenue [1]	27,753,538	2,230,049	238,032	3,356,572	47,968	506,575	34,132,734
	41,024,670	2,643,080	556,430	24,017,443	9,500,056	5,922,363	83,664,042
Expenses							
Salaries, wages, and benefits	8,113,901	3,564,865	4,859,142	3,943,477	8,184,006	12,398,840	41,064,231
Materials	3,569,067	439,252	3,538,001	6,309,447	1,344,992	1,760,417	16,961,176
Contracted services	2,704,391	8,679,625	15,906,702	16,535,484	1,563,637	1,353,964	46,743,803
External transfers	69,598	727,724	-	-	-	649,233	1,446,555
Financial expenses	644,162	11,615	29,455	21,862	225	77,641	784,960
Interest on long term liabilities	-	86,311	-	307,103	433,929	552,351	1,379,694
Amortization	557,834	1,127,649	14,334,877	5,113,061	648,582	2,476,869	24,258,872
Interdepartmental charges	(7,297,829)	1,705,181	2,980,274	870,484	613,670	1,128,220	-
	8,361,124	16,342,222	41,648,451	33,100,918	12,789,041	20,397,535	132,639,291
Surplus (deficiency) of revenue over expenses for the year financed by net municipal levy	\$ 32,663,546	\$ (13,699,142)	\$ (41,092,021)	\$ (9,083,475)	\$ (3,288,985)	\$ (14,475,172)	\$ (48,975,249)
Taxation revenue							71,715,542
Annual surplus							\$ 22,740,293

[1] Other revenue - Includes fines, penalties and interest on taxes, recoveries from other municipalities, investment income, sale of assets, prepaid special charges, and donations.

The Corporation of Haldimand County
Library Division - Schedule of Operations
Year ended December 31, 2020

	Budget 2020	2020	2019
REVENUE			
Government transfers:			
Provincial library operating grant (Ministry of Tourism, Culture, and Sport)	\$ 72,400	\$ 72,400	\$ 72,400
Pay equity	6,762	6,800	6,762
Other	-	5,910	3,360
Fees and service charges	9,394	25,830	25,067
Fines	10,971	26,950	26,446
Donations	13,785	8,140	7,763
Other revenue	5,859	14,030	17,856
	119,171	160,060	159,654
EXPENSES			
Salaries, wages, and benefits	1,151,157	1,475,080	1,165,320
Materials and supplies	55,911	81,930	65,403
Services	156,002	204,270	174,276
Rents and financial expenses	687,677	689,310	121,508
	2,050,747	2,450,590	1,526,507
DEFICIENCY OF REVENUE OVER EXPENSES BEFORE UNDERNOTED ITEMS			
	(1,931,576)	(2,290,530)	(1,366,853)
Transfer from reserves	(206,842)	(179,760)	(96,323)
Transfer to reserves	702,715	316,680	846,990
	495,873	136,920	750,667
DEFICIENCY OF REVENUE OVER EXPENSES FOR THE YEAR, FINANCED BY NET MUNICIPAL LEVY			
	\$ (2,427,449)	\$ (2,427,450)	\$ (2,117,520)

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

See accompanying notes

The Corporation of Haldimand County

Museum Division - Schedule of Operations

Year ended December 31, 2020

	Budget 2020	2020	2019
REVENUE			
Government transfers	\$ 53,540	\$ 81,443	\$ 45,490
Fees and service charges	12,270	2,464	10,671
Donations	16,990	2,756	17,332
	82,800	86,663	73,493
EXPENSES			
Salaries, wages and benefits	334,870	294,771	310,573
Materials and supplies	57,260	40,344	44,331
Services	24,860	18,391	22,861
Rents and financial expenses	730	-	497
	417,720	353,506	378,262
DEFICIENCY OF REVENUE OVER EXPENSES BEFORE UNDERNOTED ITEMS	(334,920)	(266,843)	(304,769)
Transfer from reserves	(1,200)	-	(3,850)
DEFICIENCY OF REVENUE OVER EXPENSES FOR THE YEAR FINANCED BY NET MUNICIPAL LEVY	\$ (333,720)	\$ (266,843)	\$ (300,919)

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

See accompanying notes

The Corporation of Haldimand County
Trust Funds - Financial Statements
December 31, 2020

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of the Trust Funds of The Corporation of Haldimand County (the Organization), which comprises of the balance sheet as at December 31, 2020, 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 Organization as at December 31, 2020, 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 Organization 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.

Other Matter

We draw attention to Note 5 of the financial statements, which describes the effects of the coronavirus disease (COVID-19) on the organization.. Our opinion is not modified in respect of this matter.

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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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

(continues)

Millard, Rouse & Rosebrugh LLP

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

SIMCOE PORT DOVER BRANTFORD HAGERSVILLE TILLSONBURG NORWICH DELHI

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 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.

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 Organization'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 Organization'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 Organization 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.

Millard, Rouse & Rosebrugh LLP

May 10, 2022
Simcoe, Ontario

Chartered Professional Accountants
Licensed Public Accountants

The Corporation of Haldimand County

Balance Sheet - Trust Funds Year ended December 31, 2020

	Combined Cemetery Perpetual Care	Grandview Bequest Trust	Grandview Comfort Trust	Total 2020	Total 2019
NET ASSETS					
Cash	\$ -	\$ -	\$106,639	\$ 106,639	\$ 129,780
Investments (Note 2)	1,340,824	-	-	\$1,340,824	1,311,780
Due from (to) Haldimand County	(7,187)	99,844	33,510	\$ 126,167	88,992
TOTAL NET ASSETS	\$1,333,637	\$ 99,844	\$140,149	\$1,573,630	\$1,530,552
TRUST FUND BALANCE	\$1,333,637	\$ 99,844	\$140,149	\$1,573,630	\$1,530,552

The Corporation of Haldimand County

Statement of Continuity - Trust Funds

Year ended December 31, 2020

	Combined Cemetery Perpetual Care	Grandview Bequest Trust	Grandview Comfort Trust	Total 2020	Total 2019
RECEIPTS					
Sale of plots and markers	\$ 45,670	\$ -	\$ -	\$ 45,670	\$ 38,895
Investment income	17,174	3,003	-	20,177	28,445
Resident contributions	-	-	179,907	179,907	209,934
Donations	-	609	-	609	-
	62,844	3,612	179,907	246,363	277,274
Disbursements					
Transfer to cemetery operations	17,174	-	-	17,174	24,598
Transfer to County (Note 3)	-	9,650	-	9,650	9,275
Transfer to residents	-	-	176,560	176,560	210,163
	17,174	9,650	176,560	203,384	244,036
NET RECEIPTS (DISBURSEMENTS) FOR THE YEAR					
	45,670	(6,038)	3,347	42,979	33,238
Trust fund balance - beginning of year					
	1,287,867	105,882	136,803	1,530,552	1,497,314
TRUST FUND BALANCE - END OF YEAR					
	\$ 1,333,537	\$ 99,844	\$ 140,150	\$ 1,573,531	\$ 1,530,552

See accompanying notes to financial statements

The Corporation of Haldimand County

Notes to the Trust Funds Financial Statements

Year ended December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements of the Trust Funds of the Corporation of Norfolk 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 \$1,340,824 (2019 - \$1,311,780) reported on the Balance Sheet at cost, have a fair value of \$1,340,824 (2019 - \$1,311,780) 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 \$9,650 (2019 - \$9,275).

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.

5. SUBSEQUENT EVENTS

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economies.

As at the issuance of the financial statements, the Organization is aware of changes in its operations as a result of the COVID-19 crisis, including the closure of its offices [for an indefinite period or until by provincial decree].

Management is uncertain of the effects of these changes on its financial statements and believes that any disturbance may be temporary; however, there is uncertainty about the length and potential impact of the disturbance.

As a result, we are unable to estimate the potential impact on the Organization's operations as at the date of these financial statements.