
HALDIMAND COUNTY

Report FIN-14-2020 Audited Financial Statements for 2019

For Consideration by Council in Committee on November 17, 2020



OBJECTIVE:

To present the audited 2019 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, 2019.

RECOMMENDATIONS:

1. THAT Report FIN-14-2020 Audited Financial Statements for 2019 be received;
2. AND THAT the consolidated financial statements, including the Trust Fund Statements, for Haldimand County for 2019, as audited by Millard, Rouse and Rosebrugh LLP, be received and approved.

Prepared by: Angela Cifani, Supervisor, Budgets & Financial Planning

Reviewed by: Charmaine Corlis, Treasurer

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 2019 audited financial statements (presented under separate cover) are as follows:

- **Investment Portfolio:** As outlined in the annual investment report to Council in June 2020, the carrying book value of the County's investment portfolio was approximately \$188.0 million compared to a book value of \$152.0 million at December 31, 2018. This increase is primarily due to the issuance of debt of approximately \$32.7 million in 2019 to finance capital projects which were funded internally and therefore replenishing the County's cashflow. The 2019 year end book value is comprised of approximately \$96.0 million in fixed income investments, while the 2019 growth/equity year end book value remain equivalent to 2018 year end of \$92.0 million. This portfolio, coupled with strong annual returns has led to increased liquidity, revenue and financial flexibility.
- **Substantial Investment in Infrastructure:** The County invested over \$46 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 \$40 million. At the end of 2019, the historical cost of the County's infrastructure was estimated at approximately \$922 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, 2019, were \$91.0 million which represents an increase of approximately \$10 million over the previous year. This excludes both our Hydro

Legacy Fund of \$84.0 million, which increased \$4.1 million over 2018, as well as our Community Vibrancy Fund which has a negative balance of almost \$11 million.

- **Increase in Net Long Term Debt:** The County ended the year with approximately 70.0 million in long term debt, an increased \$27.5 over 2018. This increase is due to the new debt issued in 2019 to fund the Dunnville Wastewater Treatment Plant, Haldimand County Administration Building, Cayuga Library, Cayuga CNR Train Bridge, and Townsend Lagoon projects.
- **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 2019 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.

Audited 2019 Operating Net Surplus/(Deficit)		
Investment Income (in excess of \$100,000)		\$10,782,648
Tax Supported Operations		\$40,162
Rate Supported Operations		
Water Operations	\$331,836	
Wastewater Operations	\$400,288	\$732,124
Total Operating Surplus		\$11,554,934

The presentation of the 2019 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 2019 Consolidated Financial Statements. The audited statements are provided as Attachment 3 to this report and will be presented by the auditor at the November 17th 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 2019 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 2019 to meet PSAB reporting requirements.

TABLE 1

Description	2019 Impact
Surplus for year per approved Budgets (*)	\$0
Add:	
Budgeted transfers to accumulated surplus (i.e. contributions to reserves/reserve funds)	\$32,142,360
Principal payments on debt	\$5,222,940
Less:	
Budgeted transfers from accumulated surplus (i.e. use of reserves/reserve funds)	(\$4,192,080)
Budgeted transfers from capital fund	(\$669,120)
Amortization	(\$24,258,872)
Budgeted "surplus" as reported on audited Financial Statements	\$8,245,228

(*) – 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 2019, 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 2019 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 2019 fiscal year of \$11,554,934. 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 2019 audited financial statements is approximately \$22.7 million. The following table reconciles the reasons for the differences in how the surplus/deficit has been reported:

TABLE 2

<u>Description</u>	<i>Impact on 2019 Surplus Increase/(Decrease)</i>
Revenue Fund – tax supported and water/wastewater operations (details analyzed in Table 3)	\$11,554,934
<i>Add Net Capital and Reserve Fund Operations:</i>	
Capital Fund (mainly due to issuance of debt)	16,759,255
Reserves/Reserve Funds (net transfers prior to surplus/deficit entries)	4,991,314
Sub-total per Internal Financial Statements	33,305,503
<i>Adjustments for PSAB Audited Financial Statements:</i>	
Principal debt repayments	5,222,874
Debt Proceeds	(32,651,250)
Capital costs capitalized (i.e. not expensed) during the year	31,137,156
Capital costs included in work in progress (i.e. not complete as at December 31 st and not expensed)	15,004,009
Amortization of capital assets	(24,258,872)
Net costs associated with disposal of capital assets	(1,090,488)
Business Improvement Areas (2019 net operations)	26,697
Decrease/ (Increase) in landfill post-closure liability	(2,080,198)
Change in post employment and sick leave liabilities	(82,100)
Change in workers’ compensation liabilities	446,948
Change in deferred revenues/obligatory reserves	(2,239,986)
Surplus Reported on Audited Financial Statements for PSAB Purposes	\$22,740,293

Net Capital and Reserve Fund Operation - The Net Capital Fund of \$16.8 million is the sum of all the capital fund transactions (revenues net of expenses) for 2019. The County issued debt of approximately \$32 million in 2019 which was recorded as revenue which resulted in a positive sum. The Reserves and Reserve Funds balance of \$4.9 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 2019 operating variances included in the audited Financial Statements for PSAB purposes (under separate cover), totalling \$22.7 million, are as follows:

- Operating Revenues: The total variance between actual revenues compared to budgeted revenues is approximately \$25.1 million favourable variance. The main contributing factors to the reported variance is related to:
 - Investment Income: as detailed in the Investment Status Report to Council in June 2020, the County experienced higher than budgeted investment returns. The Investment Committee, with the advice of the County’s investment manager, liquidated a principal protected note that achieved significant growth of \$12.9 million. This investment return combined with additional interest earnings totalled \$16.1 million compared to the budget of \$1.6 million resulting in an overall difference of \$14.5 million. 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 \$10,782,000 was made in 2019. 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 2019 several subdivisions were developed to the point that the County assumed significant infrastructure totaling approximately \$5.4 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 2019, revenues of \$3.0 million were recognized, related to 2019 growth related capital project expenditures, resulting in a favourable variance.
 - Federal Government Transfers: The majority of the Federal Government grants relate to infrastructure funding, the largest portion being the annual Federal Gas tax allocation.

The County receives approximately \$2.9 million annually, however for PSAB reporting purposes, only the funds used on specifically identified capital projects can be recognized in the same fiscal period. As a result, depending on the projects selected and the timing of the costs associated with these projects, the amounts recognized in any given year can fluctuate. Also, in 2019 the federal government announced a one-time top-up, doubling the County's funding which was utilized to advance the roads program. As such, \$5.9 million was utilized and recognized in 2019 versus the budgeted amount of the \$2.8 million, resulting in a favourable variance of \$3.1 million.

- Operating Expenditures: The total variance between actual expenditures compared to budget is approximately \$10.6 million unfavourable. One of the main contributing factors to the reported variance is due to non-capitalized capital expenditures which do not meet the thresholds/established parameters to be recorded on the balance sheet as tangible capital assets. A total of \$10.2 million net costs were expensed in 2019 with no corresponding budget identified (the full budgeted value of the capital expenditures was removed and assumed to meet PSAB reporting requirements to be capitalized and recorded on the balance sheet). The major areas impacted were Transportation Services which had \$5.6 million and Environmental Services of \$2.5 million related to projects that did not meet the criteria to be capitalized. As an example, the surface treatment program is not capitalized of which the Stoney Creek Road project alone was \$1.2 million. As well, road repairs related to the storm event in late fall of 2019, in the amount of \$1.2 million is not capitalized.

It should also be noted that, since under PSAB's technical reporting guidelines there are no "reserves/reserve funds", the balance in these reserves/reserve funds forms part of the County's overall "accumulated surplus" as denoted in Note 11 of the audited financial statements.

Staff acknowledge that the above reporting of the annual "surplus" is confusing. **It must be emphasized that the PSAB reported net 2019 surplus of \$22.7 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 2019 Net Operating Surplus/(Deficit)

The table below provides a breakdown of the audited 2019 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

2019 Audited Operating Surplus/(Deficit)		
(a)	Investment Income (in excess of \$100,000)	\$10,782,648
	Tax Supported Operations	(\$534,642)
	Public Health	\$145,425
	Social Assistance/Child Care	\$83,719
	Social Housing	\$45,350
	Library	\$300,310
(b)	Sub-total –Tax Supported Operations (detailed in Table 4)	\$40,162
(c)	Water Operations (detailed in Table 5)	\$331,836
(d)	Wastewater Operations (detailed in Table 6)	\$400,288
	Sub-total – Rate Supported Operations	\$732,124
	Total Operating Surplus/(Deficit)	<u>\$11,554,934</u>

The total 2019 operating expenditures (combined tax supported and rate supported) were budgeted at approximately \$135.1 million. The above noted net operating surplus, excluding the annual net Investment gains is \$772,286 represents a 0.6% 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 June 30, 2020 annual Investment Report FIN-11-2020, 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 \$10,782,000 was made in 2019 with a portion of this used to offset recognized but unrealized investment earnings from 2017 and 2018 of \$3.3 million. 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.

(b) Net Tax Supported Operations

Overall, the Tax Supported Operations reflect a 2019 surplus of approximately \$40,162. This net surplus represents a 0.04% favourable variance on approximately \$113.4 million of budgeted 2019 tax supported operating expenditures. The annual tax supported operational surplus has traditionally been approximately 1.0% and has been positive and negative 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 deficit of \$534,641 was transferred to the Contingency Reserve, which has a balance of approximately \$11.6 Million at the end of 2019 (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 \$11.4 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 deficit 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

2019 Operating Variance Analysis for Tax Supported Operations	
<u>Revenues</u>	<u>Surplus/(Deficit)</u>
Provincial Transitional Mitigation Grant (to offset lost property taxation from two long term care facilities change in tax status to exempt)	183,327
Roads Administration - Aggregate Resources Grant rate doubled to \$0.15/tonne	77,232
Planning Fees	78,710
Arena revenues	105,155
Penalty & Interest - Taxes	(229,676)
POA Fines Revenue	115,135
Supplementary Taxes - mainly due to residential development	856,290
Accounts Receivable Interest	82,457
Interest on Investments	100,000
Sub-total Revenues	<u>1,368,630</u>
<u>Expenditures</u>	
Salaries/Wages & Benefits - Including Early Retirement Benefits - Mainly due to gapping, i.e. unfilled vacancies - County wide (2.7% of total salaries & wages budget)	1,127,250
Winter Control - Sand, Salt and Contracted Services	(1,966,547)
Property tax adjustments (tax appeals and vacancy rebates)	(98,286)
Solid Waste Deficit – primarily due to higher than anticipated leachate volumes partially offset by cost sharing with Norfolk County	(355,858)
Policing Contract includes 2018 Reconciliation of \$125,889	(133,618)
Contracted Services - Facilities & Cemeteries	(120,731)
Roads - Emergency Storm Response	(60,009)
Roads Maintenance Operations - Bridges & Culvert Maintenance, Shoulder Maintenance, Line Painting & Signage, Roadside Maintenance, Streetlighting	(283,701)
Miscellaneous net items (individually under \$50,000)	(11,772)
Sub-total Expenditures	<u>(1,903,272)</u>
Sub-total Net Tax Supported Operations Surplus	<u>(534,642)</u>
Public Health	145,425
Social Assistance/Child Care	83,719
Social Housing	45,350
Library Operations	300,310
Total Net Tax Supported Operations Surplus	<u>\$40,162</u>

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

The majority of the net surplus for the year is made up of only a handful of items, albeit representing significant dollars. Explanations for the major areas (not already detailed above) from Table 4 are as follows:

Penalty & Interest – Taxes (net deficit of \$229,676) – Given the recent changes in the tax sale process (moving from three year arrears eligibility to two), it is possible this change in process has reduced the penalties and interest received. The 2020 Tax Supported Operating Budget has included a reduction in penalty and interest revenues of \$255,000, (not including the Council approved COVID relief).

Supplementary Taxes (net surplus of \$856,290) – supplemental assessments tax revenue (i.e. assessments for new construction, not previously returned on the tax roll for property tax billing) surplus was related mainly to residential development. As growth within the county is expected to continue for several years, the base budget for supplemental tax billings was increased by \$725,000 in the 2020 Draft Tax Supported Operating Budget. Further review is recommended to monitor this increased assessment related to development throughout Haldimand County.

Salaries/Benefits and related costs (net surplus of \$1,127,250) – Net surplus is approximately 2.7% of the total annual salary and benefit budget (which includes salaries, benefits, overtime, professional association dues, staff meetings, travel and professional development) of approximately \$41.0 million. As the budget is prepared based on a full staff complement on an annualized basis, any staff vacancies will result in “gapping savings” that typically more than offset unanticipated compensation adjustments or recruitment costs to fill these positions. As well, meeting expenses, travel, and professional development accounts experienced surpluses mainly driven by the same position gapping. These savings also incorporate unbudgeted costs associated with post employment benefits for retirees.

Winter Control costs, including supplies, services and snow removal (net deficit of \$1,966,547): The frequency, timing and severity of the weather events can significantly impact the operational budget (primarily in the areas of sand/salt purchases or contracted snow plowing services). Council was advised of the negative variance during the 2019 budget deliberations. The final net deficit for 2019 is a result of salt/sand purchases being over budget by \$866,903 and contracted snow plowing and snow removal over budget by \$1,099,644. As experienced with the varying winter conditions of past years, winter control costs can fluctuate significantly from year to year. Based on a 5 year average, an increase of approximately \$30,000 was included in the 2020 Tax Supported Operating Budget related to winter control supplies and services. Continued refinement of winter control budgeting will be required to assess the appropriate annual funding necessary to meet the legislated and Council approved winter control service levels. Staff also continue to look at methods to reduce the County’s winter control costs, such as the salt management program and alternative control materials, to offset a portion of the historical annual deficits associated with the purchase of these supplies.

Solid Waste (net deficit of \$355,858) – Solid waste management operations deficit is driven primarily by increased leachate treatment and haulage volumes, partially offset with by cost sharing with Norfolk County. Impacts related to leachate costs have been included in the 2020 Draft Tax Supported Budget. Completion of the Leachate Best Practices Study may result in further changes. The study findings will be considered during 2021.

Roads Maintenance Operations (net deficit of \$283,701) – Roadside Maintenance contracts and materials deficit is a result of the demands on the various maintenance services provided such as Gravel Surface & Shoulder, Bridge & Culvert, Ditching, Hardtop Surface, Line Painting, Streetlighting and Roadside Maintenance. The 2020 budget includes an increase of \$153,150 to reflect projected needs in contracted services, offset by a reduction of \$203,840 in materials and supplies.

Shared Services with Norfolk County (net surplus of \$274,494): Norfolk County is the Consolidated Municipal Service Manager (CMSM) for legislated social services, as well as the Board of Health and provider of legislated public health services for both Norfolk and Haldimand Counties. Norfolk County bills Haldimand County on a monthly basis for the estimated costs of services attributed to Haldimand

County (based on the principles of a previous arbitration award). Once the actual costs for the year are determined, a reconciliation is completed and any surplus/deficits are determined. Based on a reconciliation of actual results for the year 2019 a total surplus of \$274,494 was recognized as follows: Public Health \$145,425, Social Services/Child Care \$83,719 and Social Housing \$45,350.

Building Division Operations (net surplus of \$122,763) transferred to Building Permit Stabilization Reserve Fund: Building Division net operating results are required, by legislation that has been in place since 2005, to be transferred to/from the County's Building Permit Stabilization Reserve Fund. As noted in the Community and Development Services 2019 Annual Report, building permit revenue was up from 2018. This has resulted in surplus contributions net of capital expenditures of \$122,763 transferred to the reserve fund. This reserve fund has a balance of approximately \$5.4 million as at December 31, 2019. As a result, the net impact on the 2019 tax supported operations is \$0 in keeping with the legislative requirements (the budget is also approved at a net \$0). The overall fee structure was reviewed and amended during 2018, and as a result, the current surplus within the reserve fund was taken into account, in order to mitigate excessive surplus funds, and ensure fluctuations within annual costs could be accommodated. Included in Attachment #1 are the historical operations of the Building Division affecting the balance of this reserve fund. This statement is required to be produced annually and will be released in conjunction with the annual audited financial statements.

(c) Water and Wastewater Operations

The combined 2019 Water and Wastewater Operations net surplus is approximately \$732,000 on total budgeted operating expenditures of \$21.7 million. This represents a positive variance of 3.4%. 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 2019 water operations reflected a \$331,836 surplus on budgeted expenditures of approximately \$12.7 million (2.6%), and wastewater operations had a surplus of \$400,288 on budgeted expenditures of approximately \$9.0 million (4.4%). A further breakdown of the significant variances is provided as follows (Table 5 for Water and Table 6 for Wastewater.)

TABLE 5

2019 Operating Variance Analysis for Rate Supported Operations - WATER	
<u>Revenues:</u>	Surplus/ (Deficit)
Residential User Rates Revenue - Basic and Consumption	68,570
Commercial/Industrial User Rates - Basic and Consumption (large industrial users)	246,585
Recoveries from New Credit (residential and bulk water increased consumption)	58,650
Water Meter Installations	(33,689)
Nanticoke Industrial Pumping Station - Stelco and Imperial Oil recoveries (offset by expenditures below)	149,380
Port Maitland Raw Water (offset by expenditures below)	(559,282)
Miscellaneous Fees & Recoveries (individually under \$25,000)	14,367
<i>Sub-total Revenues</i>	<u>(55,419)</u>

<u>Expenditures:</u>	
Salaries & Wages (shift in distributed wages based on additional hours allocated to water operations; partially offset by gapping - total surplus of \$12,200)	(9,316)
M&R Supplies	12,178
Billing and Collecting Costs – based on 10,000 customers, not reached in 2019	28,910
M&R Services	(67,338)
Nanticoke Industrial Pumping Station - Stelco and Imperial Oil share of expenditures - mainly hydro savings (offset by recoveries above)	(149,380)
Port Maitland Raw Water - mainly due to less reserve fund requirements (offset by recoveries above)	559,282
Interfunctional Adjustments - 2019 rates estimated prior to preparation of final rates in the 2019 Tax Supported Operating Budget	51,928
Miscellaneous Net Items (Individually under \$25,000)	(39,009)
	<i>Sub-total</i> Expenditures
	<u>387,254</u>
Total Water Operating Surplus	<u>331,836</u>

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. Commercial and Industrial revenues resulted in a favourable variance of approximately \$246,500 (11.9%) - this was due to a surplus in large industrial consumption of approximately \$251,700, which was partially offset by a deficit in commercial basic charges and consumption of approximately \$5,200. The New Credit water recoveries had increased usage both for residential and at the depot. Continued monitoring of consumption patterns will assist in predicting future demand and budget implications. Net water operating surpluses are transferred to the Water Rate Stabilization Reserve, which has a balance of approximately \$1.9 million at December 31, 2019.

TABLE 6

<u>Revenue</u>	<u>Surplus/ (Deficit)</u>
Residential User Rates Revenue - Basic and Consumption	(8,232)
Commercial/Industrial User Rates - Basic and Consumption	103,216
Bulk Processing Leachate - Higher treatment levels at both sites	214,350
Water Meter Installations and Connection Permits (Wastewater Portion)	(33,688)
Miscellaneous net items (individually under \$25,000)	36,304
	<u>Subtotal Revenues</u>
	<u>311,951</u>

Expenditures	
Salaries & Wages (shift in distributed wages based on additional hours allocated to water operations; partially offset by gapping - total surplus of \$12,200)	21,522
Billing and Collecting Costs – based on 10,000 customers, not reached in 2019	28,910
Hydro	(148,999)
Taxes & Local Improvements – mainly Townsend Lagoon	41,506
Interfunctional Adjustments - 2019 rates estimated prior to preparation of final rates in the 2019 Tax Supported Operating Budget	27,160
Veolia Contract	65,823
Miscellaneous net items (individually under \$25,000)	52,415
Subtotal Expenditures	<u>88,337</u>
Total Wastewater Operating Surplus	<u>400,288</u>

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 wastewater basic and consumption charges. However, the commercial and industrial basic and consumption charges did experience a higher than budget increase of approximately \$103,000 on a budget of approximately \$1.7 million. The bulk processing revenues were over budget in leachate by approximately \$214,000 due to increased volumes. The net wastewater surplus is transferred to the Wastewater Rate Stabilization Reserve, which has a balance of approximately \$3.6 million as at December 31, 2019.

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 2019 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 2019 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 2010-2019
2. Parkland Dedication Reserve Fund Statement of Activities 2019
3. Auditors Report from Millard, Rouse & Rosebrugh, dated November 17, 2020, accompanied by a copy of Haldimand County's 2019 Audited Financial Statements



Corporation of Haldimand County
Building Division
Statement of Activities 2010 - 2019

<u>January 1st to December 31st</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Revenues:										
Building Permits	915,497	725,620	1,502,558	1,527,622	1,565,168	1,333,386	1,661,880	2,290,725	1,106,725	1,432,586
Plumbing Permits								-	57,631	57,932
Septic Inspections	14,059	12,987	15,537	15,235	15,572	14,858	16,787	20,980	18,946	28,750
Provincial Student Grant	753	312						-	-	-
Total Revenues	930,309	738,918	1,518,095	1,542,857	1,580,740	1,348,244	1,678,667	2,311,705	1,183,302	1,519,268
Less Expenses:										
Direct Costs	(587,426)	(600,028)	(577,159)	(653,354)	(599,915)	(620,022)	(670,871)	(861,709)	(1,264,861)	(1,171,035)
Indirect Costs	(169,530)	(176,220)	(180,870)	(176,210)	(172,220)	(178,660)	(194,710)	(205,510)	(218,411)	(225,470)
Total Expenses	(756,956)	(776,248)	(758,029)	(829,564)	(772,135)	(798,682)	(865,581)	(1,067,219)	(1,483,273)	(1,396,505)
Contribution to/(from) Building Permit Cost Stabilization Reserve Fund	173,352	(37,330)	760,067	713,293	808,605	549,562	813,087	1,244,486	(299,971)	122,763
Continuity of Building Permit Cost Stabilization Reserve Fund										
Opening Balance - January 1st	(46,474)	125,512	92,371	857,089	1,589,453	2,441,959	3,041,573	3,975,100	5,278,545	5,064,031
Transfer to/(from) Reserve	173,352	(37,330)	760,067	713,293	808,605	549,562	813,087	1,244,486	(299,971)	122,763
Interest	(1,366)	4,189	4,651	19,072	43,901	50,053	120,441	58,959	85,456	182,933
Closing Balance - December 31st	125,512	92,371	857,089	1,589,453	2,441,959	3,041,573	3,975,100	5,278,545	5,064,031	5,369,727

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

		<p>Corporation of Haldimand County Parkland Dedication Reserve Fund Statement of Activities 2019</p>
<p>Haldimand County</p>		
<p><u>January 1st to December 31st</u></p>		<p><u>2019</u> <u>(\$)</u></p>
<p>Continuity of Parkland Reserve Fund</p>		
<p>Opening Balance - January 1st</p>		<p>704,651</p> <hr/>
<p>Sources of Funds:</p>		
<p>Park Dedication Payments</p>		<p>17,250</p>
<p>Interest Earned</p>		<p>25,068</p> <hr/>
<p>Total Source of Funds</p>		<p>42,318</p>
<p>Use of Funds*</p>		
<p>Amounts Transferred to Capital (or Other) Funds (1)</p>		<p>(7,009)</p> <hr/>
<p>Total Use of Funds</p>		<p>(7,009)</p>
<p>Closing Balance - December 31st</p>		<p>739,960</p> <hr/>
<p><i>(1) See Attachment 1 for details</i></p> <p><i>This statement is presented in accordance with Section 37 (5)-(10) and 42 (17)-(20) of the Planning Act (the "Act").</i></p>		

**PARKLAND RESERVE FUND STATEMENT
THE CORPORATION OF HALDIMAND COUNTY
FOR THE YEAR 2019**

Capital Project	Parkland Reserve Fund Draw	Development Charges - Leisure Services	Other Reserves Fund Draw	Grants, Subsidies, Other Contributions	Total 2019 Funding
Trail Development and Signage	470	4,229			4,698
Chippewa Trail Phase 2	3,388	30,608			33,997
Caledonia to York Trail	3,151	7,950	5,978		17,079
Totals	\$ 7,009	\$ 42,787	\$ 5,978	\$ -	\$ 55,774

The Corporation of Haldimand County
Consolidated Financial Statements
December 31, 2019



The Corporation of Haldimand County
Index to Consolidated Financial Statements
December 31, 2019

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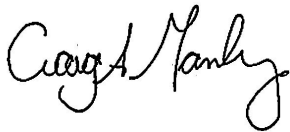
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

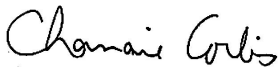
The consolidated financial statements have been audited on behalf of the members of council, inhabitants, and ratepayers of The Corporation of Haldimand County by Millard, Rouse & Rosebrugh LLP, in accordance with Canadian Generally Accepted Auditing Standards.



Craig Manlev, Chief Administrative Officer



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



Charmaine Corlis, Treasurer

Cayuga, Ontario
November 17, 2020

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, 2019, 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, 2019, 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.

November 17, 2020
Simcoe, Ontario

Millard, Rouse & Rosebrugh LLP

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

The Corporation of Haldimand County
Consolidated Statement of Financial Position
As at December 31, 2019

	2019	2018
FINANCIAL ASSETS		
Cash	\$ 6,950,048	\$ 8,502,126
Investments (Note 3)	188,068,384	152,022,079
Taxes receivable	7,087,179	7,741,250
Accounts receivable	11,377,749	10,103,334
Loan receivable (Note 4)	1,914,788	2,121,502
	215,398,148	180,490,291
LIABILITIES		
Accounts payable	21,541,943	19,945,572
Due to trust funds	88,991	121,601
Employee benefits liability (Note 5)	13,854,500	14,219,348
Allowance for assessment adjustments (Note 6)	2,928,369	2,914,209
Deferred revenue (Note 7)	16,063,492	13,755,716
Solid waste landfill closure and post-closure liability (Note 8)	16,133,712	14,053,514
Long-term liabilities (Note 9)	69,956,567	42,528,191
	140,567,574	107,538,151
NET FINANCIAL ASSETS	74,830,574	72,952,140
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 10)	488,476,213	467,684,408
Prepaid expenses	756,671	728,949
Inventory	700,570	658,238
	489,933,454	469,071,595
ACCUMULATED SURPLUS (Note 11)	\$564,764,028	\$542,023,735

See accompanying notes

The Corporation of Haldimand County
Consolidated Statement of Operations and Accumulated Surplus
Year ended December 31, 2019

	Budget 2019	2019	2018
	(Note 19)		
REVENUES			
Taxation	\$ 70,770,110	\$ 71,715,542	\$ 68,465,018
Government transfers - Federal (Note 12)	2,786,140	5,876,322	3,926,158
Government transfers - Provincial (Note 13)	17,768,920	17,175,080	17,416,439
Recoveries from other municipalities	2,351,100	2,676,737	2,605,113
User charges	28,574,320	26,479,906	26,450,283
Other income (Note 14)	7,979,620	31,455,997	15,800,716
	130,230,210	155,379,584	134,663,727
Expenses			
General government	8,857,644	8,361,124	7,960,649
Protection services	18,818,309	16,342,222	17,530,049
Transportation services	29,002,437	41,648,451	37,276,352
Environmental services	29,581,161	33,100,918	29,289,899
Health services	8,227,842	7,956,781	8,534,224
Social and family services	12,838,002	12,789,041	12,845,063
Social housing	960,500	915,150	817,133
Recreation and cultural services	10,813,468	9,099,410	10,045,024
Planning and development	2,885,619	2,426,194	3,048,846
	121,984,982	132,639,291	127,347,239
ANNUAL SURPLUS	8,245,228	22,740,293	7,316,488
Accumulated surplus - beginning of year	542,023,735	542,023,735	534,707,247
ACCUMULATED SURPLUS - END OF YEAR	\$550,268,963	\$564,764,028	\$542,023,735

See accompanying notes

The Corporation of Haldimand County
Consolidated Statement of Changes in Net Financial Assets
Year ended December 31, 2019

	Budget 2019	2019	2018
	(Note 19)		
ANNUAL SURPLUS	\$ 8,245,228	\$ 22,740,293	\$ 7,316,488
Amortization of tangible capital assets	24,258,872	24,258,872	24,121,621
Purchase of tangible capital assets	(44,237,710)	(46,141,165)	(40,141,808)
Proceeds on disposal of tangible capital assets	-	427,715	367,130
Loss on disposal of tangible capital assets	-	662,773	751,225
Decrease (increase) in prepaid expenses	-	(27,722)	73,278
Decrease (increase) in inventory	-	(42,332)	(141,083)
	(19,978,838)	(20,861,859)	(14,969,637)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(11,733,610)	1,878,434	(7,653,149)
Net financial assets - beginning of year	72,952,140	72,952,140	80,605,289
NET FINANCIAL ASSETS - END OF YEAR	\$ 61,218,530	\$ 74,830,574	\$ 72,952,140

See accompanying notes

The Corporation of Haldimand County

Consolidated Statement of Cash Flow

Year ended December 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Annual surplus	\$ 22,740,293	\$ 7,316,488
Items not affecting cash:		
Amortization of tangible capital assets	24,258,872	24,121,621
Loss on disposal of tangible capital assets	662,773	751,225
	47,661,938	32,189,334
Changes in non-cash working capital:		
Taxes receivable	654,071	216,490
Accounts receivable	(1,274,415)	677,809
Loan receivable	206,714	198,687
Accounts payable	1,596,371	80,458
Due to trust funds	(32,610)	11,849
Employee benefits liability	(364,848)	3,469,012
Allowance for assessment adjustments	14,160	464,143
Deferred revenue	2,307,776	(2,853,035)
Solid waste landfill closure and post-closure liability	2,080,198	95,476
Prepaid expenses	(27,722)	73,278
Inventory	(42,332)	(141,083)
	5,117,363	2,293,084
Cash flow from operating activities	52,779,301	34,482,418
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(46,141,165)	(40,141,808)
Proceeds from sale of tangible capital assets	427,715	367,130
Cash flow used by capital activities	(45,713,450)	(39,774,678)
FINANCING ACTIVITIES		
Long-term debt issued	32,651,250	-
Repayment of long-term debt	(5,222,874)	(5,187,727)
Cash flow from (used by) financing activities	27,428,376	(5,187,727)
INCREASE (DECREASE) IN CASH FLOW	34,494,227	(10,479,987)
Cash - beginning of year	160,524,205	171,004,192
CASH - END OF YEAR	195,018,432	160,524,205
CASH CONSISTS OF:		
Cash	\$ 6,950,048	\$ 8,502,126
Investments	188,068,384	152,022,079
	\$195,018,432	\$160,524,205

See accompanying notes

The Corporation of Haldimand County

Notes to Consolidated Financial Statements

Year ended December 31, 2019

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, 2019

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 \$15,358,319 (2018 - \$15,211,493).

(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 \$7,477,358 (2018 - \$7,634,577) 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, 2019

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
Notes to Consolidated Financial Statements
Year ended December 31, 2019

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, 2019

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>2019</u>		<u>2018</u>	
	Market Value	Carrying Value	Market Value	Carrying Value
<u>Fixed income</u>				
Government bonds and GICs	\$ 8,801,998	\$ 8,783,620	\$ 14,277,512	\$ 14,438,176
Money market instruments	888,528	888,457	171,486	171,486
High interest savings	28,396,307	28,396,307	412,417	412,417
Principal protected notes	60,778,505	58,000,000	43,702,395	45,000,000
	98,865,338	96,068,384	58,563,810	60,022,079
<u>Growth/equity investments</u>				
Principal protected notes	92,453,500	92,000,000	93,764,925	92,000,000
	\$191,318,838	\$188,068,384	\$152,328,735	\$152,022,079

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, 2019, the principal amount outstanding is \$1,914,788.

The Corporation of Haldimand County
Notes to Consolidated Financial Statements
Year ended December 31, 2019

5. EMPLOYEE BENEFITS LIABILITY

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

	2019	2018
Vested and non-vested sick leave	\$ 1,027,700	\$ 966,400
Post-employment and post-retirement benefits	2,775,400	2,754,600
Workers' compensation	10,051,400	10,498,348
	\$13,854,500	\$ 14,219,348

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, 2019 is estimated at \$342,344 (2018 - \$341,661) 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 \$33,105 (2018 - \$7,616).

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 \$1,027,700 (2018 - \$966,400). The County has established a reserve fund of \$309,178 (2018 - \$330,785) to mitigate some of the future impacts of these obligations; however, vested and non-vested sick leave benefits are unfunded by a balance of \$718,522 (2018 - \$635,615). 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, 2019

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 \$2,775,400 (2018 - \$2,754,600). The County has established a reserve fund of \$1,008,981 (2018 - \$879,631) to mitigate some of the future impacts of these obligations; however, post-employment and post-retirement benefits are unfunded by a balance of \$1,766,419 (2018 - \$1,874,969). 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 \$10,051,400 (2018 - \$10,498,348). The County has established a reserve fund of \$7,489,856 (2018 - \$6,839,925) to mitigate some of the future impacts of these obligations; however, WSIB is unfunded by a balance of \$2,561,544 (2018 - \$3,658,423). 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 \$402,872 (2018 - \$421,510).

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, 2019

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	\$ 704,651	\$ 17,250	\$ 25,068	\$ (7,009)	\$ 739,960
Development charges	1,320,325	2,700,448	94,638	(2,948,218)	1,167,193
Building permits	5,064,031	199,163	182,933	(76,400)	5,369,727
Federal gas tax	4,932,119	5,679,078	177,596	(5,402,804)	5,385,989
Provincial OCIF	291,995	2,620,313	35,426	(1,057,498)	1,890,236
Deferred provincial grants	755,781	-	-	-	755,781
Other	686,814	754,606	-	(686,814)	754,606
	\$13,755,716	\$11,970,858	\$ 515,661	\$(10,178,743)	\$16,063,492

The Corporation of Haldimand County
Notes to Consolidated Financial Statements
Year ended December 31, 2019

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 \$16,133,712. 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 95 years Tom Home landfill site and 77 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	95 years
- Canborough landfill site	77 years

	2019	2018
Capital costs upon closure	\$ 487,616	\$ 329,090
Closed landfill site rehabilitation and monitoring	15,646,096	13,724,424
	\$ 16,133,712	\$ 14,053,514

The Corporation of Haldimand County
Notes to Consolidated Financial Statements
Year ended December 31, 2019

9. LONG-TERM LIABILITIES

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

	2019	2018
Total long-term liabilities issued or assumed by the municipality and outstanding at the end of the year amounts to:	\$ 69,956,567	\$42,535,881
Of the long-term liabilities shown above, the responsibility for payment of principal and interest charges for Tile Drainage Loans has been assumed by individuals. At the end of the year, the outstanding principal amount is:	-	(7,690)
	\$ 69,956,567	\$42,528,191

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

2020	\$ 7,552,251
2021	6,788,573
2022	6,806,573
2023	6,827,573
2024	5,963,253
Thereafter	<u>36,018,344</u>
	<u>\$ 69,956,567</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 municipality is contingently liable for long-term liabilities with respect to those for which the responsibility for the payment of principal and interest has been assumed by individuals for Tile Drainage Loans. The total amount outstanding as at December 31, 2019 is \$nil (2018 - \$7,690) and is not recorded on the Consolidated Statement of Financial Position.

d) 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, 2019

10. TANGIBLE CAPITAL ASSETS

	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

(continues)

The Corporation of Haldimand County
Notes to Consolidated Financial Statements
Year ended December 31, 2019

10. TANGIBLE CAPITAL ASSETS (continued)

	Land	Land Improvements	Buildings and Structures	Infrastructure	Vehicles, Machinery and Equipment	Assets Under Construction	2018
Cost, beginning of year	\$ 9,528,618	\$ 67,716,199	\$ 153,086,111	\$ 527,919,539	\$ 87,533,056	\$ 8,866,150	\$854,649,673
Additions	2,928,142	638,915	1,471,504	13,271,330	9,039,564	25,180,665	52,530,120
Disposals	(234,731)		(130,372)	(8,066,814)	(2,302,074)	4,346	(10,729,645)
Transfer to capital assets	-	-	-	-	-	(12,392,658)	(12,392,658)
Cost, end of year	12,222,029	68,355,114	154,427,243	533,124,055	94,270,546	21,658,503	884,057,490
Accumulated amortization, beginning of year	-	31,057,055	45,496,687	284,658,824	40,654,531	-	401,867,097
Amortization	-	1,474,574	3,064,855	14,824,590	4,757,602	-	24,121,621
Disposals	-		(127,457)	(7,213,504)	(2,274,675)	-	(9,615,636)
Accumulated amortization, end of year	-	32,531,629	48,434,085	292,269,910	43,137,458	-	416,373,082
Net carrying amount, end of year	\$ 12,222,029	\$ 35,823,485	\$ 105,993,158	\$ 240,854,145	\$ 51,133,088	\$ 21,658,503	\$467,684,408

The Corporation of Haldimand County

Notes to Consolidated Financial Statements

Year ended December 31, 2019

11. ACCUMULATED SURPLUS

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

	2019	2018
Investment in tangible capital assets	\$ 488,476,213	\$ 467,684,408
Long-term liabilities	(69,956,567)	(42,528,191)
Unfinanced capital	2,779,288	(13,979,967)
Net investment in tangible capital assets	421,298,934	411,176,250
BIA surpluses	121,894	95,197
Reserves and reserve funds - Operating		
Contingency	11,551,522	12,211,419
Land sales	1,555,574	2,208,935
Employee benefits insurance	2,273,892	2,127,077
Insurance	1,935,234	1,652,600
Water rate stabilization	1,919,473	1,533,186
Wastewater rate stabilization	3,567,538	2,909,113
Investment income stabilization	5,559,712	(3,329,435)
Other	5,605,415	5,337,548
	33,968,360	24,650,443
Reserves and reserve funds - Capital		
Roads infrastructure	12,963,565	15,372,511
Wastewater	14,080,451	12,169,793
Water	9,397,068	10,516,844
General	8,352,211	6,624,045
Storm sewer	1,150,248	2,343,292
Fire fleet	2,875,930	2,182,903
Other fleet	1,975,946	2,051,000
Other	6,252,511	5,761,106
	57,047,930	57,021,494
Subtotal - Reserves and reserve funds	91,016,290	81,671,937
Hydro legacy fund	83,977,731	79,864,327
Community vibrancy fund	(10,873,496)	(10,982,965)
WSIB reserve fund held jointly with Norfolk County (gross amounts)	402,872	421,510
Unfunded liabilities		
Solid waste landfill closure and post-closure liability	(16,133,712)	(14,053,514)
Post-employment and post-retirement benefits liability	(1,766,419)	(1,874,969)
Vested and non-vested sick leave liability	(718,522)	(635,615)
WSIB	(2,561,544)	(3,658,423)
	(21,180,197)	(20,222,521)
	\$ 564,764,028	\$ 542,023,735

The Corporation of Haldimand County

Notes to Consolidated Financial Statements

Year ended December 31, 2019

12. GOVERNMENT TRANSFERS - FEDERAL

	Budget (Note 19)	2019	2018
Operating			
Conditional	\$ 18,990	\$ 10,937	\$ 32,624
Capital			
Infrastructure funding	-	462,581	95,874
Federal gas tax revenue	2,767,150	5,402,804	3,797,660
	\$ 2,786,140	\$ 5,876,322	\$ 3,926,158

13. GOVERNMENT TRANSFERS - PROVINCIAL

	Budget (Note 19)	2019	2018
Operating			
Ontario Municipal Partnership Fund	\$ 3,912,500	\$ 3,932,300	\$ 3,992,500
Modernization funding	725,000	725,000	-
Conditional	10,511,110	11,187,045	10,899,567
Capital			
Infrastructure funding	2,620,310	1,330,735	2,524,372
	\$ 17,768,920	\$ 17,175,080	\$ 17,416,439

14. OTHER INCOME

	Budget (Note 19)	2019	2018
Licenses, permits, rents, and concessions	\$ 4,246,330	\$ 3,852,509	\$ 3,791,078
Provincial offences and other fines	470,960	702,252	539,597
Penalties and interest on taxes	1,155,000	925,324	1,040,482
Investment income	1,614,380	16,087,121	2,739,220
Development charges earned	-	2,955,228	3,679,717
Developer contributed assets	-	5,389,056	3,801,912
Proceeds from sale of land and other assets	304,720	618,870	347,709
Loss on disposal of tangible capital assets	-	(662,773)	(751,225)
Donations	182,090	328,418	399,192
Other	6,140	1,259,992	213,034
	\$ 7,979,620	\$ 31,455,997	\$ 15,800,716

The Corporation of Haldimand County
Notes to Consolidated Financial Statements
Year ended December 31, 2019

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 2019 was \$2,482,667 (2018 - \$2,408,891).

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 2019 was \$2,217,826 (2018 - \$2,106,501).

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 2019 was \$7,470,280 (2018 - \$7,377,268).

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 2019 Haldimand County paid \$2,354,379 (2018 - \$2,114,053) 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, 2019, the balance outstanding was \$699,519. 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 2019 was \$2,626,151 (2018 - \$2,529,386). 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, 2019

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, 2019, 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, 2019 of \$1,935,234 (2018 - \$1,652,600).

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, 2019, there is no liability recorded in the consolidated financial statements. The County will continue to review contaminated sites on an annual basis and, when the criteria for recognition have been met, a liability will be recorded.

The Corporation of Haldimand County
Notes to Consolidated Financial Statements
Year ended December 31, 2019

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:

	2019
Budget surplus for the year adopted by Council	\$ -
Add:	
Budgeted transfers to accumulated surplus	32,142,360
Principal payments on debt	5,222,940
Less:	
Budgeted transfers from accumulated surplus	(4,192,080)
Budgeted transfers from capital fund	(669,120)
Amortization	(24,258,872)
Budget surplus per Consolidated Statement of Operations	\$ 8,245,228

20. COMPARATIVE FIGURES

Certain prior year figures have been adjusted to conform with the 2019 financial statement presentation.

21. SUBSEQUENT EVENTS

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization. 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, 2019

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, 2019

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
Notes to Consolidated Financial Statements
Year ended December 31, 2019

22. SEGMENTED INFORMATION (continued)

	General Government	Protection Services	Transportation Services	Enviromental Services	Social and Family Services	Other Services	Consolidated 2018
Revenue							
Government transfers - Federal	\$ 3,797,660	\$ 5,155	\$ -	\$ 21,460	\$ -	\$ 101,883	\$ 3,926,158
Government transfers - Provincial	5,956,250	169,575	829,036	694,379	6,557,675	3,209,524	17,416,439
User charges	2,125,814	255,580	47,641	19,339,715	2,700,116	1,981,417	26,450,283
Other revenue [1]	9,256,305	2,168,135	3,928,344	2,686,442	26,984	339,619	18,405,829
	21,136,029	2,598,445	4,805,021	22,741,996	9,284,775	5,632,443	66,198,709
Expenses							
Salaries, wages, and benefits	7,474,550	6,225,607	4,938,168	3,631,829	8,111,786	13,251,874	43,633,814
Materials	3,081,134	451,718	2,982,087	5,863,223	1,324,052	1,696,327	15,398,541
Contracted services	2,479,599	7,496,801	12,166,151	13,399,438	1,720,372	2,430,779	39,693,140
External transfers	343,819	584,556	-	-	-	1,054,316	1,982,691
Financial expenses	854,896	9,424	20,704	18,940	393	74,253	978,610
Interest on long-term liabilities	-	98,618	-	355,596	483,019	601,589	1,538,822
Amortization	467,964	1,110,944	14,612,040	4,992,733	640,701	2,297,239	24,121,621
Interdepartmental charges	(6,741,313)	1,552,381	2,557,202	1,028,140	564,740	1,038,850	-
	7,960,649	17,530,049	37,276,352	29,289,899	12,845,063	22,445,227	127,347,239
Surplus (deficiency) of revenue over expenses for the year financed by net municipal levy							
	\$ 13,175,380	\$(14,931,604)	\$(32,471,331)	\$(6,547,903)	\$(3,560,288)	\$(16,812,784)	\$(61,148,530)
Taxation revenue							68,465,018
Annual surplus							\$ 7,316,488

[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, 2019

	Budget 2019	2019	2018
REVENUE			
Government transfers:			
Provincial library operating grant (Ministry of Tourism, Culture, and Sport)	\$ 72,400	\$ 72,400	\$ 72,400
Pay equity	6,800	6,762	6,762
Other	5,910	3,360	5,830
Fees and service charges	24,080	25,067	22,910
Fines	27,500	26,446	26,476
Donations	8,100	7,763	6,585
Other revenue	13,630	17,856	20,492
	158,420	159,654	161,455
EXPENSES			
Salaries, wages, and benefits	1,443,310	1,165,320	1,173,345
Materials and supplies	81,000	65,403	61,355
Services	209,810	174,276	161,862
Rents and financial expenses	126,640	121,508	119,528
	1,860,760	1,526,507	1,516,090
DEFICIENCY OF REVENUE OVER EXPENSES BEFORE UNDERNOTED ITEMS			
	(1,702,340)	(1,366,853)	(1,354,635)
Transfer from reserves	(131,500)	(96,323)	(96,504)
Transfer to reserves	546,680	846,990	415,599
	415,180	750,667	319,095
DEFICIENCY OF REVENUE OVER EXPENSES FOR THE YEAR, FINANCED BY NET MUNICIPAL LEVY			
	\$ (2,117,520)	\$ (2,117,520)	\$ (1,673,730)

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

The Corporation of Haldimand County**Museum Division - Schedule of Operations****Year ended December 31, 2019**

	Budget 2019	2019	2018
REVENUE			
Government transfers	\$ 53,540	\$ 45,490	\$ 53,623
Fees and service charges	14,210	10,671	11,744
Donations	16,990	17,332	13,189
	84,740	73,493	78,556
EXPENSES			
Salaries, wages and benefits	329,120	310,573	314,017
Materials and supplies	51,520	44,331	15,480
Services	22,880	22,861	43,394
Rents and financial expenses	990	497	663
	404,510	378,262	373,554
DEFICIENCY OF REVENUE OVER EXPENSES BEFORE UNDERNOTED ITEMS	(319,770)	(304,769)	(294,998)
Transfer from reserves	(5,050)	(3,850)	-
DEFICIENCY OF REVENUE OVER EXPENSES FOR THE YEAR FINANCED BY NET MUNICIPAL LEVY	\$ (314,720)	\$ (300,919)	\$ (294,998)

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

The Corporation of Haldimand County
Trust Funds - Financial Statements
December 31, 2019



INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of the Trust Funds of The Corporation of Haldimand County (the Corporation), which are comprised of the balance sheet as at December 31, 2019, 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 balance sheet of the Corporation as at December 31, 2019, and the statement of continuity for the year then ended, in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian Generally Accepted Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

(continues)

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 Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

November 17, 2020
Simcoe, Ontario

Millard, Rouse & Rosebrugh LLP

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

The Corporation of Haldimand County

Balance Sheet - Trust Funds Year ended December 31, 2019

	Combined Cemetery Perpetual Care	Grandview Bequest Trust	Grandview Comfort Trust	Total 2019	Total 2018
NET ASSETS					
Cash	\$ -	\$ -	\$129,780	\$ 129,780	\$ 129,125
Investments (Note 2)	1,311,780	-	-	1,311,780	1,246,588
Due from (to) Haldimand County	(23,913)	105,882	7,023	88,992	121,601
TOTAL NET ASSETS	\$1,287,867	\$105,882	\$136,803	\$1,530,552	\$1,497,314
TRUST FUND BALANCE	\$1,287,867	\$105,882	\$136,803	\$1,530,552	\$1,497,314

See accompanying notes

The Corporation of Haldimand County
Statement of Continuity - Trust Funds
Year ended December 31, 2019

	Combined Cemetery Perpetual Care	Grandview Bequest Trust	Grandview Comfort Trust	Total 2019	Total 2018
RECEIPTS					
Sale of plots and markers	\$ 38,895	\$ -	\$ -	\$ 38,895	\$ 28,709
Investment income	24,598	3,847	-	28,445	20,952
Resident contributions	-	-	209,934	209,934	179,585
Donations	-	-	-	-	1,000
	63,493	3,847	209,934	277,274	230,246
Disbursements					
Transfer to cemetery operations	24,598	-	-	24,598	19,047
Transfer to County (Note 3)	-	9,275	-	9,275	7,596
Transfer to residents	-	-	210,163	210,163	182,911
	24,598	9,275	210,163	244,036	209,554
NET RECEIPTS (DISBURSEMENTS) FOR THE YEAR					
	38,895	(5,428)	(229)	33,238	20,692
Trust fund balance - beginning of year					
	1,248,972	111,310	137,032	1,497,314	1,476,622
TRUST FUND BALANCE - END OF YEAR					
	\$1,287,867	\$ 105,882	\$ 136,803	\$1,530,552	\$1,497,314

See accompanying notes

The Corporation of Haldimand County

Notes to the Trust Funds Financial Statements

Year ended December 31, 2019

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 \$1,311,780 (2018 - \$1,246,588) reported on the Balance Sheet at cost, have a fair value of \$1,311,780 (2018 - \$1,246,588) 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 \$9,275 (2018 - \$7,596).

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.