

**CORPORATION OF THE COUNTY OF
NORTHUMBERLAND**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023

Draft June 12, 2024

**CORPORATION OF THE COUNTY OF
NORTHUMBERLAND**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023

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Draft June 12, 2024

CORPORATION OF THE COUNTY OF NORTHUMBERLAND

For The Year Ended December 31, 2023

MANAGEMENT REPORT

The accompanying consolidated financial statements of the Corporation of the County of Northumberland are the responsibility of management and have been approved by Council.

The consolidated financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The County maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the County's assets are appropriately accounted for and adequately safeguarded.

The County's Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving financial statements.

Council reviews and approves the County's financial statements for issuance to the members of Council, inhabitants and ratepayers of the Corporation of the County of Northumberland. Council meets periodically with management, as well as the external auditor, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities and to review the financial statements and the independent auditor's report.

The consolidated financial statements have been audited by Baker Tilly KDN LLP in accordance with Canadian generally accepted auditing standards on behalf of the County. Baker Tilly KDN LLP has full and free access to Council.

Warden

Treasurer

June 19, 2024

Draft June 12, 2024

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the consolidated financial statements of the Corporation of the County of Northumberland and its subsidiary (the County), which comprise the consolidated statement of financial position as at December 31, 2023, the consolidated statements of operations and accumulated surplus, change in net financial assets/(net debt) and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the County as at December 31, 2023, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the County 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 these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the 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 County's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the County or to cease operations, or has no realistic alternative but to do so.

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

Draft June 12, 2024

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 County's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the County's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 County 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.
- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the County to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
June 19, 2024

CORPORATION OF THE COUNTY OF NORTHUMBERLAND

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2023

	2023	2022
	\$	\$
FINANCIAL ASSETS		
Cash	7,745,587	3,987,976
Investments (note 4)	121,050,657	114,200,557
Accounts receivable	5,997,308	7,111,794
TOTAL FINANCIAL ASSETS	134,793,552	125,300,327
LIABILITIES		
Short term advances (note 6)	66,788,389	42,106,545
Accounts payable and accrued liabilities	32,287,946	29,547,805
Deferred revenue - obligatory reserve funds (note 7)	3,881,472	4,923,451
Deferred revenue - other	1,370,055	1,336,226
Employee future benefits liability (note 9)	5,106,426	4,711,154
Long term debt (note 8)	7,401,617	8,584,177
Asset retirement obligation (note 10)	28,290,204	-
Landfill closure and post-closure liability	-	21,995,200
TOTAL LIABILITIES	145,126,109	113,204,558
NET FINANCIAL ASSETS/(NET DEBT)	(10,332,557)	12,095,769
NON-FINANCIAL ASSETS		
Tangible capital assets (note 11)	288,266,955	236,149,156
Prepaid expenses	939,149	393,557
TOTAL NON-FINANCIAL ASSETS	289,206,104	236,542,713
ACCUMULATED SURPLUS (note 12)	278,873,547	248,638,482

The accompanying notes are an integral part of these financial statements

Draft June 12, 2024

CORPORATION OF THE COUNTY OF NORTHUMBERLAND

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the Year Ended December 31, 2023

	Budget 2023	Actual 2023 \$	Actual 2022 \$
	(Unaudited)		
REVENUES			
Tax levy from lower tiers	68,294,735	68,722,279	63,829,750
User charges	12,216,733	11,907,619	12,465,613
Government of Canada	4,173,926	2,408,388	6,627,503
Province of Ontario	48,679,473	51,369,417	47,162,630
Other municipalities	1,536,800	1,754,169	1,282,681
Provincial Offenses Act - fines (note 14)	1,500,000	1,354,068	1,253,562
Investment income	2,433,031	5,102,338	2,806,437
Waste Diversion Ontario	1,900,000	2,186,844	1,427,639
Rents	2,733,802	2,851,978	2,593,837
Development charges earned (note 7)	1,654,159	663,484	362,691
Canada Community-Building Fund earned (note 7)	5,411,083	4,878,844	4,599,055
Other	455,664	337,180	344,370
TOTAL REVENUES	150,989,406	153,536,608	144,755,768
EXPENSES			
General government	6,762,261	5,137,695	5,297,192
Protection services	4,250,828	3,926,729	3,712,642
Transportation services	20,429,328	19,185,101	18,747,489
Environmental services	17,621,144	18,566,023	12,850,321
Health services	21,814,801	20,834,737	19,648,764
Social and family services	50,471,070	48,097,012	42,727,305
Social housing	13,588,169	13,499,009	12,767,136
Economic development, tourism and forest	4,584,396	4,755,037	4,490,497
Landfill adjustment due to change in standards	-	(10,699,800)	-
TOTAL EXPENSES	139,521,997	123,301,543	120,241,346
ANNUAL SURPLUS	<u>11,467,409</u>	30,235,065	24,514,422
ACCUMULATED SURPLUS - beginning of year		248,638,482	224,124,060
ACCUMULATED SURPLUS - end of year		278,873,547	248,638,482

The accompanying notes are an integral part of these financial statements

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CORPORATION OF THE COUNTY OF NORTHUMBERLAND

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS/(NET DEBT)

For the Year Ended December 31, 2023

	Budget 2023 \$ (Unaudited)	Actual 2023 \$	Actual 2022 \$
ANNUAL SURPLUS	11,467,409	30,235,065	24,514,422
Amortization of tangible capital assets	9,500,003	10,490,724	9,252,782
Purchase of tangible capital assets	(81,214,479)	(45,645,922)	(46,014,858)
Loss/(gain) on disposal of tangible capital assets	-	195	(363,042)
Proceeds on sale of tangible capital assets	-	-	883,514
Change in prepaid expenses	-	(545,592)	(28,651)
CHANGE IN NET FINANCIAL ASSETS/(NET DEBT)	(60,247,067)	(5,465,530)	(11,755,833)
NET FINANCIAL ASSETS - beginning of year	12,095,769	12,095,769	23,851,602
ADJUSTMENT ON ADOPTION OF THE ASSET RETIREMENT OBLIGATION STANDARD (note 2)	-	(16,962,796)	-
NET FINANCIAL ASSETS/(NET DEBT) - beginning of year, as restated	12,095,769	(4,867,027)	23,851,602
NET FINANCIAL ASSETS/(NET DEBT) - end of year	(48,151,298)	(10,332,557)	12,095,769

The accompanying notes are an integral part of these financial statements

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CORPORATION OF THE COUNTY OF NORTHUMBERLAND

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2023

	2023	2022
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	30,235,065	24,514,422
Items not involving cash		
Amortization of tangible capital assets	10,490,724	9,252,782
Loss/(gain) on disposal of tangible capital assets	195	(363,042)
Accretion expense	376,439	-
Change in employee future benefits liability	395,272	391,312
Change in asset retirement obligation for closed sites	10,950,969	-
Change in landfill closure and post-closure liability	(21,995,200)	(2,516,700)
Change in non-cash assets and liabilities		
Accounts receivable	1,114,486	(694,805)
Prepaid expenses	(545,592)	(28,651)
Accounts payable and accrued liabilities	2,740,141	8,765,508
Deferred revenue - obligatory reserve funds	(1,041,979)	(844,508)
Deferred revenue - other	33,829	364,681
Net change in cash from operating activities	32,754,349	38,840,999
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(45,645,922)	(46,014,858)
Proceeds on disposal of tangible capital assets	-	883,514
Net change in cash from capital activities	(45,645,922)	(45,131,344)
INVESTING ACTIVITIES		
Purchase of investments	(97,012,985)	(101,911,830)
Disposal of investments	90,162,885	83,416,778
Net change in cash from investing activities	(6,850,100)	(18,495,052)
FINANCING ACTIVITIES		
Debt principal repayments	(1,182,560)	(1,677,314)
Short term advances	24,681,844	25,338,710
Net change in cash from financing activities	23,499,284	23,661,396
NET CHANGE IN CASH	3,757,611	(1,124,001)
CASH - beginning of year	3,987,976	5,111,977
CASH - end of year	7,745,587	3,987,976

The accompanying notes are an integral part of these financial statements

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CORPORATION OF THE COUNTY OF NORTHUMBERLAND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2023

The County of Northumberland is an upper tier municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

1. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook. Significant aspects of the accounting policies are as follows:

(a) Reporting Entity

These consolidated financial statements reflect the assets, liabilities, revenues and expenses and accumulated surplus of the reporting entity.

The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the County and which are owned and controlled by the County. These consolidated financial statements include:

- Northumberland County Housing Corporation

All interfund assets and liabilities and revenues and expenses are eliminated.

(b) Trust Funds

Trust funds and their related operations administered by the County are not included in these consolidated financial statements but are reported on separately on the Trust Funds Statement of Continuity and Statement of Financial Position.

(c) Deferred Revenue

Deferred revenue represents grants, user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

(d) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Initial costs for tangible capital assets that were acquired or developed prior to 2009 were obtained using historical cost information or using current fair market values discounted by a relevant inflation factor to the point of acquisition. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Land improvements	10 years
Land improvements - landfill	expected life of landfill
Buildings	50 to 75 years
Roads and bridges	20 to 75 years
Equipment and computers	5 to 20 years
Vehicles	5 to 10 years

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue.

Tangible capital assets categorized as assets under construction are not amortized until they are put into service.

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CORPORATION OF THE COUNTY OF NORTHUMBERLAND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(e) Non-financial Assets

Tangible capital and other non-financial assets are accounted for as assets by the County because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the County unless they are sold.

(f) Reserves

Certain amounts, as approved by Council, are set aside in reserves for future operating and capital purposes. Transfers to and/or from reserves are an adjustment to the respective fund when approved.

(g) Recognition of Revenues and Expenses

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which the transactions or events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

Taxation

The County establishes the tax rates annually based on the amount required to be raised. These tax rates are used to levy amounts to the lower tier municipalities and are based on their annual assessment. Adjustments to the lower tier levy amounts for additions to and reductions in assessment are reported in the consolidated financial statements when amounts can be reasonably determined.

Government funding and other grants

Government funding and other grants are recognized in the financial statements as revenues in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

Other revenue

Fines levied under the Provincial Offenses Act 1997 are recognized when the funds are received. (see note 14).

User charges are recognized as revenue in the year the goods and services are provided, with the exception of building code permits that are recognized when the permits are issued.

Investment income is recorded when earned.

Canada Community-Building Fund and development charges are recognized in the period in which the related expenditures are recorded.

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CORPORATION OF THE COUNTY OF NORTHUMBERLAND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(h) Use of Estimates

Certain items recognized in the consolidated financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the County's best information and judgment. By their nature, these estimates are subject to measurement uncertainty and the effect on the consolidated financial statements or changes in such estimates in future periods could be significant. The County's significant estimates include:

- The amounts recorded for amortization of tangible capital assets are based on estimates of useful life and residual values;
- The values of employee future benefits depend on certain actuarial and economic assumptions; and
- The amount recorded as allowance for doubtful accounts receivable is based on management's estimate of future payments on receivable account balances.

In addition, the County's implementation of PS3280 Asset Retirement Obligations has resulted in the requirement for management to make estimates regarding the useful lives of affected tangible capital assets in conjunction with estimates of expected asset retirement costs, as well as the timing and duration of these retirement costs.

(i) Asset Retirement Obligation

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

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

The liability for closure of operational sites and post-closure care relating to landfill sites has been recognized based on estimated future expenses. An additional liability for the removal of asbestos in several of the buildings owned by the County has also been recognized based on estimated future expenses for remediation or disposal.

The liability is discounted using a present value calculation, and adjusted yearly for accretion expense and any amounts paid. The recognition of a liability resulted in an accompanying increase to the respective tangible capital assets. The increase to the tangible capital assets is being amortized in accordance with the depreciation accounting policies outlined in (d).

Draft June 12, 2024

CORPORATION OF THE COUNTY OF NORTHUMBERLAND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(j) Financial Instruments

Financial instruments are classified as either fair value or amortized cost. The following chart shows the measurement method for each type of financial instrument.

Financial Instrument	Measurement Method
Cash	Amortized Cost
Investments:	
Bonds	Amortized Cost
High interest savings	Fair Value
Accounts receivable	Amortized Cost
Short term advances	Amortized Cost
Accounts payable and accrued liabilities	Amortized Cost
Long term debt	Amortized Cost

Fair value category: The County manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses.

Amortized cost category: Amounts are measured at the initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial instrument asset or liability.

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

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

As there are no unrealized gains or losses on financial instruments to report, the Statement of Remeasurement Gains and Losses has not been presented in these financial statements.

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CORPORATION OF THE COUNTY OF NORTHUMBERLAND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2023

2. CHANGES IN ACCOUNTING POLICIES

The County has implemented the following sections which are now effective under the PSA Handbook: PS 1201 Financial Statement Presentation, PS 2601 Foreign Currency Translation, PS 3041 Portfolio Investments, PS 3450 Financial Instruments and PS 3280 Asset Retirement Obligations were adopted prospectively on January 1, 2023.

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

PS 2601 Foreign Currency Translation replaces PS 2600 Foreign Currency Translation. The standard provides comprehensive requirements for the recognition, measurement, presentation and disclosure of foreign currency transactions. The adoption of this standard did not have an impact on the County's consolidated financial statements.

PS 3041 Portfolio Investments replaces PS 3040 Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 Financial Instruments. The adoption of this standard did not have an impact on the County's consolidated financial statements.

PS 3450 Financial Instruments establishes accounting and reporting requirements for all types of financial instruments including derivatives. Financial instruments are included on the statement of financial position and are measured either at fair value or cost or amortized cost based on the characteristics of the instrument and the County's accounting policy choices (see Note 1. Significant Accounting Policies). The new standard provides comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments. The adoption of this standard did not have an impact on the County's consolidated financial statements.

PS 3280 Asset Retirement Obligations addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in retired buildings by public sector entities. The new accounting standard has resulted in a withdrawal of the existing Section PS 3270 – Solid Waste Landfill Closure and Post-Closure Liability.

In accordance with the provisions of this new standard, the County reflected the following adjustments at January 1, 2023:

Landfill Obligation

- A decrease of \$21,995,200 to landfill closure and post-closure liability to remove the liability recognized to December 31, 2022 under the old standard.
- An increase of \$23,201,600 to opening asset retirement obligation liability representing all landfill sites either open or closed.
- An increase of \$11,906,200 to landfill tangible capital asset account representing the opening asset retirement obligation for landfills still in productive use.

Asbestos Obligation

- An increase of \$5,056,596 to the buildings tangible capital asset account and a corresponding increase to the opening asset retirement obligation liability.

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CORPORATION OF THE COUNTY OF NORTHUMBERLAND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

3. TRUST FUNDS

Trust funds administered by the County amounting to \$147,767 (2022 - \$145,881) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations and Accumulated Surplus. As such balances are held in trust by the County for the benefit of others, they are not presented as part of the County's financial position or operations.

4. INVESTMENTS

Investments are comprised of the following:

	2023	2022 \$
Amortized Cost		
Bonds	75,874,019	73,045,941
Fair Value		
BNS investment high interest savings account	44,788,651	40,696,343
Renaissance high interest savings account and investment cash account	387,987	458,273
	45,176,638	41,154,616
	121,050,657	114,200,557

For the investments currently recorded at fair value, fair value is equal to cost resulting in no unrealized gains or losses.

5. CREDIT FACILITY AGREEMENT

The County has a revolving credit facility agreement with its main financial institution. The amount available at any time is limited to \$10,000,000 via an operating loan. Any balance borrowed will accrue interest at the bank's prime lending rate less 1.0% per annum. Council authorized the temporary borrowing limit by by-law 04-2023. At December 31, 2023 there was no balance outstanding (2022 - \$Nil).

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CORPORATION OF THE COUNTY OF NORTHUMBERLAND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

6. SHORT TERM ADVANCES

During 2020, the County signed a financing agreement with Ontario Infrastructure and Lands Corporation (OILC) to provide advances for the construction of the new Golden Plough Lodge. Total available OILC financing is \$96,770,321. The advances will be moved to long term debt when construction is complete. Advances received to December 31, 2023 totaled \$66,788,389 (2022 - \$42,106,545).

7. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

A requirement of the Chartered Professional Accountants Canada Public Sector Accounting Handbook, is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as legislation and external agreements restrict how these funds may be used and under certain circumstances these funds may possibly be refunded. The balances in the obligatory reserve funds of the County are summarized below:

	2023	2022
	\$	\$
Canada Community-Building Fund	737,760	2,688,205
Development charges	3,143,712	2,235,246
	3,881,472	4,923,451

The continuity of deferred revenue - obligatory reserve funds is as follows:

	2023	2022
	\$	\$
Balance - beginning of year	4,923,451	5,767,959
Add amounts received:		
Canada Community-Building Fund	2,816,405	2,699,055
Development charges	1,547,614	1,344,775
Interest	136,330	73,408
	4,500,349	4,117,238
Less transfer to operations:		
Canada Community-Building Fund earned	4,878,844	4,599,055
Development charges earned	663,484	362,691
	5,542,328	4,961,746
Balance - end of year	3,881,472	4,923,451

CORPORATION OF THE COUNTY OF NORTHUMBERLAND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

8. LONG TERM DEBT

- (a) The balance of long term debt reported on the Consolidated Statement of Financial Position is made up of the following:

	2023 \$	2022 \$
Ontario Infrastructure and Lands Corporation due December 3, 2023, repayable in blended semi-annual instalments of \$70,528, and bears interest at 3.07% per annum.	-	137,873
Ontario Strategic Infrastructure Financing Authority due March 15, 2028, repayable in blended semi-annual instalments of \$89,862 and bears interest at 4.92% per annum.	717,632	856,890
Ontario Infrastructure Projects Corporation due September 4, 2035, repayable in blended semi-annual instalments of \$90,923 and bears interest at 4.51% per annum.	1,671,051	1,774,036
Ontario Infrastructure Projects Corporation due September 1, 2027, repayable in blended semi-annual instalments of \$68,560 and bears interest of 2.78% per annum.	515,708	635,979
Ontario Infrastructure and Lands Corporation due September 16, 2029, repayable in blended semi-annual instalments of \$81,259 and bears interest at 2.19% per annum.	909,105	1,049,405
Ontario Infrastructure and Lands Corporation due September 16, 2029, repayable in blended semi-annual instalments of \$228,226 and bears interest at 2.19% per annum.	2,553,351	2,947,400
Ontario Infrastructure and Lands Corporation due December 1, 2030, repayable in blended semi-annual instalments of \$84,821 and bears interest at 1.48% per annum.	1,034,770	1,182,594
	7,401,617	8,584,177

- (b) The long term debt in (a) issued in the name of the County have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.
- (c) Interest paid during the year on long term debt amounted to \$240,935 (2022 - \$282,098).

CORPORATION OF THE COUNTY OF NORTHUMBERLAND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

8. LONG TERM DEBT, continued

(d) The long term debt reported in (a) of this note is repayable as follows:

	Principal \$	Interest \$	Total \$
2024	1,071,453	208,841	1,280,294
2025	1,099,131	178,932	1,278,063
2026	1,127,759	148,117	1,275,876
2027	1,157,371	116,317	1,273,688
2028	960,070	84,464	1,044,534
	5,415,784	736,671	6,152,455
2029 to 2033	1,641,756	187,558	1,829,314
2034 and subsequent years	344,077	19,614	363,691
	7,401,617	943,843	8,345,460

9. EMPLOYEE FUTURE BENEFITS LIABILITY

The liability is comprised of the following amounts:

	2023 \$	2022 \$
WSIB	3,537,541	3,185,458
Health benefits	1,568,885	1,525,696
	5,106,426	4,711,154

Under the Workplace Safety and Insurance Board (WSIB), the County is self-insured (Schedule II) and remits payments to the WSIB as required to fund disability payments. The liability recorded of \$3,537,541 (2022 - \$3,185,458) has been determined by an actuarial review completed as of December 31, 2020. This liability is fully funded by a reserve set aside for this purpose and reported as part of the employee health, safety and related costs reserve as reported in the Accumulated Surplus note.

The actuarial report for the WSIB liability was based on the following assumptions:

Interest discount rate	2.75%
WSIB administration and physician fees	27% of benefit costs
Expected level of increase in claims	0.07%
Expected average remaining service life	10 years

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CORPORATION OF THE COUNTY OF NORTHUMBERLAND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2023

9. EMPLOYEE FUTURE BENEFITS LIABILITY, continued

The continuity of the WSIB liability is as follows:

	2023	2022
	\$	\$
Accrued benefit obligation at January 1	4,051,647	3,781,115
Unamortized actuarial losses	(866,189)	(945,512)
Liability at January 1	3,185,458	2,835,603
Current year benefit cost	600,036	583,389
Interest	113,609	106,240
Amortization of actuarial loss/(gain)	79,323	79,323
Less: benefit payments	(440,885)	(419,097)
Liability at December 31	3,537,541	3,185,458

The liability for extended health care and sick leave benefits has been determined by an actuarial review completed as of December 31, 2020.

The actuarial report for the health benefits liability was based on the following assumptions:

Discount rate	3.25%
Inflation rate	1.75%
Future salary escalation	2.75%
Future dental escalation	3.75%
Future health cost escalation	5.75% reducing to 3.75% in 2027

The continuity of the health benefits is as follows:

	2023	2022
	\$	\$
Accrued benefit obligation at January 1	1,525,696	1,484,239
Liability at January 1	1,525,696	1,484,239
Current year benefit cost	100,414	95,346
Interest	49,482	48,129
Less: benefit payments	(106,707)	(102,018)
Liability at December 31	1,568,885	1,525,696

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CORPORATION OF THE COUNTY OF NORTHUMBERLAND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

10. ASSET RETIREMENT OBLIGATION

The County's asset retirement obligation consists of the following:

(a) Landfill obligation

The County owns and operates nine landfill sites. The liability for the remaining closure costs of the one operational site as well as the post-closure costs for all sites has been recognized under PS 3280 – Asset Retirement Obligations. The costs have been estimated based upon the presently known obligations that will exist at the estimated year of closure of the sites and for 25 years after the closure date using a discount rate of 4.38% and an inflation rate of 3%. For the closed sites, there are between 12 and 16 years of remaining monitoring costs; however, the 25 year estimate could be extended based on the results of the monitoring. For the one operational site, the site is projected to close in 2034.

(b) Asbestos obligation

The County owns and operates several buildings that are known to have asbestos, which represents a health hazard upon demolition of the building and there is a legal obligation to remove it. Following the adoption of PS 3280 – Asset Retirement Obligations, the County recognized an obligation relating to the removal of the asbestos in these building as estimated at January 1, 2023. The buildings have revised useful lives between 3 and 25 years.

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

	Operational site \$	Closed sites \$	Total \$
Landfill closure and post-closure			
Opening balance - January 1, 2023	-	-	-
Adjustment on adoption of the asset retirement obligation standard	11,906,200	11,295,400	23,201,600
Opening balance, as restated	11,906,200	11,295,400	23,201,600
Closure costs incurred	-	(344,431)	(344,431)
Accretion expense	159,500	19,731	179,231
Closing balance	12,065,700	10,970,700	23,036,400
			Asbestos \$
Asbestos obligation			
Opening balance - January 1, 2023			-
Adjustment on adoption of the asset retirement obligation standard			5,056,596
Accretion expense			197,208
Closing balance			5,253,804
Total			28,290,204

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CORPORATION OF THE COUNTY OF NORTHUMBERLAND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2023

11. TANGIBLE CAPITAL ASSETS

The net book value of the County's tangible capital assets are:

	2023	2022
		\$
General		
Land	14,363,886	13,838,886
Land improvements	14,849,770	3,792,017
Buildings	32,369,900	19,814,545
Equipment and computers	14,064,362	13,926,390
Vehicles	5,622,100	5,855,701
Infrastructure		
Roads and bridges	118,090,951	110,561,338
	199,360,969	167,788,877
Assets under construction	88,905,986	68,360,279
	288,266,955	236,149,156

For additional information, see the Consolidated Schedule of Tangible Capital Assets.

During the year there were no write-downs of assets (2022 - \$Nil) and interest capitalized of \$2,742,785 (2022 - \$604,649).

Tangible capital assets allocated by segment are as follows:

	2023	2022
	\$	\$
General government	18,241,819	17,631,984
Protection services	165,682	85,674
Transportation services	126,049,856	120,479,087
Environmental services	40,874,975	30,938,757
Health services	3,166,131	3,084,708
Social and family services	76,410,230	52,050,665
Social housing	21,187,491	9,648,009
Economic development, tourism and forest	2,170,771	2,230,272
	288,266,955	236,149,156

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CORPORATION OF THE COUNTY OF NORTHUMBERLAND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

12. ACCUMULATED SURPLUS

(a) Accumulated surplus consists of the following:

	2023	2022
	\$	\$
Surplus/(Deficit)		
Unfunded landfill closure and post-closure liability	-	(21,995,200)
Unfunded employee future benefits liability	(5,106,426)	(4,711,154)
Unfunded operating costs	(30,162)	(65,136)
	(5,136,588)	(26,771,490)
Invested In Capital Assets		
Tangible capital assets - net book value	288,266,955	236,149,156
Long term debt	(7,401,617)	(8,584,177)
Unfunded capital - GPL rebuild (b)	(67,027,763)	(46,226,184)
Unfunded capital - Ambulance	-	(37,734)
Unfunded capital - Archives (b)	(1,560,020)	(1,114,558)
Unfunded capital - Northumberland County Housing Corporation	(3,510,491)	-
Asset retirement obligation	(28,290,204)	-
	180,476,860	180,186,503
Surplus	175,340,272	153,415,013
Reserves		
Corporate services	34,117,452	30,794,608
Transportation services	22,447,463	18,675,783
Waste services	5,523,885	5,116,799
Social services	1,505,869	1,223,169
Social housing	13,062,798	13,996,086
Golden Plough Lodge	10,517,757	9,604,982
Ambulance services	1,589,238	1,528,131
Technological development	1,248,280	1,207,154
Emergency planning	379,518	374,518
Employee health, safety and related costs	7,352,524	7,064,910
Facilities	2,410,702	2,360,702
Economic development, tourism and forest	211,052	257,952
Plumbing and septic inspections	405,183	411,074
Landfill closure	2,550,000	2,350,000
Land use planning	211,554	257,601
Total Reserves	103,533,275	95,223,469
	278,873,547	248,638,482

(b) Unfunded capital for the Golden Plough Lodge (GPL) rebuild and Archives will be funded with long term debt when the project is complete.

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CORPORATION OF THE COUNTY OF NORTHUMBERLAND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

13. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in the County assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

The County is exposed to the following risks in respect of certain of the financial instruments held:

(a) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The value of fixed income securities will generally rise if interest rates fall and conversely fall when rates rise. The County manages its exposure to interest rate risk through high interest savings as well as bonds with varying maturity rates that are generally held to maturity.

(b) Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The County reduces its exposure to credit risk by creating an allowance for bad debts when applicable. The County monitors and assesses the collectability of accounts receivable based on past experience to derive a net realizable value.

In the opinion of management, the County is not exposed to any significant liquidity or currency risk.

14. PROVINCIAL OFFENCES OFFICES

As a result of the provincial-municipal restructuring under Bill 108, streamlining of administration of Provincial Offences Act (“POA”) 1997, the County has assumed responsibility and administration of the POA office and courts.

Revenues from the POA office consists of fines levied under Part I and III (including delay penalties) for POA charges filed at 860 William Street in Cobourg. Offenders may pay their fines at any court office in Ontario, at which time, their receipt is recorded in the Integrated Courts Operations Network system (“ICON”) operated by the Province of Ontario. The County of Northumberland recognizes fine revenue when the receipt of funds is recorded by ICON and matched to the offence notice, regardless of the location where payment is made.

Revenues and expenses related to these operations have been reported as follows:

	2023	2022
	\$	\$
Gross revenues	1,354,068	1,253,562
Operating costs and allocated charges	(1,229,856)	(1,229,652)
Net County revenue used to reduce tax levy	124,212	23,910

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CORPORATION OF THE COUNTY OF NORTHUMBERLAND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

15. EXPENSES BY OBJECT

The expenses for the year reported on the Consolidated Statement of Operations and Accumulated Surplus by object are as follows:

	Budget 2023 \$ (Unaudited)	Actual 2023 \$	Actual 2022 \$
Salaries and benefits	56,867,171	52,992,001	48,902,214
Interest charges	507,819	240,935	282,098
Materials	20,026,003	21,330,187	20,976,078
Contracted services	19,295,442	19,694,127	16,086,683
Rents and financial	3,277,465	822,946	304,398
External transfers	30,048,094	28,430,228	24,800,135
Amortization	9,500,003	10,490,724	9,252,782
Loss (gain) on disposal of tangible capital assets	-	195	(363,042)
Landfill adjustment due to change in standards	-	(10,699,800)	-
	139,521,997	123,301,543	120,241,346

16. PENSION AGREEMENTS

Certain employees of the County are eligible members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan.

The Actuarial Opinion contained in the 2023 Annual Report disclosed total actuarial liabilities of \$136,185 million in respect of benefits accrued for service with actuarial assets of \$131,983 million indicating an actuarial deficit of \$4,202 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the County does not recognize any share of the OMERS pension surplus or deficit.

The County's required contributions to OMERS in 2023 were \$3,313,072 (2022 - \$2,918,743).

17. BUDGET FIGURES

The budget, approved by the County, for 2023 is reflected on the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated Statement of Change in Net Financial Assets/(Net Debt). The budget established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

18. CONTINGENT LIABILITIES

The County, in the course of its operations, is often named in lawsuits the outcomes of which are indeterminable at this time. No amounts in connection with these items have been reflected in these financial statements.

CORPORATION OF THE COUNTY OF NORTHUMBERLAND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2023

19. COMMITMENTS

The County assumed the assets and liabilities of the waste management systems of the lower tier municipalities on January 1, 1991 according to by-law 24-90. This by-law was passed pursuant to subsection 209(a) of the Municipal Act of the Province of Ontario which required the County to pay or to receive from the lower tier municipalities' compensation based upon the discounted future cash flows of the landfill site. The County is involved with ongoing negotiations with respect to the settlements for further sites.

The County has entered into several contracts related to the Golden Plough Lodge rebuild. The total of the contract commitments is \$92,853,752 plus HST. \$65,629,917 plus HST has been incurred related to these contracts to December 31, 2023.

During 2021, the Northumberland County Housing Corporation, entered into an agreement in the amount of \$13,668,623 plus HST, for the redevelopment of Elgin Park. \$7,975,7001 plus HST has been incurred to December 31, 2023.

20. SEGMENTED INFORMATION

The County of Northumberland is a municipal government organization that provides a range of services to its residents. County services are reported by function and their activities are separately disclosed in the segmented information.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated to the segment. Certain allocation methodologies are employed in the preparation of segmented financial information. Taxation levied to lower tiers is allocated based on each segment's net requirements. Internal transfers include the following: 1) Actual wages and benefits expenses for governance, corporate management and information technologies that are allocated based on the segment's proportionate share as determined by head count, revenue and number of computers; and 2) Actual occupancy costs that are allocated based on the segment's proportionate share of the square footage of the County buildings.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1. For additional information see the Consolidated Schedule of Segment Disclosure.

General Government

General government consists of the activities of Council and general financial and administrative management of the County and its programs and services including contributions to the Municipal Property Assessment Corporation.

Protection Services

Protection services includes emergency measures, plumbing and septic inspections and Provincial Offences Act charges.

Transportation Services

The activities of the transportation function includes maintenance and winter control of the County's roads and bridges.

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CORPORATION OF THE COUNTY OF NORTHUMBERLAND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

20. SEGMENTED INFORMATION, continued

Environmental Services

The environmental function is responsible for providing waste collection, waste disposal and recycling services to ratepayers.

Health Services

The health services function consists of land ambulance services and contributions to the local health unit.

Social and Family Services

The social and family services consist of general assistance to inhabitants, home for the aged and child care services for the County.

Social Housing

The social housing services provides affordable housing to qualified inhabitants of the County and includes the operations of the Northumberland County Housing Corporation.

Economic Development, Tourism and Forest

The function includes economic development and tourism operations and maintenance of the County forests.

21. SOCIAL HOUSING

The Northumberland County Housing Corporation was incorporated under Part III of The Ontario Business Corporations Act in response to the Province's overall initiative to devolve Social Housing to local municipalities. The Corporation currently provides subsidized housing to its tenants and their families.

As the Service Manager, the County is now the sole shareholder of the Corporation.

On January 1, 2001 the Ontario Housing Corporation transferred 14 properties and certain head office assets to the Corporation. The properties transferred carried the following restriction:

"The properties cannot be transferred or mortgaged or otherwise encumbered, developed or redeveloped or disposed of by any person without prior consent of the Minister of Municipal Affairs and Housing."

22. COMPARATIVE FIGURES

Certain comparative figures were restated, where required, to conform with the current year presentation.

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CORPORATION OF THE COUNTY OF NORTHUMBERLAND

**CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
For the Year Ended December 31, 2023**

	General					Infrastructure		Totals
	Land \$	Land Improveme \$	Buildings \$	Equipment and Computers \$	Vehicles \$	Roads and Bridges \$	Assets Under Construction \$	
COST								
Balance, beginning of year	13,838,886	4,958,816	61,304,863	28,356,284	16,955,082	200,453,430	68,360,279	394,227,640
Add: additions during the year	525,000	386,678	9,526,352	1,598,096	1,182,830	11,881,259	20,545,707	45,645,922
Less: disposals during the year	-	-	2,377,186	-	-	2,432,548	-	4,809,734
Asset retirement obligation	-	11,906,200	5,056,596	-	-	-	-	16,962,796
Balance, end of year	14,363,886	17,251,694	73,510,625	29,954,380	18,137,912	209,902,141	88,905,986	452,026,624
ACCUMULATED AMORTIZATION								
Balance, beginning of year	-	1,166,799	41,490,318	14,429,894	11,099,381	89,892,092	-	158,078,484
Add: additions during the year	-	1,235,125	2,027,593	1,460,124	1,416,431	4,351,451	-	10,490,724
Less: disposals during the year	-	-	2,377,186	-	-	2,432,353	-	4,809,539
Balance, end of year	-	2,401,924	41,140,725	15,890,018	12,515,812	91,811,190	-	163,759,669
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	14,363,886	14,849,770	32,369,900	14,064,362	5,622,100	118,090,951	88,905,986	288,266,955

CORPORATION OF THE COUNTY OF NORTHUMBERLAND

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE For the Year Ended December 31, 2023

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Social and Family Services \$	Social Housing \$	Economic Development, Tourism and Forest \$	Consolidated \$
Revenues									
Tax levy from lower tiers	931,293	1,496,698	21,057,157	8,372,383	11,498,081	11,423,214	10,425,878	3,517,575	68,722,279
User charges	589,325	583,075	407,199	6,527,678	97,604	3,512,006	53,869	136,863	11,907,619
Government transfers - operating	127,728	452,304	-	-	10,575,412	35,344,820	3,686,658	451,462	50,638,384
Government transfers - capital	-	-	1,741,239	-	-	-	1,194,093	204,089	3,139,421
Other municipalities	-	-	1,687,926	66,243	-	-	-	-	1,754,169
Provincial Offenses Act - fines	-	1,354,068	-	-	-	-	-	-	1,354,068
Investment income	5,083,484	-	-	-	-	-	18,854	-	5,102,338
Waste Diversion Ontario	-	-	-	2,186,844	-	-	-	-	2,186,844
Rents	903,482	-	-	6,191	-	-	1,792,181	150,124	2,851,978
Development charges earned	26,613	-	98,370	34,974	37,734	170,655	295,138	-	663,484
Canada Community-Building Fund earned	-	-	4,878,844	-	-	-	-	-	4,878,844
Other	205	-	-	2,468	7,500	102,454	-	224,553	337,180
Total revenues	7,662,130	3,886,145	29,870,735	17,196,781	22,216,331	50,553,149	17,466,671	4,684,666	153,536,608
Expenses									
Salaries and benefits	8,464,988	1,401,037	4,103,440	4,362,441	13,405,815	18,293,734	875,509	2,085,037	52,992,001
Interest charges	134,883	-	-	87,338	3,183	15,531	-	-	240,935
Materials	3,305,848	236,003	5,517,373	1,940,420	1,741,477	4,914,837	2,883,295	790,934	21,330,187
Contracted services	2,316,826	1,551,846	3,666,482	8,705,635	225,896	1,338,439	785,100	1,103,903	19,694,127
Rents and financial	212,051	20,840	18,318	183,201	27,950	114,622	245,964	-	822,946
External transfers	-	-	-	-	2,879,339	19,775,258	5,664,631	111,000	28,430,228
Amortization	861,235	8,233	5,046,560	2,103,400	960,550	475,980	949,119	85,647	10,490,724
Loss (gain) on disposal of tangible capital assets	-	-	195	-	-	-	-	-	195
Internal transfers	(10,158,136)	708,770	832,733	1,183,588	1,590,527	3,168,611	2,095,391	578,516	-
Landfill adjustment due to change in standards	-	-	-	(10,699,800)	-	-	-	-	(10,699,800)
Total expenses	5,137,695	3,926,729	19,185,101	7,866,223	20,834,737	48,097,012	13,499,009	4,755,037	123,301,543
Net surplus/(deficit)	2,524,435	(40,584)	10,685,634	9,330,558	1,381,594	2,456,137	3,967,662	(70,371)	30,235,065

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CORPORATION OF THE COUNTY OF NORTHUMBERLAND

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2022

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Social and Family Services \$	Social Housing \$	Economic Development, Tourism and Forest \$	Consolidated \$
Revenues									
Tax levy from lower tiers	3,586,939	1,388,780	19,228,380	7,810,884	10,787,004	11,394,831	6,486,432	3,146,500	63,829,750
User charges	845,520	595,302	423,335	6,943,158	129,820	3,232,993	121,250	174,235	12,465,613
Government transfers - operating	310,192	454,328	50,000	154,294	10,016,015	30,585,268	4,482,682	708,351	46,761,130
Government transfers - capital	-	-	2,017,688	25,793	-	-	4,843,456	142,066	7,029,003
Other municipalities	-	-	1,220,146	62,535	-	-	-	-	1,282,681
Provincial Offenses Act - fines	-	1,253,562	-	-	-	-	-	-	1,253,562
Investment income	2,801,816	-	-	-	-	-	4,621	-	2,806,437
Waste Diversion Ontario	-	-	-	1,427,639	-	-	-	-	1,427,639
Rents	752,502	-	-	6,191	-	-	1,677,902	157,242	2,593,837
Development charges earned	3,325	-	109,317	33,600	39,180	127,296	35,206	14,767	362,691
Canada Community-Building Fund earned	-	-	4,599,055	-	-	-	-	-	4,599,055
Other	110	-	5,475	2,241	250	92,004	-	244,290	344,370
Total revenues	8,300,404	3,691,972	27,653,396	16,466,335	20,972,269	45,432,392	17,651,549	4,587,451	144,755,768
Expenses									
Salaries and benefits	7,349,295	1,489,228	3,998,258	3,667,548	12,633,118	17,222,670	751,820	1,790,277	48,902,214
Interest charges	147,861	-	-	108,850	7,320	18,067	-	-	282,098
Materials	3,092,590	275,414	4,979,030	1,729,058	1,740,229	5,379,075	2,807,733	972,949	20,976,078
Contracted services	2,528,957	1,557,141	3,646,345	5,293,623	116,557	1,204,990	727,957	1,011,113	16,086,683
Rents and financial	205,155	17,634	-	2,125	22,324	40,340	16,820	-	304,398
External transfers	-	-	-	-	2,911,433	15,835,889	5,930,898	121,915	24,800,135
Amortization	835,434	7,744	5,589,751	1,025,480	788,436	124,665	801,084	80,188	9,252,782
Loss (gain) on disposal of tangible capital assets	-	-	51,154	(348,799)	(65,397)	-	-	-	(363,042)
Internal transfers	(8,862,100)	365,481	482,951	1,372,436	1,494,744	2,901,609	1,730,824	514,055	-
Total expenses	5,297,192	3,712,642	18,747,489	12,850,321	19,648,764	42,727,305	12,767,136	4,490,497	120,241,346
Net surplus/(deficit)	3,003,212	(20,670)	8,905,907	3,616,014	1,323,505	2,705,087	4,884,413	96,954	24,514,422

Draft June 12, 2024

INDEPENDENT AUDITOR'S REPORT

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

Qualified Opinion

We have audited the financial statements of the Trust Funds of the Corporation of the County of Northumberland (the Trust Funds), which comprise the statement of financial position as at December 31, 2023, 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, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust Funds as at December 31, 2023, and the continuity of the Trust Funds for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Qualified Opinion

In common with many municipal trust funds, the completeness of the revenue derived from residents is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Trust Funds and we were not able to determine whether any adjustments might be necessary to resident receipts, assets and fund balances at the end of the year.

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 Trust Funds in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified 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 Trust Funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Trust Funds or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust Funds' financial reporting process.

Draft June 12, 2024

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 Trust Funds' 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 Trust Funds' 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 Trust Funds 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.

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
June 19, 2024

CORPORATION OF THE COUNTY OF NORTHUMBERLAND

TRUST FUNDS STATEMENT OF FINANCIAL POSITION At December 31, 2023

	Blacklock Bequest \$	Safekeeping Pensioners \$	2023 Total \$	2022 Total \$
FINANCIAL ASSETS				
Cash	725	21,371	22,096	25,562
Investment (note 3)	125,671	-	125,671	120,319
	126,396	21,371	147,767	145,881
FUND BALANCES				
Due to Residents	-	21,371	21,371	24,873
Bequests	126,396	-	126,396	121,008
	126,396	21,371	147,767	145,881

TRUST FUNDS STATEMENT OF CONTINUITY For the Year Ended December 31, 2023

	Blacklock Bequest \$	Safekeeping Pensioners \$	2023 Total \$	2022 Total \$
BALANCES - beginning of year	121,008	24,873	145,881	147,234
RECEIPTS				
Residents' contributions	-	27,841	27,841	20,263
Interest earned	5,388	-	5,388	1,807
	5,388	27,841	33,229	22,070
EXPENSES				
Residents' personal costs	-	31,343	31,343	23,423
BALANCES - end of year	126,396	21,371	147,767	145,881

The accompanying notes are an integral part of these financial statements

Draft June 12, 2024

CORPORATION OF THE COUNTY OF NORTHUMBERLAND

TRUST FUNDS NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2023

1. PURPOSE OF TRUST FUNDS

The County is required, under Section 241 of Ontario Regulation 79/10 as prescribed by the Long-Term Care Homes Act, 2007, to maintain a trust fund to manage the funds of the residents of the County's home for the aged.

The Blacklock bequest was created by a donation and is for the use of the County's Long Term Care Home called the Golden Plough Lodge.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook.

(a) Basis of Accounting

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

(b) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period and are based on the County's best information and judgment. Actual results could differ from these estimates.

3. INVESTMENT

The investment is recorded at fair value and has been invested in a Renaissance high interest savings account SR F (5001) with CIBC Wood Gundy.

Draft June 12, 2024

**CORPORATION OF THE COUNTY OF
NORTHUMBERLAND**

NORTHUMBERLAND COUNTY HOUSING CORPORATION

FINANCIAL STATEMENTS

DECEMBER 31, 2023

Draft June 12, 2024

INDEPENDENT AUDITOR'S REPORT

To the Members of the Northumberland County Housing Corporation, the Members of Council, Inhabitants and Ratepayers of the Corporation of the County of Northumberland

Opinion

We have audited the financial statements of the Northumberland County Housing Corporation of the Corporation of the County of Northumberland (the Corporation), which comprise the statement of financial position as at December 31, 2023, the statements of operations and accumulated surplus, change in net financial assets/(net debt) and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

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

Draft June 12, 2024

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.

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
June 19, 2024

CORPORATION OF THE COUNTY OF NORTHUMBERLAND

NORTHUMBERLAND COUNTY HOUSING CORPORATION STATEMENT OF FINANCIAL POSITION At December 31, 2023

	2023	2022 \$
FINANCIAL ASSETS		
Accounts receivable	49,842	137,196
Due from County	-	2,722,324
TOTAL FINANCIAL ASSETS	49,842	2,859,520
LIABILITIES		
Accounts payable	24,567	42,364
Due to County (note 6)	998,241	-
Deferred revenue	80,090	481,333
Asset retirement obligation (note 5)	3,349,114	-
TOTAL LIABILITIES	4,452,012	523,697
NET FINANCIAL ASSETS/(NET DEBT)	(4,402,170)	2,335,823
NON-FINANCIAL ASSETS		
Tangible capital assets (note 3)	17,895,957	8,223,299
ACCUMULATED SURPLUS (note 4)	13,493,787	10,559,122

The accompanying notes are an integral part of these financial statements

Draft June 12, 2024

CORPORATION OF THE COUNTY OF NORTHUMBERLAND

NORTHUMBERLAND COUNTY HOUSING CORPORATION STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS For the Year Ended December 31, 2023

	Budget 2023	Actual 2023 \$	Actual 2022 \$
	(Unaudit)		
REVENUES			
County contributions (note 6)			
Levy contribution	3,682,190	3,682,190	2,883,544
Capital contribution	-	2,686,867	-
Government of Canada	2,611,825	929,573	4,483,252
Province of Ontario	-	4,515	222,031
Rent	1,567,000	1,792,181	1,677,902
Permits and fees	-	295,138	35,206
Interest	-	18,854	4,621
Other	22,000	46,119	110,648
TOTAL REVENUES	7,883,015	9,455,437	9,417,204
EXPENSES			
Materials and supplies	17,725	39,548	8,242
Insurance	133,774	104,441	78,638
Professional fees	100,500	134,445	31,194
Utilities	792,713	708,616	694,410
Property tax	555,189	535,858	529,276
Repairs and maintenance	732,938	951,668	1,038,153
Major repairs	430,000	631,600	727,539
Financial expenses	289,764	120,251	16,716
Internal chargebacks			
Allocated administrative services (note 6)	713,025	700,131	712,596
Allocated maintenance services (note 6)	1,275,886	1,519,382	1,130,741
Accretion	-	125,713	-
Amortization	805,000	949,119	801,084
TOTAL EXPENSES	5,846,514	6,520,772	5,768,589
ANNUAL SURPLUS	<u>2,036,501</u>	2,934,665	3,648,615
ACCUMULATED SURPLUS - beginning of year		10,559,122	6,910,507
ACCUMULATED SURPLUS - end of year		13,493,787	10,559,122

The accompanying notes are an integral part of these financial statements

Draft June 12, 2024

CORPORATION OF THE COUNTY OF NORTHUMBERLAND

NORTHUMBERLAND COUNTY HOUSING CORPORATION STATEMENT OF CHANGE IN NET FINANCIAL ASSETS/(NET DEBT) For the Year Ended December 31, 2023

	Budget 2023 \$ (Unaudited)	Actual 2023 \$	Actual 2022 \$
ANNUAL SURPLUS	2,036,501	2,934,665	3,648,615
Amortization of tangible capital assets	805,000	949,119	801,084
Acquisition of tangible capital assets	(7,026,931)	(7,398,376)	(4,045,783)
CHANGE IN NET FINANCIAL ASSETS/(NET DEBT)	(4,185,430)	(3,514,592)	403,916
NET FINANCIAL ASSETS - beginning of year	2,335,823	2,335,823	1,931,907
ADJUSTMENT ON ADOPTION OF THE ASSET RETIREMENT OBLIGATION STANDARD (note 2)	-	(3,223,401)	-
NET FINANCIAL ASSETS/(NET DEBT) - beginning of year, as restated	2,335,823	(887,578)	1,931,907
NET FINANCIAL ASSETS/(NET DEBT) - end of year	(1,849,607)	(4,402,170)	2,335,823

The accompanying notes are an integral part of these financial statements

Draft June 12, 2024

CORPORATION OF THE COUNTY OF NORTHUMBERLAND

NORTHUMBERLAND COUNTY HOUSING CORPORATION STATEMENT OF CASH FLOWS For the Year Ended December 31, 2023

	2023	2022
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	2,934,665	3,648,615
Items not involving cash		
Amortization of tangible capital assets	949,119	801,084
Accretion expense	125,713	-
Change in non-cash assets and liabilities		
Accounts receivable	87,354	(28,402)
Due from County	2,722,324	(658,348)
Accounts payable	(17,797)	(176,957)
Due to County	998,241	-
Deferred revenue	(401,243)	459,791
Net change in cash from operating activities	7,398,376	4,045,783
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(7,398,376)	(4,045,783)
NET CHANGE IN CASH	-	-
CASH - beginning of year	-	-
CASH - end of year	-	-

Draft June 12, 2024

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE COUNTY OF NORTHUMBERLAND

NORTHUMBERLAND COUNTY HOUSING CORPORATION NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook. Significant aspects of the accounting policies adopted by the Corporation are as follows:

(a) Recognition of Revenue and Expenses

Revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenue in the period in which the transactions of events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

Government funding is recognized in the financial statements as revenues in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

Rents are recognized as revenue in the period earned.

(b) Inter-Entity Transactions

The Northumberland County Housing Corporation is a subsidiary of the County of Northumberland and is consolidated with the County's financial statements.

Allocated costs and recovery of costs are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Unallocated costs are measured at the carrying amount, which is the amount recorded in the records of the County.

(c) Deferred Revenue

Deferred revenue represents grants, user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

(d) Asset Retirement Obligation

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

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

The liability for the removal of asbestos in several of the buildings owned by the Corporation has also been recognized based on estimated future expenses for remediation or disposal.

The liability is discounted using a present value calculation, and adjusted yearly for accretion expense and any amounts paid. The recognition of a liability resulted in an accompanying increase to the respective tangible capital assets. The increase to the tangible capital assets is being amortized in accordance with the depreciation accounting policies outlined in (f).

Draft June 12, 2024

CORPORATION OF THE COUNTY OF NORTHUMBERLAND

**NORTHUMBERLAND COUNTY HOUSING CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended December 31, 2023**

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(e) Financial Instruments

Financial instruments are classified as either fair value or amortized cost. The following chart shows the measurement method for each type of financial instrument.

Financial Instrument	Measurement Method
Accounts receivable	Amortized Cost
Due from County	Amortized Cost
Accounts payable	Amortized Cost
Due to County	Amortized Cost

Fair value category: The Corporation manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses.

Amortized cost category: Amounts are measured at the initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial instrument asset or financial instrument liability.

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

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

As there are no unrealized gains or losses on financial instruments to report, the Statement of Remeasurement Gains and Losses has not been presented in these financial statements.

Draft June 12, 2024

CORPORATION OF THE COUNTY OF NORTHUMBERLAND

**NORTHUMBERLAND COUNTY HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2023**

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(f) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Initial costs for tangible capital assets that were acquired or developed prior to 2009 were obtained using historical cost information or using current fair market values discounted by a relevant inflation factor to the point of acquisition. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Land improvements	10 years
Buildings	50 to 75 years
Equipment	5 to 20 years

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue.

Tangible capital assets categorized as assets under construction are not amortized until they are put into service.

(g) Non-Financial Assets

Tangible capital assets and other non-financial assets are accounted for as assets by the Corporation because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the Corporation unless they are sold.

(h) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period and are based on the Corporation's best information and judgment. Actual results could differ from these estimates.

Certain items recognized in the financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the Corporation's best information and judgment. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant. The Corporation's significant estimates include:

- The amounts recorded for amortization of tangible capital assets are based on estimates of useful life and residual values.
- The amount recorded as allowance for doubtful accounts receivable is based on management's estimate of future payments on receivable account balances.
- The amount recorded for asset retirement obligations is based on estimates of the assets with potential contaminants and management's estimate of the future costs to retire those assets.
- Allocation of the County's administrative internal chargebacks.

Draft June 12, 2024

CORPORATION OF THE COUNTY OF NORTHUMBERLAND

NORTHUMBERLAND COUNTY HOUSING CORPORATION NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(i) Reserves

Certain amounts, as approved by the Corporation, are set aside in reserves for future operating and capital purposes. Transfers to and/or from reserves are an adjustment to the respective fund when approved.

2. CHANGES IN ACCOUNTING POLICIES

The Corporation has implemented the following sections which are now effective under the PSA Handbook: PS 1201 Financial Statement Presentation, PS 2601 Foreign Currency Translation, PS 3041 Portfolio Investments, PS 3450 Financial Instruments and PS 3280 Asset Retirement Obligations were adopted prospectively on January 1, 2023.

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

PS 2601 Foreign Currency Translation replaces PS 2600 Foreign Currency Translation. The standard provides comprehensive requirements for the recognition, measurement, presentation and disclosure of foreign currency transactions. The adoption of this standard did not have an impact on the Corporation's financial statements.

PS 3041 Portfolio Investments replaces PS 3040 Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 Financial Instruments. The adoption of this standard did not have an impact on the Corporation's financial statements.

PS 3450 Financial Instruments establishes accounting and reporting requirements for all types of financial instruments including derivatives. Financial instruments are included on the statement of financial position and are measured either at fair value or cost or amortized cost based on the characteristics of the instrument and the Corporation's accounting policy choices (see Note 1. Significant Accounting Policies). The new standard provides comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments. The adoption of this standard did not have an impact on the Corporation's financial statements.

PS 3280 Asset Retirement Obligations addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in retired buildings by public sector entities.

In accordance with the provisions of this new standard, the Corporation reflected the following adjustments at January 1, 2023.

- An increase of \$3,223,401 to the buildings tangible capital asset account and a corresponding increase to the opening asset retirement obligation liability.

Draft June 12, 2024

CORPORATION OF THE COUNTY OF NORTHUMBERLAND

NORTHUMBERLAND COUNTY HOUSING CORPORATION NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2023

3. TANGIBLE CAPITAL ASSETS

The net book value of the Corporation's tangible capital assets are:

	Land and Land Improvement s \$	Buildings \$	Equipment \$	Assets Under Construction \$	2023 Totals \$	2022 Totals \$
COST						
Balance, beginning of year	1,396,939	26,802,905	219,908	4,803,770	33,223,522	29,177,739
Add: additions during the year	911,678	9,300,689	1,304,628	(4,118,619)	7,398,376	4,045,783
Less: disposals during the year	-	2,377,187	-	-	2,377,187	-
Add: Asset retirement obligation	-	3,223,401	-	-	3,223,401	-
Balance, end of year	2,308,617	36,949,808	1,524,536	685,151	41,468,112	33,223,522
ACCUMULATED AMORTIZATION						
Balance, beginning of year	137,552	24,830,828	31,843	-	25,000,223	24,199,139
Add: additions during the year	34,076	878,840	36,203	-	949,119	801,084
Less: disposals during the year	-	2,377,187	-	-	2,377,187	-
Balance, end of year	171,628	23,332,481	68,046	-	23,572,155	25,000,223
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	2,136,989	13,617,327	1,456,490	685,151	17,895,957	8,223,299

Draft June 12, 2024

CORPORATION OF THE COUNTY OF NORTHUMBERLAND

NORTHUMBERLAND COUNTY HOUSING CORPORATION NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2023

4. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2023 \$	2022 \$
Invested In Capital Assets		
Tangible capital assets - net book value	17,895,957	8,223,299
Asset retirement obligation	(3,349,114)	-
Unfunded capital - Elgin Park	(3,510,491)	-
Surplus	11,036,352	8,223,299
Reserve		
Operations	2,457,435	2,335,823
	13,493,787	10,559,122

5. ASSET RETIREMENT OBLIGATION

The Corporation's asset retirement obligation consists of the following:

(a) Asbestos obligation

The Corporation owns and operates several buildings that are known to have asbestos, which represents a health hazard upon demolition of the building and there is a legal obligation to remove it. Following the adoption of PS3280 – Asset retirement obligations, the Corporation recognized an obligation relating to the removal of the asbestos in these building as estimated at January 1, 2023. The buildings have a revised estimated useful life of 5 to 25 year.

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

	Asbestos \$
Asbestos obligation	
Opening balance - January 1, 2023	-
Adjustment on adoption of the asset retirement obligation standard	3,223,401
Accretion expense	125,713
Closing balance	3,349,114

CORPORATION OF THE COUNTY OF NORTHUMBERLAND

**NORTHUMBERLAND COUNTY HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2023**

6. INTER-ENTITY TRANSACTIONS

During the year, the Corporation entered into transactions with the County of Northumberland.

As part of the budgeting process, the County approves a contribution to the Corporation. In addition, the County approved a further contribution to the Corporation during the year. These contributions are identified on the Statement of Operations and Accumulated Surplus.

Details of the inter-entity expense transactions are as follows:

	2023	2022
	\$	\$
Allocated costs:		
Internal chargebacks - allocated administrative service	700,131	712,596
Internal chargebacks - allocated maintenance services	1,519,382	1,130,741
	2,219,	1,843,337

All balances with the County of Northumberland have been identified on the Statement of Financial Position. Due from (to) balances are unsecured, without interest and have no terms of repayment.

7. BUDGET FIGURES

The operating budget, approved by the Corporation, for 2023 is reflected on the Statement of Operations and Accumulated Surplus and the Statement of Change in Net Financial Assets/(Net Debt). The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year’s actual expenditure amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

8. COMMITMENT

During 2021, the Corporation, entered into an agreement in the amount of \$13,668,623 plus HST, for the redevelopment of Elgin Park. \$7,975,700 plus HST has been incurred to December 31, 2023.

9. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in the Corporation assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

In the opinion of management, the Corporation is not exposed to any significant liquidity, interest rate, credit or currency risk.

10. COMPARATIVE FIGURES

Certain comparative figures were restated, where required, to conform with the current year presentation.

Draft June 12, 2024