



**TOWN OF MINTO**

**MEETING DATE:** October 15, 2024  
**REPORT TO:** Mayor and Council  
**SERVICE AREA:** Finance  
**SUBJECT:** FIN 2024-012 - 2023 Audited Financial Statements

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**RECOMMENDATIONS:**

THAT the Council of the Town of Minto hereby receives report FIN 2024-017 2023 Audited Financial Statements, prepared by the Treasurer, for information purposes;

AND FURTHER THAT the Council of the Town of Minto approves the 2023 Audited Financial Statements and Financial Information Return as presented.

**BACKGROUND:**

The 2023 Financial Statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles as set by the Canadian Institute of Chartered Accountants (CICA) Public Sector Accounting Standards Board (PSAB). These statements have been audited by RLB, LLP, Chartered Professional Accountants.

These statements have been prepared under the PSAB regulations which require the use of full accrual accounting and the recording of tangible capital assets (TCAs) at historical cost and amortized over their estimated useful lives.

**COMMENTS:**

Since the annual budget and financial records are primarily prepared on a cash-basis, the annual surplus contained in the records of the municipality differ greatly from that calculated using the accounting concepts prescribed by PSAB.

The conversion to full-accrual accounting and the adjustments necessary to record TCAs have resulted in an annual surplus under the PSAB rules of \$3,537,690. The Consolidated Statement of Financial Position shows the municipality's historical cost of TCAs as \$165,600,823 less accumulated amortization of \$77,036,576 for a net book value of \$88,564,247. In order to address the infrastructure deficit, Council has continued to invest in capital replacements and additions. The annual depreciation on the tangible capital assets is just under \$3 million. This figure is similar to that recorded in recent years. The Town of Minto continues to work with our partner Wellington County municipalities as all entities have implemented Citywide software and using more standard definitions for useful lives and condition ratings.

Many projects which were included in Work-in-Progress as at December 31, 2022 have now been transferred into active service. the overall Work-in-Progress is reduced to a little of \$1million as at December 31, 2023.

Depreciation provides one tool to set capital budgeting targets. Council has allocated the following amounts to capital the last five years:

Year	Amount
2020	\$6,683,500
2021	\$11,872,900
2022	\$4,373,000
2023	\$4,112,500
2024	\$3,702,400

The Town’s capital plan for 2025 to 2027 proposes approximately \$27 million in capital spending on infrastructure. This figure may be adjusted in consideration of the updated Asset Management Plan and available resources and funding from other levels of government.

The Consolidated Statement of Operations includes the activity of the former operating, capital and reserve funds. All operating and capital revenues and expenses are shown on this statement. The Net Financial Assets (or Net Debt if in a deficit) is the amount of cash available if all cashable assets were liquidated and all liabilities paid off. The balance of the Town of Minto’s Net Assets at December 31, 2023 was \$7,721,647. The Accumulated Surplus of \$96,469,560 does not represent available liquid funds. The bulk of this figure is comprised of assets which are capital investments used to deliver municipal services such as roads, buildings, water towers, sanitary sewer pipes and fire trucks. The replacement value of these assets of approximately \$384 million as noted in the last update of the Asset Management Plan (AMP) in June 2024 is much higher than the historical cost. This revised AMP includes all Tangible Capital Assets (TCAs) such as recreation, fire protection, vehicles and other equipment and land holdings in addition to the core assets of roads and bridges, stormwater, water and wastewater. The large increases in capital replacement costs experienced in the last two years means that even this estimate is most probably quite low. Council continues to meet the provisions of Ontario Regulation 588/17. The next deadline under this legislation is July 1, 2025, which requires a review of proposed levels of service, what activities will be required to meet proposed levels of service, and a strategy to fund these activities. Updated replacement costs for both Core and Non-Core assets are also to be included in a revised Asset Management Plan

The Consolidated Statement of Cash Flows shows how the Town financed its activities and met its cash requirements. It is divided into four sections: operating activities, capital activities, investing activities and financing activities. Cash increased by \$1,385,537 to a

balance of \$15,262,341 on December 31, 2023, primarily due to increased development charges and user fees collected, reductions in receivables, capital acquisitions and no new borrowing.. Net principal payments on long term debt were \$1,236,733. The ending outstanding external debt is \$9,570,917 which includes \$1,150,000 borrowed on behalf of the North Wellington Health Care Corporation. During the year, as taxes are collected and large County and school board remittances are made, as well as paying for capital expenditures, this cash balance greatly fluctuates.

The Municipal Act, 2001, S.O. 2001, c.25, as amended, states that each Municipality will annually report on its financial affairs, accounts, and transactions in the form of the annual Financial Information Return (FIR). The FIR includes many non-financial pieces of information which are used to compile statistics and submit data under the Municipal Performance Measurement Program (MPMP).

The format of the 2023 FIR is similar to that of 2022, with major changes is the format of this Return continuing to be deferred for several years, according to the latest pronouncements. The major change for 2023 is the incorporation of calculations with regard to Asset Retirement Obligations (AROs). In general, the numbers contained in the FIR tie in very closely to those reflected in the financial statements, but with much more detailed breakdowns.

Budgeted figures which approximate PSAB format amounts are shown in the Consolidated Statements of Operations and Accumulated Surplus and Change in Net Financial Assets for 2023.

#### **FINANCIAL CONSIDERATIONS:**

There is no financial impact directly associated with this report, although there are financial penalties levied if these documents are not filed when required. The information contained here should be part of 2025 budget deliberations, along with the useful qualitative and quantitative information contained in the updated Asset Management Plan.

#### **STRATEGIC PLAN:**

Goal 5: Responsible Government. Deliver services in an open, accountable and transparent manner.

**PREPARED BY:** Gordon Duff, Treasurer

**RECOMMENDED BY:** Gregg Furtney, Chief Administrative Officer (CAO)