

**THE CORPORATION OF THE TOWN OF MINTO
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

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THE CORPORATION OF THE TOWN OF MINTO
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YEAR ENDED DECEMBER 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of: The Corporation of the Town of Minto

Opinion

We have audited the accompanying consolidated financial statements of The Corporation of the Town of Minto, which comprise the consolidated statement of financial position as at December 31, 2023 and the consolidated statements of operations, changes in net financial assets 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, these consolidated financial statements present fairly, in all material respects, the financial position of The Corporation of the Town of Minto as at December 31, 2023 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis of 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 Corporation of the Town of Minto 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 municipality's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

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

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 judgement 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 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 municipality'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 municipality'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 municipality 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 financial information of the entities or business activities within the Group 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.

Guelph, Ontario

Chartered Professional Accountants
Licensed Public Accountants

THE CORPORATION OF THE TOWN OF MINTO
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023

	2023	2023
FINANCIAL ASSETS		
Cash (note 5)	\$ 15,262,341	\$ 13,876,804
Portfolio investments	1,628,591	1,360,519
Taxes receivable	509,770	628,791
Accounts receivable	3,576,385	3,728,115
Accounts receivable - Canada	621,048	1,473,517
Accounts receivable - Provincial	140,336	665,241
North Wellington Health Care Corporation loan receivable (note 6)	1,150,000	1,200,000
Long term investment (note 7)	1,696,046	1,696,046
	<u>24,584,517</u>	<u>24,629,033</u>
LIABILITIES		
Accounts payable and accrued liabilities	3,130,036	4,266,073
Asset retirement obligations (note 17)	544,429	0
Post employment benefits	237,000	249,000
Deferred revenue	252,846	190,536
Deferred revenue - obligatory reserve funds (note 8)	3,127,642	3,500,053
Long term debt (note 9)	9,570,917	10,807,650
	<u>16,862,870</u>	<u>19,013,312</u>
NET FINANCIAL ASSETS	<u>7,721,647</u>	<u>5,615,721</u>
NON-FINANCIAL ASSETS		
Tangible Capital Assets (schedule 1)	88,564,247	87,160,431
Inventories	87,673	86,373
Prepaid expenses	95,993	69,345
	<u>88,747,913</u>	<u>87,316,149</u>
ACCUMULATED SURPLUS (schedule 2)	<u>\$ 96,469,560</u>	<u>\$ 92,931,870</u>

**THE CORPORATION OF THE TOWN OF MINTO
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	2023 Budget (note 10)	2023 Actual	2023 Actual
REVENUES (schedule 3)			
Taxation	\$ 6,272,300	\$ 6,269,101	\$ 6,102,032
User fees	6,405,600	6,689,289	6,459,448
Grants (note 11)	1,715,300	2,242,576	4,365,369
Other income (note 12)	362,600	1,385,955	1,590,872
Obligatory reserve fund (note 8)	153,000	2,496,373	1,046,543
Gain (loss) on disposal of tangible capital assets	0	689	(1,208,484)
	<u>14,908,800</u>	<u>19,083,983</u>	<u>18,355,780</u>
EXPENSES (schedule 3)			
General government	1,714,801	1,508,383	1,611,414
Protection services	2,375,446	2,621,067	2,389,938
Transportation services	3,335,406	3,729,829	3,356,797
Environmental services	3,779,099	3,590,957	4,014,681
Health and social services	268,746	224,416	272,124
Recreation and cultural services	3,138,875	3,162,661	3,066,372
Planning and development	735,703	708,980	724,698
	<u>15,348,076</u>	<u>15,546,293</u>	<u>15,436,024</u>
ANNUAL (DEFICIT) SURPLUS	(439,276)	3,537,690	2,919,756
ACCUMULATED SURPLUS, beginning of year	<u>92,931,870</u>	<u>92,931,870</u>	<u>90,012,114</u>
ACCUMULATED SURPLUS, end of year	<u>\$ 92,492,594</u>	<u>\$ 96,469,560</u>	<u>\$ 92,931,870</u>

THE CORPORATION OF THE TOWN OF MINTO
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023

	2023 Budget (note 10)	2023 Actual	2023 Actual
ANNUAL (DEFICIT) SURPLUS	\$ <u>(439,276)</u>	\$ <u>3,537,690</u>	\$ <u>2,919,756</u>
Acquisition of tangible capital assets	(4,057,500)	(5,008,012)	(10,445,800)
Amortization of tangible capital assets	3,410,376	3,346,074	3,410,376
(Gain) loss on disposal of tangible capital assets	0	(689)	1,208,484
Proceeds on disposal of tangible capital assets	0	258,811	286,445
Prepaid expenses	0	(26,648)	68,235
Inventories	<u>0</u>	<u>(1,300)</u>	<u>20,131</u>
	<u>(647,124)</u>	<u>(1,431,764)</u>	<u>(5,452,129)</u>
(DECREASE) INCREASE IN NET FINANCIAL ASSETS	(1,086,400)	2,105,926	(2,532,373)
NET FINANCIAL ASSETS, beginning of year	<u>5,615,721</u>	<u>5,615,721</u>	<u>8,148,094</u>
NET FINANCIAL ASSETS, end of year	<u>\$ 4,529,321</u>	<u>\$ 7,721,647</u>	<u>\$ 5,615,721</u>

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**THE CORPORATION OF THE TOWN OF MINTO
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	2023	2023
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Annual surplus	\$ 3,537,690	\$ 2,919,756
Items not requiring an outlay of cash		
Amortization of tangible capital assets	3,346,074	3,410,376
(Gain) loss on disposal of tangible capital assets	<u>(689)</u>	<u>1,208,484</u>
	6,883,075	7,538,616
Changes in non-cash working capital		
Taxes receivable	119,021	11,332
Accounts receivable	151,730	(1,430,288)
Accounts receivable - Canada	852,469	(1,066,161)
Accounts receivable - Provincial	524,905	(655,176)
North Wellington Health Care Corporation loan receivable	50,000	50,000
Inventories	(1,300)	20,131
Prepaid expenses	(26,648)	68,235
Accounts payable and accrued liabilities	(1,136,037)	1,399,901
Asset retirement obligations	544,429	0
Post employment benefits	(12,000)	(10,000)
Deferred revenue	62,310	190,536
Deferred revenue - obligatory reserve funds	<u>(372,411)</u>	<u>1,649,017</u>
	<u>7,639,543</u>	<u>7,766,143</u>
CASH USED IN FINANCING ACTIVITIES		
Long term debt	<u>(1,236,733)</u>	<u>(1,234,900)</u>
CASH PROVIDED BY (USED IN) CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(5,008,012)	(10,445,800)
Proceeds on disposal of tangible capital assets	<u>258,811</u>	<u>286,445</u>
	<u>(4,749,201)</u>	<u>(10,159,355)</u>
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
Portfolio investments	<u>(268,072)</u>	<u>650,428</u>
NET INCREASE (DECREASE) IN CASH	1,385,537	(2,977,684)
NET CASH, BEGINNING OF YEAR	<u>13,876,804</u>	<u>16,854,488</u>
NET CASH, END OF YEAR	<u>\$ 15,262,341</u>	<u>\$ 13,876,804</u>

THE CORPORATION OF THE TOWN OF MINTO
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of The Corporation of the Town of Minto are the representation of management prepared in accordance with Canadian public sector accounting standards and include the following significant accounting policies:

(a) **ACKNOWLEDGEMENT OF RESPONSIBILITY**

Management and Council of The Corporation of the Town of Minto acknowledge their responsibility for the creation and compilation of the following significant accounting policy decisions and the related policy notes.

(b) **BASIS OF CONSOLIDATION**

(i) These consolidated financial statements reflect the assets, liabilities, sources of financing and expenditures for the current fund, reserve funds and reserves and include the activities of all committees of Council and the boards and municipal enterprises, which are under the control of Council:

Minto Cemetery

Minto Waterworks Department

Minto Sewer Department

All interfund assets and liabilities and sources of financing and expenditures have been eliminated with the exception of loans or advances between reserve funds and any other fund of the municipality and the resulting interest income and expenditures.

(ii) The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards and the County of Wellington are not reflected in the municipal fund balances of these consolidated financial statements.

(iii) Trust funds and their related operations administered by the municipality are not consolidated but are reported separately on the trust fund Statement of Continuity and Financial Position.

(c) **BASIS OF ACCOUNTING**

(i) Sources of financing and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable. Expenditures 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.

(ii) Capital outlay to be recovered in future years, which represents the outstanding principal portion of unmatured long term liabilities for municipal expenditures or capital funds transferred to other organizations, is reported on the Consolidated Statement of Financial Position.

(d) **USE OF ESTIMATES**

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the year. Significant areas requiring management's estimates include accrued liabilities, asset retirement obligations, and useful lives of tangible capital assets. Actual results could differ from those estimates.

THE CORPORATION OF THE TOWN OF MINTO
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) FINANCIAL INSTRUMENTS

The municipality initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The municipality subsequently measures all its financial assets and financial liabilities at cost or amortized cost.

Investments in equity instruments that are quoted in an active market are measured at fair value. Changes in fair value are recognized in annual surplus.

Transaction costs attributable to financial instruments subsequently measured at fair value and to those originated or exchanged in a related party transaction are recognized in annual surplus in the year incurred. Transaction costs related to financial instruments originated or exchanged in an arm's length transaction that are subsequently measured at cost or amortized cost are recognized in the original cost of the instrument. When the instrument is measured at amortized cost, transaction costs are recognized in annual surplus over the life of the instrument using the straight-line method.

(f) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include all cash balances and temporary investments that are readily convertible into cash within a maturity period of three months or less from the date of acquisition.

(g) NON-FINANCIAL ASSETS

Non-financial assets are not normally available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess revenues over expenses, provides the consolidated change in net financial assets for the year.

(h) INVESTMENTS

Portfolio investments are recorded at fair value. Discounts and premiums arising on the purchase of bonds and debentures are amortized over the terms of the investments.

Long term investment is recorded at cost. When there has been a loss in value that is other than a temporary decline in value, the respective investment is written down to recognize the loss.

(i) INVENTORIES AND PREPAID EXPENSES

Inventories are held for consumption and are measured at the lower of cost and replacement cost, with cost being determined on a first-in first-out (FIFO) basis.

Prepaid expenses relate to expenditures incurred in the current year which relate to and will be expenses in a future fiscal year.

(j) POST-EMPLOYMENT BENEFITS

The municipality pays post employment benefits to eligible employees on retirement. The benefits earned are recognized when management can make an estimate of salary escalation, benefit costs, and retirement ages of employees.

THE CORPORATION OF THE TOWN OF MINTO
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) TANGIBLE CAPITAL ASSETS

Tangible capital assets are recorded at cost less accumulated amortization. Costs include all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. Assets are amortized on the basis of their estimated useful life using the straight-line method, using the following rates:

Buildings	7-150 years
Vehicles	5-25 years
Equipment	2-40 years
Infrastructure	2-80 years

Building components will be treated as betterments to the building structure and these betterments will be capitalized upon completion. A review of the remaining years of estimated useful life of the building structure will be reviewed and updated at that time.

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

(l) TAXATION AND RELATED REVENUES

Property tax billings are prepared by the municipality based on assessment rolls issued by the Municipal Property Assessment Corporation. Tax rates are established annually by Council, incorporating amounts to be raised for local services. A normal part of the assessment process is the issue of supplementary assessment rolls, which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the municipality determines the taxes applicable and renders supplementary tax billings.

Assessments and the related property taxes are subject to appeal. Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. Taxes receivable are recognized net of allowance for anticipated uncollectable amounts.

(m) REVENUE RECOGNITION

User fees are recorded upon the sale of goods or provision of service when collection is reasonably assured.

Other income is recorded upon sale of goods or provision of service, when collection is reasonably assured.

Investment income earned on surplus funds (excluding obligatory reserve funds) is reported as revenue in the period earned. Investment income on obligatory reserve funds is recorded directly to each fund balance.

Grants are recognized in the period the related expenditure occurs.

THE CORPORATION OF THE TOWN OF MINTO
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) **ASSET RETIREMENT OBLIGATIONS**

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

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

Liabilities are recognized for statutory, contractual, or legal obligations associated with the retirement of tangible capital assets when those obligations arise from the acquisition, construction or development and normal use of an asset. Asset retirement obligation liabilities for the abatement of asbestos from facilities, removal and disposal of underground asbestos pipe and end of lease requirements are initially recognized at the best estimate of future expenses.

For assets in productive use, asset retirement obligations are discounted using present value methodology at a rate of 4.25% and recorded as a liability with an annual adjustment for accretion expense. As a result, there is a corresponding increase to the associated tangible capital asset which is then expensed over the useful life of the tangible capital asset in accordance with the policies outlined in (k). For assets that are no longer in productive use or were never recorded, the liability is offset against accretion expense in the period. In subsequent periods, the liability is adjusted for any changes in the amount or timing of the underlying future cash flows.

2. CHANGE IN ACCOUNTING POLICY

Asset Retirement Obligations

Effective January 1, 2023, the municipality adopted PS 3280, Asset Retirement Obligations. The new standard establishes guidelines for acknowledging, assessing, presenting, and disclosing legal responsibilities connected with the retirement of tangible capital assets. The municipality has chosen the prospective approach where liabilities are recognized on a forward-looking basis for the current and subsequent years only. The valuation and accounting of the asset retirement obligation is completed at the time of adoption without consideration for previous years.

3. FINANCIAL INSTRUMENTS

Unless otherwise noted, it is management's opinion that the municipality is not exposed to significant interest, credit, currency, liquidity, or other price risks arising from the financial instruments.

The extent of the municipality's exposure to these risks did not change in 2023 compared to the previous year.

The municipality does not have a significant exposure to any individual customer or counterpart.

THE CORPORATION OF THE TOWN OF MINTO
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

3. FINANCIAL INSTRUMENTS (continued)

Market risk

Market risk is the risk that the fair value or future cash flows of the municipality's financial instruments will fluctuate because of changes in market prices. Some of the municipality's financial instruments expose it to this risk, which comprises interest rate risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The municipality is exposed to interest rate risk as a result of the variable interest rates on the long term debt.

4. TRUST FUNDS

Trust funds administered by the municipality amounting to \$611,665 (2022 - \$590,410) have not been included in the Statement of Financial Position nor have their operations been included in the Statement of Operations.

5. CASH

The municipality has an authorized operating line of credit with a limit up to a maximum of \$1,500,000. The line of credit bears interest at prime plus 1.00% per annum and is secured by a current borrowing by-law. The balance at year-end was \$0 (2022 - \$0).

6. NORTH WELLINGTON HEALTH CARE CORPORATION LOAN RECEIVABLE

The municipality provided North Wellington Health Care Corporation (NWHC) with a loan to assist the construction of a medical centre. Under the terms of the loan agreement dated November 6 2015, NWHC is obligated to repay the loan one business day prior to the due date for principal and interest payments in respect of the related debenture incurred by the entity - see note 8. The total amount outstanding as at December 31, 2023 is \$1,150,000 (2022 - \$1,200,000).

7. LONG TERM INVESTMENT

The municipality owns 9.28% of the outstanding common shares of Westario Power Holdings Inc., a private company incorporated under the laws of the Province of Ontario. The shares have no fixed maturity dates and are not exposed to interest rate risk. The shares are valued at cost and the fair market value of these shares is not practicable to determine in the absence of a liquid trading market for these shares.

THE CORPORATION OF THE TOWN OF MINTO
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

8. DEFERRED REVENUE

	Opening	Contributions Received	Investment Income	Revenue Recognized	Ending
Obligatory reserve funds					
Development charges	\$ 2,067,609	\$ 479,626	\$ 128,132	\$ (350,000)	\$ 2,325,367
Federal gas tax	367,648	286,959	21,009	(673,000)	2,616
Building reserve (Bill 124)	532,543	0	30,432	(109,373)	453,602
Cash in lieu of parkland	44,546	4,000	2,546	0	51,092
OCIF	487,707	1,143,388	27,870	(1,364,000)	294,965
	<u>\$ 3,500,053</u>	<u>\$ 1,913,973</u>	<u>\$ 209,989</u>	<u>\$ (2,496,373)</u>	<u>\$ 3,127,642</u>

9. LONG TERM DEBT

	2023	2023
County of Wellington debenture, variable interest rate, repayable in variable annual principal repayments and semi-annual interest payments, due July 2028	\$ 297,000	\$ 351,000
Canada Mortgage and Housing Corporation (CMHC) debenture, interest rate of 3.99%, repayable in annual blended principal and interest payments of \$210,736, due November 2024	202,651	397,526
Ontario Infrastructure and Lands Corporation (OILC) debenture, interest rate of 3.89%, repayable in semi-annual principal repayments of \$12,500 and variable semi-annual interest payments, due December 2033	250,000	275,000
Ontario Infrastructure and Lands Corporation (OILC) debenture, interest rate of 2.26%, repayable in semi-annual principal repayments of \$46,250 and variable semi-annual interest payments, due August 2025	185,000	277,500
County of Wellington debenture, variable interest rate, repayable in variable annual principal repayments and semi-annual interest payments, due November 2025	399,000	591,000
Ontario Infrastructure and Lands Corporation (OILC) debenture, interest rate of 3%, repayable in semi-annual principal repayments of \$16,500 and variable semi-annual interest payments, due June 2037	445,500	478,500

THE CORPORATION OF THE TOWN OF MINTO
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

9. LONG TERM DEBT (continued)

	2023	2023
Real Term Energy Corporation, interest rate of 10%, repayable in annual variable principal and interest payments, due August 2025	128,348	193,151
County of Wellington debenture, variable interest rate, repayable in variable annual principal repayments and semi-annual interest payments, due November 2026	356,000	470,000
County of Wellington debenture, variable interest rate, repayable in variable annual principal repayments and semi-annual interest payments, due May 2028	294,000	348,000
County of Wellington debenture, variable interest rate, repayable in variable annual principal repayments and semi-annual interest payments, due May 2038	1,215,000	1,285,000
Ontario Infrastructure and Lands Corporation (OILC) debenture, interest rate of 2.88%, repayable in semi-annual principal repayments of \$25,000 and variable semi-annual interest payments, due June 2046	1,150,000	1,200,000
County of Wellington debenture, variable interest rate, repayable in variable annual principal repayments and semi-annual interest payments, due November 2031	4,555,000	4,859,000
Outstanding tile drainage loans	<u>93,418</u>	<u>81,973</u>
	9,570,917	10,807,650
Less current portion:		
Cash repayments required within 12 months	<u>1,294,639</u>	<u>1,259,334</u>
	<u>\$ 8,276,278</u>	<u>\$ 9,548,316</u>

Future minimum payments on long term obligations are as follows:

2024	\$ 1,294,639
2025	1,089,385
2026	753,007
2027	644,668
2028	658,368
Thereafter	<u>5,130,850</u>
	<u>\$ 9,570,917</u>

THE CORPORATION OF THE TOWN OF MINTO
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

10. BUDGET

The budget figures are presented for comparison purposes as prepared and approved by Council, reclassified to conform to the current financial statement presentation. The budgeted figures are prepared on the cash basis of accounting and have been restated to conform to the accrual basis of accounting on which the actual figures are reported. The following chart reconciles the approved budget with the budget figures as presented in these consolidated financial statements:

Revenue

Approved budget	\$ 19,373,000
Transfers from reserves and reserve funds	<u>(4,464,200)</u>
Total revenues	<u>14,908,800</u>

Expenses

Approved budget	15,144,800
Acquisition of tangible capital assets	(4,057,500)
Debt principal repayments	(1,248,700)
Amortization	3,410,376
Transfers to reserves and reserve funds	<u>2,099,100</u>
Total expenses	<u>15,348,076</u>

Annual surplus	<u><u>\$ (439,276)</u></u>
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11. GRANTS

	2023 Budget	2023	2022
Operating			
Government of Canada	\$ 5,000	\$ 205,520	\$ 880,254
Province of Ontario	1,533,300	1,858,992	3,307,275
Other	<u>177,000</u>	<u>178,064</u>	<u>177,840</u>
	<u>\$ 1,715,300</u>	<u>\$ 2,242,576</u>	<u>\$ 4,365,369</u>

12. OTHER INCOME

	2023 Budget	2023	2023
Penalties and interest on taxation	\$ 80,000	\$ 108,553	\$ 92,078
Investment income	70,000	720,789	406,382
Developer contributions	0	197,655	39,450
Other charges	196,300	216,577	980,987
Donations	<u>16,300</u>	<u>142,381</u>	<u>71,975</u>
	<u>\$ 362,600</u>	<u>\$ 1,385,955</u>	<u>\$ 1,590,872</u>

THE CORPORATION OF THE TOWN OF MINTO
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

13. PENSION AGREEMENTS

The municipality makes contributions to the Ontario Municipal Employees Retirement System (OMERS) on behalf of its staff. The amount contributed to OMERS was \$781,308 (2022 - \$673,658). The contribution rate was 9.0% to 14.6% (2022 - 9.0% to 14.6%) depending on age and income level. The ongoing adequacy of the contribution rates will need to be monitored as fluctuations in the financial markets may lead to increased future funding requirements.

OMERS is a multi-employer plan, therefore any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the municipality does not recognize any share of the OMERS pension surplus or deficit. The last available report for the OMERS plan was December 31, 2023 which reported \$128.8 billion in net assets available for benefits (2022 - \$124.4 billion), \$134.57 billion as the defined benefit accrued pension obligation (2022 - \$128.8 billion) and a defined benefit funding deficit of \$4.2 billion (2022 - \$6.7 billion). Ongoing adequacy of the current contribution rates will need to be monitored as fluctuations in financial markets may lead to increased future funding requirements.

14. OPERATIONS OF THE SCHOOL BOARDS AND THE COUNTY OF WELLINGTON

During the year, the following taxation revenue was raised and remitted to the school boards and the County of Wellington:

	2023	2022
School boards	\$ 2,568,894	\$ 2,474,256
County of Wellington	<u>7,709,999</u>	<u>7,212,286</u>
	<u>\$ 10,278,893</u>	<u>\$ 9,686,542</u>

15. CONTINGENT LIABILITIES

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

THE CORPORATION OF THE TOWN OF MINTO
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

16. SEGMENTED DISCLOSURE

The Corporation of the Town of Minto is a diversified municipal government institution that provides a wide range of services to its citizens, such as general government, fire, transportation services, water and wastewater, recreational and cultural services, and planning and development. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

General Government

This segment encompasses the revenues and expenses related to administrative departments and activities including Council, accounting and finance, property taxation, human resources, legislative services, legal services, information and communications technology and corporate facilities.

Protection Services

Protection is comprised of fire protection and emergency services, building code and municipal by-law enforcement.

Transportation Services

Transportation is responsible for providing the municipality with road maintenance and administration including winter control and maintenance of sidewalks, stormwater collection, traffic signals and systems, parking and street lighting.

Environmental Services

This segment encompasses waste water management and control, and provision of water for consumption. User rate funded activities for water and wastewater are mandated by the Province to be self funding and are included in this segment.

Health and Social Services

This segment encompasses the operations of the Clifford Medical Clinic, community gardens and after-school childcare.

Recreational and Cultural Services

This segment encompasses all recreation facilities, program costs, parks maintenance, and related direct administration revenues and expenses.

Planning and Development

This segment encompasses all administration expenses and revenues to operations of the building and economic development departments.

THE CORPORATION OF THE TOWN OF MINTO
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

17. ASSET RETIREMENT OBLIGATION

The municipality owns and operates the following assets that have asset retirement obligations associated with them:

Asbestos Obligation:

Asbestos and other designated hazardous materials represent a health hazard upon disturbance and as a result carry a legal obligation to remove them when an asset undergoes a significant renovation, demolition, or removal. The municipality owns and operates several assets that are known to have asbestos containing materials. As a result, the municipality recognized an obligation relating to the removal of the hazardous materials upon adoption of PS 3280, Asset Retirement Obligations. This resulted in a 2023 liability of \$371,074 and a corresponding increase to the cost base of the associated assets.

Well Decommissioning Obligation:

The Groundwater Protection Regulation provides specific guidelines for decommissioning wells which give rise to a retirement obligation. The City must recognize an asset retirement obligation related to one well owned by Leeds and the Thousand Islands that will be required to be decommissioned at the end of life. This resulted in an increase of \$173,355 to retirement liability with a corresponding increase to the cost base of the associated assets.

	Asbestos Obligation	Well Decommissioning	2023
Adoption of PS 3280	\$ 355,946	\$ 166,288	\$ 522,234
Accretion Expense	<u>15,128</u>	<u>7,067</u>	<u>22,195</u>
	<u>\$ 371,074</u>	<u>\$ 173,355</u>	<u>\$ 544,429</u>

THE CORPORATION OF THE TOWN OF MINTO
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023

Schedule 1

	Land	Buildings	Vehicles	Equipment	Infrastructure: Transportation	Infrastructure: Environmental	2023	2023
COST								
Balance, beginning of year	\$ 6,170,107	\$ 25,245,623	\$ 6,933,460	\$ 6,037,485	\$ 65,765,059	\$ 51,396,079	\$ 161,547,813	\$ 154,494,952
Additions during the year	333,631	437,237	990,226	540,187	1,329,586	1,377,145	5,008,012	10,445,800
Disposals during the year	<u>(153,946)</u>	<u>0</u>	<u>(119,685)</u>	<u>(4,319)</u>	<u>(206,262)</u>	<u>(470,790)</u>	<u>(955,002)</u>	<u>(3,392,939)</u>
Balance, end of year	<u>6,349,792</u>	<u>25,682,860</u>	<u>7,804,001</u>	<u>6,573,353</u>	<u>66,888,383</u>	<u>52,302,434</u>	<u>165,600,823</u>	<u>161,547,813</u>
ACCUMULATED AMORTIZATION								
Balance, beginning of year	1,450,195	12,106,695	3,837,019	3,975,400	34,347,605	18,670,468	74,387,382	72,875,016
Amortization	99,290	338,808	481,049	263,044	1,002,815	1,161,068	3,346,074	3,410,376
Disposals during the year	<u>(45,443)</u>	<u>0</u>	<u>(100,456)</u>	<u>(4,319)</u>	<u>(199,637)</u>	<u>(347,025)</u>	<u>(696,880)</u>	<u>(1,898,010)</u>
Balance, end of year	<u>1,504,042</u>	<u>12,445,503</u>	<u>4,217,612</u>	<u>4,234,125</u>	<u>35,150,783</u>	<u>19,484,511</u>	<u>77,036,576</u>	<u>74,387,382</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 4,845,750</u>	<u>\$ 13,237,357</u>	<u>\$ 3,586,389</u>	<u>\$ 2,339,228</u>	<u>\$ 31,737,600</u>	<u>\$ 32,817,923</u>	<u>\$ 88,564,247</u>	<u>\$ 87,160,431</u>

THE CORPORATION OF THE TOWN OF MINTO
CONSOLIDATED SCHEDULE OF ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2023

Schedule 2

	2023	2023
SURPLUS		
Invested in tangible capital assets	\$ 78,542,319	\$ 76,434,754
General fund	<u>4,903,462</u>	<u>4,890,510</u>
	<u>83,445,781</u>	<u>81,325,264</u>
RESERVES		
Working capital	1,204,000	1,204,000
General rate stabilization	1,306,414	1,015,432
Legal and insurance	52,590	52,590
Economic development	16,081	17,691
Minto mental health	5,000	5,000
	<u>2,584,085</u>	<u>2,294,713</u>
RESERVE FUNDS		
Administration	(1,460)	104,565
Building - capital	96,550	92,276
Cemeteries	0	4,565
Community centres	445,120	388,777
Economic development	66,440	83,762
Fire	(350,929)	74,797
Minto hydro - shares	1,696,046	1,696,046
Minto hydro - westario dividends	364,836	309,986
Municipal elections	16,730	690
Municipal modernization	231,085	218,594
Norgan theatre	152,615	115,528
Parks, pools and satellite facilities	0	119,309
Roads	222,196	148,769
Safe restart agreement	94,700	89,581
Water services contingency	500,000	510,124
Wastewater services contingency	500,000	510,077
Water services capital	2,899,404	2,134,322
Wastewater services capital	<u>3,506,361</u>	<u>2,710,125</u>
	<u>10,439,694</u>	<u>9,311,893</u>
ACCUMULATED SURPLUS	<u>\$ 96,469,560</u>	<u>\$ 92,931,870</u>

THE CORPORATION OF THE TOWN OF MINTO
CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2023

Schedule 3

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation Services	Planning and Development	Total 2023	Total 2023
REVENUE									
Taxation	\$ 637,699	\$ 1,098,717	\$ 1,538,128	\$ 1,521,678	\$ 125,965	\$ 1,008,865	\$ 338,049	\$ 6,269,101	\$ 6,102,032
Grants	1,524,622	377,587	0	16,386	0	268,426	55,555	2,242,576	4,365,369
User fees	264,746	371,695	188,829	4,501,321	127,162	1,067,025	168,511	6,689,289	6,459,448
Other income	1,385,955	0	0	0	0	0	0	1,385,955	1,590,872
Obligatory reserve fund	0	0	2,337,000	0	0	50,000	109,373	2,496,373	1,046,543
Gain on disposal of TCA	0	9,127	(6,731)	(99,481)	0	0	97,774	689	(1,208,484)
	<u>3,813,022</u>	<u>1,857,126</u>	<u>4,057,226</u>	<u>5,939,904</u>	<u>253,127</u>	<u>2,394,316</u>	<u>769,262</u>	<u>19,083,983</u>	<u>18,355,780</u>
EXPENSES									
Salaries and benefits	1,008,985	1,317,115	833,898	996,652	34,218	1,573,849	320,088	6,084,805	5,479,634
Interest on debt	0	0	83,924	136,088	34,203	12,179	22,708	289,102	319,772
Materials	356,237	790,335	1,498,979	1,172,586	79,902	1,110,411	241,674	5,250,124	5,443,163
Contracted services	34,269	30,268	64,738	68,230	0	5,316	4,179	207,000	429,153
External transfers	29,843	185,512	0	0	29,926	0	14,420	259,701	259,486
Rents and financial	23,710	0	3,082	239	37,645	26,036	18,775	109,487	94,440
Amortization	55,339	297,837	1,245,208	1,217,162	8,522	434,870	87,136	3,346,074	3,410,376
	<u>1,508,383</u>	<u>2,621,067</u>	<u>3,729,829</u>	<u>3,590,957</u>	<u>224,416</u>	<u>3,162,661</u>	<u>708,980</u>	<u>15,546,293</u>	<u>15,436,024</u>
ANNUAL SURPLUS (DEFICIT)									
	<u>\$ 2,304,639</u>	<u>\$ (763,941)</u>	<u>\$ 327,397</u>	<u>\$ 2,348,947</u>	<u>\$ 28,711</u>	<u>\$ (768,345)</u>	<u>\$ 60,282</u>	<u>\$ 3,537,690</u>	<u>\$ 2,919,756</u>

See notes to the consolidated financial statements

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of: The Corporation of the Town of Minto - Trust Funds

Opinion

We have audited the accompanying financial statements of the trust funds of The Corporation of the Town of Minto, which comprise the statements of financial position as at December 31, 2023 and the statement of continuity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the trust funds of The Corporation of the Town of Minto as at December 31, 2023 and the results of their operations for the year then ended in accordance with Canadian public sector accounting standards.

Basis of 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 trust funds of The Corporation of the Town of Minto 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 trust funds of The Corporation of the Town of Minto 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 of The Corporation of the Town of Minto's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the trust funds of The Corporation of the Town of Minto or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the the trust funds of The Corporation of the Town of Minto's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement 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 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 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 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 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.

Guelph, Ontario

Chartered Professional Accountants
Licensed Public Accountants

THE CORPORATION OF THE TOWN OF MINTO - TRUST FUNDS
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023

	2023	2023
ASSETS		
Cash	\$ 22,175	\$ 226,403
Investments	<u>589,490</u>	<u>364,007</u>
	<u>\$ 611,665</u>	<u>\$ 590,410</u>
FUND BALANCES		
Fund balance, end of year	<u>\$ 611,665</u>	<u>\$ 590,410</u>

THE CORPORATION OF THE TOWN OF MINTO - TRUST FUNDS
STATEMENT OF CONTINUITY
FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	2023
FUND BALANCE, beginning of year	<u>\$ 590,410</u>	<u>\$ 563,360</u>
Capital Receipts		
Investment income	15,949	1,453
Sale of plots, maintenance fees	<u>21,255</u>	<u>27,050</u>
	<u>37,204</u>	<u>28,503</u>
TRANSFER TO THE TOWN OF MINTO	<u>15,949</u>	<u>1,453</u>
FUND BALANCE, end of year	<u>\$ 611,665</u>	<u>\$ 590,410</u>

THE CORPORATION OF THE TOWN OF MINTO - TRUST FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the trust funds of The Corporation of the Town of Minto are the representation of management prepared in accordance with Canadian generally accepted accounting principles for governments as established by the Public Sector Accounting Board of CPA Canada. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgments.

(a) **BASIS OF ACCOUNTING**

- (i) Sources of income and expenditures are reported on the accrual basis of accounting.
- (ii) The accrual basis of accounting recognizes revenues as they become available and measurable. Expenditures 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.

2. INVESTMENTS

Trust fund investments are fixed income securities and are recorded at market value.

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