



TOWN OF MINTO

MEETING DATE: July 8, 2025
REPORT TO: Mayor and Council
SERVICE AREA: Finance
SUBJECT: FIN 2025-009 - 2024 Audited Financial Statements

RECOMMENDATIONS:

THAT the Council of the Town of Minto hereby receives report FIN 2025-009 2024 Audited Financial Statements, prepared by the Treasurer, for information purposes;

AND FURTHER THAT the Council of the Town of Minto approves the 2024 Audited Financial Statements as presented.

BACKGROUND:

The 2024 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 \$2,979,151. The Consolidated Statement of Financial Position shows the municipality's historical cost of TCAs as \$170,351,300 less accumulated amortization of \$80,090,970 for a net book value of \$90,260,330. 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 over \$3.6 million. This figure is somewhat higher than 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.

Work-in-Progress as at December 31, 2024 has increased by \$2,397,557 from the previous year to an amount of \$3,406,546. The largest project is the Derby Street Palmerston reconstruction accounting for over \$2.6 million is costs to date.

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

Year	Amount
2021	\$11,872,900
2022	\$4,373,000
2023	\$4,112,500
2024	\$3,702,400
2025	\$3,997,900

The Town's capital plan for 2026 to 2028 proposes approximately \$31 million in capital spending on infrastructure. This figure is in line with recommendations contained in the recently adopted 2025 Asset Management Plan. However, actual spending may be adjusted according to 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, 2024 was \$8,998,328. The Accumulated Surplus of \$99,448,711 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 \$526 million as noted in the 2025 update of the Asset Management Plan (AMP) in June 2025. This amount is much higher than the historical cost and does not reflect future inflationary increases. This revised AMP includes all Tangible Capital Assets (TCAs) such as recreation, fire protection, vehicles and other equipment and land improvements 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 few years means that even this estimate is most probably quite low. Council continues to meet the provisions of Ontario Regulation 588/17.

The Town is now required to review its progress in implementing the Asset Management Plan and address any factors impeding the ability to implement the Plan, including funding shortfalls. Municipalities are to have a strategy to address any of the identified impediments to meeting its targets.

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 decreased by \$3,665,750 to a balance of \$11,596,591 on December 31, 2024, primarily due to increases in receivables and capital acquisitions. There was no new borrowing in 2024. Net principal payments on long term debt were \$1,255,937. The ending outstanding external debt is \$8,314,980 which includes \$1,100,000 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 2024 FIR is similar to that of 2023, with major changes in the format of this Return continuing to be deferred for several years, according to the latest pronouncements. Changes for 2024 include differences in reporting Federal Gas Tax, ARO expenses, Remeasurement Gains and other minor changes. 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 Changes in Net Financial Assets for 2024.

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 2026 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), Deputy Clerk