

**CORPORATION OF THE COUNTY OF
NORTHUMBERLAND**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

**CORPORATION OF THE COUNTY OF
NORTHUMBERLAND**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

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CORPORATION OF THE COUNTY OF NORTHUMBERLAND

For The Year Ended December 31, 2022

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 21, 2023

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, 2022, 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, 2022, 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.

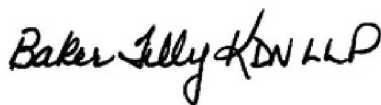
Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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 28, 2023

CORPORATION OF THE COUNTY OF NORTHUMBERLAND

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2022

	2022	2021
	\$	\$
FINANCIAL ASSETS		
Cash	3,987,976	5,111,977
Investments (note 3)	114,200,557	95,705,505
Accounts receivable	7,111,794	6,416,989
TOTAL FINANCIAL ASSETS	125,300,327	107,234,471
LIABILITIES		
Short term advances (note 5)	42,106,545	16,767,835
Accounts payable and accrued liabilities	29,547,805	20,782,297
Deferred revenue - obligatory reserve funds (note 6)	4,923,451	5,767,959
Deferred revenue - other	1,336,226	971,545
Employee future benefits liability (note 7)	4,711,154	4,319,842
Long term debt (note 8)	8,584,177	10,261,491
Landfill closure and post-closure liability (note 9)	21,995,200	24,511,900
TOTAL LIABILITIES	113,204,558	83,382,869
NET FINANCIAL ASSETS	12,095,769	23,851,602
NON-FINANCIAL ASSETS		
Tangible capital assets (note 10)	236,149,156	199,907,552
Prepaid expenses	393,557	364,906
TOTAL NON-FINANCIAL ASSETS	236,542,713	200,272,458
ACCUMULATED SURPLUS (note 11)	248,638,482	224,124,060

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE COUNTY OF NORTHUMBERLAND

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the Year Ended December 31, 2022

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
REVENUES			
Tax levy from lower tiers	63,366,598	63,829,750	60,767,458
User charges	11,961,967	12,465,613	13,189,953
Government of Canada	4,667,144	6,627,503	1,423,018
Province of Ontario	36,741,749	47,162,630	41,432,797
Other municipalities	1,369,500	1,282,681	1,181,208
Provincial Offenses Act - fines (note 12)	1,500,000	1,253,562	921,002
Investment income	1,011,148	2,806,437	1,621,103
Waste Diversion Ontario	1,300,000	1,427,639	1,152,358
Rents	2,592,115	2,593,837	2,591,913
Development charges earned	1,437,690	362,691	326,483
Canada Community-Building Fund earned	4,599,054	4,599,055	2,949,055
Gain/(loss) on disposal of tangible capital assets	-	363,042	(23,824)
Other	286,872	344,370	238,826
TOTAL REVENUES	130,833,837	145,118,810	127,771,350
EXPENSES			
General government	5,686,101	5,297,192	7,034,578
Protection services	4,366,629	3,712,642	3,684,060
Transportation services	19,589,773	18,696,335	17,645,316
Environmental services	15,964,985	13,199,120	11,158,975
Health services	20,443,000	19,714,161	17,370,561
Social and family services	36,375,272	42,727,305	35,703,554
Social housing	12,832,052	12,767,136	13,099,065
Economic development, tourism and forest	4,380,265	4,490,497	3,550,133
TOTAL EXPENSES	119,638,077	120,604,388	109,246,242
ANNUAL SURPLUS	<u>11,195,760</u>	24,514,422	18,525,108
ACCUMULATED SURPLUS - beginning of year		224,124,060	205,598,952
ACCUMULATED SURPLUS - end of year		248,638,482	224,124,060

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE COUNTY OF NORTHUMBERLAND

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

For the Year Ended December 31, 2022

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
ANNUAL SURPLUS	11,195,760	24,514,422	18,525,108
Amortization of tangible capital assets	9,400,000	9,252,782	9,067,758
Purchase of tangible capital assets	(67,294,362)	(46,014,858)	(25,333,698)
Loss/(gain) on disposal of tangible capital assets	-	(363,042)	23,824
Proceeds on sale of tangible capital assets	-	883,514	97,264
Change in prepaid expenses	-	(28,651)	(32,733)
CHANGE IN NET FINANCIAL ASSETS/(NET DEBT)	(46,698,602)	(11,755,833)	2,347,523
NET FINANCIAL ASSETS - beginning of year	23,851,602	23,851,602	21,504,079
NET FINANCIAL ASSETS/(NET DEBT) - end of year	(22,847,000)	12,095,769	23,851,602

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE COUNTY OF NORTHUMBERLAND

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2022

	2022	2021
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	24,514,422	18,525,108
Items not involving cash		
Amortization of tangible capital assets	9,252,782	9,067,758
Loss/(gain) on disposal of tangible capital assets	(363,042)	23,824
Change in employee future benefits liability	391,312	1,861,466
Change in landfill closure and post-closure liability	(2,516,700)	(4,281,800)
Change in non-cash assets and liabilities		
Accounts receivable	(694,805)	(1,485,991)
Prepaid expenses	(28,651)	(32,733)
Accounts payable and accrued liabilities	8,765,508	3,001,894
Deferred revenue - obligatory reserve funds	(844,508)	3,594,526
Deferred revenue - other	364,681	(265,876)
Net change in cash from operating activities	38,840,999	30,008,176
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(46,014,858)	(25,333,698)
Proceeds on disposal of tangible capital assets	883,514	97,264
Net change in cash from capital activities	(45,131,344)	(25,236,434)
INVESTING ACTIVITIES		
Purchase of investments	(101,911,830)	(32,946,850)
Disposal of investments	83,416,778	19,679,519
Net change in cash from investing activities	(18,495,052)	(13,267,331)
FINANCING ACTIVITIES		
Debt principal repayments	(1,677,314)	(1,636,549)
Short term advances	25,338,710	11,836,859
Net change in cash from financing activities	23,661,396	10,200,310
NET CHANGE IN CASH	(1,124,001)	1,704,721
CASH - beginning of year	5,111,977	3,407,256
CASH - end of year	3,987,976	5,111,977

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE COUNTY OF NORTHUMBERLAND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

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) 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 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.

(c) 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.

(d) 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.

CORPORATION OF THE COUNTY OF NORTHUMBERLAND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(e) 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 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 12).

User charges and rents are recognized as revenue in the year the goods and services are provided, with the exception of 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.

(f) 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 landfill closure and post-closure care depend on estimates of usage, remaining life and capacity. The provision for future closure and post-closure costs also depends on estimates of such costs;
 - 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.
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CORPORATION OF THE COUNTY OF NORTHUMBERLAND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(g) 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.

(h) 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.

2. TRUST FUNDS

Trust funds administered by the County amounting to \$145,881 (2021 - \$147,234) 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.

3. INVESTMENTS

Investments are recorded at cost and are comprised of the following:

	2022	2021
	\$	\$
Eastern Ontario Wardens' Caucus Inc.	-	167,217
BNS investment high interest savings account	17,692,480	11,808,612
BNS notice plan investment account	22,996,901	46,268,554
ONE investment high interest savings account	6,961	6,818
Renaissance high interest savings account and investment cash account	458,273	350,348
Corporate bonds bearing interest, rates between 1.67% and 4.86%, maturing between April 4, 2023 and January 28, 2033	73,045,942	37,103,956
	114,200,557	95,705,505

4. 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 2022-02. At December 31, 2022 there was no balance outstanding (2021 - \$Nil).

CORPORATION OF THE COUNTY OF NORTHUMBERLAND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

5. 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, 2022 totaled \$42,106,545 (2021 - \$16,767,835).

6. 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:

	2022	2021
	\$	\$
Canada Community-Building Fund	2,688,205	4,519,273
Development charges	2,235,246	1,248,686
	4,923,451	5,767,959

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

	2022	2021
	\$	\$
Balance - beginning of year	5,767,959	2,173,433
Add amounts received:		
Canada Community-Building Fund	2,699,055	5,293,733
Development charges	1,344,775	1,554,533
Interest	73,408	21,798
	4,117,238	6,870,064
Less transfer to operations:		
Canada Community-Building Fund earned	4,599,055	2,949,055
Development charges earned	362,691	326,483
	4,961,746	3,275,538
Balance - end of year	4,923,451	5,767,959

CORPORATION OF THE COUNTY OF NORTHUMBERLAND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

7. EMPLOYEE FUTURE BENEFITS LIABILITY

The liability is comprised of the following amounts:

	2022	2021
	\$	\$
WSIB	3,185,458	2,835,603
Health benefits	1,525,696	1,484,239
	4,711,154	4,319,842

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 \$3,185,458 (2021 - \$2,835,603) 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

The continuity of the WSIB liability is as follows:

	2022	2021
	\$	\$
Accrued benefit obligation at January 1	3,781,115	3,503,147
Unamortized actuarial losses	(945,512)	(1,044,771)
Liability at January 1	2,835,603	2,458,376
Current year benefit cost	583,389	567,229
Interest	106,240	98,800
Amortization of actuarial loss/(gain)	79,323	99,259
Less: benefit payments	(419,097)	(388,061)
Liability at December 31	3,185,458	2,835,603

CORPORATION OF THE COUNTY OF NORTHUMBERLAND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

7. EMPLOYEE FUTURE BENEFITS LIABILITY, continued

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:

	2022	2021
	\$	\$
Accrued benefit obligation at January 1	1,484,239	1,450,788
Liability at January 1	1,484,239	1,450,788
Current year benefit cost	95,346	90,535
Interest	48,129	46,932
Less: benefit payments	(102,018)	(104,016)
Liability at December 31	1,525,696	1,484,239

CORPORATION OF THE COUNTY OF NORTHUMBERLAND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

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:

	2022	2021
	\$	\$
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	271,609
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.	856,890	989,540
Ontario Infrastructure Projects Corporation due September 1, 2022, repayable in blended semi-annual instalments of \$266,865 and bears interest of 2.27% per annum.	-	524,778
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.	1,774,036	1,872,529
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.	635,979	752,976
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.	1,049,405	1,186,681
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.	2,947,400	3,332,960
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.	1,182,594	1,330,418
	<u>8,584,177</u>	<u>10,261,491</u>

- (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 \$282,098 (2021 - \$325,051).

CORPORATION OF THE COUNTY OF NORTHUMBERLAND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

8. LONG TERM DEBT, continued

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

	Principal \$	Interest \$	Total \$
2023	1,182,560	240,935	1,423,495
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
	5,638,274	893,142	6,531,416
2028 to 2032	2,440,959	251,043	2,692,002
2033 and subsequent years	504,944	40,593	545,537
	8,584,177	1,184,778	9,768,955

9. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

The estimated liability for landfill closure and post-closure costs for the County's one operational site and the eight closed sites that the County has obtained from the lower tier municipalities by way of a settlement process (see Note 17) is \$21,995,200 (2021 - \$24,511,900). The closure costs include final cover, vegetation and additional monitoring wells. Post-closure costs include monitoring, maintenance of control systems and consulting fees for 25 years after the site is closed. The landfill closure and post-closure liability will be funded from taxation. As at December 31, 2022, the County had a reserve of \$2,350,000 (2021 - \$2,350,000) designated for settling this liability.

The reported liability is based upon estimates and assumptions with respect to events extending over the remaining life of the landfill. The total discounted future cash flows for closure and post-closure cost is estimated at \$25,213,900 as at December 31, 2022 (2021 - \$28,551,932) using a discount factor of 4.38% and an inflation rate of 3.0%.

The remaining capacity of the one operational landfill site is estimated at 309,985 m³ (2021 - 341,844 m³) which is 24.6% (2021 - 27.1%) of the site's total capacity. The County estimates the site will continue to operate until 2031.

CORPORATION OF THE COUNTY OF NORTHUMBERLAND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

10. TANGIBLE CAPITAL ASSETS

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

	2022	2021
	\$	\$
General		
Land	13,838,886	14,295,087
Land improvements	3,792,017	3,945,203
Buildings	19,814,545	21,334,961
Equipment and computers	13,926,390	14,727,934
Vehicles	5,855,701	5,674,531
Infrastructure		
Roads and bridges	110,561,338	108,969,185
	167,788,877	168,946,901
Assets under construction	68,360,279	30,960,651
	236,149,156	199,907,552

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

During the year there were no write-downs of assets (2021 - \$Nil) and interest capitalized of \$604,649 (2021 - \$Nil).

Tangible capital assets allocated by segment are as follows:

	2022	2021
	\$	\$
General government	17,631,985	17,471,322
Protection services	85,674	93,418
Transportation services	120,441,883	116,060,660
Environmental services	30,938,757	31,768,428
Health services	3,084,708	2,236,964
Social and family services	52,050,665	23,876,895
Social housing	9,648,009	6,117,823
Economic development, tourism and forest	2,267,475	2,282,042
	236,149,156	199,907,552

CORPORATION OF THE COUNTY OF NORTHUMBERLAND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

11. ACCUMULATED SURPLUS

(a) Accumulated surplus consists of the following:

	2022	2021
	\$	\$
Surplus/(Deficit)		
Unfunded landfill closure and post-closure liability	(21,995,200)	(24,511,900)
Unfunded employee future benefits liability	(4,711,154)	(4,319,842)
Unfunded operating costs	(65,136)	(68,461)
	<u>(26,771,490)</u>	<u>(28,900,203)</u>
Invested In Capital Assets		
Tangible capital assets - net book value	236,149,156	199,907,552
Long term debt	(8,584,177)	(10,261,491)
Unfunded capital - GPL rebuild (b)	(46,226,184)	(18,666,345)
Unfunded capital - Ambulance	(37,734)	(76,914)
Unfunded capital - Archives (b)	(1,114,558)	(557,842)
Unfunded capital - Northumberland County Housing Corporation	-	(476,463)
	<u>180,186,503</u>	<u>169,868,497</u>
Surplus	<u>153,415,013</u>	<u>140,968,294</u>
Reserves		
Corporate services	30,794,608	25,540,499
Transportation services	18,675,783	14,896,343
Waste services	5,116,799	4,980,002
Social services	1,223,169	1,245,169
Social housing	13,996,086	13,214,520
Golden Plough Lodge	9,604,982	8,225,735
Ambulance services	1,528,131	1,409,187
Technological development	1,207,154	1,032,453
Emergency planning	374,518	369,518
Employee health, safety and related costs	7,064,910	6,694,378
Facilities	2,360,702	2,310,702
Economic development, tourism and forest	257,952	459,620
Plumbing and septic inspections	411,074	239,626
Landfill closure	2,350,000	2,350,000
Land use planning	257,601	188,014
Total Reserves	<u>95,223,469</u>	<u>83,155,766</u>
	<u>248,638,482</u>	<u>224,124,060</u>

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

CORPORATION OF THE COUNTY OF NORTHUMBERLAND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

12. 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:

	2022	2021
	\$	\$
Gross revenues	1,253,562	921,002
Provincial Safe Restart funding	-	611,272
Operating costs and allocated charges	(1,229,652)	(1,077,291)
Net County revenue used to reduce tax levy	23,910	454,983

13. EXPENSES BY OBJECT

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

	Budget 2022	Actual 2022	Actual 2021
	\$	\$	\$
	(Unaudited)		
Salaries and benefits	49,861,746	48,902,214	47,158,386
Interest charges	319,452	282,098	325,051
Materials	17,193,794	20,976,078	17,001,197
Contracted services	19,904,415	16,086,683	13,873,915
Rents and financial	572,732	304,398	246,186
External transfers	22,385,938	24,800,135	21,573,749
Amortization	9,400,000	9,252,782	9,067,758
	119,638,077	120,604,388	109,246,242

CORPORATION OF THE COUNTY OF NORTHUMBERLAND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

14. BUDGET FIGURES

The budget, approved by the County, for 2022 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.

15. 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 2022 Annual Report disclosed total actuarial liabilities of \$130,306 million in respect of benefits accrued for service with actuarial assets of \$123,628 million indicating an actuarial deficit of \$6,678 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 2022 were \$2,918,743 (2021 - \$2,750,029).

16. 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, 2022

17. 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. \$44,848,059 plus HST has been incurred related to these contracts to December 31, 2022.

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. \$3,784,361 plus HST has been incurred to December 31, 2022.

18. 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.

CORPORATION OF THE COUNTY OF NORTHUMBERLAND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

18. 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.

19. 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."

20. COMPARATIVE FIGURES

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

CORPORATION OF THE COUNTY OF NORTHUMBERLAND

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS For the Year Ended December 31, 2022

	General					Infrastructure		Totals \$
	Land \$	Land Improvements \$	Buildings \$	Equipment and Computers \$	Vehicles \$	Roads and Bridges \$	Assets Under Construction \$	
COST								
Balance, beginning of year	14,295,087	4,958,816	61,304,863	27,873,224	16,078,272	196,221,339	30,960,651	351,692,252
Add: additions during the year	-	-	-	585,913	1,486,112	6,445,815	37,497,018	46,014,858
Less: disposals during the year	456,201	-	-	129,127	609,302	2,284,840	-	3,479,470
Internal transfers	-	-	-	26,274	-	71,116	(97,390)	-
Balance, end 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
ACCUMULATED AMORTIZATION								
Balance, beginning of year	-	1,013,613	39,969,902	13,145,290	10,403,741	87,252,154	-	151,784,700
Add: additions during the year	-	153,186	1,520,416	1,413,731	1,296,432	4,869,017	-	9,252,782
Less: disposals during the year	-	-	-	129,127	600,792	2,229,079	-	2,958,998
Balance, end of year	-	1,166,799	41,490,318	14,429,894	11,099,381	89,892,092	-	158,078,484
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	13,838,886	3,792,017	19,814,545	13,926,390	5,855,701	110,561,338	68,360,279	236,149,156

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	12,480,626	9,701,209	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
Gain/(loss) on disposal of tangible capital assets	-	-	(51,154)	348,799	65,397	-	-	-	363,042
Other	110	-	5,475	2,241	250	92,004	-	244,290	344,370
Total revenues	8,300,404	3,691,972	27,602,242	16,815,134	22,731,288	43,738,770	17,651,549	4,587,451	145,118,810
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
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	18,696,335	13,199,120	19,714,161	42,727,305	12,767,136	4,490,497	120,604,388
Net surplus/(deficit)	3,003,212	(20,670)	8,905,907	3,616,014	3,017,127	1,011,465	4,884,413	96,954	24,514,422

CORPORATION OF THE COUNTY OF NORTHUMBERLAND

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2021

	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	3,603,731	1,225,058	18,802,098	7,882,832	11,331,990	9,240,059	5,753,193	2,928,497	60,767,458
User charges	881,759	682,213	374,850	7,299,764	384,479	3,227,856	102,161	236,871	13,189,953
Government transfers - operating	959,708	1,192,584	898	10,353	7,877,367	25,806,522	5,815,601	502,175	42,165,208
Government transfers - capital	91,045	-	177,385	-	-	-	422,177	-	690,607
Other municipalities	-	-	1,112,307	68,901	-	-	-	-	1,181,208
Provincial Offenses Act - fines	-	921,002	-	-	-	-	-	-	921,002
Investment income	1,620,766	-	-	-	-	-	337	-	1,621,103
Waste Diversion Ontario	-	-	-	1,152,358	-	-	-	-	1,152,358
Rents	760,781	-	-	5,894	-	-	1,684,307	140,931	2,591,913
Development charges earned	71,948	-	56,625	35,764	-	143,744	18,402	-	326,483
Canada Community-Building Fund earned	-	-	2,949,055	-	-	-	-	-	2,949,055
Gain/(loss) on disposal of tangible capital assets	-	-	(31,005)	-	7,181	-	-	-	(23,824)
Other	243	-	-	4,211	500	52,244	-	181,628	238,826
Total revenues	7,989,981	4,020,857	23,442,213	16,460,077	19,601,517	38,470,425	13,796,178	3,990,102	127,771,350
Expenses									
Salaries and benefits	7,922,175	1,271,549	3,903,151	3,797,760	11,591,496	16,359,379	696,411	1,616,465	47,158,386
Interest charges	160,488	-	-	132,748	11,333	20,482	-	-	325,051
Materials	2,950,524	275,322	3,609,750	2,275,988	1,342,966	3,614,667	2,379,612	552,368	17,001,197
Contracted services	2,686,097	1,356,433	4,240,080	2,918,777	82,119	1,057,606	827,946	704,857	13,873,915
Rents and financial	139,951	15,363	-	-	18,440	64,480	7,952	-	246,186
External transfers	-	-	-	-	2,534,698	11,922,802	6,968,829	147,420	21,573,749
Amortization	835,701	7,744	5,414,598	1,046,161	652,616	130,147	903,747	77,044	9,067,758
Internal transfers	(7,660,358)	757,649	477,737	987,541	1,136,893	2,533,991	1,314,568	451,979	-
Total expenses	7,034,578	3,684,060	17,645,316	11,158,975	17,370,561	35,703,554	13,099,065	3,550,133	109,246,242
Net surplus	955,403	336,797	5,796,897	5,301,102	2,230,956	2,766,871	697,113	439,969	18,525,108

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, 2022, 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, 2022, 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.

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.

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
June 28, 2023

CORPORATION OF THE COUNTY OF NORTHUMBERLAND

TRUST FUNDS STATEMENT OF FINANCIAL POSITION At December 31, 2022

	Blacklock Bequest \$	Safekeeping Pensioners \$	2022 Total \$	2021 Total \$
FINANCIAL ASSETS				
Cash	689	24,873	25,562	28,707
Investment (note 3)	120,319	-	120,319	118,527
	121,008	24,873	145,881	147,234
FUND BALANCES				
Due to Residents	-	24,873	24,873	28,033
Bequests	121,008	-	121,008	119,201
	121,008	24,873	145,881	147,234

TRUST FUNDS STATEMENT OF CONTINUITY For the Year Ended December 31, 2022

	Blacklock Bequest \$	Safekeeping Pensioners \$	2022 Total \$	2021 Total \$
BALANCES - beginning of year	119,201	28,033	147,234	155,187
RECEIPTS				
Residents' contributions	-	20,263	20,263	18,499
Interest earned	1,807	-	1,807	483
	1,807	20,263	22,070	18,982
EXPENSES				
Residents' personal costs	-	23,423	23,423	26,935
BALANCES - end of year	121,008	24,873	145,881	147,234

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE COUNTY OF NORTHUMBERLAND

TRUST FUNDS NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2022

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 cost plus accrued interest and has been invested in a Renaissance high interest savings account SR F (5001) with CIBC Wood Gundy.

**CORPORATION OF THE COUNTY OF
NORTHUMBERLAND**

NORTHUMBERLAND COUNTY HOUSING CORPORATION

FINANCIAL STATEMENTS

DECEMBER 31, 2022

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, 2022, 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, 2022, 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.

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.

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
June 28, 2023

CORPORATION OF THE COUNTY OF NORTHUMBERLAND

NORTHUMBERLAND COUNTY HOUSING CORPORATION STATEMENT OF FINANCIAL POSITION At December 31, 2022

	2022	2021
	\$	\$
FINANCIAL ASSETS		
Accounts receivable	137,196	108,794
Due from County (note 4)	2,722,324	2,063,976
TOTAL FINANCIAL ASSETS	2,859,520	2,172,770
LIABILITIES		
Accounts payable	42,364	219,321
Deferred revenue	481,333	21,542
TOTAL LIABILITIES	523,697	240,863
NET FINANCIAL ASSETS	2,335,823	1,931,907
NON-FINANCIAL ASSETS		
Tangible capital assets (note 2)	8,223,299	4,978,600
ACCUMULATED SURPLUS (note 3)	10,559,122	6,910,507

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE COUNTY OF NORTHUMBERLAND

NORTHUMBERLAND COUNTY HOUSING CORPORATION STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS For the Year Ended December 31, 2022

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
REVENUES			
County contributions (note 4)	2,985,378	2,883,544	2,337,922
Government of Canada	3,269,667	4,483,252	58,927
Province of Ontario	200,000	222,031	367,074
Rent	1,567,000	1,677,902	1,684,307
Recovery of expenses	10,000	77,170	67,068
Other	495,512	73,305	48,658
TOTAL REVENUES	8,527,557	9,417,204	4,563,956
EXPENSES			
Materials and supplies	-	173	-
Insurance	79,718	78,638	72,168
Professional fees	71,500	31,669	34,377
Utilities	765,164	694,410	604,846
Property tax	527,672	529,276	513,951
Repairs and maintenance	772,180	1,045,747	1,177,393
Major repairs	739,375	727,539	468,446
Financial expenses	60,234	16,716	7,938
Internal chargebacks			
Allocated administrative services (note 4)	710,078	712,596	577,307
Allocated maintenance services (note 4)	1,102,984	1,130,741	853,493
Amortization	850,000	801,084	903,747
TOTAL EXPENSES	5,678,905	5,768,589	5,213,666
ANNUAL SURPLUS/(DEFICIT)	<u>2,848,652</u>	3,648,615	(649,710)
ACCUMULATED SURPLUS - beginning of year		6,910,507	7,560,217
ACCUMULATED SURPLUS - end of year		10,559,122	6,910,507

The accompanying notes are an integral part of these financial statements

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, 2022

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
ANNUAL SURPLUS/(DEFICIT)	2,848,652	3,648,615	(649,710)
Amortization of tangible capital assets	850,000	801,084	903,747
Acquisition of tangible capital assets	(9,251,720)	(4,045,783)	(579,945)
CHANGE IN NET FINANCIAL ASSETS/(NET DEBT)	(5,553,068)	403,916	(325,908)
NET FINANCIAL ASSETS - beginning of year	1,931,907	1,931,907	2,257,815
NET FINANCIAL ASSETS/(NET DEBT) - end of year	(3,621,161)	2,335,823	1,931,907

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE COUNTY OF NORTHUMBERLAND

NORTHUMBERLAND COUNTY HOUSING CORPORATION

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2022

	2022	2021
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus/(deficit)	3,648,615	(649,710)
Items not involving cash		
Amortization of tangible capital assets	801,084	903,747
Change in non-cash assets and liabilities		
Accounts receivable	(28,402)	(39,839)
Due from County	(658,348)	237,097
Accounts payable	(176,957)	130,378
Deferred revenue	459,791	(1,728)
Net change in cash from operating activities	4,045,783	579,945
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(4,045,783)	(579,945)
NET CHANGE IN CASH	-	-

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, 2022

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) 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 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.

(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) 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.

(e) 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.

CORPORATION OF THE COUNTY OF NORTHUMBERLAND

NORTHUMBERLAND COUNTY HOUSING CORPORATION NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(f) 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.
- Allocation of the County's administrative internal chargebacks.

(g) 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.

CORPORATION OF THE COUNTY OF NORTHUMBERLAND

NORTHUMBERLAND COUNTY HOUSING CORPORATION NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2022

2. TANGIBLE CAPITAL ASSETS

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

	Land and Land Improvements \$	Buildings \$	Equipment \$	Assets Under Construction \$	2022 Totals \$	2021 Totals \$
COST						
Balance, beginning of year	1,396,939	26,891,436	131,377	757,987	29,177,739	28,597,794
Add: additions during the year	-	-	-	4,045,783	4,045,783	579,945
Balance, end of year	1,396,939	26,891,436	131,377	4,803,770	33,223,522	29,177,739
ACCUMULATED AMORTIZATION						
Balance, beginning of year	116,563	24,060,843	21,733	-	24,199,139	23,295,392
Add: additions during the year	20,989	769,985	10,110	-	801,084	903,747
Balance, end of year	137,552	24,830,828	31,843	-	25,000,223	24,199,139
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	1,259,387	2,060,608	99,534	4,803,770	8,223,299	4,978,600

3. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2022 \$	2021 \$
Invested In Capital Assets		
Tangible capital assets - net book value	8,223,299	4,978,600
Unfunded capital - Elgin Park	-	(476,463)
Surplus	8,223,299	4,502,137
Reserve		
Operations	2,335,823	2,408,370
	10,559,122	6,910,507

CORPORATION OF THE COUNTY OF NORTHUMBERLAND

**NORTHUMBERLAND COUNTY HOUSING CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended December 31, 2022**

4. 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 which is identified on the Statement of Operations and Accumulated Surplus.

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

	2022	2021
	\$	\$
Allocated costs:		
Internal chargebacks - allocated administrative service	712,596	577,307
Internal chargebacks - allocated maintenance services	1,130,741	853,493
	1,843,337	1,430,800

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.

5. BUDGET FIGURES

The operating budget, approved by the Corporation, for 2022 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.

6. COMMITMENT

During 2021, the Corporation, entered into an agreement in the amount of \$13,668,623 plus HST, for the redevelopment of Elgin Park. \$3,784,361 plus HST has been incurred to December 31, 2022.