

Financial Report 2024

A summary of Norfolk County's financial status



Quance Dam, Delhi Ontario

Norfolk County
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Simcoe, ON N3Y 4H3
norfolkcounty.ca

Norfolk
COUNTY 

Message from the Chief Administrative Officer

2024 was a year of steady progress for Norfolk County. We focused on building a stronger, more connected community—one that reflects the values and needs of the people who live here. With clear direction from Council and a commitment to providing excellent service, we moved forward on a number of important projects.

We made it easier for people to connect with Norfolk. The County Administration Building in downtown Simcoe reopened, we launched a new online service portal, and we introduced a system to better track and respond to your questions and concerns. Our website was upgraded and refreshed, making it simpler to find what you need. Internet access has continued to improve, with new fibre infrastructure helping more homes and businesses get connected.

Investing in our roads, bridges, and public spaces was another big focus. We completed major road and bridge repairs and expanded our stormwater program. At the same time, we continued planning for the future with long-term strategies for recreation, fire services, and public facilities.

Housing and social services saw progress as well. We expanded programs to help prevent homelessness, improved Ontario Works services, and took steps toward building new community housing in Delhi. These efforts are about making sure everyone has a safe, stable place to call home.

Working together with local groups, schools, and housing partners, we created new opportunities for residents. Whether it was helping high school students explore career paths, supporting inclusive events, or improving safety at public gatherings, we aimed to make Norfolk a place where everyone feels welcome.

We stayed committed to the environment, too. From energy upgrades and tree planting to improved waste diversion, we worked to reduce our environmental impact. We also secured additional funding to gain more data and an improved understanding to monitor old gas wells and arrive at possible solutions—an important step for the safety of our residents.

Inside the County organization, we focused on our people. A new strategy was introduced to help staff grow and stay with us, and we continued to build a positive, supportive workplace culture and corporate brand to help us attract top talent when positions become available.

Underlying all these achievements for 2024 is Norfolk County's commitment to financial sustainability. Growing reserve balances and enhancements to the County's investment management strategy have been key drivers of this success, all while supporting operations and critical infrastructure improvements.

All of this adds up to a year of real progress. Norfolk County is moving forward with purpose—building on what makes us strong, embracing new ideas, and delivering value to our community through teamwork, planning, and great service.

Al Meneses
Chief Administrative Officer

Message from the General Manager, Corporate Services and the Treasurer

We are pleased to have the opportunity to present the audited financial statements for the year ended December 31, 2024. These statements provide a clear and comprehensive view of Norfolk County's financial position and performance over the past year. They have been prepared in accordance with Public Sector Accounting Standards and audited by Millards Chartered Professional Accountants, who have issued an unqualified opinion; this opinion confirms that the statements fairly reflect our financial position.

We are happy to report that Norfolk County ended the 2024 fiscal year with a surplus of \$10.7 million, or 8.3%, in levy supported operations and just over \$2 million, or 6.9%, in rate supported operations. These surpluses are the result of a combination of factors, including staffing vacancies, favourable variances for contracted services, and due to the receipt of additional revenues. This positive result will continue Norfolk's momentum toward financial sustainability by further bolstering reserves and avoiding \$8.2 million in debt.

As always, we will continue to monitor operations, through careful budget forecasting, variance reporting, and providing Council and senior staff with financial implications for each decision before they are made, ensuring that the County has adequate resources to avoid a deficit.

Challenges and Highlights from 2024 Include:

1. Further policy development and review which will ensure that updated policies and procedures remain an integral part of financial operations.
2. Successful application to the Housing Enabling Waster Systems Fund, in conjunction with Public Works, which awarded Norfolk with \$16.5 million in funding for much needed upgrades at the Port Dover Water Treatment Plant.
3. Norfolk kicked off several master plans in 2024 which carried forward into 2025. These plans include a Facilities Review, a Marians Sustainability Plan, further development of the Asset Management Plan, a Transit Master Plan, and the conclusion of the Growth Study. The continued development of strategic plans will set priorities, feed financial forecasts and allow for improved financial planning as this work continues into 2025.

It is imperative the Norfolk continue to build on these challenges and successes and that we carry that momentum into 2025 as building long term financial sustainability is not easy and does not happen quickly. In our effort to continue progress, Norfolk's finance team is committed to:

1. Incorporating the impacts of the Asset Management Plan financial strategy into future proposed budget documents and financial forecasts; this will allow Norfolk to close the infrastructure funding gap over the next decade.
2. Finalizing the roll out of the County's new legacy fund investment strategy. Staff began working with a new investment management services provider at the end of 2024, to revamp the County's strategy with regard to Norfolk's legacy fund. This strategy has been presented to Council and staff are working to finalize future reporting recommendations.
3. Norfolk's finance team plans to continue with aggressive review and development of financial policies in order to ensure that our work is carried out in the most effective and efficient manner possible while also researching and benchmarking best practices across comparator municipalities ensuring continuous improvement toward financial sustainability.

After another year of hard work and dedication from Council and staff Norfolk has taken another step forward on its journey toward long-term financial sustainability, though more remains to be done, all financial metrics are trending in the right direction.

Heidy VanDyk
General Manager, Corporate Services

Amy Fanning, CPA
Treasurer and Director, Financial Management and Planning



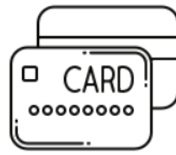
FINANCIAL ASSETS

What we own: Cash and assets that can be quickly converted to cash.



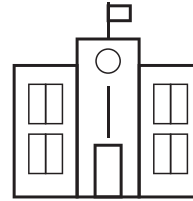
LIABILITIES

What we owe: Obligations that require future payments or service.



NET FINANCIAL ASSETS

The extent to which financial assets exceed all liabilities. A measure of savings in place to pay for future transactions and events.



NON-FINANCIAL ASSETS

Physical assets (TCA) that are owned and used to deliver future programs and services



ACCUMULATED SURPLUS

Indicator of the County's overall financial health



Budget Figures vs. Financial Statements

The budget reported in the consolidated financial statements differs from those approved by Council in the budget process undertaken each year.

Adjustments are needed to convert the budget, prepared on a modified accrual basis, to a full accrual basis as required for financial statement purposes.

These adjustments include the following items:

- Amortization, loss on disposal, landfill liability, unfunded post-employment benefits, and non-vested sick leave are included in the financial statements but not in the operating budgets.
- Debt principal payments are recognized as reductions to long-term debt in the financial statements. These are considered expenses in the operating budgets.
- Transfers to and from reserves are included in the both the capital and operating budgets but are not included in financial statements.
- Non-capitalized capital project costs are recorded as expenses in the financial statements, whereas all capital project outlays are included in the capital budget.



Audited Financial **STATEMENTS**

The Corporation of Norfolk County

Consolidated Financial Statements

December 31, 2024



The Corporation of Norfolk County
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December 31, 2024

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements of The Corporation of Norfolk County have been prepared in accordance with Canadian public sector accounting standards (PSAS). When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of The Corporation of Norfolk County's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Chief Administrative Officer is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements before they are submitted to Council.

The consolidated financial statements have been audited on behalf of the Members of Council, Inhabitants and Ratepayers of The Corporation of Norfolk County by Millard, Rouse & Rosebrugh LLP, in accordance with Canadian generally accepted auditing standards.



Al Meneses, Chief Administrative Officer



Amy Fanning, CPA, Treasurer

July 8, 2025
Simcoe, Ontario

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of The Corporation of Norfolk County

Opinion

We have audited the consolidated financial statements of The Corporation of Norfolk County (the Corporation), which comprise the consolidated statement of financial position as at December 31, 2024, the consolidated statements of operations and accumulated surplus, remeasurement gains and losses, 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, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2024, and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS).

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 Corporation in accordance with 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.

Other Matter

Budget figures are provided for comparative purposes and have not been subject to audit procedures. Accordingly, we do not express any opinion regarding the budget figures.

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 PSAS, 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 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.

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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 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 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 Corporation 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.

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.

July 8, 2025
Simcoe, Ontario

Millard, Rouse & Rosebrugh LLP

Millard, Rouse & Rosebrugh LLP
Chartered Professional Accountants
Licensed Public Accountants

The Corporation of Norfolk County
Consolidated Statement of Financial Position
As at December 31, 2024

	2024	2023 (Restated)
FINANCIAL ASSETS		
Cash	\$ 13,794,355	\$ 13,044,377
Investments (Note 4)	293,334,782	267,905,019
Taxes receivable	14,073,016	12,154,776
Accounts receivable	13,450,361	9,686,488
Other financial assets	103,077	76,581
	334,755,591	302,867,241
LIABILITIES		
Accounts payable	56,757,771	53,893,140
Employee benefits liability (Note 5)	9,915,349	11,369,782
Deferred revenue (Note 6)	44,335,439	39,183,986
Asset retirement obligations (Note 7)	28,610,727	20,488,864
Long-term liabilities (Note 8)	77,599,853	85,046,790
	217,219,139	209,982,562
NET FINANCIAL ASSETS	117,536,452	92,884,679
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 9)	669,175,676	642,866,893
Prepaid expenses	4,432,054	1,712,497
Inventory	430,288	580,569
	674,038,018	645,159,959
ACCUMULATED SURPLUS	\$791,574,470	\$738,044,638
ACCUMULATED SURPLUS IS COMPRISED OF:		
Accumulated operating surplus (Note 10)	\$783,346,370	\$730,671,436
Accumulated remeasurement gains	8,228,100	7,373,202
	\$791,574,470	\$738,044,638

The accompanying notes are an integral part of the financial statements

The Corporation of Norfolk County
Consolidated Statement of Operations and Accumulated Surplus
Year ended December 31, 2024

	Budget 2024 <i>(Note 19)</i>	2024	2023 <i>(Restated)</i>
REVENUE			
Taxation <i>(Note 11)</i>	\$ 130,567,600	\$ 131,877,381	\$ 122,545,816
Government transfers - Federal <i>(Note 12)</i>	8,048,000	3,158,826	4,495,964
Government transfers - Provincial <i>(Note 13)</i>	81,289,800	81,927,293	79,324,692
Recoveries from other municipalities	3,748,700	4,416,973	3,151,602
User charges	41,280,600	41,895,970	37,712,183
Other income <i>(Note 14)</i>	18,346,100	31,776,264	24,414,088
	283,280,800	295,052,707	271,644,345
Expenses			
General government	27,592,820	23,635,151	24,849,798
Protection services	20,814,929	21,968,906	19,256,019
Transportation services	43,333,734	41,639,233	37,718,038
Environmental services	33,966,943	40,210,079	28,937,666
Health services	21,540,970	20,281,541	21,548,339
Social and family services	61,182,988	60,422,681	54,861,227
Social housing	9,600,100	13,471,343	7,800,520
Recreation and cultural services	17,706,418	16,289,388	16,127,579
Planning and development	4,690,373	4,459,451	3,775,376
	240,429,275	242,377,773	214,874,562
ANNUAL SURPLUS	42,851,525	52,674,934	56,769,783
Accumulated surplus - beginning of year			
As previously reported	730,671,436	730,671,436	695,944,506
Adjustment for change in accounting policy <i>(Note 3)</i>	-	-	(22,042,853)
As restated	730,671,436	730,671,436	673,901,653
ACCUMULATED SURPLUS - END OF YEAR	\$ 773,522,961	\$ 783,346,370	\$ 730,671,436

The accompanying notes are an integral part of the financial statements

The Corporation of Norfolk County
Consolidated Statement of Remeasurement Gains and Losses
As at December 31, 2024

	2024	2023
Accumulated remeasurement gains - beginning of year	\$ 7,373,202	\$ 3,259,142
Unrealized gains attributed to:		
Investments	2,803,780	5,073,403
Amounts reclassified to the Consolidated Statement of Operations:		
Investments	(1,948,882)	(959,343)
Net remeasurement gains for the year	854,898	4,114,060
ACCUMULATED REMEASUREMENT GAINS - END OF YEAR	\$ 8,228,100	\$ 7,373,202

The accompanying notes are an integral part of the financial statements

The Corporation of Norfolk County
Consolidated Statement of Changes in Net Financial Assets
Year ended December 31, 2024

	Budget 2024 <i>(Note 19)</i>	2024	2023 <i>(Restated)</i>
ANNUAL SURPLUS	\$ 42,851,525	\$ 52,674,934	\$ 56,769,783
Amortization of tangible capital assets	31,969,675	31,969,675	30,737,016
Purchase of tangible capital assets	(165,482,000)	(58,921,754)	(56,110,440)
Proceeds on disposal of tangible capital assets	-	672,814	177,062
Gain on disposal of assets	-	(29,518)	(105,580)
Increase in prepaid expenses	-	(2,719,557)	(219,800)
Decrease (increase) in inventory	-	150,281	(2,846)
Net remeasurement gains for the year	-	854,898	4,114,060
	(133,512,325)	(28,023,161)	(21,410,528)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(90,660,800)	24,651,773	35,359,255
Net financial assets - beginning of year	92,884,679	92,884,679	57,525,424
NET FINANCIAL ASSETS - END OF YEAR	\$ 2,223,879	\$ 117,536,452	\$ 92,884,679

The accompanying notes are an integral part of the financial statements

The Corporation of Norfolk County

Consolidated Statement of Cash Flows

Year ended December 31, 2024

	2024	2023 (Restated)
OPERATING ACTIVITIES		
Annual surplus	\$ 52,674,934	\$ 56,769,783
Items not affecting cash:		
Amortization of tangible capital assets	31,969,675	30,737,016
Gain on disposal of asset	(29,518)	(105,580)
Net remeasurement gains for the year	854,898	4,114,060
	85,469,989	91,515,279
Changes in non-cash working capital:		
Taxes receivable	(1,918,240)	(1,770,688)
Accounts receivable	(3,763,873)	(334,870)
Other financial assets	(26,496)	9,942
Accounts payable	2,864,631	5,957,835
Employee benefits liability	(1,454,433)	(391,561)
Deferred revenue	5,151,453	2,146,438
Asset retirement obligations	8,121,863	(1,833,071)
Prepaid expenses	(2,719,557)	(219,800)
Inventory	150,281	(2,846)
	6,405,629	3,561,379
Cash flow from operating activities	91,875,618	95,076,658
INVESTING ACTIVITY		
Change in investments	(25,429,763)	(41,938,029)
Cash flow used by investing activity	(25,429,763)	(41,938,029)
FINANCING ACTIVITIES		
Long-term debt issued	-	7,400,280
Repayment of long-term debt	(7,446,937)	(7,425,338)
Cash flow used by financing activities	(7,446,937)	(25,058)
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(58,921,754)	(56,110,440)
Proceeds from sale of tangible capital assets	672,814	177,062
Cash flow used by capital activities	(58,248,940)	(55,933,378)
INCREASE (DECREASE) IN CASH	749,978	(2,819,807)
Cash - beginning of year	13,044,377	15,864,184
CASH - END OF YEAR	\$ 13,794,355	\$ 13,044,377

The accompanying notes are an integral part of the financial statements

The Corporation of Norfolk County

Notes to Consolidated Financial Statements

Year ended December 31, 2024

1. INCORPORATION

Effective January 1, 2001, the Corporation of Norfolk County (the County, Norfolk County) was incorporated as a single tier municipality. Norfolk County assumed all assets, liabilities and operations of the former Town of Simcoe, Township of Norfolk and Township of Delhi, and some of the assets, liabilities and operations of the former City of Nanticoke and former Regional Municipality of Haldimand-Norfolk.

Based upon the provisions of the Fewer Municipal Politicians Act (1999) and regulations passed under this Act, Norfolk County was given the administrative responsibility as the Consolidated Municipal Service Manager, as well as the Board of Health, for the provision of Public Health and Social Services to both Haldimand County and Norfolk County. An Advisory Board (the Joint Health and Social Services Advisory Committee) made up of three Council representatives from each County provides recommendations to Norfolk County. Haldimand County has been given the administrative responsibility over investments and long-term debt of the former regional municipality as at December 31, 2000, some of which are to be shared with Norfolk County.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the County are prepared by management in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

Significant aspects of the accounting policies adopted by the County are as follows:

Reporting entity

(i) Consolidated entities

The consolidated financial statements reflect the assets, liabilities, revenues, expenses, changes in accumulated surplus, and changes in net financial assets of the reporting entity. The consolidated financial statements include the activities of all committees of Council and local boards, municipal enterprises and utilities which are owned or controlled by the County. These consolidated financial statements include:

*Norfolk County Public Library Board
Simcoe Business Improvement Area
Delhi Business Improvement Area*

All inter-departmental and inter-organizational transactions and balances between these organizations have been eliminated.

(ii) Joint local boards

As explained in Note 1, the County has been given administrative responsibility for the following joint local boards:

Joint Health and Social Services Advisory Committee

Amounts paid to the County for Haldimand County's proportionate share of Health, Social and Family Services and Social Housing are recorded as recoveries from other municipalities on the Consolidated Statement of Operations.

(continues)

The Corporation of Norfolk County

Notes to Consolidated Financial Statements

Year ended December 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(iii) *Accounting for school board transactions*

The taxation, other revenue, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in the municipal fund balances of these financial statements. The taxation revenue collected and remitted on behalf of the school boards amounted to \$18,982,384 (2023 - \$18,860,735).

(iv) *Trust funds*

Trust funds and their related operations administered by the County amounting to \$2,020,792 (2023 - \$1,951,567) are not consolidated, but are reported separately on the "Trust Funds Statement of Continuity and Balance Sheet".

(v) *Provincial offences fines*

The County administers the Provincial Offences Act (POA) on behalf of the Ministry of the Attorney General for the Norfolk County Court Service Area.

Fine revenue is recognized as the payment is received. Fine revenue includes all monies received less payments made to other municipalities for monies received on their behalf, less payments made to the Ministry of the Attorney General for victim fine surcharges and dedicated fines. Revenue also includes outstanding transfers of fine receipts collected by other municipalities.

An accumulated receivable balance for the value of fines issued but unpaid as at the year-end date amounts to \$8,315,121 (2023 - \$8,043,067) and is not recorded in these consolidated financial statements.

(vi) *Haldimand-Norfolk Housing Corporation*

Bill 128 (the Social Housing Reform Act, 2000) provided for the formation of local housing corporations to be organized under the provisions of the Ontario Business Corporations Act with a municipal service manager as the sole shareholder. The Haldimand-Norfolk Housing Corporation was incorporated under the Ontario Business Corporations Act on December 14, 2000. The Corporation was deemed upon incorporation to have issued 100 common shares to the County. On July 12, 2001, 40 of those shares were transferred to The Corporation of Haldimand County. Haldimand-Norfolk Housing Corporation financial statements are not consolidated within these financial statements. The Haldimand-Norfolk Housing Corporation have their own audited financial statements reported separately.

Basis of presentation

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

Revenue recognition

(i) *Taxation*

Annually, the County bills and collects property tax revenue for municipal levy purposes as well as education taxes on behalf of the local school boards. The County has the authority to levy and collect property taxes under the Municipal Act, 2001.

(continues)

The Corporation of Norfolk County

Notes to Consolidated Financial Statements

Year ended December 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

The amount of the total annual municipal property tax levy is determined each year through Council's approval of the annual operating budget. Municipal tax rates are set annually by Council for each class of property, in accordance with legislation and Council-approved policies, in order to raise the revenue needed to meet operating budget requirements.

The Municipal Property Assessment Corporation (MPAC), a not-for-profit corporation funded by all of Ontario's municipalities, is responsible for property assessments. MPAC provides the current value assessment (CVA) of each property in the returned assessment roll in December of each year. The amount of property tax levied on an individual property is the product of the CVA, the municipal tax rate by class, and the education tax rate by class.

Taxation revenue is recorded at the time tax billings are issued. Additional property tax revenue can be added throughout the year relating to; newly occupied properties, properties omitted in the December assessment roll, or other MPAC adjustments. Tax revenue can also be reduced if there are reductions in assessment values resulting from property assessment appeals. Taxes receivable are recognized net of allowance for uncollectible amounts, which was estimated to be \$2,000,000 (2023 - \$2,100,000) at year end.

(ii) *Government transfers*

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

(iii) *User charges*

User charges relate to various municipal programs and fees imposed based on specific activities. Examples of user charges include: recreation programs, water, wastewater and solid waste. Revenue is recognized when the activity is performed or when services are rendered.

(iv) *Other income*

Other income is recognized in the year that the events giving rise to the revenue occur and the revenue is earned. Amounts received which relate to revenue that will be earned in a future year are deferred and reported as liabilities on the "Consolidated Statement of Financial Position."

(*continues*)

The Corporation of Norfolk County

Notes to Consolidated Financial Statements

Year ended December 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Tangible capital assets

Tangible capital assets are stated at cost less accumulated amortization. Costs include all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Assumed subdivisions are recorded at cost upon transfer to the County, less amortization to the date of the asset assumption, with a corresponding amount recorded in other income as developer contributed assets. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded in other income. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing the year the asset is available for productive use. Half the normal rate of amortization is recorded in the initial year of productive use. Amortization rates are as follows:

Land improvements	4 to 75 years
Buildings and structures	10 to 75 years
Infrastructure	10 to 75 years
Vehicles, machinery and equipment	4 to 35 years

Investments

Investments consist of authorized investments pursuant to provisions of the Municipal Act and comprise of government bonds, pooled investment funds, principal protected notes and short-term instruments of various financial institutions. Government bonds and principal protected notes are recorded at amortized cost. Pooled investment funds, GICs and short-term instruments are held in portfolios and are quoted in an active market and are level 1 investments in the fair value hierarchy. There has been no significant transfers between level 1 and level 2 of the fair value hierarchy. These level 1 investments are recorded at fair market value less any amounts written off to reflect a permanent decline in value.

Investment income earned on available current funds, reserves and reserve funds (other than obligatory funds) are reported in the period earned. Investment income earned on obligatory reserve funds is added to the fund balance and forms part of the respective deferred revenue balances. Changes in the fair market value of pooled investments and short-term instruments are recognized in the statement of remeasurement gains and losses in the period in which they occur.

Inventory

Inventory of supplies held for consumption is valued at the lower of cost and replacement value.

Deferred revenue

The County receives funds for specific purposes, which are externally restricted by legislation, regulation or agreement. These restricted funds are not available for general municipal purposes and are recognized as revenue in the fiscal year the funds are used for the specified purpose.

(continues)

The Corporation of Norfolk County

Notes to Consolidated Financial Statements

Year ended December 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Asset retirement obligations

Asset retirement obligations (ARO) represent the legal obligations associated with the retirement of a tangible capital asset that result from its acquisition, construction, development, or normal use.

A significant part of the ARO results from the costs of closing and maintaining landfill sites, as well as removal and disposal of designated substances, such as asbestos, from County buildings. The County reports liabilities related to the legal obligations where the County is obligated to incur costs to retire a tangible capital asset.

The liability associated with an ARO is measured with reference to the best estimate of the amount required to ultimately remediate the liability at the consolidated financial statement date to the extent that all recognition criteria are met. AROs are only recognized when there is a legal obligation for the County to incur costs in relation to a specific tangible capital asset, when the past transaction or event causing the liability has already occurred, when economic benefits will need to be given up in order to remediate the liability and when a reasonable estimate of such amount can be made. The best estimate of the liability includes all costs directly attributable to the remediation of the asset retirement obligation, based on the most reliable information that is available as at the applicable reporting date. When a liability for an ARO is initially recognized, the estimated retirement costs are capitalized to the carrying value of the associated assets and amortized over the asset's estimated useful life. The amortization of the asset retirement costs follows the same method of amortization as the associated tangible capital asset.

The County's ongoing efforts to assess the costs of closing and maintaining landfill sites and the extent to which designated substances exist in County assets, and new information obtained through regular maintenance and renewal of County assets may result in additional asset retirement obligations from better information on the nature and extent the substance exists or from changes to the estimated cost to fulfil the obligation. The measurement of AROs is also impacted by activities that occurred to settle all or part of the obligation, or any changes in the legal obligation. Revisions to the estimated cost of the obligation will result in a change to the carrying amount of the associated assets that are in productive use and amortized as part of the asset on an ongoing basis.

Due to significant uncertainty surrounding the timing of cash flows for the removal and disposal of designated substances that exist in County assets, the County is choosing not to discount the cash flows, except for landfill sites as noted below. Discounting the cash flows introduces additional estimation uncertainty over and above the uncertainty surrounding the timing of the cash flows and would result in an asset and liability recognized that is estimated to be less representative of the cash flows that will be expended in the future period to retire the asset. Due to the timing of cash flows for the costs of closing and maintaining landfill sites being more predictable, the County is choosing to discount the cash flows for these AROs.

Through the passage of time in subsequent reporting periods, the carrying value of the liability related to the landfill sites is adjusted to reflect accretion expenses incurred in the current period. This expense ensures that the time value of money is considered when recognizing outstanding landfill liabilities at each reporting date.

At remediation, the County reduces the liability that was established. In some circumstances, gains or losses may be incurred upon settlement related to the ongoing measurement of the liability and corresponding estimates that were made and are recognized in the Consolidated Statement of Operations and Accumulated Surplus.

(continues)

The Corporation of Norfolk County
Notes to Consolidated Financial Statements
Year ended December 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period.

Significant items subject to such estimates and assumptions include valuation allowances for taxes receivable, accounts receivable, accounts payable, employee benefits liability and asset retirements obligations. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in operations in the year which they become known.

Actual results could differ from management's best estimates as additional information becomes available in the future.

There is measurement uncertainty surrounding the estimation of liabilities for asset retirement obligations of \$28,610,727 (2023 - \$20,488,864). These estimates are subject to uncertainty because of several factors including but not limited to incomplete information on the extent of controlled materials used (e.g. asbestos included in inaccessible construction material), indeterminate settlement dates and the allocation of costs between required and discretionary activities.

3. CHANGE IN ACCOUNTING POLICY

The County adopted PS 3400 Revenue concurrently beginning January 1, 2024.

PS 3400 Revenue establishes standards on how to account for and report on revenue, specifically differentiating between transactions that include performance obligations (i.e. the payor expects a good or service from the County), referred to as exchange transactions, and transactions that do not have performance obligations, referred to as non-exchange transactions. For exchange transactions, revenue is recognized when a performance obligation is satisfied. For non-exchange transactions, revenue is recognized when there is authority to retain an inflow of economic resources and a past event that gave rise to an asset has occurred.

There has been no impact to the opening balances as at January 1, 2024 as a result of this adoption.

Effective January 1, 2024, the County changed its accounting policy to measure the useful life of the asset retirement obligation (ARO) asset associated with landfill sites. The revised policy states the useful life of landfill site ARO assets be based on the period of active operations and accepting landfill. Previously, the useful life of the landfill site ARO assets was based on the period of active operations and the estimated time for post-closure site rehabilitation and monitoring.

The change in accounting policy has been made as it is management's opinion the period that the landfill site is active more accurately reflects the time of productive use of the landfill asset.

(continues)

The Corporation of Norfolk County
Notes to Consolidated Financial Statements
Year ended December 31, 2024

3. CHANGE IN ACCOUNTING POLICY (continued)

Below is a summary of the impact of the change in accounting policy for the previous year.

	As previously reported	Adjustments	2023 As restated
<u>Consolidated Statement of Financial Position</u>			
Tangible capital assets including ARO	\$664,637,580	\$ (21,770,687)	\$642,866,893
Accumulated surplus	759,815,325	(21,770,687)	738,044,638
<u>Consolidated Statement of Operations and Accumulated Surplus</u>			
Environmental services	29,209,832	(272,166)	28,937,666
Annual surplus	56,497,617	272,166	56,769,783
Accumulated surplus - beginning of year	695,944,506	(22,042,853)	673,901,653
Accumulated surplus - end of year	752,442,123	(21,770,687)	730,671,436
<u>Consolidated Statement of Changes in Net Financial Assets</u>			
Annual surplus	56,497,617	272,166	56,769,783
Amortization of tangible capital assets	31,009,182	(272,166)	30,737,016
<u>Consolidated Statement of Cash Flows</u>			
Annual surplus	56,497,617	272,166	56,769,783
Amortization of tangible capital assets	31,009,182	(272,166)	30,737,016

The Corporation of Norfolk County
Notes to Consolidated Financial Statements
Year ended December 31, 2024

4. INVESTMENTS

	<u>2024</u>		<u>2023</u>	
	Market value	Carrying value	Market value	Carrying value
Government bonds and notes	\$ 29,051,340	\$ 29,506,518	\$ 27,752,737	\$ 28,057,898
GICs and short-term savings	154,080,025	154,080,025	146,353,002	146,353,002
ONE Fund Investments	94,397	94,397	89,656	89,656
ONE Fund Investments - Legacy	79,675,710	79,675,710	78,862,199	78,862,199
Principal protected notes	31,754,980	29,978,132	14,312,454	14,542,264
	\$294,656,452	\$293,334,782	\$267,370,048	\$267,905,019

Maturity dates on the investments in the portfolio range from 2025 to 2044 and interest rates range from 1.75% to 7.34%.

5. EMPLOYEE BENEFITS LIABILITY

The County provides certain employee benefits which will require funding in future periods and is comprised of the following:

	<u>2024</u>	<u>2023</u>
Vested and non-vested sick leave	\$ 1,977,891	\$ 2,036,970
Post-employment and post-retirement benefits	4,237,817	4,714,992
Workers' compensation	3,699,641	4,617,820
	\$ 9,915,349	\$ 11,369,782

The County is also liable for post-employment and post-retirement payments as at December 31, 2024 of \$1,691,182 (2023 - \$1,613,471), which are recorded in accounts payable.

a) Liability for vested and non-vested sick leave

Under the sick leave benefit plan, unused sick leave can be accumulated and some employees may become entitled to a cash payment when they leave the County's employment. The amount paid to employees who left the County's employment during the year amounted to \$24,219 (2023 - \$156,941).

A comprehensive actuarial evaluation for the vested and non-vested sick leave benefits liability was conducted as at December 31, 2024. The report included projections for the years 2024 to 2026.

(continues)

The Corporation of Norfolk County
Notes to Consolidated Financial Statements
Year ended December 31, 2024

5. EMPLOYEE BENEFITS LIABILITY (*continued*)

b) Liability for post-employment and post-retirement benefits

The County provides retirement benefits consisting of health care, dental, and life insurance to qualifying members.

A comprehensive actuarial evaluation for the employee benefits liability was conducted as at December 31, 2024. The report included projections for the years 2024 to 2026.

Significant assumptions used in the actuarial evaluation are:

Discount rate	3.70%
Inflation rate	2.00%
Health and dental rate	4.20%

c) Liability for workers' compensation

The County is self-insured for injured worker benefits with Workplace Safety and Insurance Board (WSIB) administering the benefits on behalf of the municipality as a schedule II employer.

A comprehensive actuarial evaluation for the future liability of WSIB benefits was conducted for the year ending December 31, 2024. The report includes projections for the years 2024 to 2026.

The significant assumptions used in the actuarial evaluation for the County's WSIB liabilities are:

Discount rate	3.70%
Inflation rate	2.00%

The allowance for future mortality improvements is set as a 1.75% negative adjustment to the above net future cost benefit rates.

The County has established a reserve fund for WSIB costs, which has a balance of \$3,285,503 (2023 - \$2,811,752).

Haldimand County also administers a reserve fund for workers' compensation, in trust, from the former Regional Municipality of Haldimand-Norfolk, which has a gross amount of \$319,145 (2023 - \$337,283), which is to be shared with Norfolk County.

The Corporation of Norfolk County

Notes to Consolidated Financial Statements

Year ended December 31, 2024

6. DEFERRED REVENUE

A requirement of the public sector accounting principles of the Canadian Institute of Chartered Professional Accountants, is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial legislation restricts how these funds may be used and under certain circumstances these funds may possibly be refunded. The balances in deferred revenue including obligatory reserve funds of the County are as follows:

	Opening balance	Contributions received	Investment income	Revenue recognized	Ending balance
Recreational land	\$ 721,702	\$ 389,900	\$ 36,214	\$ (1,000)	\$ 1,146,816
Building permits	3,959,951	300,248	178,066	-	4,438,265
Development charges	17,014,637	2,398,010	781,360	(2,130,795)	18,063,212
Provincial OCIF	1,309,288	5,527,570	128,998	(3,528,140)	3,437,716
Provincial gas tax	346,639	-	15,587	(189,400)	172,826
CCBF	10,070,425	4,323,611	474,137	(1,856,888)	13,011,285
Other	5,761,344	4,061,260	4,059	(5,761,344)	4,065,319
	\$ 39,183,986	\$ 17,000,599	\$ 1,618,421	\$ (13,467,567)	\$ 44,335,439

7. ASSET RETIREMENT OBLIGATIONS

The County made an adjustment as at December 31, 2024 to reflect an updated estimate of the asset retirement obligations (ARO) of the landfill sites. This change in estimate has been expensed in 2024 through environmental services in the County's Statement of Operations as the ARO asset for the landfill has already been fully amortized. A reconciliation of the beginning and ending aggregate carrying amount of the ARO liability is below:

	2024	2023
ARO at beginning of year	\$ 20,488,864	\$ 22,321,935
Increase in ARO reflecting accretion	874,110	74,326
ARO settled during the year	(1,950,613)	(1,907,397)
Increase in ARO reflecting changes in estimates	9,198,366	-
ARO at end of year	\$ 28,610,727	\$ 20,488,864
The ARO liability consists of:		
Landfill sites	\$ 26,862,727	\$ 18,695,864
Asbestos	1,748,000	1,793,000
	\$ 28,610,727	\$ 20,488,864

(continues)

The Corporation of Norfolk County
Notes to Consolidated Financial Statements
Year ended December 31, 2024

7. ASSET RETIREMENT OBLIGATIONS (*continued*)

Landfill sites

The Tom Howe landfill site is jointly owned by Norfolk County and Haldimand County and has reached its capacity of approximately 2,300,000 cubic metres in October 2015.

The Canborough landfill site is also jointly owned by Norfolk County and Haldimand County. The Canborough landfill site was temporarily closed, to be re-opened and used once Tom Howe landfill site reached its capacity. In July 2014, it was decided by both counties that the Canborough landfill site would not be re-opened and would be permanently closed.

The costs of closing and maintaining the landfill sites are shared by both Norfolk County and Haldimand County. It is estimated that Norfolk County's share of the total costs to close and maintain the sites are approximately \$26,862,727. The estimated costs are calculated at net present value. Norfolk County has not designated any specific assets to assist with the cost of closing the sites. Post-closure activities will continue for 85 years for Tom Howe landfill site and 61 years for Canborough landfill site.

Key assumptions in determining the liability at December 31, 2024, for the sites are as follows:

Inflation rate	2.0%
Discount rate	3.0%
Estimated time for post-closure site rehabilitation and monitoring	
- Tom Howe landfill site	95 years
- Canborough landfill site	77 years

Asbestos

The County owns buildings which contain asbestos, and therefore, the County is legally required to perform abatement activities upon renovation or demolition of these assets. Abatement activities include handling and disposing of the asbestos in a prescribed manner when it is disturbed. Due to significant uncertainty surrounding the timing of the cash flows, no discounting has been applied to the liability.

The Corporation of Norfolk County
Notes to Consolidated Financial Statements
Year ended December 31, 2024

8. LONG-TERM LIABILITIES

a) Long-term liabilities reported on the Consolidated Statement of Financial Position is comprised of amounts owing to Canadian Depository for Securities (CDS) and Ontario Infrastructure and Lands Corporation (OILC):

	2024	2023
CDS debenture bearing interest at 5.79% per annum, repayable in semi-annual blended payments of \$893,445. The debenture matures on January 2025.	\$ 868,291	\$ 2,532,222
CDS debenture bearing interest at 0.50%-1.55% per annum, repayable in semi-annual payments ranging from \$549,500 - \$644,000 plus interest. The debenture matures on October 2030.	6,920,000	8,198,000
OILC debenture bearing interest at 2.12% per annum, repayable in semi-annual blended payments of \$147,962. The debenture matures on September 2025.	291,285	576,491
OILC debenture bearing interest at 2.93% per annum, repayable in semi-annual blended payments of \$347,418. The debenture matures on September 2035.	6,493,588	6,987,286
OILC debenture bearing interest at 3.43% per annum, repayable in semi-annual blended payments of \$625,771. The debenture matures on March 2037.	12,636,019	13,433,570
OILC debenture bearing interest at 2.82% per annum, repayable in semi-annual blended payments of \$786,268. The debenture matures on December 2039.	19,126,005	20,137,739
OILC debenture bearing interest at 2.53% per annum, repayable in semi-annual blended payments of \$182,757. The debenture matures on December 2029.	1,706,597	2,022,920
OILC debenture bearing interest at 1.94% per annum, repayable in semi-annual blended payments of \$282,232. The debenture matures on October 2040.	7,732,252	8,140,757
OILC debenture bearing interest at 4.36% per annum, repayable in semi-annual payments of \$410,988 plus interest. The debenture matures on December 2042.	14,795,550	15,617,525
OILC debenture bearing interest at 4.95% per annum, repayable in semi-annual payments of \$185,007 plus interest. The debenture matures on December 2043.	7,030,266	7,400,280
	<u>\$77,599,853</u>	<u>\$85,046,790</u>

(continues)

The Corporation of Norfolk County
Notes to Consolidated Financial Statements
Year ended December 31, 2024

8. LONG-TERM LIABILITIES (*continued*)

b) Of the long-term liabilities reported above, principal payments are recoverable from general municipal revenues and are repayable as follows:

2025	\$ 6,754,286
2026	5,495,182
2027	5,599,292
2028	5,708,119
2029	5,820,745
Thereafter	<u>48,222,229</u>
	<u>\$ 77,599,853</u>

The above long-term liabilities are unsecured.

c) The long-term liabilities in part (a) have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayments and limits prescribed by the Ministry of Municipal Affairs and Housing.

The Corporation of Norfolk County
Notes to Consolidated Financial Statements
Year ended December 31, 2024

9. TANGIBLE CAPITAL ASSETS

	Land	Land improvements	Buildings and structures	Infrastructure	Vehicles, machinery and equipment	Assets under construction	2024
Cost, beginning of year	\$14,280,065	\$ 54,858,136	\$179,600,422	\$763,726,792	\$ 73,262,406	\$85,134,298	\$1,170,862,119
Additions	69	1,505,270	3,594,447	50,725,145	5,397,232	58,921,754	120,143,917
Disposals	(23,233)	-	(369,407)	(1,379,117)	(1,594,500)	-	(3,366,257)
Transfer to capital assets	-	-	-	-	-	(61,222,163)	(61,222,163)
Cost, end of year	14,256,901	56,363,406	182,825,462	813,072,820	77,065,138	82,833,889	1,226,417,616
Accumulated amortization, beginning of year	-	39,863,010	95,737,503	340,325,296	52,069,417	-	527,995,226
Amortization	-	645,893	5,988,886	19,743,581	5,591,315	-	31,969,675
Disposals	-	-	(363,869)	(811,699)	(1,547,393)	-	(2,722,961)
Accumulated amortization, end of year	-	40,508,903	101,362,520	359,257,178	56,113,339	-	557,241,940
Net carrying amount, end of year	\$14,256,901	\$ 15,854,503	\$ 81,462,942	\$453,815,642	\$ 20,951,799	\$82,833,889	\$ 669,175,676

(continues)

The Corporation of Norfolk County
Notes to Consolidated Financial Statements
Year ended December 31, 2024

9. TANGIBLE CAPITAL ASSETS (continued)

	Land	Land improvements	Buildings and structures	Infrastructure	Vehicles, machinery and equipment	Assets under construction	2023
Cost, beginning of year	\$13,699,059	\$ 54,685,101	\$177,517,630	\$739,895,134	\$ 69,052,677	\$61,770,879	\$ 1,116,620,480
Additions	581,006	173,035	2,144,695	24,043,645	5,804,640	56,110,440	88,857,461
Disposals	-	-	(61,903)	(211,987)	(1,594,911)	-	(1,868,801)
Transfer to capital assets	-	-	-	-	-	(32,747,021)	(32,747,021)
Cost, end of year	14,280,065	54,858,136	179,600,422	763,726,792	73,262,406	85,134,298	1,170,862,119
Accumulated amortization, beginning of year	-	17,208,425	89,831,413	321,673,544	48,299,294	-	477,012,676
Adjustment for change in accounting policy	-	22,042,853	-	-	-	-	22,042,853
As restated	-	39,251,278	89,831,413	321,673,544	48,299,294	-	499,055,529
Amortization	-	611,732	5,980,713	18,799,181	5,345,390	-	30,737,016
Disposals	-	-	(74,623)	(147,429)	(1,575,267)	-	(1,797,319)
Accumulated amortization, end of year	-	39,863,010	95,737,503	340,325,296	52,069,417	-	527,995,226
Net carrying amount, end of year	\$14,280,065	\$ 14,995,126	\$ 83,862,919	\$423,401,496	\$ 21,192,989	\$85,134,298	\$ 642,866,893

The Corporation of Norfolk County

Notes to Consolidated Financial Statements

Year ended December 31, 2024

10. ACCUMULATED OPERATING SURPLUS

The County segregates its accumulated surplus into the following categories:

	2024	2023
Investment in tangible capital assets	\$ 669,175,676	\$ 642,866,893
Long-term liabilities	(77,599,853)	(85,046,790)
Unfinanced capital	(34,824,934)	(19,097,565)
Net investment in tangible capital assets	556,750,889	538,722,538
Operating surplus	10,710,659	13,091,250
Water surplus	1,008,089	745,311
Wastewater surplus	1,049,703	668,735
	12,768,451	14,505,296
Business improvement areas		
Delhi BIA surplus	28,384	55,158
Simcoe BIA surplus	273,367	260,287
	301,751	315,445
Reserves		
Capital replacement - wastewater	25,492,549	18,586,650
Capital replacement - water	29,214,962	22,839,887
WSIB	3,285,503	2,811,752
Contingencies	25,328,661	23,928,348
Council initiative	950,172	943,124
Capital purposes	65,494,656	44,882,987
Incremental capital	9,195,570	2,632,344
Other	20,844,885	17,795,415
	179,806,958	134,420,507
Reserve funds		
Legacy fund	66,962,646	67,488,997
Social housing	-	614,599
	66,962,646	68,103,596
Unfunded liabilities		
Asset retirement obligations	(28,610,727)	(20,488,864)
Post employment benefits liability	(2,754,581)	(3,064,745)
Non-vested sick leave liability	(1,879,017)	(1,842,337)
	(33,244,325)	(25,395,946)
	\$ 783,346,370	\$ 730,671,436

The Corporation of Norfolk County

Notes to Consolidated Financial Statements

Year ended December 31, 2024

11. TAXATION REVENUE

	Budget (Note 19)	2024	2023
Property tax levy	\$ 128,544,000	\$ 128,600,954	\$ 119,249,342
Supplemental taxes	1,800,000	2,344,529	2,195,104
Payments in lieu of taxes	1,579,400	1,426,455	1,498,586
Other	443,000	669,609	676,361
Property tax write-offs	(1,798,800)	(1,164,166)	(1,073,577)
	\$ 130,567,600	\$ 131,877,381	\$ 122,545,816

12. GOVERNMENT TRANSFERS - FEDERAL

	Budget (Note 19)	2024	2023
Operating			
Conditional	\$ 1,032,000	\$ 1,085,176	\$ 711,621
Capital			
Infrastructure funding	5,569,000	690,899	82,685
CCBF revenue	1,447,000	1,382,751	3,701,658
	\$ 8,048,000	\$ 3,158,826	\$ 4,495,964

13. GOVERNMENT TRANSFERS - PROVINCIAL

	Budget (Note 19)	2024	2023
Operating			
Ontario Municipal Partnership Fund	\$ 5,984,600	\$ 5,984,600	\$ 6,054,500
Conditional	67,705,200	70,905,760	63,439,320
Capital			
Infrastructure funding	7,600,000	4,847,533	9,680,672
Provincial gas tax revenue	-	189,400	150,200
	\$ 81,289,800	\$ 81,927,293	\$ 79,324,692

The Corporation of Norfolk County

Notes to Consolidated Financial Statements

Year ended December 31, 2024

14. OTHER INCOME

	Budget (Note 19)	2024	2023
Licenses, permits, rents and concessions	\$ 5,100,100	\$ 5,515,868	\$ 5,394,316
Provincial offences and other fines	785,200	1,029,731	877,076
Penalties and interest on taxes	1,500,000	2,204,335	1,907,447
Investment income	1,314,100	19,493,523	12,695,092
Developer contributions	9,387,000	2,128,740	2,753,655
Developer contributed assets	-	949,143	-
Gain on disposal of tangible capital assets	-	29,518	105,580
Donations	259,700	425,406	680,922
	\$ 18,346,100	\$ 31,776,264	\$ 24,414,088

15. CONTAMINATED SITES

A contaminated site is an unproductive site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. A liability for remediation of contaminated sites is recognized when the County is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate for the amount can be made. All criteria must be met in order to recognize a liability. As at December 31, 2024, there is no liability recorded in the consolidated financial statements. The County will continue to review contaminated sites on an annual basis and when the criteria for recognition have been met, a liability will be recorded.

The Corporation of Norfolk County

Notes to Consolidated Financial Statements

Year ended December 31, 2024

16. CONTRACTUAL OBLIGATIONS

a) Ontario Clean Water Agency

The County has entered into an agreement with Ontario Clean Water Agency for the operation and maintenance of the County's wastewater treatment facilities and pumping stations. The term of the agreement commenced on October 1, 2021 and expires September 30, 2026 and is subject to two additional terms of up to 2 years for each term at the sole option of the County. The annual cost of this contract for 2024 was \$2,226,876 (2023 - \$2,071,602).

b) Landfill sites

Under the terms of an interim agreement between Norfolk County and Haldimand County, Haldimand County is responsible for the operation of two landfill sites within the geographic boundaries of Haldimand County, which are available for the use of both Counties. Norfolk County operates the Material Recovery Facility (MRF) located in Simcoe, on behalf of both Counties. Ownership of all facilities is vested jointly through Provincial legislation and/or asset allocation through the Arbitrator's Report following restructuring.

c) Ontario Provincial Police contract

The County has a five-year agreement with the Solicitor General of Ontario for the provision of police services. The five-year term expires in December 2028. The annual cost of this contract for 2024 was \$13,461,364 (2023 - \$12,140,176).

d) Office building lease

The County has entered into an agreement to lease office space. The lease commitment date commenced June 2015 and the initial term of the lease is 15 years. The amount paid in 2024 for this contract was \$670,905 (2023 - \$1,003,432).

e) Hospital pledge

Included in accounts payable is a pledge to Norfolk General Hospital for \$4,500,000 (2023 - \$4,000,000). The total amount pledged to the hospital of \$5,000,000 is being recognized at \$500,000 per year over 10 years and is being funded from the Legacy Fund.

17. PENSION AGREEMENTS

The County makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of its staff. The plan is a defined benefit plan, which specifies the amount of the retirement benefits to be received by the employees based on length of service and rate of pay.

The amount contributed to OMERS for current service is included as an expenditure on the Consolidated Statement of Operations. Contributions were made in the 2024 calendar year at rates ranging from 9.0% to 14.6% (2023 - 9.0% to 14.6%). The amount contributed to OMERS for 2024 was \$5,721,080 (2023 - \$5,450,412). Since any surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees, the County does not recognize any share of the OMERS pension surplus or deficit in these consolidated financial statements. As at December 31, 2024 the OMERS plan is in a deficit of \$2.9 Billion (2023 - \$4.2 Billion), which will be addressed through temporary contribution rate increases, benefit reductions and investment returns.

The Corporation of Norfolk County
Notes to Consolidated Financial Statements
Year ended December 31, 2024

18. PUBLIC LIABILITY INSURANCE

The County has a program of risk identification, evaluation and control to minimize the risk of injury to its employees and to third parties and to minimize the risk of damage to its property and the property of others. It uses a combination of the self-insurance and purchased insurance to protect itself financially against risk that it cannot reasonably control. The County has adequate self-insurance coverage. Purchased insurance coverage is in place for claims in excess of the County's self-insurance coverage to a maximum of \$25,000,000 with the exception of certain environmental liability claims, should such claims arise.

At December 31, 2024, there are outstanding legal and liability claims against the County. No provision has been made for any claims that are expected to be covered by insurance or where the consequences are undeterminable. A provision has been made for those claims not expected to be covered by insurance and is recorded as an expense on the Consolidated Statement of Operations and as an accounts payable on the Consolidated Statement of Financial Position. This provision is an estimate based on the expected outcome of litigation and hence the extent of the provision has not been disclosed as it may be adverse to the outcome of ongoing litigation.

19. BUDGET FIGURES

The operating and capital budgets adopted by the County's Council were not prepared on a basis consistent with the reporting requirements of the Public Sector Accounting Board. The budgets were prepared in accordance with the Municipal Act, 2001 on a modified accrual basis while public sector accounting standards require a full accrual basis to be used for financial statements. The budget figures anticipated contributing to the accumulated surplus allowing the County to reserve funds for future obligations. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the Consolidated Statement of Operations represents the budget adopted by Council with adjustments as follows:

	2024
Operating and capital budget surplus for the year adopted by Council	\$ -
Add:	
Budgeted transfers to reserves and reserve funds	39,226,100
Principal payments on debt	16,046,700
Budgeted use of capital government transfers for tangible capital asset purchases	9,326,000
Budgeted use of deferred revenue for tangible capital asset purchases	14,647,000
Budgeted use of user charges and donations directly related to tangible capital asset purchases	14,000
Less:	
Amortization	(31,969,675)
Budgeted transfers from reserves and reserve funds	(4,438,600)
Budget surplus per Consolidated Statement of Operations	\$42,851,525

20. COMPARATIVE FIGURES

Certain prior year figures have been adjusted to conform with the 2024 financial statement presentation.

The Corporation of Norfolk County

Notes to Consolidated Financial Statements

Year ended December 31, 2024

21. FINANCIAL INSTRUMENTS

The County is exposed to various risks through its financial instruments and continues to monitor, evaluate and manage these risks. The following analysis provides information about the County's risk exposure and concentration as of December 31, 2024.

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The County is exposed to credit risk from customers and taxpayers. In order to reduce its credit risk, an allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The County has a significant number of customers and taxpayers which minimizes concentration of credit risk.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities on a timely basis or at a reasonable cost. The County is exposed to this risk mainly in respect of its collection of taxes receivable and accounts receivable and the generation of cash through revenue activities to meet its obligations such as long-term liabilities, contributions to the pension plan, and accounts payable.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The County is mainly exposed to interest rate risk and other price risk.

(d) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the County manages exposure through its normal operating and financing activities.

(e) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The County is exposed to other price risk through its investment in pooled investments.

Unless otherwise noted, it is management's opinion that the County is not exposed to significant other financial risks arising from these financial instruments.

The Corporation of Norfolk County

Notes to Consolidated Financial Statements

Year ended December 31, 2024

22. SUBSEQUENT EVENT

On December 2, 2024, the Ministry of Health announced regulatory changes to the Health Protection and Promotion Act to approve the voluntary merger of Brant County Health Unit and Haldimand-Norfolk Health Unit to become the Grand Erie Health Unit effective January 1, 2025. The consolidated financial statements of the County for the year ending December 31, 2024 include the operations of the Haldimand-Norfolk Health Unit. Effective January 1, 2025, Haldimand-Norfolk Health Unit's assets, liabilities and operations will transfer to the new entity and will be governed by the Board of Health for the Grand Erie Health Unit. The changes to the County's assets or liabilities in the subsequent period are not anticipated to be significant.

23. SEGMENTED INFORMATION

The County is a single-tier municipality that provides a wide range of services to its residents. The major services chosen for segmented disclosure are the five departments that consume the greatest amount of the County's total operating expenses. The revenue and expenses reported for each segment includes directly attributable amounts as well as internal charges and recoveries allocated on a reasonable basis.

A description of each major service and the activities each provide are as follows:

Protection services

The protection services include fire, police, conservation authority, protection inspection and control, emergency measures, and the Provincial Offences Act.

Transportation services

The transportation services department is responsible for the safe and efficient movement of people and goods within Norfolk County. Responsibilities include road construction and maintenance, traffic signals and signs, winter control, developing parking and traffic by-laws, and implementation and maintenance of street lighting.

Environmental services

The environmental services include sanitary sewer systems, storm sewer systems, waterworks systems, waste collection and disposal, recycling and administration.

Social and family services

The social and family services include general assistance for Ontario Works, assistance to aged persons for Norview Lodge, and child care.

Other services

Other services include general government, health services, social housing, recreation and cultural services and planning and development.

(continues)

The Corporation of Norfolk County
Notes to Consolidated Financial Statements
Year ended December 31, 2024

23. SEGMENTED INFORMATION (continued)

	Protection services	Transportation services	Environmental services	Social and family services	Other services	2024
Revenue						
Government transfers	\$ 937,695	\$ 1,358,799	\$ 789,508	\$ 48,593,250	\$ 33,406,867	\$ 85,086,119
User charges	322,558	543,082	31,787,201	5,096,449	4,146,680	41,895,970
Other revenue [1]	3,538,898	3,120,478	5,519,002	1,050,002	22,964,857	36,193,237
	4,799,151	5,022,359	38,095,711	54,739,701	60,518,404	163,175,326
Expenses						
Salaries, wages and benefits	4,590,092	9,201,528	5,298,329	25,311,907	40,433,976	84,835,832
Materials	1,264,006	5,050,990	2,571,083	2,559,847	7,056,282	18,502,208
Contracted services	14,969,186	7,257,189	21,699,939	1,841,223	12,048,557	57,816,094
External transfers	5,064	-	-	29,527,336	12,682,144	42,214,544
Financial expenses	71,085	501,614	1,772,796	324,430	1,680,068	4,349,993
Interest on long-term liabilities	35,044	1,136,078	1,088,189	126,050	304,066	2,689,427
Amortization	1,034,429	18,491,834	7,779,743	731,888	3,931,781	31,969,675
	21,968,906	41,639,233	40,210,079	60,422,681	78,136,874	242,377,773
Deficiency of revenue over expenses for the year financed by net municipal levy	\$ (17,169,755)	\$ (36,616,874)	\$ (2,114,368)	\$ (5,682,980)	\$ (17,618,470)	\$ (79,202,447)
Taxation revenue						131,877,381
Annual surplus						\$ 52,674,934

[1] Other revenue - Includes recoveries from other municipalities and other income categories detailed in Note 14.

The Corporation of Norfolk County
Notes to Consolidated Financial Statements
Year ended December 31, 2024

23. SEGMENTED INFORMATION (continued)

	Protection services	Transportation services	Environmental services	Social and family services	Other services	2023
Revenue						
Government transfers	\$ 134,995	\$ 2,997,779	\$ 761,421	\$ 42,876,968	\$ 37,049,493	\$ 83,820,656
User charges	306,104	601,308	28,462,634	4,832,221	3,509,916	37,712,183
Other revenue [1]	3,539,925	1,185,200	6,612,589	912,903	15,315,073	27,565,690
	3,981,024	4,784,287	35,836,644	48,622,092	55,874,482	149,098,529
Expenses						
Salaries, wages and benefits	4,410,759	8,456,216	4,534,037	22,622,396	41,671,026	81,694,434
Materials	664,388	4,817,119	2,376,249	2,439,372	7,661,599	17,958,727
Contracted services	13,025,219	5,485,269	12,484,941	2,049,883	10,114,936	43,160,248
External transfers	9,784	-	-	26,674,665	8,586,460	35,270,909
Financial expenses	20,940	633,188	695,617	104,801	2,033,436	3,487,982
Interest on long-term liabilities	37,006	986,840	1,058,079	218,710	264,611	2,565,246
Amortization	1,087,923	17,339,406	7,788,743	751,400	3,769,544	30,737,016
	19,256,019	37,718,038	28,937,666	54,861,227	74,101,612	214,874,562
Deficiency of revenue over expenses for the year financed by net municipal levy	\$ (15,274,995)	\$ (32,933,751)	\$ 6,898,978	\$ (6,239,135)	\$ (18,227,130)	\$(65,776,033)
Taxation revenue						122,545,816
Annual surplus						\$ 56,769,783

[1] Other revenue - Includes recoveries from other municipalities and other income categories detailed in Note 14.

The Corporation of Norfolk County

Library Division - Schedule of Operations

Year ended December 31, 2024

	2024	2023
REVENUE		
Government transfers	\$ 115,499	\$ 115,419
Fees and service charges	21,523	26,973
Other revenue	240,793	438,860
	377,815	581,252
Expenses		
Salaries, wages and benefits	2,100,864	2,001,570
Materials and supplies	191,200	158,839
Services	286,071	266,945
Interdepartmental charges and interest	182,195	200,553
Amortization	532,610	457,127
	3,292,940	3,085,034
Deficiency of revenue over expenses before undernoted items	(2,915,125)	(2,503,782)
Transfer from reserves	(63,447)	(58,974)
Transfer to reserves	510,570	802,370
Debt principal repayments	39,439	116,415
	486,562	859,811
DEFICIENCY OF REVENUE OVER EXPENSES FOR THE YEAR FINANCED BY NET MUNICIPAL LEVY	\$ (3,401,687)	\$ (3,363,593)

The above financial information is included in the *Consolidated Financial Statements* of the County.

The Corporation of Norfolk County

Museum Division - Schedule of Operations

Year ended December 31, 2024

	2024	2023
REVENUE		
Government transfers	\$ 49,694	\$ 49,694
Fees and service charges	92,831	107,359
	142,525	157,053
Expenses		
Salaries, wages and benefits	683,971	657,424
Materials and supplies	144,553	131,294
Services	79,210	72,803
Interdepartmental charges and interest	54,191	50,204
Amortization	128,864	125,114
	1,090,789	1,036,839
Deficiency of revenue over expenses before undernoted items	(948,264)	(879,786)
Transfer from reserves	(4,834)	-
Transfer to reserves	2,000	19,209
Debt principal repayments	-	36,849
	(2,834)	56,058
DEFICIENCY OF REVENUE OVER EXPENSES FOR THE YEAR FINANCED BY NET MUNICIPAL LEVY	\$ (945,430)	\$ (935,844)

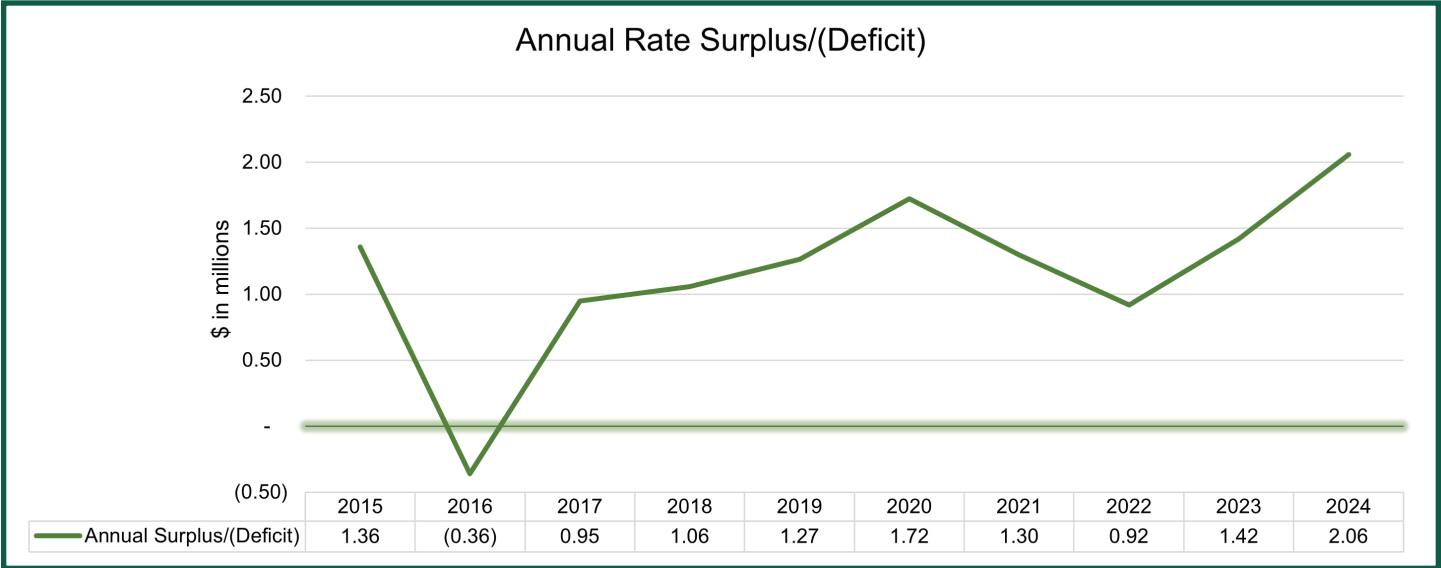
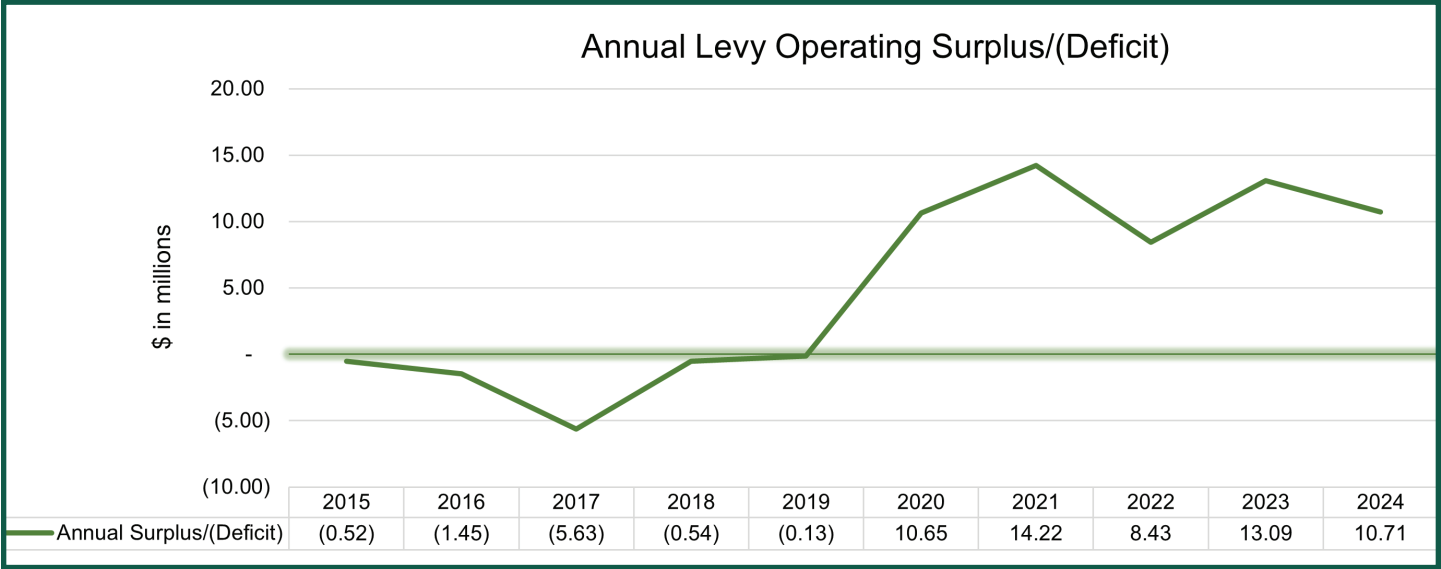
The above financial information is included in the *Consolidated Financial Statements* of the County.

The accompanying notes are an integral part of the financial statements



Statistical
INFORMATION

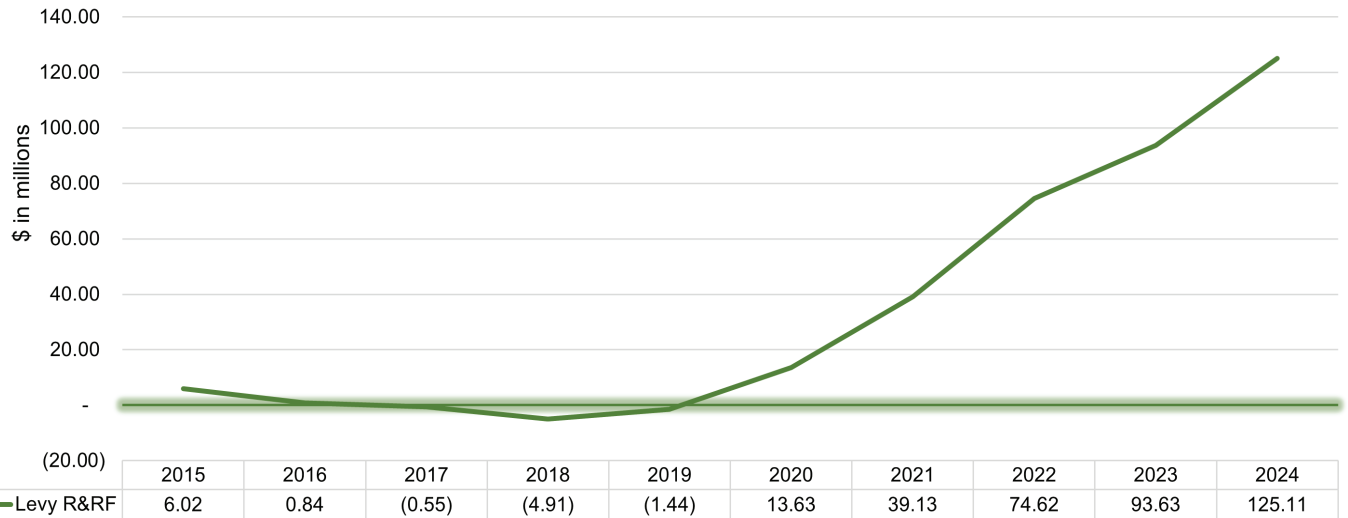
Levy and Rate Surplus/Deficit



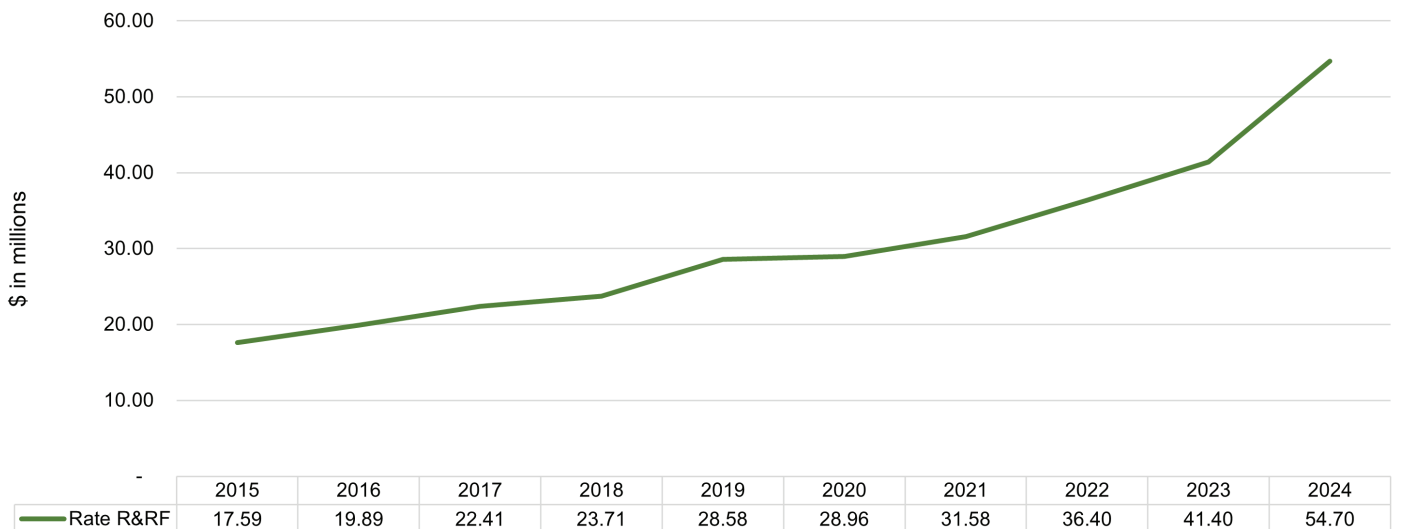
Levy and Rate Surplus/Deficit: These charts plot the 10-year trend of the surplus/deficits for the levy and rate. The surplus/deficit are relevant as a measure of annual budget variances and, when taken in aggregate, as a measure of overall health of a municipality. Taken individually, the balance demonstrates if a municipality is over or under budget for that given year. Further, each year the surplus/deficits are contributed to (surplus) or removed from (deficit) the contingency reserve for the levy and the respective capital replacement reserve for rate.

Levy and Rate Reserves

Levy Operating Reserves & Reserve Funds Excluding Legacy

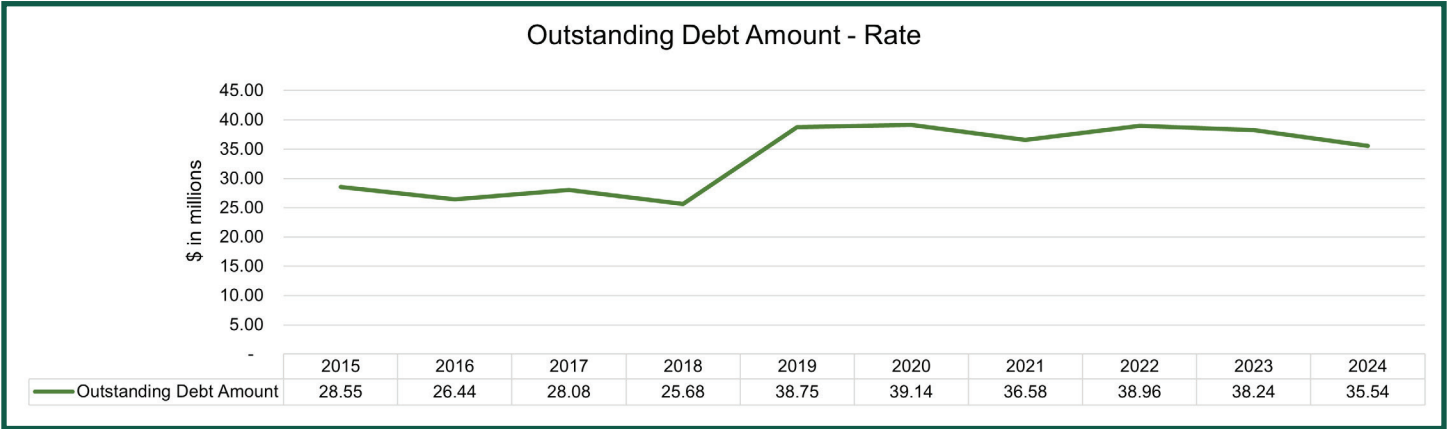
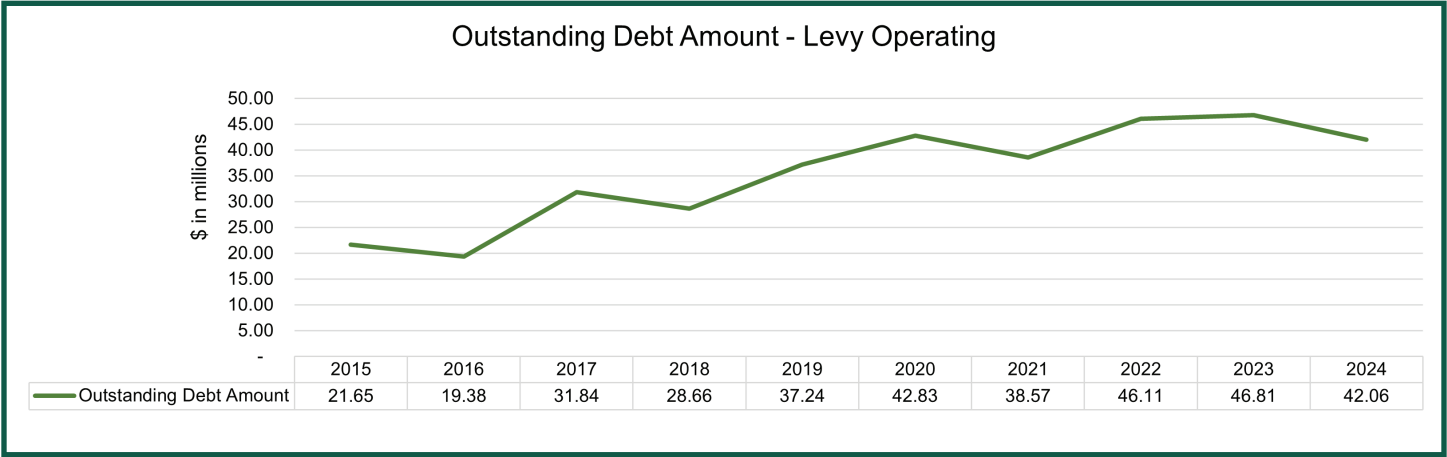


Rate Reserve Funds



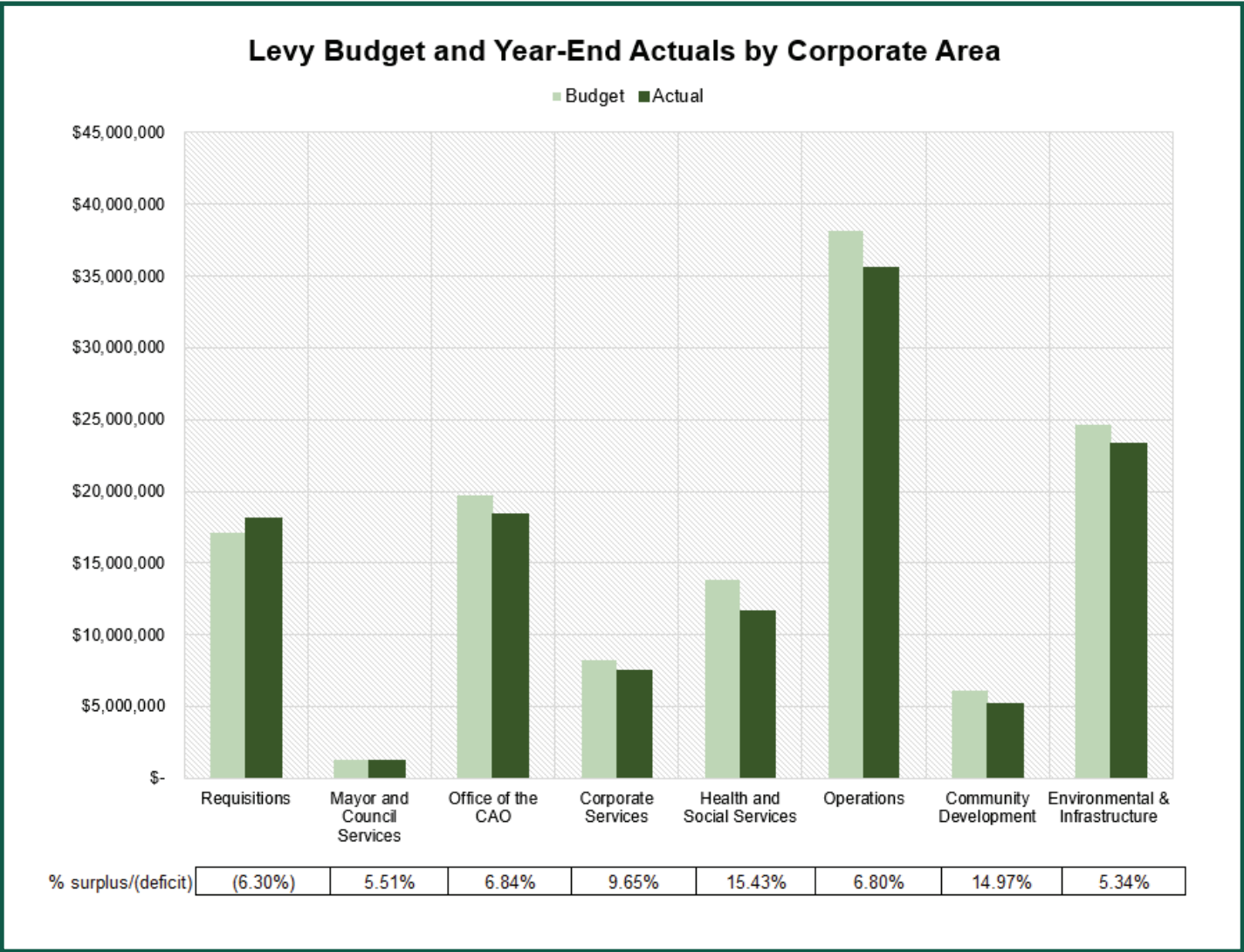
Operating and Levy Reserves: These charts plot the 10-year Reserve and Reserve Fund trend for the levy and rate. Reserves are an important tool for the financial sustainability of a municipality. They act as a savings account allowing the County to put aside money today (through contributions) to be withdrawn in the future (by funding projects or incurring deficits).

Debt Levels



Debt Levels: These charts plot the 10-year debt levels for the levy and rate. For municipalities, debt can only be issued for completed capital projects. As a result, debt levels are tied to an increase in, or improvement to tangible capital assets (roads, bridge, vehicles etc.). Debt, as a tool, is often used by municipalities to align the repayment (levy to taxpayer and/or ratepayers) with the benefit period (use of the asset). Said differently, debt allows a group of taxpayers or ratepayers to be levied over the life of the asset rather than having the current rate or levy payers pay for the full cost today. However, debt levels still need to be monitored. Debt levels must stay within the limits imposed by the Ministry of Municipal Affairs and Housing and remain within a range that can be managed by the municipality.

Levy Surplus/Deficit by Corporate Area



Levy Surplus/Deficit by Corporate Area: The chart above displays a comparison of budget and actual figures displayed by operating department. This provides an overall view of how each operating area performed in comparison to budget. A budget to actual comparison demonstrates the quality of estimates and can highlight areas of concern in tracking and recording expenses.