

**TOWNSHIP OF HOWICK
FINANCIAL STATEMENTS
DECEMBER 31, 2024**

SEEBACH & COMPANY
Chartered Professional Accountants



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MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying consolidated financial statements of The Corporation of the Township of Howick (the "Municipality") are the responsibility of the Municipality's management and have been prepared in accordance with Canadian public sector accounting standards, established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada, as described in Note 1 to the consolidated financial statements.

The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Municipality's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded from loss, transactions are properly authorized and recorded, and reliable information is available on a timely basis for preparation of the consolidated financial statements. These statements are monitored and evaluated by the Municipality's management. Council meets with management and the external auditor to review the consolidated financial statements and discuss and significant financial reporting or internal control matters prior to their approval.

The financial statements have been audited by Seebach & Company, independent external auditors appointed by the Municipality. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Municipality's consolidated financial statements.

CORPORATION OF THE TOWNSHIP OF HOWICK

Caitlin Gillis
Chief Administrative Officer / Administrator

Amy Van Meeteren
Treasurer

August 12, 2025

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers
of the Corporation of the Township of Howick

Opinion

We have audited the accompanying financial statements of the Corporation of the Township of Howick ("the Township"), which are comprised of the consolidated statement of financial position as at December 31, 2024 and the consolidated statements of operations, changes in net financial assets 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 Township as at December 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAB).

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 Township 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 PSAB, 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 Township'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 Township or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Township'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.

INDEPENDENT AUDITOR'S REPORT (continued)

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 Township'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 Township'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 Township 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.

Seebach & Company

Chartered Professional Accountants
Licensed Public Accountants

Clinton, Ontario
August 12, 2025

TOWNSHIP OF HOWICK
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| As at December 31 | 2024 | 2023 |
|--|-----------------------------|-----------------------------|
| FINANCIAL ASSETS | | |
| Cash | 4,501,039 | 2,507,329 |
| Taxes receivable | 457,874 | 367,092 |
| Accounts receivable | 1,827,317 | 3,092,035 |
| Long-term receivables (note 5) | 168,304 | 138,396 |
| | <u>6,954,534</u> | <u>6,104,852</u> |
| LIABILITIES | | |
| Accounts payable and accrued liabilities | 210,800 | 234,394 |
| Deferred revenue | 185,542 | 288,776 |
| Municipal debt (note 7) | 168,304 | 185,714 |
| Asset retirement obligations (note 8) | 511,248 | 494,555 |
| | <u>1,075,894</u> | <u>1,203,439</u> |
| NET FINANCIAL ASSETS | 5,878,640 | 4,901,413 |
| NON-FINANCIAL ASSETS | | |
| Tangible capital assets, net (note 9) | <u>19,351,624</u> | <u>19,129,244</u> |
| ACCUMULATED SURPLUS (note 12) | <u>\$ 25,230,264</u> | <u>\$ 24,030,657</u> |

The accompanying notes are an integral part of this financial statement

TOWNSHIP OF HOWICK
CONSOLIDATED STATEMENT OF OPERATIONS

| For the year ended December 31 | 2024 Budget | 2024 Actual | 2023 Actual |
|---|-----------------------------|------------------------------------|-----------------------------|
| Revenue | | | |
| Taxation for municipal purposes | 4,452,790 | 4,490,621 | 4,131,479 |
| Government transfers - Canada and Ontario (note 10) | 789,418 | 1,013,583 | 1,220,791 |
| Fees and user charges | 322,150 | 762,267 | 575,371 |
| Licences and permits | 244,000 | 240,685 | 232,089 |
| Penalties and interest on taxes | 52,008 | 59,574 | 57,827 |
| Investment income | 103,000 | 185,019 | 242,389 |
| Other | 78,700 | 264,118 | 273,465 |
| | <u>6,042,066</u> | <u>7,015,867</u> | <u>6,733,411</u> |
| Expenditure | | | |
| General government | 792,250 | 875,394 | 745,128 |
| Protection to persons and property | 1,233,909 | 1,190,885 | 1,083,584 |
| Transportation services | 2,491,402 | 2,109,278 | 2,079,467 |
| Environmental services | 325,595 | 350,651 | 347,136 |
| Health services - cemeteries | 9,100 | 35,047 | 47,512 |
| Recreation, parks and culture | 708,673 | 1,136,411 | 908,640 |
| Planning and development | 88,570 | 118,594 | 78,834 |
| | <u>5,649,499</u> | <u>5,816,260</u> | <u>5,290,301</u> |
| Annual surplus (deficit) | 392,567 | 1,199,607 | 1,443,110 |
| Accumulated surplus, beginning of year | <u>24,030,657</u> | <u>24,030,657</u> | <u>22,587,547</u> |
| Accumulated surplus, end of year | <u><u>\$ 24,423,224</u></u> | <u><u>\$ 25,230,264</u></u> | <u><u>\$ 24,030,657</u></u> |

The accompanying notes are an integral part of this financial statement

TOWNSHIP OF HOWICK**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**

| For the year ended December 31 | 2024 Budget | 2024 Actual | 2023 Actual |
|--|--------------------|----------------------------|----------------------------|
| Annual surplus (deficit) | 392,567 | 1,199,607 | 1,443,110 |
| Amortization of tangible capital assets | 825,120 | 915,926 | 874,651 |
| Net acquisition of tangible capital assets | (1,650,954) | (1,138,306) | (1,610,846) |
| Loss (gain) on sale of tangible capital assets | <u>-</u> | <u>-</u> | <u>1,440</u> |
| Increase (decrease) in net financial assets | (433,267) | 977,227 | 708,355 |
| Net financial assets, beginning of year | | <u>4,901,413</u> | <u>4,193,058</u> |
| Net financial assets, end of year | | <u>\$ 5,878,640</u> | <u>\$ 4,901,413</u> |

The accompanying notes are an integral part of this financial statement

TOWNSHIP OF HOWICK
CONSOLIDATED STATEMENT OF CASH FLOW

| For the year ended December 31 | 2024 | 2023 |
|---|----------------------------|----------------------------|
| Operating activities | | |
| Net revenue (expenditures) | 1,199,607 | 1,443,110 |
| Amortization expense not requiring cash outlay | 915,926 | 874,651 |
| Loss (gain) on disposition of tangible capital assets | - | 1,440 |
| Decrease (increase) in taxes receivable | (90,782) | 19,022 |
| Decrease (increase) in accounts receivable | 1,264,718 | (1,322,827) |
| Increase (decrease) in accounts payable | (23,594) | 99,109 |
| Increase (decrease) in deferred revenue | (103,234) | 133,901 |
| Increase (decrease) in asset retirement obligations | 16,693 | 17,167 |
| Cash provided by (used for) operating activities | <u>3,179,334</u> | <u>1,265,573</u> |
| Capital activities | | |
| Net disposals (purchases) of tangible capital assets | (1,138,306) | (1,610,846) |
| Cash provided by (used for) investing activities | <u>(1,138,306)</u> | <u>(1,610,846)</u> |
| Investing activities | | |
| Decrease (increase) in long-term receivable | (29,908) | 18,956 |
| Cash provided by (used for) investing activities | <u>(29,908)</u> | <u>18,956</u> |
| Financing activities | | |
| Long term debt proceeds | 50,000 | - |
| Payments on long-term debt | (67,410) | (98,190) |
| Cash provided by (used for) financing activities | <u>(17,410)</u> | <u>(98,190)</u> |
| Increase (decrease) in cash position | 1,993,710 | (424,507) |
| Cash (overdraft) beginning of year | <u>2,507,329</u> | <u>2,931,836</u> |
| Cash (overdraft) end of year | <u>\$ 4,501,039</u> | <u>\$ 2,507,329</u> |

The accompanying notes are an integral part of this financial statement

THE CORPORATION OF THE TOWNSHIP OF HOWICK

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2024

1. Accounting policies

The consolidated financial statements of the Corporation of the Township of Howick (the "Township") are the representation of management prepared in accordance with generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada as prescribed by the Ministry of Municipal Affairs and Housing for municipalities and their related entities.

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

a) Reporting entity

The consolidated financial statements reflect the financial assets, liabilities, operating revenues and expenditures, Reserves, Reserve Funds, and changes in investment in tangible capital assets of the reporting entity. The reporting entity is comprised of all organizations and enterprises accountable for the administration of their financial affairs and resources to the Township and which are owned or controlled by the Township. In addition to general government tax-supported operations, they include any water and sewer systems operated by the Township and the Township's proportionate share of joint local boards.

The following boards and municipal enterprises owned or controlled by Council have been consolidated:

Cemetery Boards

- Wroxeter Cemetery Board
- Fordwich Cemetery Board
- Gorrie Cemetery Board
- Lakelet Cemetery Board

Parks and Recreation Boards

- Belmore Parks Board
- Fordwich and Community Parks Association
- Gorrie Parks Board
- Wroxeter Recreation Board

Community Centres and Hall Boards

- Belmore Community Centre Board
- Gorrie Community Hall Board
- Wroxeter Hall Board

Inter-departmental and inter-organizational transactions and balances are eliminated.

The statements exclude trust funds that are administered for the benefit of external parties.

b) Accrual Basis of accounting

Sources of financing and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable, and recognizes expenditures as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

c) Long-term investments

Investments are recorded at cost plus accrued interest less amounts written off to reflect a permanent decline in value.

1. Accounting policies (continued)

d) Non-financial assets

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

- 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. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

| Category | Amortization Period | Capitalization Threshold |
|-------------------------------|------------------------|-----------------------------|
| Land | not applicable | \$ 2,000 |
| Land improvements | 25 years | 2,000 |
| Buildings | 60 years | 15,000 |
| Building improvements | 25 years | 15,000 |
| Transportation infrastructure | 25 - 80 years | 15,000 |
| Vehicles and heavy equipment | 10 - 15 years | 5,000 |
| Technology and communication | 5 years | 1,000 |
| Other general equipment | 10 - 25 years | 1,000 |
| Furniture and fixtures | 5 years | 1,000 |

Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

The Township has a capitalized threshold of \$1,000 - \$15,000, so that individual tangible capital assets of lesser value are expensed, unless they are pooled because, collectively, they have significant value, or for operational reasons. Examples of pooled assets are computer systems, equipment, furniture and fixtures.

- Contribution of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of the asset as of the date of transfer.

- Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

- Inventories

Inventories held for consumption are recorded at the lower of cost or net realizable value.

e) Reserves for future expenditures

Certain amounts, as approved by Council, are set aside in reserves for future operating and capital expenditure. Transfers to or from reserves are reflected as adjustments to the respective appropriated equity.

1. Accounting policies (continued)

f) Government transfers

Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates can be made.

g) Deferred revenue

Amounts received and required by legislation, regulation or agreement to be set aside for specific, restricted purposes are reported in the consolidated statement of financial position as deferred revenue until the obligation is discharged.

h) Asset retirement obligations

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

The liability is recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date. This liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate.

Upon the initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related tangible capital asset if it is still in productive use. This cost is amortized over the useful life of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

i) Amounts to be recovered in future years

Future years recoveries represent the requirement of the Township to raise funds in subsequent periods to finance unfunded liabilities. A portion of the amounts to be recovered in future years will be recovered from deferred revenues earned.

j) Pensions

The Township is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The Township has adopted defined contribution plan accounting principles for this plan because insufficient information is available to apply defined benefit plan accounting principles. The Township records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the plan for past employee service.

k) Revenue recognition

Tax levies, based on assessment rolls issued by the Municipal Property Assessment Corporation and tax rates established by council, are recognized as revenue when the tax billings are issued. Adjustments to taxation revenue due to changes in assessments are initially recognized based on management's best estimates of the taxes that will be received.

Other revenue is recognized when related services are provided or goods delivered, collectibility is reasonably assured and there are no significant future obligations.

Government transfers are recognized in the in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria are met, and reasonable estimates can be made.

l) Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, the reported amounts of revenues and expenditures during the period, and the accompanying notes. Due to the inherent uncertainty in making estimates, actual results could differ from those estimates.

2. Change in Accounting Policy

Change in accounting policies: On January 1, 2024, the Township adopted Canadian public sector accounting standard PS 3400 Revenue. The new accounting standard establishes a single framework to categorize revenue to enhance the consistency of revenue recognition and its measurement. As at December 31, 2024 the Township determined that the adoption of this new standard did not have a material impact on the amounts presented in the financial statements.

3. Operations of school boards and county

Taxation levied for school board and county purposes are not reflected in the financial statements. The amounts transferred were:

| | 2024 | 2023 |
|-----------------|--------------|--------------|
| County of Huron | \$ 2,605,232 | \$ 2,481,800 |
| School Boards | 906,044 | 886,830 |

4. Trust funds

Trust funds administered by the Township amounting to \$ 203,855 (2023 : \$ 197,395) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations.

5. Long-term receivables

| | 2024 | 2023 |
|---|-------------------|-------------------|
| Tile loans, 6% - 8%, principal and interest receivable annually, due 2025 through 2034 | <u>\$ 168,304</u> | <u>\$ 138,396</u> |

Amounts due in the next five years are as follows:

2025: \$25,100. 2026: \$24,400. 2027: \$20,600. 2028: \$21,900. 2029: \$23,200.

6. Pension agreements

The Township makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer pension plan, on behalf of 19 members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Employees and employers contribute jointly to the plan. The amount contributed for 2024 was \$111,163 (2023 : \$87,861) for current services and is included as an expenditure on the consolidated statement of financial activities. The contribution rate for 2024 was 9.0% to 14.6% (2023 was 9.0% to 14.6%) depending on age and income level.

OMERS is a multi-employer plan, therefore any pension surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Township does not recognize any share of the OMERS pension surplus or deficit.

7. Municipal debt

The balance of the long-term liabilities reported on the consolidated statement of financial position is made up of the following:

| | 2024 | 2023 |
|--|-------------------|-------------------|
| Canadian Imperial Bank of Commerce (CIBC) loan payable, 2.97% interest, \$6,827 blended payment payable monthly, due July 2024 | - | 47,318 |
| Tile drain loans payable to Ministry of Finance, responsibility for payment of principal and interest charges have been assumed by individuals, 6% - 8%, due 2024 through 2033 | <u>168,304</u> | <u>138,396</u> |
| | <u>\$ 168,304</u> | <u>\$ 185,714</u> |

Principal payments for the next five years are as follows:

2025: \$25,100. 2026: \$24,400. 2027: \$20,600. 2028: \$21,900. 2029: \$23,200.

8. Asset retirement obligations

The municipality's financial statements include an asset retirement obligation for the landfill and other environmentally hazardous materials. The related asset retirement costs are being amortized on a straight line basis.

The liability for the landfill has been estimated using a net present value technique with a discount rate of 3% (2023 : 3%). The estimated total undiscounted future expenditures are \$769,000 (2023 : \$782,000), which are to be incurred over 30 years. The liability is expected to be fully settled in 30 years.

Legal liabilities exist for the removal and disposal of asbestos and other environmentally hazardous materials within some municipal owned properties and buildings that will undergo major renovations, upgrades, or demolition in the future. The obligation has been measured at current cost as the timing of future cash flows cannot be reasonably determined.

The carrying amount of the liabilities are as follows:

| | 2024 | 2023 |
|--|-------------------|-------------------|
| Asset retirement obligation, beginning | 494,555 | 477,388 |
| Accretion expense | 16,693 | 14,375 |
| Settlements and adjustments | - | 2,792 |
| Asset retirement obligations, ending | <u>\$ 511,248</u> | <u>\$ 494,555</u> |

The liability is expected to be funded through budget allocations to a landfill reserve fund over the remaining life of the related tangible capital asset.

9. Tangible capital assets

The Township's policy on accounting for tangible capital assets follows:

- i) Contributed tangible capital assets
The Township records all tangible capital assets contributed by external parties at fair value.
- ii) Tangible capital assets recognized at nominal value
Certain assets have been assigned a nominal value because of the difficulty of determining a tenable valuation.

For additional information, see the Consolidated Schedule of Tangible Capital Assets information on the tangible capital assets of the Township by major class and by business segment, as well as for accumulated amortization of the assets controlled.

10. Government transfers

The government transfers recognized in the statement of operations are as follows:

| | 2024 | 2023 |
|---|---------------------|---------------------|
| Government transfers - Federal | | |
| Canada Community Building Fund | 257,341 | - |
| Investing in Canada Infrastructure Program (ICIP) | - | 172,285 |
| Canada Community Revitalization Fund | - | 183,494 |
| Canada Summer Student | 4,637 | 12,943 |
| Government transfers - Provincial | | |
| Ontario Municipal Partnership Fund (OMPF) | 431,000 | 428,200 |
| Ontario Community Infrastructure Fund (OCIF) | 205,717 | 205,362 |
| Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA) (municipal drains) | 19,311 | 15,372 |
| Stewardship Ontario recycling grant | 33,439 | 71,468 |
| Other | 62,138 | 131,667 |
| | <u>\$ 1,013,583</u> | <u>\$ 1,220,791</u> |

11. Segmented information

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

General Government

This segment relates to the general operations of the Township itself and cannot be directly attributed to a specific segment.

Protection to Persons and Property

Protection is comprised of fire protection, policing, court services, conservation authorities, protective inspection and control, building permit and inspection services, emergency measures and other protection services.

Transportation

Transportation services include road maintenance, winter control services, street light maintenance, parking lots, equipment maintenance and other transportation services.

Environmental Services

Environmental services include the sanitary sewer system, storm sewer system, waterworks, waste collection, waste disposal and recycling.

Health Services

This service area includes cemeteries and other health services.

Recreational and Cultural Services

This service area provides public services that contribute to the provision of recreation and leisure facilities and programs, the maintenance of parks and open spaces, library services, museums and other cultural services.

Planning and Development

This segment includes matters relating to zoning and site plan controls, land acquisition, development initiatives, agriculture and reforestation, municipal drainage and tile drainage.

For additional information, see the schedule of segmented information.

12. Accumulated surplus

The accumulated surplus consists of individual fund surplus/(deficit) amounts and reserve and reserve funds as follows:

| | 2024 | 2023 |
|--|----------------------|----------------------|
| General revenue accumulated surplus | | |
| and invested in tangible capital assets | \$ 21,210,299 | \$ 20,336,995 |
| Special area levies - Villages | 218,854 | 294,405 |
| Cemeteries | 117,862 | 104,034 |
| Recreation, community centres, parks and halls | 280,139 | 250,872 |
| Unfinanced municipal debt | - | (47,318) |
| Unfinanced asset retirement obligations | (511,248) | (494,555) |
| Reserves and reserve funds | 3,914,358 | 3,586,224 |
| | <u>\$ 25,230,264</u> | <u>\$ 24,030,657</u> |

A portion of the reserves and reserve funds have been committed to previous projects, with the remainder available for future spending. For additional information, see the Consolidated Schedule of Continuity of Reserves, Reserve Funds, and Obligatory Deferred Revenue.

13. Financial instrument risk management

Credit risk

The Township is exposed to credit risk through its cash, trade and other receivables, loans receivable, and long-term investments. There is the possibility of non-collection of its trade and other receivables. The majority of the Township's receivables are from ratepayers and government entities. For trade and other receivables, the Township measures impairment based on how long the amounts have been outstanding. For amounts outstanding considered doubtful or uncollectible, an impairment allowance is setup.

Liquidity risk

Liquidity risk is the risk that the Township will not be able to meet its financial obligations as they fall due. The Township has a planning and a budgeting process in place to help determine the funds required to support the Township's normal operating requirements on an ongoing basis. The Township ensures that there are sufficient funds to meet its short-term requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents. To achieve this aim, it seeks to maintain an available line of credit balance as approved by the appropriate borrowing bylaw to meet, at a minimum, expected requirements.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates or interest rates will affect the Township's income or the value of its holdings of financial instruments. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing return on investments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Township is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the variable rate of temporary borrowings and long-term liabilities and the value of fixed rate long-term liabilities.

There has been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure risks.

14. Budget amounts

Under generally accepted accounting principles, budget amounts are to be reported on the consolidated statement of financial activities for comparative purposes. The 2024 budget amounts for the Corporation of the Township of Howick approved by Council are unaudited and have been restated to conform to the basis of presentation of the revenues and expenditures on the consolidated statement of activities. Budget amounts were not available for certain boards consolidated by the Township.

| | |
|---|--------------------|
| Approved budget annual surplus (deficit) | \$ - |
| Acquisition of tangible capital assets | 1,650,954 |
| Debt principal repayments | 47,317 |
| Net reserve, reserve fund, and surplus transfers | <u>(1,305,704)</u> |
| Budgeted surplus reported on consolidated statement of operations | <u>\$ 392,567</u> |

TOWNSHIP OF HOWICK
Consolidated Schedule of Tangible Capital Assets
For the Year Ended December 31, 2024

| | General | | | | | Infrastructure | | | TOTAL | TOTAL |
|---|----------------|-------------------|------------------|------------------|------------------|-------------------|------------------------------|---------------------------|-----------------------------|-----------------------------|
| | Land | Land Improvements | Buildings | Vehicles | Other | Roads | Bridges and other Structures | Assets Under Construction | Net Book Value 2024 | Net Book Value 2023 |
| Cost | | | | | | | | | | |
| Balance, beginning of year | 139,672 | 1,040,664 | 6,218,324 | 3,533,613 | 1,806,906 | 16,278,919 | 6,200,332 | 7,754 | 35,226,184 | 34,350,395 |
| Add: Additions during the year | | 81,543 | 125,072 | 90,755 | 114,485 | 445,457 | 1,979 | 279,015 | 1,138,306 | 1,615,148 |
| Less: Disposals during the year | | | | | | | | | - | (739,359) |
| Other: WIP transfers | | | | | | | 7,754 | (7,754) | - | - |
| Balance, end of year | <u>139,672</u> | <u>1,122,207</u> | <u>6,343,396</u> | <u>3,624,368</u> | <u>1,921,391</u> | <u>16,724,376</u> | <u>6,210,065</u> | <u>279,015</u> | <u>36,364,490</u> | <u>35,226,184</u> |
| Accumulated Amortization | | | | | | | | | | |
| Balance, beginning of year | | 97,597 | 3,276,797 | 1,648,513 | 1,026,975 | 7,077,317 | 2,969,741 | | 16,096,940 | 15,955,906 |
| Add: Amortization during the year | | 49,619 | 136,150 | 174,201 | 125,931 | 354,732 | 75,293 | | 915,926 | 874,651 |
| Less: Accumulated amortization on disposals | | | | | | | | | - | (733,617) |
| Balance, end of year | <u>-</u> | <u>147,216</u> | <u>3,412,947</u> | <u>1,822,714</u> | <u>1,152,906</u> | <u>7,432,049</u> | <u>3,045,034</u> | <u>-</u> | <u>17,012,866</u> | <u>16,096,940</u> |
| Net Book Value of | | | | | | | | | | |
| Tangible Capital Assets | <u>139,672</u> | <u>974,991</u> | <u>2,930,449</u> | <u>1,801,654</u> | <u>768,485</u> | <u>9,292,327</u> | <u>3,165,031</u> | <u>279,015</u> | <u>\$ 19,351,624</u> | <u>\$ 19,129,244</u> |

TOWNSHIP OF HOWICK
Consolidated Schedule of Tangible Capital Assets
For the Year Ended December 31, 2024

| | General Government | Protection | Transportation | Environmental | Health | Recreation and Cultural | Assets Under Construction | TOTAL Net Book Value 2024 | TOTAL Net Book Value 2023 |
|--|-----------------------|------------------|-------------------|----------------|---------------|----------------------------|---------------------------------|--|--|
| Cost | | | | | | | | | |
| Balance, beginning of year | 768,135 | 1,592,107 | 25,947,452 | 481,680 | 88,061 | 6,340,995 | 7,754 | 35,226,184 | 34,350,395 |
| Add: Additions during the year | 14,217 | 120,462 | 547,827 | 2,676 | | 174,109 | 279,015 | 1,138,306 | 1,615,148 |
| Less: Disposals during the year | | | | | | | | - | (739,359) |
| Other: WIP transfers | | | 7,754 | | | | (7,754) | - | 597,345 |
| Transfers | (202,108) | 1,819 | 19,910 | | 3,562 | 176,817 | | - | - |
| Balance, end of year | <u>580,244</u> | <u>1,714,388</u> | <u>26,522,943</u> | <u>484,356</u> | <u>91,623</u> | <u>6,691,921</u> | <u>279,015</u> | <u>36,364,490</u> | <u>35,823,529</u> |
| Accumulated Amortization | | | | | | | | | |
| Balance, beginning of year | 331,123 | 663,512 | 11,769,419 | 105,323 | 5,038 | 3,222,525 | | 16,096,940 | 15,955,906 |
| Add: Amortization during the year | 37,301 | 97,549 | 585,790 | 33,213 | 1,549 | 160,524 | | 915,926 | 874,651 |
| Less: Accumulated amortization on disposals | | | | | | | | - | (733,617) |
| Transfers | (9,101) | 455 | 2,181 | | 1,734 | 4,731 | | - | - |
| Balance, end of year | <u>359,323</u> | <u>761,516</u> | <u>12,357,390</u> | <u>138,536</u> | <u>8,321</u> | <u>3,387,780</u> | <u>-</u> | <u>17,012,866</u> | <u>16,096,940</u> |
| Net Book Value of | | | | | | | | | |
| Tangible Capital Assets | <u>220,921</u> | <u>952,872</u> | <u>14,165,553</u> | <u>345,820</u> | <u>83,302</u> | <u>3,304,141</u> | <u>279,015</u> | <u>\$ 19,351,624</u> | <u>\$ 19,726,589</u> |

TOWNSHIP OF HOWICK
Consolidated Schedule of Continuity of Reserves and Reserve Funds
For the Year Ended December 31, 2024

| | Balance, beginning of year | Revenues and contributions | | | Transfers out Utilization During Year | Balance, end of year |
|--------------------------------------|----------------------------------|----------------------------|--------------------|----------|---|----------------------------|
| | | Interest | From Operations | Other | | |
| Reserves and reserve funds | | | | | | |
| for general government | 905,484 | | 91,954 | | (127,520) | 869,918 |
| for protection services | 554,071 | | 97,550 | | (88,278) | 563,343 |
| for transportation services | 1,370,628 | | 689,932 | | (422,469) | 1,638,091 |
| for environmental services | 148,711 | | 21,190 | | - | 169,901 |
| for recreation and cultural services | 532,281 | | 117,631 | | (52,856) | 597,056 |
| for planning and development | 75,049 | | 1,000 | | - | 76,049 |
| | <u>3,586,224</u> | <u>-</u> | <u>1,019,257</u> | <u>-</u> | <u>(691,123)</u> | <u>3,914,358</u> |

TOWNSHIP OF HOWICK
Schedule of Continuity of Deferred Revenue
For the Year Ended December 31, 2024

| | Balance, beginning of year | Revenues and contributions | | | Transfers out Utilization During Year | Balance, end of year |
|--------------------------------|----------------------------------|----------------------------|--------------------|----------------|---|----------------------------|
| | | Interest | From Operations | Other | | |
| Deferred revenue | | | | | | |
| Parkland | 14,965 | 1,096 | 8,322 | | | 24,383 |
| Canada Community Building Fund | 273,811 | 15,600 | | 129,089 | (257,341) | 161,159 |
| | <u>288,776</u> | <u>16,696</u> | <u>8,322</u> | <u>129,089</u> | <u>(257,341)</u> | <u>185,542</u> |

TOWNSHIP OF HOWICK**Segmented Information****For the Year Ended December 31, 2024**

| | General Government | Protective Services | Transportation Services | Environmental Services | Health Services | Recreation and Culture | Planning and Development | Total 2024 | Total 2023 |
|--|-----------------------|------------------------|----------------------------|---------------------------|--------------------|---------------------------|-----------------------------|-------------------------|------------------|
| Revenue | | | | | | | | | |
| Taxation | 4,490,621 | | | | | | | 4,490,621 | 4,131,479 |
| User charges, licences, donations | 270,778 | 22,928 | 1,600 | 141,250 | 27,870 | 475,483 | 63,043 | 1,002,952 | 807,460 |
| Government transfers | 522,320 | 1,901 | 351,070 | 43,507 | | 75,474 | 19,311 | 1,013,583 | 1,220,791 |
| Interest and penalties | 244,593 | | | | | | | 244,593 | 300,216 |
| Other | 264,118 | | | | | | | 264,118 | 273,465 |
| | <u>5,792,430</u> | <u>24,829</u> | <u>352,670</u> | <u>184,757</u> | <u>27,870</u> | <u>550,957</u> | <u>82,354</u> | <u>7,015,867</u> | <u>6,733,411</u> |
| Operating expenditure | | | | | | | | | |
| Wages, salaries and benefits | 544,026 | 313,454 | 512,346 | 70,189 | 500 | 376,299 | 44,098 | 1,860,912 | 1,525,982 |
| Contracted services | 149,011 | 582,596 | 831,275 | 209,243 | 24,112 | 88,462 | 38,393 | 1,923,092 | 1,788,629 |
| Supplies, materials, equipment and other | 145,056 | 197,286 | 179,867 | 38,006 | 8,886 | 511,126 | 36,103 | 1,116,330 | 1,101,039 |
| Amortization | 37,301 | 97,549 | 585,790 | 33,213 | 1,549 | 160,524 | - | 915,926 | 874,651 |
| | <u>875,394</u> | <u>1,190,885</u> | <u>2,109,278</u> | <u>350,651</u> | <u>35,047</u> | <u>1,136,411</u> | <u>118,594</u> | <u>5,816,260</u> | <u>5,290,301</u> |
| Net revenue (expense) | <u>4,917,036</u> | <u>(1,166,056)</u> | <u>(1,756,608)</u> | <u>(165,894)</u> | <u>(7,177)</u> | <u>(585,454)</u> | <u>(36,240)</u> | <u>1,199,607</u> | <u>1,443,110</u> |

**TOWNSHIP OF HOWICK
TRUST FUNDS
FINANCIAL STATEMENTS
DECEMBER 31, 2024**

SEEBACH & COMPANY
Chartered Professional Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers
of the Corporation of the Township of Howick

Opinion

We have audited the accompanying financial statements of the trust funds of the Corporation of the Township of Howick ("the Township"), which are comprised of the balance sheet as at December 31, 2024 and the statement of continuity of trust funds 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 Township as at December 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAB).

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 Township 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 PSAB, 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 Township'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 Township or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Township'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.

INDEPENDENT AUDITOR'S REPORT (continued)

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 Township'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 Township'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 Township 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.

Seebach & Company

Chartered Professional Accountants
Licensed Public Accountants

Clinton, Ontario
August 12, 2025

**TOWNSHIP OF HOWICK
TRUST FUNDS**

BALANCE SHEET

| As at December 31, 2024 | | | | | | |
|--|-------------------------------|------------------|------------------|------------------|--------------------------|-------------------|
| | Cemetery Care and Maintenance | | | | | |
| | Fordwich | Gorrie | Wroxeter | Lakelet | 2024 | 2023 |
| Assets | | | | | | |
| Cash | \$ 64,015 | \$ 53,453 | \$ 75,904 | \$ 10,483 | \$ 203,855 | \$ 197,395 |
| Liabilities | | | | | | |
| Accounts payable and accrued liabilities | | | | | - | - |
| Fund balance | 64,015 | 53,453 | 75,904 | 10,483 | 203,855 | 197,395 |
| Trust fund balances | <u>\$ 64,015</u> | <u>\$ 53,453</u> | <u>\$ 75,904</u> | <u>\$ 10,483</u> | <u>\$ 203,855</u> | <u>\$ 197,395</u> |

STATEMENT OF CONTINUITY

| For the Year Ended December 31, 2024 | | | | | | |
|--|-------------------------------|------------------|------------------|------------------|--------------------------|-------------------|
| | Cemetery Care and Maintenance | | | | | |
| | Fordwich | Gorrie | Wroxeter | Lakelet | 2024 | 2023 |
| Receipts | | | | | | |
| Care and maintenance | 1,180 | 4,070 | 1,110 | 100 | 6,460 | 7,190 |
| Investment income | 3,293 | 2,636 | 3,906 | 538 | 10,373 | 9,952 |
| | <u>4,473</u> | <u>6,706</u> | <u>5,016</u> | <u>638</u> | <u>16,833</u> | <u>17,142</u> |
| Expenditure | | | | | | |
| Transfers to general - cemetery | <u>3,293</u> | <u>2,636</u> | <u>3,906</u> | <u>538</u> | <u>10,373</u> | <u>9,952</u> |
| Excess of receipts over expenditures for the year | 1,180 | 4,070 | 1,110 | 100 | 6,460 | 7,190 |
| Fund balance, beginning of year | 62,835 | 49,383 | 74,794 | 10,383 | 197,395 | 190,205 |
| Fund balance, end of year | <u>\$ 64,015</u> | <u>\$ 53,453</u> | <u>\$ 75,904</u> | <u>\$ 10,483</u> | <u>\$ 203,855</u> | <u>\$ 197,395</u> |

THE CORPORATION OF THE TOWNSHIP OF HOWICK
TRUST FUNDS
NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

1. Accounting Policies

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

a) Management responsibility

The financial statements of the Trust Funds are the representations of management. They have been prepared in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada as prescribed by the Ministry of Municipal Affairs and Housing for municipalities and their related entities.

b) Basis of consolidation

These trust funds have not been consolidated with the financial statements of the Township of Howick.

c) Basis of accounting

Sources of financing and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

d) Investments

Investments are recorded at cost less amounts written off to reflect a permanent decline in value.

e) Use of estimates

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

2. Investments

Trust fund investments have a market value equal to cost of \$ 203,855 (2023 : \$ 197,395).