

Consolidated Financial Statements of

**THE CORPORATION OF THE
TOWN OF AMHERSTBURG**

Year ended December 31, 2020

THE CORPORATION OF THE TOWN OF AMHERSTBURG

Consolidated Financial Statements

Year ended December 31, 2020

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Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of The Corporation of the Town of Amherstburg (the "Town") are the responsibility of the Town's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards. A summary of the significant accounting policies are 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 Town's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

Management meets with the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the Town. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Town's consolidated financial statements.



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INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Town of Amherstburg

Opinion

We have audited the financial statements of the Corporation of the Town of Amherstburg (the Town), which comprise:

- the consolidated statement of financial position as at December 31, 2020
- the consolidated statement of financial activities for the year then ended
- the consolidated statement of change in net debt for the year then ended
- the consolidated statement of cash flows for the year then ended
- and the notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”)

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Town as at December 31, 2020, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibility under those standards are further described in the “***Auditors’ Responsibilities for the Audit of the Financial Statements***” section of our auditors’ report.

We are independent of the Town in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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.



Responsibility of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Town'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 Town or to cease operations or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 the 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 risk 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, internal 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 purposes of expressing an opinion on the effectiveness of the Town'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 the events or conditions that may cast significant doubt on the Town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Town's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Windsor, Canada

July 26, 2021

THE CORPORATION OF THE TOWN OF AMHERSTBURG

Consolidated Statement of Financial Position

December 31, 2020, with comparative information for 2019

	2020	2019
Financial assets		
Cash	\$ 35,184,907	\$ 24,952,316
Taxes receivable	1,417,368	996,305
Trade and other receivables	4,101,183	3,554,153
Drainage receivables	852,828	936,450
Investment in government business enterprise (note 3)	5,737,430	5,579,346
	<u>\$ 47,293,716</u>	<u>\$ 36,018,570</u>
Financial liabilities		
Bank indebtedness (note 9)	\$ 937,703	\$ 4,728,381
Accounts payable and accrued liabilities	5,741,090	5,245,246
Accrued interest on long-term debt	646,147	685,809
Municipal debt (note 5)	32,633,161	34,925,253
Employee future benefit obligations (note 6)	18,015,600	17,621,700
Deferred revenue (Schedule 2)	13,639,028	11,736,031
	<u>71,612,729</u>	<u>74,942,420</u>
Net debt	(24,319,013)	(38,923,850)
Non-financial assets		
Tangible capital assets (Schedule 1)	254,641,943	253,631,274
Prepaid expenses	158,735	267,631
	<u>254,800,678</u>	<u>253,898,905</u>
Commitments and contingencies (notes 10, 11 and 12)		
Accumulated surplus (Schedule 4)	<u>\$ 230,481,665</u>	<u>\$ 214,975,055</u>

The accompanying notes are an integral part of these consolidated financial statements.

THE CORPORATION OF THE TOWN OF AMHERSTBURG

Consolidated Statement of Financial Activities

Year ended December 31, 2020, with comparative information for 2019

	Budget	2020	2019
Revenue:			
Taxation	\$ 27,144,462	\$ 28,316,472	\$ 26,652,152
Water charges	4,941,293	5,656,960	5,099,103
Wastewater charges	6,478,263	7,895,499	6,362,643
Government transfers	4,548,900	9,488,747	9,493,722
Other	1,299,353	3,281,492	3,278,067
Interest	250,000	466,294	574,096
Income from government business enterprise	248,000	423,950	338,307
Gain on disposal of tangible capital assets	-	89,451	32,207
	<u>44,910,271</u>	<u>55,618,865</u>	<u>51,830,297</u>
Expenses:			
General government	6,733,777	5,196,888	6,272,878
Protection to persons and property	7,917,879	7,977,694	8,703,023
Transportation services	8,644,507	7,161,033	7,207,015
Environmental services	12,210,654	12,789,942	13,079,976
Recreation and cultural services	6,492,573	5,512,228	5,941,647
Planning and development	1,857,570	1,474,470	1,659,491
	<u>43,856,960</u>	<u>40,112,255</u>	<u>42,864,030</u>
Annual surplus	1,053,311	15,506,610	8,966,267
Accumulated surplus, beginning of year	214,975,055	214,975,055	206,008,788
Accumulated surplus, end of year	\$ 216,028,366	\$ 230,481,665	\$ 214,975,055

The accompanying notes are an integral part of these consolidated financial statements.

THE CORPORATION OF THE TOWN OF AMHERSTBURG

Consolidated Statement of Change in Net Debt

Year ended December 31, 2020, with comparative information for 2019

	2020 Actual	2019 Actual
Annual surplus	\$ 15,506,610	\$ 8,966,267
Amortization of tangible capital assets	10,138,673	9,976,032
Acquisition of tangible capital assets	(11,138,845)	(15,036,693)
Gain on sale of tangible capital assets	(89,451)	(32,207)
Proceeds on sale of tangible capital assets	78,954	32,207
Use of prepaid expense	108,896	595,022
Change in net debt	14,604,837	4,500,628
Net debt, beginning of year	(38,923,850)	(43,424,478)
Net debt, end of year	\$ (24,319,013)	\$ (38,923,850)

The accompanying notes are an integral part of these consolidated financial statements.

THE CORPORATION OF THE TOWN OF AMHERSTBURG

Consolidated Statement of Cash Flows

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operations:		
Annual surplus	\$ 15,506,610	\$ 8,966,267
Items not involving cash:		
Amortization of tangible capital assets	10,138,673	9,976,032
Gain on sale of tangible capital assets	(89,451)	(32,207)
Increase in employee benefits payable	393,900	262,500
Income from government business enterprise	(423,950)	(338,307)
Change in non-cash operating working capital:		
Taxes receivable	(421,063)	216,525
Accounts receivable	(547,030)	434,525
Drain receivables	83,622	380,926
Prepaid expenses	108,896	595,022
Accounts payable	495,844	(2,137,190)
Deferred revenue	1,902,997	3,203,007
Accrued interest	(39,662)	(89,693)
Net change in cash from operations	27,109,386	21,437,407
Investing:		
Dividends received from government business enterprise	265,866	248,062
Net change in cash from investing	265,866	248,062
Capital:		
Acquisition of tangible capital assets	(11,138,845)	(15,036,693)
Proceeds on sale of tangible capital assets	78,954	32,207
Net change in cash from capital	(11,059,891)	(15,004,486)
Financing:		
Decrease in bank indebtedness	(3,790,678)	(1,413,648)
Long-term debt issued	-	1,843,551
Long-term debt repaid	(2,292,092)	(2,595,526)
Net change in cash from financing	(6,082,770)	(2,165,623)
Increase in cash	10,232,591	4,515,360
Cash, beginning of year	24,952,316	20,436,956
Cash, end of year	\$ 35,184,907	\$ 24,952,316

The accompanying notes are an integral part of these consolidated financial statements.

THE CORPORATION OF THE TOWN OF AMHERSTBURG

Notes to Consolidated Financial Statements

Year ended December 31, 2020

The Corporation of the Town of Amherstburg (the “Town”) is a municipality in the Province of Ontario incorporated in 1998 and operates under the provisions of the Municipal Act.

1. Significant accounting policies:

(a) Management responsibility:

The consolidated financial statements of the Town are prepared by management in accordance with Canadian generally accepted accounting principles for governments as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. Significant accounting policies adopted by the Town are as follows:

(b) Basis of consolidation:

(i) The consolidated financial statements reflect the assets, liabilities, operating revenues and expenses, reserves, reserve funds, and changes in investment in tangible capital assets of the Town.

(ii) Investment in Government Business Enterprises:

Essex Power Corporation (“Essex Power”), a government business enterprise, is accounted for using the modified equity basis of accounting, consistent with Canadian generally accepted accounting principles as recommended by PSAB for investments in Government Business Enterprises. Under this method, Essex Power’s accounting policies are not adjusted to conform with those of the Town and inter-organizational transactions and balances are not eliminated. The Town recognizes its equity interest in the annual income or loss of Essex Power in its consolidated statement of financial activities with the corresponding increase or decrease in its investment asset account. Any dividends the Town may receive from Essex Power will be reflected as reductions in the investment account.

(iii) Accounting for County and School Board transactions:

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

THE CORPORATION OF THE TOWN OF AMHERSTBURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

1. Significant accounting policies (continued):

(b) Basis of consolidation (continued):

(iv) Trust funds:

There are no trust funds administered by the Town.

(c) Basis of accounting:

- (i) Revenues and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods and services and the creation of a legal obligation to pay.

The focus of PSAB financial statements is on the financial position of the Town and changes thereto. The Consolidated Statement of Financial Position reports financial assets and liabilities. Financial assets are available to provide resources to discharge existing liabilities or finance future operations. Net debt represents the financial position of the Town and is the difference between financial assets and liabilities. This information explains the Town's overall future revenue requirements and its ability to finance activities and meet its obligations.

- (ii) 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 generally extending beyond the current year, and are not intended for sale in the ordinary course of operations.

THE CORPORATION OF THE TOWN OF AMHERSTBURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

1. Significant accounting policies (continued):

(c) Basis of accounting (continued):

(ii) Non-financial assets (continued):

(a) 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 is amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful Life
Land	not amortized
Land improvements	5 – 20 years
Buildings and improvements	20 – 40 years
Information technology	5 – 10 years
Vehicles	3 – 15 years
Machinery and equipment	10 – 30 years
Water infrastructure:	
Water mains	100 years
Water valves and hydrants	75 – 100 years
Water treatment plant	15 – 50 years
Water meters	20 years
Wastewater infrastructure:	
Sewer mains	50 years
Sanitary and storm pump stations	20 – 50 years
Wastewater Treatment Plant	20 – 50 years
Sanitary sewage lagoons	30 years
Transportation infrastructure:	
Roads and bridges	5 – 40 years

One half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

The Town has a capitalization threshold of \$5,000 - \$10,000 depending on the asset, so that individual TCAs of lesser value are expensed, unless they are land, construction in progress, or pooled because, collectively, they have significant value, or for operational reasons. Examples of pools are desktop computers and computer laptops.

THE CORPORATION OF THE TOWN OF AMHERSTBURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

1. Significant accounting policies (continued):

(c) Basis of accounting (continued):

(ii) Non-financial assets (continued):

(b) Contribution of tangible capital assets:

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

(c) Leases:

Leases are classified as capital or operating leases. Leases which transfer substantially the entire 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.

(iii) Deferred revenue:

Revenue restricted by legislation, regulation or agreement and not available for general municipal purposes is reported as deferred revenue on the consolidated statement of financial position. The revenue is reported on the consolidated statement of financial activities in the year in which it is used for the specific purpose.

(iv) Employee future benefits and other employee benefit plans:

The Town accounts for its participation in the Ontario Municipal Employees Retirement System ("OMERS"), a multi-employer public sector pension fund, as a defined contribution plan. The OMERS plan specifies the retirement benefits to be received by employees based on length of service and pay rates.

THE CORPORATION OF THE TOWN OF AMHERSTBURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

1. Significant accounting policies (continued):

(c) Basis of accounting (continued):

(iv) Employee future benefits and other employee benefit plans (continued):

Employee benefits include vacation entitlement, sick leave benefits and certain post-employment benefits. Vacation entitlements are accrued as entitlements are earned. Sick leave benefits and other post-employment benefits that accumulate over the period of service provided by the employees are subject to actuarial valuations and are accrued in accordance with the projected benefit method, prorated on service and management's best estimate of salary escalation and retirement ages of employees, inflation rates, investment returns, health care cost trends and discount rates. Actuarial gains and losses are amortized on a straight-line basis over the expected average remaining service life of the employee group.

(v) Use of estimates:

The preparation of consolidated financial statements in accordance with Canadian public sector accounting standards requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include the valuation of taxes and other accounts receivable, the carrying value of tangible capital assets, accruals and employee benefits payable. Actual results could differ from management's best estimates as additional information becomes available in the future.

THE CORPORATION OF THE TOWN OF AMHERSTBURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

1. Significant accounting policies (continued):

(c) Basis of accounting (continued):

(vi) Taxation and related revenues:

Property tax billings are prepared by the Town based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established annually by Town Council, incorporating amounts to be raised for local services and amounts the Town is required to collect on behalf of the Province of Ontario in respect to education taxes. A normal part of the assessment process is the issuance of supplementary assessment rolls, which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the Town revenues are recorded at the time tax billings are issued. Assessment and the related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded based upon management's estimate of the outcome taking into consideration historical trends. The Town is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied. Tax revenue is recorded net of reductions, taxes receivable are reported net of an expense for allowance for doubtful accounts.

(vii) Revenue recognition:

- a) Tax levies are recognized as revenue when amounts are levied on the municipality's ratepayers.
- b) Fines and donations are recognized when collected.
- c) Other revenues are recorded upon sale of goods or provision of service when collection is reasonably assured.
- d) Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, and stipulations have been met and reasonable estimates of the amounts can be made.

THE CORPORATION OF THE TOWN OF AMHERSTBURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

1. Significant accounting policies (continued):

(c) Basis of accounting (continued):

(viii) Liability for Contaminated Sites:

The Municipality recognizes a liability associated with the remediation of contaminated sites when a contamination exceeds an environmental standard, the Municipality has direct or has accepted responsibility for the remediation and a reasonable estimate can be made for the costs to remediate.

(vix) Future accounting changes:

Effective for fiscal periods beginning on or after April 1, 2021, all governments will be required to adopt PSAB Section 3450, Financial Instruments and Section 2601, Foreign Currency Translation. Section 3450, provides guidance on how to account for financial instruments including derivatives. Section 2601, provides guidance on how to account for and report transactions that are denominated in foreign currency in government financial statements.

Effective for fiscal periods beginning on or after April 1, 2022, all governments will be required to adopt PSAB Section 3280, Asset Retirement Obligations. The new standard addresses the recognition, measurement, presentation and disclosure of legal obligations associated with retirement of tangible capital assets in productive use.

The Town is currently in the process of evaluating the potential impact of adopting these standards.

THE CORPORATION OF THE TOWN OF AMHERSTBURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

2. Operation of School Boards and County of Essex:

The taxation, other revenues and, expenditures of the school boards and the County of Essex are comprised of the following:

	2020	2019
Taxation and user charges		
School Boards	\$ 5,771,373	\$ 5,905,362
County	12,270,777	11,707,840
	<u>\$ 18,042,150</u>	<u>\$ 17,613,202</u>

3. Investment in government business enterprise:

(a) Long-term investments – Essex Power Corporation:

The Town has an investment in Essex Power Corporation (“Essex Power”).

The investment is comprised of the following:

	2020	2019
2,678,179 Class A voting common shares	\$ 2,678,179	\$ 2,678,179
254,346 Special Shares, Class A non-voting	254,346	254,346
Share of accumulated earnings	2,804,905	2,846,821
	<u>\$ 5,737,430</u>	<u>\$ 5,579,346</u>

The Town of Amherstburg is a 14.258% shareholder in Essex Power.

THE CORPORATION OF THE TOWN OF AMHERSTBURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

3. Investment in government business enterprise (continued):

(a) Long-term investments – Essex Power Corporation (continued):

Supplementary information:

The following table provides condensed supplementary information for Essex Power as at December 31:

	(in thousands of dollars)	
	2020	2019
Cash and cash equivalents	\$ 4,765	\$ 3,979
Accounts receivable	8,447	8,645
Unbilled revenue	6,270	5,802
Other current assets	1,579	1,876
Property, plant and equipment	73,472	69,789
Intangible assets	5,423	5,462
Right-of-use assets	2,026	2,435
Goodwill	1,623	1,623
Deferred assets	61	406
Note receivable	2,422	1,665
Deferred tax assets	872	953
Regulatory balances	15,181	13,421
Total assets and regulatory balances	\$ 122,141	\$ 116,056
Current liabilities	\$ 23,560	\$ 31,175
Long-term liabilities	36,628	25,397
Post-employment benefits	3,327	2,915
Deferred tax liabilities	5,289	5,602
Other non-current liabilities	7,600	7,369
Total liabilities	\$ 76,404	\$ 72,458
Share capital	\$ 19,667	\$ 19,667
Retained earnings	17,764	16,931
Net assets attributable to external Limited Partners	2,322	1,599
Accumulated other comprehensive income	1,617	1,370
Total equity	\$ 41,370	\$ 39,567
Regulatory balances	\$ 4,367	\$ 4,031
Total liabilities, equity and regulatory balances	\$ 122,141	\$ 116,056
Total revenues	\$ 102,543	\$ 88,898
Total expenses	(99,771)	(88,934)
Finance costs	(1,212)	(1,155)
Income tax expense	(239)	(1,476)
Net movement in regulatory balances, net of tax	1,424	5,182
Other comprehensive income (loss)	247	(36)
Total comprehensive income for the year	\$ 2,992	\$ 2,479

THE CORPORATION OF THE TOWN OF AMHERSTBURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

4. Tangible capital assets:

(a) Contributed tangible capital assets:

The Town records all tangible capital assets contributed by an external party at fair value on the earlier of the date received or of the transfer of risk and responsibility. Typical examples are roadways and, water and sewer lines installed by a developer as part of a subdivision agreement. The total value of transfers in 2020 were \$1,667,319 (2019 - \$1,975,512).

(b) Tangible capital assets recognized at nominal value:

Where an estimate of fair value could not be made, the tangible capital asset is recognized at a nominal value.

(c) Capitalization of interest:

The Town has a policy of capitalizing borrowing costs incurred when financing the acquisition of a tangible capital asset, for those interest costs incurred up to the date the asset goes into use. Total interest capitalized in 2020 was \$64,274 (2019 - \$86,397).

THE CORPORATION OF THE TOWN OF AMHERSTBURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

5. Municipal debt:

- (a) Total long-term debt incurred by the Town and those incurred on behalf of municipal enterprises and benefiting landowners and outstanding at the end of the year amount to:

	2020	2019
Total long-term liabilities incurred by the Town and those incurred on behalf of municipal enterprises and benefiting landowners and outstanding at the end of the year amount to:	\$ 32,633,161	\$ 34,925,253
Amount to be recovered from benefiting landowners and user rates.	23,808,694	24,617,536
	<u>\$ 8,824,467</u>	<u>\$ 10,307,717</u>

- (b) Of the long-term debt reported in (a), the interest rates range from 0% to 7.99%.

- (c) Of the long-term debt reported in (a), the following are the years of repayment:

2021	\$ 2,379,017
2022	2,269,894
2023	2,058,566
2024	2,058,566
2025 and thereafter	23,867,118
	<u>\$ 32,633,161</u>

- (d) The long-term liabilities in (a) issued in the name of the Town have received approval of the Ontario Municipal Board (or approval by private legislation) for those approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs.

Total charges for the year for net long-term debt are as follows:

	2020	2019
Principal payments	\$ 2,292,092	\$ 2,595,526
Interest	1,316,539	1,404,897
	<u>\$ 3,608,631</u>	<u>\$ 4,000,423</u>

THE CORPORATION OF THE TOWN OF AMHERSTBURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

6. Employee future benefits obligations:

The Town pays certain benefits on behalf of its retired employees. The most recent actuarial valuation was prepared as at December 31, 2019 and has been projected to December 31, 2020. Information about the Town's defined benefit plans is as follows:

	2020	2019
Accrued benefit liability, January 1	\$ 17,621,700	\$ 17,359,200
Expense for the year:		
Current service cost	306,500	284,000
Interest	518,000	571,100
Amortization of actuarial gains (losses)	170,600	(25,600)
Benefits paid	(601,200)	(567,000)
Accrued benefit liability, December 31	18,015,600	17,621,700
Unamortized actuarial losses (gains)	(741,000)	1,208,200
Accrued benefit obligation, December 31	\$ 17,274,600	\$ 18,829,900

The main actuarial assumptions employed for the valuations are as follows:

	2020	2019
Discount rate	2.55%	2.75%
Dental	4.00%	4.00%
Health care:		
initial	4.00%	5.10%
ultimate reached in 2037	3.90%	3.80%

OMERS:

The Town belongs to the Ontario Municipal Employee Retirement Fund (OMERS) which is a multi-employer plan on behalf of 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.

The Town contributed \$777,797 (2019 - \$736,080) during the year and this amount is included in the Consolidated Statement of Financial Activities. No pension liability for this type of plan is included in the Town's Consolidated Statement of Financial Position.

THE CORPORATION OF THE TOWN OF AMHERSTBURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

7. **Segmented Information:**

The Town provides a wide range of services to its citizens. On Schedule 5, consolidated revenues and expenses have been presented on a segmented basis. Municipal services have been segmented by grouping activities with similar service objectives. Revenue directly related to each service has been allocated to its respective segment. Municipal taxation revenue has been allocated based on the percentage of total budgeted expenditures. The segments are defined as follows;

General Government

General government consists of governance, corporate management and program support. It includes the offices of Council, Chief Administrative Officer, Information Technology, Financial and Clerk Services.

Protection to Persons and Property

Protection to persons and property includes fire and police services.

Transportation

Transportation services refer to the operations of the Public Works Department which is responsible for road maintenance, winter control and street lighting.

Environmental

Environmental services include the distribution and treatment of water, the collection and treatment of waste water and storm water, and the collection and disposal of garbage.

Recreation & Culture

Recreation & culture services refer to the operations of municipally owned recreational facilities, parks, arena and community centres. It also includes the delivery of recreational and cultural programming.

Planning & Development

Planning & development includes planning, building, by-law enforcement and animal control.

THE CORPORATION OF THE TOWN OF AMHERSTBURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

8. Expenses by object:

Total operating expenditures on the consolidated statement of financial activities are as follows:

	2020	2019
Salaries and employee benefits	\$ 11,995,204	\$ 12,741,590
Materials, goods services and utilities	8,747,057	9,579,370
Contracted services	7,870,387	9,194,171
Interest on long-term debt	1,316,539	1,322,347
Rent and financial expenses	13,994	14,243
External transfers	30,400	36,277
Amortization	10,138,674	9,976,032
	<u>\$ 40,112,255</u>	<u>\$ 42,864,030</u>

9. Bank indebtedness:

Demand Operating Line:

The Town has a demand operating line of credit with its banker WFCU. Credit is available to a maximum of \$7,000,000 and bears interest at prime less 0.875%. All amounts under this facility are repayable immediately on demand by WFCU, and this facility may be terminated in whole or in part by WFCU at any time. The balance at year end is \$nil (2019 - \$732,598).

The line is offered on an unsecured basis.

Drainage Line of Credit:

The Town has a drainage line of credit with WFCU to a maximum of \$2,000,000 and bears interest at prime less 0.875%. The balance at year end is \$937,703 (2019 - \$866,179).

Demand Loan:

The Town has a demand loan to a maximum of \$1,393,662 and bears interest at prime less 0.5%. The balance at year end is \$nil (2019 - \$8,903).

THE CORPORATION OF THE TOWN OF AMHERSTBURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

9. Bank indebtedness (continued):

Demand Loan – Edgewater Project:

The Town has a demand loan to a maximum of \$5,166,000 to be repaid from project funding and bears interest at prime less 0.5%. The balance at year end is \$nil (2019 - \$3,120,701).

10. Contractual obligation - Ontario Clean Water Agency:

In accordance with a service agreement entered into by the Town with the Ontario Clean Water Agency (the “Agency”), the primary sewage system is operated by the Agency. The Town is obligated to meet all operating costs and repay the long term liabilities related to these projects.

11. Commitments:

The Town has the following commitment as at December 31, 2020:

	Total contract	Earned to December 31, 2020	Future commitment
Waste Water Treatment Plant	\$ 30,986,740	\$ 30,986,740	\$ nil

Effective January 1, 2019, the Corporation contracted out its Police Services to the Corporation of the City of Windsor, for a five year term, renewal every five years. Fees for contracted services for the five year period are as follows:

	Operating Costs	Capital Costs	Total commitment
2021	\$ 4,912,445	\$ 206,136	\$ 5,118,581
2022	5,047,950	206,136	5,254,086
2023	5,144,321	206,136	5,350,457

THE CORPORATION OF THE TOWN OF AMHERSTBURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

12. Contingent liabilities:

From time to time, the Town is subject to claims and other lawsuits that arise in the ordinary course of business, some of which may seek damages in substantial amounts. Liability for any claims and lawsuits are recorded to the extent that the probability of a loss is likely and it is estimable.

13. Impact of COVID-19:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has a significant financial, market and social dislocating impact. At the time of approval of these financial statements, the Town has experienced the following indicators of financial implications and undertaken the following activities in relation to the COVID-19 pandemic:

- The closure of a number of indoor and outdoor facilities to the general public.
- Revisions to the delivery of a number of municipal services in order to contribute towards physical distancing.
- Enhanced protocols implemented in line with Public Health guidelines.
- Put in place measures to limit and control access to the premises by staff and the general public; and
- In certain instances, the Town has reduced penalty and interest charges.

The federal and provincial governments have implemented various government programs to respond to the negative economic impacts of COVID-19.

During 2020, the Town received \$568,400 in Phase 1 funding under the federal-provincial Safe Restart Agreement to support municipal operating pressures as a result of COVID-19. The balance of this funding that was used to offset expenses in 2020 is included in the consolidated statement of financial activities. Additionally, the Town received \$405,000 in Phase 2 funding to support additional municipal operating pressures for 2021. The balance of this funding is included in deferred revenue on the consolidated statement of financial position.

The continued development and impact of COVID-19 on the Town and the overall economy are highly uncertain and cannot be determined at this time. Management is actively monitoring the situation.

THE CORPORATION OF THE TOWN OF AMHERSTBURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

14. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year including taxation revenue, general government expenses, transportation services and environmental services. The reclassifications did not impact the annual surplus.

THE CORPORATION OF THE TOWN OF AMHERSTBURG

Consolidated Schedule of Tangible Capital Assets

Schedule 1

Year ended December 31, 2020

	General							Infrastructure				Totals	
	Land	Land improvements	Buildings and improvements	Information Technology	Vehicles	Machinery and Equipment	Water	Wastewater	Storm Sewers	Transportation	Construction in progress	2020	2019
Cost:													
Balance, beginning of year	\$ 7,172,422	8,076,331	33,640,791	1,178,808	5,208,740	2,766,640	111,171,772	103,392,668	54,260,569	116,811,059	2,198,560	\$ 445,878,360	\$ 431,233,012
Add: Additions during the year	-	340,807	1,491,160	37,819	462,014	373,251	1,288,079	766,961	290,025	5,175,928	3,182,153	13,408,197	18,783,377
Less: Disposals during the year	32,794	-	-	-	49,462	127,648	-	-	-	-	2,198,560	2,408,464	4,138,029
Balance, end of year	7,139,628	8,417,138	35,131,951	1,216,627	5,621,292	3,012,243	112,459,851	104,159,629	54,550,594	121,986,987	3,182,153	456,878,093	445,878,360
Accumulated amortization:													
Balance, beginning of year	-	4,489,567	12,690,896	729,143	3,362,147	1,498,151	33,429,676	24,698,746	30,001,435	81,347,325	-	192,247,086	182,662,399
Add: amortization during the year	-	340,597	1,550,190	181,697	394,666	176,078	1,311,032	1,870,660	1,041,492	3,272,261	-	10,138,673	9,976,032
Less: accumulated amortization on disposals	-	-	-	-	49,462	100,147	-	-	-	-	-	149,609	391,345
Balance, end of year	-	4,830,164	14,241,086	910,840	3,707,351	1,574,082	34,740,708	26,569,406	31,042,927	84,619,586	-	202,236,150	192,247,086
Tangible capital assets	\$ 7,139,628	\$ 3,586,974	20,890,865	\$ 305,787	\$ 1,913,941	\$ 1,438,161	\$ 77,719,143	\$ 77,590,223	\$ 23,507,667	\$ 37,367,401	\$ 3,182,153	\$ 254,641,943	\$ 253,631,274

	General government	Protection to persons and property	Transportation services	Environmental services	Recreation and culture	Planning and development	Total 2020
Cost:							
Balance, beginning of year	\$ 7,428,788	8,238,058	121,915,110	269,782,751	38,420,962	92,691	\$ 445,878,360
Add: Additions during the year	3,476,269	140,046	6,523,028	2,602,936	656,103	9,815	13,408,197
Less: Disposals during the year	1,324,529	50,000	475,003	241,880	317,052	-	2,408,464
Balance, end of year	9,580,528	8,328,104	127,963,135	272,143,807	38,760,013	102,506	456,878,093
Accumulated amortization:							
Balance, beginning of year	947,189	4,610,420	84,191,215	88,626,440	13,803,368	68,454	192,247,086
Add: amortization during the year	268,988	384,802	3,559,263	4,268,583	1,649,696	7,341	10,138,673
Less: accumulated amortization on disposals	-	22,500	101,438	25,671	-	-	149,609
Balance, end of year	1,216,177	4,972,722	87,649,040	92,869,352	15,453,064	75,795	202,236,150
Net book value of tangible capital assets	\$ 8,364,351	\$ 3,355,382	\$ 40,314,095	\$ 179,274,455	\$ 23,306,949	\$ 26,711	\$ 254,641,943

THE CORPORATION OF THE TOWN OF AMHERSTBURG

Consolidated Schedule of Deferred Revenue

Schedule 2

Year ended December 31, 2020

	Balance December 31, 2019	Interest earned	Contributions received	Revenue earned- capital	Balance December 31, 2020
Development charges	\$ 8,331,702	\$ 180,428	\$ 3,000,981	\$ (844,467)	\$ 10,668,644
Federal gas tax	1,346,599	26,833	1,064,729	(591,307)	1,846,854
Grants	1,311,800	30,051	2,426,479	(2,653,366)	1,114,964
Other	745,930	-	8,566	(745,930)	8,566
	<u>\$ 11,736,031</u>	<u>\$ 237,312</u>	<u>\$ 6,500,755</u>	<u>\$ (4,835,070)</u>	<u>\$ 13,639,028</u>

THE CORPORATION OF THE TOWN OF AMHERSTBURG

Consolidated Schedule of Reserves and Reserve Funds

Schedule 3

Year ended December 31, 2020, with comparative information for 2019

	Balance December 31, 2019	Interest earned	Transfer from (to) operations	Transfer from (to) capital	Transfer from Accum Surplus	Balance December 31, 2020
Reserve funds:						
General	\$ 2,466,764	\$ 44,797	\$ 3,725,838	(1,559,616)	\$ -	\$ 4,677,783
Parkland	282,425	4,373	-	-	11,507	298,305
Post-retirement benefits	-	-	-	-	570,063	570,063
Renta Memorial Park	-	-	-	-	173,940	173,940
Tree Planting	2,500	37	-	-	-	2,537
Watermain	454,836	8,130	-	-	-	462,966
	<u>3,206,525</u>	<u>57,337</u>	<u>3,725,838</u>	<u>(1,559,616)</u>	<u>755,510</u>	<u>6,185,594</u>
General rated reserves:						
AODA Compliance	98,706	2,213	50,000	-	-	150,919
Building service capital	100,000	1,342	(9,815)	-	-	91,527
Building service operations	(789,011)	(3,301)	403,895	-	-	(388,417)
Co-An park capital	-	212	9,288	-	4,946	14,446
Contingency	122,300	3,584	118,600	-	-	244,484
Community Improvement Plan	180,623	4,175	100,000	-	-	284,798
Developer deposits reserve	-	253	17,000	-	-	17,253
Economic Development	-	-	-	-	-	-
Elections	61,105	1,409	33,600	-	-	96,114
Employee related	-	1,488	100,000	-	-	101,488
Events	32,345	481	(1,149)	-	-	31,677
Fire	145,420	3,107	74,815	(11,402)	-	211,940
Fleet	160,993	2,635	218,536	(202,450)	-	179,714
Information technology	324,190	6,237	157,653	(28,004)	-	460,076
Insurance	381,264	6,535	74,079	-	-	461,878
Libro	(4,309)	250	21,133	-	-	17,074
Litigation	75,000	1,488	25,000	-	-	101,488
Municipal Drain	231,383	4,990	104,000	-	-	340,373
Parks	1,273,895	9,575	94,150	(679,289)	-	698,331
Plans & Studies	344,111	5,381	17,572	-	-	367,064
Police	344,779	6,618	100,000	-	-	451,397
Risk Management	50,000	744	-	-	-	50,744
Street Lights	12,000	312	12,000	(3,031)	-	21,281
Tax stabilization	209,768	4,609	100,000	-	-	314,377
Winter control	-	1,190	80,000	-	-	81,190
Working capital	889,806	14,495	163,224	-	-	1,067,525
	<u>4,244,368</u>	<u>80,022</u>	<u>2,063,581</u>	<u>(924,176)</u>	<u>4,946</u>	<u>5,468,741</u>
Water and wastewater reserves:						
Wastewater capital	3,094,902	57,204	1,915,708	(522,358)	(514,458)	4,030,998
Water capital	2,774,751	45,148	961,306	(204,251)	4,196	3,581,150
	<u>5,869,653</u>	<u>102,352</u>	<u>2,877,014</u>	<u>(726,609)</u>	<u>(510,262)</u>	<u>7,612,148</u>
Donation reserves:						
Donations	7,900	-	40,750	(16,075)	-	32,575
Brick fund	15,006	511	-	-	-	15,517
	<u>22,906</u>	<u>511</u>	<u>40,750</u>	<u>(16,075)</u>	<u>-</u>	<u>48,092</u>
	<u>10,136,927</u>	<u>182,885</u>	<u>4,981,345</u>	<u>(1,666,860)</u>	<u>(505,316)</u>	<u>13,128,981</u>
	<u>\$ 13,343,452</u>	<u>\$ 240,222</u>	<u>\$ 8,707,183</u>	<u>\$ (3,226,476)</u>	<u>\$ 250,194</u>	<u>\$ 19,314,575</u>

THE CORPORATION OF THE TOWN OF AMHERSTBURG

Consolidated Schedule of Accumulated Surplus

Schedule 4

December 31, 2020, with comparative information for 2019

	2020	2019
Reserve and reserve funds:		
Reserve funds (Schedule 3)	\$ 6,185,594	\$ 2,921,600
Reserves (Schedule 3)	13,128,981	10,421,852
	<u>19,314,575</u>	<u>13,343,452</u>
Surpluses:		
Tangible capital assets	254,641,943	253,631,274
General revenue fund surplus	7,173,908	593,061
Marina deficit	-	(50,725)
Co-An surplus	-	4,946
Unfunded:		
Employee future benefit obligations	(18,015,600)	(17,621,700)
Long-term debt	(32,633,161)	(34,925,253)
	<u>211,167,090</u>	<u>201,631,603</u>
<u>Accumulated surplus</u>	<u>\$ 230,481,665</u>	<u>\$ 214,975,055</u>

THE CORPORATION OF THE TOWN OF AMHERSTBURG

Consolidated Schedule of Segment Disclosures

Schedule 5

Year ended December 31, 2020

	General Government	Protection to persons and property	Transportation services	Environmental services	Recreation and cultural services	Planning and development	Consolidated
Revenues:							
Taxation	\$ 25,579,118	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,579,118
User charges	445,460	132,001	77,133	15,182,093	360,947	92,179	16,289,813
Government transfers	5,449,602	35,272	-	3,709,230	294,643	-	9,488,747
Other	1,339,032	38,748	1,686,843	-	131,126	1,065,438	4,261,187
	<u>32,813,212</u>	<u>206,021</u>	<u>1,763,976</u>	<u>18,891,323</u>	<u>786,716</u>	<u>1,157,617</u>	<u>55,618,865</u>
Expenditures:							
Salaries, wages and employee benefits	3,627,616	1,778,421	1,641,666	1,137,593	2,426,057	1,383,851	11,995,204
Materials, goods, services, utilities	1,068,245	614,256	1,784,394	4,072,001	1,204,732	3,429	8,747,057
Contracted services	187,645	5,198,893	26,048	2,377,952	-	79,849	7,870,387
Interest on long-term debt	-	1,322	149,661	933,813	231,743	-	1,316,539
Rents and financial expenses	13,994	-	-	-	-	-	13,994
External transfers	30,400	-	-	-	-	-	30,400
Amortization	268,988	384,802	3,559,264	4,268,583	1,649,696	7,341	10,138,674
	<u>5,196,888</u>	<u>7,977,694</u>	<u>7,161,033</u>	<u>12,789,942</u>	<u>5,512,228</u>	<u>1,474,470</u>	<u>40,112,255</u>
	<u>\$ 27,616,324</u>	<u>\$ (7,771,673)</u>	<u>\$ (5,397,057)</u>	<u>\$ 6,101,381</u>	<u>\$ (4,725,512)</u>	<u>\$ (316,853)</u>	<u>\$ 15,506,610</u>