

Consolidated Financial Statements of

**THE CORPORATION OF THE
TOWN OF AMHERSTBURG**

Year ended December 31, 2022

THE CORPORATION OF THE TOWN OF AMHERSTBURG

Consolidated Financial Statements

Year ended December 31, 2022

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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 AUDITOR'S 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, 2022
- 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, 2022, 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 “***Auditor’s Responsibilities for the Audit of the Financial Statements***” section of our auditor’s 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.

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 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 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 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

August 14, 2023

THE CORPORATION OF THE TOWN OF AMHERSTBURG

Consolidated Statement of Financial Position

December 31, 2022, with comparative information for 2021

	2022	2021
Financial assets		
Cash	\$ 61,175,825	\$ 48,917,156
Taxes receivable	1,245,709	1,369,981
Trade and other receivables	3,990,255	3,629,880
Drainage receivables	1,892,867	1,389,450
Investment in government business enterprise (note 3)	6,136,591	6,053,229
	<u>\$ 74,441,247</u>	<u>\$ 61,359,696</u>
Financial liabilities		
Bank indebtedness (note 9)	\$ 940,782	\$ 937,703
Accounts payable and accrued liabilities	8,495,485	8,368,830
Accrued interest on long-term debt	555,587	602,919
Municipal debt (note 5)	27,984,249	30,254,143
Employee future benefit obligations (note 6)	18,323,300	18,195,600
Deferred revenue (Schedule 2)	22,787,236	17,132,150
	<u>79,086,639</u>	<u>75,491,345</u>
Net debt	(4,645,392)	(14,131,649)
Non-financial assets		
Tangible capital assets (Schedule 1)	261,026,195	259,662,878
Prepaid expenses	200,084	233,045
	<u>261,226,279</u>	<u>259,895,923</u>
Commitments and contingencies (notes 10, 11 and 12)		
Accumulated surplus (Schedule 4)	<u>\$ 256,580,887</u>	<u>\$ 245,764,274</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, 2022, with comparative information for 2021

	Budget	2022	2021
Revenue:			
Taxation/User Charges	\$ 30,499,752	\$ 30,412,440	\$ 28,498,282
Water charges	5,903,137	6,353,664	5,784,473
Wastewater charges	7,345,399	7,601,934	7,109,360
Government transfers	6,308,679	5,669,301	5,313,704
Other	1,466,350	3,627,462	11,385,470
Interest	360,000	1,571,327	737,099
Income from government business enterprise	248,000	436,499	581,665
Gain on disposal of tangible capital assets	-	860,942	1,160,051
	<u>52,131,317</u>	<u>56,533,569</u>	<u>60,570,104</u>
Expenses:			
General government	10,159,634	8,767,487	7,461,057
Protection to persons and property	5,814,857	8,454,603	7,983,669
Transportation services	9,027,170	6,105,302	7,606,628
Environmental services	16,882,177	13,974,801	13,411,111
Recreation and cultural services	6,638,261	6,351,246	5,525,204
Planning and development	2,038,270	2,063,517	1,814,379
	<u>50,560,369</u>	<u>45,716,956</u>	<u>43,802,048</u>
Annual surplus	1,570,948	10,816,613	16,768,056
Accumulated surplus, beginning of year	245,764,274	245,764,274	228,996,218
Accumulated surplus, end of year	<u>\$ 247,335,222</u>	<u>\$ 256,580,887</u>	<u>\$ 245,764,274</u>

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, 2022, with comparative information for 2021

	2022		2021
	Actual		Actual
Annual surplus	\$ 10,816,613	\$	16,768,056
Amortization of tangible capital assets	10,242,127		10,209,041
Acquisition of tangible capital assets	(11,627,966)		(17,113,832)
Gain on sale of tangible capital assets	(860,942)		(1,160,051)
Proceeds on sale of tangible capital assets	883,464		1,558,460
Use of (acquisition) of prepaid expense	32,961		(74,310)
Change in net debt	9,486,257		10,187,364
Net debt, beginning of year	(14,131,649)		(24,319,013)
Net debt, end of year	\$ (4,645,392)	\$	(14,131,649)

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, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operations:		
Annual surplus	\$ 10,816,613	\$ 16,768,056
Items not involving cash:		
Amortization of tangible capital assets	10,242,127	10,209,041
Gain on sale of tangible capital assets	(860,942)	(1,160,051)
Increase in employee benefits payable	127,700	180,000
Income from government business enterprise	(436,499)	(581,665)
Change in non-cash operating working capital:		
Taxes receivable	124,272	47,387
Accounts receivable	(360,375)	471,303
Drain receivables	(503,417)	(536,622)
Prepaid expenses	32,961	(74,310)
Accounts payable	126,655	2,627,740
Deferred revenue	5,655,086	3,493,122
Accrued interest	(47,332)	(43,228)
Net change in cash from operations	24,916,849	31,400,773
Investing:		
Dividends received from government business enterprise	353,137	265,866
Net change in cash from investing	353,137	265,866
Capital:		
Acquisition of tangible capital assets	(11,627,966)	(17,113,832)
Proceeds on sale of tangible capital assets	883,464	1,558,460
Net change in cash from capital	(10,744,502)	(15,555,372)
Financing:		
Increase in bank indebtedness	3,079	-
Long-term debt repaid	(2,269,894)	(2,379,018)
Net change in cash from financing	(2,266,815)	(2,379,018)
Increase in cash	12,258,669	13,732,249
Cash, beginning of year	48,917,156	35,184,907
Cash, end of year	\$ 61,175,825	\$ 48,917,156

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, 2022

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, 2022

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:

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.

(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 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, 2022

1. Significant accounting policies (continued):

(d) Non-financial assets (continued):

(i) 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 laptop computers.

THE CORPORATION OF THE TOWN OF AMHERSTBURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(d) Non-financial assets (continued):

(ii) 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.

(iii) 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.

(e) 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.

(f) 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, 2022

1. Significant accounting policies (continued):

(f) 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.

(g) 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, 2022

1. Significant accounting policies (continued):

(h) 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.

(i) Revenue recognition:

- (i) Tax levies are recognized as revenue when amounts are levied on the municipality's ratepayers.
- (ii) Fines and donations are recognized when collected.
- (iii) Other revenues are recorded upon sale of goods or provision of service when collection is reasonably assured.
- (iv) 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, 2022

1. Significant accounting policies (continued):

(j) Liability for contaminated sites:

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

(k) Future accounting changes:

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, 2022

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:

	2022	2021
Taxation and user charges		
School Boards	\$ 5,592,727	\$ 5,407,768
County	13,301,663	12,701,709
	<u>\$ 18,894,390</u>	<u>\$ 18,109,477</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:

	2022	2021
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	3,204,066	3,120,704
	<u>\$ 6,136,591</u>	<u>\$ 6,053,229</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, 2022

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)	
	2022	2021
Cash and cash equivalents	\$ 2,919	\$ 4,442
Accounts receivable	8,384	7,682
Unbilled revenue	6,657	5,711
Other current assets	3,075	1,938
Property, plant and equipment	79,593	76,379
Intangible assets	5,186	5,521
Right-of-use assets	1,771	1,950
Goodwill	1,623	1,623
Deferred assets	294	130
Note receivable	2,250	2,339
Deferred tax assets	167	215
Regulatory balances	11,605	14,119
Total assets and regulatory balances	\$ 123,524	\$ 122,049
Current liabilities	\$ 23,434	\$ 21,752
Long-term debt	35,694	36,980
Post-employment benefits	2,592	3,162
Deferred tax liabilities	5,334	4,793
Other non-current liabilities	9,931	8,707
Total liabilities	\$ 76,985	\$ 75,394
Share capital	\$ 19,667	\$ 19,667
Retained earnings	20,281	19,906
Net assets attributable to external Limited Partners	1,995	2,162
Accumulated other comprehensive income	2,157	1,752
Total equity	\$ 44,100	\$ 43,487
Regulatory balances	\$ 2,439	\$ 3,168
Total liabilities, equity and regulatory balances	\$ 123,524	\$ 122,049
Total revenues	\$ 101,354	\$ 96,050
Total expenses	(94,971)	(90,773)
Finance costs	(1,132)	(1,244)
Income tax expense	(810)	(838)
Net movement in regulatory balances, net of tax	(1,785)	137
Other comprehensive income (loss)	405	135
Total comprehensive income for the year	\$ 3,061	\$ 3,467

THE CORPORATION OF THE TOWN OF AMHERSTBURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

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 2022 were \$1,607,720 (2021 - \$9,037,126).

(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 2022 was \$nil (2021 - \$nil).

THE CORPORATION OF THE TOWN OF AMHERSTBURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

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:

	2022	2021
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:	\$ 27,984,249	\$ 30,254,143
Amount to be recovered from benefiting landowners and user rates.	22,323,252	22,977,558
	<u>\$ 5,660,997</u>	<u>\$ 7,276,585</u>

- (b) Of the long-term debt reported in (a), the interest rates range from 0.0% to 7.5%.

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

2023	\$ 2,058,566
2024	2,136,551
2025	2,097,985
2026	2,178,896
2027 and thereafter	19,512,251
	<u>\$ 27,984,249</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:

	2022	2021
Principal payments	\$ 2,269,894	\$ 2,379,018
Interest	1,175,731	1,267,976
	<u>\$ 3,445,625</u>	<u>\$ 3,646,994</u>

THE CORPORATION OF THE TOWN OF AMHERSTBURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

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, 2021 and has been projected to December 31, 2022. Information about the Town's defined benefit plans is as follows:

	2022	2021
Accrued benefit liability, January 1	\$ 18,195,600	\$ 18,015,600
Expense for the year:		
Current service cost	281,600	298,100
Interest	455,600	441,300
Amortization of actuarial (gains) losses	(55,000)	(21,900)
Benefits paid	(554,500)	(537,500)
Accrued benefit liability, December 31	18,323,300	18,195,600
Unamortized actuarial gains	(4,621,000)	(1,008,400)
Accrued benefit obligation, December 31	\$ 13,702,300	\$ 17,187,200

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

	2022	2021
Discount rate	4.16%	2.65%
Dental	4.71%	4.00%
Health care:		
initial	3.90%	4.20%
ultimate reached in 2040	3.50%	3.90%

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 \$685,807 (2021 - \$766,681) 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, 2022

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, 2022

8. Expenses by object:

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

	2022	2021
Salaries and employee benefits	\$ 13,612,142	\$ 13,025,342
Materials, goods services and utilities	11,787,663	10,604,558
Contracted services	8,891,827	8,696,735
Interest on long-term debt	1,128,400	1,224,853
Rent and financial expenses	1,594	7,737
External transfers	53,203	33,782
Amortization	10,242,127	10,209,041
	<u>\$ 45,716,956</u>	<u>\$ 43,802,048</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 (2021 - \$nil).

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 \$940,782 (2021 - \$937,703).

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.

THE CORPORATION OF THE TOWN OF AMHERSTBURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

11. Commitments:

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. Remaining fees for contracted services for the current five-year term are as follows:

	Operating Costs	Capital Costs	Total commitment
2023	\$ 5,144,321	\$ 206,136	\$ 5,350,457

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.

THE CORPORATION OF THE TOWN OF AMHERSTBURG

Consolidated Schedule of Tangible Capital Assets

Schedule 1

Year ended December 31, 2022

	General											Totals	
	Land	Land improvements	Buildings and improvements	Information Technology	Vehicles	Machinery and Equipment	Water	Wastewater	Storm Sewers	Transportation	Construction in progress	2022	2021
Cost:													
Balance, beginning of year	\$ 6,970,623	\$ 8,488,541	\$ 35,143,653	\$ 1,282,985	\$ 5,543,307	\$ 4,115,777	\$ 114,250,004	\$ 106,247,277	\$ 57,957,934	\$ 124,797,567	\$ 7,116,936	\$ 471,914,604	\$ 455,392,646
Add: Additions during the year	-	2,298	15,339	155,004	459,929	67,018	548,874	998,475	738,380	5,540,878	5,927,269	14,453,464	17,113,832
Less: Disposals during the year	3,070	-	-	-	31,952	202,090	-	-	-	-	2,825,497	3,062,609	591,874
Balance, end of year	6,967,553	8,490,839	35,158,992	1,437,989	5,971,284	3,980,705	114,798,878	107,245,752	58,696,314	130,338,445	10,218,708	483,305,459	471,914,604
Accumulated amortization:													
Balance, beginning of year	-	5,191,372	15,828,412	1,061,801	4,056,731	1,685,965	36,074,695	28,450,492	32,090,219	87,812,039	-	212,251,726	202,236,150
Add: amortization during the year	-	308,798	1,587,710	98,826	442,214	323,202	1,348,448	1,897,401	1,089,621	3,145,907	-	10,242,127	10,209,041
Less: accumulated amortization on disposals	-	-	-	-	31,952	182,637	-	-	-	-	-	214,589	193,465
Balance, end of year	-	5,500,170	17,416,122	1,160,627	4,466,993	1,826,530	37,423,143	30,347,893	33,179,840	90,957,946	-	222,279,264	212,251,726
Tangible capital assets	\$ 6,967,553	\$ 2,990,669	\$ 17,742,870	\$ 277,362	\$ 1,504,291	\$ 2,154,175	\$ 77,375,735	\$ 76,897,859	\$ 25,516,474	\$ 39,380,499	\$ 10,218,708	\$ 261,026,195	\$ 259,662,878

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Recreation and Culture	Planning and Development	Total 2022
Cost:							
Balance, beginning of year	8,326,863	8,986,305	137,183,237	278,183,259	39,150,735	84,205	471,914,604
Add: Additions during the year	264,047	174,646	9,240,205	2,507,499	2,267,067	-	14,453,464
Less: Disposals during the year	23,528	129,268	2,859,900	-	49,913	-	3,062,609
Balance, end of year	8,567,382	9,031,683	143,563,542	280,690,758	41,367,889	84,205	483,305,459
Accumulated amortization:							
Balance, beginning of year	1,496,254	5,321,632	91,119,140	97,147,081	17,104,686	62,933	212,251,726
Add: amortization during the year	253,776	431,636	3,502,017	4,374,168	1,675,426	5,104	10,242,127
Less: accumulated amortization on disposals	-	122,688	59,949	-	31,952	-	214,589
Balance, end of year	1,750,030	5,630,580	94,561,208	101,521,249	18,748,160	68,037	222,279,264
Net book value of tangible capital assets	\$ 6,817,352	\$ 3,401,103	\$ 49,002,334	\$ 179,169,509	\$ 22,619,729	\$ 16,168	\$ 261,026,195

THE CORPORATION OF THE TOWN OF AMHERSTBURG

Consolidated Schedule of Deferred Revenue

Schedule 2

Year ended December 31, 2022

	Balance December 31, 2021	Interest earned	Contributions received	Revenue earned- capital	Balance December 31, 2022
Development charges	\$ 13,162,462	\$ 414,237	\$ 5,356,057	\$ (562,921)	\$ 18,369,835
Federal gas tax	2,758,467	73,695	1,133,572	(3,092,882)	872,852
Grants	1,202,655	62,818	3,447,236	(1,168,160)	3,544,549
Other	8,566	-	-	(8,566)	-
	\$ 17,132,150	\$ 550,750	\$ 9,936,865	\$ (4,832,529)	\$ 22,787,236

THE CORPORATION OF THE TOWN OF AMHERSTBURG

Consolidated Schedule of Reserves and Reserve Funds

Schedule 3

Year ended December 31, 2022, with comparative information for 2021

	Balance December 31, 2021	Interest earned	Transfer from (to) operations	Transfer to capital	Transfer from Accum Surplus	Balance December 31, 2022
Reserve funds:						
General	\$ 4,595,030	\$ 179,112	\$ 3,892,300	\$ (2,097,130)	\$ -	\$ 6,569,312
Parking Reserve Fund	-	-	18,000	-	-	18,000
Parkland	309,238	14,192	66,425	-	-	389,855
Post-retirement benefits	589,748	18,311	42,876	-	-	650,935
Renta Memorial Park	159,930	5,073	16,383	-	-	181,386
Tree Planting	13,137	459	4,400	-	-	17,996
Watermain	469,724	14,901	-	-	-	484,625
	6,136,807	232,048	4,040,384	(2,097,130)	-	8,312,109
General rated reserves:						
AODA Compliance	181,119	7,974	33,617	(88,938)	-	133,772
Building service capital	91,527	4,268	-	-	-	95,795
Building service operations	(388,417)	116	1,216,151	-	-	827,850
Co-An park capital	(2,256)	776	35,000	-	-	33,520
Contingency	363,084	15,160	104,600	(130,960)	-	351,884
Community Improvement Plan	284,798	13,213	-	-	-	298,011
Developer deposits reserve	17,253	800	-	-	-	18,053
Elections	131,464	5,597	(66,132)	-	-	70,929
Employee related	125,564	5,483	131,932	-	-	262,979
Events	11,149	809	-	(9,652)	-	2,306
Fire	213,006	9,867	217,300	(97,122)	-	343,051
Fleet	888,411	31,150	1,050,000	(271,043)	-	1,698,518
Information technology	560,667	24,583	73,000	(245,535)	-	412,715
Insurance	466,878	21,590	35,057	-	-	523,525
Libro	48,074	1,790	117,530	(43,000)	-	124,394
Litigation	101,488	4,709	25,000	-	-	131,197
Municipal Drain	340,373	15,792	505,345	-	-	861,510
New Capital	500,000	-	500,000	(341,874)	-	658,126
Parks	1,274,446	50,943	866,755	(704,070)	-	1,488,074
Plans & Studies	408,064	18,350	45,000	-	-	471,414
Police	551,397	24,161	-	-	-	575,558
Risk Management	50,744	2,354	-	-	-	53,098
Street Lights	33,281	1,374	12,000	-	-	46,655
Tax stabilization	1,309,377	46,613	475,000	-	-	1,830,990
Transit	50,000	1,609	(50,000)	-	-	1,609
Winter control	81,190	3,767	-	-	-	84,957
Working capital	1,188,508	(30,863)	(40,169)	(14,857)	-	1,102,619
	8,881,189	281,985	5,286,986	(1,947,051)	-	12,503,109
Water and wastewater reserves:						
Wastewater capital	5,264,313	173,833	2,581,178	(917,117)	-	7,102,207
Water capital	3,818,098	130,201	2,836,669	(583,297)	-	6,201,671
	9,082,411	304,034	5,417,847	(1,500,414)	-	13,303,878
Donation reserves:						
Donations	20,779	-	37,086	(3,732)	-	54,133
Brick fund	16,225	2,051	-	(1,796)	-	16,480
	37,004	2,051	37,086	(5,528)	-	70,613
	18,000,604	588,070	10,741,919	(3,452,993)	-	25,877,600
	\$ 24,137,411	\$ 820,118	\$ 14,782,303	\$ (5,550,123)	\$ -	\$ 34,189,709

THE CORPORATION OF THE TOWN OF AMHERSTBURG

Consolidated Schedule of Accumulated Surplus

Schedule 4

December 31, 2022, with comparative information for 2021

	2022	2021
Reserve and reserve funds:		
Reserve funds (Schedule 3)	\$ 8,312,109	\$ 6,636,807
Reserves (Schedule 3)	25,877,600	17,500,604
	<u>34,189,709</u>	<u>24,137,411</u>
Surpluses:		
Tangible capital assets	261,026,195	259,662,878
General revenue fund surplus	7,672,532	10,413,728
Unfunded:		
Employee future benefit obligations	(18,323,300)	(18,195,600)
Long-term debt	(27,984,249)	(30,254,143)
	<u>222,391,178</u>	<u>221,626,863</u>
Accumulated surplus	<u>\$ 256,580,887</u>	<u>\$ 245,764,274</u>

THE CORPORATION OF THE TOWN OF AMHERSTBURG

Consolidated Schedule of Segment Disclosures

Schedule 5

Year ended December 31, 2022

	General Government	Protection to persons and property	Transportation services	Environmental services	Recreation and cultural services	Planning and development	Consolidated
Revenues:							
Taxation	\$ 27,908,819	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,908,819
User charges	303,459	99,579	122,182	15,100,518	673,115	160,366	16,459,219
Government transfers	5,239,824	110,738	-	112,468	206,270	-	5,669,300
Other	3,266,072	24,682	1,661,575	-	124,150	1,419,752	6,496,231
	<u>36,718,174</u>	<u>234,999</u>	<u>1,783,757</u>	<u>15,212,986</u>	<u>1,003,535</u>	<u>1,580,118</u>	<u>56,533,569</u>
Expenditures:							
Salaries, wages and employee benefits	3,667,370	2,050,119	1,874,091	1,353,766	2,827,516	1,839,282	13,612,144
Materials, goods, services, utilities	4,264,565	498,946	535,618	4,801,507	1,622,821	64,205	11,787,662
Contracted services	526,979	5,473,170	59,530	2,669,102	8,119	154,926	8,891,826
Interest on long-term debt	-	732	134,046	776,258	217,364	-	1,128,400
Rents and financial expenses	1,594	-	-	-	-	-	1,594
External transfers	53,203	-	-	-	-	-	53,203
Amortization	253,776	431,636	3,502,017	4,374,168	1,675,426	5,104	10,242,127
	<u>8,767,487</u>	<u>8,454,603</u>	<u>6,105,302</u>	<u>13,974,801</u>	<u>6,351,246</u>	<u>2,063,517</u>	<u>45,716,956</u>
	<u>\$ 27,950,687</u>	<u>\$ (8,219,604)</u>	<u>\$ (4,321,545)</u>	<u>\$ 1,238,185</u>	<u>\$ (5,347,711)</u>	<u>\$ (483,399)</u>	<u>\$ 10,816,613</u>