

**THE CORPORATION OF THE MUNICIPALITY  
OF CENTRAL ELGIN  
Consolidated Financial Statements  
December 31, 2018**

**THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN**  
**Consolidated Financial Statements**  
**For the Year Ended December 31, 2018**

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## **INDEPENDENT AUDITORS' REPORT**

To the Members of Council, Inhabitants and Ratepayers of: **The Corporation of the Municipality of Central Elgin**

### **Opinion**

We have audited the consolidated financial statements of **The Corporation of the Municipality of Central Elgin**, which comprise the statement of financial position as at December 31, 2018, and the statement of earnings, statement of changes in net assets and statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the Municipality's consolidated financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for public sector entities.

### **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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

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

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

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

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



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**INDEPENDENT AUDITORS' REPORT (CONTINUED)**

**Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality'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 Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality 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.

St. Thomas, Ontario

July 22, 2019

*Graham Scott Enns LLP*  
CHARTERED PROFESSIONAL ACCOUNTANTS  
Licensed Public Accountants

# THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN

## Consolidated Statement of Financial Position December 31, 2018

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	2018	2017
	<u>\$</u>	<u>\$</u>
<b>ASSETS</b>		
<b>Financial Assets</b>		
Cash	7,254,210	8,193,136
Loan receivable (Note 3)	1,077,000	1,077,000
Taxes receivable (Note 4)	2,491,850	2,625,371
Accounts receivable (Note 5)	1,890,606	4,063,902
Investments (Note 2)	5,764,715	5,769,319
Investment in EARTH Corporation (Note 7)	<u>1,538,267</u>	<u>1,533,943</u>
<b>Total financial assets</b>	<u><b>20,016,648</b></u>	<u><b>23,262,671</b></u>
<b>LIABILITIES</b>		
Deferred revenue - obligatory reserve funds (Note 8)	4,749,249	7,947,891
Accounts payable and accrued liabilities	3,717,419	6,576,887
Net long-term liabilities (Note 11)	<u>37,948,489</u>	<u>40,586,504</u>
<b>Total financial liabilities</b>	<u><b>46,415,157</b></u>	<u><b>55,111,282</b></u>
<b>NET FINANCIAL DEBT</b>	<u><b>(26,398,509)</b></u>	<u><b>(31,848,611)</b></u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 12)	156,965,886	155,203,433
Inventories	317,806	315,513
Prepaid expenses	<u>83,700</u>	<u>100,477</u>
<b>Total non-financial assets</b>	<u><b>157,367,392</b></u>	<u><b>155,619,423</b></u>
<b>ACCUMULATED SURPLUS (NOTE 13)</b>	<u><b>130,968,883</b></u>	<u><b>123,770,812</b></u>

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

# THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN

## Consolidated Statement of Operations and Accumulated Surplus For the Year Ended December 31, 2018

	Budget (Note 16) <u>\$</u>	Actual 2018 <u>\$</u>	Actual 2017 <u>\$</u>
<b>REVENUES</b>			
Property taxation	12,830,528	<b>13,074,910</b>	12,499,647
Taxation from other governments	309,067	<b>299,419</b>	324,941
User charges	5,021,005	<b>5,056,949</b>	5,011,447
Funding transfer- Federal	387,428	<b>370,107</b>	652,606
- Provincial	1,212,475	<b>2,622,946</b>	1,642,223
- Other Municipalities	965,066	<b>958,169</b>	1,064,179
Contribution - benefiting land owners & developers	976,689	<b>1,445,344</b>	849,142
Harbour agreement funding	300,000	<b>2,885,483</b>	805,190
Investment income	212,497	<b>295,261</b>	224,357
Penalties and interest	349,148	<b>351,081</b>	359,101
Other	886,236	<b>1,399,062</b>	1,410,692
ERTH Corporation equity income (Note 7)	-	<b>135,755</b>	88,964
	<u>23,450,139</u>	<u><b>28,894,486</b></u>	<u>24,932,489</u>
<b>EXPENSES</b>			
General government	1,949,985	<b>1,831,051</b>	1,860,729
Protection to persons and property	4,520,524	<b>4,580,822</b>	4,329,573
Transportation services	6,655,483	<b>6,481,984</b>	5,853,846
Environmental services	5,816,855	<b>5,593,454</b>	5,121,114
Health services	72,217	<b>71,907</b>	95,067
Social housing	188,821	<b>188,821</b>	177,873
Recreation and cultural services	2,437,147	<b>2,399,154</b>	2,360,354
Planning and development	323,599	<b>793,576</b>	578,873
Loss (gain) on disposal of tangible capital assets	-	<b>(244,354)</b>	(32,724)
	<u>21,964,631</u>	<u><b>21,696,415</b></u>	<u>20,344,705</u>
<b>ANNUAL SURPLUS</b>	<u>1,485,508</u>	<u><b>7,198,071</b></u>	<u>4,587,784</u>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>123,770,812</u>	<u><b>123,770,812</b></u>	<u>119,183,028</u>
<b>ACCUMULATED SURPLUS, END OF YEAR (NOTE 13)</b>	<u>125,256,320</u>	<u><b>130,968,883</b></u>	<u>123,770,812</u>

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

**THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN**

**Consolidated Statement of Change in Net Financial Debt  
For the Year Ended December 31, 2018**

	Budget (Note 16) \$	Actual 2018 \$	Actual 2017 \$
<b>ANNUAL SURPLUS</b>	1,485,508	<b>7,198,071</b>	4,587,784
Acquisition of tangible capital assets	(5,993,649)	<b>(6,043,110)</b>	(24,411,031)
Amortization of tangible capital assets	4,257,350	<b>4,257,350</b>	4,042,737
Proceeds on disposal of tangible capital assets	-	<b>267,662</b>	32,815
Change in inventories and prepaid expenses	-	<b>14,483</b>	276,134
Loss (gain) on disposal of tangible capital assets	-	<b>(244,354)</b>	(32,724)
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	(250,791)	<b>5,450,102</b>	(15,504,285)
<b>NET DEBT, BEGINNING OF YEAR</b>	<u>(31,848,611)</u>	<u><b>(31,848,611)</b></u>	<u>(16,344,326)</u>
<b>NET DEBT, END OF YEAR</b>	<u>(32,099,402)</u>	<u><b>(26,398,509)</b></u>	<u>(31,848,611)</u>

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

# THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN

## Consolidated Statement of Cash Flows For the Year Ended December 31, 2018

	2018	2017
	<u>\$</u>	<u>\$</u>
<b>OPERATING ACTIVITIES</b>		
Annual surplus	7,198,071	4,587,784
<b>Add (deduct) items not involving cash:</b>		
Amortization of tangible capital assets	4,257,350	4,042,737
ERTH Corporation equity income (Note 7)	(135,755)	(88,964)
Loss (gain) on disposal of tangible capital assets	<u>(244,354)</u>	<u>(32,724)</u>
	11,075,312	8,508,833
Change in non-cash assets and liabilities related to operations (Note 17 [b])	<u>(3,736,810)</u>	<u>154,976</u>
	<u>7,338,502</u>	<u>8,663,809</u>
<b>INVESTING ACTIVITIES</b>		
Redemption of (purchase of) investments, net of income	4,604	470,161
Dividends received from ERTH Corporation	<u>131,431</u>	<u>-</u>
	<u>136,035</u>	<u>470,161</u>
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(6,043,110)	(24,411,031)
Proceeds on disposal of tangible capital assets	<u>267,662</u>	<u>32,815</u>
	<u>(5,775,448)</u>	<u>(24,378,216)</u>
<b>FINANCING ACTIVITIES</b>		
Long-term debt advances	-	23,852,716
Long-term debt repayment	<u>(2,638,015)</u>	<u>(2,127,874)</u>
	<u>(2,638,015)</u>	<u>21,724,842</u>
<b>NET CHANGE IN CASH</b>	(938,926)	6,480,596
<b>CASH, BEGINNING OF YEAR</b>	<u>8,193,136</u>	<u>1,712,540</u>
<b>CASH, END OF YEAR</b>	<u><u>7,254,210</u></u>	<u><u>8,193,136</u></u>
<b>SUPPLEMENTARY INFORMATION:</b>		
Cash paid for interest on debt	<u>1,336,899</u>	<u>1,037,650</u>
Cash received for interest on investments	<u>295,261</u>	<u>224,357</u>

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



# THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN

## Notes to the Consolidated Financial Statements For the Year Ended December 31, 2018

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The Corporation of the Municipality of Central Elgin (the "Municipality") is a municipality in the Province of Ontario. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### **Reporting Entity**

The consolidated financial statements reflect the assets, liabilities, revenues, expenses of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Municipality and which are 100% owned or controlled by the Municipality.

#### **Consolidated Entities**

The Municipality consolidates the Central Elgin Municipal Non-Profit Housing Corporation. Any interdepartmental and inter-organizational transactions and balances between these organizations are eliminated.

#### **Proportionate Consolidation**

The Elgin Area Primary Water Board, Port Burwell Water Board, Elgin Area Secondary Water Board, Aylmer Area Water Board and East Elgin Medical Facility have been consolidated on a proportionate basis. The Water Boards are proportionately consolidated based upon the water flow used by the Municipality in proportion to the entire flows provided by the joint boards.

#### **Equity Accounting**

The investment in EARTH Corporation (a Government Business Enterprise) is accounted for on a modified equity basis, consistent with the generally accepted accounting treatment for government business enterprises. Under the modified equity basis, the business enterprise's accounting principles are not adjusted to conform with those of the Municipality, and inter-organizational transactions and balances are not eliminated. The Municipality recognizes its equity interest in the annual income or loss of EARTH Corporation in its consolidated statement of operations with corresponding increase or decrease in its investment asset account. Any dividends that the Municipality may receive from EARTH Corporation will be reflected as a reduction in the investment asset account.

# THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN

## Notes to the Consolidated Financial Statements For the Year Ended December 31, 2018

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Accounting for School Board Transactions**

Although the Municipality collects taxation on behalf of the School Boards, the taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in these statements.

#### **Trust Funds**

Trust funds and their related operations administered by the Municipality are not included in these consolidated financial statements.

#### **Basis of Accounting**

The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the creation of a legal obligation to pay.

#### **Government Transfers**

Government transfers are recognized in the consolidated financial statements as revenues in the financial period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met including performance and return requirements, and reasonable estimates of the amounts can be determined. Any amount received but restricted is recorded as deferred revenue in accordance with Section 3100 of the Public Sector Accounting Handbook and recognized as revenue in the period in which the resources are used for the purpose specified.

In addition, the Municipality periodically receives senior government capital funding in the form of infrastructure grants and receives ongoing funding from both senior levels of government as a result of an allocation of the gas tax funds. During the year, the Municipality received \$nil (2017 - \$nil) from other municipalities that was applied against the cost of the tangible capital assets.

#### **Deferred Revenue**

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs, in the completion of specific work. In addition, certain user charges and fees which have been collected but for which the related services have yet to be performed. Revenue is recognized in the period when the related expense are incurred, services preformed.

# THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN

## Notes to the Consolidated Financial Statements For the Year Ended December 31, 2018

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Investment Income**

Investment income is reported as revenue in the period earned. When required by funding government or related Act, investment income earned on deferred revenue is added to the investment and forms part of the deferred revenue balance.

#### **Tax Revenues**

In 2018 the Municipality received \$13,374,329 (2017 - \$12,824,588) in property tax revenues for municipal purposes. The authority to levy and collect property taxes is established under the Municipal Act 2001, the Assessment Act, the Education Act, and other legislation.

The amount of the total annual property tax levy is determined each year through Council's approval of the annual budget. Municipal tax rates are set annually by Council for each class or type of property, in accordance with legislation and Council-approved policies, in order to raise the revenue required to meet operating budget requirements. Education tax rates are established by the Province each year in order to fund costs of education on a Province-wide basis.

Taxation revenues are recorded at the time billings are issued. Additional property tax revenue can be added throughout the year, related to new properties that become occupied, or that become subject to property tax, after the return of the annual assessment roll used for billing purposes. The Municipality may receive supplementary assessment rolls over the course of the year from MPAC that identify new or omitted assessments. Property taxes for these supplementary/omitted amounts are then billed according to the approved tax rate for the property class.

Taxation revenues in any year may also be reduced as a result of reductions in assessment value rising from assessment and/or tax appeals. Each year, an amount is identified to cover the estimated amount of revenue loss attributable to assessment appeals, tax appeals or other deficiencies in tax revenue (e.g. uncollectible amounts, write-offs, etc.).

#### **Employee Benefit Plans**

The Municipality 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 the employees based on the length of service and pay rates. Employee benefits include post employment benefits. Post employment benefits 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. Any actuarial gains and losses related to past service of employees are amortized over the expected average remaining service period.

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# THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN

## Notes to the Consolidated Financial Statements For the Year Ended December 31, 2018

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 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.

#### 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 are amortized on a straight-line basis over their estimated useful lives as follows:

Building and components	20 to 75 years
Vehicles	7 to 15 years
Fire trucks	20 years
Machinery and equipment	5 to 30 years
Land improvements	25 years
Plants and facilities	20 to 75 years
Roads	6 to 60 years
Bridges and other structures	40 to 80 years
Underground and other networks	15 to 100 years

No amortization is charged in the year of acquisition and a full year of amortization is charged in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

#### ii) Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue. During the year roads and underground networks contributed to the Municipality totalled \$nil (2017 - \$nil) and were capitalized at their fair value at the time of receipt.

#### iii) 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.

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# THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN

## Notes to the Consolidated Financial Statements For the Year Ended December 31, 2018

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### iv) Inventories

Inventories held for consumption are recorded at the lower of cost and replacement cost.

#### v) Works of art and cultural and historic assets

Works of art and cultural and historic assets are not recorded as assets in these financial statements.

#### vi) Interest capitalization

Interest costs attributable to financing up-front costs of the acquisition, construction, or development of tangible capital assets will be expensed in the operating budget, and not capitalized.

### Use of Estimates

The preparation of financial statements in conformity with Canadian accounting standards for public sector entities 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. Significant estimates include assumptions used in estimating useful life and net realizable value of tangible capital assets, provisions for accrued liabilities and in performing actuarial valuations of employee future benefits. Actual results could differ from these estimates.

### Environmental Provisions and Contaminated Sites

The Municipality may be exposed to litigation or other costs of remediation due to contaminated properties in its jurisdiction. A liability for remediation is recognized in the financial statements when an environmental standard exists, contamination exceeds the standard, the government is responsible for the remediation and a reasonable estimate of the liability can be made. As at December 31, 2015 there were no properties that the Municipality was responsible to remedy and as such no liability has been accrued.

### Recent Accounting Pronouncements

PSAB released a standard related to Financial Instruments (PS 3450). The standard applies to all local governments for fiscal years beginning on or after April 1, 2019. The standard applies to all types of financial instruments. The new standard requires equity and derivative instruments be measured at fair value, with changes in value being recorded in statement of remeasurement gains/losses. The standard gives the option of cost/amortized cost vs. fair value of remaining instruments, which is elected upon by the government organization. The Municipality has not yet determined what, if any, financial reporting implications may arise from this standard.

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# THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN

## Notes to the Consolidated Financial Statements For the Year Ended December 31, 2018

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### 2. HARBOUR TRANSFER AND INVESTMENTS

During 2010 the Municipality signed an agreement with the Federal Ministry of Transport to transfer the harbour property in Port Stanley. As part of this transfer the Municipality also entered into an operating agreement and contribution agreement. As part of the contribution agreement the Municipality received \$13,515,900 to be maintained in a separate bank account for the term of the contribution agreement (September 2030). These funds can be used for eligible expenditures as outlined in the contribution agreement and any unexpended funds must be returned to the Ministry of Transport at the end of the contribution agreement. At year end, the Municipality had invested these funds in fixed income and cash equivalents as follows:

	2018		2017	
	Cost	Market Value	Cost	Market Value
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Federal and provincial bonds	1,621,503	1,601,118	1,621,503	1,636,072
Corporate bonds	2,739,795	2,697,134	2,757,659	2,720,615
Cash and cash equivalents	<u>1,403,417</u>	<u>1,388,856</u>	<u>1,390,157</u>	<u>1,382,305</u>
	<u>5,764,715</u>	<u>5,687,108</u>	<u>5,769,319</u>	<u>5,738,992</u>

The federal and provincial bonds mature on dates ranging from 2019-2021 and yielding interest rates from 4.0% to 4.20% and the corporate bonds mature from 2019 -2021 and yielding an interest rate from 4.0% to 4.20%. These investments earned income of \$135,300 (2017 -\$180,960) and a loss on sale of \$10,989 (2017 - gain of \$30,537). This income is reported in the Obligatory Reserve Funds. These assets are reported as an obligatory reserve fund (Note 8) as per the Harbour contribution agreement until utilized for specific capital and expenditures related to the harbour. The obligatory reserve fund is reported as \$2,823,923, as subsequent to the year end the Municipality transferred \$2,940,792 from these investments to operating cash for the funding of tangible capital assets in 2018.

### 3. LOAN RECEIVABLE

The loan arose on September 1, 2000 as a result of the restructuring of the Hydro-Electric Power Commission of the Corporation of the Municipality of Central Elgin under Bill 35. The loan is receivable from EARTH Corporation with no specific terms of repayment, bearing interest at a rate of 7.25% commencing January 1, 2003. In 2018, \$78,083 (2017 - \$78,083) was charged and received on this loan. The loan is convertible to Class B shares of EARTH Corporation.

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# THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN

## Notes to the Consolidated Financial Statements For the Year Ended December 31, 2018

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### 4. TAXES RECEIVABLE

Taxes receivable are reported net of allowance for doubtful accounts. Balances as at December 31 were as follows:

	<b>2018</b>	2017
	<u>\$</u>	<u>\$</u>
Current taxes receivable	<b>1,015,140</b>	1,190,907
Arrears taxes receivable	<b>1,213,479</b>	1,185,633
Penalties and interest	<b>329,919</b>	317,975
Allowance for doubtful accounts	<u><b>(66,688)</b></u>	<u>(69,144)</u>
	<u><b>2,491,850</b></u>	<u>2,625,371</u>

### 5. ACCOUNTS RECEIVABLE

	<b>2018</b>	2017
	<u>\$</u>	<u>\$</u>
Trade and other	<b>847,430</b>	725,505
HST receivable	<b>340,392</b>	1,473,016
St. Thomas Cemetery Company loan receivable - interest free, \$5,000 per annum, due July 2027	<b>45,000</b>	50,000
Water and sewer receivables	<b>498,859</b>	515,349
Government funding, municipalities and school boards	<u><b>158,925</b></u>	<u>1,300,032</u>
	<u><b>1,890,606</b></u>	<u>4,063,902</u>

### 6. BANK INDEBTEDNESS

The Municipality has available a \$3,500,000 line of credit with the Bank of Montreal. This line of credit bears interest at the bank's prime rate. At year end, the Municipality had been advanced \$nil (2017 - \$nil) on this facility.

# THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN

## Notes to the Consolidated Financial Statements For the Year Ended December 31, 2018

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### 7. INVESTMENT IN EARTH CORPORATION

The Municipality owns 9.22% (2017 - 9.22%) of EARTH Corporation and received \$131,431 (2017 - \$-) in dividends during the year. The EARTH Corporation is the electricity distribution utility for the Municipality's urban residents.

As a business enterprise of the Municipality it is accounted for on a modified equity basis in these financial statements and reports only the Municipality's portion of income (loss) on the financial statements. The following table provides condensed supplementary financial information for the EARTH Corporation for the year ended December 31:

	<u>2018</u>	<u>2017</u>
	<u>\$</u>	<u>\$</u>
<b>Financial Position:</b>		
Current assets	21,726,063	19,054,326
Capital and other long-term assets	56,833,680	54,532,801
Regulatory assets	<u>8,394,438</u>	<u>6,342,767</u>
Total assets	<u>86,954,181</u>	<u>79,929,894</u>
Current liabilities	26,825,630	22,144,891
Other liabilities	41,180,686	39,988,655
Regulatory liabilities	<u>3,844,940</u>	<u>3,240,299</u>
Total Liabilities	<u>71,851,256</u>	<u>65,373,845</u>
Total share capital and equity	<u>15,102,925</u>	<u>14,556,049</u>
<b>Results of operations:</b>		
Total revenues from operations	86,429,585	80,660,199
Total operating and other expenses	<u>84,957,709</u>	<u>79,695,636</u>
Total net income	<u>1,471,876</u>	<u>964,563</u>
Municipality portion of net income - 9.22%	135,755	88,964
Dividends received	(131,431)	-
Opening investment in EARTH Corporation	<u>1,533,943</u>	<u>1,444,979</u>
	<u>1,538,267</u>	<u>1,533,943</u>

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# THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN

## Notes to the Consolidated Financial Statements For the Year Ended December 31, 2018

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### 8. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

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

	<b>2018</b>	2017
	<u>\$</u>	<u>\$</u>
Development charges	1,493,671	1,593,280
Federal gasoline tax	79,242	63
Parkland	100,398	318,995
Harbour contribution agreement	2,823,923	5,769,319
Other	<u>252,015</u>	<u>266,234</u>
	<u><b>4,749,249</b></u>	<u><b>7,947,891</b></u>

### 9. GUARANTEES AND COMMITMENTS

The Municipality has provided a letter of credit for \$778,000 to the Department of Fisheries and Oceans. This letter of credit has a monthly fee of 0.1%.

### 10. OPERATION OF SCHOOL BOARDS AND THE COUNTY OF ELGIN

During 2018, requisitions were made by the school boards and the County of Elgin requiring the Municipality to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are summarized below:

	School Boards	County
	<u>\$</u>	<u>\$</u>
Taxation and user charges	3,378,294	10,027,027
Share of payments in lieu of taxes	<u>117,978</u>	<u>191,973</u>
Amounts requisitioned	<u><b>3,496,272</b></u>	<u><b>10,219,000</b></u>

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# THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN

## Notes to the Consolidated Financial Statements For the Year Ended December 31, 2018

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### 11. LONG-TERM LIABILITIES

- a) The balance of the long-term liabilities reported on the Consolidated Statement of Financial Position consists of the following:

	<b>2018</b>	2017
	<u>\$</u>	<u>\$</u>
Ontario Infrastructure and Lands Corporation, 2.43%, repayable in blended semi annual payments of \$587,924, due November 2025 (33% funded by tax revenue)	<b>7,527,096</b>	8,502,229
Ontario Infrastructure and Lands Corporation, 2.45%, repayable in blended semi annual payments of \$261,810, due May 2027	<b>3,995,930</b>	4,413,953
Ontario Infrastructure and Lands Corporation, 3.33%, repayable in blended semi-annual payments of \$566,740, due June 2042	<b>18,374,139</b>	18,883,016
OIPC, 4.89%, repayable in blended semi-annual payments of \$157,460, due March 2035	<b>3,538,085</b>	3,674,952
OIPC, 4.86%, repayable in blended semi-annual payments of \$278,627, due December 2025	<b>3,273,250</b>	3,657,367
OIPC, 4.54%, repayable in semi-annual principal payments of \$46,489, due January 2027	<b>790,310</b>	883,288
Various debenture and drain loans, varying interest and repayment terms	<b>127,184</b>	181,496
Consolidated water board debt, varying interest and repayment terms	<u><b>322,495</b></u>	<u>390,203</u>
	<u><b>37,948,489</b></u>	<u>40,586,504</u>

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# THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN

## Notes to the Consolidated Financial Statements For the Year Ended December 31, 2018

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### 11. LONG-TERM LIABILITIES (CONTINUED)

Principal repayments are summarized as follows:

	Tax Revenue	User Charges	Total
2019	339,651	2,351,097	2,690,748
2020	347,954	2,343,843	2,691,797
2021	356,460	2,395,909	2,752,369
2022	365,176	2,452,150	2,817,326
2023	374,103	2,502,937	2,877,040
Beyond	<u>775,868</u>	<u>23,343,341</u>	<u>24,119,209</u>
Total	<u>2,559,212</u>	<u>35,389,277</u>	<u>37,948,489</u>

- b) All long-term liabilities issued on or before December 31, 1992 have received approval of the Ontario Municipal Board. Long-term liabilities issued after January 31, 1993 have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing;
- c) Interest expense on long-term liabilities in 2018 amounted to \$1,336,899 (2017 - \$1,037,650).

**THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN**

**Notes to the Consolidated Financial Statements  
For the Year Ended December 31, 2018**

**12. TANGIBLE CAPITAL ASSETS**

**December 31, 2018**

Cost	Opening	Additions	Disposals	Ending
<b><u>Infrastructure</u></b>				
Land	91,876	-	-	91,876
Buildings/Building Improvements	17,868,717	27,738,721	(790)	45,606,648
Machinery and Equipment	5,155,981	38,032	(37,008)	5,157,005
Linear - Roadways	63,207,749	15,808,478	-	79,016,227
Linear - Sewer and Water Services	45,580,655	4,634,445	-	50,215,100
<b>Infrastructure Total</b>	<u>131,904,978</u>	<u>48,219,676</u>	<u>(37,798)</u>	<u>180,086,856</u>
<b><u>General</u></b>				
Land	3,234,403	2,163,982	-	5,398,385
Land Improvements	2,158,887	2,083,373	-	4,242,260
Building/Building Improvements	10,669,434	-	(115,225)	10,554,209
Machinery and Equipment	3,912,789	282,715	(3,072)	4,192,432
Vehicle	5,546,092	566,817	(427,219)	5,685,690
<b>General Total</b>	<u>25,521,605</u>	<u>5,096,887</u>	<u>(545,516)</u>	<u>30,072,976</u>
Assets under construction	49,658,194	814,820	(48,088,273)	2,384,741
<b>Total Cost</b>	<u>207,084,777</u>	<u>54,131,383</u>	<u>(48,671,587)</u>	<u>212,544,573</u>
<b>Accumulated Amortization</b>				
<b><u>Infrastructure</u></b>				
Buildings/Building Improvements	5,889,251	471,262	(790)	6,359,723
Machinery and Equipment	3,359,306	126,933	-	3,486,239
Linear - Roadways	22,843,345	1,881,059	-	24,724,404
Linear - Sewer and Water Services	9,784,509	532,749	(37,008)	10,280,250
<b>Infrastructure Total</b>	<u>41,876,411</u>	<u>3,012,003</u>	<u>(37,798)</u>	<u>44,850,616</u>
<b><u>General</u></b>				
Land Improvements	1,031,624	108,672	-	1,140,296
Building/Building Improvements	4,750,474	271,679	(115,225)	4,906,928
Machinery and Equipment	1,854,651	240,632	(3,025)	2,092,258
Vehicle	2,368,184	624,364	(403,959)	2,588,589
<b>General Total</b>	<u>10,004,933</u>	<u>1,245,347</u>	<u>(522,209)</u>	<u>10,728,071</u>
<b>Total Accumulated Amortization</b>	<u>51,881,344</u>	<u>4,257,350</u>	<u>(560,007)</u>	<u>55,578,687</u>
<b>Net Book Value</b>				
<b><u>Infrastructure</u></b>				
Land	91,876			91,876
Building/Building Improvements	11,979,466			39,246,925
Machinery and Equipment	1,796,675			1,670,766
Linear - Roadways	40,364,404			54,291,823
Linear - Sewer and Water Services	35,796,146			39,934,850
	<u>90,028,567</u>			<u>135,236,240</u>
<b><u>General</u></b>				
Land	3,234,403			5,398,385
Land Improvements	1,127,263			3,101,964
Building/Building Improvements	5,918,960			5,647,281
Machinery and Equipment	2,058,138			2,100,174
Vehicles	3,177,908			3,097,101
	<u>15,516,672</u>			<u>19,344,905</u>
Assets under construction	49,658,194			2,384,741
<b>Total Net Book Value</b>	<u>155,203,433</u>			<u>156,965,886</u>

**THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN**

**Notes to the Consolidated Financial Statements  
For the Year Ended December 31, 2018**

**12. TANGIBLE CAPITAL ASSETS (CONTINUED)**

**December 31, 2017**

Cost	Opening	Additions	Disposals	Ending
<b><u>Infrastructure</u></b>				
Land	91,876	-	-	91,876
Buildings/Building Improvements	17,855,727	14,311	(1,321)	17,868,717
Machinery and Equipment	5,122,126	44,310	(10,455)	5,155,981
Linear - Roadways	61,159,999	2,047,750	-	63,207,749
Linear - Sewer and Water Services	45,521,805	58,850	-	45,580,655
<b>Infrastructure Total</b>	<u>129,751,533</u>	<u>2,165,221</u>	<u>(11,776)</u>	<u>131,904,978</u>
<b><u>General</u></b>				
Land	3,234,403	-	-	3,234,403
Land Improvements	2,159,388	(501)	-	2,158,887
Building/Building Improvements	10,534,274	135,160	-	10,669,434
Machinery and Equipment	3,272,295	643,887	(3,393)	3,912,789
Vehicle	5,237,364	612,763	(304,035)	5,546,092
<b>General Total</b>	<u>24,437,724</u>	<u>1,391,309</u>	<u>(307,428)</u>	<u>25,521,605</u>
Assets under construction	28,803,693	21,011,783	(157,282)	49,658,194
<b>Total Cost</b>	<u>182,992,950</u>	<u>24,568,313</u>	<u>(476,486)</u>	<u>207,084,777</u>
<b>Accumulated Amortization</b>	Opening	Amortization	Disposal	Ending
<b><u>Infrastructure</u></b>				
Buildings/Building Improvements	5,419,154	471,326	(1,229)	5,889,251
Machinery and Equipment	3,281,241	88,520	(10,455)	3,359,306
Linear - Roadways	21,077,329	1,766,016	-	22,843,345
Linear - Sewer and Water Services	9,213,730	570,779	-	9,784,509
<b>Infrastructure Total</b>	<u>38,991,454</u>	<u>2,896,641</u>	<u>(11,684)</u>	<u>41,876,411</u>
<b><u>General</u></b>				
Land Improvements	923,728	107,896	-	1,031,624
Building/Building Improvements	4,479,737	270,737	-	4,750,474
Machinery and Equipment	1,683,756	174,288	(3,393)	1,854,651
Vehicle	2,079,044	593,175	(304,035)	2,368,184
<b>General Total</b>	<u>9,166,265</u>	<u>1,146,096</u>	<u>(307,428)</u>	<u>10,004,933</u>
<b>Total Accumulated Amortization</b>	<u>48,157,719</u>	<u>4,042,737</u>	<u>(319,112)</u>	<u>51,881,344</u>
<b>Net Book Value</b>	Opening			Ending
<b><u>Infrastructure</u></b>				
Land	91,876			91,876
Building/Building Improvements	12,436,573			11,979,466
Machinery and Equipment	1,840,885			1,796,675
Linear - Roadways	40,082,670			40,364,404
Linear - Sewer and Water Services	36,308,075			35,796,146
	<u>90,760,079</u>			<u>90,028,567</u>
<b><u>General</u></b>				
Land	3,234,403			3,234,403
Land Improvements	1,235,660			1,127,263
Building/Building Improvements	6,054,537			5,918,960
Machinery and Equipment	1,588,539			2,058,138
Vehicles	3,158,320			3,177,908
	<u>15,271,459</u>			<u>15,516,672</u>
Assets under construction	28,803,693			49,658,194
<b>Total Net Book Value</b>	<u>134,835,231</u>			<u>155,203,433</u>

**THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN**

**Notes to the Consolidated Financial Statements  
For the Year Ended December 31, 2018**

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**13. ACCUMULATED SURPLUS**

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

	<b>2018</b>	2017
	<u>\$</u>	<u>\$</u>
<b>SURPLUS</b>		
General revenue fund	716,448	(38,153)
Sewer operations	434,271	613,653
Water operations	(624,923)	(401,358)
Invested in tangible capital assets	156,965,886	155,203,433
Invested in EARTH Corporation	2,615,267	2,610,943
Capital fund and unfunded capital drains	(1,151,676)	(5,139,372)
Reserves and reserve funds	<u>9,962,099</u>	<u>11,508,170</u>
	168,917,372	164,357,316
<b>AMOUNTS TO BE RECOVERED</b>		
Net long-term debt	<u>(37,948,489)</u>	<u>(40,586,504)</u>
<b>ACCUMULATED SURPLUS</b>	<u><u>130,968,883</u></u>	<u><u>123,770,812</u></u>
<b>RESERVES AND RESERVE FUNDS</b>		
Reserves set aside for specific purposes by council:		
- for working capital	395,615	874,252
- for current purposes	1,741,075	4,452,097
- for capital purposes	<u>6,693,254</u>	<u>5,086,791</u>
Total reserves	<u><u>8,829,944</u></u>	<u><u>10,413,140</u></u>
Reserve funds set aside for specific purposes by council:		
- for replacement of equipment	-	100
- for replacement of sanitary and storm sewers	623,318	610,800
- for replacement of water systems	234,958	222,663
- for sick leave	21,150	20,776
- for social housing capital projects	179,731	152,243
- from lot levies and parking revenues	72,998	72,032
- for capital projects	<u>-</u>	<u>16,416</u>
Total reserve funds	<u><u>1,132,155</u></u>	<u><u>1,095,030</u></u>

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# THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN

## Notes to the Consolidated Financial Statements For the Year Ended December 31, 2018

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### 14. PENSION AGREEMENTS

The Municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of approximately 50 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.

Each year, an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits the members have earned to date. The most recent actuarial valuation of the Plan was conducted December 31, 2018, and the results of this valuation disclosed actuarial liabilities of \$100.1 billion in respect of benefits accrued for service with actuarial assets at that date of \$95.9 billion leaving an actuarial deficit of \$4.2 billion.

Since any surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees, the Municipality does not recognize any share of the OMERS Pension surplus or deficit in these consolidated financial statements.

The amount contributed to OMERS for 2018 was approximately \$410,000 (2017 - \$377,000).

### 15. CONTINGENT LIABILITIES

As at December 31, 2018 certain legal actions are pending against the Municipality. The final outcome of the outstanding claims cannot be determined at this time. However, management believes that ultimate disposition of these matters will not materially exceed the amounts recorded in these consolidated financial statements.

Estimated costs to settle claims are based on available information and projections of estimated future expenses developed based on the Municipality's historical experience. Claims are reported as an operating expense in the year of the loss, where the costs are deemed to be likely and can be reasonable determined. Claim provisions are reported as a liability in the consolidated statement of financial position.

# THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN

## Notes to the Consolidated Financial Statements For the Year Ended December 31, 2018

### 16. BUDGET FIGURES

The operating budget approved by the council of the Municipality for 2018 is reflected on the consolidated statement of operations. Budget figures have been reclassified for the purposes of these financial statements to comply with PSAB reporting requirements. These adjustments include reserve transfers, capital expenditures, amortization and debt financing and repayment.

	Approved Budget	Adjustments	PSAB Budget
	<u>\$</u>	<u>\$</u>	<u>\$</u>
<b>REVENUES</b>			
Property taxation	12,830,528	-	12,830,528
Taxation from other governments	309,067	-	309,067
User charges	4,801,607	219,398	5,021,005
Transfer payments			
Federal	-	387,428	387,428
Provincial	814,289	398,186	1,212,475
Other municipalities	906,378	58,688	965,066
Contributions - benefiting land owners & developers	951,689	25,000	976,689
Harbour funding agreement	-	300,000	300,000
Investment income	201,852	10,645	212,497
Penalties and interest on taxes	349,148	-	349,148
Other	886,236	-	886,236
Reserve transfers and borrowing	6,682,982	(6,682,982)	-
Capital funding - revenue	<u>1,125,893</u>	<u>(1,125,893)</u>	<u>-</u>
Total Revenues	<u>29,859,669</u>	<u>(6,409,530)</u>	<u>23,450,139</u>
<b>EXPENSES</b>			
General government	1,705,109	244,876	1,949,985
Protection to persons and property	4,552,955	(32,431)	4,520,524
Transportation services	6,628,723	26,760	6,655,483
Environmental services	6,230,128	(413,273)	5,816,855
Health services	87,217	(15,000)	72,217
Social housing	-	188,821	188,821
Recreation and cultural services	2,493,064	(55,917)	2,437,147
Planning and development	323,599	-	323,599
Capital expenditures and reserve transfers	<u>7,838,874</u>	<u>(7,838,874)</u>	<u>-</u>
Total Expenses	<u>29,859,669</u>	<u>(7,895,038)</u>	<u>21,964,631</u>
<b>BUDGETED ANNUAL SURPLUS</b>	<u>-</u>	<u>1,485,508</u>	<u>1,485,508</u>



# THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN

## Notes to the Consolidated Financial Statements For the Year Ended December 31, 2018

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### 17. SUPPLEMENTARY INFORMATION:

	2018	2017
	<u>\$</u>	<u>\$</u>
<b>[a] Current fund expenditures by object:</b>		
Salaries, wages and employee benefits	6,739,702	6,095,562
Long-term debt interest expense	1,336,899	1,037,650
Materials	5,301,456	5,377,014
Contracted services	4,098,218	3,532,071
Rents and financial expenses	53,686	148,897
Amortization and loss on disposal of capital assets	4,012,996	4,010,013
Transfer to others	<u>153,458</u>	<u>143,498</u>
	<u><b>21,696,415</b></u>	<u><b>20,344,705</b></u>
<b>[b] Change in non-cash assets and liabilities related to operations:</b>		
(Increase) decrease in taxes receivable	133,521	134,190
(Increase) decrease in accounts receivable	2,173,296	(1,511,326)
(Increase) decrease in inventories and prepaid expenses	14,483	276,134
Increase (decrease) in accounts payable and accrued liabilities	(2,859,468)	1,140,065
Increase (decrease) in deferred revenue - obligatory reserve funds	<u>(3,198,642)</u>	<u>115,913</u>
	<u><b>(3,736,810)</b></u>	<u><b>154,976</b></u>

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# THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN

## Notes to the Consolidated Financial Statements For the Year Ended December 31, 2018

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### 18. SEGMENTED INFORMATION

The Municipality is a diversified municipal government institution that provides a wide range of services to its citizens, including contract police services, fire, roads, community services, water and sewer. For management reporting purposes the Municipality's operations and activities are organized and reported by Fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

The Municipality services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provided, are as follows:

#### **Protection**

Protection is comprised of the Police Services Board and Fire departments. The mandate of the Police Services Board, by way of contact with the Ontario Provincial Police, is to ensure the safety of the lives and property of citizens; preserve peace and good order; prevent crimes from occurring; detect offenders; and enforce the law. The Fire department is responsible to provide fire suppression service; fire prevention programs; training and education related to prevention, detection or extinguishments of fires.

#### **Community Services**

The Parks and Recreation department provides public services that contribute to neighbourhood development and sustainability through the provision of parks, recreation and leisure services. It provides public services that contribute to healthy communities through partnerships, promotion, prevention and protection.

The County of Elgin is contracted to provide the information needs of the Municipality's citizens through the provision of library services.

#### **Planning, By-Law Enforcement and Economic Development**

The Planning, Property and Development departments provides a diverse bundle of services. It manages urban development for business interest, environmental concerns, heritage matters, local neighbourhoods and the downtown through city planning, community development, and parks planning. It ensures an acceptable quality of building construction and maintenance of properties through enforcement of construction codes, building standards and by-law for the protection of occupants. It facilitates economic development through its economic development programs.

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# THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN

## Notes to the Consolidated Financial Statements For the Year Ended December 31, 2018

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### 18. SEGMENTED INFORMATION (CONTINUED)

#### **Public Works**

The Physical Services department is responsible for the delivery of municipal public works services related to the planning, development and maintenance of both county and municipal roadway and municipal drainage systems, the maintenance of parking, street lighting and the harbour.

#### **The Water and Waste Funds**

Water, stormwater and wastewater disposal is provided by the Water and Sewer Department. The department provides drinking water to citizens of Central Elgin, as well as, collection and treatment of stormwater and wastewater.

#### **Social Housing**

The Municipal Non-Profit Housing Corporation provides low income housing to the community.

#### **Finance and Administration**

This segment includes a number of support functions that are responsible for maintenance of buildings, Mayor and Council, the Clerk's department, Treasury Department and Human Resources Department.

#### **Other Funds**

This segment includes the remaining departments and activities of the Municipality. Some of the larger activities in this segment include Solid Waste Collection and Disposal, Emergency Measures and Animal Control, Public Health Services, Business Improvement Association, Conservation authorities, and Cemetery maintenance.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. The General Revenue Fund reports on municipal services that are funded primarily by taxation such as property and business tax revenues. Taxation and payments-in-lieu of taxes are apportioned to General Revenue Fund services based on the Fund's net surplus. Certain government transfers, transfer from other funds, and other revenues have been apportioned based on a percentage of budgeted expenses.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1. For additional information see the Consolidated Schedule of Segment Disclosure – Current Fund Operations and Schedule of Segment Disclosure – Current Fund Operations.

**THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN**

**Consolidated Schedule of Segment Disclosure  
For the Year Ended December 31, 2018**

	Social Housing \$	Planning \$	Public Works \$	Finance & Administration \$	Protection \$	Water and Waste Funds \$	Community Services \$	Other Funds \$	Consolidated \$
<b>REVENUES</b>									
Taxation	-	263,660	4,404,060	1,705,109	3,873,488	-	2,112,564	1,015,448	13,374,329
Sales of services and regulatory fees	208,149	-	-	-	1,968	4,301,591	484,029	61,212	5,056,949
Government transfers	-	-	1,732,668	413,300	199,528	430,752	20,684	1,154,290	3,951,222
Other	-	30,380	1,244,923	127,850	54,232	530,916	257,516	4,130,414	6,376,231
ERTH Corporation net income	-	-	-	-	-	-	-	135,755	135,755
	<u>208,149</u>	<u>294,040</u>	<u>7,381,651</u>	<u>2,246,259</u>	<u>4,129,216</u>	<u>5,263,259</u>	<u>2,874,793</u>	<u>6,497,119</u>	<u>28,894,486</u>
<b>EXPENSES</b>									
Salaries, wages and employees benefits	-	10,411	1,979,516	1,215,098	1,084,425	899,922	1,232,517	317,813	6,739,702
Long-term debt interest expense	-	3,608	68,244	-	-	1,265,047	-	-	1,336,899
Materials	178,794	355,990	1,665,722	286,665	490,775	1,002,921	621,051	699,538	5,301,456
Contracted services, rents and financial	-	14,213	570,011	194,013	1,981,440	236,749	198,501	1,110,435	4,305,362
Loss (gain) on disposal of capital assets	-	-	-	-	-	(244,354)	-	-	(244,354)
Amortization	10,027	-	2,272,912	135,276	412,825	1,079,226	347,084	-	4,257,350
	<u>188,821</u>	<u>384,222</u>	<u>6,556,405</u>	<u>1,831,052</u>	<u>3,969,465</u>	<u>4,239,511</u>	<u>2,399,153</u>	<u>2,127,786</u>	<u>21,696,415</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<u>19,328</u>	<u>(90,182)</u>	<u>825,246</u>	<u>415,207</u>	<u>159,751</u>	<u>1,023,748</u>	<u>475,640</u>	<u>4,369,333</u>	<u>7,198,071</u>

**THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN**

**Consolidated Schedule of Segment Disclosure  
For the Year Ended December 31, 2017**

	Social Housing	Planning	Public Works	Finance & Administration	Protection	Water and Waste Funds	Community Services	Other Funds	Consolidated
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>REVENUES</b>									
Taxation	-	303,041	4,229,443	1,640,471	3,391,627	-	1,823,006	1,437,000	12,824,588
Sales of services and regulatory fees	203,892	-	-	-	1,968	4,321,251	484,026	310	5,011,447
Government transfers	-	-	1,732,668	413,300	199,528	430,752	20,684	562,076	3,359,008
Other	-	30,380	1,244,923	127,850	54,232	530,916	257,516	1,402,665	3,648,482
ERTH Corporation net loss	-	-	-	-	-	-	-	88,964	88,964
	<u>203,892</u>	<u>333,421</u>	<u>7,207,034</u>	<u>2,181,621</u>	<u>3,647,355</u>	<u>5,282,919</u>	<u>2,585,232</u>	<u>3,491,015</u>	<u>24,932,489</u>
<b>EXPENSES</b>									
Salaries, wages and employees benefits	-	8,230	1,616,419	1,179,496	956,403	809,904	1,215,045	310,065	6,095,562
Long-term debt interest expense	-	4,979	76,156	-	-	956,515	-	-	1,037,650
Materials	168,208	450,516	1,810,980	281,322	423,664	989,891	595,275	657,158	5,377,014
Contracted services, rents and financial	-	14,192	319,103	266,698	1,937,197	230,351	230,945	825,980	3,824,466
Loss on disposal of capital assets	-	-	-	-	-	(32,724)	-	-	(32,724)
Amortization	9,665	-	2,152,002	133,214	352,872	1,075,895	319,089	-	4,042,737
	<u>177,873</u>	<u>477,917</u>	<u>5,974,660</u>	<u>1,860,730</u>	<u>3,670,136</u>	<u>4,029,832</u>	<u>2,360,354</u>	<u>1,793,203</u>	<u>20,344,705</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<u>26,019</u>	<u>(144,496)</u>	<u>1,232,374</u>	<u>320,891</u>	<u>(22,781)</u>	<u>1,253,087</u>	<u>224,878</u>	<u>1,697,812</u>	<u>4,587,784</u>