

**THE CORPORATION OF THE MUNICIPALITY
OF CENTRAL ELGIN
Consolidated Financial Statements
December 31, 2019**

THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN
Consolidated Financial Statements
For The Year Ended December 31, 2019

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements are the responsibility of the management of **The Corporation of the Municipality of Central Elgin** and have been prepared in accordance with Canadian public sector accounting standards.

These consolidated financial statements include:

- Independent Auditors' report
- Consolidated Statement of Financial Position
- Consolidated Statement of Operations and Accumulated Surplus
- Consolidated Statement of Change in Net Financial Debt
- Consolidated Statement of Cash Flows
- Notes to the Consolidated Financial Statements
- Consolidated Schedule of Segment Disclosure

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

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

The consolidated financial statements have been audited on behalf of the Members of Council, Inhabitants and Ratepayers of **The Corporation of the Municipality of Central Elgin** by Graham Scott Enns LLP in accordance with Canadian generally accepted auditing standards.

Mr. Donald Leitch
Chief Administrative Officer

Ms. Ramona Nordemann
Director of Finance

October 13, 2020
St. Thomas, Ontario





GRAHAM SCOTT ENNS LLP
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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, 2019, and the statement of earnings, statement of changes in net financial debt 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, 2019, 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

October 13, 2020

Graham Scott Enns LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN

Consolidated Statement of Financial Position As At December 31, 2019

	2019	2018
	<u>\$</u>	<u>\$</u>
ASSETS		
Financial Assets		
Cash	10,189,214	7,254,210
Loan receivable (Note 3)	1,077,000	1,077,000
Taxes receivable (Note 4)	2,960,795	2,491,850
Accounts receivable (Note 5)	2,854,983	1,890,606
Investments (Note 2)	2,876,795	5,764,715
Investment in EARTH Corporation (Note 7)	<u>1,666,991</u>	<u>1,538,267</u>
Total financial assets	<u>21,625,778</u>	<u>20,016,648</u>
LIABILITIES		
Deferred revenue - obligatory reserve funds (Note 8)	4,107,465	4,749,249
Accounts payable and accrued liabilities	4,819,448	3,717,419
Net long-term liabilities (Note 11)	<u>35,258,083</u>	<u>37,948,489</u>
Total financial liabilities	<u>44,184,996</u>	<u>46,415,157</u>
NET FINANCIAL DEBT	<u>(22,559,218)</u>	<u>(26,398,509)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 12)	156,584,197	156,965,886
Inventories	376,367	317,806
Prepaid expenses	<u>70,190</u>	<u>83,700</u>
Total non-financial assets	<u>157,030,754</u>	<u>157,367,392</u>
ACCUMULATED SURPLUS (NOTE 13)	<u>134,471,536</u>	<u>130,968,883</u>

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, 2019

	Budget (Note 16) \$	Actual 2019 \$	Actual 2018 \$
REVENUES			
Property taxation	13,742,837	14,026,875	13,074,910
Taxation from other governments	282,642	288,646	299,419
User charges	5,643,623	6,072,558	5,056,949
Funding transfer- Federal	632,702	632,703	370,107
- Provincial	2,285,102	2,819,352	2,622,946
- Other Municipalities	1,355,491	1,338,734	958,169
Contribution - benefiting land owners & developers	1,542,230	2,655,893	1,445,344
Harbour agreement funding	-	423,638	2,885,483
Investment income	295,413	370,727	295,261
Penalties and interest	358,179	333,533	351,081
Other	1,100,871	1,323,423	1,399,062
ERTH Corporation equity income (Note 7)	-	171,612	135,755
Total revenues	<u>27,239,090</u>	<u>30,457,694</u>	<u>28,894,486</u>
EXPENSES			
General government	1,993,750	2,010,996	1,831,051
Protection to persons and property	5,036,523	4,993,095	4,580,822
Transportation services	8,206,099	8,498,061	6,481,984
Environmental services	7,002,526	6,986,990	5,593,454
Health services	76,673	72,649	71,907
Social housing	220,889	220,889	188,821
Recreation and cultural services	2,806,198	2,716,621	2,399,154
Planning and development	391,513	429,813	793,576
Loss (gain) on disposal of tangible capital assets	-	1,025,927	(244,354)
Total expenditures (Note 17)	<u>25,734,171</u>	<u>26,955,041</u>	<u>21,696,415</u>
ANNUAL SURPLUS	<u>1,504,919</u>	<u>3,502,653</u>	<u>7,198,071</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>130,968,883</u>	<u>130,968,883</u>	<u>123,770,812</u>
ACCUMULATED SURPLUS, END OF YEAR (NOTE 13)	<u><u>132,473,802</u></u>	<u><u>134,471,536</u></u>	<u><u>130,968,883</u></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, 2019**

	Budget (Note 16) \$	Actual 2019 \$	Actual 2018 \$
ANNUAL SURPLUS	1,504,919	3,502,653	7,198,071
Acquisition of tangible capital assets	(5,993,649)	(7,888,606)	(6,043,110)
Amortization of tangible capital assets	6,178,681	6,178,681	4,257,350
Proceeds on disposal of tangible capital assets	-	1,065,688	267,662
Change in inventories and prepaid expenses	-	(45,052)	14,483
Loss (gain) on disposal of tangible capital assets	<u>-</u>	<u>1,025,927</u>	<u>(244,354)</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	1,689,951	3,839,291	5,450,102
NET DEBT, BEGINNING OF YEAR	<u>(26,398,509)</u>	<u>(26,398,509)</u>	<u>(31,848,611)</u>
NET DEBT, END OF YEAR	<u>(24,708,558)</u>	<u>(22,559,218)</u>	<u>(26,398,509)</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, 2019

	2019	2018
	<u>\$</u>	<u>\$</u>
OPERATING ACTIVITIES		
Annual surplus	3,502,653	7,198,071
Add (deduct) items not involving cash:		
Amortization of tangible capital assets	6,178,681	4,257,350
ERTH Corporation equity income (Note 7)	(171,612)	(135,755)
Loss (gain) on disposal of tangible capital assets	<u>1,025,927</u>	<u>(244,354)</u>
	10,535,649	11,075,312
Change in non-cash assets and liabilities related to operations (Note 17 [b])	<u>(1,018,129)</u>	<u>(3,736,809)</u>
	<u>9,517,520</u>	<u>7,338,503</u>
INVESTING ACTIVITIES		
Redemption of (purchase of) investments, net of income	2,887,920	4,604
Dividends received from ERTH Corporation	<u>42,888</u>	<u>131,431</u>
	<u>2,930,808</u>	<u>136,035</u>
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(7,888,606)	(6,043,110)
Proceeds on disposal of tangible capital assets	<u>1,065,688</u>	<u>267,662</u>
	<u>(6,822,918)</u>	<u>(5,775,448)</u>
FINANCING ACTIVITIES		
Long-term debt repayment	<u>(2,690,406)</u>	<u>(2,638,016)</u>
NET CHANGE IN CASH	2,935,004	(938,926)
CASH, BEGINNING OF YEAR	<u>7,254,210</u>	<u>8,193,136</u>
CASH, END OF YEAR	<u>10,189,214</u>	<u>7,254,210</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, 2019

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 Chartered Professional Accountants of Canada. 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, 2019

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 (2018 - \$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, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments are recorded at cost plus accrued interest. Investment income earned on available funds 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 deferred revenue balance.

Tax Revenues

In 2019 the Municipality received \$14,315,521 (2018 - \$13,374,329) 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.

THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN

Notes to the Consolidated Financial Statements For The Year Ended December 31, 2019

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 (2018 - \$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.

THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN

Notes to the Consolidated Financial Statements For The Year Ended December 31, 2019

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, 2019 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, 2021. 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.

THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN

Notes to the Consolidated Financial Statements For The Year Ended December 31, 2019

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:

	2019		2018	
	Cost \$	Market Value \$	Cost \$	Market Value \$
Federal and provincial bonds	976,062	953,231	1,621,503	1,601,118
Corporate bonds	953,852	954,242	2,739,795	2,697,134
Cash and cash equivalents	<u>946,881</u>	<u>950,649</u>	<u>1,403,417</u>	<u>1,388,856</u>
	<u>2,876,795</u>	<u>2,858,122</u>	<u>5,764,715</u>	<u>5,687,108</u>

The federal and provincial bonds mature on dates ranging from 2020-2022 and yielding interest rates from 2.4% to 4.20% and the corporate bonds mature from 2020 -2023 and yielding an interest rate from 1.92% to 3.0%. These investments earned income of \$85,319 (2018 -\$135,300) and a loss on sale of \$32,466 (2018 - loss of \$10,989). 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 \$2,434,492. Subsequent to the year end, the Municipality transferred \$442,303 from these investments to operating cash for the funding of tangible capital assets in 2019.

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 2019, \$78,083 (2018 - \$78,083) was charged and received on this loan. The loan is convertible to Class B shares of EARTH Corporation.

THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN

Notes to the Consolidated Financial Statements For The Year Ended December 31, 2019

4. TAXES RECEIVABLE

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

	2019	2018
	<u>\$</u>	<u>\$</u>
Current taxes receivable	1,217,338	1,015,140
Arrears taxes receivable	1,374,239	1,213,479
Penalties and interest	425,138	329,919
Allowance for doubtful accounts	<u>(55,920)</u>	<u>(66,688)</u>
	<u>2,960,795</u>	<u>2,491,850</u>

5. ACCOUNTS RECEIVABLE

	2019	2018
	<u>\$</u>	<u>\$</u>
Trade and other	689,453	697,845
HST receivable	542,887	340,392
St. Thomas Cemetery Company loan receivable - interest free, \$5,000 per annum, due July 2027	40,000	45,000
Water and sewer receivables	835,745	642,450
Government funding, municipalities and school boards	432,887	158,925
Drain receivables	<u>314,011</u>	<u>5,994</u>
	<u>2,854,983</u>	<u>1,890,606</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 (2018 - \$nil) on this facility.

THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN

Notes to the Consolidated Financial Statements For The Year Ended December 31, 2019

7. INVESTMENT IN EARTH CORPORATION

The Municipality owns 7.148% (2018 - 9.22%) of EARTH Corporation and received \$42,888 (2018 - \$131,431) 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>2019</u>	<u>2018</u>
	<u>\$</u>	<u>\$</u>
Financial Position:		
Current assets	23,929,046	21,726,063
Capital and other long-term assets	76,925,518	56,833,680
Regulatory assets	<u>9,956,491</u>	<u>8,394,438</u>
Total assets	<u><u>110,811,055</u></u>	<u><u>86,954,181</u></u>
Current liabilities	31,556,873	26,825,630
Other liabilities	49,828,267	41,180,686
Regulatory liabilities	<u>2,146,804</u>	<u>3,844,940</u>
Total Liabilities	<u><u>83,531,944</u></u>	<u><u>71,851,256</u></u>
Total share capital and equity	<u><u>27,279,111</u></u>	<u><u>15,102,925</u></u>
Results of operations:		
Total revenues from operations	96,493,338	86,429,585
Total operating and other expenses	<u>94,092,506</u>	<u>84,957,709</u>
Total net income	<u><u>2,400,832</u></u>	<u><u>1,471,876</u></u>
Municipality portion of net income - 7.148% (2018 - 9.22%)	171,612	135,755
Dividends received	(42,888)	(131,431)
Opening investment in EARTH Corporation	<u>1,538,267</u>	<u>1,533,943</u>
	<u><u>1,666,991</u></u>	<u><u>1,538,267</u></u>

THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN

Notes to the Consolidated Financial Statements For The Year Ended December 31, 2019

8. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

A requirement of the public sector accounting principles of the Chartered Professional Accountants of Canada, 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:

	2019	2018
	<u>\$</u>	<u>\$</u>
Development charges	837,721	1,493,671
Federal gasoline tax	253,603	79,242
Parkland	165,381	100,398
Harbour contribution agreement	2,434,492	2,823,923
Other	<u>416,268</u>	<u>252,015</u>
	<u>4,107,465</u>	<u>4,749,249</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 2019, 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	3,465,500	10,590,638
Share of payments in lieu of taxes	<u>40,644</u>	<u>194,624</u>
Amounts requisitioned	<u>3,506,144</u>	<u>10,785,262</u>

THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN

Notes to the Consolidated Financial Statements For The Year Ended December 31, 2019

11. LONG-TERM LIABILITIES

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

	2019	2018
	<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)	6,528,124	7,527,096
Ontario Infrastructure and Lands Corporation, 2.45%, repayable in blended semi annual payments of \$261,810, due May 2027	3,567,602	3,995,930
Ontario Infrastructure and Lands Corporation, 3.33%, repayable in blended semi-annual payments of \$566,740, due June 2042	17,848,176	18,374,139
OIPC, 4.89%, repayable in blended semi-annual payments of \$157,460, due March 2035	3,394,442	3,538,085
OIPC, 4.86%, repayable in blended semi-annual payments of \$278,627, due December 2025	2,870,239	3,273,250
OIPC, 4.54%, repayable in semi-annual principal payments of \$46,489, due January 2027	697,333	790,310
Various debenture and drain loans, varying interest and repayment terms	78,542	127,184
Consolidated water board debt, varying interest and repayment terms	<u>273,625</u>	<u>322,495</u>
	<u>35,258,083</u>	<u>37,948,489</u>

THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN

Notes to the Consolidated Financial Statements For The Year Ended December 31, 2019

11. LONG-TERM LIABILITIES (CONTINUED)

Principal repayments are summarized as follows:

	Tax Revenue	User Charges	Total
2020	357,954	2,393,280	2,751,234
2021	366,461	2,449,721	2,816,182
2022	375,176	2,527,387	2,902,563
2023	384,103	2,580,768	2,964,871
2024	393,249	2,663,530	3,056,779
Beyond	<u>402,619</u>	<u>20,363,835</u>	<u>20,766,454</u>
Total	<u>2,279,562</u>	<u>32,978,521</u>	<u>35,258,083</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 2019 amounted to \$1,228,661 (2018 - \$1,336,898).

THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN

**Notes to the Consolidated Financial Statements
For The Year Ended December 31, 2019**

12. TANGIBLE CAPITAL ASSETS

December 31, 2019

Cost	Opening	Additions	Disposals	Ending
<u>Infrastructure</u>				
Land	91,876	168,545	-	260,421
Buildings/Building Improvements	45,606,648	15,246	(482)	45,621,412
Machinery and Equipment	5,157,005	17,114	(9,883)	5,164,236
Linear - Roadways	79,016,227	2,837,620	(2,141,110)	79,712,737
Linear - Sewer and Water Services	50,215,100	1,152,842	(337,705)	51,030,237
Infrastructure Total	<u>180,086,856</u>	<u>4,191,367</u>	<u>(2,489,180)</u>	<u>181,789,043</u>
<u>General</u>				
Land	5,398,385	275,505	-	5,673,890
Land Improvements	4,242,260	927,718	(275,505)	4,894,473
Building/Building Improvements	10,554,209	568,280	-	11,122,489
Machinery and Equipment	4,192,432	463,427	-	4,655,859
Vehicle	5,685,690	2,718,439	(537,613)	7,866,516
General Total	<u>30,072,976</u>	<u>4,953,369</u>	<u>(813,118)</u>	<u>34,213,227</u>
Assets under construction	2,384,741	2,098,983	(3,882,345)	601,379
Total Cost	<u>212,544,573</u>	<u>11,243,719</u>	<u>(7,184,643)</u>	<u>216,603,649</u>
Accumulated Amortization	Opening	Additions	Disposals	Ending
<u>Infrastructure</u>				
Buildings/Building Improvements	6,359,723	1,488,739	(482)	7,847,980
Machinery and Equipment	3,486,239	118,911	(9,883)	3,595,267
Linear - Roadways	24,724,404	2,523,422	(1,010,674)	26,237,152
Linear - Sewer and Water Services	10,280,250	597,559	(238,510)	10,639,299
Infrastructure Total	<u>44,850,616</u>	<u>4,728,631</u>	<u>(1,259,549)</u>	<u>48,319,698</u>
<u>General</u>				
Land Improvements	1,140,296	339,009	-	1,479,305
Building/Building Improvements	4,906,928	259,037	-	5,165,965
Machinery and Equipment	2,092,258	244,583	-	2,336,841
Vehicle	2,588,589	607,421	(478,367)	2,717,643
General Total	<u>10,728,071</u>	<u>1,450,050</u>	<u>(478,367)</u>	<u>11,699,754</u>
Total Accumulated Amortization	<u>55,578,687</u>	<u>6,178,681</u>	<u>(1,737,916)</u>	<u>60,019,452</u>
Net Book Value	Opening			Ending
<u>Infrastructure</u>				
Land	91,876			260,421
Building/Building Improvements	39,246,925			37,773,432
Machinery and Equipment	1,670,766			1,568,969
Linear - Roadways	54,291,823			53,475,585
Linear - Sewer and Water Services	39,934,850			40,390,938
	<u>135,236,240</u>			<u>133,469,345</u>
<u>General</u>				
Land	5,398,385			5,673,890
Land Improvements	3,101,964			3,415,168
Building/Building Improvements	5,647,281			5,956,524
Machinery and Equipment	2,100,174			2,319,018
Vehicles	3,097,101			5,148,873
	<u>19,344,905</u>			<u>22,513,473</u>
Assets under construction	2,384,741			601,379
Total Net Book Value	<u>156,965,886</u>			<u>156,584,197</u>

THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN

**Notes to the Consolidated Financial Statements
For The Year Ended December 31, 2019**

12. TANGIBLE CAPITAL ASSETS (CONTINUED)

December 31, 2018

Cost	Opening	Additions	Disposals	Ending
<u>Infrastructure</u>				
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
Infrastructure Total	<u>131,904,978</u>	<u>48,219,676</u>	<u>(37,798)</u>	<u>180,086,856</u>
<u>General</u>				
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
General Total	<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
Total Cost	<u>207,084,777</u>	<u>54,131,383</u>	<u>(48,671,587)</u>	<u>212,544,573</u>

Accumulated Amortization	Opening	Amortization	Disposal	Ending
<u>Infrastructure</u>				
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
Infrastructure Total	<u>41,876,411</u>	<u>3,012,003</u>	<u>(37,798)</u>	<u>44,850,616</u>
<u>General</u>				
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
General Total	<u>10,004,933</u>	<u>1,245,347</u>	<u>(522,209)</u>	<u>10,728,071</u>
Total Accumulated Amortization	<u>51,881,344</u>	<u>4,257,350</u>	<u>(560,007)</u>	<u>55,578,687</u>

Net Book Value	Opening	Ending
<u>Infrastructure</u>		
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>
<u>General</u>		
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
Total Net Book Value	<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, 2019**

13. ACCUMULATED SURPLUS

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

	2019	2018
	<u>\$</u>	<u>\$</u>
SURPLUS		
General revenue fund	1,255,929	716,448
Sewer operations	1,601,913	434,271
Water operations	(830,558)	(624,923)
Invested in tangible capital assets	156,584,197	156,965,886
Invested in EARTH Corporation	2,743,991	2,615,267
Capital fund and unfunded capital drains	(20,721)	(1,151,676)
Reserves and reserve funds	<u>8,394,868</u>	<u>9,962,099</u>
	169,729,619	168,917,372
AMOUNTS TO BE RECOVERED		
Net long-term debt	<u>(35,258,083)</u>	<u>(37,948,489)</u>
ACCUMULATED SURPLUS	<u><u>134,471,536</u></u>	<u><u>130,968,883</u></u>
RESERVES AND RESERVE FUNDS		
Reserves set aside for specific purposes by council:		
- for working capital	428,681	395,615
- for current purposes	2,527,341	1,741,075
- for capital purposes	<u>4,889,416</u>	<u>6,693,254</u>
Total reserves	<u><u>7,845,438</u></u>	<u><u>8,829,944</u></u>
Reserve funds set aside for specific purposes by council:		
- for replacement of sanitary and storm sewers	-	623,318
- for replacement of water systems	266,833	234,958
- for sick leave	-	21,150
- for social housing capital projects	207,978	179,731
- from lot levies and parking revenues	<u>74,619</u>	<u>72,998</u>
Total reserve funds	<u><u>549,430</u></u>	<u><u>1,132,155</u></u>

THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN

Notes to the Consolidated Financial Statements For The Year Ended December 31, 2019

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, 2019, and the results of this valuation disclosed actuarial liabilities of \$106.4 billion in respect of benefits accrued for service with actuarial assets at that date of \$103 billion leaving an actuarial deficit of \$3.4 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 2019 was approximately \$413,000 (2018 - \$410,000).

15. CONTINGENT LIABILITIES

As at December 31, 2019 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, 2019

16. BUDGET FIGURES

The operating budget approved by the council of the Municipality for 2019 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>
REVENUES			
Property taxation	13,742,837	-	13,742,837
Taxation from other governments	282,642	-	282,642
User charges	5,416,473	227,150	5,643,623
Transfer payments			
Federal	-	632,702	632,702
Provincial	968,526	1,316,576	2,285,102
Other municipalities	804,177	551,314	1,355,491
Contributions - benefiting land owners & developers	1,045,074	497,156	1,542,230
Investment income	280,480	14,933	295,413
Penalties and interest on taxes	358,179	-	358,179
Other	1,039,887	60,984	1,100,871
Reserve transfers and borrowing	1,964,390	(1,964,390)	-
Capital funding - revenue	<u>2,992,745</u>	<u>(2,992,745)</u>	<u>-</u>
Total Revenues	<u>28,895,410</u>	<u>(1,656,320)</u>	<u>27,239,090</u>
EXPENSES			
General government	1,742,756	250,994	1,993,750
Protection to persons and property	4,979,788	56,735	5,036,523
Transportation services	3,762,749	4,443,350	8,206,099
Environmental services	7,088,938	(86,412)	7,002,526
Health services	91,673	(15,000)	76,673
Social housing	-	220,889	220,889
Recreation and cultural services	2,275,728	530,470	2,806,198
Planning and development	391,513	-	391,513
Capital expenditures and reserve transfers	<u>8,562,265</u>	<u>(8,562,265)</u>	<u>-</u>
Total Expenses	<u>28,895,410</u>	<u>(3,161,239)</u>	<u>25,734,171</u>
BUDGETED ANNUAL SURPLUS	<u>-</u>	<u>1,504,919</u>	<u>1,504,919</u>

THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN

Notes to the Consolidated Financial Statements For The Year Ended December 31, 2019

17. SUPPLEMENTARY INFORMATION:

	2019	2018
	<u>\$</u>	<u>\$</u>
[a] Current fund expenditures by object:		
Salaries, wages and employee benefits	7,213,514	6,739,702
Long-term debt interest expense	1,228,661	1,336,898
Materials	6,189,081	5,301,457
Contracted services	4,906,944	4,098,218
Rents and financial expenses	47,001	53,686
Amortization and loss on disposal of capital assets	7,204,608	4,012,996
Transfer to others	<u>165,232</u>	<u>153,458</u>
	<u>26,955,041</u>	<u>21,696,415</u>
[b] Change in non-cash assets and liabilities related to operations:		
(Increase) decrease in taxes receivable	(468,945)	133,521
(Increase) decrease in accounts receivable	(964,377)	2,173,296
(Increase) decrease in inventories and prepaid expenses	(45,052)	14,484
Increase (decrease) in accounts payable and accrued liabilities	1,102,029	(2,859,467)
Increase (decrease) in deferred revenue - obligatory reserve funds	<u>(641,784)</u>	<u>(3,198,643)</u>
	<u>(1,018,129)</u>	<u>(3,736,809)</u>

THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN

Notes to the Consolidated Financial Statements For The Year Ended December 31, 2019

18. SUBSEQUENT EVENT

Subsequent to year end, the Municipality was exposed to economic risks associated with the coronavirus pandemic. These risks are beyond the Municipality's control. The overall impact of these risks cannot be identified at this time but could impact the Municipality's operations, future net surplus, cash flows and financial condition. The Municipality has experienced the following impacts:

- The Municipality suspended some of its operations in March 2020 and the Municipality staff are working from alternate locations;
- The Municipality has waived interest and penalty charges on tax and utility payments due from its residents. The Municipality is unsure of the resulting overall impact on future cash flows or on the valuation of the year end receivable balances;
- The Municipality holds investments in its Harbour Funds (Note 2). These investments are subject to market fluctuations. The impact of the market fluctuations and resulting gains or losses on the Municipality will only be known when these investments are disposed of. The Municipality is unsure as to the overall impact on future cash flows.

THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN

Notes to the Consolidated Financial Statements For The Year Ended December 31, 2019

19. 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.

THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN

Notes to the Consolidated Financial Statements For The Year Ended December 31, 2019

19. SEGMENTED INFORMATION (CONTINUED)

Public Works

The Infrastructure 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, 2019**

	Social Housing	Planning	Public Works	Finance & Administration	Protection	Water and Waste Funds	Community Services	Other Funds	Consolidated
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
REVENUES									
Taxation	-	391,513	3,926,267	1,742,756	4,288,010	-	2,275,728	1,691,247	14,315,521
Sales of services and regulatory fees	227,150	-	-	-	1,968	5,269,369	484,029	90,042	6,072,558
Government transfers	-	-	1,732,668	413,300	199,528	430,752	20,684	1,993,857	4,790,789
Other	-	30,380	1,244,923	127,850	54,232	530,916	257,516	2,861,397	5,107,214
ERTH Corporation income	-	-	-	-	-	-	-	171,612	171,612
	<u>227,150</u>	<u>421,893</u>	<u>6,903,858</u>	<u>2,283,906</u>	<u>4,543,738</u>	<u>6,231,037</u>	<u>3,037,957</u>	<u>6,808,155</u>	<u>30,457,694</u>
EXPENSES									
Salaries, wages and employees benefits	-	10,576	2,073,269	1,306,746	1,114,943	924,855	1,292,024	491,101	7,213,514
Long-term debt interest expense	-	2,155	60,139	-	-	1,166,367	-	-	1,228,661
Materials	211,688	281,054	1,553,781	279,400	593,195	2,056,382	658,011	555,570	6,189,081
Contracted services, rents and financial	-	56,154	1,574,085	227,054	1,994,419	364,069	259,095	644,301	5,119,177
Loss (gain) on disposal of capital assets	-	-	2,084,063	-	-	(1,058,136)	-	-	1,025,927
Amortization	9,201	-	3,323,353	197,796	603,615	1,537,225	507,491	-	6,178,681
	<u>220,889</u>	<u>349,939</u>	<u>10,668,690</u>	<u>2,010,996</u>	<u>4,306,172</u>	<u>4,990,762</u>	<u>2,716,621</u>	<u>1,690,972</u>	<u>26,955,041</u>
ANNUAL SURPLUS (DEFICIT)	<u>6,261</u>	<u>71,954</u>	<u>(3,764,832)</u>	<u>272,910</u>	<u>237,566</u>	<u>1,240,275</u>	<u>321,336</u>	<u>5,117,183</u>	<u>3,502,653</u>

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
	\$	\$	\$	\$	\$	\$	\$	\$	\$
REVENUES									
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 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>
EXPENSES									
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	68,243	-	-	1,265,047	-	-	1,336,898
Materials	178,794	355,990	1,665,722	286,666	490,775	1,002,921	621,051	699,538	5,301,457
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 on disposal of capital assets	-	-	-	-	-	(244,354)	-	-	(244,354)
Amortization	10,027	-	2,272,913	135,275	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>
ANNUAL SURPLUS (DEFICIT)	<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>