

2021 ANNUAL MUNICIPAL REPORT HIGHLIGHTS

For the year ended December 31, 2021
The Municipality of Central Elgin

centralelgin.org





The Municipality's Mission:

To develop our Municipality through responsible management and long range planning, while having regard for our urban, agricultural, tourist and recreational communities, with a vision for economic stability.

The Municipality of Central Elgin would like to acknowledge that we gather on land of the McKee Purchase, the traditional territory of the, Haudenosaunee, Attiwonderonk (Neutral) and Mississauga Nation.

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Produced by the Finance Department
at the Municipality of Central Elgin in
cooperation with all civic departments.

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Introduction

MUNICIPAL COUNCIL

Central Elgin Council has a Mayor, Deputy Mayor and five ward Councillors. Residents throughout the entire municipality elect the Mayor and Deputy Mayor. Councillors are elected by the ward they represent.

Council meetings are regularly scheduled on the second and fourth Monday of the month (with the exceptions of July, August and December, which are on season schedules) and special council meetings can occur at other times.

MUNICIPAL SERVICES

The Municipality of Central Elgin delivers services to its residents through five main service areas that include:

- Council
- Corporate Services
- Asset Management and Development Services
- Fire and Emergency Services
- Infrastructure and Community Services
- Financial Services

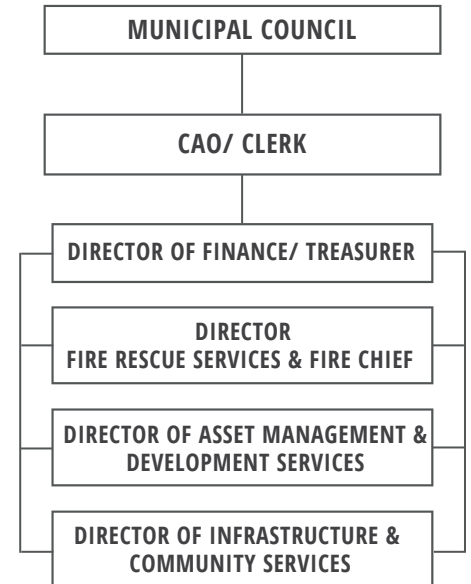
CENTRAL ELGIN PROVIDES

- Animal Control
- Building Services
- By-law Enforcement
- Cemeteries
- Development Services
- Economic Development
- Fire and Emergency Services
- Waste Collection
- Municipal Drains
- Road Maintenance
- Capital Works
- Street Lighting
- Parks and Recreation
- Water and Wastewater

ELGIN COUNTY PROVIDES

- County Roads - Capital Works
- Land Ambulance Services
- Social Services and Housing
- Public Health Services
- Library Services
- Senior Living
- Land Use Planning Approval Authority
- Economic Development

MUNICIPAL ORGANIZATIONAL STRUCTURE



MUNICIPAL COUNCIL



Sally Martyn
Mayor
smartyn@centralelgin.org



Tom Marks
Deputy Mayor
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Colleen Row
Ward 1 Councillor
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Dennis Crevits
Ward 2 Councillor
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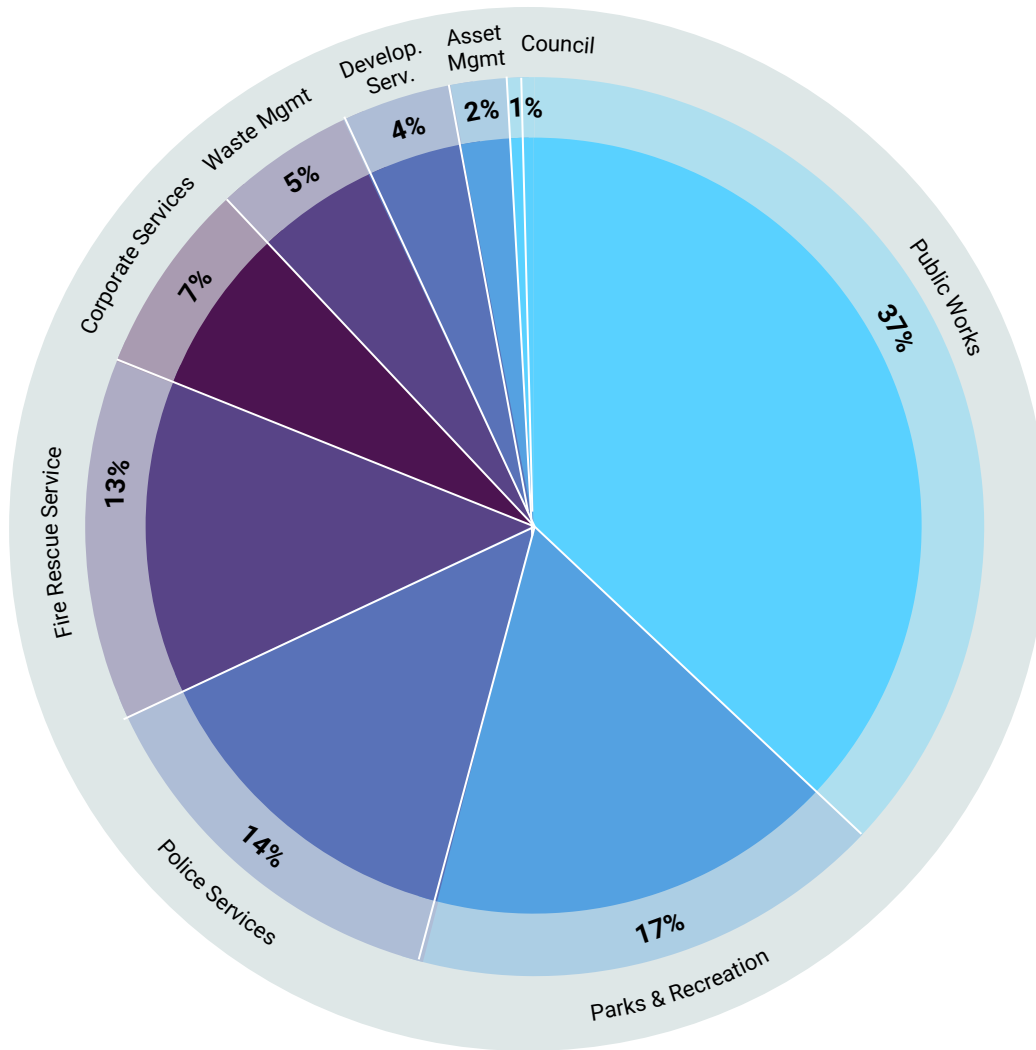
Karen Cook
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Bill Fehr
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Fiona Wynn
Ward 5 Councillor
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PROPERTY TAXES

The 2021 tax levy for Central Elgin, as determined by Council on January 11, 2021, is approximately \$15.6 million, which results in a tax rate increase of 2.07%. The chart above demarcates net expenditures to various service areas.

BOARDS AND COMMITTEES

The Municipality of Central Elgin has numerous boards and committees of Council designed to improve and shape the future of our community by providing advice and feedback on a variety of issues. Some boards and committees also organize and participate in community events.

- Port Stanley Business Improvement Association
- Non-Profit Housing Board
- Blue Flag Committee
- Environmental Advisory Committee
- Health & Safety Committee
- Special Events Committee



MESSAGE FROM THE CAO/CLERK

Paul Shipway CAO/ Clerk

In 2021, the Municipality of Central Elgin continued to face uncertain times and new realities brought forth by the ongoing COVID-19 pandemic. Words like ‘pivot’ and ‘unprecedented’ have continued to be used to describe the experiences of individuals, businesses, community organizations and the Municipality. However, Central Elgin, a community of communities, has proven resilient and this is a testament to those individuals, businesses and community organizations.

The administration of the Municipality experienced significant change in 2021. Staff remained focused on modernizing services and processes to support the Council vision for the future of the Municipality.

These efforts are based on the common objectives to seize opportunities to improve quality of place in Central Elgin today and its prospects for tomorrow through the Council strategic priorities of:

- A Strong Local Economy and Sustainable Community
- Conservation and Appreciation of the Natural Environment
- Adequate, Sustainable, and Affordable Infrastructure
- Good Governance

The Municipality will continue to face uncertain times ahead with the COVID-19 pandemic and corresponding upper level of government regulatory and financial changes and the impact they will have.

Through this, the administration will remain committed to

modernization and continuous improvement to provide a fiscally responsible and business friendly culture in a timely and sustainable manner. The 2022 Budget is an important step in this process.

I would like to acknowledge the dedication of Council, staff, committees and community organizations for all they have done over the past year to support the Municipality. We invite you to review the 2021 Annual Report and 2022 Budget Report and see how despite, or in some cases because of, the pandemic we are working more closely together than ever to deliver positive outcomes for our communities.



MESSAGE FROM THE DIRECTOR OF FINANCIAL SERVICES / TREASURER

Archana Gupta-Harit Director of Financial Services/ Treasurer

As we reflect back on year 2021, two key themes dominated the year— our response to the changing COVID-19 pandemic landscape and our unrelenting commitment to continue to deliver efficient and cost-effective services while creating the conditions necessary for all stakeholders that are safe and welcoming.

I am pleased to present the Municipality of Central Elgin’s annual financial results for the year ended December 31, 2021.

I joined the Municipality in March 2021, ready to collaborate with my colleagues in building a stronger fiscal foundation and delivering services at a reasonable cost, in alignment with municipal strategic goals. We have come a long way and the municipality demonstrates prudent and fiscal responsibility. Central Elgin’s strong operating results are supported by stable operations, conservative fiscal management practices, and predictable property taxes and user fees. Its improved financial management policies, systems, and reporting structures support transparency and accountability to the residents, businesses and other stakeholders.

The financial results in this report are presented on the full accrual basis of accounting. For comparability with final results, the 2021 Budget provided expected revenues, spending and annual surplus on a full accrual basis, which provides the basis of comparison in this report. This report also shows 2021 financial results against the original budget as approved by the Council.

On the full accrual basis of accounting, Central Elgin’s revenues exceed expenses, resulting in an annual surplus of \$3.7M from operations over the year. As a result, the accumulated surplus reached \$142.8M at the end of 2021, up from \$139.1M at the end of 2020.

Central Elgin is currently working on a long-term financial planning framework that will support sustainability while ensuring that the municipality is positioned to respond to unforeseen and emerging needs in a fiscally responsible manner. This plan will also allow the Municipality to mitigate the impacts of economic downturns and changes in funding / grants and operational requirements by other levels of government. The Municipality maintains some financial flexibility from reserves and a debt burden that is manageable.

Central Elgin At A Glance



CENTRAL ELGIN. WHO ARE WE?

Located in Southwestern Ontario on Lake Erie, the Municipality of Central Elgin is a community of communities. Each community has unique experiences to offer visitors and residents alike.

Whether people enjoy golfing, theater, fine dining, local vineyards, farming, history or just nice relaxing evening strolls in the outdoors or on the beach, Central Elgin has all the bases covered.

The Municipality of Central Elgin was formed in 1998, through the amalgamation of the Township of Yarmouth with the Villages of Belmont and Port Stanley and is part of the London census metropolitan area.

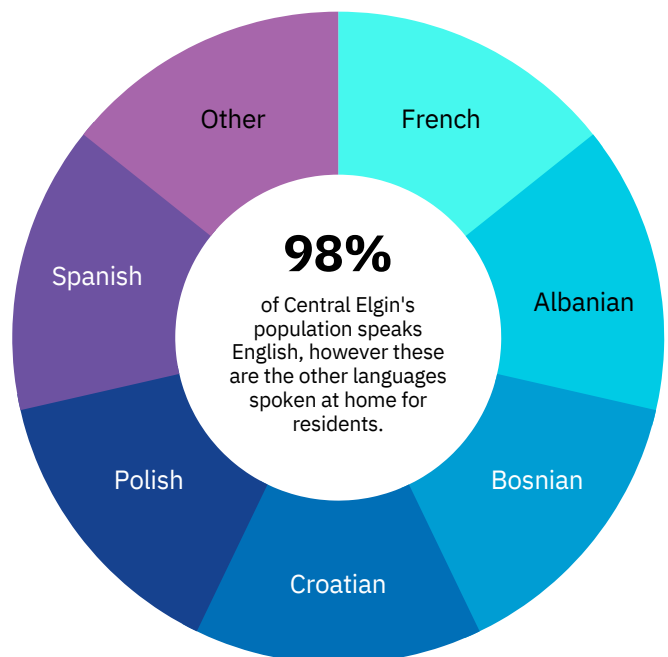
POPULATION ⁽²⁰¹⁶⁾



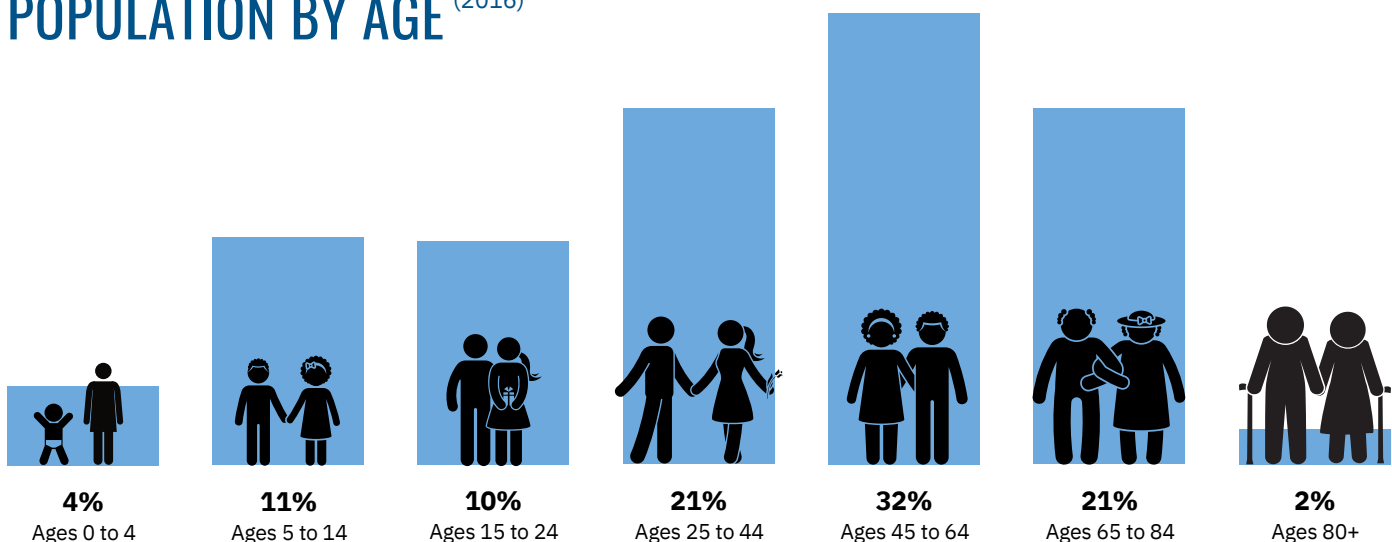
13,000

Population in Central Elgin was forecast to increase from 12,607 in 2016 to 18,200 by 2046, representing a population increase of 1.1% annually over the 30-year period.

LANGUAGES SPOKEN AT HOME ⁽²⁰¹⁶⁾



POPULATION BY AGE ⁽²⁰¹⁶⁾



HOUSEHOLD STATISTICS ⁽²⁰¹⁶⁾



2.5

Average persons per household



44 years

Average age of the population



84%

of the population aged 15 years and older has a post-secondary certificate, diploma, or degree.



\$64,737

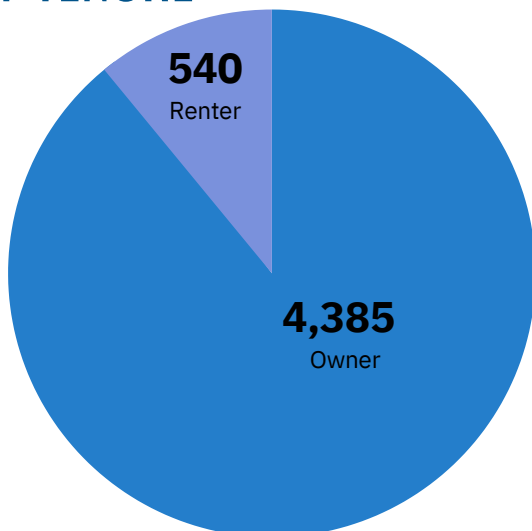
Average employment income for full time workers



\$ 88,765

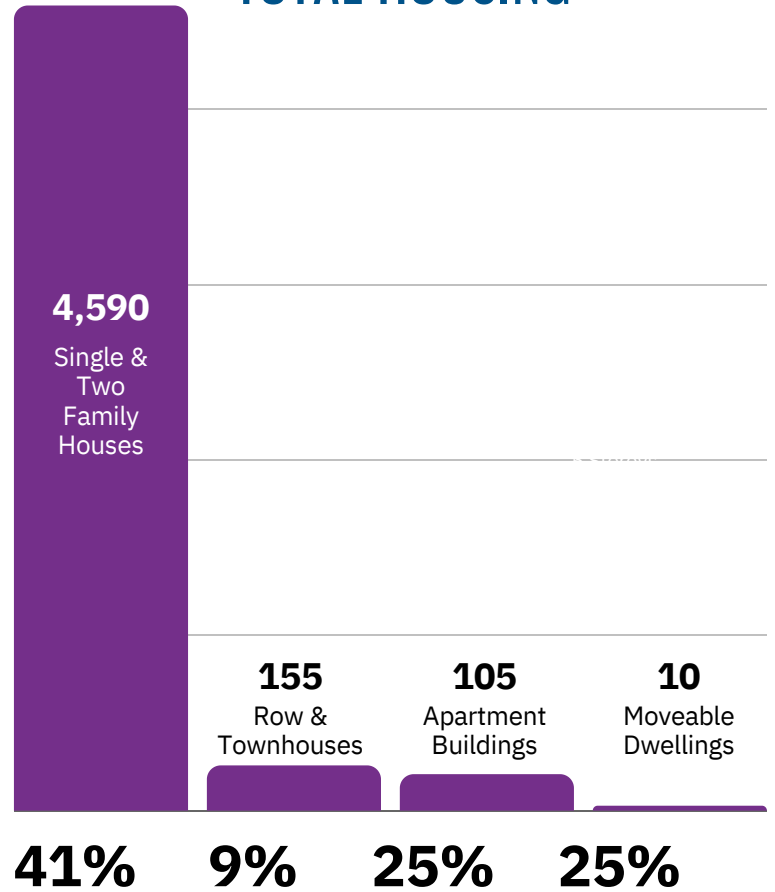
Median total income of households in 2015

PRIVATE HOUSEHOLDS ⁽²⁰¹⁶⁾ BY TENURE

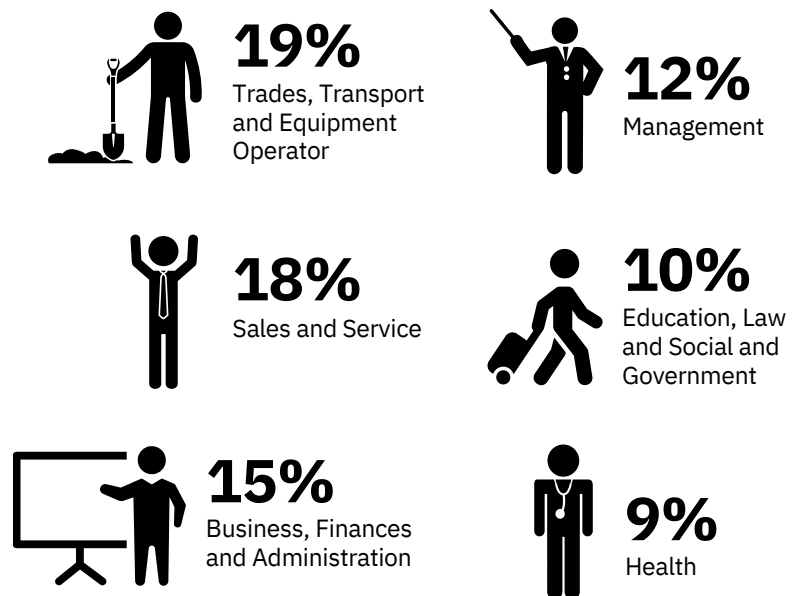


Total Units: 4,920

TOTAL HOUSING ⁽²⁰¹⁶⁾



TOP 5 OCCUPATIONS ⁽²⁰¹⁶⁾



Strategic Plan

STRATEGIC PLAN

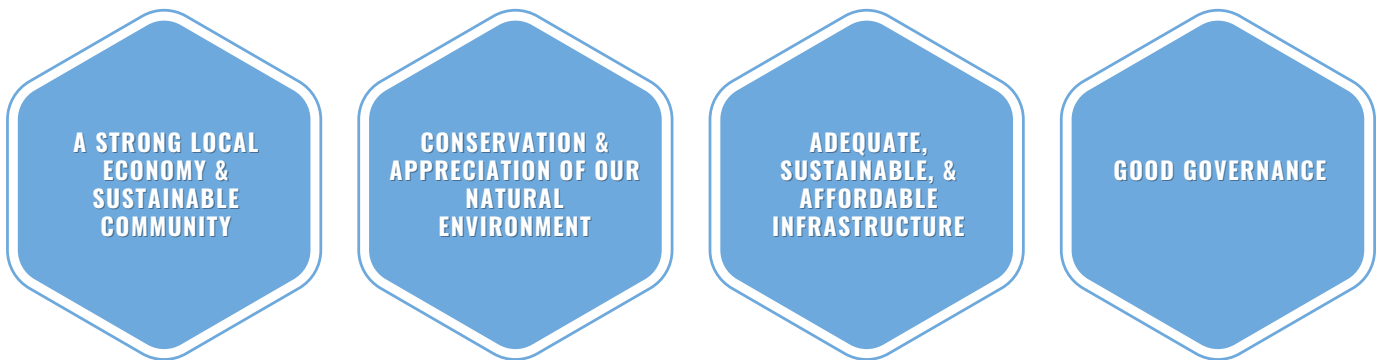
The Municipal Council's dedication to the community is defined by its Vision, which outlines the quality-of-life people desire now and in the future. The Municipality's corporate planning efforts are guided by this, which ensures that all Municipal employees, regardless of their role or function, are working in the same direction.

The community's aspirations are reflected in the Vision, as are the criteria of success in reaching it. The Municipality collaborates with community partners to achieve its Vision of a strong, thriving economy and a long-term community.

The Municipality launched its 2019 to 2021 Strategic Plan in February 2019, which contains four areas of focus to accommodate the community's changing needs. Building on the success of the previous Strategic Plan, the plan outlines a specific plan of action for the four community goal areas listed below

- **A Strong Local Economy and Sustainable Community**
- **Conservation and Appreciation of our Natural Environment**
- **Adequate, Sustainable, and Affordable Infrastructure**
- **Good Governance**

This plan aligns with the Municipality's multi-year budgeting process and the current Council term to ensure that the Municipality continues to make progress in supporting Central Elgin communities.



Achievements & 2021 Highlights

ACHIEVEMENTS & 2021 HIGHLIGHTS

Central Elgin is a progressive organization and is committed to delivering responsible and cost effective services and infrastructure that provide for the long-term economic, social and environmental well-being of our residents and community. Central Elgin has taken steps to ensure the activities were aligned to the strategic goals.

A Thriving Organization Culture – To enhance its progressive culture, Central Elgin introduced a work from home policy for staff (for eligible positions) beyond the pandemic. This policy allows staff for an excellent balance in meeting work and home requirements.

Financial Viability – Central Elgin's finance department collaborated with the CAO to implement new investment policies and work toward making investments and reducing debt through proper reporting and use of user fees and revenues to maintain the Municipality's long-term financial viability.

Customer Service – The ability of Central Elgin to adjust customer service to residents' expectations ensures that the services provided today are both important and relevant to those the Municipality serves. Covid 19 has changed the way people live their lives, and Central Elgin's staff adjusted and introduced various services that are now available online, depending on the needs of residents who want access to quality, on-demand customer service in the manner of their choice. Central Elgin's plan to improve the service delivery model includes the move from a decentralized model to a more centralized one. The Municipality's dedicated and well-trained front desk staff will continue to provide broad information on all municipal services and assist those served in resolving specific department-related service inquiries. The goal is to reduce the number of interactions required to fulfil a request and simplify the process for residents and community stakeholders. Streamlining the process and lowering the number of interactions necessary from municipal residents will allow for more timely and consistent replies, contributing to overall operational effectiveness. The customer service at front desk continues to be available in person, by phone, email or online.

Communications – The Municipality recently updated its website to ensure a seamless user experience, enhancing its features to provide residents and stakeholders with additional opportunities. Central Elgin also leverages social media platforms like Facebook, Instagram, and Twitter, as well as a public engagement site called Let's Talk Central Elgin, to keep all audiences engaged, informed, and involved in Municipal projects, studies, and more. Google Analytics is integrated into the processes to detect gaps in communication and where improvements can be made.

Technology & Collaboration – Introduced and rolled out TEAMS as a collaboration tool to senior staff and Finance Department. This allows staff work in a more efficient way compared with using an email system, specifically when working remotely. As a result, members can respond more quickly to the matters and work collaboratively on reporting etc.

Virtual Meetings - Council and Committee meetings were transferred online via Zoom in early June 2020 and continue to be held via Zoom, with a Hybrid model (mix of Zoom and in-person) being used since late 2021. Members of the public who wish to watch or participate in Council sessions may do so by viewing the video conference online or by dialing in. Details about video conferencing and phone call-in alternatives are included in meeting agendas and are available on the municipal website.

ADDITIONAL ACCOMPLISHMENTS



MAJOR INFRASTRUCTURE ADDITIONS

- 20 Decorative Streetlights on Colborne Street
- 4 New Electric Vehicle Charging Stations
- Main Beach Washroom Renovations
- Harrison Place Culvert Rehabilitation
- Old Lynhurst Phase 3
- (New storm sewer, road reconstruction, new curb and gutter and sidewalk on Crescent Ave)
- Eastwood Park upgrades
- Hot Mix Paving (1.85 km)
- Road Surface Treatment (10.2 km)



TOTAL ROAD & BRIDGES UPDATES

- Centre Lines (218.45 km)
- Good Condition (174 km)
- Bridges (13)
- Good Condition (11)



WASTE MANAGEMENT & UTILITIES

- Implementation of New Garbage Cart Program (Delivery of approximately 6000 carts)
- Conversion to Monthly Utility Billing



FIRE RESCUE SERVICES

- Enrollment of firefighters into the Elgin Middlesex Regional Training School has greatly reduced our training costs and has allowed for more firefighters to attend valuable training promoting efficiency and competence.
- Recruitment of additional firefighters in late 2021 was initiated, and candidates are currently attending recruit training
- Completed the requirements for the 2021 Emergency Management compliancy
- Initiated a review of compliancy with regards to equipment maintenance standards



Economic Development

ECONOMIC DEVELOPMENT

2021 continued to be a strong year for Economic Development in Central Elgin. This growth has been realized in a strong housing market as well as Commercial Employment Generation. Council's mandate is to continue to make Central Elgin a place to live, work, play and stay.

RESIDENTIAL DEVELOPMENT

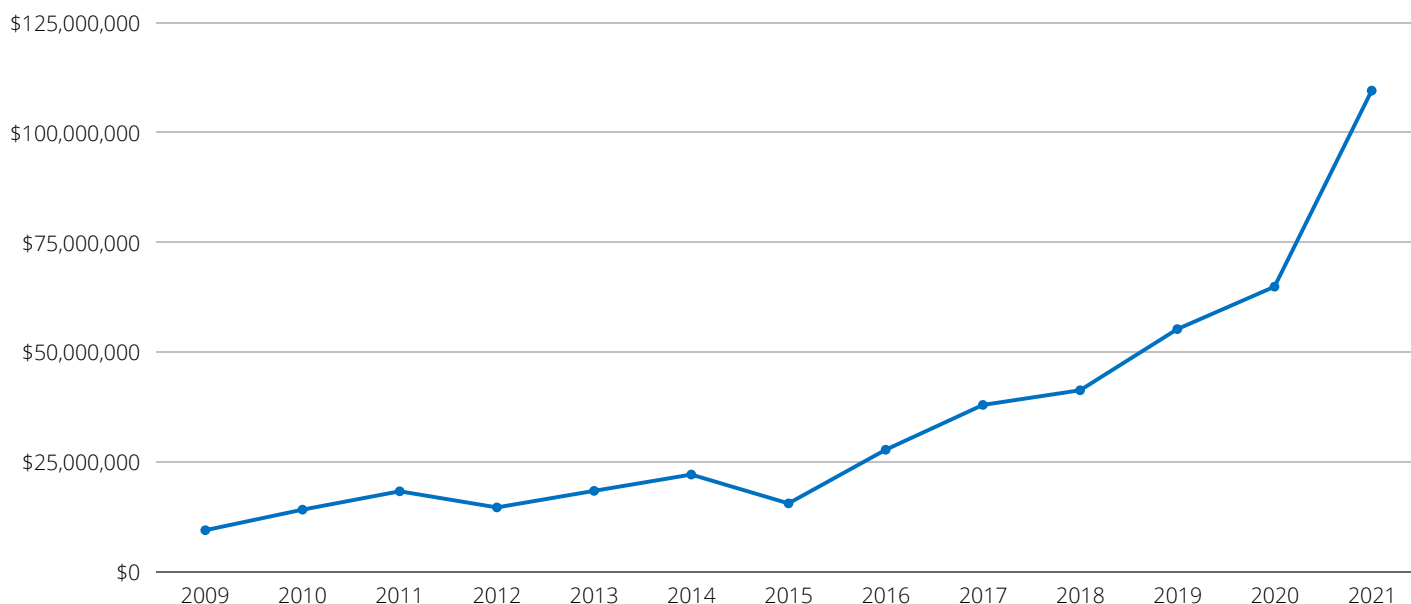


LARGEST GROWTH RATE IN HISTORY

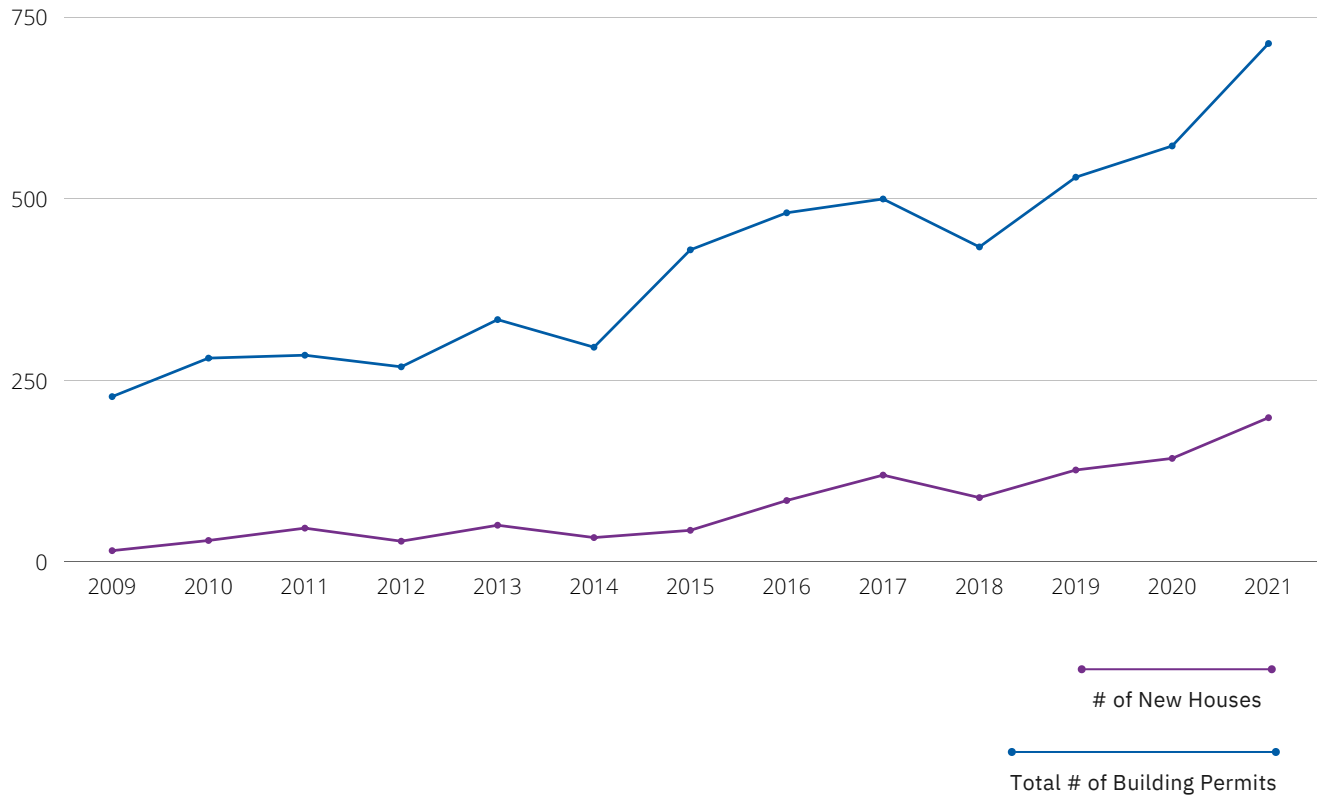
Central Elgin realized the largest growth rate in history in 2021 as a result of residential development in the Municipality. This development was realized by a combination of new home builds as well as renovations to existing structures. In 2021 there were a total of 714 building permits issued for a total construction value of \$109,498,133. Of the 714 building permits 199 were for new home builds which surpassed the number of new homes built in 2020 of 143. These new homes and building permit activity were realized across Central Elgin with new subdivisions in Lynhurst, Belmont, Lyndale and Port Stanley.

The housing market remains strong and a number of consultation meetings were held with proponents for residential and commercial developments in Belmont, Lyndale and Port Stanley. These consultation meetings allow developers and proponents to understand municipal requirements for supporting studies to allow planning approvals to be considered by Central Elgin Council.

TOTAL VALUE OF CONSTRUCTION



PERMIT QUANTITY





COMMERCIAL DEVELOPMENT



DOMINION OF CANADA BUILDING

Council undertook a competitive procurement process to select a proponent to occupy and enhance the long-term use of the Dominion of Canada Building located on the Port Stanley Harbour. Council entered into a Lease to Own contract with the Port Stanley Brewing Company. The Port Stanley Brewing Company will repurpose this historic building on the Port Stanley waterfront into a Craft Brewery, Restaurant and Event Space. This new venture will provide a higher and better use to this Dominion of Canada Building while creating increased tax revenue to the Municipality and creating approximately 40 jobs (part time and full time).

LONG TERM PLANNING FOR GROWTH



The Municipality approved the Harbour Secondary Plan and formalized the direction of the plan after significant public consultation through the adoption of an Official Plan Amendment (OPA). This OPA will guide future development for the area around the Port Stanley Harbour in the future.

Also in 2021, Council commenced the update of the municipality's Official Plan to conform with the 2020 Provincial Policy Statement (PPS). The current plan was adopted by Council in 2013 and was not current with some of the provincial direction as outlined in the 2020 PPS. Work commenced on the update including public consultation in 2021 and will be completed in the summer of 2022.

The Union Area Sanitary Sewer Environmental Assessment was completed in 2021. This master plan study identified how the Hamlet of Union can be serviced by sanitary sewer. This form of servicing satisfies the Provincial Policy Statement for sustainable growth and will open up the potential for an increase of housing in Union that has been identified in Official Plans since the early 1980's. The creation of housing will allow the municipality to assist in satisfying the housing demands and requirements as identified in the Province of Ontario's, More Homes for Everyone strategy.

Financial Highlights

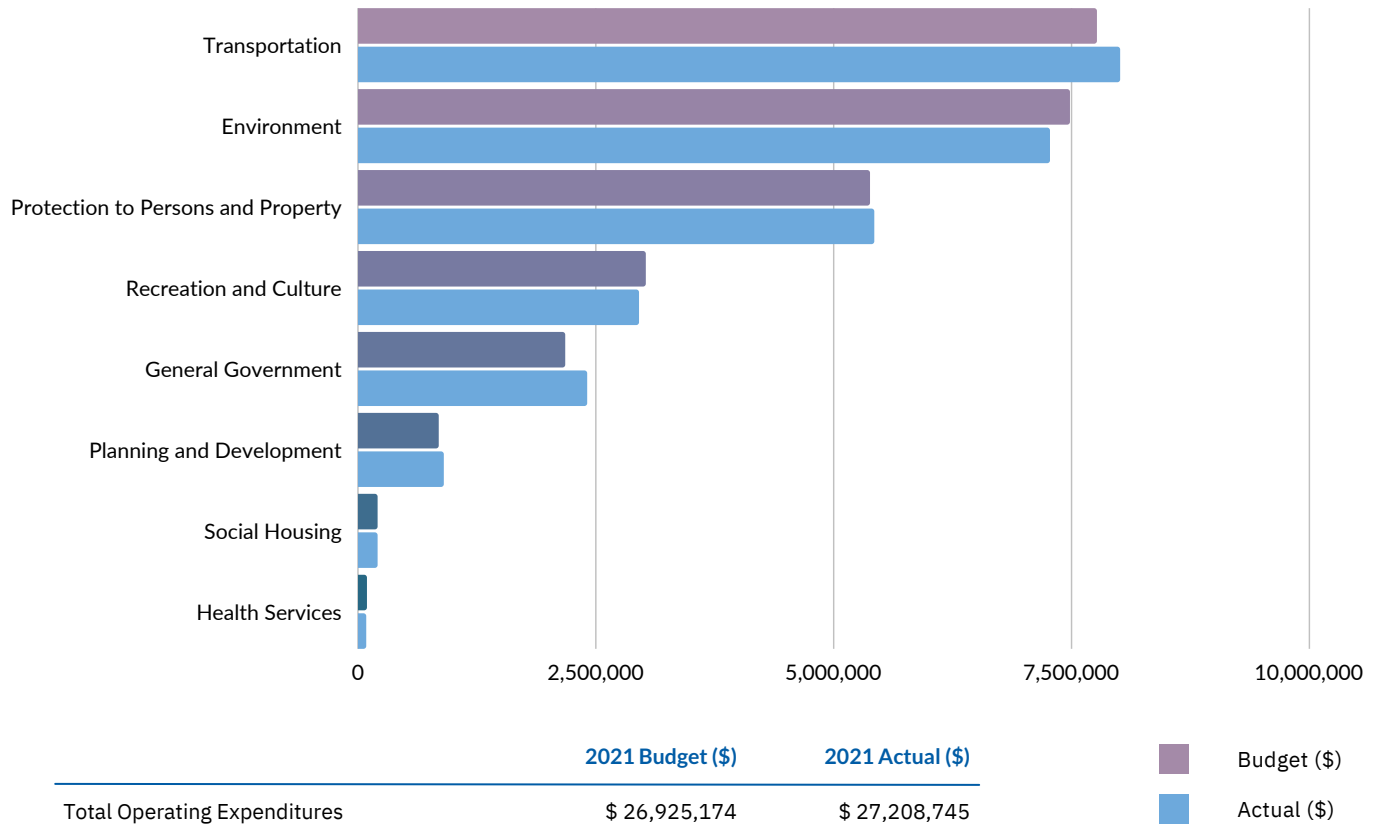
FINANCIAL HIGHLIGHTS

2021 ACTUAL REVENUES BY SOURCE

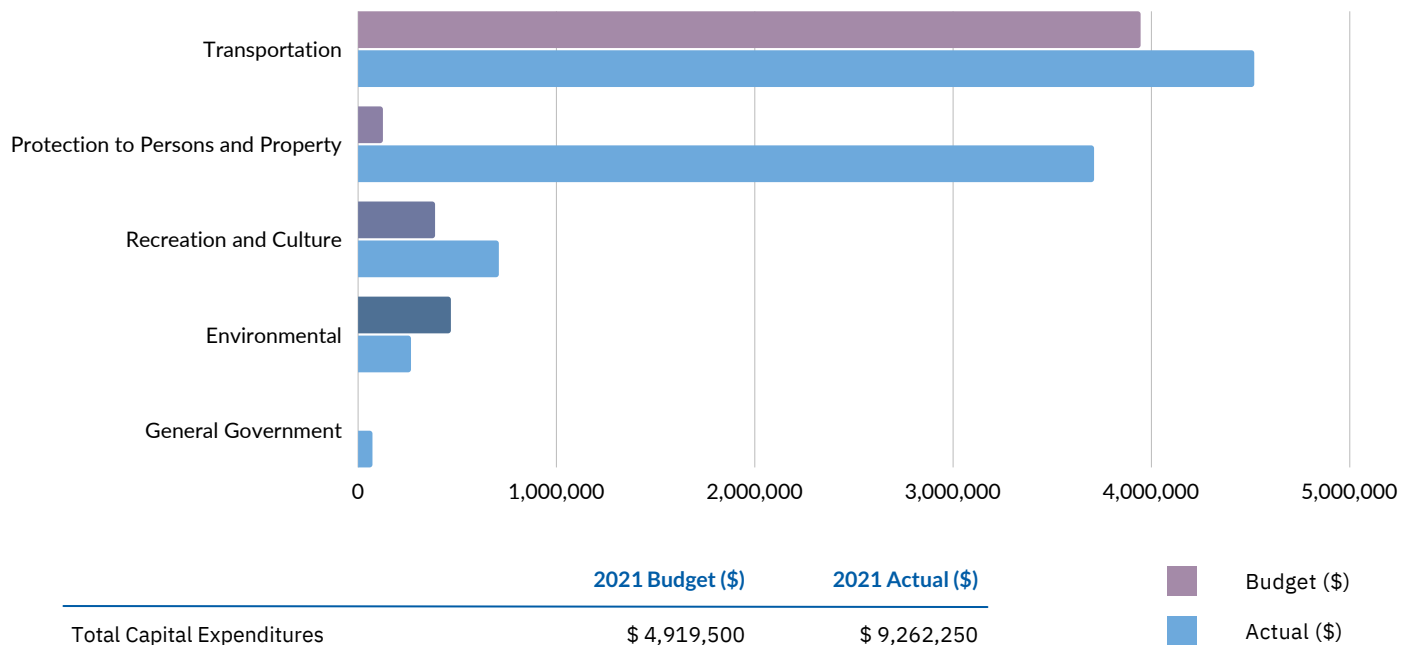
Revenue	2021 Budget (\$)	2021 Actual (\$)	2021 Actual (%)
Property Taxation	\$ 15,530,391	\$ 15,542,066	50%
User Charges	\$ 7,840,004	\$ 7,688,703	25%
Provincial Funding	\$ 1,423,019	\$ 1,778,048	6%
Contributions - benefiting land owners and developers	\$ 1,658,500	\$ 1,473,996	5%
Other, fees, permits, and licences	\$ 1,059,780	\$ 1,333,714	4%
Federal Funding	\$ 793,203	\$ 793,197	3%
Funding from other Municipalities	\$ 785,000	\$ 775,506	2%
Taxation from other Governments	\$ 330,000	\$ 493,218	1%
Harbour Agreement Funding	\$ 40,000	\$ 247,998	1%
Investment Income	\$ 167,007	\$ 179,923	1%
Penalties and Interest	\$ 320,000	\$ 325,332	1%
ERTH Corporation Equity Income	\$ -	\$ 280,280	1%
Total Revenues	\$ 29,946,904	\$ 30,911,981	100%



2021 OPERATING EXPENDITURES BY SERVICE



2021 CAPITAL EXPENDITURES BY SERVICE





2021 TAX LEVY ALLOCATION

	2021 Actual	2021 Actual (%)
Council	\$ 167,314	1%
Corporate Services	\$ 1,223,377	7%
Fire Rescue Services	\$ 2,224,950	14%
Police Services	\$ 2,032,634	13%
Parks and Recreation	\$ 2,305,067	14%
Development Services	\$ 588,287	4%
Asset Management	\$ 324,113	2%
Public Works	\$ 6,579,267	41%
Waste Management	\$ 731,180	4%
Surplus	\$ 1,032	0%
Total	\$ 16,177,221	100%

2021 RESERVES AND RESERVE FUNDS

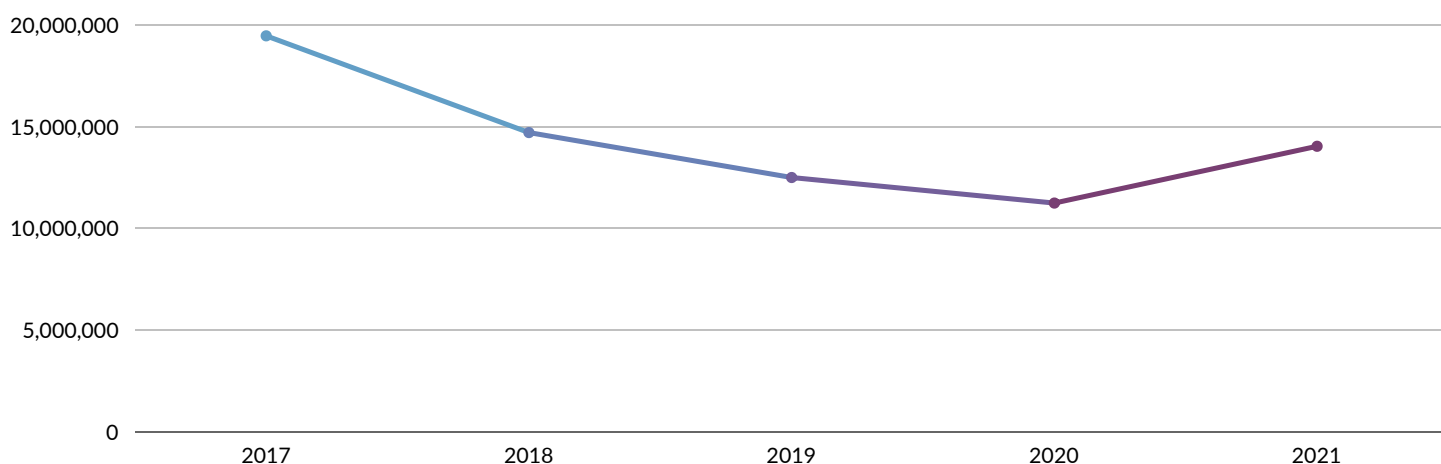
The Municipality uses reserves as a financial management strategy to gradually set aside a portion of revenue for future operating costs and capital infrastructure projects. Reserves are a valuable alternative to debt that saves taxpayers money by reducing interest costs.

Reserve Funds - Discretionary reserve funds are established by Council to finance future expenditures for which it has the authority to spend money. The municipality has Discretionary Reserve Funds for assets such as vehicles, equipment, buildings, roads, and bridges. Transfers to Discretionary Reserve Funds are reviewed on an annual basis in conjunction with the Long-Term Plan to ensure adequate funds are available for capital and infrastructure needs.

Obligatory Reserve Funds - are created as required by Provincial statute, and can only be used for their prescribed purpose. An example of an obligatory reserve fund is the Development Charge Reserve Fund. Development charges provide for the recovery of growth-related capital expenditures from new development. The Development Charges Act, 1997, forms the statutory basis to recover growth-related costs. Development Charges are levied on residential and non-residential development at either subdivision approval or at building permit issuance in accordance with the municipality's current Development Charges By-law No. 2556.

TOTAL RESERVE AND RESERVE FUNDS (INCLUDES CONSOLIDATED)

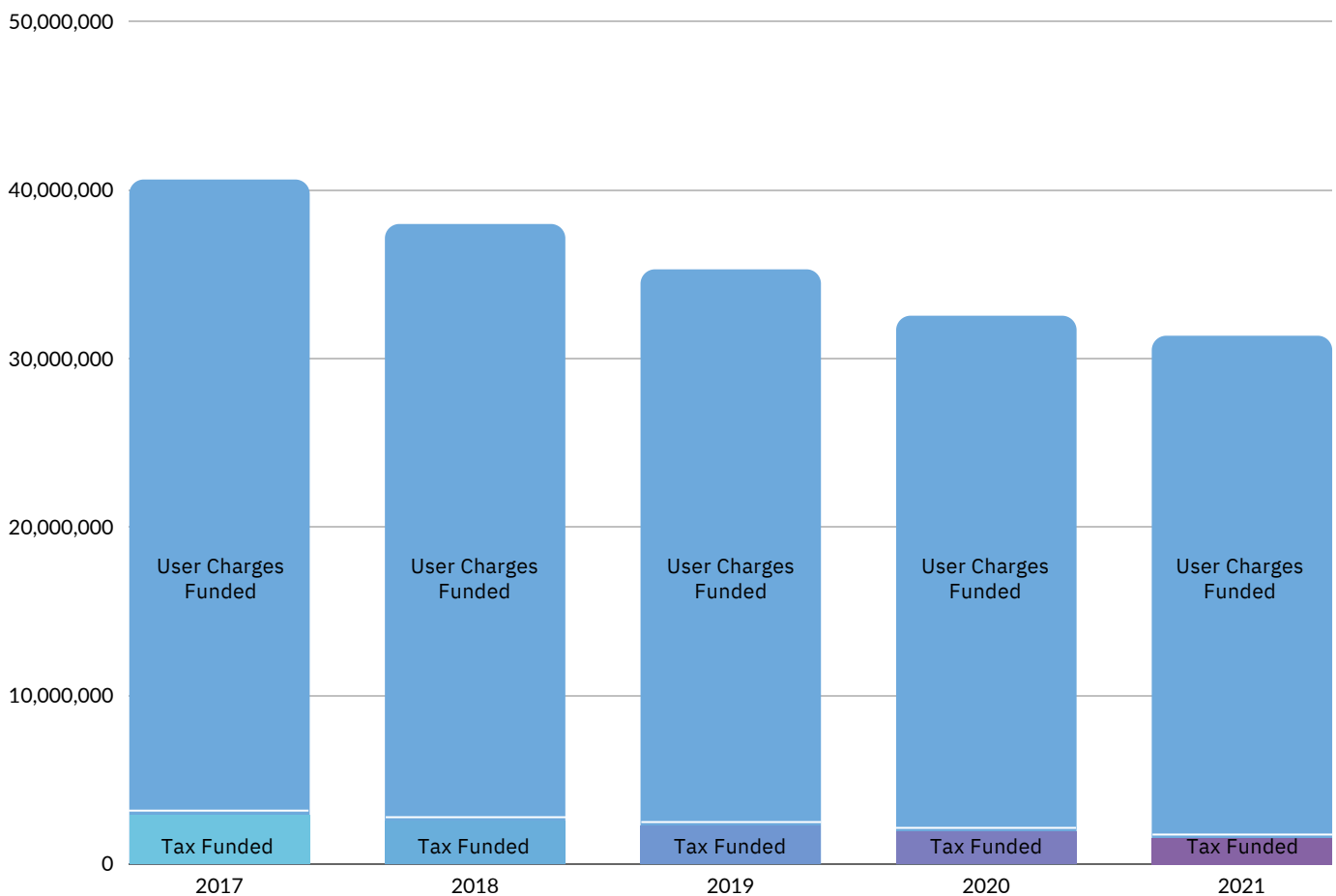
	2017	2018	2019	2020	2021
Obligatory Reserves	\$ 7,947,891	\$ 4,749,249	\$ 4,107,465	\$ 4,598,723	\$ 5,048,082
Reserves and Reserve Funds (as per FS pg 21)	\$ 11,508,170	\$ 9,962,099	\$ 8,394,868	\$ 6,647,828	\$ 8,989,544
Total Reserve and Reserve Funds	\$ 19,456,061	\$ 14,711,348	\$ 12,502,333	\$ 11,246,551	\$ 14,037,626



LONG TERM DEBT

At year-end 2021, the Municipality's total debt outstanding is \$31 million. The chart below summarizes the long-term debt. Municipalities have the authority to issue debt to a prescribed limit. The Annual Repayment Limit (ARL) is calculated based on financial figures from two years prior and is updated by the Treasurer prior to the authorization by Council of a long-term debt or financial obligation. The Annual Repayment Limit (ARL) takes 25% of the municipality's revenue and subtracts the current debt payments. The amount left over would represent the amount of additional combined annual principal/debt payment that the Municipality could incur debt for.

	2017	2018	2019	2020	2021
Tax Funded	\$ 2,890,757	\$ 2,559,212	\$ 2,279,562	\$ 1,921,608	\$ 1,555,446
User Charges Funded	\$ 37,695,747	\$ 35,389,277	\$ 32,978,521	\$ 30,585,546	\$ 29,764,169
Total Long Term Debt	\$ 40,586,504	\$ 37,948,489	\$35,258,083	\$ 32,507,154	\$ 31,319,615



CONSOLIDATED ACCUMULATED SURPLUS

Central Elgin's financial position remained strong in 2021, with an annual surplus of \$3.7 million, bringing the total surplus to \$142.8 million. On the Consolidated Statement of Financial Position, the cumulative surplus is a vital measure of the Municipality's financial strength and long-term sustainability. The amount by which financial assets surpass all liabilities is known as the accumulated surplus, and it is represented by net financial assets, which are the Municipality's Reserves and Reserve Funds.

CONSOLIDATED REVENUE BY SOURCE

The Municipality has a stable stream of revenue. Consolidated revenue rose to \$30.9 million in 2021, up from \$29.7 million in 2020. The majority of Central Elgin's revenue comes from taxation, specifically property and sewer parcel taxes. In 2021, total tax revenue was \$15.5 million, accounting for 52% of total municipal revenue. In 2021, development activities grew dramatically, and the Municipality received higher development-related revenue than expected.

Other revenue, contributed asset revenue, and various transfers from other governments and restricted funds account for the remaining 48 percent of the revenues in 2021.

Although overall revenues increased, revenue from service sales steadily declined significantly compared to pre-COVID-19 levels. This is mostly due to lower user fee revenue as a result of the Provincial Health Officer's (PHO) restrictions on recreational and cultural facilities in order to assist prevent COVID-19 transmission.

Lastly, taxation revenues have increased from the prior year which was mainly driven by the increases to the 2021 property tax rate and new growth. The slight increase enables the Municipality to keep up with standard inflationary costs to continue to provide the key services and programs.

Revenue from Building Permits Issued = \$ 602,779

The value of the building permits issued by the Municipality in the last couple of years has fluctuated. In 2021, although the Municipality experienced a further increase of 12% in total value of construction permits issued compared to 2020, the number of permits processed has increased year over year. The 2021 results indicate that overall development activity continues to be strong further emphasizing that Central Elgin is among the fastest growing lower tier municipalities.



THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN

Consolidated Statement of Financial Position As At December 31, 2021

	2021	2020
	\$	\$
ASSETS		
Financial Assets		
Cash	10,071,407	8,539,393
Loan receivable (Note 3)	1,077,000	1,077,000
Taxes receivable (Note 4)	2,112,893	2,853,285
Accounts receivable (Note 5)	3,707,780	3,670,246
Investments (Note 2)	2,939,540	2,927,865
Investment in EARTH Corporation (Note 7)	2,050,622	1,840,393
Total financial assets	21,959,242	20,908,182
LIABILITIES		
Deferred revenue - obligatory reserve funds (Note 8)	5,048,082	4,598,723
Accounts payable and accrued liabilities	5,372,871	4,607,798
Long-term debt (Note 11)	31,319,615	32,507,154
Total financial liabilities	41,740,568	41,713,675
NET FINANCIAL DEBT	(19,781,326)	(20,805,493)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 12)	162,018,512	159,419,141
Inventories	400,395	367,789
Prepaid expenses	154,714	107,622
Total non-financial assets	162,573,621	159,894,552
ACCUMULATED SURPLUS (NOTE 13)	142,792,295	139,089,059

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, 2021

	Budget (Note 16) \$	Actual 2021 \$	Actual 2020 \$
REVENUES			
Property taxation	15,530,391	15,542,066	14,742,255
Taxation from other governments	330,000	493,218	762,958
User charges	7,840,004	7,688,703	6,296,306
Funding transfer- Federal	793,203	793,197	667,833
- Provincial	1,423,019	1,778,048	1,797,110
- Other Municipalities	785,000	775,506	1,512,319
Contributions - benefiting land owners & developers	1,658,500	1,473,996	1,998,343
Harbour agreement funding	40,000	247,998	57,282
Investment income	167,007	179,923	191,727
Penalties and interest	320,000	325,332	352,233
Other, fees, permits, licenses	1,059,780	1,333,714	1,186,989
ERTH Corporation equity income (Note 7)	-	280,280	210,572
Total revenues	29,946,904	30,911,981	29,775,927
EXPENSES			
General government	2,171,395	2,401,439	1,952,063
Protection to persons and property	5,374,190	5,419,103	5,505,431
Transportation services	7,759,445	8,151,037	7,527,863
Environmental services	7,475,688	7,265,876	6,541,873
Health services	86,638	79,753	67,635
Social housing	198,564	198,564	216,854
Recreation and cultural services	3,017,614	2,946,431	2,706,941
Planning and development	841,640	894,460	671,497
Loss (gain) on disposal of tangible capital assets	-	(147,918)	(31,753)
Total expenditures (Note 17)	26,925,174	27,208,745	25,158,404
ANNUAL SURPLUS	3,021,730	3,703,236	4,617,523
ACCUMULATED SURPLUS, BEGINNING OF YEAR	139,089,059	139,089,059	134,471,536
ACCUMULATED SURPLUS, END OF YEAR (NOTE 13)	142,110,789	142,792,295	139,089,059

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

Contact Information

For more information Contact:
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Director of Financial Services / Treasurer

finance@centralelgin.org
450 Sunset Drive
St. Thomas, Ontario, N5R 5V1
(519) 631-1460

APPENDIX A

VARIANCE REPORT

REVENUES

Revenues	2021 YTD Actuals	2021 Budget	Variance
Taxation	\$ 16,177,221	\$ 15,910,400	102%
Council	\$ 0	\$ 0	N/A
General Government	\$ 1,300,805	\$ 1,274,800	102%
Conservation Authority	\$ 0	\$ 0	N/A
Medical Centre	\$ 30,727	\$ 30,000	102%
Belmont Library	\$ 62,463	\$ 46,000	136%
JAAC	\$ 0	\$ 0	N/A
Cemeteries	\$ 0	\$ 0	N/A
Fire Department	\$ 106,149	\$ 36,000	295%
Police Services	\$ 62,854	\$ 0	N/A
State of Emergency	\$ 220,509	\$ 0	N/A
Emergency Services	\$ 0	\$ 0	N/A
By-law Enforcement	\$ 9,583	\$ 15,000	64%
Animal Control	\$ 19,415	\$ 11,000	177%
Building Services	\$ 639,574	\$ 384,500	166%
Parking	\$ 458,336	\$ 325,000	141%
Development Services	\$ 25,117	\$ 16,050	156%
Asset Management	\$ 0	\$ 0	N/A
Public Works	\$ 270,483	\$ 85,000	318%
Waste Management	\$ 925,152	\$ 818,750	113%
Parks	\$ 8,760	\$ 21,500	41%
Beach	\$ 1,500	\$ 0	N/A
Street Lighting	\$ 0	\$ 0	N/A
Recreation	\$ 27,426	\$ 25,000	110%
Belmont Arena	\$ 140,268	\$ 187,000	75%
Port Stanley Arena	\$ 155,381	\$ 208,950	74%
Municipal Drains	\$ 73,968	\$ 0	N/A
County Roads	\$ 839,464	\$ 715,000	117%
Harbour	\$ 280,589	\$ 65,000	432%
Water	\$ 3,901,133	\$ 4,011,000	97%
Wastewater	\$ 3,905,753	\$ 4,350,600	90%

APPENDIX A

VARIANCE REPORT

EXPENSES

Expenditures	2021 YTD Actuals	2021 Budget	Variance
Taxation	\$ 0	\$ 0	N/A
Council	\$ 167,314	\$ 179,100	93%
General Government	\$ 2,218,496	\$ 2,171,746	102%
Conservation Authority	\$ 177,013	\$ 177,012	100%
Medical Centre	\$ 57,816	\$ 63,638	91%
Belmont Library	\$ 62,461	\$ 61,638	101%
JAAC	\$ 473	\$ 2,000	24%
Cemeteries	\$ 23,219	\$ 23,000	101%
Fire Department	\$ 2,318,699	\$ 2,129,254	109%
Police Services	\$ 2,095,488	\$ 2,205,985	95%
State of Emergency	\$ 298,403	\$ 30,000	995%
Emergency Services	\$ 0	\$ 1,000	0%
By-law Enforcement	\$ 74,411	\$ 28,800	258%
Animal Control	\$ 21,915	\$ 29,325	75%
Building Services	\$ 639,569	\$ 384,500	166%
Parking	\$ 458,335	\$ 402,222	114%
Development Services	\$ 546,082	\$ 524,640	104%
Asset Management	\$ 324,113	\$ 317,000	102%
Public Works	\$ 4,378,419	\$ 4,475,139	98%
Waste Management	\$ 1,656,332	\$ 1,625,400	102%
Parks	\$ 713,147	\$ 654,000	109%
Beach	\$ 665,010	\$ 519,350	128%
Street Lighting	\$ 99,356	\$ 110,000	90%
Recreation	\$ 327,821	\$ 317,273	103%
Belmont Arena	\$ 375,728	\$ 488,050	77%
Port Stanley Arena	\$ 425,000	\$ 539,300	79%
Municipal Drains	\$ 34,710	\$ 15,000	231%
County Roads	\$ 839,465	\$ 764,050	110%
Harbour	\$ 280,589	\$ 65,000	432%
Water	\$ 3,901,133	\$ 4,011,000	97%
Wastewater	\$ 3,905,753	\$ 4,350,600	90%

APPENDIX B

FINANCIAL STATEMENTS

**THE CORPORATION OF THE MUNICIPALITY
OF CENTRAL ELGIN
Consolidated Financial Statements
December 31, 2021**

THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN

Consolidated Financial Statements

For The Year Ended December 31, 2021

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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 accounting standards for public sector entities.

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

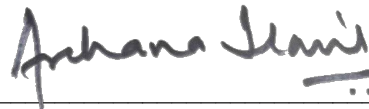
The Chief Administrative Officer and the Director of Finance are responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing the consolidated financial statements before they are submitted to Council for approval.

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. Paul Shipway
Chief Administrative Officer



Ms. Archana Gupta-Harit
Director of Finance

St. Thomas, Ontario
May 24, 2022



GRAHAM SCOTT ENNS LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

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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, 2021, 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, 2021, 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.

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

May 24, 2022

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, 2021

	2021	2020
	<u>\$</u>	<u>\$</u>
ASSETS		
Financial Assets		
Cash	10,071,407	8,539,393
Loan receivable (Note 3)	1,077,000	1,077,000
Taxes receivable (Note 4)	2,112,893	2,853,285
Accounts receivable (Note 5)	3,707,780	3,670,246
Investments (Note 2)	2,939,540	2,927,865
Investment in EARTH Corporation (Note 7)	<u>2,050,622</u>	<u>1,840,393</u>
Total financial assets	<u>21,959,242</u>	<u>20,908,182</u>
LIABILITIES		
Deferred revenue - obligatory reserve funds (Note 8)	5,048,082	4,598,723
Accounts payable and accrued liabilities	5,372,871	4,607,798
Long-term debt (Note 11)	<u>31,319,615</u>	<u>32,507,154</u>
Total financial liabilities	<u>41,740,568</u>	<u>41,713,675</u>
NET FINANCIAL DEBT	<u>(19,781,326)</u>	<u>(20,805,493)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 12)	162,018,512	159,419,141
Inventories	400,395	367,789
Prepaid expenses	<u>154,714</u>	<u>107,622</u>
Total non-financial assets	<u>162,573,621</u>	<u>159,894,552</u>
ACCUMULATED SURPLUS (NOTE 13)	<u>142,792,295</u>	<u>139,089,059</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, 2021

	Budget (Note 16) \$	Actual 2021 \$	Actual 2020 \$
REVENUES			
Property taxation	15,530,391	15,542,066	14,742,255
Taxation from other governments	330,000	493,218	762,958
User charges	7,840,004	7,688,703	6,296,306
Funding transfer- Federal	793,203	793,197	667,833
- Provincial	1,423,019	1,778,048	1,797,110
- Other Municipalities	785,000	775,506	1,512,319
Contributions - benefiting land owners & developers	1,658,500	1,473,996	1,998,343
Harbour agreement funding	40,000	247,998	57,282
Investment income	167,007	179,923	191,727
Penalties and interest	320,000	325,332	352,233
Other, fees, permits, licenses	1,059,780	1,333,714	1,186,989
ERTH Corporation equity income (Note 7)	-	280,280	210,572
Total revenues	<u>29,946,904</u>	<u>30,911,981</u>	<u>29,775,927</u>
EXPENSES			
General government	2,171,395	2,401,439	1,952,063
Protection to persons and property	5,374,190	5,419,103	5,505,431
Transportation services	7,759,445	8,151,037	7,527,863
Environmental services	7,475,688	7,265,876	6,541,873
Health services	86,638	79,753	67,635
Social housing	198,564	198,564	216,854
Recreation and cultural services	3,017,614	2,946,431	2,706,941
Planning and development	841,640	894,460	671,497
Loss (gain) on disposal of tangible capital assets	-	(147,918)	(31,753)
Total expenditures (Note 17)	<u>26,925,174</u>	<u>27,208,745</u>	<u>25,158,404</u>
ANNUAL SURPLUS	<u>3,021,730</u>	<u>3,703,236</u>	<u>4,617,523</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>139,089,059</u>	<u>139,089,059</u>	<u>134,471,536</u>
ACCUMULATED SURPLUS, END OF YEAR (NOTE 13)	<u>142,110,789</u>	<u>142,792,295</u>	<u>139,089,059</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, 2021

	Budget (Note 16) \$	Actual 2021 \$	Actual 2020 \$
ANNUAL SURPLUS	3,021,730	3,703,236	4,617,523
Acquisition of tangible capital assets	(9,276,250)	(9,276,250)	(9,370,923)
Amortization of tangible capital assets	6,640,742	6,640,742	6,531,106
Proceeds on disposal of tangible capital assets	-	184,055	36,626
Change in inventories and prepaid expenses	-	(79,698)	(28,854)
Loss (gain) on disposal of tangible capital assets	-	(147,918)	(31,753)
CHANGE IN NET DEBT	386,222	1,024,167	1,753,725
NET DEBT, BEGINNING OF YEAR	<u>(20,805,493)</u>	<u>(20,805,493)</u>	<u>(22,559,218)</u>
NET DEBT, END OF YEAR	<u>(20,419,271)</u>	<u>(19,781,326)</u>	<u>(20,805,493)</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, 2021

	2021 <u>\$</u>	2020 <u>\$</u>
OPERATING ACTIVITIES		
Annual surplus	3,703,236	4,617,523
Add (deduct) items not involving cash:		
Amortization of tangible capital assets	6,640,742	6,531,106
ERTH Corporation equity income (Note 7)	(280,280)	(210,572)
Loss (gain) on disposal of tangible capital assets	<u>(147,918)</u>	<u>(31,753)</u>
	9,915,780	10,906,304
Change in non-cash assets and liabilities related to operations (Note 17 [b])	<u>1,837,592</u>	<u>(456,999)</u>
	<u>11,753,372</u>	<u>10,449,305</u>
INVESTING ACTIVITIES		
Redemption of (purchase of) investments, net of income	(11,675)	(51,070)
Dividends received from ERTH Corporation	<u>70,051</u>	<u>37,170</u>
	<u>58,376</u>	<u>(13,900)</u>
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(9,276,250)	(9,370,923)
Proceeds on disposal of tangible capital assets	<u>184,055</u>	<u>36,626</u>
	<u>(9,092,195)</u>	<u>(9,334,297)</u>
FINANCING ACTIVITIES		
Long-term debt advances	1,628,300	-
Long-term debt repayments	<u>(2,815,839)</u>	<u>(2,750,929)</u>
	<u>(1,187,539)</u>	<u>(2,750,929)</u>
NET CHANGE IN CASH	1,532,014	(1,649,821)
CASH, BEGINNING OF YEAR	<u>8,539,393</u>	<u>10,189,214</u>
CASH, END OF YEAR	<u>10,071,407</u>	<u>8,539,393</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, 2021

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, and the Aylmer Area Water Board 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, 2021

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 (2020 - \$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, 2021

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 2021 the Municipality received \$16,035,284 (2020 - \$15,505,213) 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, 2021

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 (2020 - \$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, 2021

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, 2021 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, 2022. 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, 2021

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:

	2021		2020	
	Cost	Market Value	Cost	Market Value
	\$	\$	\$	\$
Federal and provincial bonds	316,944	315,194	725,596	710,751
Corporate bonds	1,622,905	1,650,842	1,516,904	1,560,236
Cash and cash equivalents	<u>999,691</u>	<u>999,691</u>	<u>685,365</u>	<u>685,365</u>
	<u><u>2,939,540</u></u>	<u><u>2,965,727</u></u>	<u><u>2,927,865</u></u>	<u><u>2,956,352</u></u>

The federal and provincial bonds mature on dates ranging from 2022-2023 and yielding interest rates from 1.91% to 2.4% and the corporate bonds mature from 2022-2023 and yielding an interest rate from 0.76% to 3.0%. These investments earned income of \$47,644 (2020 - \$58,248) and a loss on sale of \$28,652 (2020 - loss of \$7,179). 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 \$2,188,037 (2020 - \$2,436,035). The Municipality is required to transfer \$751,503 (2020 - \$491,830) from these investments to operations to fund the harbour operations.

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 2021, \$78,083 (2020 - \$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, 2021

4. TAXES RECEIVABLE

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

	2021	2020
	<u>\$</u>	<u>\$</u>
Current taxes receivable	967,287	1,054,181
Arrears taxes receivable	787,553	1,375,301
Penalties and interest	414,314	480,064
Allowance for doubtful accounts	<u>(56,261)</u>	<u>(56,261)</u>
	<u>2,112,893</u>	<u>2,853,285</u>

5. ACCOUNTS RECEIVABLE

	2021	2020
	<u>\$</u>	<u>\$</u>
Trade and other	669,735	546,200
HST receivable	759,522	1,335,930
St. Thomas Cemetery Company loan receivable - interest free, \$5,000 per annum, due July 2027	25,000	35,000
Water and sewer receivables	507,046	930,506
Government funding, municipalities and school boards	342,233	110,206
Drain receivables	<u>1,404,244</u>	<u>712,404</u>
	<u>3,707,780</u>	<u>3,670,246</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 (2020 - \$nil) on this facility.

THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN

Notes to the Consolidated Financial Statements For The Year Ended December 31, 2021

7. INVESTMENT IN EARTH CORPORATION

The Municipality owns 7.148% (2020 - 7.148%) of EARTH Corporation and received \$70,051 (2020 - \$37,170) 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:

	2021	2020
	<u>\$</u>	<u>\$</u>
Financial Position:		
Current assets	21,000,436	20,427,673
Capital and other long-term assets	81,509,666	79,294,730
Regulatory assets	<u>7,854,668</u>	<u>7,013,613</u>
Total assets	<u>110,364,770</u>	<u>106,736,016</u>
Current liabilities	24,512,383	24,670,683
Other liabilities	52,691,924	51,812,417
Regulatory liabilities	<u>514,371</u>	<u>547,922</u>
Total liabilities	<u>77,718,678</u>	<u>77,031,022</u>
Total share capital and equity	<u>32,646,092</u>	<u>29,704,994</u>
Results of operations:		
Total revenues from operations	96,543,343	99,075,396
Total operating and other expenses	<u>92,622,245</u>	<u>96,129,513</u>
Total net income	<u>3,921,098</u>	<u>2,945,883</u>
Municipality portion of net income - 7.148% (2020 - 7.148%)	280,280	210,572
Dividends received	(70,051)	(37,170)
Opening investment in EARTH Corporation	<u>1,840,393</u>	<u>1,666,991</u>
	<u>2,050,622</u>	<u>1,840,393</u>

THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN

Notes to the Consolidated Financial Statements For The Year Ended December 31, 2021

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:

	2021 \$	2020 \$
Development charges	1,950,950	1,453,913
Parkland	184,552	179,253
Harbour contribution agreement	2,188,037	2,436,035
Other - building, trust funds	724,543	529,522
	<u>5,048,082</u>	<u>4,598,723</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 2021, 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 \$
Taxation and user charges	3,394,749	11,943,553
Share of payments in lieu of taxes	<u>28,584</u>	<u>144,245</u>
Amounts requisitioned	<u>3,423,333</u>	<u>12,087,798</u>

THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN

Notes to the Consolidated Financial Statements For The Year Ended December 31, 2021

11. LONG-TERM DEBT

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

	2021	2020
	<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)	4,456,314	5,504,729
Ontario Infrastructure and Lands Corporation, 2.45%, repayable in blended semi annual payments of \$261,810, due May 2027	2,679,011	3,128,716
Ontario Infrastructure and Lands Corporation, 3.33%, repayable in blended semi-annual payments of \$566,740, due June 2042	16,742,676	17,304,553
OIPC, 4.89%, repayable in blended semi-annual payments of \$157,460, due March 2035	3,085,477	3,243,691
OIPC, 4.86%, repayable in blended semi-annual payments of \$278,627, due December 2025	2,003,769	2,447,403
OIPC, 4.54%, repayable in semi-annual principal payments of \$46,489, due January 2027	511,377	604,355
Various debenture and drain loans, varying interest and repayment terms	40,000	50,000
Consolidated water board debt, varying interest and repayment terms	172,691	223,707
Federation of Canadian Municipalities (FCM), 1.85%, repayable in blended semi annual payments of \$89,548, due August 2031 (funded by development charges)	<u>1,628,300</u>	<u>-</u>
	<u>31,319,615</u>	<u>32,507,154</u>

THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN

Notes to the Consolidated Financial Statements For The Year Ended December 31, 2021

11. LONG-TERM DEBT (CONTINUED)

Principal repayments are summarized as follows:

	Development Charges	Tax Revenue	User Charges	Total
2022	149,667	375,176	2,527,387	3,052,230
2023	152,449	384,103	2,580,768	3,117,320
2024	155,280	393,249	2,663,530	3,212,059
2025	158,198	402,619	2,749,327	3,310,144
2026	161,109	-	1,493,483	1,654,592
Beyond	<u>851,897</u>	<u>-</u>	<u>16,121,373</u>	<u>16,973,270</u>
Total	<u><u>1,628,600</u></u>	<u><u>1,555,147</u></u>	<u><u>28,135,868</u></u>	<u><u>31,319,615</u></u>

- b) All long-term debt issued on or before December 31, 1992 have received approval of the Ontario Municipal Board. Long-term debt 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 debt in 2021 amounted to \$1,075,060 (2020 - \$1,186,322).

THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN

Notes to the Consolidated Financial Statements For The Year Ended December 31, 2021

12. TANGIBLE CAPITAL ASSETS

December 31, 2021

Cost	Opening	Additions	Disposals	Ending
<u>Infrastructure</u>				
Land	710,314	2,793	-	713,107
Buildings/Building Improvements	45,648,089	10,386	(838)	45,657,637
Machinery and Equipment	5,179,147	61,581	(10,928)	5,229,800
Linear - Roadways	81,420,717	2,314,929	-	83,735,646
Linear - Sewer and Water Services	53,189,757	1,380,376	(1,016)	54,569,117
Infrastructure Total	186,148,024	3,770,065	(12,782)	189,905,307
<u>General</u>				
Land	5,673,890	64,241	-	5,738,131
Land Improvements	4,793,273	22,489	-	4,815,762
Building/Building Improvements	11,214,619	50,947	-	11,265,566
Machinery and Equipment	4,933,580	236,255	(19,760)	5,150,075
Vehicle	8,063,733	955,835	(512,347)	8,507,221
General Total	34,679,095	1,329,767	(532,107)	35,476,755
Assets under construction	4,762,047	5,175,883	(999,465)	8,938,465
Total Cost	225,589,166	10,275,715	(1,544,354)	234,320,527

Accumulated Amortization	Opening	Additions	Disposals	Ending
<u>Infrastructure</u>				
Buildings/Building Improvements	9,352,902	1,500,632	(838)	10,852,696
Machinery and Equipment	3,716,483	121,661	(10,928)	3,827,216
Linear - Roadways	28,838,029	2,637,298	-	31,475,327
Linear - Sewer and Water Services	11,273,155	655,270	(1,016)	11,927,409
Infrastructure Total	53,180,569	4,914,861	(12,782)	58,082,648
<u>General</u>				
Land Improvements	1,822,079	369,239	-	2,191,318
Building/Building Improvements	5,418,043	264,358	-	5,682,401
Machinery and Equipment	2,593,499	286,630	-	2,880,129
Vehicle	3,155,835	805,654	(495,970)	3,465,519
General Total	12,989,456	1,725,881	(495,970)	14,219,367
Total Accumulated Amortization	66,170,025	6,640,742	(508,752)	72,302,015

Net Book Value	Opening	Ending
<u>Infrastructure</u>		
Land	710,314	713,107
Building/Building Improvements	36,295,187	34,804,941
Machinery and Equipment	1,462,664	1,402,584
Linear - Roadways	52,582,688	52,260,319
Linear - Sewer and Water Services	41,916,602	42,641,708
	132,967,455	131,822,659
<u>General</u>		
Land	5,673,890	5,738,131
Land Improvements	2,971,194	2,624,444
Building/Building Improvements	5,796,576	5,583,165
Machinery and Equipment	2,340,081	2,269,946
Vehicles	4,907,898	5,041,702
	21,689,639	21,257,388
Assets under construction	4,762,047	8,938,465
Total Net Book Value	159,419,141	162,018,512

THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN

Notes to the Consolidated Financial Statements For The Year Ended December 31, 2021

12. TANGIBLE CAPITAL ASSETS (CONTINUED)

December 31, 2020

Cost	Opening	Additions	Disposals	Ending
<u>Infrastructure</u>				
Land	260,421	449,893	-	710,314
Buildings/Building Improvements	45,621,412	29,564	(2,887)	45,648,089
Machinery and Equipment	5,164,236	14,911	-	5,179,147
Linear - Roadways	79,712,737	1,707,980	-	81,420,717
Linear - Sewer and Water Services	51,030,237	2,159,520	-	53,189,757
Infrastructure Total	181,789,043	4,361,868	(2,887)	186,148,024
<u>General</u>				
Land	5,673,890	-	-	5,673,890
Land Improvements	4,894,473	594,573	(695,773)	4,793,273
Building/Building Improvements	11,122,489	92,130	-	11,214,619
Machinery and Equipment	4,655,859	285,030	(7,309)	4,933,580
Vehicle	7,866,516	572,427	(375,210)	8,063,733
General Total	34,213,227	1,544,160	(1,078,292)	34,679,095
Assets under construction	601,379	4,699,524	(538,856)	4,762,047
Total Cost	216,603,649	10,605,552	(1,620,035)	225,589,166

Accumulated Amortization	Opening	Amortization	Disposal	Ending
<u>Infrastructure</u>				
Buildings/Building Improvements	7,847,980	1,507,809	(2,887)	9,352,902
Machinery and Equipment	3,595,267	121,216	-	3,716,483
Linear - Roadways	26,237,152	2,600,877	-	28,838,029
Linear - Sewer and Water Services	10,639,299	633,856	-	11,273,155
Infrastructure Total	48,319,698	4,863,758	(2,887)	53,180,569
<u>General</u>				
Land Improvements	1,479,305	342,774	-	1,822,079
Building/Building Improvements	5,165,965	252,078	-	5,418,043
Machinery and Equipment	2,336,841	259,094	(2,436)	2,593,499
Vehicle	2,717,643	813,402	(375,210)	3,155,835
General Total	11,699,754	1,667,348	(377,646)	12,989,456
Total Accumulated Amortization	60,019,452	6,531,106	(380,533)	66,170,025

Net Book Value	Opening	Ending
<u>Infrastructure</u>		
Land	260,421	710,314
Building/Building Improvements	37,773,432	36,295,187
Machinery and Equipment	1,568,969	1,462,664
Linear - Roadways	53,475,585	52,582,688
Linear - Sewer and Water Services	40,390,938	41,916,602
	133,469,345	132,967,455
<u>General</u>		
Land	5,673,890	5,673,890
Land Improvements	3,415,168	2,971,194
Building/Building Improvements	5,956,524	5,796,576
Machinery and Equipment	2,319,018	2,340,081
Vehicles	5,148,873	4,907,898
	22,513,473	21,689,639
Assets under construction	601,379	4,762,047
Total Net Book Value	156,584,197	159,419,141

THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN

Notes to the Consolidated Financial Statements For The Year Ended December 31, 2021

13. ACCUMULATED SURPLUS

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

	2021	2020
	<u>\$</u>	<u>\$</u>
SURPLUS		
General revenue fund	239,424	1,685,861
Sewer operations	1,336,477	1,580,707
Water operations	(613,921)	(654,717)
Invested in tangible capital assets	162,018,512	159,419,141
Invested in EARTH Corporation	3,127,622	2,917,393
Capital fund (unfunded)	(985,748)	(976,694)
Reserves and reserve funds	<u>8,989,544</u>	<u>7,624,522</u>
	174,111,910	171,596,213
AMOUNTS TO BE RECOVERED		
Net long-term debt	<u>(31,319,615)</u>	<u>(32,507,154)</u>
ACCUMULATED SURPLUS	<u>142,792,295</u>	<u>139,089,059</u>
RESERVES AND RESERVE FUNDS		
Reserves set aside for specific purposes by council:		
- for working capital	3,660,597	428,681
- for current purposes	1,618,326	1,352,986
- for capital purposes	<u>1,473,660</u>	<u>4,198,943</u>
Total reserves	<u>6,752,583</u>	<u>5,980,610</u>
Reserve funds set aside for specific purposes by council:		
- for replacement of sanitary and storm sewers	-	19,654
- for replacement of water systems	306,598	238,253
- for social housing capital projects	230,073	204,947
- from lot levies and parking revenues	76,004	75,474
- for fire vehicle and equipment	139,288	-
- for roads vehicle and equipment	<u>1,484,998</u>	<u>1,105,584</u>
Total reserve funds	<u>2,236,961</u>	<u>1,643,912</u>

THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN

Notes to the Consolidated Financial Statements For The Year Ended December 31, 2021

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, 2021, and the results of this valuation disclosed actuarial liabilities of \$121 billion in respect of benefits accrued for service with actuarial assets at that date of \$118 billion leaving an actuarial deficit of \$3 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 2021 was approximately \$486,000 (2020 - \$453,000).

15. CONTINGENT LIABILITIES

As at December 31, 2021 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 reasonably 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, 2021

16. BUDGET FIGURES

The operating budget approved by the council of the Municipality for 2021 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 \$
REVENUES			
Property taxation	15,530,391	-	15,530,391
Taxation from other governments	330,000	-	330,000
User charges	7,602,800	237,204	7,840,004
Transfer payments:			
Federal	3,000	790,203	793,203
Provincial	843,900	579,119	1,423,019
Other municipalities	785,000	-	785,000
Contributions - benefiting land owners & developers	1,658,500	-	1,658,500
Harbour funding agreement	40,000	-	40,000
Investment income	155,000	12,007	167,007
Penalties and interest on taxes	320,000	-	320,000
Other	1,059,780	-	1,059,780
Reserve transfers, capital funding and borrowing	<u>1,319,833</u>	<u>(1,319,833)</u>	<u>-</u>
Total Revenues	<u>29,648,204</u>	<u>298,700</u>	<u>29,946,904</u>
EXPENSES			
General government	2,877,846	(706,451)	2,171,395
Protection to persons and property	5,148,280	225,910	5,374,190
Transportation services	4,484,189	3,275,256	7,759,445
Environmental services	9,833,500	(2,357,812)	7,475,688
Health services	86,638	-	86,638
Social housing	-	198,564	198,564
Recreation and cultural services	2,579,611	438,003	3,017,614
Planning and development	841,640	-	841,640
Capital expenditures and reserve transfers	<u>3,796,500</u>	<u>(3,796,500)</u>	<u>-</u>
Total Expenses	<u>29,648,204</u>	<u>(2,723,030)</u>	<u>26,925,174</u>
BUDGETED ANNUAL SURPLUS	<u>-</u>	<u>3,021,730</u>	<u>3,021,730</u>

THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN

Notes to the Consolidated Financial Statements For The Year Ended December 31, 2021

17. SUPPLEMENTARY INFORMATION:

	2021	2020
	<u>\$</u>	<u>\$</u>
[a] Current fund expenditures by object:		
Salaries, wages and employee benefits	8,318,449	7,551,784
Long-term debt interest expense	1,075,060	1,186,322
Materials	6,495,567	5,652,573
Contracted services, rents and financial expenses	4,649,832	4,093,305
Amortization and gain (loss) on disposal of capital assets	6,492,824	6,499,353
Transfer to others	<u>177,013</u>	<u>175,067</u>
	<u>27,208,745</u>	<u>25,158,404</u>
[b] Change in non-cash assets and liabilities related to operations:		
Taxes receivable	740,392	107,510
Accounts receivable	(37,534)	(815,263)
Inventories and prepaid expenses	(79,698)	(28,854)
Accounts payable and accrued liabilities	765,073	(211,650)
Deferred revenue - obligatory reserve funds	<u>449,359</u>	<u>491,258</u>
	<u>1,837,592</u>	<u>(456,999)</u>

18. SIGNIFICANT EVENT

During and 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 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, 2021

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, 2021

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, 2021**

	Social Housing	Planning	Public Works	Finance & Administration	Protection	Water & Waste Funds	Community Services	Other Funds	Consolidated
	\$	\$	\$	\$	\$	\$	\$	\$	\$
REVENUES									
Taxation	-	841,640	4,508,263	2,877,846	4,335,239	-	2,579,611	892,685	16,035,284
Sales of services and regulatory fees	237,204	73,468	-	-	32,675	6,313,918	333,336	698,102	7,688,703
Government transfers	-	-	-	-	-	-	-	-	3,346,751
Other	-	25,117	168,987	594,952	65,775	1,149,718	-	1,556,414	3,560,963
ERTH Corporation income	-	-	-	-	-	-	-	280,280	280,280
	<u>237,204</u>	<u>940,225</u>	<u>4,677,250</u>	<u>3,472,798</u>	<u>4,433,689</u>	<u>7,463,636</u>	<u>2,912,947</u>	<u>3,427,481</u>	<u>30,911,981</u>
EXPENSES									
Salaries, wages and employees benefits	-	530,952	1,970,084	1,551,170	1,139,469	1,036,742	1,328,703	761,329	8,318,449
Long-term debt interest expense	-	-	43,328	-	-	1,031,732	-	-	1,075,060
Materials	189,161	38,977	2,223,446	302,350	553,009	1,836,710	554,001	797,913	6,495,567
Contracted services, rents and financial	-	305,710	418,241	332,292	2,164,675	438,763	523,724	643,440	4,826,845
Loss (gain) on disposal of capital assets	-	-	(153,210)	-	5,292	-	-	-	(147,918)
Amortization	<u>9,403</u>	<u>-</u>	<u>3,599,967</u>	<u>215,628</u>	<u>704,410</u>	<u>1,571,331</u>	<u>540,003</u>	<u>-</u>	<u>6,640,742</u>
	<u>198,564</u>	<u>875,639</u>	<u>8,101,856</u>	<u>2,401,440</u>	<u>4,566,855</u>	<u>5,915,278</u>	<u>2,946,431</u>	<u>2,202,682</u>	<u>27,208,745</u>
ANNUAL SURPLUS (DEFICIT)	<u>38,640</u>	<u>64,586</u>	<u>(3,424,606)</u>	<u>1,071,358</u>	<u>(133,166)</u>	<u>1,548,358</u>	<u>(33,484)</u>	<u>1,224,799</u>	<u>3,703,236</u>

THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN

**Consolidated Schedule of Segment Disclosure
For The Year Ended December 31, 2020**

	Social Housing	Planning	Public Works	Finance & Administration	Protection	Water & Waste Funds	Community Services	Other Funds	Consolidated
	\$	\$	\$	\$	\$	\$	\$	\$	\$
REVENUES									
Taxation	-	824,934	4,307,517	1,639,773	4,358,496	-	2,341,579	2,032,914	15,505,213
Sales of services and regulatory fees	225,459	17,287	-	-	-	5,658,140	373,542	21,878	6,296,306
Government transfers	-	-	2,103,119	651,600	18,640	547,837	3,920	652,146	3,977,262
Other	-	22,737	22,423	704,588	70,206	1,701,362	-	1,285,840	3,786,574
ERTH Corporation income	-	-	-	-	-	-	-	210,572	210,572
	<u>225,459</u>	<u>864,958</u>	<u>6,433,059</u>	<u>2,995,961</u>	<u>4,447,342</u>	<u>7,907,339</u>	<u>2,719,041</u>	<u>4,203,350</u>	<u>29,775,927</u>
EXPENSES									
Salaries, wages and employees benefits	-	387,377	1,614,225	1,241,212	1,113,536	892,090	1,312,975	990,369	7,551,784
Long-term debt interest expense	-	1,108	51,835	-	-	1,133,379	-	-	1,186,322
Materials	207,491	16,933	1,906,245	280,872	624,879	1,637,639	518,132	460,382	5,652,573
Contracted services, rents and financial	-	261,303	438,143	226,851	1,986,403	432,919	359,902	562,851	4,268,372
Loss (gain) on disposal of capital assets	-	-	(31,753)	-	-	-	-	-	(31,753)
Amortization	<u>9,363</u>	<u>-</u>	<u>3,561,801</u>	<u>203,131</u>	<u>689,024</u>	<u>1,551,855</u>	<u>515,932</u>	<u>-</u>	<u>6,531,106</u>
	<u>216,854</u>	<u>666,721</u>	<u>7,540,496</u>	<u>1,952,066</u>	<u>4,413,842</u>	<u>5,647,882</u>	<u>2,706,941</u>	<u>2,013,602</u>	<u>25,158,404</u>
ANNUAL SURPLUS (DEFICIT)	<u>8,605</u>	<u>198,237</u>	<u>(1,107,437)</u>	<u>1,043,895</u>	<u>33,500</u>	<u>2,259,457</u>	<u>12,100</u>	<u>2,189,748</u>	<u>4,617,523</u>

2021 ANNUAL MUNICIPAL REPORT HIGHLIGHTS

Municipality of Central Elgin, ON, Canada

