

Consolidated Financial Statements

**THE CORPORATION OF
THE TOWN OF ESSEX**

And Independent Auditor's Report thereon

Year ended December 31, 2023

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of The Company (the "Town") are the responsibility of the Town's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of The Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Town's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by Management.

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

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

Name

Title



KPMG LLP

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INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Rate Payers of The Company

Opinion

We have audited the consolidated financial statements of The Company (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2023
- the consolidated statements of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes and schedules to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.



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In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2023, and its consolidated results of operations and its cash flows then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditor's Responsibilities for the Audit of the Financial Statements**" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the 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 Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.



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We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



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- Obtain sufficient audit evidence regarding the financial information of the entities or business activities within the Group Entity to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Windsor, Canada

July 15, 2024

THE COMPANY

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Year ended December 31, 2023

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THE COMPANY

Consolidated Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022 (restated - note 2)
Financial assets		
Cash and cash equivalents	\$78,124,380	\$69,957,202
Taxes receivable	1,021,687	745,878
Accounts receivable	7,515,964	7,767,329
Investment in E.L.K. Energy Inc. (note 3)	12,785,277	13,928,293
Long-term receivable	2,551,975	3,500,000
	101,999,283	95,898,702
Financial liabilities		
Accounts payable and accrued liabilities	10,362,551	6,846,400
Other current liabilities	1,232,147	791,439
Accrued interest payable on long-term debt	297,225	306,173
Employee future benefits (note 10)	4,528,254	4,533,830
Deferred revenue (note 9)	3,218,895	4,467,550
Asset retirement obligations	275,849	270,472
Long-term debt (note 6)	17,950,943	18,010,218
	37,865,864	35,226,082
Net financial assets	64,133,419	60,672,620
Non-financial assets		
Tangible capital assets (note 14 and schedule 1)	207,295,934	199,043,278
Prepaid expenses and inventories of supplies	512,203	366,277
	207,808,137	199,409,555
Contingent liabilities (note 11)		
Accumulated surplus (note 8)	\$271,941,556	\$260,082,175

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

On behalf of Council:

_____ Mayor

_____ Chief Administrative Officer

THE COMPANY

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2023, with comparative information for 2022

	2023 Budget (note 13)	2023 Actual	2022 Actual (Restated - note 2)
Revenue:			
Taxation	\$20,804,680	\$20,956,188	\$19,237,640
User charges	4,490,007	3,721,224	3,974,662
Grants	10,208,202	8,348,248	10,234,650
Interest and penalties	359,986	4,562,177	1,954,651
Landfill compensation	3,049,698	3,994,909	3,500,229
Share of income from E.L.K. Energy Inc. (note 3)	0	(1,052,034)	100,074
Commutated payments	0	229,655	222,123
Development contributions	4,304,631	1,262,280	642,539
Sewer and water charges	7,574,700	8,198,936	8,008,824
Other	25,381,554	2,109,945	1,564,652
Loss on disposal of tangible capital assets	0	(4,056)	(81,862)
Recovered drain billings	0	1,030,726	716,649
Total revenue	76,173,458	53,358,198	50,074,831
Expenses:			
General government	7,054,006	5,053,351	4,455,897
Protection services	6,843,976	6,470,194	6,352,053
Transportation services	9,757,554	8,319,486	7,620,818
Environmental services	6,654,960	10,098,809	8,267,085
Health services	324,374	290,750	281,335
Recreational and cultural services	7,974,985	8,276,272	7,591,985
Planning and development	1,352,403	2,989,955	2,729,743
Total expenses	39,962,258	41,498,817	37,298,916
Annual surplus	36,211,200	11,859,381	12,775,915
Accumulated surplus, beginning of year	260,082,175	260,082,175	247,306,260
Accumulated surplus, end of year	\$296,293,375	\$271,941,556	\$260,082,175

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

THE COMPANY

Consolidated Statement of Changes in Net Financial Assets

Year ended December 31, 2023, with comparative information for 2022

	2023 Budget (note 13)	2023 Actual	2022 Actual (restated - note 2)
Annual surplus	\$36,211,200	\$11,859,381	\$12,775,915
Acquisition of tangible capital assets	0	(12,912,319)	(10,441,484)
Change in tangible capital assets work-in-progress	0	(2,610,702)	(2,418,021)
Amortization of tangible capital assets	0	7,201,809	7,015,580
Loss on sale of tangible capital assets	0	4,056	81,862
Proceeds on sale of tangible capital assets	0	64,500	56,954
	36,211,200	3,606,725	7,070,806
Use of inventory and prepaid expenses	0	(145,926)	(67,936)
Change in net financial assets	36,211,200	3,460,799	7,002,870
Net financial assets, beginning of year	60,672,620	60,672,620	53,669,750
Net financial assets, end of year	\$96,883,820	\$64,133,419	\$60,672,620

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

THE COMPANY

Consolidated Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	2023	2022 (Restated - note 2)
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$11,859,381	\$12,775,915
Items not involving cash:		
Amortization of tangible capital assets	7,201,809	7,015,580
Loss on sale of tangible capital assets	4,056	81,862
Increase in asset retirement obligations	5,377	0
Increase (decrease) in taxes receivable	(275,809)	639,522
Decrease (increase) in accounts receivable	251,365	(4,020,690)
(Decrease) increase in deferred revenue	(1,248,655)	1,444,533
Increase in accounts payable and accrued liabilities	3,516,151	397,107
Increase (decrease) in other current liabilities	440,708	(204,981)
Decrease in accrued interest payable on long-term debt	(8,948)	(4,822)
Changes in employee future benefits	(5,576)	36,770
Increase in prepaid expenses and inventories of supplies	(145,926)	(67,936)
Net change in cash from operating activities	21,593,933	18,092,860
Capital activities:		
Acquisition of tangible capital assets	(12,912,319)	(10,441,484)
Change in tangible capital assets work-in-progress	(2,610,702)	(2,418,021)
Proceeds on disposition of tangible capital assets	64,500	56,954
Net change in cash from capital activities	(15,458,521)	(12,802,551)
Investing activities:		
Increase in investment in E.L.K. Energy Inc.	1,143,016	191,008
Decrease (increase) in long-term receivable	948,025	(3,500,000)
Decrease in long-term investments	0	544,174
Net change in cash from investing activities	2,091,041	(2,764,818)
Financing activities:		
Net long-term debt issued	2,273,299	2,291,500
Long-term debt repaid	(2,332,574)	(2,166,686)
Net change in cash from financing activities	(59,275)	124,814
Net change in cash	8,167,178	2,650,305
Cash, beginning of year	69,957,202	67,306,897
Cash, end of year	\$78,124,380	\$69,957,202

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

THE COMPANY

Notes to Consolidated Financial Statements

Year ended December 31, 2023

The Company ("Town") is a municipality in the Province of Ontario and operates under the provisions of the Community Charter. The Town provides municipal services such as fire, roads, water, wastewater, planning, parks, recreation and other general government services.

1. Significant accounting policies:

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

(a) Basis of consolidation:

(i) Consolidated financial statements:

The consolidated financial statements reflect the assets, liabilities, revenues, expenditures, reserves and changes in investment in tangible capital assets of the Town and includes the activities of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Town and are owned or controlled by the Town. All inter-entity transactions and balances have been eliminated on consolidation.

(ii) Other entities:

The investment in E.L.K. Energy Inc. is accounted for using the modified equity basis of accounting, which represents the Town's proportionate share of E.L.K.'s net assets at acquisition plus its share of undistributed earnings. The basis is consistent with the generally accepted accounting treatment of government business enterprises.

The Town's proportionate share in the Union Water Supply System is accounted for on a proportionate consolidation basis, consistent with the generally accepted accounting treatment for government units.

THE COMPANY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(a) Basis of consolidation (continued):

(ii) Other entities:

The accrual basis of accounting recognizes revenues as they become available and measurable. Expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

(iii) Accounting for County and School Board Transactions:

The Town collects taxation revenue on behalf of the school boards and the County of Essex. The taxation and other revenues with respect to the operations of the County of Essex and school boards are not reflected in the Consolidated Statement of Operations. In addition, the revenues, expenses, assets and liabilities with respect to the operations of the County of Essex and school boards are not reflected in these consolidated financial statements except to the extent that any amounts due to or from are reported on the Consolidated Statement of Financial Position in "accounts receivable" or "accounts payable and accrued liabilities".

(iv) Trust funds:

Funds held in trust by the Town, and their related operations are not included in these consolidated financial statements. The financial activity and position of the trust funds are reported separately.

(b) Basis of accounting:

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

THE COMPANY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(b) Basis of accounting (continued):

The consolidated statement of financial position reflects all of the financial assets and liabilities of the Town. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations. Municipal position represents the financial position of the Town and is the difference between its assets and liabilities. This provides information about the Town's overall future revenue requirements and its ability to finance activities and meet its obligations.

(c) Cash and cash equivalents:

Management considers all highly liquid investments with maturity of three months or less at acquisition to be cash equivalents.

(d) Purchase premium:

Purchase premium arising on the acquisition of a government business enterprise will be deferred and amortized over a period of twenty years.

(e) Deferred revenue:

Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the consolidated statement of financial position. The revenue is recognized in the consolidated statement of operations in the year in which it is used for the specified purpose.

THE COMPANY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(f) Taxation and related revenue:

Taxes are recognized as revenue in the year they are levied. Property tax billings are prepared by the Town based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established annually by Town Council, incorporating amounts to be raised for local services, the requisition made by the County of Essex in respect of County services and amounts the Town is required to collect on behalf of the Province of Ontario in respect of education taxes. A normal part of the assessment process is the issue of supplementary assessment rolls, which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the Town determines the taxes applicable and renders supplementary tax billings. Taxation revenue is recorded at the time tax billings are issued. Assessments and the related property taxes are subject to appeal and write off for physical changes to the property. Tax adjustments as a result of appeals are recorded when the results of the appeal process are known. The Town is entitled to collect interest and penalties on overdue taxes. This revenue is recorded in the period the interest and penalties are levied.

Conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled. Unconditional grant revenue is recognized when monies are receivable. Grants for the acquisition of tangible capital assets are recognized in the period in which eligible expenditures are made.

Sanitary sewer and water operations are funded by various revenues including frontage, connection and usage charges. Charges for sewer and water usage are recorded as user fees. Connection fee revenues are recognized when the connection has been established.

User charges, landfill compensation, and other revenues are recorded on the accrual basis of accounting noted above.

THE COMPANY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(g) Government transfers:

Government transfers, which include legislative grants, are recognized as revenue in the consolidated financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. When transfer stipulations give rise to a liability, government transfers are recognized as deferred revenue and recognized as revenue when the stipulations are settled.

(h) 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 expense as incurred.

THE COMPANY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(i) Tangible capital assets:

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

Asset	Useful Life - Years
Land - not amortized	
Land improvements	10 to 30
Buildings	25 to 80
Roads and sidewalks	15 to 80
Machinery and equipment	1 to 50
Water infrastructure	50 to 80
Sewer infrastructure	60 to 100
Vehicles	3 to 25
Stormwater infrastructure	55 to 90
Murals	10

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

THE COMPANY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(j) Employee future benefits:

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

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

(k) Use of estimates:

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards for local governments 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 dates of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting periods. Significant items subject to such estimates and assumptions include valuation allowances for taxes and accounts receivable, tangible capital assets and valuation of employee future benefits. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

THE COMPANY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(l) Adoption of new accounting standards:

The Town adopted prospectively PS 1201 Financial Statement Presentation, PS 2601 Foreign Currency Translation, PS 3041 Portfolio Investments, PS 3450 Financial Instruments and retroactively PS 3280 Asset Retirement Obligations standards for the fiscal year beginning January 1, 2023.

The adoption of these new accounting standards had the following impact on the financial statements:

- PS 3280 Asset Retirement Obligations has resulted in the recognition of legal obligations associated with the retirement of certain controlled tangible capital assets.
- PS 3450 Financial Instruments has resulted in the selection of the fair value basis of measurement for certain financial instruments and recognition of unrealized remeasurement gains or losses on the Statement of Remeasurement Gains and Losses.
- PS 1201 Financial Statement Presentation has resulted in the addition of a new financial statement called the Statement of Remeasurement of Gains and Losses that is separate from the statement of operations and accumulated surplus. This new statement includes unrealized gains and losses arising from the remeasurement of financial instruments and items denominated in foreign currencies and any other comprehensive income that arises when the Town includes the results of government business enterprises.

THE COMPANY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(l) Adoption of new accounting standards:

PS 3280, Asset Retirement Obligations – PS 3280 Asset Retirement Obligations (ARO) is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

The substantial portion of ARO liability for the Town stems from the removal of asbestos in buildings owned by the Town. The ARO liability for removal of asbestos has been based on actual demolition cost (on a square foot basis) of a building containing asbestos and has been recognized under the modified retroactive method. Where renovations had taken place, the gross area of the structure was pro-rated to account for partial abatement. Assumptions used in the calculations are revised on an annual basis. All known asbestos is contained and possess no risk to the users.

The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in retired buildings by public sector entities. The new accounting standard has resulted in a withdrawal of the existing accounting standard PS 3270 Solid Waste Landfill Closure and Post-Closure Liability. The buildings had an expected useful life of 40 years, and the estimate has not changed since purchase.

THE COMPANY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(l) Adoption of new accounting standards:

PS 3450, Financial Instruments – PS 3450 Financial Instrument establishes standards on how to account for and report all types of financial instruments including derivatives. Financial instruments include primary instruments (such as receivables, payables, and equity instruments) and derivative financial instruments (such as financial options, futures and forwards, interest rate swaps and currency swaps). Any unrealized gains and losses are reported through a new statement called statement of remeasurement gains and losses. Unrealize gains and losses are realized upon settlement of the financial instrument when the financial instrument is sold or reaches maturity. The Town has no financial instruments carried at fair value and as a result has not presented a Statement of Remeasurement of Gains and Losses.

2. Change in accounting policy:

PS 3280 Asset Retirement Obligations:

On January 1, 2023, the Town adopted Canadian public sector accounting standard PS 3280 Asset Retirement Obligations using the modified retroactive method with a restatement of comparative balances for year ended December 31, 2022. The December 31, 2022 statement of financial position amounts are adjusted as indicated in the table below to provide comparative figures for balances reported as at December 31, 2023.

As a result of adopting the new standard, on January 1, 2022, the Town recognized tangible capital assets with a net book value of \$145,981 and asset retirement obligation of \$264,648 on its statement of financial position. The opening balance of accumulated surplus as at January 1, 2022, is decreased by \$62,667.

As a result of the Union Water Supply System proportionate consolidation, the Town recognized tangible capital assets with a net book value of \$33,156 and asset retirement obligation of \$55,571 on it's statement of financial position at January 1, 2022.

THE COMPANY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

2. Change in accounting policy (continued):

PS 3280 Asset Retirement Obligations (continued):

The Town has not applied present value to asset retirement obligation and as a result there is no accretion expense to report.

	As previously reported	ARO adjustments	2022 restated
Consolidated statement of financial position			
Liability for asset retirement obligation as at December 31, 2022	\$0	\$(270,472)	\$270,472
Tangible capital assets as at December 31, 2022	198,863,961	179,317	199,043,278
Accumulated surplus as at December 31, 2022	260,173,511	(91,336)	260,082,175
Consolidated statement of operations and accumulated surplus			
General government for the year ended December 31, 2022	4,449,643	6,254	4,455,897
Accumulated surplus at January 1, 2022	247,391,342	(85,082)	247,306,260
Annual surplus at January 1, 2022	12,782,169	(6,254)	12,775,915
Annual surplus for the year ended December 31, 2022	260,173,511	(91,336)	260,082,175

THE COMPANY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

3. Investment in E.L.K. Energy Inc.:

The Town holds a 100% investment in E.L.K. Energy Inc. This investment is recorded using the modified equity method, wherein the investment balance represents the Town's proportionate interest in the net assets of E.L.K. Energy Inc. at acquisition, plus its proportionate share of undistributed earnings.

The investment in E.L.K. Energy Inc. at December 31, 2023 is as follows:

	2023	2022
Corporation of the Town of Essex 100% proportionate interest in the net assets of E.L.K. Energy Inc.	\$12,351,941	\$13,403,975
Purchase premium – net of amortization	433,336	524,318
	\$12,785,277	\$13,928,293

Supplementary information of E.L.K. Energy Inc. at December 31 is as follows:

	2023	2022
Financial Position		
Current assets	\$12,639,903	\$14,908,578
Property, plant and equipment	15,627,893	13,769,482
Investments	84,103	92,768
Regulatory balances	3,428,723	10,504,646
Total assets	\$31,780,622	\$39,275,474
Current liabilities	\$9,954,921	\$12,104,881
Long-term liabilities	359,006	378,981
Deferred tax liabilities	145,024	356,684
Total liabilities	10,458,951	12,840,546
Regulatory balances	8,969,730	13,030,953
Net assets	\$12,351,941	\$13,403,975

THE COMPANY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

3. Investment in E.L.K. Energy Inc. (continued):

	2023	2022
Financial Activities		
Total revenue	\$29,265,665	\$37,491,300
Total expenditures	(28,233,914)	(35,016,708)
Payments in lieu of income taxes	296,163	33,870
Net income	1,327,914	2,508,462
Net movement in regulatory balances, net of tax	(2,381,116)	(2,493,808)
Other comprehensive income	1,168	85,420
Total comprehensive income (loss) for the year	\$(1,052,034)	\$100,074
Corporation of the Town of Essex share of net earnings (loss) in E.L.K. Energy Inc.	\$(1,052,034)	\$100,074

E.L.K. Energy Inc. bills and collects the Town's water and sewer surcharge revenue through to December 31, 2023. In 2024, this function will be performed by the Town of Essex. In 2023 these amounted to \$7,953,716 (2022 - \$7,861,637) and are included in sewer and water charges revenue. For these services, E.L.K. Energy Inc. charges the Town of Essex, amounting to \$403,015 in 2023 (2022 - \$393,588).

These transactions are in the normal course of operations and are measured at the exchange amount which is the cost of the consideration established and agreed to by the related parties.

THE COMPANY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

4. Equity in the Union Water Supply System:

The Town's equity in the Union Water Supply System ("UWSS") is made up as follows:

	2023	2022
Cash and cash equivalents	\$1,197,384	\$1,011,123
Accounts receivable	89,800	61,675
Accounts payable and accrued liabilities	(113,046)	(166,998)
Net financial assets before long-term debt	1,174,138	905,800
Long-term debt	(307,965)	(389,120)
Asset retirement obligation	(59,223)	(57,835)
Net financial assets	806,950	458,845
Tangible capital assets and non-financial assets	2,725,528	2,752,129
Accumulated surplus	\$3,532,478	\$3,210,974

Tangible capital assets – net book value shown previously consists of:

	2023	2022
Water – buildings and equipment	\$1,855,523	\$1,905,102
Water - linear	837,758	813,870
Asset retirement obligation	32,248	33,157
	\$2,725,529	\$2,752,129

THE COMPANY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

4. Equity in the Union Water Supply System (continued):

Included in the Consolidated Statement of Operations is the UWSS's share of:

	2023	2022
Amortization expense	\$97,721	\$88,644
Amortization expense – ARO	1,388	2,264
Interest on long-term debt	37,365	45,400

Effective January 2001, the assets, liabilities, rights and obligations of the UWSS were transferred from the Ontario Clean Water Agency to the joint ownership of the System's participating municipalities pursuant to an order issued by the Minister of the Environment under the Municipal Water and Sewage Act, 1997.

The equity interest of each municipality is determined every 4 years according to its proportionate water consumption from the system. The order also provides for the establishment of a Board of Management to govern the system. The equity interests were last set January 1, 2021, where it was decreased to 4.92%.

Subsequent to year end, the UWSS was incorporated with share capital under the structure of a Municipal Service Corporation. The Town received 492 Class A Special Shares in Union Water Supply System Inc., the new corporation. The Town has not assessed the accounting treatment of this change in ownership for 2024 as of yet.

5. Bank indebtedness:

The Town has an authorized line of credit up to \$6,000,000 bearing interest at prime less 0.85%. At December 31, 2023, \$6,000,000 (2022 - \$6,000,000) in unused credit was available.

THE COMPANY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

6. Long-term debt:

The balance of long-term debt reported on the consolidated statement of financial position is made up of the following:

	2023	2022
User Fee Supported		
Infrastructure Improvement Debenture, OIPC – along with Property Tax Supported (vii), repayable based on pro rata share of payment including interest at 2.76%, due December 15, 2027	\$1,332,548	\$1,643,475
Essex Sewage Treatment Plant Update and Expansion Debenture, Ontario Infrastructure Projects Corporation(OIPC) - repayable in semi-annual instalments of \$138,915 including interest at 2.66%, due September 1, 2026	796,028	1,047,652
Harrow Sewage Lagoon Debenture, OIPC – repayable in semi-annual instalments of \$131,564, including interest at 2.67%, due February 3, 2025	384,383	632,274
Building Energy Upgrade Debenture - along with Property Tax Supported (iv), repayable based on pro rata share of payment including interest at 3.6%, repaid during the year	1,919	5,665
	<u>2,514,878</u>	<u>3,329,066</u>

THE COMPANY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

6. Long-term debt (continued):

	2023	2022
Property Tax Supported		
Essex Twin Pad Arena Debenture - repayable in semi-annual instalments of \$386,712 including interest at 4.65%, due March 2030	\$4,295,988	\$4,850,244
Capital Works Debenture - repayable in annual instalments including interest ranging from 2.88% to 3.2%, due in various amounts from 2023 to 2034	2,430,333	2,747,955
Fire Station 1 Engine 1 Debenture - repayable in annual Instalments of \$116,080 including interest at 3.2%, repaid During the year	0	113,940
Building Energy Upgrade Debenture - along with User Fee Supported (iv), repayable based on pro rata share of payment including interest at 3.6%. due in 2024	19,176	56,625
Vehicle loan - repayable in annual instalments including interest at 3.45%, due in June 2024	12,059	23,716
Infrastructure Improvement Debenture, OIPC – along with User Fee Support (i), repayable based on pro rata share of payment including interest at 2.76%, due December 15, 2027	1,088,748	1,342,788
Fire Station 2 Debenture – repayable in semi-annual instalments of \$104,691 including interest at 2.9%, due December 2041	2,920,090	3,042,129
Harrow Streetscape debenture – repayable in semi-annual instalments of \$76,393 excluding interest at 4.25%, due December 2037	2,138,733	2,291,500
Storm Improvements in Ward 1 – repayable in semi-annual Instalments including interest of 4.71% due in December 2033	2,209,578	0
	\$15,114,705	\$14,468,897

THE COMPANY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

6. Long-term debt (continued):

	2023	2022
Benefiting Property Owners		
Drain debentures - repayable in annual instalments including interest at 3.20%, repaid during the year	\$0	\$9,376
Drain debentures - repayable in annual instalments including interest at 2.61%, repaid during the year	0	80,189
Sanitary sewer extension debentures - repayable in annual instalments of \$48,130 including interest at 3.40%, due April 2024	46,548	91,565
Drain debentures - repayable in annual instalments including interest at 3.45%, repaid during the year	0	3,756
Drain debentures - repayable in annual instalments including interest at 3.95%, due in various amounts in July 2028	39,500	46,507
Tile loans – repayable in annual instalments including interest at 6%, due in various amount in 2030	50,666	56,360
Shoreline loans - repayable in semi-annual instalments including interest ranging from 1.39% to 3.77% due in various amounts in 2030 and 2032	337,590	375,104
Drainage debenture - repayable in semi-annual instalments including interest of 3.02% due July 2025 and 3.4% due in July 2030	86,984	119,793
Drainage debenture - repayable in annual instalments including interest of 3.43% due in September 2031	48,089	53,225
Balance carryforward	609,377	835,875

THE COMPANY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

6. Long-term debt (continued):

	2023	2022
Balance carryforward	\$609,377	\$835,875
Drainage debentures - repayable in annual instalments including interest at 4.31% and 4.71%, due in various amounts in July 2031	202,053	234,900
Drainage Debentures – repayable in annual instalments Including interest at 4.31%, due in various amounts in July 2032	57,500	0
	868,930	1,070,775
Share of Union Water System obligations	307,965	389,120
Subtotal	18,806,478	19,257,858
The Town is contingently liable for the tile and shoreline loans included above. The responsibility for payment of principal and interest has been assumed by individual landowners	(388,256)	(431,464)
Internally financed debt	(467,279)	(816,176)
	\$17,950,943	\$18,010,218

THE COMPANY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

6. Long-term debt (continued):

Principal payments for the next 5 fiscal years and thereafter are as follows:

2024	\$2,901,934
2025	2,795,772
2026	3,006,721
2027	2,702,966
2028	2,161,756
Thereafter	4,381,794
	<hr/>
	\$17,950,943

Interest payments included in operating fund expenditures during the year were \$661,693 (2022 – \$631,037), excluding the interest on tile and shoreline loans which is recovered from the individual landowners.

The long-term liabilities issued in the name of the Municipality have received approval by the Municipal Board on or before December 31, 2023. 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.

7. Operations of School Boards and the County of Essex:

During the year, the following taxation revenue was raised and remitted to the School Boards and the County of Essex:

	2023	2022
School Boards	\$4,504,733	\$4,386,122
County of Essex	11,103,560	10,416,184
	<hr/>	<hr/>
	\$15,608,293	\$14,802,306

THE COMPANY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

8. Accumulated surplus:

(a) Accumulated surplus consists of individual fund surplus (deficit) as follows:

	2023	2022
Invested in tangible capital assets	\$207,295,934	\$199,043,278
To be used to offset taxation	5,051,214	5,015,851
To be financed by user charges and municipal debt	(3,828,058)	(1,727,006)
Equity in E.L.K. Energy Inc.	12,785,277	13,928,293
Amounts to be recovered:		
Employee benefits payable	(4,502,200)	(4,509,100)
Accrued interest on net long-term liabilities	(297,225)	(306,173)
Municipal debt	(17,950,943)	(18,010,218)
Reserves and reserve funds (note 8(b))	73,387,557	66,647,250
Total accumulated surplus	\$271,941,556	\$260,082,175

(b) Reserves and reserve funds consist of the individual funds as follows:

	2023	2022
Reserve funds set aside for specific purpose by Council:		
Capital purposes	\$46,194,375	\$44,189,162
Landfill	11,762,760	10,020,942
Contingencies	13,634,847	10,643,013
Other	1,552,947	1,549,996
Sick leave benefits	242,628	244,137
	\$73,387,557	\$66,647,250

THE COMPANY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

9. Unearned/deferred revenue:

Development charges are reported as deferred revenue since provincial legislation restricts the use of the funds to specific purposes and under certain circumstances the funds may be refunded.

The net change during the year in the deferred revenue balances is as follows:

	Beginning of Year	Contributions Received	Deferred Revenue Allocated	End of Year
Development charges	\$ (894,110)	\$ (723,456)	\$1,582,362	\$(35,204)
Canadian Community Benefit Fund	(2,146,721)	(1,207,985)	1,528,904	(1,825,802)
Ontario Community Infrastructure Fund	(1,173,621)	(1,735,226)	1,773,478	(1,135,369)
Modernization grant	(253,098)	0	30,578	(222,520)
	<u>\$(4,467,550)</u>	<u>\$(3,666,667)</u>	<u>\$4,915,322</u>	<u>\$(3,218,895)</u>

THE COMPANY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

10. Employee future benefits:

(a) Pension agreement:

The Town makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of certain employees. This plan is a defined benefit plan which specifies the amount of the retirement to be received by the employees based on the length of service and rates of pay. However, as OMERS does not segregate its pension assets and liabilities information by individual employer, there is not sufficient information to enable the Town to account for the plan as a defined benefit plan. At December 31, 2023, the OMERS plan is in a deficit position, funded at 97% (2022 - 97%). The amount contributed by the Town to OMERS for 2023 was \$797,220 (2022 - \$669,971).

(b) Employee future benefits liabilities:

Employee future benefit liabilities are future liabilities of the Town to its employees and retirees for benefits earned but not taken as at December 31, 2023 and consists of the following:

	2023	2022
Post-employment benefits	\$4,502,200	\$4,509,100
Accrued vacation	26,054	24,730
	<u>\$4,528,254</u>	<u>\$4,533,830</u>

THE COMPANY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

10. Employee future benefits (continued):

(b) Employee future benefits liabilities (continued):

(i) Post-employment benefits:

The post-employment benefit liabilities is based on an actuarial valuation performed by the Town's actuaries. The actuarial valuation was performed as at December 31, 2023. The significant actuarial assumptions adopted in estimating the Municipality's liability are as follows:

Discount rate	4.15% (2022 – 4.14%)
Health Care Trend Rate	4.49% for 2023

Information about the Town's future liability with respect to these costs are as follows:

	2023	2022
Accrued benefit liability, beginning of year	\$4,509,100	\$4,465,600
Annual expense	138,800	172,300
Benefits paid	(145,700)	(128,800)
Accrued benefit liability, end of year	4,502,200	4,509,100
Unamortized net actuarial gains	(2,365,600)	(1,872,900)
Accrued benefit obligations at the end of the year	\$2,136,600	\$2,636,200

(ii) Accrued sick leave:

Under the sick leave benefit plan, approved for all union employees, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the Town's employment. The amount of the payment is equal to the number of sick days to which the employee is entitled at one-half their rate of pay at the time of termination. Sick leave unused is normally paid out to union employees before the end of each fiscal year, resulting in no accrual at the year end. Non-union employees are not entitled to a payout or an accumulation of unused sick days.

THE COMPANY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

10. Employee future benefits (continued):

(b) Employee future benefits liabilities (continued):

(iii) Vacation:

Vacation entitlements can accumulate and employees would be entitled to a cash payment equal to the value of their unused entitlements if they were to terminate employment.

11. Contingent liabilities:

The Town has been named defendant in certain legal actions. The ultimate liability if any, which may arise, is indeterminable as the Town has established valid defence positions. In the opinion of administration and legal counsel, any payments, which may result from these actions, are subject to material coverage under the Town's insurance policies. Consequently, the consolidated financial statements contain no provision for any liability, which may occur as a result of these claims.

12. Contractual obligations and commitments:

(a) Ontario Clean Water Agency

In accordance with a service agreement entered into by the Town on February 13, 1958 with the Ontario Clean Water Agency (OCWA), the existing sewage and water systems are operated by OCWA. Under this agreement, the Town is obligated to meet all operating costs and repay the long-term liabilities related to this project.

Included in the consolidated statement of operations are the 2023 charges from OCWA of \$1,470,199 (2022 – \$1,247,563). The consolidated statement of financial position does not reflect any assets or liabilities pertaining to the sewage or water systems except to the extent of service charges due to (or from) OCWA and the total long-term liabilities outstanding. The accumulated net surplus of OCWA is not reflected in the accompanying consolidated financial statements.

THE COMPANY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

12. Contractual obligations and commitments (continued):

(b) Service agreements

The Town has entered into various other service agreements. The largest of these relates to The Minister of Community Safety and Correctional Services (Police Services). The current contract expires December 31, 2023. The total expense included in the consolidated statement of operations for 2023 is \$3,041,627 (2022 – \$3,094,440).

(c) Operating leases

The Town has entered into various operating lease agreements for office equipment. Included in the consolidated statement of operations are the 2023 operating lease payments of \$59,000 (2022 – \$38,565). The consolidated statement of financial position does not reflect any assets or liabilities pertaining to the operating leases.

THE COMPANY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

13. Budget information:

The Financial Plan (Budget) By-Law adopted by Council on February 13, 2023 was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget is unaudited and was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget figures anticipated using surpluses accumulated in previous years to reduce current year expenditures in excess of current year revenues to \$nil. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the consolidated statements of operations and change in net financial assets represent the Financial Plan adopted by Council on February 13, 2023 with adjustments as follows:

	Budget Amount
Revenue:	
Operating	\$55,265,152
Capital	36,244,391
Less:	
Transfer from reserves	(15,335,995)
Total revenue	76,173,458
Expenses:	
Operating	54,927,405
Capital	13,034,572
Less:	
Transfers to reserves	(19,368,160)
Debt principal payments	(2,798,794)
Capital expenditures	(13,034,574)
Add:	
Amortization of tangible capital assets	7,201,809
Total expenses	39,962,258
Budgeted surplus per financial statements	\$36,211,200

THE COMPANY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

14. Tangible capital assets:

The Consolidated Schedule of Tangible Capital Assets (Schedule 1) provides information on tangible capital assets of the Town by major asset class as well as for accumulated amortization of the assets controlled. The reader should be aware of the following information relating to tangible capital assets:

(a) Contributed capital assets:

The Town records all tangible capital assets contributed by an external party at fair value on the earlier of the date received or of the transfer of risk and responsibility. Typical examples are roadways, water and sewer lines installed by a developer as part of a subdivision agreement. There were no such transfers in the current or prior year.

(b) Capitalization of interest:

The Town has a policy of capitalizing borrowing costs incurred when financing the acquisition of a tangible capital asset.

15. Segmented information:

The Town is a diversified municipal government institution that provides a wide range of services to its citizens such as police, fire, water, wastewater and parks and recreation. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

General Government

General government consists of three categories: governance, corporate management and program support. It includes offices of the Council, Chief Administrative Officer, Corporate Services, and Clerk Services. General Government is responsible for the collection and administration of all formula-based funding. Therefore, all of this revenue type is classified in this segment regardless of where the expenditures are classified.

THE COMPANY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

15. Segmented information:

Protection to Persons and Property (continued)

Protection is comprised of Fire, Police, Conservation Authority and Protective Inspection and Control. The mandate of the Police Services department 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. Conservation Authority includes the Town's share of the Essex Region Conservation Authority. The Fire Service department is responsible to provide fire suppression service; fire prevention programs; training and education related to prevention, detection or extinguishment of fires. Protective Inspection and Control ensures an acceptable quality of building construction and maintenance of properties through enforcement of construction codes, building standards and by-laws for the protection of occupants.

Transportation

The Public Works department is responsible for the delivery of municipal public works services related to the planning, development and maintenance of roadway systems, snow clearing and removal and street lighting.

Environmental

Environmental includes Water, Wastewater, Storm Sewer, as well as Garbage Collection and Disposal. The department provides drinking water to citizens of Essex, collecting and treating wastewater, and providing collection and disposal of waste. Recycling is provided at the County level.

Health

Health services are comprised of public health services which work to improve the overall health of the population and overcome health inequalities by providing services to individuals and communities.

THE COMPANY

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

15. Segmented information:

Recreational and Cultural

This department provides public services that respond to citizens' leisure and cultural requirements. Facilities include a wide variety of parks plus three arenas, a pool and various community facilities. Recreational and Cultural also includes services related to the harbour.

Planning and Development

This department provides a number of services including town planning, maintenance and enforcement of building and construction codes (although for segmented disclosure purposes, these expenses are included within Protection to Persons and Property), and review of all property development plans through its application process.

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. Municipal taxation revenue has been allocated based on the percentage of total budgeted expenditures. 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 Schedule of Segment Disclosure (Schedule 2).

THE COMPANY

Consolidated Schedule of Tangible Assets - Schedule 1

Year ended December 31, 2023

Cost	Balance at December 31, 2022	Additions	Disposals	Transfers	Balance at December 31, 2023
Land	\$23,283,384	\$87,178	\$0	\$0	\$23,370,562
Buildings	58,868,186	2,040,032	0	3,918,912	64,827,130
Vehicles	6,209,303	457,009	(82,694)	0	6,583,618
Machinery and equipment	19,295,703	965,426	(122,935)	51,922	20,190,116
Murals and land improvements	6,781,817	69,619	0	1,050,214	7,901,650
Roads	73,694,565	2,989,457	0	0	76,684,022
Underground and other networks	122,127,980	1,283,432	(478)	0	123,410,934
Assets under construction	13,550,496	7,631,750	0	(5,021,048)	16,161,198
	\$323,811,434	\$15,523,903	\$(206,107)	\$0	\$339,129,230

Accumulated Amortization	Balance at December 31, 2022	Amortization	Disposals	Transfers	Balance at December 31, 2023
Land	\$0	\$0	\$0	\$0	\$0
Buildings	23,372,229	1,178,783	0	0	24,551,012
Vehicles	2,939,853	335,713	(76,897)	0	3,198,669
Machinery and equipment	8,892,198	981,778	(59,352)	0	9,814,624
Murals and land improvements	1,771,172	191,027	0	0	1,962,199
Roads	38,792,496	2,974,786	0	0	41,767,282
Underground and other networks	49,000,208	1,539,722	(420)	0	50,539,510
Assets under construction	0	0	0	0	0
	\$124,768,156	\$7,201,809	\$(136,669)	\$0	\$131,833,296

THE COMPANY

Consolidated Schedule of Tangible Assets - Schedule 1 (continued)

Year ended December 31, 2023

	Net book value, December 31, 2022	Net book value, December 31, 2023
Land	\$23,283,384	\$23,370,562
Buildings	35,495,957	40,276,118
Vehicles	3,269,450	3,384,949
Machinery and equipment	10,403,505	10,375,492
Murals and land improvements	5,010,645	5,939,451
Roads	34,902,069	34,916,740
Underground and other networks	73,127,772	72,871,424
Assets under construction	13,550,496	16,161,198
Total	\$199,043,278	\$207,295,934

THE COMPANY

Consolidated Schedule of Tangible Assets - Schedule 1 (continued)

Year ended December 31, 2023

Cost	Balance at December 31, 2021	Additions	Disposals	Transfers	Balance at December 31, 2022
Land	\$23,283,384	\$0	\$0	\$0	\$23,283,384
Buildings	57,622,614	1,024,693	0	220,879	58,868,186
Vehicles	6,904,027	113,209	(807,933)		6,209,303
Machinery and equipment	17,956,185	1,220,471	(137,007)	256,054	19,295,703
Murals and land improvements	5,850,065	694,348	0	237,404	6,781,817
Roads	67,247,488	6,447,077	0	0	73,694,565
Underground and other networks	21,724,107	403,873	0	0	122,127,980
Assets under construction	11,132,475	3,132,358	0	(714,337)	13,550,496
	\$311,720,345	\$13,036,029	\$(944,940)	\$0	\$323,811,434

Accumulated Amortization	Balance at December 31, 2021	Amortization	Disposals	Transfers	Balance at December 31, 2022
Land	\$0	\$0	\$0	\$0	\$0
Buildings	22,254,673	1,117,556	0	0	23,372,229
Vehicles	3,275,525	362,861	(698,533)	0	2,939,853
Machinery and equipment	8,092,379	907,437	(107,618)	0	8,892,198
Murals and land improvements	1,594,540	176,632	0	0	1,771,172
Roads	36,018,874	2,773,622	0	0	38,792,496
Underground and other networks	47,322,736	1,677,472	0	0	49,000,208
Assets under construction	0	0	0	0	0
	\$118,558,727	\$7,015,580	\$(806,151)	\$0	\$124,768,156

THE COMPANY

Consolidated Schedule of Tangible Assets - Schedule 1 (continued)

Year ended December 31, 2023

	Net book value, December 31, 2021	Net book value, December 31, 2022
Land	\$23,283,384	\$23,283,384
Buildings	35,367,941	35,495,957
Vehicles	3,628,502	3,269,450
Machinery and equipment	9,863,806	10,403,505
Murals and land improvements	4,255,525	5,010,645
Roads	31,228,614	34,902,069
Underground and other networks	74,401,371	73,127,772
Assets under construction	11,132,475	13,550,496
Total	\$193,161,618	\$199,043,278

THE COMPANY

Consolidated Schedule of Segment Disclosure - Schedule 2

Year ended December 31, 2023

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreational and Cultural Services	Planning and Development	2023 Total
Revenue:								
Taxation	\$2,551,855	\$3,267,337	\$4,201,197	\$5,099,725	\$146,824	\$4,179,375	\$1,509,876	\$20,956,188
User charges	162,009	541,912	75,133	29,115	111,290	2,771,164	30,601	3,721,224
Grants (note 14)	8,288,638	202,415	(648,297)	0	165,453	269,121	70,918	8,348,248
Interest	4,562,177	0	0	0	0	0	0	4,562,177
Landfill compensation	0	0	0	3,994,909	0	0	0	3,994,909
Share of income from E.L.K.	0	0	0	0	0	0	0	0
Energy Inc. (note 2)	(1,052,034)	0	0	0	0	0	0	(1,052,034)
Commuted payments	0	0	0	229,655	0	0	0	229,655
Development contributions	1,262,280	0	0	0	0	0	0	1,262,280
Sewer and water charges	0	0	0	8,198,936	0	0	0	8,198,936
Other	2,109,945	0	0	1,030,726	0	0	0	3,140,671
Loss on disposal of capital assets	(4,056)	0	0	0	0	0	0	(4,056)
	17,880,814	4,011,664	3,628,033	18,583,066	423,567	7,219,660	1,611,395	53,358,198

THE COMPANY

Consolidated Schedule of Segment Disclosure - Schedule 2 (continued)

Year ended December 31, 2023

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreational and Cultural Services	Planning and Development	2023 Total
Expenses:								
Salaries, wages and benefits	3,387,673	1,712,850	1,770,463	586,960	129,224	3,695,530	803,949	12,086,649
Materials and supplies	1,246,593	1,001,515	1,649,941	3,570,940	145,308	2,445,547	2,059,776	12,119,620
Interest	96,106	162,215	19,965	87,921	-	257,751	37,735	661,693
Contract service	8,764	3,131,772	1,095,327	4,412,916	124	401,400	-	9,050,303
Amortization of tangible capital assets	239,687	443,112	3,709,847	1,437,714	5,136	1,281,063	85,250	7,201,809
Other	74,528	18,730	73,943	2,358	10,958	194,981	3,245	378,743
	5,053,351	6,470,194	8,319,486	10,098,809	290,750	8,276,272	2,989,955	41,498,817
Annual surplus (deficit)	\$12,827,463	\$(2,458,530)	\$(4,691,453)	\$8,484,257	\$132,817	\$(1,056,612)	\$(1,378,560)	\$11,859,381

THE COMPANY

Consolidated Schedule of Segment Disclosure - Schedule 2 (continued)

Year ended December 31, 2023

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation and Cultural Services	Planning and Development	2022 Total
Revenue:								
Taxation	\$2,298,215	\$3,276,195	\$3,930,585	\$4,263,910	\$145,104	\$3,915,714	\$1,407,918	\$19,237,640
User charges	152,040	1,294,013	55,475	25,925	71,762	2,333,343	42,104	3,974,662
Grants (note 14)	7,502,958	237,942	1,293,635	0	165,456	962,217	72,442	10,234,650
Interest	1,954,651	0	0	0	0	0	0	1,954,651
Landfill compensation	0	0	0	3,500,229	0	0	0	3,500,229
Share of income from E.L.K.	0	0	0	0	0	0	0	0
Energy Inc. (note 2)	100,074	0	0	0	0	0	0	100,074
Commuted payments		0	0	222,123	0	0	0	222,123
Development contributions	642,539	0	0	0	0	0	0	642,539
Sewer and water charges	0	0	0	8,008,824	0	0	0	8,008,824
Other	935,168	19,940	12,415	84,637	956	134,182	1,094,003	2,281,301
Loss on disposal of capital assets	(81,862)	0	0	0	0	0	0	(81,862)
	13,503,783	4,828,090	5,292,110	16,105,648	383,278	7,345,456	2,616,467	50,074,831

THE COMPANY

Consolidated Schedule of Segment Disclosure - Schedule 2 (continued)

Year ended December 31, 2023

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation and Cultural Services	Planning and Development	2022 Total
Expenses:								
Salaries, wages and benefits	3,196,613	1,590,129	1,749,182	497,792	142,915	3,392,348	721,144	11,290,123
Materials and supplies	895,005	845,217	1,353,244	2,182,481	122,861	2,166,057	1,886,692	9,451,557
Interest	611	174,633	25,935	110,963	0	292,635	36,780	641,557
Contract service	7,145	3,193,218	881,218	4,049,233	1,966	353,924	0	8,486,704
Amortization of tangible capital assets	207,689	446,446	3,599,513	1,426,441	5,135	1,245,405	84,951	7,015,580
Other	148,834	102,410	11,726	175	8,458	141,616	176	413,395
	4,455,897	6,352,053	7,620,818	8,267,085	281,335	7,591,985	2,729,743	37,298,916
Annual surplus (deficit)	\$9,047,886	\$(1,523,963)	\$(2,328,708)	\$7,838,563	\$101,943	\$(246,529)	\$(113,276)	\$12,775,915