

**MUNICIPALITY OF MIDDLESEX CENTRE**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

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FINANCIAL STATEMENTS  
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## **INDEPENDENT AUDITOR'S REPORT**

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### **To the Members of Council, Inhabitants and Ratepayers of the Municipality of Middlesex Centre**

#### **Opinion**

We have audited the accompanying financial statements of Municipality of Middlesex Centre (the "Municipality"), which comprise the Statement of Financial Position as at December 31, 2021, and Statements of Operations and Accumulated Surplus, Cash Flows and Change in Net Financial Assets for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Municipality of Middlesex Centre as at December 31, 2021 and its financial performance and its cash flows and change in net financial assets for the year then ended in accordance with Canadian public sector accounting standards.

#### **Basis of 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 report. We are independent of the Municipality 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 financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Municipality's ability to continue as a going concern, disclosing, as applicable, matters relating 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.

## **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 these financial statements.

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

We also:

- Identify and assess the 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 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 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 financial statements, including the disclosures, and whether the 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.

**June 15, 2022**  
**London, Canada**

**LICENSED PUBLIC ACCOUNTANT**

**MUNICIPALITY OF MIDDLESEX CENTRE  
STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2021**

	2021	2020
<b>FINANCIAL ASSETS</b>		
Cash	\$ 54,794,257	\$ 43,082,917
Taxes receivable	1,013,271	1,472,334
Accounts receivable	6,282,624	4,868,621
Land held for resale	120,000	120,000
	<b>62,210,152</b>	<b>49,543,872</b>
<b>LIABILITIES</b>		
Capital loan (note 10)	3,000,000	9,780,000
Accounts payable and accrued liabilities	5,149,561	5,336,393
Other current liabilities	1,089,549	802,903
Deferred revenue - obligatory reserve funds (note 7)	(1,337,706)	(7,285,830)
Employee benefits payable (note 14)	714,284	730,472
Long-term debt (note 8.a)	18,458,247	19,583,687
	<b>27,073,935</b>	<b>28,947,625</b>
<b>NET FINANCIAL ASSETS (page 6)</b>	<b>35,136,217</b>	<b>20,596,247</b>
<b>NON-FINANCIAL ASSETS (note 1.e)</b>		
Tangible capital assets - Schedule 1 (note 1.f)	222,948,029	223,899,126
Capital work in progress	7,535,406	6,076,851
Prepaid expenditures	364,394	163,632
	<b>230,847,829</b>	<b>230,139,609</b>
<b>ACCUMULATED SURPLUS (page 4) (note 9)</b>	<b>\$ 265,984,046</b>	<b>\$ 250,735,856</b>

The accompanying notes are an integral part of the financial statements

**MUNICIPALITY OF MIDDLESEX CENTRE  
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<b>Budget 2021</b>	<b>Actual 2021</b>	<b>Actual 2020</b>
<b>REVENUE</b>			
Property taxation	\$ 20,281,890	\$ 20,652,088	\$ 19,805,495
User charges	11,354,235	12,964,130	11,968,049
Government grants (note 18)	1,544,201	2,166,167	1,801,912
Investment income	135,381	668,063	566,242
Penalty and interest on taxes	221,000	225,467	242,007
Other revenue	4,800	61,093	53,397
	<b>33,541,507</b>	<b>36,737,008</b>	<b>34,437,102</b>
<b>EXPENDITURES</b>			
General government	2,584,544	3,011,396	2,373,319
Protection to persons and property	5,585,912	5,838,833	5,176,160
Transportation services	6,133,503	8,769,150	8,686,670
Environmental services	5,485,474	7,113,327	7,408,019
Health Services	16,243	14,761	16,152
Recreation and cultural development	3,987,512	4,102,073	4,077,616
Planning and development	890,692	739,845	647,046
	<b>24,683,880</b>	<b>29,589,385</b>	<b>28,384,982</b>
<b>EXCESS OF REVENUE OVER EXPENDITURES BEFORE OTHER</b>	<b>8,857,627</b>	<b>7,147,623</b>	<b>6,052,120</b>
<b>OTHER</b>			
Developer, government and user contributions related to capital	8,758,387	4,460,643	6,626,819
Gain (loss) on disposal of tangible capital assets	33,300	3,623,736	9,968
Change in employee benefits payable (note 14)	-	16,188	15,861
	<b>8,791,687</b>	<b>8,100,567</b>	<b>6,652,648</b>
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	<b>17,649,314</b>	<b>15,248,190</b>	<b>12,704,768</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>250,735,856</b>	<b>250,735,856</b>	<b>238,031,088</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$ 268,385,170</b>	<b>\$ 265,984,046</b>	<b>\$ 250,735,856</b>

The accompanying notes are an integral part of the financial statements

**MUNICIPALITY OF MIDDLESEX CENTRE  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	2021	2020
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenditures (page 4)	\$ 15,248,190	\$ 12,704,768
Non-cash changes to operations		
Amortization	7,581,846	7,301,268
Net change in working capital related to operations (A)	5,076,810	4,458,024
	<b>27,906,846</b>	<b>24,464,060</b>
<b>INVESTING ACTIVITIES</b>		
Acquisition of tangible capital assets	(6,994,145)	(15,153,561)
Decrease (increase) in capital work in progress	(1,458,555)	6,859,131
Net disposal of tangible capital assets	363,396	19,407
Decrease (increase) in prepaid expenditures	(200,762)	(37,651)
	<b>(8,290,066)</b>	<b>(8,312,674)</b>
<b>FINANCING ACTIVITIES</b>		
Advances (repayments) in long-term debt	(1,125,440)	(1,256,427)
	<b>(1,125,440)</b>	<b>(1,256,427)</b>
Net change in cash and cash equivalents during the year	<b>18,491,340</b>	<b>14,894,959</b>
Cash and cash equivalents, beginning of year	<b>33,302,917</b>	<b>18,407,958</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 51,794,257</b>	<b>\$ 33,302,917</b>
<b>COMPRISED OF:</b>		
Cash	\$ 54,794,257	\$ 43,082,917
Capital loan	(3,000,000)	(9,780,000)
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 51,794,257</b>	<b>\$ 33,302,917</b>

(A) Net change in non-cash working capital includes the net change in taxes receivable, accounts receivable, accounts payable and accrued liabilities, other current liabilities and deferred revenue and employee benefits payable.

The accompanying notes are an integral part of the financial statements

**MUNICIPALITY OF MIDDLESEX CENTRE**  
**STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	2021	2020
Excess of revenue over expenditures (page 4)	\$ 15,248,190	\$ 12,704,768
Amortization of tangible capital assets	7,581,846	7,301,268
Acquisition of tangible capital assets	(6,994,145)	(15,153,561)
Net disposal of tangible capital assets	363,396	19,407
Investment in capital works in progress	(1,458,555)	6,859,131
Decrease (increase) in prepaid expenditures	(200,762)	(37,651)
Increase in net financial assets	14,539,970	11,693,362
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<b>20,596,247</b>	<b>8,902,885</b>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<b>\$ 35,136,217</b>	<b>\$ 20,596,247</b>

The accompanying notes are an integral part of the financial statements



**MUNICIPALITY OF MIDDLESEX CENTRE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

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The Municipality of Middlesex Centre (the "Municipality") is a lower-tier municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

**1. Significant accounting policies**

The financial statements of the Municipality of Middlesex Centre are the representation of management prepared in accordance with Canadian public sector accounting standards.

The focus of these financial statements is on the financial position of the Municipality and changes thereto. The Statement of Financial Position reports financial assets and liabilities. Financial assets are available to provide resources to discharge existing liabilities or finance future operations. Net financial assets represents the financial position of the Municipality and is the difference between financial assets and liabilities. This information explains the Municipality's overall future revenue requirements and its ability to finance activities and meet its obligations.

Significant aspects of the accounting policies adopted by the Municipality are as follows:

**a. Reporting entity**

These financial statements reflect the financial assets, liabilities, operating revenue and expenditures and accumulated surpluses/deficits and changes in investment in tangible capital assets of the Municipality and all committees of Council.

All interfund assets and liabilities and revenue and expenditures have been eliminated.

There are no local boards, joint local boards, municipal enterprises or utilities.

**b. Revenue recognition**

Revenue is recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Government grants and transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

**c. Accounting for School Boards and County of Middlesex transactions**

The Municipality is required to bill, collect and remit provincial education and upper tier taxation in respect of residential and other properties on behalf of the school boards and upper tier. The Municipality has no jurisdiction or control over the school board or upper tier's operations or their tax rate. The taxation, other revenue, expenditures, assets and liabilities with respect to the operations of the school boards, and the County of Middlesex are not reflected in these financial statements.

**d. Trust funds**

Trust funds and their related operations administered by the Municipality are not consolidated, but are reported separately on the Trust Fund Financial Statements.

**MUNICIPALITY OF MIDDLESEX CENTRE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

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**1. Significant accounting policies continued**

**e. 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 revenue over expenditures, provides the Change in Net Financial Assets for the year.

**f. Tangible capital assets**

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements	15 years
Buildings and fixtures	10 to 50 years
Vehicles	5 to 10 years
Machinery and equipment	10 years
Water and waste	
- Underground networks	50 to 100 years
- Wastewater facilities	50 to 75 years
- Water utility facilities	50 to 75 years
- Water utility infrastructure	50 to 75 years
Transportation	
- Roads	10 to 50 years
- Bridges and culverts	25 to 75 years

Amortization is charged for half a year in the year of acquisition and in the year of disposal.

The Municipality has a capitalization threshold of \$5,000 to \$10,000 on capital assets depending on their classification, excluding land, which is always capitalized, so that individual assets of lesser value are expensed unless they are pooled because collectively they have a significant value. The capitalization threshold for pooled assets is \$25,000.

Tangible capital assets received as contributions are recorded at their fair value at the date of the receipt. The fair value is also recorded as contributed revenue.

**g. Deferred revenue**

Government grants/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 or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenditures are incurred, services performed or the tangible capital assets are acquired.

**MUNICIPALITY OF MIDDLESEX CENTRE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

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**1. Significant accounting policies continued**

**h. Use of estimates**

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

**i. 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.

**j. Financial instruments**

Financial instruments of the Municipality consist mainly of cash, accounts receivable and taxes receivable. The carrying values of these financial assets approximate their fair values unless otherwise disclosed.

**k. Land held for resale**

Land held for resale is recorded at the lower of cost and net realizable value. Cost includes amounts for land acquisition and improvements to prepare the land for servicing.

**l. Temporary investments**

Temporary investments are recorded at cost. Market value approximates cost.

**2. Tax revenue**

Property tax billings are prepared by the Municipality based on an assessment roll prepared by the Municipal Property Assessment Corporation. All assessed property values in the Municipality were reviewed and new values established based on a common valuation date which was used by the Municipality in computing the 2021 property tax bills. Property tax revenue and tax receivables are subject to appeals which may not have been heard yet. Any supplementary billing adjustments made necessary by the determination of such appeals will be recognized in the fiscal year they are determined and the effect shared with the County of Middlesex and the appropriate school boards.

**3. Trust funds**

Trust funds administered by the Municipality amounting to \$56,329 (2020 - \$55,579) have not been included in these financial statements.

**MUNICIPALITY OF MIDDLESEX CENTRE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**4. Operations of School Boards and the County of Middlesex**

Further to note 1.c, the taxation revenue of the school boards and County of Middlesex are comprised of the following:

	School Boards	County
Taxation and user charges	\$ 7,190,585	\$ 13,339,254
Requisitions	\$ 7,190,585	\$ 13,339,254

**5. Investments**

As at December 31, 2021, the Municipality did not hold any short-term investments.

**6. Pension agreements**

The Municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of services and rates of pay.

The amount contributed to OMERS for 2021 was \$519,091 (2020 - \$503,600) for current service and is included as an expenditure on the Statement of Operations and Accumulated Surplus. The Municipality has no obligation, as of December 31, 2021, under the past service provisions. The OMERS funding ratio for 2021 is 97.0% (2020 - 97.0%), with the goal of being fully funded by 2025.

**7. Deferred revenue - obligatory reserve funds**

A requirement of the Canadian public sector accounting standards 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 as follows:

	2021	2020
Development charges	\$ (2,832,853)	\$ (8,748,697)
Federal Gas Tax	1,166,959	447,139
Ontario Community Infrastructure Fund	53,356	674,566
Parkland	274,832	261,162
Safe Restart Fund	-	80,000
	\$ (1,337,706)	\$ (7,285,830)

**MUNICIPALITY OF MIDDLESEX CENTRE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**7. Deferred revenue - obligatory reserve funds continued**

The development charges are maintained as required by the Development Charges Act, 1997 (DCA) and spent as described by the DCA on defined capital assets. The Municipality has borrowed money from future development charges to fund certain qualifying capital assets in advance of receiving the development charges as allowed under the DCA and these amounts are paid back, including the prescribed rate of interest.

**8. Long-term debt**

**a. Composition of long-term debt**

The balance of long-term debt reported on the Statement of Financial Position is made up of the following:

	2021	2020
Long-term debt issued by the Municipality at various rates of interest ranging from 0% to 4% with maturity dates ranging from 2021 to 2034	\$ 1,080,984	\$ 1,069,163
Long-term debt issued to Infrastructure Ontario at various rates of interest ranging from 3.36% to 3.72% with maturity dates ranging from 2031 to 2042	15,457,834	16,528,628
Long-term debt issued to the Federation of Canadian Municipalities at 4% interest with maturity in 2038	2,003,330	2,084,404
Of the long-term liabilities shown above, the responsibility for payment of principal and interest charges for tile drain loans has been assumed by individuals. At the end of the year, the outstanding principal amount of this liability is	(83,901)	(98,508)
	<b>\$ 18,458,247</b>	<b>\$ 19,583,687</b>

**b. Debt retirement**

Debt to be retired over the next five years:

	Recovered from user rates	Recovered from taxation
2022	\$ 777,094	\$ 485,727
2023	\$ 780,160	\$ 489,130
2024	\$ 783,349	\$ 461,524
2025	\$ 786,665	\$ 465,309
2026	\$ 765,824	\$ 469,048

**MUNICIPALITY OF MIDDLESEX CENTRE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**8. Long-term debt continued**

**c. Approval**

Approval of the Ontario Municipal Board has been obtained for those pending issues of long-term debt and commitments to be financed by revenue beyond the term of Council and approved on or before December 31, 1992. Those approved after January 1, 1993 have been approved by by-law. The principal and interest payments required to service these pending issues and commitments are within the debt repayment limit prescribed by the Ministry of Municipal Affairs.

**d. Contingent liability**

The Municipality is contingently liable for long-term debt with respect to tile drainage loans, and for those for which the principal and interest had been assumed by other municipalities, school board and local boards, municipal enterprises, and utilities. The total amount outstanding as at December 31, 2021 is \$83,901 (2020 - \$98,508) is not recorded on the Statement of Financial Position.

**e. Interest**

Interest paid on long-term liabilities for 2021 was \$718,384 (2020 - \$749,535).

**9. Accumulated surplus**

The accumulated surplus on the Statement of Financial Position at the end of the year is comprised of the following:

	2021	2020
Investment in non-financial assets (net of debt)	\$ 215,591,866	\$ 213,955,916
Employee benefits payable (note 14)	(714,284)	(730,472)
Reserves set aside for specific purpose	1,682,123	1,682,123
Reserve funds set aside for specific purpose	49,424,341	35,828,289
<b>ACCUMULATED SURPLUS</b>	<b>\$ 265,984,046</b>	<b>\$ 250,735,856</b>

**10. Capital loan**

During 2018, the Municipality entered into a financing agreement with Ontario Infrastructure and Lands Corporation (OILC) for a floating rate capital loan up to a maximum of \$13,344,000 for five capital projects. It is anticipated that this loan will be repaid in full by 2022. As of December 31, 2021, \$3,000,000 (2020 - \$9,780,000) is outstanding. The Municipality repaid \$6,780,000 during 2021 as well as interest at a rate as determined by OILC as their cost of borrowing.

**MUNICIPALITY OF MIDDLESEX CENTRE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

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**11. Budget figures**

The Municipality's Council completes separate budget reviews for its operating and capital budgets each year. The approved operating budget for 2021 is reflected on the Statement of Operations and Accumulated Surplus.

**12. Commitments**

**a. Water Supply System**

On July 13, 1998, The Corporation of the City of London received a Notice of Transfer for the Lake Huron Primary Water System (the "System"). The final transfer order was effective September 15, 2000. Under the transfer order, the works, properties and all assets, liabilities, rights and obligations of the system are conveyed, assigned and transferred to the City of London as Trustee. The Municipality of Middlesex Centre is a member of the Lake Huron Water Supply System and represents approximately 1.49% of the total System. This percentage is based on the annual flows during 2021. As long as the municipality is serviced by the System, it has a beneficial ownership interest in the System. The System is governed by a joint board of management of which one of the eleven representatives is from the Municipality. The Municipality's share of the System's accumulated surplus is \$2,810,686. These balances are based on the System's financial statements and have not been reflected in these financial statements.

**b. Policing**

The Municipality contracts with the Ontario Provincial Police to provide policing services under Section 10 of the Police Services Act. The cost of this contract, net of adjustments, for 2021 was \$2,309,856 (2020 - \$2,326,740).

**13. Contingent liability**

**a. Landfill post-closure costs**

The Municipality has closed the one landfill site they own and expense any post-closure costs in the year they occur.

**b. Development agreement**

The Municipality is currently working with a developer on a cost sharing agreement for services required for the development to be completed. The costs of these services have been estimated by the Municipality's staff and are reflected in these financial statements. The Municipality has not received documentation of actual costs which may vary significantly from these estimates.



**MUNICIPALITY OF MIDDLESEX CENTRE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**14. Employee benefits payable**

The total employee benefits payable on the Statement of Financial Position at the end of the year is comprised of the following:

	2021	2020
Workplace Safety and Insurance (WSIB)	\$ 667,834	\$ 683,486
Post-retirement benefits	46,450	46,986
	<b>\$ 714,284</b>	<b>\$ 730,472</b>

**a. Workplace Safety and Insurance (WSIB)**

The Municipality transferred from Schedule 2 to Schedule 1 classification under the Workplace Safety and Insurance Act effective January 1, 2013. The Municipality contracted with an independent third party to provide a valuation of this liability based on the Municipality's specific circumstances. This valuation estimated the Municipality's actuarial obligation as at December 31, 2021 at \$667,834 (2020 - \$683,486). This amount will be recovered from future taxation as payments are made against this obligation.

The significant assumptions used in the actuarial valuations are as follows:

Municipality's borrowing rate	4.00%
Inflation rate	1.75%
Discount rate	2.25%
Weighted average of WSIB benefits	1.01%
Administration fees charged by WSIB	30.0%

**b. Post-retirement benefits**

The Municipality contracted with an independent third party to provide a valuation of post-retirement benefits for eligible employees. Eligibility requires the employee to be full-time, permanent employees who retire on an OMERS pension with at least 10 year of service with the Municipality. Benefits are provided to the earlier of age 65 or death. The actuarial estimate of this amount as of December 31, 2021 is \$46,450 (2020 - \$46,986).

**15. Public sector salary disclosure**

There are seven employees paid a salary, as defined in the Public Sector Disclosure Act, 1996 of \$100,000 or more.



**MUNICIPALITY OF MIDDLESEX CENTRE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

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**16. Contaminated sites**

The Canadian public sector accounting standard 3510 requires municipalities to evaluate sites owned by the municipality for potential contamination. This standard requires the Municipality to disclose the liability, if any, related to remediation of such sites. The Municipality has determined they do not own properties that meet this criterion and therefore no accrual is required.

**17. Segmented information**

Segmented information is presented on Schedule 2. The Municipality of Middlesex Centre is a diversified municipality and provides a wide range of services to its citizens including fire, police through a contracted service described in note 12, transportation, water, wastewater, waste disposal and community services, including recreation and planning. The general government segment includes such functions as finance, council and administrative services.

**18. Significant event**

In March 2020, the Province of Ontario declared a state of emergency in response to the COVID-19 virus. The Municipality has followed the Provincial orders regarding essential services and as a result, has closed some of its services during 2021 and 2020. During the year ending December 31, 2021, the Municipality recognized revenue from the Safe Restart Fund of \$334,590 (2020 - \$397,200) which is reflected in government grants. It is unclear the total financial impact the COVID-19 virus will have on the Municipality. Council and staff continue to monitor the situation.

**19. Comparative balances**

Certain comparative balances have been reclassified to conform with the current year's financial statement presentation.

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**MUNICIPALITY OF MIDDLESEX CENTRE  
SCHEDULE 1 - SCHEDULE OF TANGIBLE CAPITAL ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Land and Land Improvements	Buildings	Fleet	Equipment	Infrastructure Roads	Storm Sewers	Wastewater	Water	2021 Total	2020 Total
<b>COST</b>										
Balance, beginning of year	\$ 9,784,581	\$ 82,040,684	\$ 12,807,068	\$ 3,604,744	\$ 123,901,272	\$ 31,125,101	\$ 34,585,785	\$ 43,922,713	\$ 341,771,948	\$ 326,748,822
Add:										
Additions during the year	399,934	869,620	2,656,105	477,278	2,498,838	-	92,370	-	6,994,145	15,153,561
Less:										
Disposals during the year	(132,500)	(54,893)	(1,262,559)	(50,574)	(97,880)	-	-	-	(1,598,406)	(130,435)
Balance, end of year	10,052,015	82,855,411	14,200,614	4,031,448	126,302,230	31,125,101	34,678,155	43,922,713	347,167,687	341,771,948
<b>ACCUMULATED AMORTIZATION</b>										
Balance, beginning of year	75,271	19,264,380	5,960,461	2,088,944	67,360,450	6,553,682	7,171,873	9,397,761	117,872,822	110,682,582
Add:										
Amortization during the year	56,137	1,754,413	941,460	303,464	3,035,443	388,797	529,389	572,743	7,581,846	7,301,268
Less:										
Disposals during the year	-	(29,509)	(1,142,639)	(48,862)	(14,000)	-	-	-	(1,235,010)	(111,028)
Balance, end of year	131,408	20,989,284	5,759,282	2,343,546	70,381,893	6,942,479	7,701,262	9,970,504	124,219,658	117,872,822
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>9,920,607</b>	<b>61,866,127</b>	<b>\$ 8,441,332</b>	<b>\$ 1,687,902</b>	<b>\$ 55,920,337</b>	<b>\$ 24,182,622</b>	<b>\$ 26,976,893</b>	<b>\$ 33,952,209</b>	<b>\$ 222,948,029</b>	<b>\$ 223,899,126</b>

This schedule is provided for information purposes only.

**MUNICIPALITY OF MIDDLESEX CENTRE  
SCHEDULE 2 - SCHEDULE OF SEGMENTED INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	General Government	Protective Services	Transportation	Environmental	Health	Recreation and Culture	Planning and Development	Total
<b>REVENUE</b>								
Taxation	\$ 20,652,088	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,652,088
User fees	393,249	1,945,582	167,822	8,706,581	600	1,374,596	375,700	12,964,130
Government grants	1,673,598	327,450	35,827	-	-	87,093	42,199	2,166,167
Investment income	667,029	-	-	-	1,034	-	-	668,063
Penalty and interest on taxes	225,467	-	-	-	-	-	-	225,467
Other	3,864,851	29,531	3,223,428	820,453	-	181,940	41,457	8,161,660
	27,476,282	2,302,563	3,427,077	9,527,034	1,634	1,643,629	459,356	44,837,575
<b>EXPENDITURES</b>								
Salaries and benefits	1,715,299	1,834,500	2,141,710	872,682	790	1,353,389	220,890	8,139,260
Goods and services	1,203,107	3,586,747	2,820,802	3,884,550	13,971	1,840,147	518,955	13,868,279
Amortization	92,990	417,586	3,806,638	2,356,095	-	908,537	-	7,581,846
	3,011,396	5,838,833	8,769,150	7,113,327	14,761	4,102,073	739,845	29,589,385
<b>EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE)</b>	<b>\$ 24,464,886</b>	<b>\$ (3,536,270)</b>	<b>\$ (5,342,073)</b>	<b>\$ 2,413,707</b>	<b>\$ (13,127)</b>	<b>\$ (2,458,444)</b>	<b>\$ (280,489)</b>	<b>\$ 15,248,190</b>

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