

MUNICIPALITY OF MIDDLESEX CENTRE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

DRAFT

**MUNICIPALITY OF MIDDLESEX CENTRE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

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INDEPENDENT AUDITOR'S REPORT

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, 2022, 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, 2022 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 21, 2023
London, Canada

LICENSED PUBLIC ACCOUNTANT

**MUNICIPALITY OF MIDDLESEX CENTRE
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022**

	2022	2021
FINANCIAL ASSETS		
Cash	\$ 58,996,766	\$ 54,794,257
Taxes receivable	1,588,133	1,013,271
Accounts receivable	7,010,686	6,282,624
Land held for resale	120,000	120,000
	67,715,585	62,210,152
LIABILITIES		
Capital loan (note 10)	-	3,000,000
Accounts payable and accrued liabilities	6,573,535	5,149,561
Other current liabilities	1,319,357	1,089,549
Deferred revenue - obligatory reserve funds (note 7)	(28,972)	(1,337,706)
Employee benefits payable (note 14)	703,769	714,284
Long-term debt (note 8.a)	17,213,290	18,458,247
	25,780,979	27,073,935
NET FINANCIAL ASSETS (page 6)	41,934,606	35,136,217
NON-FINANCIAL ASSETS (note 1.e)		
Tangible capital assets - Schedule 1 (note 1.f)	225,530,406	222,948,029
Capital work in progress	11,166,980	7,535,406
Prepaid expenditures	507,370	364,394
	237,204,756	230,847,829
ACCUMULATED SURPLUS (page 4) (note 9)	\$ 279,139,362	\$ 265,984,046

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, 2022**

	Budget 2022	Actual 2022	Actual 2021
REVENUE			
Property taxation	\$ 21,761,601	\$ 22,207,522	\$ 20,652,088
User charges	12,398,301	13,487,815	12,964,130
Government grants (note 18)	2,113,598	2,073,465	2,166,167
Investment income	384,535	1,474,801	668,063
Penalty and interest on taxes	230,000	247,189	225,467
Other revenue	16,800	12,000	61,093
	36,904,835	39,502,792	36,737,008
EXPENDITURES			
General government	3,260,830	2,829,984	3,204,126
Protection to persons and property	5,771,907	5,953,316	5,646,103
Transportation services	6,395,643	9,715,909	8,769,150
Environmental services	5,975,642	7,513,218	7,113,327
Health Services	16,535	14,516	14,761
Recreation and cultural development	4,050,224	4,964,455	4,102,073
Planning and development	781,320	652,854	739,845
	26,252,101	31,644,252	29,589,385
EXCESS OF REVENUE OVER EXPENDITURES BEFORE OTHER	10,652,734	7,858,540	7,147,623
OTHER			
Developer, government and user contributions related to capital	8,895,725	5,196,687	4,460,643
Gain (loss) on disposal of tangible capital assets	35,800	89,574	3,623,736
Change in employee benefits payable (note 14)	-	10,515	16,188
	8,931,525	5,296,776	8,100,567
EXCESS OF REVENUE OVER EXPENDITURES	19,584,259	13,155,316	15,248,190
ACCUMULATED SURPLUS, BEGINNING OF YEAR	265,984,046	265,984,046	250,735,856
ACCUMULATED SURPLUS, END OF YEAR	\$ 285,568,305	\$ 279,139,362	\$ 265,984,046

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, 2022**

	2022	2021
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING ACTIVITIES		
Excess of revenue over expenditures (page 4)	\$ 13,155,316	\$ 15,248,190
Non-cash changes to operations		
Amortization	7,970,225	7,581,846
Net change in working capital related to operations (A)	1,649,077	5,076,810
	22,774,618	27,906,846
INVESTING ACTIVITIES		
Acquisition of tangible capital assets	(10,648,696)	(6,994,145)
Decrease (increase) in capital work in progress	(3,631,574)	(1,458,555)
Net disposal of tangible capital assets	96,094	363,396
Decrease (increase) in prepaid expenditures	(142,976)	(200,762)
	(14,327,152)	(8,290,066)
FINANCING ACTIVITIES		
Advances (repayments) in long-term debt	(1,244,957)	(1,125,440)
	(1,244,957)	(1,125,440)
Net change in cash and cash equivalents during the year	7,202,509	18,491,340
Cash and cash equivalents, beginning of year	51,794,257	33,302,917
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 58,996,766	\$ 51,794,257
COMPRISED OF:		
Cash	\$ 58,996,766	\$ 54,794,257
Capital loan	-	(3,000,000)
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 58,996,766	\$ 51,794,257

(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, 2022**

	Budget 2022	Actual 2022	Actual 2021
Excess of revenue over expenditures (page 4)	\$ 19,584,259	\$ 13,155,316	\$ 15,248,190
Amortization of tangible capital assets	-	7,970,225	7,581,846
Acquisition of tangible capital assets	25,924,268	(10,648,696)	(6,994,145)
Net disposal of tangible capital assets	35,800	96,094	363,396
Investment in capital works in progress	-	(3,631,574)	(1,458,555)
Decrease (increase) in prepaid expenditures	-	(142,976)	(200,762)
Increase in net financial assets	45,544,327	6,798,389	14,539,970
NET FINANCIAL ASSETS, BEGINNING OF YEAR	35,136,217	35,136,217	20,596,247
NET FINANCIAL ASSETS, END OF YEAR	\$ 80,680,544	\$ 41,934,606	\$ 35,136,217

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, 2022**

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, 2022**

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 75 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	8 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, 2022**

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 2022 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 \$58,129 (2021 - \$56,329) have not been included in these financial statements.

**MUNICIPALITY OF MIDDLESEX CENTRE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

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	\$ 7,468,926	\$ 13,965,681
Requisitions	\$ 7,468,926	\$ 13,965,681

5. Investments

As at December 31, 2022, 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 2022 was \$551,778 (2021 - \$519,091) 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, 2022, under the past service provisions. The OMERS funding ratio for 2022 is 95.0% (2021 - 97.0%).

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:

	2022	2021
Development charges	\$ (1,031,868)	\$ (2,832,852)
Federal Gas Tax	-	1,166,959
Ontario Community Infrastructure Fund	721,080	53,356
Parkland	281,816	274,831
	\$ (28,972)	\$ (1,337,706)

**MUNICIPALITY OF MIDDLESEX CENTRE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

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:

	2022	2021
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	\$ 963,634	\$ 1,080,983
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	14,387,041	15,457,835
Long-term debt issued to the Federation of Canadian Municipalities at 4% interest with maturity in 2038	1,919,096	2,003,330
Of the long-term liabilities shown above, the responsibility for payment of principal and interest charges for tile drain loans have been assumed by individuals. At the end of the year, the outstanding principal amount of this liability is	(56,481)	(83,901)
	\$ 17,213,290	\$ 18,458,247

b. Debt retirement

Debt to be retired over the next five years:

	Recovered from user rates	Recovered from taxation
2023	\$ 777,924	\$ 494,677
2024	\$ 781,254	\$ 467,071
2025	\$ 784,718	\$ 470,855
2026	\$ 764,031	\$ 474,595
2027	\$ 757,822	\$ 478,582

**MUNICIPALITY OF MIDDLESEX CENTRE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

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, 2022 is \$56,481 (2021 - \$83,901) is not recorded on the Statement of Financial Position.

e. Interest

Interest paid on long-term liabilities for 2022 was \$669,233 (2021 - \$718,384).

9. Accumulated surplus

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

	2022	2021
Investment in non-financial assets (net of debt)	\$ 223,126,378	\$ 215,591,866
Employee benefits payable (note 14)	(703,769)	(714,284)
Reserves set aside for specific purpose	2,088,979	2,088,979
Reserve funds set aside for specific purpose	54,627,774	49,017,485
ACCUMULATED SURPLUS	\$ 279,139,362	\$ 265,984,046

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, 2022, \$NIL (2021 - \$3,000,000) is outstanding. The Municipality repaid the balance during 2022 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, 2022**

11. Budget figures

The Municipality's Council completes separate budget reviews for its operating and capital budgets each year. The approved operating budget for 2022 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 1.66% of the total System. This percentage is based on the annual flows during 2022. 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 \$3,170,609. 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 2022 was \$2,315,472 (2021 - \$2,309,856).

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, 2022**

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:

	2022	2021
Workplace Safety and Insurance (WSIB)	\$ 650,701	\$ 667,834
Post-retirement benefits	53,068	46,450
	\$ 703,769	\$ 714,284

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, 2022 at \$650,701 (2021 - \$667,834). 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 years 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, 2022 is \$53,068 (2021 - \$46,450).

15. Public sector salary disclosure

There are ten 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, 2022**

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. During the year ending December 31, 2022, the Municipality recognized revenue from the Safe Restart Fund of \$NIL (2021 - \$334,590) 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.

**MUNICIPALITY OF MIDDLESEX CENTRE
SCHEDULE 1 - SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Land and Land Improvements	Buildings	Fleet	Equipment	Infrastructure Roads	Storm Sewers	Wastewater	Water	2022 Total	2021 Total
COST										
Balance, beginning 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
Add:										
Additions during the year	32,547	773,473	2,191,188	886,059	4,677,931	1,452,880	57,468	577,150	10,648,696	6,994,145
Less:										
Disposals during the year	-	(4,000)	(855,309)	-	(4,846)	-	-	(23,896)	(888,051)	(1,598,406)
Balance, end of year	10,084,562	83,624,884	15,536,493	4,917,507	130,975,315	32,577,981	34,735,623	44,475,967	356,928,332	347,167,687
ACCUMULATED AMORTIZATION										
Balance, beginning 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
Add:										
Amortization during the year	70,517	1,776,920	1,101,699	357,848	3,162,232	397,897	531,866	571,246	7,970,225	7,581,846
Less:										
Disposals during the year	-	-	(782,853)	-	-	-	-	(9,104)	(791,957)	(1,235,010)
Balance, end of year	201,925	22,766,204	6,078,128	2,701,394	73,544,125	7,340,376	8,233,128	10,532,646	131,397,926	124,219,658
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	9,882,637	60,858,680	9,458,365	2,216,113	57,431,190	25,237,605	26,502,495	33,943,321	225,530,406	222,948,029

This schedule is provided for information purposes only.

**MUNICIPALITY OF MIDDLESEX CENTRE
SCHEDULE 2 - SCHEDULE OF SEGMENTED INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2022**

	General Government	Protective Services	Transportation	Environmental	Health	Recreation and Culture	Planning and Development	Total
REVENUE								
Taxation	\$ 22,207,522	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,207,522
User fees	474,439	1,178,374	468,341	9,149,351	2,500	1,948,640	266,170	13,487,815
Government grants	1,498,960	390,730	33,345	-	-	105,532	44,898	2,073,465
Investment income	1,473,574	-	-	-	1,227	-	-	1,474,801
Penalty and interest on taxes	247,189	-	-	-	-	-	-	247,189
Other	35,533	447	4,087,388	828,213	-	325,762	31,433	5,308,776
	25,937,217	1,569,551	4,589,074	9,977,564	3,727	2,379,934	342,501	44,799,568
EXPENDITURES								
Salaries and benefits	1,457,459	2,003,348	2,328,343	904,690	880	1,873,745	270,265	8,838,730
Goods and services	1,343,758	3,434,898	3,355,948	4,206,661	13,636	2,097,807	382,589	14,835,297
Amortization	28,767	515,070	4,031,618	2,401,867	-	992,903	-	7,970,225
	2,829,984	5,953,316	9,715,909	7,513,218	14,516	4,964,455	652,854	31,644,252
EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE)	\$ 23,107,233	\$ (4,383,765)	\$ (5,126,835)	\$ 2,464,346	\$ (10,789)	\$ (2,584,521)	\$ (310,353)	\$ 13,155,316

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