

MUNICIPALITY OF MIDDLESEX CENTRE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

**MUNICIPALITY OF MIDDLESEX CENTRE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

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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, 2023, 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, 2023 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 19, 2024
London, Canada

LICENSED PUBLIC ACCOUNTANT

**MUNICIPALITY OF MIDDLESEX CENTRE
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023**

	2023	2022 (Note 2)
FINANCIAL ASSETS		
Cash (note 3)	\$ 68,522,317	\$ 58,996,766
Taxes receivable	2,112,120	1,588,133
Accounts receivable	6,586,989	7,010,686
Land held for resale	120,000	120,000
	77,341,426	67,715,585
LIABILITIES		
Accounts payable and accrued liabilities	5,681,784	6,573,535
Other current liabilities	1,252,325	1,319,357
Deferred revenue - obligatory reserve funds (note 8)	(2,883,676)	(28,972)
Employee benefits payable (note 14)	691,868	703,769
Long-term debt (note 9.a)	15,940,691	17,213,290
Asset retirement obligation (note 2.b)	699,590	682,100
	21,382,582	26,463,079
NET FINANCIAL ASSETS (page 6)	55,958,844	41,252,506
NON-FINANCIAL ASSETS (note 1.e)		
Tangible capital assets - Schedule 1 (note 1.f)	230,954,837	226,159,849
Capital work in progress	4,608,357	11,166,980
Prepaid expenditures	687,371	507,370
	236,250,565	237,834,199
ACCUMULATED SURPLUS (page 4) (note 10)	\$ 292,209,409	\$ 279,086,705

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, 2023**

	Budget 2023	Actual 2023	Actual 2022 (Note 2)
REVENUE			
Property taxation	\$ 23,122,919	\$ 23,713,399	\$ 22,207,522
User charges	13,446,502	14,784,665	13,487,815
Government grants	1,863,383	2,002,088	2,073,465
Investment income	683,369	3,647,032	1,474,801
Penalty and interest on taxes	230,000	303,119	247,189
Other revenue	18,600	99,502	12,000
	39,364,773	44,549,805	39,502,792
EXPENDITURES			
General government	3,321,076	3,319,506	2,860,992
Protection to persons and property	5,838,882	6,214,277	5,956,510
Transportation services	6,482,274	10,684,921	9,768,906
Environmental services	6,478,890	9,278,305	7,513,218
Health Services	16,535	15,236	14,516
Recreation and cultural development	4,278,858	5,591,134	4,964,455
Planning and development	859,829	658,707	652,854
	27,276,344	35,762,086	31,731,451
EXCESS OF REVENUE OVER EXPENDITURES BEFORE OTHER	12,088,429	8,787,719	7,771,341
OTHER			
Developer, government and user contributions related to capital	6,588,183	7,428,351	5,196,687
Gain (loss) on disposal of tangible capital assets	35,800	(3,105,267)	89,574
Change in employee benefits payable (note 14)	-	11,901	10,515
	6,623,983	4,334,985	5,296,776
EXCESS OF REVENUE OVER EXPENDITURES	18,712,412	13,122,704	13,068,117
ACCUMULATED SURPLUS, BEGINNING OF YEAR	279,086,705	279,086,705	265,984,046
Adjustment on adoption of the asset retirement obligation standard (note 2)	-	-	34,542
ACCUMULATED SURPLUS, BEGINNING OF YEAR, AS RESTATED	279,086,705	279,086,705	266,018,588
ACCUMULATED SURPLUS, END OF YEAR	\$ 297,799,117	\$ 292,209,409	\$ 279,086,705

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, 2023**

	2023	2022 (Note 2)
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING ACTIVITIES		
Excess of revenue over expenditures (page 4)	\$ 13,122,704	\$ 13,068,117
Non-cash changes to operations		
Amortization	8,460,821	8,040,372
Net change in working capital related to operations (A)	(3,908,188)	2,365,719
	17,675,337	23,474,208
INVESTING ACTIVITIES		
Acquisition of tangible capital assets	(16,501,442)	(11,348,286)
Decrease (increase) in capital work in progress	6,558,623	(3,631,574)
Net disposal of tangible capital assets	3,245,633	96,094
Decrease (increase) in prepaid expenditures	(180,001)	(142,976)
	(6,877,187)	(15,026,742)
FINANCING ACTIVITIES		
Advances (repayments) in long-term debt	(1,272,599)	(1,244,957)
	(1,272,599)	(1,244,957)
Net change in cash and cash equivalents during the year	9,525,551	7,202,509
Cash and cash equivalents, beginning of year	58,996,766	51,794,257
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 68,522,317	\$ 58,996,766

(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, 2023**

	Budget 2023	Actual 2023	Actual 2022 (Note 2)
Excess of revenue over expenditures (page 4)	\$ 18,712,412	\$ 13,122,704	\$ 13,068,117
Amortization of tangible capital assets	-	8,460,821	8,040,372
Acquisition of tangible capital assets	(26,739,581)	(16,501,442)	(11,348,286)
Net disposal of tangible capital assets	35,800	3,245,633	96,094
Investment in capital works in progress	-	6,558,623	(3,631,574)
Decrease (increase) in prepaid expenditures	-	(180,001)	(142,976)
Change in net financial assets	(7,991,369)	14,706,338	6,081,747
NET FINANCIAL ASSETS, BEGINNING OF YEAR	41,252,506	41,252,506	35,136,217
Adjustment on adoption of the asset retirement obligation standard (note 2)	-	-	34,542
NET FINANCIAL ASSETS, BEGINNING OF YEAR, AS RESTATED	41,252,506	41,252,506	35,170,759
NET FINANCIAL ASSETS, END OF YEAR	\$ 33,261,137	\$ 55,958,844	\$ 41,252,506

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, 2023**

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 (PS).

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, 2023**

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	8 to 20 years
Machinery and equipment	5 to 10 years
Water and waste	
- Underground networks	50 to 80 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 40 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 for vehicles and \$35,000 for the remaining capital assets, 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 \$35,000.

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, 2023**

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, short term investments, 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. Short term investments

Short term investments are recorded at cost. Market value approximates cost.

m. Asset retirement obligations

An asset retirement obligation 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 the future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

Certain buildings containing asbestos, are estimated and recognized as a liability and an increase in the cost of the asset at the time of acquisition. The liability is discounted annually over the same useful life as the asset's annual amortization expense, calculated in accordance with the Municipality's amortization policies. In addition, a liability for the post closure costs of two gravel pits owned by the Municipality has been estimated as of January 1, 2022. The liability is increased each year, due to the passage of time, and is recorded as an accretion expense on Schedule 2 under Rent and Financial Expenses.

**MUNICIPALITY OF MIDDLESEX CENTRE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

2. Change in accounting policies

On January 1, 2022, the Municipality adopted accounting policies to conform to new standards issued under Canadian public accounting standards as follows:

a. PS 3450 - Financial instruments

Under PS 3450, all financial instruments are included on the statement of financial position and are measured either at fair value or amortized cost based on the characteristics of the instrument and the Municipality's accounting policy choices (see Note 1 - Significant accounting policies).

b. PS 3280 - Asset retirement obligations (ARO)

This accounting standard addresses reporting legal obligations associated with retirement of certain tangible capital assets such as asbestos removal in buildings when retired and post-closing costs for gravel pits. A modified retrospective basis has been used to record this standard with a cumulative adjustment for previous fiscal years' obligations reflected in the new accumulative surplus balance on January 1, 2022. The expected remaining useful lives of the buildings is 10 years. The expected remaining useful lives of the gravel pits is between 25 to 33 years. These estimates were evaluated on the adoption of PS 3280.

In accordance with the provisions of these new standards, the Municipality reflected the following adjustments to the opening accumulated surplus on January 1, 2022 as follows:

	2022 beginning of year, as restated	2022 end of year, as restated
Liabilities		
Asset retirement obligations	\$ 665,048	\$ 682,100
Net financial assets	665,048	682,100
Non financial assets		
Tangible capital asset cost	699,590	699,590
Tangible capital assets accumulated amortization	-	(70,147)
Tangible capital assets (net)	699,590	629,443
NET CHANGE IN ACCUMULATED SURPLUS	\$ 34,542	\$ (52,657)

**MUNICIPALITY OF MIDDLESEX CENTRE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

2. Change in accounting policies continued

Statements of Operations and Accumulated Surplus

	2022 end of year, as restated
Expenditures	
Rent and financial expense	\$ 17,052
Amortization	70,147
	87,199
Accumulated operating surplus	
Accumulated operating surplus, beginning of year, restated	34,542
NET CHANGE IN ACCUMULATED SURPLUS, END OF YEAR	(52,657)

3. Short term investment

The Municipality's investment activities are governed by the Municipal Act and the Municipality's investment policy. The short term investment of \$20,315,616 (2022 - \$NIL) are recorded at cost plus accrued interest. The investment have a market value of \$20,315,616 (2022 - \$NIL). the market value represents the realizable value of the investments if they were sold on December 31, 2023. Accordingly, only realized gains and losses are recognized in the Consolidated Statement of Operations and Accumulated Surplus. The short term investment is invested in a Guaranteed Investment Certificate that earns interest at 6.4% and matures October 3, 2024. This short term investment is included in the cash balance on the Consolidated Statement of Financial Position due to the short term nature of the maturity date.

4. 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 2023 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.

5. Trust funds

Trust funds administered by the Municipality amounting to \$62,927 (2022 - \$58,129) have not been included in these financial statements.

**MUNICIPALITY OF MIDDLESEX CENTRE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

6. 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	\$ 7,722,327	\$ 15,774,207
Requisitions	\$ 7,722,327	\$ 15,774,207

7. 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 2023 was \$653,532 (2022 - \$551,778) 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, 2023, under the past service provisions. The OMERS funding ratio for 2023 is 97.0% (2022 - 95.0%).

8. 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:

	2023	2022
Development charges	\$ (4,962,352)	\$ (1,031,868)
Canada Community-Building Fund	506,838	-
Ontario Community Infrastructure Fund	1,273,582	721,080
Parkland	298,256	281,816
	\$ (2,883,676)	\$ (28,972)

**MUNICIPALITY OF MIDDLESEX CENTRE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

8. 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.

9. 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:

	2023	2022
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	\$ 888,831	\$ 963,633
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	13,316,250	14,387,042
Long-term debt issued to the Federation of Canadian Municipalities at 4% interest with maturity in 2038	1,831,458	1,919,096
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	(95,848)	(56,481)
	\$ 15,940,691	\$ 17,213,290

b. Debt retirement

Debt to be retired over the next five years:

	Recovered from user rates	Recovered from taxation
2024	\$ 777,924	\$ 494,677
2025	\$ 781,254	\$ 467,071
2026	\$ 784,718	\$ 470,855
2027	\$ 764,031	\$ 474,595
2028	\$ 757,822	\$ 478,582

**MUNICIPALITY OF MIDDLESEX CENTRE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

9. 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, 2023 is \$95,848 (2022 - \$56,481) is not recorded on the Statement of Financial Position.

e. Interest

Interest paid on long-term liabilities for 2023 was \$624,574 (2022 - \$669,233).

10. Accumulated surplus

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

	2023	2022 (Note 2)
Investment in non-financial assets (net of debt)	\$ 223,453,533	\$ 223,755,821
Employee benefits payable (note 14)	(691,868)	(703,769)
Asset retirement obligation	(699,590)	(682,100)
Reserves set aside for specific purpose	2,088,979	2,088,979
Reserve funds set aside for specific purpose	68,058,355	54,627,774
ACCUMULATED SURPLUS	\$ 292,209,409	\$ 279,086,705

**MUNICIPALITY OF MIDDLESEX CENTRE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

11. Budget figures

The Municipality's Council completes separate budget reviews for its operating and capital budgets each year. The approved operating budget for 2023 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 2.01% of the total System. This percentage is based on the annual flows during 2023. 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 \$3,899,948. 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 2023 was \$2,287,428 (2022 - \$2,315,472).

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. The Municipality has determined there is no Asset Retirement Obligation for this landfill.

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, 2023**

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:

	2023	2022
Workplace Safety and Insurance (WSIB)	\$ 632,028	\$ 650,701
Post-retirement benefits	59,840	53,068
	\$ 691,868	\$ 703,769

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, 2023 at \$632,028 (2022 - \$650,701). 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, 2023 is \$59,840 (2022 - \$53,068).

15. Public sector salary disclosure

There are thirteen 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, 2023**

16. 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.

17. Comparative balances

Prior period adjustments have been made to conform with the change in accounting policies described in Note 2.

**MUNICIPALITY OF MIDDLESEX CENTRE
SCHEDULE 1 - SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Land and Land Improvements	Buildings	Fleet	Equipment	Infrastructure Roads	Storm Sewers	Wastewater	Water	2023 Total	2022 Total
COST										
Balance, beginning of year	\$ 10,084,562	\$ 83,924,884	\$ 15,536,493	\$ 4,917,507	\$ 131,374,905	\$ 32,577,981	\$ 34,735,623	\$ 44,475,967	\$ 357,627,922	\$ 347,167,687
Asset Retirement Obligations, restated (note 2)	-	-	-	-	-	-	-	-	-	699,590
Add:										
Additions during the year	189,964	308,860	2,555,969	346,674	9,983,271	111,634	132,163	2,872,907	16,501,442	10,648,696
Less:										
Disposals during the year	-	(3,838,005)	(1,193,428)	-	-	-	(972,421)	-	(6,003,854)	(888,051)
Balance, end of year	10,274,526	80,395,739	16,899,034	5,264,181	141,358,176	32,689,615	33,895,365	47,348,874	368,125,510	357,627,922
ACCUMULATED AMORTIZATION										
Balance, beginning of year	201,925	22,796,101	6,078,128	2,701,394	73,584,375	7,340,376	8,233,128	10,532,646	131,468,073	124,219,658
Asset Retirement Obligations, restated (note 2)	-	-	-	-	-	-	-	-	-	70,147
Add:										
Amortization during the year	77,947	1,811,480	1,271,467	406,717	3,399,898	407,645	488,021	597,646	8,460,821	7,970,225
Less:										
Disposals during the year	-	(1,476,596)	(844,069)	-	-	-	(437,556)	-	(2,758,221)	(791,957)
Balance, end of year	279,872	23,130,985	6,505,526	3,108,111	76,984,273	7,748,021	8,283,593	11,130,292	137,170,673	131,468,073
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	9,994,654	57,264,754	\$ 10,393,508	\$ 2,156,070	\$ 64,373,903	\$ 24,941,594	\$ 25,611,772	\$ 36,218,582	\$ 230,954,837	\$ 226,159,849

This schedule is provided for information purposes only.

**MUNICIPALITY OF MIDDLESEX CENTRE
SCHEDULE 2 - SCHEDULE OF SEGMENTED INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023**

	General Government	Protective Services	Transportation	Environmental	Health	Recreation and Culture	Planning and Development	Total
REVENUE								
Taxation	\$23,713,399	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$23,713,399
User fees	406,191	1,059,147	984,281	9,699,218	8,600	2,325,241	301,987	14,784,665
Government grants	1,350,859	476,634	20,232	-	-	113,189	41,174	2,002,088
Investment income	3,645,038	-	-	-	1,994	-	-	3,647,032
Penalty and interest on taxes	303,119	-	-	-	-	-	-	303,119
Other	57,149	188,549	1,775,335	2,113,535	-	288,942	10,977	4,434,487
	29,475,755	1,724,330	2,779,848	11,812,753	10,594	2,727,372	354,138	48,884,790
EXPENDITURES								
Salaries and benefits	1,613,141	2,264,726	2,417,153	1,015,511	1,025	2,165,807	316,751	9,794,114
Goods and services	1,647,518	3,338,270	3,659,019	5,622,220	14,211	2,246,666	337,183	16,865,087
Rents and financial expense	6,250	77,142	124,797	294,361	-	134,741	4,773	642,064
Amortization	52,597	534,139	4,483,952	2,346,213	-	1,043,920	-	8,460,821
	3,319,506	6,214,277	10,684,921	9,278,305	15,236	5,591,134	658,707	35,762,086
EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE)	\$26,156,249	\$ (4,489,947)	\$ (7,905,073)	\$ 2,534,448	\$ (4,642)	\$ (2,863,762)	\$ (304,569)	\$13,122,704

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