

**CONSOLIDATED FINANCIAL STATEMENTS OF
THE CORPORATION OF THE TOWN OF ESSEX
AND INDEPENDENT AUDITOR'S REPORT THEREON
YEAR ENDED DECEMBER 31, 2022**

THE CORPORATION OF THE TOWN OF ESSEX

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Management's Responsibility for the Consolidated Financial Statements

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

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

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

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

Name

Title



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INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Rate Payers of The Corporation of the Town of Essex
Opinion

We have audited the consolidated financial statements of The Corporation of the Town of Essex (the "Entity"), which comprise:

- the consolidated statement of financial position as at December 31, 2022
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes and schedules to the consolidated financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2022, and its consolidated results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient audit evidence regarding the financial information of the entities or business activities within the Group Entity to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Chartered Professional Accountants, Licensed Public Accountants

Windsor, Canada

August 15, 2023

THE CORPORATION OF THE TOWN OF ESSEX

Consolidated Statement of Financial Position

December 31, 2022, with comparative information for 2021

	2022	2021
Financial assets		
Cash and cash equivalents	\$ 69,957,202	\$ 67,306,898
Taxes receivable	745,878	1,385,400
Accounts receivable	7,767,329	3,746,639
Investment in E.L.K. Energy Inc. (note 2)	13,928,293	14,119,301
Long-term receivable	3,500,000	-
Long-term investments (note 3)	-	544,174
	<u>95,898,702</u>	<u>87,102,412</u>
Financial liabilities		
Accounts payable and accrued liabilities	6,846,400	6,449,293
Other current liabilities	791,439	996,420
Accrued interest payable on long-term debt	306,173	310,995
Employee future benefits (note 9)	4,533,830	4,497,060
Deferred revenue (note 8)	4,467,550	3,023,017
Long-term debt (note 5)	18,010,218	17,885,404
	<u>34,955,610</u>	<u>33,162,189</u>
Net financial assets	60,943,092	53,940,223
Non-financial assets		
Tangible capital assets (note 13 and schedule 1)	199,254,695	193,543,332
Prepaid expenses and inventories of supplies	366,277	298,341
	<u>199,620,972</u>	<u>193,841,673</u>
Contingent liabilities (note 10)		
Accumulated surplus (note 7)	\$ 260,564,064	\$ 247,781,896

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

On behalf of Council:

Mayor

Chief Administrative Officer

THE CORPORATION OF THE TOWN OF ESSEX

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2022, with comparative information for 2021

	2022 Budget (note 12)	2022 Actual	2021 Actual
Revenue:			
Taxation	\$ 19,529,644	\$ 19,237,640	\$ 19,072,171
User charges	3,823,180	3,974,662	2,669,132
Grants	11,141,141	10,234,650	7,007,942
Interest and penalties	304,857	1,954,651	694,893
Landfill compensation	2,241,689	3,500,229	2,890,258
Share of income from E.L.K. Energy Inc. (note 2)	-	100,074	785,313
Commuted payments	-	222,123	170,222
Development contributions	2,037,170	642,539	800,493
Sewer and water charges	7,323,919	8,008,824	7,621,017
Other	15,011,484	1,564,652	452,643
Loss on disposal of tangible capital assets	-	(81,862)	(90,506)
Recovered drain billings	-	716,649	1,020,684
Total revenue	61,413,084	50,074,831	43,094,262
Expenses:			
General government	4,880,206	4,449,644	4,018,622
Protection services	6,417,104	6,352,053	6,004,729
Transportation services	9,076,809	7,620,818	7,388,336
Environmental services	7,262,795	8,267,085	7,617,744
Health services	298,511	281,335	306,305
Recreational and cultural services	7,827,727	7,591,985	6,298,146
Planning and development	1,247,192	2,729,743	3,208,737
Total expenses	37,010,344	37,292,663	34,842,619
Annual surplus	24,402,740	12,782,168	8,251,643
Accumulated surplus, beginning of year	247,781,896	247,781,896	239,530,253
Accumulated surplus, end of year	\$ 272,184,636	\$ 260,564,064	\$ 247,781,896

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

THE CORPORATION OF THE TOWN OF ESSEX

Consolidated Statement of Changes in Net Financial Assets

Year ended December 31, 2022, with comparative information for 2021

	2022 Budget (note 12)	2022 Actual	2021 Actual
Annual surplus	\$ 24,402,740	\$ 12,782,168	\$ 8,251,643
Acquisition of tangible capital assets	(18,385,953)	(10,441,485)	(8,103,098)
Change in tangible capital assets work-in-progress	(2,418,021)	(2,418,021)	(5,392,111)
Amortization of tangible capital assets	7,011,665	7,009,327	7,185,560
Loss on sale of tangible capital assets	-	81,862	90,506
Proceeds on sale of tangible capital assets	-	56,954	34,040
	10,610,431	7,070,805	2,066,540
Use of inventory	-	(58,400)	(26,463)
Use of prepaid expense	-	(9,536)	34,000
Change in net financial assets	10,610,431	7,002,869	2,074,077
Net financial assets, beginning of year	53,940,223	53,940,223	51,866,146
Net financial assets, end of year	\$ 64,550,654	\$ 60,943,092	\$ 53,940,223

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

THE CORPORATION OF THE TOWN OF ESSEX

Consolidated Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 12,782,168	\$ 8,251,643
Items not involving cash:		
Amortization of tangible capital assets	7,009,327	7,185,560
Loss on sale of tangible capital assets	81,862	90,506
Increase (decrease) in taxes receivable	639,522	(121,148)
Increase in accounts receivable	(4,020,690)	(32,220)
Decrease in unearned revenue	1,444,533	777,377
Increase in accounts payable and accrued liabilities	397,107	897,162
(Decrease) increase in other current liabilities	(204,981)	730,942
Decrease in accrued interest payable on long-term debt	(4,822)	(3,617)
Changes in employee future benefits	36,770	30,055
(Increase) decrease in prepaid expenses and inventories of supplies	(67,936)	7,537
Net change in cash from operating activities	18,092,860	17,813,797
Capital activities:		
Acquisition of tangible capital assets	(10,441,485)	(8,103,098)
Change in tangible capital assets work-in-progress	(2,418,021)	(5,392,111)
Proceeds on disposition of tangible capital assets	56,954	34,040
Net change in cash from capital activities	(12,802,552)	(13,461,169)
Investing activities:		
Increase in investment in E.L.K. Energy Inc.	191,008	(494,231)
Increase in long-term receivable	(3,500,000)	-
Decrease in long-term investments	544,174	99,715
Net change in cash from investing activities	(2,764,818)	(394,516)
Financing activities:		
Net long-term debt issued	2,291,500	3,218,894
Long-term debt repaid	(2,166,686)	(2,151,643)
Net change in cash from financing activities	124,814	1,067,251
Net change in cash	2,650,304	5,025,363
Cash, beginning of year	67,306,898	62,281,535
Cash, end of year	\$ 69,957,202	\$ 67,306,898

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

THE CORPORATION OF THE TOWN OF ESSEX

Notes to Financial Statements

Year ended December 31, 2022

(Tabular amounts in thousands of dollars)

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

1. Significant accounting policies:

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

(a) Basis of consolidation:

i) Consolidated financial statements:

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

ii) Other entities:

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

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

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

THE CORPORATION OF THE TOWN OF ESSEX

Notes to Financial Statements (continued)

Year ended December 31, 2022

(Tabular amounts in thousands of dollars)

1. Significant accounting policies (continued):

(a) Basis of consolidation (continued):

iii) Accounting for County and School Board Transactions:

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

iv) Trust funds:

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

(b) Basis of accounting:

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

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

(c) Cash and cash equivalents:

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

THE CORPORATION OF THE TOWN OF ESSEX

Notes to Financial Statements (continued)

Year ended December 31, 2022

(Tabular amounts in thousands of dollars)

1. Significant accounting policies (continued):

(d) Purchase premium:

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

(e) Deferred revenue:

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

(f) Taxation and related revenue:

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

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

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

THE CORPORATION OF THE TOWN OF ESSEX

Notes to Financial Statements (continued)

Year ended December 31, 2022

(Tabular amounts in thousands of dollars)

1. Significant accounting policies (continued):

(f) Taxation and related revenue (continued):

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

(g) Government transfers:

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

(h) Leases:

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expense as incurred.

THE CORPORATION OF THE TOWN OF ESSEX

Notes to Financial Statements (continued)

Year ended December 31, 2022

(Tabular amounts in thousands of dollars)

1. Significant accounting policies (continued):

(i) Tangible capital assets:

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

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

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

THE CORPORATION OF THE TOWN OF ESSEX

Notes to Financial Statements (continued)

Year ended December 31, 2022

(Tabular amounts in thousands of dollars)

1. Significant accounting policies (continued):

(j) Employee future benefits:

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

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

(k) Use of estimates:

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

THE CORPORATION OF THE TOWN OF ESSEX

Notes to Financial Statements (continued)

Year ended December 31, 2022

(Tabular amounts in thousands of dollars)

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

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

The investment in E.L.K. Energy Inc. at December 31, 2022 is as follows:

	2022	2021
Corporation of the Town of Essex 100% proportionate interest in the net assets of E.L.K. Energy Inc.	\$13,403,975	\$13,504,001
Purchase premium – net of amortization	524,318	615,300
	<u>\$13,928,293</u>	<u>\$14,119,301</u>

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

	2022	2021
Financial Position		
Current assets	\$14,908,578	\$13,664,747
Property, plant and equipment	13,769,482	12,181,823
Investments	92,768	103,927
Regulatory balances	10,504,646	6,704,139
Total assets	<u>\$39,275,474</u>	<u>\$32,654,636</u>
Current liabilities	\$12,104,881	\$9,720,360
Long-term liabilities	378,981	517,575
Deferred tax liabilities	356,684	120,357
Total liabilities	<u>12,840,546</u>	<u>10,358,292</u>
Regulatory balances	<u>13,030,953</u>	<u>8,792,343</u>
Net assets	<u>\$13,403,975</u>	<u>\$13,504,001</u>

THE CORPORATION OF THE TOWN OF ESSEX

Notes to Financial Statements (continued)

Year ended December 31, 2022

(Tabular amounts in thousands of dollars)

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

	2022	2021
Financial Activities		
Total revenue	\$37,491,300	\$36,868,397
Total expenditures	(35,016,708)	(35,543,789)
Payments in lieu of income taxes	33,870	(315,674)
Net income	2,508,462	1,008,934
Net movement in regulatory balances, net of tax	(2,493,808)	(137,487)
Other comprehensive income (loss)	85,420	(86,134)
Total comprehensive income for the year	\$100,074	\$785,313
Corporation of the Town of Essex share of net earnings in E.L.K. Energy Inc.	\$100,074	\$785,313

E.L.K. Energy Inc. bills and collects the Town's water and sewer surcharge revenue. In 2022 these amounted to \$7,861,637 (2021 - \$7,498,630) and are included in sewer and water charges revenue. For these services, E.L.K. Energy Inc. charges the Town of Essex, amounting to \$393,588 in 2022 (2021 - \$358,240).

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

THE CORPORATION OF THE TOWN OF ESSEX

Notes to Financial Statements (continued)

Year ended December 31, 2022

(Tabular amounts in thousands of dollars)

3. Equity in the Union Water Supply System:

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

	2022	2021
Cash and cash equivalents	\$1,011,123	\$539,264
Long-term investments	—	544,174
Accounts receivable	61,675	87,351
Accounts payable and accrued liabilities	(166,998)	(191,727)
Net financial assets before long-term debt	905,800	979,062
Long-term debt	(389,120)	(461,288)
Net financial assets	516,680	517,774
Tangible capital assets and non-financial assets	2,718,972	2,415,196
Accumulated surplus	\$3,235,652	\$2,932,970

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

	2022	2021
Water – buildings and equipment	\$1,905,102	\$1,504,959
Water - linear	813,870	910,237
	\$2,718,972	\$2,415,196

THE CORPORATION OF THE TOWN OF ESSEX

Notes to Financial Statements (continued)

Year ended December 31, 2022

(Tabular amounts in thousands of dollars)

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

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

	2022	2021
Amortization expense	\$88,644	\$73,659
Interest on long-term debt	45,400	52,540

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

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

Subsequent to year end, the UWSS was incorporated with share capital. The Town received 492 Class A Special Shares in Union Water Supply System Inc., the new corporation. The Town has not assessed the accounting treatment of this change in ownership for 2023 as of yet.

4. Bank indebtedness:

The Town has an authorized line of credit up to \$6,000,000 bearing interest at prime less 0.85%. At December 31, 2022, \$6,000,000 (2021 - \$6,000,000) in unused credit was available.

THE CORPORATION OF THE TOWN OF ESSEX

Notes to Financial Statements (continued)

Year ended December 31, 2022

(Tabular amounts in thousands of dollars)

5. Long-term debt:

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

	2022	2021
<i>User Fee Supported</i>		
Infrastructure Improvement Debenture, OIPC – along with Property Tax Supported (vii), repayable based on pro rata share of payment including interest at 2.76%, due December 15, 2027	\$1,643,475	\$1,589,959
Essex Sewage Treatment Plant Update and Expansion Debenture, Ontario Infrastructure Projects Corporation (OIPC) - repayable in semi-annual instalments of \$138,915 including interest at 2.66%, due September 1, 2026	1,047,652	1,292,715
Harrow Sewage Lagoon Debenture, OIPC – repayable in semi-annual instalments of \$131,564, including interest at 2.67%, due February 3, 2025	632,274	873,676
Building Energy Upgrade Debenture - along with Property Tax Supported (iv), repayable based on pro rata share of payment including interest at 3.6%, due July 9, 2023	5,665	9,295
Subtotal	\$3,329,066	\$3,765,645

THE CORPORATION OF THE TOWN OF ESSEX

Notes to Financial Statements (continued)

Year ended December 31, 2022

(Tabular amounts in thousands of dollars)

5. Long-term debt (continued):

	2022	2021
<i>Property Tax Supported</i>		
Essex Twin Pad Arena Debenture - repayable in semi-annual instalments of \$386,712 including interest at 4.65%, due March 2030	\$4,850,244	\$5,379,599
Capital Works Debenture - repayable in annual instalments including interest ranging from 2.88% to 3.62%, due in various amounts from 2023 to 2034	2,747,955	3,054,944
Fire Station 1 Engine 1 Debenture - repayable in annual Instalments of \$116,080 including interest at 3.2%, due December 2023	113,940	224,022
Building Energy Upgrade Debenture - along with User Fee Supported (iv), repayable based on pro rata share of payment including interest at 3.6%, due July 9, 2023	56,625	92,900
Vehicle loan - repayable in annual instalments including interest at 3.45%, due in June 2024	23,716	34,984
Vehicle Debenture, OIPC - repayable in semi-annual instalments of \$64,157 including interest at 2.37%, repaid during the year	—	126,069
Infrastructure Improvement Debenture, OIPC – along with User Fee Support (i), repayable based on pro rata share of payment including interest at 2.76%, due December 15, 2027	1,342,788	1,945,994
Fire Station 2 Debenture – repayable in annual instalments Including interest at 2.9%, due December 2041	3,042,129	3,160,705
Harrow Streetscape debenture – repayable in semi-annual instalments of \$76,393 including interest at 4.25%, due December 2037	2,291,500	—
Subtotal	\$14,468,897	\$14,019,217

THE CORPORATION OF THE TOWN OF ESSEX

Notes to Financial Statements (continued)

Year ended December 31, 2022

(Tabular amounts in thousands of dollars)

5. Long-term debt (continued):

	2022	2021
<i>Benefiting Property Owners</i>		
Drain debentures - repayable in annual instalments including interest at 3.20%, due in various amounts in November 2023	\$9,376	\$18,458
Drain debentures - repayable in annual instalments including interest at 2.61%, due in various amounts in July 2023	80,189	158,339
Sanitary sewer extension debentures - repayable in annual instalments of \$48,130 including interest at 3.40%, due December 2024	91,565	135,102
Drain debentures - repayable in annual instalments including interest at 3.45%, due in various amounts in July 2023	3,756	7,385
Drain debentures - repayable in annual instalments including interest at 3.95%, due in various amounts in July 2028	46,507	53,244
Tile loans – repayable in annual instalments including interest at 6%, due in various amount in 2030	56,360	61,732
Shoreline loans - repayable in semi-annual instalments including interest ranging from 1.39% to 3.77% due in various amounts in 2030 and 2032	375,104	151,392
Drainage debenture - repayable in semi-annual instalments including interest of 3.42% due in July 2030	119,793	151,628
Drainage debenture - repayable in annual instalments including interest of 3.43% due in September 2031	53,225	58,189
Drainage debentures - repayable in annual instalments including interest at 4.3% and 4.71%, due in various amounts in July 2031	234,900	—
Subtotal	1,070,775	795,469
Share of Union Water System obligations	389,120	461,288
Subtotal	\$19,257,858	\$19,041,618

THE CORPORATION OF THE TOWN OF ESSEX

Notes to Financial Statements (continued)

Year ended December 31, 2022

(Tabular amounts in thousands of dollars)

5. Long-term debt (continued):

	2022	2021
Balance forward	\$19,257,858	\$19,041,618
The Town is contingently liable for the tile and shoreline loans included above. The responsibility for payment of principal and interest has been assumed by individual landowners	(431,464)	(213,124)
Internally financed debt	(816,176)	(943,090)
Total	\$18,010,218	\$17,885,404

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

2023	\$2,441,329
2024	2,217,693
2025	2,039,355
2026	1,944,306
2027	1,711,471
Thereafter	7,656,064
	\$18,010,218

Interest payments included in operating fund expenditures during the year were \$631,037 (2021 - \$587,646), excluding the interest on tile and shoreline loans which is recovered from the individual landowners.

The long-term liabilities issued in the name of the Municipality have received approval by the Municipal Board on or before December 31, 2022. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

THE CORPORATION OF THE TOWN OF ESSEX

Notes to Financial Statements (continued)

Year ended December 31, 2022

(Tabular amounts in thousands of dollars)

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

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

	2022	2021
School Boards	\$4,386,122	\$4,330,108
County of Essex	10,416,184	10,176,635
	\$14,802,306	\$14,506,743

7. Accumulated surplus:

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

	2022	2021
Invested in tangible capital assets	\$199,254,695	\$193,543,332
To be used to offset taxation	5,228,488	7,449,902
To be financed by user charges and municipal debt	(1,727,006)	(7,694,206)
Equity in E.L.K. Energy Inc.	13,928,293	14,119,301
Amounts to be recovered:		
Employee benefits payable	(4,509,100)	(4,465,600)
Accrued interest on net long-term liabilities	(306,173)	(310,995)
Municipal debt	(18,010,218)	(17,885,404)
Reserves and reserve funds (note 7(b))	66,705,085	63,025,566
Total accumulated surplus	\$260,564,064	\$247,781,896

THE CORPORATION OF THE TOWN OF ESSEX

Notes to Financial Statements (continued)

Year ended December 31, 2022

(Tabular amounts in thousands of dollars)

7. Accumulated surplus (continued):

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

	2022	2021
Reserve funds set aside for specific purpose by Council:		
Capital purposes	\$44,725,308	\$42,588,690
Landfill	10,020,942	8,625,894
Contingencies	9,294,857	8,332,725
Other	2,419,841	3,218,210
Sick leave benefits	244,137	260,047
Total reserves	\$66,705,085	\$63,025,566

THE CORPORATION OF THE TOWN OF ESSEX

Notes to Financial Statements (continued)

Year ended December 31, 2022

(Tabular amounts in thousands of dollars)

8. Unearned/deferred revenue:

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

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

	Beginning of Year	Contributions Received	Deferred Revenue Allocated	End of Year
Development charges	\$510,870	\$2,492,794	\$1,087,814	\$(894,110)
Federal gas tax	(1,870,140)	1,082,072	805,491	(2,146,721)
OntarioCommunity Infrastructure Fund	(896,315)	1,844,093	1,566,787	(1,173,621)
Modernization grant	(258,792)	—	5,694	(253,098)
COVID-19 grant	(508,640)	—	508,640	—
	\$(3,023,017)	\$5,418,959	\$3,974,426	\$(4,467,550)

9. Employee future benefits:

(a) Pension agreement:

The Town makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of certain employees. This plan is a defined benefit plan which specifies the amount of the retirement to be received by the employees based on the length of service and rates of pay. However, as OMERS does not segregate its pension assets and liabilities information by individual employer, there is not sufficient information to enable the Town to account for the plan as a defined benefit plan. At December 31, 2022, the OMERS plan is in a deficit position, funded at 97% (2021 - 97%). The amount contributed by the Town to OMERS for 2022 was \$669,971 (2021 - \$656,870).

THE CORPORATION OF THE TOWN OF ESSEX

Notes to Financial Statements (continued)

Year ended December 31, 2022

(Tabular amounts in thousands of dollars)

9. Employee future benefits (continued):

(b) Employee future benefits liabilities:

Employee future benefit liabilities are future liabilities of the Town to its employees and retirees for benefits earned but not taken as at December 31, 2022 and consists of the following:

	2022	2021
Post-employment benefits	\$4,509,100	\$4,465,600
Vacation	24,730	31,460
	\$4,533,830	\$4,497,060

(i) Post-employment benefits:

The post-employment benefit liabilities is based on an actuarial valuation performed by the Town's actuaries. The actuarial valuation was performed as at December 31, 2021. The significant actuarial assumptions adopted in estimating the Municipality's liability are as follows:

Discount rate	4.14% (2021 - 2.64%)
Health Care Trend Rate	4.25% for 2022

THE CORPORATION OF THE TOWN OF ESSEX

Notes to Financial Statements (continued)

Year ended December 31, 2022

(Tabular amounts in thousands of dollars)

9. Employee future benefits (continued):

(b) Employee future benefits liabilities (continued):

(i) Post-employment benefits (continued):

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

	2022	2021
Accrued benefit liability, beginning of year	\$4,465,600	\$4,441,400
Annual expense	172,300	160,300
Benefits paid	(128,800)	(136,100)
	4,509,100	4,465,600
Unamortized net actuarial gains	(1,872,900)	(1,511,900)
Accrued benefit obligations at the end of the year	\$2,636,200	\$2,953,700

(ii) Accrued sick leave:

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

(iii) Vacation:

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

THE CORPORATION OF THE TOWN OF ESSEX

Notes to Financial Statements (continued)

Year ended December 31, 2022

(Tabular amounts in thousands of dollars)

10. Contingent liabilities:

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

11. Contractual obligations and commitments:

(a) Ontario Clean Water Agency:

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

Included in the consolidated statement of operations are the 2021 charges from OCWA of \$1,247,563 (2021 - \$1,219,949). The consolidated statement of financial position does not reflect any assets or liabilities pertaining to the sewage or water systems except to the extent of service charges due to (or from) OCWA and the total long-term liabilities outstanding. The accumulated net surplus of OCWA is not reflected in the accompanying consolidated financial statements.

(b) Service agreements:

The Town has entered into various other service agreements. The largest of these relates to The Minister of Community Safety and Correctional Services (Police Services). The current contract expires December 31, 2021. Under the agreement, the annual obligation approximates \$3.35 million. The total expense included in the consolidated statement of operations for 2022 is \$3,094,440 (2021 - \$3,165,324).

THE CORPORATION OF THE TOWN OF ESSEX

Notes to Financial Statements (continued)

Year ended December 31, 2022

(Tabular amounts in thousands of dollars)

11. Contractual obligations and commitments (continued):

(c) Operating leases

The Town has entered into various operating lease agreements for office equipment. Included in the consolidated statement of operations are the 2022 operating lease payments of \$38,565 (2021 - \$72,823). The consolidated statement of financial position does not reflect any assets or liabilities pertaining to the operating leases.

THE CORPORATION OF THE TOWN OF ESSEX

Notes to Financial Statements (continued)

Year ended December 31, 2022

(Tabular amounts in thousands of dollars)

12. Budget figures:

The Financial Plan (Budget) By-Law adopted by Council on February 22, 2022 was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget is unaudited and was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget figures anticipated using surpluses accumulated in previous years to reduce current year expenditures in excess of current year revenues to \$nil. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the consolidated statements of operations and change in net financial assets represent the Financial Plan adopted by Council on February 22, 2022 with adjustments as follows:

	Budget Amount
Revenue:	
Operating	\$48,151,024
Capital	34,085,374
Less:	
Transfer from reserves	(14,472,314)
New debt issued	(6,351,000)
Total revenue	61,413,084
Expenses:	
Operating	47,707,972
Capital	20,803,974
Less:	
Transfers to reserves	(14,990,646)
Debt principal payments	(2,718,647)
Capital expenditures	(20,803,974)
Add:	
Amortization of tangible capital assets	7,011,665
Total expenses	37,010,344
Budgeted surplus per financial statements	\$24,402,740

THE CORPORATION OF THE TOWN OF ESSEX

Notes to Financial Statements (continued)

Year ended December 31, 2022

(Tabular amounts in thousands of dollars)

13. Tangible capital assets:

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

(a) Contributed capital assets:

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

(b) Capitalization of interest:

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

14. Segmented information:

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

General Government:

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

THE CORPORATION OF THE TOWN OF ESSEX

Notes to Financial Statements (continued)

Year ended December 31, 2022

(Tabular amounts in thousands of dollars)

14. Segmented information (continued):

Protection to Persons and Property:

Protection is comprised of Fire, Police, Conservation Authority and Protective Inspection and Control. The mandate of the Police Services department is to ensure the safety of the lives and property of citizens; preserve peace and good order; prevent crimes from occurring; detect offenders; and enforce the law. Conservation Authority includes the Town's share of the Essex Region Conservation Authority. The Fire Service department is responsible to provide fire suppression service; fire prevention programs; training and education related to prevention, detection or extinguishment of fires. Protective Inspection and Control ensures an acceptable quality of building construction and maintenance of properties through enforcement of construction codes, building standards and by-laws for the protection of occupants.

Transportation:

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

Environmental:

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

Health:

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

Recreational and Cultural:

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

THE CORPORATION OF THE TOWN OF ESSEX

Notes to Financial Statements (continued)

Year ended December 31, 2022

(Tabular amounts in thousands of dollars)

14. Segmented information (continued):

Planning and Development:

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

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Municipal taxation revenue has been allocated based on the percentage of total budgeted expenditures. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1. For additional information see the Schedule of Segment Disclosure (Schedule 2).

15. Comparative figures:

Certain prior year figures have been reclassified to conform with the current year's presentation. There was no impact to the Town's annual surplus in the prior year.

THE CORPORATION OF THE TOWN OF ESSEX

Consolidated Schedule of Tangible Assets - Schedule 1

Year ended December 31, 2022

Cost	Balance at December 31, 2021	Additions	Disposals	Transfers	Balance at December 31, 2022
Land	\$ 22,146,281	\$ -	\$ -	\$ -	\$ 22,146,281
Buildings	51,412,876	1,380,630		220,879	53,014,385
Vehicles	6,721,429	113,209	(807,933)		6,026,705
Machinery and equipment	18,847,764	1,216,168	(136,868)	256,054	20,183,118
Murals and land improvements	6,868,207	261,988	-	237,404	7,367,599
Roads	68,980,041	6,531,083	-	-	75,511,124
Underground and other networks	126,186,749	224,070	-	-	126,410,819
Assets under construction	11,129,079	3,132,358	-	(714,337)	13,547,100
	\$ 312,292,426	\$ 12,859,506	\$ (944,801)	\$ -	\$ 324,207,131

Accumulated Amortization	Balance at December 31, 2021	Amortization	Disposals	Transfers	Balance at December 31, 2022
Land	\$ -	\$ -	\$ -	\$ -	\$ -
Buildings	20,279,230	1,165,145		-	21,444,375
Vehicles	3,188,708	362,861	(698,450)	-	2,853,119
Machinery and equipment	8,219,270	874,052	(107,535)	-	8,985,787
Murals and land improvements	1,935,203	178,093	-	-	2,113,296
Roads	36,574,788	2,899,496	-	-	39,474,284
Underground and other networks	48,551,895	1,529,680	-	-	50,081,575
Assets under construction	-	-	-	-	-
	\$ 118,749,094	\$ 7,009,327	\$ (805,985)	\$ -	\$ 124,952,436

	Net book value, December 31, 2021	Net book value, December 31, 2022
Land	\$ 22,146,281	\$ 22,146,281
Buildings	31,133,646	31,570,010
Vehicles	3,532,721	3,173,586
Machinery and equipment	10,628,494	11,197,331
Murals and land improvements	4,933,004	5,254,303
Roads	32,405,253	36,036,840
Underground and other networks	77,634,854	76,329,244
Assets under construction	11,129,079	13,547,100
Total	\$ 193,543,332	\$ 199,254,695

THE CORPORATION OF THE TOWN OF ESSEX

Consolidated Schedule of Tangible Assets - Schedule 1

Year ended December 31, 2022

Cost	Balance at December 31, 2020	Additions	Disposals	Transfers	Balance at December 31, 2021
Land	\$ 21,874,279	\$ 272,002	\$ -	\$ -	\$ 22,146,281
Buildings	49,858,036	1,540,397	(2,598)	17,041	51,412,876
Vehicles	5,865,692	1,335,553	(639,965)	160,149	6,721,429
Machinery and equipment	17,396,501	1,666,616	(242,413)	27,060	18,847,764
Murals and land improvements	6,107,145	34,341	-	726,721	6,868,207
Roads	67,419,715	1,128,270	(97,900)	529,956	68,980,041
Underground and other networks	125,521,757	488,090	-	176,902	126,186,749
Assets under construction	5,736,968	7,029,940	-	(1,637,829)	11,129,079
	\$ 299,780,093	\$ 13,495,209	\$ (982,876)	\$ -	\$ 312,292,426

Accumulated Amortization	Balance at December 31, 2020	Amortization	Disposals	Transfers	Balance at December 31, 2021
Land	\$ -	\$ -	\$ -	\$ -	\$ -
Buildings	18,990,004	1,290,953	(1,727)	-	20,279,230
Vehicles	3,486,083	324,204	(621,579)	-	3,188,708
Machinery and equipment	7,631,998	822,296	(235,024)	-	8,219,270
Murals and land improvements	1,781,197	154,006	-	-	1,935,203
Roads	33,718,435	2,856,353	-	-	36,574,788
Underground and other networks	46,814,147	1,737,748	-	-	48,551,895
Assets under construction	-	-	-	-	-
	\$ 112,421,864	\$ 7,185,560	\$ (858,330)	\$ -	\$ 118,749,094

	Net book value, December 31, 2020	Net book value, December 31, 2021
Land	\$ 21,874,279	\$ 22,146,281
Buildings	30,868,032	31,133,646
Vehicles	2,379,609	3,532,721
Machinery and equipment	9,764,503	10,628,494
Murals and land improvements	4,325,948	4,933,004
Roads	33,701,280	32,405,253
Underground and other networks	78,707,610	77,634,854
Assets under construction	5,736,968	11,129,079
Total	\$ 187,358,229	\$ 193,543,332

THE CORPORATION OF THE TOWN OF ESSEX

Consolidated Schedule of Segment Disclosure - Schedule 2

Year ended December 31, 2022

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation and Cultural Services	Planning and Development	2022 Total
Revenue:								
Taxation	\$ 2,295,375	\$ 3,276,744	\$ 3,931,244	\$ 4,264,625	\$ 145,128	\$ 3,916,370	\$ 1,408,154	\$ 19,237,640
User charges	152,040	1,294,013	55,475	25,925	71,762	2,333,343	42,104	3,974,662
Grants (note 14)	7,502,958	237,942	1,293,635	-	165,456	962,217	72,442	10,234,650
Interest	1,954,651	-	-	-	-	-	-	1,954,651
Landfill compensation	-	-	-	3,500,229	-	-	-	3,500,229
Share of income from E.L.K. Energy Inc. (note 2)	100,074	-	-	-	-	-	-	100,074
Commuted payments	-	-	-	222,123	-	-	-	222,123
Development contributions	642,539	-	-	-	-	-	-	642,539
Sewer and water charges	-	-	-	8,008,824	-	-	-	8,008,824
Other	935,168	19,940	12,415	84,637	956	134,182	1,094,003	2,281,301
Loss on disposal of capital assets	(81,862)	-	-	-	-	-	-	(81,862)
	13,500,943	4,828,639	5,292,769	16,106,363	383,302	7,346,112	2,616,703	50,074,831
Expenses:								
Salaries, wages and benefits	3,196,613	1,590,129	1,749,182	497,792	142,915	3,392,348	721,144	11,290,123
Materials and supplies	895,005	845,217	1,353,244	2,182,481	122,861	2,166,057	1,886,692	9,451,557
Interest	611	174,633	25,935	110,963	-	292,635	36,780	641,557
Contract service	7,145	3,193,218	881,218	4,049,233	1,966	353,924	-	8,486,704
Amortization of tangible capital assets	201,436	446,446	3,599,513	1,426,441	5,135	1,245,405	84,951	7,009,327
Other	148,834	102,410	11,726	175	8,458	141,616	176	413,395
	4,449,644	6,352,053	7,620,818	8,267,085	281,335	7,591,985	2,729,743	37,292,663
Annual surplus (deficit)	\$ 9,051,299	\$ (1,523,414)	\$ (2,328,049)	\$ 7,839,278	\$ 101,967	\$ (245,873)	\$ (113,040)	\$ 12,782,168

THE CORPORATION OF THE TOWN OF ESSEX

Consolidated Schedule of Segment Disclosure - Schedule 2

Year ended December 31, 2022

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation and Cultural Services	Planning and Development	2021 Total
Revenue:								
Taxation	\$ 3,141,319	\$ 4,091,894	\$ 2,862,733	\$ 4,098,818	\$ 219,089	\$ 3,731,166	\$ 927,152	\$ 19,072,171
User charges	118,755	719,264	-	34,318	123,356	1,615,296	58,143	2,669,132
Grants (note 14)	6,435,037	96,799	206,366	165,456	12,404	-	91,880	7,007,942
Interest	694,893	-	-	-	-	-	-	694,893
Landfill compensation	-	-	-	2,890,258	-	-	-	2,890,258
Share of income from E.L.K. Energy Inc. (note 2)	785,313	-	-	-	-	-	-	785,313
Commuted payments	-	-	-	170,222	-	-	-	170,222
Development contributions	800,493	-	-	-	-	-	-	800,493
Sewer and water charges	-	-	-	7,621,017	-	-	-	7,621,017
Other	242,223	48,728	68,672	21,724	1,974	142,766	947,240	1,473,327
Loss on disposal of capital assets	(90,506)	-	-	-	-	-	-	(90,506)
	12,127,527	4,956,685	3,137,771	15,001,813	356,823	5,489,228	2,024,415	43,094,262
Expenses:								
Salaries, wages and benefits	2,934,563	1,467,578	1,624,820	476,183	153,378	2,947,712	707,027	10,311,261
Materials and supplies	733,299	783,236	1,044,121	1,712,586	137,149	1,567,694	2,455,824	8,433,909
Interest	870	92,470	32,422	133,385	-	326,170	22,051	607,368
Contract service	13,083	3,213,768	965,107	3,571,184	130	236,784	44	8,000,100
Amortization of tangible capital assets	143,492	431,249	3,712,427	1,724,406	5,648	1,144,605	23,733	7,185,560
Other	193,315	16,428	9,439	-	10,000	75,181	58	304,421
	4,018,622	6,004,729	7,388,336	7,617,744	306,305	6,298,146	3,208,737	34,842,619
Annual surplus (deficit)	\$ 8,108,905	\$ (1,048,044)	\$ (4,250,565)	\$ 7,384,069	\$ 50,518	\$ (808,918)	\$ (1,184,322)	\$ 8,251,643