

Consolidated financial statements of

# **The Corporation of the Municipality of Chatham-Kent**

December 31, 2023

# **The Corporation of the Municipality of Chatham-Kent**

December 31, 2023

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To the Members of Council, and the Citizens of The Corporation of the Municipality of Chatham-Kent:

**Opinion**

We have audited the consolidated financial statements of The Corporation of the Municipality of Chatham-Kent (the "Municipality"), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2023, and the results of its operations, changes in its net financial assets 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 Consolidated 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 consolidated 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 Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Municipality'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 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 Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Municipality 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.

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.

**MNP LLP**

London, Ontario

Chartered Professional Accountants

August 12, 2024

Licensed Public Accountants

**MNP**  
LLP

# The Corporation of the Municipality of Chatham-Kent

## Consolidated statement of financial position as at December 31, 2023

	2023	2022
	\$	\$
<b>Financial assets</b>		
Cash	<b>151,075,030</b>	153,436,899
Taxes receivable	<b>12,992,004</b>	8,883,986
Accounts receivable	<b>57,072,132</b>	41,343,404
Investments (Note 3)	<b>169,311,505</b>	139,178,993
Investment in Entegrus Inc. (Note 4)	<b>63,644,759</b>	64,884,476
Note receivable from Entegrus Inc. (Notes 4,5)	<b>23,523,326</b>	23,523,326
Land held for resale	<b>1,117,294</b>	1,968,294
Other assets	<b>4,940,092</b>	3,996,967
Local improvements receivable (Note 11)	<b>32,454,617</b>	32,730,857
	<b>516,130,759</b>	469,947,202
<b>Liabilities</b>		
Accounts payable and accrued liabilities	<b>53,694,689</b>	56,329,609
Accrued interest (Note 10)	<b>194,750</b>	260,727
Accrued employee benefits (Note 6)	<b>52,021,201</b>	52,944,207
Deferred revenue (Note 8)	<b>45,902,512</b>	48,487,466
Long-term liabilities (Note 9, 10)	<b>29,840,647</b>	38,457,420
Asset retirement obligations (Note 13)	<b>25,236,969</b>	-
	<b>206,890,768</b>	196,479,429
<b>Net financial assets</b>	<b>309,239,991</b>	273,467,773
<b>Non-financial assets</b>		
Tangible capital assets (Note 12)	<b>996,281,044</b>	970,933,136
Inventory	<b>75,646</b>	75,646
Prepaid expenses	<b>2,937,216</b>	2,437,305
	<b>999,293,906</b>	973,446,087
<b>Accumulated surplus (Note 14)</b>	<b>1,308,533,897</b>	1,246,913,860

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

# The Corporation of the Municipality of Chatham-Kent

Consolidated statement of operations and accumulated surplus  
for the year ended December 31, 2023

	2023	2023	2022
	Budget	Actual	Actual
	\$	\$	\$
<b>Revenues</b>			
Taxation and user charges			
Property taxation (Note 15)	195,981,450	193,163,170	180,269,046
User charges	81,295,146	93,865,895	86,756,996
	<b>277,276,596</b>	<b>287,029,065</b>	267,026,042
Government transfers			
Government of Canada	9,002,320	16,891,241	13,776,298
Province of Ontario	141,456,890	158,209,459	145,952,215
	<b>150,459,210</b>	<b>175,100,700</b>	159,728,513
Other			
Investment income	5,556,000	13,591,978	11,650,302
Penalties and interest on taxes	1,222,113	1,583,003	1,522,371
Contributions from landowners and developers	-	7,380,825	7,527,652
Sale of land and equipment	229,432	3,346,701	1,815,821
Provincial offences administration (Note 17)	1,977,500	1,748,283	1,652,976
Other	4,245,438	883,751	1,306,323
Gain on sale of tangible capital assets	-	20,027	93,314
	<b>13,230,483</b>	<b>28,554,568</b>	25,568,759
Total revenue	<b>440,966,289</b>	<b>490,684,333</b>	452,323,314
<b>Expenses</b>			
General government	16,649,858	17,553,510	16,925,922
Protection of persons and property	70,407,346	69,497,091	73,384,146
Transportation services	59,787,306	71,782,696	66,233,539
Environmental and water and wastewater services	83,608,246	63,787,706	58,681,957
Health services	29,954,336	31,531,706	26,873,520
Social and family services	125,850,845	107,611,088	95,582,391
Social housing	14,075,097	14,823,186	20,979,077
Recreation and cultural services	27,778,063	30,332,671	24,620,394
Planning and development	7,379,317	9,860,552	11,296,335
Total expenses	<b>435,490,414</b>	<b>416,780,206</b>	394,577,281
Excess revenue over expenses before other items	5,475,875	73,904,127	57,746,033
Other items			
Income from Entegrus Inc.	4,742,176	11,343,137	8,668,019
Excess of revenues over expenses	<b>10,218,051</b>	<b>85,247,264</b>	66,414,052
<b>Accumulated surplus, beginning of year</b>	<b>1,246,913,860</b>	<b>1,246,913,860</b>	1,180,499,807
Change in accounting policy (Note 2)	-	(23,627,227)	-
<b>Accumulated surplus, end of year</b>	<b>1,257,131,911</b>	<b>1,308,533,897</b>	1,246,913,860

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

# The Corporation of the Municipality of Chatham-Kent

Consolidated statement of change in net financial assets  
for the year ended December 31, 2023

	2023	2022
	\$	\$
<b>Excess of revenues over expenses</b>	<b>85,247,264</b>	<b>66,414,052</b>
Acquisition of tangible capital assets	(58,513,604)	(62,508,510)
Increase in assets under construction	(7,422,740)	(15,364,785)
Contributed (donated) tangible capital assets	(6,085,746)	(5,315,651)
Amortization of tangible capital assets	47,864,552	44,858,593
Gain on sale of tangible capital assets	(20,027)	(93,314)
Proceeds of sale of tangible capital assets	487,568	655,625
Change in inventory	-	8,283
<b>Change in prepaids</b>	<b>(499,909)</b>	<b>(1,975,002)</b>
Change in net financial assets	61,057,358	26,679,291
 <b>Net financial assets, beginning of year</b>	 <b>273,467,773</b>	 <b>246,788,482</b>
 Change in accounting policy (Note 2)	 (25,285,140)	 -
 <b>Net financial assets, end of year</b>	 <b>309,239,991</b>	 <b>273,467,773</b>

# The Corporation of the Municipality of Chatham-Kent

Consolidated statement of cash flows  
for the year ended December 31, 2023

	2023	2022
	Actual \$	Actual \$
<b>Operating transactions</b>		
Excess of revenues over expenses	<b>85,247,264</b>	66,414,052
Items not involving cash		
Amortization	47,864,552	44,858,593
Contributed (donated) tangible capital assets	(6,085,746)	(5,315,651)
Gain on sale of tangible capital assets	(20,027)	(93,314)
Income from subsidiaries	(5,051,710)	(8,668,019)
Change in taxes receivable	(4,108,018)	(272)
Change in accounts receivable	(15,728,728)	3,106,279
Change in land held for resale	851,000	1,133,250
Change in other assets	(943,025)	(2,009,160)
Change in local improvements receivable	276,240	(5,037,559)
Change in accounts payable and accrued liabilities	(2,634,920)	8,146,437
Change in obligations to be funded from future revenues	(988,983)	1,451,931
Change in inventory	-	8,283
Change in prepaid expenses	(499,909)	(1,975,002)
Change in deferred revenue	(2,584,954)	(2,330,213)
	<b>95,593,036</b>	99,689,635
<b>Financing transactions</b>		
Long-term debt repayment	<b>(8,616,773)</b>	(9,452,524)
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(65,984,614)	(77,873,295)
Proceeds of sale of tangible capital assets	487,568	655,625
	<b>(65,497,046)</b>	(77,217,670)
<b>Investing transactions</b>		
Dividends received from Entegrus Inc.	6,291,427	4,361,103
Net purchase of investments	(30,132,513)	(74,395,816)
	<b>(23,841,086)</b>	(70,034,713)
Net decrease in cash	(2,361,869)	(57,015,272)
Cash, beginning of year	153,436,899	210,452,171
<b>Cash, end of year</b>	<b>151,075,030</b>	153,436,899

# The Corporation of the Municipality of Chatham-Kent

Notes to the consolidated financial statements  
December 31, 2023

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## 1. Significant accounting policies

The consolidated financial statements of the Municipality have been prepared by management in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Municipality are as follows:

### *Basis of consolidation*

These consolidated financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity and include the activities of all committees of Council and the following local boards and municipal entities which are under the control of Council:

- Chatham-Kent Public Libraries;
- Chatham-Kent Museums;
- Public Utilities Commission for the Municipality of Chatham-Kent - Water / Wastewater Division;
- Chatham-Kent Police Services Board; and
- Chatham-Kent Board of Health.

All interfund assets and liabilities and revenues and expenses have been eliminated with the exception of loans or advances between reserve funds and any other fund of the Municipality and the resulting interest income and expenditures.

### *Subsidiaries*

Entegrus Inc. is accounted for on a modified equity basis, consistent with the generally accepted accounting treatment for government business enterprises. Under the modified equity basis, the business enterprise's accounting principles are not adjusted to conform with those of the Municipality, and inter-organizational transactions and balances are not eliminated.

### *Accounting for school board transactions*

The taxation and other revenues with respect to the operations of the school boards are reflected in the Consolidated statement of operations and accumulated surplus as a revenue and an expense, as such has no effect on the accumulated surplus.

In addition, the expenses, assets, and liabilities with respect to the operations of the school boards are not reflected in these financial statements except to the extent that any under-levies or over-levies are reported on the Consolidated statement of financial position as "accounts receivable" or "accounts payable and accrued liabilities".

### *Basis of accounting*

The consolidated financial statements are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable, and expenses 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 Corporation of the Municipality of Chatham-Kent

Notes to the consolidated financial statements  
December 31, 2023

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## 1. Significant accounting policies (continued)

### *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 an asset. The cost, less residual value, of the tangible capital asset is amortized on a straight-line basis over the estimated useful life as follows:

	Years
Land improvements	20-50
Buildings	15-40
Equipment	4-30
Vehicles	5-20
Underground linear	30-75
Plants and facilities	20-40
Bridges	50-75
Transportation	15-50
Other assets	5-10

Amortization is charged beginning in the month following when the asset was available for productive use and to the month of disposal if the disposal date is after the 15<sup>th</sup> day of the month. Assets under construction are not amortized until the asset is available for productive use.

Tangible capital assets received as contributions are recorded at their fair market value at the date of receipt and are also recorded as revenue.

Works of art, artifacts, cultural or historic assets are not recorded as assets in the consolidated financial statements.

### *Land held for resale*

Land held for resale is recorded at the lower of cost and net realizable value. Costs include amounts for land acquisition and improvements to prepare the land for sale or servicing.

### *Government transfers*

Government transfers are recognized in the consolidated financial statements as revenues in the period in which the 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 made.

### *Tax revenue*

Tax Revenue is recognized on all taxable properties within the Municipality that are included in the tax roll provided by the Municipal Property Assessment Corporation, using property values included in the tax roll or property values that can be reasonably estimated by the Municipality as it relates to supplementary or omitted assessments, at tax rates authorized by Council for the Municipality's own purposes in the period for which the tax is levied.

### *Investment income*

Investment income earned on surpluses, reserves and reserve funds (other than obligatory reserve funds) are reported as revenue in the period earned. Investment income earned on obligatory reserve funds is added to the fund balance and forms part of deferred revenue.

# The Corporation of the Municipality of Chatham-Kent

Notes to the consolidated financial statements  
December 31, 2023

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## 1. Significant accounting policies (continued)

### *Management estimates*

The preparation of these financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include valuation allowances for receivables, accrued liabilities, obligations related to employee future benefits, the carrying value of tangible capital assets, and asset retirement obligations. Actual results could differ from those estimates.

### *Financial instruments*

#### *Measurement of financial instruments*

The Municipality initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Municipality subsequently measures its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, taxes receivable, accounts receivable and notes receivable. Investments are measured at amortized cost less any amounts written off to reflect a permanent decline in value.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, accrued interest and long-term liabilities.

Unrealized changes in fair value are recognized in the Statement of Remeasurement Gains and Losses until they are realized, when they are transferred to the Statement of Operations. As the Municipality has no applicable financial instruments recognized at fair value, the Municipality does not have a Statement of Remeasurement Gains and Losses.

### *Impairment*

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in the consolidated statement of operations. The write-down reflects the difference between the carrying amount and the higher of:

- a) the present value of the cash flows expected to be generated by the asset or group of assets;
- b) the amount that could be realized by selling the assets or group of assets;
- c) the net realizable value of any collateral held to secure repayment of the assets or group of assets.

When the event occurring after the impairment confirms that a reversal is necessary, the reversal is recognized in the Consolidated Statement of Operations up to the amount of the previously recognized impairment.

### *Employee future benefit obligations*

The cost of future benefits earned by employees is actuarially determined using the projected benefit method prorated on service and assumptions of mortality and termination rates, retirement age and expected inflation rates.

Actuarial gains and losses are amortized linearly over the Expected Average Remaining Service Lifetime (EARSL) of active employees.

# The Corporation of the Municipality of Chatham-Kent

Notes to the consolidated financial statements  
December 31, 2023

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## 1. Significant accounting policies (continued)

### *Asset retirement obligations*

A liability for an asset retirement obligation is recognized when there is a legal obligation to incur retirement costs in relation to a tangible capital asset; the past transaction or event giving rise to the liability has occurred; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability is recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date. This liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate. Upon the initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related tangible capital asset if it is still in productive use. This cost is amortized over the useful life of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

## 2. Change in accounting policy

Effective January 1, 2023, the Municipality adopted the Public Sector Accounting Board's (PSAB) new standard for the recognition, measurement and disclosure of a liability for asset retirement obligations under PS 3280 Asset Retirement Obligations. The new standard establishes when to recognize and how to measure a liability for an asset retirement obligation, and provides the related financial statement presentation and disclosure requirements. The standard requires a liability to be recognized as there is a legal obligation to incur retirement costs. This change in accounting policy has been applied using the prospective approach.

Pursuant to the recommendations, the change was applied prospectively and prior periods have not been restated. As such, the Municipality recognized asset retirement obligations for those arising on or after January 1, 2023, as well as for those arising prior to January 1, 2023 but for which an obligation was not previously recognized.

The cumulative effect in the current year of adopting this new standard is to increase asset retirement obligation by \$25,236,969, increase to the cost by \$25,236,969 and accumulated amortization by \$23,529,568 of the associated tangible capital assets, and decrease in accumulated surplus by \$23,627,227.

See Note 13 for more details.

## 3. Investments

Investments consist of authorized investments pursuant to provisions of the Municipal Act and comprise government and corporate bonds, debentures, pooled investment funds and short-term instruments of various financial institutions. Investments with original maturity dates greater than 90 days are classified as investments in the Consolidated statement of financial position.

Investments held by the Municipality amounted to \$169,311,505 (2022 - \$139,178,993). The investments are comprised of Principally Guaranteed Pooled Investments with CIBC. The market value of these investments at December 31, 2023 amounted to \$169,400,607 (2022 - \$135,965,258).

# The Corporation of the Municipality of Chatham-Kent

Notes to the consolidated financial statements  
December 31, 2023

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## 4. Investment in Entegrus Inc.

Entegrus Inc. (EI) and its wholly-owned subsidiaries, Entegrus Powerlines Inc.(EPI) and Entegrus Services Inc. (ESI), were incorporated September 22, 2000 under the *Business Corporations Act (Ontario)*.

EI also has a wholly-owned subsidiary, Middlesex Power Distribution Corporation (MPDC), which it purchased 100% of the outstanding common shares on June 30, 2005.

The principal activity of Entegrus Inc. and its' subsidiaries is to distribute electricity to customers within the Municipality of Chatham-Kent, Middlesex County and the County of Elgin under the license issued by the Ontario Energy Board ("OEB"). Other activities of Entegrus Inc., and its subsidiaries, are to provide energy services, meter services, and street lighting services.

Under a municipal by-law, dated September 5, 2000, the former Public Utilities Commission of the Municipality of Chatham-Kent – Electrical Division and the Municipality transferred the assets, liabilities and employees associated with the distribution of electricity at book value effective October 1, 2000. The book value of the net assets transferred to EI at October 1, 2000 was \$47,379,124. In consideration for the transfer, EI issued long-term notes payable to the Municipality in the aggregate principal amount of \$23,523,326 together with shares valued at \$23,855,798.

The incorporation and subsequent reorganization was required by provisions of Bill 35, *The Energy Competition Act, 1998* enacted by the Province of Ontario to introduce competition in the electricity market.

In 2008 Entegrus Inc. issued 222 common shares to Corix which represents a 10% ownership.

In 2017 Entegrus Inc. issued an additional 400 shares. 360 shares were purchased by the Municipality of Chatham-Kent at a cost of \$7,740,000. The remaining 40 shares were sold to Corix at a cost of \$860,000. This additional investment did not change the percentage of ownership for the Municipality of Chatham-Kent or Corix.

Effective April 1, 2018 The Ontario Energy Board approved the merger between St. Thomas Energy Inc. (STEI) and Entegrus Powerlines Inc.

Entegrus Inc. is owned 71.49% by the Municipality of Chatham-Kent, 7.94% by Corix Utilities and 20.57% by St. Thomas Energy Inc.

# The Corporation of the Municipality of Chatham-Kent

Notes to the consolidated financial statements  
December 31, 2023

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## 4. Investment in Entegrus Inc. (continued)

The following table provides condensed supplementary consolidated financial information for Entegrus Inc. and its subsidiaries for the year ended December 31, 2023:

	2023	2022
	\$	\$
Financial position		
Assets		
Current	42,820,602	43,205,692
Capital	180,114,933	170,228,662
Other	47,282,576	49,225,085
Total assets	<b>270,218,111</b>	262,659,439
Liabilities		
Current	36,739,128	37,228,186
Notes payable to Municipality of Chatham-Kent	23,523,326	23,523,326
Other	97,925,313	86,049,572
Total liabilities	<b>158,187,767</b>	146,801,084
Equity		
Share capital	52,161,260	52,161,260
Share Premium	16,571,469	16,571,469
Hedging Reserve	1,449,329	3,829,958
Retained earnings	36,023,958	37,757,986
Total equity	<b>106,206,016</b>	110,320,673
Regulatory		
Regulatory credit balances	5,824,328	5,537,682
Total regulatory	<b>5,824,328</b>	5,537,682
Total liabilities equity and regulatory	<b>270,218,111</b>	262,659,439

# The Corporation of the Municipality of Chatham-Kent

Notes to the consolidated financial statements  
December 31, 2023

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## 4. Investment in Entegrus Inc. (continued)

	2023	2022
	\$	\$
Financial activities		
Revenue	182,119,239	188,926,896
Expenses	<u>176,124,225</u>	180,017,595
	5,995,014	8,909,301
Provision for taxes	285,677	1,537,562
Net movement in regulatory balances, net of tax	(1,828,065)	(5,180,207)
Remeasurement of employee benefits	81,055	(1,020,987)
Unrealized gain on investment	390,375	1,448,725
Dividends paid	<u>8,800,000</u>	6,100,000
Change in retained earnings	<u>(1,734,028)</u>	6,024,208

Municipality of Chatham-Kent's investment represented by:

Investment in shares of Entegrus	31,595,798	31,595,798
Accumulated profit less dividends received	<u>32,048,961</u>	33,288,678
	63,644,759	64,884,476

Corix Utilities' investment represented by:

Investment in shares of Entegrus	3,886,352	3,886,352
Accumulated profit less dividends received	<u>2,345,363</u>	2,482,993
	6,231,715	6,369,345

St. Thomas Energy Inc. investment represented by:

Investment in shares of Entegrus	16,679,110	16,679,110
Accumulated profit less dividends received	<u>1,629,634</u>	1,986,316
	18,308,744	18,665,426

### (a) *Equity in Entegrus Inc.*

	2023	2022
	\$	\$
Balance, beginning of year	88,407,802	84,100,886
Changes during the year		
Net earnings for the year	5,051,710	8,668,019
Dividends paid	<u>(6,291,427)</u>	(4,361,103)
Balance, end of year	<u>87,168,085</u>	88,407,802

	2023	2022
	\$	\$
Investment in Entegrus Inc.	63,644,759	64,884,476
Notes receivable from Entegrus Inc.	<u>23,523,326</u>	23,523,326
Balance, end of year	<u>87,168,085</u>	88,407,802

# The Corporation of the Municipality of Chatham-Kent

Notes to the consolidated financial statements  
December 31, 2023

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## 4. Investment in Entegrus Inc. (continued)

### (b) Related party transactions and balances

The following summarizes the Municipality's related party transactions and balances with Entegrus for the year ended December 31, 2023 and December 31, 2022:

	2023	2022
	\$	\$
Transactions		
Revenue		
Administrative services	159,978	616,890
Interest on promissory note	1,067,964	1,067,964
Expenses		
Energy purchases (at commercial rates)	5,626,373	4,682,417
Billing and collection services - water/wastewater	2,278,514	2,285,088
Streetlight maintenance	358,934	307,470
Balances		
Amounts due from Entegrus Inc.		
Promissory note receivable	23,523,326	23,523,326
Accounts receivable	11,780,822	12,580,208

## 5. Note receivable from Entegrus Inc.

Note receivable is due from Entegrus Inc. with no set repayment terms and interest payable monthly at 4.54%. The Municipality received an interest payment in the current year of \$1,067,964 (2022 - \$1,067,964).

## 6. Accrued employee benefits

The Municipality has accrued employee benefits as follows:

	2023	2022
	\$	\$
Employee future benefits	46,270,788	46,806,828
Workplace safety and insurance obligations	1,090,122	1,211,222
Vacation credits	4,660,291	4,926,157
	<b>52,021,201</b>	<b>52,944,207</b>

The accrued benefits above are described as follows:

### (a) Employee future benefits

The Municipality pays certain medical and life insurance benefits on behalf of its retired and current employees. The accrued benefit liability at December 31, 2023 of \$46,270,788 (2022 - \$46,806,828) was determined by actuarial valuation using a discount rate of 4.60% (2022 - 5.00%). A comprehensive actuarial valuation of the future liability for employee future benefits was conducted as at December 31, 2021. The next required valuation will be as of December 31, 2024.

# The Corporation of the Municipality of Chatham-Kent

Notes to the consolidated financial statements  
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## 6. Accrued employee benefits (continued)

Information about the Municipality's life and health plan is as follows:

	2023	2022
	\$	\$
Accrued benefit liability as at January 1, 2023	<b>37,085,296</b>	44,152,243
Current benefit costs	<b>1,426,363</b>	2,030,436
Interest	<b>1,820,230</b>	1,219,299
Actuarial (gain) loss	<b>1,674,079</b>	(8,657,951)
Benefits paid	<b>(2,787,779)</b>	(1,658,731)
Net	<b>2,132,893</b>	(7,066,947)
Benefit obligation at end of period	<b>39,218,189</b>	37,085,296
Unamortized actuarial gain (loss)	<b>7,052,599</b>	9,721,532
<b>Estimated accrued benefit liability as at December 31, 2023</b>	<b>46,270,788</b>	46,806,828

Included in expenses is \$994,855 (2022 - \$89,682) for amortization of the actuarial loss. The main actuarial assumptions employed for the valuation are as follows:

(i) General inflation

Future inflation levels, as measured by changes in the Consumers Price Index ("CPI"), were assumed to be 2.5% in 2023 and thereafter.

(ii) Interest (discount) rate

The present value as at December 31, 2023 of the future benefits was determined using a discount rate of 4.60%. The expense for the year ended December 31, 2022, was determined using a discount rate of 5.00%.

(iii) Health costs

Drug costs were assumed to increase at 6.5% per year grading down to 4% over 5 years.

(iv) Dental costs

Dental costs were assumed to increase at 4% annually.

(b) Workplace safety and insurance obligations

Effective January 1, 2010, the Municipality became a Schedule I employer under the Workplace Safety and Insurance Act for most of its divisions. The Municipality remits payments to the Workplace Safety & Insurance Board (WSIB) as required to fund and administer disability payments.

For the period of January 1, 2001 to December 31, 2009, the Municipality was a Schedule II employer for most of its divisions. The estimated future liability relating to WSIB for this time period amounted to \$1,090,122 (2022 - \$1,211,222). A Workplace Safety and Insurance Reserve relating to Schedule II claims has also been established to protect against any unknown future liability, and has a balance of \$2,475,407 (2022 - \$2,517,062). The Municipality also maintained an insurance policy, which protects the Municipality against financial exposure to a catastrophic loss in excess of \$1,000,000 while Schedule II was in place.

(c) Vacation credits

Under the provisions of certain employee vacation plans, some vacation credits are earned as at December 31 but are generally unavailable for use until a later date. In addition, the provisions of certain plans allow the accumulation of vacation credits for use in future periods. The approximate value of these credits as at December 31, 2023 is \$4,660,291 (2022 - \$4,926,157) and is reported as an accrued liability on the Consolidated statement of financial position.

Funding for these benefits will be provided through taxation in the year of disbursement.

# The Corporation of the Municipality of Chatham-Kent

Notes to the consolidated financial statements  
December 31, 2023

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## 7. Pension agreement

The Municipality makes contributions to the Ontario Municipal Employees Retirement System (OMERS) which is a multi-employer plan, on behalf of 1514 (2022 - 1402) 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 service and rates of pay. Contributions were made in the 2023 calendar year at rates ranging from 9.0% to 15.8% (2022 - 9.0% to 15.8%) depending on the member's designated retirement age and level of earnings. The amount contributed to OMERS for 2023 was \$11,260,422 (2022 - \$10,423,866) for current service and this is included on the Consolidated statement of operations and accumulated surplus. As at December 31, 2023 the OMERS plan is in a deficit of \$4.2 Billion (2022 - deficit of \$6.7 Billion), which will be addressed through temporary contribution rate increases, benefit reductions, and investment returns

## 8. Deferred revenue - obligatory reserve funds

A requirement of the Public Sector Accounting Standards (PSAS) is that obligatory reserve funds be reported as deferred revenue. The Municipality of Chatham-Kent has an obligatory reserve fund for the Canada Community-Building Fund (CCBF) Grant (previously known as Federal Gas Tax Grant) and the Provincial Gas Tax Grant. Additionally, the Municipality has an obligatory reserve fund for Parkland purposes, for the Building Code Act, and for Municipal and PUC development charges collected. These aforementioned reserve funds are considered obligatory as Provincial and Federal legislation restricts how these funds may be used and, under certain circumstances, how these funds may be refunded.

The balances in the obligatory reserve funds and other deferred revenue for the Municipality are summarized in the following two charts for the year ended Dec 31-2023 and Dec 31-2022 respectfully:

2023	Balance at 31-Dec-22	Inflow	Revenue Earned	Balance at 31-Dec-23
	\$	\$	\$	\$
For development charges Municipal	324,314	2,093,904	98,397	2,319,821
For development charges PUC	166,114	1,240,532	1,406,646	-
For building code act	6,928,733	186,517	248,065	6,867,185
For parkland purposes	347,952	34,610	20,449	362,113
For Canada community-building fund	26,071,343	34,159,120	37,190,772	23,039,691
For Provincial gas tax	2,065,374	1,335,622	1,382,558	2,018,438
Deferred revenue - obligatory reserve funds	35,903,830	39,050,305	40,346,887	34,607,248
Other deferred revenue				
Deferred taxes	1,965,740	17,951,159	17,716,036	2,200,863
Deferred grants	2,385,795	4,543,290	4,613,859	2,315,227
Other	8,232,101	10,043,163	11,496,090	6,779,174
Total deferred revenue	48,487,466	71,587,917	74,172,872	45,902,512

# The Corporation of the Municipality of Chatham-Kent

Notes to the consolidated financial statements  
December 31, 2023

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## 8. Deferred revenue - obligatory reserve funds (continued)

2022	Balance at 31-Dec-21	Inflow	Revenue Earned	Balance at 31-Dec-22
	\$	\$	\$	\$
For development charges Municipal	-	324,314	-	324,314
For development charges PUC	-	2,416,463	2,250,349	166,114
For building code act	5,836,951	4,069,533	2,977,751	6,928,733
For parkland purposes	305,518	42,434	-	347,952
For Canada community-building fund	26,517,808	16,523,117	16,969,581	26,071,343
For Provincial gas tax	1,925,457	1,072,694	932,777	2,065,374
Deferred revenue - obligatory reserve funds	34,585,733	24,448,555	23,130,458	35,903,830
Other deferred revenue				
Deferred taxes	1,737,182	10,493,540	10,264,982	1,965,740
Deferred grants	2,696,014	5,347,063	5,657,282	2,385,795
Other	11,798,749	11,955,746	15,522,395	8,232,101
Total deferred revenue	50,817,679	52,244,904	54,575,117	48,487,466

## 9. Net long-term liabilities

- (a) The balance of net long-term liabilities reported on the Consolidated statement of financial position is made up of the following:

	2023	2022
	\$	\$
Total long-term liabilities incurred by the Municipality including those incurred on behalf of former municipalities and municipal enterprises and outstanding at the end of the year.		
	<u>29,840,647</u>	<u>38,457,420</u>

- (b) Principal due on net long-term liabilities reported in a), is summarized as follows:

	2024 to 2028	2029 to 2033
	\$	\$
From general municipal revenue	3,652,930	2,605,196
From benefiting landowners	5,825,270	307,323
From benefiting water ratepayers	6,484,891	1,037,386
From benefiting wastewater ratepayers	7,993,587	1,934,064
	<u>23,956,678</u>	<u>5,883,969</u>

# The Corporation of the Municipality of Chatham-Kent

Notes to the consolidated financial statements  
December 31, 2023

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## 9. Net long-term liabilities (continued)

- (c) Included in the principal amount in a) is \$1,917,204 (2022 - \$2,528,418) related to the Non-Profit Social Housing division.
- (d) All net long-term liabilities on the Consolidated statement of financial position are payable in Canadian dollars.
- (e) The long-term liabilities listed in a) were issued in the name of the Municipality or former municipalities approved by Council and have received approval of the Ontario Municipal Board prior to January 1, 1993. Those issues approved by Council after December 31, 1992 have been approved by by-law. 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.
- (f) The municipal long-term liabilities listed in a) are repayable at rates ranging from 2.0% to 8.1%, and the tile drainage and shoreline property assistance loans are repayable at rates up to 6%.

## 10. Charges for net long-term liabilities

Total activity for the year for net long-term liabilities is as follows:

	2023	2022
	\$	\$
Beginning balance	38,457,420	47,909,944
Principal payments	(8,616,773)	(9,452,524)
Ending balance	<b>29,840,647</b>	<b>38,457,420</b>

Net interest payments related to long-term liabilities in the current year were \$1,493,371 (2022 - \$1,868,586) and are reported in the Consolidated statement of operations and accumulated surplus.

### *Accrual of interest on net long-term liabilities*

A provision for the interest on long-term debt that has been accrued but not paid in the current year is estimated to be \$194,750 (2022 - \$260,727) and is reported as an accrued liability on the Consolidated statement of financial position.

## 11. Local improvements receivable

Improvements to infrastructure are often requested by residents, such as extending waterlines, sewers, sidewalks, curb and gutters to new areas, or repairs and upgrades to municipal drains. The Municipality records the outstanding ratepayer funding of these local improvements as a receivable in the Consolidated Statement of Financial Position.

	2023	2022
	\$	\$
Local improvements receivable for capital projects on tax roll		
Wastewater	377,527	308,598
Water	952,785	654,190
Drainage	31,066,181	31,688,948
Other	58,124	79,121
	<b>32,454,617</b>	<b>32,730,857</b>

# The Corporation of the Municipality of Chatham-Kent

Notes to the consolidated financial statements  
December 31, 2023

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## 12. Tangible capital assets

The net book value of the tangible capital assets is comprised of the following:

	2023	2022
	\$	\$
Land and land improvements	54,871,898	54,791,080
Buildings	103,794,904	105,872,408
Equipment	47,126,479	46,623,450
Vehicles	43,664,908	38,571,195
Underground linear	242,148,671	235,551,362
Plants and facilities	47,944,893	39,910,900
Bridges	157,819,472	158,487,691
Transportation	200,255,305	199,948,297
Other assets	2,636,954	2,630,102
	<hr/> <b>900,263,484</b>	<hr/> 882,386,485
Assets under construction	<b>96,017,560</b>	88,546,651
	<hr/> <b>996,281,044</b>	<hr/> 970,933,136

During the year, additions to assets under construction were \$65,936,344 (2022 - \$77,873,295) and \$58,513,604 (2022 - \$62,508,510) was transferred to the other tangible capital asset classes.

For additional information, see the Consolidated schedule of tangible capital assets.

## 13. Asset retirement obligations

The Municipality's financial statements include an asset retirement obligation for the remediation of asbestos and other designated substances contained within buildings. The related asset retirement costs are being amortized on a straight-line basis over the remaining productive useful life of the buildings. The estimate of the liability represents the fair value for the remediation of the asbestos which is expected to be settled at the end of the buildings' productive lives.

The carrying amount of the liability at December 31, 2023 is \$25,236,969.

Note that the total amount of the liability may change due to changes in estimates, such as estimated total undiscounted future expenditures and expected remediation date.

# The Corporation of the Municipality of Chatham-Kent

Notes to the consolidated financial statements  
December 31, 2023

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## 14. Accumulated surplus

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

	2023	2022
	\$	\$
<b>Surplus</b>		
Invested in tangible capital assets	<b>987,676,844</b>	926,857,156
Entegrus, net equity	<b>87,168,085</b>	88,407,802
Prelevies for benefitting landowners	<b>57,649</b>	60,448
Other	<b>(19,489,352)</b>	4,918,056
Obligations to be funded from future years	<b>(330,790)</b>	(536,789)
Unfunded		
Employee future benefits, workplace safety and vacation	<b>(49,551,571)</b>	(50,370,654)
Accrued interest on long-term liabilities	<b>(194,750)</b>	(260,727)
Accrued environmental liability	<b>(200,000)</b>	(200,000)
	<b>1,005,136,115</b>	968,875,292
 <b>Surplus allocated to reserves</b>		
For acquisition of tangible capital assets	<b>137,884,048</b>	130,986,870
For public liability insurance	<b>3,074,014</b>	4,082,873
For various programs, facilities	<b>82,185,058</b>	80,390,349
For strategic and community development	<b>24,547,159</b>	10,774,801
For water	<b>17,601,163</b>	16,755,835
For wastewater	<b>37,838,574</b>	30,852,869
	<b>303,130,016</b>	273,843,597
 <b>Surplus allocated to reserve funds</b>		
For community investment	<b>-</b>	3,935,655
For parking purposes	<b>267,766</b>	259,316
	<b>267,766</b>	4,194,971
 <b>Total accumulated surplus</b>	<b>1,308,533,897</b>	1,246,913,860

# The Corporation of the Municipality of Chatham-Kent

Notes to the consolidated financial statements  
December 31, 2023

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## 15. Taxation revenue

### a) Taxation collected on behalf of school boards

The net taxation levies collected on behalf of the school boards are comprised of the following:

	2023	2022
	\$	\$
Taxation	<b>24,975,074</b>	24,547,291
Requisitions	<b>(24,975,074)</b>	(24,547,291)
Net levy for the year	-	-

Included in accounts receivable are levies owing from the school board totaling \$350,740 (2022 - \$377,725 in levies were owing from the school board).

### b) Taxation revenue by major tax class

2023	Taxes - own purpose	Payments in lieu	Supplementary taxes	Rebates & Write-offs	2023 Total	
					\$	\$
Residential	121,533,934	601,422	2,065,757	(1,712,756)	122,488,357	
Multi-Residential	7,277,018	-	51,858	(50,901)	7,277,975	
Commercial	32,560,865	2,872,140	448,672	(2,718,526)	33,163,151	
Industrial	7,209,936	8,423	75,966	(127,429)	7,166,896	
Pipelines	2,950,097	-	12,598	(11,990)	2,950,705	
Landfill	312,720	-	-	-	312,720	
Farmlands	18,471,075	4,570	103,748	270,183	18,849,576	
Managed Forests	15,334	-	-	-	15,334	
Other	363,843	621,983	13,109	(77,763)	921,172	
Capping program	-	-	-	17,284	17,284	
<b>Total tax revenue</b>	<b>190,694,822</b>	<b>4,108,538</b>	<b>2,771,708</b>	<b>(4,411,898)</b>	<b>193,163,170</b>	

2022	Taxes - own purpose	Payments in lieu	Supplementary taxes	Rebates & Write-offs	2022 Total	
					\$	\$
Residential	112,187,231	612,921	2,095,730	(1,518,609)	113,377,273	
Multi-Residential	6,951,296	-	11,592	(83,985)	6,878,903	
Commercial	30,374,130	2,527,347	427,830	(2,126,359)	31,202,948	
Industrial	6,744,256	5,357	23,212	108,195	6,881,020	
Pipelines	2,794,293	-	9,851	(23,331)	2,780,813	
Landfill	283,574	-	-	-	283,574	
Farmlands	17,231,180	3,903	360,072	252,305	17,847,460	
Managed Forests	13,796	-	-	-	13,796	
Other	362,129	703,498	(611)	(40,747)	1,024,269	
Capping program	(14,090)	(13,571)	-	6,651	(21,010)	
<b>Total tax revenue</b>	<b>176,927,795</b>	<b>3,839,455</b>	<b>2,927,676</b>	<b>(3,425,880)</b>	<b>180,269,046</b>	

# The Corporation of the Municipality of Chatham-Kent

## Notes to the consolidated financial statements December 31, 2023

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### 16. Self-insurance

In recent years, there have been substantial increases in the premiums charged by the insurance industry for public liability insurance. As a result, the Municipality has undertaken some portion of the risk, which would normally have been covered by outside insurers.

The Municipality is self-insured for property damage claims up to \$250,000 and for liability claims up to \$250,000 for any individual claim. Outside coverage is in place for claims in excess of these limits.

The Municipality has made a provision for a reserve for self-insurance which as at December 31, 2023 amounted to \$4,993,432 (2022 - \$5,805,899) and is included as an allocated reserve balance in the Consolidated statement of financial position under accumulated surplus. The provision for the year of \$1,209,079 (2022 - \$1,209,079) less claims settled \$957,260 (2022 - \$1,173,377) has been reported as an expenditure on the Consolidated statement of operations and accumulated surplus.

Other Operating Surpluses/Deficits, related to insurance, in the amount of \$1,064,286 (2022 - \$407,115) have been transferred to/from the reserve.

### 17. Provincial Offences Administration

The Municipality cannot reliably estimate the collections of Provincial Offenses Administration revenue, accordingly, revenue is recognized on the cash basis.

The Ministry of the Attorney General requires the following disclosure of all municipal partners administering Provincial Offences Administration. The gross revenues collected at the Provincial Offences Court in 2023 were \$1,748,283 (2022 - \$1,652,976) and net revenue was \$115,603 (2022 - \$20,296).

### 18. Segmented information

The Municipality provides a diverse range of services to its citizens. The Consolidated schedule of segment disclosure has grouped various services into segments to provide a further breakdown of the revenues and expenses attributable to each segment. 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.

The services included in each segment are as follows:

#### *General government*

General government is comprised of governance, corporate management and program support.

#### *Protection of persons and property*

Protection is comprised of fire, police, conservation authority, protective inspection and control, emergency measures and provincial offenses.

#### *Transportation services*

Transportation is comprised of roads, winter control, transit, parking, street lighting and air transportation.

#### *Environmental services*

Environmental is comprised of storm sewer systems, waste collection, waste disposal, and recycling.

#### *Health services*

Health is comprised of public health, hospital support, ambulance and cemeteries.

#### *Social and family services*

Social and family is comprised of Ontario Works, assistance to aged persons and child care.

#### *Social housing*

Social housing provides for a variety of housing services.

# **The Corporation of the Municipality of Chatham-Kent**

# Notes to the consolidated financial statements December 31, 2023

## **18. Segmented information (continued)**

## *Recreation and cultural services*

Recreation and culture is comprised of parks, recreation programs, recreation facilities, libraries and cultural services.

## *Planning and development services*

Planning and development is comprised of planning and zoning, commercial and industrial development, residential development, agricultural and reforestation, and tile drainage and shoreline assistance.

*Water and wastewater services*

Water and wastewater provides safe drinking water and collects and treats wastewater.

### *Other items and corporations*

Other items and corporations is comprised of the revenue from subsidiaries and items not related specifically to the other categories.

## **19. Commitments**

- (a) The Municipality has entered into several contracts for the provision of various services. The obligation over the remaining life of the contracts are:

	\$
2024	26,385,231
2025	11,733,208
2026	9,761,909
2027	8,381,272
2028	6,718,195
2029	240,698
<u>2030</u>	<u>240,698</u>
	63,461,210

- (b) The table below shows the Municipality's outstanding long-term commitments:

	\$
2024	6,200,000
2025	900,000
2026	900,000
<u>2027</u>	<u>900,000</u>
	<b>8,900,000</b>

# The Corporation of the Municipality of Chatham-Kent

Notes to the consolidated financial statements  
December 31, 2023

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## 20. Financial instruments and risks

Unless otherwise noted, it is management's opinion that the Municipality is not exposed to significant risks. There have been no changes in the Municipality's risk exposures from the prior year.

### Credit risk

The Municipality is exposed to credit risk through its cash, taxes receivable, accounts receivable, notes receivable from Entegrus Inc., and local improvement receivable. There is a possibility of non-collection of its accounts receivable. The majority of the Municipality's receivables are from rate payers and government entities. The Municipality mitigates its exposure to credit loss by placing its cash with major financial institutions.

Accounts receivable credit risk is resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with same counterparty; or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions.

The Municipality manages its credit risk by limiting the amount of days aged in accounts receivable before appropriate action is taken.

The Municipality's maximum exposure to credit risk at the financial statement date is the carrying value of accounts receivable and other accounts receivable as presented on the statement of financial position.

At year end, the amounts outstanding for the Municipality's accounts receivable are as follows:

2023					
	Current	31-60 days	61-90 days	>90 days	Total
	\$	\$	\$	\$	\$
Taxes receivable	-	-	-	12,992,004	12,992,004
Accounts receivable	56,710,656	38,629	13,222	309,625	57,072,132
Note receivable from Entegrus Inc.	-	-	-	23,523,326	23,523,326
Local improvement receivable	-	-	-	32,454,617	32,454,617
	56,710,656	38,629	13,222	69,279,572	126,042,079

2022					
	Current	31-60 days	61-90 days	>90 days	Total
	\$	\$	\$	\$	\$
Taxes receivable	-	-	-	6,918,246	6,918,246
Accounts receivable	40,197,581	130,507	18,328	996,988	41,343,404
Note receivable from Entegrus Inc.	-	-	-	23,523,326	23,523,326
Local improvement receivable	-	-	-	32,730,860	32,730,860
	40,197,581	130,507	18,328	64,169,420	104,515,836

# The Corporation of the Municipality of Chatham-Kent

Notes to the consolidated financial statements  
December 31, 2023

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## 20. Financial instruments and risks (continued)

### Liquidity risk

Liquidity risk is the risk that the Municipality will not be able to meet its obligations as they become due. The Municipality is exposed to this risk mainly in respect of its accounts payable and accrued liabilities, deferred revenue and long-term liabilities. The Municipality manages this risk by establishing budgets and funding plans to fund its expenses and debt repayments. The Municipality also maintains certain credit facilities, which can be drawn upon as needed.

The following tables sets out the expected maturities (representing undiscounted contractual cash-flow of financial liabilities):

	2023		
	Within 1 year	1-5 years	Over 5 years
	\$	\$	\$
Accounts payable and accrued liabilities	53,689,310	3,286	2,093
Deferred revenue	2,617,374	14,712,925	28,572,213
Long-term liabilities	10,107,848	13,848,830	5,883,969
	66,414,532	28,565,041	34,458,274
			129,437,848

  

	2022		
	Within 1 year	1-5 years	Over 5 years
	\$	\$	\$
Accounts payable and accrued liabilities	56,324,721	4,888	-
Deferred revenue	4,698,209	15,454,562	28,334,694
Long-term liabilities	9,666,422	20,920,105	7,870,893
	70,689,353	36,379,555	36,205,588
			143,274,496

## 21. Budget figures

The approved operating and capital budgets are reflected on the Consolidated statement of operations and accumulated surplus for municipal projects. Those capital projects benefiting and assessed to landowners and developers, for example water, wastewater, drainage, and industrial lands, are not budgeted for. The budgets established for capital fund operations are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with the current year amounts.

## 22. Contingent Liabilities

From time to time, when it is likely a claim will result in a material exposure and the amount of that claim is quantifiable, provisions for loss are made based on management's assessment of likely outcome. The Municipality does not provide for claims that are unlikely to result in a significant loss, when the outcome is not determinable or when the claim amount cannot be reasonably estimated. Any litigation outstanding, if successful, would not have a material impact on the consolidated financial statement.

# The Corporation of the Municipality of Chatham-Kent

Consolidated schedule of tangible capital assets

as at December 31, 2023

	Land and land improvements	Buildings	Equipment	Vehicles	Underground linear	Plants and facilities	Bridges	Transportation	Other assets	Total 2023	Total 2022
	\$	\$	\$	\$	\$	\$	\$	\$	\$		
<b>Municipal Cost</b>											
Balance, beginning of the year	65,948,967	188,973,526	41,297,219	68,360,244	131,443,002	3,272,370	240,676,195	519,096,410	4,091,485	1,263,159,418	1,210,120,823
Add: Additions during the year	1,421,885	1,602,440	5,355,546	10,457,648	5,921,714	341,796	3,036,044	16,699,698	593,668	45,430,439	40,641,969
Less: Disposals during the year	324,716	113,389	918,559	2,582,711	-	-	132,217	1,522,648	6,007	5,600,247	12,840,343
Balance, end of the year	67,046,136	190,462,577	45,734,206	76,235,181	137,364,716	3,614,166	243,580,022	534,273,460	4,679,146	1,302,989,610	1,237,922,449
Accumulated amortization											
Balance, beginning of the year	18,067,354	107,691,627	25,013,307	30,841,495	69,074,765	2,102,108	82,106,800	319,148,113	1,461,383	655,506,952	610,449,506
Add: Amortization for the year	1,215,039	3,736,598	2,830,995	5,033,004	2,292,764	54,310	3,764,805	16,392,690	586,816	35,907,021	33,716,622
Less: Accumulated amortization on disposals	198,688	58,265	908,414	2,327,630	-	-	111,055	1,522,648	6,007	5,132,707	12,286,403
Balance, end of the year	19,083,705	111,369,960	26,935,888	33,546,869	71,367,529	2,156,418	85,760,550	334,018,155	2,042,192	686,281,266	631,879,725
Net book value of municipal assets	47,962,431	79,092,617	18,798,318	42,688,312	65,997,187	1,457,748	157,819,472	200,255,305	2,636,954	616,708,344	606,042,724
<b>Waterworks Cost</b>											
Balance, beginning of the year	2,232,112	25,692,984	39,579,198	1,023,627	192,535,633	46,670,860	-	-	-	307,734,414	289,949,717
Add: Additions during the year	-	558,405	505,825	46,486	5,451,975	9,247,988	-	-	-	15,810,679	17,841,196
Less: Disposals during the year	-	-	142,692	55,168	-	10,086	-	-	-	207,946	56,499
Balance, end of the year	2,232,112	26,251,389	39,942,331	1,014,945	197,987,608	55,908,762	-	-	-	323,337,147	307,734,414
Accumulated amortization											
Balance, beginning of the year	-	17,237,271	24,149,249	589,835	73,029,699	18,723,326	-	-	-	133,729,380	127,860,588
Add: Amortization for the year	-	526,259	1,732,265	71,719	2,675,934	1,532,363	-	-	-	6,538,540	5,918,583
Less: Accumulated amortization on disposals	-	-	152,778	55,168	-	-	-	-	-	207,946	49,791
Balance, end of the year	-	17,763,530	25,728,736	606,386	75,705,633	20,255,689	-	-	-	140,059,974	133,729,380
Net book value of waterworks asset	2,232,112	8,487,859	14,213,595	408,559	122,281,975	35,653,073	-	-	-	183,277,173	174,005,034
<b>Wastewater Cost</b>											
Balance, beginning of the year	4,677,355	60,138,636	49,009,888	1,022,041	107,433,728	20,896,145	-	-	-	243,177,793	233,889,017
Add: Additions during the year	-	-	780,022	-	1,992,653	585,557	-	-	-	3,358,232	9,340,999
Less: Disposals during the year	-	-	6,100	59,414	-	-	-	-	-	65,514	52,223
Balance, end of the year	4,677,355	60,138,636	49,783,810	962,627	109,426,381	21,481,702	-	-	-	246,470,511	243,177,793
Accumulated amortization											
Balance, beginning of the year	-	42,394,098	34,182,003	403,388	53,756,536	10,103,041	-	-	-	140,839,066	135,666,238
Add: Amortization for the year	-	1,530,110	1,493,341	50,616	1,800,336	544,589	-	-	-	5,418,992	5,223,387
Less: Accumulated amortization on disposals	-	-	6,100	59,414	-	-	-	-	-	65,514	50,559
Balance, end of the year	-	43,924,208	35,669,244	394,590	55,556,872	10,647,630	-	-	-	146,192,544	140,839,066
Net book value of wastewater asset	4,677,355	16,214,428	14,114,566	568,037	53,869,509	10,834,072	-	-	-	100,277,967	102,338,727
Assets under construction	-	-	-	-	-	-	-	-	-	96,017,560	88,546,651
<b>Total value of tangible capital assets</b>	<b>54,871,898</b>	<b>103,794,904</b>	<b>47,126,479</b>	<b>43,664,908</b>	<b>242,148,671</b>	<b>47,944,893</b>	<b>157,819,472</b>	<b>200,255,305</b>	<b>2,636,954</b>	<b>996,281,044</b>	<b>970,933,136</b>

# The Corporation of the Municipality of Chatham-Kent

Consolidated schedule of segment disclosure

year ended December 31, 2023

	General government	Protection services	Transportation services	Environmental services	Health services	Social and family services	Social housing	Recreation and cultural services	Planning and development services	Water and wastewater services	Other items and corporations	2023 Eliminations	2023 Consolidated	2022 Consolidated
<b>Revenues</b>	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Taxation	3,933,131	64,505,064	45,167,903	16,522,390	10,157,671	14,781,088	8,069,701	23,791,735	4,716,472	-	-	1,518,015	193,163,170	180,269,046
User charges	1,570,764	457,419	1,297,937	5,007,668	1,075,632	8,784,285	2,981,607	4,936,658	1,155,351	55,423,022	11,175,552	-	93,865,895	86,756,996
Government transfers	12,049,615	4,534,608	25,316,856	-	20,298,403	84,045,715	3,771,878	1,604,278	3,988,729	-	19,490,618	-	175,100,700	159,728,513
Other	-	-	-	-	-	-	-	-	-	-	39,897,705	-	39,897,705	34,236,778
	<b>17,553,510</b>	<b>69,497,091</b>	<b>71,782,696</b>	<b>21,530,058</b>	<b>31,531,706</b>	<b>107,611,088</b>	<b>14,823,186</b>	<b>30,332,671</b>	<b>9,860,552</b>	<b>55,423,022</b>	<b>70,563,875</b>	<b>1,518,015</b>	<b>502,027,470</b>	<b>460,991,333</b>
<b>Expenses</b>														
Salaries and benefits	26,885,001	48,743,568	10,921,529	2,843,631	10,148,564	40,354,514	2,782,899	11,887,947	3,914,277	8,190,173	-	-	166,672,103	162,906,660
Goods and services	27,885,283	5,740,278	28,530,450	15,449,529	17,933,089	27,991,661	8,049,554	9,109,579	2,759,619	18,255,060	-	-	161,704,102	139,430,069
Interest	-	-	-	-	-	290,014	124,230	184,093	81,587	809,627	-	-	1,489,551	1,879,094
Transfers (to) from other segments	(38,364,781)	10,731,406	8,948,081	989,374	2,519,525	5,822,101	328,813	5,285,489	946,492	2,793,500	-	-	-	-
External transfers	51,500	1,397,862	-	-	100,000	31,865,890	2,999,458	510,315	2,124,873	-	-	-	39,049,898	45,502,865
Amortization	1,096,507	2,883,977	23,382,636	2,247,524	830,528	1,286,908	538,232	3,355,248	33,704	12,209,288	-	-	47,864,552	44,858,593
	<b>17,553,510</b>	<b>69,497,091</b>	<b>71,782,696</b>	<b>21,530,058</b>	<b>31,531,706</b>	<b>107,611,088</b>	<b>14,823,186</b>	<b>30,332,671</b>	<b>9,860,552</b>	<b>42,257,648</b>	-	-	<b>416,780,206</b>	<b>394,577,281</b>
<b>Net surplus</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,165,374</b>	<b>70,563,875</b>	<b>1,518,015</b>	<b>85,247,264</b>
														66,414,052