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INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of The Corporation of the County of Essex

Opinion

We have audited the consolidated financial statements of the Corporation of the County of Essex (the Corporation), which comprise:

- the consolidated statement of financial position as at December 31, 2021
- 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 remeasurement gains and losses for the year then ended
- the consolidated statement of cash flows for the year then ended
- and the notes 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 financial position of the Corporation as at December 31, 2021, and its 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 responsibility under those standards are further described in the “***Auditors’ Responsibilities for the Audit of the Financial Statements***” section of our auditors’ report.

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



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

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

In preparing the financial statements, management is responsible for assessing the Corporation'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 Corporation or to cease operations or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 risk 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, internal 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 purposes of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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- 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 the events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Corporation's 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 appropriate audit evidence regarding the financial information of the entities or business activities within the Corporation to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P', with a small upward tick at the end.

Chartered Professional Accountants, Licensed Public Accountants

Windsor, Canada

May 18, 2022

CORPORATION OF THE COUNTY OF ESSEX
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021,
WITH COMPARATIVE INFORMATION FOR 2020

	<u>2021</u>	<u>2020</u>
	\$	\$
Financial Assets		
Cash	90,482,468	73,449,169
Accounts receivable	16,776,230	17,272,464
Investments	178,952,976	150,465,483
Total Financial Assets	286,211,674	241,187,116
Liabilities		
Accounts payable and accrued liabilities	21,684,792	19,832,733
Deferred revenue (Note 5)	6,343,324	6,199,665
Regional landfill post closure costs (Note 6)	9,121,114	9,475,739
Employee benefits payable (Note 7)	5,609,722	5,363,677
Long-term debt (Note 8)	27,867,707	29,265,444
Total Liabilities	70,626,659	70,137,258
Net Financial Assets	215,585,015	171,049,858
Non-Financial Assets		
Tangible capital assets (Note 9)	222,277,384	215,146,637
Inventory of supplies	1,608,054	1,859,624
Prepaid expenses	2,048,508	1,509,512
Total Non-Financial Assets	225,933,946	218,515,773
Commitments and contingency (Notes 2, 12 and 15)		
Accumulated Surplus (Note 10)	441,518,961	389,565,631

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

CORPORATION OF THE COUNTY OF ESSEX
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
AS AT DECEMBER 31, 2021,
WITH COMPARATIVE INFORMATION FOR 2020

	2021	Budget	2020
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Revenue			
Requisition on local municipalities	115,089,672	112,495,490	112,032,639
Fees, service charges and donations	33,808,633	28,240,670	34,207,818
Government transfers	56,279,747	45,437,930	48,864,050
Investment earnings	12,035,248	3,249,115	5,097,783
Other	3,566,562	2,405,170	3,606,488
Gain on disposal of tangible capital assets	126,933	0	41,499
Total Revenue	<u>220,906,795</u>	<u>191,828,375</u>	<u>203,850,277</u>
Expenses			
General government	7,089,572	5,702,013	6,222,875
Protection to persons and property	256,220	240,269	214,169
Transportation services	36,734,133	45,060,791	30,914,962
Environmental services	15,458,087	16,081,663	18,354,548
Health services	50,873,139	50,405,260	52,528,565
Social and family services	39,047,221	40,427,356	37,983,922
Social housing	10,727,003	10,731,000	9,944,143
Recreational and cultural services	6,364,222	7,393,788	6,326,957
Planning and development	2,403,868	3,169,269	2,364,541
Total Expenses	<u>168,953,465</u>	<u>179,211,409</u>	<u>164,854,682</u>
Annual Surplus	51,953,330	12,616,966	38,995,595
Accumulated Surplus, beginning of year	<u>389,565,631</u>	<u>389,565,631</u>	<u>350,570,036</u>
Accumulated Surplus, end of year	<u><u>441,518,961</u></u>	<u><u>402,182,597</u></u>	<u><u>389,565,631</u></u>

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

CORPORATION OF THE COUNTY OF ESSEX
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021,
WITH COMPARATIVE INFORMATION FOR 2020

	2021 \$	Budget \$	2020 \$
	<u> </u>	<u> </u>	<u> </u>
Annual Surplus	51,953,330	12,616,966	38,995,595
Net acquisition of tangible capital assets	(28,384,877)	(27,197,090)	(31,804,518)
Amortization of tangible capital assets	21,210,321	20,313,006	20,750,283
Gain on disposal of tangible capital assets	(180,549)	-	(310,647)
Proceeds on sale of tangible capital assets	224,358	-	372,079
	<u>44,822,583</u>	<u>5,732,882</u>	<u>28,002,792</u>
Net acquisition and consumption of inventories	251,570	-	(484,516)
Net acquisition and consumption of prepaid expenses	(538,996)	-	(12,667)
Change in Net Financial Assets	44,535,157	5,732,882	27,505,609
Net Financial Assets, beginning of year	<u>171,049,858</u>	<u>171,049,858</u>	<u>143,544,249</u>
Net Financial Assets, end of year	<u><u>215,585,015</u></u>	<u><u>176,782,740</u></u>	<u><u>171,049,858</u></u>

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

CORPORATION OF THE COUNTY OF ESSEX
CONSOLIDATED STATEMENT OF CHANGE IN CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021,
WITH COMPARATIVE INFORMATION FOR 2020

	<u>2021</u>	<u>2020</u>
	\$	\$
Cash provided by (used in):		
Operating Activities		
Annual surplus	51,953,330	38,995,595
Items not involving cash:		
Amortization of tangible capital assets	21,210,321	20,750,283
Gain on disposal of tangible capital assets	(180,549)	(310,647)
Change in employee benefits payable	246,045	(140,627)
Change in regional landfill post closure costs	(354,625)	2,535,344
Change in non-cash assets and liabilities:		
Accounts receivable	496,234	(2,097,820)
Accounts payable and accrued liabilities	1,852,059	(662,027)
Deferred revenue	143,659	5,110,970
Inventory of supplies	251,570	(484,516)
Prepaid expenses	(538,996)	(12,667)
Net change in cash from operating activities	<u>75,079,048</u>	<u>63,683,888</u>
Capital Activities		
Proceeds on sale of tangible capital assets	224,358	372,079
Cash used to acquire tangible capital assets	(28,384,877)	(31,804,518)
Net change in cash from capital activities	<u>(28,160,519)</u>	<u>(31,432,439)</u>
Investing Activities		
Change in investments	(28,487,493)	(38,310,935)
Net change in cash from investing activities	<u>(28,487,493)</u>	<u>(38,310,935)</u>
Financing Activities		
Long-term debt repaid	(1,397,737)	(1,194,808)
Net change in cash from financing activities	<u>(1,397,737)</u>	<u>(1,194,808)</u>
Net change in cash	17,033,299	(7,254,294)
Cash, beginning of year	<u>73,449,169</u>	<u>80,703,463</u>
Cash, end of year	<u>90,482,468</u>	<u>73,449,169</u>

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

CORPORATION OF THE COUNTY OF ESSEX
STATEMENT OF REMEASUREMENT GAINS AND LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2021,
WITH COMPARATIVE INFORMATION FOR 2020

	2021	2020
	\$	\$
	<u> </u>	<u> </u>
Accumulated remeasurement gains (losses) at beginning of year	-	-
Unrealized gains (losses) attributable to:		
Foreign exchange	6,926	-
Portfolio investments	6,619,176	963,141
Amounts reclassified to the Statement of Operations		
Foreign exchange	(6,926)	-
Portfolio investments	<u>(6,619,176)</u>	<u>(963,141)</u>
Net remeasurement gains (losses) for the year	<u> -</u>	<u> -</u>
Accumulated remeasurement gains (losses) at end of year	<u> -</u>	<u> -</u>

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

CORPORATION OF THE COUNTY OF ESSEX

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Corporation of the County of Essex (the "Corporation") are prepared in accordance with the Canadian public sector accounting standards by the Public Sector Accounting Board of the Chartered Professional Accountants Canada. Significant accounting policies adopted by the Corporation are as follows:

(a) Basis of Consolidation

(i) Consolidated Entities

The consolidated financial statements of the Corporation reflect the assets, liabilities, sources of financing and expenses of the reporting entity.

The consolidated financial statements reflect the activities of the following entities:

Essex County Library Board
Essex-Windsor Solid Waste Authority

All inter-fund assets, liabilities, sources of financing and expenses have been eliminated.

(ii) Essex-Windsor Solid Waste Authority

The Essex-Windsor Solid Waste Authority (the "Authority") is jointly controlled by the Corporation and the City of Windsor.

By agreement between the Corporation and the City of Windsor, the Authority is authorized to conduct studies, to develop alternative waste management methods, and to establish and operate waste management facilities.

In accordance with the PSAB recommendations governing consolidation, the financial assets, liabilities, revenues and expenses of the Authority are proportionately consolidated within the Corporation's accounts to the extent of the Corporation's 50% pro rata interest in the Authority.

CORPORATION OF THE COUNTY OF ESSEX
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(iii) Non-Consolidated Entities

The operations of the following entity is not consolidated in these financial statements:

Windsor-Essex County Health Unit

(iv) Trust Fund

The Sun Parlor Home Residents' Trust Fund is administered by the Corporation but is not consolidated in these financial statements.

The operations of the Fund are reported separately on the Trust Fund Statement of Financial Position and Statement of Continuity.

(b) Basis of Accounting

The Corporation follows the accrual method of accounting for revenues and expenses. The accrual basis of accounting recognizes revenue as it becomes available and is measurable. Expenses are recognized as they are incurred and are measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

The Corporation is funded by government transfers relating to the administration of various municipal services from the Province of Ontario and the Federal Government of Canada. Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made. Government transfers received but not spent are accounted for as deferred revenue.

(c) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They generally have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

CORPORATION OF THE COUNTY OF ESSEX
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Tangible Capital Assets

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

Asset	Useful Life - Years
Land	Infinite
Land improvements	15-30
Buildings and building improvements	10-50
Vehicles	5-8
Machinery and equipment	5-20
Road and bridge infrastructure	12-80
Computer Systems	3
Furniture & Fixtures	15
Aerial photography	2

(ii) Amortization

Tangible capital assets are recorded at historical cost which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. Where historical cost is not available, the Corporation uses deflated replacement values. The cost of the tangible capital assets are amortized on a straight-line basis over the above noted useful lives. The only exception, per the above, is for Land and Landfill, (Land is considered to have an infinite life, and the Regional Landfill has an estimated service capacity of 8,000,000 tonnes and is being amortized using the units of production method based on capacity used during the year). One half of the annual amortization shall be 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. Gains and/or losses on the disposal of an asset shall be recorded on the consolidated statement of operations and accumulated surplus as "Gain/Loss on disposal of tangible capital assets."

(iii) Contributions of Tangible Capital Assets

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

CORPORATION OF THE COUNTY OF ESSEX
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(iv) Leased Assets

Leases are classified as either operating or capital leases. Lease agreements which substantially transfer all the risks and rewards of ownership to the Corporation are accounted for as a capital lease and will be capitalized. All other leases are considered operating leases and the related payments are charged to operating expense as incurred.

(v) Works of Art and Historical Treasures

The Corporation owns both works of art and historical treasures at various Corporate-owned facilities. These assets are deemed worthy of preservation because of the social rather than financial benefits provided to the community. Although the existence of the assets are recorded, the historical cost of the art and treasures are neither determinable nor relevant in significance; hence, a valuation is neither assigned to these assets nor disclosed in the consolidated financial statements.

(d) Employee Future Benefit Obligations

The Corporation has adopted the accrued method of accounting for employee future benefits. 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 rate.

Actuarial gains (losses) on the accrued benefit obligation arise from differences between actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation. The accumulated actuarial gain (loss) of the accrued benefit obligation is amortized over the average remaining service period of active employees, which is 13 years.

Gains and losses determined upon a plan settlement or curtailment are accounted for in the period of the settlement or curtailment.

CORPORATION OF THE COUNTY OF ESSEX
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Use of Estimates

The preparation of the consolidated financial statements 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 revenues and expenses during the reporting periods. Significant items subject to such estimates and assumptions include the valuation of accounts receivable, the valuation of employee future benefits, the carrying value of tangible capital assets and the carrying value of Regional Landfill post-closure costs.

(f) Contaminated Sites

Contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard. This standard relates to sites that are not in productive use and sites in productive use where an unexpected event resulted in contamination.

2. CONTRIBUTIONS TO NON-CONSOLIDATED ENTITIES

The Corporation made contributions to the following non-consolidated entity:

	2021	2020
Windsor-Essex County Health Unit	\$1,984,720	\$2,955,961

The Corporation is contingently liable for its share of the accumulated surplus (deficits), which may exist at the end of the year for this non-consolidated entity.

3. TRUST FUND

The Sun Parlor Home Residents' Trust Fund administered by the Corporation amounting to \$70,208 (2020 - \$65,003) is not reported on the consolidated statement of financial position, and the nature and extent of its activity is not reported on the consolidated statement of operations and accumulated surplus.

CORPORATION OF THE COUNTY OF ESSEX
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

4. PENSION AGREEMENTS

The Corporation contributes to the Ontario Municipal Employees Retirement System (OMERS) on behalf of 720 (2020 - 763) employees. OMERS is a multi-employer, defined benefit plan which specifies the amount of the retirement benefit to be received by employees based on their length of service and earnings. The amount contributed to OMERS for 2021 was \$4,837,950 (2020 - \$4,940,029) for current service. Contributions in the current year have been included as an expense within the consolidated statement of operations and accumulated surplus. At December 31, 2021, the OMERS plan is in a deficit position, which will be addressed through benefit adjustments, contribution rate changes and a long-term investment approach.

5. DEFERRED REVENUE

	2021	2020
COVID-19 Safe Restart Funding	6,343,324	6,199,665

6. REGIONAL LANDFILL POST CLOSURE COSTS

The consolidated statement of financial position reflects a balance of \$9,121,114 (2020 - \$9,475,739) for Regional Landfill closure and post closure costs. This amount represents an estimate of costs that would be incurred should the Regional Landfill ceased receiving waste as of December 31, 2021. This liability for perpetual care is to be recognized over the term of the Regional Landfill operation, the balance of which is currently estimated to be 20 years, based on past and projected waste levels. The site has an approximate capacity of 12.2 million cubic metres, of which 6.9 million has been consumed to December 31, 2021.

The nature of closure and post closure costs will relate to final cover and vegetation; monitoring, hauling and treating leachate; monitoring ground and surface water; monitoring gas and maintenance of drainage system and final cover.

CORPORATION OF THE COUNTY OF ESSEX
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

7. EMPLOYEE BENEFITS AND OTHER LIABILITIES

The employee benefit and other liabilities, reported on the statement of financial position, are made up of the following:

	2021	2020
Post employment benefits	\$ 2,003	\$ 99,056
Post retirement benefits	5,248,272	5,054,832
WSIB	359,447	209,789
Total	\$ 5,609,722	\$ 5,363,677

Information about the Corporation's future obligation with respect to post employment, post retirement and WSIB benefits is as follows:

	2021	2020
Accrued benefit obligations:		
Balance, beginning of year	\$ 5,363,677	\$ 5,270,107
Current service cost	397,546	260,869
Interest	260,710	233,443
Amortization of actuarial loss	98,250	22,249
Expected benefit payments	(510,461)	(422,991)
Balance, end of year	5,609,722	5,363,677
Unamortized net actuarial loss	1,650,970	(969,020)
Obligation for benefits	\$ 7,260,692	\$ 4,394,657

(a) Retiree and post-employment benefits

The Corporation pays certain extended health and dental benefits for early retirees to age 65. The Corporation recognizes these post-retirement costs in the period in which the employees rendered the services. The most recent actuarial valuation was performed as at December 31, 2019. The accrued benefit liability and the expense for the 12 months ended December 31, 2021, were based on the following significant actuarial assumptions:

	2021	2020
Discount rate	3.75%	3.75%
Medical costs		
Initial	6.42%	6.75%
Ultimate	3.75%	3.75%
Year of ultimate level	2029	2029
Dental	3.75%	3.75%

The medical trend rate has an initial rate of 6.75% but reduces by 0.3333% per year to 3.75% in 2029.

CORPORATION OF THE COUNTY OF ESSEX
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

8. LONG-TERM DEBT

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

	2021	2020
Corporation's share of long-term liabilities incurred by EWSWA (50%)	\$27,062,387	\$28,421,977
Corporation's share of accrued interest incurred by EWSWA (50%)	805,320	843,467
Total Net Long Term Liability	\$27,867,707	\$29,265,444

- (b) The Essex-Windsor Solid Waste Authority (the "Authority") is a Joint Board of Management created by The Corporation of the County of Essex (the "County") and The Corporation of the City of Windsor (the "City") pursuant to an Agreement dated May 18, 1994 (the "EWSWA Agreement") to establish, operate and manage, among other things, the Regional Landfill (the "Landfill"). The County holds title to the Landfill in accordance with the provisions of the EWSWA Agreement.

In July 2005, the County, City and Authority (the "Plaintiffs") settled a legal action commenced in the Ontario Superior Court of Justice against MFP Financial Services, Leasing-Infrastructure Financing Trust I ("LIFT") and others in which the Plaintiffs had alleged that certain of the defendants had fraudulently and negligently misrepresented the rate of interest payable by the Plaintiffs in respect of a head lease and sublease intended to be a loan to finance certain costs incurred by the Authority to develop the Regional Landfill and pay the costs of future landfill expansions.

Under the terms of the mediated and Court approved settlement, LIFT assigned its rights under the original head lease which the Court ruled was a loan from LIFT to the County and City, to Sun Life Assurance Company Limited ("Sun Life"). Sun Life restructured the loan, in favour of a debenture in the amount of \$62,808,331 (County obligation \$31,404,166), bearing interest at 6.427% per annum, issued by the County, on behalf of the County and the City. The County and the City are jointly liable for the debenture, which provides for principal and interest payments on January 15 and July 15 of each year, commencing January 15, 2006 and maturing on July 31, 2031. Total interest over the term of the debenture will aggregate \$88,454,959 (County obligation \$44,227,480).

CORPORATION OF THE COUNTY OF ESSEX
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

8. LONG-TERM DEBT (continued)

Other significant terms and conditions of the settlement are as follows:

- I. Cash proceeds of \$5,728,000 held by LIFT on account of a payment previously owing under the head lease were distributed to the County and City and used to retire certain indebtedness incurred in prior years by the Authority with respect to Regional Landfill expenses.
- II. Investments held by another defendant with a book value of \$10,195,743 at the date of settlement were distributed to the County and the City. At their respective maturity dates, these investments will be considered as further advances by LIFT as provided under the original head lease agreement.
- III. Payment of \$7,146,880 by LIFT to the County and City, which was used, along with interest earned thereon, towards payments otherwise due with respect to the Sun Life debenture during the period commencing January 15, 2006 and ended on January 15, 2008. Those proceeds were intended to effectively reduce the original cost of borrowing included in the head lease and sub-lease during this period.
- IV. As part of the agreement, no other payments with respect to the debenture are payable during this timeframe.
- V. Payment of \$2,400,000 by MFP Financial Services Limited on account of costs of the legal action incurred by the Plaintiffs.

Under the terms of the debenture agreement, principal repayments commenced in July 2013.

- (c) The principal amounts to be paid from general municipal revenues for the retirement of the net long-term liabilities, which are the responsibility of the Corporation, are as follows:

2022	\$ 1,576,748
2023	1,810,577
2024	1,969,088
2025	1,846,339
2026	1,749,421
2027 and thereafter	\$ 18,110,214

CORPORATION OF THE COUNTY OF ESSEX
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

8. LONG-TERM DEBT (continued)

- (d) The Corporation's share (50%) of the total charges in the year for the retirement of the net long-term liabilities are as follows:

	2021	2020
Principal	\$ 1,397,737	\$ 1,194,808
Interest	1,806,095	1,883,694
	\$ 3,203,832	\$ 3,078,502

CORPORATION OF THE COUNTY OF ESSEX
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

9. TANGIBLE CAPITAL ASSETS

Cost	Balance at December 31, 2020	Additions	Disposals	Balance at December 31, 2021
Land	\$ 13,232,354	\$ 2,618,310	\$ -	\$ 15,850,664
Landfill and land improvements	28,551,759	30,346	-	28,582,105
Buildings and building improvements	54,793,535	130,862	(4,374)	54,920,023
Machinery and equipment	26,943,709	3,696,515	(1,136,502)	29,503,722
Vehicles	16,053,209	2,131,908	(897,844)	17,287,273
Water and wastewater infrastructure	3,826,912	-	-	3,826,912
Roads infrastructure	276,031,358	22,552,003	(207,516)	298,375,845
Assets under construction	7,181,359	2,058,623	(4,833,690)	4,406,292
Total	\$ 426,614,195	\$ 33,218,567	\$ (7,079,926)	\$ 452,752,836

Accumulated amortization	Balance at December 31, 2020	Disposals	Amortization expense	Balance at December 31, 2021
Land	\$ -	\$ -	\$ -	\$ -
Landfill and land improvements	16,929,413	-	974,225	17,903,638
Buildings and building improvements	28,241,236	(4,374)	1,986,519	30,223,381
Machinery and equipment	16,296,023	(1,122,889)	2,646,859	17,819,993
Vehicles	9,782,521	(867,648)	2,064,585	10,979,458
Water and wastewater infrastructure	833,399	-	95,673	929,072
Roads infrastructure	139,384,966	(207,516)	13,442,460	152,619,910
Total	\$ 211,467,558	\$ (2,202,427)	\$ 21,210,321	\$ 230,475,452

Net book value	Balance at December 31, 2020	Balance at December 31, 2021
Land	\$ 13,232,354	\$ 15,850,664
Landfill and land improvements	11,622,346	10,678,467
Buildings and building improvements	26,552,299	24,696,642
Machinery and equipment	10,647,686	11,683,729
Vehicles	6,270,688	6,307,815
Water and wastewater infrastructure	2,993,513	2,897,840
Roads infrastructure	136,646,392	145,755,935
Assets under construction	7,181,359	4,406,292
Total	\$ 215,146,637	\$ 222,277,384

CORPORATION OF THE COUNTY OF ESSEX
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9. TANGIBLE CAPITAL ASSETS (continued)

Cost	Balance at December 31, 2019	Additions	Disposals	Balance at December 31, 2020
Land	\$ 10,561,259	\$ 2,671,095	\$ -	\$ 13,232,354
Landfill and land improvements	28,551,759	-	-	28,551,759
Buildings and building improvements	53,467,650	1,329,702	(3,817)	54,793,535
Machinery and equipment	25,654,194	3,368,346	(2,078,831)	26,943,709
Vehicles	14,998,838	2,093,855	(1,039,484)	16,053,209
Water and wastewater infrastructure	3,826,912	-	-	3,826,912
Roads infrastructure	258,489,726	17,541,632	-	276,031,358
Assets under construction	2,381,477	5,391,217	(591,335)	7,181,359
Total	\$ 397,931,815	\$ 32,395,847	\$ (3,713,467)	\$ 426,614,195

Accumulated amortization	Balance at December 31, 2019	Disposals	Amortization expense	Balance at December 31, 2020
Land	\$ -	\$ -	\$ -	\$ -
Landfill and land improvements	15,573,056	-	1,356,357	16,929,413
Buildings and building improvements	26,258,574	(2,386)	1,985,048	28,241,236
Machinery and equipment	15,968,077	(2,018,834)	2,346,780	16,296,023
Vehicles	8,741,959	(1,039,486)	2,080,048	9,782,521
Water and wastewater infrastructure	737,726	-	95,673	833,399
Roads infrastructure	126,498,589	-	12,886,377	139,384,966
Total	\$ 193,777,981	\$ (3,060,706)	\$ 20,750,283	\$ 211,467,558

Net book value	Balance at December 31, 2019	Balance at December 31, 2020
Land	\$ 10,561,259	\$ 13,232,354
Landfill and land improvements	12,978,703	11,622,346
Buildings and building improvements	27,209,076	26,552,299
Machinery and equipment	9,686,117	10,647,686
Vehicles	6,256,879	6,270,688
Water and wastewater infrastructure	3,089,186	2,993,513
Roads infrastructure	131,991,137	136,646,392
Assets under construction	2,381,477	7,181,359
Total	\$ 204,153,834	\$ 215,146,637

(a) Assets Under Construction

Assets under construction having a value of \$4,406,292 (2020 - \$7,181,359) have not been amortized. Amortization of these assets will commence when the asset is put into service.

CORPORATION OF THE COUNTY OF ESSEX
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

10. ACCUMULATED SURPLUS

Accumulated surplus consists of individual fund surplus and reserve funds as itemized:

	2021	2020
Surplus:		
Invested in tangible capital assets	\$ 218,480,698	\$ 210,821,704
Long term debt	(27,867,707)	(29,265,444)
Unfunded		
Employee benefits	(5,609,722)	(5,363,677)
Landfill closure costs	(9,121,114)	(9,475,739)
Total Surplus	175,882,155	166,716,844
Reserves		
Capital asset acquisition or replacement	85,451,206	65,061,547
Working funds	4,500,000	4,500,000
Insurance and health benefit claims	3,545,823	3,318,852
W.S.I.B. claims	3,506,134	3,448,840
Contingencies	15,207,603	14,659,805
Roadway and active transportation expansion	101,583,454	88,539,140
New Windsor-Essex Hospital System (NWEHS)	27,305,000	20,368,000
Land ambulance staff severance	330,153	330,153
Total reserves	241,429,373	200,226,337
Reserve funds set aside for specific purpose by agreement:		
EWSWA reserves	24,207,433	22,622,450
Total reserve funds	265,636,806	222,848,787
Total accumulated surplus	\$ 441,518,961	\$ 389,565,631

CORPORATION OF THE COUNTY OF ESSEX
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

11. CORPORATION EXPENSES

The consolidated statement of operations and accumulated surplus presents expenses for the Corporation by functions. The following is a summary of expenses by object.

	2021	2020
Salaries, wages and employee benefits	74,661,190	73,965,746
Materials, goods, supplies and utilities	21,364,326	19,851,716
Contracted services	33,586,511	36,341,588
Rents and financial expenses	214,664	196,693
Long term debt (interest)	1,806,095	1,883,694
External transfers	8,974,837	6,535,623
Program support	7,135,528	5,329,339
Amortization	21,210,244	20,750,283
	168,953,395	164,854,682

12. COMMITMENTS

The Corporation has long term commitments of \$63,095,000 (2020 - \$70,232,000) which can be summarized as follows:

	2022	2023	2024	2025	2026 & beyond
New Windsor-Essex Hospital System	6,360,000	6,895,000	7,435,000	7,980,000	34,025,000
Hospice - Erie Shores	200,000	200,000	-	-	-
	6,560,000	7,095,000	7,435,000	7,980,000	34,025,000

Included in the commitment estimates is the accumulation of funds related to a future contribution to the proposed New Windsor-Essex Hospital System (NWEHS), estimated at \$90,000,000 to be paid no sooner than 2026, approved by County Council in 2016. Included in reserves at December 31, 2021 for NWEHS is \$27,305,000.

CORPORATION OF THE COUNTY OF ESSEX
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13. SEGMENTED INFORMATION

Segmented information has been identified based upon various operating departments within the County and their activities are reported by functional area in the body of the financial statements.

Certain operating departments along with the services they provide have been separately disclosed in the segmented information are as follows:

- (a) General Government - Warden and Council, Council Services, Administrative Services, Corporate Services/Treasury and Human Resources:

The departments within General Government are responsible for the general management and control of the County, including adoption of bylaws, adopting administrative policy, levying taxes, providing administrative, technical and financial services. They also ensure quality services are provided to the community and that the services provided are aligned with Council approved actions.

- (b) Protection to Persons and Property - Emergency Management Coordination Services:

This department is responsible for activities undertaken in advance of a large-scale emergency to minimize, through the existence of effective, up-to-date and proven emergency management programs the risk to the life and health of residents and to reduce damage to property. This department also provides coordination of the County Mutual Aid Firefighting System.

- (c) Transportation Services - Planning, Engineering, Construction and Maintenance activities required to manage the County Road Network:

This department is responsible for operations, infrastructure management (roads, bridges, culverts and active transportation segments), traffic control, winter maintenance, street lights and development engineering.

- (d) Environmental Services - Solid Waste Disposal, Waste Diversion and Rural Storm Water Management:

The Essex-Windsor Solid Waste Authority is a jointly controlled Authority between the County and the City of Windsor (see Note 1 (a) (ii)). The Authority is authorized to conduct studies, to develop alternative waste management methods, and to establish and operate waste management facilities. Transportation Services is responsible for rural storm water management.

CORPORATION OF THE COUNTY OF ESSEX
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

13. SEGMENTED INFORMATION (continued)

- (e) Health Services - Emergency Medical Services, Public Health and Physician Recruitment:

The Emergency Medical Services Department is responsible for the operation of the public ambulance services for the County, the City of Windsor and the Township of Pelee. The County is financially responsible for its share of the regional public health Services provide by the Windsor Essex County Health Unit. The County provides support for the attraction and retention of physicians within the greater Windsor-Essex County region.

- (f) Social and Family Services - Social Assistance, Assistance to Aged Persons and Child Care:

Social Assistance and Child Care are provided through the City of Windsor as the designated delivery agent for the Windsor-Essex region. Net cost of services are shared based on an arbitrated formula of 60% weighted assessment and 40% actual cost. The County's Sun Parlor Home provides supportive, resident-focused care that promotes quality of life to its 206 residents.

- (g) Social Housing:

Social Housing is provided through the City of Windsor, as the designated delivery agent for the Windsor-Essex region. Net cost of services are shared based on an arbitrated formula of 60% weighted assessment and 40% actual cost.

- (h) Recreation and Cultural Services - Essex County Library Board:

The Essex County Library Board's Mission is to "welcome you to a world of discovery, creativity and lifelong learning through accessible resources, programs and innovative services".

- (i) Planning and Development- County Planning Services, Economic Development and Tourism:

This department provides planning advisory services to County Council on matters related to County-wide land use planning, economic development, and strategic planning matters. Economic Development and Tourism services are provided regionally through the Windsor Essex Economic Development Corporation and the Tourism Windsor Essex Pelee Island, respectively.

CORPORATION OF THE COUNTY OF ESSEX
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

13. SEGMENTED INFORMATION (continued)

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Certain allocation methodologies are employed in the preparation of segmented financial information. Taxation is allocated to the segments based on the segment's budget net expenditure. User charges and other revenue have been allocated to the segments based upon the segment that generated the revenue. Government transfers have been allocated to the segment based upon the purpose for which the transfer was made.

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.

CORPORATION OF THE COUNTY OF ESSEX
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FOR THE YEAR ENDED DECEMBER 31, 2021

13. SEGMENTED INFORMATION (continued)

2021										
	General Government	Protection to Persons	Transportation	Environmental	Health Services	Social & Family Services	Social Housing	Recreational & Culture	Planning & Development	Total
Revenue										
Requisition on local municipalities	10,539,222	214,190	43,690,890	24,000	21,561,150	18,441,860	12,187,600	5,870,350	2,560,410	115,089,672
Fees & service charges	671,130	-	427,511	14,146,687	12,004,773	6,541,255	-	17,277	-	33,808,633
Government transfers	2,260,393	49,496	12,164,112	-	25,710,983	15,691,620	-	403,143	-	56,279,747
Other	11,948,554	-	95,633	3,004,501	261,531	289,559	-	2,032	-	15,601,810
Gain on disposal of assets	-	-	123,255	-	272	3,406	-	-	-	126,933
Total revenue	25,419,299	263,686	56,501,401	17,175,188	59,538,709	40,967,700	12,187,600	6,292,802	2,560,410	220,906,795
Expenses										
Salaries, wages and benefits	1,609,481	114,603	5,446,626	1,485,345	36,858,095	25,159,190	-	3,709,741	278,109	74,661,190
Materials, goods and supplies	1,698,212	41,787	6,031,819	3,377,344	4,199,318	4,993,507	-	1,014,445	7,894	21,364,326
Contracted services	2,618,386	84,375	2,479,877	6,637,551	2,671,738	6,090,884	10,727,003	229,158	2,047,609	33,586,581
Rents and financial expenses	-	-	7,625	15,088	191,951	-	-	-	-	214,664
Long term debt (interest)	-	-	-	1,806,095	-	-	-	-	-	1,806,095
External transfers	-	-	6,775,117	-	2,184,720	-	-	-	15,000	8,974,837
Program support	158,887	15,455	1,402,115	536,553	2,027,791	2,171,796	-	767,675	55,256	7,135,528
Amortization	1,004,606	-	14,590,954	1,600,111	2,739,526	631,844	-	643,203	-	21,210,244
Total expenses	7,089,572	256,220	36,734,133	15,458,087	50,873,139	39,047,221	10,727,003	6,364,222	2,403,868	168,953,465
Surplus (deficit)	18,329,727	7,466	19,767,268	1,717,101	8,665,570	1,920,479	1,460,597	(71,420)	156,542	51,953,330
2020										
	General Government	Protection to Persons	Transportation	Environmental	Health Services	Social & Family Services	Social Housing	Recreational & Culture	Planning & Development	Total
Revenue										
Requisition on local municipalities	10,001,299	185,130	42,995,311	24,000	21,001,350	17,941,320	11,510,270	5,745,040	2,628,920	112,032,639
Fees & service charges	681,383	-	2,283,236	12,130,287	12,160,075	6,920,702	-	32,136	-	34,207,818
Government transfers	307,271	36,808	7,817,699	-	25,862,344	14,432,013	-	407,915	-	48,864,050
Other	5,005,583	-	194,228	3,111,007	139,355	251,127	-	2,970	-	8,704,271
Gain on disposal of assets	-	-	-	-	40,874	625	-	-	-	41,499
Total revenue	15,995,536	221,938	53,290,474	15,265,294	59,203,998	39,545,787	11,510,270	6,188,061	2,628,920	203,850,277
Expenses										
Salaries, wages and benefits	1,396,385	100,868	5,138,621	1,555,784	38,026,923	23,941,077	-	3,627,744	178,345	73,965,747
Materials, goods and supplies	1,157,574	14,022	4,587,145	3,375,526	5,587,647	3,947,651	-	1,174,005	8,644	19,852,215
Contracted services	2,615,420	88,014	2,938,716	9,131,297	1,500,228	7,768,487	9,944,142	290,817	2,064,466	36,341,588
Rents and financial expenses	-	-	8,522	24,347	163,824	-	-	-	-	196,693
Long term debt (interest)	-	-	-	1,883,694	-	-	-	-	-	1,883,694
External transfers	-	-	3,304,162	-	3,155,961	-	-	-	75,000	6,535,123
Program support	109,009	11,265	1,008,562	390,558	1,517,316	1,664,388	-	590,155	38,087	5,329,341
Amortization	944,990	-	13,929,233	1,993,339	2,576,666	662,318	-	643,736	-	20,750,283
Total expenses	6,223,378	214,169	30,914,961	18,354,545	52,528,566	37,983,921	9,944,142	6,326,458	2,364,542	164,854,682
Surplus (deficit)	9,772,158	7,769	22,375,513	(3,089,252)	6,675,432	1,561,866	1,566,128	(138,397)	264,378	38,995,595

CORPORATION OF THE COUNTY OF ESSEX
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FOR THE YEAR ENDED DECEMBER 31, 2021

14. BUDGET DATA

The budget data presented in these financial statements is based upon the 2021 Budget approved by Council on December 2, 2020. Amortization was not contemplated in the development of the budget, and, as such, has been estimated based on 2020 tangible capital asset data and budgeted capital expenses. The chart below reconciles the approved budget to the budget figures reported in these financial statements.

	Budget Amount
Revenues:	
Operating budget	\$ 167,517,428
Capital budget	29,738,371
Less:	
Transfers from other funds	(5,427,424)
Total revenue	191,828,375
Expenses:	
Operating budget	225,082,686
Capital budget	29,738,371
Less:	
Transfers to other funds	(45,871,277)
Capital expenses	(29,738,371)
Total expenses	179,211,409
Annual surplus	\$ 12,616,966

15. CONTINGENCY

During the normal course of operations, the Corporation is subject to various legal actions. The settlement of these actions is not expected to have a material effect on the consolidated financial statements of the Corporation.