

**The Corporation of the Municipality of  
Strathroy-Caradoc  
Consolidated Financial Statements  
For the year ended December 31, 2023**

DRAFT - SUBJECT TO CHANGE

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Strathroy-Caradoc**  
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**The Corporation of the Municipality of Strathroy-Caradoc**

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## Independent Auditor's Report

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To the Members of Council, Inhabitants and Ratepayers of  
The Corporation of the Municipality of Strathroy-Caradoc

### Opinion

We have audited the consolidated financial statements of The Corporation of the Municipality of Strathroy-Caradoc (the Municipality), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of operations, consolidated statement of change in net financial assets and consolidated statement of 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 Corporation of the Municipality of Strathroy-Caradoc as at December 31, 2023, and its consolidated results of operations, its consolidated change in net financial assets and its consolidated 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 these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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.

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## Independent Auditor's Report

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### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements - continued

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 consolidated 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.

Chartered Professional Accountants, Licensed Public Accountants

Sarnia, Ontario  
TBD

**The Corporation of the Municipality of Strathroy-Caradoc**  
**Consolidated Statement of Financial Position**

December 31	2023	2022 Restated (Note 1)
<b>Financial assets</b>		
Cash and cash equivalents (Note 2)	\$ 44,352,984	\$ 65,132,316
Taxes receivable	2,348,397	1,525,319
Accounts receivable	11,702,457	11,211,517
Portfolio investments (Note 3)	24,297,628	4,213,501
Long-term receivables	231,290	241,265
	<b>82,932,756</b>	<b>82,323,918</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	10,220,352	6,993,276
Deferred revenue (Note 7)	22,957,044	24,756,319
Employee future benefits (Note 12)	2,560,200	2,514,700
Net long-term debt (Note 8)	6,955,763	2,774,184
Asset retirement obligation (Note 9)	419,920	413,350
	<b>43,113,279</b>	<b>37,451,829</b>
<b>Net financial assets</b>	<b>39,819,477</b>	<b>44,872,089</b>
<b>Non-financial assets</b>		
Tangible capital assets (Note 10)	184,129,892	168,589,891
Capital work in progress	27,131,210	11,491,754
Land held for resale	2,217,661	2,508,544
Prepaid expenses	139,742	19,460
	<b>213,618,505</b>	<b>182,609,649</b>
<b>Accumulated surplus (Note 11)</b>	<b>\$ 253,437,982</b>	<b>\$ 227,481,738</b>

Contingent liabilities (Note 13)

\_\_\_\_\_ Treasurer

\_\_\_\_\_ Mayor

**The Corporation of the Municipality of Strathroy-Caradoc**  
**Consolidated Statement of Operations**

For the year ended December 31	Budget 2023 (Note 20)	2023	2022 Restated (Note 1)
<b>Revenue</b>			
Taxation	\$ 23,190,305	\$ 22,162,208	\$ 21,036,496
User fees and service charges	18,057,280	17,437,823	16,463,029
Government transfers - operating (Note 15)	1,370,057	1,879,606	1,982,365
Investment income	1,223,264	2,166,024	792,965
Penalty and interest on taxes	253,000	259,486	208,471
Other	287,396	1,552,171	537,446
	<u>44,381,302</u>	<u>45,457,318</u>	<u>41,020,772</u>
<b>Expenses</b>			
General government	6,388,661	4,349,756	4,063,346
Protection services	11,248,114	11,176,007	10,769,331
Transportation services	4,895,196	4,708,637	4,800,140
Environmental services	8,836,063	8,698,523	7,767,475
Health services	357,368	289,034	283,189
Social housing	889,648	452,158	335,688
Recreation and cultural services	5,149,947	5,410,067	4,862,420
Planning and development	2,141,212	1,918,845	737,491
	<u>39,906,209</u>	<u>37,003,027</u>	<u>33,619,080</u>
<b>Annual surplus before other</b>	<u>4,475,093</u>	<u>8,454,291</u>	<u>7,401,692</u>
<b>Other Revenues (Expenses)</b>			
Government transfers related to capital (Note 15)	5,655,553	9,778,815	1,504,276
User fees, developer and other contributions related to capital	48,340,673	7,030,263	1,276,873
Gain on disposal of capital assets	-	738,375	77,549
Increase in employee future benefits	-	(45,500)	(46,200)
	<u>53,996,226</u>	<u>17,501,953</u>	<u>2,812,498</u>
<b>Annual surplus</b>	<u>58,471,319</u>	<u>25,956,244</u>	<u>10,214,190</u>
<b>Accumulated surplus, beginning of year as previously stated</b>	<u>227,481,738</u>	<u>227,481,738</u>	<u>217,583,954</u>
<b>Adoption of PS 3280 - Asset Retirement Obligations (Notes 1, 9)</b>	<u>-</u>	<u>-</u>	<u>(316,406)</u>
<b>Accumulated surplus, beginning of year, restated</b>	<u>227,481,738</u>	<u>227,481,738</u>	<u>217,267,548</u>
<b>Accumulated surplus, end of year</b>	<u>\$ 285,953,057</u>	<u>\$ 253,437,982</u>	<u>\$ 227,481,738</u>

The accompanying notes are an integral part of these financial statements

**The Corporation of the Municipality of Strathroy-Caradoc**  
**Consolidated Statement of Change in Net Financial Assets**

For the year ended December 31	Budget 2023 (Note 20)	2023	2022 Restated (Note 1)
<b>Annual surplus</b>	<b>\$ 58,471,319</b>	<b>\$ 25,956,244</b>	<b>\$ 10,214,190</b>
Acquisition of tangible capital assets	(54,917,894)	(21,333,387)	(7,664,014)
Amortization of tangible capital assets	5,639,715	5,639,715	5,445,767
Gain on disposal of tangible capital assets	-	(738,375)	(77,549)
Proceeds from sale of tangible capital assets	-	892,046	88,973
Increase in work in progress	-	(15,639,456)	(4,845,074)
Increase in prepaid expenses	-	(120,282)	(4,170)
Decrease in land held for resale	-	290,883	233,426
<b>Net change in net financial assets</b>	<b>9,193,140</b>	<b>(5,052,612)</b>	<b>3,391,549</b>
<b>Net financial assets, beginning of year as previously stated</b>	<b>44,872,089</b>	<b>44,872,089</b>	<b>41,857,200</b>
<b>Adoption of PS 3280 - Asset Retirement Obligations (Notes 1, 9)</b>	<b>-</b>	<b>-</b>	<b>(376,660)</b>
<b>Net financial assets, end of year</b>	<b>\$ 54,065,229</b>	<b>\$ 39,819,477</b>	<b>\$ 44,872,089</b>

**The Corporation of the Municipality of Strathroy-Caradoc**  
**Consolidated Statement of Cash Flows**

For the year ended December 31	2023	2022 Restated (Note 1)
<b>Operating activities</b>		
Annual surplus	\$ 25,956,244	\$ 10,214,190
Items not involving cash		
Accretion expense of asset retirement obligation	10,321	10,011
Amortization	5,639,715	5,445,767
Gain on disposal of tangible capital assets	(738,375)	(77,549)
Changes in non-cash operating balances		
Taxes receivable	(823,078)	161,422
Accounts receivable	(490,940)	(1,596,184)
Land held for resale	290,883	233,426
Long-term receivables	9,975	(161,479)
Prepaid expenses	(120,282)	(4,170)
Accounts payable and accrued liabilities	3,227,076	(511,325)
Deferred revenue	(1,799,275)	1,931,446
Employee future benefits	45,500	46,200
Asset retirement obligation	(3,752)	-
	<u>31,204,012</u>	<u>15,691,755</u>
<b>Capital activities</b>		
Acquisition of tangible capital assets	(21,333,387)	(7,664,014)
Increase in work in progress	(15,639,456)	(4,845,074)
Proceeds from sale of tangible capital assets	892,046	88,973
	<u>(36,080,797)</u>	<u>(12,420,115)</u>
<b>Investing activities</b>		
Increase in portfolio investments	(20,084,127)	(145,030)
<b>Financing activities</b>		
Proceeds from issuance of long-term debt	4,919,350	-
Repayment of long-term debt	(737,770)	(715,316)
	<u>(20,779,332)</u>	<u>2,411,294</u>
<b>(Decrease) increase in cash and cash equivalents</b>	<b>(20,779,332)</b>	<b>2,411,294</b>
Cash and cash equivalents, beginning of year	<u>65,132,316</u>	<u>62,721,022</u>
<b>Cash and cash equivalents, end of year</b>	<b>\$44,352,984</b>	<b>\$ 65,132,316</b>

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# The Corporation of the Municipality of Strathroy-Caradoc

## Summary of Significant Accounting Policies

**December 31, 2023**

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**Basis of Consolidation** The consolidated financial statements reflect the assets, liabilities, revenue and expenses of the Municipality of Strathroy-Caradoc and all committees of Council, including the Strathroy Business Improvement Area, Caradoc Housing Corporation, and the Municipality's proportionate share (85%) of the Tri-Township Arena Board.

### **Joint Local Board**

The Lake Huron Area Primary Water Supply system has been consolidated on a proportionate basis based upon the water flow of the municipality in proportion to the entire flows provided by the joint board. Under the proportionate basis, the municipality's pro rata share of each of the assets, liabilities, revenues and expenditures of the board are consolidated with similar items in the municipality's financial statements. For 2023, the municipality's share of the System was 4.35% (2022 - 4.61%).

**Basis of Accounting** The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the creation of a legal obligation to pay.

**Portfolio Investments** Portfolio investments are recorded at cost. Portfolio investments are written down when there has been a loss in value that is other than a temporary decline.

### **Tangible Capital Assets**

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

Land improvements	10 to 50 years
Buildings	50 to 60 years
Fleet	8 to 30 years
Equipment	5 to 30 years
Infrastructure - environmental	50 to 80 years
Infrastructure - roads	50 to 100 years

Work in progress is not amortized until the asset is available for productive use, at which time it is amortized.

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# The Corporation of the Municipality of Strathroy-Caradoc

## Summary of Significant Accounting Policies

**December 31, 2023**

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### **Collection of Taxes on Behalf of Other Taxation Authorities**

The Municipality collects taxation revenue on behalf of other entities. Such levies, other revenues, expenses, assets and liabilities with respect to the operations of entities are not reflected in these financial statements.

The entities which the Municipality collects taxation revenue on behalf of are as follows:

The Corporation of the County of Middlesex  
London District Catholic School Board  
Thames Valley District School Board  
Conseil Scolaire Viamonde  
Le Conseil Des Ecoles Catholiques

### **Trust Funds**

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

### **Retirement Benefits and Other Employee Benefit Plans**

The Municipality provides certain benefits which will require funding in future periods. These benefits include life insurance, and extended health and dental benefits for early retirees.

The costs of life insurance, and extended health and dental benefits are actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement, insurance and health care cost trends, long-term inflation rates and discount rates.

The costs of post-employment future benefits are actuarially determined using management's best estimate of health care costs, disability recovery rates and discount rates. Actuarial gains and losses are amortized on a straight-line basis over the expected average remaining service life of the employee groups.

The cost of multi-employer defined contribution pension plan benefits, such as the Ontario Municipal Employees Retirement System ("OMERS") pension, are the employer's contributions due to the plan in the period.

### **Deferred Revenue**

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

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# The Corporation of the Municipality of Strathroy-Caradoc

## Summary of Significant Accounting Policies

December 31, 2023

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**Revenue Recognition** Property tax billings are prepared by the Municipality based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established annually by Council, incorporating amounts to be raised for local services, the requisition made by the County of Middlesex in respect of County services and amounts the Municipality is required to collect on behalf of the Province of Ontario in respect of education taxes. Part of the assessment process are supplementary assessment rolls, which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the municipality determines the taxes applicable and renders supplementary billings. Assessments and related property taxes are subject to appeal. Each year, management provides a best estimate of the effect of supplementary assessments and tax appeals on taxation revenue.

Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals and court decisions, could result in a change in the amount of tax revenue recognized. Taxes receivable are recognized net of an allowance for anticipated uncollectable amounts.

The Municipality is entitled to collect interest and penalties on overdue taxes. This revenue is recorded in the period the interest and penalties are levied.

Charges for sewer and water usage are recorded as user fees. User fees are recorded when the amount is determinable, collectibility is assured, and the services are provided. Connection fee revenues are recognized when the connection has been established.

Sales of service and other revenue is recognized when the amount is determinable, collectibility is assured and the service is provided.

**Government Transfers** Government transfers are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

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# The Corporation of the Municipality of Strathroy-Caradoc

## Summary of Significant Accounting Policies

**December 31, 2023**

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**Use of Estimates** The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

**Land Held for Resale** Land held for resale is recorded at the lower of cost and net realizable value. Cost includes amounts for land acquisition and improvements to prepare the land for sale or servicing.

**Asset Retirement Obligation** 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.

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# The Corporation of the Municipality of Strathroy-Caradoc

## Summary of Significant Accounting Policies

December 31, 2023

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**Financial Instruments** The Municipality classifies its' financial instruments as either fair value or amortized cost. The Municipality's accounting policy for each category is as follows:

### **Fair Value**

The fair value instruments that are measured subsequent to initial recognition at fair value are grouped into Level 1 to 3 based on the degree to which the fair value is observable:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

This category includes cash, which is initially recognized at cost and subsequently carried at fair value. Changes in fair value are recognized in the statement of operations.

Transaction costs related to financial instruments in the fair value category are expensed as incurred.

### **Amortized Cost**

This category includes portfolio investments, accounts receivable, long-term receivables, accounts payable and accrued liabilities, and long-term debt. They are initially recorded at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instrument.

Writedowns on financial assets in the amortized cost category are recognized when the amount of the loss is known with sufficient precision and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the writedown being recognized in the statement of operations.

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# The Corporation of the Municipality of Strathroy-Caradoc

## Notes to Consolidated Financial Statements

**December 31, 2023**

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### 1. Change in Accounting Policy

#### PS 1201 - Financial Statement Presentation

PS 1201 - Financial Statement Presentation replaces PS 1200 - Financial Statement Presentation. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 - Foreign Currency Translation, PS 3450 - Financial Instruments, and PS 3401 - Portfolio Investments, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

#### PS 3401 - Portfolio Investments

PS 3401 - Portfolio Investments replaces PS 3400 - Portfolio Investments. The standard provides guidance on accounting for, and presentation and disclosure of, portfolio investments to conform with PS 3450 - Financial Instruments. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 - Temporary Investments, no longer applies.

#### PS 3450 - Financial Instruments and PS 2601 - Foreign Currency Translation

The Municipality adopted PS 3450 - Financial Instruments and PS 2601 - Foreign Currency Translation standards prospectively from the date of adoption. The new standards provide comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments and foreign currency transactions.

Under PS 3450, all financial instruments, including derivatives, are included on the statement of financial position and are measured at either fair value or amortized cost, based on characteristics of the instrument and the Municipality's accounting policy choices. Unrealized gains and losses arising from changes in fair value are presented in the Statement of Remeasurement Gains and Losses.

These above standards were all adopted prospectively. There was no impact to the Municipality as a result of the adoption of the above standards.

# The Corporation of the Municipality of Strathroy-Caradoc

## Notes to Consolidated Financial Statements

**December 31, 2023**

### 1. Change in Accounting Policy (continued)

#### PS 3280 - Asset Retirement Obligations

Effective January 1, 2023 the Municipality adopted new Public Sector Accounting Handbook Standard, 3280 - Asset Retirement Obligations. As a result of the adoption, the presentation of the financial statements changed from the prior year. The standard requires a liability to be recognized as there is a legal obligation to incur retirement costs. This change in accounting policy as been applied using the modified retroactive approach with restatement of prior periods. See Note 9 for further details.

The impact of adoption of this standard was as follows:

	As previously reported	Adjustment	Restated Balance
<b>Statement of Financial Position</b>			
Tangible capital assets	\$ 302,539,755	\$ 117,754	\$ 302,657,509
Accumulated amortization	134,008,046	59,572	134,067,618
Asset retirement obligation	26,679	386,671	413,350
Accumulated surplus	227,810,227	(328,489)	227,481,738
<b>Statement of Operations</b>			
<b>Expenses</b>			
General government	\$ 4,055,772	\$ 7,574	\$ 4,063,346
Protection services	10,769,170	161	10,769,331
Transportation services	4,799,842	298	4,800,140
Environmental services	7,766,658	817	7,767,475
Social housing	333,813	1,875	335,688
Recreation and cultural services	4,861,062	1,358	4,862,420
Annual surplus	10,226,273	(12,083)	10,214,190
Accumulated surplus, beginning of year	217,583,954	(316,406)	217,267,548
Accumulated surplus, end of year	227,810,227	(328,489)	227,481,738
<b>Statement of Changes in Net Financial Assets</b>			
Annual surplus	\$ 10,226,273	\$ (12,083)	\$ 10,214,190
Amortization of tangible capital assets	5,443,695	2,072	5,445,767
Net financial assets, beginning of year	41,857,200	(376,660)	41,480,540
Net financial assets, end of year	45,258,760	(386,671)	44,872,089

### 2. Cash and Cash Equivalents

The Municipality's bank accounts are maintained at a chartered bank and earn interest at the bank's prime rate less 1.75%. The Municipality has established a bank operating line of credit of up to \$5,500,000 bearing interest at the bank's prime rate. At December 31, 2023, the Municipality had a balance owing of \$nil (2022 - \$nil).

# The Corporation of the Municipality of Strathroy-Caradoc

## Notes to Consolidated Financial Statements

**December 31, 2023**

### 3. Portfolio Investments

The Municipality's portfolio investments include guaranteed investment certificates and cash with a carrying value and market value of \$23,454,644 (2022 - \$3,340,776) and mutual funds with a carrying value of \$842,984 (2022 - \$872,725) and market value of \$784,023 (2022 - \$811,278). These investments are recorded at amortized cost. Interest rates on the guaranteed investment certificates range from 1.33% to 5.57%. Maturity dates of the guaranteed investment certificates range from February 2024 to June 2027. The income from these investments for the year was \$84,127 (2022 - \$145,030).

### 4. Financial Instruments Classification

The following table provides cost and fair value information of financial instruments by category. The maximum exposure to credit risk would be the carrying value as shown below.

	Fair Value	Amortized Cost	Total
<b>December 31, 2023</b>			
Cash	\$44,352,984	\$ -	\$44,352,984
Accounts receivable	-	11,702,457	11,702,457
Portfolio investments	-	24,297,628	24,297,628
Long-term receivables	-	231,290	231,290
Accounts payable and accrued liabilities	-	10,220,352	10,220,352
Long-term debt	-	6,955,763	6,955,763

	Fair Value	Amortized Cost	Total
<b>December 31, 2022</b>			
Cash	\$ 65,132,316	\$ -	\$ 65,132,316
Accounts receivable	-	11,211,517	11,211,517
Portfolio investments	-	4,213,501	4,213,501
Long-term receivables	-	241,265	241,265
Accounts payable and accrued liabilities	-	6,993,276	6,993,276
Long-term debt	-	2,774,184	2,774,184

Cash is a Level 1 fair value measurement which are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities using the last bid price.

There were no transfers between Level 1 and Level 2 for the year ended December 31, 2023. There were also no transfers in our out of Level 3 .

# The Corporation of the Municipality of Strathroy-Caradoc

## Notes to Consolidated Financial Statements

**December 31, 2023**

### 5. Financial Instruments Risk Management

#### Credit Risk

Credit risk is the risk of financial loss to the Municipality if a debtor fails to make payments of interest and principle when due. The Municipality is exposed to this risk relating to its cash, debt holdings in its investment portfolio, accounts receivable and long-term receivables. The Municipality holds its cash accounts with a federally regulated chartered bank.

The Municipality's investment policy operates within the constraints of the investment provision within the Municipal Act.

Accounts receivable are primarily due from Canada Revenue Agency, federal government grants, provincial grants, other municipal governments and residents of Strathroy-Caradoc. Credit risk is mitigated by the financial solvency of the provincial and upper tier governments and the highly diversified nature of the resident population.

The Municipality measures its exposure to credit risk based on how long the amounts have been outstanding. The amounts outstanding at year end were as follows:

	Total	Current	31-60 Days	31-90 Days	> 90 Days
Federal	\$ 1,154,155	\$ 968,638	-	-	185,517
Provincial	1,528,473	1,305,862	7,921	48,539	166,151
County	160,504	60,879	17,750	-	81,875
Other Municipal	2,421,956	2,406,837	1,867	-	13,252
Accrued investment income	710,681	710,681	-	-	-
Other	5,726,688	5,193,336	76,866	50,920	405,566
	<b>\$ 11,702,457</b>	<b>\$ 10,646,233</b>	<b>\$ 104,404</b>	<b>\$ 99,459</b>	<b>\$ 852,361</b>

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

**The Corporation of the Municipality of Strathroy-Caradoc**  
**Notes to Consolidated Financial Statements**

**December 31, 2023**

**5. Financial Instruments Risk Management (continued)**

**Liquidity Risk**

Liquidity risk is the risk that the Municipality will not be able to meet all cash outflow obligations as they come due. The Municipality mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting. The following table sets out the contractual maturities as of December 31, 2023 (representing undiscounted contractual cash-flow of financial liabilities):

	<b>Total</b>	<b>Within 1 Year</b>	<b>1-5 Years</b>	<b>&gt; 5 Years</b>
Accounts payable and accrued liabilities	\$ 10,220,352	\$ 10,220,352	\$ -	\$ -
Long-term debt	6,955,763	829,991	2,823,531	3,302,241
	<b>\$ 17,176,115</b>	<b>\$ 11,050,343</b>	<b>\$ 2,823,531</b>	<b>\$ 3,302,241</b>

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

**6. Operations of School Boards and the County of Middlesex**

The Municipality is required to bill, collect and remit taxation revenues on behalf of the School Boards and County of Middlesex pursuant to provincial legislation. The Municipality has no jurisdiction or control over the operations of these entities or the setting of their tax rates. Therefore, the taxation, other revenues, expenses, assets and liabilities with respect to the operations of the School Boards and the County are not reflected in these consolidated financial statements. Taxation revenues billed and requisitions paid on behalf of the School Boards and County of Middlesex are not reflected in the Statement of Operations and are comprised of the following:

	<b>School Boards</b>	<b>County</b>
Taxation	\$ 7,103,670	\$ 13,010,738
Share of payments in lieu	1,368	49,044
Amounts transferred	<b>\$ 7,105,038</b>	<b>\$ 13,059,782</b>

**The Corporation of the Municipality of Strathroy-Caradoc**  
**Notes to Consolidated Financial Statements**

**December 31, 2023**

**7. Deferred Revenue**

	Opening balance	Contributions received	Externally restricted investment income	Revenue recognized	Ending balance
Canada Community Building Fund	\$ 1,895,273	\$ 690,574	\$ 22,634	\$ (1,352,047)	\$ 1,256,434
Development charges	18,120,183	3,204,195	1,028,863	(3,088,313)	19,264,928
Parkland dedication	429,408	-	22,114	-	451,522
Other	4,311,455	2,239,880	134,354	(4,701,529)	1,984,160
	<u>\$ 24,756,319</u>	<u>\$ 6,134,649</u>	<u>\$ 1,207,965</u>	<u>\$ (9,141,889)</u>	<u>\$ 22,957,044</u>

Canada Community Building Fund (formerly - Federal gas tax)

Canada Community Building Fund (CCBF) - formerly federal gas tax, revenue is provided by the Government of Canada. The use of the funding is established by a funding agreement between the Municipality and the Association of Municipalities of Ontario. CCBF funding may be used towards public transit, wastewater infrastructure, drinking water, solid waste management, community energy systems, local roads and bridges, capacity building, highways, local and regional airports, short-line rail, short-sea shipping, disaster mitigation, broadband and connectivity, brownfield redevelopment, culture, tourism, sport, recreation and fire halls, as specified in the funding agreements.

Development charges

Development charges are collected as per municipal by-law and background study and are allocated to the designated projects therein.

Parkland dedication

Funds are collected from developers for the purchase and upgrade of parkland and are allocated to expenses or capital assets as incurred.

Other

Funds include \$79,283 MTO Cycling grant, \$1,207,598 CFDC grant for Skills Development, and \$469,271 Police NG911 grant, which will be allocated to revenue as funds are spent on specified purposes (2022 - \$75,400 MTO Cycling grant, \$2,837,751 CFDC grant for Skills Development, and \$1,135,609 in deferred OCIF formula funding).

**The Corporation of the Municipality of Strathroy-Caradoc**  
**Notes to Consolidated Financial Statements**

**December 31, 2023**

**8. Net Long-term Debt**

Net long-term debt reported on the consolidated statement of financial position is comprised of the following:

	2023	2022
Total long-term liabilities incurred by the Municipality and outstanding at the end of the year amount to:	<b>\$ 6,955,763</b>	<b>\$ 2,774,184</b>

Principal repayments relating to net long-term debt outstanding are due as follows:

	Principal Repayments
2024	\$ 829,991
2025	1,048,941
2026	890,747
2027	442,101
2028	441,742
Thereafter	3,302,241
	<b>\$ 6,955,763</b>

The gross interest paid relating to the Municipality's long-term debt was \$85,761 (2022 - \$109,355). Interest rates on the debt range from 1.38% to 4.38%. All net long-term debt is payable in Canadian dollars, and matures from March 2026 to December 2030.

The annual principal and interest payments required to service the net long-term liabilities of the municipality are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

**9. Asset Retirement Obligation**

The Municipality's financial statements include an asset retirement obligation for the asbestos that had been used in construction of certain Municipal buildings and facilities throughout its course of operations, and landfill post closure costs. The related asset retirement costs are being amortized on a straight-line basis. The liability has been estimated using a net present value technique with a discount rate of 3.0% (2022 - 3.0%). The estimated total undiscounted future expenditures are \$419,920 (2022 - \$413,350), which are to be incurred over the remaining useful life of the buildings and facilities. The liability is expected to be settled as the buildings and facilities are renovated and the asbestos remediated.

**The Corporation of the Municipality of Strathroy-Caradoc**  
**Notes to Consolidated Financial Statements**

**December 31, 2023**

**9. Asset Retirement Obligation (continued)**

The carrying amount of the liability is as follows:

	2023	2022
Asset retirement obligation, beginning of year	\$ 413,350	\$ 403,340
Increase due to accretion expense	10,321	10,010
Change in estimate	2,070	-
Settlement of liability	(3,400)	-
Adjustment due to Lake Huron Area Primary Water Supply System - rate change	(2,421)	-
Asset retirement obligation, end of year	<b>\$ 419,920</b>	<b>\$ 413,350</b>

This change in accounting policy has been accounted for using the modified retrospective approach, which requires a full restatement using assumptions and discount rates that are current as of January 1, 2022 to calculate the adjustments. The comparative statements for the prior period have been restated (see Note 1).

Significant estimates and assumptions are made in determining the asset retirement costs as there are numerous factors that will affect the amount ultimately payable. Those uncertainties may result in future actual expenditures that are different than the amounts currently recorded. At each reporting date, as more information and experience is obtained as it relates to these asset retirement obligations, the estimates of the timing, the undiscounted cash flows and the discount rates may change. Adjustments to these factors are accounted for as an adjustment to the asset retirement obligation and the related tangible capital asset in the current period on a prospective basis.

**The Corporation of the Municipality of Strathroy-Caradoc**  
Notes to Consolidated Financial Statements

**December 31, 2023**

**10. Tangible Capital Assets**

								2023	2022 Restated
	Land	Land Improvements	Buildings	Equipment	Fleet	Infrastructure Roads	Infrastructure Environmental	Total	Total
Cost, beginning of year	\$ 6,160,308	\$ 6,720,728	\$ 44,160,992	\$ 14,914,721	\$ 12,622,989	\$ 93,543,272	\$ 124,534,500	\$ 302,657,510	\$ 295,704,536
Additions		1,614,901	548,149	854,106	539,406	11,730,856	6,416,512	21,703,930	7,430,175
Disposals	(29,850)	-	(1,443)	(78,559)	(953,206)	-	-	(1,063,058)	(844,841)
Lake Huron Area Primary Water Supply System - rate change	(6,566)	-	(154,464)	-	(99,348)	-	(313,467)	(573,845)	367,640
Cost, end of year	6,123,892	8,335,629	44,553,234	15,690,268	12,109,841	105,274,128	130,637,545	322,724,537	302,657,510
Accumulated amortization, beginning of year	-	1,830,789	17,092,630	7,425,588	6,116,361	64,568,049	37,034,202	134,067,619	129,321,468
Amortization	-	180,478	1,022,304	830,023	794,315	951,621	1,860,974	5,639,715	5,445,767
Disposals	-	-	(1,443)	(27,496)	(880,448)	-	-	(909,387)	(833,417)
Lake Huron Area Primary Water Supply System - rate change	-	-	(65,323)	-	(38,138)	-	(99,841)	(203,302)	133,801
Accumulated amortization, end of year	-	2,011,267	18,048,168	8,228,115	5,992,090	65,519,670	38,795,335	138,594,645	134,067,619
Net carrying amount, end of year	\$ 6,123,892	\$ 6,324,362	\$ 26,505,066	\$ 7,462,153	\$ 6,117,751	\$ 39,754,458	\$ 91,842,210	\$ 184,129,892	\$ 168,589,891

**The Corporation of the Municipality of Strathroy-Caradoc**  
Notes to Consolidated Financial Statements

**December 31, 2023**

**10. Tangible Capital Assets (continued)**

								2022 Restated
	Land	Land Improvements	Buildings	Equipment	Fleet	Infrastructure Roads	Infrastructure Environmental	Total
Cost, beginning of year	\$ 6,156,016	\$ 5,376,250	\$ 43,315,934	\$ 13,904,712	\$ 10,998,430	\$ 92,682,783	\$ 123,152,656	\$ 295,586,781
Additions	-	1,344,478	631,333	1,028,383	2,388,065	860,489	1,177,427	7,430,175
Disposals	-	-	-	(18,374)	(826,467)	-	-	(844,841)
Adjustment relating to ARO	-	-	117,755	-	-	-	-	117,755
Lake Huron Area Primary Water Supply System - rate change	4,292	-	95,970	-	62,961	-	204,417	367,640
Cost, end of year	6,160,308	6,720,728	44,160,992	14,914,721	12,622,989	93,543,272	124,534,500	302,657,510
Accumulated amortization, beginning of year	-	1,682,292	15,989,455	6,648,373	6,127,453	63,664,246	35,152,148	129,263,967
Amortization	-	148,497	1,007,601	795,589	769,534	903,803	1,820,743	5,445,767
Disposals	-	-	-	(18,374)	(815,043)	-	-	(833,417)
Adjustment relating to ARO	-	-	57,501	-	-	-	-	57,501
Lake Huron Area Primary Water Supply System- rate change	-	-	38,073	-	34,417	-	61,311	133,801
Accumulated amortization, end of year	-	1,830,789	17,092,630	7,425,588	6,116,361	64,568,049	37,034,202	134,067,619
Net carrying amount, end of year	\$ 6,160,308	\$ 4,889,939	\$ 27,068,362	\$ 7,489,133	\$ 6,506,628	\$ 28,975,223	\$ 87,500,298	\$ 168,589,891

**The Corporation of the Municipality of Strathroy-Caradoc**  
Notes to Consolidated Financial Statements

**December 31, 2023**

**11. Accumulated Surplus**

The Municipality segregates its accumulated surplus into the following categories:

	<u>2023</u>	<u>2022</u> Restated
Accumulated surplus from operations	\$ 5,635,535	\$ 9,403,401
Investment in tangible capital assets	184,129,892	168,589,891
Investment in capital work in progress	27,131,210	11,491,754
Reserves		
Future needs reserve	2,396,628	3,496,628
Equipment replacement	1,852,528	962,868
Insurance	20,096	20,096
General government	1,362,791	657,263
Information technology	335,960	197,256
Building department	1,150,022	1,298,884
Protection services	1,545,203	1,466,247
Street lighting	166,937	91,937
Wastewater system	12,307,462	11,602,334
Waterworks system	20,476,743	18,447,015
Health services	204,068	218,659
Recreational facilities	1,780,942	1,191,739
Libraries and Museum	686,337	556,512
Planning	(384,168)	117,389
Economic and Community Development	1,245,490	1,216,403
Transportation	(2,297,104)	(1,545,027)
Reserve Funds		
Insurance	516,007	490,735
Wastewater system	45,688	43,450
Asset management	1,707,959	1,796,367
Waste management	143,897	273,878
Green energy	378,043	289,528
Recreation	25,221	23,985
Modernization	390,558	371,430
Unfunded Liabilities	(9,515,963)	(5,288,884)
	<u>\$ 253,437,982</u>	<u>\$ 227,481,738</u>

The investment in tangible capital assets represents amounts already spent and invested in infrastructure and other non-financial assets.

Reserve funds represent funds set aside by by-law or Council resolution for specific purposes.

**The Corporation of the Municipality of Strathroy-Caradoc**  
**Notes to Consolidated Financial Statements**

**December 31, 2023**

**12. Employee Future Benefits**

The municipality provides certain employee benefits, which will require funding in future periods. These benefits include life insurance, and extended health and dental benefits for early retirees. An estimate of the future liabilities for these benefits has been actuarially determined and forms the basis for the estimated liability reported in these financial statements.

An actuarial valuation for accounting purposes is performed every three years using the projected benefit method prorated on services. The most recent actuarial valuation was performed at December 31, 2021. There is a net unamortized loss to be amortized on a straight-line basis over the expected average remaining service life of the related employee group (17 years for post-retirement and 21 years for post-employment benefits).

	2023	2022
Post-retirement benefits	\$ 2,349,100	\$ 2,303,400
Post-employment benefits	211,100	211,300
Total	\$ 2,560,200	\$ 2,514,700

**(a) Post-Retirement Benefits**

The Municipality provides certain health and dental benefits on behalf of eligible retired employees up to the age of 65.

	2023	2022
Accrued benefit liability as at January 1	\$ 2,303,400	\$ 2,257,800
Current service cost	113,700	111,000
Interest cost	46,200	44,900
Estimated benefits paid	(114,200)	(110,300)
Total	\$ 2,349,100	\$ 2,303,400

**(b) Post-Employment Benefits**

The Municipality provides certain health and dental benefits on behalf of eligible members receiving long term disability benefits up to age 65.

	2023	2022
Accrued benefit liability as at January 1	\$ 211,300	\$ 210,700
Interest cost	14,900	15,000
Estimated benefits paid	(15,100)	(14,400)
Total	\$ 211,100	\$ 211,300

The actuarial estimate of the future liability of post-retirement and post-employment benefits assumes a discount rate of 2.45% (2022 - 2.45%) and inflation rates for benefit premiums of 2.0% (2022 - 2.0%). Dental cost increases are assumed at 4.0% per annum (2022 - 4.0%). In addition, extended healthcare premiums are assumed to increase by 6.0% in 2023, 5.5% in 2024 and 5.0% per annum thereafter.

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# The Corporation of the Municipality of Strathroy-Caradoc

## Notes to Consolidated Financial Statements

**December 31, 2023**

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### 13. Contingent Liabilities

The Municipality is a co-defendant in various legal actions. The ultimate outcomes are indeterminable at December 31, 2023 as litigation is still in progress. The Municipality's management is of the opinion that the Municipality has adequate insurance coverage to offset the amount of any claims and related costs, if any. Consequently, no provision for potential loss, if any, is reflected in these financial statements.

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### 14. Pension Agreements

The Municipality makes contributions to the Ontario Municipal Employees' Retirement System ("OMERS"), which is a multi-employer plan, on behalf of certain employees of the Municipality. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on their length of service and rates of pay. The OMERS Administration Corporation Board of Directors, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. OMERS provides pension services to more than 612,000 active and retired members and approximately 1,000 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan ("the Plan") by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2023. The results of this valuation disclosed total actuarial liabilities of \$136,185 million (2022 - \$130,306 million) in respect of benefits accrued for service with actuarial assets at that date of \$131,983 million (2022 - \$123,628 million) indicating an actuarial deficit of \$4,202 million (2022 - \$6,678 million).

Because OMERS is a multi-employer pension plan, any pension plan surpluses or deficits are a joint responsibility of the Ontario municipal organizations and their employees. As a result, the Municipality does not recognize any share of the OMERS pension surplus or deficit. The amount contributed for 2023 was \$1,146,223 (2022 - \$1,061,249) for current service. The OMERS Board rate was 9.0% to 15.8% depending on income level (2022 - 9.0% to 15.8% depending on income level).

**The Corporation of the Municipality of Strathroy-Caradoc**  
Notes to Consolidated Financial Statements

**December 31, 2023**

**15. Government Transfers**

	2023	2022
Operating		
Province of Ontario		
Ontario Municipal Partnership Fund	\$ 124,100	\$ 145,900
Ontario Municipal Modernization Program	-	50,187
MTO Transportation Grant	378,236	393,616
Ontario Digital Services Grant	54,814	24,468
Program support	612,300	609,475
Drainage grants	80,030	89,782
Government of Canada		
CFDC Skills Development	144,924	12,728
FCM/MAMP Roads Study Grant	-	50,000
Other Municipalities		
Program support	485,202	606,209
Total operating	\$ 1,879,606	\$ 1,982,365
Capital		
Province of Ontario		
Infrastructure Ontario	859,841	-
Police NG911	130,729	-
OCIF grant	3,148,029	589,371
Ontario Trillium Grant	-	54,200
Ontario Grant	1,547,169	16,875
Government of Canada		
CCBF (formerly Gas tax)	1,352,047	843,830
Other		
Canadian Mortgage and Housing Corporation	2,741,000	-
Total capital	\$ 9,778,815	\$ 1,504,276
Total government transfers	\$ 11,658,421	\$ 3,486,641

**The Corporation of the Municipality of Strathroy-Caradoc**  
Notes to Consolidated Financial Statements

**December 31, 2023**

**16. Tri-Township Arena Board Consolidation**

The following summarizes the financial position and operations of the Tri-Township Arena Board which has been reported in these financial statements using the proportionate consolidation method.

The consolidated financial statements include the municipality's 85% proportionate interest in the following:

	2023	2022
<b>Statement of Financial Position</b>		
Assets	\$ 205,068	\$ 188,295
Liabilities	88,929	72,156
Accumulated surplus	\$ 116,139	\$ 116,139
<b>Statement of Operations</b>		
Revenues	\$ 469,508	\$ 412,061
Expenses	469,508	412,061
Excess of revenue over expenditures	\$ -	\$ -

**17. Caradoc Housing Corporation Consolidation**

Caradoc Housing Corporation is controlled by the Municipality. The following summarizes the financial position and operations of the Caradoc Housing Corporation which has been consolidated in these financial statements.

	2023	2022 Restated
<b>Statement of Financial Position</b>		
Assets	\$ 12,349,335	\$ 321,812
Liabilities	9,410,723	138,542
Fund Balance	\$ 2,938,612	\$ 183,270
<b>Statement of Operations</b>		
Revenues	\$ 2,891,166	\$ 135,007
Expenses	135,824	146,337
Excess (deficiency) of revenue over expenditures	\$ 2,755,342	\$ (11,330)

**The Corporation of the Municipality of Strathroy-Caradoc**  
Notes to Consolidated Financial Statements

**December 31, 2023**

**18. Joint Local Board Consolidation - Lake Huron Primary Water Supply System**

The consolidated financial statements include the municipality's 4.35% (2022- 4.61%) proportionate interest of the following:

	<b>2023</b>	<b>2022</b> Restated
<b>Statement of Financial Position</b>		
Financial Assets	\$ 55,659,226	\$ 50,993,804
Liabilities	8,217,276	5,562,595
Net Financial Assets	<u>\$ 47,441,950</u>	<u>\$ 45,431,209</u>
Non Financial Assets		
Tangible Capital Assets	\$ 146,143,305	\$ 144,523,698
Prepaid Expenses	442,020	422,124
Total Non-Financial Assets	<u>\$ 146,585,325</u>	<u>\$ 144,945,822</u>
Accumulated Surplus	<u>\$ 194,027,275</u>	<u>\$ 190,377,031</u>
<b>Statement of Operations</b>		
Revenues	\$ 25,610,873	\$ 24,306,497
Expenses	21,960,629	21,960,338
Net Revenues	<u>\$ 3,650,244</u>	<u>\$ 2,346,159</u>

**19. Trust Funds**

Trust funds administered by the municipality amounting to \$779,038 (2022- \$770,152) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations.

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**The Corporation of the Municipality of Strathroy-Caradoc**  
**Notes to Consolidated Financial Statements**

**December 31, 2023**

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**20. Budget**

The budget approved by Council was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards) which is allowable as per Ontario Regulation 284/09 of the Municipal Act. The budget was prepared on a modified accrual basis while Public Sector Accounting Standards require a full accrual basis. Adjustments to budgeted values were required to provide comparative budget values based on the full accrual basis of accounting.

**REVENUE**

Approved operating budget	\$ 41,442,678
Adjustments:	
Internal allocation elimination entries	(1,418,131)
Tri-Township Arena, Caradoc Housing Corporation, and BIA consolidation entries	635,592
LHPWS adjustment	58,494
Taxation revenue for capital projects	<u>3,662,669</u>
Adjusted operating budget revenues per statement of operations	<u>\$ 44,381,302</u>

**EXPENSES**

Approved operating budget	\$ 41,442,678
Adjustments:	
Net contribution to reserves and reserve funds	(6,016,639)
Debt principal repayments	(737,770)
Internal allocation elimination entries	(1,418,131)
Tri-Township Arena, Caradoc Housing Corporation, and BIA consolidation entries	600,044
LHPWS adjustment	396,312
Amortization expense	<u>5,639,715</u>
Adjusted operating budget expenses per statement of operations	<u>\$ 39,906,209</u>

**NET OPERATING REVENUE** \$ 4,475,093

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# The Corporation of the Municipality of Strathroy-Caradoc

## Notes to Consolidated Financial Statements

**December 31, 2023**

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### 21. Segmented Information

The Municipality of Strathroy-Caradoc has adopted a business approach to the various responsibilities carried out by the municipality and has separated the financial transactions to better reflect the true cost of each segment. The following provides a brief description of the individual segments used.

#### **General Government**

General Government is comprised of various departments including the Clerk's, Finance and Taxation, Legal, Human Resources and Information Technology departments. These departments support and provide a variety of services to other departments within the municipality and the public.

#### **Protection Services**

Protection Services is comprised of the Police Services, Fire Services, animal control, crossing guards, building construction and by-law enforcement departments. The Police Services mandate is to ensure public safety within the municipality. Through patrols, detective, education, and other efforts the police department works to deter and prevent crime. The Strathroy Caradoc Fire Rescue Service serves the residents of the Municipality of Strathroy-Caradoc by providing fire prevention, public education and fire suppression services. It operates out of 3 stations covering an area of 274.12 square kilometres and over 19,500 residents. The services provided range from fire suppression and prevention, land-based water rescue, high-angle, confined space, specialized vehicle extrication and industrial firefighting.

#### **Transportation Services**

Transportation Services consists of road maintenance and construction as well as winter control, parking, and street lighting. Road maintenance and construction maintains approximately 225 kilometres of road and takes care of pothole maintenance, hot mix patching, paving, street cleaning, signage, and winter control.

#### **Environmental Services**

Environmental Services consists of sanitary sewer, storm sewer maintenance, waterworks system construction and maintenance, waste collection, waste disposal, and recycling. The sewage division constructs and maintains the municipalities storm and sanitary sewers as well as 10 sewage pumping stations.

#### **Health Services**

Health Services consists of the operations of the municipality's cemeteries.

#### **Social Housing**

Social Housing consists of non-profit housing accommodation using rent geared to income guidelines. The housing accommodations are managed by the Caradoc Housing Corporation.

#### **Recreation and Cultural Services**

Recreation and Cultural Services provide for all the Municipality's parks, trees, floral displays, sports and recreation facilities, pool, arenas, special events and more. Numerous recreations programs are offered throughout the year for the enjoyment of the general public.

#### **Planning and Development**

Planning and Development's function is to assist Council, the development community and the public in matters relating to land use planning and economic development.

**The Corporation of the Municipality of Strathroy-Caradoc**  
Notes to Consolidated Financial Statements

**December 31, 2023**

**21. Segmented Information (continued)**

<b>For the year ended December 31</b>	<b>General Government</b>	<b>Protection Services</b>	<b>Transportation Services</b>	<b>Environmental Services</b>	<b>Health Services</b>	<b>Social Housing</b>	<b>Recreation and Cultural Services</b>	<b>Planning and Development</b>	<b>2023 Total</b>
<b>Revenue</b>									
Taxation	\$ 3,844,615	\$ 9,826,898	\$ 3,495,168	\$ 75,402	\$ 190,808	\$ -	\$ 3,400,838	\$ 1,328,479	\$ 22,162,208
User fees and service charges	462,579	770,745	154,915	13,299,124	99,703	-	2,452,034	198,723	17,437,823
Government transfers	124,100	1,183,212	378,236	4,826,394	-	2,741,000	574,132	1,831,347	11,658,421
Investment income	2,122,211	-	-	-	43,813	-	-	-	2,166,024
Penalty and interest on taxes	259,486	-	-	-	-	-	-	-	259,486
Other	1,351,603	148,795	3,439,998	2,988,538	-	150,166	358,334	145,000	8,582,434
	<u>8,164,594</u>	<u>11,929,650</u>	<u>7,468,317</u>	<u>21,189,458</u>	<u>334,324</u>	<u>2,891,166</u>	<u>6,785,338</u>	<u>3,503,549</u>	<u>62,266,396</u>
<b>Expenses</b>									
Wages and benefits	2,482,267	8,843,129	1,573,865	1,285,846	176,584	-	2,187,822	547,091	17,096,604
Materials, goods and services	1,610,445	1,723,978	1,851,375	5,005,914	88,610	450,226	2,199,585	1,371,754	14,301,887
	<u>4,092,712</u>	<u>10,567,107</u>	<u>3,425,240</u>	<u>6,291,760</u>	<u>265,194</u>	<u>450,226</u>	<u>4,387,407</u>	<u>1,918,845</u>	<u>31,398,491</u>
Gain on disposal of capital assets	(320,150)	(58,561)	(359,664)	-	-	-	-	-	(738,375)
ARO accretion expense	6,984	112	212	-	-	1,933	1,080	-	10,321
	<u>3,779,546</u>	<u>10,508,658</u>	<u>3,065,788</u>	<u>6,291,760</u>	<u>265,194</u>	<u>452,159</u>	<u>4,388,487</u>	<u>1,918,845</u>	<u>30,680,758</u>
<b>Annual surplus (deficit) before Amortization</b>	<b>4,385,048</b>	<b>1,420,992</b>	<b>4,402,529</b>	<b>14,897,698</b>	<b>69,130</b>	<b>2,439,007</b>	<b>2,396,851</b>	<b>1,584,704</b>	<b>31,595,959</b>
Amortization	295,559	608,788	1,283,185	2,406,763	23,840	-	1,021,580	-	5,639,715
<b>Annual surplus (deficit)</b>	<b>\$ 4,089,489</b>	<b>\$ 812,204</b>	<b>\$ 3,119,344</b>	<b>\$ 12,490,935</b>	<b>\$ 45,290</b>	<b>\$ 2,439,007</b>	<b>\$ 1,375,271</b>	<b>\$ 1,584,704</b>	<b>\$ 25,956,244</b>

**The Corporation of the Municipality of Strathroy-Caradoc**  
Notes to Consolidated Financial Statements

**December 31, 2023**

**21. Segmented Information (continued)**

<b>For the year ended December 31</b>	<b>General Government</b>	<b>Protection Services</b>	<b>Transportation Services</b>	<b>Environmental Services</b>	<b>Health Services</b>	<b>Social Housing</b>	<b>Recreation and Cultural Services</b>	<b>Planning and Development</b>	<b>2022 Total Restated</b>
<b>Revenue</b>									
Taxation	\$ 4,129,305	\$ 9,614,736	\$ 3,200,907	\$ 73,700	\$ 196,603	\$ -	\$ 2,793,368	\$ 1,027,877	\$ 21,036,496
User fees and service charges	439,523	706,183	77,604	12,937,462	115,666	-	2,029,694	156,897	16,463,029
Government transfers	196,087	1,146,761	443,616	996,912	-	-	556,912	146,353	3,486,641
Investment income (loss)	784,341	-	-	-	8,624	-	-	-	792,965
Penalty and interest on taxes	208,471	-	-	-	-	-	-	-	208,471
Other	329,184	12,583	467,441	242,135	-	151,490	559,617	51,869	1,814,319
	<u>6,086,911</u>	<u>11,480,263</u>	<u>4,189,568</u>	<u>14,250,209</u>	<u>320,893</u>	<u>151,490</u>	<u>5,939,591</u>	<u>1,382,996</u>	<u>43,801,921</u>
<b>Expenses</b>									
Wages and benefits	2,238,654	8,515,554	1,570,542	1,386,843	187,760	-	1,844,266	388,766	16,132,385
Materials, goods and services	1,574,019	1,722,917	1,995,553	3,990,588	72,040	333,813	2,039,463	348,724	12,077,117
	<u>3,812,673</u>	<u>10,238,471</u>	<u>3,566,095</u>	<u>5,377,431</u>	<u>259,800</u>	<u>333,813</u>	<u>3,883,729</u>	<u>737,490</u>	<u>28,209,502</u>
(Gain) loss on disposal of capital assets	-	(41,338)	(18,419)	(4,666)	-	-	(13,126)	-	(77,549)
ARO accretion expense	6,775	109	205	-	-	1,875	1,047	-	10,011
	<u>3,819,448</u>	<u>10,197,242</u>	<u>3,547,881</u>	<u>5,372,765</u>	<u>259,800</u>	<u>335,688</u>	<u>3,871,650</u>	<u>737,490</u>	<u>28,141,964</u>
<b>Annual surplus (deficit) before Amortization</b>	<u>2,267,463</u>	<u>1,283,021</u>	<u>641,687</u>	<u>8,877,444</u>	<u>61,093</u>	<u>(184,198)</u>	<u>2,067,941</u>	<u>645,506</u>	<u>15,659,957</u>
Amortization	290,098	530,751	1,233,839	2,390,045	23,390	-	977,644	-	5,445,767
<b>Annual surplus (deficit)</b>	<u>\$ 1,977,365</u>	<u>\$ 752,270</u>	<u>\$ (592,152)</u>	<u>\$ 6,487,399</u>	<u>\$ 37,703</u>	<u>\$ (184,198)</u>	<u>\$ 1,090,297</u>	<u>\$ 645,506</u>	<u>\$ 10,214,190</u>

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**The Corporation of the Municipality of Strathroy-Caradoc**  
**Notes to Consolidated Financial Statements**

**December 31, 2023**

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**22. Comparative Figures**

Certain comparative figures in these consolidated financial statements have been reclassified to conform to the presentation adopted for the current year.

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