

APPENDIX A

Consolidated Financial Statements for the
year ended December 31, 2023

Consolidated Financial Statements of

**THE CORPORATION OF
THE TOWN OF LASALLE**

Year ended December 31, 2023

DRAFT

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Town of LaSalle

Opinion

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

- the consolidated statement of financial position as at December 31, 2023
- the consolidated statement of operations for the year then ended
- the consolidated statement of changes in net assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2023, and its consolidated results of operations, its consolidated changes in net 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 Financial Statements” section of our auditor’s report.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group Entity 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.

Chartered Professional Accountants, Licensed Public Accountants

Windsor, Canada

(date)

THE CORPORATION OF THE TOWN OF LASALLE

Consolidated Statement of Financial Position

December 31, 2023, with comparative information for 2022

| | 2023 | 2022 (Adjusted) |
|--|-----------------------|-----------------------|
| Financial Assets | | |
| Unrestricted: | | |
| Cash and short term investments (note 2) | \$ 47,661,573 | \$ 41,371,361 |
| Accounts receivable: | | |
| Taxes receivable | 2,868,412 | 2,221,344 |
| User charges receivable | 2,988,327 | 2,744,441 |
| Other receivables | 6,288,613 | 3,666,536 |
| Long term investments (note 2) | 1,115 | 1,115 |
| | <u>59,808,040</u> | <u>50,004,797</u> |
| Restricted: | | |
| Cash and short term investments (note 2) | 80,947,219 | 77,731,399 |
| Investment in Essex Power Corporation (note 3) | 14,049,333 | 13,960,223 |
| | <u>94,996,552</u> | <u>91,691,622</u> |
| | <u>154,804,592</u> | <u>141,696,419</u> |
| Financial Liabilities | | |
| Accounts payable and accrued liabilities | 10,563,095 | 10,631,687 |
| Deferred revenue/capital deposits (note 4) | 26,432,065 | 25,532,832 |
| Long term debt (note 5) | 36,947,287 | 38,915,080 |
| Employee future benefit obligations (note 6) | 27,599,496 | 27,956,208 |
| | <u>101,541,943</u> | <u>103,035,807</u> |
| Net assets | 53,262,649 | 38,660,612 |
| Non-Financial Assets | | |
| Tangible capital assets (note 7) | 298,905,019 | 280,770,592 |
| Other non-financial assets (note 8) | 20,317,444 | 20,783,385 |
| Inventory/prepaid expenses | 1,686,777 | 1,264,333 |
| | <u>320,909,240</u> | <u>302,818,310</u> |
| Commitments and contingencies (note 11, note 12) | | |
| Accumulated surplus (note 9) | <u>\$ 374,171,889</u> | <u>\$ 341,478,922</u> |

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

THE CORPORATION OF THE TOWN OF LASALLE

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2023, with comparative information for 2022

| | 2023 Budget (note 13) | 2023 Actual | 2022 Actual (Adjusted) |
|---|-----------------------------|-----------------------|------------------------------|
| Revenue: | | | |
| Taxation (note 10) | \$ 43,763,500 | \$ 43,481,299 | \$ 40,894,126 |
| User charges | 13,032,100 | 13,155,668 | 13,022,285 |
| Government transfers: | | | |
| Provincial (note 14) | 2,482,800 | 4,626,301 | 2,271,995 |
| Federal (note 14) | 1,662,100 | 5,426,963 | 930,933 |
| Investment income | 747,900 | 6,017,155 | 3,113,383 |
| Penalties and interest | 433,000 | 527,975 | 469,185 |
| Contributions from developers and users | – | 14,600,499 | 12,299,195 |
| Recreation and cultural services | 2,503,200 | 3,196,962 | 2,442,279 |
| Equity income in Essex Power Corporation (note 3) | 580,000 | 676,305 | 837,906 |
| Other | 3,157,700 | 3,377,533 | 3,013,011 |
| Total revenue | 68,362,300 | 95,086,660 | 79,294,298 |
| Expenses: | | | |
| General government | 9,051,600 | 9,169,932 | 8,621,717 |
| Protection services | 15,862,900 | 15,832,765 | 15,235,916 |
| Transportation services | 11,910,100 | 10,763,418 | 10,183,137 |
| Environmental services | 13,962,000 | 15,248,065 | 13,852,871 |
| Recreation and cultural services | 8,283,200 | 10,607,452 | 9,038,088 |
| Planning and development | 946,000 | 772,061 | 780,108 |
| Total expenses | 60,015,800 | 62,393,693 | 57,711,837 |
| Annual surplus | 8,346,500 | 32,692,967 | 21,582,461 |
| Accumulated surplus, beginning of year | 341,478,922 | 341,478,922 | 319,896,461 |
| Accumulated surplus, end of year | \$ 349,825,422 | \$ 374,171,889 | \$ 341,478,922 |

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

THE CORPORATION OF THE TOWN OF LASALLE

Consolidated Statement of Change in Net Assets

Year ended December 31, 2023, with comparative information for 2022

| | 2023 Budget (note 13) | 2023 Actual | 2022 Actual (Adjusted) |
|---|-----------------------------|----------------|------------------------------|
| Annual surplus | \$ 8,346,500 | \$ 32,692,967 | \$ 21,582,461 |
| Acquisition of tangible capital assets | (40,969,900) | (30,588,867) | (24,795,245) |
| Amortization of tangible capital assets | 10,549,600 | 11,892,668 | 10,836,032 |
| Proceeds from disposal of tangible capital assets | – | 536,238 | 153,681 |
| Loss on disposal of tangible capital assets | – | 25,534 | 215,381 |
| | (22,073,800) | 14,558,540 | 7,992,310 |
| Amortization of other non-financial assets | 466,000 | 465,941 | 465,941 |
| Acquisition of inventory/ prepaid expenses, net | – | (422,444) | (378,337) |
| Change in net assets | (21,607,800) | 14,602,037 | 8,079,914 |
| Net assets, beginning of year | 38,660,612 | 38,660,612 | 30,580,698 |
| Net assets, end of year | \$ 17,052,812 | \$ 53,262,649 | \$ 38,660,612 |

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

THE CORPORATION OF THE TOWN OF LASALLE

Consolidated Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

| | 2023 | 2022 (Adjusted) |
|---|----------------|--------------------|
| Cash provided by (used in): | | |
| Operating activities: | | |
| Annual surplus | \$ 32,692,967 | \$ 21,582,461 |
| Items not involving cash: | | |
| Amortization of tangible capital assets | 11,892,668 | 10,836,032 |
| Amortization of other non-financial assets | 465,941 | 465,941 |
| Contributed tangible capital assets from developers | (13,117,245) | (11,607,714) |
| Loss on disposal of tangible capital assets | 25,534 | 215,381 |
| Change in employee future benefit obligations | (356,712) | 399,542 |
| Equity income of Essex Power Corporation | (676,305) | (837,906) |
| Change in non-cash assets and liabilities: | | |
| Taxes receivable | (647,068) | (517,505) |
| User charges receivable | (243,886) | (175,188) |
| Other receivables | (2,622,077) | (809,382) |
| Accounts payable and accrued liabilities | (68,593) | 4,227,449 |
| Inventory/prepaid expenses | (422,444) | (378,337) |
| | 26,922,780 | 23,400,774 |
| Capital activities: | | |
| Proceeds from disposal of tangible capital assets | 536,238 | 153,681 |
| Cash used to acquire tangible capital assets | (17,471,622) | (13,187,531) |
| | (16,935,384) | (13,033,850) |
| Investing activities: | | |
| Dividend received from Essex Power Corporation | 587,195 | 578,556 |
| Financing activities: | | |
| Increase in deferred revenue/capital deposits | 899,233 | (2,976,868) |
| Proceeds from issuance of municipal debt | — | 7,000,000 |
| Repayments related to long term debt | (1,967,792) | (1,766,809) |
| | (1,068,559) | 2,256,323 |
| Increase in cash position | 9,506,032 | 13,201,803 |
| Cash and short term investments, beginning of year | 119,102,760 | 105,900,957 |
| Cash and short term investments, end of year (note 2) | \$ 128,608,792 | \$ 119,102,760 |

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

THE CORPORATION OF THE TOWN OF LASALLE

Notes to Consolidated Financial Statements

Year ended December 31, 2023

The Corporation of the Town of LaSalle (the "Town") is a municipality in the Province of Ontario incorporated in 1991 and operates under the provisions of the Municipal Act. Prior to 1991, the municipality was known as the Township of Sandwich West.

1. Significant accounting policies:

The consolidated financial statements of the Town are prepared by management in accordance with Canadian public sector accounting standards ("PSAS"). Significant accounting policies adopted by the Town are as follows:

(a) Basis of consolidation:

(i) Consolidated entities:

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Town and which are owned or controlled by the Town except for the Town's government business enterprise, Essex Power Corporation ("EPC"), which is accounted for on the modified equity basis of accounting.

Excluded from the reporting entity are activities related to The River Canard Park as well as several other small Committees of Council, all of which are administered by the Town and reported on separately.

Interdepartmental transactions and balances have been eliminated.

(ii) Investment in EPC:

The Town's investment in EPC is accounted for on a modified equity basis, consistent with Canadian public sector accounting standards for investments in Government Business Enterprises. Under the modified equity basis, Government Business Enterprise's accounting policies are not adjusted to conform with those of the municipality and inter-organizational transactions and balances are not eliminated. The Town recognizes its equity interest in the annual income or loss of EPC in its consolidated statement of operations with a corresponding increase or decrease in its investment asset account. Any dividends that the Town receives from EPC are reflected as reductions in the investment asset account.

(iii) Accounting for county and school boards transactions:

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the county and the school boards are not reflected in these consolidated financial statements. Amounts due to / from county or school boards are reported on the statement of financial position as accounts receivable / payable.

THE CORPORATION OF THE TOWN OF LASALLE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(a) Basis of consolidation (continued):

(iii) Accounting for county and school boards transactions:

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the county and the school boards are not reflected in these consolidated financial statements. Amounts due to / from county or school boards are reported on the statement of financial position as accounts receivable / payable.

(b) Basis of accounting:

The Town follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of an obligation to pay.

(c) Restricted assets:

Restricted assets consist of cash, short term investments, long term investments and interest receivable which are associated with deferred revenue / capital deposit accounts and reserve funds, of which their use is limited by Provincial or Federal legislation, regulation or third-party agreements.

(d) Investments:

Investments consist primarily of money market instruments such as government bonds and guaranteed investment certificates. Note 1(o) describes the treatment of these investments based on their type. Investment income is reported as revenue in the period earned. When required by the funding government or related Act, investment income earned on deferred revenue is added to the investment and forms part of the deferred revenue balance.

(e) Employee future benefit obligations:

The cost of future benefits earned by employees is actuarially determined using the projected benefit method prorated on service and assumptions with respect to mortality and termination rates, retirement age and expected inflation rate with respect to employee benefit costs. Past service costs from plan amendments, if any, are deferred and amortized on a straight-line basis over the average remaining service period of employees active at the date of the amendment. 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 excess of the net accumulated actuarial gains (losses) over 10 percent of the accrued benefit obligation is amortized over the average remaining service period of active employees.

THE CORPORATION OF THE TOWN OF LASALLE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(f) 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.

(g) 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, are amortized on a straight-line basis over their estimated useful lives as follows:

| Asset | Useful Life - Years |
|-------------------------------------|---------------------|
| Land improvements | 15 - 50 |
| Buildings and building improvements | 10 - 50 |
| Vehicles, machinery and equipment | 5 - 30 |
| Water and wastewater infrastructure | 20 - 50 |
| Roads and bridge infrastructure | 12 - 50 |
| Furniture and fixtures | 15 |

A half year of amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

Contributions of tangible capital assets

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

(i) Natural resources:

Natural resources that have not been purchased are not recognized as assets in the consolidated financial statements.

(ii) Works of art and cultural and historic assets:

The Town manages and controls various works of art and non-operational historical cultural assets including artifacts, paintings and sculptures located at Town sites and public display areas. The assets are not recorded as tangible capital assets and are not amortized. These items have cultural, aesthetic, or historical value and are worth preserving perpetually.

(iii) Interest capitalization:

The Town does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

THE CORPORATION OF THE TOWN OF LASALLE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(g) Tangible capital assets (continued):

(iv) Tangible capital assets disclosed at nominal values:

Where an estimate of fair value could not be made, the tangible capital asset was recognized at a nominal value.

(h) Other non-financial assets:

The Town owns an interest of five million gallons per day of treatment capacity at the Lou Romano Water Treatment Plant (the "Plant"). The Plant's physical assets are owned by the City of Windsor. This asset is being amortized over the life of the Plant, which is estimated to be 60 years.

(i) Use of estimates:

The preparation of 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 date of the consolidated financial statements, and the reported amounts of revenues and expenses during the period. Significant estimates include assumptions used in estimating the valuation of receivables, the carrying value of tangible capital assets and other non-financial assets, provisions for accrued liabilities and in performing actuarial valuations of employee future benefits. Actual results could differ from these estimates.

(j) 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.

A liability for remediation of contaminated sites is recognized, net of any expected recoveries, when all of the following criteria are met:

- (i) an environmental standard exists
- (ii) contamination exceeds the environmental standard
- (iii) the organization is directly responsible or accepts responsibility for the liability
- (iv) future economic benefits will be given up, and
- (v) a reasonable estimate of the liability can be made

THE CORPORATION OF THE TOWN OF LASALLE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(k) Government transfers:

Government transfer payments are recognized in the financial statements in the year in which the payment is authorized and the events giving rise to the transfer occur, performance criteria are met, and a reasonable estimate of the amount can be made. Funding that is stipulated to be used for specific purposes is only recognized as revenue in the fiscal year that the related expenses are incurred or services performed. If the funding is received for which the related expenses have not yet been incurred or services performed, these amounts are recorded as deferred revenue at year end.

(l) Taxation and related revenue:

Property tax bills are prepared by the Town based on assessment rolls issued by the Municipal Property Assessment Corporation. Tax rates are established annually by the Town Council, incorporating amounts to be raised for local services.

Taxation revenue and taxes receivable are recognized when they meet the definition of an asset, the tax is authorized and a taxable event has occurred. Property assessments and the related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded when the result of the appeal process is known.

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

(m) Related party disclosures:

The Town defines related party and provides disclosure requirements, in accordance with the relevant standard. Disclosure is only required when the transactions or events between related parties occur at a value different from what would have been recorded if they were not related and the transactions could have a material financial impact on the financial statements. The Town also discloses related party transactions that have occurred where no amounts have been recognized.

(n) Inter-entity transactions:

Transactions undertaken on similar terms and conditions to those adopted if the entities were dealing at arm's length are recorded at the exchange amount. Transfers of an asset or liability at nominal or no consideration is recorded by the provider at the carrying amount and the recipient has the choice of using either the carrying amount or fair value. Cost allocations are reported using the exchange amount and revenues and expenses are reported on a gross basis. Unallocated costs for the provision of goods or services may be recorded by the recipient at the carrying amount or fair value unless otherwise dictated by policy, accountability structure or budget practice.

THE CORPORATION OF THE TOWN OF LASALLE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(o) Financial instruments:

Financial Instruments are classified into three categories: fair value, amortized cost or cost. Portfolio investments reported at fair value consist of equity instruments and any other investments where the investments are managed and evaluated on a fair value basis and the fair value option is elected. The Town has not elected to measure any financial instruments at fair value.

Other financial instruments, including cash and cash equivalents, accounts receivable, loans receivable, and accounts payable and accrued liabilities are initially recorded at their fair value and are subsequently measured at cost or amortized cost, net of any provisions for impairment.

Upon standard implementation, amortized cost will be measured using the effective interest rate method, as opposed to the straight-line method.

Fair value category: The Town manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and related balances reversed from the Statement of Remeasurement Gains and Losses. No Statement of Remeasurement Gains and Losses has been presented as there are no significant items to record therein.

Amortized cost: Amounts are measured using the effective interest rate method. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, based on the effective interest rate. It is applied to financial assets or financial liabilities that are not in the fair value category.

(p) Asset retirement obligations:

An asset retirement obligation is recognized when, at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

THE CORPORATION OF THE TOWN OF LASALLE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(p) Asset retirement obligations (continued):

The liability for closure of operational sites and post-closure has been recognized based on estimated future expenses. An additional liability for the removal of asbestos and other hazardous materials in several of the buildings owned by the Town has also been recognized based on estimated future expenses.

The recognition of a liability resulted in an accompanying increase to the respective tangible capital assets. The increase to the tangible capital assets is being amortized in accordance with the accounting policies outlined in this note.

In addition, the Town's implementation of PS3280 Asset Retirement Obligations has resulted in the requirement for management to make estimates regarding the useful lives of affected tangible capital assets and the expected retirement costs, as well as the timing and duration of these retirement costs.

(q) Future accounting pronouncements:

These standards and amendments were not yet effective for the year ended December 31, 2023 and have therefore not been applied in preparing these consolidated financial statements. Management is currently assessing the impact of the following accounting standards updates on the future consolidated financial statements.

- (i) PS 3400, *Revenue*, establishes a single framework to categorize revenues to enhance the consistency of revenue recognition and its measurement. This standard is effective for fiscal years beginning on or after April 1, 2023 (the Town's December 31, 2024 year-end).
- (ii) Public Sector Guideline 8 Purchased Intangibles allows public sector entities to recognize intangibles purchased through an exchange transaction. This guideline is effective for fiscal years beginning on or after April 1, 2023 (the Town's December 31, 2024 year-end).

(r) Change in accounting policy – adoption of new accounting standards:

The Town adopted the following standards concurrently beginning January 1, 2023 prospectively: PS 1201 *Financial Statement Presentation*, PS 2601 *Foreign Currency Translation*, PS 3041 *Portfolio Investments* and PS 3450 *Financial Instruments*.

- (i) 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 3041 *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.

THE CORPORATION OF THE TOWN OF LASALLE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(r) Change in accounting policy – adoption of new accounting standards (continued):

- (ii) PS 2601 *Foreign Currency Translation* replaces PS 2600 *Foreign Currency Translation*. The standard requires monetary assets and liabilities denominated in a foreign currency and non-monetary items denominated in a foreign currency that are reported as fair value, to be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses arising from foreign currency changes are presented in the new Statement of Remeasurement Gains and Losses.
- (iii) PS 3041 *Portfolio Investments* replaces PS 3040 *Portfolio Investments*. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to 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.
- (iv) PS 3450 *Financial Instruments* establishes accounting and reporting requirements for all types of financial instruments including derivatives. The standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. All other financial instruments will generally be measured at cost or amortized cost. Unrealized gains and losses arising from changes in fair value are presented in the Statement of Remeasurement Gains and Losses.

Fair value hierarchy: The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

- (i) Level 1 - fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
 - (ii) Level 2 - fair value measurements are those derived from 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); and
 - (iii) Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.
- (s) Asset retirement obligations:

PS 3280 *Asset Retirement Obligations* ("ARO") establishes the accounting and reporting requirements for legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use. This standard was adopted on January 1, 2023 using the modified retrospective approach.

THE CORPORATION OF THE TOWN OF LASALLE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(s) Asset retirement obligations (continued):

The Town has no current asset retirement obligations.

2. Cash and investments:

| | 2023 | 2022 |
|----------------------------------|-----------------------|-----------------------|
| Unrestricted assets: | | |
| Cash | \$ 47,661,573 | \$ 41,371,361 |
| Long term investments | 1,115 | 1,115 |
| | <u>47,662,688</u> | <u>41,372,476</u> |
| Restricted assets: | | |
| Cash | 80,595,552 | 77,395,345 |
| Short term investments | 351,667 | 336,054 |
| | <u>80,947,219</u> | <u>77,731,399</u> |
| Essex Power Corporation (note 3) | 14,049,333 | 13,960,223 |
| | <u>\$ 142,659,240</u> | <u>\$ 133,064,098</u> |
| Cash and short term investments: | | |
| Unrestricted | \$ 47,661,573 | \$ 41,371,361 |
| Restricted | 80,947,219 | 77,731,399 |
| | <u>\$ 128,608,792</u> | <u>\$ 119,102,760</u> |

3. Investment in EPC:

(a) Incorporation of EPC:

On May 30th, 2000, the Town along with the Towns of Amherstburg, Leamington and Tecumseh substantially transferred all of the assets, liabilities and operations of their respective Hydro-Electric Systems to Essex Power Corporation (EPC). EPC is a holding company which wholly owns three subsidiaries: Essex Power Lines Corporation (EPLC), Essex Power Services Corporation and Essex Energy Corporation. EPC and its subsidiaries have been established by the respective Town Councils to own and manage the operations of the collective Hydro-Electric System.

THE CORPORATION OF THE TOWN OF LASALLE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

3. Investment in EPC (continued):

(a) Incorporation of EPC (continued):

The value of net assets transferred to EPC from the Town on May 30, 2000 was \$11,491,728 and was recorded as other revenue on the "Consolidated Statement of Operations". In consideration for such transfer, EPC originally issued to the Town the following:

| | | |
|---------------------------------------|----|------------|
| Promissory notes (from EPLC) | \$ | 5,245,401 |
| 25% voting common shares (in EPC) | | 2,678,178 |
| 44% non-voting common shares (in EPC) | | 3,568,149 |
| | \$ | 11,491,728 |

(b) Investment in EPC:

The investments in EPC and EPLC are included in the restricted long term investments on the "Consolidated Statement of Financial Position" and consist of the following as at December 31st: The Town owns 33.25% of EPC.

| | 2023 | 2022 |
|---|---------------|---------------|
| Voting common shares | \$ 2,678,178 | \$ 2,678,178 |
| Non-voting common shares | 3,568,149 | 3,568,149 |
| Non-voting special shares | 253,260 | 253,260 |
| Attributable gains to date, net of dividends received | 7,549,746 | 7,460,636 |
| | \$ 14,049,333 | \$ 13,960,223 |

THE CORPORATION OF THE TOWN OF LASALLE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

3. Investment in EPC (continued):

(c) Supplementary information:

The following table provides condensed supplementary information for EPC.

| | As at December 31, 2023 | As at December 31, 2022 |
|--|-------------------------------|-------------------------------|
| Financial Position | | |
| Current assets | \$ 23,320,000 | \$ 21,035,000 |
| Capital assets | 85,190,000 | 79,593,000 |
| Other assets | 11,549,000 | 11,291,000 |
| Total assets | 120,059,000 | 111,919,000 |
| Regulatory balances | 8,814,000 | 11,605,000 |
| Total assets and regulatory balances | \$ 128,873,000 | \$ 123,524,000 |
| Current liabilities | \$ 21,316,000 | \$ 23,434,000 |
| Long term liabilities | 59,837,000 | 53,551,000 |
| Total Liabilities | 81,153,000 | 76,985,000 |
| Equity | 44,198,000 | 44,100,000 |
| Total liabilities and equity | 125,351,000 | 121,085,000 |
| Regulatory balances | 3,522,000 | 2,439,000 |
| Total liabilities, equity and regulatory balances | \$ 128,873,000 | \$ 123,524,000 |

THE CORPORATION OF THE TOWN OF LASALLE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

3. Investment in EPC (continued):

(c) Supplementary information (continued):

| | For the year ended December 31, 2023 | For the year ended December 31, 2022 |
|--|--|--|
| Result from Operations | | |
| Revenue | \$ 100,321,000 | \$ 101,354,000 |
| Operating expenses | 92,162,000 | 94,971,000 |
| Income from operations | 8,159,000 | 6,383,000 |
| Other expenses | 2,065,000 | 1,942,000 |
| Net income | 6,094,000 | 4,441,000 |
| Net movement in regulatory balances, net of tax | (3,875,000) | (1,785,000) |
| Net income for the year and net movement in regulatory balances | 2,219,000 | 2,656,000 |
| Other comprehensive income | 21,000 | 405,000 |
| Total comprehensive income for the year | \$ 2,240,000 | \$ 3,061,000 |

For the year ended December 31, 2023, the Town's proportionate share of the comprehensive income was \$676,305 (\$837,906 in 2022) and has been reflected in the Consolidated Statement of Operations. The change in the investment in EPC includes both the share of comprehensive income and the common share dividends received of \$587,195 (\$578,556 in 2022). Dividends received on special shares of \$17,729 (\$17,729 in 2022) are included in investment income.

(d) Related party transactions

During fiscal 2023, the Town received \$587,195 in common share dividends from EPC (\$578,556 in 2022).

During fiscal 2023, the Town paid \$1,312,700 to EPC for services provided (\$1,178,129 in 2022).

THE CORPORATION OF THE TOWN OF LASALLE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

4. Deferred revenue/capital deposits:

The balance of deferred revenue/capital deposits consist of:

| | 2023 | 2022 |
|---|----------------------|----------------------|
| | | (Adjusted) |
| Development charges | \$ 18,481,557 | \$ 16,083,639 |
| Canada Community-Building Fund | 2,664,767 | 5,498,130 |
| Provincial gas tax/transit | 289,349 | 284,470 |
| OCIF | 2,890,108 | 1,676,126 |
| Parkland dedication | 1,196,883 | 828,050 |
| Grants | - | 393,182 |
| Culture and recreation | 885,664 | 749,183 |
| Other | 23,737 | 20,052 |
| | <u>\$ 26,432,065</u> | <u>\$ 25,532,832</u> |
| | 2023 | 2022 |
| | | (Adjusted) |
| Contributions received: | | |
| Contribution from developers | \$ 2,177,828 | \$ 1,770,616 |
| Contribution from others | 5,286,652 | 4,022,705 |
| Gas tax funding | 1,895,082 | 1,826,509 |
| OCIF formula based funding | 1,541,961 | 1,719,480 |
| Investment income | 1,700,573 | 795,622 |
| | <u>12,602,096</u> | <u>10,134,932</u> |
| Deferred revenue/capital deposits included in revenue | (11,702,863) | (5,128,470) |
| Net change in deferred revenue/capital deposits | 899,233 | 5,006,462 |
| Deferred revenue/capital deposits, beginning of year | 25,532,832 | 20,526,370 |
| Deferred revenue/capital deposits, end of year | <u>\$ 26,432,065</u> | <u>\$ 25,532,832</u> |

THE CORPORATION OF THE TOWN OF LASALLE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

5. Long term debt:

(a) Long term debt outstanding:

| | 2023 | 2022 |
|--|---------------|---------------|
| New municipal facilities 3.83% debenture, repayable in combined semi-annual payments of principal and interest of \$562,630, maturing in 2038 | \$ 12,430,973 | \$ 13,061,947 |
| Riverfront park 2.74% debenture, repayable in combined semi-annual payments of principal and interest of \$277,575, maturing in 2044 | 8,819,973 | 9,127,129 |
| Vollmer complex 4.81% debenture, repayable in combined semi-annual payments of principal and interest of \$419,456, maturing in 2028 | 3,358,465 | 4,012,160 |
| Sanitary sewage treatment capacity 5.1% debenture, repayable in combined semi-annual payments of principal and interest of \$205,977, maturing in 2048 | 5,725,556 | 5,841,069 |
| Waterfront skate trail and water feature 3.13% debenture, repayable in combined semi-annual payments of principal and interest of \$236,775, maturing in 2042 | 6,612,320 | 6,872,775 |
| | 36,947,287 | 38,915,080 |
| The responsibility for payment of principal and interest charges for tile drainage loans has been assumed by individuals (maturing in 2026 and 2032). These amounts are not recorded on the consolidated statement of financial position | 42,844 | 53,740 |
| | \$ 36,990,131 | \$ 38,968,820 |

(b) Long term debt principal repayments:

| | |
|--------------------|---------------|
| Within one year | \$ 2,046,667 |
| Within two years | 2,128,835 |
| Within three years | 2,214,438 |
| Within four years | 2,303,627 |
| Within five years | 1,977,099 |
| Thereafter | 26,276,621 |
| | \$ 36,947,287 |

THE CORPORATION OF THE TOWN OF LASALLE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

5. Long term debt (continued):

(c) Charges relating to long term debt:

| | 2023 | 2022 |
|----------------|---------------------|---------------------|
| Principal paid | \$ 1,967,792 | \$ 1,766,810 |
| Interest paid | 1,437,035 | 1,401,242 |
| | <u>\$ 3,404,827</u> | <u>\$ 3,168,052</u> |

(d) Debt capacity limit:

The Municipal Act establishes debt limits, which include both interest and principal payments, as defined in Ontario regulation 403/02. The debt limit is calculated at 25% of net operating revenues. Incurring debt beyond these limits requires approval by the Minister of Municipal Affairs and Housing. These thresholds are a conservative guideline used by the Ministry to identify municipalities which could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the consolidated financial statements must be interpreted as a whole.

| | 2023 | 2022 |
|--|----------------------|----------------------|
| Debt repayment limit (25% of net operating revenues) | \$ 14,452,364 | \$ 13,630,273 |
| Net debt charges | 2,931,277 | 2,931,278 |
| Remaining available debt repayment limit | <u>\$ 11,521,087</u> | <u>\$ 10,698,995</u> |

6. Employee future benefit obligations and other liabilities:

(a) Pension agreements:

The Town makes contributions on behalf of members of its staff to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan. The plan is a defined-benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The multi-employer plan is valued on a current market basis for all plan assets.

During the year, the Town paid \$2,003,077 (\$1,845,463 in 2022) in contributions towards the OMERS plan and are recorded in the statement of operations and accumulated surplus.

At December 31, 2023, the OMERS plan is in an actuarial deficit position, which is being addressed through rate contributions and benefit reductions. Depending on an individual's normal retirement age and pensionable earnings, 2023 contribution rates were 9.0% and 14.6% (2022 - 9.0% and 14.6%).

THE CORPORATION OF THE TOWN OF LASALLE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

6. Employee future benefit obligations and other liabilities (continued):

(a) Pension agreements (continued):

The last available report for the OMERS plan was on December 31, 2023. At that time, the plan reported a \$4.2 billion actuarial deficit (2022 - \$6.7 billion), based on actuarial liabilities of \$134.6 billion (2022 - \$128.8 billion) and actuarial assets of \$130.4 billion (2022 - \$122.1 billion). If actuarial surpluses are not available to offset the existing deficit and subsidize future contributions, increases in contributions will be required in the future.

(b) Future benefit obligations:

Employee benefit liabilities are future obligations of the Town to its employees and retirees for benefits earned but not taken as of December 31.

| | 2023 | 2022 |
|---------------------------|----------------------|----------------------|
| Post retirement benefits | \$ 26,894,122 | \$ 27,212,630 |
| Accrued sick leave | 643,454 | 624,387 |
| WSIB future benefit costs | 61,920 | 119,191 |
| | <u>\$ 27,599,496</u> | <u>\$ 27,956,208</u> |

(i) Post-retirement benefits:

The post-retirement benefits liability is based on an actuarial valuation performed by the Town's actuaries. The valuation and measurement date used by the actuaries is December 31, 2023. The significant actuarial assumptions adopted in estimating the Town's liability are as follows:

| | |
|----------------------------------|---|
| Long term discount rate | 4.5% (4.7% in 2022) |
| Trend rates: | Dental - 3% per annum (3% in 2022) |
| | Health care - 5.7% per annum in 2023, decreasing to an ultimate rate of 3.57% in 2040 |
| Estimated remaining service life | 14.7 years |

THE CORPORATION OF THE TOWN OF LASALLE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

6. Employee future benefit obligations and other liabilities (continued):

(b) Future benefit obligations (continued):

(i) Post-retirement benefits (continued):

Information about the Town's future obligations with respect to these costs is as follows:

| | 2023 | 2022 |
|--------------------------------------|---------------|---------------|
| Opening balance | \$ 27,212,630 | \$ 26,878,038 |
| Annual expense: | | |
| Cost of benefits | 369,529 | 541,350 |
| Net amortization of actuarial losses | (897,199) | (321,517) |
| Interest | 757,762 | 646,259 |
| Benefits paid | (548,600) | (531,500) |
| Closing balance | \$ 26,894,122 | \$ 27,212,630 |

| | 2023 | 2022 |
|---------------------------------|---------------|---------------|
| Accrued benefit obligation | \$ 17,155,427 | \$ 16,027,370 |
| Unamortized net actuarial gains | 9,738,695 | 11,185,260 |
| Closing balance | \$ 26,894,122 | \$ 27,212,630 |

The Town's post-retirement benefit obligations are unfunded.

(ii) Accrued sick leave:

Under the terms of contract settlements in 1995, employees can only receive lump sum cash payments for those days accumulated in excess of the maximum sick leave bank entitlement. The cash value of 50% of the excess accumulation is to be paid to each employee at the beginning of the following year. The days accumulated up to the sick leave bank maximum entitlement have no cash value, however, represents a future liability to the municipality.

As of November 30, 2013, the sick leave bank entitlement was frozen. The frozen sick leave banks must be drawn upon before using the annual sick leave entitlement.

(iii) WSIB future benefit costs:

The estimated liability for WSIB future benefit costs is \$61,920 (\$119,191 in 2022).

THE CORPORATION OF THE TOWN OF LASALLE

Notes to Consolidated Financial Statements

Year ended December 31, 2023

7. Tangible capital assets:

| Cost | Balance at December 31, 2022 | Additions | Disposals | Transfers | Balance at December 31, 2023 |
|-------------------------------------|------------------------------------|----------------------|-----------------------|-------------|------------------------------------|
| Land | \$ 50,442,036 | \$ 2,369,520 | \$ (341,382) | \$ 772 | \$ 52,470,946 |
| Land improvements | 14,611,466 | 56,728 | (43,911) | 1,144,949 | 15,769,232 |
| Buildings and building improvements | 64,495,412 | (38,465) | – | 563,923 | 65,020,870 |
| Vehicles, machinery and equipment | 21,235,193 | 2,344,763 | (1,127,839) | 518,974 | 22,971,091 |
| Water and wastewater infrastructure | 154,272,070 | 6,100,714 | (153,229) | 1,089,379 | 161,308,934 |
| Roads and bridge infrastructure | 124,197,162 | 6,698,248 | (1,423,457) | 1,425,741 | 130,897,694 |
| Furniture and fixtures | 2,661,006 | 124,103 | – | 58,452 | 2,843,561 |
| Assets under construction | 14,934,728 | 12,933,256 | – | (4,802,190) | 23,065,794 |
| Total | \$ 446,849,073 | \$ 30,588,867 | \$ (3,089,818) | \$ – | \$ 474,348,122 |

| Accumulated amortization | Balance at December 31, 2022 | Disposals | Amortization expense | Balance at December 31, 2023 |
|-------------------------------------|------------------------------------|-----------------------|-------------------------|------------------------------------|
| Land | \$ – | \$ – | \$ – | \$ – |
| Land improvements | 8,718,426 | (27,579) | 770,222 | 9,461,069 |
| Buildings and building improvements | 23,228,468 | – | 2,438,345 | 25,666,813 |
| Vehicles, machinery and equipment | 13,535,238 | (1,029,510) | 1,368,690 | 13,874,418 |
| Water and wastewater infrastructure | 59,355,725 | (113,607) | 3,330,344 | 62,572,462 |
| Roads and bridge infrastructure | 60,025,535 | (1,357,350) | 3,793,274 | 62,461,459 |
| Furniture and fixtures | 1,215,089 | – | 191,793 | 1,406,882 |
| Total | \$ 166,078,481 | \$ (2,528,046) | \$ 11,892,668 | \$ 175,443,103 |

THE CORPORATION OF THE TOWN OF LASALLE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

7. Tangible capital assets (continued):

| Net book value | Balance at December 31, 2022 | Balance at December 31, 2023 |
|-------------------------------------|------------------------------------|------------------------------------|
| Land | \$ 50,442,036 | \$ 52,470,946 |
| Land improvements | 5,893,040 | 6,308,163 |
| Buildings and building improvements | 41,266,944 | 39,354,057 |
| Vehicles, machinery and equipment | 7,699,955 | 9,096,673 |
| Water and wastewater infrastructure | 94,916,345 | 98,736,472 |
| Roads and bridge infrastructure | 64,171,627 | 68,436,235 |
| Furniture and fixtures | 1,445,917 | 1,436,679 |
| Assets under construction | 14,934,728 | 23,065,794 |
| Total | \$ 280,770,592 | \$ 298,905,019 |

THE CORPORATION OF THE TOWN OF LASALLE

Notes to Consolidated Financial Statements

Year ended December 31, 2023

8. Other non-financial assets:

Other non-financial assets represent an interest of five million gallons per day of treatment capacity at the Lou Romano Water Treatment Plant (the "Plant").

| | 2023 | 2022 |
|---------------------------------|---------------|---------------|
| Balance, cost | \$ 27,679,629 | \$ 27,679,629 |
| Less - Accumulated amortization | (7,362,185) | (6,896,244) |
| Balance, net | \$ 20,317,444 | \$ 20,783,385 |

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THE CORPORATION OF THE TOWN OF LASALLE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

9. Accumulated surplus:

Accumulated surplus consists of individual fund surplus and reserves and reserve funds as follows:

| | 2023 | 2022 (Adjusted) |
|---|----------------|--------------------|
| Surplus: | | |
| Invested in tangible capital assets | \$ 267,683,287 | \$ 247,696,582 |
| Invested in other non-financial capital assets | 14,591,888 | 14,942,316 |
| Other | (135,021) | (3,729,757) |
| Unfunded employee future benefit obligations | (27,599,496) | (27,956,208) |
| Total surplus | 254,540,658 | 230,952,933 |
| Reserve funds set aside by Council: | | |
| Building activity | 1,094,428 | 1,028,240 |
| Essex Power equity | 13,796,073 | 13,706,963 |
| Total reserve funds | 14,890,501 | 14,735,203 |
| Reserves set aside for specific purpose by Council: | | |
| Tax stabilization | 4,783,503 | 4,681,503 |
| Working capital | 836,388 | 673,089 |
| Facility capital | 3,131,824 | 2,050,303 |
| Insurance | 408,976 | 147,112 |
| Strategic planning | 1,615,547 | 1,522,587 |
| Technology | 196,072 | 746,491 |
| LaSalle green space/woodlot | 814,889 | 723,147 |
| Accessibility projects | 855,399 | 642,696 |
| HR / Health & Safety | 64,418 | 119,385 |
| Election | 77,773 | 44,371 |
| Fire | 1,834,760 | 1,522,274 |
| Police | 120,016 | 293,318 |
| Fleet | 1,020,448 | 2,637,774 |
| Roads network | 16,419,505 | 13,686,468 |
| Asset replacement/repair | 5,037,459 | 4,389,868 |
| Drains & storm water management | 11,880,553 | 9,747,041 |
| Sidewalks/trails/streetlights/driveways | 182,374 | 524,677 |
| Fuel system | 178,310 | 157,423 |
| Transit | 471,579 | 456,063 |
| Culture & recreation | 741,334 | 896,028 |
| Parks & parkland works | 445,396 | 438,164 |
| Vollmer Centre | 682,991 | 406,528 |
| Waterfront | 4,030,099 | 4,708,854 |
| Planning projects | 197,990 | 159,990 |
| Sewer projects | 11,827,547 | 10,574,551 |
| Water projects | 14,650,436 | 13,320,522 |
| Water emergency | 1,500,000 | 1,500,000 |
| DC projects-NonGrowth | 19,574,803 | 17,939,581 |
| Developer contributions | 1,160,341 | 1,080,978 |
| Total reserves | 104,740,730 | 95,790,786 |
| | \$ 374,171,889 | \$ 341,478,922 |

THE CORPORATION OF THE TOWN OF LASALLE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

10. Taxation revenue:

Taxation revenue, reported on the Consolidated Statement of Operations and Accumulated Surplus, is made up of the following:

| | 2023 | 2022 |
|---|---------------|---------------|
| Residential and farm taxes | \$ 66,654,583 | \$ 62,683,852 |
| Commercial, industrial and business taxation | 5,813,533 | 5,764,365 |
| Taxation from other governments | 55,421 | 53,857 |
| | 72,523,537 | 68,502,074 |
| Requisitions to County and School Boards | (29,042,238) | (27,607,948) |
| Net property taxes and payment-in-lieu available for municipal purposes | \$ 43,481,299 | \$ 40,894,126 |

11. Commitments:

(a) Ontario Clean Water Agency:

The Town has entered into an agreement with the Ontario Clean Water Agency ("Agency") (formerly Ministry of the Environment) for the construction, financing and operation of a sanitary sewage system to service certain areas of the municipality. The Town was obligated to reimburse the Agency for the costs of the project through the imposition and collection of frontage and connection charges and a sewage service rate to the users. At December 31, 1996, the construction of the system was complete.

In 2023, the Town paid \$365,812 (\$422,101 in 2022) to the Agency for the operation and maintenance of its sanitary sewer system, which is reflected in the "Consolidated Statement of

(b) The Corporation of the City of Windsor:

In 1974, the Town entered into an agreement with the Corporation of the City of Windsor ("the City") for the processing and disposal of the sewage from the sanitary sewage system. The costs of processing the sewage are based on the Town's proportionate share of the operating and administrative costs of the Lou Romano Water Reclamation Plant.

The City of Windsor invoices for these charges on a quarterly basis and these charges which totaled \$1,046,654 (\$827,910 in 2022) are reflected in the Town's "Consolidated Statement of Operations and Accumulated Surplus".

THE CORPORATION OF THE TOWN OF LASALLE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

11. Commitments (continued):

(c) Disaster Mitigation and Adaptation Fund:

In 2020, the Town was successful in its grant application to the Government of Canada's Disaster Mitigation and Adaptation Fund (DMAF), a national merit-based program that supports large-scale infrastructure projects. The project will replace the Town's gravity-based storm outlets along Front Road with five strategically located new storm water pumping stations. These new pumping stations will work independently during minor rain events and will work together in instances of major rain events or overland flooding. The project will also include the installation of one new permanent emergency sanitary bypass pump at Lasalle's main sanitary pump station. The overall cost of the project is anticipated to be \$37,100,000, with funding from the Government of Canada totalling \$14,840,000 and the Town's contribution of \$22,260,000 over a period extending to 2028.

12. Contingent liabilities:

During the normal course of operations, the Town 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 Town.

THE CORPORATION OF THE TOWN OF LASALLE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

13. Budget data:

Budget data presented in these consolidated financial statements are based upon the 2023 operating and capital budgets approved by Council. The Town does not budget for amortization and employee future benefits and, as a result, amortization and employee future benefits is included based on actual cost. Also, the Town does not budget for developer contributions. The chart below reconciles the approved budget to the budget figures reported in these consolidated financial statements.

| | Budget Amount |
|---|---------------|
| Revenue: | |
| Operating | \$ 68,441,100 |
| Capital | 40,969,900 |
| Less: | |
| Transfers from other funds | (41,048,700) |
| | 68,362,300 |
| Expenses: | |
| Operating | 68,441,100 |
| Capital | 40,969,900 |
| Less: | |
| Transfers to other funds | (18,149,100) |
| Capital expenses | (40,969,900) |
| Debt principal payments | (1,962,300) |
| Add: | |
| Employee future benefits obligation expense | 670,500 |
| Amortization of tangible capital assets | 10,549,600 |
| Amortization of non-financial assets | 466,000 |
| Total expenses | 60,015,800 |
| Annual Surplus | \$ 8,346,500 |

THE CORPORATION OF THE TOWN OF LASALLE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

14. Government transfers:

The town recognizes the transfer of government funding as expenses or revenues in the period that the events giving rise to the transfer occurred. The government transfers reported on the consolidated statement of operations are:

| | 2023 Budget | 2023 Actual | 2022 Actual |
|------------------------------------|---------------------|----------------------|---------------------|
| Revenue: | | | |
| Provincial grants: | | | |
| Provincial offences | \$ 45,000 | \$ 87,695 | \$ 118,204 |
| OCIF formula-based grant | 1,824,600 | 476,772 | 965,000 |
| Provincial gas tax | 250,000 | 296,163 | 313,531 |
| Policing | 305,000 | 897,632 | 285,163 |
| Rural Economic Development grant | – | 42,210 | – |
| Municipal Modernization Program | – | 36,621 | 159,535 |
| ICIP: Public Transport | – | 2,391,008 | 48,030 |
| Ontario Trillium Fund | – | 398,200 | – |
| Recreation Services | – | – | 67,532 |
| Drainage Act | 58,200 | – | – |
| Parks | – | – | 315,000 |
| | 2,482,800 | 4,626,301 | 2,271,995 |
| Federal grants: | | | |
| Canada Community Building Fund | 1,662,100 | 4,674,648 | – |
| Recreation Services | – | 44,060 | 879,766 |
| Municipal Asset Management Program | – | – | 5,744 |
| Disaster Mitigation and Adaptation | – | 708,255 | 45,423 |
| | 1,662,100 | 5,426,963 | 930,933 |
| Total revenue | \$ 4,144,900 | \$ 10,053,264 | \$ 3,202,928 |

15. Financial Risks and concentration of risk:

As the valuation of all financial instruments held by the Town's at fair value are derived from quoted prices in active markets, all would be in Level 1 of the fair value hierarchy.

Risks arising from financial instruments and risk management

The Town is exposed to a variety of financial risks including credit risks, liquidity risk and market risk. The Town's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on The Town's financial performance.

THE CORPORATION OF THE TOWN OF LASALLE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

15. Financial Risks and concentration of risk (continued):

(a) Credit risk:

The Town's principal financial assets that are subject to credit risk are cash and accounts receivable. The carrying amounts of financial assets on the Statement of Financial Position represent The Town's maximum credit exposure as at the Statement of Financial Position date.

(b) Market risk:

The Town is exposed to interest rate risk and price risk with regard to its short and long-term investments, all of which are regularly monitored. The Town's financial instruments consist of cash, accounts receivable, investments, and accounts payable and accrued liabilities. It is the Town's opinion that the Town is not exposed to significant interest rate or currency risks arising from these financial instruments except as otherwise disclosed.

(c) Liquidity risk:

The Town mitigates liquidity risk by monitoring cash activities and expected outflows through extensive budgeting. Accounts payable and accrued liabilities are all current. There have been no significant changes from the previous year in the Town's exposure to liquidity risk or policies, procedures and methods used to measure the risk.

| 2023 | | Contractual cash flows | | | |
|--|----------------|------------------------|--------------|---------------|---------------|
| Description | Carrying value | Within 1 year | 1-5 years | >5 years | Total |
| Accounts payable and accrued liabilities | \$ 10,563,095 | \$ 10,563,095 | \$ - | \$ - | \$ 10,563,095 |
| Long term debt | 36,947,287 | 2,046,667 | 8,623,999 | 26,276,621 | 36,947,287 |
| Long term liabilities | - | - | - | - | - |
| | \$ 47,510,382 | \$ 12,609,762 | \$ 8,623,999 | \$ 26,276,621 | \$ 47,510,382 |

| 2022 adjusted | | Contractual cash flows | | | |
|--|----------------|------------------------|--------------|---------------|---------------|
| Description | Carrying value | Within 1 year | 1-5 years | >5 years | Total |
| Accounts payable and accrued liabilities | \$ 10,631,687 | \$ 10,631,687 | \$ - | \$ - | \$ 10,631,687 |
| Long term debt | 38,915,080 | 1,967,792 | 8,693,567 | 28,253,721 | 38,915,080 |
| Long term liabilities | - | - | - | - | - |
| | \$ 49,546,767 | \$ 12,599,479 | \$ 8,693,567 | \$ 28,253,721 | \$ 49,546,767 |

THE CORPORATION OF THE TOWN OF LASALLE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

16. Adjustment to comparative information:

Various financial statement captions were impacted as the result of an immaterial error within the 2022 financials. Certain items were noted not to have external stipulations attached to them, and therefore, are to be treated as internally restricted reserve funds. Through further assessing accounts payable, deferred revenue and reserves, there were other items misclassified within the captions. This correction has been applied on a prospective basis with an adjustment to the comparative information. Accordingly, the comparative information has been adjusted as follows:

| | As reported | Adjustment | Adjusted balance |
|--|--------------|--------------|------------------|
| Consolidated Statement of Financial Position: | | | |
| Accounts payable and accrued liabilities | \$ 6,455,925 | \$ 4,175,762 | \$ 10,631,687 |
| Deferred revenue/capital deposits | 75,526,365 | (49,993,533) | 25,532,832 |
| Total liabilities | 148,853,578 | (45,817,771) | 103,035,807 |
| Consolidated Statement of Operations and Accumulated Surplus: | | | |
| Investment income | 1,780,155 | 1,333,228 | 3,113,383 |
| Contributions from developers and users | 12,780,213 | (481,018) | 12,299,195 |
| Other | 3,382,073 | (369,062) | 3,013,011 |
| Total revenues | 78,811,150 | 483,148 | 79,294,298 |
| General government | 9,221,645 | (599,928) | 8,621,717 |
| Transportation services | 10,300,092 | (116,955) | 10,183,137 |
| Environmental services | 19,062,785 | (5,209,914) | 13,852,871 |
| Recreation and cultural services | 9,116,355 | (78,267) | 9,038,088 |
| Total expenses | 63,716,901 | (6,005,064) | 57,711,837 |
| Annual surplus | 15,094,249 | 6,488,212 | 21,582,461 |
| Accumulated surplus, end of year | 295,661,151 | 45,817,771 | 341,478,922 |
| Consolidated Statement of Change in Net Debt: | | | |
| Loss on disposal of tangible capital assets | 369,062 | (153,681) | 215,381 |
| Net debt, beginning of year | (8,748,861) | 39,329,559 | 30,580,698 |
| Net debt, end of year | (7,157,159) | 45,817,771 | 38,660,612 |
| Consolidated Statement of Cash Flows: | | | |
| Annual surplus | 15,094,249 | 6,488,212 | 21,582,461 |
| Contributed tangible capital assets from developers | (11,607,714) | – | (11,607,714) |
| Loss on disposal of tangible capital assets | 369,062 | (153,681) | 215,381 |
| Accounts payable and accrued liabilities | 51,686 | 4,175,762 | 4,227,448 |
| Proceeds from disposal of TCA | 153,681 | | 153,681 |
| Increase (decrease) in deferred revenue/capital deposits | 7,687,107 | (49,993,533) | (42,306,426) |

THE CORPORATION OF THE TOWN OF LASALLE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

17. Segmented information:

The Town is a lower tier municipality that provides a wide range of services to its citizens, including police, fire, water and many others. These services are provided by departments of the Town and their activities are reported by segment in these statements.

For each reportable segment, the Town has reported expenses that represent both amounts that are directly attributable and amounts that are allocated on a reasonable basis. Revenues have not been presented by segment based on their nature and instead are shown by object.

The Town's reportable segments and their associated activities are as follows:

(i) General government:

General government is comprised of levy revenue, council, council services, finance and administration activities

(ii) Protection services:

Protection services are comprised of Police, Fire and Protective Inspection activities

(iii) Transportation services:

Transportation services are comprised of roadway maintenance and winter control activities

(iv) Environmental services:

Environmental services are comprised of water, sanitary and storm sewers, solid waste collection and disposal and recycling

(v) Recreation and cultural services:

Recreational and cultural services are comprised of parks, cultural activities and recreation facilities

(vi) Planning and development:

Planning and development is comprised of planning and zoning, commercial and industrial

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.

THE CORPORATION OF THE TOWN OF LASALLE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

17. Segmented information (continued):

2023

| | General Government | Protection Services | Transportation Services | Environmental Services | Recreation & Cultural Services | Planning & Development | Total |
|--|-----------------------|------------------------|----------------------------|---------------------------|--------------------------------------|---------------------------|----------------------|
| Revenue: | | | | | | | |
| Taxation | \$ 8,051,304 | \$ 15,201,032 | \$ 6,327,131 | \$ 2,532,189 | \$ 10,607,452 | \$ 762,191 | \$ 43,481,299 |
| User charges | 42,363 | 865,560 | 46,112 | 12,201,633 | – | – | 13,155,668 |
| Government transfers: | | | | | | | |
| Provincial | 180,214 | 923,944 | 612,935 | 2,512,444 | 396,764 | – | 4,626,301 |
| Federal | – | – | 895,846 | 708,255 | 3,822,862 | – | 5,426,963 |
| Investment income | 5,838,316 | – | – | 178,839 | – | – | 6,017,155 |
| Penalties and interest on billings | 473,132 | – | – | 54,843 | – | – | 527,975 |
| Contributions from developers and users | 2,199,620 | – | 6,333,295 | 6,001,134 | 66,450 | – | 14,600,499 |
| Recreation and cultural services revenues | – | – | – | – | 3,196,962 | – | 3,196,962 |
| Equity income in Essex Power Corporation | 676,305 | – | – | – | – | – | 676,305 |
| Other | 1,662,266 | 128,127 | 1,423,868 | (39,622) | 126,894 | 76,000 | 3,377,533 |
| Total revenue | 19,123,520 | 17,118,663 | 15,639,187 | 24,149,715 | 18,217,384 | 838,191 | 95,086,660 |
| Expenses: | | | | | | | |
| Salaries, wages and employee benefits | 5,153,434 | 12,631,718 | 2,721,196 | 1,254,611 | 4,661,546 | 622,003 | 27,044,508 |
| Administrative expenses | 1,318,156 | 375,549 | 478,582 | 296,440 | 578,066 | 38,131 | 3,084,924 |
| Personnel expenses | 136,638 | 346,961 | 100,872 | – | 26,114 | 8,578 | 619,163 |
| Facility expenses | 566,791 | 309,773 | 172,641 | 17,580 | 1,414,821 | – | 2,481,606 |
| Vehicle/equipment expenses | – | 372,459 | 550,690 | 13,327 | 329,267 | – | 1,265,743 |
| Program services | 963,779 | 990,897 | 2,518,198 | 10,154,057 | 1,274,801 | 103,349 | 16,005,081 |
| Amortization expense | 1,031,134 | 805,408 | 4,221,239 | 3,512,050 | 2,322,837 | – | 11,892,668 |
| Total expenses | 9,169,932 | 15,832,765 | 10,763,418 | 15,248,065 | 10,607,452 | 772,061 | 62,393,693 |
| Surplus (deficit) | \$ 9,953,588 | \$ 1,285,898 | \$ 4,875,769 | \$ 8,901,650 | \$ 7,609,932 | \$ 66,130 | \$ 32,692,967 |

THE CORPORATION OF THE TOWN OF LASALLE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

17. Segmented information (continued):

2022

| | General Government | Protection Services | Transportation Services | Environmental Services | Recreation & Cultural Services | Planning & Development | Total |
|--|-----------------------|------------------------|----------------------------|---------------------------|--------------------------------------|---------------------------|----------------------|
| Revenue: | | | | | | | |
| Taxation | \$ 12,031,463 | \$ 14,197,062 | \$ 6,209,493 | \$ 2,296,780 | \$ 5,453,603 | \$ 705,725 | \$ 40,894,126 |
| User charges | 35,422 | 975,909 | 39,477 | 11,971,477 | – | – | 13,022,285 |
| Government transfers: | | | | | | | |
| Provincial | 317,739 | 285,163 | 1,286,561 | – | 382,532 | – | 2,271,995 |
| Federal | 5,744 | – | – | 45,423 | 879,766 | – | 930,933 |
| Investment income | 3,060,380 | – | – | 53,003 | – | – | 3,113,383 |
| Penalties and interest on billings | 420,958 | – | – | 48,227 | – | – | 469,185 |
| Contributions from developers and users | 373,780 | – | 1,004,310 | 10,645,355 | 65,750 | 210,000 | 12,299,195 |
| Recreation and cultural services revenues | – | – | – | – | 2,442,279 | – | 2,442,279 |
| Equity income in Essex Power Corporation | 837,906 | – | – | – | – | – | 837,906 |
| Other | 1,546,054 | 269,261 | 1,285,344 | (144,914) | (35,024) | 92,290 | 3,013,011 |
| Total revenue | 18,629,446 | 15,727,395 | 9,825,185 | 24,915,351 | 9,188,906 | 1,008,015 | 79,294,298 |
| Expenses: | | | | | | | |
| Salaries, wages and employee benefits | 4,904,575 | 12,006,012 | 3,041,026 | 1,153,052 | 3,008,707 | 579,286 | 24,692,658 |
| Administrative expenses | 1,236,327 | 387,067 | 425,690 | 302,114 | 460,470 | 30,523 | 2,842,191 |
| Personnel expenses | 101,803 | 316,144 | 105,985 | – | 15,838 | 15,389 | 555,159 |
| Facility expenses | 548,438 | 273,424 | 196,758 | – | 1,100,475 | – | 2,119,095 |
| Vehicle/equipment expenses | – | 387,740 | 698,232 | 6,676 | 212,451 | – | 1,305,099 |
| Program services | 865,410 | 1,109,347 | 2,025,623 | 8,735,566 | 2,470,746 | 154,910 | 15,361,602 |
| Amortization expense | 965,164 | 756,182 | 3,689,823 | 3,655,463 | 1,769,401 | – | 10,836,033 |
| Total expenses | 8,621,717 | 15,235,916 | 10,183,137 | 13,852,871 | 9,038,088 | 780,108 | 57,711,837 |
| Surplus (deficit) | \$ 10,007,729 | \$ 491,479 | \$ (357,952) | \$ 11,062,480 | \$ 150,818 | \$ 227,907 | \$ 21,582,461 |