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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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

- the consolidated statement of financial position as at December 31, 2024
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of remeasurement gains and losses for the year then ended
- the consolidated statement of cash flows for the year then ended
- and the notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”)

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2024, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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



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

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

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the Corporation's internal control.



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- 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 the events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Corporation to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Chartered Professional Accountants, Licensed Public Accountants

Windsor, Canada

Approval Date

CORPORATION OF THE COUNTY OF ESSEX
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2024
WITH COMPARATIVE INFORMATION FOR 2023

	2024	2023
	\$	\$
Financial Assets		
Cash	81,160,578	98,944,937
Accounts receivable	32,130,377	23,528,521
Investments	259,254,081	223,660,877
Total Financial Assets	372,545,036	346,134,335
Liabilities		
Accounts payable and accrued liabilities	32,132,383	32,129,415
Deferred revenue (Note 5)	2,804,094	4,595,296
Asset retirement obligations (Note 6)	18,372,673	18,438,937
Employee benefits payable (Note 11)	6,585,387	6,191,140
Capital Lease obligation (Note 7)	655,364	840,491
Long-term debt (Note 8)	22,351,899	24,379,583
Total Liabilities	82,901,800	86,574,862
Net Financial Assets	289,643,236	259,559,473
Non-Financial Assets		
Tangible capital assets (Note 9)	289,454,104	253,021,736
Inventory of supplies	2,016,430	2,884,895
Prepaid expenses	3,760,575	2,533,534
Total Non-Financial Assets	295,231,109	258,440,165
Accumulated Surplus (Note 10)	571,375,855	511,421,479
Accumulated Remeasurement Gains / Losses	13,498,490	6,578,159
	584,874,345	517,999,638

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

CORPORATION OF THE COUNTY OF ESSEX
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2024
WITH COMPARATIVE INFORMATION FOR 2023

	<u>2024</u>	<u>Budget</u>	<u>2023</u>
	\$	\$	\$
Revenue			
Requisition on local municipalities	135,848,328	132,282,190	126,804,977
Fees, service charges and donations	43,120,571	34,938,040	38,951,577
Government transfers	57,947,991	70,693,330	50,392,345
Investment earnings - realized	19,277,127	3,905,940	13,803,484
Other	4,469,000	2,971,580	2,966,856
Gain on disposal of tangible capital assets	591,675	2,000	223,982
Total Revenue	<u>261,254,692</u>	<u>244,793,080</u>	<u>233,143,221</u>
Expenses			
General government	10,833,833	10,477,114	9,606,234
Transportation services	37,539,878	47,498,626	35,016,186
Environmental services	19,515,857	19,965,185	20,317,596
Health services	60,404,706	61,916,860	56,925,608
Social and family services	46,150,621	48,027,184	44,160,293
Social housing	16,547,048	15,616,000	13,434,254
Recreational and cultural services	7,699,755	8,157,197	7,493,194
Planning and development	2,608,618	3,261,167	3,033,632
Total Expenses	<u>201,300,316</u>	<u>214,919,333</u>	<u>189,986,997</u>
Annual Surplus	59,954,376	29,873,747	43,156,224
Accumulated Surplus, beginning of year	511,421,479	511,421,479	468,265,255
Accumulated Surplus, end of year	<u><u>571,375,855</u></u>	<u><u>541,295,226</u></u>	<u><u>511,421,479</u></u>

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

CORPORATION OF THE COUNTY OF ESSEX
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2024
WITH COMPARATIVE INFORMATION FOR 2023

	2024 \$	Budget \$	2023 \$
Annual Surplus	59,954,376	29,873,747	43,156,224
Net acquisition of tangible capital assets	(65,117,669)	(90,176,090)	(50,250,653)
Amortization of tangible capital assets	26,095,738	28,902,402	24,765,834
Loss (gain) on disposal of tangible capital assets	2,047,835	-	136,935
Proceeds on sale of tangible capital assets	541,728	-	224,255
	23,522,008	(31,399,941)	18,032,595
Net acquisition and consumption of inventories	868,465	-	49,074
Net acquisition and consumption of prepaid expenses	(1,227,041)	-	(494,227)
Change in Net Financial Assets excluding net remeasurement gains	23,163,432	(31,399,941)	17,587,442
Net remeasurement gains for the year	6,920,331	-	7,601,182
Net change in Net Financial Assets	30,083,763	(31,399,941)	25,188,624
Net Financial Assets, beginning of year	259,559,473	259,559,473	234,370,849
Net Financial Assets, end of year	289,643,236	228,159,532	259,559,473

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

CORPORATION OF THE COUNTY OF ESSEX
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024
WITH COMPARATIVE INFORMATION FOR 2023

	2024 \$	2023 \$
Cash provided by (used in):		
Operating Activities		
Annual surplus	59,954,376	43,156,224
Items not involving cash:		
Amortization of tangible capital assets	26,095,738	24,765,834
Gain (loss) on disposal of tangible capital assets	2,047,835	136,935
Change in employee benefits payable	394,247	261,629
Change in asset retirement obligations	(66,264)	683,620
Change in unrealized investment income	6,920,331	7,601,182
Change in non-cash assets and liabilities:		
Accounts receivable	(8,601,856)	(7,148,749)
Accounts payable and accrued liabilities	2,968	2,596,189
Capital lease obligation	(185,127)	840,491
Deferred revenue	(1,791,202)	(1,288,177)
Inventory of supplies	868,465	49,074
Prepaid expenses	(1,227,041)	(494,227)
Net change in cash from operating activities	84,412,470	71,160,025
Capital Activities		
Proceeds on sale of tangible capital assets	541,728	224,255
Cash used to acquire tangible capital assets	(65,117,669)	(50,250,653)
Net change in cash from capital activities	(64,575,941)	(50,026,398)
Investing Activities		
Change in investments	(35,593,204)	(29,709,673)
Net change in cash from investing activities	(35,593,204)	(29,709,673)
Financing Activities		
Long-term debt repaid	(2,027,684)	(1,864,455)
Net change in cash from financing activities	(2,027,684)	(1,864,455)
Net change in cash	(17,784,359)	(10,440,501)
Cash, beginning of year	98,944,937	109,385,438
Cash, end of year	81,160,578	98,944,937

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

CORPORATION OF THE COUNTY OF ESSEX
STATEMENT OF REMEASUREMENT GAINS AND LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2024
WITH COMPARATIVE INFORMATION FOR 2023

	2024	2023
	<u>\$</u>	<u>\$</u>
Accumulated remeasurement gains (losses), beginning of year	6,578,159	(1,023,023)
Unrealized gains (losses) attributable to:		
Portfolio investments	6,920,331	11,120,707
Amounts reclassified to the Statement of Operations		
Portfolio investments	0	(3,519,525)
Net remeasurement gains (losses) for the year	<u>6,920,331</u>	<u>7,601,182</u>
Accumulated remeasurement gains (losses), end of year	<u>13,498,490</u>	<u>6,578,159</u>

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

CORPORATION OF THE COUNTY OF ESSEX

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Consolidation

(i) Consolidated Entities

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

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

Essex County Library Board
Essex-Windsor Solid Waste Authority

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

(ii) Essex-Windsor Solid Waste Authority

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

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

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

CORPORATION OF THE COUNTY OF ESSEX
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(iii) Non-Consolidated Entities

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

Windsor-Essex County Health Unit

(iv) Trust Fund

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

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

(b) Basis of Accounting

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

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

(c) Non-Financial Assets

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

CORPORATION OF THE COUNTY OF ESSEX
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Tangible Capital Assets

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

Asset	Useful Life - Years
Land	Infinite
Landfill and land improvements	15-30
Buildings and building improvements	10-50
Machinery and equipment	5-20
Vehicles	5-8
Water and wastewater infrastructure	40
Road and bridge infrastructure	12-80

(ii) Amortization

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

(iii) Contributions of Tangible Capital Assets

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

CORPORATION OF THE COUNTY OF ESSEX
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(iv) Leased Assets

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

(v) Works of Art and Historical Treasures

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

(vi) Assets Under Construction

Assets under construction having a value of \$25,532,184 (2023 - \$4,053,558) have not been amortized. Amortization of these assets will commence when the asset is put into service.

(d) Employee Future Benefit Obligations

The Corporation has adopted the accrued method of accounting for employee future benefits. The cost of future benefits earned by employees is actuarially determined using the projected benefit method prorated on service and assumptions of mortality and termination rates, retirement age and expected inflation rate.

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

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

CORPORATION OF THE COUNTY OF ESSEX
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Use of Estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant items subject to such estimates and assumptions include the valuation of accounts receivable, the valuation of employee future benefits, the carrying value of tangible capital assets and the carrying value of Regional Landfill post-closure costs.

(f) Asset Retirement Obligations

The County recognizes a liability for legal obligations that exist as a result of the acquisition, construction or development of a TCA, or that result from the normal use of the asset when the asset is recorded. Such obligation justifies recognition of a liability and can result from existing legislation, regulation, agreement, contract, or that is based on a promise and an expectation of performance. The estimate of the liability includes costs directly attributable to asset retirement activities. Costs include post-retirement operation, maintenance and monitoring that are an integral part of the retirement of the TCA. When recording an asset retirement obligation, the estimated retirement costs are capitalized to the carrying value of the associated assets and amortized over the asset's estimated useful life. The amortization of the asset retirement costs follows the same method of amortization as the associated TCA.

A portion of the asset retirement obligations results from the removal and disposal of designated substances such as asbestos from County buildings; the remaining portion results from the remediation of the regional landfill. The County reports liabilities related to the legal obligations where the County is obligated to incur costs to retire a TCA.

There is measurement uncertainty surrounding the estimation of liabilities for asset retirement obligations of \$815,300. These estimates are subject to uncertainty because of several factors including but not limited to incomplete information on the extent of controlled materials used (e.g. asbestos included in inaccessible construction material), indeterminate settlement dates and/or the allocation of costs between required and discretionary activities.

CORPORATION OF THE COUNTY OF ESSEX
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

2. CHANGE IN ACCOUNTING POLICY – ADOPTION OF NEW ACCOUNTING STANDARDS

PS 3160 *Public Private Partnerships* (P3s) provides specific guidance on the accounting and reporting for P3s between public and private sector entities where the public sector entity procures infrastructure using a private sector partner.

PS 3400 *Revenue* establishes standards on how to account for and report on revenue, specifically differentiating between transactions that include performance obligations (i.e. the payor expects a good or service from the public sector entity), referred to as exchange transactions, and transactions that do not have performance obligations, referred to as non-exchange transactions. For exchange transactions, revenue is recognized when a performance obligation is satisfied. For non-exchange transactions, revenue is recognized when there is authority to retain an inflow of economic resources and a past event that gave rise to an asset has occurred.

PSG-8 *Purchased Intangibles* provides guidance on the accounting and reporting for purchased intangible assets that are acquired through arm's length exchange transactions between knowledgeable, willing parties that are under no compulsion to act.

As a result of applying these new accounting standards, there has been no impact to the County's consolidated financial statements.

3. CONTRIBUTIONS TO NON-CONSOLIDATED ENTITIES

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

	2024	2023
Windsor-Essex County Health Unit	\$2,755,490	\$3,251,999

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

CORPORATION OF THE COUNTY OF ESSEX
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

4. TRUST FUND

The Sun Parlor Home Residents' Trust Fund, administered by the County is not reported on the Consolidated Statement of Financial Position, and the nature and extent of its activity is not reported on the Consolidated Statement of Operations and Accumulated Surplus.

	2024	2023
Sun Parlor Home Residents' Trust Fund	\$74,018	\$81,892

5. DEFERRED REVENUE

	2024	2023
COVID-19 Safe Restart Funding	\$2,590,734	\$4,595,296

6. ASSET RETIREMENT OBLIGATIONS

The Consolidated Statement of Financial Position reflects a balance of \$18,372,673 (2023 - \$18,438,937) for the asset retirement obligations relating to the Regional Landfill and other tangible capital assets which are known or suspected to contain asbestos. The Regional Landfill has an approximate capacity of 12.2 million cubic metres, of which 7.89 million have been consumed to December 31, 2024. Based on past and projected waste levels, it is estimated that the Regional Landfill will reach capacity in 13 years.

Information obtained from a third-party inspection resulted in a write-down of \$778,800 of the ARO liability with respect to assets suspected to contain asbestos.

	2024	2023
Liabilities for ARO, beginning of year	\$18,438,937	\$17,755,317
Liabilities incurred during the year	712,536	683,620
Liabilities settled during the year	778,800	0
Liabilities for ARO, end of year	\$18,372,673	\$18,438,937

CORPORATION OF THE COUNTY OF ESSEX
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

7. CAPITAL LEASE OBLIGATIONS

A capital lease for equipment used in operations commenced on April 15, 2023. The initial lease amount was calculated using the present value of the lease payments with a discount rate of 4% and will be repaid over a 5-year term with monthly payments of \$17,637.66 plus applicable taxes. Upon expiry of the initial term, the County has the option to purchase the equipment for \$10 plus applicable taxes. The asset is amortized on a straight-line basis over 5 years, consistent with the Tangible Capital Asset policy.

Initial lease amount	\$974,564
Current year amortization	194,913
Accumulated Amortization, end of year	292,369
Net Book Value, end of year	\$682,195

Repayments are due as follows:

2025	\$215,377
2026	215,377
2027	215,377
2028	53,844
Total minimum lease payments	699,975
Less: amounts representing interest	(44,611)
Present Value of net minimum capital lease payments	\$655,364

Total interest on capital leases for the year was \$30,250 (2023 – \$27,459).

CORPORATION OF THE COUNTY OF ESSEX
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

8. LONG-TERM DEBT

- (a) The balance of the net long-term liabilities reported on the Consolidated Statement of Financial Position is comprised of the following:

	2024	2023
Corporation's share of long-term liabilities incurred by EWSWA (50%)	\$21,705,974	\$23,675,063
Corporation's share of accrued interest incurred by EWSWA (50%)	645,924	704,520
Total Net Long Term Liability	\$22,351,898	\$24,379,583

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

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

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

CORPORATION OF THE COUNTY OF ESSEX
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

8. LONG-TERM DEBT (continued)

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

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

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

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

2025	\$ 1,846,339
2026	1,749,421
2027	1,884,390
2028	2,014,221
2029	2,136,387
2030 and thereafter	12,721,141

CORPORATION OF THE COUNTY OF ESSEX
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

9. TANGIBLE CAPITAL ASSETS

Cost	Balance at December 31, 2023	Additions	Disposals	Balance at December 31, 2024
Land	\$ 17,808,786	\$ 7,102,444	\$ (2)	\$ 24,911,228
Landfill and land improvements	\$ 28,748,679	\$ 31,206	\$ -	\$ 28,779,885
Buildings and building improvements	\$ 63,151,366	\$ 2,572,053	\$ (114,903)	\$ 65,608,516
Machinery and equipment	\$ 33,438,674	\$ 3,176,751	\$ (6,811,758)	\$ 29,803,667
Vehicles	\$ 19,250,521	\$ 1,924,669	\$ (705,674)	\$ 20,469,516
Water and wastewater infrastructure	\$ 20,156,788	\$ -	\$ -	\$ 20,156,788
Road and bridge infrastructure	\$ 299,294,279	\$ 28,831,919	\$ (5,056,869)	\$ 323,069,329
Asset retirement cost	\$ 7,097,903	\$ -	\$ (778,800)	\$ 6,319,103
Assets under construction	\$ 4,053,558	\$ 23,360,920	\$ (1,882,293)	\$ 25,532,185
Total	\$ 493,000,554	\$ 66,999,962	\$ (15,350,299)	\$ 544,650,217

Accumulated amortization	Balance at December 31, 2023	Disposals	Amortization expense	Balance at December 31, 2024
Land	\$ -	\$ -	\$ -	\$ -
Landfill and land improvements	\$ 21,036,345	\$ -	\$ 1,187,641	\$ 22,223,986
Buildings and building improvements	\$ 34,300,301	\$ 405,400	\$ 2,458,140	\$ 37,163,841
Machinery and equipment	\$ 20,186,512	\$ (3,587,785)	\$ 2,974,854	\$ 19,573,581
Vehicles	\$ 12,371,728	\$ (3,291,067)	\$ 2,367,953	\$ 11,448,614
Water and wastewater infrastructure	\$ 1,324,541	\$ -	\$ 503,920	\$ 1,828,461
Road and bridge infrastructure	\$ 146,249,003	\$ (3,888,818)	\$ 16,897,111	\$ 159,257,296
Asset retirement cost	\$ 4,510,388	\$ (516,174)	\$ (293,880)	\$ 3,700,334
Total	\$ 239,978,818	\$ (10,878,444)	\$ 26,095,739	\$ 255,196,113

Net book value	Balance at December 31, 2023	Balance at December 31, 2024
Land	\$ 17,808,786	\$ 24,911,228
Landfill and land improvements	\$ 7,712,334	\$ 6,555,899
Buildings and building improvements	\$ 28,851,065	\$ 28,444,675
Machinery and equipment	\$ 13,252,162	\$ 10,230,086
Vehicles	\$ 6,878,793	\$ 9,020,902
Water and wastewater infrastructure	\$ 18,832,247	\$ 18,328,327
Road and bridge infrastructure	\$ 153,045,276	\$ 163,812,033
Asset retirement cost	\$ 2,587,515	\$ 2,618,769
Assets under construction	\$ 4,053,558	\$ 25,532,185
Total	\$ 253,021,736	\$ 289,454,104

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

Cost	Balance at December 31, 2022	Additions	Disposals	Balance at December 31, 2023
Land	\$ 16,907,329	\$ 901,457	\$ -	\$ 17,808,786
Landfill and land improvements	\$ 28,754,112	\$ -	\$ (5,433)	\$ 28,748,679
Buildings and building improvements	\$ 55,086,054	\$ 8,075,461	\$ (10,149)	\$ 63,151,366
Machinery and equipment	\$ 31,200,000	\$ 4,285,544	\$ (2,046,870)	\$ 33,438,674
Vehicles	\$ 15,977,150	\$ 4,471,546	\$ (1,198,175)	\$ 19,250,521
Water and wastewater infrastructure	\$ 3,826,912	\$ 16,329,876	\$ -	\$ 20,156,788
Road and bridge infrastructure	\$ 278,689,515	\$ 21,504,882	\$ (900,118)	\$ 299,294,279
Asset retirement cost	\$ 7,097,903	\$ -	\$ -	\$ 7,097,903
Assets under construction	\$ 9,371,671	\$ 2,263,256	\$ (7,581,369)	\$ 4,053,558
Total	\$ 446,910,646	\$ 57,832,022	\$ (11,742,114)	\$ 493,000,554

Accumulated amortization	Balance at December 31, 2022	Disposals	Amortization expense	Balance at December 31, 2023
Land	-	-	-	-
Landfill and land improvements	19,289,100	(5,162)	1,752,407	21,036,345
Buildings and building improvements	32,163,785	(5,074)	2,141,590	34,300,301
Machinery and equipment	19,212,728	(2,045,916)	3,019,700	20,186,512
Vehicles	11,363,737	(1,198,175)	2,206,166	12,371,728
Water and wastewater infrastructure	1,024,745	-	299,796	1,324,541
Road and bridge infrastructure	131,670,237	(545,228)	15,123,994	146,249,003
Asset retirement cost	4,288,207	-	222,181	4,510,388
Total	219,012,539	(3,799,555)	24,765,834	239,978,818

Net book value	Balance at December 31, 2022	Balance at December 31, 2023
Land	16,907,329	17,808,786
Landfill and land improvements	9,465,012	7,712,334
Buildings and building improvements	22,922,269	28,851,065
Machinery and equipment	11,987,272	13,252,162
Vehicles	4,613,413	6,878,793
Water and wastewater infrastructure	2,802,167	18,832,247
Road and bridge infrastructure	147,019,278	153,045,276
Asset retirement cost	2,809,696	2,587,515
Assets under construction	9,371,671	4,053,558
Total	227,898,107	253,021,736

CORPORATION OF THE COUNTY OF ESSEX
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

10. ACCUMULATED SURPLUS

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

	2024	2023
Surplus:		
Invested in tangible capital assets	\$ 286,634,590	\$ 250,858,503
Long term debt	(22,351,899)	(24,379,583)
Unfunded		
Employee benefits	(6,585,387)	(6,191,140)
Capital lease	(655,364)	(840,491)
Asset retirement obligations	(18,372,673)	(18,438,937)
Remeasurement gains / losses	(6,920,331)	(6,578,159)
Total Surplus	231,748,936	194,430,193
Reserves		
Capital asset acquisition or replacement	134,074,749	99,507,791
Insurance and health benefit claims	1,626,250	3,910,411
W.S.I.B. claims	686,790	4,560,044
Contingencies	18,339,947	23,389,062
Roadway and active transportation expansion	110,619,286	118,283,900
New Windsor-Essex Hospital System (NWEHS)	51,073,701	42,310,000
Land ambulance staff severance	-	330,153
Total reserves	316,420,723	292,291,361
Reserve funds set aside for specific purpose by agreement:		
EWSWA reserves	23,206,196	24,699,925
Total reserve funds	339,626,919	316,991,286
Total accumulated surplus	\$ 571,375,855	\$ 511,421,479

CORPORATION OF THE COUNTY OF ESSEX
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FOR THE YEAR ENDED DECEMBER 31, 2024

11. PENSION AGREEMENTS

The Corporation contributes to the Ontario Municipal Employees Retirement System (OMERS) on behalf of 848 (2023 - 817) employees. OMERS is a multi-employer, defined benefit plan which specifies the amount of the retirement benefit to be received by employees based on their length of service and earnings. The amount contributed to OMERS for 2024 was \$5,808,812 (2023 - \$5,336,403) for current service. Contributions in the current year have been included as an expense within the consolidated statement of operations and accumulated surplus. At December 31, 2024, the OMERS plan is in a deficit position, which will be addressed through benefit adjustments, contribution rate changes and a long-term investment approach.

12. EMPLOYEE BENEFITS AND OTHER LIABILITIES

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

	2024	2023
Post employment benefits	\$258,342	\$127,963
Post retirement benefits	5,543,209	5,419,545
WSIB	783,837	643,632
Total	\$6,585,388	\$6,191,140

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

	2024	2023
Accrued benefit obligations:		
Balance, beginning of year	\$7,570,098	\$7,479,354
Current service cost	424,683	474,089
Interest	361,983	340,332
Actuarial gain (loss)	0	0
Expected benefit payments	(748,362)	(723,677)
Balance, end of year	7,608,402	7,570,098
Unamortized net actuarial gain (loss)	(1,023,014)	(1,378,958)
Liability for benefits	\$6,585,388	\$6,191,140

CORPORATION OF THE COUNTY OF ESSEX
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FOR THE YEAR ENDED DECEMBER 31, 2024

12. EMPLOYEE BENEFITS AND OTHER LIABILITIES (continued)

(a) Retiree and post-employment benefits

The Corporation pays certain extended health and dental benefits for early retirees to age 65. The Corporation recognizes these post-retirement costs in the period in which the employees rendered the services. The most recent actuarial valuation was performed as at December 31, 2022. The actuarial valuation is based on the following significant actuarial assumptions:

	2024	2023
Discount rate	5.00%	5.00%
Medical costs		
Initial	6.00%	6.00%
Ultimate	4.00%	4.00%
Year of ultimate level	2029	2029
Dental	4.00%	4.00%

The medical trend rate has an initial rate of 6.00% but reduces by 0.3333% per year to 4.00% in 2029 and remains at 4.00% per year thereafter.

13. CORPORATION EXPENSES

The Consolidated Statement of Operations and Accumulated surplus presents expenses for the Corporation by functions. The following is a summary of expenses by object.

	2024	2023
Salaries, wages and employee benefits	\$94,680,840	\$88,295,478
Materials, goods, supplies and utilities	26,639,111	23,317,594
Contracted services	43,542,456	43,557,373
Rents and financial expenses	2,172,469	1,410,324
Long term debt (interest)	1,520,197	1,583,855
External transfers	6,649,503	7,056,539
Amortization	26,095,739	24,765,834
	\$201,300,315	\$189,986,997

CORPORATION OF THE COUNTY OF ESSEX
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FOR THE YEAR ENDED DECEMBER 31, 2024

14. BUDGET DATA

The budget data presented in these financial statements is based upon the 2024 Budget approved by Council on January 17, 2024. Amortization was not contemplated in the development of the budget, and, as such, has been estimated based on 2022 tangible capital asset data and budgeted capital expenses. The chart below reconciles the approved budget to the budget figures reported in these financial statements.

	Budget Amount
Revenues:	
Operating budget	\$211,709,688
Capital budget	95,883,817
Less:	
Transfers from other funds	(62,800,425)
Total revenue	244,793,080
Expenses:	
Operating budget	234,997,663
Capital budget	92,176,458
Less:	
Transfers to other funds	(20,078,330)
Capital expenses	(92,176,458)
Total expenses	214,919,333
Annual surplus	\$29,873,747

15. SEGMENTED INFORMATION

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

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

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

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

CORPORATION OF THE COUNTY OF ESSEX
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15. SEGMENTED INFORMATION (continued)

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

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

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

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

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

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

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

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

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

CORPORATION OF THE COUNTY OF ESSEX
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15. SEGMENTED INFORMATION (continued)

(g) Social Housing:

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

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

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

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

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

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

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

CORPORATION OF THE COUNTY OF ESSEX
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FOR THE YEAR ENDED DECEMBER 31, 2024

15. SEGMENTED INFORMATION (continued)

2024									
	General Government	Transportation	Environmental	Health Services	Social & Family Services	Social Housing	Recreational & Culture	Planning & Development	Total
Revenue									
Requisition on local municipalities	11,945,378	52,012,370	-	25,701,910	21,949,820	15,042,500	6,756,150	2,440,200	135,848,328
Fees & service charges	595,648	3,795,141	15,353,097	15,189,875	8,047,791	-	49,020	90,000	43,120,572
Government transfers	441,505	9,224,991	-	28,463,844	19,461,783	-	287,721	68,147	57,947,991
Other	18,157,910	(34,992)	3,783,751	829,415	994,546	-	15,497	-	23,746,127
Gain on disposal of assets	-	188,440	-	402,246	988	-	-	-	591,674
Total revenue	31,140,441	65,185,950	19,136,848	70,587,290	50,454,928	15,042,500	7,108,388	2,598,347	261,254,692
Expenses									
Salaries, wages and benefits	6,743,453	5,973,969	1,870,451	44,503,072	30,100,312	-	5,091,162	398,421	94,680,840
Materials, goods and supplies	3,893,855	6,018,889	4,917,128	6,253,158	4,413,508	-	1,127,472	15,101	26,639,111
Contracted services	4,065,308	1,285,774	8,071,563	1,474,849	9,557,827	16,547,048	394,715	2,145,373	43,542,457
Rents and financial expenses	17,677	1,208,902	718,008	227,882	-	-	-	-	2,172,469
Long term debt (interest)	-	-	1,489,947	30,250	-	-	-	-	1,520,197
External transfers	-	3,694,013	-	2,955,490	-	-	-	-	6,649,503
Amortization	1,073,713	18,175,064	2,192,188	3,352,898	620,708	-	681,167	-	26,095,738
Total expenses	15,794,006	36,356,611	19,259,285	58,797,599	44,692,355	16,547,048	7,294,516	2,558,895	201,300,315
Surplus (deficit)	15,346,435	28,829,339	(122,437)	11,789,691	5,762,573	(1,504,548)	(186,128)	39,452	59,954,377

2023									
	General Government	Transportation	Environmental	Health Services	Social & Family Services	Social Housing	Recreational & Culture	Planning & Development	Total
Revenue									
Requisition on local municipalities	11,711,027	49,316,740	24,000	24,756,800	19,483,550	13,230,100	6,080,100	2,202,660	126,804,977
Fees & service charges	606,160	1,703,625	15,021,343	13,961,290	7,516,130	-	46,029	97,000	38,951,577
Government transfers	360,876	6,409,819	-	26,225,803	16,869,460	-	376,422	149,965	50,392,345
Other	12,718,318	157,752	3,614,378	64	263,271	11,880	4,677	-	16,770,340
Gain on disposal of assets	-	23,428	-	199,219	1,335	-	-	-	223,982
Total revenue	25,396,381	57,611,364	18,659,721	65,143,176	44,133,746	13,241,980	6,507,228	2,449,625	233,143,221
Expenses									
Salaries, wages and benefits	5,644,761	5,611,213	1,647,727	41,233,077	28,558,330	-	5,234,160	366,210	88,295,478
Materials, goods and supplies	2,878,594	4,447,406	4,869,906	5,529,865	4,495,038	-	1,087,578	9,207	23,317,594
Contracted services	4,092,940	3,600,057	8,610,709	1,828,747	9,085,166	13,434,254	287,834	2,617,666	43,557,373
Rents and financial expenses	39,842	361,960	775,504	226,991	6,027	-	-	-	1,410,324
Long term debt (interest)	-	-	1,556,396	27,459	-	-	-	-	1,583,855
External transfers	-	3,604,540	-	3,451,999	-	-	-	-	7,056,539
Amortization	1,146,281	16,574,347	2,590,652	3,178,013	615,484	-	661,057	-	24,765,834
Total expenses	13,802,418	34,199,523	20,050,894	55,476,151	42,760,045	13,434,254	7,270,629	2,993,083	189,986,997
Surplus (deficit)	11,593,963	23,411,841	(1,391,173)	9,667,025	1,373,701	(192,274)	(763,401)	(543,458)	43,156,224

CORPORATION OF THE COUNTY OF ESSEX
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16. COMMITMENTS

The Corporation has long term commitments of \$52,076,000 (2023 - \$58,684,000) which can be summarized as follows (in thousands):

<i>(in '000s)</i>	2025	2026	2027	2028	2029 & beyond
New Windsor-Essex Hospital System	\$7,040	\$7,760	\$8,500	\$9,260	\$16,900
Erie Shores Healthcare	\$200	\$200	\$200	\$200	\$1,000
The Bridge	\$48	\$48	\$48	\$48	\$624
	\$7,288	\$8,008	\$8,748	\$9,508	\$18,524

Included in the commitment estimates is the accumulation of funds related to a future contribution to the proposed New Windsor-Essex Hospital System (NWEHS), estimated at \$90,000,000 to be paid no sooner than 2026, approved by County Council in 2016. Included in reserves at December 31, 2024 for NWEHS is \$51,073,701 (2023 - \$42,310,000).

17. CONTINGENCY

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