

**Municipality of Chatham-Kent
AUDIT COMMITTEE MEETING
Monday, May 17, 2021 @ 12:00 PM
M I N U T E S**

Committee Members:

- Mayor Darrin Canniff
- Councillor Melissa Harrigan
- Councillor Karen Kirkwood-Whyte
- Councillor Brock McGregor
- Councillor Doug Sulman, Chair

Administration:

- Don Shropshire, Chief Administrative Officer
- Gord Quinton, Chief Financial Officer
- Matt Torrance, Director, Financial Services
- Kate Fishleigh, Executive Assistant
- Joanne Trombley, Administrative Assistant

Other:

- Andy Davidson, General Manager, John D. Bradley Convention Centre

1. Call to Order - Chair

The Chair called the meeting to order at 12:02 PM.

2. John D. Bradley Convention Centre Q4 2020 and Q1 2021 Results – Andy Davidson and Gord Quinton

The reports (Appendix A and B) were distributed prior to the meeting. The guest numbers listed do not include the number of those vaccinated, but it is estimated that approximately 17K people visited the Bradley Centre for vaccinations.

It was questioned how many days the unhoused were housed at the Bradley Centre. The space was occupied for 140 days with almost three weeks of that being for setup and the remaining approximately 120 days being occupied by residents. As a result of the shelter, there were some expenses incurred for repairs. There is no impact of these costs municipally, and they will be covered through the CK Emergency and Rapid Rehousing Program.

ACTION: Gord to provide Cl. Sulman with estimate on cost of damages.

The Bradley Centre has served a great need for our community and Compass has had steady income by having the shelter and clinic in their facilities. In 2020, the projected deficit was \$250K, but final numbers are showing a \$167,394 deficit. It is difficult to project the 2021 deficit, but it could range from \$150-250K. These deficits will be covered under the Safe Restart Funds provided by the Federal and Provincial government.

MOTION: *That the reports be received.*

Moved by Cl. Kirkwood-Whyte / Seconded by Cl. Harrigan. Carried.

3. Expanded Scope of Audit Committee – Don Shropshire

The CAO requested feedback on two items: reporting certain financial transactions to the Committee and reporting back to Council on a quarterly basis, or going to Council directly; and, expanding the role of the Terms of Reference (TOR) to include risk. This would allow a forward-looking approach rather than

reflecting on what has already been done. The TOR would include looking at best practices and other municipal models to help inform and provide a broader scope that deals with risk management, and would require a renaming of the Committee.

The Director, Financial Services advised that changes could include coming to the Committee for initial recommendations and feedback for changes on tax policies, updates on invested funds and other significant write-offs that affect the tax base.

Committee members provided support of including risk management and their interest in pursuing.
ACTION: Provide a report with recommendations for the next Audit Committee meeting in June.

4. Next Meeting

The next meeting will take place in late June 2021 with the exact date to be determined. The 2020 Audited Financial Statements will be presented by the Auditors at this meeting.

5. Adjournment

The meeting adjourned at 12:35 PM.

Municipality of Chatham-Kent
Finance, Budget, Information Technology & Transformation
Information Report

To: Members of Audit Committee

From: Gord Quinton, Chief Financial Officer, Treasurer

Date: May 7, 2021

Subject: Chatham-Kent John D. Bradley Convention Centre Update
2020 Year End and Q1 2021 Projection

This report is for the information of the Audit Committee.

Background

Municipal representatives met with the John D. Bradley Convention Centre General Manager and Compass Canada staff on April 12, 2021 to review the 2020 fourth quarter report and year end projection, and the first quarter of 2021. The details of the information were provided to the committee in the presentation from the General Manager of the Convention Centre, Andy Davidson.

At the September 28, 2015 Council meeting, it was resolved to present the results of the Bradley Centre to the Audit Committee twice a year, to provide for more detailed information available and detailed discussion. It was also determined that having open invitations to Council at any Quarterly Business Review (QBR) would be a welcome addition, along with open meetings during the budget review at the Bradley Centre and also for the Audit Committee meetings.

Comments

The Convention Centre's client mix is very diverse with participation from the agriculture, health care, financial and not-for-profit sectors:

- Corporate (industrial, commercial, financial, agriculture, marketing, law firms):
Training, Mediation and Negotiations, Recognition and Appreciation, Board Retreats, Seminars, Corporate Parties & Meetings, Trade Shows
- Associations: Regional Meetings, Regional Conferences, Training, Planning Sessions
- Social: Weddings, New Year's Eve, Festival of Giving, Graduations
- Non-Profit: Brainstorming Sessions, Board Meetings
- Government (all levels): Provincial, Municipal

- Consumer Shows: Shop Local, Wedding Show, New Car Expo, Boat, Powersports & RV Show; Hunting & Outdoor Show, Farm Shows

2020 Year End:

The 2020 Budget approved a \$350,000 base budget similar to 2019.

The 2020 Budget also has a lifecycle base budget of \$88,374 from the savings realized when the final debenture was issued in 2013. Beginning in 2014, the funds are allocated to the facility's lifecycle reserve. A further review of the facility's lifecycle needs were part of the 2017 Asset Management Plan (AMP). Based on the historical cost, annual lifecycle replacement is estimated at \$300,000. The requirements have been identified in the 2017 Asset Management Plan with future funding being part of the financing plan for the AMP.

Compass Group had a \$517,394 operating loss for 2020, or a \$167,394 deficit to the budget, directly related to the Covid-19 pandemic and restrictions on gatherings. While hosting the shelter had a positive boost to operations, the continued pandemic has resulted in very low levels of rentals.

2021 First Quarter Results:

The operating contingency is to meet the ongoing operations of the Convention Centre, in support of the over \$850,000 annual economic spin off on a non-Covid-19 year created by the out of town visitors alone to the Convention Centre. In addition, there are economic benefits generated by local attendees to the conventions and conferences.

Additional benefits achieved are to local vendors from increased products and services used at the Centre. In addition there are:

- Sales increases achieved by local businesses that run events at the Centre.
- Impacts of having the employees generating income and their spending in the community.
- Benefits from the taxes to the Provincial and Federal governments from all employees (income tax or on sales tax) for both local and non-local spending.

The first quarter results are a \$179,545 operating subsidy. This is an \$84,000 increase compared to 2020 actuals as the building was mainly not used due to Covid-19 Provincial restrictions and had only \$30,963 in sales. With convention centers closed to public rentals, the vaccination center was a welcome revenue source in March 2021. It is expected that the vaccination center will be required until at least August 31, 2021, and possibly for the rest of 2021.

2020 Cash Outlay Related To Bradley Centre

The table detailing all of the costs associated with 2020 showing the cash outlays related to the Bradley Centre will be presented along with the final 2020 audited results from Compass Canada. This includes all items related to buying, developing and maintaining the facility,

repaying the debenture, both the principal repayment and the interest and the amount for lifecycle maintenance to the facility. Significant upgrades in the audio / video equipment have been made recently by Compass Group as part of their \$100,000 commitment in the terms of the five year contract.

Also, the balanced scorecard information is on hold until the pandemic is over.

Consultation

The municipal representatives on the Convention Centre Joint Operations Committee met with the General Manager of the Convention Centre and senior administrative staff from Compass Group Canada on April 12, 2021 to review this information.

Financial Implications

Council approved a 2020 operating budget of \$350,000 for the Convention Centre; the final projection is a large operating deficit due to Covid-19 or \$167,394 to budget, which will be incorporated into the 2020 corporate results of the Municipality upon the final audited results. The 2020 corporate deficit, including the Convention Centre, will be covered by the Safe Restart Funds provided by the Federal and Provincial Government.

For planning purposes, it is anticipated that most of 2021 will be difficult with only limited small meetings occurring along with the vaccination center.

Prepared by:

Gord Quinton, MBA, CPA, CGA
Chief Financial Officer, Treasurer
Finance, Budget, Information Technology & Transformation

Attachments: none

C General Manager, John D. Bradley Convention Centre



**JOHN D BRADLEY
CHATHAM-KENT
CONVENTION CENTRE**

Quarterly Business Review Q4 2020 & Q1 2021

May 17th, 2021

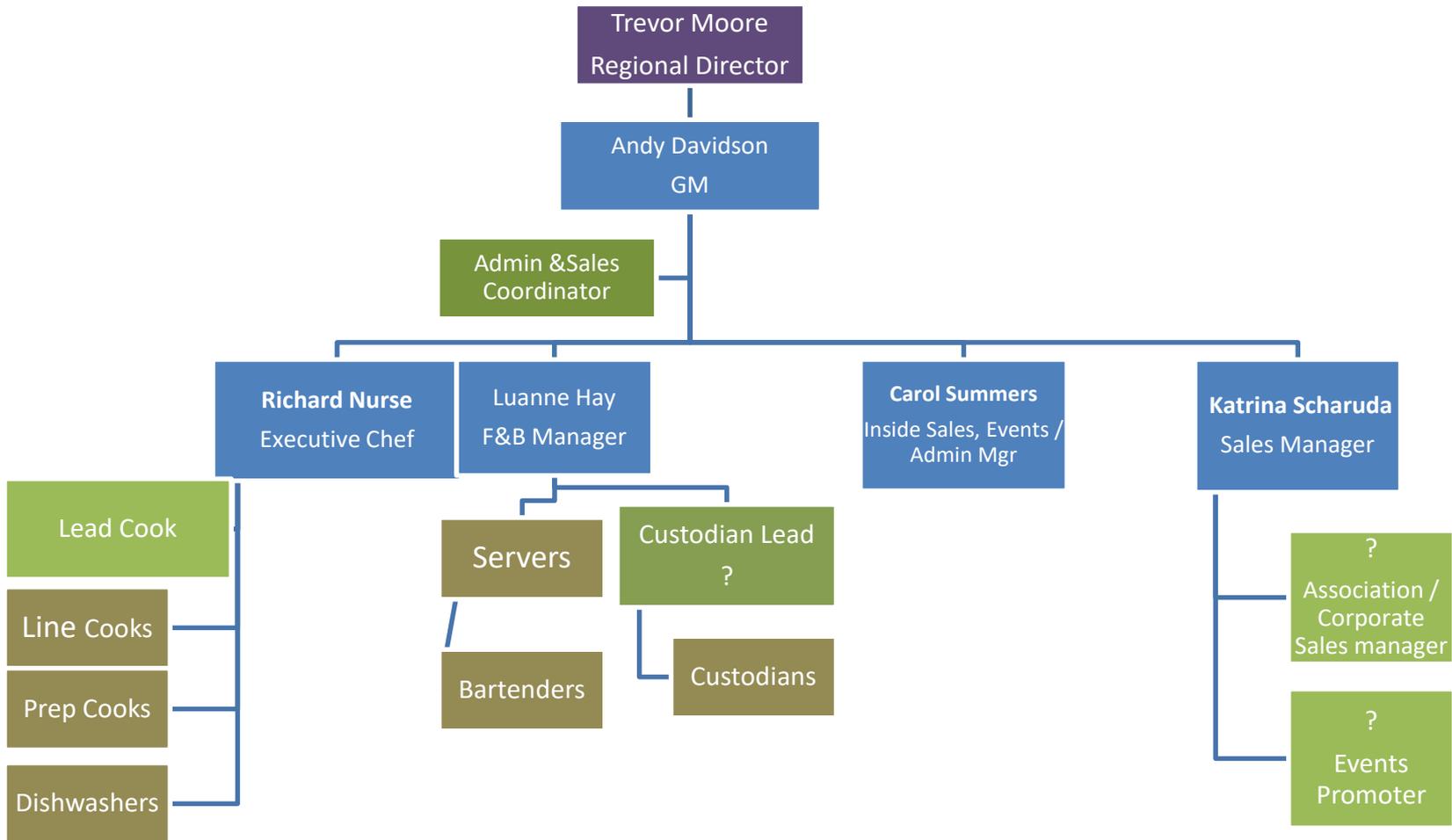


Agenda



- Operational Overview – Events in Q4 2020, Q1 2021
- Financial Results Q4 2020, Q1 2021
- Sales & Marketing Activities

Organizational Chart



Events Summary – Q4 /2020

2nd QUARTER	October	November	December
Events	7	10	12
Guests #	154	144	199

Highlights:

- As a reminder, events are counted as any individual day a room is booked. To maintain consistency in reporting, everyday the shelter was in operation is counted as one event.



Events Summary – Q1 /2021



3rd QUARTER	January	February	March
Events	13	20	40
Guests #	325	400	640

Highlights:

- Clinic in the expo from January 11th
- First Vaccination on site February 23
- As of March 30th 23,554 doses in CK
- Call Centre on site from March 15th

Events & Number of Guests - YTD

2020 Actual vs. Same Time Last Year

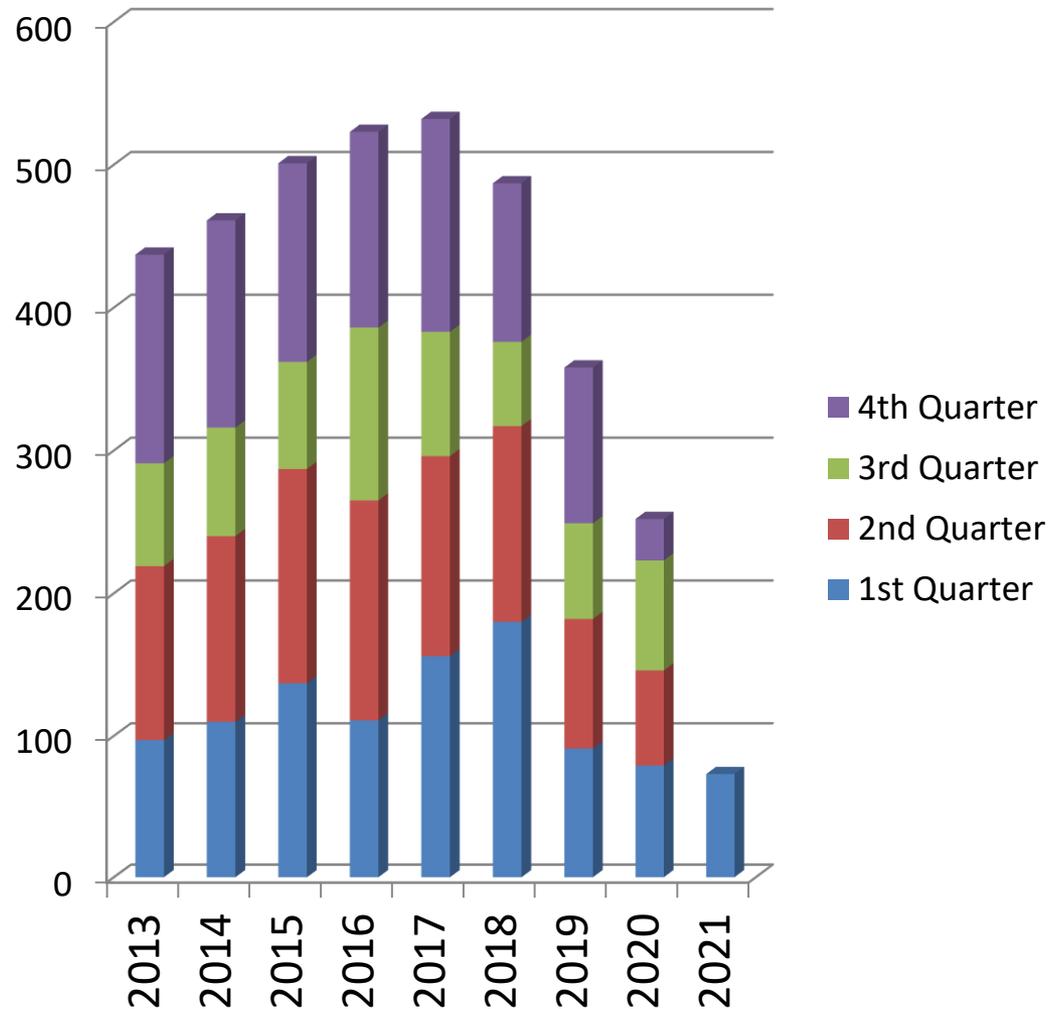
	EVENTS			GUESTS	
	2019	2020		2019	2020
Q1	91	79		15,853	14,609
Q2	91	67		13,878	2,680
Q3	67	77		3,599	3,020
Q4	109	29		18,039	497
YTD	358	252		51,369	20,806

Events & Number of Guests - YTD

2021 Actual vs. Same Time Last Year

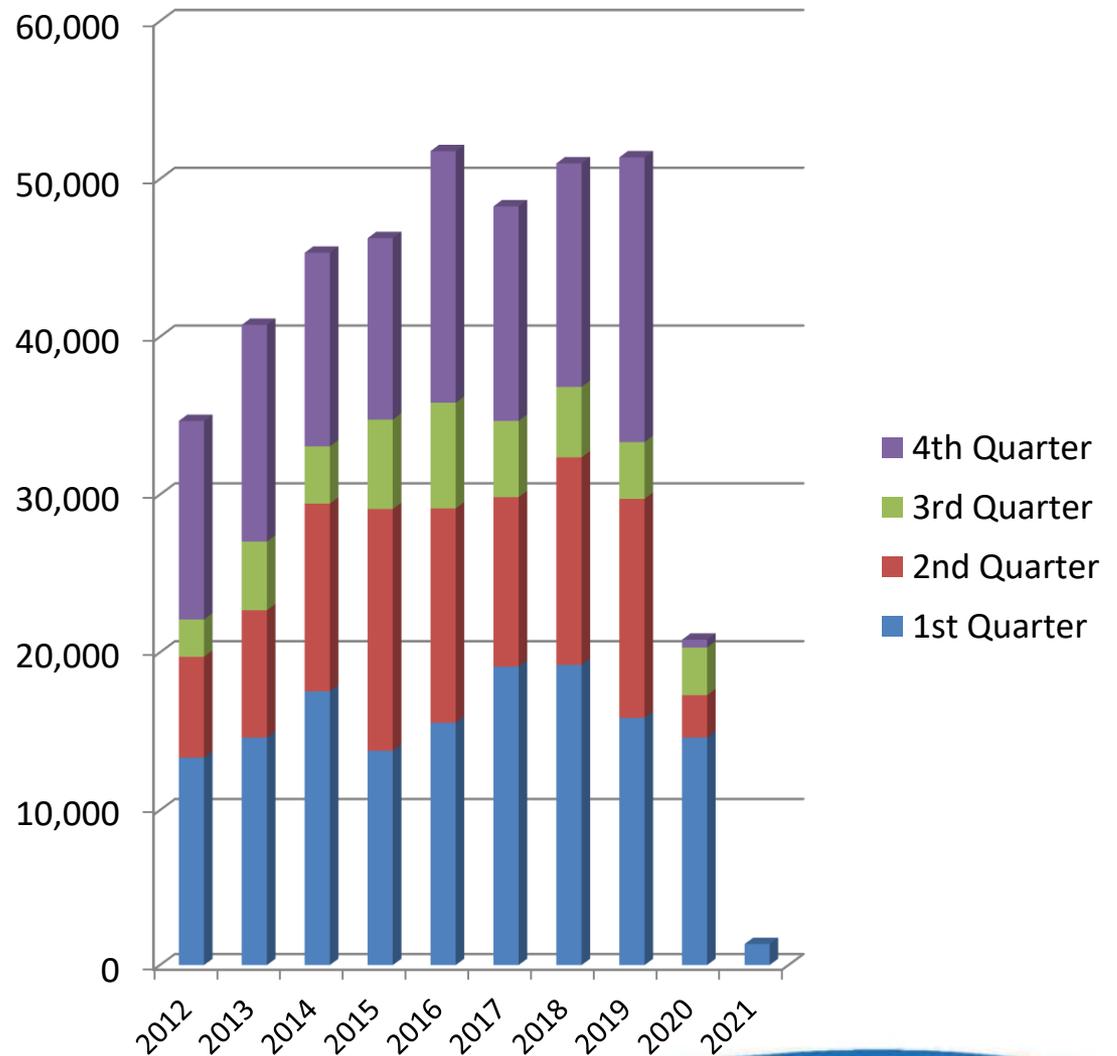
	EVENTS			GUESTS	
	2020	2021		2020	2021
Q1	79	73		14,609	1,365
Q2	67			2,680	
Q3	77			3,020	
Q4	29			497	
YTD					

Summary of Event Days



Summary of Guests

-Q1 of 2021 does not include number of vaccine recipients and volunteers, only staff for clinic





FINANCIAL RESULTS



Financials Results –Q4 / 2020

Profit and Loss Statement vs. Budget

	Actual	%	Budget	%	Variance	
TOTAL SALES	(\$14,915)	100%	(\$342,745)	100%	\$327,830	-96%
Product Cost	\$2,587	17%	\$84,364	25%	(\$81,777)	-7%
Labor	\$96,271	645%	\$184,073	54%	(\$87,802)	592%
Direct Cost	\$68,495	459%	\$101,038	29%	(\$32,543)	430%
TOTAL OPR COST	\$137,353	921%	\$363,650	106%	(\$226,297)	815%
Ind. Mgt Expenses	\$447	3%	\$10,282	3%	(\$9,835)	0%
Management Cost	\$28,050	188%	\$26,795	8%	\$1,255	180%
TOTAL COST	\$195,850	1313%	\$406,553	119%	(\$210,703)	1195%
TOTAL (Profit) / Loss	\$180,936	1213%	\$63,807	19%	\$117,129	1195%

Financials Results –Q4 / 2020

Profit and Loss Statement **vs. STLY**

Account Description	Q4	%	STLY	%	variance	%
Total Sales	(\$14,915)	100%	(\$282,161)	100%	\$267,246	-95%
Total Product cost	\$2,587	17%	\$58,221	18%	(\$55,634)	-1%
Total Labour	\$96,271	69%	\$153,800	68%	(\$57,529)	1%
Total Direct Costs	\$68,495	68%	\$95,059	47%	(\$26,564)	21%
Total Operating Cost	\$137,353	154%	\$267,605	133%	(\$130,252)	21%
Indirect Management Exp	\$447	3%	\$8,465	3%	(\$8,017)	0%
Mgt Fee Expense	\$28,050	13%	\$27,358	14%	\$692	-1%
Total Cost	\$195,850	170%	\$342,903	150%	(\$147,052)	20%
Total (Profit)/Cost	\$180,936	70%	\$60,742	50%	\$120,194	20%

YTD vs Budget 2020

TOTAL SALES	(\$408,865)		(\$865,925)		\$457,060	
Product Cost	\$81,245	19%	\$189,191	22%	(\$107,946)	-3%
Labor	\$410,695	66%	\$606,415	66%	(\$195,720)	-1%
Direct Cost	\$318,678	49%	\$362,380	40%	(\$43,702)	9%
TOTAL OPR COST	\$771,273	133%	\$1,157,986	128%	(\$386,713)	5%
Ind. Mgt Expenses	\$12,254	3%	\$25,978	3%	(\$13,724)	0%
Management Cost	\$112,200	13%	\$112,200	12%	\$0	2%
TOTAL COST	\$934,034	150%	\$1,296,163	142%	(\$362,129)	8%
TOTAL (Profit) / Loss	\$517,394	50%	\$430,238	42%	\$87,156	7%

YTD 2020 vs LY

TOTAL SALES	(\$408,865)		(\$857,100)		\$448,235	
Product Cost	\$79,806	19%	\$152,656	22%	(\$72,850)	-3%
Labor	\$365,190	66%	\$552,197	66%	(\$187,007)	-1%
Direct Cost	\$297,188	49%	\$401,394	40%	(\$104,206)	9%
TOTAL OPR COST	\$742,184	133%	\$1,106,246	128%	(\$364,063)	5%
Ind. Mgt Expenses	\$10,269	3%	\$25,713	3%	(\$15,444)	0%
Management Cost	\$112,200	13%	\$110,000	12%	\$2,200	2%
TOTAL COST	\$864,653	150%	\$1,241,960	142%	(\$377,307)	8%
TOTAL (Profit) / Loss	\$517,394	50%	\$384,860	42%	\$132,534	7%

Financials Results –Q1 / 2021

Profit and Loss Statement vs. Budget

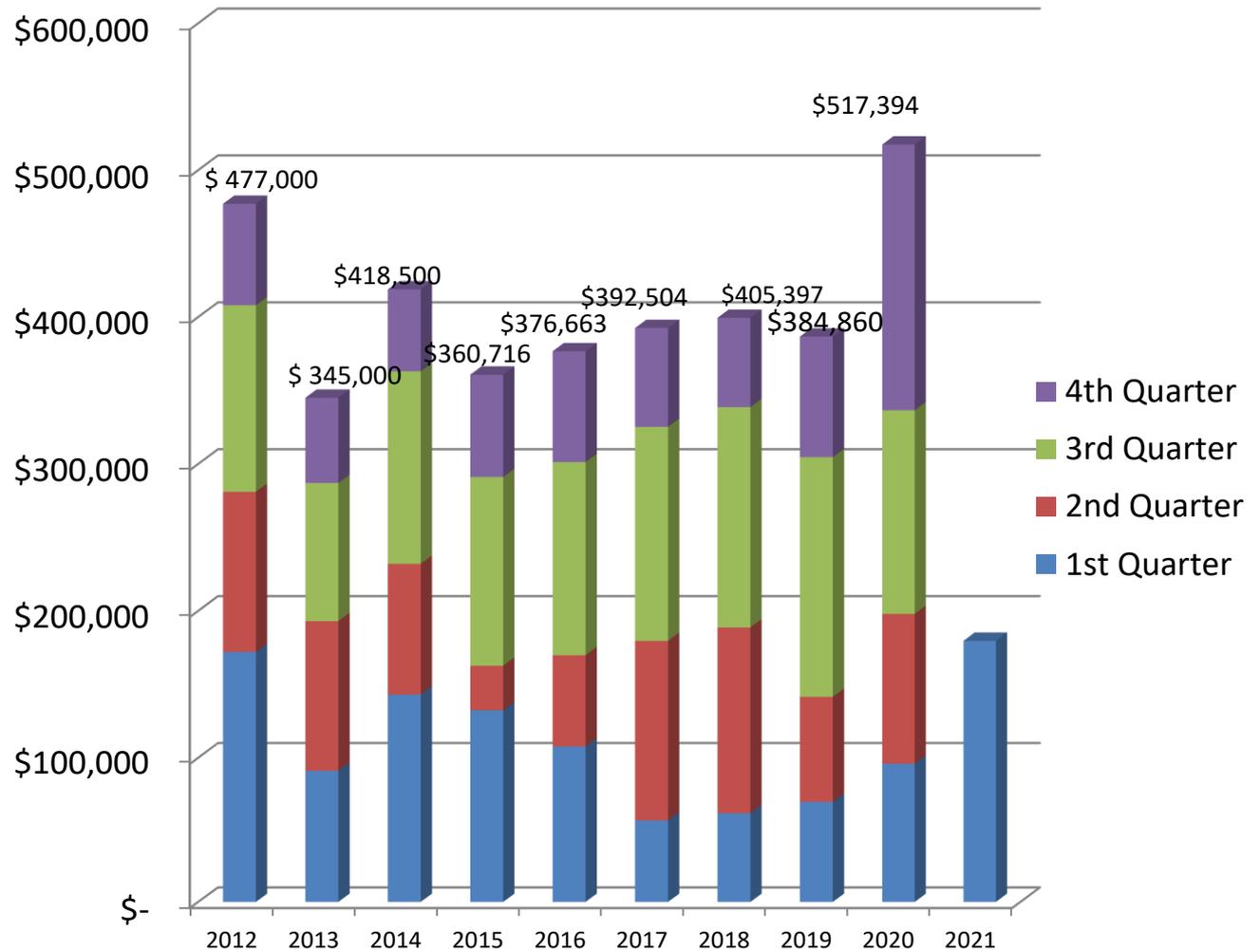
	Actual	%	Budget	%	Variance	
TOTAL SALES	\$30,963	100%	\$11,298	100%	\$19,665	174%
Product Cost	(\$101)	0%	\$183	-2%	(\$284)	2%
Labor	\$103,976	-336%	\$102,405	-906%	\$1,571	571%
Direct Cost	\$77,090	-249%	\$72,597	-643%	\$4,493	394%
TOTAL OPR COST	\$278,220	-899%	\$175,438	-1553%	\$102,782	654%
Ind. Mgt Expenses	\$929	-3%	\$339	-3%	\$590	0%
Management Cost	\$28,611	-92%	\$28,610	-253%	\$1	161%
TOTAL COST	\$210,505	-680%	\$193,088	-1709%	\$17,417	1029%
TOTAL (Profit) / Loss	(\$179,545)	580%	(\$193,900)	1716%	\$14,355	-1136%

Financials Results –Q1 / 2021

Profit and Loss Statement vs. STLY

Account Description	Q1	%	STLY	%	variance	%
Total Sales	\$30,963	100%	\$192,127	100%	(\$161,164)	-84%
Total Product cost	(\$101)	0%	\$34,350	-18%	(\$34,451)	18%
Total Labour	\$103,976	-336%	\$132,545	-69%	(\$28,570)	-267%
Total Direct Costs	\$77,090	-249%	\$87,351	-45%	(\$10,261)	-204%
Total Operating Cost	\$278,220	-899%	\$278,220	-145%	\$0	-754%
Indirect Management Exp	\$929	-3%	\$5,764	-3%	(\$4,835)	0%
Mgt Fee Expense	\$28,611	-92%	\$28,050	-15%	\$561	-78%
Total Cost	\$210,505	-680%	\$288,054	-150%	(\$77,549)	-530%
Total (Profit)/Cost	(\$179,545)	580%	(\$95,927)	50%	(\$83,618)	530%

Summary of Operation Requirements



Sales and Marketing



SALES ACTIVITIES



SALES



COMMUNITY/PROFESSIONAL
DEVELOPMENT



MARKETING
ACTIVITIES



MARKETING
METRICS



UPCOMING
INDUSTRY EVENTS



FUTURE
POSSIBILITIES

Sales Leads

Skana Conference



- April 2022
- September 2022
- December 2022

Community Involvement

Chamber of
Commerce Business
Members Committee
Member

Social Media
Coordinator for CK
Canadian Cancer
Society

The GIFT CK
Volunteer/Captain

TSAC Member
(Tourism
Stakeholders
Advisory Council)

Community/Professional Development

- Venue Impact: Best Business Practices During Crisis
- Convention Centres of Canada Webinar
- Virtual Events Landscape
- SWOTC Virtual Conference
- Google Analytics Academy
- Destination Ontario Presents- Google my Business

Marketing



- Tips for choosing the Perfect Conference Venue
- Pictures of facility/room set-up
- Website updates/communication
- Smart Channel Campaign
- Industry Insights articles
- Social Media Content/Posts/Stories
- E-Newsletter
- Safe Travels Certificate
- New Pocket Folder for Weddings
- Wedding Package
- Wedding Menu
- Wedding Plan Checklist
- New CKCC Menu



JOHN D. BRADLEY CONVENTION CENTRE Weddings

CONGRATULATIONS!
Two little words with a BIG meaning... "I Do" is what we love to hear and why we are committed to perfecting all the details leading up to that special moment where two become one.

WHEN YOU BOOK WITH US YOUR WEDDING PACKAGE WILL INCLUDE:

- Dedicated event coordinator to help you through the planning process and assist on the big day
- Pre-reception area
- Dining tables and banquet chairs
- White linen tablecloths and napkins
- Custom room layout as per your design request
- Complimentary cake cutting service
- Head table with staging
- DJ, gift and cake table with in-house styling
- Podium for announcements
- Wireless microphone
- Portable dancefloor
- Modern white China, stemware and silverware
- Certified Chef de Cuisine and smart serve trained staff at your service
- Complimentary parking (400 spots)
- Private bridal lounge with restroom
- Tassel for seating chart



WEDDING PLAN CHECKLIST

12 Months Before	5-4 Months Before
<ul style="list-style-type: none"> • Finalize a wedding date • Create a budget • Choose your wedding party • Book Ceremony & Reception Venue(s) (provide deposit) • Secure "head" team (think for your out-of-town guests) • Book & Book all main vendors: catering, florist, transportation, catering • Begin shopping for dresses 	<ul style="list-style-type: none"> • Select music playlist • Send out invitations (before making provide a copy to the Venue) • Book hair/makeup trial • Meet with Officiant and Photographer/Videographer and book provider • Order wedding favors • Reserve any additional rental equipment • Book wedding night accommodations • Choose an MC and the people doing toasts • Confirm your timeline and finalize details with your Venue
11-9 Months Before	3-2 Months Before
<ul style="list-style-type: none"> • Reserve for rehearsal dinner • Confirm flower & center piece • Decide on transportation • Secure out wedding cakes or cupcakes • Shop for bridesmaids dresses & suits for wedding party • Send out save-the-dates • House of best & makeups • Create a wedding website & gift registry • Order rings 	<ul style="list-style-type: none"> • Purchase an anniversary, guest book, card box • Purchase marriage license & driver's licenses • Finalize arrangements with vendors • Complete finalizing all payments • Prepare notes & make place cards (optional) provide a proof copy to the Sales & Event Manager for approval • Finalize wedding day timeline and send to all vendors • Purchase wedding party gifts • Send out rehearsal and rehearsal to those attending • Provide a list of vendors to the venue contact
8-6 Months Before	1 Month Before
<ul style="list-style-type: none"> • Meet & book transportation • Choose & order invitations (don't forget to ask for all-guest) • Create a rough timeline for the day of wedding • Venue requirements: Food & Beverage and wedding day plan • Ask wedding party to plan back-to-back with their parties 	<ul style="list-style-type: none"> • Book "OHV's" & follow up with reservations • Create a spreadsheet with all guests and dietary requests • Confirm times for Post & breakfast • Complete seating • Dress shoes • Confirm details for rehearsal dinner • Pick up dresses



Marketing Metrics

- Smart Channel
- Website Traffic
- E-Newsletter
- Social Media Metrics
 - Facebook
 - Instagram
 - Twitter



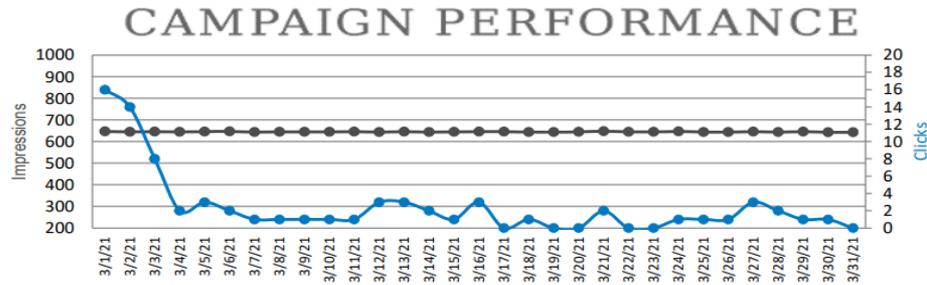
Smart Channel

CAMPAIGN PERFORMANCE

Prepared for: Chatham-Kent

Date Range: March 2021

Month	Impression	Click	CTR
May-2019	20,414	20	0.10%
Jun-2019	19,860	15	0.08%
Jul-2019	20,447	25	0.12%
Aug-2019	20,403	28	0.14%
Sep-2019	19,771	16	0.08%
Oct-2019	20,626	44	0.21%
Nov-2019	19,962	13	0.07%
Dec-2019	20,620	17	0.08%
Jan-2020	20,592	36	0.17%
Feb-2020	19,107	22	0.12%
Mar-20	20,327	33	0.16%
Apr-20	19,668	13	0.07%
May-20	20,322	23	0.11%
Jun-20	19,628	18	0.09%
Jul-20	20,328	25	0.12%
Aug-20	20,330	32	0.16%
Sep-20	19,680	24	0.12%
Oct-20	20,340	25	0.12%
Nov-20	19,683	16	0.08%
Dec-20	23,283	68	0.29%
Jan-21	22,629	56	0.25%
Feb-21	20,001	53	0.26%
Mar-21	2,000	75	0.38%



RESULTS

20,000 Total Impressions: 0.38% CTR: 75 Clicks

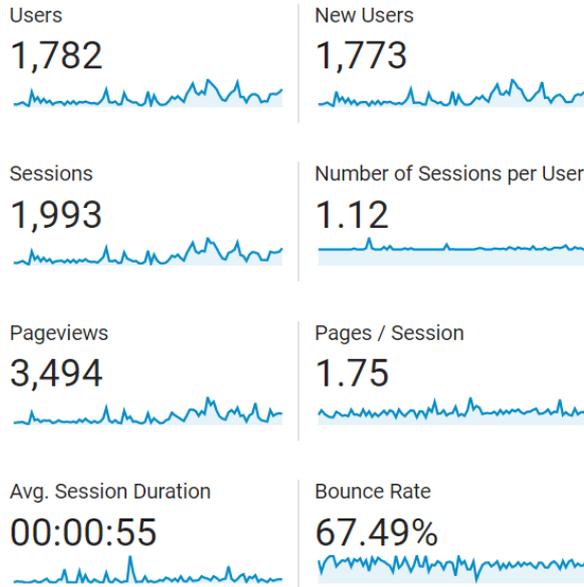


CAMPAIGN LAYERS

Campaign Layer	Impressions	CTR	Clicks
Smart_Channel_CM&E	20000	0.38%	75



Website Analytics



	Acquisition			Behavior		
	Users ↓	New Users ↓	Sessions ↓	Bounce Rate ↓	Pages / Session ↓	Avg. Session Duration ↓
	1,782	1,773	1,993	67.49%	1.75	00:00:55
1 Organic Search	1,117			68.07%		
2 Direct	420			55.80%		
3 Referral	246			84.06%		
4 Social	13			92.31%		

Page	Pageviews	% Pageviews
1. /	2,070	59.24%
2. /events/	158	4.52%
3. /planning/facilities-map/	136	3.89%
4. /about/	107	3.06%
5. /covid-19-friendly-menu/	81	2.32%
6. /contact/	80	2.29%
7. /safe-meeting-guide/	60	1.72%
8. /planning/	51	1.46%
9. /planning/corporate-meetings/	50	1.43%
10. /attending/attending-facilities-map/	45	1.29%



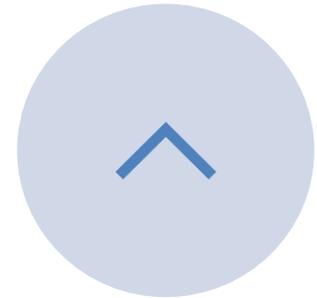
E-Newsletter



211 SUBSCRIBERS THROUGH
WEBSITE



10 E-NEWSLETTERS HAVE BEEN
SENT SINCE DEC 2019



AVERAGING A 46% OPEN RATE
10% CLICK RATE AVERAGE

Facebook Metrics



Impressions

86,561 ↗ 123%

Engagements

4,393 ↗ 349%

Post Link Clicks

73 ↗ 25.9%

Engagement Metrics	Totals	% Change
Total Engagements	4,393	↗ 349.18%
Reactions	16	↘ 84.62%
Comments	2	↘ 84.62%
Shares	9	↘ 66.67%
Post Link Clicks	73	↗ 25.86%
Other Post Clicks	4,293	↗ 453.22%
Engagement Rate (per Impression)	5.1%	↗ 101.81%

 **Chatham-Kent John D. Bradley...**
Wed 3/24/2021 11:02 am EDT

<https://blackburnnews.com/chatham/chatham-news/2021/03/22/covid-19-vaccines-offered-people-chatham-kent/>



Post Link Clicks	21
Impressions	150
Reach	143
Engagements	27
Engagement Rate (per Impression)	18%

 **Chatham-Kent John D. Bradley...**
Wed 3/3/2021 10:02 am EST

Check out our latest e-newsletter about the Covid-19 Vaccination Clinic!
<https://conta.cc/2MIYAwn>



Impressions	161
Reach	152
Engagements	19
Engagement Rate (per Impression)	11.8%



Instagram Metrics



Impressions

6,769 ↘40.7%

Engagements

291 ↘35%

Profile Actions

2 →0%

Audience Metrics	Totals	% Change
Followers	1,041	↗3.69%
Net Follower Growth	37	↗54.17%
Followers Gained	67	↘20.24%
Followers Lost	30	↘50.00%
Publishing Behavior by Content Type		
Totals	% Change	
Total Published Posts & Stories	32	↘60.5%
Published Carousels	0	↘100%
Published Videos	0	↘100%
Published Photos	32	↘39.6%

ckentconventions

Tue 2/23/2021 11:40 am PST

Day One of the Vaccination Clinic 📍
For all enquiries & information regarding the COVID-19 vaccination

Total Engagements 29

Likes 28

Comments 1

Saves 0

ckentconventions

Thu 2/4/2021 7:34 am PST

This week would have been the Big Brothers and Big Sisters Wedding Expo. We sure do miss having you all in our

Total Engagements 22

Likes 22

Comments 0

Saves 0

ckentconventions

Sun 2/28/2021 9:59 am PST

Vaccination clinic in full swing and producing big smiles in return! 📍👩🏻
👩🏻 Repost from @alysson4ck "This

Total Engagements 16

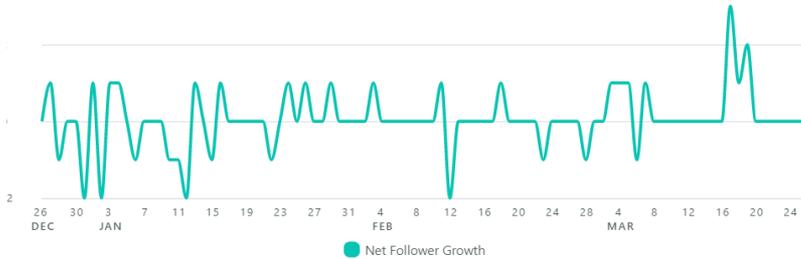
Likes 16

Comments 0

Saves 0



Twitter Metrics



Audience Metrics		Totals	% Change
Followers		1,493	↗ 0.3%
Net Follower Growth		5	↗ 400%

Engagement Metrics		Totals	% Change
Total Engagements		160	↘ 39.8%
Likes		11	↘ 42.1%
@Replies		1	↘ 50%
Retweets		5	→ 0%
Post Link Clicks		2	↘ 81.8%
Other Post Clicks		141	↘ 38.4%
Other Engagements		0	→ 0%
Engagement Rate (per Impression)		2.5%	↘ 23.3%

ckconventions
Thu 1/21/2021 12:35 am UTC

Check out this old photo from the vault...Downtown Chatham in 1938. Here's a little history lesson: Chatham



Total Engagements	100
Likes	6
@Replies	1
Retweets	1
Post Link Clicks	-
Other Post Clicks	92
Other Engagements	0

ckconventions
Thu 1/14/2021 12:27 am UTC

We can all admit it's been a tough go but we will survive and thrive during these unprecedented times. We love



Total Engagements	10
Likes	0
@Replies	0
Retweets	0
Post Link Clicks	-
Other Post Clicks	10
Other Engagements	0

ckconventions
Mon 3/22/2021 6:01 pm UTC

We are here, we will get through this and we can't wait to see you all again soon! Stay safe and stay healthy.



Total Engagements	7
Likes	1
@Replies	0
Retweets	0
Post Link Clicks	-
Other Post Clicks	6
Other Engagements	0

Future Projects/Events

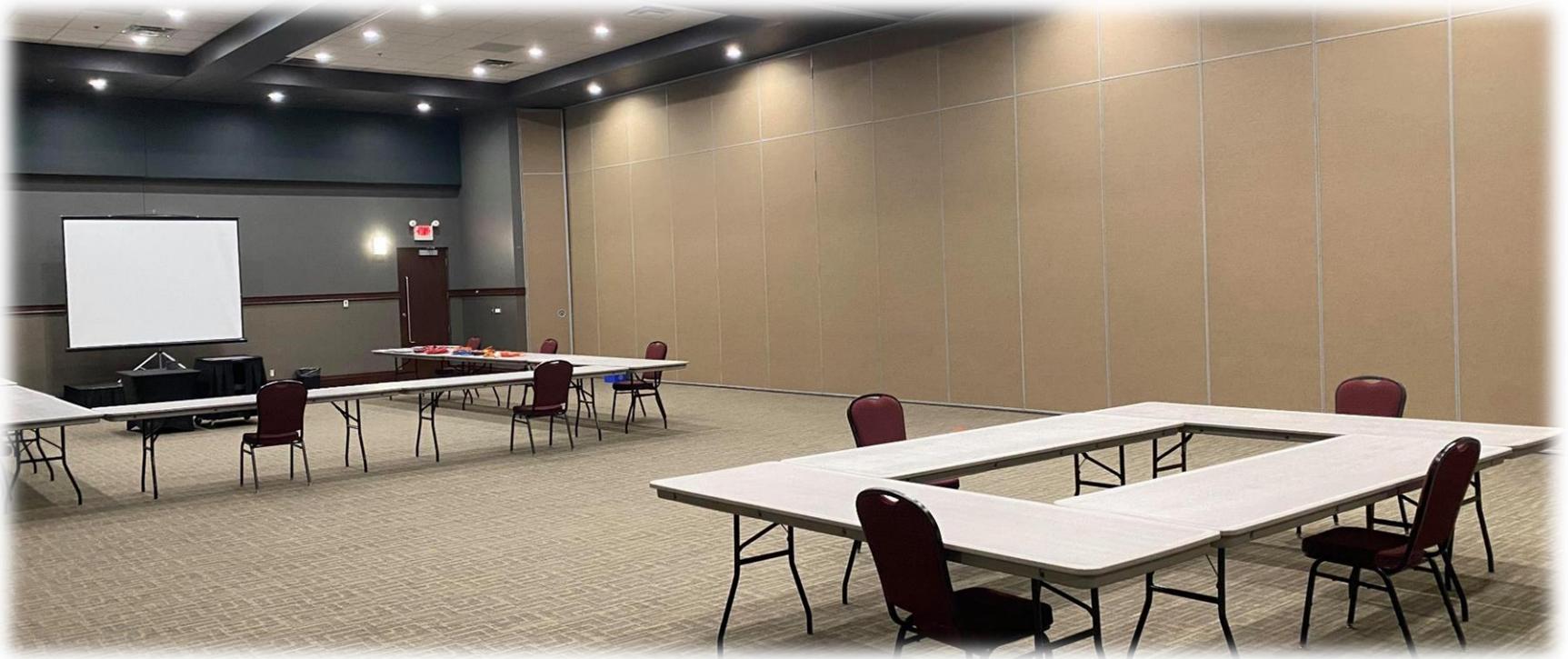


- Industry Insights 3rd article
- Virtual Tour/Mini Videos of Facility/Events
- MPI-The Event Virtual Conference
- Hybrid & Virtual Event meeting package
- Post Covid-19 networking reception
- Convention Centre run events

Questions?



Thank you & Stay Safe!



**Municipality of Chatham-Kent
AUDIT COMMITTEE MEETING
Monday, June 28, 2021 @ 12:00 PM
M I N U T E S**

Committee Members:

- Mayor Darrin Canniff
- Councillor Melissa Harrigan (regrets)
- Councillor Karen Kirkwood-Whyte (regrets)
- Councillor Brock McGregor
- Councillor Doug Sulman, Chair

Administration:

- Don Shropshire, Chief Administrative Officer
- Gord Quinton, Chief Financial Officer
- Matt Torrance, Director, Financial Services
- Brock Priddle, Manager, Corporate Accounting
- Kate Fishleigh, Executive Assistant

Other:

- Dale Zorgdrager, Deloitte
- Kyle Webster, Deloitte

1. Call to Order - Chair

The Chair called the meeting to order at 12:09 PM.

2. Approval of Minutes - Chair

No errors or omissions were reported.

MOTION: That the minutes of the May 17, 2021 meeting be approved

Moved by Cl. B. McGregor / Seconded by Mayor Canniff. Carried.

3. Presentation of 2020 Audited Financial Statements - Deloitte

The Audit Report and Draft Financial Statements were shared with the Committee in advance. The auditors indicated the review went very well and thanked members of management for their role in the process.

Deloitte indicated there were no uncorrected misstatements within the materiality level, a prior years' recommendation related to deferred revenue has since been enhanced, and no changes in the significant risks (management override of controls, revenue recognition, and Council and senior management expenses) were identified. Deloitte expressed sufficient evidence was obtained to determine no material misstatements and that internal controls were designed and implemented appropriately. COVID-19 Impacts have been identified as an area of focus but is not a significant risk. Deloitte estimated their final housekeeping items will be concluded closer to the July 12 Council meeting.

The CAO questioned if Deloitte had any comments on Chatham-Kent moving to electronic payment systems and any benefits or risks in doing so. An electronic system will allow Chatham-Kent to strengthen the control environment which Deloitte fully supports.

During the audit, Deloitte and management identified an issue with respect to the methodology for calculating the allowance for doubtful accounts (AFDA). Management acknowledges changes in

methodology are required and will modify the process on a go forward basis. Management will calculate AFDA based on a probability model of properties under appeal.

The Director of Financial Services provided an update on Chatham-Kent's cash surplus. Administration had predicted estimated losses of \$3M but are currently sitting at a surplus of \$70K. In being able to use Safe Restart funding for lost revenue, the cash surplus is expected to be \$3.8M.

The auditor expressed no concerns with the 2020 audited financial statements. Deloitte offered to meet with elected members of the committee in closed session without members of administration present and the elected members of the committee decided it was not necessary.

MOTION: That the 2020 Audited Financial Statements be received.

Moved by Mayor Canniff / Seconded by Cl. B McGregor. Carried.

4. Expanded Scope of Committee and Updated Terms of Reference – Gord Quinton

A report and revised Terms of Reference (TOR) were provided to the Committee in advance. There were no suggested changes received from the Committee.

MOTION: That the Expanded Scope of the Audit Committee recommendations and revised TOR be received and brought to Council for approval.

Moved by Cl. B. McGregor / Seconded by Mayor Canniff. Carried.

5. Employee Fraud (standing item) – Matt Torrance

The Director of Financial Services advised there was nothing to report.

6. Payments to Vendors Owned by Members of Council – Matt Torrance

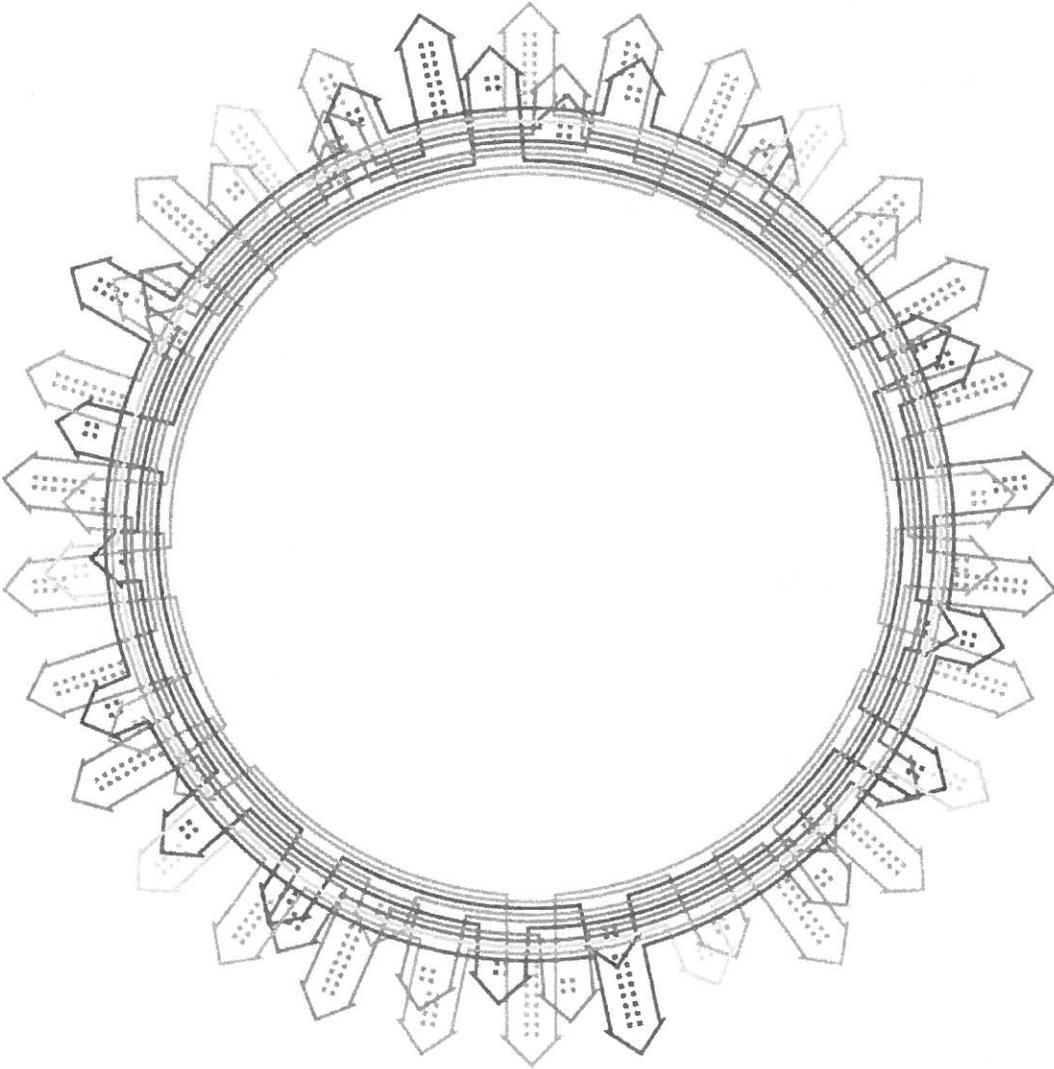
The Director of Financial Services reported on activity from January 1 to June 10. Payments totalling \$6,032 were made to businesses owned by Cl. Hall's spouse (Glassroots Media: \$1,718) and Cl. Wright (John and Kori Wright – Towing: \$4,314).

7. Next Meeting

The next meeting will take place on Wednesday, June 30, 2021 to approve minutes.

8. Adjournment

The meeting adjourned at 12:42 PM.



Municipality of Chatham-Kent
Report to The Audit Committee on the
2020 audit

June 28, 2021

June 28, 2021

To the Audit Committee of Municipality of Chatham-Kent

Report on audited annual financial statements

Dear Audit Committee Members:

We are pleased to submit this report on the status of our audit of Municipality of Chatham-Kent ("the Municipality") for the 2020 fiscal year. This report summarizes the scope of our audit, our findings to date and reviews certain other matters that we believe to be of interest to you. We are continuing to work with management to complete the outstanding matters summarized on page 1 of this report.

As agreed in our master service agreement ("MSA") dated February 20, 2019, and any previous confirmation letters issued pursuant to the MSA and all as may be updated or amended from time to time, we have performed an audit of the financial statements of Municipality of Chatham-Kent as at and for the year ended December 31, 2020, in accordance with Canadian generally accepted auditing standards ("Canadian GAAS") and expect to issue our audit report thereon dated July 12, 2021.

Our audit has been conducted in accordance with the audit plan that was presented to the Audit Committee at the meeting on December 2, 2020.

This report is intended solely for the information and use of the Audit Committee, management and others within the Municipality and is not intended to be, and should not be, used by anyone other than these specified parties.

We look forward to discussing this report summarizing the outcome of our audit with you and answering any questions you may have.

Yours truly,



Chartered Professional Accountants
Licensed Public Accountants

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Executive summary

Audit scope and terms of engagement

We have been asked to perform an audit of the Municipality’s financial statements (the “financial statements”) in accordance with Canadian Public Sector Accounting Standards (“PSAS”) as at and for the year ending December 31, 2020. Our audit was conducted in accordance with Canadian generally accepted auditing standards (“Canadian GAAS”).

The terms and conditions of our engagement are described in the master service agreement, and any previous confirmation letters issued pursuant to the MSA and all as may be updated or amended from time to time. We have developed appropriate safeguards and procedures to eliminate threats to our independence or to reduce them to an acceptable level.

Significant risks

- 1 Management override of controls
- 2 Presumed risk of fraud relating to revenue recognition
- 3 Council & senior management expenses

Status

- ...
- ...
- ...
- ...

Areas of Focus

- 1 Covid-19 Impacts

 New from prior year  Continued from prior year  Removed from prior year

Uncorrected misstatements



Materiality levels are determined on the basis of budgeted expenses. Our materiality for the year ended December 31, 2020 was \$9,500,000 (2019, \$9,400,000). There were no uncorrected misstatements above our clearly trivial threshold of \$475,000.

Outstanding Matters & Next Steps

Receipt of legal letters	Receipt of signed Management’s representation letter
Completion of our subsequent events procedures	Receipt of evidence to complete minor documentation items
Final audit partner review of select working papers	Completion of the Engagement Quality Control review

Highlights

Enhanced disclosure related to deferred revenue.	No changes in the significant risks identified



Going Concern

Management has completed its assessment of the ability of the Municipality to continue as a going concern and in making its assessment did not identify any material uncertainties related to events or conditions that may cast significant doubt upon the Municipality's ability to continue as a going concern. We agree with management's assessment.



Results

No restrictions have been placed on the scope of our audit. We intend to issue an unmodified audit report on the financial statements of the Municipality for the year ended December 31, 2020 once the outstanding items referred to above are completed satisfactorily and the financial statements are approved by the Audit Committee.

Significant audit risks and events

The significant audit risks identified as part of our risk assessment, together with our planned responses and conclusions, are described below.

Significant risk dashboard

Legend



Significant level of management judgment involved



Minimal/No management judgment involved

D+I: Planned testing of the design and implementation of key controls

OE: Planned testing of the operating effectiveness of key controls

Management override of controls

Fraud Risk	Control Testing Planned	Level of management judgement	Specialist, Expert or Innovation Involvement
YES	D&I		Not Applicable

Analysis of risk

- Under Canadian Auditing Standards, it is the responsibility of the management, with the oversight of those charged with governance to place a strong emphasis on fraud prevention and detection. Oversight by those charged with governance includes considering the potential for override of controls or other inappropriate influence over the financial reporting process.
- Management override of controls is present in all entities. It is a risk of material misstatement resulting from fraud and therefore is considered as a significant risk.

Audit Response and Results

- We discussed fraud with management.
- We asked The Audit Committee for their views about the risk of fraud, whether they know of any actual or suspected fraud affecting the Municipality and their role in the oversight of management's antifraud programs.
- We tested a sample of journal entries made throughout the period, and adjustments made at the end of the reporting period.
- We evaluated the business rationale for any significant unusual transactions.
- We determined whether the judgements and decisions related to management estimates indicate a possible bias, which included performing retrospective analysis of significant accounting estimates.
- We obtained sufficient audit evidence to conclude that there were no material misstatements.

Revenue recognition			
Fraud Risk	Control Testing Planned	Level of management judgement	Specialist, Expert or Innovation Involvement
YES	D+I		Not Applicable
Analysis of risk		Audit Response and Results	
<ul style="list-style-type: none"> Under Canadian GAAS, we are required to evaluate the risk of fraud in revenue recognition. We have evaluated the revenue transactions, and we have concluded that the significant risk is that revenue may have been recorded in the incorrect period. This represents a fraud risk for the 2020 audit. 		<ul style="list-style-type: none"> We evaluated the design and implementation of the internal controls that address this risk. We did not rely on controls. We tested grant charges, contributions and other monies received during the year and determined whether amounts were appropriately recorded as revenue or deferred revenue. We concluded that the internal controls were designed and implemented appropriately. We obtained sufficient audit evidence to conclude that there were no material misstatements. 	
Council and senior management expenses			
Fraud Risk	Control Testing Planned	Level of management judgement	Specialist, Expert or Innovation Involvement
YES	D+I		Not applicable.
Analysis of risk		Audit Response and Results	
<ul style="list-style-type: none"> Council and senior management may expense items not in line with the Municipality of Chatham-Kent's expense policy. 		<ul style="list-style-type: none"> We performed specific procedures related to council and senior management expenses for validity and proper approval. We concluded that the internal controls were designed and implemented appropriately. We obtained sufficient audit evidence to conclude that there were no material misstatements. 	
Other Area of Focus (not a Significant Risk) COVID-19 Impacts			
Fraud Risk	Control Testing Planned	Level of management judgement	Specialist, Expert or Innovation Involvement
Not Applicable	Not Applicable		Not applicable.
Analysis of risk		Planned audit response	
<ul style="list-style-type: none"> There is a risk that COVID-19 could have an impact on expenditures, funding sources, impairment considerations and other disclosures. 		<ul style="list-style-type: none"> We worked with management to discuss and monitor this situation on an ongoing basis to continue to determine the impacts on the 2020 financial statements and audit thereon as it relates to considerations of reduced expenditures and decrease in potential funding sources, impairment consideration and disclosure aspects. 	

Appendix 1 – Communication requirements and other reportable matters

Required communication	Reference	Refer to this report or document described below
Audit Service Plan		
1. Our responsibilities under Canadian GAAS, including forming and expressing an opinion on the financial statements	CAS ¹ 260.14	Engagement letter
2. An overview of the overall audit strategy, addressing: <ul style="list-style-type: none"> a. Timing of the audit b. Significant risks, including fraud risks, locations, and planned responsibilities of other independent public accounting firms or others that perform audit procedures in the audit 	CAS 260.15	Audit plan communicated on December 2, 2020
3. Significant transactions outside of the normal course of business, including related party transactions	CAS 260 App. 2, CAS 550.27	We have not identified any related party transactions that were not in the normal course of operations and that involved significant judgments by management concerning measurement or disclosure.
Enquiries of those charged with governance		
4. How those charged with governance exercise oversight over management's process for identifying and responding to the risk of fraud and the internal control that management has established to mitigate these risks	CAS 240.21	We have communicated with management to identify the processes that management has in place to mitigate the risk of fraud within the Municipality.
5. Any known suspected or alleged fraud affecting the Municipality	CAS 240.22	We have not identified any known, suspected, or alleged fraud affecting the Municipality
6. Whether the Municipality is in compliance with laws and regulations	CAS 250.15	We are not aware of the Municipality being in breach of any laws and regulations

¹ CAS: Canadian Auditing Standards – CAS are issued by the Auditing and Assurance Standards Board of CPA Canada

Year End Communication		
7. Fraud or possible fraud identified through the audit process	CAS 240.40-.42	We are not aware of any fraudulent events.
8. Significant accounting policies, practices, unusual transactions, and our related conclusions	CAS 260.16 a.	Financial statement Note 1
9. Alternative treatments for accounting policies and practices that have been discussed with management during the current audit period	CAS 260.16 a.	Significant Accounting practices, judgements and estimates
10. Matters related to going concern	CAS 570.25	Executive summary
11. Consultation with other accountants	CAS 260.16(c),(i), A22	Management has informed us that the Municipality has not consulted with other accountants about auditing or accounting matters.
12. Management judgments and accounting estimates	CAS 260.16 a.	Significant Accounting practices, judgements and estimates
13. Significant difficulties, if any, encountered during the audit	CAS 260.16 b.	We did not encounter any significant difficulties while performing the audit. There were no significant delays in receiving information from management required for the audit nor was there an unnecessarily brief timetable in which to complete the audit.
15. Material written communications between management and us, including management representation letters	CAS 260.16 c.	Management representation letter
16. Circumstances that affect the form and the content of the auditor's report	CAS 260.16.d.	Master service agreement
17. Other matters that are significant to the oversight of the financial reporting process	CAS 260.16e.	No other matters to report.
18. Modifications to our opinion(s)	CAS 260.A21	Executive summary
19. Other significant matters discussed with management	CAS 260.A.22	Significant matters discussed, or subject to correspondence with management may include such matters as: <ul style="list-style-type: none"> • Significant events or transactions that occurred during the year. • Business conditions affecting the entity, and business plans and strategies that may affect the risks of material misstatement. For further details, please see the Significant Risks and Events section.

20. Under our professional standards we are required to communicate, unless we are prohibited by a law or regulation, matters involving non-compliance by the Company with applicable laws and regulations, including illegal or possibly illegal acts that come to our attention	CAS 250.23	Our limited procedures did not identify any areas of material non-compliance with laws and regulations by the Municipality, that are not otherwise prohibited to disclosed by law or regulation.
21. Litigation	CAS 260.16(a), A19-20, App. 2	No litigation matters to report.
22. Significant deficiencies in internal control, if any, identified by us in the conduct of the audit of the financial statements	CAS 265	One item noted in Appendix 2.
23. Uncorrected misstatements and disclosure items	CAS 450.12-13	In accordance with Canadian GAAS, we request that all misstatements be corrected. No uncorrected misstatements and uncorrected disclosure to report.
Other reportable matters		
24. Changes to the audit plan	CAS 260.A26	The audit was conducted in accordance with our audit plan, which was communicated to the Audit Committee We confirm that there have been no significant amendments to the audit scope and approach communicated in the audit plan.
25. Concerns regarding management competence and integrity	CAS 260.11, A38	We have not determined any concerns regarding management competence and integrity.
26. Disagreements with management	CAS 260.16(c)(i), A22	In the course of our audit, we did not encounter any disagreements with management about matters that individually or in the aggregate could be significant to the financial statements.
27. Subsequent events	CAS 260.10(a), 260.13(b), 260.14(a), 260.17	At the date of finalizing this report, we are not aware of any significant post balance sheet events.
28. Reliance on service organizations	CAS 402 A39, CAS 265.9-10	Not applicable.
29. Limitations when sending confirmations	CAS 505.9	Not applicable.
30. Other significant matters arising from the audit	CAS 260.16(e), A26-A28	No other significant matters identified

Appendix 2 – Business insights and recommendations

Outdated AFDA policy

The Allowance for Doubtful Accounts (AFDA) is a residual after management adjusts write-off expense to be in accordance with budgeted write-offs. While we understand the operational logic of this, so as not to create a variance from budget, under accounting guidelines, the AFDA balance is to be determined using reasonable estimates of the receivables outstanding that are expected to be uncollectible. As a result, this policy needs updating to bring it in line with PSAB standards.



Management insights

Through discussions with management we noted that internally this policy had been identified as needing to be updated. A new policy is to be developed to be implemented for F2021 to base the AFDA balance on the Municipality's exposure to tax receivables under appeal.



Recommendations

Implement new AFDA policy

As the current AFDA policy is not in accordance with PSAB standards, we support management in their approach to adjust the policy to base the AFDA balance on the Municipality's actual exposure to tax receivables under appeal.

Appendix 3 – Deloitte resources a click away

At Deloitte, we are devoted to excellence in the provision of professional services and advice, always focused on client service. We have developed a series of resources, which contain relevant and timely information.

Register [here](#) to receive practical insights, invitations to Deloitte events/webcasts, and newsletters via email and other electronic channels. You will be able to select business topics and industries that align with your interests.

Canada's Best Managed Companies
(www.bestmanagedcompanies.ca)

Target audience

Directors and CEO/CFO

The Canada's Best Managed Companies designation symbolizes Canadian corporate success: companies focused on their core vision, creating stakeholder value and excelling in the global economy.

Centre for financial reporting

(<https://www.iasplus.com/en-ca/standards>)

Web site designed by Deloitte to provide the most comprehensive information on the web about financial reporting frameworks used in Canada.

Target audience

- Directors and CEO/CFO
- Controller and Financial reporting team

Deloitte Viewpoints

(<https://www.iasplus.com/en-ca/tag-types/deloitte-viewpoints>)

Electronic communications that helps you to stay on top of standard-setting initiatives impacting financial reporting in Canada.

Target audience

- CFO
- Controller and Financial reporting team

CFO's corner

(<https://www.iasplus.com/en-ca/cfos-corner>)

Editorial providing insights into key trends, developments, issues and challenges executives face, with a Deloitte point of view.

Target audience

- CFO and VP Finance
- Controller and Financial reporting team

Deloitte Dbriefs

(<https://www.iasplus.com/en-ca/dbriefs/webcasts>)

Learning webcasts offered throughout the year featuring our professionals discussing critical issues that affect your business.

Targeted audience

- CFO and VP Finance
- Controller and Financial reporting team

Consolidated financial statements of

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

December 31, 2020

Draft

The Corporation of the Municipality of Chatham-Kent

December 31, 2020

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Draft

Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of The Corporation of the Municipality of Chatham-Kent, which comprise the Consolidated statement of financial position as at December 31, 2020, and the Consolidated statement of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of The Corporation of the Municipality of Chatham-Kent as at December 31, 2020 and the results of its operations, changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants
Licensed Public Accountants
TO BE DATED

Draft

The Corporation of the Municipality of Chatham-Kent

Consolidated statement of financial position
as at December 31, 2020

	2020	2019
	\$	\$
Financial assets		
Cash	171,168,086	170,136,046
Taxes receivable	8,196,661	4,134,898
Accounts receivable	44,147,569	38,712,286
Investments (Note 2)	66,225,362	30,970,604
Investment in Entegrus Inc. (Note 3)	59,967,156	59,238,902
Note receivable from Entegrus Inc. (Notes 3,5)	23,523,326	23,523,326
Note receivable from 2351839 Ontario Limited (Notes 4,6)	-	4,875,000
Land held for resale	3,202,012	3,428,912
Other assets	719,880	571,202
Local improvements receivable (Note 12)	24,633,839	22,011,908
	401,783,891	357,603,084
Liabilities		
Accounts payable and accrued liabilities	43,895,262	43,641,356
Accrued interest (Note 11)	384,044	443,573
Accrued employee benefits (Note 7)	48,227,011	45,858,055
Deferred revenue (Note 9)	49,615,578	42,922,775
Deficiency in 2351839 Ontario Limited (Note 4)	-	119,251
Long-term liabilities (Note 10)	57,077,925	66,655,359
	199,199,820	199,640,369
Net financial assets	202,584,071	157,962,715
Non-financial assets		
Tangible capital assets (Note 13)	889,443,065	881,976,027
Inventory	90,491	100,464
Prepaid expenses	260,735	401,883
	889,794,291	882,478,374
Accumulated surplus (Note 14)	1,092,378,362	1,040,441,091

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

The Corporation of the Municipality of Chatham-Kent

Consolidated statement of operations and accumulated surplus
for the year ended December 31, 2020

	2020 Budget (Note 21) \$	2020 Actual \$	2019 Actual \$
Revenues			
Taxation and user charges			
Property taxation (Note 15)	168,521,426	164,434,351	159,997,309
User charges	73,878,144	78,995,023	79,190,954
	242,399,570	243,429,374	239,188,263
Government transfers			
Government of Canada	9,200,631	8,447,445	7,092,822
Province of Ontario	118,632,877	124,617,369	118,305,746
	127,833,508	133,064,814	125,398,568
Other			
Investment income	2,851,000	3,826,281	6,376,043
Penalties and interest on taxes	1,200,000	1,237,878	1,337,722
Contributions from landowners and developers	-	1,675,315	1,054,295
Sale of land and equipment	90,609	261,819	718,548
Provincial offences administration (Note 17)	1,977,500	1,363,177	2,345,894
Other	790,571	1,011,277	1,288,942
Loss on disposal of tangible capital assets	-	(1,563,330)	(384,570)
	6,909,680	7,812,417	12,736,874
Total revenue	377,142,758	384,306,605	377,323,705
Expenses			
General government	10,354,758	3,054,864	5,725,967
Protection of persons and property	62,603,853	69,389,003	61,037,404
Transportation services	53,189,742	55,580,460	53,561,718
Environmental services	54,105,276	52,884,696	54,747,129
Health services	27,217,879	24,213,278	26,577,302
Social and family services	95,437,904	84,718,772	91,420,130
Social housing	14,625,271	14,242,511	15,062,654
Recreation and cultural services	25,293,974	21,296,596	26,084,555
Planning and development	6,022,327	11,983,282	5,628,902
Total expenses	348,850,984	337,363,462	339,845,761
Excess revenues over expenses before other items	28,291,774	46,943,143	37,477,944
Other items			
Income from subsidiaries	4,050,000	4,994,126	6,073,584
Excess of revenues over expenses	32,341,774	51,937,269	43,551,528
Accumulated surplus, beginning of year	996,889,564	1,040,441,092	996,889,564
Accumulated surplus, end of year	1,029,231,338	1,092,378,361	1,040,441,092

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

The Corporation of the Municipality of Chatham-Kent

Consolidated statement of change in net financial assets for the year ended December 31, 2020

	2020	2019
	\$	\$
Excess of revenues over expenses	51,937,269	43,551,529
Acquisition of tangible capital assets	(42,296,183)	(86,252,347)
(Increase) decrease in assets under construction	(10,101,828)	23,983,239
Amortization of tangible capital assets	42,835,849	40,576,958
Loss on sale of tangible capital assets	1,563,330	384,570
Proceeds of sale of tangible capital assets	531,794	371,247
Change in inventory	9,973	441,409
Change in prepaids	141,148	30,088
Change in net financial assets	44,621,352	23,086,693
Net financial assets, beginning of year	157,962,715	134,876,022
Net financial assets, end of year	202,584,067	157,962,715

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

The Corporation of the Municipality of Chatham-Kent

Consolidated statement of cash flows for the year ended December 31, 2020

	2020 Actual	2019 Actual
	\$	\$
Operating transactions		
Excess of revenues over expenses	51,937,269	43,551,529
Items not involving cash		
Amortization	42,835,856	40,576,958
Loss on sale of tangible capital assets	1,563,330	384,570
Income from subsidiaries	(4,994,126)	(6,073,584)
Change in Taxes Receivable	(4,061,763)	1,754,076
Change in Accounts Receivable	(5,435,283)	(6,443,214)
Change in Land Held for Resale	226,900	500,000
Change in Other Assets	(148,678)	(49,379)
Change in Local Improvements Receivable	(2,621,931)	(26,888)
Change in Accounts Payable and Accrued Liabilities	253,906	2,345,672
Change in obligations to be funded from future revenues	2,309,427	2,027,936
Decrease in inventory	9,973	441,410
Decrease in prepaid expenses	141,148	30,088
Deferred revenue	6,692,799	10,346,404
	88,708,827	89,365,578
Financing transactions		
Long-term debt repayment	(9,577,434)	(10,074,827)
Capital transactions		
Acquisition of tangible capital assets	(52,398,011)	(62,269,108)
Proceeds of sale of tangible capital assets	531,794	371,247
	(51,866,217)	(61,897,861)
Investing transaction		
Dividends received from Entegrus Inc.	4,146,622	4,075,129
Note receivable from 2351839 Ontario Limited	4,875,000	-
Investment in Entegus	-	-
Investments	(35,254,758)	(970,604)
	(26,233,136)	3,104,525
Net increase in cash	1,032,040	20,497,415
Cash, beginning of year	170,136,046	149,638,631
Cash, end of year	171,168,086	170,136,046

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

The Corporation of the Municipality of Chatham-Kent

Notes to the consolidated financial statements December 31, 2020

1. Significant accounting policies

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

Basis of consolidation

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

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

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

Subsidiaries

Entegrus Inc. and 2351839 Ontario Limited are accounted for on a modified equity basis, consistent with the generally accepted accounting treatment for government business enterprises. Under the modified equity basis, the business enterprise's accounting principles are not adjusted to conform with those of the Municipality, and inter-organizational transactions and balances are not eliminated.

Accounting for school board transactions

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

In addition, the expenses, assets and liabilities with respect to the operations of the school boards are not reflected in these financial statements except to the extent that any overlevies are reported on the Consolidated statement of financial position as "other current liabilities".

Trust funds

Trust funds and their related operations administered by the Municipality amounting to \$6,399,513 (2019 - \$6,199,873) are not consolidated.

Basis of accounting

The consolidated financial statements are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable, and expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

The Corporation of the Municipality of Chatham-Kent

Notes to the consolidated financial statements December 31, 2020

1. Significant accounting policies (continued)

Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of an asset. The cost, less residual value, of the tangible capital asset is amortized on a straight-line basis over the estimated useful life as follows:

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

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

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

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

Land held for resale

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

Government transfers

Government transfers are recognized in the consolidated financial statements as revenues in the period in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made.

Tax revenue

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

Investment income

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

The Corporation of the Municipality of Chatham-Kent

Notes to the consolidated financial statements December 31, 2020

1. Significant accounting policies (continued)

Management estimates

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

Employee future benefit obligations

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

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

2. Investments

Investments are recorded at amortized cost less any amounts written off to reflect a permanent decline in value. Investments consist of authorized investments pursuant to provisions of the Municipal Act and comprise government and corporate bonds, debentures, pooled investment funds and short-term instruments of various financial institutions. Investments with original maturity dates greater than 90 days are classified as investments in the Consolidated statement of financial position.

Investments held by the Municipality amounted to \$66,225,362 in 2020 (\$30,970,604 in 2019). The investments are comprised of Principally Guaranteed Pooled Investments with CIBC. The market value of these investments at December 31, 2020 amounted to \$67,515,816 (\$30,370,200 in 2019).

3. Investment in Entegrus Inc.

Chatham-Kent Energy Inc. (CKE) and its wholly-owned subsidiaries, Chatham-Kent Hydro Inc.(CKH) and Chatham-Kent Utility Services Inc., Chatham-Kent Transmission Inc., were incorporated September 22, 2000 under the *Business Corporations Act (Ontario)*.

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

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

Under a municipal by-law, dated September 5, 2000, the former Public Utilities Commission of the Municipality of Chatham-Kent – Electrical Division and the Municipality transferred the assets, liabilities and employees associated with the distribution of electricity at book value effective October 1, 2000. The book value of the net assets transferred to CKE at October 1, 2000 was \$47,379,124. In consideration for the transfer, CKE issued long-term 15s payable to the Municipality in the aggregate principal amount of \$23,523,326 together with shares valued at \$23,855,798.

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

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

The Corporation of the Municipality of Chatham-Kent

Notes to the consolidated financial statements December 31, 2020

3. Investment in Entegrus Inc. (continued)

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

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

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

The following table provides condensed supplementary consolidated financial information for Entegrus and its subsidiaries for the year ended December 31, 2020:

	2020	2019
	\$	\$
Financial position		
Assets		
Current	36,945,062	41,377,412
Capital	155,414,655	147,200,198
Other	34,208,932	29,855,156
Total assets	226,568,649	218,432,766
Liabilities		
Current	42,079,939	43,947,502
Notes payable to Municipality of Chatham-Kent	23,523,326	23,523,326
Other	64,566,798	53,374,778
Total liabilities	130,170,063	120,845,606
Equity		
Share capital	52,161,260	52,161,260
Share Premium	16,571,469	16,571,469
Hedging Reserve	(4,738,477)	(1,978,542)
Retained earnings	30,879,989	29,861,360
Total equity	94,874,241	96,615,547
Regulatory		
Regulatory credit balances	1,524,345	971,613
Total regulatory	1,524,345	971,613
Total liabilities equity and regulatory	226,568,649	218,432,766

The Corporation of the Municipality of Chatham-Kent

Notes to the consolidated financial statements
December 31, 2020

3. Investment in Entegrus Inc. (continued)

	2020	2019
	\$	\$
Financial activities		
Revenue	195,933,162	177,431,761
Expenses	188,872,997	170,666,817
	7,060,165	6,764,944
Provision for taxes	595,340	408,330
Net movement in regulatory balances, net of tax	(568,658)	(822,892)
Remeasurement of employee benefits	154,129	72,620
Unrealized gain on investment	60,725	365,983
Dividends paid	5,800,000	5,700,000
Change in retained earnings	1,018,629	1,040,903
Municipality of Chatham-Kent's investment represented by:		
Investment in shares of Entegrus	31,595,798	31,595,798
Accumulated profit less dividends received	28,371,358	27,643,104
	59,967,156	59,238,902
Corix Utilities' investment represented by:		
Investment in shares of Entegrus	3,886,352	3,886,352
Accumulated profit less dividends received	1,937,087	1,856,238
	5,823,439	5,742,590
St. Thomas Energy Inc. investment represented by:		
Investment in shares of Entegrus	16,679,110	16,679,110
Accumulated profit less dividends received	571,544	362,017
	17,250,654	17,041,127

(a) Equity in Entegrus Inc.

	2020	2019
	\$	\$
Balance, beginning of year	82,762,228	81,321,482
Changes during the year		
Adjustment for prior year	-	696,568
Net earnings for the year	4,874,876	4,819,307
Dividends paid	(4,146,622)	(4,075,129)
Balance, end of year	83,490,481	82,762,228
	2,020	2019
	\$	\$
Investment in Entegrus Inc.	59,967,156	59,238,902
Notes receivable from Entegrus Inc.	23,523,325	23,523,326
Balance, end of year	83,490,481	82,762,228

The Corporation of the Municipality of Chatham-Kent

Notes to the consolidated financial statements
December 31, 2020

3. Investment in Entegrus Inc. (continued)

(b) Related party transactions and balances

The following summarizes the Municipality's related party transactions and balances with Entegrus for the year ended December 31, 2020 and December 31, 2019:

	2020	2019
	\$	\$
Transactions		
Revenue		
Administrative services	592,936	581,308
Interest on promissory note	1,067,964	1,067,964
Expenses		
Energy purchases (at commercial rates)	5,456,387	6,132,790
Billing and collection services - water/wastewater	2,168,201	2,305,728
Streetlight maintenance	238,166	237,486
Balances		
Amounts due from Entegrus Inc.		
Promissory note receivable	23,523,326	23,523,326
Accounts receivable	19,139,746	15,713,942

The Corporation of the Municipality of Chatham-Kent

Notes to the consolidated financial statements
December 31, 2020

4. Investment in 2351839 Ontario Limited

2351839 Ontario Limited operating as WDC Rail, incorporated November 29th, 2012 under the *Canada Business Corporations Act*, owns railway land assets and is wholly owned by the Municipality of Chatham-Kent.

The following table provides condensed supplementary financial information for WDC Rail for the year ended December 31:

	2020	2019
	\$	\$
Financial position		
Assets		
Current	-	-
Capital	-	-
Total assets	-	-
Liabilities		
Current	-	119,250
Note payable to Municipality of Chatham-Kent	-	-
Total liabilities	-	119,250
Equity		
Share capital	-	1
Deficit	-	(119,251)
Total deficit	-	(119,250)
Total liabilities and equity	-	-
	2020	2019
	\$	\$
Financial activities		
Revenue	119,251	774,470
Expenses	-	216,761
	119,251	557,709
Change in retained earnings	119,251	557,709
Municipality of Chatham-Kent's investment represented by:		
Balance, beginning of year	(119,251)	(676,960)
Changes during year		
Investment in shares of company	-	-
Net gain (loss) for the year	119,251	557,709
Balance, end of year	-	(119,251)

The Corporation of the Municipality of Chatham-Kent

Notes to the consolidated financial statements
December 31, 2020

4. Investment in 2351839 Ontario Limited (continued)

(a) Equity in WDC Rail

	2020	2019
	\$	\$
Investment in the Company	-	(119,251)
Notes receivable from the Company	-	4,875,000
Balance, end of year	-	4,755,749

(b) Related party transactions and balances

The following summarizes the Municipality's related party transactions with WDC Rail for the year ended December 31, 2020 and December 31, 2019:

	2020	2019
	\$	\$
Transactions		
Revenue		
Interest on promissory note	-	121,875
Drainage Assessments	-	2,302
Balances		
Amounts due from the Company		
Promissory note receivable	-	4,875,000
Accounts receivable	-	424,366

5. Note receivable from Entegrus Inc.

Note receivable is due from Entegrus Inc. with no set repayment terms and interest payable monthly at 4.54%. The Municipality received an interest payment in the current year of \$1,067,964 (2019 - \$1,067,964).

6. Note receivable from 2351839 Ontario Limited

Note receivable was due from 2351839 Ontario Limited with no set repayment terms and interest payable at a rate equal to the interest amount payable by the Municipality on funds borrowed from its financial institution in the year for which the interest is charged. The Municipality recorded revenue for interest in the current year of \$0 (2019 - \$121,875).

The assets in 2351839 Ontario Limited have been sold and the outstanding debts paid to the Municipality.

The Corporation of the Municipality of Chatham-Kent

Notes to the consolidated financial statements
December 31, 2020

7. Accrued employee benefits

The Municipality has accrued employee benefits as follows:

	2020	2019
	\$	\$
Employee future benefits	42,258,313	40,110,196
Workplace safety and insurance obligations	1,343,667	1,499,759
Vested sick leave	-	58,081
Vacation credits	4,625,032	4,190,019
	48,227,012	45,858,055

The accrued benefits above are described as follows:

(a) Employee future benefits

The Municipality pays certain medical and life insurance benefits on behalf of its retired and current employees. The accrued benefit liability at December 31, 2020 of \$42,258,312 (2019 - \$40,110,196) was determined by actuarial valuation using a discount rate of 2.25% (2019 – 3.00%). A comprehensive actuarial valuation of the future liability for employee future benefits was conducted as at December 31, 2018. The next required valuation will be as of December 31, 2021.

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

	2020	2019
	\$	\$
Accrued benefit liability as at January 1, 2020	40,110,196	38,082,357
Expense for the period	3,642,300	3,450,717
Benefits paid during the period	(1,494,183)	(1,422,878)
Estimated accrued benefit liability as at December 31, 2020	42,258,313	40,110,196

The main actuarial assumptions employed for the valuation are as follows:

(i) General inflation

Future inflation levels, as measured by changes in the Consumers Price Index ("CPI"), were assumed to be 2.5% in 2018 and thereafter.

(ii) Interest (discount) rate

The present value as at December 31, 2020 of the future benefits was determined using a discount rate of 2.25%. The expense for the year ended December 31, 2019, was determined using a discount rate of 3.00%.

(iii) Health costs

Drug costs were assumed to increase at 6.5% per year grading down to 4% over 7 years.

(iv) Dental costs

Dental costs were assumed to increase at 4% annually.

The Corporation of the Municipality of Chatham-Kent

Notes to the consolidated financial statements December 31, 2020

7. Accrued employee benefits (continued)

(b) Workplace safety and insurance obligations

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

For the period of January 1, 2001 to December 31, 2009, the Municipality was a Schedule II employer for most of its divisions. The estimated future liability relating to WSIB for this time period amounted to \$1,343,667 (2019 - \$1,499,759) and an accrual has been recorded for 2020. A Workplace Safety and Insurance Reserve relating to Schedule II claims has also been established to protect against any unknown future liability, and has a balance of \$2,241,942 (2019 - \$2,293,096). The Municipality also maintained an insurance policy, which protects the Municipality against financial exposure to a catastrophic loss in excess of \$1,000,000 while Schedule II was in place.

(c) Vested sick leave

Under some of the pre-amalgamation municipal sick leave benefit plans, unused sick leave could accumulate and employees may become entitled to a cash payment when they leave the Municipality's employment. The Municipality has not offered vested sick leave and thus the amounts will no longer accumulate.

The liability for these accumulated days, to the extent that they have vested and could be taken in cash by an employee on termination, amounted to \$0 (2019 - \$58,081) at the end of the year and is reported as an accrued liability on the Consolidated statement of financial position. An amount of \$0 (2019 - \$0) was paid to employees who left the Municipality's employment during the current year.

(d) Vacation credits

Under the provisions of certain employee vacation plans, some vacation credits are earned as at December 31 but are generally unavailable for use until a later date. In addition, the provisions of certain plans allow the accumulation of vacation credits for use in future periods. The approximate value of these credits as at December 31, 2020 is \$4,625,032 (2019 - \$4,190,019) and is reported as an accrued liability on the Consolidated statement of financial position.

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

8. Pension agreement

The Municipality makes contributions to the Ontario Municipal Employees Retirement System (OMERS) which is a multi-employer plan, on behalf of 1397 (2019 - 1351) members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Contributions were made in the 2020 calendar year at rates ranging from 9.0% to 15.8% (2019 - 9.0% to 15.8%) depending on the member's designated retirement age and level of earnings. The amount contributed to OMERS for 2020 was \$10,278,003 (2019 - \$9,623,163) for current service and this is included on the Consolidated statement of operations and accumulated surplus. As at December 31, 2020 the OMERS plan is in a deficit of \$3.2 Billion (2019 - \$3.4 Billion), which will be addressed through temporary contribution rate increases, benefit reductions, and investment returns.

The Corporation of the Municipality of Chatham-Kent

Notes to the consolidated financial statements December 31, 2020

9. Deferred revenue - obligatory reserve funds

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

The balances in the obligatory reserve funds and other deferred revenue for the Municipality are summarized in the following two chart for the year ended Dec 31-2020 and Dec 31-2019 respectfully:

2020	Balance at 31-Dec-19	Inflow	Revenue Earned	Balance at 31- Dec-20
	\$	\$	\$	\$
For building code act	3,328,455	922,765	-	4,251,220
For parkland purposes	145,524	48,550	-	194,074
For Federal gas tax	25,045,516	6,461,928	4,887,351	26,620,093
For Provincial gas tax	4,720,818	1,026,216	1,413,457	4,333,576
Deferred revenue - obligatory reserve funds	33,240,313	8,459,459	6,300,808	35,398,963
Other deferred revenue				
Deferred taxes	1,050,245	14,333,956	13,541,510	1,842,691
Deferred grants	2,864,227	4,575,902	4,837,252	2,602,877
Other	5,767,990	11,596,523	7,593,467	9,771,046
Total deferred revenue	42,922,775	38,965,840	32,273,037	49,615,578
2019	Balance at 31-Dec-18	Inflow	Revenue Earned	Balance at 31-Dec-19
	\$	\$	\$	\$
For building code act	2,596,193	732,263	-	3,328,455
For parkland purposes	118,465	27,059	-	145,524
For Federal gas tax	15,859,604	13,327,544	4,141,632	25,045,516
For Provincial gas tax	4,738,311	1,079,391	1,096,884	4,720,818
Deferred revenue - obligatory reserve funds	23,312,573	15,166,256	5,238,516	33,240,313
Other deferred revenue				
Deferred taxes	1,307,276	7,155,057	7,412,088	1,050,245
Deferred grants	3,310,305	4,928,166	5,374,244	2,864,227
Other	4,647,533	8,668,828	7,548,370	5,767,990
Total deferred revenue	32,577,687	35,918,307	25,573,219	42,922,775

The Corporation of the Municipality of Chatham-Kent

Notes to the consolidated financial statements
December 31, 2020

10. Net long-term liabilities

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

	2020	2019
	\$	\$
Total long-term liabilities incurred by the Municipality including those incurred on behalf of former municipalities and municipal enterprises and outstanding at the end of the year.	58,729,415	68,248,939
Of the long-term liabilities shown above, the Municipality is contingently liable for long-term liabilities with respect to tile drainage and shoreline property assistance loans. The responsibility for payment of principal and interest charges has been assumed by individual landowners.	(1,651,490)	(1,593,580)
Net long-term liabilities at the end of the year	57,077,925	66,655,359

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

	2021 to 2025	2026 to 2030	2031 and thereafter
	\$	\$	\$
From general municipal revenue	6,118,658	2,319,473	1,623,210
From benefiting landowners	12,368,659	810,524	-
From benefiting water ratepayers	12,671,449	2,900,078	-
From benefiting wastewater ratepayers	12,684,593	5,581,281	-
	43,843,359	11,611,356	1,623,210

- (c) Included in the principal amount in a) is \$4,026,879 (2019 - \$4,752,761) related to the Non-Profit Social Housing division.
- (d) All net long-term liabilities on the Consolidated statement of financial position are payable in Canadian dollars.
- (e) The long-term liabilities listed in a) were issued in the name of the Municipality or former municipalities approved by Council and have received approval of the Ontario Municipal Board prior to January 1, 1993. Those issues approved by Council after December 31, 1992 have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.
- (f) The municipal long-term liabilities listed in a) are repayable at rates ranging from 2.0% to 8.1%, and the tile drainage and shoreline property assistance loans are repayable at rates up to 6%.

The Corporation of the Municipality of Chatham-Kent

Notes to the consolidated financial statements December 31, 2020

11. Charges for net long-term liabilities

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

	2020	2019
	\$	\$
Beginning balance	66,655,359	76,730,187
Principal payments	(9,577,435)	(10,074,827)
Ending balance	57,077,924	66,655,360

Net interest payments related to long-term liabilities in the current year were \$2,598,090 (2019 - \$3,005,136) and are reported in the Consolidated statement of operations and accumulated surplus.

Accrual of interest on net long-term liabilities

A provision for the interest on long-term debt that has been accrued but not paid in the current year is estimated to be \$384,044 (2019 - \$443,573) and is reported as an accrued liability on the Consolidated statement of financial position.

12. Local improvements receivable

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

	2020	2019
	\$	\$
Local improvements receivable for capital projects on tax roll		
Wastewater	357,994	436,246
Water	753,601	902,729
Drainage	23,397,079	20,494,004
Other	125,165	178,927
	24,633,839	22,011,906

The Corporation of the Municipality of Chatham-Kent

Notes to the consolidated financial statements
December 31, 2020

13. Tangible capital assets

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

	2020	2019
	\$	\$
Land and land improvements	51,359,493	52,125,687
Buildings	115,143,641	118,228,230
Equipment	44,352,752	45,997,244
Vehicles	35,056,201	35,812,703
Underground linear	212,521,301	217,340,098
Plants and facilities	34,290,385	34,862,200
Bridges	161,313,529	152,779,616
Transportation	187,199,015	186,655,724
Other assets	1,957,838	2,027,443
	843,194,155	845,828,945
Assets under construction	46,248,910	36,147,082
	889,443,065	881,976,027

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

The Corporation of the Municipality of Chatham-Kent

Notes to the consolidated financial statements
December 31, 2020

14. Accumulated surplus

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

	2020	2019
	\$	\$
Surplus		
Invested in tangible capital assets	849,653,080	820,274,465
Entegrus, net equity	83,490,483	82,762,228
WDC Rail	-	(119,250)
Prelevies for benefitting landowners	103,056	76,222
Other	6,009,486	5,444,719
Obligations to be funded from future years	(970,481)	(1,315,713)
Unfunded		
Employee future benefits, workplace safety and vacation	(45,843,222)	(44,331,395)
Accrued interest on long-term liabilities	(384,044)	(443,573)
Accrued Environmental Liability	(200,000)	(200,000)
	891,858,358	862,147,703
Surplus allocated to reserves		
For acquisition of tangible capital assets	105,794,920	93,132,324
For public liability insurance	3,905,794	3,493,067
For various programs, facilities	64,491,280	59,862,722
For strategic and community development	8,538,728	5,604,947
For water	1,908,815	1,369,616
For wastewater	13,700,890	12,749,675
	198,340,427	176,212,351
Surplus allocated to reserve funds		
For community investment	1,937,162	1,847,072
For parking purposes	242,416	233,966
	2,179,578	2,081,038
Total accumulated surplus	1,092,378,363	1,040,441,092

The Corporation of the Municipality of Chatham-Kent

Notes to the consolidated financial statements December 31, 2020

15. Taxation revenue

a) Taxation collected on behalf of school boards

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

	2020	2019
	\$	\$
Taxation	27,635,395	28,680,788
Requisitions	(27,635,395)	(28,680,788)
Net levy for the year	-	-

Included in accounts receivable are levies owing from the school board totaling \$1,167,030 (2019 \$2,163 in levies were owing from the school board and included in accounts payable were \$20,754 owing to the school board).

b) Taxation revenue by major tax class

2020	Taxes - own purpose	Payments in lieu	Supplem- entary taxes	Rebates & Write-offs	2020 Total
	\$	\$	\$	\$	\$
Residential	103,250,699	579,305	932,272	(1,744,404)	103,017,872
Multi-Residential	6,185,099	-	3,398	(33,407)	6,155,090
Commercial	29,508,987	2,381,984	119,888	(2,884,510)	29,126,349
Industrial	6,151,157	5,739	151,832	(291,547)	6,017,181
Pipelines	2,554,278	-	95,612	(437)	2,649,453
Landfill	233,880	-	-	-	233,880
Farmlands	16,213,412	3,701	9,080	257,143	16,483,336
Managed Forests	10,832	-	-	10	10,842
Other	396,727	680,400	12,560	(339,759)	749,928
Capping program	(74,877)	-	-	65,298	(9,579)
Total tax revenue	164,430,194	3,651,129	1,324,642	(4,971,613)	164,434,352
2019	Taxes - own purpose	Payments in lieu	Supplem- entary taxes	Rebates & Write-offs	2019 Total
	\$	\$	\$	\$	\$
Residential	98,915,656	572,842	1,035,328	(1,037,378)	99,486,448
Multi-Residential	5,942,859	-	17,184	(23,186)	5,936,857
Commercial	27,878,115	2,147,370	805,957	(697,216)	30,134,226
Industrial	5,823,082	5,411	305,393	(88,804)	6,045,082
Pipelines	2,509,809	-	6,739	(38,668)	2,477,880
Landfill	212,797	-	-	-	212,797
Farmlands	14,821,832	6,004	39,528	109,738	14,977,102
Managed Forests	9,337	-	-	(379)	8,958
Other	384,828	729,168	4,700	(291,279)	827,417
Capping program	(114,699)	-	-	5,241	(109,458)
Total tax revenue	156,383,616	3,460,795	2,214,829	(2,061,931)	159,997,309

The Corporation of the Municipality of Chatham-Kent

Notes to the consolidated financial statements December 31, 2020

16. Self-insurance

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

The Municipality is self-insured for property damage claims up to \$100,000 and for liability claims up to \$250,000 for any individual claim. Outside coverage is in place for claims in excess of these limits.

The Municipality has made a provision for a reserve for self-insurance which as at December 31, 2020 amounted to \$5,766,861 (2019 - \$5,066,379) and is reported on the Consolidated statement of financial position under reserves. The provision for the year of \$1,209,079 (2019 - \$1,209,079) less claims settled \$327,377 (2019 - \$347,928) has been reported as an expenditure on the Consolidated statement of operations and accumulated surplus.

Other Operating Surpluses/Deficits, related to insurance, in the amount of \$181,220 (2019 - \$90,829) have been transferred to/from the reserve.

17. Provincial offences administration

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

The Ministry of the Attorney General requires the following disclosure of all municipal partners administering Provincial Offences Administration. The gross revenues collected at the Provincial Offences Court in 2020 were \$1,363,177 (2019 - \$2,345,894) and net revenue was (\$49,328) (2019 - \$744,126).

18. Segmented information

The Municipality provides a diverse range of services to its citizens. The Consolidated schedule of segment disclosure has grouped various services into segments to provide a further breakdown of the revenues and expenses attributable to each segment. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis.

The services included in each segment are as follows:

General government

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

Protection of persons and property

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

Transportation services

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

Environmental services

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

Health services

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

Social and family services

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

The Corporation of the Municipality of Chatham-Kent

Notes to the consolidated financial statements
December 31, 2020

18. Segmented information (continued)

Social housing

Social housing provides for a variety of housing services.

Recreation and cultural services

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

Planning and development services

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

Water and wastewater services

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

Other items and corporations

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

19. Commitments

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

	\$
2021	20,390,373
2022	4,352,665
2023	1,405,652
2024	429,572
2025	165,039
2026	184,933
2027	165,039
2028	-
	<u>27,093,273</u>

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

	\$
2021	3,000,000
	<u>3,000,000</u>

The Corporation of the Municipality of Chatham-Kent

Notes to the consolidated financial statements
December 31, 2020

20. Budget figures

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

21. Contingent liabilities

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

Draft

The Corporation of the Municipality of Chatham-Kent

Consolidated schedule of tangible capital assets
year ended December 31, 2020

as at December 31, 2020	Land and land improvements	Buildings	Equipment	Vehicles	Underground linear	Plants and facilities	Bridges	Transportation	Other assets	Total 2020	Total 2019
	\$	\$	\$	\$	\$	\$	\$	\$	\$		\$
Municipal											
Cost											
Balance, beginning of the year	60,137,590	159,062,974	40,896,799	61,149,455	122,918,569	3,272,370	224,742,044	470,285,037	4,384,692	1,146,849,530	1,096,023,265
Add: Additions during the year	1,073,060	3,293,482	2,576,307	3,281,186	748,028	-	12,257,691	14,826,069	492,790	38,548,612	64,848,216
Less: Disposals during the year	790,815	719,876	967,229	1,965,769	-	-	719,546	3,030,328	689,540	8,883,103	14,021,950
Balance, end of the year	60,419,835	161,636,579	42,505,877	62,464,872	123,666,597	3,272,370	236,280,189	482,080,778	4,187,942	1,176,515,039	1,146,849,531
Accumulated amortization											
Balance, beginning of the year	14,921,370	73,347,444	24,660,061	26,118,617	62,406,544	1,919,948	71,962,428	283,629,313	2,357,249	561,322,974	544,164,616
Add: Amortization for the year	1,048,440	3,689,034	3,169,945	3,899,097	2,178,717	61,215	3,417,077	14,282,778	562,395	32,308,697	30,424,492
Less: Accumulated amortization on dis	-	159,225	707,105	1,796,782	-	-	412,846	3,030,328	689,540	6,795,826	13,266,134
Balance, end of the year	15,969,810	76,877,253	27,122,901	28,220,932	64,585,261	1,981,163	74,966,659	294,881,763	2,230,104	586,835,845	561,322,974
Net book value of municipal assets	44,450,025	84,759,326	15,382,976	34,243,940	59,081,336	1,291,207	161,313,530	187,199,015	1,957,838	589,679,194	585,526,557
Waterworks											
Cost											
Balance, beginning of the year	2,232,112	25,692,984	35,479,107	704,275	173,076,582	40,457,920	-	-	-	277,642,980	262,888,248
Add: Additions during the year	-	-	709,314	77,858	503,735	724,991	-	-	-	2,015,898	14,807,148
Less: Disposals during the year	-	-	18,833	(2,219)	-	-	-	-	-	16,614	52,415
Balance, end of the year	2,232,112	25,692,984	36,169,588	784,352	173,580,317	41,182,911	-	-	-	279,642,264	277,642,980
Accumulated amortization											
Balance, beginning of the year	-	15,592,380	19,935,630	427,560	65,686,946	15,231,758	-	-	-	116,874,274	111,978,513
Add: Amortization for the year	-	556,231	1,189,225	48,015	2,365,358	1,078,970	-	-	-	5,237,800	4,948,176
Less: Accumulated amortization on dis	-	-	14,125	21,070	-	-	-	-	-	35,195	52,415
Balance, end of the year	-	16,148,611	21,110,730	454,505	68,052,304	16,310,728	-	-	-	122,076,880	116,874,274
Net book value of waterworks assets	2,232,112	9,544,373	15,058,858	329,847	105,528,013	24,872,183	-	-	-	157,565,384	160,768,706
Wastewater											
Cost											
Balance, beginning of the year	4,677,355	60,138,637	44,327,459	910,119	98,059,740	16,869,236	-	-	-	224,982,546	218,440,356
Add: Additions during the year	-	-	1,137,741	77,117	191,908	324,915	-	-	-	1,731,681	6,596,975
Less: Disposals during the year	-	-	12,555	23,289	-	-	-	-	-	35,844	54,786
Balance, end of the year	4,677,355	60,138,637	45,452,645	963,947	98,251,648	17,194,151	-	-	-	226,678,383	224,982,545
Accumulated amortization											
Balance, beginning of the year	-	37,726,541	30,110,430	404,969	48,621,303	8,585,620	-	-	-	125,448,863	120,299,361
Add: Amortization for the year	-	1,572,155	1,440,712	76,564	1,718,392	481,537	-	-	-	5,289,361	5,204,288
Less: Accumulated Amortization on Dis	-	-	9,416	-	-	-	-	-	-	9,416	54,786
Balance, end of the year	-	39,298,696	31,541,726	481,533	50,339,695	9,067,157	-	-	-	130,728,807	125,448,863
Net book value of wastewater assets	4,677,355	20,839,941	13,910,919	482,414	47,911,953	8,126,994	-	-	-	95,949,576	99,533,682
Assets under construction	-	-	-	-	-	-	-	-	-	46,248,910	36,147,082
Total value of tangible capital assets	51,359,492	115,143,639	44,352,753	35,056,201	212,521,302	34,290,384	161,313,530	187,199,015	1,957,838	889,443,065	881,976,027

The Corporation of the Municipality of Chatham-Kent

Consolidated schedule of segment disclosure
year ended December 31, 2019

as at December 31, 2020	General government	Protection services	Transportation services	Environmental services	Health services	Social and family services	Social housing	Recreation and cultural services	Planning and development services	Water and wastewater services	Other items and corporations	Eliminations	2020 Consolidated	2019 Consolidated
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues														
Taxation	(14,187)	66,965,513	41,838,226	9,962,276	6,365,235	6,896,971	7,959,680	18,695,489	9,999,666	-	-	(4,234,518)	164,434,351	159,997,309
User charges	1,119,396	367,065	982,993	5,202,732	775,168	8,277,161	2,962,981	2,201,527	871,277	51,601,432	4,633,291	-	78,995,023	79,190,954
Government transfers	1,949,655	2,056,425	12,759,241	575,499	17,072,875	69,544,640	3,319,850	399,580	1,112,339	128,898	24,145,812	-	133,064,814	125,398,568
Other	-	-	-	-	-	-	-	-	-	-	12,806,544	-	12,806,544	18,810,459
	3,054,864	69,389,003	55,580,460	15,740,507	24,213,278	84,718,772	14,242,511	21,296,596	11,983,282	51,730,330	41,585,647	(4,234,518)	389,300,732	383,397,290
Expenses														
Salaries and benefits	19,804,739	49,786,086	10,909,350	2,404,411	7,000,744	34,969,299	2,251,648	8,394,510	3,263,550	9,235,993	-	-	148,020,330	145,802,500
Goods and services	13,658,557	6,037,637	17,696,510	10,010,623	13,522,907	14,823,027	5,241,135	5,509,036	1,930,443	13,435,098	-	-	101,864,973	106,973,076
Interest	337	-	13,741	-	-	685,581	250,771	224,721	135,896	1,317,478	-	-	2,628,525	3,047,956
Transfers (to) from other segments	(31,177,082)	8,703,186	7,161,440	1,170,515	2,963,240	4,160,577	129,547	3,853,298	651,031	2,384,248	-	-	-	-
External transfers	-	2,071,297	-	-	-	28,766,800	5,801,413	203,963	6,733,634	-	-	-	43,577,107	43,829,841
Amortization	1,074,271	2,910,051	20,072,522	2,154,958	705,161	1,313,488	567,997	3,227,481	31,008	10,778,919	-	-	42,835,856	40,576,958
Loss (gain) on disposal of tangible capital assets	(305,958)	(119,254)	(273,103)	-	21,226	-	-	(116,413)	(762,280)	(7,547)	-	-	(1,563,329)	(384,570)
	3,054,864	69,389,003	55,580,460	15,740,507	24,213,278	84,718,772	14,242,511	21,296,596	11,983,282	37,144,189	-	-	337,363,462	339,845,761
Net surplus	-	-	-	-	-	-	-	-	-	14,586,141	41,585,647	(4,234,518)	51,937,270	43,551,529