



AGENDA **AUDIT COMMITTEE**

Monday, June 26, 2023, 9:00 a.m.
County Building, Wyoming - Council Chambers

Page

1. Call to Order - Audit Committee

Committee Members: Gary Atkinson, Doug Cook, Joel Field (Alternate for Brad Loosley), Steve Miller, Deputy Warden Brian White and Warden Kevin Marriott.

2. Committee Chair

- a) Selection of the Chair.

3. Auditors Presentation

- a) Pete Barnes, CPA, CA, Partner and Gail Koehler CPA, CA, Senior Manager, BDO Canada LLP, will provide an overview of the draft audited Financial Statements of The Corporation of the County of Lambton.

4. Items for Discussion

A) 2022 Consolidated Financial Statements and Reports

- a) Review of the Corporation's 2022 Consolidated Financial Statements and Trust Funds Statements.
- b) Review of the Final Report to the Audit Committee dated June 26, 2023.
- c) Review of the Auditors Management Letter.

B) Auditors Correspondence and Draft Response Letter

- a) Receive and review a letter from Mr. Pete Barnes, CPA, CA, Partner, BDO Canada LLP, dated April 21, 2023, advising that generally accepted auditing standards require auditors to communicate to Council with regards to fraud and error and the impact it may have on the audited financial statements for the year ended December 31, 2022. The auditors are requesting responses to the questions presented within the letter (see attached).

C) Further Discussion

The CAO, General Manager, Finance, Facilities and Court Services/Treasurer, Manager Financial Administration Services and Manager, Divisional Support Services will excuse themselves to allow further discussions between Members and the Auditors.

5. RECOMMENDATIONS

- a) That the County of Lambton's Consolidated Financial Statements and Trust Funds Financial Statements for the year ended December 31, 2022, be accepted and authorized for release and distribution.
- b) That the Auditors Management Letter be accepted as presented.
- c) That the BDO - County of Lambton Fraud Letter dated April 21, 2023 be received and that the draft County of Lambton Response Letter dated June 26, 2023 be approved and the Warden be authorized to execute and deliver the same to the auditors.

6. ADJOURNMENT

THE CORPORATION OF THE COUNTY OF LAMBTON



Draft Audited Consolidated Financial Statements
for the year ended December 31, 2022



Pete Barnes

Partner, A&A

Years on engagement: 30 years

Contact: pbarnes@bdo.ca
+1.519.336-9900



Gail Koehler

Senior Manager, A&A

Years on engagement: 25 years

Contact: gkoehler@bdo.ca
+1.519.336-9900



AGENDA

- Independent Auditor's Report
- Financial statement highlights
- Other mentionable highlights
- Other Financial Statements (Trust Funds)
- Final Report to Those Charged With Governance

Independent Auditor's Report

- ☐ Opinion & Basis for Opinion
- ☐ Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements
- ☐ Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

FINANCIAL STATEMENTS HIGHLIGHTS

- ❑ Consolidated Statement of Financial Position
 - Financial Assets
 - Financial Liabilities
 - *Long-term debt*
- ❑ Consolidated Statement of Operations
 - Revenues
 - Expenses

FINANCIAL ASSETS

(in thousands)

	2022	2021	2020
Cash & temporary investments	\$90,126	\$83,770	\$77,471
Accounts receivable	10,074	11,686	8,462
Amounts recoverable on long-term debt	135	663	1,175
Investment in BIC	-	-	500
TOTAL	\$100,335	\$96,119	\$87,608

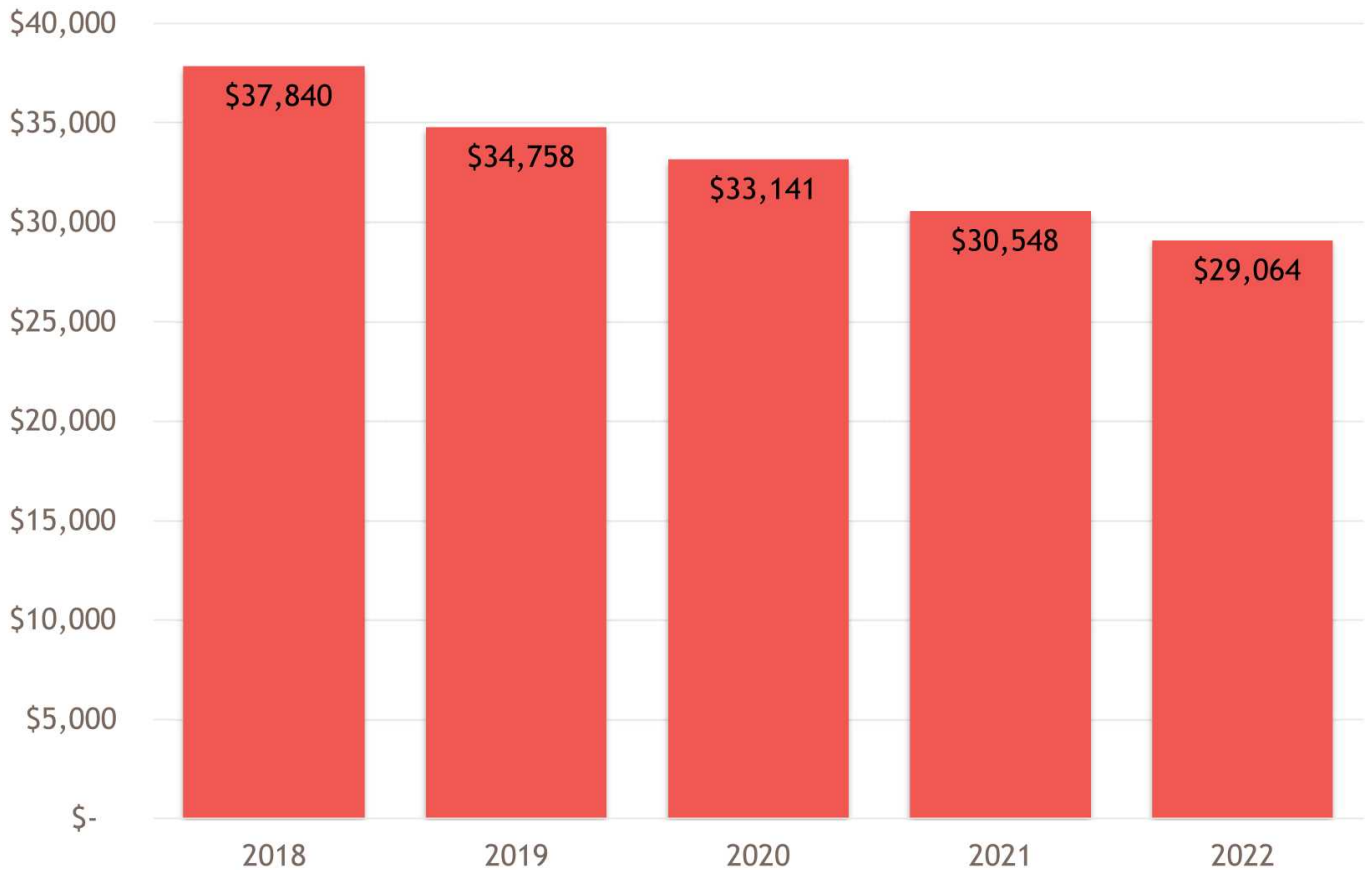
FINANCIAL LIABILITIES

(in thousands)

	2022	2021	2020
Accounts payable and accrued liabilities	\$29,744	\$24,634	\$24,817
Deferred grant	-	623	623
Deferred revenue	6,168	6,651	3,389
Long-term debt	29,064	30,548	16,686
Bankers acceptance	-	-	16,455
Landfill	1,648	1,986	2,119
Employee benefits payable	3,673	3,591	2,913
Accrued tax liabilities	1,262	782	1,812
TOTAL	\$71,559	\$68,815	\$68,814

LONG-TERM DEBT

(IN THOUSANDS '000)

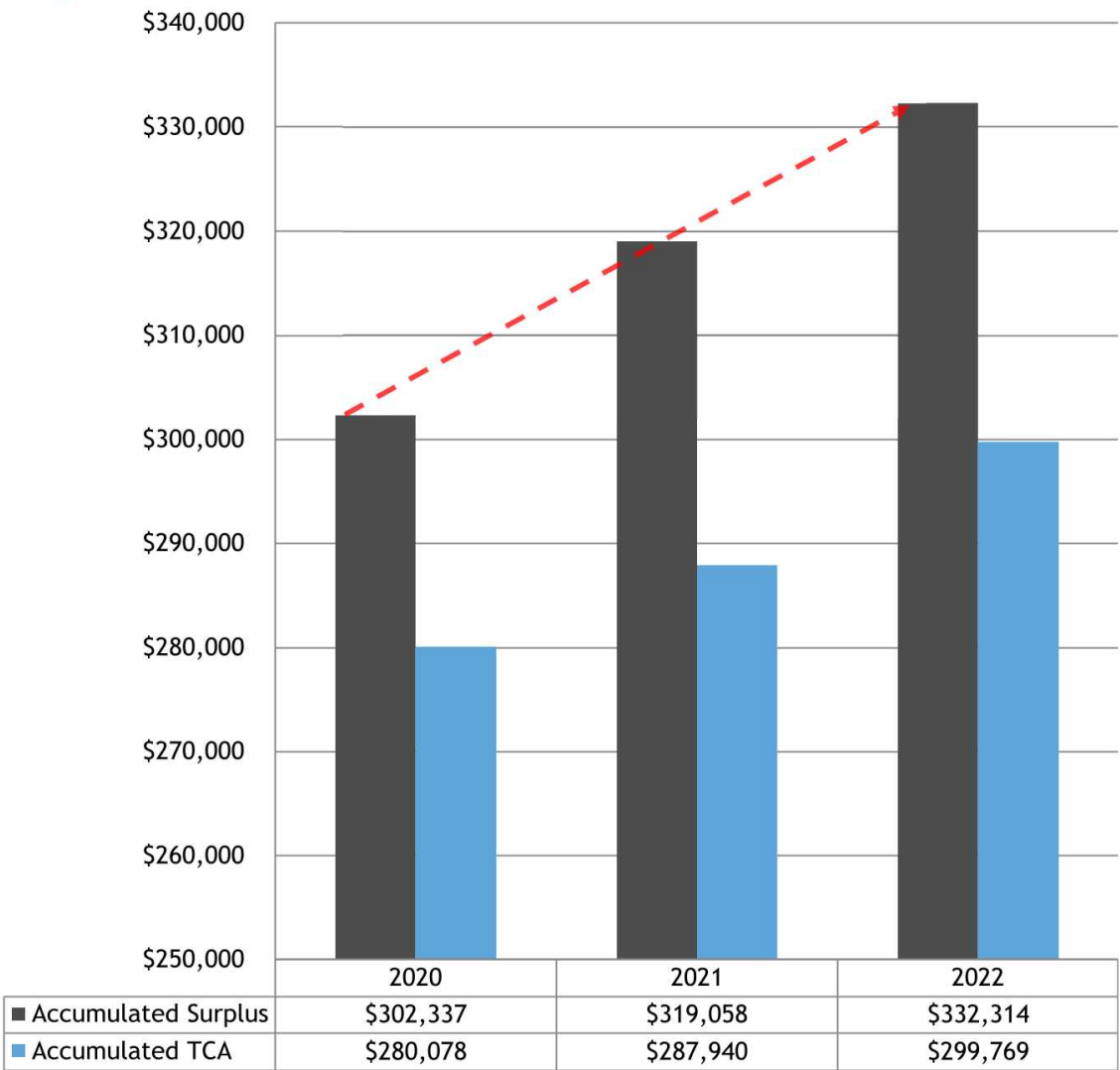


LONG-TERM DEBT (cont'd)

PRINCIPAL REPAYMENTS ON EXISTING DEBT (in thousands)

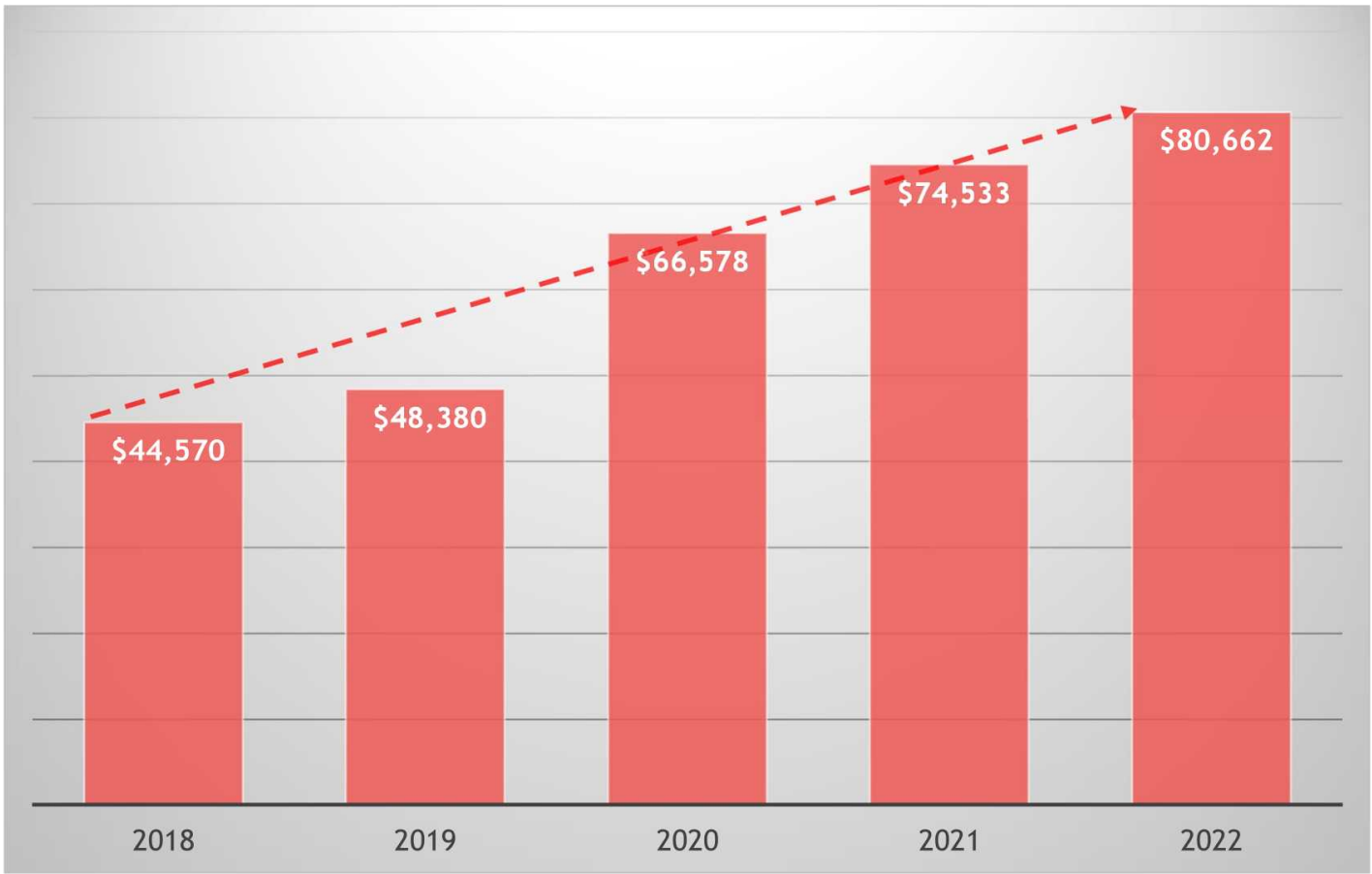
Years	Principal Repayment
2023-2027	\$14,011
2028-2032	6,833
2033 and Thereafter	8,220
TOTAL	\$30,548

TOTAL ACCUMULATED SURPLUS / TANGIBLE CAPITAL ASSETS (in thousands)



RESERVES & RESERVE FUNDS

(IN THOUSANDS '000)



REVENUES

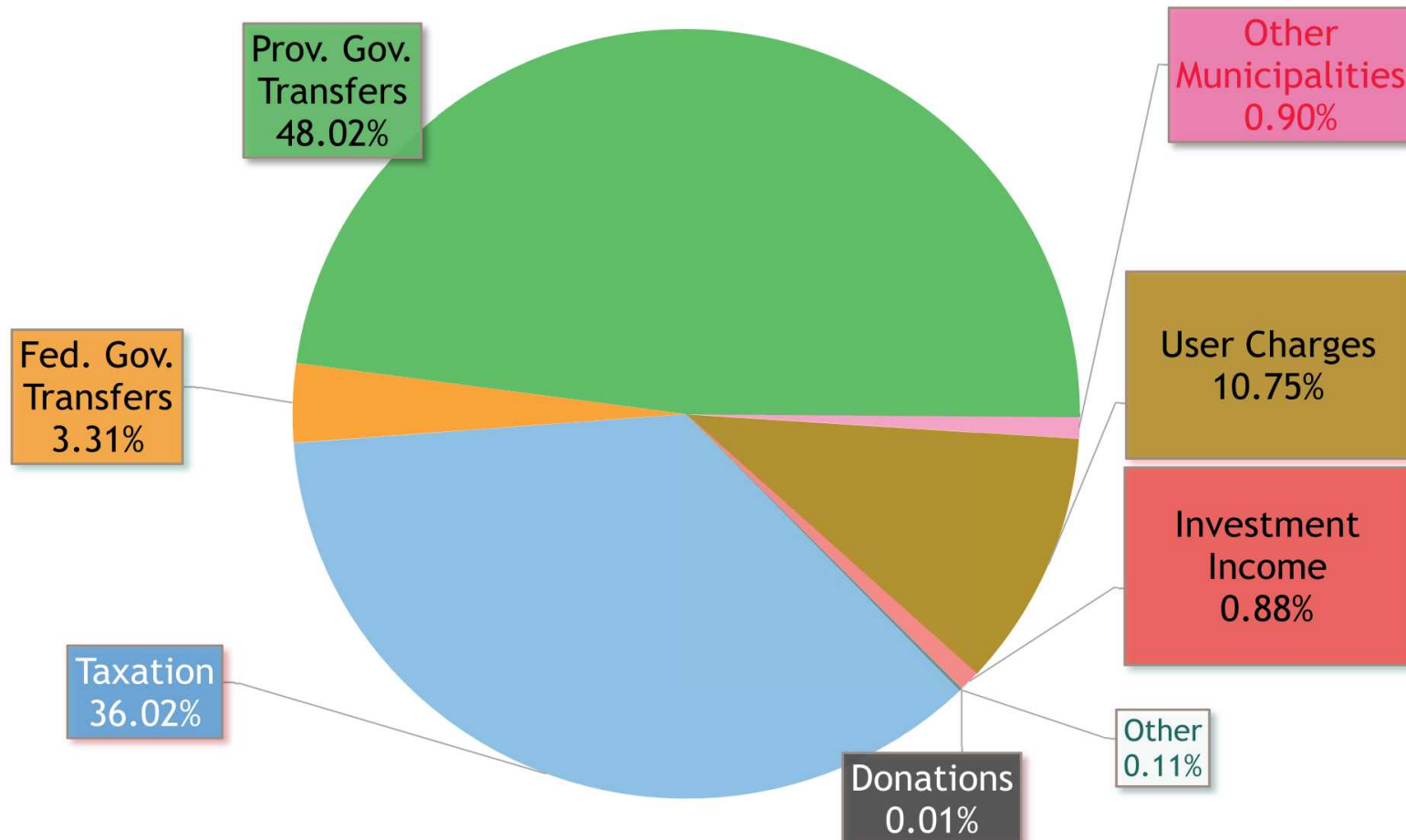
(in thousands)

	Budget	Actual	Difference
Taxation	\$85,903	\$86,396	\$493
Fed. Gov. transfers	8,705	7,943	(762)
Prov. Gov. transfers	105,057	115,168	10,111
Other municipalities	1,608	2,169	561
User charges	24,812	25,777	965
Investment income	700	2,120	1,420
Donations	57	104	47
Other	150	274	124
TOTAL	\$226,992	\$239,951	\$15,058

Difference of: 5.71%



Revenue by Type - December 31, 2022 (in thousands)



EXPENSES

(in thousands)

Function	Budget	Actual	Difference
General Government	\$16,249	\$16,468	\$219
Protection Services	4,880	4,883	3
Transportation Services	19,439	19,962	523
Environmental Services	3,160	2,439	(721)
Health Services	32,809	33,168	359
Social and Family Services	105,834	112,949	7,115
Social Housing	14,088	15,214	1,126
Rec and Cultural Services	12,502	11,691	(811)
Planning and Development	9,890	9,922	32
TOTAL	\$218,851	\$226,696	\$7,845

Difference of: **3.58%**

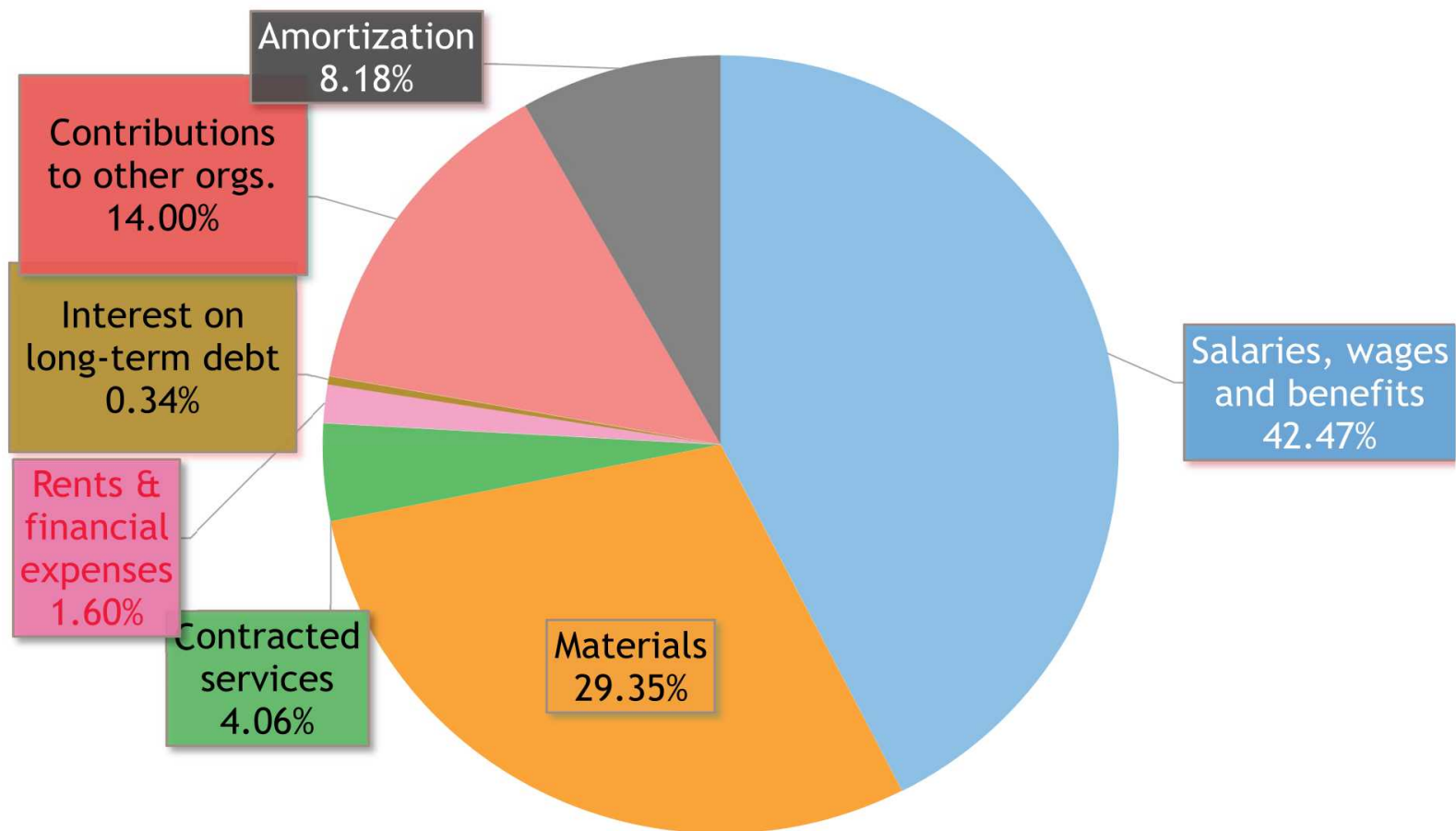
EXPENSES BY OBJECT - Note 11

(in thousands)

Object	2022	2021	Difference
Salaries, Wages, Benefits	\$96,276	\$91,723	\$4,553
Materials	66,546	68,518	(1,972)
Contracted Services	9,199	8,632	567
Rents & Financial Expenses	3,626	3,457	(169)
Interest on Long-Term Debt	771	674	97
Contributions to Other Orgs.	31,732	28,019	3,713
Amortization	18,546	17,821	725
TOTAL	\$226,696	\$218,844	\$7,852

EXPENSES BY OBJECT - December 31, 2022

(in thousands)



OTHER HIGHLIGHTS

❑ Pension Agreements (OMERS) - Note 8

- Board rate remained consistent

2022	2021	2020
\$	\$	\$
5,968,389	5,640,222	5,502,362

❑ SWIFT Loan Guarantee - \$2.1 Million - Note 18

❑ Commitments - Note 19



OTHER FINANCIAL STATEMENTS

☐ Trust Funds

- Unqualified audit opinion
- Total Assets of \$83,178
- Fund balance of \$83,178



FINAL REPORT TO THOSE CHARGED WITH GOVERNANCE

- ☐ Independence
- ☐ Materiality
 - Remained at \$4,500,000
- ☐ Schedule of Likely Aggregate Misstatements
 - No misstatements identified in 2022
- ☐ Management Representation Letter

THANK YOU!

ANY QUESTIONS?



THE CORPORATION OF THE COUNTY OF LAMBTON

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

Draft

**THE CORPORATION OF THE COUNTY OF LAMBTON
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

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Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of the Corporation of the County of Lambton (the Municipality), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statement of operations, the consolidated statement of change in net financial assets and the consolidated statement of cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Municipality as at December 31, 2022, and its consolidated results of operations, its consolidated change in net financial assets, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Municipality to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants, Licensed Public Accountants
Sarnia, Ontario
TBD

**THE CORPORATION OF THE COUNTY OF LAMBTON
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022**

	2022 ACTUAL \$	2021 ACTUAL \$
<u>FINANCIAL ASSETS</u>		
Cash and Temporary Investments (Note 4)	90,125,602	83,770,244
Accounts Receivable	10,074,220	11,685,783
Amounts Recoverable on Long Term Debt (Note 7)	134,745	663,053
TOTAL FINANCIAL ASSETS	100,334,567	96,119,080
<u>LIABILITIES</u>		
Accounts Payable and Accrued Liabilities	29,744,297	24,634,463
Deferred Grant (Note 6)	0	622,731
Deferred Revenue (Note 21)	6,168,378	6,650,920
Long Term Debt (Note 7)	29,064,040	30,547,878
Landfill Closure and Post Closure Costs (Note 10)	1,648,103	1,986,041
Employment Benefits Payable (Note 2)	3,672,441	3,591,257
Accrued Tax Liabilities (Note 16)	1,261,776	782,169
TOTAL LIABILITIES	71,559,035	68,815,459
NET FINANCIAL ASSETS	28,775,532	27,303,621
<u>NON-FINANCIAL ASSETS</u>		
Tangible Capital Assets - net (Schedule 1)	299,768,955	287,940,045
Inventories	395,177	420,055
Prepaid Expenses	3,374,324	3,394,515
TOTAL NON-FINANCIAL ASSETS	303,538,456	291,754,615
ACCUMULATED SURPLUS (Schedule 2)	332,313,988	319,058,236

The accompanying notes and schedules are an integral part of this financial statement.

THE CORPORATION OF THE COUNTY OF LAMBTON CONSOLIDATED STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2022			
	2022 BUDGET \$	2022 ACTUAL \$	2021 ACTUAL \$
REVENUE			
Taxation (Note 16)	85,902,901	86,395,617	84,720,182
Federal Government Transfers	8,704,579	7,943,541	6,966,805
Provincial Government Transfers	105,056,978	115,168,021	114,072,302
Other Municipalities	1,608,394	2,169,272	3,329,349
User Charges	24,812,471	25,776,627	26,131,339
Investment Income	700,000	2,120,175	697,375
Donations	56,997	104,040	240,865
Other	150,000	441,406	893,267
Loss on Disposal of Tangible Capital Assets	0	(167,395)	(1,485,562)
	<u>226,992,320</u>	<u>239,951,304</u>	<u>235,565,922</u>
EXPENSES			
General Government	16,248,410	16,467,852	14,492,840
Protection Services	4,880,219	4,883,092	4,556,834
Transportation Services	19,438,562	19,962,093	22,057,394
Environmental Services	3,160,105	2,439,293	2,718,377
Health Services	32,809,310	33,167,669	33,772,071
Social and Family Services	105,834,388	112,948,524	106,463,316
Social Housing	14,087,456	15,214,049	14,284,914
Recreation and Cultural Services	12,502,842	11,690,677	10,857,459
Planning and Development	9,889,579	9,922,303	9,641,229
	<u>218,850,871</u>	<u>226,695,552</u>	<u>218,844,434</u>
ANNUAL SURPLUS	8,141,449	13,255,752	16,721,488
ACCUMULATED SURPLUS, beginning of the year	<u>319,058,236</u>	<u>319,058,236</u>	<u>302,336,748</u>
ACCUMULATED SURPLUS, end of the year	<u>327,199,685</u>	<u>332,313,988</u>	<u>319,058,236</u>

The accompanying notes and schedules are an integral part of this financial statement.

**THE CORPORATION OF THE COUNTY OF LAMBTON
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	2022 BUDGET \$	2022 ACTUAL \$	2021 ACTUAL \$
ANNUAL SURPLUS	8,141,449	13,255,752	16,721,488
Amortization of Tangible Capital Assets	17,311,630	18,545,769	17,820,738
Acquisition of Tangible Capital Assets	(28,368,955)	(30,542,074)	(27,168,192)
Loss on Sale of Tangible Capital Assets	0	167,395	1,485,562
Change in Inventories	0	24,878	7,715
Change in Prepaid Expenses	0	20,191	(358,128)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(2,915,876)	1,471,911	8,509,183
NET FINANCIAL ASSETS, beginning of the year	27,303,621	27,303,621	18,794,438
NET FINANCIAL ASSETS, end of the year	24,387,745	28,775,532	27,303,621

The accompanying notes and schedules are an integral part of this financial statement.

**THE CORPORATION OF THE COUNTY OF LAMBTON
CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED DECEMBER 31, 2022**

	2022 ACTUAL \$	2021 ACTUAL \$
OPERATING TRANSACTIONS		
Annual Surplus	13,255,752	16,721,488
Uses of Cash		
Increase in Accounts Receivable		(3,223,742)
Increase in Prepaid Expenses	0	(358,128)
Decrease in Accounts Payable and Accrued Liabilities		(182,164)
Decrease in Deferred Grant	(622,731)	0
Decrease in Deferred Revenue	(482,542)	0
Decrease in Accrued Tax Liabilities	0	(1,029,372)
Decrease in Landfill Closure and Post Closure Costs	(337,938)	(133,293)
Decrease in Employment Benefits Payable		
	(1,443,211)	(4,926,699)
Sources of Cash		
Decrease in Accounts Receivable	1,611,563	0
Increase in Accounts Payable and Accrued Liabilities	5,109,834	0
Increase in Employment Benefits Payable	81,184	678,135
Increase in Deferred Revenue	0	3,261,789
Increase in Accrued Tax Liabilities	479,607	0
Decrease in Inventories	24,878	7,715
Decrease in Prepaid Expenses	20,191	0
	7,327,257	3,947,639
Non-cash Charges to Operations		
Amortization	18,545,769	17,820,738
Loss on Sale of Tangible Capital Assets	167,395	1,485,562
	18,713,164	19,306,300
Cash Provided by Operations	37,852,962	35,048,728
CAPITAL TRANSACTIONS		
Cash Used to Acquire Tangible Capital Assets	(30,542,074)	(27,168,192)
INVESTING TRANSACTIONS		
Decrease in Investment in Bioindustrial Innovation Canada	0	500,000
FINANCING TRANSACTIONS		
Amounts Recoverable on Long Term Debt	528,308	511,642
Long Term Debt Issued	2,808,145	17,919,930
Long Term Debt Principal Repayments	(4,291,983)	(4,058,131)
Bankers Acceptance	0	(16,455,094)
Net Decrease in Cash from Financing Activities	(955,530)	(2,081,653)
INCREASE IN CASH	6,355,358	6,298,883
CASH, beginning of the year	83,770,244	77,471,361
CASH, end of the year	90,125,602	83,770,244

The accompanying notes and schedules are an integral part of this financial statement.

**THE CORPORATION OF THE COUNTY OF LAMBTON
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2022**

1. ACCOUNTING POLICIES

The financial statements of The Corporation of the County of Lambton (the Municipality) are the representation of management and have been prepared in accordance with Canadian public sector accounting standards for municipal governments, as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgments.

(a) Basis of Consolidation

- (i) The consolidated financial statements reflect the assets, liabilities, revenue and expenses of all municipal organizations owned or controlled by the Municipality. The following entity has been consolidated:

- The County of Lambton Community Development Corporation (CLCDC) 100%

All inter-entity transactions and balances have been eliminated.

- (ii) Trust funds and their related operations administered by the Municipality are not consolidated but are reported separately on the "Trust Funds Financial Report".

(b) Basis of Accounting

- (i) Sources of financing and expenditures are reported on the accrual basis of accounting.
- (ii) The accrual basis of accounting recognizes revenues, as they become available and measurable; 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.

(iii) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Change in Net Financial Debt for the year.

a) Tangible Capital Assets (TCAs)

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset, less accumulated amortization. The cost, less residual value, of the tangible capital assets, are amortized over their estimated useful lives as follows:

Bridges	35 - 75 years	Straight Line
Buildings	15 - 40 years	Double Declining Balance
Building Contents	5 - 50 years	Straight Line
Building Site Elements	10 - 50 years	Straight Line
Fleet	5 - 10 years	Straight Line
Information Technology	3 - 10 years	Straight Line
Leasehold Improvements	10 - 40 years	Double Declining Balance
Machinery and Equipment	3 - 40 years	Straight Line
Medical and Emergency Equipment	2 - 20 years	Straight Line
Roads	15 - 50 years	Straight Line
Signage and Illuminations	10 - 20 years	Straight Line

One half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

**THE CORPORATION OF THE COUNTY OF LAMBTON
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2022**

The Municipality has a capitalization threshold of \$5,000 so that individual TCAs of lesser value are expensed unless they are pooled because, collectively, they have significant value. Examples of pools are appliances, furnishings, shelving, street furniture, telephone equipment and tools.

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

Works of art, artifacts, cultural and historic assets are not recorded as assets in the financial statements because a reasonable estimate of the future benefits associated with such property cannot be made.

- b) Inventories and Prepaid Expenses
Inventories and prepaid expenses held for consumption are recorded at the lower of cost and net realizable value. Cost for inventories is determined on the average cost basis.
- (iv) Revenue Recognition
Taxation revenue is recognized in the year that the taxes are levied. Part of the assessment process is supplementary assessment rolls, which provide updated information with respect to changes in property assessment. The County receives supplemental tax revenues and is also subject to tax adjustments as a result of appeals. Each year, management provides a best estimate of the effect on tax revenue.
Government transfers are recognized in the financial statements in the period in which the events giving rise to the transfer occur, eligibility criteria are met, and reasonable estimates of the amount can be made.
User charges are recorded when the amount is determinable, collectability is assured and the services provided.
Investment income is recorded as earned.
Donations are recorded when the amount is determinable and collectability is reasonably assured.
- (v) Temporary Investments
Temporary investments are recorded at the lower of cost and market value.
- (vi) Liability for Contaminated Sites
A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the organization is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. The liability is recorded net of any expected recoveries. At December 31, 2022, the Municipality has not identified any instances that meet the criteria for a liability for contaminated sites.
- (vii) Leases
Leases are classified as capital or operating leases. Leases which transfer substantially all the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to operations as incurred.

**THE CORPORATION OF THE COUNTY OF LAMBTON
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2022**

2. EMPLOYMENT BENEFITS PAYABLE

Liability for 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 of December 31, 2022 is \$3,672,441 (2021 - \$3,591,257).

3. TRUST FUNDS

Trust funds administered by the Municipality amounting to \$83,178 (2021 - \$83,725) have not been included in the "Consolidated Statement of Financial Position", nor have their operations been included in the "Consolidated Statement of Operations".

4. CASH AND TEMPORARY INVESTMENTS

	2022 \$	2021 \$
Cash on Hand and in Banks	90,032,186	83,678,275
Temporary Investments	93,416	91,969
	<u>90,125,602</u>	<u>83,770,244</u>

The Municipality's cash is held at a Canadian chartered bank and earns interest based on the monthly average prime rate less 1.55%.

The temporary investments, held in a money market fund, are due on demand.

The Municipality has a \$5,500,000 demand operating line available to it. Interest rate of prime less 1.0% is charged on money borrowed. As at December 31, 2022 the Municipality has not drawn anything on the operating line.

The County of Lambton Community Development Corporation has a revolving line of credit of \$2,000,000 with its banker that bears interest at the bank prime rate minus 0.50% per annum. As of April 30, 2022, the County of Lambton Community Development Corporation has an unused line of credit balance of \$1,513,519.

5. COUNTY OF LAMBTON COMMUNITY DEVELOPMENT CORPORATION CONSOLIDATION

The following summarizes the financial position and operations of CLCDC prepared in accordance with Canadian public sector accounting standards and consolidated in these financial statements.

	April 30, 2022 \$	April 30, 2021 \$
<u>Statement of Financial Position</u>		
Assets	20,467,249	21,795,785
Liabilities	<u>17,487,212</u>	<u>18,190,653</u>
Surplus (Deficit)	2,980,037	3,605,132
<u>Statement of Operations</u>		
Revenues	4,101,287	3,935,579
Expenses	<u>4,726,382</u>	<u>4,502,836</u>
Deficiency of revenue over expenses	(625,095)	(567,257)

**THE CORPORATION OF THE COUNTY OF LAMBTON
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CLCDC is included in these consolidated financial statements using the financial information of CLCDC prepared as of April 30, 2022, covering the period May 1, 2021 - April 30, 2022.

6. DEFERRED GRANT

The balance of \$0 (2021 - \$622,731) represents the monies received in 2006 for the Best Start Program.

7. LONG-TERM DEBT

(a) The balance of the long-term debt reported on the Statement of Financial Position is:

Total long-term debt incurred by the Municipality, including those incurred on behalf of local (lower tier) Municipalities, and outstanding at the end of the year:

	2022 \$	2021 \$
Long-Term Care	2,656,923	3,091,422
Roads	4,947,383	4,678,924
Emergency Medical Services	98,031	190,100
County Administration Building	80,776	118,845
Information Technology	138,869	233,088
Housing	2,085,252	2,082,514
Lambton Heritage Museum	207,065	295,976
Oil Museum	486,247	-
Alix Art Gallery	1,566,358	1,672,335
Inn of the Good Shepherd	280,488	315,628
CLCDC	16,310,113	17,029,586
Bioindustrial Innovation Centre – non recoverable	71,791	176,407
Bioindustrial Innovation Centre – recoverable	134,744	663,053
	<u>29,064,040</u>	<u>30,547,878</u>
Long-term debt assumed by local (lower tier) Municipalities and others	<u>16,444,858</u>	<u>17,692,639</u>
Net long-term debt at the end of the year	<u>12,619,182</u>	<u>12,855,239</u>

(b) Of the long-term debt reported in (a) of this note, \$14,010,766 in principal is payable from 2023 to 2027, \$6,833,121 from 2028 to 2032, and \$8,220,153 thereafter and are summarized as follows:

	Years 2023 2027 \$	Years 2028 2032 \$	Years 2033 Thereafter \$	Total \$
from general municipal revenue	10,032,290	2,542,485	44,407	12,619,182
from local Municipalities and other	<u>3,978,476</u>	<u>4,290,636</u>	<u>8,175,746</u>	<u>16,444,858</u>
	<u>14,010,766</u>	<u>6,833,121</u>	<u>8,220,153</u>	<u>29,064,040</u>

The assumed CLCDC long-term debt is due on demand and is structured with fixed repayment terms which will retire the debt over an agreed period of time.

**THE CORPORATION OF THE COUNTY OF LAMBTON
NOTES TO THE FINANCIAL STATEMENTS
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- (c) The long-term debt in (a) issued in the name of the Municipality has received approval of the Ontario Municipal Board for those approved on or before December 31, 1992. Those approved after January 1, 1993 have been approved by by-law.

Approval of the Ontario Municipal Board has been obtained for those pending issues of long-term debt and commitments to be financed by revenues beyond the term of council and approved on or before December 31, 1992. Those approved after January 1, 1993 have been approved by by-law.

The principal and interest payments required to service these actual and pending issues and commitments are within the debt repayment limit prescribed by the Ministry of Municipal Affairs. The annual repayment limit to be effective January 1, 2023 has been authorized at \$24,152,878. Actual annual repayment of principal and interest in 2022 was \$4,534,680 (2021 - \$4,220,965). Interest rates on long term debt vary between 1.67% and 5.18%.

8. PENSION AGREEMENTS

The Municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 1051 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. Employees and employers contribute jointly to the plan.

The Administration Corporation Board of Directors, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the plan assets and administration of the benefits. OMERS provides pension services to nearly 559,000 active and retired members and approximately 1,000 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2022. The results of the valuation disclosed total actuarial liabilities of \$128,800 million in respect of benefits accrued for service with actuarial assets at that date of \$122,100 million indicating an actuarial deficit of \$6,700 million.

Because OMERS is a multi-employer pension plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Municipality does not recognize any share of the OMERS pension surplus or deficit. The amount contributed to OMERS for 2022 was \$5,968,389 (2021 - \$5,640,222) for current service and is included as an expenditure on the Statement of Operations. The OMERS Board rate was 9.0% to 14.6% depending on income level for 2022 (2021 – 9.0% to 14.6%) depending on income level.

The Municipality makes no contributions under the past services provisions of the OMERS Agreement.

9. SARNIA-LAMBTON ECONOMIC PARTNERSHIP ASSOCIATION

The Sarnia-Lambton Economic Partnership Association (SLEP) is an independent body charged with the responsibility for managing economic development within the County of Lambton. It is jointly funded by the Municipality, local Municipalities, the private sector and senior levels of government. The Municipality provided \$1,488,891 (2021 - \$1,470,151) in operating funds during 2022. SLEP has not been consolidated.

**THE CORPORATION OF THE COUNTY OF LAMBTON
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2022**

10. LIABILITY FOR LANDFILL CLOSURE AND POST CLOSURE COSTS

The Ontario Environmental and Protection Act sets out regulatory requirements to properly close and maintain all active and inactive landfill sites. Under environmental law, there is a requirement for closure and post closure care of solid waste landfill sites.

Landfill closure and post closure care requirements have been defined in accordance with industry standards and include covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance.

The total projected closure and post closure costs at December 31, 2022 are \$4,841,791.

The estimated liability of \$1,648,103 (2021 - \$1,986,041) represents the sum of the discounted future cash flows for closure and post closure care activities discounted at the Municipality's current long-term borrowing rate of 3.0%. The estimated remaining capacity of the Municipality's sites is approximately 73,606 cubic metres, which will be filled in eight years. Post-closure care is estimated to continue for a period of at least 25 years.

The Municipality has established a reserve fund in order to fund this future liability. The fund is currently valued at \$1,700,685.

11. EXPENDITURE BY OBJECT

Total current expenditures for the year reported on the Statement of Operations are as follows:

	2022	2021
	\$	\$
Salaries, wages and employee benefits	96,276,055	91,723,147
Materials	66,545,794	68,517,594
Contracted services	9,198,906	8,632,095
Rents and financial expenses	3,625,941	3,457,372
Interest on long-term debt	771,005	674,476
Contributions to other organizations	31,732,082	28,019,012
Amortization	18,545,769	17,820,738
	<u>226,695,552</u>	<u>218,844,434</u>

12. SEGMENTED INFORMATION

The County of Lambton is a diversified municipal government organization that provides a wide range of services to its citizens. For management reporting purposes the County's operations and activities are organized and reported by segments. The County's services are provided by departments and their activities are reported in these segments. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

General Government & Administration - Providing support to the entire Corporation, this segment includes the Council, CAO, Clerk, Finance, Human Resources, Information Technology, Legal and Procurement and Project Management Departments.

Court Administration - Administration of the County's Court offices includes setting trials, recording court proceedings, generating transcripts and receiving payments for fines resulting from charges laid by the various police forces operating within the County. Grants to area Municipalities towards the cost of court security and local policing are also reflected.

**THE CORPORATION OF THE COUNTY OF LAMBTON
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Protective Services - The Building Services Department provides County-wide inspections for plumbing, sewage disposal systems and weed control. Building inspection services and property standards enforcements for most local Municipalities, as well as zoning by-law enforcement is provided.

Public Works - The Public Works Department is responsible for the maintenance and upgrade of the County's road system and bridges. The County's fleet of road equipment operates out of two main depot locations.

Environmental Services - The County owns, operates and manages six former lower tier municipal landfill sites, of which only one continues to accept domestic and commercial waste for disposal. Environmental monitoring and post-closure care continues on an ongoing basis for the five closed facilities. Contracts with private landfills for additional capacity allow the County to fulfill its mandate to dispose of municipally collected waste.

Public Health - Provides specialized public health programs and services in the County through two main streams. Environmental Health & Prevention Services protects the public's health with programs and clinical services such as safe water and food handling, immunizations and the investigation of communicable disease outbreaks and health hazards. Health Promotion & Program Support focuses on the prevention of chronic disease, injury prevention and substance abuse prevention programs.

Emergency Medical Services - The EMS Department offers 24 hour, 7 days a week, land ambulance services to residents from nine stations located throughout the County.

General Assistance - The Ontario Works Department provides employment and income assistance to eligible participants. Income support assistance is provided to persons in need to cover the costs of food, shelter and basic needs. Persons receiving social assistance are required to participate in a plan of increased employment activity. The Social Planning & Program Support Department examines the community's needs, ensures compliance of funds allocated and administers the Lambton Shared Services Centre.

Assistance to Aged - The County operates three long-term care facilities which provide comfort, quality and security to rural and urban residents. In addition, two Adult Day programs are provided for seniors who continue to live in their own homes or with family members.

Child Care - The Children's Services Department maintains service agreements with not-for-profit and profit centres in the County to provide subsidized child care spaces. The Department also offers a variety of services through programs such as Best Start and Child Health.

Housing - The Housing Services Department provides subsidized, well-maintained housing for County residents. The Department completes eligibility assessments, maintains the centralized waiting list for rent-geared-to-income assistance, and administers the non-profit housing programs, rent supplement programs and the affordable housing programs. A Home Ownership down payment program is also provided.

Library - The Library Department provides services to the public through numerous branch libraries, one bookmobile and deposit collections in Long-Term Care Homes.

Culture - Culture is comprised of the Museums and Art Gallery Departments. Two museums are operated by the County, one collects family and corporate artifacts which depict the history of Sarnia-Lambton and the other is located at the site of North America's first commercial oil well. Judith & Norman Alix Art Gallery collects, preserves and holds in trust a collection of Canadian paintings and sculptures. The Lambton County Archives gathers and maintains Lambton County archival materials.

Planning & Development - The Department prepares and maintains the County's Official Plan and provides consent, subdivision, municipal official plan and woodlot approvals. The Department also works closely with local Municipalities preparing official plan and zoning by-laws, and providing comprehensive, ongoing planning advisory services.

Community Development Corporation - A university style research and development park, located in Sarnia, Ontario.

**THE CORPORATION OF THE COUNTY OF LAMBTON
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2022**

For each reported segment, revenues and expenses represent amounts that are directly attributable to the segment. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

13. SOCIAL SERVICE CONTRACTS

The Corporation of the County of Lambton has Service Contracts with the Ministry of Education (EDU) and the Ministry of Children, Community and Social Services (MCCSS). A reconciliation report summarizes by detail code where applicable, all revenue and expenditures and resulting surplus or deficit related to the Service Contracts. The surplus amount is included in Accounts Payable and Accrued Liabilities.

The presentation below was prepared in accordance with the modified accrual basis of accounting, which includes short term accruals of revenue and expenditures and does not recognize non-cash transactions such as amortization. The presentation is reflected prior to application of flexibility of funding between detail codes. The subsidy received (revenue) and subsidy earned (expenditure) comprise part of Provincial Government Transfers Revenue and Social and Family Services Expenses that are included in the Statement of Operations.

Detail Code Program Name	2022 Subsidy Received \$	2022 Subsidy Earned \$	(Surplus)/ Deficit \$
EDU - Ministry of Education			
<u>Operating Allocations</u>			
Core Services Delivery - 100%	5,951,661	5,951,661	-
Special Purpose Operating Allocation	5,307,814	5,307,814	-
	<u>11,259,475</u>	<u>11,259,475</u>	<u>-</u>
<u>Wage Enhancement</u>			
Wage Enhancement	1,596,663	1,504,492	(92,171)
Wage Enhancement Administration	39,848	39,848	-
	<u>1,636,511</u>	<u>1,544,340</u>	<u>(92,171)</u>
Expansion Plan	1,899,317	1,899,317	-
ELCC	989,171	989,171	-
Base Funding for Licensed Home Child Care (LHCC)	262,200	262,200	-
One-Time Transitional Grant	908,892	176,726	(732,166)
Other COVID-19 Allocations – Emergency Child Care	27,156	27,156	-
CWELCC	5,404,412	4,787,118	(617,294)
Total Calendar Year Child Care Allocation	<u>22,387,134</u>	<u>20,945,503</u>	<u>(1,349,460)</u>
The Journey Together - Indigenous Hub	340,880	340,880	-
Ontario Early Years Child Care and Family Centres	2,418,549	2,418,549	-
Childcare and Early Years Workforce Allocation	1,207,859	393,615	(814,244)
Total	<u>26,354,422</u>	<u>24,098,547</u>	<u>(2,255,875)</u>

**THE CORPORATION OF THE COUNTY OF LAMBTON
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2022**

Detail Code Program Name	2022 Subsidy Received \$	2022 Subsidy Earned \$	(Surplus)/ Deficit \$
MCCSS - Ministry of Children, Community and Social Services			
<u>Program Delivery</u>			
8693 Ontario Works Upload Funding	2,442,300	2,442,300	-
8648 Ontario Works 50/50 Funding	4,244,200	4,244,200	-
9285 Admin Time Limited Projects	100,000	100,000	-
Total	6,786,500	6,786,500	-

**THE CORPORATION OF THE COUNTY OF LAMBTON
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2022**

14. PUBLIC HEALTH UNIT

The Council of The Corporation of the County of Lambton is also the Board of Health for the County of Lambton. The departments and programs that together constitute the operation of the Lambton Health Unit all form parts of other functional areas as reported in these statements. The Ministry of Health and Long-Term Care requires that the values for the Lambton Health Unit be reported on the basis of a single integrated entity. Therefore, in order to meet these requirements these values are presented below.

	2022 Mandatory & Related	2022 Excluded Programs	2022 Total Public Health Unit
Total Public Health Unit Operating Costs:	13,452,640	1,475,628	14,928,268
Total Public Health Unit Amortization Expense:	172,243	18,893	191,136
Total Public Health Unit TCA Expenditures:	233,149	-	233,149

PUBLIC HEALTH GRANTS

**Program-Based Grants, Ministry of Health and Long-Term Care
Public Health Division (PHD)**

A. Base Funding

	2022 Subsidy Approved \$	2022 Subsidy Earned \$	2022 Subsidy Received \$	(Payable)/ Receivable at December 31, 2022 \$	Subsidy Recovered/ (Received) in Q1 2023	Remaining (Payable)/ Receivable \$
PHD Programs Funded at 70%						
Mandatory Programs	6,979,475	6,979,475	6,979,484	(9)	-	(9)
Total	6,979,475	6,979,475	6,979,484	(9)	-	(9)
Related Programs Funded at 100% (PHD)						
Ontario Seniors Dental Care Program	734,000	734,000	608,206	125,794	(125,800)	(6)
Total	734,000	734,000	608,206	125,794	(125,800)	(6)
MOH/AMOH Compensation						
MOH/AMOH Compensation	160,000	52,986	153,045	(100,059)	-	(100,059)
Total	160,000	52,986	153,045	(100,059)	-	(100,059)
Sub-Total A. Base Funding	7,873,475	7,766,461	7,740,735	25,726	(125,800)	(100,074)

**THE CORPORATION OF THE COUNTY OF LAMBTON
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2022**

B. 2022 One-Time Funding Approved to December 31, 2022

	2022 Subsidy Approved \$	2022 Subsidy Earned \$	2022 Subsidy Received \$	(Payable)/ Receivable at December 31, 2022 \$	Subsidy Recovered/ (Received) in Q1 2023	Remaining (Payable)/ Receivable \$
Related Programs Funded at 100% (PHD)						
Mitigation	409,100	409,100	409,100	-	-	-
COVID-19: General Program	254,600	254,600	254,600	-	-	-
COVID-19: Vaccine Program	973,600	2,324	973,600	(971,276)	971,359	83
Total	1,637,300	666,024	1,637,300	(971,276)	971,359	83
Sub-Total B. 2022 One-Time Funding Approved to Dec. 31, 2022	1,637,300	666,024	1,637,300	(971,276)	971,359	83

C. 2021 One-Time Funding Approved to March 31, 2022

	Subsidy Carried Forward \$	Subsidy Earned \$	Further Subsidy Received \$	(Payable)/ Receivable \$
Related Programs Funded at 100% (PHD)				
Needle Exchange Program Initiative	(6,329)	8,671	15,000	-
Public Health Inspector Practicum Program	(2,494)	-	2,494	-
Temporary Retention Incentive for Nurses	-	124,813	125,600	(787)
COVID-19: School-Focused Nurses Initiative	(750)	150,000	150,750	-
Total	(9,573)	283,484	293,844	(787)
Sub-Total C. 2021 One-Time Funding Approved to Mar. 31, 2022	(9,573)	283,484	293,844	(787)

D. 2022 One-Time Funding Approved to March 31, 2023

	2022 Subsidy Approved \$	2022 Subsidy Earned \$	2022 Subsidy Received \$	Subsidy to Carryover \$
Related Programs Funded at 100% (PHD)				
COVID-19: School Focused Nurses Initiative	598,000	448,000	448,000	-
Temporary Retention Incentive for Nurses	119,800	119,055	68,778	50,277
Needle Exchange Program Initiative	61,000	54,275	45,738	8,537
Public Health Inspector Practicum Program	10,000	10,000	7,506	2,494
Total	788,800	631,330	570,022	61,308
Total One-Time Subsidy Receivable/(Carryover)				<u>61,308</u>

**THE CORPORATION OF THE COUNTY OF LAMBTON
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2022**

Vaccine Program

	2022 Subsidy Earned \$	2022 Subsidy Received \$	(Payable)/ Receivable at December 31, 2022 \$	Subsidy Recovered/ (Received) in Q1 2023	Remaining (Payable)/ Receivable \$
Universal Influenza Immunization Program	21,540	165	21,375	(21,375)	-
Meningococcal C Conjugate Vaccine	11,968	2,372	9,597	(9,597)	-
Human Papilloma Virus Program	13,354	3,324	10,030	(10,030)	-
Total	46,862	5,860	41,002	(41,002)	-

Total Vaccine Program Receivable/(Payable) 41,002 -

**Child and Youth Development Branch, Ministry of Children and Youth Services
Strategic Policy and Planning Division**

Funding Approved April 1, 2022 to Mar. 31, 2023

	Subsidy Approved \$	Subsidy Earned \$	Subsidy Payable \$
Healthy Babies Healthy Children	933,093	933,093	-
Total	933,093	933,093	-
Sub-Total Funding Approved April 1, 2022 to Mar. 31, 2023	933,093	933,093	-

THE CORPORATION OF THE COUNTY OF LAMBTON
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2022

15. LIBRARY GOVERNMENT TRANSFERS

Government Transfers recorded as 2022 revenue for the Library segment are comprised of the following amounts:

Ministry of Heritage, Sport, Tourism & Culture Industries Operating Grant	\$ 265,865
Ministry of Heritage, Sport, Tourism & Culture Industries Pay Equity Grant	<u>18,083</u>
	<u>\$ 283,948</u>

16. ACCRUED TAX LIABILITIES

Taxation Revenue - General Levy	\$ 84,946,203
Taxation Revenue - Supplementary Tax Levy	1,149,123
Payment in Lieu Taxation Revenue	1,545,977
Tax Write-Offs	(766,079)
Accrued Tax Liability	<u>(479,607)</u>
Total Property Taxation	<u>\$ 86,395,617</u>

Reconciliation of Assessment Appeal Provision and Accrued Tax Liability

Estimate of Expected Appeals	\$ 815,414
Estimate of Expected Supplementary Taxes	(78,929)
Other Adjustments	<u>525,291</u>
Potential Future Tax Liability	<u>\$ 1,261,776</u>

The potential future tax liability includes all potential changes due to the results of tax appeals and supplementary taxes as the result of Assessment Review Board Decisions, Minutes of Settlement, Post Roll Assessments notices, Supplementary and Omitted Assessments and other tax adjustments that are processed under the Municipal Act, 2001.

The actual future results will differ from these estimates as tax appeals are settled and actual assessment values are applied to supplemental properties.

17. CONTINGENT LIABILITIES

The Municipality is a defendant in various legal actions. The ultimate outcomes are indeterminable at December 31, 2022 as litigation is still in progress. The Municipality's management is of the opinion that the Municipality has adequate insurance coverage to offset the amount of the claims and related costs, if any. Consequently, no provision for potential loss, if any, is reflected in these financial statements.

18. LOAN GUARANTEE

The Municipality has agreed to provide Southwestern Integrated Fibre Technology (SWIFT) Inc., a guarantee in the amount of \$2,100,000 in support of a credit facility to provide SWIFT with short-term bridge financing.

**THE CORPORATION OF THE COUNTY OF LAMBTON
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2022**

19. COMMITMENTS

The Municipality routinely enters into short term lease arrangements for the supply of vehicles, photocopiers, postage machines and other such similar office equipment. Annual payments in 2022 amounted to \$129,903.

The Municipality entered into an agreement with the City of Sarnia for the maintenance of County roads within the City west of Modeland Road commencing October 26, 2020. The agreement continues until terminated by either party with a minimum one year advance notice.

The Municipality has entered into an agreement with the Village of Point Edward for the maintenance of County roads within the Village over a ten year period commencing June 1, 2020 and ending May 31, 2030.

The Municipality entered into an agreement with the Town of Petrolia for the maintenance of County roads within the Town over a five year period commencing September 1, 2015 and ended August 31, 2020. The Municipality is currently in negotiations to renew the agreement.

The Municipality has entered into an agreement with the City of Sarnia and the Township of St. Clair for the construction of an oversized load corridor. The Municipality's estimated contribution to the roads portion of the project is \$1,200,000.

The Municipality's lease agreement to rent office, storage and terrace premises expired in May 2017 but has continued under the same terms on a month to month basis. The Municipality has negotiated a new lease to continue renting space at the same location. The lease term commenced in 2022 upon completion of building renovations and will be a 20 year lease.

The Municipality has approved the provision of a \$1,050,000 grant to the Strathroy Middlesex General Hospital over a ten year period commencing in 2018 and ending 2027. The Municipality will pay \$105,000 each year to the hospital.

20. USE OF ACCOUNTING ESTIMATES AND MEASUREMENT UNCERTAINTY

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods.

In particular, management's estimate for the landfill closure and post closure liability is subject to measurement uncertainty. The estimate is based on assumptions and calculations prepared by the County's Public Works engineering staff. Actual results could differ significantly from those estimates because of the uncertainty related to future cost estimates, future use of the landfill site, etc.

21. DEFERRED REVENUE

The balance of \$6,168,378 (2021 - \$6,650,920) represents the Federal Gas Tax top up monies received in 2019 and 2022 and is unspent at December 31, 2022.

**THE CORPORATION OF THE COUNTY OF LAMBTON
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2022**

22. BUDGET FIGURES

The Financial Plan (budget) adopted by the County of Lambton Council on March 2, 2022, was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards require a full accrual basis. The budget figures anticipated using surpluses accumulated in previous years to reduce current year expenditures in excess of current year revenues to \$NIL. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the Statement of Operations and Statement of Changes in Net Financial Debt represent the budget adopted by Council with adjustments as follows:

	2022
	\$
Financial Plan (budget) surplus for the year - County	0
Add:	
Capital Expenditures	28,368,955
Principal Payments	4,407,427
Less:	
Amortization	16,091,630
Long Term Financing	4,292,882
Net Reserve and Reserve Fund Transfers	<u>3,728,739</u>
Budget Surplus for the County of Lambton	<u>8,663,131</u>
Add:	
Community Development Corporation budget deficit for the year	<u>(521,682)</u>
Budget Surplus per Consolidated Statement of Operation	<u>8,141,449</u>

23. INVESTMENT IN BIOINDUSTRIAL INNOVATION CANADA

In 2018, the Municipality entered into an agreement with Bioindustrial Innovation Centre (BIC). The intent of this agreement was to assist the BIC in leveraging funding from the Federal Government for the purpose of investing emerging bioindustrial enterprises.

The Municipality has invested \$500,000 directly into the BIC's investment portfolio, assuming an indirect equity position in three bioindustrial enterprises located in Lambton County. The value of these investments varied with the financial performance of the three enterprises. The investments were redeemed by December 31, 2021.

24. EMERGENCY MEDICAL SERVICES COVID-19

The Ministry of Health provided one-time funding to support paramedic services as part of the COVID-19 response in the emergency health services sector. In order to meet Ministry reporting requirements, the details for Lambton Emergency Medical Services (EMS) are outlined as follows:

Subsidy Received	COVID-19 Expenses	(Payable)/ Receivable
\$	\$	\$
6,331	6,331	-

**THE CORPORATION OF THE COUNTY OF LAMBTON
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2022**

25. TOURISM SARNIA-LAMBTON

Tourism Sarnia-Lambton (TSL) is an independent body charged with the responsibility for providing growth and development of the tourism industry in the County of Lambton. It is jointly funded by the Municipality, the private sector and senior levels of government. The Municipality provided \$774,748 (2021 - \$762,536) in operating funds during 2022. TSL has not been consolidated.

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**THE CORPORATION OF THE COUNTY OF LAMBTON
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Schedule 1

	Balance, beginning of year \$	Additions \$	Disposals \$	Other- Donations, Writedowns \$	Balance, end of year \$
COST					
Land	39,316,448	431,630	0	0	39,748,078
Bridges	38,539,135	1,872,872	172,279	(5,748)	40,233,980
Buildings	188,323,422	4,760,661	27,997	(805,712)	192,250,374
Building Contents	13,413,232	2,578,293	719,191	(1,630)	15,270,704
Building Site Elements	11,598,067	2,114,921	251,713	0	13,461,275
Fleet	8,433,203	1,036,043	619,479	0	8,849,767
Information Technology	3,246,681	993,438	550,503	0	3,689,616
Leasehold Improvements	377,928	5,203,484	0	1,310	5,582,722
Machinery and Equipment	9,797,780	714,766	179,060	(6,758)	10,326,728
Medical and Emergency Equ	3,647,893	1,034,196	223,663	5,922	4,464,348
Roads	272,747,924	11,135,705	0	32,870	283,916,499
Signage and Illuminations	3,041,896	560,398	22,596	0	3,579,698
Work In Progress	9,467,438	(1,114,587)	0	0	8,352,851
TOTAL COST	601,951,047	31,321,820	2,766,481	(779,746)	629,726,640
ACCUMULATED AMORTIZATION					
Land	0	0	0	0	0
Bridges	15,386,895	825,554	117,962	(8,833)	16,085,654
Buildings	101,984,204	6,351,331	17,590	(682,670)	107,635,275
Building Contents	7,904,125	985,710	707,078	1,189	8,183,946
Building Site Elements	6,079,708	410,177	194,636	(1,139)	6,294,110
Fleet	5,475,617	820,129	619,479	0	5,676,267
Information Technology	1,524,090	692,222	526,549	0	1,689,763
Leasehold Improvements	110,884	286,744	0	366	397,994
Machinery and Equipment	5,378,170	541,608	176,544	(830)	5,742,404
Medical and Emergency Equ	2,284,198	269,576	216,652	(1,708)	2,335,414
Roads	165,530,628	7,961,068	0	1,441	173,493,137
Signage and Illuminations	2,352,483	93,844	22,596	(10)	2,423,721
Work In Progress	0	0	0	0	0
ACCUMULATED AMORTIZATION	314,011,002	19,237,963	2,599,086	(692,194)	329,957,685
NET BOOK VALUE					
Land	39,316,448	431,630	0	0	39,748,078
Bridges	23,152,240	1,047,318	54,317	3,085	24,148,326
Buildings	86,339,218	(1,590,670)	10,407	(123,042)	84,615,099
Building Contents	5,509,107	1,592,583	12,113	(2,819)	7,086,758
Building Site Elements	5,518,359	1,704,744	57,077	1,139	7,167,165
Fleet	2,957,586	215,914	0	0	3,173,500
Information Technology	1,722,591	301,216	23,954	0	1,999,853
Leasehold Improvements	267,044	4,916,740	0	944	5,184,728
Machinery and Equipment	4,419,610	173,158	2,516	(5,928)	4,584,324
Medical and Emergency Equ	1,363,695	764,620	7,011	7,630	2,128,934
Roads	107,217,296	3,174,637	0	31,429	110,423,362
Signage and Illuminations	689,413	466,554	0	10	1,155,977
Work In Progress	9,467,438	(1,114,587)	0	0	8,352,851
NET BOOK VALUE - 2022	287,940,045	12,083,857	167,395	(87,552)	299,768,955

**THE CORPORATION OF THE COUNTY OF LAMBTON
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Schedule 1

	Balance, beginning of year \$	Additions \$	Disposals \$	Other- Donations, Writedowns \$	Balance, end of year \$
COST					
General Government	24,966,083	1,460,343	707,505	(5,419)	25,713,502
Protection Services	1,262	0	0	0	1,262
Transportation Services	343,279,242	14,681,643	687,400	20,364	357,293,849
Environmental Services	4,161,281	0	0	0	4,161,281
Health Services	13,140,211	1,394,949	280,559	0	14,254,601
Social and Family Services	60,603,263	8,745,955	308,211	(382,144)	68,658,863
Social Housing	86,438,161	3,934,423	208,404	(303,398)	89,860,782
Recreation and Cultural Ser	24,089,216	2,219,094	574,402	(109,149)	25,624,759
Planning and Development	35,804,890	0	0	0	35,804,890
Work In Progress	9,467,438	(1,114,587)	0	0	8,352,851
TOTAL COST	601,951,047	31,321,820	2,766,481	(779,746)	629,726,640
ACCUMULATED AMORTIZATION					
General Government	7,319,082	988,488	683,551	(4,795)	7,619,224
Protection Services	1,052	84	0	0	1,136
Transportation Services	192,024,843	9,607,189	631,482	(8,247)	200,992,303
Environmental Services	3,889,612	27,325	0	2	3,916,939
Health Services	7,776,903	804,015	279,522	(16)	8,301,380
Social and Family Services	36,410,726	2,057,719	291,449	(235,002)	37,941,994
Social Housing	38,393,112	3,330,248	157,514	(338,648)	41,227,198
Recreation and Cultural Ser	13,420,375	1,199,534	555,568	(105,486)	13,958,855
Planning and Development	14,775,297	1,223,361	0	(2)	15,998,656
Work In Progress	0	0	0	0	0
ACCUMULATED AMORTIZA	314,011,002	19,237,963	2,599,086	(692,194)	329,957,685
NET BOOK VALUE					
General Government	17,647,001	471,855	23,954	(624)	18,094,278
Protection Services	210	(84)	0	0	126
Transportation Services	151,254,399	5,074,454	55,918	28,611	156,301,546
Environmental Services	271,669	(27,325)	0	(2)	244,342
Health Services	5,363,308	590,934	1,037	16	5,953,221
Social and Family Services	24,192,537	6,688,236	16,762	(147,142)	30,716,869
Social Housing	48,045,049	604,175	50,890	35,250	48,633,584
Recreation and Cultural Ser	10,668,841	1,019,560	18,834	(3,663)	11,665,904
Planning and Development	21,029,593	(1,223,361)	0	2	19,806,234
Work In Progress	9,467,438	(1,114,587)	0	0	8,352,851
NET BOOK VALUE - 2022	287,940,045	12,083,857	167,395	(87,552)	299,768,955

**THE CORPORATION OF THE COUNTY OF LAMBTON
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Schedule 1

	Balance, beginning of year \$	Additions \$	Disposals \$	Other- Donations, Writedowns \$	Balance, end of year \$
COST					
Land	39,313,983	2,465	0	0	39,316,448
Bridges	36,803,030	1,999,651	144,916	(118,630)	38,539,135
Buildings	184,038,000	5,569,784	210,486	(1,073,876)	188,323,422
Building Contents	14,298,298	1,042,196	1,927,262	0	13,413,232
Building Site Elements	10,919,259	775,759	84,693	(12,258)	11,598,067
Fleet	8,331,518	407,563	306,405	527	8,433,203
Information Technology	3,156,513	673,401	583,233	0	3,246,681
Leasehold Improvements	2,927,636	42,963	2,592,671	0	377,928
Machinery and Equipment	10,058,437	489,179	749,836	0	9,797,780
Medical and Emergency Equipment	3,384,006	372,528	108,641	0	3,647,893
Roads	262,958,186	9,778,831	23,834	34,741	272,747,924
Signage and Illuminations	2,938,959	137,428	34,491	0	3,041,896
Work In Progress	2,421,498	7,045,940	0	0	9,467,438
TOTAL COST	581,549,323	28,337,688	6,766,468	(1,169,496)	601,951,047
ACCUMULATED AMORTIZATION					
Land	0	0	0	0	0
Bridges	14,747,924	769,022	67,662	(62,389)	15,386,895
Buildings	96,729,822	6,233,275	139,422	(839,471)	101,984,204
Building Contents	8,777,967	939,648	1,817,270	3,780	7,904,125
Building Site Elements	5,765,685	385,751	62,467	(9,261)	6,079,708
Fleet	4,971,453	810,543	306,405	26	5,475,617
Information Technology	1,454,369	632,046	562,311	(14)	1,524,090
Leasehold Improvements	1,559,001	66,898	1,515,015	0	110,884
Machinery and Equipment	5,507,417	526,288	655,534	(1)	5,378,170
Medical and Emergency Equipment	2,149,131	245,368	105,790	(4,511)	2,284,198
Roads	157,505,871	8,042,526	19,883	2,114	165,530,628
Signage and Illuminations	2,302,530	79,110	29,147	(10)	2,352,483
Work In Progress	0	0	0	0	0
ACCUMULATED AMORTIZATION	301,471,170	18,730,475	5,280,906	(909,737)	314,011,002
NET BOOK VALUE					
Land	39,313,983	2,465	0	0	39,316,448
Bridges	22,055,106	1,230,629	77,254	(56,241)	23,152,240
Buildings	87,308,178	(663,491)	71,064	(234,405)	86,339,218
Building Contents	5,520,331	102,548	109,992	(3,780)	5,509,107
Building Site Elements	5,153,574	390,008	22,226	(2,997)	5,518,359
Fleet	3,360,065	(402,980)	0	501	2,957,586
Information Technology	1,702,144	41,355	20,922	14	1,722,591
Leasehold Improvements	1,368,635	(23,935)	1,077,656	0	267,044
Machinery and Equipment	4,551,020	(37,109)	94,302	1	4,419,610
Medical and Emergency Equipment	1,234,875	127,160	2,851	4,511	1,363,695
Roads	105,452,315	1,736,305	3,951	32,627	107,217,296
Signage and Illuminations	636,429	58,318	5,344	10	689,413
Work In Progress	2,421,498	7,045,940	0	0	9,467,438
NET BOOK VALUE - 2021	280,078,153	9,607,213	1,485,562	(259,759)	287,940,045

**THE CORPORATION OF THE COUNTY OF LAMBTON
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Schedule 1

	Balance, beginning of year \$	Additions \$	Disposals \$	Other- Donations, Writedowns \$	Balance, end of year \$
COST					
General Government	24,786,326	762,990	583,233	0	24,966,083
Protection Services	1,262	0	0	0	1,262
Transportation Services	332,216,980	12,229,339	1,049,513	(117,564)	343,279,242
Environmental Services	4,147,405	13,876	0	0	4,161,281
Health Services	12,444,093	765,585	13,454	(56,013)	13,140,211
Social and Family Services	63,035,895	2,159,734	4,156,587	(435,779)	60,603,263
Social Housing	82,765,485	4,476,592	291,582	(512,334)	86,438,161
Recreation and Cultural Services	23,925,489	883,632	672,099	(47,806)	24,089,216
Planning and Development	35,804,890	0	0	0	35,804,890
Work In Progress	2,421,498	7,045,940	0	0	9,467,438
TOTAL COST	581,549,323	28,337,688	6,766,468	(1,169,496)	601,951,047
ACCUMULATED AMORTIZATION					
General Government	6,934,587	946,812	562,311	(6)	7,319,082
Protection Services	968	84	0	0	1,052
Transportation Services	183,409,672	9,607,710	901,301	(91,238)	192,024,843
Environmental Services	3,862,142	27,470	0	0	3,889,612
Health Services	7,055,836	769,833	12,422	(36,344)	7,776,903
Social and Family Services	37,866,770	1,771,444	2,961,553	(265,935)	36,410,726
Social Housing	35,872,784	3,209,681	211,621	(477,732)	38,393,112
Recreation and Cultural Services	12,916,508	1,174,043	631,698	(38,478)	13,420,375
Planning and Development	13,551,903	1,223,398	0	(4)	14,775,297
Work In Progress	0	0	0	0	0
ACCUMULATED AMORTIZATION	301,471,170	18,730,475	5,280,906	(909,737)	314,011,002
NET BOOK VALUE					
General Government	17,851,739	(183,822)	20,922	6	17,647,001
Protection Services	294	(84)	0	0	210
Transportation Services	148,807,308	2,621,629	148,212	(26,326)	151,254,399
Environmental Services	285,263	(13,594)	0	0	271,669
Health Services	5,388,257	(4,248)	1,032	(19,669)	5,363,308
Social and Family Services	25,169,125	388,290	1,195,034	(169,844)	24,192,537
Social Housing	46,892,701	1,266,911	79,961	(34,602)	48,045,049
Recreation and Cultural Services	11,008,981	(290,411)	40,401	(9,328)	10,668,841
Planning and Development	22,252,987	(1,223,398)	0	4	21,029,593
Work In Progress	2,421,498	7,045,940	0	0	9,467,438
NET BOOK VALUE - 2021	280,078,153	9,607,213	1,485,562	(259,759)	287,940,045

**THE CORPORATION OF THE COUNTY OF LAMBTON
CONSOLIDATED SCHEDULE OF ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2022
Schedule 2**

	2022 ACTUAL \$	2021 ACTUAL \$
RESERVES (Schedule 3)	66,553,667	62,463,199
RESERVE FUNDS (Schedule 4)	14,108,335	12,070,087
Total Reserves and Reserve Funds	80,662,002	74,533,286
SURPLUSES		
Invested in Tangible Capital Assets	299,768,955	287,940,045
Invested in Bioindustrial Innovation Canada	0	0
General Revenue Fund	(8,218,213)	(2,908,104)
Debenture Receivable Reversed	(4,939,954)	(4,939,954)
Unfunded		
Long Term Debt	(28,929,295)	(29,884,825)
Landfill Closure and Post Closure Costs	(1,648,103)	(1,986,041)
Employment Benefits Payable	(3,672,441)	(3,591,257)
Accrued Tax Liabilities	(233,080)	246,528
Bank Indebtedness - CLCDC	(489,676)	(698,417)
Accounts Payable & Accrued Liabilities - CLCDC	(511,261)	(462,650)
Accounts Receivable - CLCDC	164,566	75,015
Prepaid Expenses - CLCDC	360,488	734,610
Total Surpluses	251,651,986	244,524,950
ACCUMULATED SURPLUS	332,313,988	319,058,236

**THE CORPORATION OF THE COUNTY OF LAMBTON
CONSOLIDATED SCHEDULE OF CONTINUITY OF RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2022
Schedule 3**

	2022 BUDGET \$	2022 ACTUAL \$	2021 ACTUAL \$
BALANCE, beginning of the year	62,463,199	62,463,199	56,182,222
REVENUE CONTRIBUTIONS			
From Operations	11,376,711	26,346,643	24,988,624
TRANSFERS			
To Operations	5,504,841	5,533,469	3,997,248
To Capital Acquisitions	9,860,144	16,722,706	14,710,399
Total Transfers	15,364,985	22,256,175	18,707,647
BALANCE, end of the year	58,474,925	66,553,667	62,463,199
REPRESENTED BY:			
Reserve for Working Funds	3,688,242	3,408,906	3,523,462
Reserve for Future Operations	54,786,683	63,144,761	58,939,737
	58,474,925	66,553,667	62,463,199

**THE CORPORATION OF THE COUNTY OF LAMBTON
CONSOLIDATED SCHEDULE OF CONTINUITY OF RESERVE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022
Schedule 4**

	2022 BUDGET \$	2022 ACTUAL \$	2021 ACTUAL \$
BALANCE, beginning of the year	12,070,087	12,070,087	10,396,161
REVENUE CONTRIBUTIONS			
Interest Income	0	329,621	105,311
From Operations	2,093,320	2,426,063	2,345,606
	2,093,320	2,755,684	2,450,917
TRANSFERS			
To Operations	1,833,785	589,175	576,931
To Capital Acquisitions	0	128,261	200,060
Total Transfers	1,833,785	717,436	776,991
BALANCE, end of the year	12,329,622	14,108,335	12,070,087
REPRESENTED BY:			
Capital Reserve Fund	6,838,549	7,024,370	6,475,578
Lambton Heritage Museum Reserve Fund	351,959	281,706	339,470
Oil Museum Reserve Fund	111,892	88,952	109,292
Gallery Lambton Reserve Fund	198,291	203,828	193,291
R.T. Bradley Reserve Fund	12,133	12,461	12,133
Waste Management Reserve Fund	1,220,330	1,700,685	1,408,015
Senior Services Reserve Fund	3,173,702	4,362,104	3,109,542
Social Housing Reserve Fund	422,766	434,229	422,766
	12,329,622	14,108,335	12,070,087

THE CORPORATION OF THE COUNTY OF LAMBTON
CONSOLIDATED SCHEDULE OF CURRENT OPERATIONS SEGMENT DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2022
Schedule 5

	General Gov't & Administration \$	Court Administration \$	Protective Services \$	Public Works \$	Environmental Services \$	Public Health \$	Emergency Medical Services \$	General Assistance \$
REVENUE								
Taxation	20,244,023	(489,112)	178,492	10,579,629	2,633,985	3,111,669	8,433,118	5,514,025
Government Transfers	493,449	596,044	157,088	7,026,405	0	10,716,346	10,107,973	38,413,108
User Charges & Other	4,211,301	1,936,513	1,245,691	2,971,946	520,583	279,123	294,420	1,652,822
Gain/Loss from TCA Disposal	(23,954)	0	0	(55,918)	0	(1,037)	0	0
	<u>24,924,819</u>	<u>2,043,445</u>	<u>1,581,272</u>	<u>20,522,062</u>	<u>3,154,568</u>	<u>14,106,101</u>	<u>18,835,511</u>	<u>45,579,954</u>
EXPENDITURES								
Salaries, Wages & Employee Benefits	8,030,686	568,850	1,343,892	2,638,171	304,735	11,355,742	15,894,739	8,739,382
Interest on Long Term Debt	8,165	0	0	119,871	0	0	4,102	0
Goods and Services	6,573,518	1,267,951	297,204	7,605,109	2,107,231	2,620,471	1,982,381	9,438,302
Contributions to Other Organizations	871,789	1,405,112	0	0	0	505,000	0	25,747,598
Amortization	983,693	0	84	9,598,942	27,327	191,136	614,096	319,720
	<u>16,467,851</u>	<u>3,241,912</u>	<u>1,641,180</u>	<u>19,962,094</u>	<u>2,439,293</u>	<u>14,672,349</u>	<u>18,495,319</u>	<u>44,245,002</u>
ANNUAL SURPLUS (DEFICIT) 2022	<u>8,456,968</u>	<u>(1,198,467)</u>	<u>(59,908)</u>	<u>559,968</u>	<u>715,275</u>	<u>(566,248)</u>	<u>340,192</u>	<u>1,334,952</u>

	Assistance to Aged \$	Child Care \$	Housing \$	Library \$	Culture \$	Planning & Development \$	CLCDC \$	Total \$
REVENUE								
Taxation	7,545,326	1,147,779	10,669,245	7,064,200	3,847,633	5,915,605	0	86,395,617
Government Transfers	27,381,484	24,721,277	2,467,034	465,372	565,980	0	0	123,111,562
User Charges & Other	8,784,158	0	4,926,096	79,038	156,378	260,937	3,292,514	30,611,520
Gain/Loss from TCA Disposal	(16,762)	0	(50,890)	0	(18,834)	0	0	(167,395)
	<u>43,694,207</u>	<u>25,869,056</u>	<u>18,011,486</u>	<u>7,608,610</u>	<u>4,551,156</u>	<u>6,176,542</u>	<u>3,292,514</u>	<u>239,951,304</u>
EXPENDITURES								
Salaries, Wages & Employee Benefits	33,653,105	1,344,468	2,288,881	5,726,074	2,170,325	1,651,557	565,448	96,276,055
Interest on Long Term Debt	99,061	0	91,871	0	70,931	4,481	372,522	771,005
Goods and Services	8,236,793	23,868,330	9,841,697	1,332,947	1,296,154	537,041	2,365,512	79,370,641
Contributions to Other Organizations	0	0	0	0	200	3,202,383	0	31,732,082
Amortization	1,457,323	44,441	2,991,600	651,518	442,530	3,232	1,220,127	18,545,769
	<u>43,446,282</u>	<u>25,257,239</u>	<u>15,214,049</u>	<u>7,710,538</u>	<u>3,980,140</u>	<u>5,398,694</u>	<u>4,523,609</u>	<u>226,695,552</u>
ANNUAL SURPLUS (DEFICIT) 2022	<u>247,925</u>	<u>611,817</u>	<u>2,797,437</u>	<u>(101,928)</u>	<u>571,016</u>	<u>777,848</u>	<u>(1,231,095)</u>	<u>13,255,752</u>

THE CORPORATION OF THE COUNTY OF LAMBTON
CONSOLIDATED SCHEDULE OF CURRENT OPERATIONS SEGMENT DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2021
Schedule 5

	General Gov't & Administration \$	Court Administration \$	Protective Services \$	Public Works \$	Environmental Services \$	Public Health \$	Emergency Medical Services \$	General Assistance \$
REVENUE								
Taxation	23,096,146	(439,112)	178,492	10,336,186	2,498,119	3,073,928	8,571,535	5,061,070
Government Transfers	2,615,239	698,380	0	5,545,789	0	12,978,581	9,802,836	39,514,071
User Charges & Other	3,038,237	2,311,098	1,204,318	4,020,286	456,328	535,441	231,940	3,057,528
Gain/Loss from TCA Disposal	(20,922)	0	0	(148,212)	0	0	(1,032)	(1,144,803)
	<u>28,728,700</u>	<u>2,570,366</u>	<u>1,382,810</u>	<u>19,754,049</u>	<u>2,954,447</u>	<u>16,587,950</u>	<u>18,605,279</u>	<u>46,487,866</u>
EXPENDITURES								
Salaries, Wages & Employee Benefits	7,207,096	525,097	1,214,204	2,594,596	325,908	12,662,125	14,894,467	8,732,629
Interest on Long Term Debt	8,806	0	0	101,338	0	0	8,091	0
Goods and Services	5,496,798	1,216,726	145,947	9,844,988	2,364,999	3,600,014	1,764,247	13,791,146
Contributions to Other Organizations	833,333	1,454,776	0	0	0	105,000	0	22,481,057
Amortization	946,806	0	84	9,516,472	27,470	168,080	570,047	75,457
	<u>14,492,839</u>	<u>3,196,599</u>	<u>1,360,235</u>	<u>22,057,394</u>	<u>2,718,377</u>	<u>16,535,219</u>	<u>17,236,852</u>	<u>45,080,289</u>
ANNUAL SURPLUS (DEFICIT) 2021	<u>14,235,861</u>	<u>(626,233)</u>	<u>22,575</u>	<u>(2,303,345)</u>	<u>236,070</u>	<u>52,731</u>	<u>1,368,427</u>	<u>1,407,577</u>

	Assistance to Aged \$	Child Care \$	Housing \$	Library \$	Culture \$	Planning & Development \$	CLCDC \$	Total \$
REVENUE								
Taxation	7,210,108	1,042,584	8,872,074	6,747,318	3,637,533	4,834,201	0	84,720,182
Government Transfers	24,669,951	21,139,447	3,283,424	283,948	507,441	0	0	121,039,107
User Charges & Other	8,691,845	0	4,155,666	84,890	104,904	267,817	3,131,897	31,292,195
Gain/Loss from TCA Disposal	(48,068)	(2,163)	(79,961)	0	(40,401)	0	0	(1,485,562)
	<u>40,523,836</u>	<u>22,179,868</u>	<u>16,231,203</u>	<u>7,116,156</u>	<u>4,209,477</u>	<u>5,102,018</u>	<u>3,131,897</u>	<u>235,565,922</u>
EXPENDITURES								
Salaries, Wages & Employee Benefits	30,710,145	1,298,589	2,292,139	5,385,748	2,049,817	1,328,142	502,445	91,723,147
Interest on Long Term Debt	82,012	0	68,670	0	63,337	8,054	334,168	674,476
Goods and Services	6,986,183	20,880,683	9,192,154	1,362,285	860,711	857,766	2,242,414	80,607,061
Contributions to Other Organizations	0	0	0	0	0	3,144,846	0	28,019,012
Amortization	1,378,655	46,759	2,731,949	634,314	501,251	3,267	1,220,127	17,820,738
	<u>39,156,995</u>	<u>22,226,031</u>	<u>14,284,912</u>	<u>7,382,347</u>	<u>3,475,116</u>	<u>5,342,075</u>	<u>4,299,154</u>	<u>218,844,434</u>
ANNUAL SURPLUS (DEFICIT) 2021	<u>1,366,841</u>	<u>(46,163)</u>	<u>1,946,291</u>	<u>(266,191)</u>	<u>734,361</u>	<u>(240,057)</u>	<u>(1,167,257)</u>	<u>16,721,488</u>

THE CORPORATION OF THE COUNTY OF LAMBTON

TRUST FUNDS

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

Draft

**THE CORPORATION OF THE COUNTY OF LAMBTON
TRUST FUNDS
INDEX TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

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Draft

Independent Auditor's Report

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

Opinion

We have audited the accompanying trust financial statements of The Corporation of the County of Lambton (the Municipality), which comprise the statement of financial position as at December 31, 2022, and the statement of financial activities and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of the Municipality as at December 31, 2022, and its results of financial activities and cash flows for the year then ended in accordance with the basis of accounting described in Note 1.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements is prepared to assist the Municipality to comply with the reporting requirements of the Long Term Care Homes Act, 2007 Ontario Regulation 79/10. As a result, the financial statements may not be suitable for another purpose.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting as described in Note 1, and for such internal control as management determines is necessary to enable the preparation of financial statements that is free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants, Licensed Public Accountants
Sarnia, Ontario
TBD

**THE CORPORATION OF THE COUNTY OF LAMBTON
TRUST FUNDS
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2022**

	2022 ACTUAL \$	2021 ACTUAL \$
FINANCIAL ASSETS		
Cash on Hand and in Banks	83,178	83,725
	<hr/>	<hr/>
FUND BALANCES		
RESIDENTS' COMFORT TRUST FUNDS BALANCE - see Page 7	83,178	83,725
	<hr/>	<hr/>

The accompanying notes are an integral part of this financial statement.

THE CORPORATION OF THE COUNTY OF LAMBTON
TRUST FUNDS
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

	ACTUAL 2022 \$	ACTUAL 2021 \$
REVENUE		
Residents' Deposits	214,667	179,087
EXPENDITURES		
Residents' Withdrawals	215,214	185,857
NET EXPENDITURES	(547)	(6,770)
REPRESENTED BY:		
CHANGE IN RESIDENTS' COMFORT TRUST FUNDS - see Page 7	(547)	(6,770)

The accompanying notes are an integral part of this financial statement.

THE CORPORATION OF THE COUNTY OF LAMBTON
TRUST FUNDS
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED DECEMBER 31, 2022

	ACTUAL 2022 \$	ACTUAL 2021 \$
OPENING CASH	83,725	90,495
OPERATIONS		
Net Expenditures	(547)	(6,770)
CLOSING CASH	83,178	83,725
REPRESENTED BY:		
CASH ON HAND AND IN BANKS	83,178	83,725

The accompanying notes are an integral part of this financial statement.

**THE CORPORATION OF THE COUNTY OF LAMBTON
TRUST FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are the representation of management and have been prepared in accordance with generally accepted accounting policies for municipal governments, as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

a) Basis of Accounting (accrual)

- (i) Sources of financing and expenditures are reported on the accrual basis of accounting.
- (ii) The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures 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.

b) Revenue Recognition

Residents' deposits are recognized as revenue when the amount is determinable and collectability is assured.

All restricted contributions are recognized as revenue of the appropriate restricted fund.

THE CORPORATION OF THE COUNTY OF LAMBTON TRUST FUNDS SCHEDULE OF RESIDENTS' COMFORT TRUST FUNDS OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2022					
	L.M.V. COMFORT FUNDS \$	N.L.L. COMFORT FUNDS \$	M.G.M. COMFORT FUNDS \$	2022 ACTUAL \$	2021 ACTUAL \$
REVENUE					
Residents' Deposits	78,293	59,009	77,365	214,667	179,087
EXPENDITURES					
Residents' Withdrawals	84,825	56,140	74,249	215,214	185,857
CHANGE IN COMFORT TRUST FUNDS	(6,532)	2,869	3,116	(547)	(6,770)
COMFORT TRUST FUNDS, at beginning of year	35,884	20,224	27,617	83,725	90,495
COMFORT TRUST FUNDS, at end of year	29,352	23,093	30,733	83,178	83,725

The accompanying notes are an integral part of this financial statement.

The Corporation of the County of Lambton

Audit final report to the Audit
Committee for the year ended December
31, 2022

START

BDO



To the Audit Committee of The Corporation of the County of Lambton

For the year ended December 31, 2023

We are pleased to provide you with the results of our audit of The Corporation of the County of Lambton (the "Municipality") financial statements for the year ended December 31, 2022.

The enclosed final report includes our approach to your audit, including: significant risks identified and the nature, extent, and results of our audit work. We will also report any significant internal control deficiencies identified during our audit and reconfirm our independence.

During the course of our audit, management made certain representations to us—in discussions and in writing. We documented these representations in the audit working papers.

The business environment has changed for us all during the time of COVID-19. Cash flow, strategy, operations: each has received a rethink. As your auditors, we have relied on our digital audit suite to stay connected—among ourselves, with management, and with you.

We look forward to discussing our audit conclusions with you. In the meantime, please feel free to contact us if you have any questions or concerns.

Yours truly,

BDO Canada LLP
June 26, 2023





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For the year ended December 31, 2023



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Audit at a glance

Preliminary materiality was \$4,500,000. Final materiality remained unchanged from our preliminary assessment.

We are not aware of any fraud affecting the Municipality. If you have become aware of changes to processes or are aware of any instances of actual, suspected, or alleged fraud since our discussions held at planning, please let us know.

We have complied with relevant ethical requirements and are not aware of any relationships between The Corporation of the County of Lambton and our Firm that may reasonably be thought to bear on our independence.



Pete Barnes

Email: pbarnes@bdo.ca

Direct: 519-336-9900 ext 7310



April 17, 2023



June 26, 2023





Status of the audit

We have substantially completed our audit of the year ended December 31, 2022 financial statements, pending completion of the following items:

- ▶ Receipt of signed management representation letter
- ▶ Receipt of outstanding legal confirmations
- ▶ Subsequent events review through to the financial statements approval date
- ▶ Approval of financial statements by the Audit Committee

We conducted our audit in accordance with Canadian generally accepted auditing standards. The objective of our audit was to obtain reasonable, not absolute, assurance about whether the financial statements are free from material misstatement. See [Appendix A](#) for our draft independent auditor's report.

The scope of the work performed was substantially the same as that described in our Planning Report to the Audit Committee dated April 3, 2023.

For the year ended December 31, 2023





Audit findings

As part of our ongoing communications with you, we are required to have a discussion on our views about significant qualitative aspects of the Municipality's accounting practices, including accounting policies, accounting estimates and financial statements disclosures. We look forward to exploring these topics in depth and answering your questions. A summary of the key discussion points are below:

Financial statement areas	Risks noted	Audit findings
Management Override of Controls	Internal controls can be overridden by individuals and is considered a risk in most engagements.	Testing was performed around journal entries and a review of accounting estimates was performed. This ensured there were no bias on the part of management. No issues were noted.

For the year ended December 31, 2023



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Internal control matters

- ▶ During the audit, we performed the following procedures regarding the Municipality's internal control environment:
- ▶ Documented operating systems to assess the design and implementation of control activities that were relevant to the audit.
- ▶ Discussed and considered potential audit risks with management.
- ▶ We considered the results of these procedures in determining the extent and nature of audit testing required.

For the year ended December 31, 2023



We are required to report to you in writing about any significant deficiencies in internal control that we have identified during the audit.

A significant deficiency is defined as a deficiency or combination of deficiencies in internal control that merits the attention of those charged with governance.

The audit expresses an opinion on the Municipality's financial statements. As a result, it does not cover every aspect of internal controls—only those relevant to preparing the financial statements and designing appropriate audit procedures. This work was not for the purpose of expressing an opinion on the effectiveness of internal control.

No control deficiencies were noted that, in our opinion, are of significant importance to discuss.

For the year ended December 31, 2023

Adjusted and unadjusted differences

There were no adjusted differences identified through the course of our audit.

There were no unadjusted differences found.



Other required communications

For the year ended December 31, 2023

Professional standards require independent auditors to communicate with those charged with governance certain matters in relation to an audit. In addition to the points communicated within this letter, the attached table summarizes these additional required communications.

Issue	BDO response
N/A - None	



For the year ended December 31, 2023



Appendices

- ▶ Appendix A: Independent auditor's report
- ▶ Appendix B: Representation Letter

For the year ended December 31, 2023



Appendix A: Independent auditor's report

Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of the Corporation of the County of Lambton (the Municipality), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statement of operations, the consolidated statement of change in net financial assets and the consolidated statement of cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Municipality as at December 31, 2022, and its consolidated results of operations, its consolidated change in net financial assets, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Municipality to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants, Licensed Public Accountants
Sarnia, Ontario
TBD



Appendix B: Representation letter

For the year ended December 31, 2023

The Corporation of the County of Lambton
789 Broadway Street
PO Box 3000
Wyoming, ON
N0N 1T0

June 26, 2023

BDO Canada LLP
Chartered Professional Accountants
Kenwick Place, 250 Christina Street N
PO Box 730
Sarnia, Ontario
N7T 7J7

This representation letter is provided in connection with your audit of the financial statements of The Corporation of the County of Lambton for the year ended December 31, 2022, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with Canadian Public Sector Accounting Standards.

We confirm that to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated February 6, 2023, for the preparation of the financial statements in accordance with Canadian Public Sector Accounting Standards; in particular, the financial statements are fairly presented in accordance therewith.

- The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement and/or disclosure that are reasonable in accordance with Canadian Public Sector Accounting Standards.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Canadian Public Sector Accounting Standards.
- All events subsequent to the date of the financial statements and for which Canadian Public Sector Accounting Standards require adjustment or disclosure have been adjusted or disclosed.
- The financial statements of the entity use appropriate accounting policies that have been properly disclosed and consistently applied.

Information Provided

- We have provided you with:
 - access to all information of which we are aware that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
 - additional information that you have requested from us for the purpose of the audit; and
 - unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- We are responsible for the design, implementation and maintenance of internal controls to prevent, detect and correct fraud and error, and have communicated to you all deficiencies in internal control of which we are aware.

- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Fraud and Error

- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
- We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators, or others.

General Representations

- Where the value of any asset has been impaired, an appropriate provision has been made in the financial statements or has otherwise been disclosed to you.
- We have provided you with significant assumptions that in our opinion are reasonable and appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity when relevant to the use of fair value measurements or disclosures in the financial statements.
- We confirm that there are no derivatives or off-balance sheet financial instruments held at year end that have not been properly recorded or disclosed in the financial statements.
- Except as disclosed in the financial statements, there have been no changes to title, control over assets, liens or assets pledged as security for liabilities or collateral.
- The entity has complied with all provisions in its agreements related to debt and there were no defaults in principal or interest, or in the covenants and conditions contained in such agreements.
- There have been no plans or intentions that may materially affect the recognition, measurement, presentation or disclosure of assets and liabilities (actual and contingent).
- The nature of all material uncertainties have been appropriately measured and disclosed in the financial statements, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the financial statements.

- There were no direct contingencies or provisions (including those associated with guarantees or indemnification provisions), unusual contractual obligations nor any substantial commitments, whether oral or written, other than in the ordinary course of business, which would materially affect the financial statements or financial position of the entity, except as disclosed in the financial statements.

Other Representations Where the Situation Exists

- We have informed you of all known actual or possible litigation and claims, whether or not they have been discussed with legal counsel. Since there are no actual, outstanding or possible litigation and claims, no disclosure is required in the financial statements.
- We have made the following additional significant representations to you during the course of your audit which we understand that you have relied upon:

Management confirms that to the best of our knowledge and belief, we have:

- Evaluated all land owned by the municipality or where the municipality has accepted responsibility for the land as to whether there are sites in the scope of PS 3260 Liability for Contaminated Sites.
- Made available to you all financial records and related data relevant to the assessment of the liability of contaminated sites.
- Concluded that there are no contaminated sites in the Scope of PS 3260.

Yours truly,

Signature

Position

Signature

Position



Tel: (519) 336-9900
Fax: (519) 332-4828
***.bdo.ca PO Box 730

BDO Canada LLP
Kenwick Place, 250 Christina Street N
Sarnia, ON
N7T 7J7

June 26, 2023

The Corporation of the County of Lambton
Members of the Audit Committee
789 Broadway Street
PO Box 3000
Wyoming, ON N0N 1T0

Dear Sirs and Mesdames:

During the course of our audit of the financial statements of The Corporation of the County of Lambton for the year ended December 31, 2022, we identified matters which may be of interest to management. The objective of an audit is to obtain reasonable assurance whether the financial statements are free of any material misstatement and it is not designed to identify matters that may be of interest to management in discharging its responsibilities. Accordingly an audit would not usually identify all such matters.

The responsibility for producing financial statements and ensuring adequate internal controls and sound business practices is the responsibility of the Board of Directors through management and is a part of management's overall responsibility for the ongoing activities of the municipality. Policies and procedures developed by the municipality to safeguard its assets and to provide reasonable assurance that errors and irregularities or illegal acts are promptly identified, must be properly monitored to ensure that all staff are complying with the guidelines provided. Where we determined, from our testing, that there exists a need for improvement in existing systems of internal control or if we detected that the municipality's staff are not complying with the critical accounting policies and procedures provided by management, we increased our year-end testing of account balances to ensure that audit risk was kept to an appropriately low level.

The comments and concerns expressed herein did not have a material effect on the municipality's financial statements and, as such, our opinion thereon was without reservation. However, in order for the municipality to ensure the safeguarding of its assets and the accuracy of its records, we believe our comments and concerns should be taken into consideration by management. Our comments are not intended to reflect upon the honesty or competence of the municipality's employees.

The matters we have identified are discussed in Appendix 1.

This communication is prepared solely for the information of management and is not intended for any other purposes. We accept no responsibility to a third party who uses this communication.

We would like to express our appreciation for the cooperation and assistance which we received during the course of our audit from Larry Palarchio, Lori Titus, Stephanie Harper and all of their staff.



We shall be pleased to discuss with you further any matters mentioned in this report at your convenience.

Yours truly,

Pete Barnes, CPA, CA
Partner
BDO Canada LLP
Chartered Professional Accountants, Licensed Public Accountants

Draft for Committee Approval



Appendix 1

Nursing Homes Resident Trust Receipts

In our testing of the resident's comfort trust receipts, we noted one instance at Marshall Gowland Manor where the copy of the deposit receipt issued to the resident was not kept on file at the nursing home. In accordance with Section 241(7)(a) of the Long Term Care Homes regulations, a written receipt is to be provided to the resident or a person acting on behalf of a resident for deposits in a trust account. We recommend that management ensures receipts are issued for all deposits to trust accounts and a copy of each receipt is kept at the home.

Nursing Homes Resident Trust Expenditures

In our testing of the resident's comfort trust expenditures, we noted one instance at Lambton Meadowview Villa where the expense was greater than the approved amount per the signed service agreement. We recommend that management ensures all expenditures do not exceed the approved limit set for each resident per their signed service agreement.

Nursing Home Resident Billings

During our testing of nursing home resident billings, we noticed one instance at North Lambton Lodge where the residency agreement was not filled out completely.

At North Lambton Lodge, we also noticed one instance where there was an incomplete Power of Attorney on file without signature, and two instances where the Power of Attorney was missing from the files. Retention of and appropriately signed power of attorney documents are necessary to ensure accuracy of resident charges billed and the smooth operation of each nursing home as it relates to resident billings. We recommend management to periodically review its documentation retained as it relates to resident billings to ensure all documents and signatures are available.

Information Technology Environment

User Access Provisioning

During our review of IT system Yardi, it was noted that there was an instance where there was no documentation of approval for user access provisioning. This presents a risk of employees gaining access to levels of the system that they may not be approved for. To reduce this risk, it is



recommended that no users gain access to systems until there is proper formal documentation over the staffs access provisioning levels.

User Access Deprovisioning

In our review of user deprovisioning access, it was identified that the IT systems Yardi, SnapSchedule365, SAMS, and PointClickCare did not have documentation to prove that user access deprovisioning was completed in a timely manner. This may expose the municipality to the risk that accounts may be utilized to submit unauthorized or fraudulent transactions subsequent to the end of employment. To reduce this risk, it is recommended that user deprovisioning be completed immediately following the end of employment. Documentation of the process for user access deprovisioning should be maintained to support the timely removal of access.

Generic IDs

During our review of all Generic IDs, it was noted that Yardi Networking has a generic ID that can be accessed by the entire IT department. This presents a risk as anyone in the IT department could make networking changes and there would be no way to know who completed them as a generic ID was used. To reduce this risk, it is recommended that generic IDs not be used when a high volume of users' needs to be able to access the system and rather individual logins should be set up for this.

Password and User Authentication

In our review of password and user authentication controls, it was identified that StaffScheduleCare does not have sufficient password requirements for new and existing users. This presents security concerns for this application with an increased risk of unauthorized access related to insufficient password requirements. To ensure the reduced risk of unauthorized access, it is recommended that passwords be a minimum of 6 characters and have additional complexity requirements enforced (uppercase, lowercase, alphanumeric, & special characters).

Privileged Access Controls

During our review of privileged user accounts, it was noted that for StaffScheduleCare the individuals in the financial reporting function all have administrative access. This creates a segregation of duties risk. To reduce this risk of segregation of duties, it is recommended that only one individual be granted the administrative access.



Tel: (519)336-9900 BDO Canada LLP
Fax: (519)332-4828 Kenwick Place, 250 Christina Street North
www.bdo.ca P O Box 730
Sarnia, Ontario N7T 7J7

April 21, 2023

Audit Committee
The Corporation of the County of Lambton
789 Broadway Street
PO Box 3000
Wyoming, ON
N0N 1T0

Dear Sirs and Mesdames:

We are writing to you in your capacity as members of the Audit Committee of the Corporation of the County of Lambton.

Generally accepted auditing standards require that we, as auditors for the Corporation of the County of Lambton, communicate to the Audit Committee with regards to fraud and error and the impact it may have on the audited financial statements of the Corporation of the County of Lambton for the year ended December 31, 2022.

In this regard, we would ask that you provide us with responses to the following questions:

1. Has management communicated with the Audit Committee concerning its processes for identifying and responding to the risks of fraud and error in the entity?
2. How does the Audit Committee exercise oversight of management's processes for identifying and responding to the risks of fraud and error in the entity and how do they exercise oversight of the internal controls that management has established to mitigate those risks?
3. Does the Audit Committee have any knowledge of any actual, suspected or alleged fraud affecting the entity?

Should you have any questions concerning the foregoing, please contact us. Otherwise, we will look forward to hearing from you in due course.

Yours truly,

BDO CANADA LLP

A handwritten signature in black ink, appearing to read "Pete Barnes", written over a horizontal line.

Pete Barnes, CPA, CA
Partner



Office of the County Warden
789 Broadway Street, Box 3000
Wyoming, ON N0N 1T0

Telephone: 519-845-0801
Toll-free: 1-866-324-6912
Fax: 519-845-3160

June 26, 2023

BDO Canada LLP
Kenwick Place
250 Christina Street North
Sarnia, ON N7T 7J7

Attention: Mr. Pete Barnes, CPA, CA

Dear Mr. Barnes:

In response to your letter dated April 21, 2023 regarding fraud and error for the year ended December 31, 2022, please find answers to the three questions below.

1. Management has communicated with County Council the processes in place for identifying and responding to the risks of fraud and error.
2. To exercise oversight of management's processes, County Council receives the annual Operating and Capital Budgets to review, question, make revisions and approve. Regular financial reports are presented to Council which identify significant variances of actual to budget. In addition, County management uses the following processes to identify and mitigate risks associated with fraud and error and to exercise oversight of the internal controls:
 - Policies and procedures are presented to County Council for approval.
 - Division reports issued to County Council to seek approval for unbudgeted activities.
 - Collective agreements are approved by County Council.
 - Orientation & information session held following municipal elections for Councillors.
 - Minutes of General Managers' meetings are published.
 - Position descriptions detailing responsibilities and authorities.
 - Internal Auditor on staff.
3. Members of the Audit Committee do not have any knowledge of actual, suspected or alleged fraud affecting the organization.

Sincerely,

Kevin Marriott
County Warden

km/lk

www.lambtononline.ca

