

Financial Report

City of Thorold

December 31, 2022

DRAFT

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City of Thorold

Consolidated Statement of Financial Position

As at December 31, 2022

	<u>2022</u>	<u>2021</u>
Financial assets		
Cash and cash equivalents	\$ 71,046,724	\$ 64,899,185
Portfolio investments (Note 2)	30,273,466	20,525,996
Taxes receivable (Note 3)		
Current year	2,783,794	3,039,119
Prior years	2,448,583	1,744,317
User charges receivable	2,355,333	2,150,353
Other receivables	<u>7,430,704</u>	<u>2,879,644</u>
	<u>116,338,604</u>	<u>95,238,614</u>
Liabilities		
Accounts payable and accrued liabilities	22,520,621	18,219,744
Deferred revenue - obligatory reserve funds (Note 4)	44,660,231	26,536,715
Deferred revenue - other (Note 5)	4,538,062	4,119,422
Employee benefit obligations (Notes 6 and 19)	2,091,131	2,132,011
Landfill liability (Note 7)	6,033,085	5,914,545
Contaminated sites liability (Note 8)	114,700	114,700
Long term debt (Note 9)	<u>574,671</u>	<u>704,646</u>
	<u>80,532,501</u>	<u>57,741,783</u>
Net financial assets	<u>35,806,103</u>	<u>37,496,831</u>
Non-financial assets		
Tangible capital assets (Note 10 and Pages 29 and 30)	174,780,307	135,648,244
Prepaid expenses	<u>1,234,051</u>	<u>366,816</u>
	<u>176,014,358</u>	<u>136,015,060</u>
Accumulated surplus (Note 11)	<u>\$ 211,820,461</u>	<u>\$ 173,511,891</u>

Contingencies (Note 22) and Commitments (Note 23)

Approved by

Director of Finance

Chief Administrative Officer

See accompanying notes to the consolidated financial statements

City of Thorold

Consolidated Statement of Operations

For the Year Ended December 31, 2022

	Budget 2022 (Note 26)	Actual 2022	Actual 2021
Revenues other than revenues related to tangible capital assets			
Taxation (Note 14)	\$ 22,422,000	\$ 22,941,654	\$ 21,126,109
User fees and charges (Note 16)	14,380,541	14,839,030	12,985,383
Government transfers (Note 17)	970,524	764,068	1,516,828
Other (Note 18)	1,508,281	2,769,824	1,603,910
	<u>39,281,346</u>	<u>41,314,576</u>	<u>37,232,230</u>
Expenses			
General government	2,453,010	2,177,634	1,878,464
Protection to persons and property	7,255,082	7,127,593	6,802,740
Transportation services	7,084,350	7,204,176	7,005,696
Environmental services	13,200,837	11,812,898	11,304,522
Health services	1,324,859	1,244,595	1,328,635
Social and family services	269,215	272,025	224,477
Recreation and culture services	5,253,910	6,076,627	3,928,764
Planning and development	2,195,684	1,272,018	1,085,152
	<u>39,036,947</u>	<u>37,187,566</u>	<u>33,558,450</u>
Annual surplus before revenues related to tangible capital assets	<u>244,399</u>	<u>4,127,010</u>	<u>3,673,780</u>
Revenues related to tangible capital assets			
User fees and charges (Note 16)	16,695,251	2,091,360	4,430,903
Government transfers (Note 17)	4,009,291	1,718,475	1,792,281
Other (Note 18)	1,098,731	30,485,105	5,552,624
(Loss) gain on disposal of tangible capital assets	500,000	(113,380)	55,864
	<u>22,303,273</u>	<u>34,181,560</u>	<u>11,831,672</u>
Annual surplus	<u>22,547,672</u>	<u>38,308,570</u>	<u>15,505,452</u>
Accumulated surplus (Note 11)			
Beginning of year	<u>173,511,891</u>	<u>173,511,891</u>	<u>158,006,439</u>
End of year	<u>\$ 196,059,563</u>	<u>\$ 211,820,461</u>	<u>\$ 173,511,891</u>

See accompanying notes to the consolidated financial statements.

City of Thorold**Consolidated Statement of Changes in Net Financial Assets**For the Year Ended December 31, 2022

	Budget <u>2022</u>	Actual <u>2022</u>	Actual <u>2021</u>
Annual surplus	\$ 22,547,672	\$ 38,308,570	\$ 15,505,452
Amortization of tangible capital assets	5,246,025	5,718,026	5,006,575
Acquisition of tangible capital assets	(59,069,362)	(15,086,576)	(11,160,285)
Contributed tangible capital assets	-	(29,890,622)	(5,026,748)
Proceeds on sale of tangible capital assets	-	13,729	253,091
Loss (gain) on disposal of tangible capital assets	(500,000)	113,380	(55,864)
	(31,775,665)	(823,493)	4,522,221
Usage of inventory and prepaid expenses	-	(867,235)	(76,992)
(Decrease) increase in net financial assets	(31,775,665)	(1,690,728)	4,445,229
Net financial assets			
Beginning of year	37,496,831	37,496,831	33,051,602
End of year	\$ 5,721,166	\$ 35,806,103	\$ 37,496,831

See accompanying notes to the consolidated financial statements.

City of Thorold

Consolidated Statement of Cash Flows

For the Year Ended December 31, 2022

	<u>2022</u>	<u>2021</u>
Increase (decrease) in cash and cash equivalents		
Operating activities		
Annual surplus	\$ 38,308,570	\$ 15,505,452
Non-cash items:		
Amortization of tangible capital assets	5,718,026	5,006,575
Contributed tangible capital assets	(29,890,622)	(5,026,748)
Loss (gain) on disposal of tangible capital assets	113,380	(55,864)
Changes in:		
Taxes receivable	(448,941)	(745,425)
User charges receivable	(204,980)	(154,549)
Other receivables	(4,551,060)	(312,530)
Accounts payable and accrued liabilities	4,300,877	5,309,644
Deferred revenue - obligatory reserve funds	18,123,516	4,493,237
Deferred revenue - other	418,640	1,554,826
Employee benefit obligations	(40,880)	104,968
Landfill liability	118,540	(62,924)
Inventory and prepaid expenses	(867,235)	(76,992)
	<u>31,097,831</u>	<u>25,539,670</u>
Capital activities		
Proceeds from disposal of tangible capital assets	13,729	253,091
Acquisition of tangible capital assets	(15,086,576)	(11,160,285)
	<u>(15,072,847)</u>	<u>(10,907,194)</u>
Financing activities		
Repayment of long term debt	(129,975)	(124,938)
Investing activities		
Purchase of portfolio investments, net	(9,747,470)	(11,154,879)
Net increase in cash and cash equivalents	6,147,539	3,352,659
Cash and cash equivalents		
Beginning of year	64,899,185	61,546,526
End of year	<u>\$ 71,046,724</u>	<u>\$ 64,899,185</u>

See accompanying notes to the consolidated financial statements.

City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

1. Significant accounting policies

Management responsibility

The consolidated financial statements of the City of Thorold ("Municipality") are the responsibility of and prepared by management in accordance with Canadian public sector accounting standards. The preparation of the consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The significant accounting policies used are as follows:

(a) Reporting entity

The consolidated financial statements reflect the financial assets, liabilities, non-financial assets, revenues, expenses and changes in accumulated surplus of the reporting entity. The reporting entity is comprised of all organizations and enterprises accountable for the administration of their affairs and resources to the Municipality and which are owned or controlled by the Municipality. In addition to general government tax-supported operations, they include the following:

Thorold Public Library Board
Thorold Business Improvement Area

Interdepartmental and organizational transactions and balances are eliminated.

The following entity is proportionally consolidated:

Canada Games Park

Related party transactions are eliminated (Note 20)

Trust funds and their related operations administered by the Municipality are not consolidated, but are reported separately on the Trust Funds Statements of Financial Position and Operations (Note 21).

(b) Basis of accounting

Sources of revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting records revenues in the period they are earned and measurable and expenses in the period the goods and services are acquired and a liability is incurred.

(c) Cash and cash equivalents

Cash and temporary investments include cash on hand, balances with banks and guaranteed investment certificates that mature within three months.

(d) Portfolio investments

Portfolio investments are valued at the lower of cost and market value. Interest income is reported as revenue in the period earned.

City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

1. Significant accounting policies (continued)

(e) Deferred revenue

Resources restricted by agreement with an external party are recognized as revenue in the entity's financial statements in the period in which the resources are used for the purpose or purposes specified. An externally restricted inflow received before this criterion has been met is recorded as a liability until the resources are used for the purpose or purposes specified.

(f) Employee future benefits

The Municipality pays certain benefits on behalf of its retired employees. These post-employment costs are recognized in the period in which the employees rendered their services to the Municipality. The actuarial determination of the accrued benefit obligations for pension benefits earned by employees uses the projected benefit method prorated on service (which incorporates management's best estimate of future salary levels, other cost escalation, retirement ages of employees and other actuarial factors).

(g) Contaminated sites liability

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when a site is not in productive use and all the following criteria are met:

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the Municipality:
 - 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 is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

(h) Tangible capital assets

Tangible capital assets are recorded at cost. Cost includes all directly attributable expenses in the acquisition, construction, development and/or betterment of the asset required to install the asset at the location and in the condition necessary for its intended use. Contributed tangible capital assets are capitalized at their estimated fair value upon acquisition.

The Municipality does not capitalize interest as part of the costs of its capital assets.

City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

1. Significant accounting policies (continued)

(h) Tangible capital assets (continued)

Works of art for display in municipal property are not included as capital assets. The works of art are held for exhibition, educational and historical interest. Such assets are deemed worthy of preservation because of the social rather than financial benefits they provide to the community. The cost of art is not determinable or relevant to their significance. No valuation of the collection has been conducted or disclosed in the consolidated financial statements.

Leases are classified as capital or operating leases. Leases that transfer substantially all benefits incidental to ownership are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

Amortization is calculated on a straight-line basis to write-off the net cost of each asset over its estimated useful life for all classes except land. Land is considered to have an infinite life without amortization. Residual values of assets are assumed to be zero with any net gain or loss arising from the disposal of assets recognized in the Consolidated Statement of Operations.

Amortization is based on the following classifications and useful lives:

<u>Classification</u>	<u>Useful Life</u>
Land improvements	10 to 30 years
Buildings	10 to 50 years
Machinery and equipment	3 to 20 years
Vehicles	7 to 20 years
Infrastructure	5 to 75 years

For non-pooled assets, amortization is charged in the year of acquisition beginning in the month subsequent to asset purchase. For pooled assets, amortization is not charged in the year of acquisition and begins in the year subsequent to asset purchase. Assets under construction are not amortized until the asset is available for productive use.

(i) Subdivision infrastructure

Subdivision streets, lighting, sidewalks, drainage and other infrastructure are required to be provided by subdivision developers. Upon completion they are turned over to the Municipality and recorded as contributed tangible capital assets at their fair market value at the date of acquisition. The Municipality is not involved in the construction.

(j) Inventory

Inventory is recorded at the lower of average cost and net realizable value.

(k) Reserves for future expenses

Certain amounts, as approved by Municipal Council, are set aside in reserves and reserve funds for future operating and capital expenses.

City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

1. Significant accounting policies (continued)

(l) Revenue recognition

i) Taxation

Property tax billings are prepared by the Municipality based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established annually by Council, incorporating amounts to be raised for local services and amounts the Municipality is required to collect on behalf of the Province of Ontario in respect of education taxes. Realty taxes are billed based on the assessment rolls provided by MPAC. Taxation revenues are recorded at the time tax billings are issued.

A normal part of the assessment process is the issue of supplementary assessment rolls which provide updated information with respect to changes in property assessment.

Once a supplementary roll is received, the Municipality determines the taxes applicable and renders supplementary tax billings. Assessments of the related property taxes are subject to appeal. Any supplementary billing adjustments made necessary by the determination of such changes will be recognized in the fiscal year they are determined and the effect shared with the Region of Niagara and school boards, as appropriate.

ii) User charges

User charges are recognized when the services are performed or goods are delivered and there is reasonable assurance of collection.

iii) Government transfers

Government transfers received are recognized in the financial statements as revenue when the transfers are authorized and all eligibility criteria have been met except when there is a stipulation that gives rise to an obligation that meets the definition of a liability. In that case, the transfer is recorded as a liability and recognized as revenue as the stipulations are met.

Government transfers to individuals and other entities are recognized as an expense when the transfers are authorized and all eligibility criteria have been met.

iv) Other

Other revenue is recorded when it is earned and collection is reasonably assured.

v) Investment income

Investment income earned on operating surplus funds and reserves and reserve funds (other than obligatory reserve funds) are recorded as revenue in the period earned. Investment income earned on obligatory reserve funds are recorded directly to each respective fund balance and forms part of the deferred revenue – obligatory reserve funds balance.

(m) Region of Niagara and school board transactions

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards and the Region of Niagara are not reflected in the accumulated surplus of these consolidated financial statements.

City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

1. Significant accounting policies (continued)

(n) Use of estimates

The preparation of the consolidated financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Areas in which management make estimates are with regards to an allowance for uncollectible taxes receivable, obligations for employee benefits and the contaminated sites and landfill liabilities.

2. Portfolio investments

	<u>2022</u>	<u>2021</u>
Guaranteed investment certificates	\$ 24,797,169	\$ 14,401,176
Federal, provincial and municipal bonds	<u>5,476,297</u>	<u>6,124,820</u>
	<u>\$ 30,273,466</u>	<u>\$ 20,525,996</u>

Portfolio investments carry an effective interest rate from 1.50% to 5.35% and maturity dates ranging from May, 2023 to June, 2027. Interest is receivable on an annual basis. Portfolio investments reported on the Consolidated Statement of Financial Position have a market value of \$ 29,892,926 (2021 - \$ 20,827,353).

3. Taxes receivable

Property tax billings are prepared by the Municipality based on an assessment roll prepared by the Municipal Property Assessment Corporation ("MPAC"). The property tax receivables and tax revenue of the Municipality are subject to measurement uncertainty as a number of appeals submitted by taxpayers have yet to be heard. The Municipality has established an allowance for doubtful accounts in the amount of \$ 1,449,764 (2021 - \$ 2,375,862) and have penalties and interest receivable of \$ 1,674,727 (2021 - \$ 2,334,586).

City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

4. Deferred revenue - obligatory reserve funds

The following balances are reflected as deferred revenue – obligatory reserve funds as provincial legislation restricts how these funds may be used and under certain circumstances these funds may be refunded:

	<u>2022</u>	<u>2021</u>
Parkland	\$ 679,329	\$ 388,903
Building code	5,107,279	3,452,504
Ontario Sport & Recreation Community grant	9,578	9,578
Ontario Community Infrastructure grant	963,228	588,655
Tree planting	5,431	5,307
Canada Community Benefit Fund	970,419	1,208,526
Provincial gas tax	-	56,910
Development charges	36,747,800	20,507,883
Modernization	177,167	185,201
COVID-19 Safe Restart	-	133,248
	<u>\$ 44,660,231</u>	<u>\$ 26,536,715</u>

The continuity of deferred revenue – obligatory reserve funds reported on the Consolidated Statement of Financial Position is made up of the following:

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 26,536,715	\$ 22,043,478
Contributions from		
Development Charges Act	17,690,609	7,630,560
Interest earned	978,560	177,670
Canada Community Benefit Fund grant received	596,277	1,169,494
Provincial gas tax grant received	69,447	284,514
Infrastructure grants received	990,438	470,298
COVID-19 Safe Restart grants received	-	756,372
Other revenue	2,062,270	524,021
	<u>22,387,601</u>	<u>11,012,929</u>
Utilized for		
Operations	(571,694)	(1,197,357)
Tangible capital asset acquisitions	(3,692,391)	(5,322,335)
	<u>(4,264,085)</u>	<u>(6,519,692)</u>
Balance, end of year	<u>\$ 44,660,231</u>	<u>\$ 26,536,715</u>

City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

5. Deferred revenue - other	<u>2022</u>	<u>2021</u>
Prepayment of taxes	\$ 3,279,705	\$ 3,331,418
Other	<u>1,258,357</u>	<u>788,004</u>
	<u>\$ 4,538,062</u>	<u>\$ 4,119,422</u>

6. Employee benefit obligations	<u>2022</u>	<u>2021</u>
Accrued vacation pay	\$ 431,105	\$ 447,189
Accumulated sick leave	670,680	735,091
Post-employment benefits	<u>989,346</u>	<u>949,731</u>
	<u>1,660,026</u>	<u>1,684,822</u>
	<u>\$ 2,091,131</u>	<u>\$ 2,132,011</u>

(a) Accrued vacation pay

As at December 31, 2022, employees of the Municipality have accumulated vacation pay credits in the amount of \$ 431,105 (2021 - \$ 447,189). Any unused credits may be carried forward to the next year.

(b) Accumulated sick leave and post-employment benefits

Under the Municipality's sick leave benefit plan, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the Municipality's employment. The Municipality pays certain medical and dental benefits for early retirees and life insurance benefits on behalf of its retired employees.

The accrued benefit liability for accumulated sick leave and post-employment benefits as at December 31, 2022 of \$ 1,660,026 (2021 - \$ 1,684,822) was determined by actuarial valuation using a discount rate of 2.7% (2021 - 2.7%). A reserve has been established for the accumulated sick leave liability. The balance as at December 31, 2022 is \$ 1,169,790 (2021 - \$ 1,094,113).

	<u>2022</u>	<u>2021</u>
Accrued benefit obligation		
Beginning of year	\$ 1,684,822	\$ 1,612,976
Current period benefit cost	132,200	128,700
Interest cost	54,200	52,500
Benefit payments	(218,596)	(117,354)
Amortization of actuarial loss	<u>7,400</u>	<u>8,000</u>
	<u>\$ 1,660,026</u>	<u>\$ 1,684,822</u>

City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

6. Employee benefit obligations (continued)

(b) Accumulated sick leave and post-employment benefits (continued)

	<u>2022</u>	<u>2021</u>
Funded status		
Deficit	\$ 1,905,726	\$ 1,937,922
Unamortized actuarial loss	<u>(245,700)</u>	<u>(253,100)</u>
	<u>\$ 1,660,026</u>	<u>\$ 1,684,822</u>
The net benefit expense is as follows:		
Current period benefit cost	\$ 132,200	\$ 128,700
Interest cost	54,200	52,500
Amortization of actuarial loss	<u>7,400</u>	<u>8,000</u>
	<u>\$ 193,800</u>	<u>\$ 189,200</u>

During the year \$ 218,596 (2021 - \$ 117,354) was paid to employees who left the Municipality's employment.

The most recent actuarial valuation was prepared as at December 31, 2020. The main actuarial assumptions employed for the valuation are as follows:

General inflation - future general inflation levels, as measured by changes in the Consumer Price Index (CPI), were assumed at 2.5% per annum.

Salary levels – future general salary and wage levels were assumed to be 3% per annum.

Dental costs – dental costs were assumed to be 4% per annum.

Medical costs – medical costs were assumed to be 5% per annum for 2022 grading down 0.5% per annum to a rate of 4% per annum.

7. Landfill liability

The Municipality owns and monitors one closed landfill site. The liability for post-closure care has been recognized based upon monitoring costs included in the 2022 budget and inflation adjusted at 2.20% (2021 - 2.20%) per annum. These costs were then discounted to December 31, 2022 using a discount rate of 4.02% (2021 - 4.00%). Post-closure care is estimated to be required for an indefinite period and will be funded by future tax levies.

The liability for post-closure care as at December 31, 2022 is \$ 6,033,085 (2021 - \$ 5,914,545). Additional expenses for post-closure care recorded in 2022 were in the amount of \$ 259,049 (2021 - \$ 98,659) and actual expenses paid during the year were \$ 140,509 (2021 - \$ 160,977).

City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

8. Contaminated sites liability

The Municipality reports environmental liabilities related to the management and remediation of contaminated sites where the Municipality is obligated or likely obligated to incur such costs. The Municipality has identified one property where environmental assessments have indicated soil contamination that exceeds current environmental standards.

A contaminated sites liability of \$ 114,700 (2021 - \$ 114,700) has been recorded based on estimated future remediation costs in 2104 of between \$ 900,000 and \$ 1,200,000 using a present value technique at a discount rate of 4.25%.

The Municipality's ongoing efforts to assess contaminated sites may result in future environmental remediation liabilities related to newly identified sites, or changes in the assessments or intended use of existing sites. Any changes to the Municipality's liabilities for contaminated sites will be accrued in the year in which they are assessed as likely and reasonably estimable.

9. Long term debt

- (a) The Municipality has assumed responsibility for the payment of principal and interest charges on certain long term debt issued by the Region of Niagara. At the end of the year, the outstanding principal amount of this debt is

\$ 574,671	\$ 704,646
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- (b) The net long term debt reported on the Consolidated Statement of Financial Position is made up of the following:

<u>Debenture Number</u>	<u>Purpose</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>2022</u>	<u>2021</u>
60-2006	City Hall	5.354%	2026	\$ 175,202	\$ 213,516
129-2011	City Hall	3.43%	2026	399,469	491,130
				\$ 574,671	\$ 704,646

- (c) Principal repayments in each of the next four years are due as follows:

2023	\$ 135,224
2024	140,696
2025	146,401
2026	152,350

- (d) The long term debt in (a) issued in the name of the Municipality was approved by by-law. The annual principal and interest payments required to service this debt are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

9. Long term debt (continued)

- (e) Total charges for the year for net long term debt, which are reported on the Consolidated Statement of Operations, are as follows:

	<u>2022</u>	<u>2021</u>
Principal	\$ 129,975	\$ 124,938
Interest	<u>25,882</u>	<u>30,973</u>
	<u>\$ 155,857</u>	<u>\$ 155,911</u>

10. Tangible capital assets

	<u>2022</u>	<u>2021</u>
Net book value		
Land	\$ 3,728,892	\$ 3,520,211
Land improvements	11,103,149	4,548,994
Buildings	31,211,858	12,826,091
Machinery and equipment	4,636,069	3,067,268
Vehicles	<u>3,243,430</u>	<u>2,757,576</u>
	<u>53,923,398</u>	<u>26,720,140</u>
Infrastructure		
Transportation	38,702,646	35,558,667
Storm sewers	14,305,188	11,048,859
Sanitary sewers	33,086,540	31,468,027
Water	<u>23,954,684</u>	<u>21,109,558</u>
	<u>110,049,058</u>	<u>99,185,111</u>
Construction in process	<u>10,807,851</u>	<u>9,742,993</u>
	<u>\$ 174,780,307</u>	<u>\$ 135,648,244</u>

See pages 29 and 30 for more detail.

City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

11. Accumulated surplus	<u>2022</u>	<u>2021</u>
Operating deficit	\$ (9,344,836)	\$ (4,340,202)
Investment in tangible capital assets (Note 10)	174,780,307	135,648,244
Reserves and reserve funds (Note 12)	55,198,577	51,069,751
Unfunded liabilities (Note 13)	<u>(8,813,587)</u>	<u>(8,865,902)</u>
	<u>\$ 211,820,461</u>	<u>\$ 173,511,891</u>

The 2022 operating annual surplus was \$ 920,598, which was transferred in equal parts to the Municipal Land and Building reserve, the Capital Asset reserve, and the Capital Asset Transportation reserve, as authorized by Council. Had this transfer not been made, the 2022 operating deficit of the Municipality would have been \$ 8,424,238.

The 2021 operating annual surplus was \$ 1,089,333, which was transferred to the reserve for industrial development and the reserve for municipal development as authorized by Council. Had this transfer not been made, the 2021 operating deficit of the Municipality would have been \$ 3,250,869

12. Reserves and reserve funds	<u>2022</u>	<u>2021</u>
Reserves set aside by Council for specific purposes:		
Municipal development	\$ 1,309,110	\$ 1,343,437
Working funds (uncollectible taxes)	510,000	510,000
Equipment replacement	2,656,978	2,863,126
Accumulated sick leave	1,169,790	1,094,113
Computer	326,050	228,639
Contingencies	1,083,985	1,013,985
Election	11,111	70,306
Sewage capital	7,042,740	6,184,128
Water capital	9,945,982	8,829,964
Insurance deductible	601,526	546,358
Winter control	187,896	167,226
Encumbrances	<u>1,085,314</u>	<u>1,167,273</u>
Total reserves	<u>25,930,482</u>	<u>24,018,555</u>

City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

12. Reserves and reserve funds (continued)	<u>2022</u>	<u>2021</u>
Reserve funds set aside by Council for specific purposes:		
Capital asset	\$ 2,501,395	\$ 2,019,346
Capital asset transportation	5,191,632	4,270,110
Hospital expansion	97,899	72,009
Port Robinson beautification	3,923	2,017
Arena building	266,120	184,271
Library expansion	28,808	28,640
Hydro proceeds	17,192,123	17,124,118
Mausoleum and cemetery improvements	781,390	720,341
Municipal land and building	2,177,611	1,632,970
Niagara Falls bridge	856,781	837,135
Parking	23,149	22,604
Port Robinson transportation	132,080	129,052
Thorold pre-recreation (Mel Swart Park)	12,541	6,000
Thorold South Community Centre building	2,592	2,533
Darlene Ryan Port Robinson Community Centre	<u>51</u>	<u>50</u>
Total reserve funds	<u>29,268,095</u>	<u>27,051,196</u>
Total reserves and reserve funds	<u>\$ 55,198,577</u>	<u>\$ 51,069,751</u>
The continuity of reserves and reserve funds is made up of the following:		
Balance, beginning of year	<u>\$ 51,069,751</u>	<u>\$ 47,067,780</u>
Contributions from		
Investment income	683,775	373,489
User charges	7,915	6,007
Other revenue	<u>74,529</u>	<u>297,288</u>
	<u>766,219</u>	<u>676,784</u>
Provided from (utilized for)		
Operations	4,672,512	3,676,043
Tangible capital asset acquisitions	<u>(1,309,905)</u>	<u>(350,856)</u>
	<u>3,362,607</u>	<u>3,325,187</u>
Balance, end of year	<u>\$ 55,198,577</u>	<u>\$ 51,069,751</u>

City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

13. Unfunded liabilities	<u>2022</u>	<u>2021</u>
Employee benefit obligations (Note 6)	\$ 2,091,131	\$ 2,132,011
Landfill liability (Note 7)	6,033,085	5,914,545
Contaminated sites (Note 8)	114,700	114,700
Long term debt (Note 9)	<u>574,671</u>	<u>704,646</u>
	<u>\$ 8,813,587</u>	<u>\$ 8,865,902</u>

14. Taxation	<u>Budget 2022</u>	<u>Actual 2022</u>	<u>Actual 2021</u>
Real property		\$ 50,050,611	\$ 46,583,667
From other governments			
Payments in lieu of taxes		<u>1,095,374</u>	<u>1,087,242</u>
		<u>51,145,985</u>	<u>47,670,909</u>
Less: taxation collected on behalf of (Note 15):			
Region of Niagara		21,799,869	20,238,291
School boards		<u>6,404,462</u>	<u>6,306,509</u>
		<u>28,204,331</u>	<u>26,544,800</u>
Net taxes available for municipal purposes		<u>\$ 22,941,654</u>	<u>\$ 21,126,109</u>
Residential, multi-residential and farm	\$ 18,056,910	\$ 18,542,181	\$ 16,920,573
Commercial and industrial	<u>4,365,090</u>	<u>4,399,473</u>	<u>4,205,536</u>
Net taxes available for municipal purposes	<u>\$ 22,422,000</u>	<u>\$ 22,941,654</u>	<u>\$ 21,126,109</u>

15. Collections for the Region of Niagara and school boards

Total taxation and development charges received or receivable on behalf of the Region of Niagara and the school boards were as follows:

	<u>2022</u>	<u>2021</u>
Region of Niagara	\$ 21,799,869	\$ 20,238,291
School boards	<u>6,404,462</u>	<u>6,306,509</u>
	<u>\$ 28,204,331</u>	<u>\$ 26,544,800</u>

The Municipality is required to levy and collect taxes on behalf of the Region of Niagara and the school boards. The taxes levied over (under) the amounts requisitioned are recorded as accounts payable (receivable).

City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

16. User charges	Budget 2022	Actual 2022	Actual 2021
Operating			
Fees and service charges	\$ 1,029,526	\$ 1,639,792	\$ 1,025,138
Water charges	5,047,056	5,176,742	4,655,386
Sewer charges	6,377,389	6,631,978	5,907,963
Licences and permits	1,395,493	1,081,555	1,111,462
Development charges	<u>531,077</u>	<u>308,963</u>	<u>285,434</u>
	<u>14,380,541</u>	<u>14,839,030</u>	<u>12,985,383</u>
Capital			
Fees and service charges	695,363	125,623	134,832
Development charges	<u>15,999,888</u>	<u>1,965,737</u>	<u>4,296,071</u>
	<u>16,695,251</u>	<u>2,091,360</u>	<u>4,430,903</u>
	<u>\$ 31,075,792</u>	<u>\$ 16,930,390</u>	<u>\$ 17,416,286</u>
17. Government transfers	Budget 2022	Actual 2022	Actual 2021
Operating			
Government of Canada	\$ 314,014	\$ 101,095	\$ 153,402
Province of Ontario	557,510	573,311	1,277,424
Municipal	<u>99,000</u>	<u>89,662</u>	<u>86,002</u>
	<u>970,524</u>	<u>764,068</u>	<u>1,516,828</u>
Capital			
Government of Canada	1,965,297	964,547	989,298
Province of Ontario	1,808,927	666,532	684,411
Municipal	<u>235,067</u>	<u>87,396</u>	<u>118,572</u>
	<u>4,009,291</u>	<u>1,718,475</u>	<u>1,792,281</u>
	<u>\$ 4,979,815</u>	<u>\$ 2,482,543</u>	<u>\$ 3,309,109</u>

City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

17. Government transfers (continued)

The Municipality recognizes the transfer of government funding as revenues or expenses in the period that the events giving rise to the transfer occurred. The government transfers reported on the Consolidated Statement of Operations are:

	<u>2022</u>	<u>2021</u>
Revenues		
Government of Canada		
Investing in Canada Infrastructure Program	\$ 96,000	\$ 283,432
Canada Community Benefit Fund	868,547	574,846
Municipal asset management program	50,880	18,520
Recreation and cultural	15,565	-
Canada summer jobs grant	34,650	153,402
Canada Community Revitalization Fund	-	112,500
	<u>1,065,642</u>	<u>1,142,700</u>
Province of Ontario		
Ontario Municipal Partnership Fund	49,500	58,200
Ontario Community Infrastructure Fund	642,506	146,180
Hydro One	20,209	20,799
Modernization	8,034	142,641
Recreation and cultural	58,283	90,828
Public Transit Infrastructure Fund	-	241,290
Transit - Provincial gas tax	342,354	253,000
Ontario COVID-19 - Safe Restart	-	525,958
Ontario COVID-19 - Safe Restart - Transit	-	180,587
Investing in Canada Infrastructure Program	24,000	226,799
Miscellaneous	94,957	75,553
	<u>1,239,843</u>	<u>1,961,835</u>
Municipal		
Provincial Offences Act	11,045	20,973
Capital grants	87,396	118,572
Port Robinson transportation service	64,332	53,997
Miscellaneous	14,285	11,032
	<u>177,058</u>	<u>204,574</u>
	<u>\$ 2,482,543</u>	<u>\$ 3,309,109</u>
Expenses		
Region of Niagara (in trust)		
- Canada Games Park Capital Lifecycle	\$ 369,000	\$ -
Charitable and non-profit organizations	78,034	54,154
	<u>\$ 447,034</u>	<u>\$ 54,154</u>

City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

18. Other revenues	Budget 2022	Actual 2022	Actual 2021
Operating			
Penalties and interest on taxes	\$ 600,000	\$ 674,693	\$ 679,258
Fines	147,000	334,429	230,907
Investment income	176,000	847,078	210,876
Investment income – reserves and reserve funds	472,246	683,776	373,490
Rental income	86,035	103,767	88,536
Donations	-	97,226	10,165
Transfer from trust funds	<u>27,000</u>	<u>28,855</u>	<u>10,678</u>
	1,508,281	2,769,824	1,603,910
Capital			
Contributed tangible capital assets	-	29,890,622	5,026,748
Donations	230,000	225,010	25,000
Other	<u>868,731</u>	<u>369,473</u>	<u>500,876</u>
	1,098,731	30,485,105	5,552,624
	<u>\$ 2,607,012</u>	<u>\$ 33,254,929</u>	<u>\$ 7,156,534</u>

19. Pension agreements

The Municipality makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of the members of its staff. The plan is a defined benefit plan that 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.

Since OMERS is a multi-employer pension plan, the Municipality does not recognize any share of the pension plan deficit of \$ 6.1 billion (2021 - \$ 70 million deficit) based on the fair market value of the plan's assets, as this is a joint responsibility of all Ontario municipal entities and their employees. Contributions were made in the 2022 calendar year at rates ranging from 9.0% to 15.8% depending on the member's designated retirement age and level of earnings. Employer contributions for current and past service are included as an expense in the Consolidated Statement of Operations. Employer contributions to OMERS for 2022 current and past service was \$ 908,556 (2021 - \$ 905,684) and were matched by employee contributions in a similar amount.

City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

20. Canada Games Park

Canada Games Park (the "Park") is a newly constructed, multi-purpose sports facility located in Thorold, Ontario, consisting of a new Sport and Ability Centre with two arenas, a quadruple gym, indoor track, fitness facilities and office space, and an outdoor sport complex with beach volleyball courts and a new athletics facility. Construction of the Park was initiated by the Canada Summer Games Host Society and taken over by the Regional Municipality of Niagara in 2021. The Park, which commenced operations on January 1, 2022, is constructed on land owned by and leased from Brock University for \$1 per year, and was substantially complete on February 7, 2022. On this date, the asset was transferred to the Canada Games Park Consortium. The ownership of the Park is shared equally by Brock University, the City of St. Catharines, the City of Thorold and the Regional Municipality of Niagara, under a Consortium and Co-Tenancy Agreement. The Region of Niagara does not participate in the revenues or operating expenses of the Park, with the exception of property insurance. Revenues and operating costs are shared by the participating consortium members, Brock University, the City of St. Catharines and the City of Thorold in equal one-third (1/3) shares. The City of Thorold has a non-controlling interest in the Park of 25%.

The following table provides condensed supplementary financial information for the Park:

	<u>2022</u>
Financial assets	
Cash	\$ 173,553
Accounts receivable	<u>375,773</u>
	<u>549,326</u>
Liabilities	
Accounts payable and accrued liabilities	394,038
Deferred revenue	<u>210,609</u>
	<u>604,647</u>
Net debt	<u>(55,321)</u>
Non-financial assets	
Tangible capital assets	101,769,472
Prepaid expenses	<u>13,695</u>
	<u>101,783,167</u>
Accumulated surplus	<u>\$ 101,727,846</u>
Accumulated surplus consists of:	
Operating deficit	\$ (41,626)
Investment in tangible capital assets	<u>101,769,472</u>
	<u>\$ 101,727,846</u>

City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

20. Canada Games Park (continued)

	<u>2022</u>
Revenues	
Rental	\$ 652,595
Contributions	1,325,151
Concessions, catering, advertising and other	85,064
Contributed tangible capital assets	103,345,536
Expenses	<u>(3,680,500)</u>
Annual surplus	<u>\$ 101,727,846</u>

The financial position information is as reported by the Park as at December 31, 2022 and the results of operations are as reported for the year ended December 31, 2022.

The Municipality has recorded in the financial statements its 25% share of the Park's assets, liabilities, accumulated surplus, revenues, expenses, and annual surplus.

The following summarizes the Municipality's related party transactions with the Park for the year. All transactions are in the normal course of operations, and are recorded at the exchange value based on normal commercial rates, or as agreed to by the parties.

	<u>2022</u>
Statement of Financial Position	
Accounts receivable	\$ 45,054
Deferred revenue	51,557
Statement of Operations	
Rentals	\$ 90,785
Contributions	365,794
Contributed tangible capital assets	5,310,326

Capital reserve held by the Regional Municipality of Niagara

As part of the Consortium and Co-tenancy Agreement between the Corporation of the City of St. Catharines, the Corporation of the City of Thorold, the Regional Municipality of Niagara and Brock University, each party will deposit on each anniversary date of project completion, its proportionate share (25%) of an amount equal to 1.5% of the initial hard costs of constructing the Park, to be indexed annually based on the RSMeans Construction Index, to be held in a trust account in the name of the parties. The reserve fund is held in trust by the Regional Municipality of Niagara and is allocated interest at the average annual portfolio rate of the Region's investment portfolio based on the reserve funds monthly balance. The Region will distribute funds to the Park's operator to execute capital works in alignment with approved budgets and minutes from the Consortium Partners. Initial contributions were made late in 2022, therefore no interest has been allocated as at December 31, 2022. Each of the four Consortium partners, the Municipality being one of the partners, contributed \$ 369,000 to the \$1,476,000 capital reserve.

City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

21. Trust funds

Trust funds administered by the Municipality amounting to \$ 1,471,676 (2021 - \$ 1,437,229) have not been included in the Consolidated Statement of Financial Position nor have these operations been included in the Consolidated Statement of Operations.

22. Contingencies

The Municipality is involved from time to time in litigation, which arises in the normal course of business. In respect of any outstanding claims, the Municipality believes that insurance coverage is adequate and that no material exposure exists on the eventual settlement of such litigation, therefore no provision has been made in the accompanying financial statements.

23. Commitments

Capital expenses

The estimated future capital expense commitments based on projects in progress at December 31, 2022 is approximately \$ 30,469,753 (2021 - \$ 7,517,578). These projects will be financed by grants, subsidies and long term liabilities in future years.

Transit services

The Municipality has a letter of agreement for transit services with St. Catharines Transit beginning on January 1, 2021. The Municipality's charges for the year are determined using the forecasted expenses less the actual revenues generated for the previous year for two of the routes serviced by this agreement. For a third route, paratransit and shuttle services, the Municipality will be charged the actual hourly or per trip rates paid by St. Catharines Transit to a sub-contractor. The fee is also impacted by any service changes made. The contract expired on December 31, 2022 at which time the transit services had been transferred over to the Region of Niagara.

Leases

The Municipality has commitments for operating leases for office equipment and certain premises with various expiry dates up to 2026. The approximate total commitment for each of the next four years is as follows:

2023	\$ 12,562
2024	12,046
2025	8,705
2026	85

City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

23. Commitments (continued)

Tax increment based grants

The Municipality has commitments for tax increment based grants with various expiry dates up to 2030. There are currently eleven signed agreements with a term spanning ten years each. At December 31, 2022, the total amount remaining to be paid from these agreements is \$ 1,269,306 with the total commitment for each of the next five years as follows:

2023	\$ 217,403
2024	213,339
2025	209,189
2026	199,094
2027	199,094

Hospital

The Municipality has an agreement with the Niagara Health System to contribute funding for a new hospital in the amount of \$ 4.3 million, on a net present value basis with a discount rate of 5%. The contributions will be made over a sixteen year period commencing with the first payment of \$ 1,206,860 in 2011, followed by payments of \$ 298,000 per year for the remaining fifteen years up to and including 2026. The contributions are being funded from taxes with an annual levy of approximately \$ 298,000 which commenced in 2008.

Thorold Community Activities Group

The City entered into a Fee for Service agreement with the Thorold Community Activities Group to provide recreation and leisure programming from January 1, 2021 until December 31, 2025. The City will pay a fixed fee amount for the service starting at \$ 25,000 in 2021 with an increase of 2% per year, with a payment incentive to be paid based on report revenues to a maximum of \$ 35,000 in 2021. The City will provide in kind contributions of access to the municipal pool and parks.

City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

24. Measurement uncertainty

Property tax billings are prepared by the Municipality based on an assessment roll prepared by the Municipal Property Assessment Corporation ("MPAC"), an agency of the Ontario government. All assessed property values in the Municipality were reviewed and new values established based on a common valuation date that was used by the Municipality in computing the property tax bills. However, the property tax revenue and tax receivables of the Municipality are subject to measurement uncertainty as a number of appeals submitted by taxpayers have yet to be heard. Any adjustments made necessary by the determination of such changes will be recognized in the fiscal year they are determined and the effect shared with the Region of Niagara and school boards, as appropriate.

25. Comparative figures

Certain of the comparative figures have been reclassified to conform with the consolidated financial statement presentation adopted for the current year.

26. Budget

The budget bylaw adopted by Council on January 26, 2022 was not prepared on a basis consistent with that used to report actual results in accordance with Canadian public sector accounting standards. The budget was prepared on a modified accrual basis while Canadian public sector accounting standards require a full accrual basis. As a result, the budget figures presented in the Consolidated Statement of Operations and Consolidated Statement of Changes in Net Financial Assets represent the budget adopted by Council with the following adjustments:

Budgeted annual surplus (deficit)	\$ -
Add:	
Principal repayments of long term debt	106,750
Reserves and reserve funds interest revenue	472,246
Reserves and reserve funds other revenue	18,700
Acquisition of tangible capital assets	59,069,362
Less:	
Transfers from reserves and reserve funds, net	(20,143,319)
Amortization of tangible capital assets	(5,246,025)
Debenture proceeds	<u>(11,730,042)</u>
Budgeted surplus per Consolidated Statement of Operations	<u>\$ 22,547,672</u>

City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

27. Segmented information

The Municipality provides a wide range of services to its citizens. Municipal services are provided by departments and their activities are reported in the Consolidated Statement of Operations. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

General government

General government is comprised of Municipal council, administrative and clerks departments.

Protection to persons and property

Protection to persons and property is comprised of the fire, building, by-law enforcement and animal control departments.

Transportation services

The transportation services department is responsible for the delivery of public works services related to maintenance of roadway systems, maintenance of parks and open spaces, winter control, street lighting, air transportation and maintenance of municipal buildings.

Environmental services

The environmental services department consists of water, wastewater and solid waste disposal utilities. The department provides drinking water, collecting and treating wastewater, and providing collection disposal and waste minimization programs and facilities.

Health services

Health services department is responsible for cemetery operations.

Social and family services

Social and family services department is responsible for providing grants to external agencies.

Recreation and culture services

Recreation and culture services department is responsible for the delivery and upkeep of all recreation programs and facilities including arena, recreation complex, parks and library.

Planning and development

Planning and development is responsible for providing planning and zoning advice to the residents of the Municipality and construction and maintenance of municipal drains.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1. The consolidated schedules of segment disclosure and the schedules of segment disclosure with budget information follow the notes.

City of Thorold Consolidated Schedule of Tangible Capital Assets

For the Year Ended December 31, 2022

	Land	Land Improvements	Buildings	Machinery and Equipment	Vehicles	Infrastructure	Construction in Process	2022
Cost								
Beginning of year	\$ 3,520,211	\$ 12,834,405	\$ 23,567,683	\$ 6,755,453	\$ 6,879,775	\$ 152,370,846	\$ 9,742,993	\$ 215,671,366
Additions	208,681	7,122,043	19,341,153	2,295,821	868,575	14,076,067	6,808,706	50,721,046
Disposals	-	(28,228)	(2,130)	(228,800)	(349,527)	(480,621)	(5,743,848)	(6,833,154)
End of year	3,728,892	19,928,220	42,906,706	8,822,474	7,398,823	165,966,292	10,807,851	259,559,258
Accumulated amortization								
Beginning of year	-	8,285,411	10,741,592	3,688,185	4,122,199	53,185,735	-	80,023,122
Amortization	-	562,058	955,386	727,020	382,721	3,090,841	-	5,718,026
Amortization on disposals	-	(22,398)	(2,130)	(228,800)	(349,527)	(359,342)	-	(962,197)
End of year	-	8,825,071	11,694,848	4,186,405	4,155,393	55,917,234	-	84,778,951
Net book value	\$ 3,728,892	\$ 11,103,149	\$ 31,211,858	\$ 4,636,069	\$ 3,243,430	\$ 110,049,058	\$ 10,807,851	\$ 174,780,307

The value of contributed tangible capital assets during the year is \$ 29,890,622, of which \$ 20,405,627 represents contributed tangible capital assets of the Canada Games Park.

City of Thorold Consolidated Schedule of Tangible Capital Assets

For the Year Ended December 31, 2021

Cost									
	Land	Land Improvements	Buildings	Machinery and Equipment	Vehicles	Infrastructure	Construction in Process		2021
Beginning of year	\$ 3,520,211	\$ 12,387,556	\$ 23,084,119	\$ 6,335,442	\$ 6,610,781	\$ 147,052,009	\$ 1,631,713	\$	200,621,831
Additions	-	446,849	535,393	1,096,373	317,197	5,679,941	8,253,720		16,329,473
Disposals	-	-	(51,829)	(676,362)	(48,203)	(361,104)	(142,440)		(1,279,938)
End of year	3,520,211	12,834,405	23,567,683	6,755,453	6,879,775	152,370,846	9,742,993		215,671,366
Accumulated amortization									
Beginning of year	-	7,858,415	10,148,729	3,692,884	3,796,967	50,459,823	-		75,956,818
Amortization	-	426,996	631,581	619,790	373,435	2,954,773	-		5,006,575
Amortization on disposals	-	-	(38,718)	(624,489)	(48,203)	(228,861)	-		(940,271)
End of year	-	8,285,411	10,741,592	3,688,185	4,122,199	53,185,735	-		80,023,122
Net book value	\$ 3,520,211	\$ 4,548,994	\$ 12,826,091	\$ 3,067,268	\$ 2,757,576	\$ 99,185,111	\$ 9,742,993	\$	135,648,244

The value of contributed tangible capital assets during the year is \$5,026,748.

City of Thorold

Consolidated Schedule of Segment Disclosure

For the Year Ended December 31, 2022

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	2022
Revenues									
Taxation	\$ 4,307,313	\$ 5,689,080	\$ 5,281,785	\$ 1,401,391	\$ 1,025,792	\$ 77,613	\$ 3,796,953	\$ 1,361,727	\$ 22,941,654
User charges	302,283	3,131,842	470,470	11,888,451	156,423	-	562,759	418,162	16,930,390
Government transfers	77,717	46,832	2,014,789	41,228	6,930	59,194	221,568	14,285	2,482,543
Other	2,147,417	225,017	2,576,083	7,158,347	49,034	4,553	21,094,478	-	33,254,929
Gain (loss) on disposal of tangible capital assets	13,728	-	(116,490)	(4,788)	-	-	(5,830)	-	(113,380)
	6,848,458	9,092,771	10,226,637	20,484,629	1,238,179	141,360	25,669,928	1,794,174	75,496,136
Expenses									
Wages and benefits	1,262,126	5,375,569	2,409,529	1,461,750	602,653	59,026	2,375,689	543,761	14,090,103
Operating materials and supplies	374,002	632,202	1,258,565	284,477	236,946	49,097	1,473,625	124,827	4,433,741
Contracted services	150,620	688,722	1,309,594	8,612,747	(33,246)	33,408	491,670	377,185	11,630,700
Rents and financial expenses	65,273	(3,847)	33,859	(12,250)	15,005	(175)	15,676	(1,567)	111,974
External transfers to others	-	-	159,260	52,947	298,000	-	447,034	219,899	1,177,140
Amortization	299,731	434,947	2,033,369	1,413,227	125,237	130,669	1,272,933	7,913	5,718,026
Debt service	25,882	-	-	-	-	-	-	-	25,882
	2,177,634	7,127,593	7,204,176	11,812,898	1,244,595	272,025	6,076,627	1,272,018	37,187,566
Annual surplus (deficit)	\$ 4,670,824	\$ 1,965,178	\$ 3,022,461	\$ 8,671,731	\$ (6,416)	\$ (130,665)	\$ 19,593,301	\$ 522,156	\$ 38,308,570

City of Thorold

Consolidated Schedule of Segment Disclosure

For the Year Ended December 31, 2021

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	2021
Revenues									
Taxation	\$ 3,529,908	\$ 4,974,787	\$ 5,401,812	\$ 1,437,744	\$ 1,061,127	\$ 239,206	\$ 3,514,156	\$ 967,369	\$ 21,126,109
User charges	158,407	1,702,044	554,731	10,546,370	134,858	-	4,089,328	230,548	17,416,286
Government transfers	149,546	589,149	1,665,085	20,994	87,717	46,078	742,508	8,032	3,309,109
Other	1,307,608	137,988	1,971,500	3,348,862	22,556	10,107	357,913	-	7,156,534
Gain (loss) on disposal of tangible capital assets	289,796	-	(264,482)	-	-	-	30,550	-	55,864
	<u>5,435,265</u>	<u>7,403,968</u>	<u>9,328,646</u>	<u>15,353,970</u>	<u>1,306,258</u>	<u>295,391</u>	<u>8,734,455</u>	<u>1,205,949</u>	<u>49,063,902</u>
Expenses									
Wages and benefits	1,078,308	5,226,862	2,303,253	1,382,659	638,526	52,806	1,961,059	691,288	13,334,761
Operating materials and supplies	294,002	564,989	911,709	288,835	192,069	34,352	918,096	64,953	3,269,005
Contracted services	103,756	562,407	1,507,240	8,150,398	59,294	5,740	259,208	89,595	10,737,638
Rents and financial expenses	36,229	64,730	95,528	134,736	13,122	910	39,459	11,478	396,192
External transfers to others	-	-	208,549	-	298,000	-	54,154	222,603	783,306
Amortization	335,196	383,752	1,979,417	1,347,894	127,624	130,669	696,788	5,235	5,006,575
Debt service	30,973	-	-	-	-	-	-	-	30,973
	<u>1,878,464</u>	<u>6,802,740</u>	<u>7,005,696</u>	<u>11,304,522</u>	<u>1,328,635</u>	<u>224,477</u>	<u>3,928,764</u>	<u>1,085,152</u>	<u>33,558,450</u>
Annual surplus (deficit)	<u>\$ 3,556,801</u>	<u>\$ 601,228</u>	<u>\$ 2,322,950</u>	<u>\$ 4,049,448</u>	<u>\$ (22,377)</u>	<u>\$ 70,914</u>	<u>\$ 4,805,691</u>	<u>\$ 120,797</u>	<u>\$ 15,505,452</u>

City of Thorold

Consolidated Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2022

General government	Budget 2022	Actual 2022	Actual 2021
Revenues			
Taxation	\$ 3,532,631	\$ 4,307,313	\$ 3,529,908
User charges	102,517	302,283	158,407
Government transfers	287,126	77,717	149,546
Other	1,276,088	2,147,417	1,307,608
Gain on disposal of tangible capital assets	-	13,728	289,796
	<u>5,198,362</u>	<u>6,848,458</u>	<u>5,435,265</u>
Expenses			
Wages and benefits	1,218,439	1,262,126	1,078,308
Operating materials and supplies	440,036	374,002	294,002
Contracted services	393,399	150,620	103,756
Rents and financial expenses	51,185	65,273	36,229
Amortization	299,731	299,731	335,196
Debt service	50,220	25,882	30,973
	<u>2,453,010</u>	<u>2,177,634</u>	<u>1,878,464</u>
Annual surplus	<u>\$ 2,745,352</u>	<u>\$ 4,670,824</u>	<u>\$ 3,556,801</u>

Protection to persons and property	Budget 2022	Actual 2022	Actual 2021
Revenues			
Taxation	\$ 5,794,628	\$ 5,689,080	\$ 4,974,787
User charges	10,009,740	3,131,842	1,702,044
Government transfers	91,122	46,832	589,149
Other	50,000	225,017	137,988
Gain on disposal of tangible capital assets	500,000	-	-
	<u>16,445,490</u>	<u>9,092,771</u>	<u>7,403,968</u>
Expenses			
Wages and benefits	5,479,003	5,375,569	5,226,862
Operating materials and supplies	761,769	632,202	564,989
Contracted services	559,995	688,722	562,407
Rents and financial expenses	19,368	(3,847)	64,730
Amortization	434,947	434,947	383,752
	<u>7,255,082</u>	<u>7,127,593</u>	<u>6,802,740</u>
Annual surplus	<u>\$ 9,190,408</u>	<u>\$ 1,965,178</u>	<u>\$ 601,228</u>

City of Thorold

Consolidated Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2022

Transportation services	Budget 2022	Actual 2022	Actual 2021
Revenues			
Taxation	\$ 5,379,777	\$ 5,281,785	\$ 5,401,812
User charges	5,651,434	470,470	554,731
Government transfers	3,476,606	2,014,789	1,665,085
Other	148,206	2,576,083	1,971,500
Loss on disposal of tangible capital assets	-	(116,490)	(264,482)
	<u>14,656,023</u>	<u>10,226,637</u>	<u>9,328,646</u>
Expenses			
Wages and benefits	2,187,409	2,409,529	2,303,253
Operating materials and supplies	1,189,165	1,258,565	911,709
Contracted services	1,502,773	1,309,594	1,507,240
Rents and financial expenses	45,194	33,859	95,528
External transfers to others	126,440	159,260	208,549
Amortization	2,033,369	2,033,369	1,979,417
	<u>7,084,350</u>	<u>7,204,176</u>	<u>7,005,696</u>
Annual surplus	<u>\$ 7,571,673</u>	<u>\$ 3,022,461</u>	<u>\$ 2,322,950</u>
Environmental services	Budget 2022	Actual 2022	Actual 2021
Revenues			
Taxation	\$ 1,367,230	\$ 1,401,391	\$ 1,437,744
User charges	11,648,868	11,888,451	10,546,370
Government transfers	895,621	41,228	20,994
Other	-	7,158,347	3,348,862
Loss on disposal of tangible capital assets	-	(4,788)	-
	<u>13,911,719</u>	<u>20,484,629</u>	<u>15,353,970</u>
Expenses			
Wages and benefits	1,658,720	1,461,750	1,382,659
Operating materials and supplies	422,150	284,477	288,835
Contracted services	9,624,497	8,612,747	8,150,398
Rents and financial expenses	11,320	(12,250)	134,736
External transfers to others	70,923	52,947	-
Amortization	1,413,227	1,413,227	1,347,894
	<u>13,200,837</u>	<u>11,812,898</u>	<u>11,304,522</u>
Annual surplus	<u>\$ 710,882</u>	<u>\$ 8,671,731</u>	<u>\$ 4,049,448</u>

City of Thorold

Consolidated Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2022

Health services	Budget 2022	Actual 2022	Actual 2021
Revenues			
Taxation	\$ 1,014,292	\$ 1,025,792	\$ 1,061,127
User charges	82,047	156,423	134,858
Government transfers	22,440	6,930	87,717
Other	266,409	49,034	22,556
	<u>1,385,188</u>	<u>1,238,179</u>	<u>1,306,258</u>
Expenses			
Wages and benefits	715,405	602,653	638,526
Operating materials and supplies	210,691	236,946	192,069
Contracted services	(29,802)	(33,246)	59,294
Rents and financial expenses	5,328	15,005	13,122
External transfers to others	298,000	298,000	298,000
Amortization	125,237	125,237	127,624
	<u>1,324,859</u>	<u>1,244,595</u>	<u>1,328,635</u>
Annual (deficit) surplus	<u>\$ 60,329</u>	<u>\$ (6,416)</u>	<u>\$ (22,377)</u>
Social and family services	Budget 2022	Actual 2022	Actual 2021
Revenues			
Taxation	\$ 79,053	\$ 77,613	\$ 239,206
Government transfers	39,000	59,194	46,078
Other	8,500	4,553	10,107
	<u>126,553</u>	<u>141,360</u>	<u>295,391</u>
Expenses			
Wages and benefits	41,881	59,026	52,806
Operating materials and supplies	63,148	49,097	34,352
Contracted services	33,395	33,408	5,740
Rents and financial expenses	122	(175)	910
Amortization	130,669	130,669	130,669
	<u>269,215</u>	<u>272,025</u>	<u>224,477</u>
Annual (deficit) surplus	<u>\$ (142,662)</u>	<u>\$ (130,665)</u>	<u>\$ 70,914</u>

City of Thorold

Consolidated Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2022

Recreation and cultural services	Budget 2022	Actual 2022	Actual 2021
Revenues			
Taxation	\$ 3,867,397	\$ 3,796,953	\$ 3,514,156
User charges	3,078,817	562,759	4,089,328
Government transfers	157,900	221,568	742,508
Other	837,809	21,094,478	357,913
(Loss) gain on disposal of tangible capital assets	-	(5,830)	30,550
	<u>7,941,923</u>	<u>25,669,928</u>	<u>8,734,455</u>
Expenses			
Wages and benefits	2,282,104	2,375,689	1,961,059
Operating materials and supplies	1,254,756	1,473,625	918,096
Contracted services	168,381	491,670	259,208
Rents and financial expenses	25,897	15,676	39,459
External transfers to others	721,840	447,034	54,154
Amortization	800,932	1,272,933	696,788
	<u>5,253,910</u>	<u>6,076,627</u>	<u>3,928,764</u>
Annual surplus	<u>\$ 2,688,013</u>	<u>\$ 19,593,301</u>	<u>\$ 4,805,691</u>

Planning and development	Budget 2022	Actual 2022	Actual 2021
Revenues			
Taxation	\$ 1,386,992	\$ 1,361,727	\$ 967,369
User charges	502,369	418,162	230,548
Government transfers	10,000	14,285	8,032
Other	20,000	-	-
	<u>1,919,361</u>	<u>1,794,174</u>	<u>1,205,949</u>
Expenses			
Wages and benefits	866,292	543,761	691,288
Operating materials and supplies	152,010	124,827	64,953
Contracted services	878,055	377,185	89,595
Rents and financial expenses	3,729	(1,567)	11,478
External transfers to others	287,685	219,899	222,603
Amortization	7,913	7,913	5,235
	<u>2,195,684</u>	<u>1,272,018</u>	<u>1,085,152</u>
Annual surplus (deficit)	<u>\$ (276,323)</u>	<u>\$ 522,156</u>	<u>\$ 120,797</u>

City of Thorold

Trust Funds

Statement of Financial Position

As at December 31, 2022

	Cemetery Care and Maintenance	Mausoleum Care and Maintenance	Monument and Marker Care	2022	2021
Assets					
Cash and cash equivalents	\$ 169,489	\$ 202,192	\$ 109,614	\$ 481,295	\$ 214,003
Accounts receivable	2,419	10,463	437	13,319	11,564
Due from City of Thorold	-	17,062	-	17,062	11,662
Portfolio investments (Note 2)	320,000	640,000	-	960,000	1,200,000
Net assets	\$ 491,908	\$ 869,717	\$ 110,051	\$ 1,471,676	\$ 1,437,229

See accompanying notes to the financial statements

City of Thorold Trust Funds

Statement of Operations and Changes in Net Assets

For the Year Ended December 31, 2022

	Cemetery Care and Maintenance	Mausoleum Care and Maintenance	Monument and Marker Care	2022	2021
Revenues					
Marker fees	\$ -	\$ -	\$ 4,700	\$ 4,700	\$ 2,800
Sales of crypts and niches	-	15,367	-	15,367	9,588
Sales of plots	14,380	-	-	14,380	13,434
Interest	9,721	16,534	2,618	28,873	10,678
	24,101	31,901	7,318	63,320	36,500
Expenses					
Interest earned distributed to the City of Thorold	9,721	16,534	2,618	28,873	10,678
Excess of revenues over expenses	14,380	15,367	4,700	34,447	25,822
Net assets					
Beginning of year	477,528	854,350	105,351	1,437,229	1,411,407
End of year	\$ 491,908	\$ 869,717	\$ 110,051	\$ 1,471,676	\$ 1,437,229

See accompanying notes to the financial statements

City of Thorold

Trust Funds

Statement of Cash Flows

For the Year Ended December 31, 2022

	<u>2022</u>	<u>2021</u>
Net increase (decrease) in cash and cash equivalents		
Operating activities		
Excess of revenues over expenses	\$ 34,447	\$ 25,822
Increase in accounts receivable and Due from City of Thorold	<u>(7,155)</u>	<u>-</u>
	<u>27,292</u>	<u>25,822</u>
Investing activities		
Decrease (increase) in investments - net	<u>240,000</u>	<u>(1,200,000)</u>
Net increase (decrease) in cash and cash equivalents	267,292	(1,174,178)
Cash and cash equivalents		
Beginning of year	<u>214,003</u>	<u>1,388,181</u>
End of year	<u>\$ 481,295</u>	<u>\$ 214,003</u>

See accompanying notes to the financial statements

City of Thorold

Trust Funds

Notes to the Financial Statements

For the Year Ended December 31, 2022

1. Summary of significant accounting policies

Management responsibility

The financial statements are the responsibility of and prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

The significant accounting policies used are as follows:

(a) Basis of accounting

- (i) Sources of revenue and expenses are reported on the accrual basis of accounting.
- (ii) The accrual basis of accounting records revenues in the period they are earned and measurable and expenses in the period the goods and services are acquired and a liability is incurred.

(b) Cash and cash equivalents

Cash and cash equivalents are represented by cash on hand, cash on deposit in chartered banks and investments that mature within three months.

(c) Portfolio investments

Portfolio investments are valued at the lower of cost and market value. Interest income is reported as revenue in the period earned.

(d) Financial instruments

Initial measurement

The Trust Funds' financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

Subsequent measurement

At each reporting date, the Trust Funds measure their financial assets and liabilities at cost. The financial instruments measured at cost are cash investments, interest receivable and due from revenue fund.

For financial assets measured at cost, the Trust Funds regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Trust Funds determine that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

City of Thorold

Trust Funds

Notes to the Financial Statements

For the Year Ended December 31, 2022

1. Summary of significant accounting policies (continued)

(d) Financial instruments (continued)

Financial instruments in related party transactions

Financial assets and financial liabilities in related party transactions are initially measured at cost, with the exception of certain instruments which are initially measured at fair value. The Trust Funds do not have any financial assets or financial liabilities in related party transactions which are initially measured at fair value.

Gains or losses arising on initial measurement differences are generally recognized in net income when the transaction is in the normal course of operations, and in equity when the transaction is not in the normal course of operations, subject to certain exceptions.

Financial assets and financial liabilities recognized in related party transactions are subsequently measured based on how the Trust Funds initially measured the instrument. Financial instruments initially measured at cost are subsequently measured at cost, less any impairment for financial assets. Financial instruments initially measured at fair value, of which the Trust Funds has none, would be subsequently measured at amortized cost or fair value based on certain conditions.

(e) Revenue recognition

(i) Marker fees, sales of crypts and niches, and sales of plots

Revenue is recorded when it is earned and collection is reasonably assured.

(ii) Interest

Interest income earned on investments is recorded as revenue in the period earned.

2. Portfolio investments

Portfolio investments consist of guaranteed investment certificates with an interest rate of 1.52% maturing in August, 2026. Portfolio investments have an estimated market value of \$ 965,157.
