

Financial Statements

City of Thorold

December 31, 2023

DRAFT

Contents

	Page
City of Thorold	
Independent Auditor's Report	1-2
Consolidated Statement of Financial Position	3
Consolidated Statement of Operations	4
Consolidated Statement of Changes in Net Financial Assets	5
Consolidated Statement of Cash Flows	6
Notes to the Consolidated Financial Statements	7-33
Consolidated Schedule of Tangible Capital Assets	34-35
Consolidated Schedule of Segment Disclosure	36-37
Consolidated Schedule of Segment Disclosure with Budget Information	38-41
Trust Funds	
Independent Auditor's Report	42-43
Statement of Financial Position	44
Statement of Operations and Changes in Net Assets	45
Statement of Cash Flows	46
Notes to the Financial Statements	47-49

City of Thorold

Consolidated Statement of Financial Position

As at December 31, 2023

	<u>2023</u>	<u>2022</u>
Financial assets		
Cash	\$ 69,037,592	\$ 71,046,724
Portfolio investments (Note 3)	38,278,489	30,273,466
Taxes receivable (Note 4)		
Current year	4,187,858	2,783,794
Prior years	2,235,736	2,448,583
User charges receivable	2,821,702	2,355,333
Other receivables	6,099,235	7,430,704
	<u>122,660,612</u>	<u>116,338,604</u>
Liabilities		
Accounts payable and accrued liabilities	24,883,881	22,520,621
Deferred revenue - obligatory reserve funds (Note 5)	53,374,741	44,660,231
Deferred revenue - other (Note 6)	4,028,638	4,538,062
Employee benefit obligations (Notes 7 and 20)	2,340,670	2,091,131
Asset retirement obligations (Note 8)	6,063,552	6,033,085
Contaminated sites liability (Note 9)	114,700	114,700
Long term debt (Note 10)	439,446	574,671
	<u>91,245,628</u>	<u>80,532,501</u>
Net financial assets	<u>31,414,984</u>	<u>35,806,103</u>
Non-financial assets		
Tangible capital assets (Note 11 and Pages 34 and 35)	215,653,476	174,780,307
Prepaid expenses	2,131,113	1,234,051
	<u>217,784,589</u>	<u>176,014,358</u>
Accumulated surplus (Note 12)	<u>\$ 249,199,573</u>	<u>\$ 211,820,461</u>

Contingencies (Note 23) and Commitments (Note 24)

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, 2023

	Budget <u>2023</u> (Note 26)	Actual <u>2023</u>	Actual <u>2022</u>
Revenues other than revenues related to tangible capital assets			
Taxation (Note 15)	\$ 23,773,757	\$ 24,081,632	\$ 22,941,654
User fees and charges (Note 17)	18,630,081	17,300,661	14,839,030
Government transfers (Note 18)	277,400	386,531	764,068
Other (Note 19)	<u>4,193,335</u>	<u>4,569,301</u>	<u>2,769,824</u>
	<u>46,874,573</u>	<u>46,338,125</u>	<u>41,314,576</u>
Expenses			
General government	2,265,691	2,551,803	2,177,634
Protection to persons and property	7,974,254	8,287,320	7,127,593
Transportation services	6,587,958	6,519,535	7,204,176
Environmental services	13,819,170	12,869,506	11,812,898
Health services	1,499,816	1,351,384	1,244,595
Social and family services	248,092	251,673	272,025
Recreation and culture services	9,430,237	6,911,824	6,076,627
Planning and development	<u>1,706,855</u>	<u>1,713,752</u>	<u>1,272,018</u>
	<u>43,532,073</u>	<u>40,456,797</u>	<u>37,187,566</u>
Annual surplus before revenues related to tangible capital assets	<u>3,342,500</u>	<u>5,881,328</u>	<u>4,127,010</u>
Revenues related to tangible capital assets			
User fees and charges (Note 17)	3,942,511	1,988,461	2,091,360
Government transfers (Note 18)	3,925,567	4,909,185	1,718,475
Other (Note 19)	864,955	24,749,691	30,485,105
Loss on disposal of tangible capital assets	<u>-</u>	<u>(149,553)</u>	<u>(113,380)</u>
	<u>8,733,033</u>	<u>31,497,784</u>	<u>34,181,560</u>
Annual surplus	12,075,533	37,379,112	38,308,570
Accumulated surplus (Note 12)			
Beginning of year	<u>211,820,461</u>	<u>211,820,461</u>	<u>173,511,891</u>
End of year	<u>\$ 223,895,994</u>	<u>\$ 249,199,573</u>	<u>\$ 211,820,461</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, 2023

	Budget 2023	Actual 2023	Actual 2022
Annual surplus	\$ 12,075,533	\$ 37,379,112	\$ 38,308,570
Amortization of tangible capital assets	6,985,755	7,090,366	5,718,026
Acquisition of tangible capital assets	(44,321,265)	(23,715,721)	(15,086,576)
Contributed tangible capital assets	-	(24,397,367)	(29,890,622)
Proceeds on sale of tangible capital assets	-	-	13,729
Loss on disposal of tangible capital assets	-	149,553	113,380
	(25,259,977)	(3,494,057)	(823,493)
Usage of inventory and prepaid expenses	-	(897,062)	(867,235)
(Decrease) increase in net financial assets	(25,259,977)	(4,391,119)	(1,690,728)
Net financial assets			
Beginning of year	35,806,103	35,806,103	37,496,831
End of year	\$ 10,546,126	\$ 31,414,984	\$ 35,806,103

See accompanying notes to the consolidated financial statements.

City of Thorold

Consolidated Statement of Cash Flows

For the Year Ended December 31, 2023

	<u>2023</u>	<u>2022</u>
Increase (decrease) in cash		
Operating activities		
Annual surplus	\$ 37,379,112	\$ 38,308,570
Non-cash items:		
Amortization of tangible capital assets	7,090,366	5,718,026
Contributed tangible capital assets	(24,397,367)	(29,890,622)
Loss on disposal of tangible capital assets	149,553	113,380
Changes in:		
Taxes receivable	(1,191,217)	(448,941)
User charges receivable	(466,369)	(204,980)
Other receivables	1,331,469	(4,551,060)
Accounts payable and accrued liabilities	2,363,260	4,300,877
Deferred revenue - obligatory reserve funds	8,714,510	18,123,516
Deferred revenue - other	(509,424)	418,640
Employee benefit obligations	249,539	(40,880)
Landfill liability	30,467	118,540
Inventory and prepaid expenses	(897,062)	(867,235)
	<u>29,846,837</u>	<u>31,097,831</u>
Capital activities		
Proceeds from disposal of tangible capital assets	-	13,729
Acquisition of tangible capital assets	(23,715,721)	(15,086,576)
	<u>(23,715,721)</u>	<u>(15,072,847)</u>
Financing activities		
Repayment of long term debt	(135,225)	(129,975)
Investing activities		
Purchase of portfolio investments, net	(8,005,023)	(9,747,470)
Net (decrease) increase in cash	(2,009,132)	6,147,539
Cash		
Beginning of year	<u>71,046,724</u>	<u>64,899,185</u>
End of year	<u>\$ 69,037,592</u>	<u>\$ 71,046,724</u>

See accompanying notes to the consolidated financial statements.

City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2023

1. Significant accounting policies

Management responsibility

The consolidated financial statements of the City of Thorold (the "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 21)

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 22).

(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) 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.

City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2023

1. Significant accounting policies (continued)

(d) 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).

(e) 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.

(f) 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.

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.

City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2023

1. Significant accounting policies (continued)

(f) Tangible capital assets (continued)

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.

(g) 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.

(h) Inventory

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

(i) 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, 2023

1. Significant accounting policies (continued)

(j) 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.

(k) 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, 2023

1. Significant accounting policies (continued)

(l) 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, contaminated sites liability and asset retirement obligations and useful lives of tangible capital assets.

(m) Financial instruments

All financial instruments are recorded at their cost or amortized cost except for portfolio investments in equity instruments quoted in an active market and derivatives which are recorded at their fair value with unrealized remeasurement gains and losses recorded in the Statement of Remeasurement Gains and Losses. Once realized, remeasurement gains and losses are transferred to the Statement of Operations. Changes in the fair value on restricted assets are recognized as a liability until the criterion attached to the restrictions has been met, upon which the gain or loss is recognized in the Statement of Operations.

Transaction costs related to financial instruments measured at cost or amortized cost are added to the carrying value of the financial instrument. Transaction costs related to financial instruments recorded at their fair values are expensed as incurred.

Financial liabilities (or part of a financial liability) are removed from the Statement of Financial Position when, and only when, they are discharged or cancelled or expire.

Financial assets measured at amortized cost include cash and cash equivalents, portfolio investments and other receivables.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, deferred revenue - other and long term debt.

(n) Asset retirement obligations

A liability for an asset retirement obligation is recognized when all of the following criteria are met:

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

City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2023

1. Significant accounting policies (continued)

(n) Asset retirement obligations (continued)

The liability is measured at the Municipality's best estimate of the amount required to retire a tangible capital asset (or a component thereof) at the financial statement date. The estimate includes costs directly attributable to the asset retirement activities. The costs also include post-retirement operation, maintenance and monitoring that are an integral part of the retirement of the tangible capital asset and the costs of tangible capital assets acquired as part of asset retirement activities to the extent those assets have no alternative use.

Upon initial recognition of the liability for an asset retirement obligation, the carrying amount of the corresponding tangible capital asset (or component thereof) is increased by the same amount. The capitalized asset retirement cost is expensed in a rational and systematic manner over the useful life of the tangible capital asset (or a component thereof). For obligations for which there is no tangible capital asset recognized or for tangible capital assets that are no longer in productive use, the asset retirement costs are expensed immediately. Subsequently, the liability is reviewed at each financial statement reporting date and adjusted for (1) changes as a result of the passage of time with corresponding accretion expense and (2) adjusted for any revisions to the timing, amount of the original estimate of undiscounted cash flows, or the discount rate. Adjustments to the liability as a result of revisions to the timing, amount of the estimate of undiscounted cash flows or the discount rate are adjusted to the cost of the related tangible capital asset and the revised carrying amount of the related tangible capital asset is amortized except for adjustments related to tangible capital assets that are not recognized or no longer in productive use, which are expensed in the period they are incurred.

The asset retirement costs are amortized on a straight-line basis over the estimated useful life of the related asset.

A recovery related to asset retirement obligation is recognized when the recovery can be appropriately measured; reasonably estimated and it is expected that future economic benefits will be obtained. The recovery is not netted against the liability.

2. Adoption of new guidance

Effective January 1, 2023, the Municipality adopted new public sector accounting standards sections PS 1201 Financial Statement Presentation, PS 2601 Foreign Currency Translation, PS 3041 Portfolio Investments and PS 3450 Financial Instruments along with the related amendments.

PS1201 Financial Statement Presentation replaces PS 1200 Financial Statement Presentation. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 Foreign Currency Translation, PS 3450 Financial Instruments, and PS 3041 Portfolio Investments, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2023

2. Adoption of new guidance (continued)

PS 2601 Foreign Currency Translation replaces PS 2600 Foreign Currency Translation. The standard requires monetary assets and liabilities denominated in a foreign currency and non-monetary items denominated in a foreign currency that are reported as fair value, to be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses arising from foreign currency changes are presented in the new Statement of Remeasurement Gains and Losses. In accordance with PS 2601 Foreign Currency, the Municipality has made the irrevocable election to directly recognize foreign exchange gains/losses in the Statement of Operations.

PS 3041 Portfolio Investments replaces PS 3040 Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 Financial Instruments. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 Temporary Investments no longer applies.

PS 3450 Financial Instruments establishes accounting and reporting requirements for all types of financial instruments including derivatives. The standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. All other financial instruments will generally be measured at cost or amortized cost (using the effective interest method), or, by policy choice, at fair value when the Municipality defines and implements a risk management or investment strategy to manage and evaluate the performance of a group of financial assets, financial liabilities or both on a fair value basis. Unrealized gains and losses arising from changes in fair value are presented in the Statement of Remeasurement Gains and Losses.

The measurement requirements were applied prospectively. The recognition, derecognition, and measurement policies followed in the comparative period were not reversed and the comparative figures have not been restated. The Municipality elected to account for embedded derivatives required to be reported in accordance with the Section on a prospective basis.

There were no adjustments required and there are no remeasurement gains or losses or embedded derivatives requiring the presentation of a Statement of Remeasurement Gains or Losses.

Effective January 1, 2023, the Municipality adopted new public sector accounting standard section PS 3280 Asset Retirement Obligations ("ARO") which recognizes legal obligations associated with the retirement of tangible capital assets. As this standard includes solid waste landfill sites active and post-closing obligations, upon adoption of this new standard, existing Section PS 3270 Solid Waste Landfill Closure and Post-Closure Liability was withdrawn. The financial statements of the comparative year have not been restated to reflect this change in the accounting policy, which has been applied prospectively for any AROs other than the previously existing landfill liability. Under the prospective application method, all AROs, other than the landfill liability, incurred before and after the transition date have been recognized and adjusted in accordance with the standard. For those tangible capital assets in productive use, there was a related increase in the carrying amount of the related tangible capital asset by the same amount; for those tangible capital assets no longer in productive use, an expense was recognized for the same amount as the liability.

City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2023

3. Portfolio investments

	Book Value <u>2023</u>	Market Value <u>2023</u>	Book Value <u>2022</u>	Market Value <u>2022</u>
GICs	\$ 18,947,708	\$ 18,944,422	\$ 21,547,169	\$ 21,547,326
Step-ups	3,250,000	3,027,295	3,000,000	2,657,268
PPNs	12,363,535	13,079,404	-	-
Bonds	3,467,246	3,415,184	5,476,297	5,453,663
Equity Fund	<u>250,000</u>	<u>275,074</u>	<u>250,000</u>	<u>234,669</u>
	<u>\$ 38,278,489</u>	<u>\$ 38,741,379</u>	<u>\$ 30,273,466</u>	<u>\$ 29,892,926</u>

Guaranteed investment certificates ("GICs"), step-up deposit notes ("Step-ups"), principal protected notes ("PPNs"), and federal, provincial and municipal bonds ("Bonds") carry an effective interest rates from 1.50% to 9.00% and maturity dates ranging from January, 2024 to December, 2033. Interest is receivable on a semi-annual or annual basis.

Investments held in the One Investment Program ("Equity Fund") are managed by Local Authority Services, an affiliate of the Association of Municipalities of Ontario and are fully liquid. The Municipality does not hold any equity investments that are traded in an active market, therefore all of the Municipality's investments are recorded at cost.

4. 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 (2022 - \$ 1,449,764) and have penalties and interest receivable of \$ 1,953,211 (2022 - \$ 1,674,727).

City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2023

5. 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>2023</u>	<u>2022</u>
Parkland	\$ 703,811	\$ 679,329
Building code	5,357,267	5,107,279
Ontario Sport & Recreation Community grant	9,578	9,578
Ontario Community Infrastructure grant	686,697	963,228
Tree planting	71,644	5,431
Canada Community Benefit Fund	119,110	970,419
Development charges	46,267,284	36,747,800
Modernization grant	<u>159,350</u>	<u>177,167</u>
	\$ 53,374,741	\$ 44,660,231

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

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 44,660,231	\$ 26,536,715
Contributions from		
Development Charges Act	9,547,781	17,690,609
Interest earned	2,502,562	978,560
Canada Community Benefit Fund grant received	622,202	596,277
Provincial gas tax grant received	-	69,447
Infrastructure grants received	1,074,266	990,438
Other revenue	<u>168,717</u>	<u>2,062,270</u>
	13,915,528	22,387,601
Utilized for		
Operations	(158,850)	(571,694)
Tangible capital asset acquisitions	<u>(5,042,168)</u>	<u>(3,692,391)</u>
	(5,201,018)	(4,264,085)
Balance, end of year	\$ 53,374,741	\$ 44,660,231

City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2023

6. Deferred revenue - other	<u>2023</u>	<u>2022</u>
Prepayment of taxes	\$ 2,740,611	\$ 3,279,705
Other	<u>1,288,027</u>	<u>1,258,357</u>
	<u>\$ 4,028,638</u>	<u>\$ 4,538,062</u>

7. Employee benefit obligations	<u>2023</u>	<u>2022</u>
Accrued vacation pay	<u>\$ 507,270</u>	<u>\$ 431,105</u>
Accumulated sick leave	<u>676,000</u>	670,680
Post-employment benefits	<u>1,157,400</u>	<u>989,346</u>
	<u>1,833,400</u>	<u>1,660,026</u>
	<u>\$ 2,340,670</u>	<u>\$ 2,091,131</u>

(a) Accrued vacation pay

As at December 31, 2023, employees of the Municipality have accumulated vacation pay credits in the amount of \$ 507,270 (2022 - \$ 431,105). 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, 2023 of \$ 1,833,400 (2022 - \$ 1,660,026) was determined by actuarial valuation using a discount rate of 4.6% (2022 - 2.7%). A reserve has been established for the accumulated sick leave liability. The balance as at December 31, 2023 is \$ 1,281,441 (2022 - \$ 1,169,790).

	<u>2023</u>	<u>2022</u>
Accrued benefit obligation		
Beginning of year	\$ 1,660,026	\$ 1,684,822
Current period benefit cost	135,800	132,200
Interest cost	55,000	54,200
Benefit payments	(206,326)	(218,596)
Past service costs due to plan amendment	163,900	-
Amortization of actuarial loss	<u>25,000</u>	<u>7,400</u>
	<u>\$ 1,833,400</u>	<u>\$ 1,660,026</u>

City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2023

7. Employee benefit obligations (continued)

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

	<u>2023</u>	<u>2022</u>
Funded status		
Deficit	\$ 1,768,100	\$ 1,905,726
Unamortized actuarial gain (loss)	<u>65,300</u>	<u>(245,700)</u>
	<u>\$ 1,833,400</u>	<u>\$ 1,660,026</u>
The net benefit expense is as follows:		
Current period benefit cost	\$ 135,800	\$ 132,200
Interest cost	55,000	54,200
Amortization of past service costs	163,900	-
Amortization of actuarial loss	<u>25,000</u>	<u>7,400</u>
	<u>\$ 379,700</u>	<u>\$ 193,800</u>

During the year \$ 206,326 (2022 - \$ 218,596) was paid to employees who left the Municipality's employment.

The most recent actuarial valuation was prepared as at December 31, 2023. 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 8% per annum for 2023 grading down 0.5% per annum to a rate of 4% per annum.

8. Asset retirement obligations

The asset retirement obligation includes one closed landfill site the Municipality owns and monitors. The liability for post-closure care of the landfill has been recognized based upon monitoring costs included in the 2023 budget and inflation adjusted at 2.20% (2022 - 2.20%) per annum. These costs were then discounted to December 31, 2023 using a discount rate of 4.02% (2022 - 4.02%). 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, 2023 is \$ 6,063,552 (2022 - \$ 6,033,085). Additional expenses for post-closure care recorded in 2023 were in the amount of \$ 154,407 (2022 - \$ 259,049) and actual expenses paid during the year were \$ 123,940 (2022 - \$ 140,509).

City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2023

9. 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 (2022 - \$ 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.

10. 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

	<u>\$ 439,446</u>	<u>\$ 574,671</u>
--	--------------------------	--------------------------

(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>2023</u>	<u>2022</u>
60-2006	City Hall	5.354%	2026	\$ 134,809	\$ 175,202
129-2011	City Hall	3.43%	2026	<u>304,637</u>	<u>399,469</u>
				<u>\$ 439,446</u>	<u>\$ 574,671</u>

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

2024	\$ 140,696
2025	146,401
2026	152,349

(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, 2023

10. 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>2023</u>	<u>2022</u>
Principal	\$ 135,224	\$ 129,975
Interest	<u>20,574</u>	<u>25,882</u>
	<u>\$ 155,798</u>	<u>\$ 155,857</u>

11. Tangible capital assets

	<u>2023</u>	<u>2022</u>
Net book value		
Land	\$ 3,728,892	\$ 3,728,892
Land improvements	11,082,997	11,103,149
Buildings	30,477,292	31,211,858
Machinery and equipment	5,062,510	4,636,069
Vehicles	<u>3,228,830</u>	<u>3,243,430</u>
	<u>53,580,521</u>	<u>53,923,398</u>
Infrastructure		
Transportation	45,645,350	38,702,646
Storm sewers	19,827,838	14,305,188
Sanitary sewers	37,565,175	33,086,540
Water	<u>28,992,132</u>	<u>23,954,684</u>
	<u>132,030,495</u>	<u>110,049,058</u>
Construction in process	<u>30,042,460</u>	<u>10,807,851</u>
	<u>\$ 215,653,476</u>	<u>\$ 174,780,307</u>

See pages 34 and 35 for more detail.

City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2023

12. Accumulated surplus	<u>2023</u>	<u>2022</u>
Operating deficit	\$ (18,219,236)	\$ (9,344,836)
Investment in tangible capital assets (Note 11)	215,653,476	174,780,307
Reserves and reserve funds (Note 13)	60,723,701	55,198,577
Unfunded liabilities (Note 14)	<u>(8,958,368)</u>	<u>(8,813,587)</u>
	<u>\$ 249,199,573</u>	<u>\$ 211,820,461</u>

The 2023 operating annual surplus was \$ 1,714,069, which was transferred in equal parts to the Municipal Land and Building reserve, the Municipal Development reserve, the Capital Asset reserve, and the Capital Asset Transportation reserve, as authorized by Council. Had this transfer not been made, the 2023 operating deficit of the Municipality would have been \$ 16,505,167.

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

13. Reserves and reserve funds	<u>2023</u>	<u>2022</u>
Reserves set aside by Council for specific purposes:		
Municipal development	\$ 1,535,452	\$ 1,309,110
Working funds (uncollectible taxes)	510,000	510,000
Equipment replacement	3,249,419	2,656,978
Accumulated sick leave	1,281,441	1,169,790
Computer	431,342	326,050
Contingencies	1,153,985	1,083,985
Election	22,357	11,111
Sewage capital	7,706,708	7,042,740
Water capital	9,322,941	9,945,982
Insurance deductible	591,341	601,526
Winter control	237,896	187,896
Encumbrances	<u>1,249,219</u>	<u>1,085,314</u>
Total reserves	<u>27,292,101</u>	<u>25,930,482</u>

City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2023

13. Reserves and reserve funds (continued)	<u>2023</u>	<u>2022</u>
Reserve funds set aside by Council for specific purposes:		
Capital asset	\$ 3,578,229	\$ 2,501,395
Capital asset transportation	7,161,316	5,191,632
Hospital expansion	125,000	97,899
Port Robinson beautification	8,430	3,923
Arena building	335,002	266,120
Library expansion	29,702	28,808
Hydro proceeds	17,381,714	17,192,123
Mausoleum and cemetery improvements	798,441	781,390
Municipal land and building	2,933,206	2,177,611
Niagara Falls bridge	901,269	856,781
Parking	24,380	23,149
Port Robinson transportation	138,938	132,080
Thorold pre-recreation (Mel Swart Park)	13,192	12,541
Thorold South Community Centre building	2,727	2,592
Darlene Ryan Port Robinson Community Centre	<u>54</u>	<u>51</u>
Total reserve funds	<u>33,431,600</u>	<u>29,268,095</u>
Total reserves and reserve funds	<u>\$ 60,723,701</u>	<u>\$ 55,198,577</u>
The continuity of reserves and reserve funds is made up of the following:		
Balance, beginning of year	<u>\$ 55,198,577</u>	<u>\$ 51,069,751</u>
Contributions from		
Investment income	1,427,058	683,775
User charges	16,217	7,915
Other revenue	<u>61,337</u>	<u>74,529</u>
	<u>1,504,612</u>	<u>766,219</u>
Provided from (utilized for)		
Operations	8,967,700	4,672,512
Tangible capital asset acquisitions	<u>(4,947,188)</u>	<u>(1,309,905)</u>
	<u>4,020,512</u>	<u>3,362,607</u>
Balance, end of year	<u>\$ 60,723,701</u>	<u>\$ 55,198,577</u>

City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2023

14. Unfunded liabilities	<u>2023</u>	<u>2022</u>
Employee benefit obligations (Note 7)	\$ 2,340,670	\$ 2,091,131
Asset retirement obligations (Note 8)	6,063,552	6,033,085
Contaminated sites liability (Note 9)	114,700	114,700
Long term debt (Note 10)	<u>439,446</u>	<u>574,671</u>
	\$ 8,958,368	\$ 8,813,587

15. Taxation	<u>Budget 2023</u>	<u>Actual 2023</u>	<u>Actual 2022</u>
Real property		\$ 55,398,223	\$ 50,050,611
From other governments			
Payments in lieu of taxes		<u>1,277,629</u>	<u>1,095,374</u>
		<u>56,675,852</u>	<u>51,145,985</u>
Less: taxation collected on behalf of (Note 16):			
Region of Niagara		<u>25,730,761</u>	21,799,869
School boards		<u>6,863,459</u>	<u>6,404,462</u>
		<u>32,594,220</u>	<u>28,204,331</u>
Net taxes available for municipal purposes		\$ 24,081,632	\$ 22,941,654
Residential, multi-residential and farm	\$ 19,215,705	\$ 19,310,527	\$ 18,542,181
Commercial and industrial	<u>4,558,052</u>	<u>4,771,105</u>	<u>4,399,473</u>
Net taxes available for municipal purposes	\$ 23,773,757	\$ 24,081,632	\$ 22,941,654

16. 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>2023</u>	<u>2022</u>
Region of Niagara	\$ 25,730,761	\$ 21,799,869
School boards	<u>6,863,459</u>	<u>6,404,462</u>
	\$ 32,594,220	\$ 28,204,331

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, 2023

17. User charges	Budget 2023	Actual 2023	Actual 2022
Operating			
Fees and service charges	\$ 2,150,971	\$ 1,827,758	\$ 1,639,792
Water charges	5,257,602	5,812,337	5,176,742
Sewer charges	7,489,279	7,823,978	6,631,978
Licences and permits	1,895,815	1,677,738	1,081,555
Development charges	1,836,414	158,850	308,963
	<u>18,630,081</u>	<u>17,300,661</u>	<u>14,839,030</u>
Capital			
Fees and service charges	613,755	47,784	125,623
Development charges	3,328,756	1,940,677	1,965,737
	<u>3,942,511</u>	<u>1,988,461</u>	<u>2,091,360</u>
	<u>\$ 22,572,592</u>	<u>\$ 19,289,122</u>	<u>\$ 16,930,390</u>
18. Government transfers			
	Budget 2023	Actual 2023	Actual 2022
Operating			
Government of Canada	\$ 16,000	\$ 129,771	\$ 101,095
Province of Ontario	166,000	160,300	573,311
Municipal	95,400	96,460	89,662
	<u>277,400</u>	<u>386,531</u>	<u>764,068</u>
Capital			
Government of Canada	1,622,000	1,551,030	964,547
Province of Ontario	2,277,167	1,578,753	666,532
Municipal	26,400	1,779,402	87,396
	<u>3,925,567</u>	<u>4,909,185</u>	<u>1,718,475</u>
	<u>\$ 4,202,967</u>	<u>\$ 5,295,716</u>	<u>\$ 2,482,543</u>

City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2023

18. 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>2023</u>	<u>2022</u>
Revenues		
Government of Canada		
Investing in Canada Infrastructure Program	\$ -	\$ 96,000
Canada Community Benefit Fund	1,533,214	868,547
Municipal asset management program	40,480	50,880
Recreation and cultural	10,000	15,565
Canada summer jobs grant	48,763	34,650
Miscellaneous	48,344	-
	<u>1,680,801</u>	<u>1,065,642</u>
Province of Ontario		
Ontario Municipal Partnership Fund	42,100	49,500
Ontario Community Infrastructure Fund	1,421,588	642,506
Hydro One	19,262	20,209
Modernization	94,454	8,034
Recreation and cultural	82,427	58,283
Transit - Provincial gas tax	-	342,354
Investing in Canada Infrastructure Program	-	24,000
Miscellaneous	79,222	94,957
	<u>1,739,053</u>	<u>1,239,843</u>
Municipal		
Provincial Offences Act	17,160	11,045
Capital grants	1,779,402	87,396
Port Robinson transportation service	66,500	64,332
Library	12,800	-
Miscellaneous	-	14,285
	<u>1,875,862</u>	<u>177,058</u>
	<u>\$ 5,295,716</u>	<u>\$ 2,482,543</u>
Expenses		
Region of Niagara (in trust)		
- Canada Games Park Capital Lifecycle	\$ 414,000	\$ 369,000
Charitable and non-profit organizations	140,118	78,034
	<u>\$ 554,118</u>	<u>\$ 447,034</u>

City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2023

19. Other revenues	Budget 2023	Actual 2023	Actual 2022
Operating			
Penalties and interest on taxes	\$ 581,000	\$ 834,380	\$ 674,693
Fines	332,000	524,559	334,429
Investment income	851,000	1,571,259	847,078
Investment income – reserves and reserve funds	1,586,680	1,427,058	683,776
Rental income	86,035	89,913	93,851
Donations	10,000	41,785	97,226
Other	719,620	35,635	9,916
Transfer from trust funds	27,000	44,712	28,855
	<u>4,193,335</u>	<u>4,569,301</u>	<u>2,769,824</u>
Capital			
Contributed tangible capital assets	-	24,397,367	29,890,622
Donations	-	2,500	225,010
Other	864,955	349,824	369,473
	<u>864,955</u>	<u>24,749,691</u>	<u>30,485,105</u>
	<u>\$ 5,058,290</u>	<u>\$ 29,318,992</u>	<u>\$ 33,254,929</u>

20. 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 \$ 7.6 billion (2022 - \$ 6.1 billion 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 2023 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 2023 current and past service was \$ 1,131,761 (2022 - \$ 908,556) 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, 2023

21. 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>2023</u>	<u>2022</u>
Financial assets		
Cash	\$ 159,872	\$ 173,553
Accounts receivable	<u>538,830</u>	<u>375,773</u>
	<u>698,702</u>	<u>549,326</u>
Liabilities		
Accounts payable and accrued liabilities	526,109	394,038
Deferred revenue	<u>129,156</u>	<u>210,609</u>
	<u>655,265</u>	<u>604,647</u>
Net financial assets (debt)	<u>43,437</u>	<u>(55,321)</u>
Non-financial assets		
Tangible capital assets	97,594,399	101,769,472
Inventories	2,207	-
Prepaid expenses	<u>15,442</u>	<u>13,695</u>
	<u>97,612,048</u>	<u>101,783,167</u>
Accumulated surplus	<u>\$ 97,655,485</u>	<u>\$ 101,727,846</u>
Accumulated surplus consists of:		
Operating surplus (deficit)	\$ 61,086	\$ (41,626)
Investment in tangible capital assets	<u>97,594,399</u>	<u>101,769,472</u>
	<u>\$ 97,655,485</u>	<u>\$ 101,727,846</u>

City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2023

21. Canada Games Park (continued)

	<u>2023</u>	<u>2022</u>
Revenues		
Rental	\$ 1,792,135	\$ 652,595
Contributions	908,839	1,325,151
Concessions, catering, advertising and other	194,385	85,064
Contributed tangible capital assets	<u>-</u>	<u>103,345,536</u>
	2,895,359	105,408,346
Expenses	<u>(6,967,720)</u>	<u>(3,680,500)</u>
Annual (deficit) surplus	\$ (4,072,361)	\$ 101,727,846

The financial position information is as reported by the Park as at December 31, 2023 and the results of operations are as reported for the year ended December 31, 2023. The comparative financial position and results of operations figures are as reported by the Park at 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 (deficit) 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>2023</u>	<u>2022</u>
Statement of Financial Position		
Accounts receivable	\$ 108,991	\$ 45,054
Deferred revenue	13,772	51,557
Statement of Operations		
Rentals	\$ 175,372	\$ 90,785
Contributions	293,185	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 RSMean 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. Each of the four Consortium partners, the Municipality being one of the partners, have contributed \$ 783,000 to the \$3,132,000 capital reserve.

City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2023

22. Trust funds

Trust funds administered by the Municipality amounting to \$ 1,496,608 (2022 - \$ 1,471,676) have not been included in the Consolidated Statement of Financial Position nor have these operations been included in the Consolidated Statement of Operations.

23. 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.

24. Commitments

Capital expenses

The estimated future capital expense commitments based on projects in progress at December 31, 2023 is approximately \$ 30,042,460 (2022 - \$ 30,469,753). These projects will be financed by grants, subsidies and long term liabilities in future years.

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 three years is as follows:

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

City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2023

24. Commitments (continued)

Tax increment based grants

The Municipality has commitments for tax increment based grants with various expiry dates up to 2032. There are currently eleven signed agreements with a term spanning ten years each. At December 31, 2023, the total amount remaining to be paid from these agreements is \$ 1,384,829 with the total commitment for each of the next five years as follows:

2024	\$ 215,172
2025	209,189
2026	199,094
2027	199,094
2028	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 Municipality 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 Municipality 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 Municipality 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, 2023

25. 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.

26. Budget

The budget bylaw adopted by Council on January 31, 2023 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		1,088,680
Reserves and reserve funds other revenue		19,700
Acquisition of tangible capital assets		44,321,265
Less:		
Transfers from reserves and reserve funds, net		(26,283,107)
Amortization of tangible capital assets		(6,985,755)
Debenture proceeds		<u>(192,000)</u>
Budgeted surplus per Consolidated Statement of Operations	\$	<u>12,075,533</u>

27. Financial instruments

The Municipality is exposed to various risks through its financial instruments. The following analysis provides a measure of the Municipality's risk exposures as at December 31, 2023:

Credit risk

Credit risk is the risk of financial loss to the Municipality if a debtor fails to pay the amounts owing to the Municipality. The Municipality is exposed to this risk arising from its cash and cash equivalents, portfolio investments, taxes receivable, user charges receivable and other receivables. The Municipality holds its cash accounts with a federally regulated chartered bank who is insured by the Canadian Deposit Insurance Corporation. In the event of default, the Municipality's cash accounts are insured up to \$ 165,683 (2022 - \$ 180,018).

City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2023

27. Financial instruments (continued)

Receivables are primarily due from government, corporations and individuals. Credit risk is mitigated by the highly diversified nature of the debtors and other customers. The Municipality measures its exposure to credit risk based on how long the amounts have been outstanding. An impairment allowance is set up for specific accounts deemed to be possibly uncollectible. In the current and prior years, an impairment allowance was recorded relating to the other receivables. There were no changes in exposures to credit risk during the period. The amounts outstanding at year end were as follows:

2023					
Current	31-60 Days	61-90 Days	Over 90 Days	Total	
Government receivables	2,668,333	298,261	399,840	1,134,339	4,500,773
Other receivables	1,372,265	82,679	18,576	536,623	2,010,143
Total	4,040,598	380,940	418,416	1,670,962	6,510,916
Less impairment allowance	-	-	-	(411,681)	(411,681)
Net receivable	\$ 4,040,598	\$ 380,940	\$ 418,416	\$ 1,259,281	\$ 6,099,235

2022					
Current	31-60 Days	61-90 Days	Over 90 Days	Total	
Government receivables	1,391,352	240,231	-	877,383	2,508,966
Other receivables	4,697,523	13,276	79,228	543,392	5,333,419
Total	6,088,875	253,507	79,228	1,420,775	7,842,385
Less impairment allowance	-	-	-	(411,681)	(411,681)
Net receivable	\$ 6,088,875	\$ 253,507	\$ 79,228	\$ 1,009,094	\$ 7,430,704

Liquidity risk

Liquidity risk is the risk that the Municipality will not be able to meet all cash outflow obligations as they come due. The Municipality mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining cash and cash equivalents if unexpected cash outflows arise. The following undiscounted cash-flows are required to settle the Municipality's financial liabilities:

2023					
Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total	
Accounts payables and accrued liabilities	\$24,883,881	\$ -	\$ -	\$ -	\$24,883,881
Deferred revenue - other	4,058,638	-	-	-	4,058,638
Long term debt	140,696	298,750	-	-	439,446
Total	\$25,024,577	\$ 298,750	\$ -	\$ -	\$25,323,327

2022					
Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total	
Accounts payables and accrued liabilities	\$22,520,621	\$ -	\$ -	\$ -	\$22,520,621
Deferred revenue - other	4,538,062	-	-	-	4,538,062
Long term debt	135,225	287,098	152,348	-	574,671
Total	\$22,655,846	\$ 287,098	\$ 152,348	\$ -	\$23,095,292

City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2023

27. Financial instruments (continued)

Liquidity risk (continued)

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

Market risk

Market risk is the risk that the fair value or expected future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Municipality is mainly exposed to interest and currency risks.

a) Interest risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Municipality is exposed to interest rate risk on its portfolio investments and long term debt. There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

28. 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.

City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2023

28. Segmented information (continued)

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, 2023

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Machinery and Equipment</u>	<u>Vehicles</u>	<u>Infrastructure</u>	<u>Construction in Process</u>	<u>2023</u>
Cost								
Beginning 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
Additions	-	780,583	592,464	1,374,473	393,240	25,665,342	21,286,367	50,092,469
Disposals	-	-	-	(494,627)	-	(218,759)	(2,051,758)	(2,765,144)
End of year	<u>3,728,892</u>	<u>20,708,803</u>	<u>43,499,170</u>	<u>9,702,320</u>	<u>7,792,063</u>	<u>191,412,875</u>	<u>30,042,460</u>	<u>306,886,583</u>
Accumulated amortization								
Beginning of year	-	8,825,071	11,694,848	4,186,405	4,155,393	55,917,234	-	84,778,951
Amortization	-	800,735	1,327,030	946,940	407,840	3,607,821	-	7,090,366
Amortization on disposals	-	-	-	(493,535)	-	(142,675)	-	(636,210)
End of year	<u>-</u>	<u>9,625,806</u>	<u>13,021,878</u>	<u>4,639,810</u>	<u>4,563,233</u>	<u>59,382,380</u>	<u>-</u>	<u>91,233,107</u>
Net book value	<u>\$ 3,728,892</u>	<u>\$ 11,082,997</u>	<u>\$ 30,477,292</u>	<u>\$ 5,062,510</u>	<u>\$ 3,228,830</u>	<u>\$ 132,030,495</u>	<u>\$ 30,042,460</u>	<u>\$ 215,653,476</u>

The value of contributed tangible capital assets during the year is \$24,397,367.

City of Thorold Consolidated Schedule of Tangible Capital Assets

For the Year Ended December 31, 2022

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Machinery and Equipment</u>	<u>Vehicles</u>	<u>Infrastructure</u>	<u>Construction in Process</u>	<u>2022</u>
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	<u>3,728,892</u>	<u>19,928,220</u>	<u>42,906,706</u>	<u>8,822,474</u>	<u>7,398,823</u>	<u>165,966,292</u>	<u>10,807,851</u>	<u>259,559,258</u>
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	-	<u>8,825,071</u>	<u>11,694,848</u>	<u>4,186,405</u>	<u>4,155,393</u>	<u>55,917,234</u>	-	<u>84,778,951</u>
Net book value	<u>\$ 3,728,892</u>	<u>\$ 11,103,149</u>	<u>\$ 31,211,858</u>	<u>\$ 4,636,069</u>	<u>\$ 3,243,430</u>	<u>\$ 110,049,058</u>	<u>\$ 10,807,851</u>	<u>\$ 174,780,307</u>

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 Segment Disclosure

For the Year Ended December 31, 2023

	<u>General Government</u>	<u>Protection to Persons and Property</u>	<u>Transportation Services</u>	<u>Environmental Services</u>	<u>Health Services</u>	<u>Social and Family Services</u>	<u>Recreation and Cultural Services</u>	<u>Planning and Development</u>	<u>2023</u>
Revenues									
Taxation	\$ 4,990,604	\$ 6,026,999	\$ 4,803,104	\$ 1,383,877	\$ 1,107,150	\$ 73,657	\$ 4,388,888	\$ 1,307,353	\$ 24,081,632
User charges	116,350	2,290,895	1,527,723	13,746,015	131,030	-	1,023,670	453,439	19,289,122
Government transfers	215,591	40,970	3,714,023	1,151,496	7,945	42,700	96,046	26,945	5,295,716
Other	2,800,790	394,886	8,493,029	16,415,123	92,794	-	1,122,370	-	29,318,992
Loss on disposal of tangible capital assets	<u>(73,470)</u>	<u>-</u>	<u>(76,083)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(149,553)</u>
	<u>8,049,865</u>	<u>8,753,750</u>	<u>18,461,796</u>	<u>32,696,511</u>	<u>1,338,919</u>	<u>116,357</u>	<u>6,630,974</u>	<u>1,787,737</u>	<u>77,835,909</u>
Expenses									
Wages and benefits	1,299,079	6,149,903	2,881,297	1,685,888	682,874	70,535	2,561,894	983,712	16,315,182
Operating materials and supplies	417,217	708,348	1,496,948	400,607	224,946	46,026	1,445,594	94,992	4,834,678
Contracted services	457,036	842,746	(227,113)	9,080,783	(35,331)	4,059	307,807	433,628	10,863,615
Rents and financial expenses	49,710	16,060	29,575	19,660	55,655	384	32,043	2,917	206,004
External transfers to others	-	-	83,594	-	298,000	-	554,118	190,666	1,126,378
Amortization	308,187	570,263	2,255,234	1,682,568	125,240	130,669	2,010,368	7,837	7,090,366
Debt service	<u>20,574</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,574</u>
	<u>2,551,803</u>	<u>8,287,320</u>	<u>6,519,535</u>	<u>12,869,506</u>	<u>1,351,384</u>	<u>251,673</u>	<u>6,911,824</u>	<u>1,713,752</u>	<u>40,456,797</u>
Annual surplus (deficit)	<u>\$ 5,498,062</u>	<u>\$ 466,430</u>	<u>\$ 11,942,261</u>	<u>\$ 19,827,005</u>	<u>\$ (12,465)</u>	<u>\$ (135,316)</u>	<u>\$ (280,850)</u>	<u>\$ 73,985</u>	<u>\$ 37,379,112</u>

City of Thorold

Consolidated Schedule of Segment Disclosure

For the Year Ended December 31, 2022

	<u>General Government</u>	<u>Protection to Persons and Property</u>	<u>Transportation Services</u>	<u>Environmental Services</u>	<u>Health Services</u>	<u>Social and Family Services</u>	<u>Recreation and Cultural Services</u>	<u>Planning and Development</u>	<u>2022</u>
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	<u>13,728</u>	<u>-</u>	<u>(116,490)</u>	<u>(4,788)</u>	<u>-</u>	<u>-</u>	<u>(5,830)</u>	<u>-</u>	<u>(113,380)</u>
	<u>6,848,458</u>	<u>9,092,771</u>	<u>10,226,637</u>	<u>20,484,629</u>	<u>1,238,179</u>	<u>141,360</u>	<u>25,669,928</u>	<u>1,794,174</u>	<u>75,496,136</u>
Expenses									
Wages and benefits	1,262,126	5,383,085	2,409,529	1,461,750	602,653	59,026	2,375,689	543,761	14,097,619
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	681,206	1,309,594	8,612,747	(33,246)	33,408	491,670	377,185	11,623,184
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	<u>25,882</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,882</u>
	<u>2,177,634</u>	<u>7,127,593</u>	<u>7,204,176</u>	<u>11,812,898</u>	<u>1,244,595</u>	<u>272,025</u>	<u>6,076,627</u>	<u>1,272,018</u>	<u>37,187,566</u>
Annual surplus (deficit)	<u>\$ 4,670,824</u>	<u>\$ 1,965,178</u>	<u>\$ 3,022,461</u>	<u>\$ 8,671,731</u>	<u>\$ (6,416)</u>	<u>\$ (130,665)</u>	<u>\$ 19,593,301</u>	<u>\$ 522,156</u>	<u>\$ 38,308,570</u>

City of Thorold

Consolidated Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2023

General government	Budget <u>2023</u>	Actual <u>2023</u>	Actual <u>2022</u>
Revenues			
Taxation	\$ 4,932,041	\$ 4,990,604	\$ 4,307,313
User charges	138,225	116,350	302,283
Government transfers	151,874	215,591	77,717
Other	2,797,254	2,800,790	2,147,417
(Loss) gain on disposal of tangible capital assets	-	(73,470)	13,728
	<u>8,019,394</u>	<u>8,049,865</u>	<u>6,848,458</u>
Expenses			
Wages and benefits	1,390,553	1,299,079	1,262,126
Operating materials and supplies	431,561	417,217	374,002
Contracted services	55,375	457,036	150,620
Rents and financial expenses	29,795	49,710	65,273
Amortization	308,187	308,187	299,731
Debt service	50,220	20,574	25,882
	<u>2,265,691</u>	<u>2,551,803</u>	<u>2,177,634</u>
Annual surplus	<u>\$ 5,753,703</u>	<u>\$ 5,498,062</u>	<u>\$ 4,670,824</u>

Protection to persons and property	Budget <u>2023</u>	Actual <u>2023</u>	Actual <u>2022</u>
Revenues			
Taxation	\$ 5,956,268	\$ 6,026,999	\$ 5,689,080
User charges	2,901,470	2,290,895	3,131,842
Government transfers	28,800	40,970	46,832
Other	90,000	394,886	225,017
	<u>8,976,538</u>	<u>8,753,750</u>	<u>9,092,771</u>
Expenses			
Wages and benefits	6,212,822	6,149,903	5,383,085
Operating materials and supplies	768,645	708,348	632,202
Contracted services	399,340	842,746	681,206
Rents and financial expenses	23,184	16,060	(3,847)
Amortization	570,263	570,263	434,947
	<u>7,974,254</u>	<u>8,287,320</u>	<u>7,127,593</u>
Annual surplus	<u>\$ 1,002,284</u>	<u>\$ 466,430</u>	<u>\$ 1,965,178</u>

City of Thorold

Consolidated Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2023

Transportation services	Budget <u>2023</u>	Actual <u>2023</u>	Actual <u>2022</u>
Revenues			
Taxation	\$ 4,746,736	\$ 4,803,104	\$ 5,281,785
User charges	2,032,337	1,527,723	470,470
Government transfers	3,631,000	3,714,023	2,014,789
Other	488,145	8,493,029	2,576,083
Loss on disposal of tangible capital assets	-	(76,083)	(116,490)
	<u>10,898,218</u>	<u>18,461,796</u>	<u>10,226,637</u>
Expenses			
Wages and benefits	2,808,987	2,881,297	2,409,529
Operating materials and supplies	1,206,238	1,496,948	1,258,565
Contracted services	16,486	(227,113)	1,309,594
Rents and financial expenses	47,014	29,575	33,859
External transfers to others	254,000	83,594	159,260
Amortization	2,255,234	2,255,234	2,033,369
	<u>6,587,959</u>	<u>6,519,535</u>	<u>7,204,176</u>
Annual surplus	<u>\$ 4,310,259</u>	<u>\$ 11,942,261</u>	<u>\$ 3,022,461</u>

Environmental services	Budget <u>2023</u>	Actual <u>2023</u>	Actual <u>2022</u>
Revenues			
Taxation	\$ 1,361,011	\$ 1,383,877	\$ 1,401,391
User charges	12,971,384	13,746,015	11,888,451
Government transfers	444,893	1,151,496	41,228
Other	-	16,415,123	7,158,347
Loss on disposal of tangible capital assets	-	-	(4,788)
	<u>14,777,288</u>	<u>32,696,511</u>	<u>20,484,629</u>
Expenses			
Wages and benefits	1,756,279	1,685,888	1,461,750
Operating materials and supplies	493,850	400,607	284,477
Contracted services	9,797,255	9,080,783	8,612,747
Rents and financial expenses	13,962	19,660	(12,250)
External transfers to others	75,256	-	52,947
Amortization	1,682,568	1,682,568	1,413,227
	<u>13,819,170</u>	<u>12,869,506</u>	<u>11,812,898</u>
Annual surplus	<u>\$ 958,118</u>	<u>\$ 19,827,005</u>	<u>\$ 8,671,731</u>

City of Thorold

Consolidated Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2023

Health services	Budget <u>2023</u>	Actual <u>2023</u>	Actual <u>2022</u>
Revenues			
Taxation	\$ 1,075,520	\$ 1,107,150	\$ 1,025,792
User charges	82,047	131,030	156,423
Government transfers	-	7,945	6,930
Other	73,172	92,794	49,034
	<u>1,230,739</u>	<u>1,338,919</u>	<u>1,238,179</u>
Expenses			
Wages and benefits	849,008	682,874	602,653
Operating materials and supplies	207,488	224,946	236,946
Contracted services	(45,514)	(35,331)	(33,246)
Rents and financial expenses	65,594	55,655	15,005
External transfers to others	298,000	298,000	298,000
Amortization	125,240	125,240	125,237
	<u>1,499,816</u>	<u>1,351,384</u>	<u>1,244,595</u>
Annual deficit	\$ (269,077)	\$ (12,465)	\$ (6,416)

Social and family services	Budget <u>2023</u>	Actual <u>2023</u>	Actual <u>2022</u>
Revenues			
Taxation	\$ 72,793	\$ 73,657	\$ 77,613
Government transfers	39,000	42,700	59,194
Other	8,500	-	4,553
	<u>120,293</u>	<u>116,357</u>	<u>141,360</u>
Expenses			
Wages and benefits	47,354	70,535	59,026
Operating materials and supplies	65,723	46,026	49,097
Contracted services	4,073	4,059	33,408
Rents and financial expenses	273	384	(175)
Amortization	130,669	130,669	130,669
	<u>248,092</u>	<u>251,673</u>	<u>272,025</u>
Annual deficit	\$ (127,799)	\$ (135,316)	\$ (130,665)

City of Thorold

Consolidated Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2023

Recreation and cultural services	Budget 2023	Actual 2023	Actual 2022
Revenues			
Taxation	\$ 4,337,381	\$ 4,388,888	\$ 3,796,953
User charges	3,675,245	1,023,670	562,759
Government transfers	48,400	96,046	221,568
Other	1,411,219	1,122,370	21,094,478
Gain on disposal of tangible capital assets	-	-	(5,830)
	<u>9,472,245</u>	<u>6,630,974</u>	<u>25,669,928</u>
Expenses			
Wages and benefits	2,791,426	2,561,894	2,375,689
Operating materials and supplies	1,716,240	1,445,594	1,473,625
Contracted services	202,797	307,807	491,670
Rents and financial expenses	50,174	32,043	15,676
External transfers to others	2,763,843	554,118	447,034
Amortization	1,905,758	2,010,368	1,272,933
	<u>9,430,238</u>	<u>6,911,824</u>	<u>6,076,627</u>
Annual (deficit) surplus	<u>\$ 42,007</u>	<u>\$ (280,850)</u>	<u>\$ 19,593,301</u>

Planning and development	Budget 2023	Actual 2023	Actual 2022
Revenues			
Taxation	\$ 1,292,011	\$ 1,307,353	\$ 1,361,727
User charges	771,885	453,439	418,162
Government transfers	49,000	26,945	14,285
	<u>2,112,896</u>	<u>1,787,737</u>	<u>1,794,174</u>
Expenses			
Wages and benefits	1,235,793	983,712	543,761
Operating materials and supplies	138,177	94,992	124,827
Contracted services	93,103	433,628	377,185
Rents and financial expenses	4,259	2,917	(1,567)
External transfers to others	227,685	190,666	219,899
Amortization	7,837	7,837	7,913
	<u>1,706,854</u>	<u>1,713,752</u>	<u>1,272,018</u>
Annual surplus	<u>\$ 406,042</u>	<u>\$ 73,985</u>	<u>\$ 522,156</u>

City of Thorold
Trust Funds
Statement of Financial Position

As at December 31, 2023

	<u>Cemetery Care and Maintenance</u>	<u>Mausoleum Care and Maintenance</u>	<u>Monument and Marker Care</u>	<u>2023</u>	<u>2022</u>
Assets					
Cash	\$ 253,393	\$ 399,926	\$ 113,897	\$ 767,216	\$ 481,295
Accounts receivable	2,533	6,305	554	9,392	13,319
Due from City of Thorold (Note 2)	-	-	-	17,062	
Investments (Note 3)	<u>240,000</u>	<u>480,000</u>	<u>-</u>	<u>720,000</u>	<u>960,000</u>
Net assets	<u>\$ 495,926</u>	<u>\$ 886,231</u>	<u>\$ 114,451</u>	<u>\$ 1,496,608</u>	<u>\$ 1,471,676</u>

Approved by

 Director of Finance

 Chief Administrative Officer

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, 2023

	<u>Cemetery Care and Maintenance</u>	<u>Mausoleum Care and Maintenance</u>	<u>Monument and Marker Care</u>	<u>2023</u>	<u>2022</u>
Revenues					
Marker fees	\$ -	\$ -	\$ 4,400	\$ 4,400	\$ 4,700
Sales of crypts and niches	-	16,514	-	16,514	15,367
Sales of plots	4,018	-	-	4,018	14,380
Interest	<u>15,299</u>	<u>23,421</u>	<u>5,993</u>	<u>44,713</u>	<u>28,873</u>
	19,317	39,935	10,393	69,645	63,320
Expenses					
Interest earned distributed to the City of Thorold	<u>15,299</u>	<u>23,421</u>	<u>5,993</u>	<u>44,713</u>	<u>28,873</u>
Excess of revenues over expenses	4,018	16,514	4,400	24,932	34,447
Net assets					
Beginning of year	<u>491,908</u>	<u>869,717</u>	<u>110,051</u>	<u>1,471,676</u>	<u>1,437,229</u>
End of year	<u>\$ 495,926</u>	<u>\$ 886,231</u>	<u>\$ 114,451</u>	<u>\$ 1,496,608</u>	<u>\$ 1,471,676</u>

See accompanying notes to the financial statements

City of Thorold
Trust Funds
Statement of Cash Flows
For the Year Ended December 31, 2023

	<u>2023</u>	<u>2022</u>
Net increase (decrease) in cash		
Operating activities		
Excess of revenues over expenses	\$ 24,932	\$ 34,447
Net change in operating working capital:		
Decrease (increase) in accounts receivable and Due from City of Thorold	<u>20,989</u>	<u>(7,155)</u>
	<u>45,921</u>	<u>27,292</u>
Investing activities		
Decrease in investments - net	<u>240,000</u>	<u>240,000</u>
Net increase in cash	285,921	267,292
Cash		
Beginning of year	<u>481,295</u>	<u>214,003</u>
End of year	<u>\$ 767,216</u>	<u>\$ 481,295</u>

DRAFT

See accompanying notes to the financial statements

City of Thorold

Trust Funds

Notes to the Financial Statements

For the Year Ended December 31, 2023

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

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.

(b) Financial instruments

Financial instruments in arms length transactions

The Trust Funds consider any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Trust Funds accounts for the following as financial instruments:

- Cash
- Accounts receivable
- Investments

A financial assets or liability is recognized when the Trust Funds becomes party to contractual provisions of the instrument. The Trust Funds initially measures its financial assets and financial liabilities at fair value, except for certain related party transactions.

The Trust Funds subsequently measure all of its financial assets and financial liabilities from arm's length transactions at amortized cost less any reduction for impairment, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the Statement of Operations.

Financial assets measured at cost or amortized cost less any reduction for impairment include cash, accounts receivable and investments in guaranteed investment certificates.

Financial assets and financial liabilities in arm's length transactions, which are not subsequently measured at fair value, are initially adjusted for transaction costs and financing fees directly attributable to their origination, acquisition, issuance or assumption. All other transaction costs are recognized in net income in the period incurred.

The Trust Funds removes financial liabilities, or a portion thereof, when the obligation is discharged, cancelled or expires.

City of Thorold

Trust Funds

Notes to the Financial Statements

For the Year Ended December 31, 2023

1. Summary of significant accounting policies (continued)

(b) Financial instruments (continued)

Financial instruments in arms length transactions (continued)

At the end of each reporting period, the Trust Funds assesses whether there are any indications that a financial asset (or group of similar financial assets) measured at cost or amortized cost may be impaired. When there is any such indication of impairment, the Trust Funds determines whether a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from that financial asset. Where this is the case, the carrying amount of the asset is reduced to the highest of the expected value that is actually recoverable from the asset either by holding the asset, by its sale or by exercising the right to any collateral, net of costs. The carrying amount of the asset is reduced directly or through the use of an allowance account and the amount of the reduction is recognized as an impairment loss in net income. Previously recognized impairment losses are reversed to net income if improvements occur.

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.

(c) 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. Due from City of Thorold

The amount due from the City of Thorold has no set terms of repayment.

City of Thorold

Trust Funds

Notes to the Financial Statements

For the Year Ended December 31, 2023

3. 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 \$ 723,868 (2022 - \$ 965,157).

4. Financial instruments

The Trust Funds are exposed to various risks through its financial instruments. The following analysis provides a measure of the Trust Funds risk exposures and concentrations at December 31, 2023.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Trust Funds main credit risk relates to its accounts receivable and due from City of Thorold. There was no significant change in exposure from the prior year and no allowance for doubtful accounts is required.

Market risk

Market risk is the risk that the fair value or expected future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Trust Funds is mainly exposed to interest rate risk.

a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Trust Funds guaranteed investment certificates bear interest at various fixed rates and therefore are subject to fair value interest rate risk. There was no significant change in exposure from the prior year.