

Financial Report

City of Port Colborne

December 31, 2021

Draft - Sept 29, 2022

Contents

	Page
City of Port Colborne	
Independent Auditor's Report	1-3
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations	5
Consolidated Statement of Changes in Net Debt	6
Consolidated Statement of Cash Flows	7
Notes to the Consolidated Financial Statements	8-30
Consolidated Schedule of Segment Disclosure	31-32
Consolidated Schedule of Segment Disclosure with Budget Information	33-37
Trust Funds	
Independent Auditor's Report	38-39
Statement of Financial Position	40
Statement of Operations and Changes in Net Assets	41
Statement of Cash Flows	42
Notes to the Financial Statements	43-44

City of Port Colborne

Consolidated Statement of Financial Position

As at December 31, 2021

	<u>2021</u>	<u>2020</u> (As restated) (Note 2)
Financial assets		
Cash and cash equivalents (Note 3)	\$ 18,276,830	\$ 11,178,482
Portfolio investments (Note 4)	4,520,399	6,619,798
Taxes receivable	3,827,772	4,250,412
User charges receivable	1,681,550	2,072,451
Other receivables	5,026,228	3,649,779
Asset held for sale	266,417	-
	<u>33,599,196</u>	<u>27,770,922</u>
Liabilities		
Payables and accruals	4,715,245	5,147,055
Other liabilities	2,601,898	2,108,402
Deferred revenue (Note 6)	3,002,941	2,165,256
Long term debt (Note 7)	28,855,949	30,328,252
Employee benefit obligations (Notes 8 and 17)	9,804,900	9,438,200
	<u>48,980,933</u>	<u>49,187,165</u>
Net debt	<u>(15,381,737)</u>	<u>(21,416,243)</u>
Non-financial assets		
Tangible capital assets (Note 9)	133,409,532	135,422,460
Prepaid expenses	486,445	801,979
	<u>133,895,977</u>	<u>136,224,439</u>
Accumulated surplus (Note 10)	<u>\$ 118,514,240</u>	<u>\$ 114,808,196</u>

Contingencies (Notes 21 and 22)
Commitments (Note 23)
Impacts of COVID-19 (Note 26)

Approved by

Chief Administrative Officer

Director, Corporate Services/Treasurer

See accompanying notes to the consolidated financial statements

City of Port Colborne

Consolidated Statement of Operations

For the Year Ended December 31, 2021

	Budget 2021 (Note 25)	Actual 2021	Actual 2020 (As restated) (Note 2)
Revenues			
Taxation (Note 12)	\$ 21,157,645	\$ 21,171,858	\$ 19,763,302
User charges (Note 14)	14,297,472	14,984,418	12,439,426
Government transfers (Note 15)	3,978,515	5,308,871	4,920,292
Penalties and interest	523,498	640,250	466,024
Investment income	105,000	155,772	223,743
Other (Note 16)	1,252,500	1,297,118	1,933,147
	<u>41,314,630</u>	<u>43,558,287</u>	<u>39,745,934</u>
Expenses			
General government	5,149,209	5,241,435	5,756,417
Protection to persons and property	4,815,366	5,175,456	4,713,803
Transportation services	8,156,096	7,976,185	7,569,845
Environmental services	12,138,511	11,151,156	11,096,244
Health services	193,821	114,625	123,011
Recreation and culture services	10,111,504	8,964,962	8,775,742
Planning and development	745,904	1,228,424	1,000,559
	<u>41,310,411</u>	<u>39,852,243</u>	<u>39,035,621</u>
Annual surplus	<u>4,219</u>	<u>3,706,044</u>	<u>710,313</u>
Accumulated surplus (Note 10)			
Beginning of year			
As previously stated	114,808,196	115,527,410	114,817,097
Prior period adjustment (Note 2)	-	(719,214)	(719,214)
As restated	<u>114,808,196</u>	<u>114,808,196</u>	<u>114,097,883</u>
End of year	<u>\$ 114,812,415</u>	<u>\$ 118,514,240</u>	<u>\$ 114,808,196</u>

See accompanying notes to the consolidated financial statements.

City of Port Colborne

Consolidated Statement of Changes in Net Debt

For the Year Ended December 31, 2021

	Budget 2021 (Note 25)	Actual 2021	Actual 2020
Annual surplus	\$ 4,219	\$ 3,706,044	\$ 710,313
Amortization of tangible capital assets	5,719,639	5,719,689	5,652,879
Acquisition of tangible capital assets	(3,730,738)	(4,056,276)	(3,015,630)
Contributed tangible capital assets	-	(64,000)	-
Proceeds from disposal of tangible capital assets	-	596,216	705,494
Gain on disposal of tangible capital assets	-	(182,701)	(618,692)
	1,993,120	5,718,972	3,434,364
Usage of prepaid expenses	-	315,534	298,816
Decrease in net debt	1,993,120	6,034,506	3,733,180
Net debt			
Beginning of year	(21,416,243)	(21,416,243)	(25,149,423)
End of year	\$ (19,423,123)	\$ (15,381,737)	\$ (21,416,243)

See accompanying notes to the consolidated financial statements.

City of Port Colborne

Consolidated Statement of Cash Flows

For the Year Ended December 31, 2021

	<u>2021</u>	<u>2020</u>
Increase (decrease) in cash and cash equivalents		
Operating activities		
Annual surplus	\$ 3,706,044	\$ 710,313
Non-cash items:		
Amortization of tangible capital assets	5,719,689	5,652,879
Contributed tangible capital assets	(64,000)	-
Gain on disposal of tangible capital assets	(182,701)	(618,692)
Decrease (increase) in taxes receivable	422,640	(736,904)
Decrease (increase) in user charges receivable	390,901	(48,195)
Increase in other receivables	(1,376,449)	(80,449)
Increase in asset held for sale	(266,417)	-
Decrease in payables and accruals	(431,810)	(1,355,767)
Increase in other liabilities	493,496	582,896
Increase in deferred revenue	837,685	166,411
Decrease in prepaid expenses	315,534	298,816
	<u>9,564,612</u>	<u>4,571,308</u>
Capital activities		
Proceeds from disposal of tangible capital assets	596,216	705,494
Acquisition of tangible capital assets	(4,056,276)	(3,015,630)
	<u>(3,460,060)</u>	<u>(2,310,136)</u>
Financing activities		
Issue of long term debt	-	5,000,000
Repayment of long term debt	(1,439,543)	(1,975,452)
Repayment of capital lease obligation	(32,760)	(81,473)
Increase in employee benefit obligation	366,700	312,900
	<u>(1,105,603)</u>	<u>3,255,975</u>
Investing activities		
Disposal of portfolio investments, net	<u>2,099,399</u>	<u>4,458,303</u>
Net increase in cash and cash equivalents	7,098,348	9,975,450
Cash and cash equivalents (Note 3)		
Beginning of year	<u>11,178,482</u>	<u>1,203,032</u>
End of year	<u>\$ 18,276,830</u>	<u>\$ 11,178,482</u>

See accompanying notes to the consolidated financial statements.

City of Port Colborne

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

1. Significant accounting policies

Management responsibility

The consolidated financial statements of the City of Port Colborne ("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:

Port Colborne Public Library Board
Port Colborne Downtown Development Board
Port Colborne Main Street Business Improvement Area
Niagara's South Coast Tourism Association

Interdepartmental and organizational transactions and balances are eliminated.

The following joint local board is proportionally consolidated:

Niagara Central Dorothy Rungeling Airport Commission (Joint Board)

Related party transactions are eliminated (Note 18).

The statements exclude trust assets that are administered for the benefit of external parties (Note 19).

(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 one year.

(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 Port Colborne

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

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 present value of the cost of providing employees with future benefit programs is expensed as employees earn these entitlements through service.

(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.

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 Port Colborne

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

1. Significant accounting policies (continued)

(h) 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 as "other revenues". Half-year amortization is charged in the year of acquisition and disposal. Assets under construction are not amortized until the asset is available for productive use.

Amortization is based on the following classifications and useful lives:

<u>Classification</u>	<u>Useful Life</u>
Land improvements	10-100 years
Buildings	20-50 years
Leasehold improvements	20-50 years
Vehicles	10-20 years
Office equipment and furniture and fixtures	5-10 years
Machinery and equipment	3-30 years
Infrastructure	10-100 years

(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 tangible capital assets. The Municipality is not involved in the construction.

(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.

City of Port Colborne

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

1. Significant accounting policies (continued)

(j) Revenue recognition (continued)

i) Taxation (continued)

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 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.

(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.

(l) Local improvements

The Municipality records capital expenses funded by local improvement agreements as they are incurred. Revenues are recognized in the year they become payable.

(m) Region 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.

(n) Use of estimates

The preparation of 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Two areas in which management make estimates are with regards to an allowance for uncollectible taxes receivable and obligations for employee benefits.

City of Port Colborne

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

2. Prior period adjustment

During the year, management discovered that four parcels of land were disposed of and had not been recorded when the City sold the properties in years prior to 2020. Management also discovered that two parcels of land vested to the City in years prior to 2020 had not been recorded as land additions by the City in those years.

As a result of the errors, the following financial statement items have been decreased as follows:

	Previously reported	Adjustments	As restated
<u>Consolidated Statement of Financial Position</u>			
<u>As at December 31, 2020</u>			
Non-financial assets			
Tangible capital assets (Note 9)	\$ 136,141,674	\$ (719,214)	\$ 135,422,460
Accumulated surplus (Note 10)	115,527,410	(719,214)	114,808,196
<u>Consolidated Statement of Operations</u>			
<u>For the Year Ended December 31, 2020</u>			
Accumulated surplus			
Beginning of year	114,817,097	(719,214)	114,097,883
End of year	115,527,410	(719,214)	114,808,196

3. Cash and cash equivalents	<u>2021</u>	<u>2020</u>
Cash on hand	\$ 3,550	\$ 3,550
Bank balances	<u>18,273,280</u>	<u>11,174,932</u>
	<u>\$ 18,276,830</u>	<u>\$ 11,178,482</u>

4. Portfolio investments

Guaranteed investment certificates carry an effective interest rate from 0.75% to 1.24% with maturity dates ranging between June, 2022 to June, 2023. Interest is receivable on maturity. Carrying value approximates market value.

City of Port Colborne

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

5. Bank indebtedness

An operating line of credit of \$ 4,000,000 has been established with the CIBC, of which \$ Nil (2020 - \$ Nil) was used at December 31, 2021. An executed borrowing by-law in form and content satisfactory to CIBC is in effect to a limit of \$ 4,000,000. Interest is calculated at prime minus 0.50%. Overdrafts outstanding under the line of credit are converted to a promissory note at the CIBC's request which has not been enacted.

6. Deferred revenue

	<u>2021</u>	<u>2020</u>
Development Charges Act	\$ 167,224	\$ 79,603
Parkland	475,402	260,110
Federal gas tax	1,400,270	1,069,588
Ontario Community Infrastructure Fund	960,045	755,955
	<u>\$ 3,002,941</u>	<u>\$ 2,165,256</u>
The continuity of deferred revenue is made up of the following:		
Balance, beginning of year	<u>\$ 2,165,256</u>	<u>\$ 1,998,845</u>
Contributions from		
Development charges	298,149	126,629
Interest earned	25,063	35,225
Government transfers received		
Federal	1,138,702	555,335
Provincial	418,769	418,760
	<u>1,880,683</u>	<u>1,135,949</u>
Utilized for		
Tangible capital asset acquisitions	(1,042,998)	(954,538)
Operations	-	(15,000)
	<u>(1,042,998)</u>	<u>(969,538)</u>
Balance, end of year	<u>\$ 3,002,941</u>	<u>\$ 2,165,256</u>

City of Port Colborne

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

7. Long term debt 2021 2020

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

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

	\$ 28,830,632	\$ 30,270,175
Capital lease obligations	<u>25,317</u>	<u>58,077</u>
Net long term debt	<u>\$ 28,855,949</u>	<u>\$ 30,328,252</u>

- (b) The net long term debt is made up of the following:

<u>Debenture Type</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>2021</u>	<u>2020</u>
Serial	1.20 to 1.60%	2021	\$ -	\$ 60,782
Amortizer	2.67%	2023	502,255	826,161
Serial	1.15 to 2.80%	2025	1,166,000	1,441,000
Amortizer	3.18%	2028	441,990	502,298
Amortizer	3.37%	2033	523,996	560,747
Amortizer	3.46%	2035	1,620,573	1,709,219
Amortizer	3.22%	2037	381,421	399,395
Amortizer	3.70%	2043	1,547,972	1,594,428
Amortizer	3.43%	2047	12,648,025	12,945,616
Amortizer	3.56%	2048	5,115,906	5,230,529
Amortizer	2.29%	2050	4,882,494	5,000,000
Capital leases	Various	2021-2023	<u>25,317</u>	<u>58,077</u>
			<u>\$ 28,855,949</u>	<u>\$ 30,328,252</u>

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

2022	\$ 1,443,927
2023	1,289,352
2024	1,154,607
2025	1,190,995
2026	917,336

- (d) The Municipality paid \$ 962,338 (2020 - \$ 914,835) interest on long term debt during the year.

City of Port Colborne

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

8. Employee benefit obligations	2021	2020
Workplace Safety and Insurance Board future benefits	\$ 2,348,000	\$ 2,309,300
Vested sick leave benefits	332,200	295,200
Retirement benefits	<u>7,124,700</u>	<u>6,833,700</u>
	9,804,900	9,438,200
Less: benefits funded by future liabilities reserve	<u>(1,684,253)</u>	<u>(1,355,755)</u>
	\$ 8,120,647	\$ 8,082,445

(a) Workplace Safety and Insurance Board future benefits

The City of Port Colborne is a Workplace Safety and Insurance Board ("WSIB") Schedule 2 employer.

In 2021, an actuarial estimate of future liabilities has been completed and forms the basis for the estimated liability reported in these financial statements. During the year \$ 154,745 (2020 - \$ 216,923) was paid by the City to the WSIB in relation to these benefits.

The accrued benefit obligation at December 31, 2021 of \$ 2,348,000 (2020 - \$ 2,309,300) was determined by an actuarial valuation using a discount rate of 2.90% (2020 - 2.90%).

The most recent actuarial valuation was prepared at December 31, 2019.

The main actuarial assumptions employed above are as follows (where applicable):

(i) Interest (discount) rate

The obligations as at December 31, 2021 of the present value of future liabilities were determined using a discount rate of 2.90% (2020 - 2.90%).

(ii) Future benefit indexing rate

The rates used for loss of earnings benefits and pension and survivors benefits are assumed to be 2.00% per annum. The rate for health benefits is assumed to be 4.00% per annum.

City of Port Colborne

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

8. Employee benefit obligations (continued)

(a) Workplace Safety and Insurance Board future benefits (continued)

	<u>2021</u>	<u>2020</u>
Accrued benefit obligation		
Beginning of year	\$ 2,309,300	\$ 2,272,200
Benefit payments	(210,700)	(206,600)
Current service cost	169,000	164,200
Interest cost	71,200	70,300
Amortization of actuarial loss	<u>9,200</u>	<u>9,200</u>
	<u>\$ 2,348,000</u>	<u>\$ 2,309,300</u>
Funded status		
Deficit	\$ 2,421,300	\$ 2,391,800
Unamortized actuarial loss	<u>(73,300)</u>	<u>(82,500)</u>
	<u>\$ 2,348,000</u>	<u>\$ 2,309,300</u>
The net benefit expense is as follows:		
Current service cost	\$ 169,000	\$ 164,200
Interest cost	71,200	70,300
Amortization of actuarial loss	<u>9,200</u>	<u>9,200</u>
	<u>\$ 249,400</u>	<u>\$ 243,700</u>

(b) Vested sick leave benefits

Under the sick leave benefit plan for employees of the Port Colborne Firefighters' Association, sick leave can accumulate and employees may become entitled to a cash payment upon leaving the Municipality's employment.

The accrued benefit obligation at December 31, 2021 of \$ 332,200 (2020 - \$ 295,200) was determined by an actuarial valuation using a discount rate of 2.90% (2020 - 2.90%).

The most recent actuarial valuation for the vested sick leave was prepared at December 31, 2019.

The main actuarial assumptions employed for the vested sick leave and retirement benefits valuations above are as follows (where applicable):

(i) Interest (discount) rate

The obligations as at December 31, 2021 of the present value of future liabilities were determined using a discount rate of 2.90% (2020 - 2.90%).

(ii) Salary increase rate

The rate used to increase salaries is assumed to be 3.00% (2020 - 3.00%) per annum. This rate reflects management's best estimate of future salary increases.

City of Port Colborne

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

8. Employee benefit obligations (continued)

(b) Vested sick leave benefits (continued)

	<u>2021</u>	<u>2020</u>
Accrued benefit obligation		
Beginning of year	\$ 295,200	\$ 306,200
Benefit payments	(8,900)	(55,700)
Current service cost	32,100	31,200
Interest cost	10,300	10,000
Amortization of actuarial loss	3,500	3,500
	<u>\$ 332,200</u>	<u>\$ 295,200</u>
Funded status		
Deficit	\$ 361,900	\$ 328,400
Unamortized actuarial loss	(29,700)	(33,200)
	<u>\$ 332,200</u>	<u>\$ 295,200</u>
The net benefit expense is as follows:		
Current service cost	\$ 32,100	\$ 31,200
Interest cost	10,300	10,000
Amortization of actuarial loss	3,500	3,500
	<u>\$ 45,900</u>	<u>\$ 44,700</u>

During the year \$ Nil (2020 - \$ Nil) was paid to employees who left the Municipality's employment.

(c) Retirement benefits

The City of Port Colborne pays certain retirement benefits on behalf of its retired employees. The City of Port Colborne recognizes these retirement costs in the period in which the employees rendered the services. The plan is substantially unfunded and requires no contributions from employees.

The accrued benefit obligation at December 31, 2021 of \$ 7,124,700 (2020 - \$ 6,833,700) was determined by an actuarial valuation using a discount rate of 2.90% (2020 - 2.90%).

The City's obligation under the retirement provision of employment agreements will be funded out of current revenue. During the year benefit payments of \$ 372,400 (2020 - \$ 358,700) were paid to retirees.

Actuarial valuations for accounting purposes are performed every three years using the projected benefit method, pro-rated on service. Under this method, the projected retirement benefits are deemed to be earned on a pro-rata basis over the employee's years of service.

The most recent actuarial valuation for the retirement benefits was prepared at December 31, 2019.

City of Port Colborne

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

8. Employee benefit obligations (continued)

(c) Retirement benefits (continued)

The main actuarial assumptions employed for retirement benefits valuation above are as follows (where applicable):

(i) Interest (discount) rate

The obligations as at December 31, 2021 of the present value of future liabilities were determined using a discount rate of 2.90% (2020 - 2.90%).

(ii) Medical costs

Drug costs were assumed to be 7.13% in 2021 (2020 - 7.30%) and decrease 0.175% per year until 2036 when the rate will be 4.50% and continue thereafter.

Vision costs were assumed to be 1.25% in 2021 (2020 - 1.50%) and decrease 0.25% per year until 2026 when the rate will be 0% and continue thereafter.

Other health costs were assumed to be 4.50% in 2021 (2020 - 4.50%) and continue thereafter.

(iii) Dental costs

Dental costs were assumed to be 5.06% in 2021 (2020 - 5.25%) and decrease 0.1875% per year until 2024 when the rate will be 4.50% and continue thereafter.

	<u>2021</u>	<u>2020</u>
Accrued benefit obligation		
Beginning of year	\$ 6,833,700	\$ 6,546,900
Benefit payments	(372,400)	(358,700)
Current service cost	391,900	380,900
Interest cost	213,200	206,300
Amortization of actuarial loss	<u>58,300</u>	<u>58,300</u>
	<u>\$ 7,124,700</u>	<u>\$ 6,833,700</u>
Funded status		
Deficit	\$ 7,376,800	\$ 7,144,100
Unamortized actuarial loss	<u>(252,100)</u>	<u>(310,400)</u>
	<u>\$ 7,124,700</u>	<u>\$ 6,833,700</u>

The net benefit expense is as follows:

Current service cost	\$ 391,900	\$ 380,900
Interest cost	213,200	206,300
Amortization of actuarial loss	<u>58,300</u>	<u>58,300</u>
	<u>\$ 663,400</u>	<u>\$ 645,500</u>

City of Port Colborne

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

9. Tangible capital assets

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings and Leaseholds</u>	<u>Vehicles</u>	<u>Furniture and Equipment</u>	<u>Infrastructure</u>	<u>Construction in Process</u>	<u>2021</u>
Cost								
Beginning of year	\$ 4,854,479	\$ 18,942,276	\$ 60,133,074	\$ 5,136,268	\$ 9,682,591	\$ 128,132,286	\$ 1,405,364	\$ 228,287,345
Additions	266,423	539,322	492,379	557,521	647,720	1,302,951	466,605	4,272,921
Disposals	(381,473)	-	(600,581)	-	(276,418)	(329,934)	(152,645)	(1,741,051)
End of year	<u>4,739,429</u>	<u>19,481,598</u>	<u>60,024,872</u>	<u>5,693,789</u>	<u>10,054,900</u>	<u>129,105,303</u>	<u>1,719,324</u>	<u>230,819,215</u>
Accumulated amortization								
Beginning of year	-	9,439,936	17,914,876	3,062,204	5,643,009	56,804,860	-	92,864,885
Amortization	-	587,916	1,720,803	118,806	732,508	2,359,656	-	5,719,689
Amortization on disposals	-	-	(571,555)	-	(276,418)	(326,918)	-	(1,174,891)
End of year	<u>-</u>	<u>10,027,852</u>	<u>19,064,124</u>	<u>3,381,010</u>	<u>6,099,099</u>	<u>58,837,598</u>	<u>-</u>	<u>97,409,683</u>
Net book value	<u>\$ 4,739,429</u>	<u>\$ 9,453,746</u>	<u>\$ 40,960,748</u>	<u>\$ 2,312,779</u>	<u>\$ 3,955,801</u>	<u>\$ 70,267,705</u>	<u>\$ 1,719,324</u>	<u>\$ 133,409,532</u>

The value of contributed tangible capital assets during the year is \$ 64,000.

City of Port Colborne

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

9. Tangible capital assets (continued)

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings and Leaseholds</u>	<u>Vehicles</u>	<u>Furniture and Equipment</u>	<u>Infrastructure</u>	<u>Construction in Process</u>	<u>2020</u> (As restated) (Note 2)
Cost								
Beginning of year								
As previously stated	\$ 5,617,498	\$ 18,625,163	\$ 59,902,611	\$ 5,045,158	\$ 9,113,110	\$ 127,071,527	\$ 1,242,665	\$ 226,617,732
Prior period adjustment	(719,214)	-	-	-	-	-	-	(719,214)
As restated	4,898,284	18,625,163	59,902,611	5,045,158	9,113,110	127,071,527	1,242,665	225,898,518
Additions	-	317,113	230,463	125,394	848,103	1,331,858	162,699	3,015,630
Disposals	(43,805)	-	-	(34,284)	(277,615)	(271,099)	-	(626,803)
End of year	<u>4,854,479</u>	<u>18,942,276</u>	<u>60,133,074</u>	<u>5,136,268</u>	<u>9,683,598</u>	<u>128,132,286</u>	<u>1,405,364</u>	<u>228,287,345</u>
Accumulated amortization								
Beginning of year	-	8,849,423	16,213,856	2,789,286	5,175,322	54,724,120	-	87,752,007
Amortization	-	590,513	1,701,020	307,202	705,064	2,349,080	-	5,652,879
Amortization on disposals	-	-	-	(34,284)	(237,377)	(268,340)	-	(540,001)
End of year	<u>-</u>	<u>9,439,936</u>	<u>17,914,876</u>	<u>3,062,204</u>	<u>5,643,009</u>	<u>56,804,860</u>	<u>-</u>	<u>92,864,885</u>
Net book value	<u>\$ 4,854,479</u>	<u>\$ 9,502,340</u>	<u>\$ 42,218,198</u>	<u>\$ 2,074,064</u>	<u>\$ 4,040,589</u>	<u>\$ 71,327,426</u>	<u>\$ 1,405,364</u>	<u>\$ 135,422,460</u>

City of Port Colborne

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

10. Accumulated surplus	<u>2021</u>	<u>2020</u> (As restated) (Note 2)
Consists of:		
Surpluses (deficits)		
Operating	\$ (336,002)	\$ -
Port Colborne Public Library Board	-	-
Port Colborne Downtown Development Board	52,274	40,619
Port Colborne Main Street Business Improvement Area	32,205	26,095
Niagara's South Coast Tourism Association	2,336	(1,410)
Niagara Central Dorothy Rungeling		
Airport Commission (Note 18)	(16,737)	(37,948)
	<u>(265,924)</u>	<u>27,356</u>
Investment in tangible capital assets	<u>133,409,532</u>	<u>135,422,460</u>
Unfunded liabilities		
Long term debt	(28,855,949)	(30,328,252)
Employee benefit obligations	(9,804,900)	(9,438,200)
	<u>(38,660,849)</u>	<u>(39,766,452)</u>
Reserves and reserve funds (Note 11)	<u>24,031,481</u>	<u>19,124,832</u>
	<u>\$ 118,514,240</u>	<u>\$ 114,808,196</u>

11. Reserves and reserve funds	<u>2021</u>	<u>2020</u>
Reserves and reserve funds set aside for specific purposes by Council or agreement		
Boards and committees		
Community Safety Committee	\$ 4,947	\$ 3,947
Library bequest	4,188	4,188
Library future liabilities	54,129	54,129
Library capital	135,519	120,712
Library	45,415	52,602
Grant Committee	13,000	12,250
Local Architectural Conservation Advisory Committee	11,184	10,184
Mayors Youth Council Committee	4,217	3,217
Seniors Advisory Committee	5,242	4,392
Niagara's South Coast Tourism Association	63,952	35,402
Museum bequests	78,827	51,473
Museum capital	31,667	31,667
	<u>452,287</u>	<u>384,163</u>

City of Port Colborne

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

11. Reserves and reserve funds (continued)	<u>2021</u>	<u>2020</u>
Programs, grants and activities		
Canada Summer Games	45,000	30,000
Canal Days	175,000	50,000
CIP incentives	110,054	110,054
Municipal elections	118,588	90,585
Roselawn	679,299	679,299
Transit	211,508	166,078
	<u>1,339,449</u>	<u>1,126,016</u>
Self sustaining entities		
Building department	168,151	83,220
Nickel Beach	278,966	212,729
Overholt cemetery	130,000	23,397
Marina	(46,579)	(192,099)
	<u>530,538</u>	<u>127,247</u>
General government		
Encumbrance	351,906	197,285
Future liabilities	1,684,253	1,355,755
Opportunity Fund	2,000,000	2,000,000
Subject matter experts	208,598	208,598
General stabilization	2,240,562	2,240,562
Working capital	2,187,400	2,018,700
Economic development	466,525	-
	<u>9,139,244</u>	<u>8,020,900</u>
Capital and related projects		
Drains	(71,855)	343,955
Facilities	131,386	131,386
Fleet and equipment	704,237	704,237
Goderich maintenance	43,921	83,852
Infrastructure	2,436,082	2,441,383
Storm sewer	116,975	235,832
Wastewater	1,061,002	84,936
Water	324,295	900,730
	<u>4,746,043</u>	<u>4,926,311</u>
Allocated capital and related projects	<u>7,823,920</u>	<u>4,540,195</u>
Total reserves and reserve funds	<u>\$ 24,031,481</u>	<u>\$ 19,124,832</u>

The marina reserve of \$ (46,579) represents a reserve of \$ 175,853 less internal financing of \$ (367,952). The drains reserve of \$ (71,855) represents a reserve of \$ 413,988 less internal financing of \$ (488,365).

City of Port Colborne

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

12. Taxation	Budget 2021	Actual 2021	Actual 2020
Real property		\$ 40,869,587	\$ 39,544,008
From other governments			
Payments in lieu of taxes		<u>469,350</u>	<u>462,507</u>
		<u>41,338,937</u>	<u>40,006,515</u>
Less: taxation collected on behalf of (Note 13):			
Region of Niagara		<u>15,388,896</u>	<u>15,010,032</u>
School boards		<u>4,778,183</u>	<u>5,233,181</u>
		<u>20,167,079</u>	<u>20,243,213</u>
Net taxes available for municipal purposes		<u>\$ 21,171,858</u>	<u>\$ 19,763,302</u>
Residential, multi-residential and farm	\$ 16,240,564	\$ 16,238,097	\$ 15,149,789
Commercial and industrial	<u>4,917,081</u>	<u>4,933,761</u>	<u>4,613,513</u>
Net taxes available for municipal purposes	<u>\$ 21,157,645</u>	<u>\$ 21,171,858</u>	<u>\$ 19,763,302</u>

13. 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:

	2021	2020
Region of Niagara	\$ 15,388,896	\$ 15,010,032
School boards	<u>4,778,183</u>	<u>5,233,181</u>
	<u>\$ 20,167,079</u>	<u>\$ 20,243,213</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 Port Colborne
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2021

14. User charges	Budget 2021	Actual 2021	Actual 2020
Operating			
Fees and service charges	\$ 2,479,664	\$ 3,117,218	\$ 2,020,521
Direct water billings	4,701,500	4,708,631	4,842,121
Wastewater surcharges	6,726,608	6,646,686	5,245,246
Licences and permits	389,700	511,883	331,538
	<u>\$ 14,297,472</u>	<u>\$ 14,984,418</u>	<u>\$ 12,439,426</u>
15. Government transfers	Budget 2021	Actual 2021	Actual 2020
Operating			
Government of Canada	\$ -	\$ 85,907	\$ 294,233
Province of Ontario	2,920,100	3,669,484	3,784,425
Municipal	84,300	57,866	8,316
	<u>3,004,400</u>	<u>3,813,257</u>	<u>4,086,974</u>
Capital			
Government of Canada	555,355	819,999	697,779
Province of Ontario	418,760	264,834	2,999
Municipal	-	410,781	132,540
	<u>974,115</u>	<u>1,495,614</u>	<u>833,318</u>
	<u>\$ 3,978,515</u>	<u>\$ 5,308,871</u>	<u>\$ 4,920,292</u>

City of Port Colborne

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

16. Other revenues	Budget 2021	Actual 2021	Actual 2020
Operating			
Fines	\$ 11,500	\$ 65,880	\$ 9,600
Rental income	868,100	564,376	752,261
Contributions from developers	-	-	15,000
Transfer from trust funds	4,000	4,235	5,338
Donations	226,400	192,488	44,844
Other	142,500	205,718	205,043
	<u>1,252,500</u>	<u>1,032,697</u>	<u>1,032,086</u>
Capital			
Donations	-	16,298	12,128
Other	-	1,422	270,241
Contributed capital assets	-	64,000	-
Gain on disposal of tangible capital assets	-	182,701	618,692
	<u>-</u>	<u>264,421</u>	<u>901,061</u>
	<u>\$ 1,252,500</u>	<u>\$ 1,297,118</u>	<u>\$ 1,933,147</u>

17. 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 \$ 70 million (2020 - \$ 7.7 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 2021 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 2021 current and past service was \$ 1,036,608 (2020 - \$ 948,393) and were matched by employee contributions in a similar amount.

City of Port Colborne

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

18. Niagara Central Dorothy Rungeling Airport Commission

The Niagara Central Dorothy Rungeling Airport Commission operates a two runway airport offering a year round fixed base operation. The Commission is funded by the four nearby municipalities, City of Welland, City of Port Colborne, Town of Pelham and the Township of Wainfleet. The City of Port Colborne has a non-controlling interest in the airport of 19% (2020 - 19%) based on population.

The following table provides condensed supplementary financial information for the Niagara Central Dorothy Rungeling Airport Commission:

	<u>2021</u>	<u>2020</u>
Financial assets		
Cash and cash equivalents	\$ 280,455	\$ 237,067
Receivables	6,485	31,065
	<u>286,940</u>	<u>268,132</u>
Liabilities		
Accounts payable and accrued liabilities	30,376	67,881
Loans payable	334,557	374,431
Capital lease obligation	32,627	40,081
	<u>397,560</u>	<u>482,393</u>
Net debt	<u>(110,620)</u>	<u>(214,261)</u>
Non-financial assets		
Prepaid expenses	14,783	15,040
Fuel inventory	23,912	15,659
Tangible capital assets	1,421,197	1,476,176
	<u>1,459,892</u>	<u>1,506,875</u>
Accumulated surplus	<u>\$ 1,349,272</u>	<u>\$ 1,292,614</u>
Accumulated surplus consists of:		
Operating deficit	\$ (88,089)	\$ (199,726)
Reserves	16,164	16,164
Investment in tangible capital assets	1,421,197	1,476,176
	<u>\$ 1,349,272</u>	<u>\$ 1,292,614</u>
Revenues		
Grants	\$ 154,770	\$ 154,770
Fuel, rentals and other	104,277	94,652
Interest	474	-
Expenses	<u>(204,087)</u>	<u>(276,436)</u>
Annual surplus (deficit)	<u>\$ 55,434</u>	<u>\$ (27,014)</u>

City of Port Colborne

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

18. Niagara Central Dorothy Rungeling Airport Commission (continued)

The financial position information is as reported by the Niagara Central Dorothy Rungeling Airport Commission as at December 31, 2021 and the results of operations are as reported for the year ended December 31, 2021. The comparative financial position and results of operations figures are as reported by the Niagara Central Dorothy Rungeling Airport Commission at December 31, 2020.

The Municipality has recorded in the financial statements its 19% (2020 - 19%) share of the Niagara Central Dorothy Rungeling Airport Commissions' assets, liabilities, accumulated surplus, revenues, expenses, and annual surplus.

The following summarizes the Municipality's related party transactions with the Niagara Central Dorothy Rungeling Airport Commission 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>2021</u>	<u>2020</u>
Government transfers	\$ 29,406	\$ 29,406
Interest	2,463	2,743
Loan, bearing interest of 3.5% per annum repayable in annual instalments of \$ 6,012, commencing June 15, 2018	\$ 32,647	\$ 37,462
Loan, bearing interest of 4.3% per annum repayable in annual instalments of \$ 4,113, commencing August 24, 2019	<u>24,788</u>	<u>27,770</u>
	<u>\$ 57,435</u>	<u>\$ 65,232</u>

19. Trust funds

Trust funds administered by the Municipality amounting to \$ 482,465 (2020 - \$ 463,342) have not been included in the consolidated statement of financial position nor have these operations been included in the consolidated statement of operations.

20. Subdividers' deposits

The Municipality holds bank letters of credit as security to ensure the provision of subdivision services and the completion of contracts.

	<u>2021</u>	<u>2020</u>
Letters of credit, beginning of year	\$ 1,070,405	\$ 1,158,096
Net additions (deletions)	<u>466,705</u>	<u>(87,691)</u>
Letters of credit, end of year	<u>\$ 1,537,110</u>	<u>\$ 1,070,405</u>

These letters of credit are not reflected in the accounts.

City of Port Colborne

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

21. 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.

22. Liabilities for contaminated sites

The Municipality reports environmental liabilities related to the management and remediation of any 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 exceeds environmental standards. A reasonable estimate of any liability cannot be made as the Municipality has not determined how the property will be used, therefore, no liability has been recognized.

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.

23. Commitments

Tax increment based grants

The Municipality has commitments for tax increment based grants with various expiry dates up to 2030. There are currently three signed agreements with a term spanning ten years each. At December 31, 2021, the total amount remaining to be paid from these agreements is \$ 59,035 with the total commitment for each of the next five years as follows:

2022	\$	35,065
2023		4,950
2024		3,748
2025		2,545
2026		2,545

24. Comparative figures

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

City of Port Colborne

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

25. Budget

The budget bylaw adopted by Council November 5, 2020 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 Debt represent the budget adopted by Council with the following adjustments:

Budgeted annual surplus	\$ 11,515
Add:	
Acquisition of tangible capital assets	3,730,738
Repayment of long term debt	1,462,713
Transfers (to) from reserves, net	518,892
Less:	
Amortization of tangible capital assets	<u>(5,719,639)</u>
Budgeted surplus per Consolidated Statement of Operations	<u>\$ 4,219</u>

26. Impacts of COVID-19

The outbreak of a novel strain of coronavirus ("COVID-19") was declared a global pandemic by the World Health Organization in March, 2020. COVID-19 has severely impacted many economies around the globe. In many countries, including Canada, businesses were forced to cease or limit operations for long periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced volatility. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The Municipality had to limit activity during its fiscal year due to the COVID-19 pandemic, however it has not identified any related events which occurred during its fiscal year or were determined to be subsequent events that had a significant impact on the financial position and results of operations as of and for the year ended December 31, 2021.

It is not possible to reliably estimate the duration and severity of the consequences of COVID-19, as well as the impact on the financial position and results of the Municipality for future periods.

City of Port Colborne

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

27. Segmented reporting

The Municipality is a diverse municipal government that provides a wide range of services to its citizens. Segmented information has been identified for the service lines that reflect the way in which the operations are managed and resource needs are identified and budgeted. Municipal activities are reported by function in the body of the financial statements.

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

General

The general provision of municipal services includes general government, fire services, transportation services, storm sewer services, planning and development, facilities, parks and cemeteries.

Water

The water operations install and maintain water capital infrastructure to ensure the safe supply, metering and cost recovery for all treated water to serviced areas within all urban and settlement areas of the Municipality.

Wastewater

The wastewater operations install and maintain wastewater capital infrastructure and recover costs of providing this service within all urban and settlement areas of the Municipality.

Storm sewer

The storm sewer operations install and maintain storm sewer capital infrastructure and recover costs of providing this service within all urban and settlement areas of the Municipality.

Port Colborne Public Library Board

The Port Colborne Public Library Board provides library services, materials and facilities. The Municipality controls the board and consolidates the financial activities.

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 schedule of segment disclosure and the schedules of segment disclosure with budget information follow the notes.

City of Port Colborne

Consolidated Schedule of Segment Disclosure

For the Year Ended December 31, 2021

	<u>General</u>	<u>Library</u>	<u>Eliminations</u>	<u>Levy</u>	<u>Water</u>	<u>Wastewater</u>	<u>Storm sewer</u>	<u>2021</u>
Revenues								
Taxation	\$ 21,171,858	\$ -	\$ -	\$ 21,171,858	\$ -	\$ -	\$ -	\$ 21,171,858
User charges	2,778,403	2,585	-	2,780,988	4,833,140	6,694,204	693,086	14,984,418
Government transfers	4,397,733	911,138	-	5,308,871	-	-	-	5,308,871
Penalties and interest	612,601	-	-	612,601	11,205	16,444	-	640,250
Investment income	155,772	-	-	155,772	-	-	-	155,772
Other	<u>1,295,009</u>	<u>2,557</u>	<u>-</u>	<u>1,297,566</u>	<u>(448)</u>	<u>-</u>	<u>-</u>	<u>1,297,118</u>
	<u>30,411,376</u>	<u>916,280</u>	<u>-</u>	<u>31,327,656</u>	<u>4,826,897</u>	<u>6,710,648</u>	<u>693,086</u>	<u>43,558,287</u>
Expenses								
Wages and benefits	14,972,954	612,605	-	15,585,559	610,954	305,477	101,826	16,603,816
Materials	2,009,414	102,739	-	2,112,153	175,117	102,691	52,393	2,442,354
Contracted services	6,189,169	72,439	-	6,261,608	2,119,699	4,360,247	20,403	12,761,957
Rents and financial expenses	614,202	(5)	-	614,197	4,472	847	20,584	640,100
External transfers to others	400,215	-	-	400,215	-	-	-	400,215
Interest on long term debt	582,572	50	-	582,622	80,689	-	299,027	962,338
Tax write-offs	321,774	-	-	321,774	-	-	-	321,774
Amortization	4,274,389	76,935	-	4,351,324	641,098	363,024	364,243	5,719,689
Inter-functional transfers	<u>(928,059)</u>	<u>-</u>	<u>-</u>	<u>(928,059)</u>	<u>400,059</u>	<u>460,000</u>	<u>68,000</u>	<u>-</u>
	<u>28,436,630</u>	<u>864,763</u>	<u>-</u>	<u>29,301,393</u>	<u>4,032,088</u>	<u>5,592,286</u>	<u>926,476</u>	<u>39,852,243</u>
Annual surplus (deficit)	<u>\$ 1,974,746</u>	<u>\$ 51,517</u>	<u>\$ -</u>	<u>\$ 2,026,263</u>	<u>\$ 794,809</u>	<u>\$ 1,118,362</u>	<u>\$ (233,390)</u>	<u>\$ 3,706,044</u>

City of Port Colborne

Consolidated Schedule of Segment Disclosure

For the Year Ended December 31, 2020

	<u>General</u>	<u>Library</u>	<u>Eliminations</u>	<u>Levy</u>	<u>Water</u>	<u>Wastewater</u>	<u>Storm sewer</u>	<u>2020</u>
Revenues								
Taxation	\$ 19,763,302	\$ -	\$ -	\$ 19,763,302	\$ -	\$ -	\$ -	\$ 19,763,302
User charges	1,544,471	3,960	-	1,548,431	4,876,795	5,247,500	766,700	12,439,426
Government transfers	4,879,588	814,531	(773,827)	4,920,292	-	-	-	4,920,292
Penalties and interest	444,851	-	-	444,851	9,098	12,075	-	466,024
Investment income	223,375	368	-	223,743	-	-	-	223,743
Other	<u>1,934,775</u>	<u>4,582</u>	<u>-</u>	<u>1,939,357</u>	<u>(6,210)</u>	<u>-</u>	<u>-</u>	<u>1,933,147</u>
	<u>28,790,362</u>	<u>823,441</u>	<u>(773,827)</u>	<u>28,839,976</u>	<u>4,879,683</u>	<u>5,259,575</u>	<u>766,700</u>	<u>39,745,934</u>
Expenses								
Wages and benefits	14,113,442	565,221	-	14,778,663	637,762	121,566	47,076	15,485,067
Materials	4,977,677	119,342	-	5,097,019	203,006	61,520	60,152	5,421,697
Contracted services	3,390,020	48,492	-	3,438,512	2,328,060	4,908,604	160,273	10,835,449
Rents and financial expenses	226,165	313	-	226,478	68,671	39,357	11,702	346,208
External transfers to others	236,274	-	-	236,274	-	-	-	236,274
Interest on long term debt	630,345	-	-	630,421	85,240	-	199,174	914,835
Tax write-offs	143,212	-	-	143,212	-	-	-	143,212
Amortization	4,208,609	75,910	-	4,284,519	636,215	368,763	363,382	5,652,879
Inter-functional transfers	<u>283,495</u>	<u>-</u>	<u>(773,827)</u>	<u>(490,332)</u>	<u>269,124</u>	<u>221,208</u>	<u>-</u>	<u>-</u>
	<u>28,209,239</u>	<u>809,354</u>	<u>(773,827)</u>	<u>28,244,766</u>	<u>4,228,078</u>	<u>5,721,018</u>	<u>841,759</u>	<u>39,035,621</u>
Annual surplus (deficit)	<u>\$ 581,123</u>	<u>\$ 14,087</u>	<u>\$ -</u>	<u>\$ 595,210</u>	<u>\$ 651,605</u>	<u>\$ (461,443)</u>	<u>\$ (75,059)</u>	<u>\$ 710,313</u>

City of Port Colborne

Consolidated Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2021

	Budget 2021	Actual 2021	Actual 2020
General			
Revenues			
Taxation	\$ 21,157,645	\$ 21,171,858	\$ 19,763,302
User charges	2,013,244	2,778,403	1,544,471
Government transfers	3,111,615	4,397,733	4,879,588
Penalties and interest	450,500	612,601	444,851
Investment income	105,000	155,772	223,375
Other	1,251,300	1,295,009	1,934,775
	<u>28,089,304</u>	<u>30,411,376</u>	<u>28,790,362</u>
Expenses			
Wages and benefits	14,484,974	14,972,954	14,113,442
Materials	5,901,791	2,009,414	4,977,677
Contracted services	3,359,622	6,189,169	3,390,020
Rents and financial expenses	696,689	614,202	226,165
External transfers to others	132,394	400,215	236,274
Interest on long term debt	559,894	582,572	630,345
Tax write-offs	-	321,774	143,212
Amortization	4,274,337	4,274,389	4,208,609
Inter-functional transfers	(607,098)	(928,059)	283,495
	<u>28,802,603</u>	<u>28,436,630</u>	<u>28,209,239</u>
Annual surplus (deficit)	<u>\$ (713,299)</u>	<u>\$ 1,974,746</u>	<u>\$ 581,123</u>

City of Port Colborne Consolidated Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2021

	Budget 2021	Actual 2021	Actual 2020
Library			
Revenues			
User charges	\$ 1,400	\$ 2,585	\$ 3,960
Government transfers	866,900	911,138	814,531
Investment income	-	-	368
Other	1,200	2,557	4,582
	<u>869,500</u>	<u>916,280</u>	<u>823,441</u>
Expenses			
Wages and benefits	599,100	612,605	565,221
Materials	112,000	102,739	119,342
Contracted services	49,400	72,439	48,492
Rents and financial expenses	-	(5)	313
Interest on long term debt	-	50	76
Amortization	76,935	76,935	75,910
	<u>837,435</u>	<u>864,763</u>	<u>809,354</u>
Annual surplus	<u>\$ 32,065</u>	<u>\$ 51,517</u>	<u>\$ 14,087</u>

City of Port Colborne

Consolidated Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2021

	Budget 2021	Actual 2021	Actual 2020
Water			
Revenues			
User charges	\$ 4,701,500	\$ 4,816,140	\$ 4,876,795
Penalties and interest	39,998	11,205	9,098
Other	-	(448)	(6,210)
	<u>4,741,498</u>	<u>4,826,897</u>	<u>4,879,683</u>
Expenses			
Wages and benefits	561,350	610,954	637,762
Materials	253,050	175,117	203,006
Contracted services	2,417,600	2,119,699	2,328,060
Rents and financial expenses	2,900	4,472	68,671
Interest on long term debt	80,597	80,689	85,240
Amortization	641,098	641,098	636,215
Inter-functional transfers	278,550	400,059	269,124
	<u>4,235,145</u>	<u>4,032,088</u>	<u>4,228,078</u>
Annual surplus	<u>\$ 506,353</u>	<u>\$ 794,809</u>	<u>\$ 651,605</u>

City of Port Colborne

Consolidated Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2021

	Budget 2021	Actual 2021	Actual 2020
Wastewater			
Revenues			
User charges	\$ 6,726,608	\$ 6,694,204	\$ 5,247,500
Penalties and interest	33,000	16,444	12,075
	<u>6,759,608</u>	<u>6,710,648</u>	<u>5,259,575</u>
Expenses			
Wages and benefits	561,350	305,477	121,566
Materials	293,950	102,691	61,520
Contracted services	5,017,550	4,360,247	4,908,604
Rents and financial expenses	-	847	39,357
Amortization	363,024	363,024	368,763
Inter-functional transfers	278,551	460,000	221,208
	<u>6,514,425</u>	<u>5,592,286</u>	<u>5,721,018</u>
Annual surplus (deficit)	<u>\$ 245,183</u>	<u>\$ 1,118,362</u>	<u>\$ (461,443)</u>

City of Port Colborne

Consolidated Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2021

	Budget <u>2021</u>	Actual <u>2021</u>	Actual <u>2020</u>
Storm sewer			
Revenues			
User charges	\$ 854,720	\$ 693,086	\$ 766,700
Expenses			
Wages and benefits	-	101,826	47,076
Materials	53,170	52,393	60,152
Contracted services	137,700	20,403	160,273
Rents and financial expenses	12,000	20,584	11,702
Interest on long term debt	303,690	299,027	199,174
Amortization	364,243	364,243	363,382
Inter-functional transfers	50,000	68,000	-
	<u>920,803</u>	<u>926,476</u>	<u>841,759</u>
Annual deficit	<u>\$ (66,083)</u>	<u>\$ (233,390)</u>	<u>\$ (75,059)</u>

**City of Port Colborne
Trust Funds
Statement of Financial Position**

As at December 31, 2021

	<u>Local Improvements</u>	<u>Julia Yager Trust</u>	<u>Fulton Trust</u>	<u>Sherkston Trust</u>	<u>Overholt Cemetery</u>	<u>Roselawn Centre</u>	<u>2021</u>	<u>2020</u>
Assets								
Cash and cash equivalents	\$ 23,630	\$ 7,401	\$ 1,047	\$ 5,911	\$ 7,851	\$ 53,546	\$ 99,386	\$ 91,089
Due from City of Port Colborne	-	-	-	-	6,782	-	6,782	500
Investments	-	-	-	5,846	370,451	-	376,297	371,753
Net assets	<u>\$ 23,630</u>	<u>\$ 7,401</u>	<u>\$ 1,047</u>	<u>\$ 11,757</u>	<u>\$ 385,084</u>	<u>\$ 53,546</u>	<u>\$ 482,465</u>	<u>\$ 463,342</u>

Impacts of COVID-19 (Note 3)

See accompanying notes to the financial statements

City of Port Colborne

Trust Funds

Statement of Operations and Changes in Net Assets

For the Year Ended December 31, 2021

	Local Improvements	Julia Yager Trust	Fulton Trust	Sherkston Trust	Overholt Cemetery	Roselawn Centre	2021	2020
Revenues								
Interest	\$ 136	\$ -	\$ -	\$ 45	\$ 10,465	\$ 309	\$ 12,956	\$ 7,461
Perpetual trust contributions	-	-	-	-	10,402	-	10,402	13,387
	136	-	-	45	22,868	309	23,358	20,848
Expenses								
Transfers to City of Port Colborne	-	-	-	-	4,235	-	4,235	5,338
Excess of revenue over expenses	136	-	-	45	18,633	309	19,123	15,510
Net assets								
Beginning of year	23,494	7,401	1,047	11,712	366,451	53,237	463,342	447,832
End of year	\$ 23,630	\$ 7,401	\$ 1,047	\$ 11,757	\$ 385,084	\$ 53,546	\$ 482,465	\$ 463,342

See accompanying notes to the financial statements

**City of Port Colborne
Trust Funds
Statement of Cash Flows**

For the Year Ended December 31, 2021

	<u>2021</u>	<u>2020</u>
Net increase (decrease) in cash and cash equivalents		
Operating activities		
Excess of revenues over expenses	\$ 19,123	\$ 15,510
(Increase) decrease in due from City of Port Colborne	(6,282)	3,349
Decrease in accrued interest	-	129
	<u>12,841</u>	<u>18,988</u>
Investing activities		
Increase in investments - net	<u>(4,544)</u>	<u>(18,246)</u>
Net increase in cash and cash equivalents	8,297	742
Cash and cash equivalents		
Beginning of year	<u>91,089</u>	<u>90,347</u>
End of year	<u>\$ 99,386</u>	<u>\$ 91,089</u>

See accompanying notes to the financial statements

City of Port Colborne

Trust Funds

Notes to the Financial Statements

For the Year Ended December 31, 2021

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) 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, other than those resulting from transactions with related parties, 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 Port Colborne

Trust Funds

Notes to the Financial Statements

For the Year Ended December 31, 2021

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) Perpetual care collections

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 money market, bond and equity funds and a guaranteed investment certificate with an annual interest rate of 0.50% maturing December, 2022. Portfolio investments have an estimated market value of \$ 448,689 (2020 - \$ 432,277).
