

Financial Report

City of Port Colborne

December 31, 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, 2022

	<u>2022</u>	<u>2021</u>
Financial assets		
Cash and cash equivalents (Note 2)	\$ 1,296,349	\$ 18,276,830
Portfolio investments (Note 3)	25,971,745	4,520,399
Taxes receivable	3,242,420	3,827,772
User charges receivable	1,846,245	1,681,550
Other receivables	6,619,524	5,444,825
Asset held for sale	266,417	266,417
	<u>39,242,700</u>	<u>34,017,793</u>
Liabilities		
Payables and accruals	5,862,969	5,133,842
Other liabilities	3,992,597	2,601,898
Deferred revenue (Note 5)	3,406,337	3,002,941
Long term debt (Note 6)	27,416,116	28,855,949
Employee benefit obligations (Notes 7 and 16)	8,426,300	9,804,900
	<u>49,104,319</u>	<u>49,399,530</u>
Net debt	<u>(9,861,619)</u>	<u>(15,381,737)</u>
Non-financial assets		
Tangible capital assets (Note 8)	134,222,756	133,409,532
Prepaid expenses	957,989	486,445
	<u>135,180,745</u>	<u>133,895,977</u>
Accumulated surplus (Note 9)	<u>\$ 125,319,126</u>	<u>\$ 118,514,240</u>

Contingencies (Notes 20 and 21)
Commitments (Note 22)

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, 2022

	Budget <u>2022</u> (Note 24)	Actual <u>2022</u>	Actual <u>2021</u>
Revenues			
Taxation (Note 11)	\$ 22,464,034	\$ 22,563,927	\$ 21,171,858
User charges (Note 13)	16,014,344	16,082,853	14,984,418
Government transfers (Note 14)	4,735,919	6,256,036	5,308,871
Penalties and interest	496,500	611,247	640,250
Investment income	145,000	483,612	155,772
Other (Note 15)	<u>1,375,020</u>	<u>3,914,237</u>	<u>1,297,118</u>
	<u>45,230,817</u>	<u>49,911,912</u>	<u>43,558,287</u>
Expenses			
General government	5,659,018	4,729,814	5,241,435
Protection to persons and property	5,288,898	5,571,003	5,175,456
Transportation services	7,355,020	7,772,130	7,976,185
Environmental services	12,557,120	11,888,907	11,151,156
Health services	127,521	294,052	114,625
Recreation and culture services	11,179,040	10,922,621	8,964,962
Planning and development	<u>1,365,344</u>	<u>1,928,499</u>	<u>1,228,424</u>
	<u>43,531,961</u>	<u>43,107,026</u>	<u>39,852,243</u>
Annual surplus	1,698,856	6,804,886	3,706,044
Accumulated surplus (Note 9)			
Beginning of year	<u>118,514,240</u>	<u>118,514,240</u>	<u>114,808,196</u>
End of year	<u>\$ 120,213,096</u>	<u>\$ 125,319,126</u>	<u>\$ 118,514,240</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, 2022

	Budget <u>2022</u> (Note 24)	Actual <u>2022</u>	Actual <u>2021</u>
Annual surplus	\$ 1,698,856	\$ 6,804,886	\$ 3,706,044
Amortization of tangible capital assets	5,855,257	5,858,724	5,719,689
Acquisition of tangible capital assets	(4,892,292)	(6,684,729)	(4,056,276)
Contributed tangible capital assets	-	-	(64,000)
Proceeds from disposal of tangible capital assets	-	-	596,216
Loss (gain) on disposal of tangible capital assets	-	12,781	(182,701)
	2,661,821	5,991,662	5,718,972
(Acquisition) usage of prepaid expenses	-	(471,544)	315,534
Decrease in net debt	2,661,821	5,520,118	6,034,506
Net debt			
Beginning of year	<u>(15,381,737)</u>	<u>(15,381,737)</u>	<u>(21,416,243)</u>
End of year	<u>\$ (12,719,916)</u>	<u>\$ (9,861,619)</u>	<u>\$ (15,381,737)</u>

See accompanying notes to the consolidated financial statements.

City of Port Colborne

Consolidated Statement of Cash Flows

For the Year Ended December 31, 2022

	<u>2022</u>	<u>2021</u>
Increase (decrease) in cash and cash equivalents		
Operating activities		
Annual surplus	\$ 6,804,886	\$ 3,706,044
Non-cash items:		
Amortization of tangible capital assets	5,858,724	5,719,689
Contributed tangible capital assets	-	(64,000)
Loss (gain) on disposal of tangible capital assets	12,781	(182,701)
Decrease in taxes receivable	585,352	422,640
(Increase) decrease in user charges receivable	(164,695)	390,901
Increase in other receivables	(1,174,699)	(1,795,046)
Decrease (increase) in asset held for sale	-	(266,417)
Increase (decrease) in payables and accruals	729,127	(13,213)
Increase in other liabilities	1,390,699	493,496
Increase in deferred revenue	403,396	837,685
(Increase) decrease in prepaid expenses	(471,544)	315,534
	<u>13,974,027</u>	<u>9,564,612</u>
Capital activities		
Proceeds from disposal of tangible capital assets	-	596,216
Acquisition of tangible capital assets	(6,684,729)	(4,056,276)
	<u>(6,684,729)</u>	<u>(3,460,060)</u>
Financing activities		
Repayment of long term debt	(1,419,178)	(1,439,543)
Repayment of capital lease obligation	(20,655)	(32,760)
(Decrease) increase in employee benefit obligation	(1,378,600)	366,700
	<u>(2,818,433)</u>	<u>(1,105,603)</u>
Investing activities		
(Acquisition) disposal of portfolio investments, net	(21,451,346)	2,099,399
Net (decrease) increase in cash and cash equivalents	(16,980,481)	7,098,348
Cash and cash equivalents (Note 2)		
Beginning of year	<u>18,276,830</u>	<u>11,178,482</u>
End of year	<u>\$ 1,296,349</u>	<u>\$ 18,276,830</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, 2022

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 17).

The statements exclude trust assets that are administered for the benefit of external parties (Note 18).

(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, 2022

1. Significant accounting policies (continued)

(e) Deferred revenue

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

(f) Employee future benefits

The 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, 2022

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, 2022

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, 2022

2. Cash and cash equivalents	<u>2022</u>	<u>2021</u>
Cash on hand	\$ 3,475	\$ 3,550
Bank balances	<u>1,292,874</u>	<u>18,273,280</u>
	<u>\$ 1,296,349</u>	<u>\$ 18,276,830</u>

3. Portfolio investments

Guaranteed investment certificates carry an effective interest rate from 1.24% to 6.00% with maturity dates ranging between January, 2023 to January, 2026. Interest is receivable on maturity. Carrying value approximates market value.

4. Bank indebtedness

An operating line of credit of \$ 4,000,000 has been established with the CIBC, of which \$ Nil (2021 - \$ Nil) was used at December 31, 2022. 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.

City of Port Colborne

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

5. Deferred revenue	<u>2022</u>	<u>2021</u>
Development Charges Act	\$ 242,917	\$ 167,224
Parkland	695,519	475,402
Canada Community Building Fund	1,917,907	1,400,270
Ontario Community Infrastructure Fund	<u>549,994</u>	<u>960,045</u>
	<u>\$ 3,406,337</u>	<u>\$ 3,002,941</u>

The continuity of deferred revenue is made up of the following:

Balance, beginning of year	<u>\$ 3,002,941</u>	<u>\$ 2,165,256</u>
Contributions from		
Development charges	266,601	298,149
Interest earned	118,411	25,063
Government transfers received		
Federal	580,578	1,138,702
Provincial	<u>900,817</u>	<u>418,769</u>
	<u>1,866,407</u>	<u>1,880,683</u>
Utilized for		
Tangible capital asset acquisitions	<u>(1,463,011)</u>	<u>(1,042,998)</u>
Balance, end of year	<u>\$ 3,406,337</u>	<u>\$ 3,002,941</u>

City of Port Colborne

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

6. Long term debt 2022 2021

- (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

\$ **27,411,454** \$ 28,830,632

Capital lease obligations

4,662 25,317

Net long term debt

\$ 27,416,116 \$ 28,855,949

- (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>2022</u>	<u>2021</u>
Amortizer	2.67%	2023	\$ 169,643	\$ 502,255
Serial	1.15 to 2.80%	2025	885,000	1,166,000
Amortizer	3.18%	2028	379,749	441,990
Amortizer	3.37%	2033	485,996	523,996
Amortizer	3.46%	2035	1,528,833	1,620,573
Amortizer	3.22%	2037	362,862	381,421
Amortizer	3.70%	2043	1,499,782	1,547,972
Amortizer	3.43%	2047	12,340,141	12,648,025
Amortizer	3.56%	2048	4,997,166	5,115,906
Amortizer	2.29%	2050	4,762,282	4,882,494
Capital leases	Various	2023	<u>4,662</u>	<u>25,317</u>
			<u>\$ 27,416,116</u>	<u>\$ 28,855,949</u>

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

2023	\$ 1,294,014
2024	1,154,607
2025	1,190,995
2026	917,336
2027	947,664

- (d) The Municipality paid \$ 902,404 (2021 - \$ 962,338) interest on long term debt during the year.

City of Port Colborne

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

7. Employee benefit obligations	<u>2022</u>	<u>2021</u>
Workplace Safety and Insurance Board future benefits	\$ 2,255,500	\$ 2,348,000
Vested sick leave benefits	370,500	332,200
Retirement benefits	<u>5,800,300</u>	<u>7,124,700</u>
	8,426,300	9,804,900
Less: benefits funded by future liabilities reserve	<u>(2,188,396)</u>	<u>(1,684,253)</u>
	<u>\$ 6,237,904</u>	<u>\$ 8,120,647</u>

(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 2022, 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 \$ 169,598 (2021 - \$ 154,745) was paid by the City to the WSIB in relation to these benefits.

The accrued benefit obligation at December 31, 2022 of \$ 2,255,500 (2021 - \$ 2,348,000) was determined by an actuarial valuation using a discount rate of 4.60% (2021 - 2.90%).

The most recent actuarial valuation was prepared at December 31, 2022.

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

(i) Interest (discount) rate

The obligations as at December 31, 2022 of the present value of future liabilities were determined using a discount rate of 4.60% (2021 - 2.90%).

(ii) Future benefit indexing rate

The rates used for loss of earnings benefits and pension and survivors benefits are assumed to be 6.50% in 2023, 5.00% in 2024, 3.50% in 2025 and 2.00% thereafter. 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, 2022

7. Employee benefit obligations (continued)

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

	<u>2022</u>	<u>2021</u>
Accrued benefit obligation		
Beginning of year	\$ 2,348,000	\$ 2,309,300
Benefit payments	(169,500)	(210,700)
Current service cost	-	169,000
Interest cost	67,800	71,200
Amortization of actuarial loss	<u>9,200</u>	<u>9,200</u>
	<u>\$ 2,255,500</u>	<u>\$ 2,348,000</u>
Funded status		
Deficit	\$ 1,430,700	\$ 2,421,300
Unamortized actuarial gain (loss)	<u>824,800</u>	<u>(73,300)</u>
	<u>\$ 2,255,500</u>	<u>\$ 2,348,000</u>
The net benefit expense is as follows:		
Current service cost	\$ -	\$ 169,000
Interest cost	67,800	71,200
Amortization of actuarial loss	<u>9,200</u>	<u>9,200</u>
	<u>\$ 77,000</u>	<u>\$ 249,400</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, 2022 of \$ 370,500 (2021 - \$ 332,200) was determined by an actuarial valuation using a discount rate of 4.60% (2021 - 2.90%).

The most recent actuarial valuation for the vested sick leave was prepared at December 31, 2022.

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, 2022 of the present value of future liabilities were determined using a discount rate of 4.60% (2021 - 2.90%).

(ii) Salary increase rate

The rate used to increase salaries is assumed to be 3.00% (2021 - 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, 2022

7. Employee benefit obligations (continued)

(b) Vested sick leave benefits (continued)

	<u>2022</u>	<u>2021</u>
Accrued benefit obligation		
Beginning of year	\$ 332,200	\$ 295,200
Benefit payments	-	(8,900)
Current service cost	28,200	32,100
Interest cost	10,100	10,300
Amortization of actuarial loss	-	3,500
	<u>\$ 370,500</u>	<u>\$ 332,200</u>
Funded status		
Deficit	\$ 308,100	\$ 361,900
Unamortized actuarial gain (loss)	<u>62,400</u>	<u>(29,700)</u>
	<u>\$ 370,500</u>	<u>\$ 332,200</u>
The net benefit expense is as follows:		
Current service cost	\$ 28,200	\$ 32,100
Interest cost	10,100	10,300
Amortization of actuarial loss	-	3,500
	<u>\$ 38,300</u>	<u>\$ 45,900</u>

During the year \$ Nil (2021 - \$ 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, 2022 of \$ 5,800,300 (2021 - \$ 7,124,700) was determined by an actuarial valuation using a discount rate of 4.60% (2021 - 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 \$ 307,600 (2021 - \$ 372,400) 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, 2022.

City of Port Colborne

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

7. 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, 2022 of the present value of future liabilities were determined using a discount rate of 4.60% (2021 - 2.90%).

(ii) Medical costs

Drug costs were assumed to be 8.18% in 2022 (2021 - 7.13%) and decrease 0.18% per year until 2043 when the rate will be 4.50% and continue thereafter.

Vision costs were assumed to be 4.50% in 2022 (2021 - 1.25%) and continue thereafter.

Other health costs were assumed to be 4.50% in 2022 (2021 - 4.50%) and continue thereafter.

(iii) Dental costs

Dental costs were assumed to be 4.50% in 2022 (2021 - 5.06%) and continue thereafter.

	<u>2022</u>	<u>2021</u>
Accrued benefit obligation		
Beginning of year	\$ 7,124,700	\$ 6,833,700
Benefit payments	(307,600)	(372,400)
Current service cost	433,300	391,900
Interest cost	209,400	213,200
Plan amendment	(1,662,200)	-
Amortization of actuarial loss	<u>2,700</u>	<u>58,300</u>
	<u>\$ 5,800,300</u>	<u>\$ 7,124,700</u>
Funded status		
Deficit	\$ 4,718,600	\$ 7,376,800
Unamortized actuarial gain (loss)	<u>1,081,700</u>	<u>(252,100)</u>
	<u>\$ 5,800,300</u>	<u>\$ 7,124,700</u>

The net benefit expense is as follows:

Current service cost	\$ 433,300	\$ 391,900
Interest cost	209,400	213,200
Past service cost	(1,662,200)	-
Amortization of actuarial loss	<u>2,700</u>	<u>58,300</u>
	<u>\$ (1,016,800)</u>	<u>\$ 663,400</u>

City of Port Colborne

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

8. 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>2022</u>
Cost								
Beginning of year	\$ 4,739,429	\$ 19,481,598	\$ 60,024,872	\$ 5,693,789	\$ 10,054,900	\$ 129,105,303	\$ 1,719,324	\$ 230,819,215
Additions	373,526	729,844	333,063	-	1,948,447	1,461,433	2,463,333	7,309,646
Disposals	-	-	(15,321)	-	(864,532)	(236,757)	(624,917)	(1,741,527)
End of year	<u>5,112,955</u>	<u>20,211,442</u>	<u>60,342,614</u>	<u>5,693,789</u>	<u>11,138,815</u>	<u>130,329,979</u>	<u>3,557,740</u>	<u>236,387,334</u>
Accumulated amortization								
Beginning of year	-	10,027,852	19,064,124	3,381,010	6,099,099	58,837,598	-	97,409,683
Amortization	-	601,492	1,731,862	331,051	803,494	2,390,825	-	5,858,724
Amortization on disposals	-	-	(12,255)	-	(864,314)	(227,260)	-	(1,103,829)
End of year	<u>-</u>	<u>10,629,344</u>	<u>20,783,731</u>	<u>3,712,061</u>	<u>6,038,279</u>	<u>61,001,163</u>	<u>-</u>	<u>102,164,578</u>
Net book value	<u>\$ 5,112,955</u>	<u>\$ 9,582,098</u>	<u>\$ 39,558,883</u>	<u>\$ 1,981,728</u>	<u>\$ 5,100,536</u>	<u>\$ 69,328,816</u>	<u>\$ 3,557,740</u>	<u>\$ 134,222,756</u>

The value of contributed tangible capital assets during the year is \$ Nil.

City of Port Colborne

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

8. 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>2021</u>
Cost								
Beginning of year	\$ 4,854,479	\$ 18,942,276	\$ 60,133,074	\$ 5,136,268	\$ 9,683,598	\$ 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	<u>(381,473)</u>	<u>-</u>	<u>(600,581)</u>	<u>-</u>	<u>(276,418)</u>	<u>(329,934)</u>	<u>(152,645)</u>	<u>(1,741,051)</u>
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	318,806	732,508	2,359,656	-	5,719,689
Amortization on disposals	<u>-</u>	<u>-</u>	<u>(571,555)</u>	<u>-</u>	<u>(276,418)</u>	<u>(326,918)</u>	<u>-</u>	<u>(1,174,891)</u>
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, 2022

9. Accumulated surplus	<u>2022</u>	<u>2021</u>
Consists of:		
Surpluses (deficits)		
Operating	\$ -	\$ (336,003)
Port Colborne Public Library Board	-	-
Port Colborne Downtown Development Board	76,703	52,274
Port Colborne Main Street Business Improvement Area	37,430	32,205
Niagara's South Coast Tourism Association	2,337	2,337
Niagara Central Dorothy Rungeling		
Airport Commission (Note 17)	(22,737)	(16,737)
	<u>93,733</u>	<u>(265,924)</u>
Investment in tangible capital assets	<u>134,222,756</u>	<u>133,409,532</u>
Unfunded liabilities		
Long term debt	(27,416,116)	(28,855,949)
Employee benefit obligations	(8,426,300)	(9,804,900)
	<u>(35,842,416)</u>	<u>(38,660,849)</u>
Reserves and reserve funds (Note 10)	<u>26,845,053</u>	<u>24,031,481</u>
	<u>\$ 125,319,126</u>	<u>\$ 118,514,240</u>

10. Reserves and reserve funds	<u>2022</u>	<u>2021</u>
Reserves and reserve funds set aside for specific purposes by Council or agreement		
Boards and committees		
Community Safety Committee	\$ 4,947	\$ 4,947
Library bequest	4,188	4,188
Library future liabilities	70,384	54,129
Library capital	106,519	135,519
Library stabilization	58,400	45,415
Grant Committee	2,199	13,000
Local Architectural Conservation Advisory Committee	-	11,184
Mayors Youth Council Committee	-	4,217
Seniors Advisory Committee	-	5,242
Niagara's South Coast Tourism Association	63,952	63,952
Museum bequests	229,382	78,827
Museum capital	312	31,667
	<u>540,283</u>	<u>452,287</u>

City of Port Colborne

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

10. Reserves and reserve funds (continued)	<u>2022</u>	<u>2021</u>
Programs, grants and activities		
Canada Summer Games	-	45,000
Canal Days	145,000	175,000
CIP incentives	208,231	110,054
Municipal elections	-	118,588
Roselawn	556,799	679,299
Transit	-	211,508
	<u>910,030</u>	<u>1,339,449</u>
Self-sustaining entities		
Building department	226,240	168,151
Nickel Beach	198,165	278,966
Overholt cemetery	-	130,000
Marina	(819,464)	(46,579)
	<u>(395,059)</u>	<u>530,538</u>
General government		
Encumbrance	72,037	351,906
Future liabilities	2,188,396	1,684,253
Opportunity Fund	2,000,000	2,000,000
Subject matter experts	208,598	208,598
General stabilization	2,348,582	2,240,562
Working capital	2,318,650	2,187,400
Economic development	(306,797)	466,525
	<u>8,829,466</u>	<u>9,139,244</u>
Capital and related projects		
Drains	35,709	(71,855)
Facilities	131,386	131,386
Fleet and equipment	-	704,237
Goderich maintenance	66,074	43,921
Infrastructure	3,902,670	2,436,082
Storm sewer	557,323	116,975
Wastewater	2,479,933	1,061,002
Water	807,614	324,295
	<u>7,980,709</u>	<u>4,746,043</u>
Allocated capital and related projects	<u>8,979,624</u>	<u>7,823,920</u>
Total reserves and reserve funds	<u>\$ 26,845,053</u>	<u>\$ 24,031,481</u>

The marina reserve of \$ (819,464) represents a reserve of \$ 146,306 less internal financing of \$ (965,770). The economic development reserve of \$ (306,797) represents a reserve of \$ 174,016 less internal financing of \$ (480,813). The drains reserve of \$ 35,709 represents a reserve of \$ 429,562 less internal financing of \$ (393,853).

City of Port Colborne

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

11. Taxation	Budget 2022	Actual 2022	Actual 2021
Real property		\$ 42,938,833	\$ 40,869,587
From other governments			
Payments in lieu of taxes		<u>456,928</u>	<u>469,350</u>
		<u>43,395,761</u>	<u>41,338,937</u>
Less: taxation collected on behalf of (Note 12):			
Region of Niagara		<u>16,006,916</u>	<u>15,388,896</u>
School boards		<u>4,824,918</u>	<u>4,778,183</u>
		<u>20,831,834</u>	<u>20,167,079</u>
Net taxes available for municipal purposes		<u>\$ 22,563,927</u>	<u>\$ 21,171,858</u>
Residential, multi-residential and farm	\$ 22,023,989	\$ 17,373,527	\$ 16,238,097
Commercial and industrial	<u>440,045</u>	<u>5,190,400</u>	<u>4,933,761</u>
Net taxes available for municipal purposes	<u>\$ 22,464,034</u>	<u>\$ 22,563,927</u>	<u>\$ 21,171,858</u>

12. 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:

	2022	2021
Region of Niagara	\$ 16,006,916	\$ 15,388,896
School boards	<u>4,824,918</u>	<u>4,778,183</u>
	<u>\$ 20,831,834</u>	<u>\$ 20,167,079</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, 2022

13. User charges	Budget 2022	Actual 2022	Actual 2021
Operating			
Fees and service charges	\$ 3,960,377	\$ 3,826,490	\$ 3,117,218
Direct water billings	4,660,000	4,690,010	4,708,631
Wastewater surcharges	6,923,067	6,978,259	6,646,686
Licences and permits	<u>470,900</u>	<u>588,094</u>	<u>511,883</u>
	<u>\$ 16,014,344</u>	<u>\$ 16,082,853</u>	<u>\$ 14,984,418</u>

14. Government transfers	Budget 2022	Actual 2022	Actual 2021
Operating			
Government of Canada	\$ 4,000	\$ 63,605	\$ 85,907
Province of Ontario	2,680,393	3,230,935	3,669,484
Municipal	<u>44,500</u>	<u>364,598</u>	<u>57,866</u>
	<u>2,728,893</u>	<u>3,659,138</u>	<u>3,813,257</u>
Capital			
Government of Canada	1,330,577	473,873	819,999
Province of Ontario	516,260	1,972,770	264,834
Municipal	<u>160,189</u>	<u>150,255</u>	<u>410,781</u>
	<u>2,007,026</u>	<u>2,596,898</u>	<u>1,495,614</u>
	<u>\$ 4,735,919</u>	<u>\$ 6,256,036</u>	<u>\$ 5,308,871</u>

City of Port Colborne

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

15. Other revenues	Budget 2022	Actual 2022	Actual 2021
Operating			
Fines	\$ 68,220	\$ 8,805	\$ 65,880
Rental income	786,200	668,935	564,376
Transfer from trust funds	4,000	5,759	4,235
Donations	187,900	362,267	192,488
Other	328,700	2,701,727	205,718
	<u>1,375,020</u>	<u>3,747,493</u>	<u>1,032,697</u>
Capital			
Donations	-	179,525	16,298
Other	-	-	1,422
Contributed capital assets	-	-	64,000
(Loss) gain on disposal of tangible capital assets	-	(12,781)	182,701
	<u>-</u>	<u>166,744</u>	<u>264,421</u>
	<u>\$ 1,375,020</u>	<u>\$ 3,914,237</u>	<u>\$ 1,297,118</u>

16. Pension agreements

The Municipality makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of the members of its staff. The plan is a defined benefit plan that specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Employees and employers contribute jointly to the plan.

Since OMERS is a multi-employer pension plan, the Municipality does not recognize any share of the pension plan deficit of \$ 6.1 billion (2021 - \$ 70 million deficit) based on the fair market value of the plan's assets, as this is a joint responsibility of all Ontario municipal entities and their employees. Contributions were made in the 2022 calendar year at rates ranging from 9.0% to 15.8% depending on the member's designated retirement age and level of earnings. Employer contributions for current and past service are included as an expense in the consolidated statement of operations. Employer contributions to OMERS for 2022 current and past service was \$ 1,134,083 (2021 - \$ 1,036,608) 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, 2022

17. 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% (2021 - 19%) based on population.

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

	<u>2022</u>	<u>2021</u>
Financial assets		
Cash and cash equivalents	\$ 291,278	\$ 280,455
Receivables	<u>34,503</u>	<u>6,485</u>
	<u>325,781</u>	<u>286,940</u>
Liabilities		
Accounts payable and accrued liabilities	40,758	30,376
Loans payable	253,160	334,557
Capital lease obligation	<u>24,536</u>	<u>32,627</u>
	<u>318,454</u>	<u>397,560</u>
Net financial assets (debt)	<u>7,327</u>	<u>(110,620)</u>
Non-financial assets		
Prepaid expenses	14,738	14,783
Fuel inventory	15,805	23,912
Tangible capital assets	<u>1,624,743</u>	<u>1,421,197</u>
	<u>1,655,286</u>	<u>1,459,892</u>
Accumulated surplus	<u>\$ 1,662,613</u>	<u>\$ 1,349,272</u>
Accumulated surplus consists of:		
Operating deficit	\$ (119,669)	\$ (88,089)
Reserves	157,539	16,164
Investment in tangible capital assets	<u>1,624,743</u>	<u>1,421,197</u>
	<u>\$ 1,662,613</u>	<u>\$ 1,349,272</u>
Revenues		
Grants	\$ 154,770	\$ 154,770
Fuel, rentals and other	407,113	104,277
Interest	4,453	474
Expenses	<u>(252,995)</u>	<u>(204,087)</u>
Annual surplus	<u>\$ 313,341</u>	<u>\$ 55,434</u>

City of Port Colborne

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

17. 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, 2022 and the results of operations are as reported for the year ended December 31, 2022. The comparative financial position and results of operations figures are as reported by the Niagara Central Dorothy Rungeling Airport Commission at December 31, 2021.

The Municipality has recorded in the financial statements its 19% (2021 - 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>2022</u>	<u>2021</u>
Government transfers	\$ 29,406	\$ 29,406
Interest	2,171	2,463
Loan, bearing interest of 3.5% per annum repayable in annual instalments of \$ 6,012, commencing June 15, 2018	\$ 27,663	\$ 32,647
Loan, bearing interest of 4.3% per annum repayable in annual instalments of \$ 4,113, commencing August 24, 2019	<u>21,678</u>	<u>24,788</u>
	<u>\$ 49,341</u>	<u>\$ 57,435</u>

18. Trust funds

Trust funds administered by the Municipality amounting to \$ 498,829 (2021 - \$ 482,465) have not been included in the Consolidated Statement of Financial Position nor have these operations been included in the Consolidated Statement of Operations.

19. Subdividers' deposits

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

	<u>2022</u>	<u>2021</u>
Letters of credit, beginning of year	\$ 1,537,110	\$ 1,070,405
Net (deletions) additions	<u>(410,103)</u>	<u>466,705</u>
Letters of credit, end of year	<u>\$ 1,127,007</u>	<u>\$ 1,537,110</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, 2022

20. 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.

21. 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.

22. Commitments

Tax increment based grants

The Municipality has a one signed agreement for a tax increment based grant with a term spanning ten years that expires in 2030. At December 31, 2022, the total amount remaining to be paid from this agreement is \$ 25,453. Subsequent to year end, an agreement has been made to pay the outstanding amount in a lump sum payment in 2023.

23. 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, 2022

24. Budget

The budget bylaw adopted by Council November 8, 2021 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	\$ 13,941
Add:	
Acquisition of tangible capital assets	4,892,292
Repayment of long term debt	1,444,000
Transfers (to) from reserves, net	1,203,880
Less:	
Amortization of tangible capital assets	<u>(5,855,257)</u>
Budgeted surplus per Consolidated Statement of Operations	<u>\$ 1,698,856</u>

City of Port Colborne

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

25. 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, 2022

	<u>General</u>	<u>Library</u>	<u>Eliminations</u>	<u>Levy</u>	<u>Water</u>	<u>Wastewater</u>	<u>Storm sewer</u>	<u>2022</u>
Revenues								
Taxation	\$ 22,563,927	\$ -	\$ -	\$ 22,563,927	\$ -	\$ -	\$ -	\$ 22,563,927
User charges	3,049,850	5,023	-	3,054,873	4,742,874	6,979,006	1,306,100	16,082,853
Government transfers	5,169,898	1,034,986	-	6,204,884	-	51,152	-	6,256,036
Penalties and interest	562,902	-	-	562,902	18,135	30,210	-	611,247
Investment income	483,612	-	-	483,612	-	-	-	483,612
Other	<u>3,910,436</u>	<u>6,183</u>	<u>-</u>	<u>3,916,619</u>	<u>(2,382)</u>	<u>-</u>	<u>-</u>	<u>3,914,237</u>
	<u>35,740,625</u>	<u>1,046,192</u>	<u>-</u>	<u>36,786,817</u>	<u>4,758,627</u>	<u>7,060,368</u>	<u>1,306,100</u>	<u>49,911,912</u>
Expenses								
Wages and benefits	13,482,257	641,037	-	14,123,294	1,013,216	725,769	131,595	15,993,874
Materials	6,811,557	128,635	-	6,940,192	228,081	143,066	33,253	7,344,592
Contracted services	4,748,117	33,343	-	4,781,460	2,373,415	4,414,137	57,460	11,626,472
Rents and financial expenses	523,168	191	-	523,359	6,325	3,470	11,880	545,034
External transfers to others	510,930	-	-	510,930	5,000	2,000	-	517,930
Interest on long term debt	177,085	-	-	177,085	146,060	-	579,259	902,404
Tax write-offs	317,996	-	-	317,996	-	-	-	317,996
Amortization	<u>4,401,490</u>	<u>87,054</u>	<u>-</u>	<u>4,488,544</u>	<u>644,510</u>	<u>361,599</u>	<u>364,071</u>	<u>5,858,724</u>
	<u>30,972,600</u>	<u>890,260</u>	<u>-</u>	<u>31,862,860</u>	<u>4,416,607</u>	<u>5,650,041</u>	<u>1,177,518</u>	<u>43,107,026</u>
Annual surplus	<u>\$ 4,768,025</u>	<u>\$ 155,932</u>	<u>\$ -</u>	<u>\$ 4,923,957</u>	<u>\$ 342,020</u>	<u>\$ 1,410,327</u>	<u>\$ 128,582</u>	<u>\$ 6,804,886</u>

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	4,816,140	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	3,231,766	129,728	-	3,361,494	161,911	100,042	54,149	3,677,596
Contracted services	4,502,112	45,450	-	4,547,562	2,132,905	4,362,896	18,647	11,062,010
Rents and financial expenses	1,117,619	(5)	-	1,117,614	4,472	847	20,584	1,143,517
External transfers to others	423,797	-	-	423,797	-	-	-	423,797
Interest on long term debt	582,572	50	-	582,622	80,689	-	299,027	962,338
Tax write-offs	259,480	-	-	259,480	-	-	-	259,480
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 with Budget Information

For the Year Ended December 31, 2022

	Budget <u>2022</u>	Actual <u>2022</u>	Actual <u>2021</u>
General			
Revenues			
Taxation	\$ 22,464,034	\$ 22,563,927	\$ 21,171,858
User charges	3,021,377	3,049,850	2,778,403
Government transfers	3,780,619	5,169,898	4,397,733
Penalties and interest	470,500	562,902	612,601
Investment income	145,000	483,612	155,772
Other	1,284,920	3,910,436	1,295,009
	<u>31,166,450</u>	<u>35,740,625</u>	<u>30,411,376</u>
Expenses			
Wages and benefits	14,661,461	13,482,257	14,972,954
Materials	6,107,332	6,811,557	3,231,766
Contracted services	3,673,056	4,748,117	4,502,112
Rents and financial expenses	573,933	523,168	1,117,619
External transfers to others	385,294	510,930	423,797
Interest on long term debt	554,342	177,085	582,572
Tax write-offs	223,974	317,996	259,480
Amortization	4,398,023	4,401,490	4,274,389
Inter-functional transfers	-	-	(928,059)
	<u>30,577,415</u>	<u>30,972,600</u>	<u>28,436,630</u>
Annual surplus	<u>\$ 589,035</u>	<u>\$ 4,768,025</u>	<u>\$ 1,974,746</u>

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

For the Year Ended December 31, 2022

	Budget <u>2022</u>	Actual <u>2022</u>	Actual <u>2021</u>
Library			
Revenues			
User charges	\$ 2,900	\$ 5,023	\$ 2,585
Government transfers	955,300	1,034,986	911,138
Other	5,100	6,183	2,557
	<u>963,300</u>	<u>1,046,192</u>	<u>916,280</u>
Expenses			
Wages and benefits	668,652	641,037	612,605
Materials	134,475	128,635	129,728
Contracted services	23,705	33,343	45,450
Rents and financial expenses	5,467	191	(5)
Interest on long term debt	-	-	50
Amortization	87,054	87,054	76,935
	<u>919,353</u>	<u>890,260</u>	<u>864,763</u>
Annual surplus	<u>\$ 43,947</u>	<u>\$ 155,932</u>	<u>\$ 51,517</u>

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

For the Year Ended December 31, 2022

	Budget <u>2022</u>	Actual <u>2022</u>	Actual <u>2021</u>
Water			
Revenues			
User charges	\$ 4,660,000	\$ 4,742,874	\$ 4,816,140
Penalties and interest	12,000	18,135	11,205
Other	<u>85,000</u>	<u>(2,382)</u>	<u>(448)</u>
	<u>4,757,000</u>	<u>4,758,627</u>	<u>4,826,897</u>
Expenses			
Wages and benefits	1,139,270	1,013,216	610,954
Materials	303,435	228,081	161,911
Contracted services	2,257,771	2,373,415	2,132,905
Rents and financial expenses	-	6,325	4,472
External transfers to others	25,000	5,000	-
Interest on long term debt	73,454	146,060	80,689
Amortization	644,510	644,510	641,098
Inter-functional transfers	<u>-</u>	<u>-</u>	<u>400,059</u>
	<u>4,443,440</u>	<u>4,416,607</u>	<u>4,032,088</u>
Annual surplus	<u>\$ 313,560</u>	<u>\$ 342,020</u>	<u>\$ 794,809</u>

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

For the Year Ended December 31, 2022

	Budget <u>2022</u>	Actual <u>2022</u>	Actual <u>2021</u>
Wastewater			
Revenues			
User charges	\$ 6,923,067	\$ 6,979,006	\$ 6,694,204
Government transfers	-	51,152	-
Penalties and interest	<u>14,000</u>	<u>30,210</u>	<u>16,444</u>
	<u>6,937,067</u>	<u>7,060,368</u>	<u>6,710,648</u>
Expenses			
Wages and benefits	783,896	725,769	305,477
Materials	246,573	143,066	100,042
Contracted services	5,143,510	4,414,137	4,362,896
Rents and financial expenses	-	3,470	847
External transfers to others	25,000	2,000	-
Amortization	361,599	361,599	363,024
Inter-functional transfers	<u>-</u>	<u>-</u>	<u>460,000</u>
	<u>6,560,578</u>	<u>5,650,041</u>	<u>5,592,286</u>
Annual surplus	<u>\$ 376,489</u>	<u>\$ 1,410,327</u>	<u>\$ 1,118,362</u>

City of Port Colborne

Consolidated Schedule of Segment Disclosure

with Budget Information

For the Year Ended December 31, 2022

	Budget <u>2022</u>	Actual <u>2022</u>	Actual <u>2021</u>
Storm sewer			
Revenues			
User charges	\$ 1,407,000	\$ 1,306,100	\$ 693,086
Expenses			
Wages and benefits	155,570	131,595	101,826
Materials	55,879	33,253	54,149
Contracted services	145,451	57,460	18,647
Rents and financial expenses	18,000	11,880	20,584
Interest on long term debt	292,204	579,259	299,027
Amortization	364,071	364,071	364,243
Inter-functional transfers	-	-	68,000
	<u>1,031,175</u>	<u>1,177,518</u>	<u>926,476</u>
Annual surplus (deficit)	<u>\$ 375,825</u>	<u>\$ 128,582</u>	<u>\$ (233,390)</u>

City of Port Colborne

Trust Funds

Statement of Financial Position

As at December 31, 2022

	<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>2022</u>	<u>2021</u>
Assets								
Cash and cash equivalents	\$ 24,088	\$ 7,402	\$ 1,047	\$ 5,912	\$ 3,710	\$ 54,582	\$ 96,741	\$ 100,735
Due (to)/from City of Port Colborne	-	-	-	-	(912)	-	(912)	5,433
Investments	-	-	-	5,846	397,154	-	403,000	376,297
Net assets	<u>\$ 24,088</u>	<u>\$ 7,402</u>	<u>\$ 1,047</u>	<u>\$ 11,758</u>	<u>\$ 399,952</u>	<u>\$ 54,582</u>	<u>\$ 498,829</u>	<u>\$ 482,465</u>

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, 2022

	Local Improvements	Julia Yager Trust	Fulton Trust	Sherkston Trust	Overholt Cemetery	Roselawn Centre	2022	2021
Revenues								
Interest	\$ 458	\$ 1	\$ -	\$ 1	\$ 12,366	\$ 1,036	\$ 13,862	\$ 18,585
Investment income	-	-	-	-	4,730	-	4,730	-
Perpetual trust contributions	-	-	-	-	10,138	-	10,138	10,402
	<u>458</u>	<u>1</u>	<u>-</u>	<u>1</u>	<u>27,234</u>	<u>1,036</u>	<u>28,730</u>	<u>28,987</u>
Expenses								
Investment management fees	-	-	-	-	6,607	-	6,607	5,629
Transfers to City of Port Colborne	-	-	-	-	5,759	-	5,759	4,235
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,366</u>	<u>-</u>	<u>12,366</u>	<u>9,864</u>
Excess of revenues over expenses	458	1	-	1	14,868	1,036	16,364	19,123
Net assets								
Beginning of year	23,630	7,401	1,047	11,757	385,084	53,546	482,465	463,342
End of year	<u>\$ 24,088</u>	<u>\$ 7,402</u>	<u>\$ 1,047</u>	<u>\$ 11,758</u>	<u>\$ 399,952</u>	<u>\$ 54,582</u>	<u>\$ 498,829</u>	<u>\$ 482,465</u>

See accompanying notes to the financial statements

City of Port Colborne
Trust Funds
Statement of Cash Flows

For the Year Ended December 31, 2022

	<u>2022</u>	<u>2021</u>
Net increase (decrease) in cash and cash equivalents		
Operating activities		
Excess of revenues over expenses	\$ 16,364	\$ 19,123
Decrease (increase) in due from City of Port Colborne	<u>6,345</u>	<u>(6,569)</u>
	<u>22,709</u>	<u>12,554</u>
Investing activities		
Increase in investments - net	<u>(26,703)</u>	<u>(4,544)</u>
Net (decrease) increase in cash and cash equivalents	(3,994)	8,010
Cash and cash equivalents		
Beginning of year	<u>100,735</u>	<u>92,725</u>
End of year	<u>\$ 96,741</u>	<u>\$ 100,735</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, 2022

1. Summary of significant accounting policies

Management responsibility

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

The significant accounting policies used are as follows:

(a) Basis of accounting

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, 2022

1. Summary of significant accounting policies (continued)

(d) Financial instruments (continued)

Financial instruments in related party transactions

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

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

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

(e) Revenue recognition

(i) 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 2.50% maturing December, 2023. Portfolio investments have an estimated market value of \$ 427,431 (2021 - \$ 448,689).

3. Comparative figures

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