

Financial Report

City of Port Colborne

December 31, 2020

Draft - June 7, 2021

Contents

	Page
City of Port Colborne	
Independent Auditor's Report	1-2
Consolidated Statement of Financial Position	3
Consolidated Statement of Operations	4
Consolidated Statement of Changes in Net Debt	5
Consolidated Statement of Cash Flows	6
Notes to the Consolidated Financial Statements	7-29
Consolidated Schedule of Segment Disclosure	30-31
Consolidated Schedule of Segment Disclosure with Budget Information	32-36
Trust Funds	
Independent Auditor's Report	37-38
Statement of Financial Position	39
Statement of Operations and Changes in Net Assets	40
Statement of Cash Flows	41
Notes to the Financial Statements	42-43

City of Port Colborne

Consolidated Statement of Financial Position

As at December 31, 2020

	<u>2020</u>	<u>2019</u>
Financial assets		
Cash and cash equivalents (Note 2)	\$ 10,750,304	\$ 1,204,986
Portfolio investments (Note 3)	6,619,798	11,078,101
Taxes receivable	4,250,412	3,513,508
User charges receivable	2,072,451	2,024,256
Other receivables	<u>3,808,139</u>	<u>3,568,442</u>
	<u>27,501,104</u>	<u>21,389,293</u>
Liabilities		
Payables and accruals	5,176,683	6,535,178
Other liabilities	1,807,546	1,492,806
Deferred revenue (Note 5)	2,165,256	1,998,845
Long term debt (Note 6)	30,328,252	27,385,177
Employee benefit obligations (Notes 7 and 16)	<u>9,438,200</u>	<u>9,125,300</u>
	<u>48,915,937</u>	<u>46,537,306</u>
Net debt	<u>(21,414,833)</u>	<u>(25,148,013)</u>
Non-financial assets		
Tangible capital assets (Note 8)	136,141,674	138,865,725
Prepaid expenses	<u>801,979</u>	<u>1,100,795</u>
	<u>136,943,653</u>	<u>139,966,520</u>
Accumulated surplus (Note 9)	<u>\$ 115,528,820</u>	<u>\$ 114,818,507</u>

Contingencies (Notes 20 and 21)
 Commitments (Note 22)
 Impacts of COVID-19 and subsequent events (Note 25)

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, 2020

	Budget 2020 (Note 24)	Actual 2020	Actual 2019
Revenues			
Taxation (Note 11)	\$ 19,592,134	\$ 19,763,302	\$ 18,668,245
User charges (Note 13)	15,152,014	13,237,369	13,880,797
Government transfers (Note 14)	8,332,214	4,760,830	5,276,201
Penalties and interest	460,000	443,497	506,320
Investment income	35,000	223,743	307,356
Other (Note 15)	2,055,637	1,158,861	1,075,615
	<u>45,626,999</u>	<u>39,587,602</u>	<u>39,714,534</u>
Expenses			
General government	4,631,117	5,476,341	5,294,267
Protection to persons and property	4,248,413	4,713,803	4,410,030
Transportation services	7,629,575	7,895,703	7,774,161
Environmental services	11,682,178	11,107,659	10,775,507
Health services	203,911	123,011	187,866
Recreation and culture services	9,794,100	8,771,189	10,019,161
Planning and development	1,054,929	789,583	946,903
	<u>39,244,223</u>	<u>38,877,289</u>	<u>39,407,895</u>
Annual surplus	6,382,776	710,313	306,639
Accumulated surplus (Note 9)			
Beginning of year	<u>114,818,507</u>	<u>114,818,507</u>	<u>114,511,868</u>
End of year	<u>\$ 121,201,283</u>	<u>\$ 115,528,820</u>	<u>\$ 114,818,507</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, 2020

	Budget 2020 (Note 24)	Actual 2020	Actual 2019
Annual surplus	\$ 6,382,776	\$ 710,313	\$ 306,639
Amortization of tangible capital assets	5,648,463	5,652,879	5,510,987
Acquisition of tangible capital assets	(12,964,343)	(3,015,630)	(5,597,476)
Proceeds from disposal of tangible capital assets	-	705,494	272,350
Gain on disposal of tangible capital assets	(8,000)	(618,692)	(115,794)
	(941,104)	3,434,364	376,706
Usage (acquisition) of prepaid expenses	-	298,816	(317,285)
Increase (decrease) in net debt	(941,104)	3,733,180	59,421
Net debt			
Beginning of year	(25,148,013)	(25,148,013)	(25,207,434)
End of year	\$ (26,089,117)	\$ (21,414,833)	\$ (25,148,013)

See accompanying notes to the consolidated financial statements.

City of Port Colborne

Consolidated Statement of Cash Flows

For the Year Ended December 31, 2020

	<u>2020</u>	<u>2019</u>
Increase (decrease) in cash and cash equivalents		
Operating activities		
Annual surplus	\$ 710,313	\$ 306,639
Non-cash items:		
Amortization of tangible capital assets	5,652,879	5,510,987
Gain on disposal of tangible capital assets	(618,692)	(115,794)
Increase in taxes receivable	(736,904)	(621,099)
(Increase) decrease in user charges receivable	(48,195)	27,688
Increase in other receivables	(239,697)	(1,295,542)
(Decrease) increase in payables and accruals	(1,358,495)	874,018
Increase in other liabilities	314,740	251,767
Increase in deferred revenue	166,411	1,130,619
Decrease (increase) in prepaid expenses	298,816	(317,285)
	<u>4,141,176</u>	<u>5,751,998</u>
Capital activities		
Proceeds from disposal of tangible capital assets	705,494	272,350
Acquisition of tangible capital assets	(3,015,630)	(5,597,476)
	<u>(2,310,136)</u>	<u>(5,325,126)</u>
Financing activities		
Issue of long term debt	5,000,000	-
Repayment of long term debt	(1,975,452)	(1,503,637)
Issue of capital lease obligation	-	94,443
Repayment of capital lease obligation	(81,473)	(84,221)
Increase in employee benefit obligation	312,900	611,000
	<u>3,255,975</u>	<u>(882,415)</u>
Investing activities		
Disposal (purchase) of portfolio investments, net	4,458,303	(215,390)
Net increase (decrease) in cash and cash equivalents	9,545,318	(670,933)
Cash and cash equivalents (Note 2)		
Beginning of year	<u>1,204,986</u>	<u>1,875,919</u>
End of year	<u>\$ 10,750,304</u>	<u>\$ 1,204,986</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, 2020

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

Interdepartmental and organizational transactions and balances are eliminated.

The following joint local board is proportionally consolidated:

Niagara Central 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, 2020

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, 2020

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 revenue". 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, 2020

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, 2020

2. Cash and cash equivalents

	<u>2020</u>	<u>2019</u>
Cash on hand	\$ 3,550	\$ 3,950
Bank balances	<u>10,746,754</u>	<u>1,201,036</u>
	<u>\$ 10,750,304</u>	<u>\$ 1,204,986</u>

3. Portfolio investments

Guaranteed investment certificates carry an effective interest rate from 2.05% to 2.20% with maturity dates in June, 2021. 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 (2019 - \$ Nil) was used at December 31, 2020. 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.

5. Deferred revenue

	<u>2020</u>	<u>2019</u>
Development Charges Act	\$ 79,603	\$ 171,705
Parkland	<u>260,110</u>	259,104
Federal gas tax	1,069,588	1,192,893
Ontario Community Infrastructure Fund	<u>755,955</u>	<u>375,143</u>
	<u>\$ 2,165,256</u>	<u>\$ 1,998,845</u>

City of Port Colborne

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

5. Deferred revenue (continued)

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

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ <u>1,998,845</u>	\$ <u>868,226</u>
Contributions from		
Development charges	126,629	169,046
Interest earned	35,225	25,244
Government transfers received		
Federal	555,335	1,153,086
Provincial	418,760	404,300
	<u>1,135,949</u>	<u>1,751,676</u>
Utilized for		
Tangible capital asset acquisitions	(954,538)	(476,944)
Operations	(15,000)	(144,113)
	<u>(969,538)</u>	<u>(621,057)</u>
Balance, end of year	\$ <u>2,165,256</u>	\$ <u>1,998,845</u>

6. Long term debt

2020

2019

- (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

Capital lease obligations

Net long term debt

\$ 30,270,175 \$ 27,245,627

58,077 139,550

\$ 30,328,252 \$ 27,385,177

City of Port Colborne

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

6. Long term debt (continued)

(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>2020</u>	<u>2019</u>
Serial	1.60 to 4.65%	2020	\$ -	\$ 690,040
Serial	1.20 to 1.60%	2021	60,782	120,651
Amortizer	2.67%	2023	826,161	1,141,588
Serial	1.15 to 2.80%	2025	1,441,000	1,711,000
Amortizer	3.18%	2028	502,298	560,733
Amortizer	3.37%	2033	560,747	596,290
Amortizer	3.46%	2035	1,709,219	1,794,876
Amortizer	3.22%	2037	399,395	416,805
Amortizer	3.70%	2043	1,594,428	1,639,212
Amortizer	3.43%	2047	12,945,616	13,233,254
Amortizer	3.56%	2048	5,230,529	5,341,178
Amortizer	2.29%	2050	5,000,000	-
Capital leases	Various	2021-2023	58,077	139,550
			\$ 30,328,252	\$ 27,385,177

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

2021	\$ 1,478,501
2022	1,437,728
2023	1,289,352
2024	1,154,607
2025	1,190,995

(d) The Municipality paid \$ 902,951 (2019 - \$ 961,298) interest on long term debt during the year.

City of Port Colborne

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

7. Employee benefit obligations	2020	2019
Workplace Safety and Insurance Board future benefits	\$ 2,309,300	\$ 2,272,200
Vested sick leave benefits	295,200	306,200
Retirement benefits	<u>6,833,700</u>	<u>6,546,900</u>
	9,438,200	9,125,300
Less: benefits funded by future liabilities reserve	<u>(1,355,755)</u>	<u>(123,067)</u>
	\$ 8,082,445	\$ 9,002,233

(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 2020, 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 \$ 36,575 (2019 - \$ 35,459) was paid by the City to the WSIB in relation to these benefits.

The accrued benefit obligation at December 31, 2020 of \$ 2,309,300 (2019 - \$ 2,272,200) was determined by an actuarial valuation using a discount rate of 2.90% (2019 - 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, 2020 of the present value of future liabilities were determined using a discount rate of 2.90% (2019 - 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, 2020

7. Employee benefit obligations (continued)

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

	<u>2020</u>	<u>2019</u>
Accrued benefit obligation		
Beginning of year	\$ 2,272,200	\$ 1,899,500
Benefit payments	(206,600)	(378,200)
Current service cost	164,200	706,500
Interest cost	70,300	72,400
Amortization of actuarial loss (gain)	9,200	(28,000)
	<u>\$ 2,309,300</u>	<u>\$ 2,272,200</u>
Funded status		
Deficit	\$ 2,391,800	\$ 2,363,900
Unamortized actuarial loss	(82,500)	(91,700)
	<u>\$ 2,309,300</u>	<u>\$ 2,272,200</u>
The net benefit expense is as follows:		
Current service cost	\$ 164,200	\$ 706,500
Interest cost	70,300	72,400
Amortization of actuarial loss (gain)	9,200	(28,000)
	<u>\$ 243,700</u>	<u>\$ 750,900</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, 2020 of \$ 295,200 (2019 - \$ 306,200) was determined by an actuarial valuation using a discount rate of 2.90% (2019 - 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, 2020 of the present value of future liabilities were determined using a discount rate of 2.90% (2019 - 2.90%).

(ii) Salary increase rate

The rate used to increase salaries is assumed to be 3.00% (2019 - 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, 2020

7. Employee benefit obligations (continued)

(b) Vested sick leave benefits (continued)

	<u>2020</u>	<u>2019</u>
Accrued benefit obligation		
Beginning of year	\$ 306,200	\$ 264,400
Benefit payments	(55,700)	(18,300)
Current service cost	31,200	28,700
Interest cost	10,000	10,800
Plan amendment	-	18,300
Amortization of actuarial loss	3,500	2,300
	<u>\$ 295,200</u>	<u>\$ 306,200</u>
Funded status		
Deficit	\$ 328,400	\$ 342,900
Unamortized actuarial loss	(33,200)	(36,700)
	<u>\$ 295,200</u>	<u>\$ 306,200</u>
The net benefit expense is as follows:		
Current service cost	\$ 31,200	\$ 28,700
Interest cost	10,000	10,800
Plan amendment	-	18,300
Amortization of actuarial loss	3,500	2,300
	<u>\$ 44,700</u>	<u>\$ 60,100</u>

During the year \$ Nil (2019 - \$ Nil) was paid to employees who left the Municipality's employment. The Municipality has set aside \$ 1,355,755 (2019 - \$ 123,067) in a reserve.

(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, 2020 of \$ 6,833,700 (2019 - \$ 6,546,900) was determined by an actuarial valuation using a discount rate of 2.90% (2019 - 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 \$ 358,700 (2019 - \$ 362,000) 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, 2020

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, 2020 of the present value of future liabilities were determined using a discount rate of 2.90% (2019 - 2.90%).

(ii) Medical costs

Drug costs were assumed to be 7.30% in 2020 (2019 - 7.48%) and decrease 0.175% per year until 2036 when the rate will be 4.50% and continue thereafter.

Vision costs were assumed to be 1.50% in 2020 (2019 - 1.75%) 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 2020 (2019 - 4.50%) and continue thereafter.

(iii) Dental costs

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

	<u>2020</u>	<u>2019</u>
Accrued benefit obligation		
Beginning of year	\$ 6,546,900	\$ 6,350,400
Benefit payments	(358,700)	(362,000)
Current service cost	380,900	329,100
Interest cost	206,300	216,800
Amortization of actuarial loss	<u>58,300</u>	<u>12,600</u>
	<u>\$ 6,833,700</u>	<u>\$ 6,546,900</u>
Funded status		
Deficit	\$ 7,144,100	\$ 6,915,600
Unamortized actuarial loss	<u>(310,400)</u>	<u>(368,700)</u>
	<u>\$ 6,833,700</u>	<u>\$ 6,546,900</u>

The net benefit expense is as follows:

Current service cost	\$ 380,900	\$ 329,100
Interest cost	206,300	216,800
Amortization of actuarial loss	<u>58,300</u>	<u>12,600</u>
	<u>\$ 645,500</u>	<u>\$ 558,500</u>

City of Port Colborne

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

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>2020</u>
Cost								
Beginning of year	\$ 5,617,498	\$ 18,625,163	\$ 59,902,611	\$ 5,045,158	\$ 9,113,110	\$ 127,071,527	\$ 1,242,665	\$ 226,617,732
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>5,573,693</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>229,006,559</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>\$ 5,573,693</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>\$ 136,141,674</u>

City of Port Colborne
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2020

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>2019</u>
Cost								
Beginning of year	\$ 5,628,931	\$ 18,282,161	\$ 59,644,455	\$ 5,115,983	\$ 8,687,275	\$ 111,837,553	\$ 12,870,820	\$ 222,067,178
Additions	-	350,749	267,621	91,484	654,810	15,860,967	1,249,103	18,474,734
Disposals	(11,433)	(7,747)	(9,465)	(162,309)	(228,975)	(626,993)	(12,877,258)	(13,924,180)
End of year	<u>5,617,498</u>	<u>18,625,163</u>	<u>59,902,611</u>	<u>5,045,158</u>	<u>9,113,110</u>	<u>127,071,527</u>	<u>1,242,665</u>	<u>226,617,732</u>
Accumulated amortization								
Beginning of year	-	8,281,070	14,531,615	2,631,795	4,699,906	52,987,000	-	83,131,386
Amortization	-	576,100	1,691,637	319,801	673,516	2,249,933	-	5,510,987
Amortization on disposals	-	(7,747)	(9,396)	(162,310)	(198,100)	(512,813)	-	(890,366)
End of year	<u>-</u>	<u>8,849,423</u>	<u>16,213,856</u>	<u>2,789,286</u>	<u>5,175,322</u>	<u>54,724,120</u>	<u>-</u>	<u>87,752,007</u>
Net book value	<u>\$ 5,617,498</u>	<u>\$ 9,775,740</u>	<u>\$ 43,688,755</u>	<u>\$ 2,255,872</u>	<u>\$ 3,937,788</u>	<u>\$ 72,347,407</u>	<u>\$ 1,242,665</u>	<u>\$ 138,865,725</u>

City of Port Colborne

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

9. Accumulated surplus	<u>2020</u>	<u>2019</u>
Consists of:		
Surpluses (deficits)		
Operating	\$ -	\$ (5,342,748)
Port Colborne Public Library Board	-	40,872
Port Colborne Downtown Development Board	40,619	44,708
Port Colborne Main Street Business Improvement Area	26,095	29,777
Niagara Central Airport Commission (Note 17)	(37,948)	(33,273)
	<u>28,766</u>	<u>(5,260,664)</u>
Investment in tangible capital assets	<u>136,141,674</u>	<u>138,865,725</u>
Unfunded liabilities		
Long term debt	(30,328,252)	(27,385,177)
Employee benefit obligations	(9,438,200)	(9,125,300)
	<u>(39,766,452)</u>	<u>(36,510,477)</u>
Reserves and reserve funds (Note 10)	<u>19,124,832</u>	<u>17,723,922</u>
	<u>\$ 115,528,820</u>	<u>\$ 114,818,506</u>

10. Reserves and reserve funds	<u>2020</u>	<u>2019</u>
Reserves and reserve funds set aside for specific purposes by Council or agreement		
Boards and committees		
Community Safety Committee	\$ 3,947	\$ 1,807
Library bequest	4,188	3,660
Library future liabilities	54,129	16,524
Library capital	120,712	107,022
Library	52,602	13,578
Grant Committee	12,250	-
Local Architectural Conservation Advisory Committee	10,184	8,184
Mayors Youth Council Committee	3,217	3,217
Seniors Advisory Committee	4,392	2,600
Niagara South Coast Tourism	35,402	27,000
Museum bequests	51,473	51,183
Museum capital	31,667	73,098
	<u>384,163</u>	<u>307,873</u>

City of Port Colborne

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

10. Reserves and reserve funds (continued)	<u>2020</u>	<u>2019</u>
Programs, grants and activities		
Canada Summer Games	30,000	15,000
Canal Days	50,000	50,000
CIP incentives	110,054	94,749
Municipal elections	90,585	37,582
Roselawn	679,299	216,627
Transit	166,078	49,666
	<u>1,126,016</u>	<u>463,624</u>
Self sustaining entities		
Building department	83,220	129,720
Nickel Beach	212,729	142,590
Overhalt cemetery	23,397	40,579
Marina	(192,099)	523,123
	<u>127,247</u>	<u>836,012</u>
General government		
Encumbrance	197,285	851,141
Future liabilities	1,355,755	123,067
Opportunity Fund	2,000,000	-
Subject matter experts	208,598	208,598
General stabilization	2,240,562	2,563,083
Working capital	2,018,700	7,143,904
	<u>8,020,900</u>	<u>10,889,793</u>
Capital and related projects		
Drains	343,955	302,361
Facilities	131,386	505,073
Fleet and equipment	704,237	973,832
Goderich maintenance	83,852	93,878
Infrastructure	2,441,383	2,038,763
Storm sewer	235,832	95,356
Wastewater	84,936	685,796
Water	900,730	531,561
	<u>4,926,311</u>	<u>5,226,620</u>
Allocated capital and related projects	<u>4,540,195</u>	<u>-</u>
Total reserves and reserve funds	<u>\$ 19,124,832</u>	<u>\$ 17,723,922</u>

The marina reserve of \$ (192,099) represents a reserve of \$ 175,851 less internal financing of \$ (367,952).

City of Port Colborne

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

11. Taxation	Budget 2020	Actual 2020	Actual 2019
Real property		\$ 39,544,008	\$ 37,582,759
From other governments			
Payments in lieu of taxes		<u>462,507</u>	<u>447,461</u>
		<u>40,006,515</u>	<u>38,030,220</u>
Less: taxation collected on behalf of (Note 12):			
Region of Niagara		<u>15,010,032</u>	<u>14,107,998</u>
School boards		<u>5,233,181</u>	<u>5,253,977</u>
		<u>20,243,213</u>	<u>19,361,975</u>
Net taxes available for municipal purposes		<u>\$ 19,763,302</u>	<u>\$ 18,668,245</u>
Residential, multi-residential and farm	\$ 15,112,964	\$ 15,149,789	\$ 14,396,190
Commercial and industrial	<u>4,479,170</u>	<u>4,613,513</u>	<u>4,272,055</u>
Net taxes available for municipal purposes	<u>\$ 19,592,134</u>	<u>\$ 19,763,302</u>	<u>\$ 18,668,245</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:

	2020	2019
Region of Niagara	\$ 15,010,032	\$ 14,107,998
School boards	<u>5,233,181</u>	<u>5,253,977</u>
	<u>\$ 20,243,213</u>	<u>\$ 19,361,975</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, 2020

13. User charges	Budget 2020	Actual 2020	Actual 2019
Operating			
Fees and service charges	\$ 3,707,506	\$ 2,801,116	\$ 3,921,157
Direct water billings	5,149,224	4,851,686	4,636,417
Wastewater surcharges	5,975,929	5,257,321	4,976,591
Licences and permits	319,355	327,246	346,632
	<u>\$ 15,152,014</u>	<u>\$ 13,237,369</u>	<u>\$ 13,880,797</u>
14. Government transfers	Budget 2020	Actual 2020	Actual 2019
Operating			
Government of Canada	\$ 88,212	\$ 294,233	\$ 112,275
Province of Ontario	3,005,521	3,765,819	3,957,538
Municipal	7,500	-	5,000
	<u>3,101,233</u>	<u>4,060,052</u>	<u>4,074,813</u>
Capital			
Government of Canada	715,000	697,779	951,671
Province of Ontario	4,515,981	2,999	249,717
	<u>5,230,981</u>	<u>700,778</u>	<u>1,201,388</u>
	<u>\$ 8,332,214</u>	<u>\$ 4,760,830</u>	<u>\$ 5,276,201</u>

City of Port Colborne

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

15. Other revenue	Budget 2020	Actual 2020	Actual 2019
Operating			
Fines	\$ 23,000	\$ -	\$ 46,685
Rental income	46,410	37,010	98,549
Contributions from developers	-	15,000	47,833
Transfer from trust funds	4,000	5,338	5,443
Donations	239,600	13,144	126,890
Other	<u>200,884</u>	<u>184,913</u>	<u>231,912</u>
	<u>513,894</u>	<u>255,405</u>	<u>557,312</u>
Capital			
Donations	1,397,000	12,128	183,901
Other	136,743	272,636	218,608
Gain on disposal of tangible capital assets	<u>8,000</u>	<u>618,692</u>	<u>115,794</u>
	<u>1,541,743</u>	<u>903,456</u>	<u>518,303</u>
	<u>\$ 2,055,637</u>	<u>\$ 1,158,861</u>	<u>\$ 1,075,615</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 \$ 7.7 billion (2019 - \$ 1.5 billion surplus) 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 2020 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 2020 current and past service was \$ 948,393 (2019 - \$ 933,094) 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, 2020

17. Niagara Central Airport Commission

The Niagara Central 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% (2019 - 19%) based on population.

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

	<u>2020</u>	<u>2019</u>
Financial assets		
Cash and cash equivalents	\$ 237,067	\$ 228,562
Receivables	<u>31,065</u>	<u>43,073</u>
	<u>268,132</u>	<u>271,635</u>
Liabilities		
Accounts payable and accrued liabilities	67,881	44,734
Loans payable	374,431	365,423
Capital lease obligation	<u>40,081</u>	<u>47,473</u>
	<u>482,393</u>	<u>457,630</u>
Net debt	<u>(214,261)</u>	<u>(185,995)</u>
Non-financial assets		
Prepaid expenses	15,040	1,354
Fuel inventory	15,659	25,685
Tangible capital assets	<u>1,476,176</u>	<u>1,492,862</u>
	<u>1,506,875</u>	<u>1,519,901</u>
Accumulated surplus	<u>\$ 1,292,614</u>	<u>\$ 1,333,906</u>
Accumulated surplus consists of:		
Operating deficit	\$ (199,726)	\$ (175,120)
Reserves	16,164	16,164
Investment in tangible capital assets	<u>1,476,176</u>	<u>1,492,862</u>
	<u>\$ 1,292,614</u>	<u>\$ 1,333,906</u>
Revenues		
Grants	\$ 154,770	\$ 167,510
Fuel, rentals and other	94,652	120,047
Interest	-	571
Expenses	<u>(276,436)</u>	<u>(292,366)</u>
Annual deficit	<u>\$ (27,014)</u>	<u>\$ (4,238)</u>

City of Port Colborne

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

17. Niagara Central Airport Commission (continued)

The financial position information is as reported by the Niagara Central Airport Commission as at December 31, 2020 and the results of operations are as reported for the year ended December 31, 2020. The comparative financial position and results of operations figures are as reported by the Niagara Central Airport Commission at December 31, 2019.

The Municipality has recorded in the financial statements its 19% (2019 - 19%) share of the Niagara Central Airport Commissions' assets, liabilities, accumulated surplus, revenues, expenses, and annual surplus.

The following summarizes the Municipality's related party transactions with the Niagara Central 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>2020</u>	<u>2019</u>
Government transfers	\$ 29,406	\$ 31,827
Interest	2,743	3,014
Loan, bearing interest of 3.5% per annum repayable in annual instalments of \$ 6,012, commencing June 15, 2018	\$ 36,791	\$ 41,327
Loan, bearing interest of 4.3% per annum repayable in annual instalments of \$ 4,113, commencing August 24, 2019	<u>27,377</u>	<u>30,170</u>
	<u>\$ 64,168</u>	<u>\$ 71,497</u>

18. Trust funds

Trust funds administered by the Municipality amounting to \$ 463,342 (2019 - \$ 447,832) 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>2020</u>	<u>2019</u>
Letters of credit, beginning of year	\$ 1,158,096	\$ 1,448,750
Net deletions	<u>(87,691)</u>	<u>(290,654)</u>
Letters of credit, end of year	<u>\$ 1,070,405</u>	<u>\$ 1,158,096</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, 2020

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 commitments for tax increment based grants with various expiry dates up to 2024. There are currently five signed agreements with a term spanning ten years each. At December 31, 2020, the total amount remaining to be paid from these agreements is \$ 69,849 with the total commitment for each of the next four years as follows:

2021	\$	33,722
2022		32,520
2023		2,405
2024		1,202

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, 2020

24. Budget

The budget bylaw adopted by Council March 23, 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	\$ 82,948
Add:	
Acquisition of tangible capital assets	12,964,343
Repayment of long term debt	1,492,698
Less:	
Transfers (to) from reserves, net	(2,508,750)
Amortization of tangible capital assets	<u>(5,648,463)</u>
Budgeted surplus per consolidated statement of operations	<u>\$ 6,382,776</u>

25. Impacts of COVID-19 and subsequent events

Since December 31, 2019, the outbreak of COVID-19 and related global responses have caused material disruptions to businesses around the world, leading to an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions. While governments and central banks have reacted with monetary and fiscal interventions designed to stabilize economic conditions, the duration and extent of the impact of the COVID-19 outbreak, as well as the effectiveness of government and central bank responses, remains unclear at this time.

The Municipality had to limit activity during its fiscal year due to the COVID-19 pandemic. The Municipality has not identified any events related to the COVID-19 pandemic which occurred during its fiscal year or were determined to be subsequent events, and therefore there has been no significant impact on the financial position and results of operations as of and for the year ended December 31, 2020.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, 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, 2020

26. 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, 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	2,318,486	6,767	-	2,325,253	4,885,841	5,259,575	766,700	13,237,369
Government transfers	4,720,126	814,531	(773,827)	4,760,830	-	-	-	4,760,830
Penalties and interest	443,497	-	-	443,497	-	-	-	443,497
Investment income	223,375	368	-	223,743	-	-	-	223,743
Other revenue	<u>1,163,244</u>	<u>1,775</u>	<u>-</u>	<u>1,165,019</u>	<u>(6,158)</u>	<u>-</u>	<u>-</u>	<u>1,158,861</u>
	<u>28,632,030</u>	<u>823,441</u>	<u>(773,827)</u>	<u>28,681,644</u>	<u>4,879,683</u>	<u>5,259,575</u>	<u>766,700</u>	<u>39,587,602</u>
Expenses								
Salaries and benefits	14,104,116	565,221	-	14,669,337	637,762	121,566	47,076	15,475,741
Materials	6,332,738	132,139	-	6,464,877	274,093	92,164	70,653	6,901,787
Contract services	1,999,605	86,009	-	2,035,614	2,319,969	4,908,604	160,273	9,424,460
Rents and								
financial expenses	276,554	75	-	276,629	5,675	8,713	1,201	292,218
External transfers								
to others	72,233	-	-	72,233	-	-	-	72,233
Interest on								
long term debt	630,345	-	-	630,345	85,240	-	199,174	914,759
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>28,050,907</u>	<u>809,354</u>	<u>(773,827)</u>	<u>28,086,434</u>	<u>4,228,078</u>	<u>5,721,018</u>	<u>841,759</u>	<u>38,877,289</u>
Annual surplus (deficit)	\$ 581,123	\$ 14,087	\$ -	\$ 595,210	\$ 651,605	\$ (461,443)	\$ (75,059)	\$ 710,313

City of Port Colborne
Consolidated Schedule of Segment Disclosure
For the Year Ended December 31, 2019

	<u>General</u>	<u>Library</u>	<u>Eliminations</u>	<u>Levy</u>	<u>Water</u>	<u>Wastewater</u>	<u>Storm sewer</u>	<u>2019</u>
Revenues								
Taxation	\$ 18,668,245	\$ -	\$ -	\$ 18,668,245	-	\$ -	\$ -	\$ 18,668,245
User charges	3,485,262	21,650	-	3,506,912	4,660,259	4,981,948	731,678	13,880,797
Government transfers	5,002,230	836,538	(766,432)	5,072,336	-	-	203,865	5,276,201
Penalties and interest	506,320	-	-	506,320	-	-	-	506,320
Investment income	305,984	1,372	-	307,356	-	-	-	307,356
Other revenue	990,648	4,904	-	995,552	23,363	(4,633)	61,333	1,075,615
	<u>28,958,689</u>	<u>864,464</u>	<u>(766,432)</u>	<u>29,056,721</u>	<u>4,683,622</u>	<u>4,977,315</u>	<u>996,876</u>	<u>39,714,534</u>
Expenses								
Salaries and benefits	13,929,301	574,489	-	14,503,790	735,049	49,809	24,737	15,313,385
Materials	7,145,536	111,996	-	7,257,532	257,609	89,634	33,964	7,638,739
Contract services	2,061,244	82,674	-	2,093,918	2,472,044	4,616,384	185,700	9,368,046
Rents and financial expenses	306,086	115	-	306,201	1,179	102	21,076	328,558
External transfers to others	86,488	-	-	86,488	-	-	-	86,488
Interest on long term debt	655,411	-	-	655,411	91,502	-	193,006	939,919
Tax write-offs	221,773	-	-	221,773	-	-	-	221,773
Amortization	4,165,473	76,817	-	4,242,290	620,272	367,226	281,199	5,510,987
Inter-functional transfers	416,554	-	(766,432)	(349,878)	241,549	108,329	-	-
	<u>28,987,866</u>	<u>796,091</u>	<u>(766,432)</u>	<u>29,017,525</u>	<u>4,419,204</u>	<u>5,231,484</u>	<u>739,682</u>	<u>39,407,895</u>
Annual surplus (deficit)	<u>\$ (29,177)</u>	<u>\$ 68,373</u>	<u>\$ -</u>	<u>\$ 39,196</u>	<u>\$ 264,418</u>	<u>\$ (254,169)</u>	<u>\$ 257,194</u>	<u>\$ 306,639</u>

City of Port Colborne

Consolidated Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2020

	Budget 2020	Actual 2020	Actual 2019
General			
Revenue			
Taxation	\$ 19,592,134	\$ 19,763,302	\$ 18,668,245
User charges	3,202,032	2,318,486	3,485,262
Government transfers	8,293,886	4,720,126	5,002,230
Penalties and interest	460,000	443,497	506,320
Investment income	35,000	223,375	305,984
Other	2,040,137	1,163,244	990,648
	<u>33,623,189</u>	<u>28,632,030</u>	<u>28,958,689</u>
Expenses			
Salaries and wages	13,283,340	14,104,116	13,929,301
Materials	6,906,650	6,332,738	7,145,536
Contracted services	2,056,319	1,999,605	2,061,244
Rents and financial expenses	155,244	276,554	306,086
External transfers to others	95,624	72,233	86,488
Interest on long term debt	632,842	630,345	655,411
Tax write-offs	237,000	143,212	221,773
Amortization	4,204,193	4,208,609	4,165,473
Inter-functional transfers	283,495	283,495	416,554
	<u>27,854,707</u>	<u>28,050,907</u>	<u>28,987,866</u>
Annual surplus (deficit)	<u>\$ 5,768,482</u>	<u>\$ 581,123</u>	<u>\$ (29,177)</u>

City of Port Colborne

Consolidated Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2020

	Budget 2020	Actual 2020	Actual 2019
Library			
Revenue			
User charges	\$ 20,450	\$ 6,767	\$ 21,650
Government transfers	812,155	814,531	836,538
Investment income	-	368	1,372
Other	1,500	1,775	4,904
	<u>834,105</u>	<u>823,441</u>	<u>864,464</u>
Expenses			
Salaries and wages	602,544	565,221	574,489
Materials	121,778	132,139	111,996
Contracted services	24,000	36,009	32,674
Rents and financial expenses	-	75	115
Amortization	75,910	75,910	76,817
	<u>824,232</u>	<u>809,354</u>	<u>796,091</u>
Annual surplus	<u>\$ 9,873</u>	<u>\$ 14,087</u>	<u>\$ 68,373</u>

City of Port Colborne

Consolidated Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2020

	Budget 2020	Actual 2020	Actual 2019
Water			
Revenue			
User charges	\$ 5,173,824	\$ 4,885,841	\$ 4,660,259
Other	6,000	(6,158)	23,363
	<u>5,179,824</u>	<u>4,879,683</u>	<u>4,683,622</u>
Expenses			
Salaries and wages	790,145	637,762	735,049
Materials	308,681	274,093	257,609
Contracted services	2,589,263	2,319,969	2,472,044
Rents and financial expenses	4,580	5,675	1,179
Interest on long term debt	87,296	85,240	91,502
Amortization	636,215	636,215	620,272
Inter-functional transfers	269,606	269,124	241,549
	<u>4,685,786</u>	<u>4,228,078</u>	<u>4,419,204</u>
Annual surplus	<u>\$ 494,038</u>	<u>\$ 651,605</u>	<u>\$ 264,418</u>

City of Port Colborne

Consolidated Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2020

	Budget 2020	Actual 2020	Actual 2019
Wastewater			
Revenue			
User charges	\$ 5,980,429	\$ 5,259,575	\$ 4,981,948
Other	8,000	-	(4,633)
	<u>5,988,429</u>	<u>5,259,575</u>	<u>4,977,315</u>
Expenses			
Salaries and wages	354,379	121,566	49,809
Materials	206,290	92,164	89,634
Contracted services	4,699,799	4,908,604	4,616,384
Rents and financial expenses	2,153	8,713	102
Amortization	368,763	368,763	367,226
Inter-functional transfers	221,208	221,208	108,329
	<u>5,852,592</u>	<u>5,721,018</u>	<u>5,231,484</u>
Annual (deficit) surplus	<u>\$ 135,837</u>	<u>\$ (461,443)</u>	<u>\$ (254,169)</u>

City of Port Colborne

Consolidated Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2020

	Budget 2020	Actual 2020	Actual 2019
Storm sewer			
Revenue			
User charges	\$ 775,279	\$ 766,700	\$ 731,678
Government transfers	-	-	203,865
Other	-	-	61,333
	<u>775,279</u>	<u>766,700</u>	<u>996,876</u>
Expenses			
Salaries and wages	87,655	47,076	24,737
Materials	73,417	70,653	33,964
Contracted services	86,655	160,273	185,700
Rents and financial expenses	454	1,201	21,076
Interest on long term debt	189,170	199,174	193,006
Amortization	363,382	363,382	281,199
	<u>800,733</u>	<u>841,759</u>	<u>739,682</u>
Annual (deficit) surplus	<u>\$ (25,454)</u>	<u>\$ (75,059)</u>	<u>\$ 257,194</u>

City of Port Colborne
Trust Funds
Statement of Financial Position
As at December 31, 2020

	Local Improvements	Julia Yager Trust	Fulton Trust	Sherkston Trust	Overholt Cemetery	Roselawn Centre	2020	2019
Assets								
Cash and cash equivalents	\$ 23,494	\$ 7,401	\$ 1,047	\$ 5,910	\$ -	\$ 53,237	\$ 91,089	\$ 90,347
Due from City of Port Colborne	-	-	-	-	500	-	500	3,849
Investments	-	-	-	5,802	365,951	-	371,753	353,507
Accrued interest	-	-	-	-	-	-	-	129
Net assets	\$ 23,494	\$ 7,401	\$ 1,047	\$ 11,712	\$ 366,451	\$ 53,237	\$ 463,342	\$ 447,832

Impacts of COVID-19 and subsequent events (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, 2020

	Local Improvements	Julia Yager Trust	Fulton Trust	Sherkston Trust	Overholt Cemetery	Roselawn Centre	2020	2019
Revenues								
Interest	\$ 188	\$ 2	\$ -	\$ 74	\$ 6,774	\$ 423	\$ 7,461	\$ 7,010
Perpetual trust contributions	-	-	-	-	13,387	-	13,387	15,407
	188	2	-	74	20,161	423	20,848	22,417
Expenses								
Transfers to revenue fund	-	-	-	-	5,338	-	5,338	5,443
Excess of revenue over expenses	188	2	-	74	14,823	423	15,510	16,974
Net assets								
Beginning of year	23,306	7,399	1,047	11,638	351,628	52,814	447,832	430,858
End of year	\$ 23,494	\$ 7,401	\$ 1,047	\$ 11,712	\$ 366,451	\$ 53,237	\$ 463,342	\$ 447,832

See accompanying notes to the financial statements

City of Port Colborne
Trust Funds
Statement of Cash Flows

For the Year Ended December 31, 2020

	<u>2020</u>	<u>2019</u>
Net increase (decrease) in cash and cash equivalents		
Operating activities		
Excess of revenues over expenses	\$ 15,510	\$ 16,974
Decrease in due from City of Port Colborne	3,349	3,147
Decrease (increase) in accrued interest	129	(2)
	<u>18,988</u>	<u>20,119</u>
Investing activities		
Increase in investments - net	<u>(18,246)</u>	<u>(18,588)</u>
Net increase in cash and cash equivalents	742	1,531
Cash and cash equivalents		
Beginning of year	<u>90,347</u>	<u>88,816</u>
End of year	<u>\$ 91,089</u>	<u>\$ 90,347</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, 2020

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 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, 2020

2. Portfolio investments

Portfolio investments consist of money market, bond and equity funds with annual interest rates ranging from 0.30% to 3.20% and a guaranteed investment certificate with an annual interest rate of 0.25% maturing December, 2021. Portfolio investments have an estimated market value of \$ 432,277 (2019 - \$ 409,715).

3. Impacts of COVID-19 and subsequent events

Since December 31, 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite 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 great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions. The Trust Funds' management is anticipating that the pandemic will not have a significant impact on its operations.

The Trust Funds have not identified any events related to the COVID-19 pandemic which were determined to be subsequent events, and therefore there has been no impact on the financial position and results of operations as of and for the year ended December 31, 2020.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Trust Funds for future periods.
