

Financial Report

City of Thorold

December 31, 2020

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Independent auditor's report

To the Members of Council, Inhabitants and Taxpayers of the Corporation of the City of Thorold

Opinion

We have audited the consolidated financial statements of the Corporation of the City of Thorold ("the Entity"), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly in all material respects, the financial position of the Corporation of the City of Thorold as at December 31, 2020, and its results of operations, its changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements for the year ended December 31, 2019 were audited by a different auditing firm who expressed an unmodified opinion on those financial statements on October 6, 2020.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Entity and the organizations it controls to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Grant Thornton LLP

Port Colborne, Canada
August 10, 2021

Chartered Professional Accountants
Licensed Public Accountants

City of Thorold

Consolidated Statement of Financial Position

As at December 31, 2020

	<u>2020</u>	<u>2019</u>
Financial assets		
Cash and cash equivalents	\$ 61,546,526	\$ 50,589,554
Portfolio investments (Note 2)	9,371,117	11,715,757
Taxes receivable (Note 3)		
Current year	2,118,796	1,793,295
Prior years	1,919,215	1,862,133
User charges receivable	1,995,804	1,805,715
Other receivables	<u>2,567,114</u>	<u>1,864,172</u>
	<u>79,518,572</u>	<u>69,630,626</u>
Liabilities		
Payables and accruals	12,910,100	9,731,138
Deferred revenue - obligatory reserve funds (Note 4)	22,043,478	18,231,216
Deferred revenue - other (Note 5)	2,564,596	2,354,228
Employee benefit obligations (Notes 6 and 19)	2,027,043	1,831,700
Landfill liability (Note 7)	5,977,469	5,488,129
Contaminated sites liability (Note 8)	114,700	114,700
Long term debt (Note 9)	<u>829,584</u>	<u>949,689</u>
	<u>46,466,970</u>	<u>38,700,800</u>
Net financial assets	<u>33,051,602</u>	<u>30,929,826</u>
Non-financial assets		
Tangible capital assets (Note 10 and Pages 28 and 29)	124,665,013	105,228,910
Prepaid expenses	<u>289,824</u>	<u>267,563</u>
	<u>124,954,837</u>	<u>105,496,473</u>
Accumulated surplus (Note 11)	<u>\$ 158,006,439</u>	<u>\$ 136,426,299</u>

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

Approved by

Director of Finance

Chief Administrative Officer

See accompanying notes to the consolidated financial statements

City of Thorold

Consolidated Statement of Operations

For the Year Ended December 31, 2020

	Budget <u>2020</u> (Note 25)	Actual <u>2020</u>	Actual <u>2019</u>
Revenues other than revenues related to tangible capital assets			
Taxation (Note 14)	\$ 18,679,425	\$ 19,440,414	\$ 17,818,080
User fees and charges (Note 16)	12,090,041	12,743,470	11,184,466
Government transfers (Note 17)	621,740	1,310,117	623,720
Other (Note 18)	1,881,191	1,673,979	1,991,359
	<u>33,272,397</u>	<u>35,167,980</u>	<u>31,617,625</u>
Expenses			
General government	2,139,530	1,964,096	1,925,486
Protection to persons and property	6,274,046	6,300,533	5,541,837
Transportation services	6,228,688	6,238,185	6,012,939
Environmental services	10,627,295	11,323,135	7,796,128
Health services	1,299,331	1,290,499	1,335,469
Social and family services	232,771	227,135	227,977
Recreation and culture services	9,267,232	3,408,846	3,911,777
Planning and development	1,437,375	965,534	771,971
	<u>37,506,268</u>	<u>31,717,963</u>	<u>27,523,584</u>
Annual surplus (deficit) before revenues related to tangible capital assets	<u>(4,233,871)</u>	<u>3,450,017</u>	<u>4,094,041</u>
Revenues related to tangible capital assets			
User fees and charges (Note 16)	9,139,518	1,384,217	1,342,521
Government transfers (Note 17)	4,409,932	2,126,050	2,146,156
Other (Note 18)	322,062	14,440,923	422,973
Gain on disposal of tangible capital assets	-	178,933	56,193
	<u>13,871,512</u>	<u>18,130,123</u>	<u>3,967,843</u>
Annual surplus	9,637,641	21,580,140	8,061,884
Accumulated surplus (Note 11)			
Beginning of year	<u>136,426,299</u>	<u>136,426,299</u>	<u>128,364,415</u>
End of year	<u>\$ 146,063,940</u>	<u>\$ 158,006,439</u>	<u>\$ 136,426,299</u>

See accompanying notes to the consolidated financial statements.

City of Thorold

Consolidated Statement of Changes in Net Financial Assets

For the Year Ended December 31, 2020

	Budget <u>2020</u>	Actual <u>2020</u>	Actual <u>2019</u>
Annual surplus	\$ 9,637,641	\$ 21,580,140	\$ 8,061,884
Amortization of tangible capital assets	4,834,782	4,834,782	4,388,090
Acquisition of tangible capital assets	(37,399,849)	(10,205,806)	(5,652,095)
Contributed tangible capital assets	-	(14,175,609)	-
Proceeds on sale of tangible capital assets	-	289,463	119,702
Gain on disposal of tangible capital assets	-	(178,933)	(56,193)
	(22,927,426)	2,144,037	6,861,388
Usage of inventory and prepaid expenses	-	(22,261)	(49,411)
Increase (decrease) in net financial assets	(22,927,426)	2,121,776	6,811,977
Net financial assets			
Beginning of year	<u>30,929,826</u>	<u>30,929,826</u>	<u>24,117,849</u>
End of year	<u>\$ 8,002,400</u>	<u>\$ 33,051,602</u>	<u>\$ 30,929,826</u>

See accompanying notes to the consolidated financial statements.

City of Thorold

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	\$ 21,580,140	\$ 8,061,884
Non-cash items:		
Amortization of tangible capital assets	4,834,782	4,388,090
Contributed tangible capital assets	(14,175,609)	-
Gain on disposal of tangible capital assets	(178,933)	(56,193)
Changes in:		
Taxes receivable	(382,583)	(300,587)
User charges receivable	(190,089)	(207,256)
Other receivables	(702,942)	305,689
Accounts payable and accrued liabilities	3,178,962	(379,305)
Deferred revenue - obligatory reserve funds	3,812,262	6,894,697
Deferred revenue - other	210,368	202,924
Employee benefit obligations	195,343	(167,453)
Landfill liability	489,340	(1,542,573)
Inventory and prepaid expenses	(22,261)	(49,411)
	<u>18,648,780</u>	<u>17,150,506</u>
Capital activities		
Proceeds from disposal of tangible capital assets	289,463	119,702
Acquisition of tangible capital assets	(10,205,806)	(5,652,095)
	<u>(9,916,343)</u>	<u>(5,532,393)</u>
Financing activities		
Repayment of long term debt	(120,105)	(115,468)
Investing activities		
Purchase of portfolio investments, net	2,344,640	666,208
Net increase in cash and cash equivalents	10,956,972	12,168,853
Cash and cash equivalents		
Beginning of year	<u>50,589,554</u>	<u>38,420,701</u>
End of year	<u>\$ 61,546,526</u>	<u>\$ 50,589,554</u>

See accompanying notes to the consolidated financial statements.

City of Thorold

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

The significant accounting policies used are as follows:

(a) Reporting entity

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

Thorold Public Library Board
Thorold Business Improvement Area

Interdepartmental and organizational transactions and balances are eliminated.

Trust funds and their related operations administered by the Municipality are not consolidated, but are reported separately on the Trust Funds Statements of Financial Position and Operations (Note 20).

(b) Basis of accounting

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

(c) Cash and cash equivalents

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

(d) Portfolio investments

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

City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 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 Municipality pays certain benefits on behalf of its retired employees. These post-employment costs are recognized in the period in which the employees rendered their services to the Municipality. The actuarial determination of the accrued benefit obligations for pension benefits earned by employees uses the projected benefit method prorated on service (which incorporates management's best estimate of future salary levels, other cost escalation, retirement ages of employees and other actuarial factors).

(g) Contaminated sites liability

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

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the Municipality:
 - is directly responsible; or
 - accepts responsibility;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

(h) Tangible capital assets

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

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

City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

1. Significant accounting policies (continued)

(h) Tangible capital assets (continued)

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

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

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

Amortization is based on the following classifications and useful lives:

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

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

(i) Subdivision infrastructure

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

(j) Inventory

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

(k) Reserves for future expenses

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

City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

1. Significant accounting policies (continued)

(l) Revenue recognition

i) Taxation

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

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

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

ii) User charges

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

iii) Government transfers

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

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

iv) Other

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

v) Investment income

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

(m) Region of Niagara and school board transactions

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

City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

1. Significant accounting policies (continued)

(n) Use of estimates

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

2. Portfolio investments

	<u>2020</u>	<u>2019</u>
Guaranteed investment certificates	\$ 1,145,205	\$ 1,394,384
Federal, provincial and municipal bonds	<u>8,225,912</u>	<u>10,321,373</u>
	<u>\$ 9,371,117</u>	<u>\$ 11,715,757</u>

Portfolio investments carry an effective interest rate from 2.20% to 4.05% and maturity dates ranging from April, 2021 to June, 2027. Interest is receivable on an annual basis. Portfolio investments reported on the Consolidated Statement of Financial Position have a market value of \$ 9,997,231 (2019 - \$ 12,077,766).

3. Taxes receivable

Property tax billings are prepared by the Municipality based on an assessment roll prepared by the Municipal Property Assessment Corporation ("MPAC"). The property tax receivables and tax revenue of the Municipality are subject to measurement uncertainty as a number of appeals submitted by taxpayers have yet to be heard. The Municipality has established an allowance for doubtful accounts in the amount of \$ 2,119,159 (2019 - \$ 1,863,000) and have penalties and interest receivable of \$ 2,157,936 (2019 - \$ 1,965,602).

City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

4. Deferred revenue - obligatory reserve funds

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

	<u>2020</u>	<u>2019</u>
Parkland	\$ 407,125	\$ 188,970
Building code	3,075,314	2,345,097
Ontario Sport & Recreation Community grant	9,578	9,578
Ontario Community Infrastructure grant	261,479	86,894
Tree planting	5,273	5,175
Gas tax	632,550	1,373,069
Main Street revitalization	-	54,747
Commuter cycling	-	82,841
Development charges	17,315,001	13,582,409
Modernization	255,342	502,436
COVID safe start	<u>81,816</u>	<u>-</u>
	<u>\$ 22,043,478</u>	<u>\$ 18,231,216</u>

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

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	<u>\$ 18,231,216</u>	<u>\$ 11,336,519</u>
Contributions from		
Development Charges Act	5,812,593	6,223,011
Interest earned	205,971	313,834
Federal gas tax grant received	570,352	1,152,108
Provincial gas tax grant received	264,453	250,930
Infrastructure grants received	470,298	472,173
Modernization grant received	-	725,000
Ontario COVID-19 Safe Restart grants received	768,669	-
Other revenue	<u>933,978</u>	<u>137,750</u>
	<u>9,026,314</u>	<u>9,274,806</u>
Provided from (utilized for)		
Operations	(3,809,845)	488,588
Tangible capital asset acquisitions	<u>(1,404,207)</u>	<u>(2,868,697)</u>
	<u>(5,214,052)</u>	<u>(2,380,109)</u>
Balance, end of year	<u>\$ 22,043,478</u>	<u>\$ 18,231,216</u>

City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

5. Deferred revenue - other	<u>2020</u>	<u>2019</u>
Prepayment of taxes	\$ 2,060,989	\$ 1,860,385
Other	<u>503,607</u>	<u>493,843</u>
	<u>\$ 2,564,596</u>	<u>\$ 2,354,228</u>

6. Employee benefit obligations	<u>2020</u>	<u>2019</u>
Accrued vacation pay	<u>\$ 414,067</u>	<u>\$ 331,962</u>
Accumulated sick leave	<u>695,106</u>	560,149
Post-employment benefits	<u>917,870</u>	<u>939,589</u>
	<u>1,612,976</u>	<u>1,499,738</u>
	<u>\$ 2,027,043</u>	<u>\$ 1,831,700</u>

(a) Accrued vacation pay

As at December 31, 2020, employees of the Municipality have accumulated vacation pay credits in the amount of \$ 414,067 (2019 - \$ 331,962). Any unused credits may be carried forward to the next year.

(b) Accumulated sick leave and post-employment benefits

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

The accrued benefit liability for accumulated sick leave and post-employment benefits as at December 31, 2020 of \$ 1,612,976 (2019 - \$ 1,499,738) was determined by actuarial valuation using a discount rate of 2.7% (2019 - 3.5%). A reserve has been established for the accumulated sick leave liability. The balance as at December 31, 2020 is \$ 1,037,459 (2019 - \$ 969,262).

	<u>2020</u>	<u>2019</u>
Accrued benefit obligation		
Beginning of year	\$ 1,499,738	\$ 1,650,958
Benefit expense	94,900	91,200
Interest accrued	57,300	55,800
Benefits paid	(117,524)	(296,120)
Amortization of actuarial gain	(1,400)	(2,100)
Actuarial adjustment	<u>79,962</u>	<u>-</u>
	<u>\$ 1,612,976</u>	<u>\$ 1,499,738</u>

City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

6. Employee benefit obligations (continued)

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

	<u>2020</u>	<u>2019</u>
Funded status		
Deficit	\$ 1,874,076	\$ 1,513,438
Unamortized actuarial gain	<u>(261,100)</u>	<u>(13,700)</u>
	<u>\$ 1,612,976</u>	<u>\$ 1,499,738</u>

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

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

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

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

Medical costs – medical costs were assumed to be 6% per annum for 2020 grading down 0.5% per annum to a rate of 4% per annum.

7. Landfill liability

The Municipality owns and monitors one closed landfill site. The liability for post-closure care has been recognized based upon monitoring costs included in the 2020 budget and inflation adjusted at 2.2% (2019 - 2.2%) per annum. These costs were then discounted to December 31, 2020 using a discount rate of 4% (2019 - 4%). Post-closure care is estimated to be required for an indefinite period and will be funded by future tax levies.

The liability for post-closure care as at December 31, 2020 is \$ 5,977,469 (2019 - \$ 5,488,129). Additional expenses for post-closure care recorded in 2020 were in the amount of \$ 608,627 (2019 - \$ Nil) and actual expenses paid during the year were \$ 119,286 (2019 - \$ 91,499). In 2019, a recovery was recognized of \$1,451,075 which was netted against the liability. This recovery was a result of a change in estimate of management's assumptions around the future recognition of the post-closure care.

City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

8. Contaminated sites liability

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

A contaminated sites liability of \$ 114,700 (2019 - \$ 114,700) has been recorded based on estimated future remediation costs in 2104 of between \$ 900,000 and \$ 1,200,000 using a present value technique at a discount rate of 4.25%.

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

9. Long term debt

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

	<u>2020</u>	<u>2019</u>
	<u>\$ 829,584</u>	<u>\$ 949,689</u>

(b) The net long term debt reported on the Consolidated Statement of Financial Position is made up of the following:

Debenture Number	Purpose	Interest Rate	Maturity Date	<u>2020</u>	<u>2019</u>
60-2006	City Hall	5.354%	2026	\$ 249,858	\$ 284,329
129-2011	City Hall	3.43%	2026	<u>579,726</u>	<u>665,360</u>
				<u>\$ 829,584</u>	<u>\$ 949,689</u>

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

2021	\$ 124,938
2022	129,974
2023	135,224
2024	140,696
2025	146,401

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

City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

9. Long term debt (continued)

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

	<u>2020</u>	<u>2019</u>
Principal	\$ 120,105	\$ 115,468
Interest	<u>35,858</u>	<u>40,545</u>
	<u>\$ 155,963</u>	<u>\$ 156,013</u>

10. Tangible capital assets

	<u>2020</u>	<u>2019</u>
Net book value		
Land	\$ 3,520,211	\$ 2,202,470
Land improvements	4,529,141	3,892,898
Buildings	12,935,390	12,767,667
Machinery and equipment	2,642,558	2,135,363
Vehicles	<u>2,813,814</u>	<u>2,895,560</u>
	<u>26,441,114</u>	<u>23,893,958</u>
Infrastructure		
Transportation	35,194,765	27,485,101
Storm sewers	10,051,564	7,483,321
Sanitary sewers	30,994,141	27,238,564
Water	<u>20,351,716</u>	<u>15,573,820</u>
	<u>96,592,186</u>	<u>77,780,806</u>
Construction in process	<u>1,631,713</u>	<u>3,554,146</u>
	<u>\$ 124,665,013</u>	<u>\$ 105,228,910</u>

See pages 28 and 29 for more detail.

City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

11. Accumulated surplus	<u>2020</u>	<u>2019</u>
Operating deficit	\$ (4,777,558)	\$ (5,527,052)
Investment in tangible capital assets	124,665,013	105,228,910
Reserves and reserve funds (Note 12)	47,067,780	45,108,658
Unfunded liabilities (Note 13)	<u>(8,948,796)</u>	<u>(8,384,217)</u>
	<u>\$ 158,006,439</u>	<u>\$ 136,426,299</u>

The 2020 operating annual surplus was \$ 1,145,417, which was transferred to the reserve for industrial development and the reserve for municipal development as authorized by Council. Had this transfer not been made, the 2020 operating deficit of the Municipality would have been \$ 3,632,141.

The 2019 operating annual surplus was \$ 420,643, which was transferred to the reserve for industrial development and the reserve for municipal development as authorized by Council. Had this transfer not been made, the 2019 operating deficit of the Municipality would have been \$ 5,106,409

12. Reserves and reserve funds	<u>2020</u>	<u>2019</u>
Reserves set aside by Council for specific purposes:		
Municipal development	\$ 1,584,796	\$ 1,503,491
Working funds (uncollectible taxes)	510,000	510,000
Equipment replacement	2,131,644	2,307,133
Accumulated sick leave	1,037,459	969,262
Computer	287,436	202,569
Contingencies	943,985	823,985
Election	55,306	40,306
Sewage capital	5,141,638	4,601,901
Water capital	7,839,934	7,309,190
Insurance deductible	536,423	121,517
Winter control	117,226	67,226
Encumbrances	<u>1,058,399</u>	<u>815,155</u>
Total reserves	<u>21,244,246</u>	<u>19,271,735</u>

City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

12. Reserves and reserve funds (continued)	<u>2020</u>	<u>2019</u>
Reserve funds set aside by Council for specific purposes:		
Capital assets	\$ 1,726,389	\$ 1,168,838
Transportation asset replacement	3,199,094	4,614,036
Hospital expansion	47,942	31,514
Port Robinson beautification	2,461	2,023
Arena building	251,874	336,336
Library expansion	28,593	28,106
Hydro proceeds	17,124,118	16,995,565
Mausoleum and cemetery improvements	668,613	693,002
Municipal land and building	1,789,408	1,000,393
Niagara Falls bridge	831,800	816,471
Parking	22,446	22,253
Port Robinson transportation	128,229	125,866
Thorold South Community Centre building	2,517	2,471
Darlene Ryan Port Robinson Community Centre	<u>50</u>	<u>49</u>
Total reserve funds	<u>25,823,534</u>	<u>25,836,923</u>
Total reserves and reserve funds	<u>\$ 47,067,780</u>	<u>\$ 45,108,658</u>

The continuity of reserves and reserve funds is made up of the following:

Balance, beginning of year	<u>\$ 45,108,658</u>	<u>\$ 41,989,458</u>
Contributions from		
Investment income	512,502	679,776
User charges	9,128	14,452
Other revenue	<u>379,522</u>	<u>652,923</u>
	<u>901,152</u>	<u>1,347,151</u>
Provided from (utilized for)		
Operations	4,787,268	3,782,762
Tangible capital asset acquisitions	<u>(3,729,298)</u>	<u>(2,010,713)</u>
	<u>1,057,970</u>	<u>1,772,049</u>
Balance, end of year	<u>\$ 47,067,780</u>	<u>\$ 45,108,658</u>

City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

13. Unfunded liabilities	<u>2020</u>	<u>2019</u>
Employee benefit obligations	\$ 2,027,043	\$ 1,831,699
Landfill liability	5,977,469	5,488,129
Contaminated sites	114,700	114,700
Long term debt	<u>829,584</u>	<u>949,689</u>
	<u>\$ 8,948,796</u>	<u>\$ 8,384,217</u>

14. Taxation	Budget <u>2020</u>	Actual <u>2020</u>	Actual <u>2019</u>
Real property		\$ 43,193,590	\$ 39,641,520
From other governments			
Payments in lieu of taxes		<u>1,104,782</u>	<u>1,139,855</u>
		<u>44,298,372</u>	<u>40,781,375</u>
Less: taxation collected on behalf of (Note 15):			
Region of Niagara		18,482,531	16,725,232
School boards		<u>6,375,427</u>	<u>6,238,063</u>
		<u>24,857,958</u>	<u>22,963,295</u>
Net taxes available for municipal purposes		<u>\$ 19,440,414</u>	<u>\$ 17,818,080</u>
Residential, multi-residential and farm	\$ 14,468,612	\$ 15,347,714	\$ 13,726,651
Commercial and industrial	<u>4,210,813</u>	<u>4,092,700</u>	<u>4,091,429</u>
Net taxes available for municipal purposes	<u>\$ 18,679,425</u>	<u>\$ 19,440,414</u>	<u>\$ 17,818,080</u>

15. Collections for the Region of Niagara and school boards

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

	<u>2020</u>	<u>2019</u>
Region of Niagara	\$ 18,482,531	\$ 16,725,232
School boards	<u>6,375,427</u>	<u>6,238,063</u>
	<u>\$ 24,857,958</u>	<u>\$ 22,963,295</u>

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

City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

16. User charges	Budget 2020	Actual 2020	Actual 2019
Operating			
Fees and service charges	\$ 1,215,326	\$ 1,079,375	\$ 1,241,604
Water charges	4,063,473	4,545,750	4,125,806
Sewer charges	4,873,279	5,350,711	4,692,360
Licences and permits	1,016,880	893,594	774,429
Development charges	921,083	874,040	350,267
	<u>12,090,041</u>	<u>12,743,470</u>	<u>11,184,466</u>
Capital			
Fees and service charges	7,200	3,038	907
Development charges	9,132,318	1,381,179	1,341,614
	<u>9,139,518</u>	<u>1,384,217</u>	<u>1,342,521</u>
	<u>\$ 21,229,559</u>	<u>\$ 14,127,687</u>	<u>\$ 12,526,987</u>

17. Government transfers	Budget 2020	Actual 2020	Actual 2019
Operating			
Government of Canada	\$ 26,440	\$ 31,504	\$ 52,911
Province of Ontario	506,300	1,129,892	455,522
Municipal	89,000	148,721	115,287
	<u>621,740</u>	<u>1,310,117</u>	<u>623,720</u>
Capital			
Government of Canada	2,347,155	1,348,241	927,145
Province of Ontario	1,093,296	678,810	1,110,631
Municipal	969,481	98,999	108,380
	<u>4,409,932</u>	<u>2,126,050</u>	<u>2,146,156</u>
	<u>\$ 5,031,672</u>	<u>\$ 3,436,167</u>	<u>\$ 2,769,876</u>

City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

17. Government transfers (continued)

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

	<u>2020</u>	<u>2019</u>
Revenues		
Government of Canada		
CWWF	\$ -	\$ 191,996
Cemeteries	21,504	21,462
Federal gas tax	1,348,241	719,446
Municipal asset management program	-	1,628
Recreation and cultural	10,000	11,849
Canada summer grants	-	19,600
Miscellaneous	-	14,075
	<u>1,379,745</u>	<u>980,056</u>
Province of Ontario		
Ontario Municipal Partnership Fund	68,400	80,400
Ontario Community Infrastructure Fund	297,965	536,408
Hydro One	26,670	25,728
Modernization	247,094	222,564
Main Street revitalization	56,512	-
Ontario Municipal Commuter Cycling	83,682	-
Recreation and cultural	36,664	32,428
PTIF	-	351,659
Transit - Provincial gas tax	243,000	243,000
Ontario COVID-19 - Safe Restart	519,800	-
Ontario COVID-19 - Safe Restart - Transit	167,053	-
Miscellaneous	61,862	73,966
	<u>1,808,702</u>	<u>1,566,153</u>
Municipal		
Provincial Offences Act	-	38,373
Capital grants	98,999	108,380
Port Robinson transportation service	45,721	66,500
Transit	100,000	-
Miscellaneous	3,000	10,414
	<u>247,720</u>	<u>223,667</u>
	<u>\$ 3,436,167</u>	<u>\$ 2,769,876</u>
Expenses		
Charitable and non-profit organizations	\$ 42,225	\$ 32,456

City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

18. Other revenue	Budget 2020	Actual 2020	Actual 2019
Operating			
Penalties and interest on taxes	\$ 602,000	\$ 605,580	\$ 602,774
Fines	157,000	210,376	88,139
Investment income	260,240	225,934	465,871
Investment income – reserves and reserve funds	731,650	512,502	681,033
Rental income	86,035	90,917	89,825
Donations	17,266	14,648	32,236
Transfer from trust funds	27,000	14,022	31,481
	<u>1,881,191</u>	<u>1,673,979</u>	<u>1,991,359</u>
Capital			
Contributed tangible capital assets	-	14,175,609	-
Donations	-	-	4,919
Other	322,062	265,314	418,054
	<u>322,062</u>	<u>14,440,923</u>	<u>422,973</u>
	<u>\$ 2,203,253</u>	<u>\$ 16,114,902</u>	<u>\$ 2,414,332</u>

19. Pension agreements

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

Since OMERS is a multi-employer pension plan, the Municipality does not recognize any share of the pension plan deficit of \$ 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 \$ 837,580 (2019 - \$ 791,957) and were matched by employee contributions in a similar amount.

City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

20. Trust funds

Trust funds administered by the Municipality amounting to \$ 1,411,407 (2019 - \$ 1,381,395) have not been included in the Consolidated Statement of Financial Position nor have these operations been included in the Consolidated Statement of Operations.

21. Contingencies

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

The Municipality passed its new Development Charges Bylaw in 2019. An appeal has been launched to LPAT about the inclusion of various projects in the calculations. The full development charges are collected, and should the appeal be successful, refunds will be made, in accordance with the Development Charges Act, for the portion of the funds relating to the projects deemed ineligible.

22. Commitments

Capital expenses

The estimated future capital expense commitments based on projects in progress at December 31, 2020 is approximately \$ 11,233,424 (2019 - \$ 9,142,435). These projects will be financed by grants, subsidies and long term liabilities in future years.

Transit services

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

Leases

The Municipality has commitments for operating leases for office equipment and certain premises with various expiry dates up to 2027. The approximate total commitment for each of the next five years is as follows:

2021	\$ 12,663
2022	12,663
2023	12,663
2024	12,146
2025	8,805

City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

22. Commitments (continued)

Tax increment based grants

The Municipality has commitments for tax increment based grants with various expiry dates up to 2030. There are currently nine signed agreements with a term spanning ten years each. At December 31, 2020, the total amount remaining to be paid from these agreements is \$ 1,808,480 with the total commitment for each of the next five years as follows:

2021	\$ 215,145
2022	214,454
2023	196,463
2024	192,399
2025	188,249

Hospital

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

Canada Summer Games

Subsequent to year end, the City entered into a Consortium and Co-tenancy Agreement and a Legacy Lease Agreement for the Canada Summer Games Park located on lands owned by Brock University. The City will have a 25% ownership in the leasehold interest as a tenant in common in the facility, along with Brock University, the City of St. Catharines and the Region of Niagara, for the duration of the forty year lease period. The capital contribution for the City will be \$ 5 Million up front and 25% of the annual Life Cycle cost requirements. In addition, the City will be responsible for one-third of the operation of the facility for the lease period with a financial commitment for its share of the net operating costs over the life of the lease term.

23. Measurement uncertainty

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

24. Comparative figures

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

City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

25. Budget

The budget bylaw adopted by Council on June 2, 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 Financial Assets represent the budget adopted by Council with the following adjustments:

Budgeted annual surplus (deficit)	\$ -
Add:	
Principal repayments of long term debt	116,750
Reserves and reserve funds interest revenue	731,650
Reserves and reserve funds other revenue	24,000
Acquisition of tangible capital assets	37,399,849
Less:	
Transfers from reserves and reserve funds, net	(23,799,826)
Amortization of tangible capital assets	<u>(4,834,782)</u>
Budgeted surplus per Consolidated Statement of Operations	<u>\$ 9,637,641</u>

26. Impacts of COVID-19

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

During 2020, the Municipality experienced, and continues to experience, impacts which have resulted in a reduction to its revenues such as, but not limited to: the closure of parks, arena, recreation and library facilities and administrative buildings for non-essential personnel; the cancellation of various programming and services; a reduction in transit services and usage, a reduction in investment interest rates; and various measures to assist residents. In addition, costs were incurred to ensure a safe environment for our community, residents, staff and facilities. The Province of Ontario has provided emergency funding to assist the Municipality in addressing the financial impacts of the pandemic.

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 operations of the Municipality for future periods.

City of Thorold

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

27. Segmented information

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

General government

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

Protection to persons and property

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

Transportation services

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

Environmental services

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

Health services

Health services department is responsible for cemetery operations.

Social and family services

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

Recreation and culture services

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

Planning and development

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

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

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

City of Thorold

Consolidated Schedule of Tangible Capital Assets

For the Year Ended December 31, 2020

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Machinery and Equipment</u>	<u>Vehicles</u>	<u>Infrastructure</u>	<u>Construction in Process</u>	<u>2020</u>
Cost								
Beginning of year	\$ 2,202,470	\$ 11,346,172	\$ 22,475,902	\$ 5,694,936	\$ 6,639,774	\$ 125,867,832	\$ 3,554,146	\$ 177,781,232
Additions	1,317,741	1,066,381	813,970	1,071,340	326,962	21,707,454	6,009,916	32,313,764
Disposals	-	(24,997)	(205,753)	(430,834)	(355,955)	(523,277)	(7,932,349)	(9,473,165)
End of year	<u>3,520,211</u>	<u>12,387,556</u>	<u>23,084,119</u>	<u>6,335,442</u>	<u>6,610,781</u>	<u>147,052,009</u>	<u>1,631,713</u>	<u>200,621,831</u>
Accumulated amortization								
Beginning of year	-	7,453,274	9,708,235	3,559,573	3,744,214	48,087,026	-	72,552,322
Amortization	-	428,195	624,561	563,813	405,558	2,812,655	-	4,834,782
Amortization on disposals	-	(23,054)	(184,067)	(430,502)	(352,805)	(439,858)	-	(1,430,286)
End of year	-	<u>7,858,415</u>	<u>10,148,729</u>	<u>3,692,884</u>	<u>3,796,967</u>	<u>50,459,823</u>	-	<u>75,956,818</u>
Net book value	<u>\$ 3,520,211</u>	<u>\$ 4,529,141</u>	<u>\$ 12,935,390</u>	<u>\$ 2,642,558</u>	<u>\$ 2,813,814</u>	<u>\$ 96,592,186</u>	<u>\$ 1,631,713</u>	<u>\$ 124,665,013</u>

The value of contributed tangible capital assets during the year is \$ 14,175,609.

City of Thorold

Consolidated Schedule of Tangible Capital Assets

For the Year Ended December 31, 2019

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Machinery and Equipment</u>	<u>Vehicles</u>	<u>Infrastructure</u>	<u>Construction in Process</u>	<u>2019</u>
Cost								
Beginning of year	\$ 2,202,470	\$ 10,376,966	\$ 22,215,045	\$ 4,953,243	\$ 6,614,382	\$ 123,990,284	\$ 2,630,554	\$ 172,982,944
Additions	-	1,036,597	315,335	889,757	336,469	2,150,345	3,640,366	8,368,869
Disposals	-	(67,391)	(54,478)	(148,064)	(311,077)	(272,797)	(2,716,774)	(3,570,581)
End of year	<u>2,202,470</u>	<u>11,346,172</u>	<u>22,475,902</u>	<u>5,694,936</u>	<u>6,639,774</u>	<u>125,867,832</u>	<u>3,554,146</u>	<u>177,781,232</u>
Accumulated amortization								
Beginning of year	-	7,134,737	9,116,746	3,221,377	3,663,333	45,818,337	-	68,954,530
Amortization	-	385,928	612,931	484,910	391,958	2,512,363	-	4,388,090
Amortization on disposals	-	(67,391)	(21,442)	(146,714)	(311,077)	(243,674)	-	(790,298)
End of year	-	<u>7,453,274</u>	<u>9,708,235</u>	<u>3,559,573</u>	<u>3,744,214</u>	<u>48,087,026</u>	-	<u>72,552,322</u>
Net book value	<u>\$ 2,202,470</u>	<u>\$ 3,892,898</u>	<u>\$ 12,767,667</u>	<u>\$ 2,135,363</u>	<u>\$ 2,895,560</u>	<u>\$ 77,780,806</u>	<u>\$ 3,554,146</u>	<u>\$ 105,228,910</u>

City of Thorold

Consolidated Schedule of Segment Disclosure

For the Year Ended December 31, 2020

	<u>General Government</u>	<u>Protection to Persons and Property</u>	<u>Transportation Services</u>	<u>Environmental Services</u>	<u>Health Services</u>	<u>Social and Family Services</u>	<u>Recreation and Cultural Services</u>	<u>Planning and Development</u>	<u>2020</u>
Revenues									
Taxation	\$ 3,576,517	\$ 4,538,199	\$ 5,002,050	\$ 1,393,074	\$ 1,010,556	\$ 230,134	\$ 2,903,221	\$ 786,663	\$ 19,440,414
User charges	238,117	2,503,104	450,431	10,074,806	129,938	975	381,775	348,541	14,127,687
Government transfers	289,620	546,523	2,444,172	-	66,488	42,700	42,428	4,236	3,436,167
Other revenue	1,348,795	127,712	6,912,404	7,404,993	20,572	8,190	292,176	60	16,114,902
Gain (loss) on disposal of tangible capital assets	<u>179,265</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(332)</u>	<u>-</u>	<u>178,933</u>
	<u>5,632,314</u>	<u>7,715,538</u>	<u>14,809,057</u>	<u>18,872,873</u>	<u>1,227,554</u>	<u>281,999</u>	<u>3,619,268</u>	<u>1,139,500</u>	<u>53,298,103</u>
Expenses									
Salaries and benefits	1,043,626	4,807,598	2,004,268	1,285,660	706,659	44,045	1,636,720	581,501	12,110,077
Operating materials and supplies	236,371	542,297	921,807	123,077	156,674	35,269	819,811	24,988	2,860,294
Contracted services	161,742	456,183	956,463	8,312,504	(26,903)	15,683	144,223	220,637	10,240,532
Rents and financial expenses	47,576	111,541	112,150	207,771	22,027	1,702	63,887	18,183	584,837
External transfers to others	135,000	-	342,300	121,154	298,000	-	42,225	112,904	1,051,583
Amortization	303,923	382,914	1,901,197	1,272,969	134,042	130,436	701,980	7,321	4,834,782
Debt service	<u>35,858</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,858</u>
	<u>1,964,096</u>	<u>6,300,533</u>	<u>6,238,185</u>	<u>11,323,135</u>	<u>1,290,499</u>	<u>227,135</u>	<u>3,408,846</u>	<u>965,534</u>	<u>31,717,963</u>
Annual surplus (deficit)	<u>\$ 3,668,218</u>	<u>\$ 1,415,005</u>	<u>\$ 8,570,872</u>	<u>\$ 7,549,738</u>	<u>\$ (62,945)</u>	<u>\$ 54,864</u>	<u>\$ 210,422</u>	<u>\$ 173,966</u>	<u>\$ 21,580,140</u>

City of Thorold

Consolidated Schedule of Segment Disclosure

For the Year Ended December 31, 2019

	<u>General Government</u>	<u>Protection to Persons and Property</u>	<u>Transportation Services</u>	<u>Environmental Services</u>	<u>Health Services</u>	<u>Social and Family Services</u>	<u>Recreation and Cultural Services</u>	<u>Planning and Development</u>	<u>2019</u>
Revenues									
Taxation	\$ 3,185,425	\$ 4,351,336	\$ 4,495,148	\$ 1,384,007	\$ 989,426	\$ 229,144	\$ 2,459,358	\$ 724,236	\$ 17,818,080
User charges	105,866	917,627	1,260,153	8,997,741	80,629	2,278	858,173	304,350	12,526,817
Government transfers	241,194	171,213	2,145,400	77,037	27,342	42,700	64,990	-	2,769,876
Other revenue	1,713,551	14,993	192,786	71,978	50,573	7,870	362,325	256	2,414,332
Gain on disposal of tangible capital assets	<u>56,193</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>56,193</u>
	<u>5,302,229</u>	<u>5,455,169</u>	<u>8,093,487</u>	<u>10,530,763</u>	<u>1,147,970</u>	<u>281,992</u>	<u>3,744,846</u>	<u>1,028,842</u>	<u>35,585,298</u>
Expenses									
Salaries and benefits	1,056,086	4,219,131	2,084,298	976,321	686,845	46,130	1,766,561	514,585	11,349,957
Operating materials and supplies	328,742	539,015	1,011,370	269,040	212,181	44,824	1,142,343	67,846	3,615,361
Contracted services	178,636	374,799	1,089,271	5,310,589	13,595	288	260,491	141,323	7,368,992
Rents and financial expenses	36,258	59,742	79,700	126,461	14,938	2,218	64,996	8,880	393,193
External transfers to others	-	-	-	-	298,000	-	32,456	36,820	367,276
Amortization	285,219	349,150	1,748,300	1,113,717	109,910	134,517	644,930	2,347	4,388,090
Debt service	<u>40,545</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,545</u>
	<u>1,925,486</u>	<u>5,541,837</u>	<u>6,012,939</u>	<u>7,796,128</u>	<u>1,335,469</u>	<u>227,977</u>	<u>3,911,777</u>	<u>771,801</u>	<u>27,523,414</u>
Annual surplus (deficit)	<u>\$ 3,376,743</u>	<u>\$ (86,668)</u>	<u>\$ 2,080,548</u>	<u>\$ 2,734,635</u>	<u>\$ (187,499)</u>	<u>\$ 54,015</u>	<u>\$ (166,931)</u>	<u>\$ 257,041</u>	<u>\$ 8,061,884</u>

City of Thorold

Consolidated Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2020

General government	Budget <u>2020</u>	Actual <u>2020</u>	Actual <u>2019</u>
Revenue			
Taxation	\$ 3,443,590	\$ 3,576,517	\$ 3,185,425
User charges	217,125	238,117	105,866
Government transfers	453,719	289,620	241,194
Other	1,545,760	1,348,795	1,713,551
Gain on disposal of tangible capital assets	-	179,265	56,193
	<u>5,660,194</u>	<u>5,632,314</u>	<u>5,302,229</u>
Expenses			
Salaries and wages	989,984	1,043,626	1,056,086
Operating materials and supplies	364,297	236,371	328,742
Contracted services	267,284	161,742	178,636
Rents and financial expenses	28,822	47,576	36,258
External transfers to others	135,000	135,000	-
Amortization	303,923	303,923	285,219
Debt service	50,220	35,858	40,545
	<u>2,139,530</u>	<u>1,964,096</u>	<u>1,925,486</u>
Annual surplus	<u>\$ 3,520,664</u>	<u>\$ 3,668,218</u>	<u>\$ 3,376,743</u>

Protection to persons and property	Budget <u>2020</u>	Actual <u>2020</u>	Actual <u>2019</u>
Revenue			
Taxation	\$ 4,369,513	\$ 4,538,199	\$ 4,351,336
User charges	2,861,210	2,503,104	917,627
Government transfers	111,427	546,523	171,213
Other	24,266	127,712	14,993
	<u>7,366,416</u>	<u>7,715,538</u>	<u>5,455,169</u>
Expenses			
Salaries and wages	4,745,310	4,807,598	4,219,131
Operating materials and supplies	745,790	542,297	539,015
Contracted services	383,058	456,183	374,799
Rents and financial expenses	16,974	111,541	59,742
Amortization	382,914	382,914	349,150
	<u>6,274,046</u>	<u>6,300,533</u>	<u>5,541,837</u>
Annual surplus (deficit)	<u>\$ 1,092,370</u>	<u>\$ 1,415,005</u>	<u>\$ (86,668)</u>

City of Thorold

Consolidated Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2020

Transportation services	Budget <u>2020</u>	Actual <u>2020</u>	Actual <u>2019</u>
Revenue			
Taxation	\$ 4,816,122	\$ 5,002,050	\$ 4,495,148
User charges	4,291,400	450,431	1,260,153
Government transfers	3,276,686	2,444,172	2,145,400
Other	241,777	6,912,404	192,786
	<u>12,625,985</u>	<u>14,809,057</u>	<u>8,093,487</u>
Expenses			
Salaries and wages	2,145,986	2,004,268	2,084,298
Operating materials and supplies	1,103,296	921,807	1,011,370
Contracted services	643,629	956,463	1,089,271
Rents and financial expenses	34,580	112,150	79,700
External transfers to others	400,000	342,300	-
Amortization	1,901,197	1,901,197	1,748,300
	<u>6,228,688</u>	<u>6,238,185</u>	<u>6,012,939</u>
Annual surplus	<u>\$ 6,397,297</u>	<u>\$ 8,570,872</u>	<u>\$ 2,080,548</u>

Environmental services	Budget <u>2020</u>	Actual <u>2020</u>	Actual <u>2019</u>
Revenue			
Taxation	\$ 1,307,703	\$ 1,393,074	\$ 1,384,007
User charges	9,033,577	10,074,806	8,997,741
Government transfers	1,047,000	-	77,037
Other	-	7,404,993	71,978
	<u>11,388,280</u>	<u>18,872,873</u>	<u>10,530,763</u>
Expenses			
Salaries and wages	1,531,934	1,285,660	976,321
Operating materials and supplies	306,807	123,077	269,040
Contracted services	7,407,005	8,312,504	5,310,589
Rents and financial expenses	11,755	207,771	126,461
External transfers to others	96,825	121,154	-
Amortization	1,272,969	1,272,969	1,113,717
	<u>10,627,295</u>	<u>11,323,135</u>	<u>7,796,128</u>
Annual surplus	<u>\$ 760,985</u>	<u>\$ 7,549,738</u>	<u>\$ 2,734,635</u>

City of Thorold

Consolidated Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2020

Health services	Budget <u>2020</u>	Actual <u>2020</u>	Actual <u>2019</u>
Revenue			
Taxation	\$ 968,188	\$ 1,010,556	\$ 989,426
User charges	82,047	129,938	80,629
Government transfers	67,440	66,488	27,342
Other	42,903	20,572	50,573
	<u>1,160,578</u>	<u>1,227,554</u>	<u>1,147,970</u>
Expenses			
Salaries and wages	707,255	706,659	686,845
Operating materials and supplies	194,236	156,674	212,181
Contracted services	(37,742)	(26,903)	13,595
Rents and financial expenses	3,540	22,027	14,938
External transfers to others	298,000	298,000	298,000
Amortization	134,042	134,042	109,910
	<u>1,299,331</u>	<u>1,290,499</u>	<u>1,335,469</u>
Annual deficit	\$ <u>(138,753)</u>	\$ <u>(62,945)</u>	\$ <u>(187,499)</u>

Social and family services	Budget <u>2020</u>	Actual <u>2020</u>	Actual <u>2019</u>
Revenue			
Taxation	\$ 221,580	\$ 230,134	\$ 229,144
User charges	-	975	2,278
Government transfers	39,000	42,700	42,700
Other	8,500	8,190	7,870
	<u>269,080</u>	<u>281,999</u>	<u>281,992</u>
Expenses			
Salaries and wages	40,261	44,045	46,130
Operating materials and supplies	61,107	35,269	44,824
Contracted services	849	15,683	288
Rents and financial expenses	118	1,702	2,218
Amortization	130,436	130,436	134,517
	<u>232,771</u>	<u>227,135</u>	<u>227,977</u>
Annual surplus	\$ <u>36,309</u>	\$ <u>54,864</u>	\$ <u>54,015</u>

City of Thorold

Consolidated Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2020

Recreation and culture services	Budget 2020	Actual 2020	Actual 2019
Revenue			
Taxation	\$ 2,795,307	\$ 2,903,221	\$ 2,459,358
User charges	4,426,725	381,775	858,173
Government transfers	36,400	42,428	64,990
Other	340,047	292,176	362,325
Gain on disposal of tangible capital assets	-	(332)	-
	<u>7,598,479</u>	<u>3,619,268</u>	<u>3,744,846</u>
Expenses			
Salaries and wages	2,067,738	1,636,720	1,766,561
Operating materials and supplies	1,083,267	819,811	1,142,343
Contracted services	157,914	144,223	260,491
Rents and financial expenses	8,649	63,887	64,996
External transfers to others	5,247,684	42,225	32,456
Amortization	701,980	701,980	644,930
	<u>9,267,232</u>	<u>3,408,846</u>	<u>3,911,777</u>
Annual surplus (deficit)	\$ (1,668,753)	\$ 210,422	\$ (166,931)

Planning and development	Budget 2020	Actual 2020	Actual 2019
Revenue			
Taxation	\$ 757,422	\$ 786,663	\$ 724,236
User charges	317,475	348,541	304,350
Government transfers	-	4,236	-
Other	-	60	256
	<u>1,074,897</u>	<u>1,139,500</u>	<u>1,028,842</u>
Expenses			
Salaries and wages	681,259	581,501	514,585
Operating materials and supplies	115,473	24,988	67,846
Contracted services	403,108	220,637	141,323
Rents and financial expenses	4,479	18,183	8,880
External transfers to others	225,735	112,904	36,820
Amortization	7,321	7,321	2,347
	<u>1,437,375</u>	<u>965,534</u>	<u>771,801</u>
Annual surplus (deficit)	\$ (362,478)	\$ 173,966	\$ 257,041

Independent auditor's report

To the Members of Council, Inhabitants and Taxpayers of the Corporation of the City of Thorold

Opinion

We have audited the financial statements of the Trust Funds of the Corporation of the City of Thorold ("the Funds"), which comprise the statement of financial position as at December 31, 2020, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of the Trust Funds of the Corporation of the City of Thorold as at December 31, 2020, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Funds in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements for the year ended December 31, 2019 were audited by a different auditing firm who expressed an unmodified opinion on those financial statements on October 6, 2020.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Funds or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Funds' financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Funds' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Funds to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Grant Thornton LLP

Port Colborne, Canada
August 10, 2021

Chartered Professional Accountants
Licensed Public Accountants

City of Thorold
Trust Funds
Statement of Financial Position

As at December 31, 2020

	<u>Cemetery Care and Maintenance</u>	<u>Mausoleum Care and Maintenance</u>	<u>Monument and Marker Care</u>	<u>2020</u>	<u>2019</u>
Assets					
Cash and cash equivalents	\$ 464,094	\$ 821,536	\$ 102,551	\$ 1,388,181	\$ 1,357,850
Accounts receivable	<u>-</u>	<u>23,226</u>	<u>-</u>	<u>23,226</u>	<u>23,545</u>
Net assets	<u>\$ 464,094</u>	<u>\$ 844,762</u>	<u>\$ 102,551</u>	<u>\$ 1,411,407</u>	<u>\$ 1,381,395</u>

Impacts of COVID-19 (Note 2)

See accompanying notes to the financial statements

City of Thorold
Trust Funds
Statement of Operations and Changes in Net Assets

For the Year Ended December 31, 2020

	<u>Cemetery Care and Maintenance</u>	<u>Mausoleum Care and Maintenance</u>	<u>Monument and Marker Care</u>	<u>2020</u>	<u>2019</u>
Revenues					
Marker fees	\$ -	\$ -	\$ 1,450	\$ 1,450	\$ 2,650
Sales of crypts and niches	-	20,201	-	20,201	30,836
Sales of plots	8,361	-	-	8,361	6,170
Interest	<u>4,720</u>	<u>8,257</u>	<u>1,044</u>	<u>14,021</u>	<u>31,481</u>
	13,081	28,458	2,494	44,033	71,137
Expenses					
Interest earned distributed to the City of Thorold	<u>4,720</u>	<u>8,257</u>	<u>1,044</u>	<u>14,021</u>	<u>31,481</u>
Excess of revenues over expenses	8,361	20,201	1,450	30,012	39,656
Net assets					
Beginning of year	<u>455,733</u>	<u>824,561</u>	<u>101,101</u>	<u>1,381,395</u>	<u>1,341,739</u>
End of year	<u>\$ 464,094</u>	<u>\$ 844,762</u>	<u>\$ 102,551</u>	<u>\$ 1,411,407</u>	<u>\$ 1,381,395</u>

See accompanying notes to the financial statements

City of Thorold
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	\$ 30,012	\$ 39,656
Decrease (increase) in accounts receivable	<u>319</u>	<u>(5,734)</u>
	<u>30,331</u>	<u>33,922</u>
Net increase in cash and cash equivalents	30,331	33,922
Cash and cash equivalents		
Beginning of year	<u>1,357,850</u>	<u>1,323,928</u>
End of year	<u>\$ 1,388,181</u>	<u>\$ 1,357,850</u>

See accompanying notes to the financial statements

City of Thorold

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

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

(b) Cash and cash equivalents

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

(c) Financial instruments

Initial measurement

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

Subsequent measurement

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

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

City of Thorold

Trust Funds

Notes to the Financial Statements

For the Year Ended December 31, 2020

2. Impacts of COVID-19

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 Trust Funds have 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 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 Trust Funds for future periods.
