

**CORPORATION OF THE CITY
OF THOROLD**
CONSOLIDATED FINANCIAL STATEMENTS
Year ended December 31, 2019

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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 "Municipality"), which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statements of operations and accumulated surplus, 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 Municipality as at December 31, 2019, and the results of its operations 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 Municipality 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 consolidated financial statements of the Municipality for the year ended December 31, 2018 were audited by Grant Thornton LLP of Port Colborne, Canada. Grant Thornton expressed an unqualified opinion on those consolidated financial statements on July 16, 2019.

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

Management is responsible for the preparation and fair presentation of the 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 financial statements, management is responsible for assessing the Municipality's 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 Municipality or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Municipality'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 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 Municipality'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 Municipality'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 Municipality 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 Municipality 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.

MNP LLP

St. Catharines, Ontario

Chartered Professional Accountants

October 6, 2020

Licensed Public Accountants

Corporation of the City of Thorold


CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As At December 31, 2019


	2019	2018
	\$	\$
FINANCIAL ASSETS		
Cash and cash equivalents	50,589,554	38,420,701
Portfolio Investments (note 2)	11,715,757	12,381,965
Taxes receivable (note 3)		
Current year	1,793,295	1,673,434
Prior years	1,862,133	1,681,407
User charges receivable	1,805,715	1,598,459
Other receivables	1,864,172	2,169,860
TOTAL FINANCIAL ASSETS	69,630,626	57,925,826
LIABILITIES		
Payables and accruals	9,731,138	10,110,443
Deferred revenue - obligatory reserve funds (note 4)	18,231,216	11,336,519
Deferred revenue - other (note 5)	2,354,228	2,151,303
Employee benefit obligation (notes 6 and 18)	1,831,700	1,999,153
Landfill liability (note 7)	5,488,129	7,030,702
Contaminated sites liability (note 8)	114,700	114,700
Long-term debt (note 9)	949,689	1,065,157
TOTAL LIABILITIES	38,700,800	33,807,977
NET FINANCIAL ASSETS	30,929,826	24,117,849
NON-FINANCIAL ASSETS		
Tangible capital assets (note 10) (schedule 1)	105,228,910	104,028,414
Prepaid expenses	267,563	218,152
TOTAL NON-FINANCIAL ASSETS	105,496,473	104,246,566
ACCUMULATED SURPLUS (note 11)	136,426,299	128,364,415

Contingencies (note 20) and Commitments (note 21)
Subsequent events (note 27)

Approved on behalf of Council:

 Mayor

 C.A.O./Clerk

 Director of Finance

The accompanying notes and schedules are an integral part of these consolidated financial statements

Corporation of the City of Thorold

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the Year Ended December 31, 2019

	Budget 2019 \$ (note 24)	Actual 2019 \$	Actual 2018 \$
REVENUES OTHER THAN REVENUE RELATED TO TANGIBLE CAPITAL ASSETS			
Taxation (note 13)	17,405,712	17,818,080	16,567,919
User fees and charges (note 15)	11,232,887	11,197,253	10,646,070
Government transfers (note 16)	554,140	623,720	635,102
Other (note 17)	1,667,214	1,979,309	1,769,138
	30,859,953	31,618,362	29,618,229
EXPENSES			
General government	1,993,041	1,925,485	1,688,671
Protection services	6,110,742	5,541,837	5,140,235
Transportation services	5,941,749	6,343,509	5,693,394
Environmental services	9,296,340	7,465,558	9,009,432
Health services	1,310,503	1,335,469	1,336,166
Social and family services	239,331	227,977	240,822
Recreation and cultural services	3,584,450	3,911,777	3,653,284
Planning and development	1,167,361	771,801	702,071
	29,643,517	27,523,414	27,464,075
ANNUAL SURPLUS BEFORE REVENUE RELATED TO TANGIBLE CAPITAL ASSETS			
	1,216,436	4,094,948	2,154,154
REVENUES RELATED TO TANGIBLE CAPITAL ASSETS			
User fees and charges (note 15)	5,075,800	1,341,614	63,178
Government transfers (note 16)	1,777,495	2,146,156	587,878
Other (note 17)	312,570	422,973	263,186
Gain (loss) on disposal of tangible capital assets	-	56,193	(23,627)
	7,165,865	3,966,936	890,615
ANNUAL SURPLUS	8,382,301	8,061,884	3,044,769
ACCUMULATED SURPLUS - beginning of year	128,364,415	128,364,415	125,319,646
ACCUMULATED SURPLUS - end of year (note 11)	136,746,716	136,426,299	128,364,415

The accompanying notes and schedules are an integral part of these consolidated financial statements

Corporation of the City of Thorold
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the Year Ended December 31, 2019

	Budget 2019 \$ (note 24)	Actual 2019 \$	Actual 2018 \$
ANNUAL SURPLUS	8,382,301	8,061,884	3,044,769
Amortization of tangible capital assets	4,388,090	4,388,090	4,236,142
Net acquisition/disposal of tangible capital assets	(19,530,944)	(5,652,101)	(7,323,139)
Proceeds on sale of tangible capital assets	-	119,708	30,518
(Gain) loss on disposal of tangible capital assets	-	(56,193)	23,627
Acquisition of prepaid expenses	-	(49,412)	(55,702)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(6,760,553)	6,811,977	(43,784)
NET FINANCIAL ASSETS - beginning of year	24,117,849	24,117,849	24,161,633
NET FINANCIAL ASSETS - end of year	17,357,296	30,929,826	24,117,849

The accompanying notes and schedules are an integral part of these consolidated financial statements

Corporation of the City of Thorold

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2019

	2019	2018
	\$	\$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Annual surplus	8,061,884	3,044,769
Non-cash charges to operations		
Amortization of tangible capital assets	4,388,090	4,236,142
Loss (gain) on disposal of tangible capital assets	(56,193)	23,627
Change in non-cash assets and liabilities		
(Increase) decrease in taxes receivable	(300,587)	301,142
Increase in user charges receivable	(207,256)	(276,721)
Decrease (increase) in other receivables	305,689	(675,551)
(Decrease) increase in accounts payable and accrued liabilities	(379,305)	2,947,112
Increase in deferred revenue - obligatory reserve funds	6,894,697	5,419,219
Increase in deferred revenue - other	202,924	474,106
Decrease in employee benefit obligations	(167,453)	(68,470)
(Decrease) increase in landfill liability	(1,542,573)	322,293
Decrease in inventory and prepaid expenses	(49,412)	(55,702)
Net increase in cash from operating transactions	17,150,506	15,691,966
CAPITAL		
Proceeds from disposal of tangible capital assets	119,708	30,518
Acquisition of tangible capital assets	(5,652,101)	(7,323,139)
Net decrease in cash from capital transactions	(5,532,393)	(7,292,621)
INVESTING		
Purchase of portfolio investments, net	666,208	754,854
Net increase in cash from investing transactions	666,208	754,854
FINANCING		
Repayment of long term debt	(115,468)	(111,017)
Net decrease in cash from financing transactions	(115,468)	(111,017)
INCREASE IN CASH AND CASH EQUIVALENTS	12,168,853	9,043,182
CASH AND CASH EQUIVALENTS - beginning of year	38,420,701	29,377,519
CASH AND CASH EQUIVALENTS - end of year	50,589,554	38,420,701

The accompanying notes and schedules are an integral part of these consolidated financial statements

The Corporation of the City of Thorold (“the Municipality”) is a municipality in the Province of Ontario, Canada. It was incorporated in 1975 and conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, 2001, Municipal Affairs Act and related legislation. The Municipality provides municipal services such as fire, public works, planning, parks and recreation and other general government operations.

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Municipality are the representation of management and have been prepared in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board (PSAB) as defined in the CPA Canada Public Sector Accounting Handbook. 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. Significant aspects of the accounting policies are as follows:

a) *Reporting entity*

These consolidated financial statements reflect the assets, liabilities, revenues and expenses and accumulated surplus of the reporting entity. The reporting entity is comprised of all committees and local boards accountable for the administration of their financial affairs and resources of 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 Board

Inter-departmental and inter-organizational transactions and balances with these entities have been 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 19).

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Contaminated site liability (continued)

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.

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:

Asset	Useful Life - Years
Land improvements	10 to 30 years
Buildings and building improvements	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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

l) Revenue recognition

i. Taxation

Property tax billings are prepared by the Municipality based on the assessment roles 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 the 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 are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimate of the amounts can be made. Government transfers to individuals and other entities are recognized as an expense when the transfers are authorized, and all eligibility criteria have been met.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

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) 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.

n) 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.

o) 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 period. Actual results could differ from those estimates. Estimates are used with accounting for items such as allowance for uncollectible taxes receivable, obligations for employee benefits and the contaminated sites and landfill liabilities.

2. PORTFOLIO INVESTMENTS

	2019	2018
	\$	\$
Guaranteed investment certificates	1,394,384	1,248,477
Federal, provincial and municipal bonds	10,321,373	11,133,488
	<u>11,715,757</u>	<u>12,381,965</u>

Portfolio investments carry an effective interest rate ranging from 2.10% to 4.90% and maturity dates ranging from April 2020 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 \$12,077,766 (2018 - \$12,637,796).

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 \$1,863,000 (2018 - \$1,575,663) and have penalties and interest receivable of \$1,965,602 (2018 - \$1,741,759). The Province of Ontario instituted a mandatory capping program through the provisions of Bill 140 which limits assessment related increases in property tax bills.

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:

	2019	2018
	\$	\$
Parkland	188,970	105,705
Building code	2,345,097	1,211,634
Ontario Sport & Recreation Community grant	9,578	9,578
Ontario Community Infrastructure grant	86,894	144,185
Tree planting	5,175	5,064
Gas tax	1,373,069	903,065
Main St revitalization	54,747	54,747
Commuter cycling	82,841	81,058
Development charges	13,582,409	8,821,483
Modernization	502,436	-
	18,231,216	11,336,519

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

CORPORATION OF THE CITY OF THOROLD
FOR THE YEAR ENDED DECEMBER 31, 2019
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. DEFERRED REVENUE – OBLIGATORY RESERVE FUNDS (continued)

	2019	2018
	\$	\$
Balance, beginning of year	11,336,519	5,917,300
Contributions from		
Development Charges Act	6,223,011	4,906,092
Interest earned	313,834	153,532
Federal gas tax grant received	1,152,108	571,119
Provincial gas tax grant received	250,930	250,993
Infrastructure grants received	472,173	308,519
Modernization grant received	725,000	-
Other revenue	137,750	180,530
	<u>9,274,806</u>	<u>6,370,785</u>
Provided from (utilized for)		
Operations	488,588	28,203
Tangible capital asset acquisitions	(2,868,697)	(979,769)
	<u>(2,380,109)</u>	<u>(951,566)</u>
Balance, end of year	<u>18,231,216</u>	<u>11,336,519</u>

5. DEFERRED REVENUE – OTHER

	\$	\$
Prepayment of taxes	1,860,385	1,784,210
Other	493,843	367,093
	<u>2,354,228</u>	<u>2,151,303</u>

6. EMPLOYEE BENEFIT OBLIGATIONS

	2019	2018
	\$	\$
Accrued vacation pay	331,962	348,195
Accumulated sick leave	587,149	704,482
Post-employment benefits	912,589	946,476
	<u>1,499,738</u>	<u>1,650,958</u>
	<u>1,831,700</u>	<u>1,999,153</u>

6. EMPLOYEE BENEFIT OBLIGATIONS (continued)

ACCRUED VACATION PAY

As at December 31, 2019, employees of the Municipality have accumulated vacation pay credits in the amount of \$331,962 (2018 - \$348,195). Any unused credits may be carried forward to the next year.

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, 2019 of \$1,499,738 (2018 - \$1,650,958) was determined by actuarial valuation using a discount rate of 3.5% (2018 – 3.5%). A reserve has been established for the accumulated sick leave liability. The balance as at December 31, 2019 is \$969,262 (2018 - \$966,059).

	2019	2018
	\$	\$
Accrued benefit obligation		
Beginning of year	1,650,958	1,651,900
Benefit expense	91,200	96,100
Interest accrued	55,800	58,600
Benefits paid	(296,120)	(153,242)
Amortization of past service cost	-	-
Amortization of actuarial gain	(2,100)	(2,400)
Actuarial adjustment	-	-
	1,499,738	1,650,958

	2019	2018
	\$	\$
Funded Status		
Deficit	1,513,438	1,660,058
Unamortized actuarial gain	(13,700)	(9,100)
	1,499,738	1,650,958

6. EMPLOYEE BENEFIT OBLIGATIONS (continued)

The most recent actuarial valuation was prepared at December 31, 2017. 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 7% per annum 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 2019 budget and inflation adjusted at 2.2% (2018 – 2.0%) per annum. These costs were then discounted to December 31, 2019 using a discount rate of 4.0% (2018 – 4.0%). 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, 2019 is \$5,488,129 (2018 - \$7,030,702). Additional expenses for post-closure care recorded in 2019 were in the amount of NIL (2018 - \$408,700) and actual expenses paid during the year were \$91,499 (2018 - \$86,407). 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.

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 (2018 - \$114,700) has been recorded based on estimated future remediation costs in 2015 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)

	2019	2018
	\$	\$

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

	949,689	1,065,157
	949,689	1,065,157

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	2019 \$	2018 \$
59-2006	City Hall	5.354%	2026	284,329	317,027
129-2011	City Hall	3.430%	2026	665,360	748,130
				949,689	1,065,157

c) Interest paid during the year on long term debt amounted to \$40,545 (2018 - \$45,042).

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.

e) The long-term debt repayments in each of the next five years are due as follows:

	Principal \$	Interest \$	Total \$
2020	120,105	36,861	156,966
2021	124,938	32,028	156,966
2022	129,974	26,992	156,966
2023	135,224	21,742	156,966
2024	140,696	16,270	156,966
Thereafter	298,752	15,184	313,935
	949,689	149,077	1,098,765

CORPORATION OF THE CITY OF THOROLD
 FOR THE YEAR ENDED DECEMBER 31, 2019
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. TANGIBLE CAPITAL ASSETS

The net book value of the tangible capital assets are:

	2019	2018
	\$	\$
Net book value		
Land	2,202,470	2,202,470
Land improvements	3,892,898	3,242,229
Buildings	12,767,667	13,098,299
Machinery and equipment	2,135,363	1,731,866
Vehicles	2,895,560	2,951,049
Infrastructure		
Transportation	27,485,100	27,263,088
Storm sewers	7,483,321	7,563,776
Sanitary sewers	27,238,564	27,573,345
Water	15,573,820	15,771,738
	101,674,764	101,397,860
Construction in process	3,554,146	2,630,554
	105,228,910	104,028,414

For additional information, see the Consolidated Schedule of Tangible Capital Assets (Schedule 1).

During 2019, there were no write-downs of assets (2018 - \$NIL) and no interest capitalized (2018 - \$Nil).

CORPORATION OF THE CITY OF THOROLD
FOR THE YEAR ENDED DECEMBER 31, 2019
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. ACCUMULATED SURPLUS

Accumulated surplus consists of individual fund surplus/(deficit) and reserves as follows:

	2019	2018
	\$	\$
Operating deficit	(5,527,052)	(6,378,588)
Investment in tangible capital assets	105,228,910	102,963,257
Reserves and reserve funds	45,108,658	41,989,458
Unfunded (Note 12)	(8,384,217)	(10,209,712)
Surplus	136,426,299	128,364,415
Reserves		
Municipal development	1,503,491	1,369,353
Working funds (uncollectible taxes)	510,000	510,000
Equipment replacement	2,307,133	2,176,332
Accumulated sick leave	969,262	966,059
Computer	202,569	146,650
Contingencies	823,985	337,259
Election	40,306	25,306
Sewage capital	4,601,901	4,107,501
Water capital	7,309,190	6,453,247
Insurance deductible	121,517	237,916
Industrial development	-	887,809
Pay equity	-	28,038
Winter control	67,226	192,226
Encumbrances	815,155	759,269
Capital assets	1,168,838	1,164,847
Transportation asset replacement	4,614,036	2,808,723
Hospital expansion	31,514	22,141
Port Robinson beautification	2,023	1,180
Arena building	336,336	405,557
Library expansion	28,106	30,557
Hydro proceeds	16,995,565	16,981,004
Mausoleum and cemetery improvements	693,002	615,998

CORPORATION OF THE CITY OF THOROLD
FOR THE YEAR ENDED DECEMBER 31, 2019
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. ACCUMULATED SURPLUS (continued)

	2019	2018
	\$	\$
Reserves (continued)		
Municipal land and building	1,000,394	797,914
Niagara Falls bridge	816,471	798,895
Parking	22,253	10,422
Port Robinson transportation	125,866	150,998
Thorold South Community Centre building	2,471	2,417
Darlene Ryan Port Robinson Community Centre	49	1,840
TOTAL RESERVES	45,108,658	41,989,458

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

Balance, beginning of year	41,989,458	40,971,655
Contributions from		
Investment income	679,776	624,307
User charges	14,452	44,737
Other revenue	652,923	56,923
	<u>1,347,151</u>	<u>725,967</u>
Provided from (utilized for)		
Operations	3,782,762	4,595,798
Tangible capital asset acquisitions	<u>(2,010,713)</u>	<u>(4,303,962)</u>
	1,772,049	291,836
Balance, end of year	45,108,658	41,989,458

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 \$5,171,033.

The 2018 operating annual surplus was \$258,657, 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 2018 operating deficit of the Municipality would have been \$7,185,088.

CORPORATION OF THE CITY OF THOROLD
FOR THE YEAR ENDED DECEMBER 31, 2019
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. UNFUNDED LIABILITIES

	2019	2018
	\$	\$
Employee benefit obligations	1,831,700	1,999,153
Landfill liability	5,488,129	7,030,702
Contaminated sites	114,700	114,700
Long term debt	949,689	1,065,157
	<u>8,384,217</u>	<u>10,209,712</u>

13. TAXATION

	Budget 2019 \$	Actual 2019 \$	Actual 2018 \$
Real property		39,641,520	37,004,648
From other governments			
Payments in lieu of taxes		<u>1,139,855</u>	<u>1,142,561</u>
		40,781,375	38,147,209
Less: taxation collected on behalf of:			
Region of Niagara		16,725,232	15,521,948
School boards		<u>6,238,063</u>	<u>6,057,342</u>
		22,963,295	21,579,290
Net taxes available for municipal purposes		<u>17,818,080</u>	<u>16,567,919</u>
Residential, multi-residential and farm	13,201,177	13,753,621	12,920,452
Commercial and industrial	<u>4,204,535</u>	<u>4,064,459</u>	<u>3,647,467</u>
Net taxes available for municipal purposes	<u>17,405,712</u>	<u>17,818,080</u>	<u>16,567,919</u>

CORPORATION OF THE CITY OF THOROLD
FOR THE YEAR ENDED DECEMBER 31, 2019
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. COLLECTION 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:

	2019	2018
	\$	\$
Region of Niagara	16,725,232	15,521,948
School boards	6,238,063	6,057,342
	<u>22,963,295</u>	<u>21,579,290</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).

15. USER CHARGES

	Budget 2019	Actual 2019	Actual 2018
	\$	\$	\$
Operating			
Fees and service charges	1,173,124	1,254,391	1,114,116
Water charges	3,976,208	4,125,806	3,798,564
Sewer charges	4,555,857	4,692,360	4,209,292
Licences and permits	1,013,955	774,429	621,561
Development charges	513,743	350,267	902,537
	<u>11,232,887</u>	<u>11,197,253</u>	<u>10,646,070</u>
Capital			
Development charges	5,075,800	1,341,614	63,178
	<u>16,308,687</u>	<u>12,538,867</u>	<u>10,709,248</u>

CORPORATION OF THE CITY OF THOROLD
 FOR THE YEAR ENDED DECEMBER 31, 2019
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. GOVERNMENT TRANSFERS

	Budget 2019 \$	Actual 2019 \$	Actual 2018 \$
Operating			
Government of Canada	24,940	52,911	32,090
Province of Ontario	440,200	455,522	489,546
Municipal	89,000	115,287	113,466
	<u>554,140</u>	<u>623,720</u>	<u>635,102</u>
Capital			
Government of Canada	829,000	927,145	295,882
Province of Ontario	809,740	1,110,631	162,005
Municipal	138,755	108,380	129,991
	<u>1,777,495</u>	<u>2,146,156</u>	<u>587,878</u>
	<u>2,331,635</u>	<u>2,769,876</u>	<u>1,222,980</u>

16. 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:

	2019	2018
	\$	\$
Revenues		
Government of Canada		
CWWF	191,996	-
Cemeteries	21,462	21,273
Federal gas tax	719,446	243,604
Municipal asset management program	1,628	27,864
Recreation and cultural	11,849	13,555
Canada summer jobs	19,600	-
Miscellaneous	14,075	21,675
	980,056	327,972
Province of Ontario		
Ontario Municipal Partnership Fund	80,400	94,500
Ontario Community Infrastructure Fund	536,408	162,005
Hydro One	25,728	25,353
Modernization	222,564	-
Recreation and cultural	32,428	35,428
PTIF	351,659	-
Transit - Provincial gas tax	243,000	255,000
Miscellaneous	73,966	79,265
	1,566,153	651,552
Municipal		
Provincial Offences Act	38,373	29,461
Capital grants	108,380	129,991
Port Robinson transportation services	66,500	66,500
Miscellaneous	10,414	17,505
	223,667	243,457
	2,769,876	1,222,980

CORPORATION OF THE CITY OF THOROLD
FOR THE YEAR ENDED DECEMBER 31, 2019
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17. OTHER REVENUE

	Budget 2019 \$	Actual 2019 \$	Actual 2018 \$
Operating			
Penalties and interest on taxes	570,000	600,724	561,043
Fines	115,000	88,139	105,997
Investment income	166,000	465,871	344,348
Investment income - reserves and reserve funds	703,679	681,033	624,307
Donations	9,500	32,236	15,052
Transfer from trust funds	27,000	31,481	36,462
Rental Income	76,035	79,825	81,929
	1,667,214	1,979,309	1,769,138
Capital			
Donations	-	4,919	10,615
Other	312,570	418,054	252,571
	312,570	422,973	263,186
	1,979,784	2,402,282	2,032,324

18. 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 \$3.39 billion (2018 - \$4.19 billion deficit) based on the fair market value of the plan's assets, as this is a joint responsibility of all Ontario municipal entities and their employees. Contributions were made in the 2019 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 2019 current and past service was \$791,957 (2018 - \$801,726) and were matched by employee contributions in a similar amount.

19. TRUST FUNDS

Trust funds administered by the Municipality amounting to \$1,381,395 (2018 - \$1,341,739) have not been included in the Consolidated Statement of Financial Position nor have these operations been included in the Consolidated Statement of Operations.

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.

The Municipality passed its new Development Charges Bylaw in 2019. An appeal has been launched to LPAT about the inclusion of various road 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.

21. COMMITMENTS

Capital expenses

The estimated future capital expense commitments based on projects in progress at December 31, 2019 is approximately \$9,142,435 (2018 - \$6,717,648). 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 the St. Catharines Transit beginning on January 1, 2019. 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, 2020.

Leases

The Municipality has commitments for operating leases for office equipment and certain premises with various expiry dates up to 2026. The approximate total commitment for each of the next five years is as follows:

2020	\$14,978
2021	\$11,879
2022	\$8,780
2023	\$5,681
2024	\$2,582

21. COMMITMENTS (continued)

Tax increment-based grants

The Municipality has commitments for tax increment-based grants with various expiry dates up to 2023. There are currently five signed agreements with a term spanning ten years each. At December 31, 2019, the total amount remaining to be paid from these agreements is \$144,728 with the total commitment for each of the next five years as follows:

2020	\$37,173
2021	\$37,173
2022	\$37,173
2023	\$18,964
2024	\$14,245

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.

22. 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 several 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.

23. COMPARATIVE FIGURES

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

24. BUDGET

The budget by-law adopted by Council on February 26, 2019 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:

	2019
	\$
Budgeted annual surplus (deficit)	-
Add:	
Principal repayments of long term debt	121,000
Reserves and reserve funds interest revenue	703,680
Reserves and reserve funds other revenue	25,000
Acquisition of tangible capital assets	19,530,944
Less:	
Transfers from reserves and reserve funds, net	(7,422,233)
Amortization of tangible capital assets	(4,388,090)
Debenture proceeds	(188,000)
Budgeted surplus per Consolidated Statement of Operations	8,382,301

25. SEGMENTED INFORMATION

The Municipality provides a wide range of services to its citizens. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of those segments and the activities they encompass are as follows:

General Government

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

Protection Services

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.

25. SEGMENTED INFORMATION (continued)

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 Cultural 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.

26. FINANCIAL INSTRUMENTS AND RISKS

Unless otherwise noted, it is management's opinion that the Municipality is not exposed to significant risks. There have been no changes in the Municipality's risk exposures from the prior year.

Credit risk

The Municipality is exposed to credit risk through its cash and cash equivalents, accounts and other receivables and long-term receivables. There is a possibility of non-collection of its accounts and other receivables. The majority of the Municipality's receivables are from rate payers and government entities. The Municipality mitigates its exposure to credit loss by placing its cash and cash equivalents with major financial institutions.

Liquidity risk

Liquidity risk is the risk that the Municipality will not be able to meet its obligations as they become due. The Municipality manages this risk by establishing budgets and funding plans to fund its expenses and debt payments.

27. SUBSEQUENT EVENTS

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in a significant and negative impact to the global financial markets, due to businesses being forced to cease or limit operations for long or indefinite periods of time.

The Municipality has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and result of operations as of and for the year ended December 31, 2019 have not been adjusted to reflect their impact. It is difficult to reliably measure the duration and severity of these consequences on future financial results. In order to mitigate risk, the Municipality continues to actively monitor and assess the impact of the pandemic on its operating activities and services.

Corporation of the City of Thorold
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
For the Year Ended December 31, 2019

	Land	Land		Machinery and			Construction	
	Land	Improvements	Buildings	Equipment	Vehicles	Infrastructure	in Process	Totals
	\$	\$	\$	\$	\$	\$	\$	\$
COST								
Balance, 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
Add: additions during the year	-	1,036,597	315,335	889,757	336,469	2,150,345	3,640,366	8,368,869
Less: disposals during the year	-	(67,391)	(54,478)	(81,686)	(311,077)	(272,797)	(2,716,774)	(3,504,203)
Balance, end of year	2,202,470	11,346,172	22,475,902	5,761,314	6,639,774	125,867,832	3,554,146	177,847,610
ACCUMULATED AMORTIZATION								
Balance, beginning of year	-	7,134,737	9,116,746	3,221,377	3,663,333	45,818,337	-	68,954,530
Add: amortization for the year	-	385,928	612,931	484,910	391,958	2,512,364	-	4,388,090
Less: disposals during the year	-	(67,391)	(21,442)	(80,336)	(311,077)	(243,674)	-	(723,920)
Balance, end of year	-	7,453,274	9,708,235	3,625,951	3,744,214	48,087,027	-	72,618,700
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	2,202,470	3,892,898	12,767,667	2,135,363	2,895,560	77,780,805	3,554,146	105,228,910

Corporation of the City of Thorold
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
For the Year Ended December 31, 2018

	Land	Land Improvements	Buildings	Machinery and Equipment	Vehicles	Infrastructure	Construction in Process	Totals
	\$	\$	\$	\$	\$	\$	\$	\$
COST								
Balance, beginning of year	2,196,810	10,210,851	21,961,548	4,734,908	4,996,728	121,416,228	946,785	166,463,858
Add: additions during the year	5,660	190,199	264,030	381,037	1,873,813	2,924,631	4,347,622	9,986,992
Less: disposals during the year	-	(24,084)	(10,533)	(162,702)	(256,159)	(350,575)	(2,663,853)	(3,467,906)
Balance, end 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
ACCUMULATED AMORTIZATION								
Balance, beginning of year	-	6,789,251	8,514,375	2,901,983	3,609,278	43,653,409	-	65,468,296
Add: amortization for the year	-	369,672	612,904	468,793	323,518	2,461,255	-	4,236,142
Less: disposals during the year	-	(24,186)	(10,533)	(149,399)	(269,463)	(296,327)	-	(749,908)
Balance, end of year	-	7,134,737	9,116,746	3,221,377	3,663,333	45,818,337	-	68,954,530
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	2,202,470	3,242,229	13,098,299	1,731,866	2,951,049	78,171,947	2,630,554	104,028,414

Corporation of the City of Thorold

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2019

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Social and Family Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenue									
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	107,916	917,627	1,260,153	8,997,741	80,629	2,278	868,173	304,350	12,538,867
Government transfers	241,194	171,213	2,145,400	77,037	27,342	42,700	64,990	-	2,769,876
Other revenue	1,711,500	14,993	192,786	71,978	50,573	7,870	352,325	256	2,402,282
Gain on disposal of tangible capital assets	56,193	-	-	-	-	-	-	-	56,193
Total revenues	5,302,228	5,455,169	8,093,487	10,530,763	1,147,970	281,992	3,744,846	1,028,842	35,585,298
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	328,742	539,015	1,011,370	269,043	212,181	44,824	1,142,343	67,846	3,615,364
Contracted services	178,637	374,799	1,419,840	4,980,026	13,596	288	260,491	141,323	7,369,002
Rents and financial expenses	36,258	59,742	79,700	126,461	14,938	2,218	64,996	8,880	393,193
External transfers	-	-	-	-	298,000	-	32,456	36,820	367,276
Amortization	285,217	349,150	1,748,300	1,113,707	109,910	134,517	644,930	2,347	4,388,078
Debt service	40,545	-	-	-	-	-	-	-	40,545
Total expenses	1,925,485	5,541,837	6,343,509	7,465,558	1,335,469	227,977	3,911,777	771,801	27,523,414
Net surplus/(deficit)	3,376,743	(86,668)	1,749,978	3,065,205	(187,499)	54,015	(166,931)	257,041	8,061,884

Corporation of the City of Thorold

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2018

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Social and Family Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenue									
Taxation	2,916,724	3,941,314	4,220,080	1,385,401	939,656	227,088	2,237,005	700,651	16,567,919
User charges	155,366	1,075,042	150,181	8,346,919	120,417	-	660,370	200,953	10,709,248
Government transfers	119,853	66,026	758,136	129,991	21,273	42,700	63,326	21,675	1,222,980
Other revenue	1,531,930	3,484	163,631	-	46,798	8,576	276,359	1,547	2,032,324
Loss on disposal of tangible capital assets	(23,627)	-	-	-	-	-	-	-	(23,627)
Total revenues	4,700,245	5,085,866	5,292,029	9,862,311	1,128,144	278,364	3,237,060	924,826	30,508,844
Expenses									
Salaries and benefits	939,266	3,975,043	1,796,014	1,039,673	710,111	43,238	1,763,750	479,740	10,746,835
Operating materials	314,125	494,860	950,395	238,797	220,791	54,733	1,030,292	79,289	3,383,282
Contracted services	86,050	336,653	1,192,821	6,243,529	(15,586)	13	111,046	89,452	8,043,978
Rents and financial expenses	27,705	46,316	49,863	86,835	11,070	1,686	66,950	7,143	297,569
External transfers	5,000	-	-	319,496	298,000	-	45,904	42,826	711,227
Amortization	271,483	287,363	1,704,302	1,081,101	111,781	141,151	635,341	3,620	4,236,143
Debt service	45,042	-	-	-	-	-	-	-	45,042
Total expenses	1,688,671	5,140,235	5,693,394	9,009,432	1,336,166	240,822	3,653,284	702,071	27,464,075
Net surplus/(deficit)	3,011,574	(54,369)	(401,365)	852,879	(208,022)	37,542	(416,224)	222,755	3,044,769

Corporation of the City of Thorold

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE WITH BUDGET INFORMATION

For the Year Ended December 31, 2019

GENERAL GOVERNMENT	Budget 2019 \$	Actual 2019 \$	Actual 2018 \$
REVENUES			
Taxation	3,114,640	3,185,425	2,916,724
User fees and charges	99,680	107,916	155,366
Government transfers	225,300	241,194	119,853
Other revenue	1,408,495	1,711,500	1,531,930
(Loss) gain on disposal of tangible assets	-	56,193	(23,627)
TOTAL REVENUES	4,848,115	5,302,228	4,700,245
EXPENSES			
Salaries and wages	1,039,396	1,056,086	939,266
Operating materials	370,969	328,742	314,125
Contracted services	227,223	178,637	86,050
Rents and financial expenses	20,016	36,258	27,705
External transfers	-	-	5,000
Amortization	285,217	285,217	271,483
Debt service	50,220	40,545	45,042
TOTAL EXPENSES	1,993,041	1,925,485	1,688,671
ANNUAL SURPLUS	2,855,074	3,376,743	3,011,574
PROTECTION SERVICES			
	Budget 2019 \$	Actual 2019 \$	Actual 2018 \$
REVENUES			
Taxation	4,254,642	4,351,336	3,941,314
User fees and charges	1,357,805	917,627	1,075,042
Government transfers	158,000	171,213	66,026
Other revenue	9,500	14,993	3,484
TOTAL REVENUES	5,779,947	5,455,169	5,085,866
EXPENSES			
Salaries and wages	4,449,247	4,219,131	3,975,043
Operating materials	868,465	539,015	494,860
Contracted services	433,216	374,799	336,653
Rents and financial expenses	10,664	59,742	46,316
External transfers	-	-	-
Amortization	349,150	349,150	287,363
TOTAL EXPENSES	6,110,742	5,541,837	5,140,235
ANNUAL SURPLUS	(330,795)	(86,668)	(54,369)

Corporation of the City of Thorold

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE WITH BUDGET INFORMATION

For the Year Ended December 31, 2019

TRANSPORTATION SERVICES	Budget 2019 \$	Actual 2019 \$	Actual 2018 \$
REVENUES			
Taxation	4,395,258	4,495,148	4,220,080
User fees and charges	4,828,126	1,260,153	150,181
Government transfers	1,748,995	2,145,400	758,136
Other revenue	190,381	192,786	163,631
TOTAL REVENUES	11,162,760	8,093,487	5,292,029
EXPENSES			
Salaries and wages	2,038,174	2,084,298	1,796,014
Operating materials	962,659	1,011,370	950,395
Contracted services	1,156,122	1,419,840	1,192,821
Rents and financial expenses	36,494	79,700	49,863
Amortization	1,748,300	1,748,300	1,704,302
TOTAL EXPENSES	5,941,749	6,343,509	5,693,395
ANNUAL SURPLUS	5,221,011	1,749,978	(401,365)
ENVIRONMENTAL SERVICES			
	Budget 2019 \$	Actual 2019 \$	Actual 2018 \$
REVENUES			
Taxation	1,339,272	1,384,007	1,385,401
User fees and charges	8,722,065	8,997,741	8,346,919
Government transfers	100,000	77,037	129,991
Other revenue	-	71,978	-
TOTAL REVENUES	10,161,337	10,530,763	9,862,311
EXPENSES			
Salaries and wages	1,386,060	976,321	1,039,673
Operating materials	286,405	269,043	238,797
Contracted services	6,500,681	4,980,026	6,243,529
Rents and financial expenses	9,487	126,461	86,835
External transfers	-	-	319,496
Amortization	1,113,707	1,113,707	1,081,101
TOTAL EXPENSES	9,296,340	7,465,558	9,009,432
ANNUAL SURPLUS	864,997	3,065,205	852,879

Corporation of the City of Thorold

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE WITH BUDGET INFORMATION

For the Year Ended December 31, 2019

HEALTH SERVICES	Budget 2019 \$	Actual 2019 \$	Actual 2018 \$
REVENUES			
Taxation	965,000	989,426	939,656
User fees and charges	82,047	80,629	120,417
Government transfers	22,440	27,342	21,273
Other revenue	40,995	50,573	46,798
TOTAL REVENUES	1,110,482	1,147,970	1,128,144
EXPENSES			
Salaries and wages	688,750	686,845	710,111
Operating materials	197,696	212,181	220,791
Contracted services	12,518	13,596	(15,586)
Rents and financial expenses	3,629	14,938	11,070
External transfers	298,000	298,000	298,000
Amortization	109,910	109,910	111,781
TOTAL EXPENSES	1,310,503	1,335,469	1,336,166
ANNUAL SURPLUS	(200,021)	(187,499)	(208,022)
SOCIAL AND FAMILY SERVICES			
	Budget 2019 \$	Actual 2019 \$	Actual 2018 \$
REVENUES			
Taxation	224,052	229,144	227,088
User fees and charges	-	2,278	-
Government transfers	39,000	42,700	42,700
Other revenue	8,500	7,870	8,576
TOTAL REVENUES	271,552	281,992	278,364
EXPENSES			
Salaries and wages	43,329	46,130	43,238
Operating materials	61,668	44,824	54,733
Contracted services	(433)	288	13
Rents and financial expenses	250	2,218	1,686
Amortization	134,517	134,517	141,151
TOTAL EXPENSES	239,331	227,977	240,822
ANNUAL SURPLUS	32,221	54,015	37,542

Corporation of the City of Thorold

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE WITH BUDGET INFORMATION

For the Year Ended December 31, 2019

RECREATION AND CULTURE SERVICES	Budget 2019 \$	Actual 2019 \$	Actual 2018 \$
REVENUES			
Taxation	2,404,707	2,459,358	2,237,005
User fees and charges	935,849	868,173	660,370
Government transfers	37,900	64,990	63,326
Other revenue	321,913	352,325	276,359
TOTAL REVENUES	3,700,369	3,744,846	3,237,060
EXPENSES			
Salaries and wages	1,862,534	1,766,561	1,763,750
Operating materials	1,255,101	1,142,343	1,030,292
Contracted services	(238,251)	260,491	111,046
Rents and financial expenses	19,831	64,996	66,950
External transfers	40,305	32,456	45,904
Amortization	644,930	644,930	635,341
TOTAL EXPENSES	3,584,450	3,911,777	3,653,284
ANNUAL SURPLUS	115,919	(166,931)	(416,224)
PLANNING AND DEVELOPMENT			
	Budget 2019 \$	Actual 2019 \$	Actual 2018 \$
REVENUES			
Taxation	708,141	724,236	700,651
User fees and charges	283,115	304,350	200,953
Government transfers	-	-	21,675
Other revenue	-	256	1,547
TOTAL REVENUES	991,256	1,028,842	924,826
EXPENSES			
Salaries and wages	636,323	514,585	479,740
Operating materials	110,483	67,846	79,289
Contracted services	288,363	141,323	89,452
Rents and financial expenses	4,110	8,880	7,143
External transfers	125,735	36,820	42,826
Amortization	2,347	2,347	3,620
TOTAL EXPENSES	1,167,361	771,801	702,071
ANNUAL SURPLUS	(176,105)	257,041	222,755

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, 2019, and the statement 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 Funds as at December 31, 2019, and the results of its operations 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 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 consolidated financial statements of the Funds for the year ended December 31, 2018 were audited by Grant Thornton LLP of Port Colborne, Canada. Grant Thornton expressed an unqualified opinion on those consolidated financial statements on July 16, 2019.

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

Management is responsible for the preparation and fair presentation of the 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 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.

MNP LLP

St Catharines, Ontario

Chartered Professional Accountants

October 6th, 2020

Licensed Public Accountants

Corporation of the City of Thorold Trust Funds

Statement of Financial Position

As at December 31, 2019

	Cemetery Care and Maintenance	Mausoleum Care and Maintenance	Monument and Marker Care	2019 \$	2018 \$
<hr/>					
ASSETS					
Cash and cash equivalents	455,733	801,016	101,101	1,357,850	1,323,928
Accounts receivable	-	23,545	-	23,545	17,811
NET ASSETS	455,733	824,561	101,101	1,381,395	1,341,739

see accompanying notes to the financial statements

Corporation of the City of Thorold Trust Funds

Statement of Operations and Changes in Net Assets

For the Year Ended December 31, 2019

	Cemetery Care and Maintenance	Mausoleum Care and Maintenance	Monument and Marker Care	2019 \$	2018 \$
REVENUES					
Marker fees	-	-	2,650	2,650	2,800
Sales of crypts and niches	-	30,835	-	30,835	21,803
Sales of plots	6,170	-	-	6,170	5,697
Interest	10,147	19,123	2,211	31,481	36,511
TOTAL REVENUE	16,317	49,958	4,861	71,136	66,811
EXPENSES					
Interest earned distributed to the City of Thorold	10,147	19,123	2,211	31,481	36,511
TOTAL EXPENSES	10,147	19,123	2,211	31,481	36,511
EXCESS OF REVENUE OVER EXPENSES	6,170	30,835	2,650	39,656	30,300
NET ASSETS - beginning of year	449,562	793,726	98,451	1,341,739	1,311,439
NET ASSETS - end of year	455,732	824,561	101,101	1,381,395	1,341,739

Corporation of the City of Thorold Trust Funds

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2019

	2019	2018
	\$	\$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenues over expenses	39,656	30,300
Increase in accounts receivable	(5,734)	(3,895)
Net increase in cash from operating transactions	33,922	26,405
INVESTING		
(Increase) Decrease in investments, net	-	500,000
INCREASE IN CASH AND CASH EQUIVALENTS	33,922	526,405
CASH AND CASH EQUIVALENTS - beginning of year	1,323,928	797,523
CASH AND CASH EQUIVALENTS - end of year	1,357,850	1,323,928

City of Thorold

Trust Funds

Notes to the Financial Statements

For the Year Ended December 31, 2019

1. 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.