Corporation of the
City of Brockville
Consolidated Financial Statements
For the year ended December 31, 2023

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MNP

Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers
Corporation of the City of Brockville

Qualified Opinion

We have audited the consolidated financial statements of the Corporation of the City of Brockville (the "City") which comprise the consolidated statement of financial position as at December 31, 2023 and the consolidated statement of operations and accumulated surplus, change in remeasurement gains, change in net financial liabilities and cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the City as at December 31, 2023 and the results of its operations and accumulated surplus, change in remeasurement gains, change in net financial liabilities and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

The City derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the City and we were not able to determine whether any adjustments might be necessary to donation and fundraising revenues, annual surplus, assets and changes in accumulated surplus.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the City 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 qualified opinion.

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 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 City'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 City or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibility 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 judgement 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 City'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 City'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 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 City 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activites within the City 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 of 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

Chartered Professional Accountants
Licensed Public Accountants

Kingston, Ontario
May 26, 2026

MANAGEMENT REPORT

Corporation of the City of Brockville
For the Year Ended December 31, 2023

The accompanying consolidated financial statements of the Corporation of the City of Brockville (the "City") are the responsibility of management and have been approved by Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

The City maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the City's assets are appropriately accounted for and adequately safeguarded.

The City's Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving financial statements.

Council reviews and approves the City's financial statements for issuance to the members of Council, inhabitants and rate payers of the Corporation of the City of Brockville. Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities and to review the consolidated financial statements and the independent auditor's report.

The consolidated financial statements have been audited by MNP LLP in accordance with generally accepted auditing standards on behalf of the City. MNP LLP has full and free access to Council.

Mayor _____ Date July 6 2026

Treasurer _____ Date July 6 '26

Corporation of the City of Brockville

Consolidated Statement of Financial Position

December 31, 2023, with comparative figures for 2022

	2023	2022
Financial assets		
Cash and short-term investments (note 1)	**$ 30,732,303**	$ 24,979,938
Long-term investments (Water & Wastewater) (note 2)	**3,369,283**	2,874,383
Taxes receivable	**4,987,350**	5,927,933
Accounts receivable	**5,158,498**	6,619,163
	44,247,434	40,401,417
Financial liabilities		
Accounts payable and accrued liabilities	**15,173,994**	9,971,984
Accrued interest on net long-term liabilities	**102,517**	128,751
Deferred revenues - obligatory reserve funds (note 3)	**5,597,631**	6,134,210
Other deferred revenues (note 3)	**2,215,403**	717,393
Employee future benefits (note 4)	**9,044,515**	8,675,230
Asset retirement obligations (note 5)	**9,349,582**	2,455,000
Net long-term liabilities (note 6)	**15,558,324**	18,390,699
	57,041,966	46,473,267
Net financial liabilities	**(12,794,532)**	(6,071,850)
Non-financial assets		
Tangible capital assets (note 7)	**121,657,968**	112,881,921
Land held for sale	**1,413,883**	1,413,883
Investment in Aquatarium (note 8)	**20,729,363**	20,729,363
Investment in Woolworth Building (note 9)	**556,421**	556,421
Inventory of supplies	**361,167**	391,525
Prepaid expenses	**1,396,011**	164,005
	146,114,813	136,137,118
Commitments (note 10)		
Contingencies (notes 6 and 11)		
Accumulated surplus	**$ 133,320,281**	$ 130,065,268
Represented by:		
Accumulated operating surplus (note 12)	**132,454,159**	130,065,268
Accumulated remeasurement gains	**866,122**	-
	133,320,281	**130,065,268**

The accompanying notes are an integral part of this consolidated financial statement.

Corporation of the City of Brockville

Consolidated Statement of Operations and Accumulated Surplus

December 31, 2023, with comparative figures for 2022

	Budget 2023 (Note 17)	Actual 2023	Actual 2022
Revenues			
Property taxation	$ 41,309,880	$ 41,567,359	$ 38,558,077
User charges	15,425,800	15,172,781	15,357,815
Government grants (note 13)	6,163,462	6,621,015	5,705,499
Recovery of expenses and miscellaneous	2,208,227	2,565,916	1,452,726
Investment income	554,000	1,221,229	196,923
Charges to other municipalities	1,277,981	1,198,306	1,138,820
Penalties and interest on taxes	700,000	709,612	768,837
Contributions from developers	-	536,990	-
Donations and fundraising	84,000	407,089	322,217
Taxation from other governments	1,204,033	346,222	319,670
Gain on disposal of tangible capital assets	400	193,223	97,371
	68,927,783	70,539,742	63,917,955
Expenses			
Protection to persons and property	19,155,175	20,245,505	19,222,884
Environmental services	11,448,178	13,282,669	11,259,157
Transportation services	7,070,417	9,522,448	8,830,028
Recreation and cultural services	5,839,134	7,057,200	5,754,903
General government	5,999,825	6,972,960	5,802,198
Health services	2,935,727	2,820,717	2,948,779
Social and family services	2,784,614	2,705,714	2,578,984
Planning and development	2,474,890	2,341,571	2,904,519
Library	1,064,159	1,546,468	902,547
Social housing	1,067,487	1,139,739	977,994
	59,839,606	67,634,991	61,181,993
Annual surplus	9,088,177	2,904,751	2,735,962
Accumulated surplus, beginning of year		130,065,268	127,329,306
Accumulated remeasurement gains, opening		(515,860)	-
Accumulated surplus, end of year (note 12)		$ 132,454,159	$ 130,065,268

The accompanying notes are an integral part of this consolidated financial statement.

Corporation of the City of Brockville

Consolidated Statement of Remeasurement Gains

December 31, 2023, with comparative figures for 2022

	2023	2022
Accumulated remeasurement gains, beginning of year	$ -	$ -
Unrealized gains attributable to:		
Transitional adjustment	**515,860**	
Portfolio investments	**350,262**	-
Accumulated remeasurement gains, end of year	$ **866,122**	$ -

The accompanying notes are an integral part of this consolidated financial statement.

Corporation of the City of Brockville

Consolidated Statement of Change in Net Financial Liabilities

December 31, 2023, with comparative figures for 2022

	Budget 2023 (Note 17)	Actual 2023	Actual 2022
Annual Surplus	$ 9,088,177	$ 2,904,751	$ 2,735,962
Acquisition of tangible capital assets (note 7)	(7,654,344)	(7,976,318)	(7,654,344)
Recognition of ARO liability	-	(6,590,366)	-
Amortization of tangible capital assets (note 7)	-	5,623,541	4,752,819
Gain on disposal of tangible capital assets	-	(30,128)	(17,641)
Proceeds from disposal of tangible capital assets	-	197,224	100,945
Accumulated remeasurement gains	-	350,262	-
	1,433,833	(5,521,034)	(82,259)
Change in inventory of supplies	-	30,358	67,080
Change in prepaid expenses	-	(1,232,006)	(59,071)
Change in net financial liabilities	1,433,833	(6,722,682)	(74,250)
Net financial liabilities, beginning of year		(6,071,850)	(5,997,600)
Net financial liabilities, end of year		$ (12,794,532)	$ (6,071,850)

The accompanying notes are an integral part of this consolidated financial statement.

Corporation of the City of Brockville

Consolidated Statement of Cash Flows

December 31, 2023, with comparative figures for 2022

	2023	2022
Cash Provided by (used for)		
Operating activities		
Annual surplus	$ **2,904,751**	$ 2,735,962
Items not involving cash		
Amortization of tangible capital assets (note 7)	**5,623,541**	4,752,819
Accretion expense	**304,216**	-
Gain on disposal of tangible capital assets	**(30,128)**	(17,641)
Change in employee future benefits liability	**369,285**	336,843
Change in unrealized gain on long-term investments	**(144,638)**	247,859
Change in taxes receivable	**940,583**	183,389
Change in accounts receivable	**1,460,665**	(1,904,634)
Change in accounts payable and accrued liabilities	**5,202,010**	1,716,010
Change in accrued interest on net long-term liabilities	**(26,234)**	(7,156)
Change in deferred revenues	**961,431**	111,577
Change in inventory of supplies	**30,358**	67,080
Change in prepaid expenses	**(1,232,006)**	(59,071)
	16,363,834	**8,163,037**
Financing activities		
Net proceeds from debentures issued	**-**	904,462
Principal payments on net long-term liabilities	**(2,832,375)**	(2,859,037)
	(2,832,375)	(1,954,575)
Capital activities		
Proceeds from disposal of tangible capital assets	**197,224**	100,945
Acquisition of tangible capital assets (note 7)	**(7,976,318)**	(7,654,344)
	(7,779,094)	(7,553,399)
Increase in cash and short-term investments	**5,752,365**	(1,344,937)
Cash and short-term investments, beginning of year	**24,979,938**	26,324,875
Cash and short-term investments, end of year	$ **30,732,303**	$ 24,979,938

The accompanying notes are an integral part of this consolidated financial statement.

Corporation of the City of Brockville
Summary of Significant Accounting Policies

December 31, 2023

The Corporation of the City of Brockville (the "City") is a municipality in the Province of Ontario, Canada. It conducts its operations under the direction of its elected Council, guided by the provisions of provincial statutes such as the Municipal Act, 2001, Municipal Affairs Act and related legislation.

The consolidated financial statements of the City are prepared by management in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant accounting policies are as follows:

Reporting Entity

i) Consolidated entities

These consolidated financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of all organizations, committees, and local boards accountable for the administration of their financial affairs and resources to the municipal Council and which are owned or controlled by the City and includes the following:

- City of Brockville
- Brockville Public Library
- Downtown Business Improvement Area
- Water & Wastewater

All interfund assets and liabilities and revenues and expenses are eliminated.

ii) Accounting for school board transactions

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

Education levies collected for the local school boards and then advanced to the local school boards totaled $6,622,779 (2022 - $6,622,959).

iii) Trust funds

Trust funds and their related operations administered by the City are not included in the consolidated financial statements but are reported separately.

Investments

Long-term investments are comprised of marketable securities within the Local Authority Services - LAS One Investment Program and are initially recorded at their acquisition cost. At December 31, they are adjusted to fair value, and the corresponding unrealized gains and losses are recorded in the Statement of Remeasurement Gains.

Investments that are not quoted in an active market are recorded at cost. These investments include the Aquatarium (Note 8) and the Woolworth Building (Note 9).

These investments are assessed for impairment annually, or more frequently where events or changes in circumstances indicate that the carrying amount may not be recoverable.

Where there is objective evidence of impairment, and the decline in value is determined to be other than temporary, the investment is written down to its estimated recoverable amount. The resulting impairment loss is recorded in the Consolidated Statement of Operations and Accumulated Surplus.

Impairment losses are not reversed in subsequent periods unless permitted by the relevant Public Sector Accounting Standard.

Revenue Recognition

Taxation Revenue

Property tax billings are prepared by the City based on assessment rolls issued by the Municipal Property Assessment Corporation (MPAC) and in accordance with the provisions of the Municipal Act, 2001. The City's Council establishes the tax rates annually, incorporating amounts to be raised for local services and amounts the City is required to collect on behalf of the School Boards. From time to time property assessments are adjusted by MPAC through the reconsideration process or by the Assessment Review Board through the appeal process. Additional assessments, referred to as supplementary and omitted assessments can also be issued by MPAC in accordance with the Assessment Act. These adjustments and additional assessments are reported by the City when they can be reasonably determined. For the purpose of financial statement presentation, tax write-offs due to assessment appeals are netted against tax revenue.

	Budget	Actual
Taxation	$ 41,204,524	$ 41,247,708
Supplemental Taxes	470,591	526,541
Total Taxation Revenues	41,675,115	41,774,249
Less: Write-offs	(365,235)	(206,890)
Net Revenue from Taxation	$ 41,309,880	$ 41,567,359

Government Grants

Government grants are recognized as revenue in the year in which the events giving rise to the grant occur, providing the grants are authorized, any eligible criteria have been met and reasonable estimates of the amounts can be made. Receipts which are restricted by legislation of senior governments are reported as deferred revenues - obligatory reserve funds and included in revenues in the year that they are applied to qualifying expenses.

Other Revenues

User charges and miscellaneous revenues, with the exception of development charges, are recognized as revenue in the year the goods and services are provided.

Other Revenues (continued)

Development charges, payments in lieu of parkland and funding received under public transit and gasoline tax programs are received under the authority of federal and provincial legislation and the use of these funds is restricted to applicable expenses. They are recorded as deferred revenues - obligatory reserve funds and included in revenues in the year that they are applied to qualifying expenses.

Building permit revenues are recognized when issued.

Investment Income

Investment income earned on development charges, parkland reserve funds and other obligatory reserve funds is recorded as deferred revenue and included in municipal revenues in the year that they are applied to qualifying expenses. Other investment income is reported in revenues in the period earned.

Non-financial Assets

Tangible capital and other non-financial assets are accounted for as assets by the City because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the City unless they are sold.

Employee Future Benefits

The City accrues its obligations under employee benefit plans as the employees render the services necessary to earn non-pension post-retirement benefits. The cost of such benefits earned by the employees is actuarially determined using the projected benefit method pro-rated on service and management's best estimate of the retirement ages of employees.

Actuarial valuations are prepared every three years, or more often at the discretion of management. In the years between valuations, an extrapolation is used to compute the expected accrued benefits obligation and related expenses.

Actuarial gains and losses on the accrued benefit obligation arise from the difference between actual and expected experiences and from the changes in actuarial assumptions used to determine the obligation. These gains or losses are amortized on a straight-line basis over the average remaining service period of active employees.

The City also accrues its obligations for post-employment benefits when an event that obligates the City occurs such as parental and short-term sick leaves.

Asset Retirement Obligations

An asset retirement obligation liability is recognized when all the following criteria are met as at the financial reporting date:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

The City's obligation arises from the acquisition, construction or development and normal use of an asset. Asset retirement obligation liabilities for the abatement of asbestos are initially recognized at the best estimate of future expenses. The City accrues landfill post-closure costs including final covering and landscaping of the site, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance.

For assets in productive use, asset retirement obligations are discounted using a present value calculation and recorded as a liability with an annual adjustment for accretion expense. As a result, there is a corresponding increase to the associated tangible capital asset which is then expensed over the useful life of the tangible capital asset. For assets that are no longer in productive use or were never recorded, the liability is offset against accretion expense in the period. In subsequent periods, the liability is adjusted for any changes in the amount or timing of the underlying future cash flows.

The reported liabilities have been recognized based on the management's best estimate of future expenses, long-term inflation rates and discount rates. Future events may result in significant changes to the estimate total expenses; capacity used or total capacity and the estimated liabilities, and would be recognized prospectively, as a change in estimates, when applicable.

Inventories of Supplies

Inventories of supplies are held for consumption and are stated at the lower of cost and replacement cost.

Inventories Held for Resale

Inventories of land held for resale are stated at the lower of cost and net realizable value.

Financial Instruments

The City's financial instruments consist of cash, long-term investmentstaxes receivable, accounts receivable, accounts payable and accrued liabilities, accrued interest on net long-term liabilities, net long-term liabilities, and employee future benefits. Unless otherwise noted, it is management's opinion that the carrying value of the financial instruments approximates their fair values and that the City is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The City recognizes its financial instruments when it becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

At initial recognition, the City may irrevocably elect to subsequently measure any financial instrument at fair value. The City has not made such an election during the year.

The City subsequently measures investments in equity instruments quoted in an active market, except those that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by quoted market prices. Transactions to purchase or sell these items are recorded on the trade date. Net gains and losses arising from changes in fair value are recognized in the statement of remeasurement gains and losses. Interest income and reinvested distributions are recognized in the statement of operations

Tangible Capital Assets

i) Tangible capital assets are recorded at cost (or estimated cost when historical cost records are not available) which includes amounts that are directly attributable to the acquisition, construction, development or betterment of the assets.

The cost, less residual value, of the tangible capital assets, excluding land, are amortized on a straight-line basis over their estimated useful lives as follows:

Assets	Useful life-years
General capital	
Land improvements	15-50 years
Buildings	5-50 years
Machinery, furniture and equipment	3-30 years
Vehicles	6-25 years
Library assets	2-5 years
Infrastructure	
Plants and facilities	10-60 years
Roads	20-75 years
Water and wastewater	50-75 years

Amortization is charged from the date of acquisition to the date of disposal. Assets under construction are not amortized until the asset is put into service.

ii) Tangible capital assets disclosed at nominal values

Where an estimate of fair value can not be made to an asset, the tangible capital asset is recognized at a nominal value.

iii) Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue.

iv) Capitalized interest

Interest is capitalized whenever external debt is issued to finance the construction of tangible capital assets until the asset is ready for use.

v) Works of art and historical treasures

The City manages and controls various works of art and non-operational historical cultural assets including buildings, artifacts, paintings and sculptures located at City sites and public display areas. These assets are not recorded as tangible capital assets.

Corporation of the City of Brockville
Summary of Significant Accounting Policies

December 31, 2023

Use of Estimates

The preparation of consolidated financial statements in conformity 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. Significant items subject to such estimates and assumptions include amortization of tangible capital assets, taxes receivable, accounts receivable, allowance for doubtful accounts, accounts payable and accrued liabilities, employee future benefits and asset retirement obligations. Actual results could differ from these estimates.

Deferred Revenue

Deferred revenue represents grants, user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

Fund Accounting

Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to and/or from reserves and reserve funds are an adjustment to the respective fund when approved.

Statement of Remeasurement Gains

By presenting remeasurement gains separately, changes in the carrying value of financial instruments arising from fair value remeasurement are distinguished from revenues and expenses reported in the statement of operations. The statement of operations reports the extent to which revenues raised in the period were sufficient to meet the expenses incurred. Remeasurement gains do not affect this assessment as they are recognized in the statement of remeasurement gains. Taken together, the two statements account for changes in the Township's accumulated surplus in the period.

Upon settlement, the cumulative gain is reclassified from the statement of remeasurement gains and recognized in the statement of operations. Interest and dividends attributable to all financial instruments are reported in the statement of operations.

Corporation of the City of Brockville
Summary of Significant Accounting Policies

December 31, 2023

Change in Accounting Policy

Effective January 1, 2023, the City adopted PS 3280, Asset Retirement Obligations. The new standard establishes guidelines for acknowledging, assessing, presenting, and disclosing legal responsibilities connected with the retirement of tangible capital assets. The City has chosen the prospective approach where liabilities are recognized on a forward-looking basis for the current and subsequent periods only. The valuation and accounting of the asset retirement obligations is completed at the time of adoption without consideration for previous years.

Effective January 1, 2023, the Municipality adopted Section PS 1201 Financial Statement Presentation, which replaces PS 1200 Financial Statement Presentation. PS 1201 is generally equivalent to PS 1200 except that the Municipality is now required to present a Statement of Remeasurement Gains and Losses showing separately: unrealized gains (losses) attributable to financial instruments in the fair value category; exchange gains (losses) associated with monetary assets and liabilities denominated in a foreign currency that have not been settled; amounts reclassified to the statement of operations upon derecognition or settlement; and, other comprehensive income from government business enterprises and partnerships. Upon adoption of this Section, the Municipality reports on its financial condition by presenting its accumulated operating surplus and net debt which includes accumulated remeasurement gains (losses). Upon adoption, a transitional adjustment was made to reduce the assumulated operating surplus and increase the accumulated remeasurement gain by $515,860 to recognized accumulated unrealized portfolio gains previously recognized in the accumulated operating surplus.

December 31, 2023

1. Cash and Short-term Investments

The City invests its cash with one or more Canadian Schedule I banks.

	2023	2022
Unrestricted	**$ 14,850,701**	$ 11,523,735
Restricted	**15,881,602**	13,456,203
	$ 30,732,303	$ 24,979,938

The restricted cash balance represents funds held for specific reserves and obligatory reserve funds.

2.

Investments consist of equity instruments and are carried at fair market value. The City has a total of $2 million (original investment) invested under the One Investment Program offered through Local Authority Services – LAS. The original investment allocated $1 million for Water reserve funds and $1 million for Wastewater reserve funds. The total fair market value of these investments as at December 31, 2023 is $3,369,283 (2022 - $2,874,383). The total cost of these investment as at December 31, 2023 is $2,503,161 (2022 - $2,358,524).

3. Deferred Revenues

Obligatory Reserve Funds

Canadian public sector accounting standards require that obligatory reserve funds are reported as deferred revenues as federal and provincial legislation or agreements restrict how these funds may be used. The balances in the obligatory reserve funds of the City are summarized as follows:

	2023	2022
Development charges	**$ 1,224,853**	$ 1,497,312
Impost Fees	**304,515**	289,564
Parkland	**99,259**	71,486
	1,628,627	1,858,362
Canada Community Build Fund (CCBF)	**3,185,227**	3,390,150
Ontario Community Infrastructure Fund (OCIF)	**783,777**	885,698
	$ 5,597,631	$ 6,134,210

The continuity of deferred revenue - obligatory reserve funds is as follows:

	2023	2022
Balance, beginning of the year	**$ 6,134,210**	$ 5,999,102
Amounts received		
Developer contributions	**214,704**	333,142
Gas tax funding	**1,412,852**	1,353,983
OCIF	**1,030,346**	971,499
Interest	**696,365**	208,465
	9,488,477	8,866,191
Amounts transferred		
To operations	**208,171**	208,171
To capital	**3,682,675**	2,523,810
	3,890,846	2,731,981
Balance, end of the year	**$ 5,597,631**	$ 6,134,210

3. Deferred Revenues (continued)

Other Deferred Revenues

The other deferred revenues are comprised of non-obligatory deferred revenues and represent unspent funding and grants from various sources. The balance below is primarily comrpised of $1,467,863 in funding from the province of Ontario for the implementation of a new NG9-1-1 system, $133,747 in modernization grants and $141,316 relating to a community safety grant.

	2023	2022
Deferred grants and other funding	**$ 2,215,403**	$ 717,393

4. Employee Future Benefits

	2023	2022
Post-retirement medical and life insurance (note 4(a))	**$ 8,123,657**	$ 7,805,382
Unused sick leave (note 4(c))	**906,618**	855,608
Workplace Safety and Insurance Board costs (note 4(d))	**14,240**	14,240
	$ 9,044,515	$ 8,675,230

a) The City has defined benefit plans providing post-retirement medical (until age 65) and life insurance benefits covering substantially all retirees and employees.

An actuarial valuation was prepared as at December 31, 2023. The significant actuarial assumptions adopted in measuring the City's accrued post-retirement benefits liability are as follows:

	2023	2022
Discount rate	4.00%	4.00%
Rate of compensation increase	2.00%	2.00%

The assumed medical cost trend rate at December 31, 2023 was 5.98% decreasing to 4.0% by 2040 (2022 - 6.14% decreasing to 4.0% by 2040).

4. Employee Future Benefits (continued)

b) Information about the City's post-retirement benefit plans are as follows:

	2023	2022
Accrued benefits obligation, beginning of year	**$ 7,038,443**	$ 7,721,818
Current service cost	**383,066**	445,738
Interest on accrued benefits	**287,313**	240,223
Benefit payments	**(344,169)**	(320,277)
Actuarial loss	**4,707**	(1,049,059)
Accrued benefits obligation, end of year	**7,369,360**	7,038,443
Unamortized actuarial losses	**754,297**	766,939
Accrued benefits liability, end of year	**$ 8,123,657**	$ 7,805,382

Actuarial gains and losses are being amortized over 13 years, the estimated average service life of the existing employees.

c) Some employees of the City can accumulate unused sick leave and may become entitled to a cash payment when they leave the City's employment.

Significant actuarial assumptions adopted in measuring the City's accrued benefits under this plan are similar to those listed in (a) above.

Information about the City's sick leave benefits plan is as follows:

	2023	2022
Accrued benefits obligation, beginning of year	**$ 855,608**	$ 963,936
Current service cost, interest on accrued benefits and actuarial losses	**$ 125,323**	57,152
Benefit payments	**$ (74,313)**	(165,480)
Accrued benefits obligation, end of year	**$ 906,618**	$ 855,608

d) The City was a Schedule 2 employer with respect to the Workplace Safety and Insurance Board ("WSIB") during the period from February 2003 to February 2008. As a result, the City is responsible for the cost of employee accident claims that arose during that period. The WSIB administers the claims and bills accident costs plus an administration fee to the City. In 2020 the WSIB estimated future benefits costs related to workplace injuries to be $14,240 (2022 - $14,240). There was no change to this estimate in 2023.

5. Asset retirement obligations

Landfill:

The City ceased to operate its solid waste landfill site on December 31, 2000, but is required to complete certain closure procedures and to conduct post-closure procedures. The main components of the closure plan are final capping and landscaping. The post-closure care will involve surface water and ground water monitoring and venting gas. The recorded liabilities are the present value of future cash flows associated with the closure and post-closure costs, discounted using a current estimated 20-year borrowing rate of 4.38% and an annual inflation rate of 4.01% and an estimated 20 years remaining for post-closure care. The estimated undiscounted future cash flows associated with closure and post-closure care are $3,897,079.

Asbestos and Lead Abatement Obligation:

Asbestos and other designated hazardous materials represent a health hazard upon disturbance and as a result carry a legal obligation to remove them when an asset undergoes a significant renovation or demolition. The City owns and operates underground infrastructure as well as several facilities with asbestos containing materials. As a result, the City recognized an obligation relating to the removal of hazardous materials upon adoption of PS 3280 Asset Retirement Obligations. This resulted in a 2023 liability of $6,605,924 with a corresponding increase to the cost base of the associated assets. The recorded liabilities are the present value of future cash flows associated with the asbestos removal, discounted using a current estimated 20-year borrowing rate of 4.38% and an annual inflation rate of 4.01% and an estimated range between 1 and 48 years remaining before abatement is required. The estimated undiscounted future cash flows associated with remediation are $26,685,001. The liability represents management's best estimate of the present value of the expenditures required to settle the obligation, based on current information and assumptions.

	2023	2022
Estimated costs to complete closure	$ 320,000	$ 320,000
Recorded post-closure costs	2,135,000	2,135,000
Total landfill liability	2,455,000	2,455,000
Asbestos abatement	$ 6,894,582	$ -
Total Asset Retirement Obligation	$ 9,349,582	$ 2,455,000

	Asbestos Abatement
Transition of PS3280	$ 6,605,924
Accretion Expense	$ 288,658
Closing Balance	$ 6,894,582

6. Net Long-term Liabilities

a) The net long-term liabilities reported on the Consolidated Statement of Financial Position represent debentures issued by the City and are made up of the following:

	2023	2022
Total long-term liabilities incurred by the City	**$ 17,263,137**	$ 20,997,579
Less: amounts assumed by other municipalities with respect to St. Lawrence Lodge	**(1,704,813)**	(2,606,880)
	$ 15,558,324	$ 18,390,699

Included in the total long-term liabilities are global debentures totaling $4,289,929 (2022 - $6,559,840) issued during 2004 and 2005 with respect to St. Lawrence Lodge. They include direct obligations of the City in respect of the principal amount and also include distinct joint and several obligations of the City and each of the United Counties of Leeds and Grenville, the Town of Prescott and the Town of Gananoque ("participating municipalities").

The joint and several obligations of the three municipalities amount to $1,704,818 (2022 - $2,606,880). As the participating municipalities have assumed responsibility for repayment of these obligations, they have been deducted from the City's long-term liabilities.

The City is contingently liable for the long-term liabilities assumed by the participating municipalities.

b) Principal is due on net long-term liabilities as follows:

	Principal	Interest	Total
2024	$2,940,433	$460,601	$3,401,034
2025	2,694,770	352,818	3,407,588
2026	1,587,874	269,834	1,857,708
2027	1,138,838	229,418	1,368,256
2028	832,890	199,491	1,032,381
2029 and subsequent years	6,363,519	807,380	7,170,899
	$15,558,324	$2,319,542	$18,237,866

6. Net Long-term Liabilities (continued)

c) Interest rates on the long-term liabilities range from 2.00% to 5.61% (2022 - 2.00% to 5.61%) on the global debentures, including St. Lawrence Lodge, payable semi-annually. Interest on long-term liabilities, excluding the recovery from St. Lawrence Lodge, amounted to $568,659 (2022 - $633,708).

d) The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

e) At December 31, 2023, the City had secured a loan from Infrastructure Ontario for a construction loan intended for the Marguerita Residence Corporation (refer to Note 21). The outstanding balance at December 31, 2023 of this loan is $9,515,000. While the City effectively guarantees this loan, it is not reported with Net Long-term liabilities as the City is simply being used as a conduit to obtain the construction loan for the Marguerita Residence Corporation, which is responsible for all related interest payments. The loan been netted against the implicit receivable from the Marguerita Residence Corporation as is allowable under PS3450. As described in Note 21, this loan was repaid in full in January 2025 by the Marguerita Residence Corporation and at no expense to the City.

December 31, 2023

7. Tangible Capital Assets

Cost	Balance, December 31, 2022	Additions (net of transfers)	Disposals / Transfers	**Balance, December 31, 2023**
General capital				
Land	$ 6,172,380	$ -	$ -	**$ 6,172,380**
Land improvements	8,617,806	4,432,229	-	**13,050,035**
Buildings	17,104,392	4,060,433	97,230	**21,067,595**
Machinery, furniture and equipment	20,021,663	854,026	154,986	**20,720,703**
Vehicles	9,220,683	1,456,539	567,688	**10,109,534**
Infrastructure				
Plants and facilities	54,592,320	-	-	**54,592,320**
Roads	53,749,970	1,523,717	699,104	**54,574,583**
Water and waste water	27,046,258	2,850,531	-	**29,896,789**
Assets under construction	7,034,618	3,760,025	4,481,451	**6,313,192**
Library - books	814,508	-	15,794	**798,714**
Library - furniture and equipment	49,262	88,008	-	**137,270**
Library - computers	-	38,422	-	**38,422**
Total	$ 204,423,860	$ 19,063,930	$ 6,016,253	**$ 217,471,537**

Accumulated amortization	Balance, December 31, 2022	Amortization	Disposals	**Balance, December 31, 2023**
General capital				
Land improvements	$ 3,737,142	$ 341,135	$ -	**$ 4,078,277**
Buildings	12,842,565	515,724	97,230	**13,261,059**
Machinery, furniture and equipment	10,506,532	1,055,628	154,986	**11,407,174**
Vehicles	4,720,746	595,465	563,685	**4,752,526**
Infrastructure				
Plants and facilities	20,005,169	1,164,074	-	**21,169,243**
Roads	29,692,014	1,310,222	536,010	**30,466,226**
Water and waste water	9,343,841	476,613	-	**9,820,454**
Library - books	644,994	129,580	-	**774,574**
Library - furniture and equipment	48,936	12,490	-	**61,426**
Library - computers	-	22,610	-	**22,610**
Total	$ 91,541,939	$ 5,623,541	$ 1,351,911	**$ 95,813,569**

7. Tangible Capital Assets (continued)

	Net book value December 31, 2022	Net book value December 31, 2023
General capital		
Land	$ 6,172,380	$ 6,172,380
Land improvements	4,880,664	8,971,758
Buildings	4,261,827	7,806,536
Machinery, furniture and equipment	9,515,131	9,313,529
Vehicles	4,499,937	5,357,008
Infrastructure		
Plants and facilities	34,587,151	33,423,077
Roads	24,057,956	24,108,357
Water and waste water	17,702,417	20,076,335
Assets under construction	7,034,618	6,313,192
Library - books	169,514	24,140
Library - furniture and equipment	326	75,844
Library - furniture and equipment	-	15,812
Total	$ 112,881,921	$ 121,657,968

The asset additions noted above include transfers from assets under construction to finished tangible capital assets. The additions net of these transfers were $7,976,318.

8. Investment in the Aquatarium

The City entered into a partnership agreement to construct a destination tourist site to be called the Aquatarium (previously called Maritime Discovery Centre) which was completed in 2016.

The project was developed through a partnership between a third party builder, the City and Build Canada capital funding. A total of $20,729,363 was spent and a fundraising goal of $4 million was established to cover the unfunded costs of the project. As of December 31, 2023, the previously unfunded cost of $23,634 was fully funded.

The Aquatarium opened in 2016. The City entered into an agreement with a not-for-profit organization to operate the Aquatarium. The City has committed to annual funding of $150,000, in addition to in-kind services for accounting, financial management and payments on behalf of the Aquatarium to cover insurance, water and waste water charges. Subsequent to year-end, Council approved additional annual funding of $300,000 relating to 2024, 2025, and 2026.

In 2023, the City provided $612,956 (2022 - $619,811) in operating funding and in-kind funding to the Aquatarium.

9. Investment in Woolworth Building

The City purchased 36-46 King Street West, known as the Woolworth Building, in December 2020 with the intention of redeveloping the property. A public RFP process was completed, but an approved project was not obtained. A process of inviting Expressions of Interest (EOI) was also completed in the process of seeking a suitable development. The EOI process is in the final stages of approval.

During the process of seeking appropriate redevelopment opportunities, and considering the condition of the building, it was determined that the actual realizable value of the building is lower than the acquisition cost of $1,056,421. As such, the value of the building was written down by $500,000 which was included in 'Planning and development' expenses on the consolidated statement of operations for the year ended December 31, 2021.

The carrying cost of the Woolworth Building consists of:

Cash	**$ 541,421**
Donations	**515,000**
Net cost of purchase in 2020	**$ 1,056,421**
Write-down in 2021	**(500,000)**
Net Value	**$ 556,421**

10. Commitments

a) The City entered into a 5-year agreement on November 7, 2022, with LA Knapp Construction for garbage collection, leaf/yard waste, and Christmas tree collection through to November 6, 2027, and a 2-year contract for recycling collection, through to November 6, 2024, with a possible extension of the recycling collection following the implementation of Ontario's new blue box regulation in 2025. The annual contract is estimated at $1.6 million for both services.

b) The City has a 2-year contract for the management of the Brockville-1000 Islands Regional Tackaberry Airport (from January 1, 2022, to December 31, 2023) with 3 optional 1-year extensions, which have all been exercised. The contract price is $151,000.

c) The City has entered into a cost sharing agreement with the United Counties of Leeds and Grenville for Fire Radio Cost Sharing. This is expected to cost $21,300 annually for ten years, expiring December 31, 2027.

d) The City, along with the United Counties of Leeds and Grenville, the Town of Prescott, Townships of Augusta, Elizabethtown-Kitley and Edwardsburgh Cardinal have entered a three-year contract with Compass Minerals Canada Corp. for the supply and delivery of winter salt. The contract is in effect until April 30, 2025. The estimated annual cost to the City of Brockville is $150,000.

e) The City enterred into a new agreement in August of 2023 with the Ottawa Safety Council for management and operations of the Crossing Guard Program. The contract is for a 3-year term for services from September 1, 2023, to June 30, 2026. First term costs are projected to be $310,200 plus net HST.

f) Lease of harbour from the Department of Oceans and Fisheries for the greater of $500 of 20% of the harbour revenues; average payment is around $40,000.

g) For the provision of parking enforcement services, the City entered into a commitment with Commissionaires Kingston & Region from May 1, 2022 to April 30, 2023 with 2 possible 1 year extensions. The actual amount for 2024 is $102,631.

11. Contingencies

a) The nature of the City's activities is such that there is usually litigation pending or in prospect at any time. Management is of the opinion that the City has valid defences and appropriate insurance coverage in place for claims for damages and related costs.

b) The Brockville Railway Tunnel is a project undertaken by the City to rehabilitate and transform the tunnel site into a local attraction and was completed in 2017. The project, after completion, was determined to have costed $2.1 million over the pre-determined budget. The recovery of these costs is expected to be recovered through Canada Community Building Fund (CCBF) funds, which will finance the related future debenture payments.

December 31, 2023

12. Accumulated Surplus

a) The accumulated surplus consists of:

	2023	2022
Reserves		
Fiscal policy (note 12(b))	**$ 3,017,958**	$ 3,605,106
Other reserves	**4,772,666**	4,736,651
Water and wastewater reserves	**6,871,967**	7,224,606
	14,662,591	15,566,363
Reserve Funds (note 14)		
Reserve funds	**2,617,956**	2,315,676
Water and wastewater	**3,728,345**	3,728,345
Library	**7,630**	7,230
	6,353,931	6,051,251
Library Accumulated Surplus	**(235,390)**	(3,878)
Investment in tangible capital assets	**121,657,968**	112,881,921
Investment in land held for sale	**1,413,883**	1,413,883
Investment in Aquatarium (note 8)	**20,729,363**	20,729,363
Investment in buildings for development	**556,421**	556,421
	144,357,635	135,581,588
Funds available for acquisition of capital assets		
Projects in progress	**1,360,165**	2,509,459
Completed projects	**7,975**	7,975
Prior year surplus/contributed surplus	**2,190**	2,190
Acquisition of capital assets to be recovered from		
Taxation and user fees	**-**	-
Issue of long-term liabilities	**-**	-
Donations / Grants	**-**	-
	1,370,330	2,519,624
Unfunded costs		
Asset retirement obligations	**(9,349,582)**	(2,455,000)
Accrued interest on net long-term liabilities	**(102,517)**	(128,750)
Employee future benefits	**(9,030,275)**	(8,660,991)
Special liability - WSIB	**(14,240)**	(14,240)
Net long-term liabilities	**(15,558,324)**	(18,390,699)
	(34,054,938)	(27,194,680)
	$ 132,454,159	$ 132,520,268

12. Accumulated Surplus (continued)

b) Fiscal policy reserve

	2023	2022
Balance, beginning of year	$ 3,605,106	$ 3,982,565
Net transfers included in budget	(1,268,945)	(390,955)
Operating surplus (deficit)	681,797	13,496
Balance, end of year	$ 3,017,958	$ 3,605,106

13. Government Grants

Included in government grants is $4,004,421 (2022 - $3,915,534) of provincial grants and $2,616,594 (2022 - $1,789,965) of federal grants.

14. Reserve Funds

Reserve funds consist of:

	2023	2022
Landfill site	$ 24,567	$ 23,259
Specific reserve funds for acquisition of capital assets	832,894	937,369
Specific reserve funds to provide for future operating expenses	1,331,003	965,631
Parking facilities	418,428	378,932
Hydro One proceeds management	11,064	10,485
Water and wastewater	3,728,345	3,728,345
Library	7,630	7,230
	$ 6,353,931	$ 6,051,251

December 31, 2023

15. Pension Agreement

Substantially all of the employees of the City are members of the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer defined benefit pension plan. The plan specifies the amount of the retirement benefit to be received by the employees based on length of service and rates of pay.

Contributions to the plan made during the year by the City on behalf of its employees amounted to $2,209,332 (2022 - $2,044,502) and are included as expenses in the consolidated statement of operations and accumulated surplus.

The most recent actuarial valuation was at December 31, 2023 and the December 31, 2023 financial statements of OMERS report net assets available for benefits of $127 billion and an actuarial funding deficit of $4.2 billion.

16. Trust Funds

Trust funds administered by the City amounting to $1,446,588 (2022 - $1,423,963) have not been included in the consolidated statement of financial position and their financial activities have not been included in the consolidated statements of operations and accumulated surplus.

December 31, 2023

17. Budget

The following represents the approved budget restated to conform with the presentation format of the consolidated statement of operations. The current year actual revenues and expenses are presented for comparison.

	Budget	Actual
Revenues		
Operations		
Levy	$ 41,675,115	$ 41,774,250
Government grants	2,331,735	2,998,554
User fees	5,482,932	5,114,397
Other revenues and recoveries	7,907,808	9,737,245
	57,397,590	59,624,446
Water	4,446,092	5,439,349
Wastewater	5,891,294	6,445,543
Library Board net of municipal levy	945,724	1,288,053
Capital	7,909,333	8,217,298
Reserve funds	-	115,235
	76,590,033	81,129,924
Less:		
Transfers from other funds	(3,355,871)	(7,733,034)
Internal charges netted for financial statement presentation purposes	(2,153,024)	(2,853,146)
Debenture Proceeds	(2,153,355)	-
Proceeds from disposal of tangible capital assets	-	(197,226)
Gain on disposal of tangible capital assets	-	193,223
	(7,662,250)	(10,590,183)
	$ 68,927,783	$ 70,539,742
Expenses		
Operations	$ 57,397,590	$ 59,624,446
Water	4,446,092	6,620,673
Wastewater	5,891,294	5,614,478
Library Board net of municipal levy	1,064,159	1,482,255
Capital	11,556,181	9,366,593
	80,355,316	82,708,445
Less:		
Transfers to other funds	(4,329,085)	(7,882,828)
Principal payments on net long-term liabilities	(2,959,250)	(2,832,376)
Internal charges netted for financial statement presentation purposes	(2,153,024)	(2,747,838)
Acquisition of tangible capital assets	(11,074,351)	(8,097,026)
	59,839,606	61,148,377
Add items included in expenses not included in budget:		
Amortization of tangible capital assets	-	5,221,198
Change in unfunded liabilities	-	1,049,610
Loss on disposal of tangible capital assets	-	215,806
	-	6,486,614
	$ 59,839,606	$ 67,634,991

17. Budget (continued)

Budget figures reported on the Consolidated Statement of Operations are based on 2023 operating and capital budgets as approved by Council on March 28, 2023 (By-law 025-2023) and includes subsequent council approved amendments. Budget figures reported in these financial statements are not subject to an audit.

18. St. Lawrence Lodge

Operations

The St. Lawrence Lodge (the "Lodge") makes an annual assessment to the participating municipalities for operating expenditures and minor capital costs that are not funded by other sources of revenue (primarily resident fees and subsidy from the Province of Ontario). The Lodge tracks the residents based on the municipality that they lived in prior to entering the facility (if they resided in one of the four participating municipalities). The annual assessment is allocated to the municipalities based on a five-year rolling average of the percentage of residents from their jurisdiction. The City's allocation for 2023 was 60.7% (2022 - 60.7%).

Operating levies and any excess of operating revenue over expenditures (expenditures over revenue) is allocated to the municipalities based on the percentage of assessments used for that year.

Redevelopment

The Lodge redeveloped its facility over a number of years resulting in occupancy in 2006. The cost was approximately $34,500,000 of which $32,400,000 was financed by debentures issued by the City of Brockville. The Province of Ontario is committed to providing $846,192 annually until the debentures are repaid in 2025. The municipalities have agreed to fund the balance of the amounts required to repay the debentures and pay the interest due on those obligations in a fixed ratio being:

City of Brockville	60.26%
United Counties of Leeds and Grenville	28.57%
Town of Prescott	9.38%
Town of Gananoque	1.79%

The excess (or shortfall) of municipal funding over interest on long-term liabilities and amortization of the new facility is allocated to municipal surplus using those ratios and represents the difference between the timing of funding (received over 20 years) and the amortization of the building (over 40 years). Ultimately, at the end of 2046, the surplus will be reduced to $Nil.

18. St. Lawrence Lodge (continued)

The City's portion of the Lodge's accumulated surplus is as follows:

	2023	2022
Deficit from Operations	**$ (131,569)**	$ (147,483)
Surplus from Redevelopment	**6,682,331**	5,783,749
	$ 6,550,762	$ 5,636,266

During the year, the City had the following transactions with the Lodge:

- The City contributed to the Lodge an annual operating grant of $1,646,496 (2022 - $1,483,330).
- As described in the net long-term liabilities note 6, the City issued debentures with respect to the Lodge. The total debenture payments for the year were $2,561,113 of which the City was responsible for $1,543,327 (2022 - $1,543,327), the other Lodge partners $1,017,786 (2022 - $1,017,786). The Ministry of Health and Long Term Care contributes $846,192 (2022 - $846,192) to cover a portion of these debenture payments in accordance with the original funding agreement.

These transactions were in the normal course of operations and are measured at the exchange value, the amount of consideration established and agreed to by the related parties, which approximates the arm's length equivalent value for such transactions.

December 31, 2023

19. Expenses by Object

The following is a summary of the expenses by object:

	Budget 2023	Actual 2023	Actual 2022
Salaries, wages and benefits	**$ 33,497,827**	**$ 33,077,492**	$ 31,666,417
Interest on long-term liabilities	**640,223**	**542,430**	626,552
Materials and supplies	**10,420,214**	**12,267,228**	10,387,881
Contracted services	**8,080,148**	**8,503,450**	6,798,552
Rents and financial services	**56,975**	**387,961**	85,064
Transfer payments	**7,144,219**	**7,017,083**	6,784,978
Amortization of tangible capital assets	**-**	**5,623,541**	4,752,819
Loss on disposal of tangible capital assets	**-**	**215,806**	79,730
	$ 59,839,606	**$ 67,634,991**	$ 61,181,993

Rents and Financial Services includes $288,658 of non-budgeted accretion expense in relation to asset retirement obligations.

20. Contaminated Lands

The City owns several pieces of property that are deemed to be contaminated. While they do not present a threat to the surrounding population, they would all require remediation before any developmental initiatives are pursued. No remediation amounts have been accrued for in these financial statements. The identified contaminated sites are as follows:

Tunnel Site

It is believed that there are some old, unmined coal deposits on the north end side of the tunnel site which City owns. Sufficient investigation has not been completed to allow for a reasonable estimate of the related clean-up costs. It is not anticipated that there is a need to remediate the site at this time.

Brownfields

The City owns several other sites that it classifies as brownfields, but there has been no estimate on remediation costs as there are no plans of developing these sites.

21. Marguerita Residence Corporation Promissory Note and Construction Financing

The Marguerita Residence Corporation (MRC) is a non-profit corporation that will be providing both reduced rent and lower market rent units in their re-development of 42 Garden St. The building is specifically for seniors. Due to current economic conditions, and the loss of their general contractor, MRC ran into difficulties with their financing of the construction loan. In October 2022 the MRC signed a promissory note with the City to borrow up to $3,000,000 while a construction loan was arranged with Infrastructure Ontario through the City. Any part of the $3,000,000 that was borrowed through the promissory note would be transferred to the construction loan with Infrastructure Ontario and repaid to the City.

In November 2022, the City secured a construction loan of a maximum of $24,000,000 to fund the development. The funds paid through the promissory note were transferred to the construction loan in January 2023. At the end of 2023, MRC had borrowed $9,515,000 relating to this facility. The construction loan is for full cost recovery for the City. All interest charges are invoiced to MRC monthly. A total of $16 million was advanced to MRC through January 2025. The construction loan relating to MRC was fully discharged in January, 2025 and the City has no further commitment relating to their financing and resulting mortgage.

22. Comparative figures

Certain comparative figures have been reclassified to confirm with current year presentation. In the current year, Library operations have been classified as a separate line item in the Statement of Operations.

23. Segmented Information

The City is a municipal government organization that provides a range of services to its residents. City services are reported by function and their activities are separately disclosed in the segmented information.

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. Certain allocation methodologies are employed in the preparation of segmented financial information. Taxation, payments-in-lieu of taxes and certain unconditional government transfers are apportioned based on each segment's net requirement.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in the summary of significant accounting policies. For additional information see the Consolidated Schedule of Segment Disclosure.

The activities that are included in each functional line of services are as follows:

General government consists of the Mayor and Council, the City Manager and administrative services which include the Clerk, Finance, Human Resources and Information Technology departments.

Protection consists of Fire, Police and By-law Enforcement departments as well as contributions to the Cataraqui Region Conservation Authority.

Transportation services include engineering, road and sidewalk construction and maintenance, winter control, traffic operations and parking.

Environmental services include the operations of waterworks, sanitary and storm sewers, wastewater treatment, solid waste disposal and recycling.

Health services consists of cemetery management and maintenance and transfers to the local Health Unit.

Social and family services consists of transfers to the United Counties of Leeds and Grenville for social and family services, transfers to St. Lawrence Lodge and interest on net long-term liabilities with respect to St. Lawrence Lodge.

Library services consist of Brockville Public Library operating activities, excluding the City's annual operating funding.

Social housing consists of transfers to the United Counties of Leeds and Grenville.

Recreational and cultural services is comprised primarily of parks services and the operation of recreational facilities, the library and the museum.

Planning and development is comprised of planning and zoning and economic development.

23. Segmented Information (continued)

2023	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Social Housing	Library	Recreational and Cultural Services	Planning and Development	Total
Revenues											
Property taxation	$ 4,803,011	$ 15,392,319	$ 5,652,570	$ 2,768,460	$ 2,357,830	$ 2,246,180	$ 861,077	$ 890,000	$ 4,627,800	$ 1,968,112	$ 41,567,359
Taxation from other governments	232,295	-	11,525	97,182	-	-	-	-	5,220	-	346,222
User charges	159,028	1,463,308	948,684	10,209,314	187,569	-	-	64,745	1,602,927	537,206	15,172,781
Charges to other municipalities	-	500,540	-	163,890	-	517,700	-	16,176	-	-	1,198,306
Government grants	1,518,571	910,509	2,936,898	195,096	-	-	-	211,090	666,386	182,465	6,621,015
Contributions from developers	-	-	-	536,990	-	-	-	-	-	-	536,990
Penalties and interest on taxes	632,657	-	-	76,955	-	-	-	-	-	-	709,612
Investment income	859,685	-	-	340,850	-	-	-	20,694	-	-	1,221,229
Donations and fundraising	-	114	-	-	-	-	-	72,629	315,466	18,880	407,089
Gain on sale of capital assets	1,500	11,851	38,902	9,965	-	-	-	-	3,320	127,685	193,223
Recovery of expenditures and miscellaneou	552,548	841,930	188,770	233,957	62,574	-	-	12,719	76,176	597,242	2,565,916
Total Revenue	$ 8,759,295	$ 19,120,571	$ 9,777,349	$ 14,632,659	$ 2,607,973	$ 2,763,880	$ 861,077	$ 1,288,053	$ 7,297,295	$ 3,431,590	$ 70,539,742
Expenses											
Salaries, wages and benefits	$ 2,163,988	$ 16,935,330	$ 3,773,297	$ 4,640,134	$ 337,565	$ -	$ -	$ 986,145	$ 3,002,440	$ 1,238,593	$ 33,077,492
Interest on long-term liabilities	51,927	40,196	42,861	185,886	1,580	155,004	-	1,048	58,684	5,244	542,430
Materials and supplies	4,084,493	1,402,652	1,856,689	3,058,262	49,132	-	-	294,663	1,296,601	224,736	12,267,228
Contracted services	466,889	1,102,134	1,833,196	3,281,883	21,860	-	-	74,858	853,087	869,543	8,503,450
Rent and financial services	32,137	30,515	33,479	150,871	-	-	-	11,835	129,124	-	387,961
Transfer payments	-	239,347	-	39,174	2,390,174	2,550,710	1,139,739	-	657,939	-	7,017,083
Amortization of tangible capital assets	173,526	495,331	1,767,120	1,926,459	20,406	-	-	177,919	1,059,325	3,455	5,623,541
Loss on disposal of tangible capital assets	-	-	215,806	-	-	-	-	-	-	-	215,806
Total Expenses	$ 6,972,960	$ 20,245,505	$ 9,522,448	$ 13,282,669	$ 2,820,717	$ 2,705,714	$ 1,139,739	$ 1,546,468	$ 7,057,200	$ 2,341,571	$ 67,634,991

23. Segmented Information (continued)

2022	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Social Housing	Library	Recreational and Cultural Services	Planning and Development	Total
Revenues											
Property taxation	$ 5,446,497	$ 14,109,148	$ 5,092,037	$ 1,707,262	$ 1,914,881	$ 3,063,590	$ 836,983	$ 854,536	$ 4,107,981	$ 1,425,162	$ 38,558,077
Taxation from other governments	205,722	-	11,525	100,535	-	-	-	-	1,888	-	319,670
User charges	165,336	1,426,631	1,027,975	9,730,797	150,243	-	-	-	1,388,886	1,467,947	15,357,815
Charges to other municipalities	-	-	-	1,138,820	-	-	-	-	-	-	1,138,820
Government grants	1,605,492	774,518	2,247,069	200,223	24,452	-	-	44,624	433,868	375,253	5,705,499
Penalties and interest on taxes	768,837	-	-	-	-	-	-	-	-	-	768,837
Investment income	196,923	-	-	-	-	-	-	-	-	-	196,923
Donations and fundraising	-	107	-	-	-	-	-	-	120,078	202,032	322,217
Gain on sale of capital assets	-	30,871	66,500	-	-	-	-	-	-	-	97,371
Recovery of expenditures and miscellaneous	258,318	675,078	82,377	179,525	51,501	-	-	1,276	92,272	112,379	1,452,726
Total Revenue	**$ 8,647,125**	**$ 17,016,353**	**$ 8,527,483**	**$ 13,057,162**	**$ 2,141,077**	**$ 3,063,590**	**$ 836,983**	**$ 900,436**	**$ 6,144,973**	**$ 3,582,773**	**$ 63,917,955**
Expenses											
Salaries, wages and benefits	$ 2,282,025	$ 16,467,882	$ 3,659,356	$ 4,347,290	$ 330,413	$ -	$ -	$ 773,214	$ 2,461,558	$ 1,344,679	$ 31,666,417
Interest on long-term liabilities	54,317	48,616	41,348	188,637	1,818	220,867	-	1,317	63,039	6,593	626,552
Materials and supplies	2,747,332	1,516,120	1,874,063	2,750,656	48,070	-	-	83,030	1,104,214	264,396	10,387,881
Contracted services	540,990	561,141	1,521,277	2,231,230	48,792	-	-	36,822	669,874	1,188,426	6,798,552
Rent and financial services	13,078	442	5,730	24,452	-	-	-	-	40,640	722	85,064
Transfer payments	-	214,318	-	-	2,501,647	2,358,117	977,994	1,721	634,932	96,249	6,784,978
Amortization of tangible capital assets	164,456	413,332	1,650,110	1,716,339	18,039	-	-	6,444	780,645	3,454	4,752,819
Loss on disposal of tangible capital assets	-	1,033	78,144	553	-	-	-	-	-	-	79,730
Total Expenses	**$ 5,802,198**	**$ 19,222,884**	**$ 8,830,028**	**$ 11,259,157**	**$ 2,948,779**	**$ 2,578,984**	**$ 977,994**	**$ 902,548**	**$ 5,754,902**	**$ 2,904,519**	**$ 61,181,993**