

**Corporation of the  
City of Brockville  
Consolidated Financial Statements  
For the year ended December 31, 2022**

**Corporation of the City of Brockville**  
**Consolidated Financial Statements**  
For the year ended December 31, 2022

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## Independent Auditor's Report

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### 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, 2022 and the consolidated statements of operations and accumulated surplus, 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, 2022 and the results of its operations and accumulated surplus, 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.

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.

Chartered Professional Accountants  
Licensed Public Accountants

Kingston, Ontario  
November 27, 2023

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## MANAGEMENT REPORT

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**Corporation of the City of Brockville  
For the Year Ended December 31, 2022**

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.

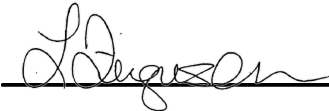
The consolidated financial statements have been audited by MNP LLP in accordance with generally accepted auditing standards on behalf of the City. MNP LLP has full and free access to Council.

Mayor



Date Dec 12 2023

Treasurer



Date Dec 12 2023

# Corporation of the City of Brockville

## Consolidated Statement of Financial Position

December 31, 2022, with comparative figures for 2021

	2022	2021
<b>Financial assets</b>		
Cash and short-term investments (note 1)	\$ 24,979,938	\$ 26,324,875
Long-term investments (Water & Wastewater) (note 2)	2,874,383	3,122,242
Taxes receivable	5,927,933	6,111,322
Accounts receivable	6,619,163	4,714,529
	<b>40,401,417</b>	<b>40,272,968</b>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	9,971,984	8,255,974
Accrued interest on net long-term liabilities	128,751	135,907
Deferred revenues - obligatory reserve funds (note 3)	6,134,210	5,999,102
Other deferred revenues (note 3)	717,393	740,924
Employee future benefits (note 4)	8,675,230	8,338,387
Solid waste landfill closure and post-closure liabilities (note 5)	2,455,000	2,455,000
Net long-term liabilities (note 6)	18,390,699	20,345,274
	<b>46,473,267</b>	<b>46,270,568</b>
Net financial liabilities	<b>(6,071,850)</b>	<b>(5,997,600)</b>
<b>Non-financial assets</b>		
Tangible capital assets (note 7)	112,881,921	110,063,700
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	391,525	458,605
Prepaid expenses	164,005	104,934
	<b>136,137,118</b>	<b>133,326,906</b>
Commitments (note 10)		
Contingencies (notes 6 and 11)		
<b>Accumulated surplus (note 12)</b>	<b>\$ 130,065,268</b>	<b>\$ 127,329,306</b>

# Corporation of the City of Brockville

## Consolidated Statement of Operations and Accumulated Surplus

December 31, 2022, with comparative figures for 2021

	Budget 2022	Actual 2022	Actual 2021
	(Note 17)		
<b>Revenues</b>			
Property taxation	\$ 38,155,364	\$ 38,558,077	\$ 36,846,060
Taxation from other governments	185,450	319,670	417,332
User charges	14,153,085	15,357,815	13,432,029
Charges to other municipalities	1,230,669	1,138,820	1,260,017
Government grants (note 13)	6,381,503	5,705,499	5,568,168
Penalties and interest on taxes	777,000	768,837	742,244
Investment income	120,000	196,923	741,490
Donations and fundraising	83,150	322,217	188,234
Gain on disposal of tangible capital assets	-	97,371	321,264
Recovery of expenses and miscellaneous	1,016,833	1,452,726	1,429,037
	<b>62,103,054</b>	<b>63,917,955</b>	<b>60,945,875</b>
<b>Expenses</b>			
General government	5,700,228	5,802,198	5,239,102
Protection to persons and property	17,947,647	19,222,884	17,699,302
Transportation services	6,314,020	8,830,028	7,871,869
Environmental services	9,704,679	11,259,157	10,359,511
Health services	2,513,240	2,948,779	2,584,300
Social and family services	2,692,696	2,578,984	2,500,469
Social housing	1,091,628	977,994	984,179
Recreation and cultural services	6,027,314	6,657,450	6,686,597
Planning and development	1,810,730	2,904,519	3,071,088
	<b>53,802,182</b>	<b>61,181,993</b>	<b>56,996,417</b>
<b>Annual surplus</b>	<b>8,300,872</b>	<b>2,735,962</b>	<b>3,949,458</b>
<b>Accumulated surplus, beginning of year</b>		<b>127,329,306</b>	<b>123,379,848</b>
<b>Accumulated surplus, end of year (note 12)</b>		<b>\$ 130,065,268</b>	<b>\$ 127,329,306</b>

# Corporation of the City of Brockville

## Consolidated Statement of Change in Net Financial Liabilities

December 31, 2022, with comparative figures for 2021

	Budget 2022	Actual 2022	Actual 2021
	(Note 17)		
<b>Annual Surplus</b>	<b>\$ 8,300,872</b>	<b>\$ 2,735,962</b>	<b>\$ 3,949,458</b>
Acquisition of tangible capital assets (note 7)	(7,654,344)	(7,654,344)	(4,217,103)
Write-down of Woolworth building (note 9)	-	-	500,000
Amortization of tangible capital assets (note 7)	-	4,752,819	4,748,213
Gain on disposal of tangible capital assets	-	(17,641)	(271,099)
Proceeds from disposal of tangible capital assets	-	100,945	370,914
	<b>646,528</b>	<b>(82,259)</b>	<b>5,080,383</b>
Change in inventory of supplies	-	67,080	113,485
Change in prepaid expenses	-	(59,071)	365,068
<b>Change in net financial liabilities</b>	<b>646,528</b>	<b>(74,250)</b>	<b>5,558,936</b>
<b>Net financial liabilities, beginning of year</b>		<b>(5,997,600)</b>	<b>(11,556,536)</b>
<b>Net financial liabilities, end of year</b>		<b>\$ (6,071,850)</b>	<b>\$ (5,997,600)</b>



# Corporation of the City of Brockville

Consolidated Statement of Cash Flows

**December 31, 2022, with comparative figures for 2021**

	2022	2021
<b>Cash Provided by (used for)</b>		
<b>Operating activities</b>		
Annual surplus	\$ 2,735,962	\$ 3,949,458
Items not involving cash		
Amortization of tangible capital assets (note 7)	4,752,819	4,748,213
Gain on disposal of tangible capital assets	(17,641)	(271,099)
Change in employee future benefits liability	336,843	447,199
Change in unrealized gain on long-term investments	247,859	(599,451)
Write-down of investment in Woolworth building (note 9)	-	500,000
Change in taxes receivable	183,389	(81,085)
Change in accounts receivable	(1,904,634)	(235,319)
Change in accounts payable and accrued liabilities	1,716,010	1,436,609
Change in accrued interest on net long-term liabilities	(7,156)	(24,756)
Change in deferred revenues	111,577	1,349,260
Change in inventory of supplies	67,080	113,485
Change in prepaid expenses	(59,071)	365,068
	<b>8,163,037</b>	<b>11,697,582</b>
<b>Financing activities</b>		
Net proceeds from debentures issued	904,462	-
Principal payments on net long-term liabilities	(2,859,037)	(2,757,324)
	<b>(1,954,575)</b>	<b>(2,757,324)</b>
<b>Capital activities</b>		
Proceeds from disposal of tangible capital assets	100,945	370,914
Acquisition of tangible capital assets (note 7)	(7,654,344)	(4,217,103)
	<b>(7,553,399)</b>	<b>(3,846,189)</b>
<b>Increase in cash and short-term investments</b>	<b>(1,344,937)</b>	<b>5,094,069</b>
<b>Cash and short-term investments, beginning of year</b>	<b>26,324,875</b>	<b>21,230,806</b>
<b>Cash and short-term investments, end of year</b>	<b>\$ 24,979,938</b>	<b>\$ 26,324,875</b>

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

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## **Corporation of the City of Brockville Summary of Significant Accounting Policies**

**December 31, 2022**

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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 \$6,622,959.

#### **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**

Investments are recorded at cost.

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## Corporation of the City of Brockville Summary of Significant Accounting Policies

December 31, 2022

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### 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	\$ 38,104,214	\$ 38,106,059
Supplemental Taxes	425,000	570,201
Total Taxation Revenues	38,529,214	38,676,260
Less: Write-offs	(373,850)	(118,183)
Net Revenue from Taxation	\$ 38,155,364	\$ 38,558,077

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#### ***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.

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## **Corporation of the City of Brockville Summary of Significant Accounting Policies**

**December 31, 2022**

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<b><i>Other Revenues (continued)</i></b>	<p>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.</p> <p>Building permit revenues are recognized when issued.</p>
<b><i>Investment Income</i></b>	<p>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.</p>
<b>Non-financial Assets</b>	<p>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.</p>
<b>Employee Future Benefits</b>	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>

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## **Corporation of the City of Brockville Summary of Significant Accounting Policies**

**December 31, 2022**

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<b>Solid Waste Landfill Closure and Post-closure Liabilities</b>	<p>The City accrues landfill 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. The reported liabilities have been recognized based on management's best estimate of future expenses, long-term inflation rates and discount rates.</p> <p>Future events may result in significant changes to the estimated total expenses, capacity used or total capacity and the estimated liabilities and would be recognized prospectively, as a change in estimates, when applicable.</p>
<b>Inventories of Supplies</b>	<p>Inventories of supplies are held for consumption and are stated at the lower of cost and replacement cost.</p>
<b>Inventories Held for Resale</b>	<p>Inventories of land held for resale are stated at the lower of cost and net realizable value.</p>

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## Corporation of the City of Brockville

### Summary of Significant Accounting Policies

**December 31, 2022**

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**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	2-7 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.

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## **Corporation of the City of Brockville Summary of Significant Accounting Policies**

**December 31, 2022**

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### **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, solid waste landfill closure and post-closure liabilities. 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.

### **Long-term Investments**

Long-term investments are comprised of marketable securities within the Local Authority Services - LAS One Investment Program and are recorded at fair market value.

### **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.

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## Corporation of the City of Brockville Notes to Consolidated Financial Statements

**December 31, 2022**

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### 1. Cash and Short-term Investments

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

	<u>2022</u>	<u>2021</u>
Unrestricted	\$ 11,523,735	\$ 14,994,010
Restricted	<u>13,456,203</u>	<u>11,330,865</u>
	<u><b>\$ 24,979,938</b></u>	<u><b>\$ 26,324,875</b></u>

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

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### 2. Long-term Investments

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 investment represents \$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, 2022 is \$2,874,383 (2021 - \$3,122,242).



## Corporation of the City of Brockville Notes to Consolidated Financial Statements

**December 31, 2022**

### 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:

	<b>2022</b>	2021
Development charges	\$ 1,497,312	\$ 1,142,371
Impost Fees	289,564	284,117
Parkland	71,486	66,555
	<b>1,858,362</b>	1,493,043
Federal/provincial gasoline tax/OCIF	<b>4,275,848</b>	4,506,059
	<b>\$ 6,134,210</b>	\$ 5,999,102

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

	<b>2022</b>	2021
<b>Balance</b> , beginning of the year	\$ 5,999,102	\$ 4,308,636
Amounts received		
Developer contributions	333,142	168,526
Gas tax funding	1,353,983	2,655,606
OCIF	971,499	416,268
Interest	208,465	70,370
	<b>8,866,191</b>	7,619,406
Amounts transferred		
To operations	208,171	208,171
To capital	2,523,810	1,412,133
	<b>2,731,981</b>	1,620,304
<b>Balance</b> , end of the year	<b>\$ 6,134,210</b>	\$ 5,999,102

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## Corporation of the City of Brockville

### Notes to Consolidated Financial Statements

**December 31, 2022**

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#### 3. Deferred Revenues (continued)

##### Other Deferred Revenues

The other deferred revenues are comprised as follows:

	<u>2022</u>	<u>2021</u>
Other	<b>\$ 717,393</b>	<b>\$ 740,924</b>

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#### 4. Employee Future Benefits

	<u>2022</u>	<u>2021</u>
Post-retirement medical and life insurance (note 4(a))	<b>\$ 7,805,382</b>	\$ 7,360,211
Unused sick leave (note 4(c))	<b>855,608</b>	963,936
Workplace Safety and Insurance Board costs (note 4(d))	<b>14,240</b>	14,240
	<b>\$ 8,675,230</b>	<b>\$ 8,338,387</b>

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- 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, 2022. The significant actuarial assumptions adopted in measuring the City's accrued post-retirement benefits liability are as follows:

	<u>2022</u>	<u>2021</u>
Discount rate	4.00%	3.00%
Rate of compensation increase	<b>2.00%</b>	<b>2.00%</b>

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The assumed medical cost trend rate at December 31, 2022 was 6.14% decreasing to 4.0% by 2040 (2021 - 6.10% decreasing to 4.0% by 2040).

## Corporation of the City of Brockville Notes to Consolidated Financial Statements

**December 31, 2022**

### 4. Employee Future Benefits (continued)

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

	<b>2022</b>	2021
Accrued benefits obligation, beginning of year	<b>\$ 7,721,818</b>	\$ 7,546,087
Current service cost	<b>445,738</b>	348,021
Interest on accrued benefits	<b>240,223</b>	174,745
Benefit payments	<b>(320,277)</b>	(255,335)
Actuarial loss	<b>(1,049,059)</b>	(91,700)
Accrued benefits obligation, end of year	<b>7,038,443</b>	7,721,818
Unamortized actuarial losses	<b>(766,939)</b>	361,607
Accrued benefits liability, end of year	<b>\$ 7,805,382</b>	\$ 7,360,211

Actuarial gains and losses are being amortized over 12 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:

	<b>2022</b>	2021
Accrued benefits obligation, beginning of year	<b>\$ 963,936</b>	\$ 911,478
Current service cost, interest on accrued benefits and actuarial losses	<b>57,152</b>	57,104
Benefit payments	<b>(165,480)</b>	(4,646)
Accrued benefits obligation, end of year	<b>\$ 855,608</b>	\$ 963,936

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 (2021 - \$14,240). There was no change to this estimate in 2022.

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## Corporation of the City of Brockville Notes to Consolidated Financial Statements

**December 31, 2022**

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### 5. Solid Waste Landfill Closure and Post-closure Liabilities

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 4.80% (rounded) and an annual inflation rate of 2.00% (rounded) and an estimated 20 years remaining for post-closure care. The estimated undiscounted future cash flows associated with closure and post-closure care are \$2,455,000.

	<u>2022</u>	<u>2021</u>
Estimated costs to complete closure	<b>\$ 320,000</b>	\$ 320,000
Recorded post-closure costs	<b>2,135,000</b>	2,135,000
	<b><u>\$ 2,455,000</u></b>	<b><u>\$ 2,455,000</u></b>

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### 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:

	<u>2022</u>	<u>2021</u>
Total long-term liabilities incurred by the City	<b>\$ 20,997,579</b>	\$ 23,811,424
Less: amounts assumed by other municipalities with respect to St. Lawrence Lodge	<b>(2,606,880)</b>	(3,466,150)
	<b><u>\$ 18,390,699</u></b>	<b><u>\$ 20,345,274</u></b>

Included in the total long-term liabilities are global debentures totaling \$6,559,840 (2021 - \$8,772,079) 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 \$2,606,880 (2021 - \$3,466,150). 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.

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## Corporation of the City of Brockville

### Notes to Consolidated Financial Statements

**December 31, 2022**

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#### 6. Net Long-term Liabilities (continued)

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

	Principal	Interest	Total
2023	\$2,832,375	\$568,659	\$3,401,034
2024	2,940,433	460,601	3,401,034
2025	2,694,770	352,818	3,047,588
2026	1,587,874	269,834	1,857,708
2027	1,138,838	229,417	1,368,255
2028 and subsequent years	7,196,409	1,006,871	8,203,280
	<b>\$18,390,699</b>	<b>\$2,888,200</b>	<b>\$21,278,899</b>

c) Interest rates on the long-term liabilities range from 2.00% to 6.25% (2021 - 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 \$633,708 (2021 - \$735,420).

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.

## Corporation of the City of Brockville Notes to Consolidated Financial Statements

**December 31, 2022**

### 7. Tangible Capital Assets

Cost	Balance, December 31, 2021	Additions (net of transfers)	Disposals / Transfers	Balance, December 31, 2022
General capital				
Land	\$ 6,172,380	\$ -	\$ -	\$ 6,172,380
Land improvements	8,617,806	-	-	8,617,806
Buildings	16,608,389	496,003	-	17,104,392
Machinery, furniture and equipment	18,867,659	1,313,104	159,100	20,021,663
Vehicles	8,144,433	1,333,159	256,909	9,220,683
Infrastructure				
Plants and facilities	54,592,320	-	-	54,592,320
Roads	52,537,489	1,670,550	458,069	53,749,970
Water and waste water	26,899,485	149,325	2,552	27,046,258
Assets under construction	4,394,542	3,578,229	938,153	7,034,618
Library - books	762,381	52,127	-	814,508
Library - furniture and equipment	49,262	-	-	49,262
<b>Total</b>	<b>\$ 197,646,146</b>	<b>\$ 8,592,497</b>	<b>\$ 1,814,783</b>	<b>\$ 204,423,860</b>
Accumulated amortization	Balance, December 31, 2021	Amortization	Disposals	Balance, December 31, 2022
General capital				
Land improvements	\$ 3,505,645	\$ 231,497	\$ -	\$ 3,737,142
Buildings	12,548,538	294,027	-	12,842,565
Machinery, furniture and equipment	9,663,694	1,001,938	159,100	10,506,532
Vehicles	4,439,473	533,574	252,301	4,720,746
Infrastructure				
Plants and facilities	18,841,096	1,164,073	-	20,005,169
Roads	28,828,029	1,243,910	379,925	29,692,014
Water and waste water	9,062,041	283,800	2,000	9,343,841
Library - books	644,994	-	-	644,994
Library - furniture and equipment	48,936	-	-	48,936
<b>Total</b>	<b>\$ 87,582,446</b>	<b>\$ 4,752,819</b>	<b>\$ 793,326</b>	<b>\$ 91,541,939</b>

## Corporation of the City of Brockville Notes to Consolidated Financial Statements

**December 31, 2022**

### 7. Tangible Capital Assets (continued)

	Net book value December 31, 2021	Net book value December 31, 2022
General capital		
Land	\$ 6,172,380	\$ 6,172,380
Land improvements	5,112,161	4,880,664
Buildings	4,059,851	4,261,827
Machinery, furniture and equipment	9,203,965	9,515,131
Vehicles	3,704,960	4,499,937
Infrastructure		
Plants and facilities	35,751,224	34,587,151
Roads	23,709,460	24,057,956
Water and waste water	17,837,444	17,702,417
Assets under construction	4,394,542	7,034,618
Library - books	117,387	169,514
Library - furniture and equipment	326	326
<b>Total</b>	<b>\$ 110,063,700</b>	<b>\$ 112,881,921</b>

The asset additions noted above include transfers from assets under construction to finished tangible capital assets. The additions net of these transfers were \$7,654,344.

### 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, 2022, the remaining unfunded cost was \$23,634 and has been pledged through donations due to be received by 2026. If for any reason the fundraising campaign falls short, the City would be responsible for the balance.

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.

In 2022, the City provided \$619,811 (2021 - \$669,453) in operating funding and in-kind funding to the Aquatarium.

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## Corporation of the City of Brockville Notes to Consolidated Financial Statements

**December 31, 2022**

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### 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	<u>515,000</u>
Net cost of purchase in 2020	\$ 1,056,421
Write-down in 2021	<u>(500,000)</u>
Net Value	<u>\$ 556,421</u>

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### 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 \$1,432,741 for both services.
- b) 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.
- c) The City has three contracts for grass cutting and trimming services, totalling \$218,043. The contracts expire in 2023.



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## **Corporation of the City of Brockville Notes to Consolidated Financial Statements**

**December 31, 2022**

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### **10. Commitments (continued)**

- 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 into a three-year contract with Compass Minerals Canada Corp. for the supply and delivery of winter salt. The contract is effective until April 30, 2023. The estimated annual cost to the City of Brockville is \$89,100.
- e) One year contract, with two one year renewals, at the sole discretion of the City of Brockville, with respect to 2020-RFP-04 Tourism, Information and Stakeholders Services with The Aquatarium at Tall Ships Landing (a partnership of agencies), subject to city staff negotiating a contract that will include the deliverables as set out in the Request for Proposal, and any other deliverables negotiated, including COVID strategies and safety protocols, with the maximum price of \$225,000 plus CPI for the initial year. The contract cost for 2023 will be \$226,980. This will be the final year of the contract.
- f) One year contract, with two one year renewals, at the sole discretion of the City of Brockville, with respect to 2020-RFP-05 Tourism, Marketing and Promotions Services with The Aquatarium at Tall Ships Landing (a partnership of agencies), subject to city staff negotiating a contract that will include the deliverables as set out in the Request for Proposal, and any other deliverables negotiated, including COVID strategies and safety protocols, with the maximum price of 50% of the Municipal Accommodation Tax collected in the previous year. 2023 will be the final year of this contract.
- g) Three-year contract with Neptune Security Services for the management and operation of the school crossing guard program in the amount of \$244,224 annually (including net HST). The contract expires June 30, 2023. With contract 230074 – Management & Operations of the Crossing Guard Program the City will enter into a new agreement in August of 2023 with Ottawa Safety Council. 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.
- h) Provision of parking enforcement services by Commissionaires Kingston & Region from May 1, 2022 to April 30, 2023 with 2 possible 1 year extensions. The amount anticipated for 2023 is \$109,738.
- i) The City has a month-to-month contract for the management and operation of the specialized (Para) transit system. The annual cost of this contract is estimated at \$461,880.
- j) 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). The contract price is \$144,575.
- k) Lease of harbour from the Department of Oceans and Fisheries for the greater of \$500 or 20% of the harbour revenues; average payment is \$40,000.
- l) Lease of Police console unit at an annual cost of \$125,678 until December 14, 2023.

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## **Corporation of the City of Brockville Notes to Consolidated Financial Statements**

**December 31, 2022**

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### **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 donations and fundraising events hosted by the Brockville Tunnel Committee. In an event of a shortfall with raising funds, the City would be responsible for covering the costs.

## Corporation of the City of Brockville Notes to Consolidated Financial Statements

**December 31, 2022**

### 12. Accumulated Surplus

a) The accumulated surplus consists of:

	2022	2021
Reserves		
Fiscal policy (note 12(b))	\$ 3,605,106	\$ 3,982,565
Other reserves	4,736,651	5,278,530
Water and wastewater reserves	7,224,606	5,998,011
	<b>15,566,363</b>	15,259,106
Reserve Funds (note 14)		
Reserve funds	2,315,676	2,677,341
Water and wastewater	3,728,345	3,728,345
Library	7,230	7,125
	<b>6,051,251</b>	6,412,811
Library Accumulated Surplus	<b>(3,878)</b>	43,148
Investment in tangible capital assets	112,881,921	110,063,700
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
	<b>135,581,588</b>	132,763,367
Funds available for acquisition of capital assets		
Projects in progress	2,509,459	4,115,277
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	-	-
	<b>2,519,624</b>	4,125,442
Unfunded costs		
Accrued interest on net long-term liabilities	(128,751)	(135,907)
Employee future benefits	(8,660,990)	(8,324,147)
Special liability - WSIB	(14,240)	(14,240)
Solid waste landfill closure and post-closure liabilities	(2,455,000)	(2,455,000)
Net long-term liabilities	(18,390,699)	(20,345,274)
	<b>(29,649,680)</b>	(31,274,568)
	<b>\$ 130,065,268</b>	<b>\$ 127,329,306</b>

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## Corporation of the City of Brockville Notes to Consolidated Financial Statements

**December 31, 2022**

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### 12. Accumulated Surplus (continued)

b) Fiscal policy reserve		
Balance, beginning of year	\$ 3,982,565	\$ 3,646,026
Net transfers included in budget	(390,955)	(507,431)
Operating surplus (deficit)	13,496	843,970
Balance, end of year	<u>\$ 3,605,106</u>	<u>\$ 3,982,565</u>

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### 13. Government Grants

Included in government grants is \$3,915,534 (2021 - \$4,106,708) of provincial grants and \$1,789,965 (2021 - \$1,461,460) of federal grants.

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### 14. Reserve Funds

Reserve funds consist of:

	2022	2021
Landfill site	\$ 23,259	\$ 22,745
Specific reserve funds for acquisition of capital assets	937,369	885,145
Specific reserve funds to provide for future operating expenses	965,631	1,218,427
Parking facilities	378,932	540,753
Hydro One proceeds management	10,485	10,271
Water and wastewater	3,728,345	3,728,345
Library	7,230	7,125
	<u>\$ 6,051,251</u>	<u>\$ 6,412,811</u>

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## **Corporation of the City of Brockville Notes to Consolidated Financial Statements**

**December 31, 2022**

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### **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 \$2,044,502 (2021 - \$1,987,513) and are included as expenses in the consolidated statement of operations and accumulated surplus.

The most recent actuarial valuation was at December 31, 2022 and the December 31, 2022 financial statements of OMERS report net assets available for benefits of \$124 billion and an actuarial funding deficit of \$6.7 billion.

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### **16. Trust Funds**

Trust funds administered by the City amounting to \$1,423,963 (2021 - \$1,380,804) 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.

## Corporation of the City of Brockville Notes to Consolidated Financial Statements

**December 31, 2022**

### 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
<b>Revenues</b>		
Operations		
Levy	\$ 38,529,214	\$ 38,676,260
Government grants	2,850,853	3,100,519
User fees	4,954,342	5,778,781
Other revenues and recoveries	6,523,210	6,831,408
	<b>52,857,619</b>	54,386,968
Water	3,911,105	4,313,203
Wastewater	5,466,196	5,457,471
Library Board net of municipal levy	825,544	888,404
Capital	9,781,090	7,522,229
Reserve funds	-	37,057
	<b>72,841,554</b>	72,605,332
Less:		
Transfers from other funds	(4,077,042)	(5,929,944)
Internal charges netted for financial statement presentation purposes	(4,000,845)	(1,849,397)
Proceeds from net long-term liabilities	(2,660,613)	(904,462)
Proceeds from disposal of tangible capital assets	-	(100,945)
Gain on disposal of tangible capital assets	-	97,371
	<b>(10,738,500)</b>	(8,687,377)
	<b>\$ 62,103,054</b>	\$ 63,917,955
<b>Expenses</b>		
Operations	\$ 52,015,114	\$ 53,544,468
Water	3,911,105	4,313,203
Wastewater	5,466,196	5,457,471
Library Board net of municipal levy	825,544	945,193
Capital	9,825,172	9,128,045
	<b>72,043,131</b>	73,388,380
Less:		
Transfers to other funds	(3,740,061)	(4,996,080)
Principal payments on net long-term liabilities	(2,937,816)	(2,859,037)
Internal charges netted for financial statement presentation purposes	(2,332,795)	(1,859,162)
Acquisition of tangible capital assets	(9,230,277)	(7,654,344)
	<b>53,802,182</b>	56,019,757
Add items included in expenses not included in budget:		
Amortization of tangible capital assets	-	4,752,819
Change in unfunded liabilities	-	329,687
Loss on disposal of tangible capital assets	-	79,730
	<b>-</b>	5,162,236
	<b>\$ 53,802,182</b>	\$ 61,181,993

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## Corporation of the City of Brockville

### Notes to Consolidated Financial Statements

**December 31, 2022**

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#### **17. Budget (continued)**

Budget figures reported on the Consolidated Statement of Operations are based on 2022 operating and capital budgets as approved by Council on March 22, 2022 (By-law 022-2022) and includes subsequent council approved amendments. Budget figures reported in these financial statements are not subject to an audit.

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#### **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 2022 was 60.7% (2021 - 60.38%).

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.

## Corporation of the City of Brockville Notes to Consolidated Financial Statements

**December 31, 2022**

### 18. St. Lawrence Lodge (continued)

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

	<u>2022</u>	<u>2021</u>
Deficit from Operations	\$ (147,483)	\$ (527,302)
Surplus from Redevelopment	5,783,749	4,944,674
	<u>\$ 5,636,266</u>	<u>\$ 4,417,372</u>

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

- The City contributed to the Lodge an annual operating grant of \$1,483,330 (2021 - \$1,427,715).
- 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 (2021 - \$1,543,327), the other Lodge partners \$1,017,786 (2021 - \$1,017,786). The Ministry of Health and Long Term Care contributes \$846,192 (2021 - \$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.

### 19. Expenses by Object

The following is a summary of the expenses by object:

	<u>Budget 2022</u>	<u>Actual 2022</u>	<u>Actual 2021</u>
Salaries, wages and benefits	\$ 31,159,165	\$ 31,666,417	\$ 29,988,178
Interest on long-term liabilities	659,965	626,552	710,664
Materials and supplies	8,919,296	10,387,881	9,064,646
Contracted services	6,464,333	6,798,552	5,853,962
Rents and financial services	51,375	85,064	53,929
Transfer payments	6,548,048	6,784,978	6,526,667
Amortization of tangible capital assets	-	4,752,819	4,748,213
Loss on disposal of tangible capital assets	-	79,730	50,158
	<u>\$ 53,802,182</u>	<u>\$ 61,181,993</u>	<u>\$ 56,996,417</u>



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## **Corporation of the City of Brockville Notes to Consolidated Financial Statements**

**December 31, 2022**

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### **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.

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### **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 2022 MRC had borrowed \$1,800,000 which was converted to the construction loan on March 1, 2023, satisfying the promissory note. The construction loan is for full cost recovery for the City. All interest charges are invoiced to MRC monthly.

Construction is on track to be completed in 2024. MRC are now working on securing their first mortgage. The first mortgage will pay off the construction loan. If MRC are not successful in securing a first mortgage, the construction loan would transfer to long-term debentures in the City's name.

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## **Corporation of the City of Brockville Notes to Consolidated Financial Statements**

**December 31, 2022**

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### **22. 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.

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.

# Corporation of the City of Brockville

Notes to Consolidated Financial Statements

December 31, 2022

## 22. 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
<b>Revenues</b>											
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
<b>Total Revenue</b>	<b>\$ 8,647,125</b>	<b>\$ 17,016,353</b>	<b>\$ 8,527,483</b>	<b>\$ 13,057,162</b>	<b>\$ 2,141,077</b>	<b>\$ 3,063,590</b>	<b>\$ 836,983</b>	<b>\$ 900,436</b>	<b>\$ 6,144,973</b>	<b>\$ 3,582,773</b>	<b>\$ 63,917,955</b>
<b>Expenses</b>											
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
<b>Total Expenses</b>	<b>\$ 5,802,198</b>	<b>\$ 19,222,884</b>	<b>\$ 8,830,028</b>	<b>\$ 11,259,157</b>	<b>\$ 2,948,779</b>	<b>\$ 2,578,984</b>	<b>\$ 977,994</b>	<b>\$ 902,548</b>	<b>\$ 5,754,902</b>	<b>\$ 2,904,519</b>	<b>\$ 61,181,993</b>

# Corporation of the City of Brockville

Notes to Consolidated Financial Statements

December 31, 2022

## 22. Segmented Information (continued)

2021	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
<b>Revenues</b>											
Property taxation	\$ 3,583,269	\$ 12,209,931	\$ 4,514,001	\$ 6,490,528	\$ 1,672,972	\$ 1,920,979	\$ 788,534	\$ 878,132	\$ 3,484,003	\$ 1,303,711	\$ 36,846,060
Taxation from other governments	303,404	-	11,525	97,183	-	-	-	-	5,220	-	417,332
User charges	189,622	1,272,704	836,335	9,533,217	109,662	-	-	19,066	771,427	699,996	13,432,029
Charges to other municipalities	-	582,430	-	146,398	-	509,915	-	21,274	-	-	1,260,017
Government grants	1,680,071	794,103	1,528,292	237,478	-	158,882	-	74,806	543,823	550,713	5,568,168
Penalties and interest on taxes	684,865	-	-	57,379	-	-	-	-	-	-	742,244
Investment income	115,393	-	-	625,058	-	-	-	1,039	-	-	741,490
Donations and fundraising	-	-	-	-	300	-	-	36,998	136,436	14,500	188,234
Gain on sale of capital assets	-	2,009	2,944	5,139	-	-	-	368	-	310,804	321,264
Recovery of expenditures and miscellaneous	308,543	650,162	67,749	203,091	46,622	-	-	1,176	11,442	140,252	1,429,037
<b>Total Revenue</b>	<b>\$ 6,865,167</b>	<b>\$ 15,511,339</b>	<b>\$ 6,960,846</b>	<b>\$ 17,395,471</b>	<b>\$ 1,829,556</b>	<b>\$ 2,589,776</b>	<b>\$ 788,534</b>	<b>\$ 1,032,859</b>	<b>\$ 4,952,351</b>	<b>\$ 3,019,976</b>	<b>\$ 60,945,875</b>
<b>Expenses</b>											
Salaries, wages and benefits	\$ 2,323,081	\$ 15,479,448	\$ 3,552,660	\$ 3,933,845	\$ 365,155	\$ -	\$ -	\$ 707,913	\$ 2,347,044	\$ 1,279,032	\$ 29,988,178
Interest on long-term liabilities	56,994	56,813	40,797	193,282	2,052	283,589	-	1,580	67,648	7,909	710,664
Materials and supplies	2,262,199	1,100,328	1,420,257	2,387,336	52,845	-	-	138,759	1,023,785	679,137	9,064,646
Contracted services	424,864	484,500	1,269,971	1,973,846	13,038	-	-	84,836	624,502	978,405	5,853,962
Rent and financial services	7,750	-	4,234	27,056	-	-	-	2,325	11,913	651	53,929
Transfer payments	-	206,565	-	-	2,135,308	2,216,880	984,179	2,289	858,946	122,500	6,526,667
Amortization of tangible capital assets	164,214	371,648	1,571,479	1,806,459	15,902	-	-	44,970	770,087	3,454	4,748,213
Loss on disposal of tangible capital assets	-	-	12,471	37,687	-	-	-	-	-	-	50,158
<b>Total Expenses</b>	<b>\$ 5,239,102</b>	<b>\$ 17,699,302</b>	<b>\$ 7,871,869</b>	<b>\$ 10,359,511</b>	<b>\$ 2,584,300</b>	<b>\$ 2,500,469</b>	<b>\$ 984,179</b>	<b>\$ 982,672</b>	<b>\$ 5,703,925</b>	<b>\$ 3,071,088</b>	<b>\$ 56,996,417</b>