

The Corporation of the City of Thunder Bay

Consolidated Financial Statements

December 31, 2022

Draft

The Corporation of the City of Thunder Bay

December 31, 2022

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Statement of Administrative Responsibility

The management of The Corporation of the City of Thunder Bay have prepared the accompanying financial statements and are responsible for their accuracy and integrity. The financial statements have been prepared by management in accordance with the accounting principles generally accepted for the public sector as prescribed by the Public Sector Accounting Board [PSAB] of the Chartered Professional Accountants Canada.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, the administration has developed and maintains a system of internal control designed to provide reasonable assurance that the Corporation's assets are safeguarded from loss and that the accounting records are a reliable basis for the preparation of the financial statements.

The City Manager and City Treasurer review the financial statements before such statements are submitted to Council and published for the residents of Thunder Bay. The external auditors have access to, and meet with Administration and Council to discuss their audit and the results of their examination.

The 2022 Financial Statements have been reported on by The Corporation of the City of Thunder Bay's external auditors, BDO Canada LLP, the auditors appointed by Council. The auditor's report outlines the scope of their audit and their opinion on the presentation of the information included in the financial statements.

Keri Greaves, CPA
City Treasurer

Norm Gale, CD, MBA, CMMIII
City Manager

Date

Independent Auditor's Report

To the Members of Council of The Corporation of the City of Thunder Bay

Opinion

We have audited the consolidated financial statements of The Corporation of the City of Thunder Bay and its subsidiaries ("the City"), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statements of operations and accumulated surplus, changes in net debt, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the City as at December 31, 2022, and its consolidated results of operations, its consolidated change in net debt, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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

In preparing the consolidated 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.

Independent Auditor's Report (cont'd)

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the City to cease to continue as a going concern.

Independent Auditor's Report (cont'd)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the 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 for our audit opinion.

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

Chartered Professional Accountants, Licensed Public Accountants

Thunder Bay, Ontario
Date

THE CORPORATION OF THE CITY OF THUNDER BAY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2022	2021
As at December 31,		
	\$	\$
Financial assets		
Cash	30,417,529	35,824,608
Investments (note 4)	186,764,495	160,476,805
Taxes receivable	12,865,207	11,506,552
Accounts receivable	68,928,744	61,520,144
User charges receivable	14,078,424	13,840,282
Other assets	4,931,004	3,928,004
Long term receivable	1,578,578	1,775,071
Investment in Thunder Bay Hydro Corporation (note 5)	110,632,595	109,272,789
	430,196,576	398,144,255
Liabilities		
Accounts payable and accrued liabilities	74,216,721	69,919,439
Deferred revenue (note 7)	37,769,635	36,113,749
Employee future benefits (notes 8, 9)	117,953,054	101,585,409
Municipal debenture debt (note 10)	216,860,093	203,788,452
Landfill closure and post-closure liability (note 11)	5,556,258	5,486,987
	452,355,761	416,894,036
Net debt	(22,159,185)	(18,749,781)
Non-financial assets		
Tangible capital assets (Schedule 1), (note 13)	1,127,611,158	1,083,990,547
Supplies inventory	15,894,700	10,844,051
Prepaid expenses	4,872,485	4,573,972
	1,148,378,343	1,099,408,570
Accumulated Surplus	1,126,219,158	1,080,658,789

The accompanying notes are an integral part of these financial statements.

THE CORPORATION OF THE CITY OF THUNDER BAY
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended December 31,	Budget 2022 (Note 20)	2022	2021
	\$	\$	\$
Revenues			
Taxation, net (note 2)	209,149,739	209,106,773	203,877,393
Fees and service charges	92,743,600	93,999,311	87,833,914
Government of Canada grants (note 14)	7,974,021	18,582,514	21,453,177
Province of Ontario grants (note 14)	63,821,280	78,339,889	76,707,336
Contributed tangible capital assets	750,265	750,265	-
Investment income	7,376,616	6,417,015	4,255,746
Other	28,390,738	30,522,525	22,944,060
Tbaytel fees and service charges	212,028,000	206,867,000	204,889,000
	622,234,259	644,585,292	621,960,626
Expenses (note 19)			
General government	25,574,859	25,594,579	22,725,103
Protection to persons and property	113,557,692	127,269,619	107,938,254
Transportation services	71,037,763	68,573,690	60,332,199
Environmental services	72,262,173	70,558,523	64,069,112
Health services	39,372,066	41,319,568	37,970,432
Social and family services	44,251,739	43,983,469	40,987,347
Recreation and cultural services	54,660,505	53,968,032	45,527,379
Planning and development	9,459,996	10,390,639	8,120,533
Tbaytel	164,150,039	158,183,298	155,597,680
	594,326,832	599,841,417	543,268,039
Net revenues before the following	27,907,427	44,743,875	78,692,587
Loss on disposal of tangible capital assets	(137,000)	(364,467)	(1,192,483)
Write-down of tangible capital assets (note 13)	-	(178,845)	-
Earnings from Thunder Bay Hydro Corporation (note 5)	-	1,359,806	2,978,540
Annual surplus	27,770,427	45,560,369	80,478,644
Accumulated surplus, beginning of year	1,080,658,789	1,080,658,789	1,000,180,145
Accumulated surplus, end of year (Schedule 2)	1,108,429,216	1,126,219,158	1,080,658,789

The accompanying notes are an integral part of these financial statements.

THE CORPORATION OF THE CITY OF THUNDER BAY
CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT

As at December 31,	Budget 2022 (Note 20)	2022	2021
	\$	\$	\$
Annual surplus	27,770,427	45,560,369	80,478,644
Acquisition of tangible capital assets	(114,503,078)	(121,613,061)	(106,705,816)
Amortization of tangible capital assets	78,253,045	77,709,037	79,534,949
Contributed tangible capital assets	(750,265)	(750,265)	-
Proceeds on disposal of tangible capital assets	-	490,366	683,640
Loss on disposal of tangible capital assets	137,000	364,467	1,192,483
Write-down of tangible capital assets	-	178,845	-
	(36,863,298)	(43,620,611)	(25,294,744)
Net increase in prepaid expenses	-	(298,513)	(639,248)
Net increase in inventories	-	(5,050,649)	(3,714,343)
	-	(5,349,162)	(4,353,591)
Change in net debt	(9,092,871)	(3,409,404)	50,830,309
Net debt, beginning of year	(18,749,781)	(18,749,781)	(69,580,090)
Net debt, end of year	(27,842,652)	(22,159,185)	(18,749,781)

The accompanying notes are an integral part of these financial statements.

THE CORPORATION OF THE CITY OF THUNDER BAY
CONSOLIDATED STATEMENT OF CASH FLOWS

	2022	2021
For the Year Ended December 31,		
	\$	\$
Operating Activities		
Annual surplus	45,560,369	80,478,644
Non-cash charges to operations:		
Earnings from Thunder Bay Hydro Corporation (note 5)	(1,359,806)	(2,978,540)
Amortization of tangible capital assets	77,709,037	79,534,949
Contributed tangible capital assets	(750,265)	-
Loss on disposal of tangible capital assets	364,467	1,192,483
Write-down of tangible capital assets	178,845	-
Landfill closure and post closure liability	69,271	20,745
Employment future benefits	16,367,645	4,730,737
Change in non-cash working capital balances		
Taxes receivable	(1,358,655)	1,337,154
Accounts receivable	(7,408,600)	(14,047,361)
User charges receivable	(238,142)	162,641
Other assets	(1,003,000)	2,479,000
Accounts payable and accrued liabilities	4,297,282	(559,274)
Deferred revenue	1,655,886	8,926,775
Supplies inventory	(5,050,649)	(3,714,343)
Prepaid expenses	(298,513)	(639,248)
Cash provided by operating activities	128,735,172	156,924,362
Capital Activities		
Acquisition of tangible capital assets	(121,613,061)	(106,705,816)
Proceeds on disposal of tangible capital assets	490,366	683,640
Cash used in capital activities	(121,122,695)	(106,022,176)
Financing Activities		
Decrease in Tbaytel other payable	-	(3,665,000)
Proceeds from municipal debenture debt	38,565,252	16,506,836
Repayment of municipal debenture debt	(25,493,611)	(24,901,200)
Cash provided by (used for) financing activities	13,071,641	(12,059,364)
Investing Activities		
Net increase in investments	(26,287,690)	(38,921,066)
Decrease in long term receivable	196,493	97,873
Cash used in investing activities	(26,091,197)	(38,823,193)
(Decrease) increase in cash	(5,407,079)	19,629
Cash, beginning of year	35,824,608	35,804,979
Cash, end of year	30,417,529	35,824,608

The accompanying notes are an integral part of these financial statements.

THE CORPORATION OF THE CITY OF THUNDER BAY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

GENERAL

The Corporation of the City of Thunder Bay (the “City”) is a municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act and related legislation.

1. SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenses and accumulated surplus 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 City and which are owned or controlled by the City. These financial statements include:

Thunder Bay Public Library Board
Parking Authority
Victoria Avenue Business Improvement Area
Waterfront District Business Improvement Area
Victoriaville Centre Board of Management
Tbaytel (A Municipal Service Board established by the Corporation of the City of Thunder Bay)
Thunder Bay Community Economic Development Commission Inc.
Thunder Bay Police Services Board

Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated.

The financial activities of certain entities associated with the City are not consolidated. The City’s contributions to these entities are recorded in the Consolidated Statement of Operations and Accumulated Surplus. The entities that are not consolidated are as follows:

Lakehead Region Conservation Authority
Thunder Bay District Health Unit
The District of Thunder Bay Social Services Administration Board

Government Business Enterprise

Thunder Bay Hydro Corporation is accounted for on a modified equity basis, consistent with the generally accepted accounting treatment for government business enterprises [note 5]. Under the modified equity basis, the business enterprise’s accounting principles are not adjusted to conform to those of the City’s, and inter-organizational transactions and balances are not eliminated.

Accounting for School Board Transactions

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards, are not reflected in these consolidated financial statements [note 2].

THE CORPORATION OF THE CITY OF THUNDER BAY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Trust Funds

Trust funds and their related operations administered by the City are not included in the consolidated financial statements but are reported separately in the Trust Fund Financial Statements [note 3].

Basis of Accounting

The City follows the accrual basis of accounting. Under the accrual method of accounting, revenues are recognized in the period in which the transactions or events that give rise to the revenues occurred. Expenses are recognized in the period in which the goods or services are acquired, whether or not payment has been made or invoices received.

Employment Benefits

The City has adopted the following policies with respect to employment benefit plans:

The costs of vacation entitlements are charged as expenses when earned;

The costs of post-employment benefits, sick leave entitlements and Workplace Safety and Insurance Act ("WSIB") entitlements are recognized when the event that obligates the City occurs; costs include projected future income payments, health care continuation costs and fees paid to independent administrators of these plans, calculated on a present value basis;

The costs of post-employment benefits, sick leave entitlements and WSIB entitlements are actuarially determined using the projected benefits method prorated on service and management's best estimate of retirement ages of employees, salary escalation, expected health care costs and plan investment performance;

Accrued obligations and related costs of funded benefits are net of plan assets;

The City amortizes the amount of any actuarial gains or losses over the expected average remaining service lifetime of the active members of the group and prior service costs are recognized in the period of the plan changes.

The contributions to a defined benefit pension plan are expensed when contributions are due.

Government Transfers

Government transfers which include legislative grants, are recognized in the financial statements in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made unless the transfer contains stipulations that create a liability. Transfers are recognized as deferred revenue when the transfer stipulations give rise to a liability. Transfer revenue is recognized in the consolidated statement of operations and accumulated surplus as the stipulation liabilities are settled.

Investments

The City accounts for its investments at cost plus accrued earnings. The carrying value of an investment is written down to its net recoverable amount if a decline in value is judged to be other than temporary.

THE CORPORATION OF THE CITY OF THUNDER BAY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment Income

Investment income earned on surplus funds is reported as revenue in the period earned. Investment income earned on obligatory reserve funds is added to the fund balance and forms part of the deferred revenue.

Non-financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

[i] Tangible Capital Assets

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset.

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

General capital

Land improvements	5 to 50 years
Buildings	10 to 60 years
Machinery and equipment	2 to 30 years
Vehicles	3 to 20 years
Network assets	6 to 45 years
Library collection	10 years

Infrastructure

Land improvements	5 to 50 years
Buildings	30 to 60 years
Linear assets	10 to 80 years
Machinery and equipment	2 to 30 years

Assets under construction are not amortized until the asset is available for productive use.

Tangible capital assets are written down when conditions indicate they no longer contribute to the City's ability to provide services, or when the value of future economic benefits associated with the tangible capital assets are less than their book value. The net write-downs are accounted for as expenses in the statement of operations.

[ii] 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.

THE CORPORATION OF THE CITY OF THUNDER BAY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Non-financial Assets (continued)

[iii] Leases

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

[iv] Inventories

Inventories held for consumption are recorded at the lower of cost or replacement cost.

Taxation Revenue

Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. Taxes receivable are recognized net of an allowance for anticipated uncollectable amounts.

Annually, the City bills and collects property tax revenues for municipal purposes as well as provincial education taxes on behalf of the Province of Ontario (the "Province") for education purposes. The authority to levy and collect property taxes is established under the *Municipal Act*, the *Assessment Act*, the *Education Act*, and other legislation.

The amount of the total annual property tax levy is determined each year through Council's approval of the annual operating budget. Municipal tax rates are set annually by Council for each class or type of property, in accordance with legislation and Council-approved policies, in order to raise the revenues required to meet operating budget requirements. Education tax rates are established by the Province each year to fund the cost of education on a Province-wide basis.

Property assessments, on which property taxes are based, are established by the Municipal Property Assessment Corporation ("MPAC"), a not-for-profit corporation funded by all of Ontario's municipalities. The current value assessment ("CVA") of a property represents an estimated market value of a property as of a fixed date. Assessed values for all properties within the municipality are provided to the City in the returned assessment roll in December of each year.

The amount of property tax levied on an individual property is the product of the CVA of the property (assessed by MPAC) and the tax rate for the class (approved by Council), together with any adjustments that reflect Council-approved mitigation or other tax policy measures.

Property taxes are billed by the City twice annually. The interim billing, issued in January, is based on 50% of the total property's taxes in the previous year, and provides for the cash requirements of the City for the initial part of the year prior to Council's approval of the final operating budget and the approved property tax levy for the year. Final bills are issued in June, following Council's approval of the capital and operating budget for the year, the total property tax levy, and the property tax rates needed to fund the City's operations.

Taxation revenues are recorded at the time tax billings are issued. Additional property tax revenue can be added throughout the year, related to new properties that become occupied, or that become subject to property tax, after the return of the annual assessment roll used for billing purposes. The City may receive supplementary assessment rolls over the course of the year from MPAC, identifying new or omitted assessments. Property taxes for these supplementary and/or omitted amounts are then billed according to the approved tax rate for the property class.

THE CORPORATION OF THE CITY OF THUNDER BAY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation Revenue (continued)

Taxation revenues in any year may also be reduced by reduction in assessment values resulting from assessment and/or property tax appeals. Each year, an amount is identified within the annual operating budget to cover the estimated amount of revenue loss attributable to assessment appeals, tax appeals or other deficiencies in tax revenues (e.g. uncollectible amounts, write-offs, etc.).

User Charges

User charges relate to telecommunication, transit fees, utility charges (water, wastewater and solid waste), licensing fees, fees for use of various programs, and fees imposed based on specific activities. Revenue is recognized when the activity is performed or when the services are rendered.

Other Revenue

Other revenues are recognized in the year that the events giving rise to the revenues occur and the revenues are earned. Amounts received which relate to revenues that will be earned in a subsequent year, are deferred and reported as liabilities.

Deferred Revenue

Certain amounts are received pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs, in the completion of specific work or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. These amounts are recorded as deferred revenue and are recognized as revenue in the year the related expenses are incurred or services are performed.

Landfill Closure and Post-Closure Liabilities

The costs to close existing landfill sites and to maintain closed solid waste landfill sites are based on estimated future expenditures in perpetuity in current dollars, adjusted for estimated inflation. These costs are reported as a liability on the Consolidated Statement of Financial Position.

Contaminated Sites Liability

A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the organization is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation operations, maintenance and monitoring. The liability is recorded net of any expected recoveries.

THE CORPORATION OF THE CITY OF THUNDER BAY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of 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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Significant estimates include assumptions used in estimating provisions for uncollectible accounts, employee benefit liabilities, property tax assessment appeals, landfill closure and post-closure liabilities, contaminated sites liability, amortization of tangible capital assets, contingencies and other accrued liabilities. These estimates are based on management's best information and judgment. Actual amounts, which are accounted for as they become known, may differ significantly from these estimates.

2. OPERATIONS OF SCHOOL BOARDS

Taxation, other revenues and requisitions for the school boards amounting to **\$29,657,837** [2021 - \$29,601,776] are not reflected in these consolidated financial statements.

3. TRUST FUNDS

Trust funds administered by the City amounting to **\$14,422,015** [2021 - \$13,747,516] have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations and Accumulated Surplus.

Trust fund balances at December 31 are as follows:

	2022 \$	2021 \$
Older Adults Centre	194,162	205,732
Cemetery	1,192,806	1,172,812
Cemetery Marker Maintenance	502,873	475,966
Dawson Court Home for Aged	2,020	2,020
Grandview Lodge Home for Aged	4,945	4,945
Pioneer Ridge Home for Aged	21,528	25,823
Lake Superior Regiment Memorial Hillcrest Park	35,098	34,275
Employee Disability	12,140,605	11,604,952
Civic Employees Pension Trust Committee	1,998	1,998
Community Auditorium Repairs	857	837
Art in Public Places	9,778	9,549
Provincial Land Tax	315,345	208,607
	14,422,015	13,747,516

THE CORPORATION OF THE CITY OF THUNDER BAY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

4. INVESTMENTS

Investments are recorded at cost. The total market value of the City's investments at December 31, 2022 was **\$181,218,367** [2021 - \$168,813,710]. The City's investments are comprised of the ONE Canadian, Corporate and Global Bond Funds, the ONE Canadian Equity Fund and ONE Global Equity Fund, and a high interest savings account.

	2022 \$		2021 \$	
	Cost	Market Value	Cost	Market Value
Canadian Bond Fund	8,081,250	7,994,875	59,434,011	60,137,922
Corporate Bond Fund	8,095,779	7,833,354	18,541,014	18,626,060
Global Bond Fund	39,209,123	36,014,171	-	-
Canadian Equity Fund	15,836,674	15,418,921	15,735,139	23,274,011
Global Equity Fund	34,121,208	32,536,598	-	-
Other	81,420,461	81,420,448	66,766,641	66,775,717
	186,764,495	181,218,367	160,476,805	168,813,710

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THE CORPORATION OF THE CITY OF THUNDER BAY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

5. INVESTMENT IN THUNDER BAY HYDRO CORPORATION

Thunder Bay Hydro Corporation

The Thunder Bay Hydro Corporation is wholly owned by the City and provides regulated and unregulated electric utility services and complementary commercial services. The following table provides condensed supplementary financial information for the Thunder Bay Hydro Corporation, and its majority-owned subsidiary SYNERGY NORTH Corporation and its wholly-owned subsidiaries Thunder Bay Hydro Utility Services Inc. and Thunder Bay Hydro Renewable Power Incorporated, prepared in accordance with Canadian generally accepted accounting principles as per Part I of the Chartered Professional Accountants Canada Handbook.

	2022 \$	2021 \$
Financial position		
Current assets	51,760,745	46,846,980
Capital assets	166,804,059	156,773,007
Long-term assets	12,524,669	12,108,512
Other assets	4,991,476	2,161,390
Total assets	236,080,949	217,889,889
Current liabilities	29,507,250	26,515,615
Long-term liabilities	79,855,251	66,614,610
Other liabilities	3,524,939	3,017,407
Total liabilities	112,887,440	96,147,632
Net assets	123,193,509	121,742,257
Proportionate share of other investor	(12,560,914)	(12,469,468)
City of Thunder Bay proportionate share	110,632,595	109,272,789
Results of operations		
Revenues	152,178,784	148,633,841
Operating expenses	(150,015,532)	(144,166,078)
Comprehensive income for the year	2,163,252	4,467,763
Less: Proportionate share of other investor	(144,381)	(328,023)
Less: Dividend to City of Thunder Bay	(659,065)	(1,161,200)
City of Thunder Bay proportionate share of income	1,359,806	2,978,540

The City's investment in Thunder Bay Hydro Corporation is comprised of the following:

	2022 \$	2021 \$
1,061 common shares	41,931,625	41,931,625
Promissory note	26,490,500	26,490,500
Accumulated other comprehensive income	804,824	379,643
Accumulated earnings from date of transfer	41,405,646	40,471,021
	110,632,595	109,272,789

The promissory note is receivable from Thunder Bay Hydro Corporation and is non-interest bearing, unsecured and due on demand, subject to a Subordination Agreement providing for no acceleration rights. Thunder Bay Hydro Corporation was directed to make a principal payment of \$10,000,000 on the promissory note in 2023.

THE CORPORATION OF THE CITY OF THUNDER BAY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

5. INVESTMENT IN THUNDER BAY HYDRO CORPORATION (continued)

Thunder Bay Hydro Corporation (continued)

Thunder Bay Hydro Corporation's long-term liabilities include long-term debt. Expected principal repayments required over the next five years and thereafter assuming refinancing on maturity are as follows:

	\$
2023	3,718,481
2024	2,620,825
2025	2,701,400
2026	1,919,680
2027	2,038,674
2028 and thereafter	37,118,367
Total	50,117,427

Related Party Transaction

Thunder Bay Hydro Corporation provides certain services to the City in the normal course of business at commercial rates.

Thunder Bay Hydro Corporation billed the City for electricity in the amount of **\$6,945,909** [2021-\$6,886,716]. At December 31, 2022, included in accounts payable and accrued liabilities is **\$1,788,984** [2021 - \$1,481,110] payable to Thunder Bay Hydro Corporation related to this expense. Also recorded was pole rental from Thunder Bay Hydro Corporation in the amount of **\$661,083** [2021 - \$889,088]. The City also contributed towards capital construction by Thunder Bay Hydro Corporation during the year in the amount of **\$1,711,207** [2021 - \$744,948]. The City received dividends of **\$659,065** in 2022 [2021 - \$1,161,200].

6. BANK INDEBTEDNESS

The City has two unsecured demand revolving credit facilities, the first in the amount of **\$10,000,000** [2021 - \$10,000,000] for working capital and the second in the amount of **\$15,000,000** [2021 - \$15,000,000] for interim financing of capital projects, both of which **\$nil** [2021 - \$nil] was used at year-end and bear interest at the bank's prime rate less 0.88%.

Tbaytel's available revolving credit facilities amount to:

1) **\$1,500,000** US [2021-\$1,500,000 US] at a floating rate of US bank prime or 7.50%, of which **\$nil** US [2021 - \$nil US] was used at year-end.

2) **\$5,500,000** CDN [2021-\$5,500,000] at a floating rate of bank prime less 0.50%, or 5.95%, of which **\$nil** CDN [2021 - \$nil] was used at year-end.

THE CORPORATION OF THE CITY OF THUNDER BAY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

7. DEFERRED REVENUE

Deferred revenue is as follows:

	2022 \$	2021 \$
Obligatory reserve funds		
Subdivision Deposits	655,718	500,368
Canada Community Building Fund	14,624,201	15,236,725
Dedicated Gas Tax	5,042,231	4,095,959
Ontario Community Infrastructure Fund	1,268,510	673,798
Ontario Municipal Commuter Cycling	109,352	105,755
MTO Transit Capital	159,418	154,177
Other	15,910,205	15,346,967
	37,769,635	36,113,749

The continuity of deferred revenue is as follows:

	2022 \$	2021 \$
Balance, beginning of year	36,113,749	27,186,974
Add:		
Developers and property owners contributions	136,024	85,531
Canada Community Building Fund	6,844,701	13,424,706
Dedicated Gas Tax	1,535,787	1,552,129
Ontario Community Infrastructure Fund	10,000,000	5,816,059
Net contributions from current operations	563,243	2,221,491
Interest earned	685,805	297,627
	19,765,560	23,397,543
Less:		
Canada Community Building Fund contributions to capital	7,956,378	7,655,549
Dedicated Gas Tax contributions to capital	715,540	340,282
Ontario Community Infrastructure Fund contributions to capital	9,437,756	6,470,267
Ontario Municipal Commuter Cycling contributions to capital	-	4,670
	18,109,674	14,470,768
Balance, end of year	37,769,635	36,113,749

THE CORPORATION OF THE CITY OF THUNDER BAY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

8. PENSION AGREEMENTS

The City makes contributions to the Ontario Municipal Employees Retirement System Fund (OMERS), which is a multi-employer plan, on behalf of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Employee contributions are matched by the City.

During the year ended December 31, 2022, the City contributed **\$18,257,349** [2021 - \$17,948,767] for current service, which is included as an expense on the Consolidated Statement of Operations and Accumulated Surplus.

Because OMERS is a multi-employer plan, the City does not recognize any share of pension plan deficit of **\$6.7** billion [2021- a deficit of \$3.1 billion] based on fair market value of the plan's assets, as this is a joint responsibility of all Ontario municipalities and their employees.

9. EMPLOYMENT FUTURE BENEFITS

The City provides certain employee benefits which will require funding in future periods.

	2022 \$	2021 \$
Sick leave benefits	8,122,700	7,755,205
Vacation pay	4,878,154	4,819,892
Post-employment benefits	45,134,600	38,219,832
WSIB	59,817,600	50,790,480
	117,953,054	101,585,409

- [a] Under the sick leave benefit plan, unused sick leave can accumulate and certain employees may be entitled to a cash payment when they retire or leave the City's employment or pay for sick leave in excess of the current year entitlement. The City recognizes these costs in the period in which the employees rendered the services. The accrued benefit liability at December 31, 2022 of **\$8,122,700** [2021-\$7,755,205] was determined by an actuarial valuation prepared for the year ended December 31, 2022. An amount of **\$2,091,166** [2021-\$2,022,404] has been set aside in a sick pay liability reserve fund to offset this liability.

The main actuarial assumptions employed for the valuation of vested and non-vested sick leave benefits are as follows:

Interest (discount) rate

The obligation as at December 31, 2022 of the present value of future liabilities and the expense for the year then ended was determined using an annual discount rate of 4.60% [2021 - 2.40%].

Salary levels

Future general salary and wage levels were assumed to increase at 3.00% per annum, reflecting the expected Consumer Price Index adjusted for productivity, merit and promotion.

- [b] Vacation entitlements earned by the employees are converted to a cash payment when they retire or leave the City's employment.

THE CORPORATION OF THE CITY OF THUNDER BAY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

9. EMPLOYMENT FUTURE BENEFITS (continued)

- [c] The City pays certain post-retirement benefits on behalf of its retired employees and recognizes these post retirement costs in the period in which the employees rendered the services. The accrued benefit obligation at December 31, 2022 of **\$36,542,882** [2021-\$36,701,469] was determined by an actuarial valuation prepared for the year ended December 31, 2022. An amount of **\$5,488,950** [2021- \$5,308,462] has been set aside in a post-retirement benefits reserve fund to offset this liability.

Information about the City's post-retirement non-pension benefit plan is as follows:

	2022 \$	2021 \$
Accrued benefit liability recognized in the financial statements	45,134,600	38,219,832
Expense for the year	9,065,800	2,150,784
Benefits paid for the year	(2,151,000)	(2,313,387)

The main actuarial assumptions employed for the valuation are as follows:

Interest (discount) rate

The obligation as at December 31, 2022 of the present value of future liabilities and the expense for the year then ended was determined using an annual discount rate of 4.10% to 4.60% [2021 - 2.40% to 2.70%].

Medical and dental costs

Medical costs were assumed to increase by 4.50% to 5.00% in 2022, with further annual increases gradually declining to 4.00% to 4.50% in 2039 and each year thereafter. Dental costs were assumed to increase at 4.50% to 5.10% in 2022 declining to 4.00% to 4.50% in 2039. Drug costs were assumed to increase 8.00% in 2022 reducing by 0.175% each year to ultimate rate of 4.50% in 2042.

- [d] The City elected to be under Schedule 2 of the Workplace Safety and Insurance Act and hence, effectively self-insures its workers' compensation claims. The estimated future benefit costs (including administration costs) at December 31, 2022 of **\$59,817,600** [2021 - \$50,790,480] were determined by an actuarial valuation prepared for the year ended December 31, 2022. An amount of **\$2,933,873** [2021 - \$2,931,804] has been set aside in a WSIB reserve fund to offset this liability.

THE CORPORATION OF THE CITY OF THUNDER BAY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

10. MUNICIPAL DEBENTURE DEBT

- [a] The balance of municipal debt reported on the Consolidated Statement of Financial Position totaling **\$216,860,093** [2021 - \$203,788,452] is comprised of debenture debt and construction financing outstanding at year-end incurred by the City.

The balance of municipal debenture debt is **\$208,713,719** [2021 - \$194,198,914], bearing interest rates ranging from 1.49% to 5.83% and maturing from 2023 to 2042.

The balance of construction financing is **\$8,146,374** [2021 - \$9,589,538] and is comprised of short-term advancements on a debenture based on incurred costs. All construction financing will be converted to a long-term debenture when project costs are complete.

The breakdown of the balance owing is as follows:

	2022 \$	2021 \$
Debenture debt		
Tax supported	55,511,733	60,670,319
Rate supported	111,776,986	88,853,595
Tbaytel	41,425,000	44,675,000
Total debenture debt	208,713,719	194,198,914
Construction financing		
Tax supported	3,119,662	2,839,254
Rate supported	5,026,712	6,750,284
Total construction financing	8,146,374	9,589,538
Total debt	216,860,093	203,788,452

- [b] Principal repayments of municipal debenture debt are due as follows:

	\$
2023	27,656,157
2024	23,202,950
2025	20,733,296
2026	16,803,299
2027	14,616,586
2028 and thereafter	105,701,431
Total	208,713,719

- [c] The long-term liabilities in [a] issued in the name of the City have been approved by by-law. The 2023 annual principal and interest payments required to service these liabilities are within the 2023 annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing of \$126,710,407. The City has available \$95,653,904, based on this annual debt repayment limit.

THE CORPORATION OF THE CITY OF THUNDER BAY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

10. MUNICIPAL DEBENTURE DEBT (continued)

[d] Total payments for the year for municipal debenture debt are as follows:

	2022 \$	2021 \$
Principal payments	25,493,611	24,901,200
Interest payments	5,753,541	6,155,303
Total	31,247,152	31,056,503

11. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

The Ontario Environmental Protection Act (the “Act”) sets out the regulatory requirements for the closure and maintenance of landfill sites. Under the Act, the City is required to provide for closure and post-closure care of its solid waste landfill site.

The John Street municipal landfill is operated by the City to accept all municipal solid waste from the City. The landfill includes the closed and capped West Cell, and the active East Cell with a remaining life of approximately 23 years. Closure activities include final cover and vegetation, drainage control features, monitoring of leachate, water quality and recovery of gas. Post-closure activities include acquisition of additional land for buffer zone, treatment and monitoring of leachate, monitoring groundwater, surface water and gas, and recovery and ongoing maintenance of various control systems, drainage systems and final cover.

The estimated liability of **\$5,556,258** [2021 - \$5,486,987] is the present value of future closure and post-closure costs discounted at a rate of 2.4%.

12. CONTAMINATED SITES LIABILITY

The City recorded an estimated liability of **\$nil** [2021 - \$nil].

13. TANGIBLE CAPITAL ASSETS

Schedule 1 provides information on the tangible capital assets of the City of Thunder Bay by major asset class, including cost, accumulated amortization and the net book value of the assets.

During the year no interest was capitalized [2021 - \$nil], there were write-downs of tangible capital assets of **\$178,845** [2021 - \$nil] and contributed tangible capital assets of **\$750,265** [2021 - \$nil].

Certain assets have been recorded at a nominal value due to the difficulty in determining an appropriate value. These assets include road allowances relating to the roads network, certain land segments acquired through land swaps and some parkland segments.

Works of art, artifacts, natural resources, cultural and historic assets are not recorded as assets in the financial statements as a reasonable estimate of the future economic benefits associated with such property cannot be made.

THE CORPORATION OF THE CITY OF THUNDER BAY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

14. GOVERNMENT TRANSFERS

	2022 \$	2021 \$
Revenues		
Government of Canada grants	18,582,514	21,453,177
Province of Ontario grants	78,339,889	76,707,336
Total Revenues	96,922,403	98,160,513
Expenses		
External transfers to others	25,796,917	23,478,826
Total Expenses	25,796,917	23,478,826

15. CONTINGENCIES

- [a] There were numerous claims and litigation in dispute at December 31, 2022 for which the amount of settlement, if any, is indeterminable at this time. The settlements, if any, will be expensed in the Consolidated Statement of Operations and Accumulated Surplus in the year in which the amount is determinable. No provision has been made in these consolidated financial statements in respect of the above claims and litigation.
- [b] The Ontario Mining Act (the "Act") sets out the regulatory requirements for the closure plan and maintenance of mine sites. Under the Act, the City is required to provide for closure and post-closure maintenance of the Shuniah Mine site, located on City property. The solution and cost for the post-closure maintenance, if any, is uncertain and indeterminable at the date of issue of the consolidated financial statements and no provision has been made.

16. COMMITMENTS

- [a] The City has various operating leases pertaining to certain premises and equipment and service agreements. The future minimum lease payments over the next five years are as follows:

	\$
2023	5,840,529
2024	3,639,124
2025	2,615,470
2026	1,392,312
2027	866,712

- [b] Tbaytel has provided a letter of guarantee from the Royal Bank to WSIB in the amount of \$1,379,000 [2021-\$1,379,000].
- [c] Tbaytel has provided a letter of guarantee from the Royal Bank to Innovation, Science and Economic Development Canada of \$5,604,000 [2021-\$nil].
- [d] Tbaytel has a Strategic Business Relationship Agreement to provide Tbaytel with Core Access and other services. Payments over the next two years in accordance with the agreement are as follows: 2023 \$8,324,000 and 2024 \$8,226,000.
- [e] The Thunder Bay Community Economic Development Commission Inc. has committed a total of \$1,008,941 to various organizations. Scheduled payments are made at the time these organizations meet previously agreed upon criteria.

THE CORPORATION OF THE CITY OF THUNDER BAY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

17. PUBLIC LIABILITY INSURANCE

The City is self-insured for public liability claims up to \$1,000,000 for any number of claims arising out of a single occurrence. Outside coverage is in place for claims in excess of these limits.

Self-insured claims settled and accrued during the year amounting to **\$2,213,194** [2021 - \$1,663,386] are reported as an expense in the Consolidated Statement of Operations and Accumulated Surplus.

18. NON-CONSOLIDATED ENTITIES

Thunder Bay District Health Unit

The Thunder Bay District Health Unit is established under the Health Protection and Promotion Act, and provides programs and services in accordance with the legislative mandate for Boards of Health in Ontario and delivers a wide range of services to citizens of the District of Thunder Bay.

The following table provides condensed supplementary financial information for the Thunder Bay District Health Unit prepared in accordance with Canadian public sector accounting standards.

	2022	2021
	\$	\$
Financial position		
Financial assets	8,556,965	8,810,502
Financial liabilities	(7,870,015)	(7,979,948)
Net financial assets	686,950	830,554
Non-financial assets	4,219,967	4,346,238
Accumulated surplus	4,906,917	5,176,792

	2022	2021
	\$	\$
Results of operations		
Revenues other than municipal levies	22,182,265	22,042,437
Municipal levies	3,309,949	3,213,544
Expenses	(25,762,089)	(23,628,011)
Annual (deficit) surplus	(269,875)	1,627,970

The City's share of the municipal levies was **\$2,629,221** [2021 - \$2,552,643].

THE CORPORATION OF THE CITY OF THUNDER BAY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

18. NON-CONSOLIDATED ENTITIES (continued)

The District of Thunder Bay Social Services Administration Board

Effective April 1, 1999, pursuant to provincial legislation, The District of Thunder Bay Social Services Administration Board was formed to accommodate the provincial government's requirement to consolidate the delivery of Social Services. The Board delivers provincially mandated services on behalf of the citizens of the District of Thunder Bay.

The following table provides condensed supplementary financial information for The District of Thunder Bay Social Services Administration Board, including its wholly-owned subsidiary, Thunder Bay District Housing Corporation, prepared in accordance with Canadian public sector accounting standards.

	2022 \$	2021 \$
Financial position		
Financial assets	52,605,515	48,126,136
Long-term debt	(10,722,732)	(13,593,365)
Other liabilities	(20,854,407)	(18,815,561)
Net assets	21,028,376	15,717,210
Non-financial assets	41,517,074	43,279,503
Accumulated surplus	62,545,450	58,996,713
	2022 \$	2021 \$
Results of operations		
Revenues other than municipal levies	80,557,212	77,145,390
Municipal levies	23,054,300	22,691,800
Other income	1,558,931	1,786,596
Expenses	(99,569,261)	(98,130,981)
Annual surplus	5,601,182	3,492,805

The City's share of the municipal levies was **\$16,347,275** [2021 - \$16,142,628].

19. SEGMENTED INFORMATION

The City is a diversified municipal government institution that provides a wide range of services to its citizens. Segmented information has been prepared by major functional classification of activities provided, consistent with the consolidated statement of operations and accumulated surplus and provincially legislated requirements. For each reported segment, revenues and expenses represent both amounts attributable to the segment and amounts that are allocated on a reasonable basis.

The segmented information is provided in Schedule 3 to the consolidated financial statements and includes the following segments:

THE CORPORATION OF THE CITY OF THUNDER BAY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

19. SEGMENTED INFORMATION (continued)

General Government

General Government comprises various administrative services, including Finance & Corporate Services, Legal Services, Realty Services, City Manager's Department, Facilities & Fleet Services, Mayor and Council, and Emergency Planning including emergency evacuations.

Protection to Persons and Property

Protection to persons and property is comprised of Police Services, Fire Services, Protective Inspection and Control, Thunder Bay Court Services and Emergency Measures. The mandate of Police Services is to ensure the safety of the lives and property of citizens; preserve peace and good order; prevent crimes from occurring; detect offenders; and enforce the law. The Fire Services department is responsible for fire suppression; fire prevention programs; training and education related to prevention, detection or extinguishment of fires. Protective Inspection and Control ensures an acceptable quality of building construction and maintenance of properties through enforcement of construction codes, building standards and by-laws for the protection of occupants. Thunder Bay Court Services administers prosecutions and the collection of related fines and fees under the authority of the Provincial Offences Act. Emergency Measures includes COVID-19 pandemic expenses. Also included in Protection to Persons and Property is the City's contribution to the Lakehead Region Conservation Authority.

Transportation Services

Transportation services include Roadways, Winter Control, Transit, Parking and Street Lighting. Roadways covers the delivery of municipal public works services related to the planning, development and maintenance of roadway systems, bridges, culverts, sidewalks, crossing guards and traffic lights. Winter control includes snowplowing, sanding and salting, snow removal and flood control. The Transit division is responsible for providing local public transportation service including specialized public transportation. The Parking Authority is responsible for the planning, development and maintenance of parking lots, meters and parkades, including enforcement of parking regulations. Street lighting plans, develops and maintains the street lighting system.

Environmental Services

Environmental services consist of Waterworks, Sanitary Sewer, Storm Sewer, Waste Collection and Disposal and Recycling. Waterworks provides drinking water to the citizens of Thunder Bay. Sanitary Sewer collects and treats wastewater. Storm Sewer provides surface water management. Waste Collection, Disposal and Recycling includes the collection of solid waste, landfill site operations and waste minimization programs.

Health Services

Health Services includes Cemeteries, Ambulance Services, and the City's contribution to the Thunder Bay District Health Unit.

Social and Family Services

Social and Family Services include General Assistance, Senior Services and Child Care. General Assistance includes the City's contribution to the District of Thunder Bay Social Services Administration Board. Under Senior Services, the City operates a long term care facility, the 55+ Centre, and provides services to seniors, including meals on wheels, friendly visiting program and Jasper Apartments. Child Care includes the operating and maintenance of childcare centres.

THE CORPORATION OF THE CITY OF THUNDER BAY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

19. SEGMENTED INFORMATION (continued)

Recreation and Cultural Services

Recreation and Cultural Services include Parks, Recreation Programs and Facilities, Thunder Bay Public Library and Contributions to Cultural Organizations. The City provides public services that contribute to neighbourhood development and sustainability through the provision of recreation and leisure services such as fitness and aquatic programs, the development and maintenance of various recreational facilities (including golf courses and the marina), and the maintenance of parks and open spaces. The Thunder Bay Public Library is dedicated to providing community access to local and global information resources that support lifelong learning, research and leisure activities. The City contributes to various cultural organizations under specific funding programs.

Planning and Development

Development services manages urban development for business interest, environmental concerns, heritage matters, local neighbourhoods and the downtown through city planning and community development and approval of all land development plans. Also included in Planning and Development are the activities of the Thunder Bay Community Economic Development Commission Inc., two Business Improvement Areas (BIAs), and Victoriaville Centre.

Tbaytel

Tbaytel was established as a Municipal Service Board to govern, control, maintain, operate and manage the City's provision of telecommunication services.

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THE CORPORATION OF THE CITY OF THUNDER BAY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

20. BUDGET INFORMATION

Budgets are established to set tax rates or to finance projects which may be carried out over one or more years. Budget figures have been reclassified for purposes of these consolidated financial statements to comply with PSAB reporting requirements and are not audited. The chart below reconciles the approved budget with the budget figures as presented in these consolidated financial statements.

	\$
Revenues	
Approved Budget	
Operating	425,388,900
Capital	98,883,100
Consolidated Boards	204,756,539
	729,028,539
Adjustments	
Transfer from reserves to operating	(8,362,300)
Obligatory Reserve Funds	(19,107,700)
In year budget adjustments - capital	15,885,239
Financial statement presentation adjustments	3,182,716
Reduction due to tangible capital asset accounting	(98,883,100)
Contributed tangible assets	750,265
Reclassification of taxation	(259,400)
Total Revenues	622,234,259
Expenses	
Approved Budget	
Operating	425,388,900
Capital	98,883,100
Consolidated Boards	165,071,539
	689,343,539
Adjustments	
Amortization of tangible capital assets	46,175,045
Transfer to reserves	(38,412,800)
Reduction due to tangible capital asset accounting	(98,883,100)
Capital out of revenue	(17,395,800)
Post employment benefit expense	16,301,645
Landfill closure and post closure expense	69,271
Financial statement presentation adjustments	(5,208,600)
Reclassification of taxation	(259,400)
Debt principal payments	(21,815,600)
Operating expenses budgeted in capital expensed in current year	24,412,632
Total Expenses	594,326,832
Loss on disposal of tangible capital assets	(137,000)
Annual Surplus	27,770,427

(A) Amortization of tangible capital assets does not include the amortization of the Consolidated Boards (\$32,078,000) and acquisitions of tangible capital assets (\$61,108,100), these amounts are included in their approved budget.

THE CORPORATION OF THE CITY OF THUNDER BAY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

21. FLOOD DISASTER

On May 28, 2012, the City of Thunder Bay experienced a severe rainfall event, which resulted in the flooding of the Atlantic Avenue Secondary Sewage Treatment Plant (the "Plant") and basement flooding in certain areas of the City. On June 8, 2012, the Province of Ontario declared the City of Thunder Bay a disaster area for the purposes of the Ontario Disaster Relief Assistance Program ("ODRAP").

The City is currently in a dispute with its insurer, which has denied the claim based upon a disagreement over the proper allocation of repair costs for purposes of coverage under the insurance policy. The City believes that the basis for the denial of the claim is invalid and has initiated legal action against its insurers and the claims adjusters. As this amount is in dispute and the outcome of the action is indeterminable, in accordance with PSAB standards the City has derecognized the balance in dispute and will record the amount of any recovery when received.

22. COMPARATIVE AMOUNTS

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the current year financial statements.

23. FUTURE ACCOUNTING CHANGES

Financial Instruments, PS 3450, Foreign Currency Translation, PS 2601, and Financial Statement Presentation, PS 1201 are effective for fiscal years beginning on or after April 1, 2022. While early adoption is permitted, all three of the standards must be adopted in the same year. PS 3450 provides guidance on the recognition, measurement, presentation and disclosure of financial instruments including derivative instruments. PS 2601, Foreign Currency Translation includes guidance of deferral and amortization of unrealized gains and losses, hedge accounting and separation of realized and unrealized foreign exchange gains and losses. PS 1201 Financial Statement Presentation includes the addition of a new statement outlining re-measurement gains and losses. The City has not yet adopted these standards or determined the effect on the consolidated financial statements.

Asset Retirement Obligations, PS 3280 is effective for fiscal years beginning on or after April 1, 2022. PS 3280 provides guidance on how to account for and report a liability for asset retirement obligations. The City has not yet adopted this standard or determined the effect on the consolidated financial statements.

24. SUBSEQUENT EVENT

Subsequent to year end the City will be entering into a loan agreement with the Thunder Bay Community Auditorium Inc. (TBCA). The credit facilities include a base loan in the amount of \$500,000 and a revolving event loan in the amount of \$500,000. Both credit facilities are interest free and shall have a term of five years with possible approval for an extension of an additional two years.

THE CORPORATION OF THE CITY OF THUNDER BAY
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

Schedule 1

	General Capital							Infrastructure						Total	
As at December 31,	Land	Land Improvements	Buildings	Machinery & Equipment	Vehicles	Network Assets	Library Collection	Land	Improvements	Building	Linear Assets	Machinery & Equipment	Assets Under Construction (AUC)	2022	2021
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		\$	\$
Cost															
Balance, beginning of year	27,580,389	76,573,370	239,666,381	115,754,716	85,000,103	630,698,000	4,452,924	1,195,122	7,789,157	262,815,473	1,175,281,808	17,141,246	45,399,407	2,689,348,096	2,592,381,022
Add: Additions	-	1,364,424	4,953,152	6,778,965	5,903,359	41,221,000	193,076	285,576	-	-	22,241,835	618,377	38,803,562	122,363,326	106,705,816
Add: Transfers from AUC	-	1,818,918	8,117,891	1,677,884	906,414	13,567,000	-	-	4,603,412	-	10,349,247	71,854	(41,112,620)	-	-
Less: Disposals	18,057	90,428	94,210	2,519,784	2,822,714	1,119,000	178,932	-	-	-	3,084,926	-	-	9,928,051	9,738,742
Less: Write-downs	-	-	-	-	-	-	-	-	-	-	43,375	-	135,470	178,845	-
Balance, end of year	27,562,332	79,666,284	252,643,214	121,691,781	88,987,162	684,367,000	4,467,068	1,480,698	12,392,569	262,815,473	1,204,744,589	17,831,477	42,954,879	2,801,604,526	2,689,348,096
Accumulated Amortization															
Balance, beginning of year	-	40,282,595	110,009,482	82,719,147	49,617,839	407,335,000	3,551,935	-	6,922,485	111,643,519	787,530,121	5,745,426	-	1,605,357,549	1,533,685,219
Add: Amortization	-	2,553,503	6,405,398	8,671,783	5,847,938	23,138,000	281,212	-	581,063	7,373,163	21,902,240	954,737	-	77,709,037	79,534,949
Less: Accumulated Amortization on disposals	-	90,428	93,210	2,501,781	2,552,617	980,000	178,932	-	-	-	2,676,250	-	-	9,073,218	7,862,619
Balance, end of year	-	42,745,670	116,321,670	88,889,149	52,913,160	429,493,000	3,654,215	-	7,503,548	119,016,682	806,756,111	6,700,163	-	1,673,993,368	1,605,357,549
Net Book Value of Tangible Capital Assets	27,562,332	36,920,614	136,321,544	32,802,632	36,074,002	254,874,000	812,853	1,480,698	4,889,021	143,798,791	397,988,478	11,131,314	42,954,879	1,127,611,158	1,083,990,547

The accompanying notes are an integral part of these financial statements.

THE CORPORATION OF THE CITY OF THUNDER BAY
CONSOLIDATED SCHEDULE OF ACCUMULATED SURPLUS

Schedule 2

	2022	2021
As at December 31,		
	\$	\$
Surplus		
Investment in tangible capital assets	1,127,611,158	1,083,990,547
Municipal debenture debt	(216,860,093)	(203,788,452)
Investment in Thunder Bay Hydro Corporation	110,632,595	109,272,789
General fund	30,925,860	21,636,188
Employee future benefits	(117,953,054)	(101,585,409)
Landfill closure and post-closure liability	(5,556,258)	(5,486,987)
Derecognition of receivable	-	(22,946,728)
	928,800,208	881,091,948
Reserves		
Capital reserves	26,740,241	23,088,062
Working capital	4,300,000	4,300,000
	31,040,241	27,388,062
Reserve funds		
Capital reserve funds	66,499,410	63,900,661
Renew Thunder Bay	26,518,299	28,477,590
Indoor Turf	10,840,772	9,135,708
EMS	1,292,231	1,546,450
Recreation	3,364,308	3,004,337
Post-employment benefits	5,488,950	5,308,462
Vested sick leave	2,091,166	2,022,404
WSIB	2,933,873	2,931,804
Insurance	1,450,769	2,566,819
Tax Assessment appeals	9,303,892	8,997,961
Vested property rehabilitation	6,143,755	5,941,736
Stabilization	14,300,622	20,692,146
Economic development	3,588,504	3,587,821
Winter roads maintenance	1,335,458	3,743,975
Other	11,226,700	10,320,905
	166,378,709	172,178,779
Total reserves and reserve funds	197,418,950	199,566,841
Accumulated Surplus	1,126,219,158	1,080,658,789

The accompanying notes are an integral part of these financial statements.

THE CORPORATION OF THE CITY OF THUNDER BAY
CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

Schedule 3

For the year ended December 31,	General Government		Protection to Persons and Property		Transportation Services		Environmental Services		Health Services	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Revenues										
Taxation, net	209,106,773	203,877,393	-	-	-	-	-	-	-	-
Government of Canada grants	10,086,345	12,425,148	322,828	554,437	2,992,411	2,481,782	1,625,049	990,058	-	-
Province of Ontario grants	31,042,710	27,524,772	5,777,556	12,768,904	4,072,193	1,898,673	1,538,667	1,216,724	20,143,334	18,098,520
Contributed tangible capital assets	750,265	-	-	-	-	-	-	-	-	-
Fees and service charges	4,761,547	3,583,741	1,782,307	1,856,166	6,847,917	5,180,272	62,899,261	62,051,010	288,739	174,783
Other	5,387,648	4,823,053	5,436,246	5,019,351	1,025,548	1,136,792	642,772	554,855	3,077,545	2,805,181
Investment income	3,946,510	2,300,239	74,235	36,304	333,834	188,842	1,397,124	614,806	75,836	58,681
Tbaytel fees and service charges	-	-	-	-	-	-	-	-	-	-
Total Revenues	265,081,798	254,534,346	13,393,172	20,235,162	15,271,903	10,886,361	68,102,873	65,427,453	23,585,454	21,137,165
Expenses										
Salary, wages and employee benefits	31,717,975	30,198,249	93,731,421	87,784,207	20,103,917	18,531,933	15,818,701	14,698,091	27,948,300	26,653,943
Long term debt interest	77,674	55,933	108,327	117,248	748,631	825,037	2,979,361	3,008,584	223,571	238,351
Materials	31,907,145	26,239,982	6,777,055	5,334,621	6,976,556	4,751,203	9,999,121	8,838,606	2,656,399	2,228,049
Contracted services	9,044,836	6,658,644	2,481,536	3,269,293	4,956,395	2,872,086	12,571,281	9,521,606	923,594	1,003,094
Rents & financials	2,053,469	1,583,565	433,329	348,297	1,773,886	603,915	2,350,537	1,830,025	453,366	444,422
External transfers to others	-	-	1,697,245	1,668,603	-	-	-	-	2,629,221	2,552,643
Interfunctional and program support	(49,485,983)	(42,294,877)	3,045,179	3,037,392	16,904,779	13,631,499	11,130,802	9,545,469	1,810,045	1,619,723
Unfunded liabilities	(610,644)	(588,650)	16,252,665	3,760,810	(1,513,136)	82,890	(1,098,475)	100,475	3,069,680	1,745,258
Amortization of tangible capital assets	890,107	872,257	2,742,862	2,617,783	18,622,662	19,033,636	16,807,195	16,526,256	1,605,392	1,484,949
Total expenses	25,594,579	22,725,103	127,269,619	107,938,254	68,573,690	60,332,199	70,558,523	64,069,112	41,319,568	37,970,432
Net revenues (expenses)	239,487,219	231,809,243	(113,876,447)	(87,703,092)	(53,301,787)	(49,445,838)	(2,455,650)	1,358,341	(17,734,114)	(16,833,267)

THE CORPORATION OF THE CITY OF THUNDER BAY
CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

Schedule 3

For the year ended December 31,	Social and Family Services		Recreation and Cultural Services		Planning and Development		Tbaytel		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Revenues										
Taxation, net	-	-	-	-	-	-	-	-	209,106,773	203,877,393
Government of Canada grants	35,741	102,748	2,286,279	2,174,851	933,861	187,153	300,000	2,537,000	18,582,514	21,453,177
Province of Ontario grants	12,161,643	10,475,266	2,448,455	1,304,433	535,331	3,166,044	620,000	254,000	78,339,889	76,707,336
Contributed tangible capital assets	-	-	-	-	-	-	-	-	750,265	-
Fees and service charges	8,137,953	7,845,943	7,526,098	5,091,194	1,755,489	2,050,805	-	-	93,999,311	87,833,914
Other	17,675	1,259	1,013,381	587,052	1,396,710	1,003,246	12,525,000	7,013,271	30,522,525	22,944,060
Investment income	76,196	37,795	553,234	247,223	203,046	92,856	(243,000)	679,000	6,417,015	4,255,746
Tbaytel fees and service charges	-	-	-	-	-	-	206,867,000	204,889,000	206,867,000	204,889,000
Total Revenues	20,429,208	18,463,011	13,827,447	9,404,753	4,824,437	6,500,104	220,069,000	215,372,271	644,585,292	621,960,626
Expenses										
Salary, wages and employee benefits	19,488,504	18,347,611	20,486,282	17,735,050	3,507,101	3,344,695	36,147,000	35,652,000	268,949,201	252,945,779
Long term debt interest	298,980	502,545	94,175	94,199	-	-	1,222,822	1,313,406	5,753,541	6,155,303
Materials	3,448,277	3,031,735	6,749,179	6,427,184	3,455,396	2,031,573	89,795,298	85,359,680	161,764,426	144,242,633
Contracted services	1,007,819	790,971	3,818,039	2,190,775	1,053,683	405,824	-	-	35,857,183	26,712,293
Rents & financials	86,305	90,204	262,071	233,843	205,055	200,909	22,178	72,594	7,640,196	5,407,774
External transfers to others	16,347,275	16,180,489	4,874,611	2,834,087	248,565	243,004	-	-	25,796,917	23,478,826
Interfunctional and program support	2,147,310	1,826,550	12,735,652	11,007,537	1,712,216	1,626,707	-	-	-	-
Unfunded liabilities	724,689	(225,746)	(371,241)	(73,123)	(82,622)	(11,432)	-	-	16,370,916	4,790,482
Amortization of tangible capital assets	434,310	442,988	5,319,264	5,077,827	291,245	279,253	30,996,000	33,200,000	77,709,037	79,534,949
Total expenses	43,983,469	40,987,347	53,968,032	45,527,379	10,390,639	8,120,533	158,183,298	155,597,680	599,841,417	543,268,039
Net revenues (expenses)	(23,554,261)	(22,524,336)	(40,140,585)	(36,122,626)	(5,566,202)	(1,620,429)	61,885,702	59,774,591	44,743,875	78,692,587