

Consolidated Financial Statements of

**CORPORATION OF THE CITY  
OF BELLEVILLE**

Year ended December 31, 2022

# CORPORATION OF THE CITY OF BELLEVILLE

Consolidated Financial Statements

Year ended December 31, 2022

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## **Management’s Responsibility for the Consolidated Financial Statements**

## **Independent Auditor’s Report**

### **Consolidated Financial Statements:**

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# City of Belleville

## Finance Department

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## Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Corporation of the City of Belleville (the "Corporation") are the responsibility of the Corporation's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards. A summary of significant accounting policies are described in note 1 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Corporation's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of consolidated financial statements. These systems are monitored and evaluated by management.

Management meets with the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to Council approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the Corporation. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Corporation's consolidated financial statements.

Rod Bovay  
Chief Administrative Officer

Brandon Ferguson  
Director of Finance/Treasurer



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## INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the City of Belleville:

### ***Opinion***

We have audited the consolidated financial statements of the Corporation of the City of Belleville (the "Entity"), which comprise:

- the consolidated statement of financial position as at December 31, 2022
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net financial asset (liability) for the year then ended
- the consolidated statement of cash flows for the year then ended; and
- notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2022, and its consolidated results of operations 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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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

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

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.



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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

July 10, 2023

# CORPORATION OF THE CITY OF BELLEVILLE

## Consolidated Statement of Financial Position

December 31, 2022, with comparative information for 2021

|  | 2022               | 2021               |
|--|--------------------|--------------------|
| <b>Assets</b>  |                    |                    |
| Financial assets:                                      |                    |                    |
| Cash and investments (note 3)                          | \$ 153,757,471     | \$ 134,218,407     |
| Taxes receivable                                       | 3,380,376          | 4,465,218          |
| Accounts receivable                                    | 17,297,252         | 13,224,379         |
| Assets held for resale (note 1(d))                     | 15,156,487         | 17,568,202         |
| Long-term investments (note 4)                         | 18,493,684         | 18,971,953         |
| Investment in government business partnership (note 5) | 23,774,686         | 22,710,841         |
|  | <u>231,859,956</u> | <u>211,159,000</u> |
| <b>Liabilities</b>                                     |                    |                    |
| Financial Liabilities:                                 |                    |                    |
| Construction advance (note 6)                          | 3,100,000          | 3,100,000          |
| Accounts payable and accrued liabilities               | 24,892,736         | 23,787,868         |
| Employee benefits payable (note 7)                     | 18,093,191         | 17,731,018         |
| Other liabilities (note 8)                             | 4,960,414          | 4,306,582          |
| Deferred revenue (note 9)                              | 64,859,219         | 37,488,855         |
| Municipal debt (note 10)                               | 103,107,601        | 109,656,843        |
|  | <u>219,013,161</u> | <u>196,071,166</u> |
| Net financial assets                                   | 12,846,795         | 15,087,834         |
| Non-financial assets:                                  |                    |                    |
| Tangible capital assets, net (note 17)                 | 697,948,197        | 687,455,367        |
| Inventory of supplies                                  | 1,322,415          | 1,332,191          |
| Prepaid expenses                                       | 1,366,870          | 1,185,208          |
|  | <u>700,637,482</u> | <u>689,972,766</u> |
| Contingent liabilities and commitments (note 12)       |                    |                    |
| Accumulated surplus (note 15)                          | \$ 713,484,277     | \$705,060,600      |

See accompanying notes to consolidated financial statements.

# CORPORATION OF THE CITY OF BELLEVILLE

## Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2022, with comparative information for 2021

|  | Budget<br>2022<br>(note 19) | Actual<br>2022        | Actual<br>2021        |
|--|-----------------------------|-----------------------|-----------------------|
| <b>Revenue:</b>  |                             |                       |                       |
| Municipal taxation   | \$ 102,150,100              | \$ 101,021,619        | \$ 101,999,042        |
| Taxation from other governments                                      | 2,643,900                   | 2,629,035             | 2,587,379             |
| User charges   | 40,555,700                  | 42,076,114            | 38,256,408            |
| Grants - Government of Canada  | 212,700                     | 125,419               | 61,700                |
| Grants - Province of Ontario   | 3,803,700                   | 3,880,134             | 4,948,342             |
| Grants - Other Municipalities  | 167,000                     | 713,693               | 184,168               |
| Fines  | 396,100                     | 377,840               | 313,171               |
| Investment income  | 1,573,400                   | 3,346,087             | 926,719               |
| Interest and penalties on taxes                                      | 600,000                     | 624,050               | 583,001               |
| Development charges  | 2,382,600                   | 1,203,550             | 1,451,472             |
| Donations  | 47,500                      | 120,269               | 49,440                |
| Ontario Lottery and Gaming Corporation                               | 3,000,000                   | 3,144,852             | 1,321,724             |
| Other  | —                           | 1,876,009             | —                     |
| <b>Total revenue</b>   | <b>157,532,700</b>          | <b>161,138,671</b>    | <b>152,682,566</b>    |
| <b>Expenses:</b>   |                             |                       |                       |
| General government   | 13,139,800                  | 18,973,371            | 12,742,767            |
| Protection to persons and property                                   | 42,338,600                  | 42,361,894            | 40,880,105            |
| Transportation services  | 30,669,800                  | 31,244,963            | 28,974,643            |
| Environmental services   | 29,311,700                  | 36,155,748            | 28,843,306            |
| Health services  | 6,102,700                   | 5,922,070             | 5,660,059             |
| Social and family services   | 5,572,400                   | 5,474,922             | 5,182,589             |
| Recreation and cultural services                                     | 22,104,800                  | 22,044,480            | 20,341,138            |
| Planning and development   | 5,716,200                   | 4,543,302             | 4,165,976             |
| Social housing   | 5,712,000                   | 5,808,566             | 5,455,779             |
| <b>Total expenses</b>  | <b>160,668,000</b>          | <b>172,529,316</b>    | <b>152,246,362</b>    |
| <b>Annual operating surplus (deficit)</b>                            | <b>(3,135,300)</b>          | <b>(11,390,645)</b>   | <b>436,204</b>        |
| <b>Revenue related to capital:</b>                                   |                             |                       |                       |
| Municipal taxation   | 5,704,500                   | 5,704,500             | 5,673,200             |
| Grants - Government of Canada  | 16,656,900                  | 4,079,445             | 7,954,193             |
| Grants - Province of Ontario   | 4,504,500                   | 4,879,154             | 8,412,656             |
| Contribution from developers   | —                           | 1,143,578             | 114,729               |
| Development charges  | 1,858,000                   | 58,804                | 3,462,120             |
| Park land  | —                           | —                     | 67,745                |
| Other  | 831,000                     | 551,618               | 775,409               |
| Tangible capital assets gain   | —                           | 1,130,333             | 1,244,926             |
|  | <b>29,554,900</b>           | <b>17,547,432</b>     | <b>27,704,978</b>     |
| Interest earned on reserve funds                                     | —                           | 350,971               | 197,611               |
| Equity share of government business<br>partnership earnings (note 5) | —                           | 1,915,919             | 1,581,797             |
| <b>Annual surplus</b>  | <b>26,419,600</b>           | <b>8,423,677</b>      | <b>29,920,590</b>     |
| <b>Accumulated surplus, beginning of year</b>                        | <b>705,060,600</b>          | <b>705,060,600</b>    | <b>675,140,010</b>    |
| <b>Accumulated surplus, end of year (note 15)</b>                    | <b>\$ 731,480,200</b>       | <b>\$ 713,484,277</b> | <b>\$ 705,060,600</b> |

See accompanying notes to consolidated financial statements.



# CORPORATION OF THE CITY OF BELLEVILLE

## Consolidated Statement of Changes in Net Financial Asset (Liability)

Year ended December 31, 2022, with comparative information for 2021

|  | Budget<br>2022  | Actual<br>2022 | Actual<br>2021 |
|--|-----------------|----------------|----------------|
|  | (note 19)       |                |                |
| Annual surplus                                     | \$ 26,419,600   | \$ 8,423,677   | \$ 29,920,590  |
| Amortization of tangible capital assets            | 27,384,000      | 27,433,806     | 27,671,895     |
| Acquisition of tangible capital assets             | (94,410,090)    | (37,301,318)   | (39,311,706)   |
| Contribution from developers                       | –               | (1,143,578)    | (114,729)      |
| Tangible capital assets gain                       | –               | (1,130,333)    | (1,244,926)    |
| Proceeds on sale of tangible capital assets        | –               | 1,648,593      | 1,915,676      |
| Change in inventory of supplies                    | –               | 9,776          | (119,326)      |
| Change in prepaid expenses                         | –               | (181,662)      | (335,873)      |
|  | (67,026,090)    | (10,664,716)   | (11,538,989)   |
| Change in net financial asset                      | (40,606,490)    | (2,241,039)    | 18,381,601     |
| Net financial asset (liability), beginning of year | 15,087,834      | 15,087,834     | (3,293,767)    |
| Net financial asset, end of year                   | \$ (25,518,656) | \$ 12,846,795  | \$ 15,087,834  |

See accompanying notes to consolidated financial statements.

# CORPORATION OF THE CITY OF BELLEVILLE

## Consolidated Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

|   | 2022           | 2021           |
|---|----------------|----------------|
| Operating activities:                                     |                |                |
| Annual surplus  | \$ 8,423,677   | \$ 29,920,590  |
| Item not involving cash:                                  |                |                |
| Amortization of tangible capital assets                   | 27,433,806     | 27,671,895     |
| Contribution from developers                              | (1,143,578)    | (114,729)      |
| Employee benefits payable                                 | 362,173        | 391,998        |
| Tangible capital assets gain                              | (1,130,333)    | (1,244,926)    |
| Solid waste landfill closure and post closure liabilities | 120,000        | 1,810,000      |
| Equity share of government business partnership earnings  | (1,915,919)    | (1,581,797)    |
|   | 32,149,826     | 56,853,031     |
| Change in non-cash operating working capital:             |                |                |
| Taxes receivable  | 1,084,842      | 602,907        |
| Accounts receivable                                       | (4,072,873)    | 1,478,461      |
| Assets held for resale                                    | 2,411,715      | 22,433         |
| Inventory of supplies                                     | 9,776          | (119,327)      |
| Prepaid expenses  | (181,662)      | (335,873)      |
| Accounts payable and accrued liabilities                  | 1,104,868      | (683,991)      |
| Other liabilities   | 533,832        | 76,512         |
| Deferred revenue  | 27,370,364     | 1,093,760      |
| Net change in cash from operations                        | 60,410,688     | 58,987,913     |
| Capital activities:                                       |                |                |
| Acquisition of tangible capital assets                    | (37,301,318)   | (39,311,706)   |
| Proceeds on disposal of tangible capital assets           | 1,648,593      | 1,915,676      |
|   | (35,652,725)   | (37,396,030)   |
| Investing activities:                                     |                |                |
| Dividends received from government business partnership   | 852,074        | 1,029,208      |
| Net investment in lease                                   | –              | 51,000         |
| Other investments   | (588,063)      | 71,603         |
| Bell Boulevard water and sewer recoverable costs          | 1,063,894      | (298,575)      |
| Local improvement levies receivable                       | 2,438          | 11,813         |
|   | 1,330,343      | 865,049        |
| Financing activities:                                     |                |                |
| Repayment of municipal debt                               | (6,549,242)    | (6,481,912)    |
| Increase in cash  | 19,539,064     | 15,975,020     |
| Cash, beginning of year                                   | 134,218,407    | 118,243,387    |
| Cash, end of year   | \$ 153,757,471 | \$ 134,218,407 |

See accompanying notes to consolidated financial statements.

# CORPORATION OF THE CITY OF BELLEVILLE

Notes to Consolidated Financial Statements

Year ended December 31, 2022

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## 1. Significant accounting policies:

The consolidated financial statements of the Corporation are the representations of management and have been prepared in all material respects in accordance with Canadian Public Sector Accounting Standards. Significant aspects of the accounting policies by the Corporation are as follows:

### (a) Reporting entity:

The consolidated financial statements reflect the assets, liabilities, revenues, expenditures, and cash flows of the reporting entity. The reporting entity is comprised of all organizations and enterprises accountable for the administration of their financial affairs and resources to the Corporation and which are owned or controlled by the Corporation except for the Corporation's government business partnership (Elexicon Corporation), which is accounted for on the modified equity basis of accounting. In addition to general government tax-supported operations, they include the following:

- Belleville Public Library Board
- Belleville Downtown Improvement Area

Interdepartmental and organizational transactions and balances are eliminated.

The following joint boards are proportionally consolidated:

- Centre and South Hastings Waste Services Board

### Investment in Government Business Partnership

The Corporation's investment in Elexicon Corporation and its subsidiaries (Hydro Corporations) is accounted for on a modified equity basis, consistent with generally accepted accounting principles as recommended by the Public Sector Accounting Board ("PSAB") for investments in government business partnerships. Under the modified equity basis of accounting, the business partnership's accounting principles are not adjusted to conform to those of the Corporation and inter-organizational transactions and balances are not eliminated. The Corporation recognizes its equity interest in the annual income or loss of Hydro Corporations in its "Consolidated Statement of Operations" with a corresponding increase or decrease in its investment asset account. Any dividends that the Corporation may receive from Hydro Corporations and other capital transactions will be reflected as adjustments in the investment asset account.

# CORPORATION OF THE CITY OF BELLEVILLE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

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## 1. Significant accounting policies (continued):

### (a) Reporting entity (continued):

#### Investment in Quinte Solar Generation Inc.

The Corporation, Solera Sustainable Energies Company Limited, and Elexicon Corporation holds 15%, 15% and 70% equity interest respectively in the above company, incorporated to own, operate and maintain projects related to solar electricity generation facilities and systems at some specific locations. This venture is currently in the application stage with the Independent Electricity System Operator (IESO) and has not yet been injected with capital by the joint parties.

The following local boards and joint local boards are not consolidated:

- The Hastings and Prince Edward Counties Health Unit
- Hastinet - a joint board of The Belleville Public Library Board and Quinte West Public Library Board
- Quinte Conservation

### (b) Accounting for school board transactions:

The assets, liabilities, revenues, and expenditures with respect to the operations of schools boards are not reflected in these consolidated financial statements.

### (c) Basis of accounting:

The consolidated financial statements are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

### (d) Assets held for resale:

Assets held for resale are recorded at the lower of cost or net realizable value. Cost includes amounts for improvements to prepare the land for sale or servicing. As at December 31, 2022 industrial land held for resale totals \$14,576,623 (2021 - \$16,609,238) and land and buildings declared surplus by Council with a net book value of \$579,864 (2021 - \$958,964).

# CORPORATION OF THE CITY OF BELLEVILLE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

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## 1. Significant accounting policies (continued):

### (e) Deferred revenue - obligatory reserve funds

The Corporation receives contributions under the authority of provincial legislation and City by-laws. These funds by their nature are restricted in their use and until applied to applicable projects are recorded as deferred revenue. Amounts applied to projects are recorded as revenue in the fiscal period they are expended.

### (f) Deferred revenue

Deferred revenues represent user charges 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 services are performed. In addition, any contributions received with external restrictions are deferred until the related expenditures are made.

### (g) Employee benefits payable:

The Corporation accrues its obligations under the defined benefit plans as the employees render the services necessary to earn the compensated absences and other post employment benefits. The actuarial determination of the accrued benefit obligations for retirement benefits uses the projected benefit method prorated on service (which incorporates management's best estimate of future salary levels, other cost escalation, retirement ages of employees and other actuarial factors). The most recent actuarial valuation of the benefit plans was as of January 1, 2022, and the next required valuation will be as of January 1, 2025.

Actuarial gains (losses) on the accrued benefit obligation arise from differences between actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation. The net accumulated actuarial gains (losses) are amortized over the average remaining service period of active employees. The average remaining service period of the active employees covered by the other retirement benefits plan is 9 years (2021 - 10 years).

Past service costs arising from plan amendments are recognized immediately in the period the plan amendments occur.

### (h) Contaminated sites liability:

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when, as at the financial reporting date, all the following criteria are met for a site or a portion of a site which is no longer in productive use:

- i) an environmental standard exists;
- ii) contamination exceeds environmental standard;

# CORPORATION OF THE CITY OF BELLEVILLE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

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## 1. Significant accounting policies (continued):

### (h) Contaminated sites liability(continued):

- iii) the Corporation is directly responsible or accepts responsibility; and
- iv) a reasonable estimate of the amount can be made.

### (i) Government transfers and Ontario Lottery and Gaming Corporation funding:

Government transfers and Ontario Lottery and Gaming Corporation funding are recognized as revenues or expenditures in the year that the events giving rise to the transfer occurred, provided the transfer is authorized, eligibility criteria, if any, have been met by the recipient, and a reasonable estimate of the amount can be made.

### (j) Taxation and related revenues:

Property tax billings are prepared by the Corporation based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established annually by City Council incorporating amounts to be raised for local services and amounts the Corporation is required to collect on behalf of the Province of Ontario in respect of education taxes. Realty taxes are billed based on the assessment rolls provided by MPAC. Taxation revenues are recorded at the time tax billings are issued. A normal part of the assessment process is the issue of supplementary assessment rolls that provide updated information with respect to changes in property assessment.

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

### (k) 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. The change in non-financial assets during the year, together with the annual surplus or deficit, provides the Change in Net Financial Assets for the year.

### (l) Tangible capital assets:

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Initial costs for tangible assets that were acquired and developed prior to 2009 were obtained using historical cost information or using current fair market values discounted by a relevant inflation factor to the point of acquisition.

# CORPORATION OF THE CITY OF BELLEVILLE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

## 1. Significant accounting policies (continued):

### (l) Tangible capital assets (continued):

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

| Asset                                    | Useful Life - Years |
|--|---------------------|
| Land Improvements                        | 15 years            |
| Buildings and leasehold improvements     | 20 to 100 years     |
| Vehicles and equipment                   | 5 to 10 years       |
| Computer hardware and software           | 5 to 10 years       |
| Water and waste plants and networks:     |                     |
| – underground networks                   | 15 to 75 years      |
| – sewage treatment plants and facilities | 50 to 75 years      |
| Transportation:                          |                     |
| – roads                                  | 15 to 26 years      |
| – bridges and other structures           | 25 to 75 years      |

One half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

The Corporation has a capitalization threshold so that individual tangible capital assets of lesser value are expensed, unless they are pooled, because collectively they have significant value, or for operational reasons.

### (m) Contribution of tangible capital assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue. Similarly, transfer of assets to third parties are recorded as an expense equal to the net book value of the assets as of the date of transfer.

### (n) Works of art and historical treasures:

The Corporation owns both works of art and historical treasures at various museums and facilities. These assets are deemed worthy of preservation because of the social rather than financial benefits they provide the community. These assets are not recorded as tangible capital assets and are not amortized.

# CORPORATION OF THE CITY OF BELLEVILLE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

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## 1. Significant accounting policies (continued):

### (o) 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 expense as incurred.

### (p) Inventory of supplies:

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

### (q) Foreign currencies:

Foreign currency transactions entered into by the Corporation have been translated at the exchange rate prevailing at the date of transaction. Monetary assets have been translated at the year-end exchange rate. Foreign exchange gain and losses are included in the statement of operations and accumulated surplus.

### (r) Use of estimates:

The preparation of consolidated financial statements in conformity with accounting policies as issued by the PSAB of the Chartered Professional Accountants of Canada 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 expenditures during the reporting period. Management makes accounting estimates when determining the estimated useful life of the Corporation's tangible capital assets, its allowance for doubtful accounts, the carrying value of its inventory, the accrued liabilities for employee benefits, solid waste landfill closure and post-closure cost and liability for contaminated sites. Actual results could differ from those estimates.

## 2. Financial instruments:

The Corporation's financial instruments consist of cash, taxes receivable, accounts and notes receivable, investments, accounts payable and accrued liabilities and municipal debt. Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant interest rate, currency or credit risks arising from these financial instruments.



# CORPORATION OF THE CITY OF BELLEVILLE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

### 3. Cash and investments:

The cash and investments balance consists of the following:

|   | Market<br>value | 2022           | 2021           |
|---|-----------------|----------------|----------------|
| City of Belleville:   |                 |                |                |
| Cash and chequing accounts  | \$ 54,660,455   | \$ 54,660,455  | \$ 75,001,983  |
| Mutual funds/segregated funds   | 725,615         | 725,615        | 1,763,656      |
| Fixed income accounts   | 77,252,804      | 77,084,300     | 35,500,000     |
| Principal protected notes   | 19,640,590      | 20,000,014     | 21,000,014     |
| Belleville Public Library Board   | 880,811         | 880,458        | 439,094        |
| Belleville Downtown Improvement Area<br>Centre and South Hastings Waste<br>Services Board | 136,811         | 136,811        | 96,972         |
|   | 269,818         | 269,818        | 416,688        |
|   | \$ 153,566,904  | \$ 153,757,471 | \$ 134,218,407 |

Cash and investments in the amount of \$63,835,535 (2021 - \$36,592,421) have been restricted to support obligatory reserve funds, reserves and deferred revenue.

### 4. Long-term investments:

Long-term investments balance consists of the following:

|  | 2022          | 2021          |
|--|---------------|---------------|
| Bell Boulevard water and sewer recoverable costs (a) | \$ 1,144,862  | \$ 2,208,756  |
| Local improvement levies receivable (b)              | 23,650        | 26,087        |
| Note receivable Elexicon Corporation (c)             | 2,206,000     | 2,206,000     |
| Note receivable Elexicon Energy Inc. (c)             | 5,588,000     | 5,588,000     |
| Notes receivable - other (d)                         | 8,581,145     | 8,581,145     |
| Other investments                                    | 950,027       | 361,965       |
|  | \$ 18,493,684 | \$ 18,971,953 |

# CORPORATION OF THE CITY OF BELLEVILLE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

## 4. Long-term investments (continued):

### (a) Bell Boulevard water and sewer recoverable costs:

The Corporation entered into a servicing agreement with the owners of lands on the westerly end of Bell Boulevard to attract development to the area. All recoverable costs as a result of the Corporation installing services, together with accrued interest, shall be repayable at the earlier of the issuance of a building permit for development or the expiry of 15 years from the date of the agreement. The interest rate throughout the term of this agreement is fixed at the rate of 2.67%. Security consists of a one-foot road frontage which will be released once the recoverable costs are paid or satisfactory terms of payment have been arranged with the Corporation.

### (b) Local improvement levies receivable:

Improvements to infrastructure are often requested by residents such as extending waterlines, sewers, sidewalks, or curb and gutters to new areas, or repairs and upgrades to municipal drains. The Corporation records the outstanding ratepayer funding of these local improvements as a receivable in the consolidated statement of financial position. The levies are receivables and bear interest at the rate of 4.27%. The ratepayers have the option to pay the balance of the loan at any time. The local improvement levies receivable for capital projects on the tax roll consist of the following:

|            |    | 2022   |    | 2021   |
|------------|----|--------|----|--------|
| Water      | \$ | 13,716 | \$ | 15,129 |
| Wastewater |    | 9,934  |    | 10,958 |
|            | \$ | 23,650 | \$ | 26,087 |

### (c) Notes receivable:

The note receivable from Elexicon Corporation is payable on demand, bears interest at 4.13% at the Ontario Energy Board deemed long-term debt rate for ten years.

The note receivable from Elexicon Energy Inc. is payable on demand, bears interest at 4.13% the Ontario Energy Board deemed long-term debt rate for ten years. Elexicon Corporation has guaranteed the note receivable from Elexicon Energy Inc. to the City of Belleville.

# CORPORATION OF THE CITY OF BELLEVILLE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

## 4. Long-term investments (continued):

### (c) Notes receivable (continued):

On the tenth anniversary of the date of these notes, the interest rate per annum shall be adjusted to the deemed long-term rate in effect at that time. Thereafter, the interest rate per annum shall be adjusted to match the then current deemed long-term rate in effect at the earlier of (i) the five year anniversary of the most recent interest rate adjustment date of this note, and (ii) the date (following the most recent interest rate adjustment of the note) on which Elexicon Energy Inc. files a cost of service application with the Ontario Energy Board. The City of Belleville may demand full or partial repayment of the notes together with any accrued interest with sixty days' notice. Elexicon Energy Inc. has the option of prepaying the principal amount at any time, in whole or in part with the prior written consent of the City of Belleville.

The Corporation has waived the right to demand repayment of any portion of the principal on the notes receivable before the date of January 1, 2024.

### (d) Notes receivable - other:

The notes receivable - other consists of the following:

|                                      | 2022         | 2021         |
|--------------------------------------|--------------|--------------|
| Notes receivable in Canadian dollars | \$ 8,581,145 | \$ 8,581,145 |

The Corporation has agreed to advance a Company up to \$6,500,000 United States dollars (USD). The loan agreement provides for the actual promissory note to be stated in Canadian dollars based on the exchange rate in effect at the time of each advance.

The loan shall be advanced in multiple tranches as follows:

The first \$3,250,000 USD is non-interest bearing, is repayable upon certain triggering events. The borrower may prepay this note at any time without notice or bonus. In 2016 the Corporation advanced the Company \$3,250,000 USD and received a promissory note for \$4,296,175 Canadian dollars.

The second \$3,250,000 USD bears interest at 1.5% per annum calculated semi-annually. In February 2022, the Corporation signed an amending and extension agreement that suspended interest payments until June 2022 and principal payments until May 2023. The revised maturity of this note is January 2027.

The Corporation holds various security on the note receivable including restrictions on control, borrowing, return of capital and a guarantee in the amount of \$3,965,700.

Triggering events under the loan agreement include; a permanent relocation outside of Belleville, an arm's-length sale of the Company, or a change in control outside of the current ownership.

# CORPORATION OF THE CITY OF BELLEVILLE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

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## 4. Long-term investments (continued):

### (e) Investment in government partnership:

The Corporation is a member of the Centre & South Hastings Waste Services Board, a Joint Municipal Service Board operating waste reduction programs including recycling, hazardous waste management and composting. Consistent with generally accepted accounting treatment for government partnerships, the joint service board is accounted for on a proportionate consolidated basis whereby the Corporation's pro-rata share of each of the financial assets, liabilities, non-financial assets, revenues and expenditures are combined on a line by line basis in the consolidated financial statements.

During the year the Corporation paid \$1,166,799 (2021 - \$1,036,628) to Centre & South Hastings Waste Services Board for recycling services.

## 5. Investment in government business partnership:

### (a) Elexicon Corporation is a government business partnership jointly owned by the City of Pickering, Town of Ajax, Municipality of Clarington, Town of Whitby and City of Belleville. The City of Belleville owns 9,044 Common shares of Elexicon Corporation representing a 9.044% interest in the company which is accounted for using the modified equity basis of accounting.

Elexicon Corporation's consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). The following table provides condensed financial information which comprise the consolidated balance sheet, the consolidated statement of income and comprehensive income. The amounts are disclosed in thousands of dollars:

# CORPORATION OF THE CITY OF BELLEVILLE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

## 5. Investment in government business partnership (continued):

(a) (continued):

Consolidated Balance Sheet (in thousands of dollars)

|                     | 2022       | 2021       |
|---------------------|------------|------------|
| Current assets      | \$ 106,273 | \$ 104,266 |
| Non-current assets  | 662,651    | 585,290    |
| Total assets        | 768,924    | 689,556    |
| Regulatory balances | 58,573     | 39,164     |
|                     | \$ 827,497 | \$ 728,720 |

  

|  | 2022       | 2021       |
|--|------------|------------|
| Current liabilities                        | \$ 316,892 | \$ 85,153  |
| Non-current liabilities                    | 237,698    | 391,046    |
| Shareholders' equity                       | 262,878    | 251,115    |
| Total liabilities and shareholders' equity | 817,468    | 727,314    |
| Regulatory balances                        | 10,029     | 1,406      |
|  | \$ 827,497 | \$ 728,720 |

Consolidated Statement of Operations (in thousands of dollars)

|  | 2022       | 2021       |
|--|------------|------------|
| Revenue  | \$ 514,713 | \$ 501,355 |
| Commodity cost and expenses  | (509,608)  | (495,547)  |
| Other income   | 9,193      | 7,107      |
| Finance costs and unrealized gain (loss) on interest rate swaps                              | (2,184)    | (2,796)    |
| Income before income taxes   | 12,114     | 10,119     |
| Income tax expense   | (6,100)    | (5,871)    |
| Net income   | 6,014      | 4,248      |
| Net movements in regulatory balances, net of tax   | 10,783     | 12,684     |
| Other comprehensive income (loss), net of tax:<br>Remeasurements of employee future benefits | 4,387      | 558        |
| Total equity earnings  | \$ 21,184  | \$ 17,490  |
| City's share of equity earnings  | \$ 1,915   | \$ 1,581   |

# CORPORATION OF THE CITY OF BELLEVILLE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

## 5. Investment in government business partnership (continued):

(b) The Corporation's equity is represented by:

|  | 2022          | 2021          |
|--|---------------|---------------|
| Promissory notes receivable (note 4)           | \$ 7,794,000  | \$ 7,794,000  |
| Investment in government business partnership: |               |               |
| Initial cost of investment in shares           | 12,954,063    | 12,954,063    |
| Adjustment on mergers                          | 752,837       | 752,837       |
| Government business partnership shares         | 13,706,900    | 13,706,900    |
| Accumulated share of net earnings              | 23,767,908    | 21,851,989    |
| Accumulated dividends received                 | (13,700,122)  | (12,848,048)  |
|  | 23,774,686    | 22,710,841    |
|  | \$ 31,568,686 | \$ 30,504,841 |

(c) Equity in government business partnership:

|   | 2022          | 2021          |
|---|---------------|---------------|
| Balance, beginning of year                | \$ 30,504,841 | \$ 29,952,252 |
| Equity share of net earnings for the year | 1,915,919     | 1,581,797     |
| Dividends received                        | (852,074)     | (1,029,208)   |
| Balance, end of year                      | \$ 31,568,686 | \$ 30,504,841 |

(d) Contingencies and guarantees of Elexicon Corporation ("Elexicon") as disclosed in their financial statements are as follows:

(i) Insurance claims:

Elexicon is a member of the Municipal Electric Association Reciprocal Insurance Exchange ("MEARIE") which was created on January 1, 1987. A reciprocal insurance exchange may be defined as a group of persons formed for the purpose of exchanging reciprocal contracts of indemnity or inter-insurance with each other. MEARIE provides general liability insurance to member electric utilities. MEARIE also provides vehicle and property insurance to Elexicon.

# CORPORATION OF THE CITY OF BELLEVILLE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

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## 5. Investment in government business partnership (continued):

(d) (continued):

(i) Insurance claims (continued):

Insurance premiums charged to each member electric utility consist of a levy per \$1 of service revenue subject to a credit or surcharge based on each electric utility's claims experience. The maximum coverage is \$40,000 per occurrence for liability insurance, \$21,000 for vehicle insurance, and \$206,572 for property insurance and \$12,000 for privacy, cyber, and network security insurance.

(ii) Contractual obligation - Hydro One Networks Inc.:

The Corporation's subsidiary, EEI, is party to a connection and cost recovery agreement with Hydro One related to the construction by Hydro One of a transformer station designated to meet EEI's anticipated electricity load growth. Construction of the project was completed during 2007 and EEI connected to the transformer station during 2008.

To the extent that the cost of the project is not recoverable from future transformation connection revenue, EEI is obligated to pay a capital contribution equal to the difference between this revenue and the construction costs allocated to EEI. The construction costs allocated to EEI for the project are \$19,950.

Hydro One has performed a true-up based on actual load at the end of the tenth anniversary of the in-service date and the Corporation has paid \$Nil in 2022 (2021 - \$Nil) to Hydro One and recognized the same as an intangible asset. Hydro One is expected to perform another true-up based on actual load at the end of the fifteenth anniversary of the in-service date.

(iii) Prudential Support:

Purchasers of electricity in Ontario, through the IESO, are required to provide security to mitigate the risk of default based on their expected activity in the market. The IESO could draw on this security if the Corporation fails to make the payment required on a default notice issued by the IESO. The Corporation has provided a \$64,000 guarantee to the IESO on behalf of EEI.

(iv) General claims:

From time to time, the Corporation is involved in various lawsuits, claims and regulatory proceedings in the normal course of business. In the opinion of management, the outcome of such matters will not have a material adverse effect on the Corporation's consolidated financial position and results of operations or cash flows.

# CORPORATION OF THE CITY OF BELLEVILLE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

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## 6. Construction advance:

The Corporation approved the temporary borrowing for financing capital works in the amount of \$3,100,000 (2021 - \$3,100,000) and incurs interest at a floating monthly construction rate which at December 31, 2022 was 5.0% (2021 - 0.70%).

## 7. Employee benefits payable:

(a) The Corporation provides certain employee benefits which will require funding in future periods. An actuarial valuation of future liabilities as at January 1, 2022 was completed on March 15, 2023 and forms the basis for the estimated liability reported in these financial statements.

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

(i) Interest (discount) rate:

The obligation as at December 31, 2022, of the present value of future liabilities and the expense for the 12 months ended December 31, 2022, were determined using an annual discount rate of 4.00% (2021 - 3.00%). This corresponds to the Corporation's cost of borrowing and the long-term yield on high quality bonds at the date of the valuation.

(ii) Salary levels:

Future general salary and wages level were assumed to increase at 3.00% (2021 - 3.00%) per annum.

(iii) Medical costs:

Medical costs were assumed to increase at 4.90% in 2023 to 2024, 5.30% in 2025 to 2034, 4.60% in 2035 to 2039 and to an ultimate rate of 4.00% per annum in 2040 and thereafter.

(iv) Dental costs;

Dental costs were assumed to increase at 5.10% in 2023 to 2024, 5.60% in 2025 to 2029, 5.30% in 2030 to 2034, 4.60% in 2035 to 2039 and to an ultimate rate of 4.00% per annum in 2040 and thereafter.



# CORPORATION OF THE CITY OF BELLEVILLE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

## 7. Employee benefits payable (continued):

(a) (continued)

|   | Medical,<br>dental, life<br>insurance<br>benefits | Sick leave<br>benefits | 2022<br>Total | 2021<br>Total |
|---|---|------------------------|---------------|---------------|
| Employee future benefits payable, beginning of year | \$ 15,174,793                                     | \$ 2,556,225           | \$ 17,731,018 | \$ 17,339,020 |
| Current service costs                               | 666,467   | 95,682                 | 762,149       | 844,765       |
| Interest expense on benefits                        | 498,032   | 68,573                 | 566,605       | 506,389       |
| Benefits payments                                   | (420,305)   | (311,107)              | (731,412)     | (872,365)     |
| Past service cost                                   | 178,961   | –                      | 178,961       | –             |
| Amortization of actuarial gain                      | (335,927)   | (78,203)               | (414,130)     | (86,791)      |
| Employee future benefits payable, end of year       | \$ 15,762,021                                     | \$ 2,331,170           | \$ 18,093,191 | \$ 17,731,018 |
| Employee future benefits payable consists of:       |   |                        |               |               |
| Unfunded accrued benefit obligations                | \$ 12,738,683                                     | \$ 1,627,342           | \$ 14,366,025 | \$ 15,172,498 |
| Unamortized actuarial gain                          | 3,023,338   | 703,828                | 3,727,166     | 2,558,520     |
|   | \$ 15,762,021                                     | \$ 2,331,170           | \$ 18,093,191 | \$ 17,731,018 |

(b) Pension plan:

The Corporation makes contributions to the Ontario Municipal Employees Retirement System (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. Employees and the Corporation contribute jointly to the plan.

Contributions for employees with a normal retirement age of 65 were being made at a rate of 9.0% (2021 - 9.0%) for earnings up to the annual maximum pensionable earnings of \$64,900 (2021 - \$61,600) and at a rate of 14.6% (2021 - 14.6%) for earnings greater than the annual maximum pensionable earnings.

# CORPORATION OF THE CITY OF BELLEVILLE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

## 7. Employee benefits payable (continued):

### (b) Pension plan (continued):

Contributions for employees with a normal retirement age of 60 were being made at a rate of 9.2% (2021 - 9.2%) for earnings up to the annual maximum pensionable earnings of \$64,900 (2021 - \$61,600) and at a rate of 15.8% (2021 - 15.8%) for earnings greater than the annual maximum pensionable earnings.

The amount contributed to OMERS for 2022 was \$4,515,046 (2021 - \$4,528,102) for current service and is included as an expenditure on the "Consolidated Statement of Operations and Accumulated Surplus". The actuarial valuation of the OMERS plan at December 31, 2022 indicated a deficit of \$6.7 billion (2021 - deficit of \$3.1 billion) in the plan. OMERS is a multi-employer plan, any pension plan surplus or deficit are a joint responsibility of Ontario Municipal organizations and their employees. As a result, the Corporation does not recognize any share of the OMERS pension surplus or deficit in the consolidated financial statements.

### (c) Liability for vested sick leave benefit:

Under the sick leave benefit plan, unused sick leave can accumulate and certain employees may become entitled to a cash payment when they leave the Corporation's employment.

### (d) Reserve fund

A reserve fund of \$8,609,636 (2021 - \$8,492,459) has been established to partially provide for these liabilities and are reported in schedule 2 to the consolidated financial statements.

## 8. Other liabilities:

Other liabilities balance consists of the following:

|  | 2022                | 2021                |
|--|---------------------|---------------------|
| Liability for annual leave (a)                         | \$ 1,840,414        | \$ 1,306,582        |
| Solid waste landfill closure and post-closure care (b) | 2,800,000           | 2,680,000           |
| Contaminated sites liability (c)                       | 320,000             | 320,000             |
|  | <u>\$ 4,960,414</u> | <u>\$ 4,306,582</u> |

# CORPORATION OF THE CITY OF BELLEVILLE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

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## 8. Other liabilities (continued):

### (a) Liability for annual leave:

Under the Corporation's employment policies, unused annual leave may accumulate and employees may become entitled to a cash payment when they leave the Corporation's employment. The estimated liability for annual leave which could be taken in cash by an employee on termination amounted to \$1,840,414 (2021 - \$1,306,582).

### (b) Landfill closure and post-closure care:

The Ontario Environmental Protection Act sets out the regulatory requirements to properly close and maintain all active and inactive landfill sites. The estimated liability for these expenditures is recognized based on the cumulative capacity used to date, compared to the total estimated landfill capacity.

The estimated liability for the Thurlow landfill is \$2,800,000 based on the present value of closure and post-closure costs estimated at \$3,495,400, using assumed rates of 2.69% for inflation and 2.31% for interest.

The Thurlow landfill has an estimated remaining capacity of 19.94% and is expected to provide capacity for 13 years based on current waste generation rates.

A reserve fund of \$980,756 (2021 - \$894,640) has been established to provide for this liability and is reported in schedule 2 to the consolidated financial statements.

Post-closure care is estimated to continue for a period of approximately 25 years.

### (c) Contaminated sites liability:

The Corporation is responsible for the remediation of contaminated sites that are no longer in productive use where the Corporation is directly responsible or has accepted responsibility for remediation. The Corporation utilizes a risk-based assessment approach for identifying sites with potential contamination, for which a provision may need to be provided. A provision for future clean-up costs and monitoring has been accrued based on environmental assessments.

From time to time, there may be uncertainty as to whether the Corporation has a legal responsibility or accepts responsibility for a contaminated site that may be reportable under PS 3260. It is not expected that the impact of any such sites would have a material impact on the consolidated financial statements. When the Corporation is able to determine that it accepts or is legally responsible for contamination of a site and all other criteria have been met, the Corporation will accrue a liability for these future clean-up costs.

# CORPORATION OF THE CITY OF BELLEVILLE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

## 9. Deferred revenue:

The deferred revenue balance consists of the following:

| Cost   | Balance at<br>December 31,<br>2021 | Additions            | Transferred<br>to<br>income | Balance at<br>December 31,<br>2022 |
|--|------------------------------------|----------------------|-----------------------------|------------------------------------|
| Obligatory reserve funds:                              |                                    |                      |                             |                                    |
| Development charges                                    | \$ 17,788,853                      | \$ 21,022,909        | \$ (1,262,352)              | \$ 37,549,410                      |
| Park   | 128,533                            | 316,621              | –                           | 445,154                            |
| Building code act                                      | 5,231,571                          | 2,793,783            | –                           | 8,025,354                          |
| Provincial gas tax                                     | 1,839,470                          | 850,717              | (565,957)                   | 2,124,230                          |
| Canada Community<br>Building Fund                      | 7,445,061                          | 3,276,180            | (2,517,793)                 | 8,203,448                          |
| Other:   |                                    |                      |                             |                                    |
| Belleville Public Library<br>Centre and South Hastings | 13,457                             | 20,724               | (4,348)                     | 29,833                             |
| Waste Services Board                                   | 22,341                             | –                    | (2,809)                     | 19,532                             |
| Belleville Downtown<br>Improvement Area                | 47,342                             | –                    | (37,016)                    | 10,326                             |
| Government transfers                                   | 3,954,621                          | 7,072,496            | (3,569,010)                 | 7,458,107                          |
| Safe restart agreement<br>(SRA) transit funding        | 190,523                            | –                    | (190,523)                   | –                                  |
| Prepaid taxation                                       | 629,071                            | 880,439              | (629,071)                   | 880,439                            |
| Miscellaneous  | 198,012                            | 1,514,253            | (1,598,879)                 | 113,386                            |
| <b>Total</b>   | <b>\$ 37,488,855</b>               | <b>\$ 37,748,122</b> | <b>\$ (10,377,758)</b>      | <b>\$ 64,859,219</b>               |

A requirement of Canadian public sector accounting standards is that Obligatory Reserve Funds be reported as deferred revenue. This requirement is in place as provincial legislation or agreements restricts how these funds may be used and under certain circumstances, these funds may possibly be refunded.

Other deferred revenue consist of revenues related to user fees, development agreements and donations to be recognized in future years, and government transfers received prior to revenue recognition criteria being met.

# CORPORATION OF THE CITY OF BELLEVILLE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

## 10. Municipal debt:

The municipal debt balance consists of the following:

| Debt instrument                 | Interest rate | Payment frequency | Payment type           | Payment amount | Maturity date | 2022           | 2021           |
|---------------------------------|---------------|-------------------|------------------------|----------------|---------------|----------------|----------------|
| Debenture                       | 3.19%         | Semi-Annual       | Principal and interest | 71,745         | Jun-27        | \$ 597,071     | \$ 718,597     |
| Debenture                       | 2.46%         | Semi-Annual       | Principal and interest | 34,454         | Oct-31        | 553,286        | 607,580        |
| Debenture                       | 3.47%         | Semi-Annual       | Principal and interest | 129,050        | Jun-32        | 2,073,636      | 2,255,045      |
| Debenture                       | 3.19%         | Semi-Annual       | Principal and interest | 759,638        | Apr-33        | 13,465,486     | 14,529,684     |
| Debenture                       | 3.86%         | Monthly           | Principal and interest | 235,860        | Jul-33        | 24,558,403     | 26,401,993     |
| Debenture                       | 3.34%         | Semi-Annual       | Principal and interest | 1,143,829      | Nov-35        | 23,964,962     | 25,415,748     |
| Debenture                       | 2.78%         | Semi-Annual       | Principal and interest | 849,329        | Oct-36        | 19,588,497     | 20,718,969     |
| Debenture                       | 1.88%         | Semi-Annual       | Principal and interest | 46,475         | Dec-35        | 1,067,603      | 1,139,467      |
| Debenture                       | 2.13%         | Semi-Annual       | Principal and interest | 182,839        | Dec-40        | 5,443,561      | 5,689,357      |
| Debenture                       | 2.30%         | Semi-Annual       | Principal and interest | 331,627        | Dec-45        | 11,795,096     | 12,180,403     |
|                                 |               |                   |                        |                |               | \$ 103,107,601 | \$ 109,656,843 |
| Long-term debt is comprised of: |               |                   |                        |                |               |                |                |
| Tax supported                   |               |                   |                        |                |               | \$ 86,748,859  | \$ 92,226,103  |
| User fee supported debt         |               |                   |                        |                |               | 16,358,742     | 17,430,740     |
|                                 |               |                   |                        |                |               | \$ 103,107,601 | \$ 109,656,843 |

# CORPORATION OF THE CITY OF BELLEVILLE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

## 10. Municipal debt (continued):

Principal and interest repayments are estimated to be as follows:

|                     | Principal             | Interest             | Total                 |
|---------------------|-----------------------|----------------------|-----------------------|
| 2023                | \$ 6,763,537          | \$ 3,164,746         | \$ 9,928,283          |
| 2024                | 6,985,039             | 2,943,251            | 9,928,290             |
| 2025                | 7,213,988             | 2,714,300            | 9,928,288             |
| 2026                | 7,450,641             | 2,477,638            | 9,928,279             |
| 2027 and thereafter | 74,694,396            | 11,782,997           | 86,477,393            |
|                     | <u>\$ 103,107,601</u> | <u>\$ 23,082,932</u> | <u>\$ 126,190,533</u> |

For the purposes of the above, it has been assumed that the demand loans will be paid to maturity based on current repayment terms.

Interest expense recorded in the year relating to the municipal debt is \$3,417,718 (2021 - \$3,578,803).

## 11. Related party transactions and balances:

Elexicon Corporation

The Corporation is a shareholder in Elexicon Corporation (note 5) and receives electricity and other services from this company..

|  | 2022      | 2021      |
|--|-----------|-----------|
| Related party balances:                  |           |           |
| Accounts receivable                      | \$ 95,855 | \$ 35,506 |
| Accounts payable and accrued liabilities | 393,232   | 422,256   |
| Promissory notes receivable (note 4)     | 7,794,000 | 7,794,000 |
| Related party transactions:              |           |           |
| Revenues:                                |           |           |
| Interest on promissory notes             | 321,892   | 321,892   |
| Property taxes paid                      | 73,659    | 69,810    |
| Expenses:                                |           |           |
| Electrical energy and services           | 2,708,416 | 2,273,326 |

# CORPORATION OF THE CITY OF BELLEVILLE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

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## 12. Contingent liabilities and commitments:

The Corporation has a commitment to Hastings County to finance debentures related to the capital construction of Hastings Manor based on current proportionate share of resident days, with annual payments of approximately \$924,300 for 2 years. Debentures have an effective interest rate of 4.14% to 4.74% with maturity dates from August 31, 2023 to September 30, 2023.

The Corporation has an agreement with a Crown Agency of the Province of Ontario to operate the Corporation's water pollution control facilities to December 31, 2022 with the option for five-year extensions. During the year, payments under the agreement totalled \$3,314,233 (2021 - \$3,229,448).

As at December 31, 2022 the Corporation has outstanding capital project contractual commitments of approximately \$22,482,700 (2021 - \$12,242,100).

As at December 31, 2022, certain legal actions are pending against the Corporation. An estimate of the contingency cannot be made since the outcome of these matters cannot be determined at this time. The Corporation carries liability insurance. Any settlement in excess of amounts which have been recorded in the accounts and insurance coverage will be accounted for as a current transaction in the year of settlement.

Contingent environmental liabilities may arise out of existing and former operations. Such liabilities are different from environmental remediation and solid waste landfill closure and post-closure care liabilities because the liabilities are not determinable, the condition which may give rise to the expenditures are uncertain, and the future expectations of the applicable regulatory authorities are not known. Potential costs that may arise in connection with such liabilities are not included in the Corporation's consolidated statement of operations until the source and nature of the obligation becomes clear and is reasonably estimable.

## 13. Contractual rights:

The Corporation is involved in various contracts and agreements arising in the ordinary course of business. This results in contractual rights to economic resources, leading to both assets and revenue in the future.

### (a) Lease revenue:

The Corporation has entered into a number of fixed term lease agreements for the use of Corporation owned land and/or buildings that are anticipated to provide the Corporation with future revenues.

# CORPORATION OF THE CITY OF BELLEVILLE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

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## 13. Contractual rights (continued):

### (b) Developer contributions:

The Corporation has entered into property development agreements which require the developers to contribute various infrastructure assets to the Corporation, including roads and underground networks. The timing and extent of these future contributions vary depending on development activity and fair value of the assets at time of contribution which cannot be determined with certainty at this time.

### (c) Funding agreements and grants:

The Corporation is the recipient of funding agreements and grants from federal, provincial, municipal and other government agencies. These funding agreements do not abnormally impact the Corporation's financial position and do not guarantee the Corporation the right to future funding. At December 31, 2022, the balance of the outstanding contractual rights not accrued in the financial statements is \$10,967,721.

### (d) Municipal contribution agreement:

The Corporation of the City of Belleville has entered into a contribution agreement with the Ontario Lottery & Gaming (OLG) Corporation. Under this agreement the City receives a percentage of net gaming revenue generated by the Shorelines Casino Belleville through a quarterly unrestricted transfer from OLG.

## 14. Provincial offences administration:

As a result of the provincial-municipal restructuring under Bill 108, streamlining of administration of Provincial Offences Act (POA) 1997, the County of Hastings has assumed responsibility and administration of the POA office and courts for the County, the City of Belleville and the City of Quinte West.

Revenues from POA office consists of fines levied under Part I and III (including delay penalties) for POA charges filed at 253 Pinnacle Street in Belleville. Offenders may pay their fines at any court office in Ontario, at which time, their receipt is recorded in the Integrated Courts Operations Network system ("ICON") operated by the Province of Ontario. The County of Hastings recognized fine revenue when the receipt of funds is recorded by ICON and matched to the offence notice, regardless of the location where the payment is made.

The City of Belleville shares net POA revenues based on proportionate number of tickets issued. During the year the City of Belleville received \$103,194 (2021 - \$84,808) in net POA revenues.



# CORPORATION OF THE CITY OF BELLEVILLE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

## 15. Accumulated surplus:

The accumulated surplus position is comprised of the following:

|  | 2022           | 2021           |
|--|----------------|----------------|
| Net book value of tangible capital assets          | \$ 697,948,197 | \$ 687,455,367 |
| Less: related debt                                 | 106,207,601    | 112,756,843    |
| Equity in tangible capital assets                  | 591,740,596    | 574,698,524    |
| Capital projects                                   | (9,475,470)    | (3,316,624)    |
| Reserves and reserve funds (schedule 1)            | 107,701,759    | 96,972,657     |
| Amounts to be recovered:                           |                |                |
| Landfill closure and post-closure costs            | (2,800,000)    | (2,680,000)    |
| Employee costs                                     | (19,933,605)   | (19,037,600)   |
| Contaminated sites                                 | (320,000)      | (320,000)      |
| Assets held for resale                             | 15,156,487     | 17,568,202     |
| Equity in government business partnership (note 5) | 31,568,686     | 30,504,841     |
| Unrestricted surplus:                              |                |                |
| City of Belleville                                 | –              | 10,628,129     |
| Belleville Public Library Board                    | 190,224        | 159,077        |
| Belleville Downtown Improvement Area               | 46,129         | 69,222         |
| Centre and South Hastings Waste Services Board     | (390,529)      | (185,828)      |
|  | \$ 713,484,277 | \$ 705,060,600 |

## 16. Operations of school board:

Further to note 1, the taxation, other revenues and expenditures of school boards are comprised the following:

|              | 2022          | 2021          |
|--------------|---------------|---------------|
| Taxation     | \$ 17,428,342 | \$ 18,173,655 |
| Requisitions | (17,428,342)  | (18,173,655)  |
|              | \$ –          | \$ –          |

# CORPORATION OF THE CITY OF BELLEVILLE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

## 17. Tangible capital assets:

| 2022                             | GENERAL                    |                                     |                        |                                |               |                           | INFRASTRUCTURE       |                |                                |                              |                           | Total            |
|----------------------------------|----------------------------|-------------------------------------|------------------------|--------------------------------|---------------|---------------------------|----------------------|----------------|--------------------------------|------------------------------|---------------------------|------------------|
|                                  | Land and land improvements | Building and leasehold improvements | Vehicles and equipment | Computer hardware and software | Other         | Assets under construction | Plant and facilities | Roads          | Underground and other networks | Bridges and other structures | Assets under construction |                  |
| <b>Cost</b>                      |                            |                                     |                        |                                |               |                           |                      |                |                                |                              |                           |                  |
| Opening cost                     | \$ 76,221,631              | \$ 147,209,954                      | \$ 38,242,061          | \$ 8,540,159                   | \$ 21,477,103 | \$ 1,645,947              | \$ 113,396,005       | \$ 360,373,988 | \$ 363,546,411                 | \$ 46,934,564                | \$ 13,906,334             | \$ 1,191,494,157 |
| Additions during the year        | 3,299,846                  | 2,166,742                           | 1,168,196              | 597,481                        | 959,390       | 9,688,056                 | 536,030              | 5,923,405      | 2,784,772                      | 5,121,773                    | 26,891,596                | 59,137,287       |
| Disposals during the year        | -                          | (33,134)                            | (3,880,957)            | (154,753)                      | (881,842)     | (6,409,333)               | -                    | (1,529,320)    | (17,202)                       | (41,768)                     | (14,283,058)              | (27,231,367)     |
| Closing cost                     | 79,521,477                 | 149,343,562                         | 35,529,300             | 8,982,887                      | 21,554,651    | 4,924,670                 | 113,932,035          | 364,768,073    | 366,313,981                    | 52,014,569                   | 26,514,872                | 1,223,400,077    |
| <b>Accumulated amortization</b>  |                            |                                     |                        |                                |               |                           |                      |                |                                |                              |                           |                  |
| Opening accumulated amortization | 20,512,200                 | 32,589,881                          | 19,425,925             | 4,605,518                      | 12,540,604    | -                         | 51,458,202           | 245,108,627    | 106,356,620                    | 11,441,213                   | -                         | 504,038,790      |
| Amortization during the year     | 2,383,216                  | 4,106,445                           | 2,569,132              | 1,260,565                      | 1,347,635     | -                         | 2,523,088            | 7,362,715      | 5,167,193                      | 713,817                      | -                         | 27,433,806       |
| Disposals and writedowns         | -                          | (8,027)                             | (3,395,782)            | (154,753)                      | (878,454)     | -                         | -                    | (1,529,320)    | (17,201)                       | (37,179)                     | -                         | (6,020,716)      |
| Closing accumulated amortization | 22,895,416                 | 36,688,299                          | 18,599,275             | 5,711,330                      | 13,009,785    | -                         | 53,981,290           | 250,942,022    | 111,506,612                    | 12,117,851                   | -                         | 525,451,880      |
| Net book value                   | \$ 56,626,061              | \$ 112,655,263                      | \$ 16,930,025          | \$ 3,271,557                   | \$ 8,544,866  | \$ 4,924,670              | \$ 59,950,745        | \$ 113,826,051 | \$ 254,807,369                 | \$ 39,896,718                | \$ 26,514,872             | \$ 697,948,197   |
| <b>2021</b>                      |                            |                                     |                        |                                |               |                           |                      |                |                                |                              |                           |                  |
|                                  | GENERAL                    |                                     |                        |                                |               |                           | INFRASTRUCTURE       |                |                                |                              |                           | Total            |
|                                  | Land and land improvements | Building and leasehold improvements | Vehicles and equipment | Computer hardware and software | Other         | Assets under construction | Plant and facilities | Roads          | Underground and other networks | Bridges and other structures | Assets under construction | 2021             |
| <b>Cost</b>                      |                            |                                     |                        |                                |               |                           |                      |                |                                |                              |                           |                  |
| Opening cost                     | \$ 70,057,360              | \$ 143,495,130                      | \$ 33,531,985          | \$ 7,794,971                   | \$ 20,983,596 | \$ 3,717,689              | \$ 112,572,687       | \$ 348,714,769 | \$ 356,426,673                 | \$ 42,242,874                | \$ 17,528,794             | \$ 1,157,066,528 |
| Additions during the year        | 6,379,266                  | 3,722,526                           | 6,327,943              | 926,162                        | 1,079,455     | 12,772,530                | 823,318              | 13,131,613     | 8,065,958                      | 4,691,690                    | 25,965,107                | 83,885,568       |
| Disposals during the year        | (214,995)                  | (7,702)                             | (1,617,867)            | (180,974)                      | (585,948)     | (14,844,272)              | -                    | (1,472,394)    | (946,220)                      | -                            | (29,587,567)              | (49,457,939)     |
| Closing cost                     | 76,221,631                 | 147,209,954                         | 38,242,061             | 8,540,159                      | 21,477,103    | 1,645,947                 | 113,396,005          | 360,373,988    | 363,546,411                    | 46,934,564                   | 13,906,334                | 1,191,494,157    |
| <b>Accumulated amortization</b>  |                            |                                     |                        |                                |               |                           |                      |                |                                |                              |                           |                  |
| Opening accumulated amortization | 18,348,667                 | 28,587,104                          | 18,523,125             | 3,585,812                      | 11,697,206    | -                         | 48,966,636           | 238,421,268    | 101,767,441                    | 10,797,690                   | -                         | 480,694,949      |
| Amortization during the year     | 2,186,595                  | 4,031,608                           | 2,425,259              | 1,200,670                      | 1,427,556     | -                         | 2,491,566            | 8,159,752      | 5,105,366                      | 643,523                      | -                         | 27,671,895       |
| Disposals and writedowns         | (23,062)                   | (28,831)                            | (1,522,459)            | (180,964)                      | (584,158)     | -                         | -                    | (1,472,393)    | (516,187)                      | -                            | -                         | (4,328,054)      |
| Closing accumulated amortization | 20,512,200                 | 32,589,881                          | 19,425,925             | 4,605,518                      | 12,540,604    | -                         | 51,458,202           | 245,108,627    | 106,356,620                    | 11,441,213                   | -                         | 504,038,790      |
| Net book value                   | \$ 55,709,431              | \$ 114,620,073                      | \$ 18,816,136          | \$ 3,934,641                   | \$ 8,936,499  | \$ 1,645,947              | \$ 61,937,803        | \$ 115,265,361 | \$ 257,189,791                 | \$ 35,493,351                | \$ 13,906,334             | \$ 687,455,367   |

# CORPORATION OF THE CITY OF BELLEVILLE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

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## **18. Segmented information:**

The Corporation of the City of Belleville is a municipal government institution, responsible for providing a wide range of services to its citizens. For management reporting purposes the Corporation's operations and activities are organized and reported by department. These departments are reported by functional area in the body of the financial statements similar to reporting reflected in the Ontario Financial Information Return.

These functional areas represent segments for the Corporation and expanded disclosure by object has been reflected in Schedule 2: Segment Disclosure Statement of Operations. For each segment, the revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in note 1.

## **19. Budget figures:**

The operating and capital budgets are approved by Council each year. The capital budget is set on a project-oriented basis, the costs of which may be carried out over one or more years. Although they are not directly comparable with the current year actual amounts, budget figures have been reflected on the "Consolidated Statement of Operations and Accumulated Surplus" and the "Consolidated Statement of Change in Net Financial Assets". Budget figures have been reclassified for the purpose of these financial statements to conform with PSAB reporting requirements (see schedule 3).

## **20. Comparative information:**

Certain comparative information has been reclassified to conform to the financial statement presentation adopted in the current year.

# CORPORATION OF THE CITY OF BELLEVILLE

## Schedule 1: Continuity of Reserves and Reserve Funds

Year ended December 31, 2022

|  | Balance<br>Jan. 1, 2022 | Revenue Contributions |                   |                   |                   | Transfers        |                   |             |                   | Balance<br>Dec. 31, 2022 |
|--|-------------------------|-----------------------|-------------------|-------------------|-------------------|------------------|-------------------|-------------|-------------------|--------------------------|
|  |                         | Interest              | Operations        | Capital           | TOTAL             | Operations       | Capital           | Interfund   | TOTAL             |                          |
| <b>Reserves</b>                              |                         |                       |                   |                   |                   |                  |                   |             |                   |                          |
| Belleville Library                           | 82,694                  | -                     | -                 | -                 | -                 | -                | 40,000            | -           | 40,000            | 42,694                   |
| Centre & South Hastings Waste Services Board | 680,567                 | -                     | 12,501            | -                 | 12,501            | -                | -                 | -           | -                 | 693,068                  |
| Belleville Downtown Improvement              | 29,259                  | -                     | -                 | -                 | -                 | -                | -                 | -           | -                 | 29,259                   |
| Future Expenditures                          | 3,386,711               | -                     | 700,429           | -                 | 700,429           | 1,189,379        | -                 | -           | 1,189,379         | 2,897,761                |
|  | 4,179,231               | -                     | 712,930           | -                 | 712,930           | 1,189,379        | 40,000            | -           | 1,229,379         | 3,662,782                |
| <b>Reserve Funds</b>                         |                         |                       |                   |                   |                   |                  |                   |             |                   |                          |
| Accessibility                                | 19,601                  | 128                   | -                 | -                 | 128               | -                | -                 | -           | -                 | 19,729                   |
| Archives Facility                            | 90,368                  | 591                   | -                 | -                 | 591               | -                | -                 | -           | -                 | 90,959                   |
| Arts & Culture                               | 4,275                   | 28                    | -                 | -                 | 28                | -                | -                 | -           | -                 | 4,303                    |
| Asset Management                             | -                       | 46,228                | 5,927,543         | 7,825,433         | 13,799,204        | -                | 4,003,349         | (6,050,715) | (2,047,366)       | 15,846,570               |
| Belleville Library                           | 149,230                 | 807                   | 35,000            | -                 | 35,807            | 23,599           | -                 | -           | 23,599            | 161,438                  |
| Brownfields Development                      | 265,321                 | 1,736                 | -                 | -                 | 1,736             | 50,000           | -                 | -           | 50,000            | 217,057                  |
| Canada Day                                   | 43,319                  | 283                   | -                 | -                 | 283               | -                | -                 | -           | -                 | 43,602                   |
| Capital Equipment                            | 1,195,548               | -                     | 540,000           | -                 | 540,000           | -                | 95,442            | 1,640,106   | 1,735,548         | -                        |
| Capital Levy                                 | 4,493,095               | -                     | 3,531,300         | -                 | 3,531,300         | -                | 5,066,500         | 2,957,895   | 8,024,395         | -                        |
| Casino                                       | 3,469,848               | 21,087                | 3,144,852         | 96,609            | 3,262,548         | 408,000          | 1,536,400         | -           | 1,944,400         | 4,787,996                |
| Community Improvement Plan (CIP)             | 854,143                 | 7,226                 | 500,000           | -                 | 507,226           | -                | -                 | -           | -                 | 1,361,369                |
| Election Expenses                            | 255,625                 | 1,673                 | -                 | -                 | 1,673             | 148,174          | -                 | -           | 148,174           | 109,124                  |
| Elexicon Revenue                             | 950,639                 | 4,402                 | 1,344,608         | -                 | 1,349,010         | 1,174,000        | 85,000            | -           | 1,259,000         | 1,040,649                |
| Environmental                                | 2,054,920               | 14,116                | 269,064           | 2,500,000         | 2,783,180         | -                | 614,045           | -           | 614,045           | 4,224,055                |
| Façade Improvement                           | 283,083                 | 1,296                 | -                 | -                 | 1,296             | 5,458            | -                 | -           | 5,458             | 278,921                  |
| Facilities                                   | 550,298                 | -                     | 45,000            | -                 | 45,000            | -                | 100,000           | 495,298     | 595,298           | -                        |
| Flood Control                                | 371,558                 | 2,433                 | 21,853            | -                 | 24,286            | -                | -                 | -           | -                 | 395,844                  |
| Future Employee Benefits                     | 8,492,459               | 57,376                | 550,000           | -                 | 607,376           | 490,200          | -                 | -           | 490,200           | 8,609,635                |
| Harbour                                      | 75,193                  | -                     | -                 | -                 | -                 | -                | -                 | 75,193      | 75,193            | -                        |
| Industrial Land                              | 653,013                 | 4,273                 | -                 | 150,000           | 154,273           | -                | -                 | -           | -                 | 807,286                  |
| Infrastructure Oversizing - Wastewater       | 366,567                 | 2,563                 | 50,000            | -                 | 52,563            | -                | -                 | -           | -                 | 419,130                  |
| Infrastructure Oversizing - Water            | 451,689                 | 2,956                 | -                 | -                 | 2,956             | -                | -                 | -           | -                 | 454,645                  |
| Municipal Accommodation Tax                  | 821,864                 | 3,985                 | 547,110           | -                 | 551,095           | 270,900          | 473,139           | -           | 744,039           | 628,920                  |
| Museum Collections                           | 6,065                   | 40                    | -                 | -                 | 40                | -                | -                 | -           | -                 | 6,105                    |
| Museum Improvements                          | 21,838                  | 143                   | -                 | -                 | 143               | -                | -                 | -           | -                 | 21,981                   |
| Parking Development                          | 1,019,527               | 5,952                 | 5,000             | 45,500            | 56,452            | 27,243           | 225,000           | -           | 252,243           | 823,736                  |
| Police                                       | 2,072,956               | 15,236                | 1,199,946         | -                 | 1,215,182         | -                | -                 | -           | -                 | 3,288,138                |
| Recreation Facilities                        | 54,224                  | -                     | 750               | -                 | 750               | -                | 50,000            | 4,974       | 54,974            | -                        |
| Road Renewal                                 | 1,415,434               | -                     | 10,000            | -                 | 10,000            | -                | 700,000           | 725,434     | 1,425,434         | -                        |
| Sanitary Sewer                               | 12,607,494              | 61,306                | -                 | 866,013           | 927,319           | 1,410,346        | 6,928,647         | -           | 8,338,993         | 5,195,820                |
| Sidewalks                                    | 293,451                 | -                     | 5,368             | 2,996             | 8,364             | -                | 150,001           | 151,814     | 301,815           | -                        |
| Solar  | 981,223                 | 5,255                 | 143,600           | 13,824            | 162,679           | -                | 500,038           | -           | 500,038           | 643,864                  |
| Stormwater Management                        | 829,871                 | 4,531                 | -                 | -                 | 4,531             | -                | -                 | -           | -                 | 834,402                  |
| Tax Rate Stabilization                       | 10,826,571              | 70,688                | 5,927,543         | -                 | 5,998,231         | 1,766,809        | -                 | -           | 1,766,809         | 15,057,993               |
| Thurlow Landfill                             | 894,640                 | 6,116                 | 80,000            | -                 | 86,116            | -                | -                 | -           | -                 | 980,756                  |
| Waste Management                             | 62,543                  | 246                   | -                 | -                 | 246               | -                | -                 | -           | -                 | 62,789                   |
| Water Service                                | 34,408,761              | -                     | 1,480,185         | 1,936,795         | 3,416,980         | -                | 1,129,875         | -           | 1,129,875         | 36,695,866               |
| Winter Control                               | 1,387,171               | 9,078                 | -                 | -                 | 9,078             | 469,954          | -                 | -           | 469,954           | 926,295                  |
|  | 92,793,425              | 351,778               | 25,358,722        | 13,437,170        | 39,147,670        | 6,244,683        | 21,657,436        | -           | 27,902,118        | 104,038,977              |
| <b>TOTALS</b>                                | <b>96,972,656</b>       | <b>351,778</b>        | <b>26,071,652</b> | <b>13,437,170</b> | <b>39,860,600</b> | <b>7,434,062</b> | <b>21,697,436</b> | <b>-</b>    | <b>29,131,497</b> | <b>107,701,759</b>       |

# CORPORATION OF THE CITY OF BELLEVILLE

## Schedule 2: Segment Disclosure Statement of Operations

Year ended December 31, 2022

| 2022                                     |                       |  |                            |                           |                     |                               |  |                             |                    |                        |
|--|-----------------------|--|----------------------------|---------------------------|---------------------|-------------------------------|--|-----------------------------|--------------------|------------------------|
|  | General<br>Government | Protection to<br>Persons and<br>Property | Transportation<br>Services | Environmental<br>Services | Health Services     | Social and<br>Family Services | Recreation and<br>Cultural<br>Services | Planning and<br>Development | Social Housing     | Total                  |
| <b>Revenue</b>                           |                       |  |                            |                           |                     |                               |  |                             |                    |                        |
| Municipal taxation                       | \$ 10,387,447         | \$ 34,600,240                            | \$ 17,562,867              | \$ 2,287,103              | \$ 5,164,470        | \$ 5,379,467                  | \$ 16,388,610                          | \$ 3,636,369                | \$ 5,615,046       | \$ 101,021,619         |
| Taxation from other governments          | 407,095               | 919,561                                  | 325,437                    | 71,642                    | 130,064             | 135,478                       | 413,727                                | 84,620                      | 141,411            | 2,629,035              |
| User charges                             | 1,588,606             | 1,907,360                                | 2,438,288                  | 31,753,379                | -                   | -                             | 2,708,456                              | 1,680,025                   | -                  | 42,076,114             |
| Grants - Government of Canada            | -                     | 17,713                                   | 21,394                     | -                         | -                   | -                             | 86,312                                 | -                           | -                  | 125,419                |
| Grants - Province of Ontario             | 69,003                | 1,678,931                                | 979,300                    | 350,211                   | -                   | -                             | 245,056                                | 557,633                     | -                  | 3,880,134              |
| Grants - Other Municipalities            | -                     | 710,156                                  | -                          | 3,537                     | -                   | -                             | -                                      | -                           | -                  | 713,693                |
| Fines                                    | -                     | 122,180                                  | 255,660                    | -                         | -                   | -                             | -                                      | -                           | -                  | 377,840                |
| Investment income                        | 2,282,757             | -  | -                          | 1,044,070                 | -                   | -                             | 19,260                                 | -                           | -                  | 3,346,087              |
| Interest and penalties on taxes          | 624,050               | -  | -                          | -                         | -                   | -                             | -                                      | -                           | -                  | 624,050                |
| Development charges                      | -                     | 192,234                                  | 60,253                     | 229,611                   | -                   | -                             | 461,052                                | 260,400                     | -                  | 1,203,550              |
| Donations                                | -                     | -  | -                          | -                         | -                   | -                             | 120,269                                | -                           | -                  | 120,269                |
| Ontario Lottery and Gaming Corporation   | 3,144,852             | -  | -                          | -                         | -                   | -                             | -                                      | -                           | -                  | 3,144,852              |
| Other                                    | -                     | -  | -                          | -                         | -                   | -                             | 86,779                                 | 1,789,230                   | -                  | 1,876,009              |
| <b>Total revenue</b>                     | <b>18,503,810</b>     | <b>40,148,375</b>                        | <b>21,643,199</b>          | <b>35,739,553</b>         | <b>5,294,534</b>    | <b>5,514,945</b>              | <b>20,529,521</b>                      | <b>8,008,277</b>            | <b>5,756,457</b>   | <b>161,138,671</b>     |
| <b>Expenses</b>                          |                       |  |                            |                           |                     |                               |  |                             |                    |                        |
| Salaries, wages and employee benefits    | 7,357,768             | 32,888,783                               | 10,161,357                 | 5,258,952                 | 513                 | -                             | 10,131,574                             | 1,469,700                   | -                  | 67,268,647             |
| Interest on long-term debt               | -                     | 203,328                                  | 1,324,064                  | 565,329                   | -                   | -                             | 962,708                                | 362,289                     | -                  | 3,417,718              |
| Materials and supplies                   | 2,094,234             | 4,062,596                                | 7,621,714                  | 3,573,900                 | -                   | -                             | 5,438,184                              | 1,181,539                   | -                  | 23,972,167             |
| Contracted services and general services | 1,163,458             | 801,971                                  | 1,403,314                  | 9,326,534                 | -                   | -                             | 661,772                                | 495,928                     | -                  | 13,852,977             |
| Rents and financial expenses             | 7,015,896             | 120,277                                  | 84,398                     | 8,969,707                 | -                   | -                             | 72,234                                 | 22,336                      | -                  | 16,284,848             |
| External transfers                       | 1,155,343             | 950,467                                  | 10,425                     | -                         | 5,921,557           | 5,474,922                     | -                                      | 977,873                     | 5,808,566          | 20,299,153             |
| Interfunctional adjustments              | (228,700)             | 50,000                                   | (50,500)                   | 204,200                   | -                   | -                             | 25,000                                 | -                           | -                  | -                      |
| Amortization                             | 415,372               | 3,284,472                                | 10,690,191                 | 8,257,126                 | -                   | -                             | 4,753,008                              | 33,637                      | -                  | 27,433,806             |
| <b>Total expenses</b>                    | <b>18,973,371</b>     | <b>42,361,894</b>                        | <b>31,244,963</b>          | <b>36,155,748</b>         | <b>5,922,070</b>    | <b>5,474,922</b>              | <b>22,044,480</b>                      | <b>4,543,302</b>            | <b>5,808,566</b>   | <b>172,529,316</b>     |
| <b>Annual surplus (deficit)</b>          | <b>\$ (469,561)</b>   | <b>\$ (2,213,519)</b>                    | <b>\$ (9,601,764)</b>      | <b>\$ (416,195)</b>       | <b>\$ (627,536)</b> | <b>\$ 40,023</b>              | <b>\$ (1,514,959)</b>                  | <b>\$ 3,464,975</b>         | <b>\$ (52,109)</b> | <b>\$ (11,390,645)</b> |

# CORPORATION OF THE CITY OF BELLEVILLE

## Schedule 2: Segment Disclosure Statement of Operations (continued)

Year ended December 31, 2022

| 2021                                      | General<br>Government | Protection to<br>Persons and<br>Property | Transportation<br>Services | Environmental<br>Services | Health<br>Services | Social<br>and Family<br>Services | Recreation<br>and Cultural<br>Services | Planning and<br>Development | Social<br>Housing | Total              |
|---|-----------------------|--|----------------------------|---------------------------|--------------------|----------------------------------|--|-----------------------------|-------------------|--------------------|
| <b>Revenue</b>                            |                       |  |                            |                           |                    |                                  |  |                             |                   |                    |
| Municipal taxation                        | \$ 10,083,498         | \$ 32,641,531                            | \$ 17,827,772              | \$ 3,344,596              | \$ 6,008,565       | \$ 5,714,961                     | \$ 16,965,659                          | \$ 3,850,964                | \$ 5,561,496      | \$ 101,999,042     |
| Taxation from other governments           | 383,590               | 881,628                                  | 322,094                    | 82,246                    | 145,614            | 138,499                          | 412,093                                | 86,835                      | 134,780           | 2,587,379          |
| User charges                              | 1,367,586             | 1,761,997                                | 1,870,246                  | 30,533,300                | -                  | -                                | 1,352,940                              | 1,370,339                   | -                 | 38,256,408         |
| Grants - Government of Canada             | -                     | 58,133                                   | -                          | -                         | -                  | -                                | 3,567                                  | -                           | -                 | 61,700             |
| Grants - Province of Ontario              | 1,554,955             | 1,776,975                                | 946,211                    | -                         | -                  | -                                | 204,073                                | 466,128                     | -                 | 4,948,342          |
| Grants - other municipalities             | -                     | 179,571                                  | -                          | 4,597                     | -                  | -                                | -                                      | -                           | -                 | 184,168            |
| Fines                                     | -                     | 87,027                                   | 226,144                    | -                         | -                  | -                                | -                                      | -                           | -                 | 313,171            |
| Investment income                         | 721,892               | -  | -                          | 201,457                   | -                  | -                                | 3,370                                  | -                           | -                 | 926,719            |
| Interest and penalties on taxes           | 583,001               | -  | -                          | -                         | -                  | -                                | -                                      | -                           | -                 | 583,001            |
| Development charges                       | -                     | 203,010                                  | 78,258                     | 276,151                   | -                  | -                                | 651,477                                | 242,576                     | -                 | 1,451,472          |
| Donations                                 | -                     | -  | -                          | -                         | -                  | -                                | 49,440                                 | -                           | -                 | 49,440             |
| Ontario Lottery and Gaming Corporation    | 1,321,724             | -  | -                          | -                         | -                  | -                                | -                                      | -                           | -                 | 1,321,724          |
| <b>Total revenue</b>                      | <b>16,016,246</b>     | <b>37,589,872</b>                        | <b>21,270,725</b>          | <b>34,442,347</b>         | <b>6,154,179</b>   | <b>5,853,460</b>                 | <b>19,642,619</b>                      | <b>6,016,842</b>            | <b>5,696,276</b>  | <b>152,682,566</b> |
| <b>Expenses</b>                           |                       |  |                            |                           |                    |                                  |  |                             |                   |                    |
| Salaries, wages and employee benefits     | 6,874,800             | 31,650,724                               | 9,591,471                  | 4,914,488                 | -                  | -                                | 9,362,359                              | 1,454,370                   | -                 | 63,848,212         |
| Interest on long-term debt                | -                     | 219,342                                  | 1,339,521                  | 600,129                   | -                  | -                                | 1,032,856                              | 386,955                     | -                 | 3,578,803          |
| Materials and supplies                    | 1,886,735             | 3,806,489                                | 5,952,653                  | 5,216,549                 | -                  | -                                | 4,558,914                              | 1,030,372                   | -                 | 22,451,712         |
| Contracted services and general services  | 1,161,960             | 888,445                                  | 778,818                    | 8,030,126                 | -                  | -                                | 758,388                                | 358,075                     | -                 | 11,975,812         |
| Rents and financial expenses              | 1,695,008             | 100,130                                  | 79,616                     | 1,743,236                 | -                  | -                                | 61,010                                 | 7,871                       | -                 | 3,686,871          |
| External transfers                        | 975,260               | 859,685                                  | -                          | -                         | 5,660,059          | 5,182,589                        | -                                      | 899,685                     | 5,455,779         | 19,033,057         |
| Interfunctional adjustments               | (228,700)             | 50,000                                   | (50,500)                   | 204,200                   | -                  | -                                | 25,000                                 | -                           | -                 | -                  |
| Amortization                              | 377,704               | 3,305,290                                | 11,283,064                 | 8,134,578                 | -                  | -                                | 4,542,611                              | 28,648                      | -                 | 27,671,895         |
| <b>Total expenses</b>                     | <b>12,742,767</b>     | <b>40,880,105</b>                        | <b>28,974,643</b>          | <b>28,843,306</b>         | <b>5,660,059</b>   | <b>5,182,589</b>                 | <b>20,341,138</b>                      | <b>4,165,976</b>            | <b>5,455,779</b>  | <b>152,246,362</b> |
| <b>Annual operating surplus (deficit)</b> | <b>\$ 3,273,479</b>   | <b>\$ (3,290,233)</b>                    | <b>\$ (7,703,918)</b>      | <b>\$ 5,599,041</b>       | <b>\$ 494,120</b>  | <b>\$ 670,871</b>                | <b>\$ (698,519)</b>                    | <b>\$ 1,850,866</b>         | <b>\$ 240,497</b> | <b>\$ 436,204</b>  |

# CORPORATION OF THE CITY OF BELLEVILLE

## Schedule 3: Reconciliation of Financial Plan to Budget

Year ended December 31, 2022

|   | OPERATING<br>BUDGET | CAPITAL<br>BUDGET   | RESERVES<br>AND RESERVE<br>FUNDS | TCA<br>ADJUSTMENTS | BELLEVILLE<br>LIBRARY<br>BOARD | BELLEVILLE<br>DOWNTOWN<br>IMPROVEMENT<br>AREA | CENTRE &<br>SOUTH<br>HASTINGS<br>WASTE<br>SERVICES | ELIMINATIONS | PSAB BUDGET        |
|---|---------------------|---------------------|----------------------------------|--------------------|--------------------------------|---|--|--------------|--------------------|
| <b>REVENUES</b>                           |                     |                     |                                  |                    |                                |   |  |              |                    |
| Municipal taxation                        | 102,977,700         | -                   | -                                | -                  | -                              | 295,600                                       | -  | (1,123,200)  | 102,150,100        |
| Taxation from other governments           | 2,643,900           | -                   | -                                | -                  | -                              | -   | -  | -            | 2,643,900          |
| User charges                              | 39,602,700          | -                   | -                                | -                  | 65,000                         | -   | 1,227,300  | (339,300)    | 40,555,700         |
| Grants - Government of Canada             | 212,700             | -                   | -                                | -                  | -                              | -   | -  | -            | 212,700            |
| Grants - Province of Ontario              | 3,712,700           | -                   | -                                | -                  | 91,000                         | -   | -  | -            | 3,803,700          |
| Grants - Other Municipalities             | 167,000             | -                   | -                                | -                  | 2,451,500                      | -   | 1,166,800  | (3,618,300)  | 167,000            |
| Fines                                     | 396,100             | -                   | -                                | -                  | -                              | -   | -  | -            | 396,100            |
| Investment income                         | 1,570,000           | -                   | -                                | -                  | -                              | -   | 3,400  | -            | 1,573,400          |
| Interest and penalties on taxes           | 600,000             | -                   | -                                | -                  | -                              | -   | -  | -            | 600,000            |
| Development charges                       | 2,382,600           | -                   | -                                | -                  | -                              | -   | -  | -            | 2,382,600          |
| Donations                                 | 41,500              | -                   | -                                | -                  | 6,000                          | -   | -  | -            | 47,500             |
| Ontario Lottery and Gaming Corporation    | 3,000,000           | -                   | -                                | -                  | -                              | -   | -  | -            | 3,000,000          |
|   | 157,306,900         | -                   | -                                | -                  | 2,613,500                      | 295,600                                       | 2,397,500  | (5,080,800)  | 157,532,700        |
| <b>EXPENSES</b>                           |                     |                     |                                  |                    |                                |   |  |              |                    |
| General government                        | 12,811,200          | -                   | -                                | 415,000            | -                              | -   | -  | (86,400)     | 13,139,800         |
| Protection to persons and property        | 39,076,400          | -                   | -                                | 3,284,000          | -                              | -   | -  | (21,800)     | 42,338,600         |
| Transportation services                   | 20,152,300          | -                   | -                                | 10,690,000         | -                              | -   | -  | (172,500)    | 30,669,800         |
| Environmental services                    | 20,328,700          | -                   | -                                | 8,239,000          | -                              | -   | 2,480,300  | (1,736,300)  | 29,311,700         |
| Health services                           | 6,102,700           | -                   | -                                | -                  | -                              | -   | -  | -            | 6,102,700          |
| Social and family services                | 5,572,400           | -                   | -                                | -                  | -                              | -   | -  | -            | 5,572,400          |
| Recreation and cultural services          | 17,466,200          | -                   | -                                | 4,753,000          | 2,647,000                      | -   | -  | (2,761,400)  | 22,104,800         |
| Planning and development                  | 5,720,000           | -                   | -                                | 3,000              | -                              | 295,600                                       | -  | (302,400)    | 5,716,200          |
| Social housing                            | 5,712,000           | -                   | -                                | -                  | -                              | -   | -  | -            | 5,712,000          |
|   | 132,941,900         | -                   | -                                | 27,384,000         | 2,647,000                      | 295,600                                       | 2,480,300  | (5,080,800)  | 160,668,000        |
| <b>Capital</b>                            |                     |                     |                                  |                    |                                |   |  |              |                    |
| General government                        | -                   | 6,986,500           | -                                | (6,986,500)        | -                              | -   | -  | -            | -                  |
| Protection to persons and property        | -                   | 2,306,000           | -                                | (2,306,000)        | -                              | -   | -  | -            | -                  |
| Transportation services                   | -                   | 32,764,800          | -                                | (32,764,800)       | -                              | -   | -  | -            | -                  |
| Environmental services                    | -                   | 29,184,600          | -                                | (29,184,600)       | -                              | -   | -  | -            | -                  |
| Recreation and cultural services          | -                   | 23,169,000          | -                                | (23,169,000)       | -                              | -   | -  | -            | -                  |
|   | -                   | 94,410,900          | -                                | (94,410,900)       | -                              | -   | -  | -            | -                  |
| <b>ANNUAL OPERATING SURPLUS (DEFICIT)</b> | <b>24,365,000</b>   | <b>(94,410,900)</b> | <b>-</b>                         | <b>67,026,900</b>  | <b>(33,500)</b>                | <b>-</b>                                      | <b>(82,800)</b>                                    | <b>-</b>     | <b>(3,135,300)</b> |
| <b>REVENUE RELATED TO CAPITAL</b>         |                     |                     |                                  |                    |                                |   |  |              |                    |
| Municipal taxation                        | -                   | 5,673,200           | 31,300                           | -                  | -                              | -   | -  | -            | 5,704,500          |
| Grants - Government of Canada             | -                   | 16,656,900          | -                                | -                  | -                              | -   | -  | -            | 16,656,900         |
| Grants - Province of Ontario              | -                   | 4,504,500           | -                                | -                  | -                              | -   | -  | -            | 4,504,500          |
| Development charges                       | -                   | 1,818,000           | -                                | -                  | 40,000                         | -   | -  | -            | 1,858,000          |
| Other                                     | -                   | 831,000             | -                                | -                  | -                              | -   | -  | -            | 831,000            |
|   | -                   | 29,483,600          | 31,300                           | -                  | 40,000                         | -   | -  | -            | 29,554,900         |
| <b>FINANCING AND TRANSFERS</b>            |                     |                     |                                  |                    |                                |   |  |              |                    |
| Debenture and other long-term borrowing   | -                   | 41,890,000          | -                                | (41,890,000)       | -                              | -   | -  | -            | -                  |
| Debt repayment                            | (6,913,500)         | -                   | -                                | 6,913,500          | -                              | -   | -  | -            | -                  |
| Transfers from (to) other funds           | (17,451,500)        | 23,037,300          | (5,585,800)                      | -                  | -                              | -   | -  | -            | -                  |
|   | (24,365,000)        | 64,927,300          | (5,585,800)                      | (34,976,500)       | -                              | -   | -  | -            | -                  |
| <b>ANNUAL SURPLUS (DEFICIT)</b>           | <b>-</b>            | <b>-</b>            | <b>(5,554,500)</b>               | <b>32,050,400</b>  | <b>6,500</b>                   | <b>-</b>                                      | <b>(82,800)</b>                                    | <b>-</b>     | <b>26,419,600</b>  |