

The Corporation of the City of Thunder Bay

Consolidated Financial Statements

December 31, 2021

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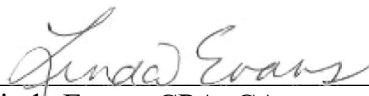
Statement of Administrative Responsibility

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


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

The City Manager and General Manager – Corporate Services & Long Term Care review the financial statements before such statements are submitted to Council and published for the residents of Thunder Bay. The external auditors have access to, and meet with Administration and Council to discuss their audit and the results of their examination.

The 2021 Financial Statements have been reported on by The Corporation of the City of Thunder Bay's external auditors, BDO Canada LLP, the auditors appointed by Council. The auditor's report outlines the scope of their audit and their opinion on the presentation of the information included in the financial statements.



Linda Evans, CPA, CA
General Manager - Corporate Services &
Long Term Care & City Treasurer



Norm Gale, CD, MBA, CMMIII
City Manager

July 18, 2022



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Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of The Corporation of the City of Thunder Bay and its subsidiaries ("the City"), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statements of operations and accumulated surplus, changes in net debt, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the City as at December 31, 2021, and its consolidated results of operations, its consolidated change in net debt, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises:

- The information, other than the consolidated financial statements and our auditor's report thereon, included in the Treasurer's Report for the year ended December 31, 2021.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Treasurer's Report prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Independent Auditor's Report (cont'd)

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

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

In preparing the consolidated financial statements, management is responsible for assessing the City's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the City or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



Independent Auditor's Report (cont'd)

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

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

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Thunder Bay, Ontario
July 18, 2022

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

As at December 31,	2021	2020
	\$	\$
Financial assets		
Cash	35,824,608	35,804,979
Investments (note 4)	160,476,805	121,555,739
Taxes receivable	11,506,552	12,843,706
Accounts receivable	61,520,144	47,472,783
User charges receivable	13,840,282	14,002,923
Other assets	3,928,004	6,407,004
Long term receivable	1,775,071	1,872,944
Investment in Thunder Bay Hydro Corporation (note 5)	109,272,789	106,294,249
	398,144,255	346,254,327
Liabilities		
Accounts payable and accrued liabilities	69,919,439	70,478,713
Tbaytel other payable	-	3,665,000
Deferred revenue (note 7)	36,113,749	27,186,974
Employee future benefits (notes 8, 9)	101,585,409	96,854,672
Municipal debenture debt (note 10)	203,788,452	212,182,816
Landfill closure and post-closure liability (note 11)	5,486,987	5,466,242
	416,894,036	415,834,417
Net debt	(18,749,781)	(69,580,090)
Non-financial assets		
Tangible capital assets (Schedule 1), (note 13)	1,083,990,547	1,058,695,803
Supplies inventory	10,844,051	7,129,708
Prepaid expenses	4,573,972	3,934,724
	1,099,408,570	1,069,760,235
Accumulated Surplus	1,080,658,789	1,000,180,145

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

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

For the year ended December 31,	Budget 2021 (Note 20)	2021	2020
	\$	\$	\$
Revenues			
Taxation, net (note 2)	204,616,800	204,296,246	201,076,904
Fees and service charges	87,781,000	87,833,914	83,113,157
Government of Canada grants (note 14)	6,198,652	21,453,177	18,576,688
Province of Ontario grants (note 14)	56,458,741	76,707,336	75,654,400
Contributed tangible capital assets	-	-	157,391
Investment income	4,786,131	4,255,746	3,335,548
Other	22,997,469	22,944,060	17,668,632
Tbaytel fees and service charges	208,155,000	204,889,000	195,606,000
	590,993,793	622,379,479	595,188,720
Expenses (note 19)			
General government	25,122,307	22,725,103	29,054,448
Protection to persons and property	103,732,356	107,938,254	103,774,262
Transportation services	65,417,790	60,332,199	59,097,901
Environmental services	66,180,403	64,069,112	64,118,842
Health services	36,413,348	37,970,432	33,665,607
Social and family services	41,927,077	40,987,347	39,198,620
Recreation and cultural services	49,598,927	45,527,379	44,088,978
Planning and development	8,567,701	8,120,533	7,997,774
Tbaytel	169,019,000	156,016,533	159,311,495
	565,978,909	543,686,892	540,307,927
Net revenues before the following	25,014,884	78,692,587	54,880,793
Loss on disposal of tangible capital assets	(151,000)	(1,192,483)	(653,943)
Write-down of tangible capital assets (note 13)	-	-	(99,228)
Earnings from Thunder Bay Hydro Corporation (note 5)	-	2,978,540	2,956,184
Annual surplus	24,863,884	80,478,644	57,083,806
Accumulated surplus, beginning of year	1,000,180,145	1,000,180,145	943,096,339
Accumulated surplus, end of year (Schedule 2)	1,025,044,029	1,080,658,789	1,000,180,145

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

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

As at December 31,	Budget 2021 (Note 20)	2021	2020
	\$	\$	\$
Annual surplus	24,863,884	80,478,644	57,083,806
Acquisition of tangible capital assets	(99,300,606)	(106,705,816)	(94,613,088)
Amortization of tangible capital assets	78,928,230	79,534,949	79,476,357
Contributed tangible capital assets	-	-	(157,391)
Proceeds on disposal of tangible capital assets	-	683,640	399,092
Loss on disposal of tangible capital assets	151,000	1,192,483	653,943
Write-down of tangible capital assets	-	-	99,228
	(20,221,376)	(25,294,744)	(14,141,859)
Net decrease (increase) in prepaid expenses	-	(639,248)	1,217,960
Net increase in inventories	-	(3,714,343)	(299,966)
	-	(4,353,591)	917,994
Change in net debt	4,642,508	50,830,309	43,859,941
Net debt, beginning of year	(69,580,090)	(69,580,090)	(113,440,031)
Net debt, end of year	(64,937,582)	(18,749,781)	(69,580,090)

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

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

	2021	2020
For the Year Ended December 31,		
	\$	\$
Operating Activities		
Annual surplus	80,478,644	57,083,806
Non-cash charges to operations:		
Earnings from Thunder Bay Hydro Corporation (note 5)	(2,978,540)	(2,956,184)
Amortization of tangible capital assets	79,534,949	79,476,357
Contributed tangible capital assets	-	(157,391)
Loss on disposal of tangible capital assets	1,192,483	653,943
Write-down of tangible capital assets	-	99,228
Landfill closure and post closure liability	20,745	119,651
Employment future benefits	4,730,737	2,307,953
Change in non-cash working capital balances		
Taxes receivable	1,337,154	(2,463,132)
Accounts receivable	(14,047,361)	(11,933,794)
User charges receivable	162,641	(553,920)
Other assets	2,479,000	1,693,000
Accounts payable and accrued liabilities	(559,274)	(824,256)
Deferred revenue	8,926,775	(1,943,637)
Supplies inventory	(3,714,343)	(299,966)
Prepaid expenses	(639,248)	1,217,960
Cash provided by operating activities	156,924,362	121,519,618
Capital Activities		
Acquisition of tangible capital assets	(106,705,816)	(94,613,088)
Proceeds on disposal of tangible capital assets	683,640	399,092
Cash used in capital activities	(106,022,176)	(94,213,996)
Financing Activities		
Decrease in Tbaytel other payable	(3,665,000)	(7,983,000)
Proceeds from municipal debenture debt	16,506,836	24,040,778
Repayment of municipal debenture debt	(24,901,200)	(23,968,620)
Cash used for financing activities	(12,059,364)	(7,910,842)
Investing Activities		
Net increase in investments	(38,921,066)	(6,254,261)
Decrease in long term receivable	97,873	89,999
Cash used in investing activities	(38,823,193)	(6,164,262)
Increase in cash	19,629	13,230,518
Cash, beginning of year	35,804,979	22,574,461
Cash, end of year	35,824,608	35,804,979

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

THE CORPORATION OF THE CITY OF THUNDER BAY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

GENERAL

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

1. SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

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

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

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

Government Business Enterprise

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

Accounting for School Board Transactions

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

THE CORPORATION OF THE CITY OF THUNDER BAY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Trust Funds

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

Basis of Accounting

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

Employment Benefits

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

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

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

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

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

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

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

Government Transfers

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

Investments

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

THE CORPORATION OF THE CITY OF THUNDER BAY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment Income

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

Non-financial Assets

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

[i] Tangible Capital Assets

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

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

General capital

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

Infrastructure

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

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

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

[ii] Contributions of Tangible Capital Assets

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

THE CORPORATION OF THE CITY OF THUNDER BAY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Non-financial Assets (continued)

[iii] Leases

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

[iv] Inventories

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

Taxation Revenue

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

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

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

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

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

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

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

THE CORPORATION OF THE CITY OF THUNDER BAY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation Revenue (continued)

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

User Charges

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

Other Revenue

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

Deferred Revenue

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

Landfill Closure and Post-Closure Liabilities

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

Contaminated Sites Liability

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

THE CORPORATION OF THE CITY OF THUNDER BAY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

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

2. OPERATIONS OF SCHOOL BOARDS

Taxation, other revenues and requisitions for the school boards amounting to **\$29,601,776** [2020 - \$31,363,766] are not reflected in these consolidated financial statements.

3. TRUST FUNDS

Trust funds administered by the City amounting to **\$13,747,516** [2020 - \$13,506,518] have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations and Accumulated Surplus.

Trust fund balances at December 31 are as follows:

	2021 \$	2020 \$
Older Adults Centre	205,732	133,265
Cemetery	1,172,812	1,155,950
Cemetery Marker Maintenance	475,966	459,364
Dawson Court Home for Aged	2,020	2,020
Grandview Lodge Home for Aged	4,945	4,945
Pioneer Ridge Home for Aged	25,823	17,544
Lake Superior Regiment Memorial Hillcrest Park	34,275	33,636
Employee Disability	11,604,952	11,366,687
Civic Employees Pension Trust Committee	1,998	1,998
Community Auditorium Repairs	837	821
Art in Public Places	9,549	9,371
Provincial Land Tax	208,607	320,917
	13,747,516	13,506,518

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

For the Year Ended December 31, 2021

4. INVESTMENTS

Investments are recorded at cost. The total market value of the City's investments at December 31, 2021 was **\$168,813,710** [2020 - \$131,785,223]. The City's investments are comprised of federal, provincial, municipal and corporate bonds, the ONE Equity Fund, money market funds, high interest savings account and treasury bills. The bonds have varying maturities and interest rates.

	2021		2020	
	Cost	Market Value	Cost	Market Value
Federal Government	24,614,058	24,837,452	22,430,065	24,065,637
Provincial Government	30,237,953	30,972,470	31,742,543	34,596,222
Municipal	381,316	390,404	372,166	399,464
Corporate	18,541,014	18,626,060	17,215,490	17,899,598
Equity	15,735,139	23,274,011	12,475,532	17,650,371
Other	70,967,325	70,713,313	37,319,943	37,173,931
	160,476,805	168,813,710	121,555,739	131,785,223

The weighted average yield on the cost of the investment portfolio during the year was **1.90%** (2020 - 2.10%). Maturity dates on investments in the portfolio range from February 2022 to December 2052.

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

For the Year Ended December 31, 2021

5. INVESTMENT IN THUNDER BAY HYDRO CORPORATION

Thunder Bay Hydro Corporation

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

	2021 \$	2020 \$
Financial position		
Current assets	46,846,980	43,996,951
Capital assets	156,773,007	148,299,314
Long-term assets	12,108,512	11,993,189
Other assets	897,311	1,864,443
Total assets	216,625,810	206,153,897
Current liabilities	24,674,743	19,744,062
Long-term liabilities	66,614,610	65,764,312
Other liabilities	3,594,200	2,168,029
Total liabilities	94,883,553	87,676,403
Net assets	121,742,257	118,477,494
Proportionate share of other investor	(12,469,468)	(12,183,245)
City of Thunder Bay proportionate share	109,272,789	106,294,249
Results of operations		
Revenues	147,313,395	162,825,939
Operating expenses	(142,845,632)	(159,592,323)
Comprehensive income for the year	4,467,763	3,233,616
Less: Proportionate share of other investor	(328,023)	(277,432)
Less: Dividend to City of Thunder Bay	(1,161,200)	-
City of Thunder Bay proportionate share of income	2,978,540	2,956,184

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

	2021 \$	2020 \$
1,061 common shares	41,931,625	41,931,625
Promissory note	26,490,500	26,490,500
Accumulated other comprehensive income	379,643	86,765
Accumulated earnings from date of transfer	40,471,021	37,785,359
	109,272,789	106,294,249

The promissory note is receivable from Thunder Bay Hydro Corporation and is non-interest bearing, unsecured and due on demand, subject to a Subordination Agreement providing for no acceleration rights.

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

For the Year Ended December 31, 2021

5. INVESTMENT IN THUNDER BAY HYDRO CORPORATION (continued)

Related Party Transaction

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

Thunder Bay Hydro Corporation billed the City for electricity in the amount of **\$6,886,716** [2020-\$7,305,169]. At December 31, 2021, included in accounts payable and accrued liabilities is **\$1,481,110** [2020 - \$1,762,728] payable to Thunder Bay Hydro Corporation related to this expense. Also recorded was pole rental from Thunder Bay Hydro Corporation in the amount of **\$889,088** [2020 - \$855,557]. The City also contributed towards capital construction by Thunder Bay Hydro Corporation during the year in the amount of **\$744,948** [2020 - \$1,064,110]. The City received dividends of **\$1,161,200** in 2021 [2020 - \$nil].

6. BANK INDEBTEDNESS

The City has two unsecured demand revolving credit facilities, the first in the amount of **\$10,000,000** [2020 - \$10,000,000] for working capital and the second in the amount of **\$15,000,000** [2020 - \$15,000,000] for interim financing of capital projects, both of which **\$nil** [2020 - \$nil] was used at year-end and bear interest at the bank's prime rate less 0.88%.

Tbaytel's available revolving credit facilities amount to:

- 1) **\$1,500,000** US [2020-\$1,500,000 US] at a floating rate of US bank prime or 3.25%, of which **\$nil** US [2020 - \$nil US] was used at year-end.
- 2) **\$5,500,000** CDN [2020-\$5,500,000] at a floating rate of bank prime less 0.50%, or 1.95%, of which **\$nil** CDN [2020 - \$nil] was used at year-end.

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

For the Year Ended December 31, 2021

7. DEFERRED REVENUE

Deferred revenue is as follows:

	2021 \$	2020 \$
Obligatory reserve funds		
Subdivision Deposits	500,368	406,305
Canada Community Building Fund	15,236,725	9,237,253
Dedicated Gas Tax	4,095,959	2,848,885
Ontario Community Infrastructure Fund	673,798	1,309,343
Ontario Municipal Commuter Cycling	105,755	108,410
MTO Transit Capital	154,177	151,302
Other	15,346,967	13,125,476
	36,113,749	27,186,974

The continuity of deferred revenue is as follows:

	2021 \$	2020 \$
Balance, beginning of year	27,186,974	29,130,611
Add:		
Developers and property owners contributions	85,531	68,296
Canada Community Building Fund	13,424,706	6,547,105
Dedicated Gas Tax	1,552,129	1,536,807
Ontario Community Infrastructure Fund	5,816,059	5,816,059
Net contributions from current operations	2,221,491	473,209
Interest earned	297,627	296,099
	23,397,543	14,737,575
Less:		
Canada Community Building Fund contributions to capital	7,655,549	7,013,812
Dedicated Gas Tax contributions to capital	340,282	396,684
Ontario Community Infrastructure Fund contributions to capital	6,470,267	8,601,208
Ontario Municipal Commuter Cycling contributions to capital	4,670	669,508
	14,470,768	16,681,212
Balance, end of year	36,113,749	27,186,974

THE CORPORATION OF THE CITY OF THUNDER BAY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

8. PENSION AGREEMENTS

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

During the year ended December 31, 2021, the City contributed **\$17,949,317** [2020 - \$18,192,023] for current service, which is included as an expense on the Consolidated Statement of Operations and Accumulated Surplus.

Because OMERS is a multi-employer plan, the City does not recognize any share of pension plan deficit of **\$3.1 billion** [2020-\$3.2 billion] based on fair market value of the plan's assets, as this is a joint responsibility of all Ontario municipalities and their employees.

9. EMPLOYMENT FUTURE BENEFITS

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

	2021 \$	2020 \$
Sick leave benefits	7,755,205	7,641,870
Vacation pay	4,819,892	4,513,504
Post-employment benefits	38,219,832	38,382,435
WSIB	50,790,480	46,316,863
	101,585,409	96,854,672

- [a] Under the sick leave benefit plan, unused sick leave can accumulate and certain employees may be entitled to a cash payment when they retire or leave the City's employment or pay for sick leave in excess of the current year entitlement. The City recognizes these costs in the period in which the employees rendered the services. The accrued benefit liability at December 31, 2021 of **\$7,755,205** [2020-\$7,641,870] was determined by an actuarial valuation prepared for the year ended December 31, 2019 and updated for 2021. An amount of **\$2,022,404** [2020- \$1,984,695] has been set aside in a sick pay liability reserve fund to offset this liability.

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

General Inflation

Future general inflation levels, as measured by changes in the Consumer Price Index (CPI), were assumed at 2% per annum.

Interest (discount) rate

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

Salary levels

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

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

For the Year Ended December 31, 2021

9. EMPLOYMENT FUTURE BENEFITS (continued)

- [b] Vacation entitlements earned by the employees are converted to a cash payment when they retire or leave the City's employment.
- [c] The City pays certain post-retirement benefits on behalf of its retired employees and recognizes these post retirement costs in the period in which the employees rendered the services. The accrued benefit obligation at December 31, 2021 of **\$36,701,469** [2020-\$36,278,873] was determined by an actuarial valuation prepared for the year ended December 31, 2019 and updated for 2021. An amount of **\$5,308,462** [2020- \$5,209,482] has been set aside in a post-retirement benefits reserve fund to offset this liability.

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

	2021	2020
	\$	\$
Accrued benefit liability recognized in the financial statements	38,219,832	38,382,435
Expense for the year	2,150,784	2,148,260
Benefits paid for the year	(2,313,387)	(2,276,831)

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

General Inflation

Future general inflation levels, as measured by changes in the Consumer Price Index (CPI), were assumed at 2% per annum.

Interest (discount) rate

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

Medical and dental costs

Medical costs were assumed to increase by 4.70% to 5.14% in 2021, with further annual increases gradually declining to 4.50% to 4.70% in 2024 and each year thereafter. Dental costs were assumed to increase at 4.50% to 4.80% in 2021 to 2024 and each year thereafter.

- [d] The City elected to be under Schedule 2 of the Workplace Safety and Insurance Act and hence, effectively self-insures its workers' compensation claims. The estimated future benefit costs (including administration costs) at December 31, 2021 of **\$50,790,480** [2020 - \$46,316,863] were determined by an actuarial valuation prepared for the year ended December 31, 2021. An amount of **\$2,931,804** [2020 - \$2,629,469] has been set aside in a WSIB reserve fund to offset this liability.

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

For the Year Ended December 31, 2021

10. MUNICIPAL DEBENTURE DEBT

[a] The balance of municipal debt reported on the Consolidated Statement of Financial Position totaling **\$203,788,452** [2020 - \$212,182,816] is comprised of debenture debt and construction financing outstanding at year-end incurred by the City.

The balance of municipal debenture debt is **\$194,198,914** [2020 - \$204,598,534], bearing interest rates ranging from 1.49% to 5.83% and maturing from 2022 to 2041.

The balance of construction financing is **\$9,589,538** [2020 - \$7,584,282] and is comprised of short-term advancements on a debenture based on incurred costs. All construction financing will be converted to a long-term debenture when project costs are complete.

The breakdown of the balance owing is as follows:

	2021 \$	2020 \$
Debenture debt		
Tax supported	60,670,319	67,042,722
Rate supported	88,853,595	89,630,812
Tbaytel	44,675,000	47,925,000
Total debenture debt	194,198,914	204,598,534
Construction financing		
Tax supported	2,839,254	2,430,629
Rate supported	6,750,284	5,153,653
Total construction financing	9,589,538	7,584,282
Total debt	203,788,452	212,182,816

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

	\$
2022	25,493,609
2023	25,045,800
2024	20,592,593
2025	18,122,939
2026	14,192,942
2027 and thereafter	90,751,031
Total	194,198,914

[c] The long-term liabilities in [a] issued in the name of the City have been approved by by-law. The 2022 annual principal and interest payments required to service these liabilities are within the 2022 annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing of \$122,599,247. The City has available \$91,916,931, based on this annual debt repayment limit.

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

For the Year Ended December 31, 2021

10. MUNICIPAL DEBENTURE DEBT (continued)

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

	2021 \$	2020 \$
Principal payments	24,901,200	23,968,620
Interest payments	6,155,303	6,713,696
Total	31,056,503	30,682,316

11. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

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

The John Street municipal landfill is operated by the City to accept all municipal solid waste from the City. The landfill includes the closed and capped West Cell, and the active East Cell with a remaining life of approximately 20 years. Closure activities include final cover and vegetation, drainage control features, monitoring of leachate, water quality and recovery of gas. Post-closure activities include acquisition of additional land for buffer zone, treatment and monitoring of leachate, monitoring groundwater, surface water and gas, and recovery and ongoing maintenance of various control systems, drainage systems and final cover.

The estimated liability of **\$5,486,987** [2020 - \$5,466,242] is the present value of future closure and post-closure costs discounted at a rate of 2.4%.

12. CONTAMINATED SITES LIABILITY

The City recorded an estimated liability of **\$nil** [2020 - \$nil].

13. TANGIBLE CAPITAL ASSETS

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

During the year no interest was capitalized [2020 - \$nil], there were write-downs of tangible capital assets of **\$nil** [2020 - \$99,228] and contributed tangible capital assets of **\$nil** [2020 - \$157,391].

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

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

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

For the Year Ended December 31, 2021

14. GOVERNMENT TRANSFERS

	2021 \$	2020 \$
Revenues		
Government of Canada grants	21,453,177	18,576,688
Province of Ontario grants	76,707,336	75,654,400
Total Revenues	98,160,513	94,231,088
Expenses		
External transfers to others	23,478,826	23,936,517
Total Expenses	23,478,826	23,936,517

15. CONTINGENCIES

- [a] There were numerous claims and litigation in dispute at December 31, 2021 for which the amount of settlement, if any, is indeterminable at this time. The settlements, if any, will be expensed in the Consolidated Statement of Operations and Accumulated Surplus in the year in which the amount is determinable. No provision has been made in these consolidated financial statements in respect of the above claims and litigation.
- [b] The Ontario Mining Act (the "Act") sets out the regulatory requirements for the closure plan and maintenance of mine sites. Under the Act, the City is required to provide for closure and post-closure maintenance of the Shuniah Mine site, located on City property. The solution and cost for the post-closure maintenance, if any, is uncertain and indeterminable at the date of issue of the consolidated financial statements and no provision has been made.
- [c] In a previous year, Tbaytel filed a claim against a vendor engaged to build their Integrated Customer Relationship Management (ICRM) system and in 2020 was awarded aggregate damages of \$6,227,000 by an independent arbitrator. The settlement has not yet been received as the vendor has appealed the judgement and contingent assets are not recorded in these consolidated financial statements.

16. COMMITMENTS

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

	\$
2022	6,352,439
2023	4,649,875
2024	2,224,695
2025	1,338,345
2026	954,173

- [b] Tbaytel has provided a letter of guarantee from the Royal Bank to WSIB in the amount of **\$1,379,000** [2020-\$504,000].
- [c] The Thunder Bay Community Economic Development Commission Inc. has committed a total of \$1,434,001 to various organizations. Scheduled payments are made at the time these organizations meet previously agreed upon criteria.

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

For the Year Ended December 31, 2021

17. PUBLIC LIABILITY INSURANCE

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

Self-insured claims settled and accrued during the year amounting to **\$1,663,386** [2020 - \$976,122] are reported as an expense in the Consolidated Statement of Operations.

18. NON-CONSOLIDATED ENTITIES

Thunder Bay District Health Unit

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

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

	2021	2020
	\$	\$
Financial position		
Financial assets	8,810,502	5,171,597
Financial liabilities	(7,979,948)	(3,895,494)
Net financial assets	830,554	1,276,103
Non-financial assets	4,346,238	2,272,719
Accumulated surplus	5,176,792	3,548,822
Results of operations		
Revenues other than municipal levies	22,042,437	16,551,615
Municipal levies	3,213,544	3,213,544
Expenses	(23,628,011)	(19,830,051)
Annual surplus (deficit)	1,627,970	(64,892)

The City's share of the municipal levies was **\$2,552,643** [2020 - \$2,552,643].

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

For the Year Ended December 31, 2021

18. NON-CONSOLIDATED ENTITIES (continued)

The District of Thunder Bay Social Services Administration Board

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

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

	2021 \$	2020 \$
Financial position		
Financial assets	48,126,136	48,815,218
Long-term debt	(13,593,365)	(16,223,927)
Other liabilities	(18,815,561)	(21,811,411)
Net debt	15,717,210	10,779,880
Non-financial assets	43,279,503	44,785,192
Accumulated surplus	58,996,713	55,565,072

	2021 \$	2020 \$
Results of operations		
Revenues other than municipal levies	77,145,390	76,452,342
Municipal levies	22,691,800	22,512,500
Other income	1,786,596	1,482,840
Expenses	(98,130,981)	(96,014,194)
Distribution to municipalities	-	(206,004)
Annual surplus	3,492,805	4,227,484

The City's share of the municipal levies was \$16,142,628 [2020 - \$15,921,537].

19. SEGMENTED INFORMATION

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

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

THE CORPORATION OF THE CITY OF THUNDER BAY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

19. SEGMENTED INFORMATION (continued)

General Government

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

Protection to Persons and Property

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

Transportation Services

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

Environmental Services

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

Health Services

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

Social and Family Services

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

THE CORPORATION OF THE CITY OF THUNDER BAY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

19. SEGMENTED INFORMATION (continued)

Recreation and Cultural Services

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

Planning and Development

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

Tbaytel

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

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

For the Year Ended December 31, 2021

20. BUDGET INFORMATION

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

	\$
Revenues	
Approved Budget	
Operating	404,831,900
Capital	71,141,800
Consolidated Boards	197,957,000
	673,930,700
Adjustments	
Transfer from reserves to operating	(8,185,600)
Obligatory Reserve Funds	(14,758,300)
In year budget adjustments - capital	10,814,462
Financial statement presentation adjustments	608,731
Reduction due to tangible capital asset accounting	(71,141,800)
Reclassification of taxation	(274,400)
Total Revenues	590,993,793
Expenses	
Approved Budget	
Operating	404,831,900
Capital	71,141,800
Consolidated Boards	169,900,000
	645,873,700
Adjustments	
Amortization of tangible capital assets	45,798,230
Transfer to reserves	(33,438,000)
Reduction due to tangible capital asset accounting	(71,141,800)
Capital out of revenue	(16,150,700)
Post employment benefit expense	4,769,737
Landfill closure and post closure expense	20,745
Financial statement presentation adjustments	(5,148,800)
Reclassification of taxation	(274,400)
Debt principal payments	(21,223,300)
Operating expenses budgeted in capital expensed in current year	16,893,497
Total Expenses	565,978,909
Loss on disposal of tangible capital assets	(151,000)
Annual Surplus	24,863,884

(A) Amortization of tangible capital assets does not include the amortization of the Consolidated Boards (\$33,130,000) and acquisitions of tangible capital assets (\$51,528,000), these amounts are included in their approved budget.

THE CORPORATION OF THE CITY OF THUNDER BAY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

21. FLOOD DISASTER

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

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

22. COMPARATIVE AMOUNTS

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

23. FUTURE ACCOUNTING CHANGES

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

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

24. COVID-19 PANDEMIC

On March 11, 2020 the World Health Organization declared a global pandemic with respect to the outbreak of the COVID-19 coronavirus. The COVID-19 pandemic has had a significant impact on Canada, the global economy and the City. Following Provincial regulations and province-wide restrictions, the City closed some facilities and ceased non-essential services where required or opened in a limited capacity when appropriate. These closures impacted the ability of the City to deliver programs and services and resulted in a decline in revenues.

The City received funding from other levels of government that assisted with the impact on operations. Given the dynamic nature of these circumstances and the unknown duration of the disruption, the full financial impact cannot be reasonably estimated at this time. The City will continue to focus on managing expenses and revenue streams, and leveraging existing reserve funds to ensure it is able to continue providing services to its citizens.

25. SUBSEQUENT EVENT

Subsequent to year end a claim was made against Tbaytel and litigation was pending for which the amount of settlement, if any, was not determinable. Any amounts when determinable will be charged to expenditure.

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

Schedule 1

	General Capital							Infrastructure						Total	
As at December 31,	Land	Land Improvements	Buildings	Machinery & Equipment	Vehicles	Network Assets	Library Collection	Land	Land Improvements	Building	Linear Assets	Machinery & Equipment	Assets Under Construction (AUC)	2021	2020
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		\$	\$
Cost															
Balance, beginning of year	27,596,910	75,303,530	235,763,119	106,884,736	81,717,007	577,687,000	4,907,641	1,195,122	7,789,157	262,815,473	1,150,610,502	18,078,764	42,032,061	2,592,381,022	2,508,638,178
Add: Additions	-	777,926	2,759,035	9,278,611	3,916,303	35,449,000	169,014	-	-	-	17,785,691	1,428,786	35,141,450	106,705,816	94,770,479
Add: Transfers from AUC	-	621,479	1,538,000	1,062,429	576,835	18,316,000	-	-	-	-	9,659,361	-	(31,774,104)	-	-
Less: Disposals	16,521	129,565	393,773	1,471,060	1,210,042	754,000	623,731	-	-	-	2,773,746	2,366,304	-	9,738,742	10,928,407
Less: Write-downs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	99,228
Balance, end of year	27,580,389	76,573,370	239,666,381	115,754,716	85,000,103	630,698,000	4,452,924	1,195,122	7,789,157	262,815,473	1,175,281,808	17,141,246	45,399,407	2,689,348,096	2,592,381,022
Accumulated Amortization															
Balance, beginning of year	-	37,908,645	104,143,874	76,113,870	45,214,595	382,082,000	3,886,791	-	6,372,111	104,237,883	767,841,683	5,883,767	-	1,533,685,219	1,464,084,234
Add: Amortization	-	2,503,515	6,144,381	8,061,635	5,567,549	25,871,000	288,875	-	550,374	7,405,636	22,189,218	952,766	-	79,534,949	79,476,357
Less: Accumulated Amortization on disposals	-	129,565	278,773	1,456,358	1,164,305	618,000	623,731	-	-	-	2,500,780	1,091,107	-	7,862,619	9,875,372
Balance, end of year	-	40,282,595	110,009,482	82,719,147	49,617,839	407,335,000	3,551,935	-	6,922,485	111,643,519	787,530,121	5,745,426	-	1,605,357,549	1,533,685,219
Net Book Value of Tangible Capital Assets	27,580,389	36,290,775	129,656,899	33,035,569	35,382,264	223,363,000	900,989	1,195,122	866,672	151,171,954	387,751,687	11,395,820	45,399,407	1,083,990,547	1,058,695,803

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

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

Schedule 2

	2021	2020
As at December 31,		
	\$	\$
Surplus		
Investment in tangible capital assets	1,083,990,547	1,058,695,803
Municipal debenture debt	(203,788,452)	(212,182,816)
Tbaytel other payable	-	(3,665,000)
Investment in Thunder Bay Hydro Corporation	109,272,789	106,294,249
General fund	21,636,188	14,388,861
Employee future benefits	(101,585,409)	(96,854,672)
Landfill closure and post-closure liability	(5,486,987)	(5,466,242)
Derecognition of receivable	(22,946,728)	(22,946,728)
	881,091,948	838,263,455
Reserves		
Capital reserves	23,088,062	17,982,690
Working capital	4,300,000	4,300,000
	27,388,062	22,282,690
Reserve funds		
Capital reserve funds	63,900,661	38,955,430
Renew Thunder Bay	28,477,590	24,229,356
Indoor Turf	9,135,708	8,143,372
EMS	1,546,450	2,338,556
Recreation	3,004,337	2,594,707
Post-employment benefits	5,308,462	5,209,482
Vested sick leave	2,022,404	1,984,695
WSIB	2,931,804	2,629,469
Insurance	2,566,819	2,518,959
Tax Assessment appeals	8,997,961	8,830,187
Vested property rehabilitation	5,941,736	5,830,948
Stabilization	20,692,146	22,428,168
Economic development	3,587,821	2,994,617
Winter roads maintenance	3,743,975	1,776,056
Other	10,320,905	9,169,998
	172,178,779	139,634,000
Total reserves and reserve funds	199,566,841	161,916,690
Accumulated Surplus	1,080,658,789	1,000,180,145

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

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

Schedule 3

For the year ended December 31,	General Government		Protection to Persons and Property		Transportation Services		Environmental Services		Health Services	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Revenues										
Taxation, net	204,296,246	201,076,904	-	-	-	-	-	-	-	-
Government of Canada grants	12,425,148	12,977,907	554,437	704,037	2,481,782	3,876,059	990,058	(253,338)	-	-
Province of Ontario grants	27,524,772	28,988,889	12,768,904	15,825,388	1,898,673	2,266,166	1,216,724	960,573	18,098,520	16,293,881
Contributed tangible capital assets	-	157,391	-	-	-	-	-	-	-	-
Fees and service charges	3,583,741	2,443,856	1,856,166	1,857,731	5,180,272	4,826,676	62,051,010	59,276,070	174,783	159,711
Other	4,823,053	3,012,951	5,019,351	4,117,899	1,136,792	1,475,865	554,855	498,224	2,805,181	2,630,374
Investment income	2,300,239	1,830,109	36,304	38,462	188,842	135,886	614,806	472,021	58,681	72,736
Tbaytel fees and service charges	-	-	-	-	-	-	-	-	-	-
Total Revenues	254,953,199	250,488,007	20,235,162	22,543,517	10,886,361	12,580,652	65,427,453	60,953,550	21,137,165	19,156,702
Expenses										
Salary, wages and employee benefits	30,198,249	28,142,267	87,784,207	86,005,601	18,531,933	17,573,094	14,698,091	14,327,543	26,653,943	24,459,339
Long term debt interest	55,933	36,544	117,248	131,312	825,037	934,211	3,008,584	3,209,910	238,351	253,776
Materials	26,239,982	32,598,045	5,334,621	5,728,916	4,751,203	4,121,461	8,838,606	9,788,668	2,228,049	1,899,332
Contracted services	6,658,644	6,328,969	3,269,293	1,274,267	2,872,086	2,339,645	9,521,606	8,603,994	1,003,094	377,118
Rents & financials	1,583,565	1,493,852	348,297	336,184	603,915	1,077,326	1,830,025	1,930,275	444,422	350,039
External transfers to others	-	-	1,668,603	1,865,177	-	-	-	-	2,552,643	2,552,643
Interfunctional and program support	(42,294,877)	(40,102,367)	3,037,392	2,921,728	13,631,499	13,694,982	9,545,469	9,660,718	1,619,723	1,517,327
Unfunded liabilities	(588,650)	(262,532)	3,760,810	2,949,255	82,890	(14,863)	100,475	(5,261)	1,745,258	772,757
Amortization of tangible capital assets	872,257	819,670	2,617,783	2,561,822	19,033,636	19,372,045	16,526,256	16,602,995	1,484,949	1,483,276
Total expenses	22,725,103	29,054,448	107,938,254	103,774,262	60,332,199	59,097,901	64,069,112	64,118,842	37,970,432	33,665,607
Net revenues (expenses)	232,228,096	221,433,559	(87,703,092)	(81,230,745)	(49,445,838)	(46,517,249)	1,358,341	(3,165,292)	(16,833,267)	(14,508,905)

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

Schedule 3

For the year ended December 31,	Social and Family Services		Recreation and Cultural Services		Planning and Development		Tbaytel		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Revenues										
Taxation, net	-	-	-	-	-	-	-	-	204,296,246	201,076,904
Government of Canada grants	102,748	-	2,174,851	1,168,441	187,153	103,582	2,537,000	-	21,453,177	18,576,688
Province of Ontario grants	10,475,266	9,649,187	1,304,433	390,276	3,166,044	538,040	254,000	742,000	76,707,336	75,654,400
Contributed tangible capital assets	-	-	-	-	-	-	-	-	-	157,391
Fees and service charges	7,845,943	7,554,525	5,091,194	5,061,826	2,050,805	1,932,762	-	-	87,833,914	83,113,157
Other	1,259	-	587,052	407,693	1,003,246	1,212,626	7,013,271	4,313,000	22,944,060	17,668,632
Investment income	37,795	37,562	247,223	260,410	92,856	78,362	679,000	410,000	4,255,746	3,335,548
Tbaytel fees and service charges	-	-	-	-	-	-	204,889,000	195,606,000	204,889,000	195,606,000
Total Revenues	18,463,011	17,241,274	9,404,753	7,288,646	6,500,104	3,865,372	215,372,271	201,071,000	622,379,479	595,188,720
Expenses										
Salary, wages and employee benefits	18,347,611	17,098,078	17,735,050	17,660,909	3,344,695	3,103,931	35,652,000	34,493,000	252,945,779	242,863,762
Long term debt interest	502,545	694,753	94,199	104,401	-	-	1,313,406	1,348,789	6,155,303	6,713,696
Materials	3,031,735	2,821,880	6,427,184	7,409,724	2,031,573	1,676,972	85,778,533	90,315,495	144,661,486	156,360,493
Contracted services	790,971	540,904	2,190,775	2,244,493	405,824	806,458	-	-	26,712,293	22,515,848
Rents & financials	90,204	60,256	233,843	294,603	200,909	200,904	72,594	247,211	5,407,774	5,990,650
External transfers to others	16,180,489	16,421,537	2,834,087	2,810,154	243,004	287,006	-	-	23,478,826	23,936,517
Interfunctional and program support	1,826,550	1,796,410	11,007,537	8,833,952	1,626,707	1,677,250	-	-	-	-
Unfunded liabilities	(225,746)	(676,280)	(73,123)	(279,434)	(11,432)	(33,038)	-	-	4,790,482	2,450,604
Amortization of tangible capital assets	442,988	441,082	5,077,827	5,010,176	279,253	278,291	33,200,000	32,907,000	79,534,949	79,476,357
Total expenses	40,987,347	39,198,620	45,527,379	44,088,978	8,120,533	7,997,774	156,016,533	159,311,495	543,686,892	540,307,927
Net revenues (expenses)	(22,524,336)	(21,957,346)	(36,122,626)	(36,800,332)	(1,620,429)	(4,132,402)	59,355,738	41,759,505	78,692,587	54,880,793