



Our Focus: Your Future



**2022  
ANNUAL  
FINANCIAL  
REPORT**

FOR THE FISCAL YEAR  
ENDED DECEMBER 31, 2022

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# Introduction



## Vision

A welcoming, prosperous, connected community of choice.

## Mission

To lead and serve Fort Erie by pursuing opportunities, leveraging partnerships and managing our resources to achieve growth.

## Corporate Values

### **PROUD TO SERVE**

We serve Fort Erie with pride, care and excellence.

### **TEAMWORK**

We partner with other departments, volunteers, other levels of government, agencies, boards and commissions, to deliver service to the public.

### **RESPECT**

We treat others as we would like to be treated, with sensitivity and respect – we listen.

### **HONESTY**

We are open and honest, we value trust and integrity.

### **COMMITMENT**

We are committed to the well-being of the community.



# Legislative Authority

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The Town of Fort Erie (“the Town”) is one of twelve municipalities in the Niagara Region. It is approximately 168 square kilometers in size and is the fourth largest and a modestly growing municipality in the Region. With a population of approximately 33,000 permanent and 10,000 seasonal residents, the Town is located at the confluence of the Niagara River and Lake Erie. Located at one of Canada’s major gateway and border crossings, Fort Erie has developed a diverse range of unique cultural and tourist attractions.

The Town is comprised of a number of communities, each with a unique character and history. Fort Erie does not have a single distinctive town centre, but rather is an amalgamation of a number of settlement centres consisting of Fort Erie, Bridgeburg, Crescent Park, Thunder Bay, Ridgeway, Crystal Beach, Stevensville and Douglastown/Black Creek.

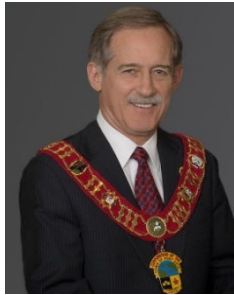
The Town provides and has jurisdiction over the following services: public transit, local streets and sidewalks, local water distribution, local collector wastewater collection, local storm water drainage, recreation facilities, parks, building permits, land use planning, inspections, fire protection and prevention, economic development and tourism, libraries and museums.

All of the decisions respecting the Town’s responsibilities are made by a Mayor and Council of duly elected representatives from its six (6) wards and its undertakings are subject to Provincial rules and regulations. The Chief Administrative Office (CAO) is appointed by Town Council to oversee the management and operation of the Town.

The Town finances its expenditures from levies against the local property owners, grants and subsidies received from other governments and organizations and from user fees for self-supporting services such as water and wastewater. In addition, the Town finances capital expenditures with long term debt financing where appropriate.

# 2022 Municipal Council

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**Mayor**  
**Wayne Redekop**



**Ward 4**  
**Councillor**  
**Joan Christensen**



**Ward 1**  
**Councillor**  
**George McDermott**



**Ward 5**  
**Councillor**  
**Tom Lewis**



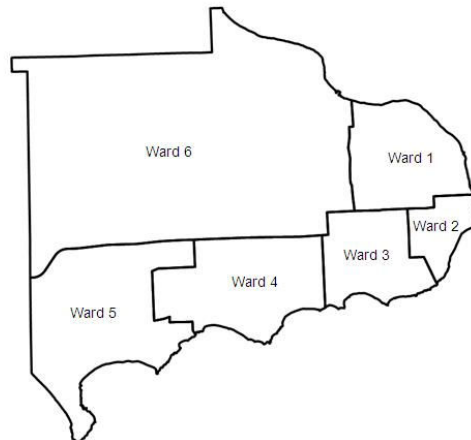
**Ward 2**  
**Councillor**  
**Nick Dubanow**



**Ward 6**  
**Councillor**  
**Ann-Marie Noyes**



**Ward 3**  
**Councillor**  
**Darren Flagg**



# Administration

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**Chief Administrative Officer**  
**Chris McQueen**

**Director, Corporate Services**  
**Jonathan Janzen**

**Director, Infrastructure Services**  
**Kelly Walsh**

**Director, Planning & Development Services**  
**Anamika Dilwaria**

**Fire Chief**  
**Mark Schmitt**

**Town Clerk**  
**Peter Todd**

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**Auditor**  
**Grant Thornton LLP, Chartered Professional Accountants**

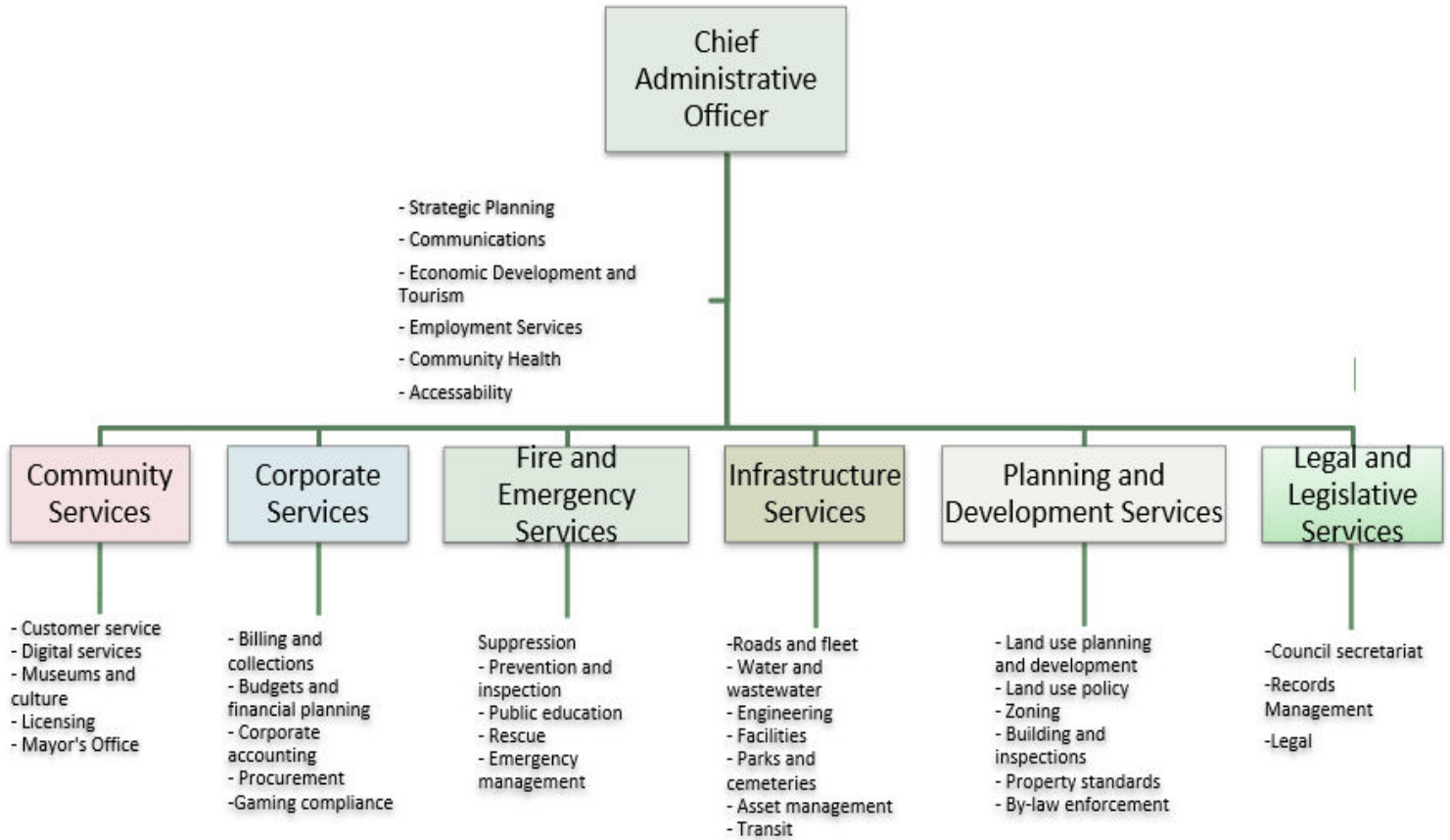
**Bank**  
**TD Bank**

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**Contact**  
**1 Municipal Centre Drive, Fort Erie, ON L2A 2S6**

**Phone: 905-871-1600      Web-site: [www.forterie.ca](http://www.forterie.ca)**

# Corporate Organization Chart





# **Financial Statement Discussion & Analysis**

# Financial Statement Discussion & Analysis

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## INTRODUCTION

### **Financial Report Preparation**

The Corporation of the Town of Fort Erie (“the Town”) 2022 Annual Financial Report is included in Schedule “1”, which includes the consolidated financial statements. The management of the Town is responsible for the integrity, objectivity and accuracy of the financial information presented in our financial statements. The Financial Report has been prepared by management in accordance Canadian Generally Accepted Accounting Principles established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants Canada. The purpose of financial statements is to provide users with an understanding of the financial position and operating results of the Town over the fiscal period.

### **Internal Control Management**

In order to meet its responsibility for presenting accurate information, management is responsible for the design and operation of an effective system of internal control that provides reasonable assurance that the accounting system provides timely, accurate and reliable financial information, and safeguards the assets of the Town. The control system provides an organizational structure, which effectively segregates responsibility, employs qualified staff, and develops corporate policies and procedures, which are regularly reviewed.

### **External Audit**

The *Municipal Act, 2001*, requires municipalities to appoint an independent auditor to express an opinion as to whether the consolidated financial statements present fairly, in all material respects, the Town’s financial position and operating results. The auditor provides a written report and management letter dealing with the adequacy of internal financial control systems, and an audit opinion regarding the results of the financial statement audit.

Consistent with prior years, Grant Thornton LLP has issued an unqualified or “clean” opinion on the 2022 consolidated financial statements.

### **Corporate and Community Services Sub-Committee**

The Corporate and Community Services sub-committee is comprised of the Mayor and two members of council (Chair and Vice-chair). The committee monitors the full financial cycle from budget guidance to finalization of the fiscal year through approval of the Annual Financial Report. The committee provides a review of the annual external and internal audit processes.

The Town administration is responsible for preparing the following financial statement discussion and analysis. It should be read in conjunction with the Financial Report contained within Schedule “1”.

# Financial Statement Discussion & Analysis

The following table summarizes the Statement of Financial Position. This statement is a snapshot as at December 31, 2022 of the Town's equity – its assets less liabilities and debt. Refer to page 4 of Schedule "1" for more details.

## Consolidated Financial Position

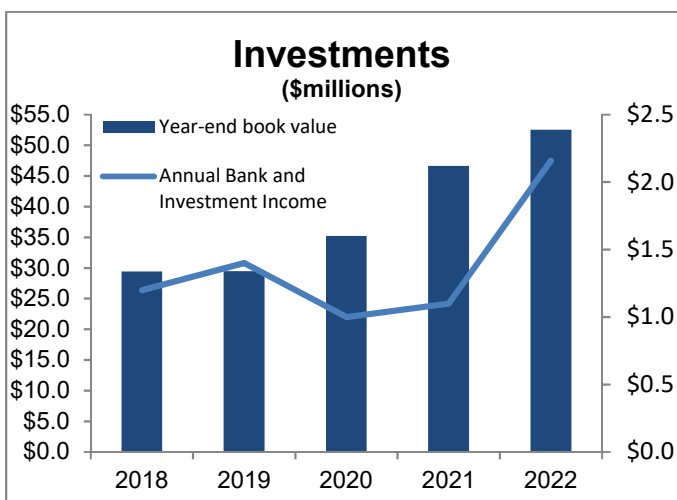
As at December 31  
\$ Millions

	2022	2021
A. Financial Assets	\$120.8	\$107.7
B. Liabilities	53.4	50.0
C. Net Financial Assets (A minus B)	67.4	57.8
D. Non-Financial Assets	252.9	247.7
E. Accumulated Surplus (C plus D)	\$320.2	\$305.4

## A. FINANCIAL ASSETS

The Town's financial assets represent the total cash, portfolio investments, taxes receivable, other accounts receivable, and inventory held as of December 31, 2022.

Cash balances are monitored to ensure funds are invested where possible, while maintaining an appropriate balance to cover operating and capital cash requirements. Cash balance increased \$4 million to \$56 million compared to 2022 – refer to page 17 for a cash flow analysis.



The Town uses investments to maximize earnings from the time funds are received until they are ultimately spent. Overall, portfolio investments increased by \$6.7 million in 2022. The 2022 Annual Investment Review (CS-01-2023) was presented to Council on March 20, 2023 and reported annual interest and dividend earnings of 1.80%.

Taxes receivable are uncollected property taxes as of December 31. The portion of property taxes that were uncollected at year-end were 6.9%, slightly higher than 5.2% in 2021, and are impacted by outstanding multi-year tax appeals. Receivables are monitored throughout the year and tax registration is used to minimize losses. The most recent BMA Municipal Study reported average taxes receivable for Niagara of 6.1% for 2022 and generally recommended a target of 8% or less.

Accounts receivable consist primarily of amounts due from water customers and other governments and are highly dependent on the timing of operational activities during the year.

## B. LIABILITIES

Liabilities include account payable and accrued liabilities, deferred revenue, debt and obligations for future retiree benefits. Accounts payable are payments owing to vendors and other governments and fluctuate based on the timing of payments.

Accounts payable decreased \$1.0 million from 2021, primarily due to a decrease in operating and capital expense accruals, and holdback payments.

Deferred revenues are advance payments for goods or services the Town has not yet provided. Deferred revenue increased by \$5.3 million from 2021, primarily as a result of increases in the

# Financial Statement Discussion & Analysis

collection of development charges, federal gas tax and cash in lieu of parkland.

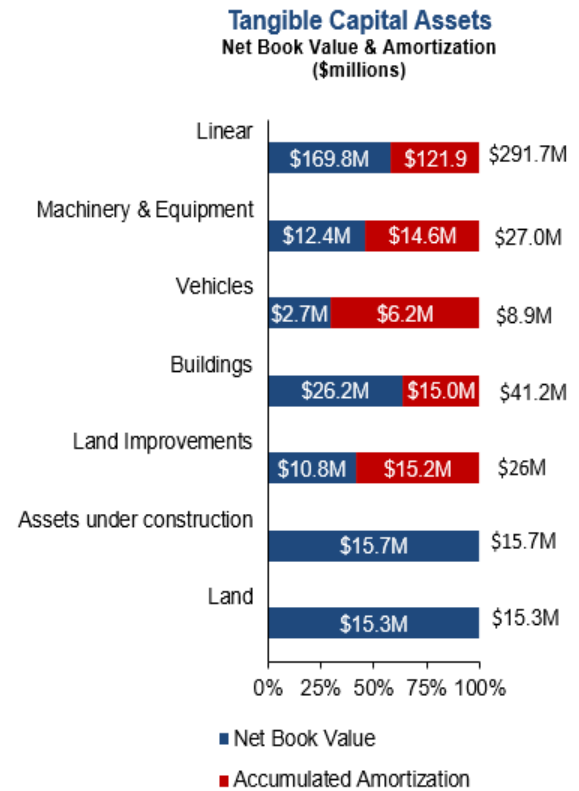
No new debt was incurred in 2022. Total debt of \$3.8 million matures between 2025 and 2032, and incurs interest at rates ranging from 1.20% to 4.15%. The provincial Annual Repayment Limit sets the maximum annual debt payment amount as 25% of net own source revenues. This represents the percentage of revenues that must be used to pay for debt principal and interest payments. Debt repayments in 2022 were below 2.0% of net own source revenues. The Town generally limits debt financing to major new capital expenditures, which reduces the burden on current taxpayers.

## C. NON-FINANCIAL ASSETS

Tangible capital assets represent the most significant component of non-financial assets. These assets are used to provide many services and programs to residents of Fort Erie. The Town's semi-annual capital variance reports captures many of the additions during the year. Total capital assets at December 31, 2022 had a cost of \$425.9 million with accumulated amortization of \$173 million, indicating that approximately 41% of the useful life has been used in the delivery of programs and services.

The Town is actively engaged in various asset management initiatives. These initiatives encompass the new Asset Work Order Management System implementation, enhancing the data integration and formulating a new asset management plan for all asset levels, with a target completion date of 2025. With the escalating construction costs and new asset condition information, these ongoing projects are integral to the Town's efforts to monitor expenses, address the infrastructure

gap and prioritizing funding taking into consideration the services levels provided to residents.



## D. ACCUMULATED SURPLUS

The accumulated surplus represents the Town's net asset position (total assets less liabilities) and at December 31, 2022 consists of:

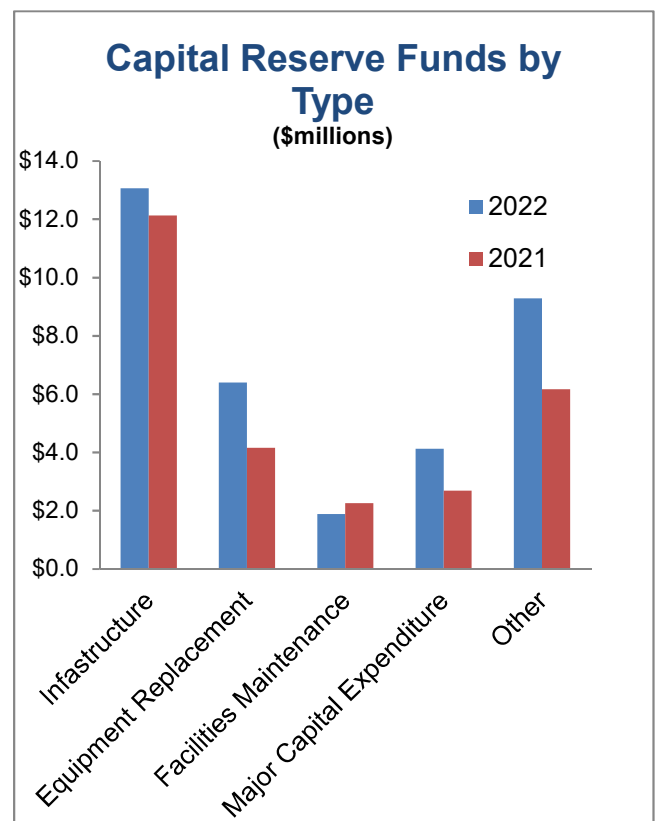
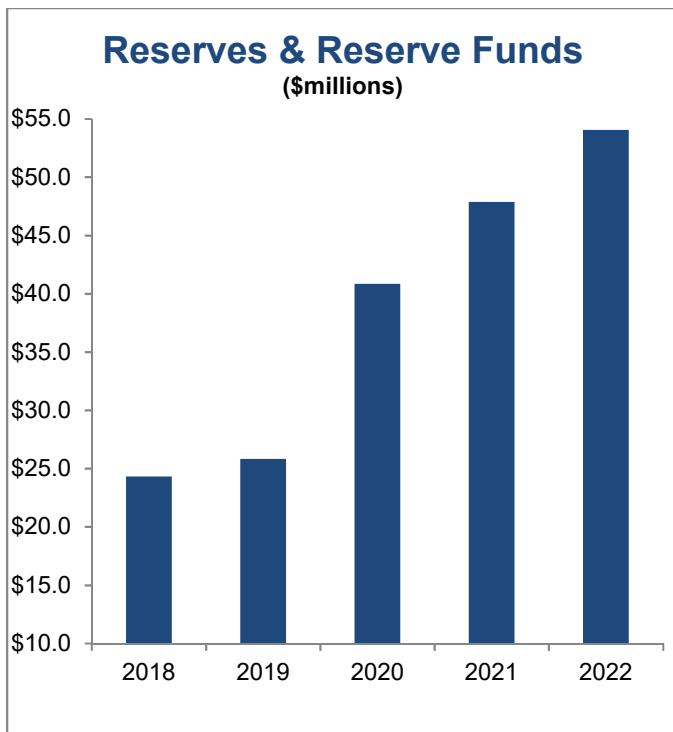
- \$252.9 million invested in tangible capital assets,
- \$54.0 million in reserves and reserve funds,
- \$18 million in accumulated operating surpluses, and
- (\$4.6) million in unfunded liabilities.

The Town has continued to increase reserve balances as part of the long term capital renewal

# Financial Statement Discussion & Analysis

strategy. The increased reserve balances also reduce the Town’s exposure to risk and uncertainties. Total reserve balances increased \$6.2 million from 2021 and increased \$29.7 million over the past 5 years. Note that a number of reserve balances are committed to fund future expenditures (e.g., encumbrances, South Niagara Hospital). Otherwise, the majority of reserves are set aside to fund future capital projects. A detailed list of reserve funds is included in Note 10 in Schedule “1”.

- \$9.5 million and capital reserve contributions were \$15.8 million.
- The minimum target for stabilization fund balances is 5-10% of the previous year’s tax levy. All stabilization reserves are at or exceeding targets. Note that the 2022 General Levy Rate Stabilization total included in this report is before allocations proposed in Report No. CS-06-2023 and the 2022 Budget relies on the reserve for a number of initiatives.



Several targets are included as part of the Reserve Policy. The 2022 results include:

- Section 8.6(b) states that reserves to total debt should be greater than or equal to 1:1. As at December 31, 2022 the ratio was 7:1.
- Section 8.7(a) states that the minimum contribution to capital reserves should be annual amortization. Amortization in 2022 was



# Consolidated Statement of Operations

The Consolidated Statement of Operations reports the revenue and expenses of the Town, which excludes tax amounts collected for the Region of Niagara and school boards. This statement describes the changes in economic resources and provides a comparison to budget. Disclosure by segment (i.e., General, Water, Wastewater, and Library) is also included in the schedules.

## Budget Approval

The balanced 2022 General Operating and General Capital Budgets were approved by Council February 28, 2022. The Water and Wastewater Operating Budget were approved January 24, 2022.

## Accounting Basis for Budget

The Town budget is presented on a modified accrual basis for the purpose of calculating the tax levy. Following this approach, the Town considers its cash needs for the year to ensure it collects sufficient tax revenue to cover its obligations and execute its business plan. This includes budgeting for any principal debt repayments and considers any required transfers to or from reserves. Conversely, the Town does not budget for amortization and its annual impact on tangible capital assets or changes in employee future benefit liabilities as these are primarily non-cash items.

## Accounting Basis for Financial Report

In order to issue financial statements, the Town is required to adjust its presentation of financial results to be in accordance with Canadian Public Sector Accounting Standards (PSAS). This approach is known as “accrual accounting”, which requires transactions be reported when they occur, regardless of when cash is ultimately collected or paid. The 2022 annual surplus as presented on the statements, after PSAS adjustments, is **\$14.9 million**. The surplus available for distribution as of the end of the year, on the basis approved by Council, is **\$1.1 million**. The chart below bridges the approved balanced budget to the Canadian PSAS financial statements presented throughout this annual report and further detailed in Note 18 of Schedule “1”.

### Approved Budget Compared to Financial Statements As at December 31 (\$millions)

	Budget	2022	2021
Approved net operating surplus	-	1.1	2.5
Add:			
Capital revenue	11.2	5.1	6.6
Net transfers to reserves	11.9	16.6	14.6
Reserve interest	0.4	1.1	0.8
Repayment of long-term debt	0.8	0.8	0.8
Library operating surplus, before capital revenue and amortization	0.1	0.2	0.2
Less:			
Amortization	(9.3)	(9.6)	(9.3)
Operating deficit (surplus) carried forward	(0.0)	(0.1)	(0.0)
Proceeds from sale of tangible capital assets		(1.6)	(0.1)
Gross gain on sale of tangible capital assets	0.0	1.2	0.1
Surplus reported on the consolidated statement of operations	\$15.1	\$14.9	\$16.1

# Consolidated Statement of Operations

## REVENUES

Total operating revenues of \$63.6 million were higher than budget by \$3.2 million or 5.3% and increased by \$3.5 million from 2021 or 5.8%. The main drivers of the revenue budget surplus are higher than anticipated fees and services and investment income.

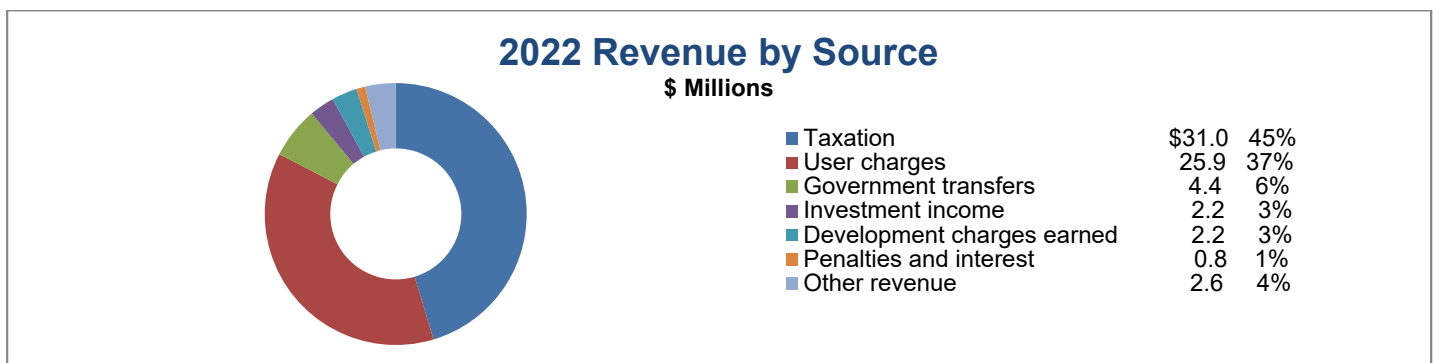
User charges are favourable to budget by \$1.6 million. User fees are a charge to the user for a specific municipal service, activity or product, or for the use of municipal property, largely generated from water and wastewater charges. The following results contribute to the favourable variance.

- Building permit revenues were favorable to budget by \$0.6 million as a result of continued strong residential development. As noted in Report No. PDS-33-2023, there were 807 new residential permits issued in 2022 compared to 826 issued in 2021.
- Fees and services charged were favorable to budget by \$1 million. The variance is attributable to fees such as ice rentals, Bay Beach admissions and planning and development, direct water billings and sewer charges due to a rise in development.

Investment income has demonstrated a favorable performance in relation to the budget, contributing a surplus of \$1.5 million. At the time of drafting the 2022 budget the market was uncertain, the overnight bank rate was 2.45% which then surged to 6.45% by the end of 2022. In response to the heightened interest rate environment experienced in 2022, our team strategically reinvested matured investments to shorter timeframes. Furthermore, we transferred funds from High-Interest Savings Accounts (HISA) to Guaranteed Investment Certificates (GICs) to leverage the prevailing upward trajectory in interest rates, thereby aiming to optimize our returns on investment. It is also noteworthy that our bank balances have yielded interest rates similar to GICs. Therefore, with higher collections of property taxes and development charges, this further contributed to the increase of investment income.

Other revenues contributed to a surplus of \$0.8 million, comprised of a \$1 million gain on the sale of assets, and other miscellaneous revenues such as donations, offset by the loss of benefiting to property owners of \$2.1 million. The timing of capital project completion will inevitably lead to variances relating to benefits received by property owners, as revenue recognition depends on the timing of cost expenditures.

Below is a breakdown of total revenues, including capital, by source:



# Consolidated Statement of Operations

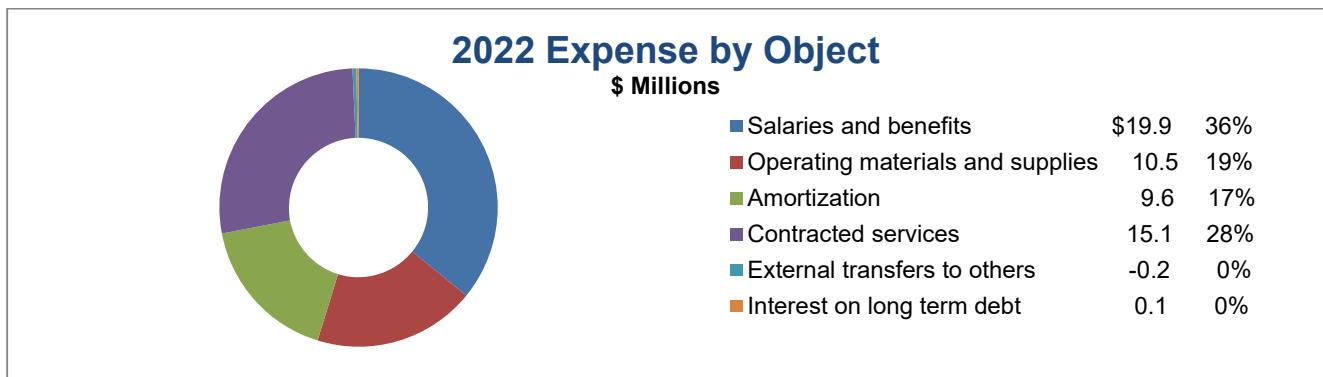
## EXPENSES

Total expenses of \$54.9 million were lower than budget by \$1.5 million or 2.7% and increased by \$4.3 million from 2021 or 8.5%.

Expenses in all categories (i.e., general government, protection to persons and property, health services, recreation & culture services, social and family services and planning and development) besides transportation services and environmental services were favourable to budget.

The overall favourable expense variance resulted from areas such as savings in salaries and benefits of \$0.9 million (e.g., staff turnover/vacancies, savings in benefits, budgeting union staff at the highest step on the salary grid) and materials and supplies of \$0.2 million (e.g., training and development, maintenance, fuel, utilities). Contracted services were favorable by \$1.6 million, however, only \$0.7 million contributes to the net operating surplus as a result of savings on a number of contingency-based budget lines where funds were not required in 2022. Note that deferrals and delays of projects resulted in \$2.7 million in expenses delayed to 2023, of which \$0.9 million will be funded through the Encumbrance Reserve and \$1.8 million will remain in related reserves until required. Savings were offset by unfavorable amortization of \$0.5 million as a result of capitalizing more Capital Projects than anticipated.

Below is a breakdown of total expenses by object:



# Consolidated Statement of Operations

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## ANNUAL SURPLUS

The 2022 General Levy surplus based on the budget approved by Council was \$1.1 million as reported in Note 18 of Schedule "1". From this amount transfers totaling \$1.01 million, are proposed in Report No. CS-06-2023 leaving an amount of \$83,247 for the Business Improvement Areas to be carryforward to 2023.

The Town reported a combined water and wastewater surplus of \$1,937, essentially breakeven to the budget. Water flows were 5% higher than budget and wastewater flows were 3% higher than budget. There was a water deficit of \$289,595 due to higher than anticipated Regional Treatment costs of \$288,915 which was funded by the Water Rate Stabilization Reserve. The \$287,656 wastewater surplus was transferred to the Sewer Rate Stabilization Reserve and it was a result of an increase in base charge revenue due to development.

# Consolidated Statement of Cash Flows

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The following table summarizes the Consolidated Statement of Cash Flows. [The Statement of Cash Flows](#) outlines the change in cash during the year. Refer to page 7 of Schedule “1” for further details.

<b>Consolidated Statement of Cash Flows</b>		
<b>For the Year Ended December 31</b>		
<b>\$ Millions</b>	<b>2022</b>	<b>2021</b>
	<b>As restated</b>	
A. Operating transactions	\$ 25.6	\$ 33.2
B. Capital transactions	(13.4)	(21.1)
C. Investing transactions	(6.7)	(11.2)
D. Financial transactions	(0.8)	(0.8)
	<u>4.7</u>	<u>0.1</u>
Cash at beginning of year	<u>52.1</u>	<u>52.0</u>
Cash at end of year	<u>\$ 56.8</u>	<u>\$ 52.1</u>

The cash balances increased by \$4 million to \$56.8 million compared to 2021. The following is a summary of the activities:

- A. **Operating transactions:** Cash provided by operations was \$25.6 million as compared to \$33.2 million in 2021. The annual surplus after considering non-cash items was \$1.3 million higher than in 2021. The remaining decrease is primarily a result of decreases in accounts payable, security deposits, capital and operating expense accruals and holdback payments.
- B. **Capital transactions:** Cash used in capital activities was \$13.4 million as compared to \$21.1 million in 2021, primarily driven by a decrease in additions to capital assets which is affected by the timing of project completion which affects capitalization.
- C. **Investing transactions:** Cash used in investing activities was \$6.7 million as compared to \$11.2 million in 2021. The change is a result of strategic investing and maturing of investments during differing rate environments.
- D. **Financing transactions:** Cash used in financing transactions was \$0.8 million as was the same in 2021 and represents repayment of debt. No new debt was issued in 2022.



# Conclusion

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Town of Fort Erie staff are committed to ensuring the Town's financial affairs are handled responsibly, with integrity, and available to the public. Achieving a balance between providing high levels of quality service to residents of Fort Erie and ensuring these services are affordable to both current and future residents is at the centre of the financial strategy at the Town of Fort Erie. The audited consolidated financial statements are key financial documents that reflect the Town's achievements toward financial sustainability, and are hereby attached.

*Original signed*

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Sonja Bovan, CPA, CA  
Manager, Accounting Services/Deputy Treasurer

*Original signed*

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Jonathan Janzen, CPA, CA  
Director, Corporate Services/Treasurer



# Schedule “1”

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Financial Report

Town of Fort Erie

2022

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# Management's Report


The management of the Town of Fort Erie (the "Town") is responsible for the integrity, objectivity and accuracy of the financial information presented in the accompanying consolidated financial statements.

The consolidated financial statements have been prepared by management in accordance with Canadian Generally Accepted Accounting Principles established by the Public Sector Accounting Board of the Chartered Professional Accountants Canada. A summary of the significant accounting policies is disclosed in Note 1 to the consolidated financial statements.

To meet its responsibility, management maintains comprehensive financial and internal control systems designed to ensure the proper authorization of transactions, the safeguarding of assets and the integrity of the financial data. The Town employs highly qualified professional staff and deploys an organizational structure that effectively segregates responsibilities, and appropriately delegates authority and accountability.

The Corporate and Community Services Committee, a sub-committee of Town Council ("Council"), reviews and approves the consolidated financial statements before they are submitted to Council. Management oversees the work of the external auditors performing financial statement attest audits. While it is important to recognize that the external audit is an independent process, management's role is to ensure that all significant audit issues are appropriately addressed and resolved.

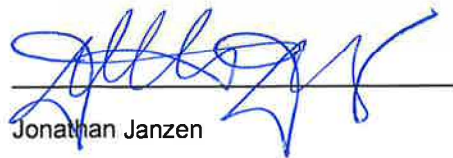
The 2022 consolidated financial statements have been examined by the Town of Fort Erie's external auditors, Grant Thornton LLP, and their report precedes the consolidated financial statements.



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Chris McQueen

Chief Administrative Officer



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Jonathan Janzen

Director, Corporate Services

September 5, 2023

## Independent auditor's report

To the Members of Council, Inhabitants and Taxpayers of the  
Corporation of the Town of Fort Erie

### Opinion

We have audited the consolidated financial statements of the Corporation of the Town of Fort Erie ("the Municipality"), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statements of operations, changes in net financial assets 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 financial position of the Corporation of the Town of Fort Erie as at December 31, 2022, and its results of operations, its changes in its net financial assets, and its 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 Municipality 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.

### Emphasis of matter – Prior period adjustment

We draw attention to Note 2 to the consolidated financial statements, which explains that certain comparative information presented for the year ended December 31, 2021 has been restated. Our opinion is not modified in respect of this matter.

As part of our audit of the financial statements for the year ended December 31, 2022, we also audited the adjustments that were applied to restate certain comparative information for the year ended December 31, 2021. In our opinion, such adjustments are appropriate and have been properly applied.



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

Management is responsible for the preparation and fair presentation of these 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 Municipality's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Municipality or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Municipality'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 Municipality's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality'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 Municipality 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 Municipality and the organizations it controls 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.

*Grant Thornton LLP*

Port Colborne, Canada  
September 5, 2023

Chartered Professional Accountants  
Licensed Public Accountants

# Town of Fort Erie Consolidated Statement of Financial Position

As at December 31, 2022

	<u>2022</u>	<u>2021</u> (As restated) (Note 2)
<b>Financial assets</b>		
Cash and cash equivalents (Note 3)	\$ 56,724,589	\$ 52,013,544
Portfolio investments (Note 4)	52,547,844	45,834,634
Taxes receivable	4,922,143	3,505,243
Accounts receivable	6,608,689	6,311,265
Inventory held for resale	<u>21,017</u>	<u>26,070</u>
	<u>120,824,282</u>	<u>107,690,756</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	20,277,275	21,275,159
Deferred revenue (Note 5)	28,516,490	23,264,921
Long term debt (Note 6)	3,861,769	4,701,148
Employee benefit obligations (Note 7)	<u>783,500</u>	<u>736,700</u>
	<u>53,439,034</u>	<u>49,977,928</u>
<b>Net financial assets</b>	<u>67,385,248</u>	<u>57,712,828</u>
<b>Non-financial assets</b>		
Tangible capital assets (Note 8 and Pages 27 and 28)	252,888,118	247,635,434
Prepaid expenses	<u>25,532</u>	<u>23,037</u>
	<u>252,913,650</u>	<u>247,658,471</u>
<b>Accumulated surplus (Note 9)</b>	<u>\$ 320,298,898</u>	<u>\$ 305,371,299</u>

Contingencies and liabilities for contaminated sites (Notes 19 and 20)

Approved by

  
Chief Administrative Officer

  
Director, Corporate Services

See accompanying notes to the consolidated financial statements.

## Town of Fort Erie Consolidated Statement of Operations

For the Year Ended December 31, 2022

	Budget <u>2022</u> (Note 18)	Actual <u>2022</u>	Actual <u>2021</u> (As restated) (Note 2)
<b>Revenues other than revenues related to capital</b>			
Taxation (Note 11)	\$ 31,462,422	\$ <b>31,526,682</b>	\$ 30,045,274
User charges (Note 13)	24,206,370	<b>25,854,617</b>	23,961,067
Government transfers (Note 14)	2,116,653	<b>2,458,404</b>	3,437,587
Penalties and interest	670,000	<b>751,116</b>	690,885
Investment income	833,818	<b>2,164,133</b>	1,187,332
Development charges earned (Note 5)	428,983	<b>332,105</b>	225,370
Other revenue (Note 15)	645,818	<b>505,948</b>	527,439
	<u>60,364,064</u>	<u><b>63,593,005</b></u>	<u>60,074,954</u>
<b>Expenses</b>			
General government	3,461,727	<b>3,186,736</b>	2,931,065
Protection to persons and property	5,968,267	<b>5,624,514</b>	5,337,177
Transportation services	12,167,372	<b>12,442,202</b>	11,522,561
Environmental services	21,349,393	<b>21,363,390</b>	19,099,961
Health services	764,957	<b>763,428</b>	867,868
Social and family services	79,985	<b>60,138</b>	44,082
Recreation and culture services	8,767,236	<b>8,204,708</b>	7,849,232
Planning and development	3,877,472	<b>3,289,479</b>	3,004,497
	<u>56,436,409</u>	<u><b>54,934,595</b></u>	<u>50,656,443</u>
<b>Annual surplus before revenues related to tangible capital assets</b>	<u>3,927,655</u>	<u><b>8,658,410</b></u>	<u>9,418,511</u>
<b>Revenues related to tangible capital assets</b>			
Government transfers (Note 14)	7,403,835	<b>1,958,563</b>	1,815,699
Development charges earned (Note 5)	909,234	<b>1,860,509</b>	580,399
Contributed tangible capital assets	-	<b>242,710</b>	3,589,372
Other revenues (Note 15)	2,884,384	<b>2,207,407</b>	692,693
	<u>11,197,453</u>	<u><b>6,269,189</b></u>	<u>6,678,163</u>
<b>Annual surplus</b>	<u>15,125,108</u>	<u><b>14,927,599</b></u>	<u>16,096,674</u>
<b>Accumulated surplus (Note 9)</b>			
Beginning of year			
As previously stated	302,028,432	<b>302,028,432</b>	288,370,033
Prior period adjustment (Note 2)	3,342,867	<b>3,342,867</b>	904,592
As restated	<u>305,371,299</u>	<u><b>305,371,299</b></u>	<u>289,274,625</u>
End of year	<u>\$ 320,496,407</u>	<u><b>\$ 320,298,898</b></u>	<u>\$ 305,371,299</u>

See accompanying notes to the consolidated financial statements.

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**Town of Fort Erie**  
**Consolidated Statement of Changes in Net Financial Assets**

For the Year Ended December 31, 2022

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	Budget <u>2022</u> (Note 18)	Actual <u>2022</u>	Actual <u>2021</u> (As restated) (Note 2)
Annual surplus	\$ 15,125,108	\$ 14,927,599	\$ 16,096,674
Amortization of tangible capital assets	9,262,220	9,552,875	9,327,487
Acquisition of tangible capital assets	(28,456,316)	(14,963,949)	(21,183,939)
Contributed assets	-	(242,710)	(3,589,372)
Proceeds from disposal of tangible capital assets	-	1,595,300	106,161
Gain on disposal of tangible capital assets	-	(1,194,200)	(63,376)
	(4,068,988)	9,674,915	693,635
(Acquisition) usage of prepaid expenses	-	(2,495)	4,990
<b>Increase (decrease) in net financial assets</b>	(4,068,988)	9,672,420	698,625
<b>Net financial assets</b>			
Beginning of year	<u>57,712,828</u>	<u>57,712,828</u>	<u>57,014,203</u>
End of year	<u>\$ 53,643,840</u>	<u>\$ 67,385,248</u>	<u>\$ 57,712,828</u>

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See accompanying notes to the consolidated financial statements.

# Town of Fort Erie

## Consolidated Statement of Cash Flows

For the Year Ended December 31, 2022

	<u>2022</u>	<u>2021</u> (As restated) (Note 2)
<b>Increase (decrease) in cash and cash equivalents</b>		
<b>Operating transactions</b>		
Annual surplus	\$ 14,927,599	\$ 16,096,674
Non-cash items:		
Amortization of tangible capital assets	9,552,875	9,327,487
Gain on disposal of tangible capital assets	(1,194,200)	(63,376)
Contributed assets	(242,710)	(3,589,372)
(Increase) decrease in taxes receivable	(1,416,900)	393,087
Increase in accounts receivables	(297,424)	(558,082)
Decrease in inventory held for resale	5,053	5,510
(Decrease) increase in accounts payable and accrued liabilities	(997,884)	5,074,977
Increase in deferred revenue	5,251,569	6,413,978
Increase in employee benefit obligations	46,800	52,600
(Increase) decrease in prepaid expenses	(2,495)	4,990
	<b>25,632,283</b>	<b>33,158,473</b>
<b>Capital transactions</b>		
Proceeds from sale of tangible capital assets	1,595,300	106,161
Acquisition of tangible capital assets	(14,963,949)	(21,183,939)
	<b>(13,368,649)</b>	<b>(21,077,778)</b>
<b>Financing transactions</b>		
Repayment of long term debt	(839,379)	(823,621)
<b>Investing transactions</b>		
Increase in portfolio investments, net	(6,713,210)	(11,247,204)
<b>Net increase in cash</b>	<b>4,711,045</b>	<b>9,870</b>
<b>Cash (Note 3)</b>		
Beginning of year	<b>52,013,544</b>	<b>52,003,674</b>
End of year	<b>\$ 56,724,589</b>	<b>\$ 52,013,544</b>

See accompanying notes to the consolidated financial statements.

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# Town of Fort Erie

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

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### 1. Significant accounting policies

#### Management responsibility

The consolidated financial statements of the Town of Fort Erie (the "Municipality") are prepared by management in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Municipality are as follows:

#### (a) Reporting entity

The consolidated financial statements reflect the financial assets, liabilities, non-financial assets, revenues, expenses and changes in accumulated surplus of the reporting entity. The reporting entity is comprised of all committees, organizations and enterprises accountable for the administration of their affairs and resources to the Municipality and which are owned or controlled by the Municipality. In addition to general government tax-supported operations, they include the following:

Fort Erie Public Library Board  
Bridgeburg Station Business Improvement Area  
Crystal Beach Business Improvement Area  
Ridgeway Business Improvement Area  
Community Gaming Development Corporation

Interdepartmental and organizational transactions and balances are eliminated.

The statements exclude trust assets and activities that are administered for the benefit of external parties (Note 17).

#### (b) Basis of accounting

Sources of revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting records revenues in the period they are earned and measurable and expenses in the period the goods and services are acquired and a liability is incurred.

#### (c) Region and school board transactions

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

#### (d) Portfolio investments

Portfolio investments are valued at the lower of cost and market value. Interest income is reported as revenue in the period earned.



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# Town of Fort Erie

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

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### 1. Significant accounting policies (continued)

#### (e) Deferred revenue

Resources restricted by agreement with an external party are recognized as revenue in the Municipality's financial statements in the period in which the resources are used for the purpose or purposes specified. An externally restricted inflow received before this criterion has been met is recorded as a liability until the resources are used for the purpose or purposes specified.

#### (f) Employee future benefits

The Municipality pays certain benefits on behalf of its retired employees. These post-employment costs are recognized in the period in which the employees rendered their services to the Municipality. The actuarial determination of the accrued benefit obligations for pension benefits earned by employees 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).

#### (g) Liabilities for contaminated sites

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 contaminated sites is recognized when a site is not in productive use and all the following criteria are met:

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the Municipality:
  - 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 is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

#### (h) Tangible capital assets

Tangible capital assets are recorded at cost. Cost includes all directly attributable expenses in the acquisition, construction, development and/or betterment of the asset required to install the asset at the location and in the condition necessary for its intended use. Contributed tangible capital assets are capitalized at their estimated fair value upon acquisition.

Subdivision streets, lighting, sidewalks, drainage and other infrastructure are required to be provided by subdivision developers. Upon completion they are turned over to the Municipality and recorded as tangible capital assets. The Municipality is not involved in the construction.

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# Town of Fort Erie

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

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### 1. Significant accounting policies (continued)

#### (h) Tangible capital assets (continued)

The Municipality does not capitalize interest as part of the costs of its capital assets.

Works of art for display in municipal property are not included as capital assets. The works of art are held for exhibition, educational and historical interest. Such assets are deemed worthy of preservation because of the social rather than financial benefits they provide to the community. The cost of art is not determinable or relevant to their significance. No valuation of the collection has been conducted or disclosed in the consolidated financial statements. Leases are classified as capital or operating leases. Leases that transfer substantially all benefits incidental to ownership 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.

Amortization is calculated on a straight-line basis to write-off the net cost of each asset over its estimated useful life for all classes, except land, until the asset is fully amortized, disposed of or replaced. Land is considered to have an infinite life without amortization. Residual values of assets are assumed to be zero with any net gain or loss arising from the disposal of assets recognized in the statement of operations as "other revenue". Assets under construction are not amortized until the asset is available for productive use.

Amortization is based on the following classifications and useful lives:

<u>Classification</u>	<u>Useful Life</u>
General land improvements	10-75 years
General buildings	15-50 years
General vehicles	10-20 years
General machinery and equipment	3-20 years
Infrastructure land improvements	20-90 years
Infrastructure buildings	30 years
Infrastructure linear	10-100 years
Infrastructure machinery and equipment	6-75 years

#### (i) Reserves for future expenses

Certain amounts, as approved by Municipal Council, are set aside in reserves and reserve funds for future operating and capital expenses.

#### (j) Revenue recognition

##### i) Taxation

Property tax billings are prepared by the Municipality based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established annually by Council, incorporating amounts to be raised for local services and amounts the Municipality 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 as an asset and revenue when the definition of an asset is met and the taxation revenue by-law is authorized and approved by Council.

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# Town of Fort Erie

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

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**1. Significant accounting policies (continued)**

**(j) Revenue recognition (continued)**

**i) Taxation (continued)**

A normal part of the assessment process is the issue of supplementary assessment rolls which provide updated information with respect to changes in property assessment.

Once a supplementary roll is received, the Municipality determines the taxes applicable and renders supplementary tax billings. Assessments of 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.

**ii) User charges**

User charges are recognized when the services are performed or goods are delivered and there is reasonable assurance of collection.

**iii) Government transfers**

Government transfers received are recognized in the financial statements as revenue when the transfers are authorized and all eligibility criteria have been met except when there is a stipulation that gives rise to an obligation that meets the definition of a liability. In that case, the transfer is recorded as a deferred revenue and recognized as revenue as the stipulations are met.

Government transfers to individuals and other entities are recognized as an expense when the transfers are authorized and all eligibility criteria have been met.

**iv) Other**

Other revenue is recorded when it is earned and collection is reasonably assured.

**(k) Use of estimates**

The preparation of financial statements in accordance with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Two areas in which management make estimates are with regards to an allowance for uncollectible taxes receivable and obligations for employee benefits.

**(l) Budget figures**

The budget is reflected on the Consolidated Statement of Operations. These figures include amortization that was presented but not approved with the budget.

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# Town of Fort Erie

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

### 2. Prior period adjustments

During the year, management identified that certain subdivision infrastructure linear assets (i.e. tangible capital assets) had not been recorded and subsequently amortized when the Town assumed responsibility for the subdivisions in the years 2019 and 2021.

Also management determined that a government transfer received from the Province of Ontario relating to the Ontario Community Infrastructure Fund was incorrectly recorded in revenue in 2021 when all the stipulations associated with the transfer to record it as revenue in the year of receipt had not been met. The government transfer should have been recorded as deferred revenue in 2021.

Finally, management identified that certain bridges and culverts infrastructure assets (i.e. tangible capital assets) were not capitalized as part of the initial adoption of PS3150, Tangible Capital Assets, in 2007 when the inventory of all Town owned tangible capital assets was originally compiled.

As a result of the errors, the comparative financial statements have been retroactively restated with the following financial statement items increased (decreased) as follows:

	Previously reported	Adjustments	As restated
<b><u>Consolidated Statement of Financial Position</u></b>			
<b><u>As at December 31, 2021</u></b>			
<b>Liabilities</b>			
Deferred revenue (Note 5)	\$ 22,188,181	\$ 1,076,740	\$ 23,264,921
<b>Non-financial assets</b>			
Tangible capital assets (Note 8)	243,215,827	4,419,607	247,635,434
<b>Accumulated surplus</b> (Note 9)	302,028,432	3,342,867	305,371,299
<b><u>Consolidated Statement of Operations</u></b>			
<b><u>For the Year Ended December 31, 2021</u></b>			
<b>Expenses</b>	50,582,086	74,357	50,656,443
<b>Revenues related to tangible capital assets</b>			
Government transfers (Note 14)	2,892,439	(1,076,740)	1,815,699
Contributed tangible capital assets	-	3,589,372	3,589,372
<b>Annual surplus</b>	13,658,399	2,438,275	16,096,674
<b>Accumulated surplus</b> (Note 9)			
Beginning of year	288,370,033	904,592	289,274,625
End of year	302,028,432	3,342,867	305,371,299
<b><u>Consolidated Statement of Changes in Net Financial Assets</u></b>			
<b><u>For the Year Ended December 31, 2021</u></b>			
Annual surplus	13,658,399	2,438,275	16,096,674
Amortization of tangible capital assets	9,253,130	74,357	9,327,487
Contributed assets	-	(3,589,372)	(3,589,372)
Increase in net financial assets	1,775,365	(1,076,740)	698,625
<b>Net financial assets</b>			
End of year	58,789,568	(1,076,740)	57,712,828

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**Town of Fort Erie**  
**Notes to the Consolidated Financial Statements**  
For the Year Ended December 31, 2022

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**2. Prior period adjustments (continued)**

	Previously reported	Adjustments	As restated
<b>Consolidated Statement of Cash Flows</b>			
<b>As at December 31, 2021</b>			
<b>Operating transactions</b>			
Annual surplus	\$ 13,658,399	\$ 2,438,275	\$ 16,096,674
Non-cash items:			
Amortization of tangible capital assets	9,253,130	74,357	9,327,487
Contributed assets	-	(3,589,372)	(3,589,372)
Increase in deferred revenue	5,337,238	1,076,740	6,413,978

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**3. Cash and cash equivalents**

	<u>2022</u>	<u>2021</u>
Cash on hand	\$ 8,050	\$ 7,550
Bank balances	<u>56,716,539</u>	<u>52,005,994</u>
	<u>\$ 56,724,589</u>	<u>\$ 52,013,544</u>

An operating line of credit of \$ 2,500,000 has been established with TD Commercial Banking, of which none was used at December 31, 2022. An executed borrowing by-law in form and content satisfactory to TD is in effect to a limit of \$ 2,500,000. Interest is calculated at prime minus 0.50%.

**4. Portfolio investments**

	Book Value <u>2022</u>	Market Value <u>2022</u>	Book Value <u>2021</u>	Market Value <u>2021</u>
GICs	\$ 37,691,697	\$ 37,946,460	\$ 30,869,470	\$ 30,968,510
Step-ups	4,500,123	3,889,842	4,500,123	4,496,740
PPNs	3,000,000	2,696,462	3,000,000	3,222,913
Debentures	498,970	482,876	848,715	907,131
Bond Fund	2,427,272	2,134,653	2,389,457	2,224,424
Equity Fund	<u>4,429,782</u>	<u>5,313,499</u>	<u>4,226,869</u>	<u>5,771,685</u>
	<u>\$ 52,547,844</u>	<u>\$ 52,463,792</u>	<u>\$ 45,834,634</u>	<u>\$ 47,591,403</u>

Guaranteed investment certificates ("GICs"), step-up deposit notes ("step-ups"), principal protected notes ("PPNs"), and debentures carry an effective interest rate ranging from 0.90% to 5.50% with maturity dates ranging between March, 2023 to April, 2031. Interest is receivable on a semi-annual or annual basis.

Investments held in the One Investment Program ("Bond Fund" and "Equity Fund") are managed by Local Authority Services, an affiliate of the Association of Municipalities of Ontario and are fully liquid.

# Town of Fort Erie

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

### 5. Deferred revenue

Revenues received that have been set aside for specific purposes due to restrictions by legislation of senior government or by agreement with external parties are included in deferred revenue and are reported on the Consolidated Statement of Financial Position. Changes in deferred revenue balances are as follows:

	<u>2021</u> (As restated) (Note 2)	Externally Restricted Inflows <u>2022</u>	Revenue Earned <u>2022</u>	<u>2022</u>
Development Charges Act	\$ 15,758,283	\$ 4,345,471	\$ (2,192,614)	\$ 17,911,140
Canada Community-Building Fund	3,329,355	1,058,924	(360,692)	4,027,587
Provincial Gas Tax	164,001	238,752	(286,701)	116,052
Recreational Land (Planning Act)	709,862	606,229	(349,392)	966,699
Other	<u>3,303,420</u>	<u>3,875,300</u>	<u>(1,683,708)</u>	<u>5,495,012</u>
	<u>\$ 23,264,921</u>	<u>\$ 10,124,676</u>	<u>\$ (4,873,107)</u>	<u>\$ 28,516,490</u>

In addition, transaction activity includes:

	<u>2022</u>	<u>2021</u> (As restated) (Note 2)
Balance, beginning of year	\$ 23,264,921	\$ 16,850,943
Contributions from		
Development Charges Act	3,928,429	4,816,701
Government transfers received		
Canada Community-Building Fund	973,972	1,910,280
Provincial Gas Tax	234,417	288,371
Ontario Community Infrastructure Fund	2,097,495	1,076,740
Recreational Land (Planning Act)	582,481	685,435
Other contributions	1,777,805	530,586
Investment income	<u>530,077</u>	<u>297,026</u>
	<u>10,124,676</u>	<u>9,605,139</u>
Revenues earned for		
Development charges - other than related to tangible capital assets	(332,105)	(225,370)
Development charges - related to tangible capital assets	(1,860,509)	(580,399)
Canada Community-Building Fund	(360,692)	(1,475,616)
Provincial Gas Tax	(286,701)	(293,379)
Recreational Land (Planning Act)	(349,392)	(346,966)
Other	<u>(1,683,708)</u>	<u>(269,431)</u>
	<u>(4,873,107)</u>	<u>(3,191,161)</u>
Balance, end of year	<u>\$ 28,516,490</u>	<u>\$ 23,264,921</u>

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**Town of Fort Erie**  
**Notes to the Consolidated Financial Statements**  
For the Year Ended December 31, 2022

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**6. Long term debt** 2022 2021

(a) The Municipality has assumed responsibility for the payment of principal and interest charges on certain long term debt issued by the Region of Niagara. At the end of the year, the outstanding principal amount of this debt is \$ 3,861,769 \$ 4,701,148

(b) The balance of net long term debt reported on the Consolidated Statement of Financial Position is made up of the following:

<u>Debenture Number</u>	<u>Purpose</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>2022</u>	<u>2021</u>
47-2010	Crescent Park storm/ water improvements	4.15%	2025	\$ 364,068	\$ 475,883
92-2010	Ridge Road road/ storm improvements	3.59%	2025	333,921	437,603
109-2011	Frenchman's Creek/ Thompson Road water improvements	3.70%	2031	693,000	770,000
92-2012	Garrison Road sewer	3.31%	2032	1,350,000	1,485,000
72-2013	Central Fire Station	1.40%-3.75%	2023	196,117	387,939
35-2016	LED street lights	1.20%-2.40%	2026	<u>924,663</u>	<u>1,144,723</u>
				<u>\$ 3,861,769</u>	<u>\$ 4,701,148</u>

(c) Principal repayments in each of the next five years are due as follows:

2023	\$ 855,980
2024	673,045
2025	686,978
2026	450,765
2027	212,000

(d) The Municipality incurred interest expense of \$ 138,375 (2021 - \$ 164,533) on long term debt during the year.

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# Town of Fort Erie

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

### 7. Employee benefit obligations

Employees having at least ten years of service with the Municipality and who retire under the Ontario Municipal Employees Retirement System (OMERS) early retirement provisions are eligible to receive medical benefits to the age of sixty-five. The Municipality and the employee share the cost of premiums for such benefits on a 50/50 basis.

Employee benefit obligations as at December 31, 2022 of \$ 687,300 (2021 - \$ 630,200) were determined by an actuarial valuation using a discount rate of 2.60% (2021 - 2.60%) and of this amount, \$ 783,500 (2021 - \$ 736,700) has been recognized on the Consolidated Statement of Financial Position of the Municipality, and \$ 96,200 (2021 - \$ 106,500) is an unamortized actuarial gain.

The Municipality's obligation under the post-employment provision of employment agreements is funded out of current revenue.

Actuarial valuations for accounting purposes are performed using the projected benefit method, pro-rated on service. Under this method, the projected post-employment benefits are deemed to be earned on a pro-rata basis over the employee's years of service. The most recent actuarial valuation for the retirement benefits was prepared at December 31, 2020.

	<u>2022</u>	<u>2021</u>
Accrued benefit obligation		
Beginning of year	\$ 736,700	\$ 684,100
Current period benefit cost	59,000	57,500
Interest accrued	17,700	16,100
Municipality's contributions	(19,600)	(9,600)
Amortization of actuarial gain	<u>(10,300)</u>	<u>(11,400)</u>
	<u>\$ 783,500</u>	<u>\$ 736,700</u>
Funded status		
Deficit	\$ 687,300	\$ 630,200
Unamortized actuarial gain	<u>96,200</u>	<u>106,500</u>
	<u>\$ 783,500</u>	<u>\$ 736,700</u>
Post-employment benefits expense is as follows:		
Current period benefit cost	\$ 59,000	\$ 57,500
Retirement interest expenditure	17,700	16,100
Amortization of actuarial gain	<u>(10,300)</u>	<u>(11,400)</u>
	<u>\$ 66,400</u>	<u>\$ 62,200</u>

The actuarial loss at the beginning of the period is amortized over the expected average remaining service life of 10.3 years (2021 - 10.3 years).

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**Town of Fort Erie**  
**Notes to the Consolidated Financial Statements**  
For the Year Ended December 31, 2022

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**7. Employee benefit obligations (continued)**

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

(i) Interest (discount) rate

The obligations as at December 31, 2022 of the present value of future liabilities were determined using a discount rate of 2.60% (2021 - 2.60%).

(ii) Medical costs

Medical costs were assumed to be 5.00% in 2022 (2021 - 5.00%) and continue thereafter.

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**8. Tangible capital assets**

(a) Work in progress

Work in progress having a value of \$ 15,725,984 (2021 - \$ 25,594,419) is not amortized. Amortization of these assets commence when the assets are placed in service.

(b) Contributed tangible capital assets

Contributed tangible capital assets are recognized at fair market value at the date of contribution. The value of contributed assets during the year is \$ 242,710 (2021 - \$ 3,589,372).

(c) Tangible capital assets at nominal values

Where an estimate of fair market value could not be made, tangible capital assets are recognized at a nominal value. Nominal values totalling \$ 1,337 (2021 - \$1,324) have been assigned to general building, general land improvements, general land, general machinery and equipment, general vehicles, infrastructure land improvements, infrastructure linear assets and infrastructure land categories.

# Town of Fort Erie

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

### 8. Tangible capital assets (continued)

(d) Net book value	<u>2022</u>	<u>2021</u> (As restated) (Note 2)
General land	\$ 9,298,438	\$ 8,919,312
General land improvements	8,259,733	6,314,730
General buildings	26,139,114	20,015,324
General vehicles	2,652,374	3,030,828
General machinery and equipment	5,809,131	5,579,954
Infrastructure land	5,999,640	5,714,712
Infrastructure land improvements	2,557,742	2,670,919
Infrastructure buildings	57,719	62,211
Infrastructure linear	169,800,265	163,247,302
Infrastructure machinery and equipment	<u>6,587,978</u>	<u>6,485,723</u>
	237,162,134	222,041,015
Assets under construction	<u>15,725,984</u>	<u>25,594,419</u>
	<u>\$ 252,888,118</u>	<u>\$ 247,635,434</u>

### 9. Accumulated surplus

	<u>2022</u>	<u>2021</u> (As restated) (Note 2)
Consists of:		
Surpluses		
Town	\$ 17,527,392	\$ 14,860,597
Library	<u>477,780</u>	<u>436,909</u>
	<u>18,005,172</u>	<u>15,297,506</u>
Investment in tangible capital assets	<u>252,888,118</u>	<u>247,635,434</u>
Unfunded liabilities		
Long term debt (Note 6)	(3,861,769)	(4,701,148)
Employee benefit obligations (Note 7)	<u>(783,500)</u>	<u>(736,700)</u>
	<u>(4,645,269)</u>	<u>(5,437,848)</u>
Reserves and reserve funds (Note 10)	<u>54,050,877</u>	<u>47,876,207</u>
	<u>\$ 320,298,898</u>	<u>\$ 305,371,299</u>

**Town of Fort Erie**  
**Notes to the Consolidated Financial Statements**  
For the Year Ended December 31, 2022

<b>10. Reserves and reserve funds</b>	<b><u>2022</u></b>	<b><u>2021</u></b>
Reserves set aside for specific purposes by Council		
Working capital	\$ <b>776,995</b>	\$ 776,995
Reserve funds set aside for specific purposes by Council		
Operating		
Affordable housing CIP	<b>252,548</b>	-
Bridgeburg BIA	<b>50,142</b>	25,240
Building permit surplus	<b>1,288,375</b>	1,122,513
Climate change studies and initiatives	<b>151,324</b>	-
CIP financial incentives	<b>649,555</b>	516,648
Community health and wellness	<b>387,885</b>	220,391
Crystal Beach BIA	<b>10,382</b>	-
DSBN GFESS theatre	-	395,059
Elections	<b>27,533</b>	130,370
Emergency management	<b>2,379,923</b>	2,326,160
Encumbrances	<b>894,944</b>	895,302
General levy rate stabilization	<b>3,584,459</b>	6,526,004
Heritage	<b>50,441</b>	-
Museum memorial fund	<b>558,120</b>	552,855
Ridgeway BIA	<b>43,966</b>	4,025
Self insurance	<b>1,546,544</b>	1,511,607
Sewer rate stabilization	<b>2,108,372</b>	1,773,788
South Niagara hospital	<b>2,731,875</b>	1,663,008
Water rate stabilization	<b>1,817,480</b>	2,061,478
	<b><u>18,533,868</u></b>	<b><u>19,724,448</u></b>
Capital		
Battlefield park pavilion	-	1,297
Bridges and culverts	<b>604,612</b>	910,304
Cemetery improvements	<b>55,730</b>	172,610
Developer deposits (Garrison Village)	<b>327,837</b>	320,431
Development charges - Town	<b>2,014,598</b>	578,314
Facilities maintenance	<b>1,877,198</b>	2,249,086
Fire equipment	<b>1,530,450</b>	1,066,879
Fleet equipment	<b>1,256,551</b>	1,288,197
Industrial land development	<b>1,031,281</b>	809,146
IT equipment	<b>1,806,404</b>	538,857
Major capital expenditure	<b>4,121,340</b>	2,687,222
Municipal drain	<b>561,309</b>	334,719
Museum	<b>246,668</b>	207,063
Office furniture and equipment	<b>266,960</b>	243,938
Parking	<b>670,367</b>	693,980
Parkland - Town	<b>4,279,069</b>	2,979,177
Roads	<b>1,765,694</b>	2,666,472
Sanitary sewer	<b>3,279,041</b>	3,138,957
Storm sewer	<b>2,470,816</b>	2,261,503
Transit equipment	-	164,306
Water meter replacement	<b>1,485,140</b>	810,907
Waterfront development	<b>19,190</b>	18,177
Watermain	<b>4,939,832</b>	3,151,744
Wayfinding implementation	<b>77,401</b>	44,226
Zamboni replacement	<b>52,526</b>	37,252
	<b><u>34,740,014</u></b>	<b><u>27,374,764</u></b>
	<b><u>\$ 54,050,877</u></b>	<b><u>\$ 47,876,207</u></b>

# Town of Fort Erie

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

11. Taxation	Budget <u>2022</u>	Actual <u>2022</u>	Actual <u>2021</u>
Real property		\$ 70,232,229	\$ 66,718,000
From other governments			
Payments in lieu of taxes		<u>469,078</u>	<u>463,305</u>
		<u>70,701,307</u>	<u>67,181,305</u>
Less: taxation collected on behalf of:			
Region of Niagara (Note 12)		30,471,214	28,763,194
School boards (Note 12)		<u>8,703,411</u>	<u>8,372,837</u>
		<u>39,174,625</u>	<u>37,136,031</u>
Net taxes available for municipal purposes		<u>\$ 31,526,682</u>	<u>\$ 30,045,274</u>
Residential and farm	\$ 26,178,900	\$ 26,191,407	\$ 24,950,396
Multi-residential	577,680	577,680	538,950
Commercial	3,803,543	3,856,031	3,705,473
Industrial	<u>902,299</u>	<u>901,564</u>	<u>850,455</u>
Net taxes available for municipal purposes	<u>\$ 31,462,422</u>	<u>\$ 31,526,682</u>	<u>\$ 30,045,274</u>

### 12. Collections for the Region of Niagara and school boards

Total taxation and development charges received or receivable on behalf of the Region of Niagara and the school boards were as follows:

	<u>2022</u>	<u>2021</u>
Region of Niagara		
Taxation	\$ 30,471,214	\$ 28,763,194
Development charges	<u>4,577,525</u>	<u>6,264,977</u>
	<u>35,048,739</u>	<u>35,028,171</u>
School boards		
Taxation	8,703,411	8,372,837
Development charges	<u>99,142</u>	<u>130,187</u>
	<u>8,802,553</u>	<u>8,503,024</u>
	<u>\$ 43,851,292</u>	<u>\$ 43,531,195</u>

The Municipality is required to levy and collect taxes on behalf of the Region of Niagara and the school boards. The taxes levied over (under) the amounts requisitioned are recorded as accounts payable (receivable).

The Municipality also collects development charges on behalf of the Region of Niagara and the school boards. Development charges collected in excess of those paid are recorded as accounts payable.

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## Town of Fort Erie

### Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

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<b>13. User charges</b>	<b>Budget 2022</b>	<b>Actual 2022</b>	<b>Actual 2021</b>
Fees and service charges	\$ 2,273,736	\$ 2,782,050	\$ 2,382,636
Direct water billings	8,428,094	8,691,662	8,375,742
Sewer surcharge	11,994,040	12,282,694	11,206,408
Licences and permits	<u>1,510,500</u>	<u>2,098,211</u>	<u>1,996,281</u>
	<u>\$ 24,206,370</u>	<u>\$ 25,854,617</u>	<u>\$ 23,961,067</u>

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<b>14. Government transfers</b>	<b>Budget 2022</b>	<b>Actual 2022</b>	<b>Actual 2021</b> (As restated) (Note 2)
<b>Operating</b>			
Government of Canada	\$ -	\$ -	\$ 50,000
Province of Ontario	2,058,653	2,325,096	3,329,897
Other municipalities	58,000	126,548	57,690
Other	<u>-</u>	<u>6,760</u>	<u>-</u>
	<u>2,116,653</u>	<u>2,458,404</u>	<u>3,437,587</u>
<b>Capital</b>			
Government of Canada	2,350,000	604,004	1,475,616
Province of Ontario	4,802,870	1,267,111	12,100
Other municipalities	<u>250,965</u>	<u>87,448</u>	<u>327,983</u>
	<u>7,403,835</u>	<u>1,958,563</u>	<u>1,815,699</u>
	<u>\$ 9,520,488</u>	<u>\$ 4,416,967</u>	<u>\$ 5,253,286</u>

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## Town of Fort Erie

### Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

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15. Other revenues	Budget <u>2022</u>	Actual <u>2022</u>	Actual <u>2021</u>
<b>Operating</b>			
Rents and leases	\$ 236,661	\$ 244,270	\$ 201,645
Fines	132,900	105,733	152,982
Donations	20,100	21,620	43,307
Benefitting property owners	-	624	176
Sale of land	130,000	-	-
Other	<u>126,157</u>	<u>133,701</u>	<u>129,329</u>
	<u>645,818</u>	<u>505,948</u>	<u>527,439</u>
<b>Capital</b>			
Benefitting property owners	2,688,273	514,468	544,668
Donations	-	24,170	27,208
Gain from sale of assets	-	1,194,200	63,376
Other	<u>196,111</u>	<u>474,569</u>	<u>57,441</u>
	<u>2,884,384</u>	<u>2,207,407</u>	<u>692,693</u>
	<u>\$ 3,530,202</u>	<u>\$ 2,713,355</u>	<u>\$ 1,220,132</u>

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#### 16. Pension agreements

The Municipality makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of the members of its staff. The plan is a defined benefit plan that 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 employers contribute jointly to the plan.

Since OMERS is a multi-employer pension plan, the Municipality does not recognize any share of the pension plan deficit of \$ 6.1 billion (2021 - \$ 70 million deficit) based on the fair market value of the plan's assets, as this is a joint responsibility of all Ontario municipal entities and their employees. Contributions were made in the 2022 calendar year at rates ranging from 9.0% to 15.8% depending on the member's designated retirement age and level of earnings. Employer contributions for current and past service are included as an expense in the Consolidated Statement of Operations. Employer contributions to OMERS for 2022 current and past service was \$ 1,326,393 (2021 - \$ 1,332,997) and were matched by employee contributions in a similar amount.

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## Town of Fort Erie

### Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

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#### 17. Trust funds

Trust funds administered by the Municipality amounting to \$ 1,298,523 (2021 - \$ 1,229,239) have not been included in the Consolidated Statement of Financial Position nor have these operations been included in the Consolidated Statement of Operations. See pages 35 to 40 for details of the trust funds.

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#### 18. Budget

The budget bylaw adopted by Council February 28, 2022 was not prepared on a basis consistent with that used to report actual results in accordance with Canadian public sector accounting standards. The budget was prepared on a modified accrual basis while Canadian public sector accounting standards require a full accrual basis. As a result, the budget figures presented in the Consolidated Statement of Operations and Consolidated Statement of Changes in Net Financial Assets represent the budget adopted by Council with the following adjustments:

	Budget <u>2022</u>	Actual <u>2022</u>	Actual <u>2021</u>
Approved operating surplus	\$ -	\$ 1,012,393	\$ 2,404,356
Net carry forwards and adjustments	-	<u>88,300</u>	<u>66,762</u>
	-	1,100,693	2,471,118
Add:			
Capital revenue	11,197,453	5,074,989	6,614,787
Net transfers to reserves	11,871,677	16,633,393	14,558,113
Reserve interest	368,818	1,090,037	827,251
Repayment of long term debt	839,381	839,381	823,621
Library operating surplus before amortization	116,300	212,933	176,270
Less:			
Amortization	(9,262,220)	(9,552,875)	(9,327,487)
Gross gain on sale of tangible capital assets	-	1,194,200	63,376
Operating surplus carried forward	(36,301)	(61,252)	(35,919)
Proceeds from sale of tangible capital assets	-	(1,595,300)	(106,161)
Other	<u>30,000</u>	<u>(8,600)</u>	<u>31,705</u>
Surplus reported on the Consolidated Statement of Operations	<u>\$ 15,125,108</u>	<u>\$ 14,927,599</u>	<u>\$ 16,096,674</u>

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#### 19. Contingencies

The Municipality is involved from time to time in litigation, which arises in the normal course of business. In respect of any outstanding claims, the Municipality believes that insurance coverage is adequate and that no material exposure exists on the eventual settlement of such litigation, therefore no provision has been made in the accompanying consolidated financial statements.

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# **Town of Fort Erie**

## **Notes to the Consolidated Financial Statements**

For the Year Ended December 31, 2022

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### **20. Liabilities for contaminated sites**

The Municipality reports environmental liabilities related to the management and remediation of any contaminated sites where the Municipality is obligated or likely obligated to incur such costs. The Municipality has identified two properties where soil contamination may exist and may exceed environmental standards. A reasonable estimate of any liability cannot be made as the extent of costs that may be necessary to remediate are unknown at this time to any degree and a timeline cannot be determined as to when any potential contamination will need to be remediated.

The Municipality's ongoing efforts to assess contaminated sites may result in future environmental remediation liabilities related to newly identified sites, or changes in the assessments or intended use of existing sites. Any changes to the Municipality's liabilities for contaminated sites will be accrued in the year in which they are assessed as likely and reasonably estimable.

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### **21. Segmented reporting**

The Municipality is a diverse municipal government that provides a wide range of services to its citizens. Segmented information has been identified for the service lines that reflect the way in which the operations are managed and resource needs are identified and budgeted. Municipal activities are reported by function in the body of the financial statements.

Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

#### **General**

The general provision of municipal services includes general government, fire services, transportation services, storm sewer services, planning and development, facilities, parks and cemeteries.

#### **Water**

The water operations install and maintain water capital infrastructure to ensure the safe supply, metering and cost recovery for all treated water to serviced areas within all urban and settlement areas of the Municipality.

#### **Wastewater**

The wastewater operations install and maintain wastewater capital infrastructure and recover costs of providing this service within all urban and settlement areas of the Municipality.

#### **Library**

The Fort Erie Public Library Board provides library services, materials and facilities. The Municipality controls the board and consolidates the financial activities with the Town of Fort Erie.

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**Town of Fort Erie**  
**Notes to the Consolidated Financial Statements**  
For the Year Ended December 31, 2022

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**21. Segmented reporting (continued)**

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis.

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. The consolidated schedule of segment disclosure and the schedules of segment disclosure with budget information follow the notes.

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**22. Comparative figures**

Certain of the comparative figures have been reclassified to conform with the consolidated financial statement presentation adopted for the current year.

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**Town of Fort Erie**  
**Consolidated Schedule of Tangible Capital Assets**  
For the Year Ended December 31, 2022

	Cost				Accumulated Amortization				Net Book Value	
	Beginning of Year	Additions	Disposals, Write-downs and Transfers	End of Year	Beginning of Year	Amortization	Disposals	End of Year	Beginning of Year	End of Year
<b>General</b>										
Land	\$ 8,919,312	\$ 394,660	\$ (15,534)	\$ 9,298,438	\$ -	\$ -	\$ -	\$ -	\$ 8,919,312	\$ 9,298,438
Land improvements	18,790,089	2,654,654	(115,762)	21,328,981	12,475,359	709,624	(115,735)	13,069,248	6,314,730	8,259,733
Buildings	34,673,076	7,261,545	(889,611)	41,045,010	14,657,752	984,499	(736,355)	14,905,896	20,015,324	26,139,114
Vehicles	8,901,745	35,600	-	8,937,345	5,870,917	414,054	-	6,284,971	3,030,828	2,652,374
Machinery and equipment	14,341,905	1,048,041	(232,746)	15,157,200	8,761,951	818,864	(232,746)	9,348,069	5,579,954	5,809,131
	<u>85,626,127</u>	<u>11,394,500</u>	<u>(1,253,653)</u>	<u>95,766,974</u>	<u>41,765,979</u>	<u>2,927,041</u>	<u>(1,084,836)</u>	<u>43,608,184</u>	<u>43,860,148</u>	<u>52,158,790</u>
<b>Infrastructure</b>										
Land	5,714,712	284,930	(2)	5,999,640	-	-	-	-	5,714,712	5,999,640
Land improvements	4,676,471	40,716	(1)	4,717,186	2,005,552	153,893	(1)	2,159,444	2,670,919	2,557,742
Buildings	134,770	-	-	134,770	72,559	4,492	-	77,051	62,211	57,719
Linear	280,567,266	12,665,112	(1,500,980)	291,731,398	117,319,964	5,879,868	(1,268,699)	121,931,133	163,247,302	169,800,265
Machinery and equipment	11,178,197	689,836	(53,582)	11,814,451	4,692,474	587,581	(53,582)	5,226,473	6,485,723	6,587,978
	<u>302,271,416</u>	<u>13,680,594</u>	<u>(1,554,565)</u>	<u>314,397,445</u>	<u>124,090,549</u>	<u>6,625,834</u>	<u>(1,322,282)</u>	<u>129,394,101</u>	<u>178,180,867</u>	<u>185,003,344</u>
	<u>387,897,543</u>	<u>25,075,094</u>	<u>(2,808,218)</u>	<u>410,164,419</u>	<u>165,856,528</u>	<u>9,552,875</u>	<u>(2,407,118)</u>	<u>173,002,285</u>	<u>222,041,015</u>	<u>237,162,134</u>
Assets under construction	25,594,419	14,614,066	(24,482,501)	15,725,984	-	-	-	-	25,594,419	15,725,984
	<u>\$ 413,491,962</u>	<u>\$ 39,689,160</u>	<u>\$ (27,290,719)</u>	<u>\$ 425,890,403</u>	<u>\$ 165,856,528</u>	<u>\$ 9,552,875</u>	<u>\$ (2,407,118)</u>	<u>\$ 173,002,285</u>	<u>\$ 247,635,434</u>	<u>\$ 252,888,118</u>

The value of contributed tangible capital assets during the year is \$ 242,710.

## Town of Fort Erie Consolidated Schedule of Tangible Capital Assets

For the Year Ended December 31, 2021  
(As restated - Note 2)

	Cost				Accumulated Amortization				Net Book Value	
	Beginning of Year	Additions	Disposals, Write-downs and Transfers	End of Year	Beginning of Year	Amortization	Disposals	End of Year	Beginning of Year	End of Year
<b>General</b>										
Land	\$ 8,919,312	\$ -	\$ -	\$ 8,919,312	\$ -	\$ -	\$ -	\$ -	\$ 8,919,312	\$ 8,919,312
Land improvements	18,535,010	255,079	-	18,790,089	11,805,717	669,642	-	12,475,359	6,729,293	6,314,730
Buildings	34,575,092	97,984	-	34,673,076	13,776,824	880,928	-	14,657,752	20,798,268	20,015,324
Vehicles	8,844,468	88,627	(31,350)	8,901,745	5,462,924	438,784	(30,791)	5,870,917	3,381,544	3,030,828
Machinery and equipment	14,037,134	860,643	(555,872)	14,341,905	8,524,835	792,988	(555,872)	8,761,951	5,512,299	5,579,954
	<b>84,911,016</b>	<b>1,302,333</b>	<b>(587,222)</b>	<b>85,626,127</b>	<b>39,570,300</b>	<b>2,782,342</b>	<b>(586,663)</b>	<b>41,765,979</b>	<b>45,340,716</b>	<b>43,860,148</b>
<b>Infrastructure</b>										
Land	5,714,712	-	-	5,714,712	-	-	-	-	5,714,712	5,714,712
Land improvements	4,366,915	309,556	-	4,676,471	1,853,619	151,933	-	2,005,552	2,513,296	2,670,919
Buildings	134,770	-	-	134,770	68,064	4,495	-	72,559	66,706	62,211
Linear	273,433,356	7,317,478	(183,568)	280,567,266	111,638,747	5,822,559	(141,342)	117,319,964	161,794,609	163,247,302
Machinery and equipment	11,009,989	168,208	-	11,178,197	4,126,316	566,158	-	4,692,474	6,883,673	6,485,723
	<b>294,659,742</b>	<b>7,795,242</b>	<b>(183,568)</b>	<b>302,271,416</b>	<b>117,686,746</b>	<b>6,545,145</b>	<b>(141,342)</b>	<b>124,090,549</b>	<b>176,972,996</b>	<b>178,180,867</b>
	<b>379,570,758</b>	<b>9,097,575</b>	<b>(770,790)</b>	<b>387,897,543</b>	<b>157,257,046</b>	<b>9,327,487</b>	<b>(728,005)</b>	<b>165,856,528</b>	<b>222,313,712</b>	<b>222,041,015</b>
Assets under construction	9,918,683	21,061,641	(5,385,905)	25,594,419	-	-	-	-	9,918,683	25,594,419
	<b>\$ 389,489,441</b>	<b>\$ 30,159,216</b>	<b>\$ (6,156,695)</b>	<b>\$ 413,491,962</b>	<b>\$ 157,257,046</b>	<b>\$ 9,327,487</b>	<b>\$ (728,005)</b>	<b>\$ 165,856,528</b>	<b>\$ 232,232,395</b>	<b>\$ 247,635,434</b>

The value of contributed tangible capital assets during the year is \$ 3,589,372.

# Town of Fort Erie

## Consolidated Schedule of Segment Disclosure

For the Year Ended December 31, 2022

	<u>General</u>	<u>Water</u>	<u>Wastewater</u>	<u>Library</u>	<u>Eliminations</u>	<u>2022</u>
<b>Revenues</b>						
Taxation	\$ 31,405,810	\$ 22,397	\$ 98,475	\$ -	\$ -	\$ 31,526,682
User charges	4,631,103	8,897,771	12,325,743	-	-	25,854,617
Government transfers	3,882,022	263,379	204,124	1,682,260	(1,614,818)	4,416,967
Penalties and interest	751,116	-	-	-	-	751,116
Investment income	2,167,314	(1,583)	(6,661)	5,063	-	2,164,133
Development charges earned	1,646,652	15,701	530,261	-	-	2,192,614
Contributed tangible capital assets	132,210	43,000	67,500	-	-	242,710
Other revenues	<u>2,540,269</u>	<u>165,699</u>	<u>382</u>	<u>24,187</u>	<u>(17,182)</u>	<u>2,713,355</u>
	<u>47,156,496</u>	<u>9,406,364</u>	<u>13,219,824</u>	<u>1,711,510</u>	<u>(1,632,000)</u>	<u>69,862,194</u>
<b>Expenses</b>						
Salaries and benefits	16,265,382	1,912,528	621,587	1,101,804	-	19,901,301
Operating materials and supplies	4,755,320	4,742,532	569,770	380,700	-	10,448,322
Contracted services	5,897,546	156,716	9,078,284	-	-	15,132,546
External transfers to others	1,329,879	35,155	28,142	-	(1,632,000)	(238,824)
Amortization	7,310,593	1,296,350	767,412	178,520	-	9,552,875
Interest on long term debt	<u>55,946</u>	<u>13,962</u>	<u>68,467</u>	<u>-</u>	<u>-</u>	<u>138,375</u>
	<u>35,614,666</u>	<u>8,157,243</u>	<u>11,133,662</u>	<u>1,661,024</u>	<u>(1,632,000)</u>	<u>54,934,595</u>
<b>Annual surplus</b>	<u>\$ 11,541,830</u>	<u>\$ 1,249,121</u>	<u>\$ 2,086,162</u>	<u>\$ 50,486</u>	<u>\$ -</u>	<u>\$ 14,927,599</u>

## Town of Fort Erie Consolidated Schedule of Segment Disclosure

For the Year Ended December 31, 2021

	<u>General</u>	<u>Water</u>	<u>Wastewater</u>	<u>Library</u>	<u>Eliminations</u>	<u>2021</u>
<b>Revenues</b>						
Taxation	\$ 29,924,402	\$ 22,397	\$ 98,475	\$ -	\$ -	\$ 30,045,274
User charges	4,099,763	8,603,458	11,257,846	-	-	23,961,067
Government transfers	4,826,616	-	365,988	1,552,500	(1,491,818)	5,253,286
Penalties and interest	690,885	-	-	-	-	690,885
Investment income	1,172,651	6,529	6,661	1,491	-	1,187,332
Development charges earned	648,101	11,059	146,609	-	-	805,769
Contributed tangible capital assets	2,414,796	534,281	640,295	-	-	3,589,372
Other revenues	<u>1,063,338</u>	<u>195,787</u>	<u>(29,842)</u>	<u>14,389</u>	<u>(23,540)</u>	<u>1,220,132</u>
	<u>44,840,552</u>	<u>9,373,511</u>	<u>12,486,032</u>	<u>1,568,380</u>	<u>(1,515,358)</u>	<u>66,753,117</u>
<b>Expenses</b>						
Salaries and benefits	15,221,524	1,748,238	645,360	1,062,642	-	18,677,764
Operating materials and supplies	3,997,619	4,254,403	482,117	315,919	-	9,050,058
Contracted services	5,029,117	121,161	7,927,379	-	-	13,077,657
External transfers to others	1,803,860	32,470	37,972	-	(1,515,358)	358,944
Amortization	7,356,274	1,043,809	746,899	180,505	-	9,327,487
Interest on long term debt	<u>72,189</u>	<u>16,819</u>	<u>75,525</u>	<u>-</u>	<u>-</u>	<u>164,533</u>
	<u>33,480,583</u>	<u>7,216,900</u>	<u>9,915,252</u>	<u>1,559,066</u>	<u>(1,515,358)</u>	<u>50,656,443</u>
<b>Annual surplus</b>	<u>\$ 11,359,969</u>	<u>\$ 2,156,611</u>	<u>\$ 2,570,780</u>	<u>\$ 9,314</u>	<u>\$ -</u>	<u>\$ 16,096,674</u>



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**Town of Fort Erie**  
**Consolidated Schedule of Segment Disclosure**  
**with Budget Information**

For the Year Ended December 31, 2022

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	Budget <u>2022</u>	Actual <u>2022</u>	Actual <u>2021</u>
<b>General</b>			
<b>Revenues</b>			
Taxation	\$ 31,341,521	\$ 31,405,810	\$ 29,924,402
User charges	3,533,236	4,631,103	4,099,763
Government transfers	9,434,306	3,882,022	4,826,616
Penalties and interest	670,000	751,116	690,885
Investment income	831,818	2,167,314	1,172,651
Development charges earned	1,338,217	1,646,652	648,101
Contributed tangible capital assets	-	132,210	2,414,796
Other revenues	3,269,986	2,540,269	1,063,338
	<u>50,419,084</u>	<u>47,156,496</u>	<u>44,840,552</u>
<b>Expenses</b>			
Salaries and benefits	16,640,091	16,265,382	15,221,524
Operating materials and supplies	5,034,189	4,755,320	3,997,619
Contracted services	6,320,623	5,897,546	5,029,117
External transfers to others	2,045,407	1,329,879	1,803,860
Amortization	7,300,400	7,310,593	7,356,274
Interest on long term debt	110,284	55,946	72,189
	<u>37,450,994</u>	<u>35,614,666</u>	<u>33,480,583</u>
<b>Annual surplus</b>	<u>\$ 12,968,090</u>	<u>\$ 11,541,830</u>	<u>\$ 11,359,969</u>

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**Town of Fort Erie**  
**Consolidated Schedule of Segment Disclosure**  
**with Budget Information**

For the Year Ended December 31, 2022

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	Budget <u>2022</u>	Actual <u>2022</u>	Actual <u>2021</u>
<b>Water</b>			
<b>Revenues</b>			
Taxation	\$ 22,397	\$ 22,397	\$ 22,397
User charges	8,623,094	8,897,771	8,603,458
Government transfers	-	263,379	-
Investment income	-	(1,583)	6,529
Development charges earned	-	15,701	11,059
Contributed tangible capital assets	-	43,000	534,281
Other revenues	22,008	165,699	195,787
	<u>8,667,499</u>	<u>9,406,364</u>	<u>9,373,511</u>
<b>Expenses</b>			
Salaries and benefits	1,692,306	1,912,528	1,748,238
Operating materials and supplies	4,474,837	4,742,532	4,254,403
Contracted services	300,300	156,716	121,161
External transfers to others	35,000	35,155	32,470
Amortization	1,041,400	1,296,350	1,043,809
Interest on long term debt	13,958	13,962	16,819
	<u>7,557,801</u>	<u>8,157,243</u>	<u>7,216,900</u>
<b>Annual surplus</b>	<u>\$ 1,109,698</u>	<u>\$ 1,249,121</u>	<u>\$ 2,156,611</u>

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**Town of Fort Erie**  
**Consolidated Schedule of Segment Disclosure**  
**with Budget Information**

For the Year Ended December 31, 2022

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	Budget <u>2022</u>	Actual <u>2022</u>	Actual <u>2021</u>
<b>Wastewater</b>			
<b>Revenues</b>			
Taxation	\$ 98,504	\$ 98,475	\$ 98,475
User charges	12,050,040	12,325,743	11,257,846
Government transfers	18,000	204,124	365,988
Investment income	-	(6,661)	6,661
Development charges earned	-	530,261	146,609
Contributed tangible capital assets	-	67,500	640,295
Other revenues	264,475	382	(29,842)
	<u>12,431,019</u>	<u>13,219,824</u>	<u>12,486,032</u>
<b>Expenses</b>			
Salaries and benefits	844,551	621,587	645,360
Operating materials and supplies	759,255	569,770	482,117
Contracted services	8,867,048	9,078,284	7,927,379
External transfers to others	70,000	28,142	37,972
Amortization	741,900	767,412	746,899
Interest on long term debt	68,725	68,467	75,525
	<u>11,351,479</u>	<u>11,133,662</u>	<u>9,915,252</u>
<b>Annual surplus</b>	<u>\$ 1,079,540</u>	<u>\$ 2,086,162</u>	<u>\$ 2,570,780</u>

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**Town of Fort Erie**  
**Consolidated Schedule of Segment Disclosure**  
**with Budget Information**

For the Year Ended December 31, 2022

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	Budget <u>2022</u>	Actual <u>2022</u>	Actual <u>2021</u>
<b>Library</b>			
<b>Revenues</b>			
Government transfers	\$ 1,675,500	\$ 1,682,260	\$ 1,552,500
Investment income	2,000	5,063	1,491
Other revenues	6,000	24,187	14,389
	<u>1,683,500</u>	<u>1,711,510</u>	<u>1,568,380</u>
<b>Expenses</b>			
Salaries and benefits	1,190,000	1,101,804	1,062,642
Operating materials and supplies	347,200	380,700	315,919
Amortization	178,520	178,520	180,505
	<u>1,715,720</u>	<u>1,661,024</u>	<u>1,559,066</u>
<b>Annual surplus (deficit)</b>	<u>\$ (32,220)</u>	<u>\$ 50,486</u>	<u>\$ 9,314</u>

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## Independent auditor's report

### To the Members of Council, Inhabitants and Taxpayers of the Corporation of the Town of Fort Erie

#### Opinion

We have audited the financial statements of the Trust Funds of the Corporation of the Town of Fort Erie ("the Funds"), which comprise the statement of financial position as at December 31, 2022, and the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of the Trust Funds of the Corporation of the Town of Fort Erie as at December 31, 2022, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

#### 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 Financial Statements* section of our report. We are independent of the Funds 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 these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, 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 Funds' 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 Funds or to cease operations, or has no realistic alternative but to do so.

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

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional 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 Funds' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Funds to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Port Colborne, Canada  
September 5, 2023

Chartered Professional Accountants  
Licensed Public Accountants

**Town of Fort Erie  
Trust Funds  
Statement of Financial Position**

As at December 31, 2022

	Cemetery Perpetual Care	Library	Total 2022	Total 2021
<b>Assets</b>				
Cash	\$ 103,543	\$ 169,490	\$ 273,033	\$ 331,453
Investments (Note 2)	1,000,000	-	1,000,000	800,000
Interest receivable	4,274	-	4,274	4,025
Due from (to) Town of Fort Erie	26,816	(5,600)	21,216	93,761
<b>Net assets</b>	<b>\$ 1,134,633</b>	<b>\$ 163,890</b>	<b>\$ 1,298,523</b>	<b>\$ 1,229,239</b>

See accompanying notes to the financial statements.

**Town of Fort Erie**  
**Trust Funds**  
**Statement of Operations and Changes in Net Assets**

For the Year Ended December 31, 2022

	Cemetery Perpetual Care	Library	Total <u>2022</u>	Total <u>2021</u>
<b>Revenues</b>				
Donations	\$ -	\$ 100	\$ 100	\$ 545
Perpetual care agreements	41,238	-	41,238	39,908
Interest earned	24,498	3,448	27,946	15,637
	<u>65,736</u>	<u>3,548</u>	<u>69,284</u>	<u>56,090</u>
<b>Expenses</b>				
Interest transferred to Town of Fort Erie	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess of revenues over expenses</b>	65,736	3,548	69,284	56,090
<b>Net assets</b>				
Beginning of the year	<u>1,068,897</u>	<u>160,342</u>	<u>1,229,239</u>	<u>1,173,149</u>
End of the year	<u>\$ 1,134,633</u>	<u>\$ 163,890</u>	<u>\$ 1,298,523</u>	<u>\$ 1,229,239</u>

See accompanying notes to the financial statements.



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**Town of Fort Erie**  
**Trust Funds**  
**Statement of Cash Flows**

For the Year Ended December 31

**2022**

**2021**

**Increase (decrease) in cash and cash equivalents**

<b>Operating transactions</b>		
Excess of revenues over expenses	\$ 69,284	\$ 56,090
Increase in interest receivable	(249)	(364)
Decrease (increase) in due from Town of Fort Erie	<u>72,545</u>	<u>(81,404)</u>
	<u>141,580</u>	<u>(25,678)</u>
<b>Investing transactions</b>		
Increase in investments, net	<u>(200,000)</u>	<u>(200,000)</u>
<b>Net decrease in cash</b>	<b>(58,420)</b>	<b>(225,678)</b>
<b>Cash</b>		
Beginning of year	<u>331,453</u>	<u>557,131</u>
End of year	<u>\$ 273,033</u>	<u>\$ 331,453</u>

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See accompanying notes to the financial statements.

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# Town of Fort Erie

## Trust Funds

### Notes to the Financial Statements

For the Year Ended December 31, 2022

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#### 1. Significant accounting policies

The financial statements of the Trust Funds of the Town of Fort Erie are the representation of management prepared in accordance with accounting policies prescribed for Canadian accounting standards for not-for-profit organizations. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgements.

##### (a) Basis of accounting

- (i) Sources of revenues and expenses are reported on the accrual basis of accounting.
- (ii) The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable.

##### (b) Cash and cash equivalents

Cash and cash equivalents are represented by cash on hand, cash on deposit in chartered banks and investments that mature within three months.

##### (c) Financial instruments

###### *Initial measurement*

The Trust Funds' financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transactions costs. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

###### *Subsequent measurement*

At each reporting date, the Trust Funds measure their financial assets and liabilities at cost. The financial instruments measured at cost are cash investments, interest receivable and due from revenue funds.

For financial assets measured at cost, the Trust Funds regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Trust Funds determine that there is a significant adverse change in the expected timing or amount of future cash flows from the financial assets, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

###### *Financial instruments in related party transactions*

Financial assets and financial liabilities in related party transactions are initially measured at cost, with the exception of certain instruments which are initially measured at fair value. The Trust Funds do not have any financial assets or financial liabilities in related party transactions which are initially measured at fair value.

Gains or losses arising on initial measurement differences are generally recognized in net income when the transaction is in the normal course of operations, and in equity when the transaction is not in the normal course of operations, subject to certain exceptions.

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**Town of Fort Erie**  
**Trust Funds**  
**Notes to the Financial Statements**

For the Year Ended December 31, 2022

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**1. Significant accounting policies (continued)**

**(c) Financial instruments (continued)**

Financial assets and financial liabilities recognized in related party transactions are subsequently measured based on how the Trust Funds initially measured the instrument. Financial instruments initially measured at cost are subsequently measured at cost, less any impairment for financial assets. Financial instruments initially measured at fair value, of which the Trust Funds has none, would be subsequently measured at amortized cost or fair value based on certain conditions.

**(d) Revenue recognition**

**(i) Perpetual care agreements and donations**

Revenue is recorded when it is earned and collection is reasonably assured.

**(ii) Interest**

Interest income earned on investments is recorded as revenue in the period earned.

**2. Investments**

The investments are guaranteed investment certificates and carry an effective interest rate ranging from 1.35% to 5.30% and maturity dates ranging from October, 2023 to November, 2025. Interest is receivable on an annual basis. The carrying value approximates market value.

Financial Report

Bridgeburg Business Improvement Area

2022

## Independent auditor's report

**To the Board Members, Members of Council, Inhabitants and Taxpayers of the  
Town of Fort Erie**

### Qualified Opinion

We have audited the financial statements of Bridgeburg Business Improvement Area ("the Entity"), which comprise the statement of financial position as at December 31, 2022, and the statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* paragraph, the accompanying financial statements present fairly in all material respects, the financial position of Bridgeburg Business Improvement Area as at December 31, 2022, and its results of operations, its changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Qualified Opinion

In common with many not-for-profit organizations, the Entity derives revenue from fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Entity. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, annual surplus, and cash flows from operations for the years ended December 31, 2022 and 2021, net financial assets as at December 31, 2022 and 2021, and accumulated surplus as at January 1 and December 31 for both the 2022 and 2021 years. Our audit opinion on the financial statements for the year ended December 31, 2021 was modified accordingly because of the possible effects of this limitation in scope.

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 Financial Statements* section of our 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 qualified opinion.

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

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

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to a 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.

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional 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.
- 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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.

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.

*Grant Thornton LLP*

Port Colborne, Canada  
September 26, 2023

Chartered Professional Accountants  
Licensed Public Accountants

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**Town of Fort Erie**  
**Bridgeburg Business Improvement Area**  
**Statement of Financial Position**

As at December 31	2022	2021
<b>Financial assets</b>		
Due from Town of Fort Erie	\$ 64,783	\$ 51,278
<b>Non-financial assets</b>		
Tangible capital assets (Note 3)	<u>10,394</u>	<u>12,376</u>
<b>Accumulated surplus (Note 4)</b>	<u>\$ 75,177</u>	<u>\$ 63,654</u>

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On behalf of the Board

  
\_\_\_\_\_  
Chief Administrative Officer

  
\_\_\_\_\_  
Director, Corporate Services

See accompanying notes to the financial statements.



**Town of Fort Erie**  
**Bridgeburg Business Improvement Area**  
**Statement of Operations**

For the Year Ended December 31, 2022

	Budget <u>2022</u>	Actual <u>2022</u>	Actual <u>2021</u>
<b>Revenues</b>			
Tax levy, net of write-offs	\$ 40,700	\$ 40,700	\$ 40,005
Government transfers	8,167	-	7,900
Donations	5,000	1,239	10,500
Reserve fund interest	-	902	514
	<u>53,867</u>	<u>42,841</u>	<u>58,919</u>
<b>Expenses</b>			
Amortization	1,982	1,982	1,567
Contracted services	26,517	3,614	22,656
Meetings	200	-	92
Office	1,250	2,807	3,573
Promotional activities	15,750	5,279	13,141
Repairs and maintenance	15,150	9,761	-
Special marketing program	15,000	7,875	1,091
	<u>75,849</u>	<u>31,318</u>	<u>42,120</u>
<b>Annual surplus (deficit)</b>	(21,982)	11,523	16,799
<b>Accumulated surplus (Note 4)</b>			
Beginning of year	<u>63,654</u>	<u>63,654</u>	<u>46,855</u>
End of year	<u>\$ 41,672</u>	<u>\$ 75,177</u>	<u>\$ 63,654</u>

See accompanying notes to the financial statements.

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**Town of Fort Erie**  
**Bridgeburg Business Improvement Area**  
**Statement of Changes in Net Financial Assets**

For the Year Ended December 31, 2022

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	Budget 2022	Actual 2022	Actual 2021
Annual surplus (deficit)	\$ (21,982)	\$ 11,523	\$ 16,799
Amortization of tangible capital assets	1,982	1,982	1,567
Acquisition of tangible capital assets	<u>-</u>	<u>-</u>	<u>(4,152)</u>
<b>Increase (decrease) in net financial assets</b>	(20,000)	<b>13,505</b>	14,214
<b>Net financial assets</b>			
Beginning of year	<u>51,278</u>	<u>51,278</u>	<u>37,064</u>
End of year	<u>\$ 31,278</u>	<u>\$ 64,783</u>	<u>\$ 51,278</u>

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See accompanying notes to the financial statements.

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**Town of Fort Erie**  
**Bridgeburg Business Improvement Area**  
**Statement of Cash Flows**

For the Year Ended December 31

**2022**

**2021**

**Increase (decrease) in cash and cash equivalents**

<b>Operating transactions</b>		
Annual surplus	\$ 11,523	\$ 16,799
Non-cash items		
Amortization of tangible capital assets	1,982	1,567
Increase in due from Town of Fort Erie	<u>(13,505)</u>	<u>(14,214)</u>
	<u>-</u>	<u>4,152</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	<u>-</u>	<u>(4,152)</u>
<b>Cash and cash equivalents</b>		
Beginning of year	<u>-</u>	<u>-</u>
End of year	<u>\$ -</u>	<u>\$ -</u>

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See accompanying notes to the financial statements.

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# **Town of Fort Erie**

## **Bridgeburg Business Improvement Area**

### **Notes to the Financial Statements**

For the Year Ended December 31, 2022

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#### **1. Purpose of the Business Improvement Area**

The Business Improvement Area (BIA) was established by the Council of the Town of Fort Erie and has been entrusted with the improvement, beautification and maintenance of Municipality owned lands, buildings and structures in the improvement area. The BIA is also responsible for the promotion of this improvement area for business and shopping.

The Board is financed by a special levy charged upon businesses in the improvement area.

#### **2. Significant accounting policies**

The financial statements of the BIA are prepared by management in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Municipality are as follows:

##### **(a) Basis of accounting**

The basis of accounting followed in the financial statement presentation includes revenues in the period in which the transactions or events occurred that gave rise to the revenues and expenses in the period the goods and services are acquired and a liability is incurred or transfers are due.

##### **(b) Reporting entity**

The financial statements reflect the financial assets, liabilities, non-financial assets, revenues, expenses and changes in accumulated surplus of the BIA.

##### **(c) Cash and cash equivalents**

Cash and cash equivalents include cash on hand and balances with banks, and highly liquid temporary money market instruments with original maturities of three months or less.

##### **(d) Revenue recognition**

Government transfers, which include municipal contributions, are recognized in the year in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria or stipulations have been met and reasonable estimates of the amounts can be made. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

Investment income is reported as revenue in the period earned. Other revenues are recognized when the services are performed or goods are delivered and there is reasonable assurance of collection.

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**Town of Fort Erie**  
**Bridgeburg Business Improvement Area**  
**Notes to the Financial Statements**

For the Year Ended December 31, 2022

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**2. Significant accounting policies (continued)**

**(e) Tangible capital assets**

Tangible capital assets are recorded at cost. Cost includes all directly attributable expenses in the acquisition, construction, development and/or betterment of the asset required to install the asset at the location and in the condition necessary for its intended use. Contributed tangible capital assets are capitalized at their estimated fair value upon acquisition.

The BIA does not capitalize interest as part of the costs of its capital assets.

Works of art for display in municipal property are not included as capital assets. The works of art are held for exhibition, educational and historical interest. Such assets are deemed worthy of preservation because of the social rather than financial benefits they provide to the community. The cost of art is not determinable or relevant to their significance. No valuation of the collection has been conducted or disclosed in the financial statements.

Leases are classified as capital or operating leases. Leases that transfer substantially all of the benefits incidental to ownership 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.

Amortization is calculated on a straight-line basis to write-off the net cost of each asset over its estimated useful life for all classes except land. Land is considered to have an infinite life without amortization. Residual values of assets are assumed to be zero with any net gain or loss arising from the disposal of assets recognized in the statement of operations as "other revenue". Amortization is based on six months for the year of acquisition regardless of the month purchased and annually thereafter until the asset is fully amortized, disposed of or replaced.

Amortization is based on the following classifications and useful lives:

<u>Classification</u>	<u>Useful Life</u>
General machinery and equipment	5-10 years

**(f) Use of estimates**

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Town of Fort Erie**  
**Bridgeburg Business Improvement Area**  
**Notes to the Financial Statements**  
For the Year Ended December 31, 2022

<b>3. Tangible capital assets</b>	<u><b>2022</b></u>	<u><b>2021</b></u>
<b>General machinery and equipment</b>		
Cost, beginning of year	\$ 15,672	\$ 11,520
Add additions during the year	-	4,152
Less disposals during the year	<u>-</u>	<u>-</u>
Cost, end of year	<u>15,672</u>	<u>15,672</u>
Accumulated amortization, beginning of year	3,296	1,729
Add amortization during the year	<u>1,982</u>	<u>1,567</u>
Accumulated amortization, end of year	<u>5,278</u>	<u>3,296</u>
Net book value	<u>\$ 10,394</u>	<u>\$ 12,376</u>
<b>4. Accumulated surplus</b>	<u><b>2022</b></u>	<u><b>2021</b></u>
Operating surplus (Note 5)	\$ 14,641	\$ 26,038
Investment in tangible capital assets	10,394	12,376
Reserve fund	<u>50,142</u>	<u>25,240</u>
	<u>\$ 75,177</u>	<u>\$ 63,654</u>
<b>5. Operating surplus</b>	<u><b>2022</b></u>	<u><b>2021</b></u>
Annual surplus	\$ 11,523	\$ 16,799
Add: Amortization during the year	1,982	1,567
Less: Additions during the year	-	(4,152)
Less: Transfer to reserves	<u>(24,902)</u>	<u>(514)</u>
	<u>(11,397)</u>	<u>13,700</u>
Operating surplus		
Beginning of year	<u>26,038</u>	<u>12,338</u>
End of year	<u>\$ 14,641</u>	<u>\$ 26,038</u>

Financial Report

Crystal Beach Business Improvement Area

2022

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## Independent auditor's report

**To the Board Members, Members of Council, Inhabitants and Taxpayers of the  
Town of Fort Erie**

### Qualified Opinion

We have audited the financial statements of Crystal Beach Business Improvement Area ("the BIA"), which comprise the statement of financial position as at December 31, 2022, and the statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* paragraph, the accompanying financial statements present fairly in all material respects, the financial position of Crystal Beach Business Improvement Area as at December 31, 2022, and its results of operations, its changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Qualified Opinion

In common with many not-for-profit organizations, the BIA derives revenue from fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the BIA. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, annual surplus (deficit), and cash flows from operations for the years ended December 31, 2022 and 2021, net financial assets as at December 31, 2022 and 2021, and accumulated surplus as at January 1 and December 31 for both the 2022 and 2021 years. Our audit opinion on the financial statements for the year ended December 31, 2021 was modified accordingly because of the possible effects of this limitation in scope.

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 Financial Statements* section of our report. We are independent of the BIA in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.



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

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

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

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

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional 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 BIA's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the BIA's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the BIA to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

*Grant Thornton LLP*

Port Colborne, Canada  
September 26, 2023

Chartered Professional Accountants  
Licensed Public Accountants

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**Town of Fort Erie  
Crystal Beach Business Improvement Area  
Statement of Financial Position**

As at December 31	2022	2021
<b>Financial assets</b>		
Due from Town of Fort Erie	\$ 20,588	\$ 20,542
<b>Non-financial assets</b>		
Tangible capital assets (Note 3)	<u>7,348</u>	<u>8,432</u>
<b>Accumulated surplus (Note 4)</b>	<u>\$ 27,936</u>	<u>\$ 28,974</u>

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On behalf of the Board

  
\_\_\_\_\_  
Chief Administrative Officer

  
\_\_\_\_\_  
Director, Corporate Services

See accompanying notes to the financial statements.

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**Town of Fort Erie**  
**Crystal Beach Business Improvement Area**  
**Statement of Operations**

For the Year Ended December 31, 2022

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	Budget <u>2022</u>	Actual <u>2022</u>	Actual <u>2021</u>
<b>Revenues</b>			
Tax levy, net of write-offs	\$ 15,000	\$13,651	\$ 15,336
Government transfers	750	750	-
Promotional activities	24,000	21,820	2,462
Donations	3,000	3,000	-
Miscellaneous	<u>-</u>	<u>1,239</u>	<u>-</u>
	<u>42,750</u>	<u>40,460</u>	<u>17,798</u>
<b>Expenses</b>			
Contracted services	23,823	3,584	5,574
Office	910	3,766	1,059
Promotional activities	34,318	30,290	1,818
Amortization	<u>3,858</u>	<u>3,858</u>	<u>5,939</u>
	<u>62,909</u>	<u>41,498</u>	<u>14,390</u>
<b>Annual (deficit) surplus</b>	(20,159)	(1,038)	3,408
<b>Accumulated surplus (Note 4)</b>			
Beginning of year	<u>28,974</u>	<u>28,974</u>	<u>25,566</u>
End of year	<u>\$ 8,815</u>	<u>\$ 27,936</u>	<u>\$ 28,974</u>

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See accompanying notes to the financial statements.

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**Town of Fort Erie**  
**Crystal Beach Business Improvement Area**  
**Statement of Changes in Net Financial Assets**

For the Year Ended December 31, 2022

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	Budget <u>2022</u>	Actual <u>2022</u>	Actual <u>2021</u>
Annual (deficit) surplus	\$ (20,159)	\$ (1,038)	\$ 3,408
Amortization of tangible capital assets	3,858	3,858	5,939
Acquisition of tangible capital assets	<u>-</u>	<u>(2,774)</u>	<u>(5,104)</u>
<b>Increase (decrease) in net financial assets</b>	(16,301)	46	4,243
<b>Net financial assets</b>			
Beginning of year	<u>20,542</u>	<u>20,542</u>	<u>16,299</u>
	<u>\$ 4,241</u>	<u>\$ 20,588</u>	<u>\$ 20,542</u>

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See accompanying notes to the financial statements.

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**Town of Fort Erie**  
**Crystal Beach Business Improvement Area**  
**Statement of Cash Flows**

For the Year Ended December 31

**2022**

**2021**

**Increase (decrease) in cash and cash equivalents**

<b>Operating transactions</b>		
Annual (deficit) surplus	\$ (1,038)	\$ 3,408
Non-cash item		
Amortization of tangible capital assets	3,858	5,939
Increase in due from Town of Fort Erie	<u>(46)</u>	<u>(4,243)</u>
	<u>2,774</u>	<u>5,104</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	<u>(2,774)</u>	<u>(5,104)</u>
<b>Cash</b>		
Beginning of year	<u>-</u>	<u>-</u>
End of year	<u>\$ -</u>	<u>\$ -</u>

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See accompanying notes to the financial statements.

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**Town of Fort Erie**  
**Crystal Beach Business Improvement Area**  
**Notes to the Financial Statements**

For the Year Ended December 31, 2022

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**1. Purpose of the Business Improvement Area**

The Business Improvement Area (BIA) was established by the Council of the Town of Fort Erie and has been entrusted with the improvement, beautification and maintenance of Municipality owned lands, buildings and structures in the improvement area. The BIA is also responsible for the promotion of this improvement area for business and shopping.

The Board is financed by a special levy charged upon businesses in the improvement area.

**2. Significant accounting policies**

The financial statements of the BIA are prepared by management in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Municipality are as follows:

**(a) Basis of accounting**

The basis of accounting followed in the financial statement presentation includes revenues in the period in which the transactions or events occurred that gave rise to the revenues and expenses in the period the goods and services are acquired and a liability is incurred or transfers are due.

**(b) Reporting entity**

The financial statements reflect the financial assets, liabilities, non-financial assets, revenues, expenses and changes in accumulated surplus of the BIA.

**(c) Cash and cash equivalents**

Cash and cash equivalents include cash on hand and balances with banks, and highly liquid temporary money market instruments with original maturities of three months or less.

**(d) Revenue recognition**

Other revenues are recognized when the services are performed or goods are delivered and there is reasonable assurance of collection.

**(e) Tangible capital assets**

Tangible capital assets are recorded at cost. Cost includes all directly attributable expenses in the acquisition, construction, development and/or betterment of the asset required to install the asset at the location and in the condition necessary for its intended use. Contributed tangible capital assets are capitalized at their estimated fair value upon acquisition.

The BIA does not capitalize interest as part of the costs of its capital assets.

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**Town of Fort Erie**  
**Crystal Beach Business Improvement Area**  
**Notes to the Financial Statements**  
For the Year Ended December 31, 2022

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**2. Significant accounting policies (continued)**

**(e) Tangible capital assets (continued)**

Works of art for display in municipal property are not included as capital assets. The works of art are held for exhibition, educational and historical interest. Such assets are deemed worthy of preservation because of the social rather than financial benefits they provide to the community. The cost of art is not determinable or relevant to their significance. No valuation of the collection has been conducted or disclosed in the financial statements.

Leases are classified as capital or operating leases. Leases that transfer substantially all of the benefits incidental to ownership 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.

Amortization is calculated on a straight-line basis to write-off the net cost of each asset over its estimated useful life for all classes except land. Land is considered to have an infinite life without amortization. Residual values of assets are assumed to be zero with any net gain or loss arising from the disposal of assets recognized in the statement of operations as "other revenue". Amortization is based on six months for the year of acquisition regardless of the month purchased and annually thereafter until the asset is fully amortized, disposed of or replaced.

Amortization is based on the following classifications and useful lives:

<u>Classification</u>	<u>Useful Life</u>
General machinery and equipment	5 years

**(f) Use of estimates**

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.



**Town of Fort Erie**  
**Crystal Beach Business Improvement Area**  
**Notes to the Financial Statements**

For the Year Ended December 31, 2022

<b>3. Tangible capital assets</b>	<b><u>2022</u></b>	<b><u>2021</u></b>
<b>General machinery and equipment</b>		
Cost, beginning of year	\$ 47,053	\$ 41,949
Add additions during the year	2,774	5,104
Less disposals during the year	<u>-</u>	<u>-</u>
Cost, end of year	<u>49,827</u>	<u>47,053</u>
Accumulated amortization, beginning of year	38,621	32,682
Add amortization during the year	<u>3,858</u>	<u>5,939</u>
Accumulated amortization, end of year	<u>42,479</u>	<u>38,621</u>
Net book value	<u>\$ 7,348</u>	<u>\$ 8,432</u>
<b>4. Accumulated surplus</b>	<b><u>2022</u></b>	<b><u>2021</u></b>
Operating surplus (Note 5)	\$ 10,206	\$ 20,542
Investment in tangible capital assets	7,348	8,432
Reserve fund	<u>10,382</u>	<u>-</u>
	<u>\$ 27,936</u>	<u>\$ 28,974</u>
<b>5. Operating surplus</b>	<b><u>2022</u></b>	<b><u>2021</u></b>
Annual surplus (deficit)	\$ (1,038)	\$ 3,408
Add: Amortization during the year	3,858	5,939
Less: Additional during the year	(2,774)	(5,104)
Less: Transfer to reserves	<u>(10,382)</u>	<u>-</u>
	<u>(10,336)</u>	4,243
Operating surplus		
Beginning of year	<u>20,542</u>	<u>16,299</u>
End of year	<u>\$ 10,206</u>	<u>\$ 20,542</u>

Financial Report

Ridgeway Business Improvement Area

2022

## Independent auditor's report

**To the Board Members, Members of Council, Inhabitants and Taxpayers of the  
Town of Fort Erie**

### Qualified Opinion

We have audited the financial statements of Ridgeway Business Improvement Area ("the BIA"), which comprise the statement of financial position as at December 31, 2022, and the statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* paragraph, the accompanying financial statements present fairly in all material respects, the financial position of Ridgeway Business Improvement Area as at December 31, 2022, and its results of operations, its changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Qualified Opinion

In common with many not-for-profit organizations, the BIA derives revenue from fundraising activities and special events, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the BIA. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue and special events, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2022 and 2021, current assets as at December 31, 2022 and 2021, and net assets as at January 1 and December 31 for both the 2022 and 2021 years. Our audit opinion on the financial statements for the year ended December 31, 2021 was modified accordingly because of the possible effects of this limitation in scope.

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 Financial Statements* section of our report. We are independent of the BIA in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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

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

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

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

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional 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 BIA's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the BIA's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the BIA to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

*Grant Thornton LLP*

Port Colborne, Canada  
September 26, 2023

Chartered Professional Accountants  
Licensed Public Accountants

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**Town of Fort Erie  
Ridgeway Business Improvement Area  
Statement of Financial Position**

As at December 31	2022	2021
<b>Financial assets</b>		
Due from Town of Fort Erie	\$ 49,848	\$ 43,522
<b>Accumulated surplus (Note 3)</b>	\$ 49,848	\$ 43,522

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On behalf of the Board



Chief Administrative Officer



Director, Corporate Services

See accompanying notes to the financial statements.

**Town of Fort Erie**  
**Ridgeway Business Improvement Area**  
**Statement of Operations**

For the Year Ended December 31, 2022

	Budget <u>2022</u>	Actual <u>2022</u>	Actual <u>2021</u>
<b>Revenues</b>			
Tax levy, net of write-offs	\$ 35,000	\$ 35,000	\$ 35,000
Government transfers	12,500	11,937	12,500
Donations	7,500	400	6,139
Farmer's market	10,000	9,881	10,470
Reserve fund interest	-	373	43
Special events	<u>34,312</u>	<u>7,400</u>	<u>7,028</u>
	<u>99,312</u>	<u>64,991</u>	<u>71,180</u>
<b>Expenses</b>			
Advertising	10,700	4,244	10,783
Beautification	21,600	5,170	5,502
Contracted services	25,292	23,470	24,523
Membership	4,120	423	453
Office	500	403	386
Special events	<u>37,100</u>	<u>24,955</u>	<u>22,085</u>
	<u>99,312</u>	<u>58,665</u>	<u>63,732</u>
<b>Annual surplus</b>	-	6,326	7,448
<b>Accumulated surplus (Note 3)</b>			
Beginning of year	<u>43,522</u>	<u>43,522</u>	<u>36,074</u>
End of year	<u>\$ 43,522</u>	<u>\$ 49,848</u>	<u>\$ 43,522</u>

See accompanying notes to the financial statements.

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**Town of Fort Erie**  
**Ridgeway Business Improvement Area**  
**Statement of Changes in Net Financial Assets**  
For the Year Ended December 31, 2022

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	Budget <u>2022</u>	Actual <u>2022</u>	Actual <u>2021</u>
Annual surplus	\$ <u>      </u> -	\$ <u>6,326</u>	\$ <u>7,448</u>
<b>Increase in net financial assets</b>	-	6,326	7,448
<b>Net financial assets</b>			
Beginning of year	<u>43,522</u>	<u>43,522</u>	<u>36,074</u>
End of year	<u>\$ 43,522</u>	<u>\$ 49,848</u>	<u>\$ 43,522</u>

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See accompanying notes to the financial statements.



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**Town of Fort Erie**  
**Ridgeway Business Improvement Area**  
**Statement of Cash Flows**

For the Year Ended December 31 2022 2021

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**Increase (decrease) in cash and cash equivalents**

<b>Operating transactions</b>		
Annual surplus	\$ 6,326	\$ 7,448
Decrease in HST receivable	-	1,034
Decrease in grant receivable	-	25,900
Decrease in accounts payable	-	(4,683)
Increase in due from Town of Fort Erie	<u>(6,326)</u>	<u>(43,522)</u>
<b>Decrease in cash and cash equivalents</b>	-	(13,823)
<b>Cash and cash equivalents</b>		
Beginning of year	<u>-</u>	<u>13,823</u>
End of year	<u>\$ -</u>	<u>\$ -</u>

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See accompanying notes to the financial statements.

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# **Town of Fort Erie**

## **Ridgeway Business Improvement Area**

### **Notes to the Financial Statements**

For the Year Ended December 31, 2022

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#### **1. Purpose of the Business Improvement Area**

The Business Improvement Area (BIA) was established by the Council of the Town of Fort Erie and has been entrusted with the improvement, beautification and maintenance of Municipality owned lands, buildings and structures in the improvement area. The BIA is also responsible for the promotion of this improvement area for business and shopping.

The Board is financed by a special levy charged upon businesses in the improvement area.

#### **2. Significant accounting policies**

The financial statements of the BIA are prepared by management in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the BIA are as follows:

##### **(a) Basis of accounting**

The basis of accounting followed in the financial statement presentation includes revenues in the period in which the transactions or events occurred that gave rise to the revenues and expenses in the period the goods and services are acquired and a liability is incurred or transfers are due.

##### **(b) Reporting entity**

The financial statements reflect the financial assets, liabilities, non-financial assets, revenues, expenses and changes in accumulated surplus of the BIA.

##### **(c) Cash and cash equivalents**

Cash and cash equivalents include cash on hand and balances with banks, and highly liquid temporary money market instruments with original maturities of three months or less.

##### **(d) Revenue recognition**

Government transfers, which include municipal contributions, and provincial and federal grants, are recognized in the year in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria or stipulations have been met and reasonable estimates of the amounts can be made. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

Investment income is reported as revenue in the period earned. Other revenues are recognized when the services are performed or goods are delivered and there is reasonable assurance of collection.

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**Town of Fort Erie**  
**Ridgeway Business Improvement Area**  
**Notes to the Financial Statements**

For the Year Ended December 31, 2022

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**2. Significant accounting policies (continued)**

**(e) Use of estimates**

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

<b>3. Accumulated surplus</b>	<u><b>2022</b></u>	<u><b>2021</b></u>
Operating surplus (Note 4)	\$ <b>5,882</b>	\$ 39,497
Reserve fund	<u><b>43,966</b></u>	<u>4,025</u>
	<u><b>\$ 49,848</b></u>	<u>\$ 43,522</u>
 <b>4. Operating surplus</b>	 <u><b>2022</b></u>	 <u><b>2021</b></u>
Annual surplus	\$ <b>6,326</b>	\$ 7,448
Less: Transfer to reserve	<u><b>(39,941)</b></u>	<u>(43)</u>
	<b>(33,615)</b>	7,405
Operating surplus		
Beginning of year	<u><b>39,497</b></u>	<u>32,092</u>
End of year	<u><b>\$ 5,882</b></u>	<u>\$ 39,497</u>

**Town of Fort Erie**  
**Five-Year Financial Review**  
(Unaudited)

	2022	Restated 2021	2020	2019	2018
<b>Municipal statistics</b>					
Population	32,901	32,901	30,710	30,710	30,710
Households (MPAC data)	16,173	15,792	15,792	15,697	15,569
Municipal construction contracts awarded	\$ 15,026,215	\$ 16,191,458	\$ 4,829,610	\$ 6,809,382	\$ 11,180,158
<b>Building permits</b>					
Number of permits	802	826	594	644	578
Value of permits	\$ 207,037,347	\$ 258,846,238	\$ 128,728,575	\$ 107,696,200	\$ 95,391,400
Square metres of construction					
Insured value of physical assets	\$ 129,086,901	\$ 132,916,310	\$ 118,101,510	\$ 129,352,450	\$ 85,985,424
<b>Employees:</b>					
Full-time	173	161	159	153	148
Full-time per 1,000 people	5.26	5.18	5.18	4.98	4.82
Total person hours worked (full and part-time)	397,618	363,809	354,541	349,945	331,315
Proportion of full-time employees covered by collective agreement	54%	56%	59%	60%	58%
<b>Taxation Statistics</b>					
<b>Taxable assessment (upon which the year's rates were set):</b>					
Residential, farm and multi-residential	\$3,702,775,965	\$3,609,356,185	\$3,534,985,872	\$3,398,946,986	\$3,231,267,887
Commercial, industrial and other	398,191,616	396,185,496	392,873,700	382,308,258	376,448,491
<b>Total taxable assessment</b>	<b>\$4,100,967,581</b>	<b>\$4,005,541,681</b>	<b>\$3,927,859,572</b>	<b>\$3,781,255,244</b>	<b>\$3,607,716,378</b>
Commercial, industrial and business as a percentage of taxable assessment	9.71%	9.89%	10.00%	10.11%	10.43%
<b>Tax rate information (per dollar of assessed value)</b>					
<b>Residential and farm</b>					
For Town purposes	0.694779%	0.680184%	0.678030%	0.682707%	0.684613%
For Region purposes	0.603552%	0.659507%	0.648386%	0.632440%	0.635034%
For school purposes	0.153000%	0.153000%	0.153000%	0.161000%	0.170000%
<b>Total tax rate - residential and farm</b>	<b>1.451331%</b>	<b>1.492691%</b>	<b>1.479416%</b>	<b>1.476147%</b>	<b>1.489647%</b>
<b>Commercial</b>					
For Town purposes	1.205372%	1.180051%	1.176314%	1.184428%	1.187735%
For Region purposes	1.047102%	1.144179%	1.124885%	1.097221%	1.101720%
For school purposes	0.880000%	0.880000%	0.980000%	1.030000%	1.090000%
<b>Total tax rate - commercial</b>	<b>3.132474%</b>	<b>3.204230%</b>	<b>3.281199%</b>	<b>3.311649%</b>	<b>3.379455%</b>
<b>Industrial</b>					
For Town purposes	1.827269%	1.788884%	1.783219%	1.795519%	1.800532%
For Region purposes	1.587342%	1.734504%	1.705256%	1.663317%	1.670140%
For school purposes	0.880000%	0.880000%	1.250000%	1.290000%	1.340000%
<b>Total tax rate - industrial</b>	<b>4.294611%</b>	<b>4.403388%</b>	<b>4.738475%</b>	<b>4.748836%</b>	<b>4.810672%</b>

**Town of Fort Erie**  
**Five-Year Financial Review**  
(Unaudited)

	2022	Restated 2021	2020	2019	2018
<b>Taxation and payments in lieu (PIL)</b>					
Town portion	\$ 31,526,682	\$ 30,045,274	\$ 29,342,774	\$ 28,333,067	\$ 27,255,298
Region portion	30,471,214	28,763,194	27,789,933	25,902,046	25,093,163
School board portion	8,703,411	8,372,837	8,810,112	8,646,555	8,844,326
<b>Total taxation and PIL</b>	<b>\$ 70,701,307</b>	<b>\$ 67,181,305</b>	<b>\$ 65,942,819</b>	<b>\$ 62,881,668</b>	<b>\$ 61,192,787</b>
<b>Tax arrears</b>					
Taxes receivable at					
December 31	\$ 4,922,143	\$ 3,505,243	\$ 3,898,330	\$ 3,671,419	\$ 3,359,856
Taxes receivable per capita	\$ 149.80	\$ 106.54	\$ 126.94	\$ 119.55	\$ 109.41
Tax amounts levied in current year	\$ 70,232,230	\$ 66,718,001	\$ 65,490,846	\$ 62,432,471	\$ 60,644,591
Tax arrears as a percentage of current levy	7.01%	5.25%	5.95%	5.88%	5.54%
Tax "under litigation" (JRA/Delta) Adjusted - Tax arrears as % of current levy	7.01%	5.25%	5.95%	5.88%	5.54%
Taxes receivable as % of tax levies	TBA	TBA	TBA	TBA	TBA
Tax write-offs					
Above, as % of tax levy	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Consolidated Statement of Financial Position</b>					
<b>Financial Assets</b>					
Cash	\$ 56,724,589	\$ 52,013,544	\$ 52,003,674	\$ 46,575,702	\$ 25,531,060
Portfolio Investments	52,547,844	45,834,634	34,587,430	29,431,168	29,382,411
Taxes receivable	4,922,143	3,505,243	3,898,330	3,671,419	3,359,856
Accounts receivable	6,608,689	6,311,265	5,753,183	4,969,285	6,540,435
Inventory held for resale	21,017	26,070	31,580	36,630	43,518
	<b>\$ 120,824,282</b>	<b>\$ 107,690,756</b>	<b>\$ 96,274,197</b>	<b>\$ 84,684,204</b>	<b>\$ 64,857,280</b>
<b>Liabilities</b>					
Accounts payable and accrued liabilities	\$ 20,277,275	\$ 21,275,159	\$ 16,200,182	\$ 21,245,628	\$ 14,265,173
Deferred revenue	28,516,490	23,264,921	16,850,943	13,346,872	11,874,263
Long term debt outstanding	3,861,769	4,701,148	5,524,769	6,333,366	7,382,731
Employee Benefit Obligations	783,500	736,700	684,100	619,700	583,300
	<b>\$ 53,439,034</b>	<b>\$ 49,977,928</b>	<b>\$ 39,259,994</b>	<b>\$ 41,545,566</b>	<b>\$ 34,105,467</b>
<b>Net financial assets (liabilities)</b>	<b>\$ 67,385,248</b>	<b>\$ 57,712,828</b>	<b>\$ 57,014,203</b>	<b>\$ 43,138,638</b>	<b>\$ 30,751,813</b>
<b>Non-financial assets</b>					
Tangible capital assets	\$ 252,888,118	\$ 247,635,434	\$ 231,327,803	\$ 229,448,303	\$ 227,049,416
Prepaid expenses	25,532	23,037	28,027	11,096	10,437
<b>Accumulated Surplus</b>					
Unrestricted	\$ 18,005,172	\$ 15,297,506	\$ 22,412,162	\$ 18,551,049	\$ 12,901,597
Invested in tangible capital assets	252,888,118	247,635,434	231,327,803	229,448,303	227,049,416
Unfunded Reserves	(4,645,269)	(5,437,848)	(6,208,869)	(6,953,066)	(7,966,031)
Reserves	776,995	776,995	776,995	776,995	776,995
Reserve funds	53,273,882	47,099,212	40,061,942	30,774,756	25,048,689
	<b>\$ 64,050,877</b>	<b>\$ 47,876,207</b>	<b>\$ 40,838,937</b>	<b>\$ 31,551,751</b>	<b>\$ 25,826,684</b>
<b>Reserves and reserve funds</b>	<b>\$ 320,288,888</b>	<b>\$ 305,371,299</b>	<b>\$ 288,370,033</b>	<b>\$ 272,598,037</b>	<b>\$ 257,811,666</b>

**Town of Fort Erie  
Five-Year Financial Review  
(Unaudited)**

	2022	Restated 2021	2020	2019	2018
<b>Statement of Financial Position Statistics</b>					
Liquid assets/current liabilities (times)	\$ 2.80	\$ 2.44	\$ 3.21	\$ 2.19	\$ 1.79
Outstanding debt per capita	\$ 117.38	\$ 142.89	\$ 179.90	\$ 206.23	\$ 240.40
<b>Charges for long term debt</b>					
Principal	\$ 839,379	\$ 823,621	\$ 808,597	\$ 1,049,365	\$ 1,022,937
Interest	138,375	164,533	189,131	219,864	253,772
<b>Annual debt servicing costs</b>	<b>\$ 977,754</b>	<b>\$ 988,154</b>	<b>\$ 997,728</b>	<b>\$ 1,269,229</b>	<b>\$ 1,276,709</b>
Annual debt servicing costs per capita					
<b>Debt repayment limit (legal limit of additional annual debt charges as determined by the Province of Ontario)</b>					
	\$ 12,439,366	\$ 12,014,508	\$ 11,373,627	\$ 10,392,014	\$ 10,344,490
Additions to tangible capital assets	\$ 14,963,948	\$ 21,183,939	\$ 12,141,735	\$ 10,915,255	\$ 16,379,793
Reserves as a % of Operating expenses (excl. amortization)	98.38%	107.95%	101.29%	64.73%	64.73%
<b>Consolidated Statement of Operations</b>					
<b>Revenue</b>					
Taxation	\$ 31,270,387	\$ 29,770,235	\$ 28,890,801	\$ 27,883,870	\$ 26,742,102
Payments in lieu of taxes	256,295	275,039	451,973	449,197	548,196
User charges	25,854,617	23,961,067	22,268,539	22,320,846	21,269,067
Government transfers	2,458,404	3,437,587	3,318,433	2,640,932	2,130,402
Development charges earned	332,105	225,370	400,834	398,352	657,989
Penalties and interest	751,116	690,885	586,334	650,769	978,028
Investment income	2,164,133	1,187,332	1,224,557	1,335,344	363,604
Other	505,948	527,439	1,505,471	871,869	548,903
	<b>\$ 63,593,005</b>	<b>\$ 60,074,954</b>	<b>\$ 58,646,942</b>	<b>\$ 56,551,179</b>	<b>\$ 53,238,291</b>
<b>Expenses by function</b>					
General government	\$ 3,186,736	\$ 2,931,065	\$ 2,530,341	\$ 2,541,082	\$ 2,854,226
Protection to persons and property	5,624,514	5,337,177	4,989,286	4,900,981	4,731,480
Transportation and services	12,442,202	11,522,561	11,523,155	10,523,338	9,524,552
Environmental services	21,363,390	19,099,961	18,995,166	18,256,570	18,597,146
Recreation and cultural services	8,204,708	7,849,232	7,745,303	7,868,838	8,415,683
Health, social and family services	823,566	911,950	873,271	1,158,420	1,028,055
Planning and development	3,289,479	3,004,497	2,825,639	3,496,458	3,366,135
	<b>\$ 54,934,595</b>	<b>\$ 50,656,443</b>	<b>\$ 49,582,161</b>	<b>\$ 48,745,687</b>	<b>\$ 48,517,277</b>
<b>Revenue related to capital</b>					
Government transfers	\$ 1,958,563	\$ 1,815,699	\$ 2,047,671	\$ 4,351,056	\$ 2,277,979
Development charges earned	1,860,509	580,399	56,003	673,166	648,760
Contributed tangible capital assets	242,710	3,589,372	4,446,716	50,484	1,779,724
Other	2,207,407	692,693	156,841	1,906,156	896,169
	<b>\$ 6,269,189</b>	<b>\$ 6,678,163</b>	<b>\$ 6,707,231</b>	<b>\$ 6,980,862</b>	<b>\$ 5,602,632</b>
Annual surplus	\$ 14,927,599	\$ 16,096,674	\$ 15,772,012	\$ 14,786,354	\$ 10,323,646
<b>Expenses by object</b>					
Salary, wages and benefits	\$ 19,901,301	\$ 18,677,764	\$ 17,461,981	\$ 16,886,933	\$ 16,137,223
Materials and supplies	10,448,322	9,050,058	8,931,115	17,061,554	17,355,050
Contracted services	15,132,546	13,077,657	12,372,390	5,691,564	5,380,967
Amortization and loss on disposal of assets	9,552,875	9,327,487	10,212,525	8,210,254	7,956,184
Interest on long term debt	138,375	164,533	189,131	219,864	253,772
Transfer payments	(238,824)	358,944	415,019	675,518	1,434,081
	<b>\$ 54,934,595</b>	<b>\$ 50,656,443</b>	<b>\$ 49,582,161</b>	<b>\$ 48,745,687</b>	<b>\$ 48,517,277</b>
<b>Trust funds</b>	<b>\$ 1,298,523</b>	<b>\$ 1,227,239</b>	<b>\$ 1,173,149</b>	<b>\$ 1,140,867</b>	<b>\$ 1,090,343</b>