

THE CORPORATION OF THE CITY OF STRATFORD

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

THE CORPORATION OF THE CITY OF STRATFORD

For the year ended December 31, 2022

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Management Report

The accompanying consolidated financial statements of The Corporation of the City of Stratford are the responsibility of the City's management and have been prepared in accordance with Canadian Public Sector Accounting standards. The preparation of the financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Corporation maintains a system of internal controls designed to provide reasonable assurance that the financial information is relevant, reliable, and accurate, that transactions are properly authorized and the Corporation's assets are properly accounted for and adequately safeguarded.

The financial statements have been examined by Millard, Rouse and Rosebrugh, LLP, Chartered Professional Accountants, the external auditors for the Corporation. The responsibility of the external auditor is to express an opinion on whether the financial statements are fairly presented, in all material respects, in accordance with Canadian Public Sector Accounting standards.

Stratford City Council, through the Audit Committee, is responsible for ensuring that management fulfills its responsibility for financial reporting and internal control. The Audit Committee meets periodically with management, as well as with the external auditors to satisfy itself that each party is properly discharging its responsibilities with respect to internal controls and financial reporting.

The Audit Committee meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

Karmen Krueger, CPA, CA
Director of Corporate Services/Treasurer

Michael Koktan, CPA, CA
Manager of Financial Services

Stratford, Ontario, Canada

December 2, 2024

INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of
The Corporation of the City of Stratford

Opinion

We have audited the consolidated financial statements of The Corporation of the City of Stratford (the 'Corporation'), 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 consolidated financial position of the Corporation as at December 31, 2022, and the consolidated results of its operations, its consolidated changes and net assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

Responsibilities of Management and Those Charged with Governance for the 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 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 Corporation's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

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

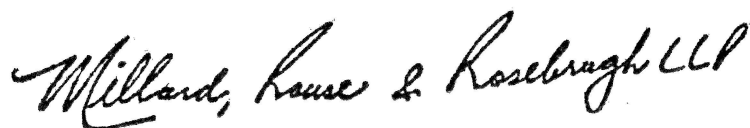
Auditors' Responsibilities for the Audit of the Financial Statements

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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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 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 Corporation'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 Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation 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 group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.



November 25, 2024
Brantford, Ontario

CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

THE CORPORATION OF THE CITY OF STRATFORD

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31	2022	2021
Financial Assets		
Cash and cash equivalents (Note 2)	39,886,053	43,201,943
Taxes receivable	2,490,604	2,224,491
Trade and other receivable	18,131,205	10,857,984
Loans receivable (Note 3)	904,359	1,101,008
Investments (Note 4)	28,463,673	26,394,975
Investment in government business enterprises (Note 5)	51,285,420	47,484,869
Land held for resale	347,651	347,651
	<u>141,508,965</u>	<u>131,612,921</u>
Financial Liabilities		
Accounts payable and accrued liabilities	23,308,601	21,452,173
Deferred revenue (Note 7)	30,289,872	26,726,239
Solid waste landfill closure and post closure liability (Note 8)	3,736,000	3,620,000
Employee benefits payable (Note 10)	15,781,318	15,234,090
Long-term debt (Note 11)	49,505,852	49,775,859
	<u>122,621,643</u>	<u>116,808,361</u>
Net Financial Assets	<u>18,887,322</u>	<u>14,804,560</u>
Non-Financial Assets		
Tangible capital assets (Note 20)	342,667,114	317,863,185
Inventory	314,853	317,629
Prepaid expenses	832,382	715,791
Other non-financial assets (Spruce Lodge)	62,133	46,119
	<u>343,876,482</u>	<u>318,942,724</u>
Total Net Assets	<u>362,763,804</u>	<u>333,747,284</u>
Accumulated Surplus (Note 13)	<u>362,763,804</u>	<u>333,747,284</u>

Contractual Obligations (Note 9)

Contingencies (Note 14)

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

THE CORPORATION OF THE CITY OF STRATFORD

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended December 31	2022 Budget (Note 21)	2022	2021
Revenue			
Net municipal taxation	68,826,984	68,549,192	63,776,067
Payments-in-lieu of taxation	-	512,484	492,423
Conditional grants	30,849,323	45,172,093	38,518,425
Revenue from other municipalities	7,473,377	10,810,051	11,759,586
User fees and service charges	24,154,500	26,893,006	24,384,711
Licenses, permits and rents	4,765,611	7,176,903	4,507,268
Fines and penalties	555,000	504,981	489,345
Other revenue	2,465,774	5,123,528	4,268,903
Income from government business enterprises	-	6,214,976	2,414,465
	139,090,569	170,957,214	150,611,193
Expenses			
General government	10,017,714	11,564,338	8,644,694
Protection services	23,998,973	25,002,656	23,143,078
Transportation services	12,186,301	15,233,109	14,429,286
Environmental services	11,629,425	13,530,162	12,604,808
Health services	8,995,016	9,665,847	10,085,063
Social and family services	29,132,830	33,949,531	28,410,278
Social housing	8,583,500	14,005,682	13,780,260
Recreation and cultural services	12,143,689	12,566,066	11,367,789
Planning and development	6,442,035	6,415,122	6,090,771
	123,129,483	141,932,513	128,556,027
Annual Surplus	15,961,086	29,024,701	22,055,166
Increase (decrease) in Net Municipal Position	15,961,086	29,024,701	22,055,166
Change in proportionate consolidation (Note 18)	-	(8,181)	(229,968)
Opening Accumulated Surplus	333,747,284	333,747,284	311,922,086
Ending Accumulated Surplus (Note 13)	349,708,370	362,763,804	333,747,284

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

THE CORPORATION OF THE CITY OF STRATFORD
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

For the year ended December 31	2022 Budget (Note 21)	2022	2021
Annual Surplus	15,961,086	29,024,701	22,055,166
Acquisition of tangible capital assets	(40,235,075)	(25,968,722)	(23,924,812)
Acquisition of tangible capital assets - WIP	-	(9,450,314)	(2,743,865)
Amortization of tangible capital assets	10,035,361	10,035,361	9,879,261
(Gain)/loss on disposal of tangible capital assets	-	518,760	191,319
Proceeds from sale of tangible capital assets	-	44,624	37,618
	(14,238,628)	4,204,410	5,494,687
Change in inventory	-	2,776	14,238
Change in other non-financial assets	-	(16,014)	102,119
Change in prepaid expenses	-	(116,591)	818,691
Change in Net Financial Assets (Debt)	(14,238,628)	4,074,581	6,429,735
Net Financial Assets (Debt), Beginning of the Year	14,804,560	14,804,560	8,454,514
Change in proportional consolidation (Note 18)	-	8,181	(79,689)
Net Financial Assets (Debt), End of the Year	565,932	18,887,322	14,804,560

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

THE CORPORATION OF THE CITY OF STRATFORD

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31	2022	2021
Cash Provided By (Used In)		
Operating Activities		
Annual Surplus	29,024,701	22,055,166
Items not involving cash:		
Amortization of tangible capital assets	10,035,361	9,879,261
Loss/(Gain) on disposal of tangible capital assets	518,760	191,319
Government business enterprise net earnings	(4,439,150)	(3,305,351)
Changes in non-cash operating working capital:		
Trade and other receivables	(7,273,221)	(4,005,562)
Taxes receivable	(266,113)	160,563
Inventory	2,776	14,238
Prepaid expenses	(116,591)	818,691
Other non-financial assets	(16,014)	102,119
Accounts payable and accrued liabilities	1,856,428	5,325,238
Deferred revenue	3,563,633	3,290,533
Employee benefits payable	547,228	1,222,097
Solid waste landfill closure and post closure liability	116,000	283,093
	33,553,798	36,031,405
Financing Activities		
Long-term debt advanced	5,349,833	-
Repayment of long-term debt	(5,619,840)	(6,253,872)
	(270,007)	(6,253,872)
Investing Activities		
Dividends from Government business enterprises	638,599	890,886
Net increase in investments	(2,068,698)	(1,449,884)
Net (increase)/decrease in loans receivable	196,649	191,043
	(1,233,450)	(367,955)
Capital Transactions		
Purchase of tangible capital assets	(35,419,036)	(26,668,677)
Proceeds from the sale of tangible capital assets	44,624	37,618
	(35,374,412)	(26,631,059)
Change in Cash and Cash Equivalents	(3,324,071)	2,778,519
Cash and Cash Equivalents, Beginning of Year	43,201,943	40,503,113
Change in proportionate consolidation (Note 18)	8,181	(79,689)
Cash and Cash Equivalents, End of Year	39,886,053	43,201,943

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

THE CORPORATION OF THE CITY OF STRATFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Corporation of the City of Stratford (the “Corporation”) are prepared by management in accordance with Canadian public sector accounting standards for local governments as recommended by the Public Sector Accounting Board ("PSAB") of Chartered Professional Accountants Canada. Significant aspects of accounting policies are as follows:

(a) Reporting entities

These consolidated financial statements reflect the assets, liabilities, revenues and expenditures of the Corporation and include the activities of all committees of Council and the following local boards, municipal enterprises and utilities which are accountable to the Corporation for the administration of their financial affairs and resources and are owned or controlled by the Corporation.

(i) Consolidated entities:

- Stratford Public Library
- Police Services Board
- Board of Parks
- Downtown Stratford BIA
- Perth & Stratford Housing Corporation
- SEED Co.

(ii) Proportionally consolidated entities:

The following entities are proportionally consolidated with the financial statements of the Corporation based on an approved funding agreement effective January 1, 2022.

	2022	2021
Perth District Health Unit	23.26%	23.40%
Spruce Lodge Home for the Aged	41.11%	41.13%
Spruce Lodge Home Assistance Corporation	41.11%	41.13%
Spruce Lodge Foundation	41.11%	41.13%

The method of consolidation is based on notional weighted assessment as stated in the new shared services costing agreement.

(iii) Equity accounting:

Government business enterprises are accounted for by the modified equity method. Under the modified equity method, the accounting principles of government business enterprises are not adjusted to conform to the Corporation's accounting principles and inter-organizational transactions and balances are not eliminated. However, inter-organizational gains and losses are eliminated on assets remaining with the government reporting entities at the reporting date.

The government business enterprises include:

- Festival Hydro Inc.
- Festival Hydro Services Inc.

THE CORPORATION OF THE CITY OF STRATFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of accounting:

Revenues and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable. Expenditures are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

(c) Cash and cash equivalents:

Cash and cash equivalents are comprised of cash on hand, cash held in financial institutions and temporary investments with maturities of 60 days or less.

(d) Bank indebtedness:

Bank indebtedness is a fluctuating short term line of credit held in a financial institution.

(e) Tangible capital assets:

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset, and include interest charges when these charges are directly attributable to the capital project. Donated or contributed assets are capitalized and recorded at their estimated fair value upon acquisition. Leased capital assets are valued at the present value of the future minimum lease payments. Certain tangible capital assets for which historical cost information is not available have been recorded at current replacement cost deflated by a relevant inflation factor.

Works of art and other historical treasures are accounted for in the same method as the other tangible capital assets, with the exception that they are not amortized.

Work in progress identified in this and subsequent notes relates to assets under construction. The costs, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements	20 to 30 years
Buildings and building equipment	15 to 50 years
Computer equipment	5 years
Furniture and fixtures	15 to 30 years
Vehicles	2 to 25 years
Machinery and equipment	5 to 25 years
Linear assets	20 to 40 years
Other capital assets	50 years
Roads	15 to 60 years
Bridges	60 to 75 years
Water and wastewater facilities	35 to 100 years
Underground and other networks	100 years

(f) Land held for resale:

The land held for resale is recorded at the lower of cost and net realizable value.

THE CORPORATION OF THE CITY OF STRATFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Tax revenues:

In 2022, the Corporation billed over \$68.4 million in property tax revenue for municipal purposes. A further \$11.5 million in provincial education taxes were collected on behalf of the Province of Ontario for education purposes and remitted to the Province during the year, and do not form part of these financial statements. The authority to levy and collect property taxes is established under the Municipal Act, 2001, the Assessment Act, the Education Act and other legislation.

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

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

Taxation revenues in any given year may also be reduced as a result of reductions in assessment values rising from assessment appeals. Each year, an amount is identified in the budget to cover the estimated amount of revenue loss attributable to assessment appeals, tax appeals, or other deficiencies in tax revenue.

(h) Deferred revenue:

The recreational land (Planning Act), development charges fund, and sub divider contributions are prescribed by legislation, or agreement and are reported as deferred revenue on the consolidated statement of financial position. Grants that are received in the year, but are subject to external restrictions that have not been fulfilled, are recorded in deferred revenue until those obligations are met. In addition, certain user charges and fees are collected for which the related services have yet to be performed. These amounts are recognized as revenue in the fiscal year the related expenditures are incurred or services performed.

(i) Long-term investments:

Long-term investments are recorded at cost less any amounts written-off to reflect a permanent decline in market value below cost. Investments consist of authorized investments pursuant to provisions of the Municipal Act and comprise government and corporate bonds, debentures, pooled investment funds and short-term instruments of various financial institutions.

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

(j) Inventory:

Inventory is valued at the lower of cost and net realizable value on a first-in, first-out basis.

(k) Employee benefits payable:

The Corporation provides post-retirement health care, life insurance and unused sick leave benefits to eligible retired employees. The benefits earned by employees are actuarially determined using management's best estimate of salary escalation, retirement ages of employees and expected benefit costs.

THE CORPORATION OF THE CITY OF STRATFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Employee benefits payable (Continued):

Past service costs from plan amendments related to prior period employee services are accounted for in the period of the plan amendment. The effects of a gain or loss from settlements or curtailments are expensed in the period they occur. Net actuarial gains and losses related to the employee benefits are amortized over the average remaining service life of the related employee group. Employee future benefit liabilities are discounted at the Corporation's cost of borrowing using estimated rates for debt with maturities similar to expected benefit payments in the future. The costs of workplace safety and insurance obligations are actuarially determined and are expensed.

(l) Use of estimates:

The preparation of the consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. The amounts subject to such estimates include employee benefits payable, assessment appeals, claims provisions, and solid waste landfill closure and post-closure liability. Actual results could differ significantly from those estimates.

(m) Transactions on behalf of others:

Trust funds operated by the Corporation amounting to \$2,965,117 (2021 - \$2,884,171) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations, as they are reported on separately. The Trust funds held by the Corporation consist primarily of funds related to legislated perpetual care amounts and prepaids relating to cemetery activity.

(n) Government transfer revenue:

Government transfer revenue is recorded once it is authorized by the transferring government and the Corporation is eligible to receive the transfer. Any amount received but restricted is recorded as deferred revenue in accordance with Section 3410 of the Public Sector Accounting Handbook and recognized as revenue in the period in which the resources are used for the purpose specified.

Government transfers include social assistance program funding representing 80-100% of certain social services programs, social service administration funding covering 50% of certain administration costs and transfers for social housing totaling approximately 20% of costs of the program.

In addition, the Corporation periodically receives senior government capital funding in the form of infrastructure grants and receives ongoing funding from both senior levels of government as a result of an allocation of gas tax funds.

(o) Contaminated sites:

Public Sector Accounting Handbook section 3260 - Liability for Contaminated Sites, requires that the Corporation recognize a liability for remediation of contaminated sites when contamination of a site, for which the Corporation is directly responsible or accepts responsibility, exceeds an existing environmental standard and a reasonable estimate of the remediation costs can be made. The Corporation has established an inventory of municipally owned sites and is in the process of evaluating if it will be required to recognize a liability for remediation of any of the sites.

THE CORPORATION OF THE CITY OF STRATFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

2. CASH AND CASH EQUIVALENTS

The following is a breakdown of cash and cash equivalents and bank indebtedness:

	2022	2021
General bank accounts	3,478,336	8,523,874
General reserve bank accounts	36,404,380	34,674,432
Petty cash	3,337	3,637
	39,886,053	43,201,943

3. LOANS RECEIVABLE

The following loans are outstanding at December 31:

	2022	2021
Stratford Perth Museum	256,333	269,966
Heritage Conservation District Loans	32,709	49,002
Stratford Soccer Association	50,000	60,000
Stratford Perth Museum (2)	117,451	124,721
Stratford Chef School	37,353	145,754
Stratford Soccer Association Turf Field	410,513	451,565
	904,359	1,101,008

The Stratford Perth Museum loan matures in 2037, has an interest rate of 3% with repayments of \$1,791 being made monthly.

The Heritage Conservative District loans are interest-free 10 year loans with maturity dates between March 2023 and July 2033.

The Stratford Perth Museum (2) matures in 2038, has an interest rate of 0.5% with repayments of \$656 being made monthly.

The Stratford Soccer Association loan is a 15 year interest-free loan maturing September 2028 with a yearly payment of \$10,000.

The Stratford Chef School loan is a 6 year loan at an interest rate of 5%.

The Stratford Soccer Association turf field loan is a 15 year interest-free loan maturing December 2032 with a yearly payment of \$41,051.

THE CORPORATION OF THE CITY OF STRATFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

4. INVESTMENTS

	2022	2022	2021	2021
	Cost	Market Value	Cost	Market Value
Restricted Deposit notes/GIC's	2,358,861	2,022,306	4,436,385	4,357,896
Restricted Fixed Income	17,574,685	15,164,599	13,587,732	15,309,350
Total Restricted	19,933,546	17,186,905	18,024,117	19,667,246
Unrestricted Deposit notes/GICs	1,245,459	1,026,073	1,656,960	1,656,960
Unrestricted Fixed Income	7,284,668	6,851,801	6,713,898	6,714,413
Total Unrestricted	8,530,127	7,877,874	8,370,858	8,371,373
Total	28,463,673	25,064,779	26,394,975	28,038,619

Investments earn interest between 0.95% and 5.15% and have maturity dates between January 2023 and March 2031.

THE CORPORATION OF THE CITY OF STRATFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

5. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES

The Corporation holds a 100% interest in Festival Hydro Inc. and Festival Hydro Services Inc. as follows:

	2022	2021
Festival Hydro (a)	49,639,035	45,896,146
Festival Hydro Services Inc. (b)	1,646,385	1,588,723
	51,285,420	47,484,869
(a) Festival Hydro Inc.:	2022	2021
Financial position:		
Current assets	13,904,829	14,565,257
Capital assets	58,854,033	57,113,909
Other assets	2,591,168	1,734,841
Total assets	75,350,030	73,414,007
Regulatory balances	7,503,962	4,527,854
Current liabilities	15,289,157	13,115,959
Demand loan payable to the City of Stratford	15,600,000	15,600,000
Post-employment benefits	1,009,878	1,361,643
Other liabilities	15,815,090	15,836,536
Total liabilities	47,714,125	45,914,138
Regulatory balances	1,100,832	1,731,577
Equity	34,039,035	30,296,146
Financial activities:		
Revenues	68,881,680	72,338,384
Operating expenses	(67,405,916)	(69,125,670)
Finance costs (net)	172,396	(939,719)
Income tax	(1,096,421)	(917,289)
Net movement in regulatory balances	3,526,491	1,758,928
Other comprehensive income (loss)	303,258	80,606
Equity, beginning of year	30,296,146	27,991,792
Dividends paid or payable on shares	(638,599)	(890,886)
Equity, end of year	34,039,035	30,296,146
Investment in Festival Hydro Inc.:		
Equity, end of year	34,039,035	30,296,146
Demand loan payable to the City of Stratford	15,600,000	15,600,000
Net investment	49,639,035	45,896,146

THE CORPORATION OF THE CITY OF STRATFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

5. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES (Continued)

(b) Festival Hydro Services Inc.:	2022	2021
Financial Position:		
Current assets	54,169	78,847
Capital assets	2,840,389	3,078,178
Other assets	70,719	29,990
Total assets	2,965,277	3,187,015
Current liabilities	56,021	33,211
Demand loan payable to the City of Stratford	372,000	372,000
Other liabilities	1,262,911	1,565,081
Total liabilities	1,690,932	1,970,292
Equity	1,274,345	1,216,723
Financial activities:		
Revenues	1,371,559	1,336,141
Operating expenses	(1,247,932)	(1,137,808)
Finance costs (net)	(43,965)	(49,222)
Income tax	(22,000)	(39,000)
Equity, beginning of year	1,216,723	1,106,612
Dividends on common shares	-	-
Equity, end of year	1,274,385	1,216,723
Investment in Festival Hydro Services Inc.:		
Equity, end of year	1,274,385	1,216,723
Demand loan payable to the City of Stratford	372,000	372,000
Net investment	1,646,385	1,588,723

During the year, and within the normal course of operations, the Corporation was provided water and sewer billing and collection services by Festival Hydro Inc. Amounts paid to Festival Hydro Inc. by the corporation were \$499,716 (2021 - \$494,093).

The Corporation also leases space from Festival Hydro Inc. for which it paid rent of \$33,477 (2021 - \$27,638) during the year.

THE CORPORATION OF THE CITY OF STRATFORD
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For the year ended December 31, 2022

6. PENSION AGREEMENT

The Corporation makes contributions to the Ontario Municipal Employees Retirement System (OMERS), a multi-employer plan, on behalf of its employees. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The 2022 contribution rates are 9.0% for employee earnings below the year's maximum pensionable earnings and 14.6% thereafter for employees with a normal retirement age of 65. The 2021 contribution rates were 9.0% for employees earning below the year's maximum pensionable earnings and 14.6% thereafter for employees with a normal retirement age of 60. Employees and employers contribute jointly to the plan.

OMERS is a multi-employer plan, therefore any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Corporation does not recognize any share of the OMERS pension surplus or deficit. Contributions made by the Corporation to OMERS for 2022 were \$3,544,764 (2021 - \$3,554,235) and are matched by employee contributions in a similar manner. Employer contributions are recognized as an expenditure in the consolidated statement of financial activities in the year contributions are made.

The OMERS pension plan has a deficit. If actuarial surpluses are not available to offset the existing deficit and subsidize future contributions, increases in contributions would be required in the future from all OMERS participants. The latest available report for the OMERS plan was December 31, 2022. At that time, the Plan reported a \$6.7 billion actuarial deficit (2021 - \$3.1 billion actuarial deficit).

THE CORPORATION OF THE CITY OF STRATFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

7. DEFERRED REVENUE

	Balance at December 31 2021	Additions	Withdrawals	Balance at December 31 2022
Obligatory Reserve Funds:				
Development charges	14,531,121	6,362,993	5,508,785	15,385,329
Subdivider contributions	115,980	4,742	-	120,722
Recreational land (The Planning Act)	769,494	394,201	-	1,163,695
Federal gas tax	9,555,789	2,393,315	1,638,952	10,310,152
Provincial gas tax	424,736	489,842	418,641	495,937
Building permit inspections	-	318,465	100,988	217,477
Other current miscellaneous	728,600	2,588,475	1,354,450	1,962,625
Other consolidated entities:				
Other	600,519	38,900	5,484	633,935
	26,726,239	12,590,933	9,027,300	30,289,872
	Balance at December 31 2020	Additions	Withdrawals	Balance at December 31 2021
Obligatory Reserve Funds:				
Development charges	12,595,538	2,538,275	602,692	14,531,121
Subdivider contributions	113,325	2,655	-	115,980
Recreational land (The Planning Act)	673,955	169,315	73,776	769,494
Federal gas tax	6,241,055	4,138,159	823,425	9,555,789
Provincial gas tax	612,878	491,933	680,075	424,736
Other current miscellaneous	2,792,081	586,891	2,650,372	728,600
Other consolidated entities:				
Other	406,874	775,046	581,401	600,519
	23,435,706	8,702,274	5,411,741	26,726,239

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

8. SOLID WASTE LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

Solid waste landfill closure and post-closure liability accounts for anticipated closure and post-closure costs for the existing and closed landfill sites. This liability is the estimated cost to date, based on a volumetric basis, of the expenditures related to those activities required when the site or phase stops accepting waste.

Post-closure activities include all activities related to monitoring the site once it can no longer accept waste, including acquisition of any additional land for buffer zones, treatment and monitoring of leachate, monitoring ground water and surface water, gas monitoring and recovery, and ongoing maintenance of various control systems, drainage system and final cover.

The estimated liability for the care of landfill sites is the present value of future cash flows associated with closure and post-closure costs. The liability includes the portion of the landfill that was closed in 1995. This liability is partially funded by a reserve fund.

Key assumptions in arriving at the liability are:

	2022	2021
The landfill is expected to reach capacity in 2043		
Remaining capacity as at December 31	1.25 million tonnes	1.25 million tonnes
Expected closing cost in 2022 dollars	\$ 3,736,000	\$ 3,620,000
Costs still to be recognized	\$ 3,158,662	\$ 3,093,143
Expected inflation rate	2 %	2 %
Discount rate	3.90 %	3.90 %
Estimated time needed for post-closure care	50 Years	50 Years

The Corporation has established a reserve fund to assist with the post closure costs. The reserve fund has a balance of \$577,338 (2021 - \$526,857).

9. CONTRACTUAL OBLIGATIONS

At December 31, the Corporation had a number of contracts and commitments that remained fully or partially outstanding as noted, representing future year commitments:

The Corporation has a contract with Ontario Clean Water Agency to operate the sewage system. The term of the agreement is 10 years for the period January 1, 2018 to December 31, 2027. The contract fees amounting to \$1,039,567 (2021 - \$996,072) are reported in the Consolidated Statement of Operations. The 2023 commitment is \$1,126,045.

The Corporation has entered into several agreements for the lease and supply of various equipment, vehicles and services with expected payments of approximately \$2,233,800 for 2023.

In February 2022, the Corporation entered into an agreement for purchase of service agreement with StormFisher Environmental Ltd. for the processing of source separated organics for \$100.01 per tonne, and expected tonnage of 1,000 annually to March 2023 with a future year commitment of \$100,000.

The Corporation has outstanding contractual obligations of approximately \$8,226,200 at December 31, 2022 for various capital works that were not completed in 2022.

THE CORPORATION OF THE CITY OF STRATFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

10. EMPLOYEE BENEFITS PAYABLE

Employee future benefits are liabilities of the Corporation to its employees and early retirees for benefits earned but not taken. Details are as follows:

	2022	2021
Post-retirement benefits (a)	10,999,076	11,319,748
Workplace Safety and Insurance Board Obligation (b)	4,782,242	3,914,342
	15,781,318	15,234,090

The Corporation provides benefits to retirees until they reach 65 years of age, provides certain benefits to employees on long-term disability, allows certain employees to accumulate unused sick leave to be taken as a cash payment on termination. Above values are based on actuarial and management estimates as at December 31, 2022.

(a) The actuarial analysis is only for the City of Stratford, not including WSIB. Significant assumptions used in the actuarial valuation are as follows:

	2022	2021
Discount rate	2.60 %	2.60 %
Rate of compensation increase	2.50 %	1.50 %
Healthcare cost increase	8.00 %	8.00 %

The benefit obligation continuity is as follows:

	2022	2021
Accrued benefit obligation end of prior year	10,696,300	10,605,700
Current period benefit cost	651,800	635,300
Retirement interest expenditure	281,100	281,500
Benefits paid	(1,070,000)	(826,200)
Accrued Benefit Obligation as at December 31	10,559,200	10,696,300
Unamortized actuarial (gain) loss	(228,800)	-
Liability for post-retirement benefits	10,330,400	10,696,300

Post-retirement benefits expense is as follows:

	2022	2021
Current period benefit cost	651,800	635,300
Retirement interest expenditure	281,100	281,500
Amortization of actuarial (gain) loss	166,100	179,400
Total post-retirement benefits expense	1,099,000	1,096,200

Reserves have been established to partially provide for this past service liability. The balance at the end of the year is \$5,878,907 (2021 - \$6,118,111). An amount of \$609,387 (2021 - \$nil) was paid out of reserves to employees who left the Corporation's employment during the current year.

(b) The City of Stratford is a Workplace Safety and Insurance Board (WSIB) Schedule 2 employer. The Corporation has recorded an accrual for the estimate of future benefit costs and administrative loading as calculated by actuaries. During the year, \$726,132 (2021 - \$789,409) was paid by the Corporation to the WSIB in relation to those benefits.

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For the year ended December 31, 2022

11. LONG-TERM DEBT

The balance of long-term debt reported on the consolidated statement of financial position consists of total long-term debt incurred by municipal enterprises. The amount at the end of the year is as follows:

	2022	2021
OSIFA debenture bearing interest at 2.57% due June 2032	12,728,533	14,068,377
OSIFA debenture bearing interest at 2.78% due September 2024	134,000	201,000
OSIFA debenture bearing interest at 2.74% due November 2028	1,735,208	2,024,409
OMEIFA debenture bearing interest at 4.96% due November 2034	8,071,858	8,744,512
OMEIFA debenture bearing interest at 2.70% due November 2034	729,797	780,666
OMEIFA debenture bearing interest at 4.28% due December 2024	733,333	1,100,000
OMEIFA debenture bearing interest at 3.21% due December 2026	5,611,369	7,014,212
OMEIFA debenture bearing interest at 3.42% due December 2023	4,482,867	4,890,400
Royal Bank loan payable, interest at 2.63% per annum, due February 2026	-	141,254
Royal Bank loan payable, interest at 2.42% per annum, due June 2024	493,893	684,669
Royal Bank loan payable, interest at 2.84% per annum, due April 2027	3,480,287	3,633,760
Royal Bank loan payable, interest at 2.88% per annum, due April 2028	3,446,278	3,597,657
Royal Bank loan payable, interest at 2.49% per annum, due April 2025	512,591	723,151
Royal Bank loan payable, interest at 2.51% per annum, due April 2023	1,012,412	1,081,559
Royal Bank loan payable, interest at 2.80% per annum, due April 2026	1,021,765	1,090,233
Royal Bank loan payable, interest at 5.65% per annum, due October 2027	3,595,127	-
Royal Bank loan payable, interest at 5.66% per annum, due October 2027	1,716,534	-
	49,505,852	49,775,859

Principal repayments are summarized as follows:

2023	5,674,739
2024	5,708,339
2025	5,061,211
2026	4,913,662
2027	3,540,911
Thereafter	24,606,990
	49,505,852

Long-term liabilities and commitments to be financed from reserves beyond the term of Council are covered by by-law. The principal and interest payments required to service existing and pending issues and commitments are within the debt repayment limit prescribed by the Ministry of Municipal Affairs.

Total interest on long-term debt was \$2,379,437 (2021 - \$1,920,798).

THE CORPORATION OF THE CITY OF STRATFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

12. PUBLIC LIABILITY INSURANCE

In recent years, there have been substantial increases in premiums charged by the insurance industry for public liability insurance. As a result, the Corporation has undertaken some portion of the risk, which would historically have been covered by outside insurers.

The Corporation is self-insured for public liability claims up to \$50,000 for any individual claim and \$50,000 for any number of claims arising out of a single occurrence. Outside coverage is in place for claims in excess of these limits.

As at December 31, 2022, there are legal claims commenced against the Corporation that remain outstanding. No provision has been made for any claims that are expected to be covered by insurance or where the consequences are undeterminable. Where the claims are not expected to be covered by insurance and where management has assessed the likelihood of exposure as being more likely that not and is able to reasonably assess the exposure, an amount is provided for in these consolidated financial statements.

13. ACCUMULATED SURPLUS

The accumulated surplus balance is comprised of balances in reserves and reserve funds, operating surplus, capital surplus, unfunded liabilities to be recovered in the future, investment in government business enterprises and investment in tangible capital assets.

	2022	2021
Reserves set aside for specific purposes by Council:	18,154,667	17,292,291
Reserve Funds set aside for specific purpose by Council:	43,555,896	45,254,869
Amounts to be recovered:		
Investment in Government Business Enterprise	(15,972,000)	(15,972,000)
Solid waste landfill closure and post closure liability	(3,736,000)	(3,620,000)
Employee benefits payable	(15,781,318)	(15,234,090)
Long-term debt	(49,505,852)	(49,775,859)
Interest accrual on debt	(124,978)	(112,992)
Total amounts to be recovered	(85,120,148)	(84,714,941)
Cumulative operating deficit	(8,126,796)	(9,780,640)
Investment in Government Business Enterprise	51,285,420	47,484,869
Land held for resale	347,651	347,651
Work in progress	25,041,542	15,803,877
Investment in tangible capital assets	317,625,572	302,059,308
Total accumulated surplus	362,763,804	333,747,284

The cumulative operating deficit reflects the Corporation's \$1,169,805 cash-basis operating surplus as well as PSAB and consolidated adjustments.

THE CORPORATION OF THE CITY OF STRATFORD
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For the year ended December 31, 2022

14. CONTINGENCIES

As of December 31, 2022, certain legal actions and other contingent liabilities are pending against the Corporation. Reference can be made to note 12 for details of the public liability insurance maintained by the Corporation. Not all contingencies can be estimated at year-end since the outcome of these matters is indeterminate at this time.

15. FINANCIAL INFORMATION FOR THE LIBRARY BOARD

The Ministry of Culture provides operating grants and pay equity grants to the Library. A condition of this grant is that the Library Board supply its financial information to the Ministry. This information may be included in the consolidated financial statements provided that the financial information of the library is identified either by a separate schedule or a note.

	2022	2021
Revenue		
Other grant revenue	6,146	8,074
Public library operating grant	57,509	57,275
Investment and interest income	35	-
Fees and charges	374,398	458,958
Donations	63,734	5,560
Total revenue	501,822	529,867
Expenses		
Wages	2,238,959	2,258,504
Materials	109,450	104,395
Services	526,298	381,795
Other	37,315	94,296
Total Expenses	2,912,022	2,838,990
Deficiency of revenue over expenses	2,410,200	2,309,123
Deficiency was funded as follows:		
Transfer from (to) reserves and reserve funds	(230,724)	(227,853)
Contribution from the Corporation	2,640,924	2,536,976
	2,410,200	2,309,123

THE CORPORATION OF THE CITY OF STRATFORD
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16. GOVERNMENT PARTNERSHIP - HURON PERTH PUBLIC HEALTH

The Corporation of the City of Stratford is a partner in Huron Perth Public Health. The Corporation provides 23.26% (2021 - 23.40%) of the municipal funding for the Cost Shared Mandatory related programs. The Corporation's share of results of Huron Perth Public Health's financial results from operations for the year and its financial position at year-end have been consolidated within these financial statements. At December 31, 2022 Huron Perth Public Health's financial results and financial performance are as follows:

	2022	2021
Financial assets	2,888,072	2,711,957
Liabilities	(4,024,830)	(3,731,424)
Non-financial assets	5,689,986	5,572,695
Accumulated surplus	4,553,228	4,553,228
Revenues	22,273,577	23,077,870
Expenses	(22,273,577)	(24,424,804)
Annual surplus/(deficit) before restructuring adjustments	-	(1,346,934)

The Corporation's share of Huron Perth Public Health's assets, liabilities and accumulated surplus at December 31, 2022 are as follows:

Financial assets	671,766	634,598
Liabilities	(936,175)	(873,153)
Non-financial assets	1,323,491	1,304,011
Accumulated surplus	1,059,082	1,065,456

THE CORPORATION OF THE CITY OF STRATFORD
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For the year ended December 31, 2022

17. GOVERNMENT PARTNERSHIP - SPRUCE LODGE

The Corporation of the City of Stratford is a partner in Spruce Lodge Home for the Aged and its related entities. The Corporation provides 41.11% (2021 - 41.13%) of the municipal funding for the Costs Shared Mandatory related programs. The Corporation's share of results of Spruce Lodge Home for the Aged and its related entities' financial results from operations for the year and its financial position at year-end have been consolidated within these financial statements. At December 31, 2022, Spruce Lodge Home for the Aged and its related entities' financial results and financial performance are as follows:

	2022	2021
Financial assets	5,043,304	6,067,494
Liabilities	(3,384,404)	(3,052,823)
Non-financial assets	7,373,659	7,118,708
Accumulated surplus	9,032,559	10,133,379
Revenues	16,366,028	14,042,219
Expenses	(16,602,240)	(14,135,155)
Annual deficit	(236,212)	(92,936)

The Corporation's share of Spruce Lodge Home for the Aged and its related entities' assets, liabilities and accumulated surplus at December 31, 2022 are as follows:

Financial assets	2,073,302	2,495,560
Liabilities	(1,391,328)	(1,255,626)
Non-financial assets	3,031,311	2,927,925
Accumulated surplus	3,713,285	4,167,859

18. CHANGE IN PROPORTIONATE CONSOLIDATION

The change in proportionate consolidation of joint local boards is the result of new funding agreements effective January 1, 2022. The resulting changes in funding percentages and their effects are as follows:

	2022	2021	Change
Funding percentage			
Huron Perth Public Health	23.26 %	23.40 %	-0.14 %
Spruce Lodge	41.11 %	41.13 %	-0.02 %
			January 1, 2022
Effect of Change in Funding Percentages			
Tangible capital assets			
Cost			(14,202)
Accumulated amortization			5,269
Net book value			(8,933)
Net financial assets			1,260
Other non-financial assets			(508)
Change in Net Municipal Position			(8,181)

THE CORPORATION OF THE CITY OF STRATFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022

19. SEGMENTED INFORMATION

The Corporation of the City of Stratford is a diversified municipal government institution that provides a wide range of services to its citizens. For reporting purposes, the Corporation's operations and activities are organized in segments. The services and activities of each segment are as follows:

General government

This item is related to the revenues and expenses of the operations of the Corporation itself and cannot be directly attributed to a specific segment.

Protection services

Protection is comprised of police services, fire department and building department. The police services department is to ensure the safety and protection of the citizens and their property, preserve peace and good order, detect offenders and enforce the law. The fire department provides fire suppression service, fire prevention programs, training and education related to prevention and detection of fires. The building department enforces the building and construction codes and municipal by-laws.

Transportation services

Transportation services include public works services related to planning, development and maintenance of the roadway systems, street lighting, transit and parallel transit, parking administration and control and the operations of the Stratford Municipal Airport.

Environmental services

Environmental services include providing sanitary and storm sewer, water, waste collection and disposal and recycling services.

Health services

Health services are comprised of public health services which works to improve the overall health of the population and overcome health inequalities by providing services to individuals and communities. This segment also includes ambulance services and cemetery operations.

Social and family services

Social Services provide services that are meant to help the less fortunate in society through Ontario Works assistance, child care subsidy program and best start and special needs programs. This segment also includes the operations of a municipal day care.

Social housing

Housing services are meant to help the less fortunate through social housing, affordable housing and public housing programs.

Recreation and cultural services

Recreation and cultural services are meant to improve the health and development of the citizens. Programs such as swimming, skating, day camps, festivals and library services are provided at locations such as parks, libraries, art gallery, recreation complexes, arenas, sports field and other municipal buildings. This segment also includes grants to numerous community organizations providing recreation and cultural activities.

Planning and development

Planning and development services manages urban development for business interests, environmental concerns, heritage matters, local neighbourhoods and the city centre. This segment also includes economic development and tourism.

For each reported segment, revenues and expenses represent the amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are used in preparation of segmented financial information. The revenue fund reports on municipal services that are funding primarily by property taxation revenues. Taxation and payments-in-lieu of taxes are apportioned based on the segment's net surplus. The segmented information follows the same accounting policies as disclosed in Note 1.

THE CORPORATION OF THE CITY OF STRATFORD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

19. SEGMENTED INFORMATION (Continued)

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Social Housing	Recreation and Cultural Services	Planning & Development	Total 2022
Revenue										
Taxation	5,626,988	12,165,819	7,412,143	6,583,521	4,703,218	16,519,200	6,814,900	6,114,410	3,121,477	69,061,676
Grants	11,193,855	667,590	519,890	418,507	4,446,003	25,780,705	1,373,506	234,852	537,185	45,172,093
Other municipalities	-	1,800,509	-	-	-	1,373,802	7,593,054	42,686	-	10,810,051
Fees and user charges	614,665	249,417	1,541,127	16,637,858	197,634	3,849,641	2,696,670	830,030	275,964	26,893,006
Licences and permits	359,646	345,215	676,172	-	363,509	-	3,149,360	1,678,372	604,629	7,176,903
Rents, fines, penalties	401,688	-	-	98,768	-	-	-	4,525	-	504,981
Other	8,610,642	27,821	19,630	12,193	2,376,955	13,368	-	130,017	147,878	11,338,504
	26,807,484	15,256,371	10,168,962	23,750,847	12,087,319	47,536,716	21,627,490	9,034,892	4,687,133	170,957,214
Expenses										
Salaries and benefits	5,555,883	21,795,581	6,399,879	3,168,315	516,647	6,108,842	324,288	6,144,468	1,188,339	51,202,242
Materials	394,995	1,001,057	2,930,976	1,463,819	108,386	1,326,764	3,038,195	1,335,948	118,917	11,719,057
Contracted Services	4,479,613	1,314,259	2,118,255	5,035,977	37,632	2,430,456	1,227,631	1,910,895	744,672	19,299,390
External Transfers	-	-	-	-	3,681,263	15,805,387	2,143,644	1,234,038	4,038,051	26,902,383
Amortization	688,415	714,166	3,639,786	2,576,994	222,779	306,445	439,129	1,447,647	-	10,035,361
Other	445,432	177,593	144,213	1,285,057	5,099,140	7,971,637	6,832,795	493,070	325,143	22,774,080
	11,564,338	25,002,656	15,233,109	13,530,162	9,665,847	33,949,531	14,005,682	12,566,066	6,415,122	141,932,513
Net Revenue (expenditure)	15,243,146	(9,746,285)	(5,064,147)	10,220,685	2,421,472	13,587,185	7,621,808	(3,531,174)	(1,727,989)	29,024,701

THE CORPORATION OF THE CITY OF STRATFORD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

19. SEGMENTED INFORMATION (Continued)

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Social Housing	Recreation and Cultural Services	Planning & Development	Total 2021
Revenue										
Taxation	4,428,751	11,549,165	7,200,693	6,290,218	5,032,781	14,177,673	6,876,808	5,672,904	3,039,497	64,268,490
Grants	7,336,606	508,731	1,966,559	370,498	4,714,410	21,718,425	1,490,229	178,039	234,928	38,518,425
Other municipalities	104,211	1,620,078	-	-	645,507	1,654,708	7,693,639	41,443	-	11,759,586
Fees and user charges	209,060	327,122	1,164,458	15,667,131	72,760	3,383,965	2,505,457	662,327	392,430	24,384,710
Licences and permits	252,763	253,861	459,888	-	481,470	-	858,697	1,181,865	1,018,725	4,507,269
Rents, fines, penalties	370,561	-	-	116,731	-	-	-	2,053	-	489,345
Other	5,401,955	3,758	19,814	13,414	1,024,707	10,413	-	100,545	108,762	6,683,368
	18,103,907	14,262,715	10,811,412	22,457,992	11,971,635	40,945,184	19,424,830	7,839,176	4,794,342	150,611,193
Expenses										
Salaries and benefits	4,332,738	20,488,212	6,626,077	3,338,625	494,799	5,181,784	1,057,435	5,502,468	1,057,478	48,079,616
Materials	421,887	789,631	2,316,551	1,373,289	89,520	927,547	2,734,663	1,195,215	115,420	9,963,723
Contracted Services	2,505,744	1,010,757	2,010,195	4,637,960	43,625	1,614,521	1,390,814	1,591,946	608,387	15,413,949
External Transfers	413,029	-	-	-	3,600,988	14,722,442	7,072,746	970,830	3,913,889	30,693,924
Amortization	685,996	723,494	3,341,886	2,479,431	80,015	11,874	15,282	1,545,113	10,258	8,893,349
Other	285,300	130,984	134,577	775,503	5,776,116	5,952,110	1,509,320	562,217	385,339	15,511,466
	8,644,694	23,143,078	14,429,286	12,604,808	10,085,063	28,410,278	13,780,260	11,367,789	6,090,771	128,556,027
Net Revenue (expenditures)	9,459,213	(8,880,363)	(3,617,874)	9,853,184	1,886,572	12,534,906	5,644,570	(3,528,613)	(1,296,429)	22,055,166

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20. TANGIBLE CAPITAL ASSETS

	General Land	Land Improvements	Building and Building Equipment	Computer Equipment	Furniture and Fixtures	Vehicles	Linear Assets	Machinery and Equipment	Other	Infrastructure Roads	Bridges	W/WW Facilities	Underground and Other Networks	Total	Work in Progress	Grand Total
Cost																
Balance, Dec 31, 2021	17,630,468	10,299,287	84,992,541	3,029,223	5,969,851	14,343,539	4,122,727	18,476,459	140,039	129,541,190	10,169,966	93,898,098	105,987,403	498,600,791	15,803,877	514,404,668
Additions	111,181	321,128	1,283,412	175,166	372,869	1,492,607	-	1,785,858	-	13,166,495	94,665	2,165,774	4,999,568	25,968,723	9,450,314	35,419,037
Adjustments	(644)	(15)	(10,809)	-	(480)	-	-	(2,237)	-	(16)	-	-	-	(14,201)	-	(14,201)
Disposals	-	184,045	161,758	98,234	395,111	1,099,251	-	206,017	-	1,221,648	-	-	-	3,366,064	212,649	3,578,713
Balance, Dec 31, 2022	17,741,005	10,436,355	86,103,386	3,106,155	5,947,129	14,736,895	4,122,727	20,054,063	140,039	143,929,317	10,264,631	96,063,872	110,986,971	521,189,249	25,041,542	546,230,791
Accumulated Amortization																
Balance, Dec 31, 2021	-	2,878,308	36,838,147	2,599,508	4,586,760	7,008,792	3,590,649	12,676,124	17,718	58,596,683	3,637,609	37,865,952	26,245,233	196,541,483	-	196,541,483
Amortization	-	338,973	2,185,801	179,205	198,901	1,195,265	77,688	1,135,320	-	2,302,147	146,492	1,327,648	947,921	10,035,361	-	10,035,361
Adjustments	-	(12)	(3,534)	-	(194)	-	-	(1,517)	-	(11)	-	-	-	(5,268)	-	(5,268)
Disposals	-	172,041	124,664	96,522	395,111	1,099,251	-	201,888	-	918,422	-	-	-	3,007,899	-	3,007,899
Balance, Dec 31, 2022	-	3,217,269	38,895,750	2,778,713	4,390,356	7,104,806	3,668,337	13,608,039	17,718	59,980,397	3,784,101	39,193,600	27,193,154	203,563,677	-	203,563,677
Net Book Value Dec 31, 2022	17,741,005	7,219,086	47,207,636	327,442	1,556,773	7,632,089	454,390	6,446,024	122,321	83,948,920	6,480,530	56,870,272	83,793,817	317,625,572	25,041,542	342,667,114
Cost																
Balance, Dec 31, 2020	17,357,037	10,260,949	83,030,116	2,960,446	5,967,282	10,235,767	4,876,311	17,894,092	140,039	127,338,556	9,913,608	93,511,046	92,459,700	475,944,949	13,772,470	489,717,419
Additions	274,259	38,692	2,062,204	68,777	399,295	4,380,293	81,354	942,411	-	2,202,979	272,251	387,052	13,527,703	24,637,270	2,743,865	27,381,135
Adjustments	(828)	(354)	(75,435)	-	(725)	-	-	(18,050)	-	(345)	-	-	-	(95,737)	-	(95,737)
Disposals	-	-	24,344	-	396,001	272,521	834,938	341,994	-	-	15,893	-	-	1,885,691	712,458	2,598,149
Balance, Dec 31, 2021	17,630,468	10,299,287	84,992,541	3,029,223	5,969,851	14,343,539	4,122,727	18,476,459	140,039	129,541,190	10,169,966	93,898,098	105,987,403	498,600,791	15,803,877	514,404,668
Accumulated Amortization																
Balance, Dec 31, 2020	-	2,556,205	34,589,419	2,403,855	4,649,009	6,228,187	4,045,084	11,909,095	17,718	56,402,294	3,504,267	36,571,208	25,388,092	188,264,433	-	188,264,433
Amortization	-	322,381	2,294,493	195,653	322,887	1,053,126	77,688	1,120,146	-	2,194,627	146,375	1,294,744	857,141	9,879,261	-	9,879,261
Adjustments	-	(278)	(39,738)	-	(426)	-	-	(13,860)	-	(238)	-	-	-	(54,540)	-	(54,540)
Disposals	-	-	6,027	-	384,710	272,521	532,123	339,257	-	-	13,033	-	-	1,547,671	-	1,547,671
Balance, Dec 31, 2021	-	2,878,308	36,838,147	2,599,508	4,586,760	7,008,792	3,590,649	12,676,124	17,718	58,596,683	3,637,609	37,865,952	26,245,233	196,541,483	-	196,541,483
Net Book Value Dec 31, 2021	17,630,468	7,420,979	48,154,394	429,715	1,383,091	7,334,747	532,078	5,800,335	122,321	70,944,507	6,532,357	56,032,146	79,742,170	302,059,308	15,803,877	317,863,185

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21. BUDGET

The Financial Plan (budget) By-law adopted by Council on February 14, 2022 was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Canadian Public Sector Accounting Standards now require reporting on a full accrual basis. The budget figures anticipated use of surpluses accumulated in previous years to reduce current year expenditures in excess of current year revenues to \$nil. In addition, the budget reflects expensing all tangible capital expenditures rather than including just amortization expense. As a result, the budget figures presented in the statement of operations represent the Financial Plan adopted by Council February 14, 2022 including a proportionate consolidated budgets of local boards with adjustments as follows:

	2022
Financial Plan (budget) Bylaw deficit for the year	-
Add:	
Budgeted principal repayment of debt	8,593,071
Budgeted transfer to accumulated surplus	10,627,900
Capital Expenditures	40,235,075
Less:	
Budgeted transfers from accumulated surplus	(28,773,519)
Unfinanced Capital	(4,686,080)
Amortization	(10,035,361)
Budget surplus (deficit) per statement of operations	15,961,086

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22. FINANCIAL INFORMATION FOR STRATFORD ECONOMIC ENTERPRISE DEVELOPMENT CORPORATION (SEED CO.)

	2022	2021
Revenue		
Ontario grants	271,988	207,428
Federal grants	182,808	19,300
Other revenue	67,493	11,370
Total revenue	522,289	238,098
Expenses		
Wages	594,821	491,362
Materials	29,615	22,459
Services	357,600	203,919
Special project	-	1,231
Other	120,233	157,461
Total expenses	1,102,269	876,432
Deficiency of revenue over expenses	579,980	638,334
Deficiency was funded as follows:		
Contribution from the Corporation	622,202	599,092
Contribution (to) from reserve	(42,222)	39,242
	579,980	638,334

23. COVID-19 PANDEMIC

During and subsequent to year end, the Corporation has been impacted by the effects of the world-wide coronavirus pandemic. The Corporation is closely monitoring its operations and is actively working to minimize the current and future impact of this unprecedented situation. Measures in place to combat the health threat of the virus have caused material disruption to Corporation services. The duration and impact of the outbreak is unknown at this time, as are the efficacy of the government and central bank interventions. Library, Recreation centres and other Corporation facilities have been closed to the public on and off throughout the pandemic. Council has approved COVID-19 Tax Relief application programs for 2022 tax instalments to provide relief to taxpayers. At the time of financial statement preparation, it is not possible to reliably estimate the length and severity of the measures nor their impact on the future financial results of the Municipality.

24. COMPARATIVE AMOUNTS

The comparative amounts presented in the consolidated financial statements have been reclassified to conform to the current year's presentation.