

*THE CORPORATION OF THE CITY OF ST. CATHARINES, ONTARIO*

*FINANCIAL STATEMENTS*

*TO THE YEAR ENDED DECEMBER 31, 2017*

*City of St. Catharines Consolidated Statements*

*Port Dalhousie Business Association*

*St. Catharines Downtown Association*

*St. Catharines Public Library*

*St. Catharines Transit Commission*

*Niagara District Airport Commission*



**THE CORPORATION OF THE CITY  
OF ST. CATHARINES**

**Consolidated Financial Statements**

**December 31, 2017**



## **THE CORPORATION OF THE CITY OF ST. CATHARINES**

### **Consolidated Financial Statements**

**December 31, 2017**

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**THE CORPORATION OF THE CITY OF ST. CATHARINES  
MANAGEMENT REPORT**

**December 31, 2017**

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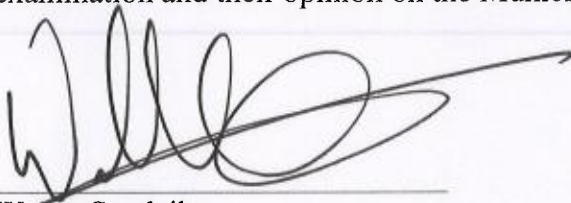
The accompanying consolidated financial statements of the The Corporation of the City of St. Catharines (the "Municipality") are the responsibility of the Municipality's management and have been prepared in accordance with Canadian Public Sector Accounting Standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, as described in Note 1 to the financial statements.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

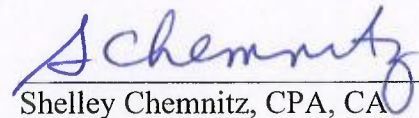
Municipality management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements and reliable financial information is available on a timely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

Council 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.

The consolidated financial statements have been audited by Crawford, Smith and Swallow Chartered Accountants LLP, independent external auditors appointed by the Municipality. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Municipality's consolidated financial statements.



Walter Sendzik  
Mayor  
July 26, 2018



Shelley Chemnitz, CPA, CA  
Chief Administrative Officer  
July 26, 2018

Crawford, Smith and Swallow  
Chartered Accountants LLP

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*crawford  
smith &  
swallow*

Offices in:  
Niagara Falls, Ontario  
St. Catharines, Ontario  
Fort Erie, Ontario  
Niagara-on-the-Lake, Ontario  
Port Colborne, Ontario

## INDEPENDENT AUDITORS' REPORT

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To the Members of Council, Inhabitants and Ratepayers  
of The Corporation of the City of St. Catharines

We have audited the accompanying consolidated financial statements of The Corporation of the City of St. Catharines, which comprise the consolidated statement of financial position as at December 31, 2017, and the consolidated statements of operations and accumulated surplus, cash flows and change in net financial assets for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility 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.

### *Auditors' Responsibility*

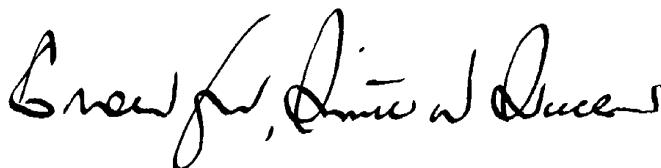
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

*Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of The Corporation of the City of St. Catharines as at December 31, 2017, and the results of its operations, cash flows and changes in net financial assets for the year then ended in accordance with Canadian public sector accounting standards.

A handwritten signature in black ink, appearing to read "Crawford, Smith and Swallow". The signature is written in a cursive, flowing style.

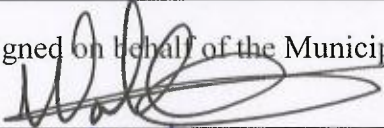
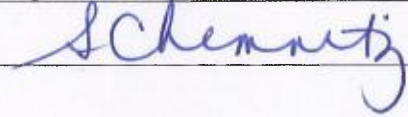
Niagara Falls, Ontario  
July 26, 2018

CRAWFORD, SMITH AND SWALLOW  
CHARTERED ACCOUNTANTS LLP

LICENSED PUBLIC ACCOUNTANTS

**THE CORPORATION OF THE CITY OF ST. CATHARINES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
December 31, 2017  
(In thousands of dollars)

	2017	2016
	\$	\$
<b>Financial Assets</b>		
Cash and cash equivalents - note 2	60,332	54,120
Taxes receivable - note 3	13,813	14,600
Accounts receivable	25,736	19,040
Loans receivable - note 4	1,201	1,286
Note receivable - St. Catharines Hydro Inc. - note 5	7,754	7,754
Investment in St. Catharines Hydro Inc. - note 5	86,945	69,169
	195,781	165,969
<b>Contractual Obligations and Commitments - note 14</b>		
<b>Contingent Liabilities - note 15</b>		
<b>Liabilities</b>		
Accounts payable and accrued liabilities - note 6	31,534	21,518
Deferred revenue - obligatory reserve funds - note 7	17,263	17,802
Other current liabilities	7,096	5,719
Employee future benefits - note 8	15,908	15,429
Landfill post-closure liability - note 17	2,875	2,964
Net long-term liabilities - note 10	108,920	105,144
	183,596	168,576
<b>Net Financial Assets (Liabilities)</b>	12,185	(2,607)
<b>Non-Financial Assets</b>		
Tangible capital assets	734,587	709,970
Inventories	1,473	1,529
Other current assets	1,385	1,573
	737,445	713,072
<b>Accumulated Surplus - note 11</b>	749,630	710,465

Signed on behalf of the Municipality: \_\_\_\_\_  
  
\_\_\_\_\_  


Mayor  
Chief Administrative Officer

See accompanying notes

# THE CORPORATION OF THE CITY OF ST. CATHARINES

## CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

for the year ended December 31, 2017  
(In thousands of dollars)

	2017 Budget \$	2017 Actual \$	2016 Actual \$
<b>Revenues</b>			
Taxation - note 3	100,229	103,667	100,720
User fees and charges	42,939	44,701	47,510
Government grants	1,073	1,951	1,681
Interest and penalties	2,765	2,651	2,785
Investment income	646	1,745	1,476
Donations	280	166	114
Other	6,738	11,115	11,625
St. Catharines Hydro Inc. net income - note 5	3,400	24,852	279
Loss on disposal of tangible capital assets		(3,713)	(1,712)
	158,070	187,135	164,478
<b>Expenses</b>			
General government	17,100	17,746	17,254
Protection to persons and property	28,580	29,736	27,502
Transportation services	42,980	50,844	50,785
Environmental services	18,811	17,532	16,742
Health services	3,927	3,989	4,059
Social and family services	296	377	383
Recreation and cultural services	31,592	41,453	40,419
Planning and development	5,952	7,177	5,893
	149,238	168,854	163,037
<b>Annual Surplus Before Other Revenue Related to Capital</b>	8,832	18,281	1,441
<b>Other Revenue Related to Capital</b>			
Government grants		12,698	6,433
Contributions from developers		7,134	
Donations		1,052	1,324
		20,884	7,757
<b>Annual Surplus</b>	8,832	39,165	9,198
<b>Accumulated Surplus, Beginning of Year</b>	710,465	710,465	701,267
<b>Accumulated Surplus, End of Year</b>	<b>719,297</b>	<b>749,630</b>	<b>710,465</b>

See accompanying notes



# THE CORPORATION OF THE CITY OF ST. CATHARINES

## CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended December 31, 2017

(In thousands of dollars)

	2017 \$	2016 \$
<b>Operations</b>		
Annual surplus	39,165	9,198
<b>Sources (Uses)</b>		
Change in taxes receivable	787	2,074
Change in accounts receivable	(6,696)	4,652
Change in loans receivable	85	(1,286)
Change in inventories	56	144
Change in other current assets	188	(265)
Change in accounts payable and accrued liabilities	10,016	(7,446)
Change in deferred revenue - obligatory reserve funds	(539)	438
Change in other current liabilities	1,377	915
Change in employee future benefits	479	491
Change in landfill post-closure liability	(89)	(175)
	5,664	(458)
<b>Non-cash charges to operations</b>		
Amortization of tangible capital assets	28,954	28,662
Loss on disposal of tangible capital assets	3,713	1,712
Contributions from developers	(7,134)	
	25,533	30,374
<b>Net increase in cash from operations</b>	<b>70,362</b>	<b>39,114</b>
<b>Capital</b>		
Acquisition of tangible capital assets	(50,327)	(30,315)
Proceeds on disposal of tangible capital assets	177	94
<b>Net decrease in cash from capital activities</b>	<b>(50,150)</b>	<b>(30,221)</b>
<b>Investing</b>		
Income from St. Catharines Hydro Inc.	(24,852)	(279)
Dividends received - St. Catharines Hydro Inc.	7,076	2,861
<b>Net increase (decrease) in cash from investing</b>	<b>(17,776)</b>	<b>2,582</b>
<b>Financing</b>		
Long-term debt issued	14,647	11,144
Long-term debt repaid	(10,871)	(10,340)
<b>Net increase in cash from financing</b>	<b>3,776</b>	<b>804</b>
<b>Increase in Cash Position</b>	<b>6,212</b>	<b>12,279</b>
<b>Cash Position, Beginning of Year</b>	<b>54,120</b>	<b>41,841</b>
<b>Cash Position, End of Year</b>	<b>60,332</b>	<b>54,120</b>

See accompanying notes

# THE CORPORATION OF THE CITY OF ST. CATHARINES

## CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

for the year ended December 31, 2017

(In thousands of dollars)

	2017	2016
	\$	\$
<b>Annual Surplus</b>	39,165	9,198
<b>Acquisition of Tangible Capital Assets</b>	(50,327)	(30,315)
<b>Amortization of Tangible Capital Assets</b>	28,954	28,662
<b>Loss on Disposal of Tangible Capital Assets</b>	3,713	1,712
<b>Contributions from Developers</b>	(7,134)	
<b>Proceeds on Disposal of Tangible Capital Assets</b>	177	94
<b>Change in Inventories</b>	56	144
<b>Change in Other Current Assets</b>	188	(265)
<b>Increase in Net Financial Assets</b>	14,792	9,230
<b>Net Financial Assets (Liabilities), Beginning of Year</b>	(2,607)	(11,837)
<b>Net Financial Assets (Liabilities), End of Year</b>	<b>12,185</b>	<b>(2,607)</b>

See accompanying notes

# THE CORPORATION OF THE CITY OF ST. CATHARINES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2017

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### 1. Significant Accounting Policies

The consolidated financial statements of the The Corporation of the City of St. Catharines (the "Municipality") are the representations of management prepared in accordance with accounting standards established by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada with the exception of providing budget figures (note 18).

#### (a) Basis of consolidation

- (i) These consolidated financial statements reflect the assets, liabilities, revenues and expenses of the operating fund, reserves, reserve funds and changes in investment in tangible capital assets. It includes the activities of all committees of council and the following boards, municipal enterprises and utilities which are under the control of council:

St. Catharines Public Library Board  
St. Catharines Downtown Association  
Port Dalhousie Business Improvement Area  
St. Catharines Transit Commission  
St. Catharines Hydro Inc.

St. Catharines Hydro Inc. (the "Company") is accounted for on a modified equity basis, consistent with the accounting treatment for government business enterprises. Under the modified equity basis, the business enterprise's accounting principles are not adjusted to conform with those of the Municipality, and inter-organizational transactions and balances are not eliminated. The Municipality recognizes its equity interest in the annual income or loss of the Company in its Consolidated Statement of Operations and Accumulated Surplus with a corresponding increase or decrease in its investment asset account. Any dividends that the Municipality receives from the Company are reflected as reductions in the investment asset account.

- (ii) Partial-consolidated entities

The following joint local board is proportionately consolidated. See note 16.

Niagara District Airport Commission (Joint Board)

- (iii) Accounting for Region and School Board transactions

The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards and the Region of Niagara are not reflected in the municipal fund balances of these consolidated financial statements.

# THE CORPORATION OF THE CITY OF ST. CATHARINES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2017

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### 1. Significant Accounting Policies - continued

#### (a) Basis of consolidation - continued

##### (iv) Trust funds

Trust funds and their related operations administered by the Municipality are not consolidated, but are reported separately on the trust funds Statement of Financial Position and Statement of Financial Activities and Changes in Fund Balances.

#### (b) Basis of accounting

(i) 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; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

##### (iii) Cash and cash equivalents

Cash equivalents consist of provincial government bonds and schedule 1 banks bearer deposit notes. Cash equivalents are recorded at the lower of cost plus accrued interest and market value, and are redeemable on demand.

##### (iv) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the annual surplus, provides the change in net financial assets for the year.

##### (v) Loans receivable

Loans receivable are initially reported on the consolidated statement of financial position at cost. Valuation allowances are used, when necessary, to report the loans receivable balance at the lower of cost and net recoverable value. Changes in valuation allowances are recognized in expenses in the consolidated statement of operations and accumulated surplus. These allowances are determined using the best estimates available in light of past events, current conditions, and taking into account all circumstances known at the date of the preparation of the consolidated financial statements. When the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery, loans receivable are reduced by the amount of that loss. Any interest revenue earned on loans receivable is recognized when earned and ceases to be accrued on loans when collectibility is no longer reasonably assured.

# THE CORPORATION OF THE CITY OF ST. CATHARINES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2017

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### 1. Significant Accounting Policies - continued

#### (b) Basis of accounting - continued

##### (vi) Tangible capital assets

Tangible capital assets are recorded at cost. Cost includes all directly attributable expenditures in the acquisition, construction, development and/or betterment of the asset required to install the asset at the location.

Amortization is recorded to reflect the cost, net of anticipated residual value, associated with the use of the asset in providing government services on a straight-line or declining balance basis over the estimated useful life of the asset. Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized. Gains and/or losses on the disposal of an asset are recorded on the Consolidated Statement of Operations and Accumulated Surplus as gain/loss on disposal of tangible capital assets.

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

The historical cost of works of art or historical treasures has not been assigned to these assets nor disclosed in the consolidated financial statements.

<u>Asset Class</u>	<u>Period</u>	<u>Basis</u>
General Assets		
Land	- NIL	
Land improvements	- 10-75 years	straight line and declining balance
Buildings and building improvements	- 10-75 years	straight line
Machinery and equipment	- 3-75 years	straight line
Furniture and fixtures	- 5-100 years	straight line
Information technology	- 3-12 years	straight line
Vehicles	- 5-20 years	straight line

# THE CORPORATION OF THE CITY OF ST. CATHARINES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2017

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### 1. Significant Accounting Policies - continued

#### (b) Basis of accounting - continued

##### (vi) Tangible capital assets - continued

###### Infrastructure

Land	-	NIL	
Land improvements	-	5-50 years	straight line and declining balance
Buildings and building improvements	-	10-100 years	straight line
Machinery and equipment	-	5-40 years	straight line
Information technology	-	3-12 years	straight line
Vehicles	-	7-15 years	straight line
Linear	-	10-100 years	straight line and declining balance

##### (vii) Inventories

Inventories are valued at average cost.

##### (viii) Deferred revenue

Funds received for specific purposes are accounted for as deferred revenue until the Municipality discharges the obligation which led to the receipt of the funds.

##### (ix) Employee future benefits

The Municipality makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer contributory defined benefit program with contributions expensed as incurred. The costs of other retirement benefits are determined using the projected benefit method prorated on services and management's best estimate of retirement ages of employees and health benefit costs. The liabilities are discounted using current interest rates on long-term bonds.

##### (x) Government grant transfers

Government grant transfers are recognized in the financial statements in the period in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made, except when and to the extent that stipulations associated with the transfer give rise to a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. The transfer revenue is recognized in the Consolidated Statement of Operations and Accumulated Surplus as the stipulations giving rise to the liabilities are settled.

# THE CORPORATION OF THE CITY OF ST. CATHARINES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2017

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### 1. Significant Accounting Policies - continued

#### (b) Basis of accounting - continued

##### (xi) 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 dates of the consolidated financial statements, and the reported amounts of revenues and expenses during the year. Accounts subject to significant estimates include accounts receivable, tangible capital assets, accounts payable and accrued liabilities, employee future benefits, and landfill post-closure liability. These estimates and assumptions are based on management's best information and judgement and may differ significantly from actual results.

### 2. Cash and Cash Equivalents

	(in thousands of dollars)	
	2017	2016
	\$	\$
Cash	27,993	22,234
Cash equivalents	32,339	31,886
	<b>60,332</b>	<b>54,120</b>

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### 3. Taxes Receivable and Revenues

Property tax billings are prepared by the Municipality based on an assessment roll prepared by the Municipal Property Assessment Corporation ("MPAC") and in accordance with the provisions of the Municipal Act, 2001. 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.

A normal part of the assessment process is the issuance of supplementary assessment rolls which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the Municipality determines the taxes applicable and renders supplementary tax billings.

# THE CORPORATION OF THE CITY OF ST. CATHARINES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2017

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### 3. Taxes Receivable and Revenues - continued

Assessment and the related property taxes are subject to appeal. Tax adjustments as a result of appeal are recorded when the result of the appeal process is known or based on management's best estimate.

The property tax receivables, tax revenue and accounts payable and accrued liabilities of the Municipality are subject to measurement uncertainty as a significant number of appeals submitted by ratepayers have yet to be heard. In addition to the allowance for doubtful accounts of \$ 1,285,100, the Municipality has provided for an additional amount of \$ 2,124,352, which is included in accounts payable and accrued liabilities, to fund outstanding tax appeals.

The Province of Ontario instituted a mandatory capping program through the provisions of Bill 79, which limited assessment related increases to 10% in 1998, and an additional 5% in each of 1999 and 2000. Multi-residential, commercial and industrial property owners experiencing decreases were also capped at appropriate levels to fund the phasing-in of increases. The Province has enacted Bill 140, which serves to extend the capping provisions of Bill 79 indefinitely. The new legislation limits assessment related increases in property tax bills to 5%.

Taxation revenue reported on the Consolidated Statement of Operations and Accumulated Surplus is made up of the following:

	(in thousands of dollars)	
	2017	2016
	\$	\$
Residential and farm taxation	178,818	175,968
Commercial, industrial and business taxation and supplemental taxes	67,589	66,616
Taxation from other governments	4,283	4,361
	250,690	246,945
Payments to Region and School Boards	(147,023)	(146,225)
<b>Net Property Taxes and Payments-in-Lieu Available for Municipal Purposes</b>	<b>103,667</b>	<b>100,720</b>

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### 4. Loans Receivable

The City has the ability to recover costs related to the extension of municipal services from property owners through local improvement charges. Property owners may pay amounts in full or they can choose to pay over a set period of time.

The current loans receivable, related to infrastructure improvements on Fourth Avenue Louth, are reported at cost, net of a valuation allowance of nil. All loans bear interest at 2.0% and are repayable over a ten-year period ending October, 2025.



# THE CORPORATION OF THE CITY OF ST. CATHARINES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2017

### 5. Investment in St. Catharines Hydro Inc.

	(in thousands of dollars)	
	2017	2016
	\$	\$
<b>Statement of Financial Position</b>		
Current assets	5,383	9,028
Investments	91,216	55,769
Capital assets	5,751	5,776
Intangible assets	6,678	7,235
Deferred payments in lieu of corporate income tax assets	1,200	655
<b>Total Assets</b>	<b>110,228</b>	<b>78,463</b>
Current liabilities	335	1,540
Long-term note payable	7,754	7,754
Deferred payments in lieu of corporate income tax liabilities	15,194	
<b>Total Liabilities</b>	<b>23,283</b>	<b>9,294</b>
<b>Net Assets</b>	<b>86,945</b>	<b>69,169</b>

	(in thousands of dollars)	
	2017	2016
	\$	\$
<b>Statement of Comprehensive Income</b>		
Revenues	41,668	10,208
Operating expenses	7,912	9,934
Net Income before Other Item	33,756	274
Refundable Dividend Tax on Hand - Deferred Payment in Lieu of Corporate Taxes	(8,904)	5
<b>Total Net Comprehensive Income</b>	<b>24,852</b>	<b>279</b>

# THE CORPORATION OF THE CITY OF ST. CATHARINES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2017

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### 5. Investment in St. Catharines Hydro Inc. - continued

On January 31, 2017, through a series of amalgamations, St. Catharines Hydro Inc. ("Hydro") disposed of its ownership share in Horizon Holdings Inc. ("Horizon") in exchange for an ownership share in the newly incorporated entity, Alectra Inc. ("Alectra"). PowerStream Holdings Inc. ("PowerStream") amalgamated with Enersource Holdings Inc. ("Enersource") and Horizon to form Alectra. Alectra's primary business is to distribute electricity to customers in municipalities in the greater golden horseshoe area as well as provide non-regulated energy services. In consideration for its disposition of its 21.1% interest in Horizon, Hydro received a 4.85% ownership interest in Alectra's issued and outstanding common shares. After reviewing their ownership interest in Alectra and other factors including board representation, management has concluded that they do not have significant influence over Alectra's financial and operating policies. Hydro has accounted for its investment in Alectra under the cost method.

As a result of the formation of Alectra on January 31, 2017, Hydro derecognized its investment in Horizon at cost and recognized its initial 4.85% equity interest in Alectra at fair value. The fair value of Alectra at that time attributed to Horizon was \$ 91,215,696 and resulted in a deemed gain on disposition of \$ 38,819,723 which is included in Horizon's revenue shown above on the summarized Statement of Comprehensive Income.

The \$ 7,754,000 long-term note payable is due to the Corporation of the City of St. Catharines bearing interest at 7.15% with no fixed term of repayment. To date, the company has not received any notice requiring the immediate redemption of the note.

### 6. Accounts Payable and Accrued Liabilities

The accounts payable balance is as follows:

	(in thousands of dollars)	
	2017	2016
	\$	\$
Trade accounts payable	10,104	6,873
Payables to other governments	9,345	5,537
Payables to school boards	5	20
Other	12,080	9,088
	<b>31,534</b>	<b>21,518</b>

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# THE CORPORATION OF THE CITY OF ST. CATHARINES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2017

### 7. Deferred Revenue - Obligatory Reserve Funds

The following balances are reflected as deferred revenue - obligatory reserve funds as provincial legislation restricts how these funds may be used and under certain circumstances these funds may be refunded.

	(in thousands of dollars)	
	2017	2016
	\$	\$
Impost and development	3,555	3,515
Subdivider deposits	641	872
Revenue under the Planning Act	2,360	1,248
Future sidewalks	1,070	1,001
Gasoline tax - provincial	3,594	2,421
Gasoline tax - federal	6,043	8,745
	<b>17,263</b>	<b>17,802</b>

### 8. Employee Future Benefits

The Municipality provides certain employee benefits which will require funding in future periods. Under the sick-leave benefit plan, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the Municipality's employment.

The Municipality pays certain medical, dental and life insurance benefits on behalf of its retired employees. The Municipality recognizes these post-retirement costs in the period in which the employees renders the services. The accrued benefit obligation was determined by actuarial valuation using a discount rate of 3.50% (3.50% - 2016).

The Municipality has established a reserve for the accumulated sick leave liability. The balance as at December 31, 2017 is \$ 2,992,570 (\$ 3,005,640 - 2016).

#### Defined Benefit Plan Information

	(in thousands of dollars)	
	2017	2016
	\$	\$
Employee benefit plan assets		
Employee benefit plan liabilities	15,908	15,429
Employee benefit plan deficit	<b>15,908</b>	<b>15,429</b>
Accrued benefit obligation, beginning of year	15,429	14,938
Expense for the year	1,314	1,306
Amortization of actuarial gains	(88)	(80)
Benefits paid during the year	(747)	(735)
Accrued benefit obligation, end of year	<b>15,908</b>	<b>15,429</b>

# THE CORPORATION OF THE CITY OF ST. CATHARINES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2017

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### 8. Employee Future Benefits - continued

As a result of an actuarial valuation conducted in 2017 for the year ending December 31, 2016, it was determined that an actuarial gain of \$ 885,711 existed. This amount is being amortized over the expected average remaining service lives of several employee groups. The unamortized value remaining is \$ 717,891. The actual obligation is \$ 15,189,748.

The next actuarial valuation required is for December 31, 2019.

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

**General Inflation** - Future general inflation levels, as measured by changes in the Consumer Price Index ("CPI"), were assumed at 2.0% in 2017 and thereafter.

**Salary Levels** - Future salary and wage levels were assumed to increase at 2.0% per annum to reflect expected increases in CPI adjusted for productivity, merit and promotion.

**Medical Costs** - Medical costs were assumed to increase at a rate of 6.20% graded down to 5.99% in 2018, and 5.78% in 2019, 5.56% in 2020, 5.35% in 2021, 5.14% in 2022, 4.93% in 2023, 4.71% in 2024, and 4.50% in 2025 and each year thereafter.

**Dental Costs** - Dental costs were assumed to increase at a rate of 4.50% in 2017 and each year thereafter.

### 9. Credit Facility

The Municipality has an authorized operating loan due on demand of \$ 20,000,000 bearing interest at prime less 0.85% to assist with general operating requirements and to finance current expenditures. The credit facility is unsecured and due on demand. As at December 31, 2017, nil has been drawn upon.

The Municipality has an additional authorized operating loan due on demand of \$ 20,000,000 bearing interest at prime less 0.75% to assist with general operating requirements and to finance current expenditures. The credit facility is unsecured and due on demand. As at December 31, 2017, nil has been drawn upon.

# THE CORPORATION OF THE CITY OF ST. CATHARINES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2017

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### 10. Net Long-Term Liabilities

- (a) The balance of net long-term liabilities reported on the Consolidated Statement of Financial Position is made up as follows:

	(in thousands of dollars)	
	2017	2016
	\$	\$
The Municipality has assumed responsibility for the payment of principal and interest charges on certain long-term liabilities issued by other municipalities. At the end of the year the outstanding principal amount of this liability is	<b>108,920</b>	<b>105,144</b>

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- (b) Of the net long-term liabilities reported in (a) of this note, principal payments are due as follows:

	\$
2018	11,443,429
2019	10,509,168
2020	9,899,501
2021	9,595,091
2022	9,849,905
Thereafter	57,622,973

- (c) Included in the net long-term liabilities reported in (a), \$ 7,878,291 relates to a sinking fund debenture. The principal portion of the sinking fund is \$ 9,333,334, the balance of sinking funds set aside in 2017 is \$ 180,799 including 2017 interest earned of \$ 54,099.
- (d) The long-term liabilities in (a) issued in the name of the Municipality approved after January 1, 1993 have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.
- (e) Interest expense on long-term debt amounted to \$ 3,513,586 (\$ 3,619,488 - 2016).

# THE CORPORATION OF THE CITY OF ST. CATHARINES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2017

### 11. Accumulated Surplus

	(in thousands of dollars)	
	2017	2016
	\$	\$
Invested in tangible capital assets	721,274	695,746
Operating fund	4,335	5,551
Reserves and reserve funds	58,086	56,843
Equity in St. Catharines Hydro Inc.	94,699	76,923
	<b>878,394</b>	<b>835,063</b>
Amounts to be recovered		
Employee future benefits	(15,908)	(15,429)
Landfill post-closure liability	(2,875)	(2,964)
Net long-term liabilities	(109,981)	(106,205)
	<b>(128,764)</b>	<b>(124,598)</b>
	<b>749,630</b>	<b>710,465</b>

#### (a) Operating fund balance

	(in thousands of dollars)	
	2017	2016
	\$	\$
To be applied in the following year to operations of the:		
Operating fund	1,558	1,443
Transit	(1,107)	110
Library	150	80
Airport Commission	370	73
To be applied to water operations for the following year	3,364	3,845
	<b>4,335</b>	<b>5,551</b>

# THE CORPORATION OF THE CITY OF ST. CATHARINES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2017

### 11. Accumulated Surplus - continued

#### (b) Reserves and reserve fund balances

	(in thousands of dollars)	
	2017	2016
	\$	\$
Reserves set aside by council for specific purposes:		
Replacement of equipment	8,594	7,905
Cumulative sick leave	2,993	3,006
Library purposes	4,062	4,115
Transit purposes	505	138
Encumbrances	16,033	19,541
Building improvements	1,901	1,565
Cemetery	30	30
Hydro funds	4,300	200
Winter control	300	150
Tax rate stabilization	711	450
Infrastructure levy	1,312	890
Litigation/insurance	452	200
Election reserve	477	400
Meridian Centre capital	110	110
Community Improvement Plan Funds	4,745	4,572
Sewer capital	460	
FirstOntario Performing Arts Centre capital	106	130
	47,091	43,402
Reserve Funds set aside by council for specific purposes:		
Actifest	6	6
Business improvement purposes	172	119
Community development	9,428	11,384
Mausoleum	177	101
Paratransit capital purposes	93	90
Parking	1,119	1,741
	10,995	13,441
	<b>58,086</b>	<b>56,843</b>

# THE CORPORATION OF THE CITY OF ST. CATHARINES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2017

### 11. Accumulated Surplus - continued

(c) St. Catharines Hydro Inc. net equity

	(in thousands of dollars)	
	2017	2016
	\$	\$
Balance, beginning of year	76,923	79,505
Changes during the year		
Net income for the year	24,852	279
Dividends paid during the year	(7,076)	(2,861)
	17,776	(2,582)
Balance, end of year	<b>94,699</b>	<b>76,923</b>

### 12. Trust Funds

Trust funds administered by the Municipality amounting to \$ 10,646,000 (\$ 10,323,000 - 2016) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Financial Activities.

### 13. Pension Agreements

The Municipality makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of 939 members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The Administration Corporation Board of Directors, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. OMERS provides pension services to approximately 450,000 active and retired members and approximately 1,000 employers.

Each year an independent actuary determines the funding status of OMERS Primary Pension Plan ("the Plan") by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The Plan is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Municipality does not recognize any share of the OMERS pension surplus or deficit.

The amount contributed to OMERS for 2017 was \$ 6,223,087 (\$ 6,373,785 - 2016) for current service and is included as an expense in the Consolidated Statement of Operations and Accumulated Surplus.

On January 1, 2017, the yearly maximum pension earnings increased to \$ 55,300 from \$ 54,900 in 2016. The contributions are calculated at a rate of 9% (9% - 2016) for amounts up to the yearly maximum pension earnings stated above and at a rate of 14.6% (14.6% - 2016) for amounts above the yearly maximum pension earnings.



# THE CORPORATION OF THE CITY OF ST. CATHARINES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2017

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### 14. Contractual Obligations and Commitments

#### Capital expenditures

The estimated future capital expenditures based on projects in progress at December 31, 2017 is approximately \$ 47,353,000 (\$ 53,799,000 - 2016) after deducting the expenditures incurred as at December 31, 2017. These projects will be financed by grants, subsidies and long-term liabilities in future years.

#### Niagara Health System St. Catharines Hospital

The Municipality is committed to funding \$ 31,200,000 (net present value) of the local share amount of \$ 60,000,000 to construct the Niagara Health System ("NHS") hospital complex located in St. Catharines. The Municipality approved a plan which results in an additional annual tax levy in the amount of \$ 2,209,605 for next year and for 8 years thereafter. The schedule of payments to the NHS consists of a lump sum payment of \$ 8,271,760 that was paid in 2011, and annual installments of \$ 2,208,959 from 2012 to 2026.

### 15. Contingent Liabilities

#### Legal

From time to time, the Municipality is subject to claims and other lawsuits that arise in the ordinary course of operations, some of which may seek damages in substantial amounts, including punitive or extraordinary damages. These claims may be covered by the Municipality's insurance up to a maximum of \$ 20,000,000 per occurrence. Liability for these claims and lawsuits are recorded to the extent that the probability of a loss is likely and it is estimable.

#### First Ontario Performing Arts Centre

The City must notify the Government of Canada and the Province of Ontario in writing, if at any time during a period of twenty five years from the date of completion of the First Ontario Performing Arts Centre, that being December 31, 2015, the City proposes to sell, lease, encumber, use in a manner other than as described in agreement, or otherwise dispose of, directly or indirectly, any part of the facility constructed, rehabilitated or improved. The City is contingently liable for a proportionate amount of \$ 36,000,000 contributed equally by the Government of Canada and the Province of Ontario. The requirement for repayment relating to the Federal portion is reduced 4% per annum up to twenty five years after the date of completion. The requirement for repayment relating to the Provincial portion is 100% within two years of project completion, 90% after two years and before five years, 75% after five years and before ten years, 45% after ten years and before fifteen years, 15% after fifteen years and before twenty years, 5% after twenty years and before twenty five years, and nil thereafter.

# THE CORPORATION OF THE CITY OF ST. CATHARINES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2017

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### 16. Contributions to Joint Board

Further to note 1 (a)(ii) the following contributions were made by the Municipality to:

	(in thousands of dollars)	
	2017	2016
	\$	\$
Niagara District Airport Commission	232	204

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The Municipality's share of the net assets of the Niagara District Airport Commission is approximately 55%.

### 17. Landfill Post Closure Liability

The Municipality currently monitors several landfill sites which were closed in prior years. The liability for post-closure care has been recognized based on monitoring costs included in the 2018 budget and inflation adjusted at 1.2% per annum. These costs were then discounted to December 31, 2017 using a discount rate of 3.5%.

The liability for post-closure care as at December 31, 2017 is \$ 2,874,706 (\$ 2,964,126 - 2016). Estimated annual expenditures for post-closure care are \$ 152,000 (\$ 145,000 - 2016) and are expected to be incurred for the next 25 years.

### 18. Budget Figures

The approved operating budget for 2017 is reflected on the Consolidated Statement of Operations and Accumulated Surplus. These numbers have not been audited but are presented for information purposes only. The budgets established for capital funds, reserves and reserve funds are on a project-oriented basis, the costs of which may be carried out over one or more years. As such, they are not directly comparable with current year actual amounts and have not been reflected. Budget figures have been reclassified to comply with PSAB reporting requirements.

### 19. Comparative Figures

Certain figures have been reclassified to conform with the current year's presentation. This includes certain tangible capital assets that may be reclassified to different asset classes.

# THE CORPORATION OF THE CITY OF ST. CATHARINES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2017

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### 20. Segmented Reporting

The City of St. Catharines is a lower tier municipality that provides a wide range of services to its citizens. Segments include General Government, Protection, Transportation, Environmental and Recreation and Culture. Major services and activities provided by each segment are as follows:

#### General Government

Reported in the General Government functional area are the combined functions of general government, health services, social and family services and planning and development.

General government includes services relating to governance, corporate management and program support. These are the combined services of the CAO's office, Financial Management, Legal and Corporate Support Services departments.

Health Services includes the administration, operation and maintenance of City cemeteries. Also included here is the City's commitment to the Niagara Health System hospital.

Social and family services includes the administration, operation and maintenance of seniors programs and facilities. Also included here are Para Transit Services provided by the St. Catharines Transit Commission.

Planning and development services includes services relating to the Official Plan, zoning, community improvement, the attraction and retention of new and existing businesses and tourism. Also included here are the services provided by the Downtown Association and Port Dalhousie Business Improvement Area.

#### Protection to Persons and Property

Reported in the Protection to Persons and Property functional area are services relating to fire suppression, prevention, training and communication, the issuance of permits, building inspections and property standards, enforcement of applicable municipal bylaws and technical analysis and recommendations for proposed and existing developments.

#### Transportation Services

Reported in the Transportation Services functional area are services relating to the construction, rehabilitation and maintenance of City's road and sidewalk network, winter control, parking and parking enforcement and street lighting. Also included are Urban Transit Services provided by the St. Catharines Transit Commission and the City's portion of the Niagara District Airport.

# THE CORPORATION OF THE CITY OF ST. CATHARINES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2017

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### 20. Segmented Reporting - continued

#### Environmental Services

Reported in the Environmental Services functional area are services relating to the construction, rehabilitation and maintenance of the City's storm sewer, sanitary sewer and waterline network, pollution control, environmental monitoring and the implementation of environmental programs.

#### Recreation/Culture Services

Reported in the Recreation/Cultural Services functional area are services relating to the administration, operations and maintenance of the City's parks, recreation facilities and programs, museum, heritage facilities and cultural programs. Also included are library services provided by the St. Catharines Public Library Board.

**THE CORPORATION OF THE CITY OF ST. CATHARINES**

**SCHEDULE OF SEGMENTED REPORTING**

December 31, 2017

(In thousands of dollars)

	General Government 2017 Actual \$	General Government 2016 Actual \$	Protection 2017 Actual \$	Protection 2016 Actual \$	Transportation 2017 Actual \$	Transportation 2016 Actual \$	Environmental 2017 Actual \$	Environmental 2016 Actual \$	Recreation/ Culture 2017 Actual \$	Recreation/ Culture 2016 Actual \$	SCHI 2017 Actual \$	SCHI 2016 Actual \$	Total 2017 Actual \$	Total 2016 Actual \$
<b>Revenues</b>														
Taxation	23,515	20,747	22,907	23,795	29,293	23,401	2,027	8,063	23,616	22,320			101,358	98,326
Taxation from other governments	536	505	522	579	667	570	46	196	538	544			2,309	2,394
User fees and charges	3,234	2,262	1,144	1,248	15,639	14,993	19,710	23,970	4,974	5,037			44,701	47,510
Government grants	567	378	71	52			700	822	613	429			1,951	1,681
Interest and penalties	614	587	599	674	766	663	53	228	619	633			2,651	2,785
Investment income	982	938	211	154	272	153	19	52	261	179			1,745	1,476
Donations	118	83			3	5	3		42	26			166	114
Other	910	892	1,847	1,828	1,195	1,100	160	319	7,003	7,486			11,115	11,625
St. Catharines Hydro Inc. net income											24,852	279	24,852	279
Gain (loss) on disposal of tangible capital assets	(6)	149	7	5	(2,849)	(645)	(255)	(543)	(610)	(678)			(3,713)	(1,712)
	30,470	26,541	27,308	28,335	44,986	40,240	22,463	33,107	37,056	35,976	24,852	279	187,135	164,478
<b>Expenditures</b>														
Salaries and wages	16,907	16,209	25,954	23,794	24,338	23,824	5,843	5,760	16,956	16,670			89,998	86,257
Operating materials and supplies	5,241	4,834	1,513	1,609	10,592	10,208	1,253	(64)	9,680	9,439			28,279	26,026
Contracted services	2,906	2,489	803	653	2,834	3,364	2,534	2,446	4,762	4,334			13,839	13,286
Rents and financial expenses	142	613	2	4	23	232	3	903	384	523			554	2,275
Interfunctional transfer	(884)	(904)	264	267	(1,334)	(1,265)	1,888	1,832	66	70				
External transfer	3,387	2,593							329	319			3,716	2,912
Amortization	1,269	1,431	1,102	1,070	13,486	13,528	5,613	5,392	7,484	7,241			28,954	28,662
Debt service	321	324	98	105	905	894	398	473	1,792	1,823			3,514	3,619
	29,289	27,589	29,736	27,502	50,844	50,785	17,532	16,742	41,453	40,419			168,854	163,037
<b>Annual Surplus (Deficit) Before Other Revenue Related to Capital</b>	1,181	(1,048)	(2,428)	833	(5,858)	(10,545)	4,931	16,365	(4,397)	(4,443)	24,852	279	18,281	1,441
<b>Other Revenue Related to Capital</b>														
Government grants					7,033	5,358	4,075	1,075	1,590				12,698	6,433
Contributions from developers					154		6,930		50				7,134	
Donations									1,052	1,324			1,052	1,324
					7,187	5,358	11,005	1,075	2,692	1,324			20,884	7,757
<b>Annual Surplus (Deficit)</b>	<b>1,181</b>	<b>(1,048)</b>	<b>(2,428)</b>	<b>833</b>	<b>1,329</b>	<b>(5,187)</b>	<b>15,936</b>	<b>17,440</b>	<b>(1,705)</b>	<b>(3,119)</b>	<b>24,852</b>	<b>279</b>	<b>39,165</b>	<b>9,198</b>

See accompanying notes

# THE CORPORATION OF THE CITY OF ST. CATHARINES

## SCHEDULE OF TANGIBLE CAPITAL ASSETS

for the year ended December 31, 2017

(In thousands of dollars)

	Cost			Accumulated Amortization				Net Book Value	
	Balance, Beginning of Year	Additions	Disposals	Balance, End of Year	Balance, Beginning of Year	Amortization	Disposals		Balance, End of Year
	\$	\$	\$	\$	\$	\$	\$	\$	
<b>General</b>									
Land	41,589	1,017	1	42,605				42,605	
Land improvements	70,036	1,125	1,123	70,038	29,111	2,062	1,027	39,892	
Buildings, improvements and components	239,406	3,930	2,560	240,776	49,815	5,801	1,877	187,037	
Machinery and equipment	24,256	1,123	930	24,449	12,562	1,843	931	10,975	
Furniture and fixtures	10,692	173	26	10,839	2,635	641	27	7,590	
Information technology	9,041	3,603	911	11,733	5,403	1,073	911	6,168	
Vehicles	49,686	842	483	50,045	31,709	3,483	483	15,336	
	444,706	11,813	6,034	450,485	131,235	14,903	5,256	309,603	
<b>Infrastructure</b>									
Land	2,280			2,280				2,280	
Land improvements	8,502		275	8,227	3,622	178	275	4,702	
Buildings, improvements and components	31,211			31,211	9,079	841		21,291	
Machinery and equipment	21,148	2,416	824	22,740	9,180	1,159	629	13,030	
Information technology	95			95	95			95	
Vehicles	9,085	503	262	9,326	6,054	676	250	2,846	
Linear	629,230	15,532	7,284	637,478	298,859	11,197	4,379	331,801	
	701,551	18,451	8,645	711,357	326,889	14,051	5,533	375,950	
<b>Work in Progress</b>	21,837	38,667	11,470	49,034				49,034	
<b>December 31, 2017</b>	<b>1,168,094</b>	<b>68,931</b>	<b>26,149</b>	<b>1,210,876</b>	<b>458,124</b>	<b>28,954</b>	<b>10,789</b>	<b>476,289</b>	<b>734,587</b>

See accompanying notes

# THE CORPORATION OF THE CITY OF ST. CATHARINES

## SCHEDULE OF TANGIBLE CAPITAL ASSETS

for the year ended December 31, 2016

(In thousands of dollars)

	Cost			Accumulated Amortization				Net Book Value	
	Balance, Beginning of Year	Additions	Disposals	Balance, End of Year	Balance, Beginning of Year	Amortization	Disposals		Balance, End of Year
	\$	\$	\$	\$	\$	\$	\$	\$	
<b>General</b>									
Land	40,182	1,588	181	41,589				41,589	
Land improvements	69,861	440	265	70,036	27,178	2,110	177	29,111	
Buildings, improvements and components	237,846	2,908	1,348	239,406	44,967	5,735	887	49,815	
Machinery and equipment	23,606	1,565	915	24,256	11,705	1,772	915	12,562	
Furniture and fixtures	10,610	315	233	10,692	2,246	622	233	2,635	
Information technology	8,748	653	360	9,041	4,824	938	359	5,403	
Vehicles	48,244	3,435	1,993	49,686	30,221	3,481	1,993	31,709	
	439,097	10,904	5,295	444,706	121,141	14,658	4,564	131,235	
<b>Infrastructure</b>									
Land	2,284		4	2,280				2,280	
Land improvements	8,502			8,502	3,437	185		3,622	
Buildings, improvements and components	31,211			31,211	8,238	841		9,079	
Machinery and equipment	19,141	2,867	860	21,148	8,710	1,073	603	9,180	
Information technology	95			95	94	1		95	
Vehicles	8,839	467	221	9,085	5,573	702	221	6,054	
Linear	622,111	11,495	4,376	629,230	291,219	11,202	3,562	298,859	
	692,183	14,829	5,461	701,551	317,271	14,004	4,386	326,889	
<b>Work in Progress</b>	17,255	19,601	15,019	21,837					
<b>December 31, 2016</b>	<b>1,148,535</b>	<b>45,334</b>	<b>25,775</b>	<b>1,168,094</b>	<b>438,412</b>	<b>28,662</b>	<b>8,950</b>	<b>458,124</b>	<b>709,970</b>

See accompanying notes

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*crawford  
smith &  
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St. Catharines, Ontario  
Fort Erie, Ontario  
Niagara-on-the-Lake, Ontario  
Port Colborne, Ontario

## INDEPENDENT AUDITORS' REPORT - TRUST FUNDS

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To the Members of Council, Inhabitants and Ratepayers  
of The Corporation of the City of St. Catharines

We have audited accompanying financial statements of the trust funds of The Corporation of the City of St. Catharines, which comprise the statement of financial position as at December 31, 2017 and the statement of financial activities and changes in fund balances for the year then ended and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility 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.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

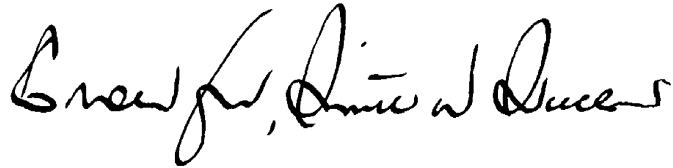
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



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

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the trust funds of The Corporation of the City of St. Catharines as at December 31, 2017 and the continuity of trust funds for the year then ended in accordance with Canadian public sector accounting standards.

A handwritten signature in black ink, appearing to read "Crawford, Smith and Swallow". The signature is written in a cursive, flowing style.

Niagara Falls, Ontario  
July 26, 2018

CRAWFORD, SMITH AND SWALLOW  
CHARTERED ACCOUNTANTS LLP

LICENSED PUBLIC ACCOUNTANTS

**THE CORPORATION OF THE CITY OF ST. CATHARINES**

**STATEMENT OF FINANCIAL POSITION - TRUST FUNDS**

December 31, 2017

(In thousands of dollars)

	Total		Cemetery Perpetual Care Fund		Marker Care & Maintenance Fund		Memorial Forest	
	2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$
<b>Assets</b>								
Cash	334	223	102	101	74	73		
Investments (market value 2017 - \$9,847; 2016 - \$9,809)	9,847	9,809	7,871	7,952	612	602		
Prepaid interest	155	119	155	119				
Due from operating fund	512	281	495	265			17	16
	<b>10,848</b>	<b>10,432</b>	<b>8,623</b>	<b>8,437</b>	<b>686</b>	<b>675</b>	<b>17</b>	<b>16</b>
<b>Liabilities and Fund Balances</b>								
Due to operating fund	202	109			71	76		
Fund balances	10,646	10,323	8,623	8,437	615	599	17	16
	<b>10,848</b>	<b>10,432</b>	<b>8,623</b>	<b>8,437</b>	<b>686</b>	<b>675</b>	<b>17</b>	<b>16</b>

See accompanying notes

# THE CORPORATION OF THE CITY OF ST. CATHARINES

## STATEMENT OF FINANCIAL POSITION - TRUST FUNDS

December 31, 2017

(In thousands of dollars)

	Library Endowment & Trust Fund	
	2017	2016
	\$	\$
<b>Assets</b>		
Cash	158	49
Investments (market value 2017 - \$9,847; 2016 - \$9,809)	1,364	1,255
Prepaid interest Due from operating fund		
	<b>1,522</b>	<b>1,304</b>
<b>Liabilities and Fund Balances</b>		
Due to operating fund	131	33
Fund balances	1,391	1,271
	<b>1,522</b>	<b>1,304</b>

See accompanying notes

**THE CORPORATION OF THE CITY OF ST. CATHARINES**

**STATEMENT OF FINANCIAL ACTIVITIES AND CHANGES IN FUND BALANCES - TRUST FUNDS**

for the year ended December 31, 2017

(In thousands of dollars)

	Total		Cemetery Perpetual Care Fund		Marker Care & Maintenance Fund		Memorial Forest	
	2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$
<b>Balance, Beginning of Year</b>	10,323	9,982	8,437	8,284	599	584	16	18
<b>Receipts</b>								
Sale of plots, crypts and markers	202	168	186	153	16	15		
Book revenue	10	12						
Interest	228	262	196	236	15	13		
Donations	233	188					5	1
	673	630	382	389	31	28	5	1
<b>Expenditures</b>								
Contribution to operating fund	341	282	196	236	15	13		
Administration	9	7					4	3
Transfer to reserves								
	350	289	196	236	15	13	4	3
<b>Balance, End of Year</b>	<b>10,646</b>	<b>10,323</b>	<b>8,623</b>	<b>8,437</b>	<b>615</b>	<b>599</b>	<b>17</b>	<b>16</b>

See accompanying notes

**THE CORPORATION OF THE CITY OF ST. CATHARINES**

**STATEMENT OF FINANCIAL ACTIVITIES AND CHANGES IN FUND BALANCES - TRUST FUNDS**

for the year ended December 31, 2017

(In thousands of dollars)

	Library Endowment & Trust Fund	
	2017 \$	2016 \$
<b>Balance, Beginning of Year</b>	1,271	1,096
<b>Receipts</b>		
Sale of plots, crypts and markers		
Book revenue	10	12
Interest	17	13
Donations	228	187
	255	212
<b>Expenditures</b>		
Contribution to operating fund	130	33
Administration	5	4
Transfer to reserves		
	135	37
<b>Balance, End of Year</b>	<b>1,391</b>	<b>1,271</b>

See accompanying notes

# THE CORPORATION OF THE CITY OF ST. CATHARINES

## NOTES TO FINANCIAL STATEMENTS - TRUST FUNDS

for the year ended December 31, 2017

---

### 1. Significant Accounting Policies

The financial statements of the Municipality's trust funds are the representations of management prepared in accordance with accounting standards established by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada.

#### (a) Basis of accounting

- (i) Revenues and expenditures are reported on the accrual basis of accounting.
- (ii) The accrual basis of accounting recognizes revenues as they become available 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.
- (iii) Investments are recorded at cost.

*crawford  
smith@  
swallow*

**PORT DALHOUSIE BUSINESS ASSOCIATION**

**Financial Statements**

**December 31, 2017**



## **PORT DALHOUSIE BUSINESS ASSOCIATION**

### **Financial Statements**

**December 31, 2017**

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**PORT DALHOUSIE BUSINESS ASSOCIATION  
MANAGEMENT REPORT**

**December 31, 2017**

---

The accompanying financial statements of the Port Dalhousie Business Association (the "Association") are the responsibility of the Association's management and have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

The preparation of financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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

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

The financial statements have been audited by Crawford, Smith and Swallow Chartered Accountants LLP, independent external auditors appointed by the Association. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Association's financial statements.

  
\_\_\_\_\_  
Wolfgang Guembel  
Board Chair  
April 5, 2018

\_\_\_\_\_  
Imast-Bayzar Bulgan  
Board Member  
April 5, 2018

Crawford, Smith and Swallow  
Chartered Accountants LLP

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St. Catharines, Ontario  
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Offices in:  
St. Catharines  
Niagara Falls  
Fort Erie  
Niagara-on-the-Lake  
Port Colborne



## INDEPENDENT AUDITORS' REPORT

---

To the Board Members of the Port Dalhousie Business  
Association, Members of Council, Inhabitants and  
Ratepayers of The Corporation of the City of St. Catharines

We have audited the accompanying financial statements of the Port Dalhousie Business Association, which comprise the statement of financial position as at December 31, 2017, and the statements of operations and accumulated surplus, cash flows, and change in net financial assets for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility 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.

### *Auditors' Responsibility*

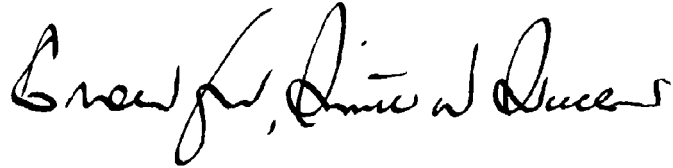
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Port Dalhousie Business Association as at December 31, 2017, and the results of its operations, cash flows and change in net financial assets for the year then ended in accordance with Canadian public sector accounting standards.

A handwritten signature in black ink, appearing to read "Crawford, Smith and Swallow". The signature is written in a cursive, flowing style.

St. Catharines, Ontario  
April 5, 2018

CRAWFORD, SMITH AND SWALLOW  
CHARTERED ACCOUNTANTS LLP  
LICENSED PUBLIC ACCOUNTANTS

# PORT DALHOUSIE BUSINESS ASSOCIATION

## STATEMENT OF FINANCIAL POSITION

December 31, 2017

	2017	2016
	\$	\$
<b>Financial Assets</b>		
Cash	11,833	8,085
HST recoverable	289	678
Due from the City of St. Catharines	4,761	2,524
	16,883	11,287
<b>Liabilities</b>		
Accounts payable and accrued liabilities	1,484	1,100
<b>Net Financial Assets</b>	15,399	10,187
<b>Non-Financial Assets</b>		
Tangible capital assets - note 2	2,497	4,315
Prepaid expenses	793	723
	3,290	5,038
<b>Accumulated Surplus - note 3</b>	<b>18,689</b>	<b>15,225</b>

Signed on behalf of the Board:

 Director

\_\_\_\_\_  
Director

See accompanying notes

## PORT DALHOUSIE BUSINESS ASSOCIATION

### STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

for the year ended December 31, 2017

	(Unaudited) Budget 2017 \$	Actual 2017 \$	Actual 2016 \$
<b>Revenue</b>			
Requisition from the City of St. Catharines			
Original	10,000	10,000	10,000
Taxes written off		(239)	(2,476)
Net requisition	10,000	9,761	7,524
Donation		565	
Grants			1,368
Interest		3	9
Miscellaneous		5	5
Sign reimbursement from the City of St. Catharines			2,500
	10,000	10,334	11,406
<b>Expenses</b>			
Amortization		1,818	1,818
Bank charges	100	113	80
Cleanup and beautification	1,100	366	366
Insurance	2,000	2,222	1,276
Professional fees	1,100	1,119	1,119
Promotional and advertising	5,600	969	5,081
Salaries			1,813
Special events			1,000
Streetscaping		163	2,347
Supplies	100	100	
	10,000	6,870	14,900
<b>Annual Surplus (Deficit)</b>		3,464	(3,494)
<b>Accumulated Surplus, Beginning of Year</b>	15,225	15,225	18,719
<b>Accumulated Surplus, End of Year</b>	<b>15,225</b>	<b>18,689</b>	<b>15,225</b>

See accompanying notes

## PORT DALHOUSIE BUSINESS ASSOCIATION

### STATEMENT OF CASH FLOWS

for the year ended December 31, 2017

	2017 \$	2016 \$
<b>Operations</b>		
Annual surplus (deficit)	3,464	(3,494)
Uses		
Increase in due from the City of St. Catharines	(2,237)	(24)
Decrease in deferred revenue		(3,778)
Increase in prepaid expenses	(70)	
	(2,307)	(3,802)
Sources		
Decrease in HST recoverable	389	1,316
Increase in accounts payable and accrued liabilities	384	
Decrease in prepaid expenses		1,533
	773	2,849
Non-cash charges to operations		
Amortization of tangible capital assets	1,818	1,818
Net change in cash from operations	3,748	(2,629)
<b>Increase (Decrease) in Cash Position</b>	<b>3,748</b>	<b>(2,629)</b>
<b>Cash Position, Beginning of Year</b>	<b>8,085</b>	<b>10,714</b>
<b>Cash Position, End of Year</b>	<b>11,833</b>	<b>8,085</b>

See accompanying notes

**PORT DALHOUSIE BUSINESS ASSOCIATION**

**STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**

for the year ended December 31, 2017

	2017	2016
	\$	\$
<b>Annual Surplus (Deficit)</b>	3,464	(3,494)
<b>Amortization of Tangible Capital Assets</b>	1,818	1,818
<b>Change in Prepaid Expenses</b>	(70)	1,533
<b>Increase (Decrease) in Net Financial Assets</b>	5,212	(143)
<b>Net Financial Assets, Beginning of Year</b>	10,187	10,330
<b>Net Financial Assets, End of Year</b>	<b>15,399</b>	<b>10,187</b>

See accompanying notes

# PORT DALHOUSIE BUSINESS ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2017

---

### Organization

The Port Dalhousie Business Association (the "Association"), established in 1986 pursuant to the Ontario Municipal Act, operates to revitalize and promote the Port Dalhousie business area.

### 1. Significant Accounting Policies

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

#### Accrual accounting

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

#### Non-financial assets

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

#### Tangible capital assets

Tangible capital assets are recorded at historical cost. Cost includes all directly attributable expenditures in the acquisition, construction, development and/or betterment of the asset required to install the asset at the location.

Amortization is recorded to reflect the cost, net of anticipated residual value, associated with the use of the asset in providing services on a straight-line basis over the estimated useful life of the asset. Additions during the year are amortized from the month of acquisition. Disposals are amortized until the month of disposition. Gains and/or losses on the disposal of an asset are recorded on the statement of operations and accumulated surplus as "gain/loss on disposal of assets".

<u>Asset Class</u>	<u>Period</u>
Lights	- 5 years
Tents	- 3 years



# PORT DALHOUSIE BUSINESS ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2017

---

### 1. Significant Accounting Policies - continued

#### Use of estimates

The preparation of the 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 dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. These estimates and assumptions are based on management's best information and judgement and may differ significantly from actual results.

### 2. Tangible Capital Assets

	Cost \$	Accumulated Amortization \$	2017 Net Book Value \$	2016 Net Book Value \$
Lights	3,969	1,984	1,985	2,779
Tents	3,073	2,561	512	1,536
	<b>7,042</b>	<b>4,545</b>	<b>2,497</b>	<b>4,315</b>

---

### 3. Accumulated Surplus

	2017 \$	2016 \$
Invested in tangible capital assets	2,497	4,315
Operating fund		
Reserve fund - contemporary and heritage	16,192	10,910
	<b>18,689</b>	<b>15,225</b>

---

### 4. Reserve Funds

#### Contemporary and Heritage Reserve Fund

The contemporary and heritage reserve fund is used to accumulate donation and fundraising revenues for the funding of special projects as determined by the Association.

*crawford  
smith@  
swallow*

**ST. CATHARINES DOWNTOWN  
ASSOCIATION**

**Financial Statements**

**December 31, 2017**



## **ST. CATHARINES DOWNTOWN ASSOCIATION**

### **Financial Statements**

**December 31, 2017**

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# ST. CATHARINES DOWNTOWN ASSOCIATION MANAGEMENT REPORT

December 31, 2017

---

The accompanying financial statements of the St. Catharines Downtown Association (the "Association") are the responsibility of the Association's management and have been prepared in accordance with Canadian Public Sector Accounting Standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, as described in Note 1 to the financial statements.


The preparation of financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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

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

The financial statements have been audited by Crawford, Smith and Swallow Chartered Accountants LLP, independent external auditors appointed by the Association. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Association's financial statements.

  
Board Chair  
February 22, 2018

  
Board Member  
February 22, 2018

Crawford, Smith and Swallow  
Chartered Accountants LLP

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St. Catharines, Ontario  
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Offices in:  
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Niagara Falls  
Fort Erie  
Niagara-on-the-Lake  
Port Colborne



## **INDEPENDENT AUDITORS' REPORT**

---

To the Board Members of the St. Catharines Downtown  
Association, Members of Council, Inhabitants and Ratepayers  
of The Corporation of the City of St. Catharines

We have audited the accompanying financial statements of the St. Catharines Downtown Association, which comprise the statement of financial position as at December 31, 2017, and the statements of operations and accumulated surplus, cash flows and change in net financial assets for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility 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.

### *Auditors' Responsibility*

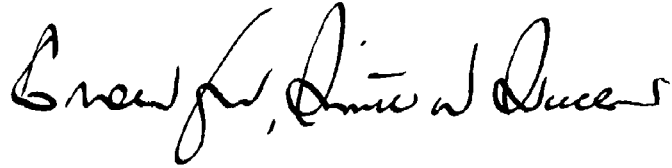
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the St. Catharines Downtown Association as at December 31, 2017, and the results of its operations, cash flows and change in net financial assets for the year then ended in accordance with Canadian public sector accounting standards.

A handwritten signature in black ink, appearing to read "Crawford, Smith and Swallow". The signature is written in a cursive, flowing style.

St. Catharines, Ontario  
February 22, 2018

CRAWFORD, SMITH AND SWALLOW  
CHARTERED ACCOUNTANTS LLP  
LICENSED PUBLIC ACCOUNTANTS


# ST. CATHARINES DOWNTOWN ASSOCIATION


## STATEMENT OF FINANCIAL POSITION

December 31, 2017

	2017 \$	2016 \$
<b>Financial Assets - note 6</b>		
Cash	56,303	38,136
Accounts receivable	116,481	89,490
	172,784	127,626
<b>Liabilities</b>		
Accounts payable and accrued liabilities	20,572	26,575
Provision for redemption of parking tokens - note 2	8,442	8,448
	29,014	35,023
<b>Net Financial Assets</b>	143,770	92,603
<b>Non-Financial Assets</b>		
Prepaid expenses	12,612	15,822
Tangible capital assets - notes 3 and 6	10,475	15,614
	23,087	31,436
<b>Accumulated Surplus - note 5</b>	166,857	124,039

Signed on behalf of the Board

 Director

 Director

See accompanying notes

## ST. CATHARINES DOWNTOWN ASSOCIATION

### STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

for the year ended December 31, 2017

	(Unaudited) Budget 2017 \$	Actual 2017 \$	Actual 2016 \$
<b>Revenues</b>			
Requisition from the City of St. Catharines			
Member levies	384,431	384,431	384,431
Supplemental taxes		11,580	7,199
Taxes written-off	(8,090)	(13,851)	(44,076)
Net requisition	376,341	382,160	347,554
Other recoveries from the City of St. Catharines			
Recovery of Christmas expenses		10,000	10,000
Total revenues from the City of St. Catharines	376,341	392,160	357,554
Other revenues			
Events - schedule 1		3,023	5,397
	376,341	395,183	362,951
<b>Expenses - schedule 2</b>			
Administration	172,000	155,556	155,908
Amortization		5,883	14,432
Development	60,500	30,232	34,603
Events	40,100	40,254	49,133
Media and visual marketing	102,600	109,767	96,453
Tourism	10,500	10,673	8,805
	385,700	352,365	359,334
<b>Annual Surplus</b>	(9,359)	42,818	3,617
<b>Accumulated Surplus, Beginning of Year</b>	124,039	124,039	120,422
<b>Accumulated Surplus, End of Year</b>	<b>114,680</b>	<b>166,857</b>	<b>124,039</b>

See accompanying notes



## ST. CATHARINES DOWNTOWN ASSOCIATION

### STATEMENT OF CASH FLOWS

for the year ended December 31, 2017

	2017 \$	2016 \$
<b>Operations</b>		
Annual surplus	42,818	3,617
Uses		
Increase in accounts receivable	(26,991)	(26,338)
Increase in prepaid expenses		(2,351)
Decrease in accounts payable and accrued liabilities	(6,003)	
Decrease in provision for redemption of parking tokens	(6)	
	(33,000)	(28,689)
Sources		
Decrease in prepaid expenses	3,210	
Increase in accounts payable and accrued liabilities		13,089
Increase in provision for redemption of parking tokens		100
	3,210	13,189
Non-cash charges to operations		
Amortization of tangible capital assets	5,883	14,432
Net change in cash from operations	18,911	2,549
<b>Capital</b>		
Acquisition of tangible capital assets	(744)	
<b>Increase in Cash Position</b>	18,167	2,549
<b>Cash Position, Beginning of Year</b>	38,136	35,587
<b>Cash Position, End of Year</b>	<b>56,303</b>	<b>38,136</b>

See accompanying notes

**ST. CATHARINES DOWNTOWN ASSOCIATION**

**STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**

for the year ended December 31, 2017

	2017	2016
	\$	\$
<b>Annual Surplus</b>	42,818	3,617
<b>Acquisition of Tangible Capital Assets</b>	(744)	
<b>Amortization of Tangible Capital Assets</b>	5,883	14,432
<b>Change in Prepaid Expenses</b>	3,210	(2,351)
<b>Increase in Net Financial Assets</b>	51,167	15,698
<b>Net Financial Assets, Beginning of Year</b>	92,603	76,905
<b>Net Financial Assets, End of Year</b>	<b>143,770</b>	<b>92,603</b>

See accompanying notes

# ST. CATHARINES DOWNTOWN ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2017

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### Organization

The St. Catharines Downtown Association (the "Association"), established in 1973 pursuant to the Ontario Municipal Act, operates to develop and revitalize the downtown core of St. Catharines. The Association participates in programs aimed at the physical improvement and beautification of the area, as well as the promotion of businesses located in the downtown core.

### 1. Significant Accounting Policies

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

#### Accrual accounting

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

#### Revenue recognition

Revenue from member levies is recognized as income when they become available and measurable.

#### Non-financial assets

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

#### Tangible capital assets

Tangible capital assets are recorded at historical cost. Cost includes all directly attributable expenditures in the acquisition, construction, development and/or betterment of the asset required to install the asset at the location.

Amortization is recorded to reflect the cost, net of anticipated residual value, associated with the use of the asset in providing services on a straight-line basis over the estimated useful life of the asset. Additions during the year are amortized from the month of acquisition. Disposals are amortized until the month of disposition. Gains and/or losses on the disposal of an asset are recorded on the statement of operations and accumulated surplus as "gain/loss on disposal of assets".

# ST. CATHARINES DOWNTOWN ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2017

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### 1. Significant Accounting Policies - continued

Tangible capital assets - continued

<u>Asset Class</u>	<u>Rate</u>
Computers	- 3 years
Garbage receptacles	- 10 years
Holiday decor	- 5 years
Kiosks	- 20 years

Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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. These estimates and assumptions are based on management's best information and judgement and may differ significantly from actual results.

### 2. Parking Tokens

The provision for redemption of parking tokens of \$ 8,442 (2016 - \$ 8,448) represents the estimated value of parking tokens in the hands of merchants and their customers.

### 3. Tangible Capital Assets

	Cost \$	Accumulated Amortization \$	2017 \$	2016 \$
Computers	744	165	579	
Garbage receptacles	12,818	8,556	4,262	5,374
Holiday decor	26,595	20,961	5,634	9,927
Kiosks	12,423	12,423		313
	<b>52,580</b>	<b>42,105</b>	<b>10,475</b>	<b>15,614</b>

---

### 4. Reserve Fund

The reserve fund is used to fund expenses, normally of a capital nature, that are approved by the Association. It is the policy of the Association that the operating fund net revenue or deficit for the year be transferred to or from the reserve fund.

# ST. CATHARINES DOWNTOWN ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2017

### 5. Accumulated Surplus

	2017	2016
	\$	\$
Invested in tangible capital assets	10,475	15,614
Operating fund		
Reserve fund - note 4	156,382	108,425
	<b>166,857</b>	<b>124,039</b>

### 6. Bank Indebtedness

Bank indebtedness, as it may occur, is secured by a registered general security agreement. The maximum line of credit available to the Association is \$ 20,000, which bears interest at prime plus 2.5%. As at December 31, 2017, the amount drawn from the line of credit was nil (2016 - nil).

### 7. Lease Commitments

The Association is currently committed to the following monthly lease payments, including sales tax, for the use of their office space for the next five years:

	\$
2018	17,035
2019	17,142
2020	17,250
2021	17,359
2022	10,163

The Association is also committed to the following annual minimum lease payments, including sales tax, for the rental of equipment for the next four years:

	\$
2018	6,947
2019	6,947
2020	6,947
2021	1,737

**ST. CATHARINES DOWNTOWN ASSOCIATION**

**SCHEDULE OF REVENUES**

**Schedule 1**

for the year ended December 31, 2017

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	(Unaudited) Budget 2017 \$	Actual 2017 \$	Actual 2016 \$
<b>Events</b>			
Classic Car Show		1,083	1,811
Historical ghost walking tours		1,940	3,586
		<b>3,023</b>	<b>5,397</b>

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See accompanying notes

# ST. CATHARINES DOWNTOWN ASSOCIATION

## SCHEDULE OF EXPENSES

Schedule 2

for the year ended December 31, 2017

	(Unaudited) Budget 2017 \$	Actual 2017 \$	Actual 2016 \$
<b>Administration</b>			
Banking charges		920	1,028
Communications equipment	8,800	8,161	8,924
Insurance	1,100	1,093	1,066
Professional fees	6,400	5,241	5,088
Rent	14,700	14,923	14,653
Salaries and payroll taxes	137,500	121,383	121,732
Supplies	3,500	3,835	3,417
	<b>172,000</b>	<b>155,556</b>	<b>155,908</b>
<b>Amortization</b>			
Banners			5,893
Computers		165	
Garbage receptacles		1,112	1,282
Holiday decor		4,293	5,838
Kiosks		313	1,419
		<b>5,883</b>	<b>14,432</b>
<b>Development</b>			
Annual general meeting	1,500	1,680	1,308
Business development program	1,500	1,594	1,566
Committee/board/staff development	6,500	4,404	3,487
Facade/streetscape improvements	11,000	10,500	
Membership/resources	5,500	6,512	7,792
Newsletter/supplements	1,000	902	894
Safety	30,000	3,588	19,078
Website	3,500	1,052	478
	<b>60,500</b>	<b>30,232</b>	<b>34,603</b>

See accompanying notes

# ST. CATHARINES DOWNTOWN ASSOCIATION

## SCHEDULE OF EXPENSES

Schedule 2 - continued

for the year ended December 31, 2017

	(Unaudited) Budget 2017 \$	Actual 2017 \$	Actual 2016 \$
<b>Events</b>			
Christmas	15,000	14,609	19,731
Classic Car Show	16,000	15,697	16,261
Downtown D'Lish	9,000	9,839	11,188
Historical ghost walking tours	100	109	1,953
	<b>40,100</b>	<b>40,254</b>	<b>49,133</b>
<b>Media and Visual Marketing</b>			
Beautification/maintenance/identification	18,600	16,795	19,290
General Marketing	60,000	58,314	50,331
Kiosks	1,000	780	230
Marketing campaign	20,000	28,878	23,961
Mini-lights			641
Sponsorship	3,000	5,000	2,000
	<b>102,600</b>	<b>109,767</b>	<b>96,453</b>
<b>Tourism</b>			
Advertising	<b>10,500</b>	<b>10,673</b>	<b>8,805</b>

See accompanying notes



*crawford  
smith &  
swallow*

**ST. CATHARINES PUBLIC LIBRARY BOARD**

**Financial Statements**

**December 31, 2017**



## **ST. CATHARINES PUBLIC LIBRARY BOARD**

### **Financial Statements**

**December 31, 2017**

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# ST. CATHARINES PUBLIC LIBRARY BOARD

## MANAGEMENT REPORT

December 31, 2017

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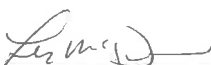
The accompanying financial statements of the St. Catharines Public Library Board (the "Board") are the responsibility of the Board's management and have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

The preparation of financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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

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

The financial statements have been audited by Crawford, Smith and Swallow Chartered Accountants LLP, independent external auditors appointed by the Board. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Board's financial statements.



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Les McDonald  
Board Chair  
April 5, 2018



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Lilita Stripnicks  
CEO  
April 5, 2018

Crawford, Smith and Swallow  
Chartered Accountants LLP

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Offices in:  
St. Catharines  
Niagara Falls  
Fort Erie  
Niagara-on-the-Lake  
Port Colborne

## INDEPENDENT AUDITORS' REPORT

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To the Board Members of the St. Catharines Public Library Board,  
Members of Council, Inhabitants and Ratepayers of  
The Corporation of the City of St. Catharines

We have audited the accompanying financial statements of the St. Catharines Public Library Board, which comprise the statement of financial position as at December 31, 2017, and the statements of operations and accumulated surplus, cash flows and change in net financial assets for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility 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.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

*Basis for Qualified Opinion*

The Board derives part of its revenue from the general public in the form of donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Board and we were not able to determine whether any adjustments might be necessary to donations revenue, trust funds, annual surplus, cash flows from operations, and change in net financial assets for the year ended December 31, 2017, and assets and accumulated surplus as at December 31, 2017. Our audit opinion on the financial statements for the year ended December 30, 2016 was modified accordingly because of the possible effects of this limitation in scope.

*Qualified Opinion*

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the St. Catharines Public Library Board as at December 31, 2017, and the results of its operations, cash flows and change in net financial assets for the year then ended in accordance with Canadian public sector accounting standards.



St. Catharines, Ontario  
April 5, 2018

CRAWFORD, SMITH AND SWALLOW  
CHARTERED ACCOUNTANTS LLP  
LICENSED PUBLIC ACCOUNTANTS

# ST. CATHARINES PUBLIC LIBRARY BOARD

## STATEMENT OF FINANCIAL POSITION

December 31, 2017

	2017	2016
	\$	\$
<b>Financial Assets</b>		
Cash - note 2	4,368,329	4,338,149
Investments - note 3	1,599,887	1,487,952
Accounts receivable	70,011	33,656
	<u>6,038,227</u>	<u>5,859,757</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	451,933	338,941
Deferred income	16,800	56,269
Post-employment benefits - note 4	352,495	371,247
Long-term liabilities - note 5	1,224,643	1,297,208
	<u>2,045,871</u>	<u>2,063,665</u>
<b>Net Financial Assets</b>	<u>3,992,356</u>	<u>3,796,092</u>
<b>Non-Financial Assets</b>		
Tangible capital assets - schedule 1	8,208,737	7,831,225
Prepaid expenses	33,331	2,223
	<u>8,242,068</u>	<u>7,833,448</u>
<b>Accumulated Surplus - note 6</b>	<u>12,234,424</u>	<u>11,629,540</u>

Signed on behalf of the Board:

 Board Chair

 Director/CEO

See accompanying notes

## ST. CATHARINES PUBLIC LIBRARY BOARD

### STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

for the year ended December 31, 2017

	(Unaudited) Budget 2017 \$	Actual 2017 \$	Actual 2016 \$
<b>Revenues</b>			
Municipal contribution - City of St. Catharines	5,491,220	5,491,200	5,572,035
Province of Ontario regular grant	228,600	228,616	228,616
Special grants		68,536	26,134
Other - schedule 3	168,180	427,594	382,706
	<b>5,888,000</b>	<b>6,215,946</b>	<b>6,209,491</b>
<b>Expenses</b>			
Salaries, wages and payroll taxes - schedule 4	3,917,200	3,652,258	3,680,803
Library materials - schedule 4	255,300	227,123	228,396
Occupancy - schedule 4	581,100	476,115	474,539
General and administration - schedule 4	281,000	251,819	241,972
Interest		53,400	56,098
Amortization		950,347	910,775
	<b>5,034,600</b>	<b>5,611,062</b>	<b>5,592,583</b>
<b>Annual Surplus</b>	<b>853,400</b>	<b>604,884</b>	<b>616,908</b>
<b>Accumulated Surplus, Beginning of Year</b>	<b>11,629,540</b>	<b>11,629,540</b>	<b>11,012,632</b>
<b>Accumulated Surplus, End of Year</b>	<b>12,482,940</b>	<b>12,234,424</b>	<b>11,629,540</b>

See accompanying notes

# ST. CATHARINES PUBLIC LIBRARY BOARD

## STATEMENT OF CASH FLOWS

for the year ended December 31, 2017

	2017	2016
	\$	\$
<b>Operations</b>		
Annual surplus	604,884	616,908
Uses		
Increase in accounts receivable	(36,355)	
Increase in prepaid expenses	(31,108)	
Decrease in deferred income	(39,469)	
Decrease in post-employment benefits	(18,752)	(9,628)
	(125,684)	(9,628)
Sources		
Decrease in accounts receivable		259,123
Decrease in prepaid expenses		29,380
Increase in accounts payable and accrued liabilities	112,992	15,029
Increase in deferred income		2
	112,992	303,534
Non-cash charges to operations		
Amortization of tangible capital assets	950,347	910,775
Net change in cash from operations	1,542,539	1,821,589
<b>Investing</b>		
Increase in investments	(111,935)	(354,122)
<b>Capital</b>		
Acquisition of tangible capital assets	(1,327,859)	(850,181)
<b>Financing</b>		
Long-term debt repaid	(72,565)	(69,885)
<b>Increase in Cash Position</b>	30,180	547,401
<b>Cash Position, Beginning of Year</b>	4,338,149	3,790,748
<b>Cash Position, End of Year</b>	<b>4,368,329</b>	<b>4,338,149</b>

See accompanying notes



## ST. CATHARINES PUBLIC LIBRARY BOARD

### STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

for the year ended December 31, 2017

	2017	2016
	\$	\$
<b>Annual Surplus</b>	604,884	616,908
<b>Acquisition of Tangible Capital Assets</b>	(1,327,859)	(850,181)
<b>Amortization of Tangible Capital Assets</b>	950,347	910,775
<b>Change in Prepaid Expenses</b>	(31,108)	29,380
<b>Increase in Net Financial Assets</b>	196,264	706,882
<b>Net Financial Assets, Beginning of Year</b>	3,796,092	3,089,210
<b>Net Financial Assets, End of Year</b>	<b>3,992,356</b>	<b>3,796,092</b>

See accompanying notes

# ST. CATHARINES PUBLIC LIBRARY BOARD

## NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2017

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### Organization

The St. Catharines Public Library Board (the "Board") was established in January, 1888 pursuant to City of St. Catharines By-law #615 and operates four branches within St. Catharines, Ontario. The branches are known as Dr. Huq Family, William Hamilton Merritt, Centennial and Port Dalhousie.

### 1. Significant Accounting Policies

The financial statements of the Board are the representations of management prepared in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Board are as follows:

#### Accrual accounting

The accrual method of reporting revenue and expenses has been used.

#### Investments

Investments are carried at fair market value.

#### Non-financial assets

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

#### Tangible capital assets

Tangible capital assets are recorded at historical cost. Cost includes all directly attributable expenditures in the acquisition, construction, development and/or betterment of the asset required to install the asset at the location.

Amortization is recorded to reflect the cost, net of anticipated residual value, associated with the use of the asset in providing services on a straight-line basis over the estimated useful life of the asset. Additions during the year are amortized from the month of acquisition. Disposals are amortized until the month of disposition. Gains and/or losses on the disposal of an asset are recorded on the statement of operations and accumulated surplus as "gain/loss on disposal of assets".

The historical cost of works of art or historical treasures have not been assigned to these assets nor disclosed in the financial statements.

<u>Asset Class</u>	<u>Period</u>
Buildings	- 25-100 years
Building improvements	- 10-50 years
Collection	- 7 years
Furniture and equipment	- 3-100 years
Information technology	- 3-15 years

# ST. CATHARINES PUBLIC LIBRARY BOARD

## NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2017

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### 1. Significant Accounting Policies - continued

#### Subscriptions

Subscription services expenditures are considered to be incurred when paid or payable.

#### Deferred revenue

Funds received for specific purposes are accounted for as deferred income until the Board discharges the obligation which lead to the receipt of the funds.

#### Post-employment benefits

The Board pays certain medical, dental and life insurance benefits on behalf of its retired employees. The Board recognizes these post-retirement costs in the period in which the employees render their services. See note 4.

#### Use of estimates

The preparation of the 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 dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

### 2. Cash

The total balance of cash is comprised of the following:

	2017	2016
	\$	\$
Cash - operating	4,210,525	4,288,683
Cash - trust funds	157,804	49,466
	<b>4,368,329</b>	<b>4,338,149</b>

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### 3. Investments

The total balance of investments is comprised of the following:

	2017	2016
	\$	\$
Investments - operating fund	236,027	233,452
Investments - trust funds	1,363,860	1,254,500
	<b>1,599,887</b>	<b>1,487,952</b>

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# ST. CATHARINES PUBLIC LIBRARY BOARD

## NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2017

### 4. Post-Employment Benefits

	2017 \$	2016 \$
Vacation pay	47,876	46,719
Post-retirement benefits	304,619	324,528
	<b>352,495</b>	<b>371,247</b>

#### Vacation Pay

As at December 31, 2017, employees of the St. Catharines Public Library Board have accumulated vacation credits in the amount of \$ 47,876 (2016 - \$ 46,719).

#### Post-Retirement Benefits

The St. Catharines Public Library Board pays certain medical, dental and life insurance benefits on behalf of its retired employees. The accrued benefit liability was determined by actuarial valuation using a discount of 3.50% (2016 - 3.50%).

#### Defined Benefit Plan Information

	2017 \$	2016 \$
Employee benefit plan assets		
Employee benefit plan liabilities	304,619	324,528
Employee benefit plan deficit	<b>304,619</b>	<b>324,528</b>

	2017 \$	2016 \$
Accrued benefit obligation, beginning of year	324,528	335,370
Expense for the year	16,680	16,406
Amortization of actuarial gain	(13,310)	(13,310)
Benefits paid during the year	(23,279)	(13,938)
Accrued benefit obligation, end of year	<b>304,619</b>	<b>324,528</b>

As a result of an actuarial valuation conducted in 2017 for the year ending December 31, 2016, it was determined that an actuarial gain of \$ 146,405 existed. This amount is being amortized over the expected average remaining service life of the employee group, which in this case, is 11 years or \$ 13,310 per annum. The unamortized value remaining is \$ 119,785. The actual obligation is \$ 184,834.

# ST. CATHARINES PUBLIC LIBRARY BOARD

## NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2017

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### 4. Post-Employment Benefits - continued

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

**General Inflation** - Future general inflation levels, as measured by changes in the Consumer Price Index ("CPI"), were assumed at 2.0% in 2017 and thereafter.

**Salary Levels** - Future salary and wage levels were assumed to increase at 2.0% per annum for the year 2017 and thereafter.

**Medical Costs** - Medical costs were assumed to increase at a rate of 6.20%, graded down to 5.99% in 2018, 5.78% in 2019, 5.56% in 2020, 5.35% in 2021, 5.14% in 2022, 4.93% in 2023, 4.71% in 2024, and 4.50% in 2025 and each year thereafter.

**Dental Costs** - Dental costs were assumed to increase at a rate of 4.50% in 2017 and each year thereafter.

### 5. Long-Term Liabilities

(a) The balance of long-term liabilities reported on the "Statement of Financial Position" is as follows:

	2017	2016
	\$	\$
Long-term liabilities incurred by the Board which bear interest at 3.8%	1,224,643	1,297,208

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(b) Principal payments due over the next five years and thereafter are as follows:

	\$
2018	75,349
2019	78,240
2020	81,241
2021	84,357
2022	87,594
Thereafter	817,862

(c) Interest expense on long-term liabilities amounted to \$ 53,400 (2016 - \$ 56,098) for the year.

# ST. CATHARINES PUBLIC LIBRARY BOARD

## NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2017

### 6. Accumulated Surplus

	2017 \$	2016 \$
Invested in tangible capital assets	8,208,737	7,831,225
Operating fund	150,000	80,000
Reserve funds	4,061,739	4,115,788
Trust funds - schedule 2		
Architects	760	760
Endowment and trust	1,390,326	1,270,222
	1,391,086	1,270,982
Amount to be recovered - post-employment benefits	(352,495)	(371,247)
Amount to be recovered - long-term liabilities	(1,224,643)	(1,297,208)
	<b>12,234,424</b>	<b>11,629,540</b>

### 7. Trust Funds

#### Architects fund

This fund has been allocated for the purchase of architectural material through an agreement with the Niagara Society of Architects. The funds along with accumulated interest are maintained in a separate bank account at the TD Canada Trust.

#### Endowment and trust fund

This fund has been allocated by the Board for the future improvement of collections and access to collections, provision of library support programs and purchase of equipment, furniture and such other capital projects to improve library service above and beyond that normally funded by provincial or municipal funds. These funds along with accumulated interest and donations are held in a separate bank account at TD Canada Trust and in an investment account at Scotia McLeod.

# ST. CATHARINES PUBLIC LIBRARY BOARD

## NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2017

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### 8. Long-Term Leases

#### Dr. Huq Family Library Branch

The lease with the City of St. Catharines, for a nominal amount, expires June 30, 2032.

#### William Hamilton Merritt Branch

The Board is currently committed to the following minimum lease payments for next four years:

	\$
2018	41,086
2019	41,086
2020	41,086
2021	10,271

The Board is also obligated to pay a proportionate share of operating costs and property taxes.

#### Centennial Public Library

The lease with the City of St. Catharines, for a nominal amount, expires December 31, 2017.

#### Port Dalhousie Branch

Rent is paid on a yearly basis to the City of St. Catharines in the amount of \$ 600 with no set date of expiry.

# ST. CATHARINES PUBLIC LIBRARY BOARD

## NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2017

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### 9. Pension Agreements

The Board makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of 51 members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The Administration Corporation Board of Directors, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. OMERS provides pension services to approximately 440,000 active and retired members and approximately 1,000 employees.

Each year an independent actuary determines the funding status of OMERS Primary Pension Plan ("the Plan") by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The Plan is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Service does not recognize any share of the OMERS pension surplus or deficit.

The amount contributed to OMERS for 2017 was \$ 198,668 (2016 - \$ 196,039) for current service and is included as an expenditure in the statement of operations and accumulated surplus.

On January 1, 2017, the yearly maximum pension earnings increased to \$ 55,300 from \$ 54,900 in 2016. The contributions are calculated at a rate of 9% (2016 - 9%) for amounts up to the yearly maximum pension earnings stated above and at a rate of 14.6% (2016 - 14.6%) for amounts above the yearly maximum pension earnings.

### 10. Economic Dependence

The Board receives a significant portion of its revenues for operations from the following sources:

City of St. Catharines  
Province of Ontario



# ST. CATHARINES PUBLIC LIBRARY BOARD

## SCHEDULE OF TANGIBLE CAPITAL ASSETS

for the year ended December 31, 2017

Schedule 1

	Cost			Accumulated Amortization				Net Book Value
	Balance, Beginning of Year	Additions	Disposals	Balance, End of Year	Balance, Beginning of Year	Amortization	Disposals	
	\$	\$	\$	\$	\$	\$	\$	\$
Land	25,138			25,138				25,138
Buildings	7,128,200			7,128,200	2,833,549	87,865		2,921,414
Building improvements	518,489	62,872		581,361	75,867	22,592		98,459
Collection	5,043,593	757,309	721,532	5,079,370	2,511,772	723,069	721,532	2,513,309
Furniture and equipment	741,073	97,701	26,487	812,287	320,223	40,096	26,487	333,832
IT equipment	554,745	409,977	385,600	579,122	438,602	76,725	385,600	129,727
<b>December 31, 2017</b>	<b>14,011,238</b>	<b>1,327,859</b>	<b>1,133,619</b>	<b>14,205,478</b>	<b>6,180,013</b>	<b>950,347</b>	<b>1,133,619</b>	<b>5,996,741</b>
Land	25,138			25,138				25,138
Buildings	7,128,200			7,128,200	2,745,683	87,866		2,833,549
Building improvements	500,145	18,344		518,489	55,509	20,358		75,867
Collection	5,045,868	742,095	744,370	5,043,593	2,535,466	720,676	744,370	2,511,772
Furniture and equipment	696,002	45,071		741,073	285,456	34,767		320,223
IT equipment	616,069	44,671	105,995	554,745	497,489	47,108	105,995	438,602
<b>December 31, 2016</b>	<b>14,011,422</b>	<b>850,181</b>	<b>850,365</b>	<b>14,011,238</b>	<b>6,119,603</b>	<b>910,775</b>	<b>850,365</b>	<b>6,180,013</b>

See accompanying notes

**ST. CATHARINES PUBLIC LIBRARY BOARD**

**SCHEDULE OF TRUST FUND ACTIVITIES**

**Schedule 2**

for the year ended December 31, 2017

	Architects Fund \$	Endowment and Trust Fund \$	2017 Total \$	2016 Total \$
<b>Revenues</b>				
Book revenue		9,797	9,797	11,927
Donations		228,488	228,488	186,924
Interest		17,146	17,146	13,224
		255,431	255,431	212,075
<b>Expenditures</b>				
Library materials		4,750	4,750	4,000
<b>Net Revenues</b>		250,681	250,681	208,075
<b>Financing and Transfers</b>				
Transfers to operating fund		(130,577)	(130,577)	(32,985)
<b>Net Change in Trust Fund</b>		120,104	120,104	175,090
<b>Trust Fund, Beginning of Year</b>	760	1,270,222	1,270,982	1,095,892
<b>Trust Fund, End of Year</b>	760	1,390,326	1,391,086	1,270,982

See accompanying notes

# ST. CATHARINES PUBLIC LIBRARY BOARD

## SCHEDULE OF OTHER REVENUE

Schedule 3

for the year ended December 31, 2017

	(Unaudited) Budget 2017 \$	Actual 2017 \$	Actual 2016 \$
Fines and memberships	92,230	83,242	89,876
Interest	27,500	61,128	47,373
Photocopying	4,950	4,312	4,282
Programming fees	10,000	8,024	9,434
Sundry	33,500	32,603	32,890
Donations		228,488	186,924
Book revenue		9,797	11,927
	<b>168,180</b>	<b>427,594</b>	<b>382,706</b>

See accompanying notes

# ST. CATHARINES PUBLIC LIBRARY BOARD

## SCHEDULE OF EXPENSES

Schedule 4

for the year ended December 31, 2017

	(Unaudited) Budget 2017 \$	Actual 2017 \$	Actual 2016 \$
<b>Salaries, Wages and Payroll Taxes</b>			
Library and clerical	3,064,730	2,887,856	2,908,902
Maintenance	178,370	164,433	158,705
Payroll taxes	674,100	599,969	613,196
	<b>3,917,200</b>	<b>3,652,258</b>	<b>3,680,803</b>
<b>Library Materials</b>			
Audio	42,315	29,693	37,229
Binding	5,375	2,620	3,442
Microfilm	15,000	11,516	9,629
Periodicals	169,100	159,132	156,103
Processing	23,510	24,162	21,993
	<b>255,300</b>	<b>227,123</b>	<b>228,396</b>
<b>Occupancy</b>			
Communications	39,000	36,511	36,331
Insurance	30,500	28,468	28,595
Rent and taxes	119,500	64,058	69,022
Repairs and maintenance	145,600	147,945	133,280
Security	15,000	15,000	15,000
Utilities	231,500	184,133	192,311
	<b>581,100</b>	<b>476,115</b>	<b>474,539</b>
<b>General and Administration</b>			
Audio visual supplies	4,200	1,824	3,094
Data processing	10,500	9,720	9,720
Equipment rental	9,400	9,128	8,910
Equipment repairs and maintenance	126,800	111,328	95,503
Library supplies	39,000	38,707	38,995
Printing and stationary	2,400	2,931	692
Professional fees	23,000	22,847	28,760
Programming	9,300	7,955	8,719
Sundry	12,700	13,584	13,385
Training and development	16,500	10,577	10,409
Transportation and postage	27,200	23,218	23,785
	<b>281,000</b>	<b>251,819</b>	<b>241,972</b>

See accompanying notes



**ST. CATHARINES TRANSIT COMMISSION**

**Financial Statements**

**December 31, 2017**



## **ST. CATHARINES TRANSIT COMMISSION**

### **Financial Statements**

**December 31, 2017**

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Statement of Cash Flows	6
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## ST. CATHARINES TRANSIT COMMISSION

### MANAGEMENT REPORT

**December 31, 2017**

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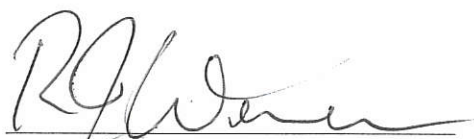
The accompanying financial statements of the St. Catharines Transit Commission (the "Service") are the responsibility of the Service's management and have been prepared in accordance with Canadian Public Sector Accounting Standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, as described in Note 1 to the financial statements.

The preparation of financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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

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

The financial statements have been audited by Crawford, Smith and Swallow Chartered Accountants LLP, independent external auditors appointed by the Service. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Service's financial statements.



Chair  
Richard Werner  
April 26, 2018



General Manager  
David Sherlock  
April 26, 2018

Crawford, Smith and Swallow  
Chartered Accountants LLP

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St. Catharines, Ontario  
L2R 7E1  
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1-800-561-4381

Offices in:  
St. Catharines  
Niagara Falls  
Fort Erie  
Niagara-on-the-Lake  
Port Colborne



## INDEPENDENT AUDITORS' REPORT

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To the Commissioners of the St. Catharines Transit Commission,  
Members of Council, Inhabitants and Ratepayers of  
The Corporation of the City of St. Catharines

We have audited the accompanying financial statements of the St. Catharines Transit Commission, which comprise the statement of financial position as at December 31, 2017, and the statements of operations and accumulated surplus, cash flows, and change in net financial liabilities for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility 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.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

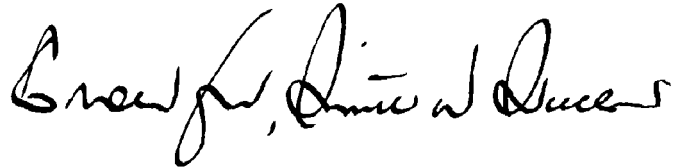
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



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

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the St. Catharines Transit Commission as at December 31, 2017, and the results of its operations, cash flows and change in net financial liabilities for the year then ended in accordance with Canadian public sector accounting standards.

A handwritten signature in black ink, appearing to read "Crawford, Smith and Swallow". The signature is written in a cursive, flowing style.

St. Catharines, Ontario  
April 26, 2018

CRAWFORD, SMITH AND SWALLOW  
CHARTERED ACCOUNTANTS LLP  
LICENSED PUBLIC ACCOUNTANTS

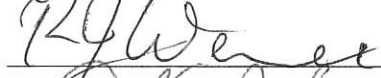
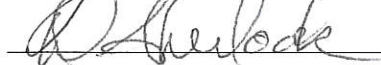
**ST. CATHARINES TRANSIT COMMISSION**

**STATEMENT OF FINANCIAL POSITION**

December 31, 2017

	2017 \$	2016 \$
<b>Financial Assets</b>		
Cash	958,206	699,558
Accounts receivable	869,015	768,063
	1,827,221	1,467,621
<b>Liabilities</b>		
Accounts payable and accrued liabilities	949,766	1,004,510
Deferred income	427,416	467,390
Due to City of St. Catharines	504,478	507,521
Employee future benefits - note 2	2,338,219	2,056,302
Long-term liabilities - note 3	445,000	
	4,664,879	4,035,723
<b>Net Financial Liabilities</b>	(2,837,658)	(2,568,102)
<b>Non-Financial Assets</b>		
Tangible capital assets - schedule 1	24,065,575	24,998,427
Inventories	692,471	685,008
Prepaid expenses	155,800	165,044
	24,913,846	25,848,479
<b>Accumulated Surplus - note 4</b>	<b>22,076,188</b>	<b>23,280,377</b>

Signed on behalf of the Service:

 Chairman  
 General Manager

See accompanying notes

## ST. CATHARINES TRANSIT COMMISSION

### STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

for the year ended December 31, 2017

	(Unaudited) Budget 2017 \$	Actual 2017 \$	Actual 2016 \$
<b>Revenues</b>			
Municipal contribution -			
City of St. Catharines	10,417,726	13,258,975	13,234,946
Conventional farebox income	9,376,405	8,830,627	9,092,727
Paratransit farebox income	95,720	93,174	92,635
Thorold service municipal contribution	666,540	666,558	643,569
Thorold Paratransit contract services	80,000	109,863	87,150
Intown charters	46,000	51,802	50,309
School Board farecard income	110,000	90,675	91,945
Downtown terminal	228,492	233,454	234,488
Inter-municipal transit contract	1,388,507	1,449,237	1,058,850
Bus advertising	110,000	118,333	110,000
Shelter advertising	94,400	215,555	130,881
Other income	49,644	69,034	61,521
Paratransit donations		2,500	4,900
Paratransit interest		558	402
	22,663,434	25,190,345	24,894,323
<b>Expenses</b>			
Transportation - schedule 2	10,536,447	10,472,723	10,160,386
Fuel - schedule 2	2,610,846	2,258,200	2,042,419
Equipment and vehicle maintenance - schedule 2	3,881,438	3,996,799	4,203,827
Premises and plant - schedule 2	639,884	614,638	661,260
Downtown terminal - schedule 2	534,511	613,610	455,609
General and administration - schedule 2	2,953,721	3,147,928	3,142,583
Paratransit operating- schedule 2	1,294,219	1,295,391	1,297,182
Paratransit taxi contract	129,760	128,007	113,112
Thorold Paratransit services	82,608	109,863	87,150
Amortization		3,757,375	3,621,171
	22,663,434	26,394,534	25,784,699
<b>Annual Deficit</b>		(1,204,189)	(890,376)
<b>Accumulated Surplus, Beginning of Year</b>	23,280,377	23,280,377	24,170,753
<b>Accumulated Surplus, End of Year</b>	23,280,377	22,076,188	23,280,377

See accompanying notes

# ST. CATHARINES TRANSIT COMMISSION

## STATEMENT OF CASH FLOWS

for the year ended December 31, 2017

	2017 \$	2016 \$
<b>Operations</b>		
Annual deficit	(1,204,189)	(890,376)
Uses		
Increase in accounts receivable	(100,952)	
Increase in inventories	(7,463)	
Decrease in accounts payable and accrued liabilities	(54,744)	
Decrease in deferred income	(39,974)	(49,542)
Decrease in due to City of St. Catharines	(3,043)	(480,802)
	(206,176)	(530,344)
Sources		
Decrease in accounts receivable		159,134
Decrease in inventories		37,839
Decrease in prepaid expenses	9,244	29,148
Increase in accounts payable and accrued liabilities		167,047
Increase in employee future benefits	281,917	302,134
	291,161	695,302
Non-cash charges to operations		
Amortization of tangible capital assets	3,757,375	3,621,171
Net change in cash from operations	2,638,171	2,895,753
<b>Capital</b>		
Acquisition of tangible capital assets	(2,824,523)	(2,945,909)
<b>Financing</b>		
Long-term debt issued	445,000	
<b>Increase (Decrease) in Cash Position</b>	258,648	(50,156)
<b>Cash Position, Beginning of Year</b>	699,558	749,714
<b>Cash Position, End of Year</b>	<b>958,206</b>	<b>699,558</b>

See accompanying notes

## ST. CATHARINES TRANSIT COMMISSION

### STATEMENT OF CHANGE IN NET FINANCIAL LIABILITIES

for the year ended December 31, 2017

	2017	2016
	\$	\$
<b>Annual Deficit</b>	(1,204,189)	(890,376)
<b>Acquisition of Tangible Capital Assets</b>	(2,824,523)	(2,945,909)
<b>Amortization of Tangible Capital Assets</b>	3,757,375	3,621,171
<b>Change in Inventories</b>	(7,463)	37,839
<b>Change in Prepaid Expenses</b>	9,244	29,148
<b>Increase in Net Financial Liabilities</b>	(269,556)	(148,127)
<b>Net Financial Liabilities, Beginning of Year</b>	(2,568,102)	(2,419,975)
<b>Net Financial Liabilities, End of Year</b>	<b>(2,837,658)</b>	<b>(2,568,102)</b>

See accompanying notes

# ST. CATHARINES TRANSIT COMMISSION

## NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2017

---

### Organization

The St. Catharines Transit Commission (the "Service") was established pursuant to the St. Catharines Act 1961 and is comprised of the operations formerly known as St. Catharines Transit Commission - Urban Service and the Paratransit System of St. Catharines. The purpose of the Service is to provide a safe, courteous and reliable transit service which responds to the needs of the community.

### 1. Significant Accounting Policies

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

#### Accrual accounting

The accrual method of reporting revenue and expenses has been used. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a receipt of goods and services and/or the creation of a legal obligation to pay.

#### Fare media sales

The Service recognizes revenue from the sale of fare media when delivery is made to the customer and collection is reasonably assured.

#### Government grant transfers

Government grant transfers are recognized in the financial statements in the period in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made, except when and to the extent that stipulations associated with the transfer give rise to a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. The transfer revenue is recognized in the Statement of Operations and Accumulated Surplus as the stipulations giving rise to the liabilities are settled.

#### Non-financial assets

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

#### Tangible capital assets

Tangible capital assets are recorded at historic cost. Cost includes all directly attributable expenditures in the acquisition, construction, development and/or betterment of the asset required to install the asset at the location.

# ST. CATHARINES TRANSIT COMMISSION

## NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2017

---

### 1. Significant Accounting Policies - continued

#### Tangible capital assets - continued

Amortization is recorded to reflect the cost, net of anticipated residual value, associated with the use of the asset in providing services on a straight-line basis over the estimated useful life of the asset. Additions during the year are amortized using half the normal rate. Disposals are amortized using half the normal rate. Gains and/or losses on the disposal of an asset are recorded on the Statement of Operations and Accumulated Surplus as "gain/loss on disposal of tangible capital assets."

<u>Asset Class</u>	<u>Period</u>
Land improvements	- 15-25 years
Building	- 5-75 years
Structures	- 10-20 years
Equipment	- 5-30 years
Furniture	- 20 years
IT equipment - Conventional	- 2-15 years
IT equipment - Paratransit	- 7 years
Vehicles - Conventional	- 6-12 years
Vehicles - Paratransit	- 7-12 years

Conventional vehicles with a total net book value of \$ 50,203 have not been amortized as they were removed from service in a prior year.

#### Inventories

Inventories are valued at lower of cost and replacement cost.

#### Investment by the Corporation of the City of St. Catharines

The investment by the Corporation of the City of St. Catharines is recorded at cost. See notes 4 and 5.

#### Operations

The financial statements include the operations of the Service as well as the operations of the Paratransit System of St. Catharines.

#### Employee future benefits

The Service pays certain medical, dental and life insurance benefits on behalf of its retired employees. The Service recognizes these post-retirement costs in the period in which the employees rendered the services. See note 2.

#### Pledges

The amount of pledges to donate funds to the Paratransit System of St. Catharines are included in revenues in the year the amounts are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

# ST. CATHARINES TRANSIT COMMISSION

## NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2017

### 1. Significant Accounting Policies - continued

#### Use of estimates

The preparation of the 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 dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. These estimates and assumptions are based on management's best information and judgement and may differ significantly from actual results.

### 2. Employee Future Benefits

	2017 \$	2016 \$
Vacation pay	7,311	33,700
Post-retirement benefits	2,330,908	2,022,602
	<b>2,338,219</b>	<b>2,056,302</b>

#### Vacation Pay

As at December 31, 2017, employees of the Service have accumulated vacation pay credits in the amount of \$ 7,311 (2016 - \$ 33,700). These credits must be used within the next fiscal year.

#### Post-Retirement Benefits

The Service pays certain medical, dental and life insurance benefits on behalf of its retired employees. The accrued benefit liability was determined by actuarial valuation using a discount rate of 3.50% (2016 - 3.50%).

#### Defined Benefit Plan Information

	2017 \$	2016 \$
Employee benefit plan assets		
Employee benefit plan liabilities	2,330,908	2,022,602
Employee benefit plan deficit	<b>2,330,908</b>	<b>2,022,602</b>
Accrued benefit obligation, beginning of year	2,022,602	1,721,285
Expense for the year	305,510	291,408
Amortization of actuarial losses (gains)	92,022	(473,728)
Past service costs adjustment		565,750
Benefits paid during the year	(89,226)	(82,113)
Accrued benefit obligation, end of year	<b>2,330,908</b>	<b>2,022,602</b>



# ST. CATHARINES TRANSIT COMMISSION

## NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2017

---

### 2. Employee Future Benefits - continued

As a result of an actuarial valuation conducted in 2017 for the year ending December 31, 2016, it was determined that an actuarial loss of \$ 1,012,241 existed. This amount is being amortized over the expected average remaining service life of the employee group, which in this case, is 11 years or \$ 92,022 per annum. The unamortized value remaining is \$ 828,197. The actual obligation is \$ 3,159,105. Also, as a result of changes in employee benefit entitlements and the subsequent changes in the actuarial valuation, additional past service costs were required to be estimated. The resulting liability was required to be recognized immediately in the period of the plan amendment. Any actuarial gains existing at the time of the past service cost were also required to be recognized in the same year, up to the amount of the past service cost.

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

**General Inflation** - Future general inflation levels, as measured by changes in the Consumer Price Index ("CPI"), were assumed at 2.0% in 2017 and thereafter.

**Salary Levels** - Future salary and wage levels were assumed to increase at 2.0% per annum for the year 2017 and thereafter.

**Medical Costs** - Medical costs were assumed to increase at a rate of 6.20%, graded down to 5.99% in 2018, 5.78% in 2019, 5.56% in 2020, 5.35% in 2021, 5.14% in 2022, 4.93% in 2023, 4.71% in 2024, and 4.50% in 2025 and each year thereafter.

**Dental Costs** - Dental costs were assumed to increase at a rate of 4.50% in 2017 and each year thereafter.

### 3. Long-Term Liabilities

(a) The balance of long-term liabilities reported on the Statement of Financial Position is as follows:

	2017	2016
	\$	\$
Long-term liabilities incurred by the Service which bear interest at 2.229%	<b>445,000</b>	

---

(b) Principal payments due over the next five years and thereafter are as follows:

	\$
2018	41,270
2019	41,780
2020	42,315
2021	42,949
2022	43,689
Thereafter	232,997

(c) Interest expense on long-term liabilities amounted to \$ nil for the year.

# ST. CATHARINES TRANSIT COMMISSION

## NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2017

### 4. Accumulated Surplus

	2017	2016
	\$	\$
Invested in tangible capital assets	24,065,575	24,998,427
Reserve fund for future tangible capital assets	505,412	137,963
Paratransit reserve fund for future tangible capital assets	92,849	89,792
Investment by the City of St. Catharines	195,571	110,497
Amount to be recovered - employee future benefits	(2,338,219)	(2,056,302)
Amount to be recovered - long-term liabilities	(445,000)	
	<b>22,076,188</b>	<b>23,280,377</b>

### 5. Economic Dependence

The Corporation of the City of St. Catharines is obligated to subsidize the Service for any excess of expense over revenue.

### 6. Related Party Transactions

As a formal Commission established pursuant to Provincial legislation, with Council representation, the Service and the Corporation of the City of St. Catharines ("the City") are considered related parties.

The City charges the Service for certain costs on a flat fee basis. These charges are as follows:

	2017	2016
	\$	\$
Data processing	9,720	9,720
Downtown bus terminal rent	1	1
2012 First Street Louth land and building lease	1	1

# ST. CATHARINES TRANSIT COMMISSION

## NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2017

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### 7. Pension Agreement

The Service makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of 172 members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The Administration Corporation Board of Directors, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. OMERS provides pension services to approximately 440,000 active and retired members and approximately 1,000 employers.

Each year an independent actuary determines the funding status of OMERS Primary Pension Plan ("the Plan") by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The Plan is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Service does not recognize any share of the OMERS pension surplus or deficit.

The amount contributed to OMERS for 2017 was \$ 1,051,542 (2016 - \$ 1,024,842) for current service and is included as an expense on the Statement of Operations and Accumulated Surplus.

On January 1, 2017, the yearly maximum pension earnings increased to \$ 55,300 from \$ 54,900 in 2016. The contributions are calculated at a rate of 9% (2016 - 9%) for amounts up to the yearly maximum pension earnings stated above and at a rate of 14.6% (2016 - 14.6%) for amounts above the yearly maximum pension earnings.

# ST. CATHARINES TRANSIT COMMISSION

## SCHEDULE OF TANGIBLE CAPITAL ASSETS

for the year ended December 31, 2017

Schedule 1

	Cost			Accumulated Amortization				Net Book Value	
	Balance, Beginning of Year	Additions	Disposals	Balance, End of Year	Balance, Beginning of Year	Amortization	Disposals		Balance, End of Year
	\$	\$	\$	\$	\$	\$	\$	\$	
Land	357,225			357,225				357,225	
Land improvements	809,293	37,296		846,589	645,681	49,714		695,395	
Buildings	7,449,288			7,449,288	2,453,267	115,997		2,569,264	
Structures	1,217,987			1,217,987	278,532	68,026		346,558	
Equipment	4,089,484		13,149	4,076,335	1,811,617	207,988	13,149	2,006,456	
Furniture	11,036			11,036	2,484	551		3,035	
IT equipment - Conventional	2,551,025	1,574,811	60,295	4,065,541	973,398	364,971	60,295	1,278,074	
IT equipment - Paratransit	243,378	70,701		314,079	52,152	40,406		92,558	
Vehicles - Conventional	39,262,120	755,800		40,017,920	25,220,953	2,803,893		28,024,846	
Vehicles - Paratransit	1,056,290			1,056,290	610,615	105,829		716,444	
Work in progress		385,915		385,915				385,915	
<b>December 31, 2017</b>	<b>57,047,126</b>	<b>2,824,523</b>	<b>73,444</b>	<b>59,798,205</b>	<b>32,048,699</b>	<b>3,757,375</b>	<b>73,444</b>	<b>35,732,630</b>	<b>24,065,575</b>
Land	357,225			357,225				357,225	
Land improvements	809,293			809,293	593,896	51,785		645,681	
Buildings	7,411,444	37,844		7,449,288	2,337,831	115,436		2,453,267	
Structures	1,258,226	38,536	78,775	1,217,987	291,208	66,099	78,775	278,532	
Equipment	4,035,731	53,753		4,089,484	1,606,544	205,073		1,811,617	
Furniture	11,036			11,036	1,932	552		2,484	
IT equipment - Conventional	2,506,852	47,451	3,278	2,551,025	721,953	254,723	3,278	973,398	
IT equipment - Paratransit	243,378			243,378	17,384	34,768		52,152	
Vehicles - Conventional	38,428,750	2,616,370	1,783,000	39,262,120	24,212,079	2,791,874	1,783,000	25,220,953	
Vehicles - Paratransit	989,335	151,955	85,000	1,056,290	594,754	100,861	85,000	610,615	
<b>December 31, 2016</b>	<b>56,051,270</b>	<b>2,945,909</b>	<b>1,950,053</b>	<b>57,047,126</b>	<b>30,377,581</b>	<b>3,621,171</b>	<b>1,950,053</b>	<b>32,048,699</b>	<b>24,998,427</b>

See accompanying notes

# ST. CATHARINES TRANSIT COMMISSION

## SCHEDULE OF EXPENSES

Schedule 2

for the year ended December 31, 2017

	(Unaudited) Budget 2017 \$	Actual 2017 \$	Actual 2016 \$
<b>Transportation</b>			
Operator wages	7,540,698	7,477,593	7,314,757
Payroll taxes	2,561,066	2,577,584	2,427,316
	10,101,764	10,055,177	9,742,073
Thorold transcab service	214,675	209,845	200,224
Uniforms	48,530	56,876	52,789
Licenses	69,120	63,113	57,490
Fare media	55,000	49,344	70,958
Safety and training	47,358	38,368	36,852
	<b>10,536,447</b>	<b>10,472,723</b>	<b>10,160,386</b>
<b>Fuel</b>			
Diesel fuel	2,505,846	2,184,081	1,947,616
Gasoline fuel	105,000	25,883	20,009
Lubricants		48,236	74,794
	<b>2,610,846</b>	<b>2,258,200</b>	<b>2,042,419</b>
<b>Equipment and Vehicle Maintenance</b>			
Mechanics wages	1,168,576	1,196,729	1,112,800
Servicemen wages	509,640	491,868	498,423
Mechanics payroll taxes	434,170	431,188	422,218
Servicemen payroll taxes	201,677	198,666	195,304
	2,314,063	2,318,451	2,228,745
Tires	105,000	133,862	144,343
Materials	1,400,000	1,478,030	1,771,667
Two way radios	13,000	8,283	9,363
Service and staff vehicles	15,375	8,083	8,940
Mechanics tool replacements	10,000	16,335	12,627
Miscellaneous	24,000	33,755	28,142
	<b>3,881,438</b>	<b>3,996,799</b>	<b>4,203,827</b>

See accompanying notes

# ST. CATHARINES TRANSIT COMMISSION

## SCHEDULE OF EXPENSES

for the year ended December 31, 2017

Schedule 2 - continued

	(Unaudited) Budget 2017 \$	Actual 2017 \$	Actual 2016 \$
<b>Premises and Plant</b>			
Utilities	160,000	146,847	144,977
Garage supplies	50,000	50,350	40,509
Building and janitorial	236,904	215,340	222,258
Bus shelters	14,000	36,786	37,523
Property taxes	172,200	158,535	209,513
Fire and boiler insurance	6,780	6,780	6,480
	<b>639,884</b>	<b>614,638</b>	<b>661,260</b>
<b>Downtown Terminal</b>			
Salaries	143,009	171,198	156,812
Payroll taxes	28,602	40,670	31,842
	171,611	211,868	188,654
Office supplies	6,000	3,334	5,103
Telephone	49,900	40,747	34,480
Building and janitorial	54,000	115,839	54,483
Rent and utilities	106,000	101,413	30,768
Contracted services	147,000	140,409	142,121
	<b>534,511</b>	<b>613,610</b>	<b>455,609</b>
<b>General and Administration</b>			
Salaries	1,403,136	1,371,966	1,368,240
Payroll taxes	488,150	758,051	777,972
	1,891,286	2,130,017	2,146,212
Insurance	557,312	517,110	538,056
Office	279,763	295,711	226,553
Telephone	55,960	58,597	55,811
Professional fees	31,000	16,703	36,984
Advertising	60,000	61,588	60,611
Miscellaneous	78,400	68,202	78,356
	<b>2,953,721</b>	<b>3,147,928</b>	<b>3,142,583</b>

See accompanying notes

# ST. CATHARINES TRANSIT COMMISSION

## SCHEDULE OF EXPENSES

for the year ended December 31, 2017

Schedule 2 - continued

	(Unaudited) Budget 2017 \$	Actual 2017 \$	Actual 2016 \$
<b>Paratransit Operating</b>			
Operator wages	526,758	556,316	553,392
Administrative salaries	128,146	130,724	151,931
Mechanics wages	70,211	70,212	70,200
Servicemen wages	57,054	57,060	57,060
Operator payroll taxes	193,794	193,340	189,098
Administrative payroll taxes	44,669	41,522	43,564
Mechanic payroll taxes	25,460	25,464	25,464
Servicemen payroll taxes	21,881	21,888	25,654
	1,067,973	1,096,526	1,116,363
Uniforms	6,000	6,000	6,000
Licenses	660		166
Diesel fuel	70,000	63,545	53,590
Lubricants	1,104	1,104	1,104
Materials	25,000	5,691	1,137
Two way radios	1,394	1,392	1,392
Utilities	15,000	15,000	15,000
Garage supplies	2,064	2,064	2,064
Building and janitorial	7,740	7,740	7,740
Property taxes	11,520	11,520	10,980
Fire and boiler insurance	756	756	720
Insurance	75,600	75,600	72,000
Advertising	888	443	
Office	3,000	3,000	3,549
Telephone	2,400	2,400	2,400
Professional fees	2,520	2,520	2,520
Miscellaneous office	600	90	457
	<b>1,294,219</b>	<b>1,295,391</b>	<b>1,297,182</b>

See accompanying notes

**NIAGARA DISTRICT AIRPORT COMMISSION**

**Financial Statements**

**December 31, 2017**



## NIAGARA DISTRICT AIRPORT COMMISSION

### MANAGEMENT REPORT

December 31, 2017

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The accompanying financial statements of the Niagara District Airport Commission (the "Commission") are the responsibility of the Commission's management and have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

The preparation of financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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

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

The financial statements have been audited by Crawford, Smith and Swallow Chartered Accountants LLP, independent external auditors appointed by the Commission. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination, and their opinion on the Commission's financial statements.



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Terry Flynn  
Chair  
March 22, 2018



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Daniel Pilon  
CEO  
March 22, 2018

Crawford, Smith and Swallow  
Chartered Accountants LLP

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Niagara Falls, Ontario  
L2E 2M2  
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*crawford  
smith &  
swallow*

Offices in:  
Niagara Falls, Ontario  
St. Catharines, Ontario  
Fort Erie, Ontario  
Niagara-on-the-Lake, Ontario  
Port Colborne, Ontario

## INDEPENDENT AUDITORS' REPORT

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To the Members of  
Niagara District Airport Commission

We have audited the accompanying financial statements of Niagara District Airport Commission, which comprise the statement of financial position as at December 31, 2017, and the statements of operations, remeasurement gains and losses, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility 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.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

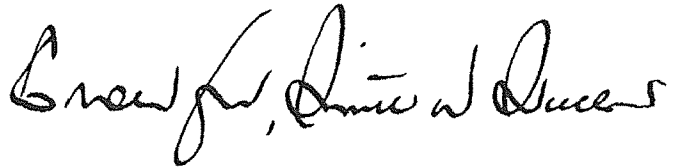
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Niagara District Airport Commission as at December 31, 2017, and the results of its operations, remeasurement gains and losses, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Niagara Falls, Ontario  
March 22, 2018

A handwritten signature in black ink, appearing to read "Crawford, Smith & Swallow". The signature is written in a cursive, flowing style.

CRAWFORD, SMITH AND SWALLOW  
CHARTERED ACCOUNTANTS LLP

LICENSED PUBLIC ACCOUNTANTS

**NIAGARA DISTRICT AIRPORT COMMISSION**

**STATEMENT OF FINANCIAL POSITION**

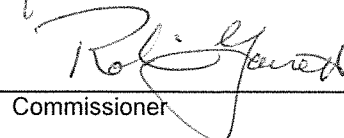
as at December 31, 2017

	2017 \$	2016 \$
<b>Assets</b>		
<b>Current Assets</b>		
Cash	447,238	705,711
Temporary investments	85,000	-
Portfolio investments at fair value (cost - \$710,662)	705,268	-
Accounts receivable - note 2	78,464	20,899
Prepaid expenses	20,447	6,111
	1,336,417	732,721
<b>Capital Assets - note 13</b>	10,053,083	10,573,440
	<b>11,389,500</b>	<b>11,306,161</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities - note 2	153,180	115,068
Government remittances payable	11,708	8,407
Deferred revenue - note 3	499,081	476,887
	663,969	600,362
<b>Deferred Capital Contributions - note 4</b>	9,505,821	9,698,371
	10,169,790	10,298,733
<b>Net Assets</b>		
Invested in tangible capital assets	547,262	875,069
Internally restricted	560,000	-
Unrestricted	117,842	132,359
	1,225,104	1,007,428
<b>Accumulated Remeasurement Losses</b>	(5,394)	-
	<b>11,389,500</b>	<b>11,306,161</b>

Signed on behalf of the Commission:



Commissioner



Commissioner

See accompanying notes.

**NIAGARA DISTRICT AIRPORT COMMISSION**  
**STATEMENT OF CHANGES IN NET ASSETS**  
for the year ended December 31, 2017

	Invested in Capital Assets \$	Internally Restricted Net Assets \$	Unrestricted \$	2017 \$	2016 \$
<b>Balance, Beginning of Year</b>	875,069	-	132,359	1,007,428	997,002
<b>Excess (Deficiency) of Revenue over Expenses for the Year</b>	(58,179)	-	275,855	217,676	10,426
<b>Disposal of Capital Assets</b>	(269,628)	-	269,628	-	-
<b>Internally Imposed Restrictions - note 11</b>	-	560,000	(560,000)	-	-
<b>Balance, End of Year</b>	<b>547,262</b>	<b>560,000</b>	<b>117,842</b>	<b>1,225,104</b>	<b>1,007,428</b>

**STATEMENT OF REMEASUREMENT GAINS AND LOSSES**  
for the year ended December 31, 2017

	2017 \$	2016 \$
<b>Accumulated Remeasurement Gains, Beginning of Year</b>	-	-
<b>Unrealized Losses Attributable to Portfolio Investments</b>	(5,394)	-
<b>Accumulated Remeasurement Losses, End of Year</b>	<b>(5,394)</b>	<b>-</b>

See accompanying notes.

**NIAGARA DISTRICT AIRPORT COMMISSION**

**STATEMENT OF OPERATIONS**

for the year ended December 31, 2017

	Budget 2017 \$	Actual 2017 \$	Actual 2016 \$
<b>Revenue</b>			
Events	8,000	600	4,950
Fuel operations	16,000	25,678	23,864
Interest	1,200	2,596	2,401
Landing and parking fees	80,000	45,068	25,631
Miscellaneous	22,800	21,787	17,776
Municipal grants - schedule 1	363,500	435,326	356,400
Deferred revenue recognized - note 3	-	12,996	-
Rentals	253,500	220,400	224,024
	745,000	764,451	655,046
<b>Operating Expenses</b>			
Maintenance, building and property - schedule 2	46,000	50,279	36,139
Maintenance, vehicles and equipment - schedule 3	64,700	50,492	55,202
Operations - schedule 4	197,400	265,084	156,395
Personnel - schedule 5	436,900	413,059	337,161
	745,000	778,914	584,897
<b>Excess (Deficiency) of Revenues over Expenses before Undernoted Items</b>	-	(14,463)	70,149
<b>Other</b>			
Portfolio investment income - schedule 6	-	1,497	-
Gain on disposition of capital assets	-	288,821	3,478
Deferred capital contribution amortization	-	488,942	474,549
Amortization	-	(547,121)	(537,750)
	-	232,139	(59,723)
<b>Excess of Revenues over Expenses for the Year</b>	-	217,676	10,426

See accompanying notes.

**NIAGARA DISTRICT AIRPORT COMMISSION**

**STATEMENT OF CASH FLOWS**

for the year ended December 31, 2017

	2017 \$	2016 \$
<b>Operating Activities</b>		
Excess of revenues over expenses for the year	217,676	10,426
Amortization	547,121	537,750
Deferred capital contribution amortization	(488,942)	(474,549)
Gain on disposal of capital assets	(288,821)	(3,478)
Working capital provided (used) by operations	(12,966)	70,149
Changes in working capital components:		
Accounts receivable	(57,565)	(9,639)
Sales tax recoverable	-	8,066
Prepaid expenses	(14,336)	(4,539)
Accounts payable and accrued liabilities	38,112	(63,343)
Government remittances payable	3,301	7,109
Deferred revenue	22,194	378,811
	(8,294)	316,465
Funds provided (used) by operating activities	(21,260)	386,614
<b>Investing Activities</b>		
Increase in temporary investments	(85,000)	-
Purchase of portfolio investments	(710,662)	-
Proceeds on disposal of capital assets	558,449	3,478
Capital expenditures	(296,392)	(93,772)
Funds used by investing activities	(533,605)	(90,294)
<b>Financing Activities</b>		
Repayment of long-term debt	-	(12,000)
Deferred capital contribution received	296,392	93,772
Funds provided by financing activities	296,392	81,772
<b>Increase (Decrease) in Cash</b>	<b>(258,473)</b>	<b>378,092</b>
<b>Cash, Beginning of Year</b>	<b>705,711</b>	<b>327,619</b>
<b>Cash, End of Year</b>	<b>447,238</b>	<b>705,711</b>

See accompanying notes.

## NIAGARA DISTRICT AIRPORT COMMISSON

### NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2017

---

#### Organization

The ownership of the Niagara District Airport was transferred from the Federal Government to the Town of Niagara-on-the-Lake ("Town") in 1996. The Niagara District Airport Commission ("Commission"), established in 1959, is entrusted with the control and management of the airport as per an agreement between the Town and the Commission dated September 13, 1996. The City of St. Catharines, the City of Niagara Falls, and the Town of Niagara-on-the-Lake have entered into an Airport Funding Agreement, which expires on December 31, 2026. The agreement established the Commission as a Joint Municipal Services Board under the Municipal Act and authorizes the Commission to hold all airport assets in trust. The Commission is a subsidiary of a municipal enterprise and, as such, is exempt from corporate income taxes.

#### 1. Significant Accounting Policies:

The financial statements of the Commission are the representations of management prepared in accordance with Canadian public sector accounting standards, consistently applied. Because a 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 judgement in the light of available information. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting polices summarized below:

##### Financial reporting framework:

The financial statements of the Commission have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations, including the 4200 series of the standards, as issued by the Public Sector Accounting Board ("PSAB for Government NPO's").

##### Revenue recognition:

The commission follows the deferral method of accounting for contributions. Deferred revenue includes unused grants received from the municipal entities listed that are designated to be used to fund capital expenditures or repair type expenses, exclusive rights to lease and prepayment of leases. Amounts designated as capital grants are credited to deferred capital contributions and recognized as revenue on the same basis as the amortization of the related capital assets once an asset has been acquired. Other funds received for expenses of future periods are recognized as revenue in the period when the expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Unrestricted revenues including fuel revenue, event revenue, and landing and parking fees are recognized as revenue when earned. Rental revenue from land leases are recognized on a straight line basis over the term of the agreements.

Interest is measured using the effective interest method. Interest and dividends attributable to financial instruments are reported in the Statement of Operations.

##### Prepaid Expenses

Prepaid expenses represent amounts paid in advance for a good or service not yet received. The expense is recognized once the goods have been received or the services have been performed.



## NIAGARA DISTRICT AIRPORT COMMISSON

### NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2017

---

#### 1. Significant Accounting Policies (continued):

##### Financial instruments:

The Commission has elected to recognize its portfolio investments at fair value. When items measured at fair value are initially recognized, transaction costs are expensed. The change in fair value is recognized as remeasurement gain or loss in the Statement of Remeasurement Gains and Losses until the portfolio investment is sold. At the time when the portfolio investment is sold, the associated gain and losses are reversed and reclassified in the Statement of Operations.

The Commission's other financial instruments consist of cash, temporary investments, accounts receivable and accounts payable and accrued liabilities. Financial instruments are initially measured at fair value on acquisition and are subsequently measured at amortized cost. Transaction costs and financial fees associated with financial instruments carried at amortized cost are recorded as adjustments to the initial fair value recognized, and amortized over the life to the financial instrument.

##### Capital assets and amortization:

Capital assets are recorded at cost. Expenditures for maintenance and repairs are charged to operating expenses.

Amortization is calculated on a straight-line basis over the estimated useful lives as follows:

Land improvements	4 to 60 years
Buildings	20 to 60 years
Equipment	4 to 40 years
Furniture and fixtures	10 years
Computer equipment	3 to 5 years
Motor vehicles	5 to 20 years
Signs	2 to 20 years
Other machinery and equipment	10 to 60 years
Linear assets	20 to 60 years

Additions during the year are amortized from the month of acquisition. Disposals are amortized until the month of disposition. Gains or losses on assets sold or otherwise disposed of are included in the statement of operations.

##### Impairment of long-lived assets:

The carrying value of long-lived assets including property, plant and equipment, and certain other long-lived assets is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. If the long-lived asset no longer has any long-term service potential to the Commission, it is considered to be impaired. An impairment loss is measured at the amount by which the carrying amount of the asset exceeds its residual value.

##### Contributed services:

The Commission receives contributed services in the form of the time commitment of the commissioners in the overseeing of operations. The fair value of such contributed services is not determinable and, therefore, not recognized in the financial statements.

#### 2. Related Party Transactions:

During the year, the Commission paid accounting fees of \$12,000 (2016 - \$12,000) to the Town of Niagara-on-the-Lake. Accounts receivable includes \$15,067 (2016 - nil) receivable from the City of Niagara Falls, \$15,067 (2016 - nil) receivable from the Town of Niagara-on-the-Lake and \$15,067 (2016 - nil) receivable from the City of St. Catharines. Accounts payable and accrued liabilities includes \$17,218 (2016 - \$36,153) payable to the Town of Niagara-on-the-Lake and \$11,572 (2016 - \$7,700) payable to the City of St. Catharines.

**NIAGARA DISTRICT AIRPORT COMMISSON**

**NOTES TO FINANCIAL STATEMENTS**

for the year ended December 31, 2017

<b>3. Deferred Revenue:</b>	2017	2016
	\$	\$
<b>Capital Grants</b>		
Balance, beginning of year	391,887	98,076
City of St. Catharines	156,961	221,624
City of Niagara Falls	99,143	139,985
Town of Niagara-on-the-Lake	18,396	25,974
Less: capital grant utilized	(296,392)	(93,772)
Less: capital grant utilized, recognized in operations	(2,996)	
<b>Balance, end of year</b>	<b>366,999</b>	<b>391,887</b>
<b>Apron Deficiency</b>		
Balance, beginning of year	85,000	-
Regional Municipality of Niagara - note 8	-	85,000
Less: deferred revenue recognized in operations	(10,000)	-
<b>Balance, end of year</b>	<b>75,000</b>	<b>85,000</b>
<b>Other Deferred Revenue</b>		
Balance, beginning of year	-	-
Lease payments paid in advance - note 9	10,000	-
Exclusive right to lease - note 10	50,000	-
Less: deferred revenue recognized in rentals	(2,918)	-
<b>Balance, end of year</b>	<b>57,082</b>	<b>-</b>
	<b>499,081</b>	<b>476,887</b>

<b>4. Deferred Capital Contributions:</b>	2017	2016
	\$	\$
Balance, beginning of year	9,698,371	10,164,148
Add: capital grant utilized	296,392	93,772
Less: revision of prior year contributions - note 8	-	(85,000)
Less: charged to fund revenues during the year	(488,942)	(474,549)
<b>Balance, End of Year</b>	<b>9,505,821</b>	<b>9,698,371</b>

**5. Economic Dependence:**

The Commission receives a significant portion of its revenues from the City of St. Catharines, City of Niagara Falls, and the Town of Niagara-on-the-Lake.

**6. Budget Figures:**

The budget figures presented on the Statement of Operations are based on the 2017 operating and capital budgets as approved by the Commission. These numbers have not been audited, but are presented for information purposes only. The budgets established for capital are on a project-oriented basis, the costs of which may be carried out over one or more years. As such, they are not directly comparable with current year actual amounts and have not been reflected. Budget figures have been reclassified to comply with PSAB for Government NPO's reporting requirements.

## NIAGARA DISTRICT AIRPORT COMMISSON

### NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2017

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#### 7. Pension Plan:

The Commission makes contributions to the Ontario Municipal Employees Retirement Fund ("OMERS"), which is a multi-employer plan, on behalf of all 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 Administration Corporation Board of Directors, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. OMERS provides pension services to approximately 471,000 active and retired members and approximately 1,000 employers.

Each year an independent actuary determines the funding status of OMERS Primary Pension Plan ("the Plan") by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The Plan is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Commission does not recognize any share of the OMERS pension surplus or deficit.

The amount contributed to OMERS for 2017 was \$30,631 (2016 - \$25,155) for current services and is included as an expense on the Statement of Operations.

On January 1, 2017 the yearly maximum pensionable earnings increased to \$55,300 from \$54,900 in 2016. The contributions are calculated at a rate of 9.0% (2016 - 9.0%) for amounts up to the yearly maximum pensionable earnings stated above and at a rate of 14.6% (2016 - 14.6%) for amounts above the yearly maximum pensionable earnings.

#### 8. Airport Renovation Project Holdback Settlement:

During the prior year, the Regional Municipality of Niagara (the "Region"), as project co-ordinator, settled an outstanding holdback in the amount of \$164,000 related to the Commission airport renovation project ("ARP") which totalled \$11,870,669 and was completed in July 2011. This agreement between the Region and a specific contractor related to deficiencies discovered after completion of the apron area of the airport. Slight depressions in the apron were discovered by the airport CEO and this was relayed to Region staff. A payment of \$79,000 and applicable HST was made to the contractors with the balance of \$85,000 and applicable HST being forwarded to the Commission for future repairs of the identified depressions. These funds have been recorded in deferred revenue (see note 3) and will be recognized as revenue in the year when the related repairs have been completed. Therefore, \$85,000 had been removed from capital assets and deferred capital contributions in the prior year as it is an adjustment to the estimated costs at the time of completion. In the current year, apron repairs costing \$10,000 have occurred.

#### 9. Lease Payments Paid in Advance :

During the year the Commission entered into an agreement to lease out certain space on the Airport Lands with some consideration being paid in advance. Effective August 1, 2017, the lease agreement has a term of 50 years with base rent calculated at a rate of \$7,000 per year. All amounts received in advance are recorded in deferred revenue (see note 3) and will be recognized in revenue on a straight line basis over the term of the agreement.

#### 10. Exclusive Right to Lease:

During the year, the Commission entered into an agreement which granted an exclusive option to lease and develop a portion of Airport lands identified as the "SW Airpark Lands" to one tenant. The tenant paid the Commission \$50,000 for this option and it has an expiry date of April 30, 2018. The Commission has agreed that the option fee will be used to fund costs related to certain feasibility type studies. Any unexpended amount will be returned to the tenant if the option is not exercised and retained by the Commission if exercised. The option fee received is recorded as deferred revenue (see note 3) and will be recognized as revenue at the same time and basis as the related expenditures.

**NIAGARA DISTRICT AIRPORT COMMISSON**

**NOTES TO FINANCIAL STATEMENTS**

for the year ended December 31, 2017

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**11. Restrictions on Net Assets:**

During the year the Commission approved a motion to transfer the proceeds received from the sale of a fixed asset in the amount of \$560,000 to internally restricted net assets. Internally restricted net assets are not available for other purposes without approval of the Commission. The purpose of this internally restricted fund is to assist with the funding of future capital expenditures.

**12. Financial Risks:**

Transactions in financial instruments expose the Commission to certain financial risks and uncertainties. These risks include:

**Credit Risk**

Credit risk is the risk that a counterparty will be unable to fulfil its obligations on a timely basis or at a reasonable cost. The Commission has accounts receivable which are exposed to credit risk. The Commission monitors, on an ongoing basis, the credit risk to which the Commission is exposed and takes measures to mitigate any risk of loss. Provisions against losses from bad debts are recorded according to credit risk, historical trends, general economic situations and other information. Accounts receivable are net of an allowance for doubtful accounts of nil.

As a result of an increase in accounts receivable, the Commission's exposure to credit risk has increased over the prior year.

**Interest Rate Risk**

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Commission holds temporary investments that bear interest at fixed rates which will mature in the next fiscal year. Accordingly, the Commission is exposed to the effects of fluctuations in market interest rates when these temporary investments are reinvested.

During the year, the Commission purchased temporary investments that earn interest at market rates. As a result, the company is now exposed to interest rate risk.

**Price Risk**

Price risk is the risk that the fair value and future cash flows of a financial instrument will fluctuate due to changes in market values. The Commission holds portfolio investments that fluctuate with changes in market prices. Accordingly, the Commission is exposed to the effects of fluctuations in market prices.

During the year, the Commission purchased portfolio investments that fluctuate with changes in market prices. As a result, the Commission is now exposed to price risk.

**13. Capital Assets:**

**Capital Assets Disclosed at Nominal Values:**

Where an estimate of fair market value could not be made for a capital asset, the asset was recognized at a nominal value. Nominal values totalling \$20 have been assigned to Land (\$2), Land Improvements (\$4), Buildings (\$5), Vehicles (\$2), Machinery and Equipment (\$1), Infrastructure (\$5) and Signage (\$1).

**NIAGARA DISTRICT AIRPORT COMMISSION  
NOTES TO FINANCIAL STATEMENTS**

for the year ended December 31, 2017

**13. Capital Assets (continued):**

	2017	Opening NBV	Opening Cost	Additions	Disposals	Closing Cost	Opening Accumulated Amortization	Amortization	Deletions	Closing Accumulated Amortization	Closing NBV
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>General Assets:</b>											
Land	25,437	25,437	-	-	-	25,437	-	-	-	-	25,437
Land improvements	5,263,855	7,398,911	-	-	7,398,911	2,135,056	355,068	-	-	2,490,124	4,908,787
Buildings	1,824,504	2,133,932	6,979	315,445	1,825,466	309,428	50,673	45,817	-	314,284	1,511,182
Equipment	1,097,609	1,338,874	97,850	7,257	1,429,467	241,265	49,711	7,257	-	283,719	1,145,748
Furniture and fixtures	16,407	32,302	-	-	32,302	15,895	3,230	-	-	19,125	13,177
Computer equipment	12,660	25,084	3,230	-	28,314	12,424	3,749	-	-	16,173	12,141
Motor vehicles	231,922	365,770	-	40,507	325,263	133,848	25,102	40,507	-	118,443	206,820
Signs	47,083	50,155	-	-	50,155	3,072	2,508	-	-	5,580	44,575
	8,519,477	11,370,465	108,059	363,209	11,115,315	2,850,988	490,041	93,581	-	3,247,448	7,867,867
<b>Infrastructure:</b>											
Other machinery and equipment	1,095,723	1,343,989	-	-	1,343,989	248,266	33,877	-	-	282,143	1,061,846
Linear assets	952,702	1,085,456	-	-	1,085,456	132,754	23,203	-	-	155,957	929,499
	2,048,425	2,429,445	-	-	2,429,445	381,020	57,080	-	-	438,100	1,991,345
<b>Work In Progress:</b>											
	5,538	5,538	188,333	-	193,871	-	-	-	-	-	193,871
<b>Grand Total</b>	10,573,440	13,805,448	296,392	363,209	13,738,631	3,232,008	547,121	93,581	-	3,685,548	10,053,083

**NIAGARA DISTRICT AIRPORT COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**

for the year ended December 31, 2016

**13. Capital Assets (continued):**

	2016		Opening NBV	Opening Cost	Additions	Disposals	Closing Cost	Opening Accumulated Amortization	Amortization	Deletions	Closing Accumulated Amortization	Closing NBV
	Opening NBV	Opening Cost										
<b>General Assets:</b>												
Land	25,437	25,437			-	-	25,437	-	-	-	-	25,437
Land improvements	5,703,409	7,483,911			-	85,000	7,398,911	1,780,502	354,554	-	2,135,056	5,263,855
Buildings	1,874,825	2,129,782			4,150	-	2,133,932	254,957	54,471	-	309,428	1,824,504
Equipment	1,122,536	1,326,961			16,909	4,996	1,338,874	204,425	41,836	4,996	241,265	1,097,609
Furniture and fixtures	19,637	37,535			-	5,233	32,302	17,898	3,230	5,233	15,895	16,407
Computer equipment	-	11,025			14,059	-	25,084	11,025	1,399	-	12,424	12,660
Motor vehicles	212,996	324,493			41,277	-	365,770	111,497	22,351	-	133,848	231,922
Signs	37,357	38,316			11,839	-	50,155	959	2,113	-	3,072	47,083
	8,996,197	11,377,460			88,234	95,229	11,370,465	2,381,263	479,954	10,229	2,850,988	8,519,477
<b>Infrastructure:</b>												
Other machinery and equipment	1,130,310	1,343,989			-	-	1,343,989	213,679	34,587	-	248,266	1,095,723
Linear assets	975,911	1,085,456			-	-	1,085,456	109,545	23,209	-	132,754	952,702
	2,106,221	2,429,445			-	-	2,429,445	323,224	57,796	-	381,020	2,048,425
<b>Work In Progress:</b>												
	-	-			5,538	-	5,538	-	-	-	-	5,538
<b>Grand Total</b>	<b>11,102,418</b>	<b>13,806,905</b>			<b>93,772</b>	<b>95,229</b>	<b>13,805,448</b>	<b>2,704,487</b>	<b>537,750</b>	<b>10,229</b>	<b>3,232,008</b>	<b>10,573,440</b>

**NIAGARA DISTRICT AIRPORT COMMISSION**

**Schedule 1**

**SCHEDULE OF MUNICIPAL GRANTS**

for the year ended December 31, 2017

	Budget 2017 \$	2017 \$	2016 \$
City of St. Catharines			
Operating Grant	207,853	207,853	203,793
Business Valuation	-	13,333	-
Environmental Assessment	-	10,609	-
	207,853	231,795	203,793
City of Niagara Falls			
Operating Grant	131,287	131,287	128,723
Business Valuation	-	13,333	-
Environmental Assessment	-	10,609	-
	131,287	155,229	128,723
Town of Niagara-on-the-Lake			
Operating Grant	24,360	24,360	23,884
Business Valuation	-	13,333	-
Environmental Assessment	-	10,609	-
	24,360	48,302	23,884
	<b>363,500</b>	<b>435,326</b>	<b>356,400</b>

See accompanying notes.

NIAGARA DISTRICT AIRPORT COMMISSION

Schedule 2

SCHEDULE OF MAINTENANCE, BUILDING, AND PROPERTY

for the year ended December 31, 2017

	Budget 2017 \$	2017 \$	2016 \$
Building	16,500	26,354	13,264
Property	16,000	9,637	12,570
Runway	13,500	14,288	10,305
	<b>46,000</b>	<b>50,279</b>	<b>36,139</b>

See accompanying notes.



NIAGARA DISTRICT AIRPORT COMMISSION

Schedule 3

SCHEDULE OF MAINTENANCE, VEHICLES, AND EQUIPMENT

for the year ended December 31, 2017

	Budget 2017 \$	2017 \$	2016 \$
Equipment rent	3,200	2,694	2,610
Gas and oil	18,000	21,258	14,026
Vehicles	43,500	26,540	38,566
	<b>64,700</b>	<b>50,492</b>	<b>55,202</b>

See accompanying notes.

**NIAGARA DISTRICT AIRPORT COMMISSION**

**Schedule 4**

**SCHEDULE OF OPERATIONS**

for the year ended December 31, 2017

	Budget 2017 \$	2017 \$	2016 \$
Accounting fees - note 2	12,000	12,000	12,000
Advertising	5,500	2,280	1,957
Audit	11,000	12,600	10,400
Bad debt	1,000	44	-
Commissioners expenses	5,000	813	2,709
Conventions	12,000	7,722	9,549
Consulting services	14,000	79,995	-
Credit card fees	300	270	232
Hydro and heating	27,000	31,129	32,451
Insurance	24,000	13,007	21,342
Legal	10,000	15,770	9,949
Miscellaneous	5,000	1,659	3,496
Office and general	18,600	14,779	12,379
Payment in lieu of taxes	11,000	10,962	10,748
Safety management systems	9,000	5,000	6,020
Telephone and communications	10,000	11,739	10,067
Training	12,000	1,176	6,023
Water and sewage	10,000	44,139	7,073
	<b>197,400</b>	<b>265,084</b>	<b>156,395</b>

See accompanying notes.

NIAGARA DISTRICT AIRPORT COMMISSION

Schedule 5

SCHEDULE OF PERSONNEL

for the year ended December 31, 2017

	Budget 2017 \$	2017 \$	2016 \$
Consultants and subcontractors	8,500	6,893	12,821
Employee benefits	79,400	89,084	68,147
Salary and wages	349,000	317,082	256,193
	<b>436,900</b>	<b>413,059</b>	<b>337,161</b>

See accompanying notes.

NIAGARA DISTRICT AIRPORT COMMISSION

Schedule 6

SCHEDULE OF PORTFOLIO INVESTMENT INCOME

for the year ended December 31, 2017

	Budget 2017 \$	2017 \$	2016 \$
Interest earned on investments	-	2,867	-
Investment management fees	-	(1,467)	-
Realized Gains on disposal	-	97	-
	-	1,497	-

See accompanying notes.