

Consolidated Financial Statements of

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

And Independent Auditor's Report thereon

Year ended December 31, 2023

## REPORT ON MANAGEMENT RESPONSIBILITY

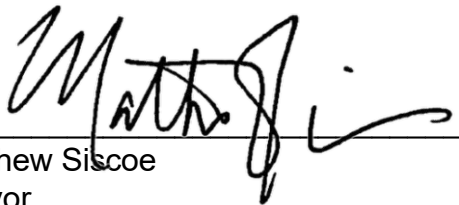
The accompanying consolidated financial statements of The Corporation of the City of St. Catharines (the "City") are the responsibility of the City's management and have been prepared in accordance with Canadian Public Sector Accounting Standards established by the Public Sector Accounting Board of the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

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

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



Mathew Siscoe  
Mayor  
November 20, 2024



David Oakes  
Chief Administrative Officer  
November 20, 2024



**KPMG LLP**  
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St. Catharines ON L2R 7G1  
Canada  
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## **INDEPENDENT AUDITOR'S REPORT**

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

### ***Opinion***

We have audited the consolidated financial statements of The Corporation of the City of St. Catharines (the Corporation), which comprise:

- the consolidated statement of financial position as at December 31, 2023
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”)

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Corporation as at December 31, 2023, and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “***Auditor’s Responsibilities for the Audit of the Financial Statements***” section of our report.

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

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

### ***Emphasis of Matter – Comparative Information***

We draw attention to Note 2 to the financial statements, which explains that certain comparative information presented for the year ended December 31, 2022 has been restated. Note 2 explains the reason for the restatement and also explains the adjustments that were applied to restate certain comparative information. Our opinion is not modified in respect of this matter.



### ***Other Matter – Comparative Information***

As part of our audit of the financial statements for the year ended December 31, 2023, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended December 31, 2022. In our opinion, such adjustments are appropriate and have been properly applied.

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

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

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

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

### ***Auditor's Responsibility for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

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

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



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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Corporation to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P', with a small upward tick at the end.

Chartered Professional Accountants, Licensed Public Accountants

St. Catharines, Canada

November 20, 2024

# THE CORPORATION OF THE CITY OF ST. CATHARINES

## Consolidated Financial Statements

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# THE CORPORATION OF THE CITY OF ST. CATHARINES

## Consolidated Statement of Financial Position

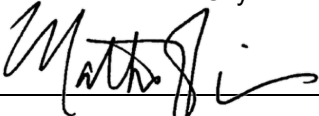
Year ended December 31, 2023, with comparative information for 2022

(In thousands of dollars)

	2023	2022
		(Restated - note 2)
<b>Financial Assets</b>		
Cash	\$ 93,390	\$ 89,816
Investments (note 3)	50,353	43,024
Taxes receivable	12,163	10,466
Accounts receivable	31,000	34,081
Inventories held for resale	178	168
Loans receivable (note 4)	574	630
Note receivable - St. Catharines Hydro Inc. (note 5)	7,754	7,754
Other asset (note 21)	783	369
Investment in St. Catharines Hydro Inc. (note 5)	114,092	103,764
	<u>310,287</u>	<u>290,072</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (note 6)	38,033	44,018
Deferred revenue - obligatory reserve funds (note 7)	34,350	35,179
Other current liabilities	6,696	6,788
Post-employment benefits (note 8)	16,665	16,371
Other liabilities (note 10)	6,016	7,833
Landfill post-closure liability (note 18)	3,402	5,114
Net long-term liabilities (note 11)	98,752	113,376
Asset retirement obligation (note 12)	9,295	8,852
	<u>213,209</u>	<u>237,531</u>
Net financial assets	97,078	52,541
<b>Non-Financial Assets</b>		
Tangible capital assets (schedule 1)	833,138	807,172
Inventories	1,166	2,013
Prepaid expenses	7,814	2,271
	<u>842,118</u>	<u>811,456</u>
Contractual obligations and commitments (notes 10 and 16)		
Contingent liabilities (note 17)		
Restructuring event (note 24)		
Accumulated surplus (note 13)	\$ 939,196	\$ 863,997

See accompanying notes to consolidated financial statements.

Signed on behalf of the City:

  
\_\_\_\_\_  
Mayor

Chief Administrative Officer

# THE CORPORATION OF THE CITY OF ST. CATHARINES

## Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2023, with comparative information for 2022  
(In thousands of dollars)

	Budget (note 20)	2023	2022 (Restated - note 2)
<b>Revenue:</b>			
Taxation	\$ 120,214	\$ 123,889	\$ 122,775
User fees and charges	86,197	77,842	84,489
Government grants (note 19)	6,540	7,785	16,105
Interest and penalties	2,040	1,942	1,929
Investment income	3,150	6,922	3,286
Donations	–	1,126	1,290
Other	67	16,289	14,941
Developer contributed tangible capital assets	–	69,970	1,173
Contributed tangible capital assets – Canada Games Park (note 21)	–	–	23,336
Equity income in St. Catharines Hydro Inc. and interest income (note 5)	4,554	15,223	4,067
Loss on disposal of tangible capital assets	–	(2,602)	(1,037)
	222,762	318,386	272,354
<b>Expenses:</b>			
General government	26,560	17,839	23,280
Protection to persons and property	38,196	41,535	36,173
Transportation services	31,456	26,933	59,095
Environmental services	62,768	54,690	53,373
Health services	2,934	2,878	2,734
Social and family services	1,057	1,083	939
Recreation and cultural services (note 21)	45,124	51,633	54,392
Planning and development	9,719	9,262	8,403
	217,814	205,853	238,389
Annual surplus before restructuring event	4,948	112,533	33,965
Restructuring event (note 24)	(37,334)	(37,334)	–
Annual surplus	(32,386)	75,199	33,965
Accumulated surplus, beginning of year, as previously reported	871,130	871,130	836,676
Change in accounting policy (note 2)	(7,133)	(7,133)	(6,644)
Accumulated surplus, beginning of year, restated	863,997	863,997	830,032
Accumulated surplus, end of year	\$ 831,611	\$ 939,196	\$ 863,997

See accompanying notes to consolidated financial statements.



# THE CORPORATION OF THE CITY OF ST. CATHARINES

## Consolidated Statement of Changes in Net Financial Assets

Year ended December 31, 2023, with comparative information for 2022

(In thousands of dollars)

	2023	2022
		(Restated - note 2)
Annual surplus	\$ 75,199	\$ 33,965
Acquisition of tangible capital assets	(26,755)	(37,286)
Amortization of tangible capital assets	29,777	32,438
Loss on disposal of tangible capital assets	2,602	1,037,199
Contributed tangible capital assets	(69,970)	(24,509)
Proceeds on disposal of tangible capital assets	131	19
Restructuring event (note 24)	38,249	-
Change in inventories	847	(232)
Change in prepaid expenses	(5,543)	15
	44,537	5,447
Net financial assets, beginning of year	52,541	47,094
Net financial assets, end of year	\$ 97,078	\$ 52,541

See accompanying notes to consolidated financial statements.

# THE CORPORATION OF THE CITY OF ST. CATHARINES

## Consolidated Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022  
(In thousands of dollars)

	2023	2022
		(Restated - note 2)
Cash provided by (used in):		
Operations:		
Annual surplus	\$ 75,199	\$ 33,965
Items not involving cash:		
Restructuring event (note 24)	38,249	–
Amortization of tangible capital assets	29,777	32,438
Loss on disposal of tangible capital assets	2,602	1,037
Contributed tangible capital assets	(69,970)	(24,509)
Change in asset retirement obligation	443	421
Equity income from St. Catharines Hydro Inc.	(14,668)	(3,513)
	(13,567)	5,874
Change in non-cash assets and liabilities:		
Change in taxes receivable	(1,697)	(2,010)
Change in accounts receivable	3,081	(8,771)
Change in loans receivable	56	215
Change in inventories, total	837	(283)
Change in other financial assets	(414)	6,816
Change in prepaid expenses	(5,543)	15
Change in accounts payable and accrued liabilities	(5,985)	(5,539)
Change in deferred revenue - obligatory reserve funds	(829)	4,456
Change in other current liabilities	(92)	(816)
Change in post-employment benefits	294	(1,939)
Change in landfill post-closure liability	(1,712)	940
	(12,004)	(6,916)
Net increase in cash from operations	49,628	32,923
Capital:		
Acquisition of tangible capital assets	(26,755)	(37,286)
Proceeds on disposal of tangible capital assets	131	19
Net decrease in cash used in capital activities	(26,624)	(37,267)
Investing:		
Dividends received from St. Catharines Hydro Inc.	4,340	5,221
Change in investments	(7,329)	(18,030)
Net decrease in cash used in investing activities	(2,989)	(12,809)
Financing		
Repayment of NHS obligation	(1,817)	(1,731)
Long-term debt issued	2,210	15,000
Long-term debt repaid	(16,834)	(15,087)
Net decrease in cash used in financing activities	(16,441)	(1,818)
Increase (decrease) in cash	3,574	(18,971)
Cash, beginning of year	89,816	108,787
Cash, end of year	\$ 93,390	\$ 89,816

See accompanying notes to consolidated financial statements.

# THE CORPORATION OF THE CITY OF ST. CATHARINES

## Notes to Consolidated Financial Statements

Year ended December 31, 2023  
(In thousands of dollars)

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The Corporation of the City of St. Catharines (the "City") is a municipality in the Province of Ontario that provides municipal services such as fire, public works, planning, parks and recreation, library, and other general government operations.

### 1. Significant accounting policies:

The consolidated financial statements of the City are prepared in accordance with Canadian Public Sector Accounting Standards as recommended by Canadian Public Sector Accounting Board ("PSAB"). Significant accounting policies adopted by the City are as follows:

(a) Basis of consolidation:

- (i) These consolidated financial statements reflect the assets, liabilities, revenues, expenses and reserve balances of the reporting entity. The reporting entity is comprised of all commissions, committees and local boards accountable for the administration of the City's financial affairs and resources to the City and which are owned or controlled by the City, except for the City's government business enterprise, St. Catharines Hydro Inc., which is accounted for on the modified equity basis of accounting as described below.

These reporting entities include:

- St. Catharines Public Library Board
- St. Catharines Downtown Association
- St. Catharines Transit Commission (up to January 1, 2023)
- FirstOntario Performing Arts Centre

St. Catharines Transit Commission was amalgamated into the Niagara Transit Commission on January 1, 2023 – see Restructuring Event note 24 for additional details.

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

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 City, and inter-organizational transactions and balances are not eliminated. The City 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 City receives from the Company are reflected as reductions in the investment asset account.

- (ii) Partial-consolidated entities:

The Niagara District Airport Commission is operated with a joint local board and is proportionately consolidated. The City's share is 55%.

# THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023  
(In thousands of dollars)

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## 1. Significant accounting policies (continued):

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

#### (ii) Partial-consolidated entities (continued):

The Canada Games Park (the "Park") is owned by the City of St. Catharines, City of Thorold, Region of Niagara and Brock University under a Consortium and Co-Tenancy Agreement and commenced operations on January 1, 2022. Each of the four consortium members have a 25% ownership interest. The Park is accounted for under the proportionate consolidation method.

#### (iii) Accounting for Region and School Board transactions:

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

#### (iv) Trust funds:

Trust funds and their related operations are not included in these consolidated financial statements.

### (b) Basis of accounting:

The City follows the accrual method of accounting for revenues and expenses. Revenues are recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and creation of a legal obligation to pay.

### (c) Investments:

Investments are carried at amortized cost or fair value depending on the nature of the financial instrument. Discounts and premiums arising on the purchase of investments carried at cost are amortized over the term of the investments. Unrealized gains and losses from investments carried at fair value are recognized in the Consolidated Statement of Remeasurement Gains and Losses. Upon settlement, the cumulative gains or losses are reclassified from the Consolidated Statement of Remeasurement Gains and Losses and recognized in the Statement of Operations and Accumulated Surplus. When there has been a loss in value that is other than a temporary decline in market value, the respective investment is written down to recognize the loss. As there are no investments carried at fair value a Consolidated Statement of Remeasurement Gains and Losses has not been prepared.

Financial instruments measured at fair value are classified according to a fair value hierarchy that reflects the reliability of the data used to determine fair value, which includes three levels of information that may be used to measure fair value:

- Level 1 – Unadjusted quoted market prices in active markets for identical assets or liabilities;

# THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023  
(In thousands of dollars)

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## 1. Significant accounting policies (continued):

### (c) Investments (continued):

- Level 2 – Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

The fair value hierarchy requires the use of observable data from the market each time such data exists. A financial instrument is classified at the lowest level of hierarchy for which have been considered in measuring fair value.

### (d) Loans and note receivable:

Loans and note receivable are initially reported on the Consolidated Statement of Financial Position at cost. Recoverability is assessed annually and a valuation allowance is recorded when recoverability is impaired. The note receivable is written off when it is no longer recoverable. Recoveries of loans and note receivable previously written off are recognized as revenue in the year received. Interest revenue is recognized as it is earned. Loans and note receivable with significant concessionary terms, such as non-interest bearing notes, are accounted for as a grant and presented as an expense in the Consolidated Statement of Operations and Accumulated Surplus.

### (e) Non-financial assets:

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

### (i) Tangible capital assets:

Tangible capital assets are recorded at cost. 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.

# THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023  
(In thousands of dollars)

## 1. Significant accounting policies (continued):

### (e) Non-financial assets (continued):

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

Tangible capital 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.

Asset class	Basis	Years
General assets:		
Land		Nil
Land improvements	Straight-line and declining balance	10 to 75
Buildings and building improvements	Straight-line	10 to 75
Machinery and equipment	Straight-line	3 to 75
Furniture and fixtures	Straight-line	5 to 100
Information technology	Straight-line	3 to 12
Vehicles	Straight-line	5 to 20
Infrastructure:		
Land		Nil
Land improvements	Straight-line and declining balance	5 to 50
Buildings and building improvements	Straight-line	10 to 100
Machinery and equipment	Straight-line	5 to 40
Information technology	Straight-line	3 to 12
Vehicles	Straight-line	7 to 15
Linear	Straight-line and declining balance	10 to 100

#### (ii) Inventories:

Inventories are recorded at the lower of cost and replacement cost.

#### (f) Deferred revenue:

Deferred revenue represents user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

Deferred revenue – obligatory reserve funds represent development charge contributions, payments in lieu of parking and parkland and gas tax, levied or received under authority of federal and provincial legislation and City by-laws. These amounts have been collected but the related services have yet to be performed. These amounts will be recognized as revenue in the fiscal year the services are performed.

# THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023  
(In thousands of dollars)

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## 1. Significant accounting policies (continued):

(g) Other income:

Other income is recognized as revenue when the service is performed.

(h) Investment income:

Investment income earned on surplus current funds, capital funds, reserve and reserve funds other than obligatory reserve funds (deferred revenue) are reported as revenue in the period earned. Investment income earned on obligatory reserve funds is added to the reserve balance and forms part of the related deferred revenue.

(i) Taxation revenue:

Taxes receivables and tax revenue are recognized when they meet the definition of an asset, the tax is authorized and the taxable event has occurred.

(j) Post-employment benefits:

The City provides certain employee benefits which will require funding in future periods. These benefits include extended health and dental benefits for early retirees. The costs of life insurance and extended health and dental benefits are actuarially determined using management's best estimate of salary escalation, health care cost trends, earned days accumulated for certain employees payable at retirement, long term inflation rates and discount rates.

(k) Landfill post-closure care:

The City recognizes a liability for the post-closure care of landfills under its control based on the estimated total expenditure associated with post-closure care activities, discounted to year-end. Post-closure care is estimated to be required for the contaminating lifespan of landfill sites, which as at December 31, 2023 is estimated at 25 years remaining. Disbursements made related to post-closure care costs are charged against the liability in the Consolidated Statement of Financial Position. Changes in assumptions resulting in changes to the liability are expensed in the Consolidated Statement of Operations and Accumulated Surplus.

# THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023  
(In thousands of dollars)

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## 1. Significant accounting policies (continued):

### (l) Contaminated sites:

Contamination is a result of contamination being introduced into the air, soil, water or sediment of a chemical, organic, radioactive material or live organism that exceeds an environmental standard. The liability is recognized net of any expected recoveries. A liability for remediation of contaminated sites is recognized when all of the following criteria are met:

- i. an environmental standard exists;
- ii. contamination exceeds the environmental standard;
- iii. the City is directly responsible or accepts responsibility;
- iv. it is expected that future economic benefits will be given up; and
- v. a reasonable estimate of the amount can be made.

The liability is estimated based on information that is available when the financial statements are prepared. It is based upon the costs directly attributable to the remediation activities required using a present value measurement technique.

### (m) Asset retirement obligations:

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefit will be given up; and
- A reasonable estimate of the amount can be made

The liability for the removal of asbestos, lead and ammonia in buildings owned by the City has been recognized based on estimated future expenses on closure of the site and post-closure care. Under the modified retroactive method, the discount rate and assumption used on initial recognition are those as of the date of adoption of the standard. Assumptions used in the subsequent calculations are revised yearly.

The obligation is determined based on the estimated undiscounted cash flows that will be required in the future to remove or remediate the asbestos containing material in accordance with current legislation.

The buildings tangible capital assets affected by asbestos, lead and ammonia liability are being amortized with the building following the amortization accounting policies outlined in note 1(e).



# THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023  
(In thousands of dollars)

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## 1. Significant accounting policies (continued):

### (n) Government transfers:

Government transfers are recognized in the consolidated financial statements in the period in which the transfer is 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. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished. Government transfers made by the City are recognized as expenses once the grant is paid.

### (o) 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 and other asset retirement liabilities. These estimates and assumptions are based on management's best information and judgement and may differ significantly from actual results.

# THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023  
(In thousands of dollars)

## 2. Change in accounting policies:

- (a) On January 1, 2023, the City adopted Canadian public sector accounting standard PS 3280 Asset Retirement Obligations. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in retired buildings by public sector entities. The new standard has resulted in a withdrawal of the existing accounting standard PS 3270 Solid Waste Landfill Closure and Post Closure Liability. The standard was adopted on the modified retrospective basis at the date of adoption. Under the modified retrospective method of adoption, the assumptions used to estimate the City's asset retirement obligation are applied as of the date of adoption of the standard.

The City recognized an asset retirement obligation relating to the buildings owned by the City that contain asbestos. The liability was measured as of the date of purchase or construction of the buildings, when the liability was assumed. The buildings have an expected useful life of 25-100 years, and the estimate has not been changed since purchase or construction.

In accordance with the provision of this new standard, the City reflected the following adjustments at December 31, 2022:

	December 31, 2022 As previously reported	Adjustments	December 31, 2022 As restated
<b>Consolidated Statement of Financial Position</b>			
Tangible capital assets	\$ 805,453	\$ 1,719	\$ 807,172
Asset retirement obligations	–	(8,852)	(8,852)
Accumulated surplus	(871,130)	7,133	(863,997)
<b>Consolidated Statement of Operations</b>			
General government	\$ 23,247	\$ 33	\$ 23,280
Protection to persons and property	36,145	28	36,173
Transportation services	58,968	127	59,095
Environmental services	53,364	9	53,373
Health services	2,721	13	2,734
Social and family services	925	14	939
Recreation and cultural services	54,127	265	54,392
Annual surplus	34,454	(489)	33,965
Accumulated surplus, beginning of year	836,676	(6,644)	830,032
<b>Consolidated Statement of Change in Net Financial Assets</b>			
Annual surplus	\$ 34,454	\$ (489)	\$ 33,965
Amortization of tangible capital assets	32,370	68	32,438
Net financial assets, beginning of year	55,525	(8,431)	47,094
<b>Consolidated Statement of Cash Flows</b>			
Annual surplus	\$ 34,454	\$ (489)	\$ 33,965
Amortization of tangible capital assets	32,370	68	32,438
Change in asset retirement obligation	–	421	421

# THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023  
(In thousands of dollars)

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## 2. Change in accounting policies (continued):

(b) On January 1, 2023 the City also adopted PS 3450 – Financial Instruments and PS 2601 – Foreign Currency Translation. The standards were adopted prospectively from the date of adoption. The new standards provide requirements for the recognition, measurement, presentation and disclosure of financial instruments and foreign currency transactions. These new standards did not have a material impact on the City.

## 3. Investments:

The market value of investments approximate cost given the nature of investments held by the City, being mainly Guaranteed Investment Certificates. There is one principal-protected note held by the City, which has not been marked to market value. The City is of the opinion that the note, with a face value of \$500, would not have a material difference to the market value, based on stated values and total investments held.

## 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 South, are reported at cost, net of a valuation allowance of \$nil (2022 - \$nil). All loans bear interest at 2.0% and are repayable over a ten-year period commencing on the date of connection.

Scheduled principal repayments to the City are as follows:

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2024	\$	57
2025		59
Thereafter		458
<b>Total</b>	<b>\$</b>	<b>574</b>

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# THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023  
(In thousands of dollars)

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

	2023	2022
Statement of financial position:		
Current assets	\$ 9,947	\$ 9,847
Investments	123,924	110,526
Capital assets	13,037	13,151
Deferred tax asset	74	72
<b>Total assets</b>	<b>146,982</b>	<b>133,596</b>
Current liabilities	244	717
Long-term note payable***	7,754	7,754
Deferred tax liability	24,892	21,361
<b>Total liabilities</b>	<b>32,890</b>	<b>29,832</b>
<b>Shareholder's equity</b>	<b>\$ 114,092</b>	<b>\$ 103,764</b>

	2023	2022
Statement of comprehensive income		
Revenue (including income tax recovery)	\$ 20,763	\$ 8,637
Expenses (including income tax provision)	6,095	5,124
<b>Net income</b>	<b>14,668</b>	<b>3,513</b>
<b>Total net income and comprehensive income</b>	<b>\$ 14,668</b>	<b>\$ 3,513</b>

## Changes in investment in St. Catharines Hydro Inc.:

	2023	2022
Opening balance	\$ 103,764	\$ 105,472
Comprehensive income	14,668	3,513
Dividends received	(4,340)	(5,221)
<b>Total investment</b>	<b>\$ 114,092</b>	<b>\$ 103,764</b>

\*\*\* The \$7,754 long-term note payable above by St. Catharines Hydro Inc. is due to the City and bears interest at 7.15% with no fixed terms of repayment and is unsecured. The City has agreed not to call the note prior to January 1, 2025. During the year, the City received \$554 (2022 - \$554) in interest on the outstanding notes receivable. The interest income of \$554 is included in equity income in St. Catharines Hydro Inc. on the Consolidated Statement of Operations and Accumulated Surplus.

# THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023  
(In thousands of dollars)

## 6. Accounts payable and accrued liabilities:

The accounts payable balance is as follows:

	2023	2022
Trade accounts payable	\$ 1,916	\$ 9,358
Payables to other governments	4,240	6,660
Payables to school boards	6	335
Tax Allowance	4,916	8,939
Special deposits	6,093	5,649
Accrued wages and benefits	3,444	4,723
Debenture interest	1,131	492
AD&D arbitration liability	2,391	2,174
Other	13,896	5,688
<b>Total</b>	<b>\$ 38,033</b>	<b>\$ 44,018</b>

## 7. Deferred revenue – obligatory reserve funds:

The deferred revenues – obligatory reserve funds reported on the Consolidated Statement of Financial Position are made up of the following:

	2022	Externally restricted inflows	Revenue earned	2023
Import and development	\$ 4,492	\$ 879	\$ (756)	\$ 4,615
Subdivider deposits	675	–	(54)	621
Planning Act	4,263	1,125	(2)	5,386
Building Code Act	2,550	140	(995)	1,695
Future sidewalks	1,293	69	-	1,362
Gasoline tax - provincial	4,221	2,215	(6,436)	–
Canada Community-Building Fund (formerly Gasoline tax - federal)	17,685	5,457	(2,471)	20,671
<b>Total</b>	<b>\$ 35,179</b>	<b>\$ 9,885</b>	<b>\$ (10,714)</b>	<b>\$ 34,350</b>

# THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023  
(In thousands of dollars)

## 8. Post-employment benefits:

The City 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 City's employment. The most recent actuarial valuation was completed for the year-ended December 31, 2022.

The City pays certain medical, dental and life insurance benefits on behalf of its retired employees. The City recognizes these post-retirement costs in the period in which the employees render the services. The accrued benefit obligation was determined by actuarial valuation using a discount rate of 4.60% (2022 - 4.60%).

The City has established a reserve for the accumulated sick leave liability. The balance as at December 31, 2023 is \$753 (2022 - \$971).

	2023	2022
Accrued benefit obligation, beginning of year	\$ 14,208	\$ 18,407
Interest	621	528
Payments	(1,289)	(1,675)
Current service cost - benefits	916	1,271
Curtailment	–	(1,097)
Actuarial gain in year	–	(3,226)
	14,456	14,208
Unamortized actuarial gain (loss)	2,209	2,163
Liability, end of year	\$ 16,665	\$ 16,371

Amortization of the net actuarial loss (2022 – gain) of \$46 (2022 - \$966) has been included in expenses on the Consolidated Statement of Operations and Accumulated Surplus. 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 2.00% in 2024 and thereafter.

**Medical Costs** - Medical costs were assumed to increase at a rate of 7.30%, downgrading to 4.50% by 2043.

**Dental Costs** - Dental costs were assumed to increase at a rate of 4.50% in 2024.

# THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023  
(In thousands of dollars)

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## 9. Credit facility:

The City has an authorized operating loan due on demand of \$20 million 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, 2023, no credit has been drawn upon (2022 - \$nil).

## 10. Niagara Health System (“NHS”) obligation:

The City, by way of Council motion and agreement with NHS, has agreed to contribute to the construction of the NHS hospital complex located in St. Catharines. The City agreed to contribute a total of \$31,200 payable annually in the amount of \$2,209 until 2026. In order to fund the contribution, the City has approved a special hospital tax levy in the amount of \$2,209 until 2026.

Remaining principal payments are as follows:

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2024	\$	2,209
2025		2,209
2026		2,209
		<hr/> 6,627
Interest		(611)
	\$	<hr/> 6,016

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# THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023  
(In thousands of dollars)

## 11. Net long-term liabilities:

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

	2023	2022
Serial debentures issued by Region of Niagara, beginning of year	\$ 106,213	\$ 106,119
Less:		
Principal repayment	(14,416)	(14,906)
Transit debt transfer to Niagara Region	(2,238)	–
Add: new debt issued	2,210	15,000
Total serial debentures	91,769	106,213
Sinking fund debenture, beginning on year	9,333	9,333
Less: Sinking fund assets	(2,350)	(2,170)
Total sinking fund debenture	6,983	7,163
Net long-term debentures, end of year	\$ 98,752	\$ 113,376

Interest rates on serial debentures range from 1.21% to 5.0%. Repayments are as follows:

2024	\$ 13,733
2025	12,314
2026	11,258
2027	10,303
2028	8,910
Thereafter	42,234
	\$ 98,752

- (b) The long-term liabilities in (a) issued in the name of the City 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.
- (c) Interest expense on long-term debt amounted to \$3,690 (2022 - \$3,869).



# THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023  
(In thousands of dollars)

## 12. Asset retirement obligation:

Following the adoption of PS 3280 *Asset Retirement Obligations*, the City has recognized an obligation for the removal or remediation of asbestos-containing materials existing in any of its buildings. The obligation is determined based on the estimated discounted cash flows that will be required in the future to remove or remediate the asbestos-containing materials in accordance with current legislation.

The transition and recognition of asset retirement obligations involved an accompanying increase to the buildings tangible capital assets and the restatement of prior year balances (see schedule 3).

	2023	2022
Balance, beginning of year	\$ 8,852	\$ –
Change in accounting policies (note 2)	–	8,431
Opening balance, as restated	8,852	8,431
Add: Accretion expense	443	421
Less: Obligations repaid in the year	–	–
Balance, end of year	\$ 9,295	\$ 8,852

## 13. Accumulated surplus:

	2023	2022
Invested in tangible capital assets	\$ 833,138	\$ 807,172
Unexpended capital financing	22,224	19,755
Operating fund	20,091	15,624
Reserves and reserve funds	77,180	63,159
Other asset (note 21)	783	369
Equity in St. Catharines Hydro Inc. (note 5)	121,846	111,518
	1,075,262	1,017,597
Amounts to be recovered:		
Post-employment benefits	(16,700)	(16,403)
Landfill post-closure liability	(3,402)	(5,114)
Net long-term liabilities	(100,653)	(115,398)
Asset retirement obligation	(9,295)	(8,852)
Hospital obligation	(6,016)	(7,833)
	(136,066)	(153,600)
	\$ 939,196	\$ 863,997

# THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

(In thousands of dollars)

## 13. Accumulated surplus (continued):

(a) Operating fund balance:

	2023	2022
To be applied in the following year to operations:		
Operating fund	\$ 9,127	\$ 4,301
First Ontario Performing Art Centre	44	38
Airport commission	451	466
To be applied to water operations for the following year	10,469	10,819
	<u>\$ 20,091</u>	<u>\$ 15,624</u>

(b) Reserves and reserve fund balances:

	2023	2022
Reserves set aside by council for specific purposes:		
Replacement of equipment	\$ 5,301	\$ 5,735
Cumulative sick leave	753	971
Library purposes	4,741	4,460
Encumbrances	10,062	8,663
Building improvements	3,101	3,148
Cemetery	19	19
Hydro funds	302	302
Winter control	2,419	1,510
Tax rate stabilization	5,070	6,596
Infrastructure levy	4,366	3,229
Litigation/insurance	851	724
Election reserve	381	206
Meridian Centre capital	795	425
Community Improvement Plan funds	8,608	7,721
Sewer capital	8,119	4,100
FAIR program	30	30
Fallen Worker Memorial	235	235
Green Initiatives	926	829
FirstOntario Performing Arts Centre capital	643	526
Port Dalhousie piers	200	100
Tax levy capital	215	94
Development charge exemption	582	32
Affordable housing	14	-
Special tax mitigation	7,571	-
Storm sewer repairs	300	-
Sanitary sewer repairs	383	-
	<u>65,987</u>	<u>49,655</u>

# THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023  
(In thousands of dollars)

## 13. Accumulated surplus (continued):

(b) Reserves and reserve fund balances (continued):

	2023	2022
Reserve funds set aside by council for specific purposes:		
Actifest	\$ 6	\$ 6
Business improvement purposes	272	259
Civic Project Fund	7,041	9,122
Mausoleum	889	738
St Catharines Transit Commission reserves	–	1,247
Parking	1,120	1,202
FirstOntario Performing Arts Centre	556	552
Parks	22	19
Canada Games Park capital	783	369
Canada Games Park operating	15	(10)
Accommodation tax	489	–
	11,193	13,504
	\$ 77,180	\$ 63,159

## 14. Trust funds:

Trust funds administered by the City amounting to \$10,721 (2022 - \$10,436) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Financial Activities.

## 15. Pension agreements:

The City makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of 1,001 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. As OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees. The OMERS pension plan has a deficit of \$4.2 billion as of December 31, 2023 (2022 - \$6.5 billion). Ongoing deficits may result in required increases to future required contributions.

The amount contributed to OMERS for 2023 was \$3,131 (2022 - \$5,246) for current service and is included as an expense in the Consolidated Statement of Operations and Accumulated Surplus.

There was no change in contribution rates in 2023. OMERS expects the contribution and policy changes to return the plan to a fully funded position by 2025, if not sooner.

# THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023  
(In thousands of dollars)

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## **16. Contractual obligations and commitments:**

Capital expenditures:

The estimated future capital expenditures based on projects in progress at December 31, 2023 is approximately \$95,371 (2022 - \$56,934) after deducting the expenditures incurred as at December 31, 2023. These projects will be financed by unexpended capital financing, grants, subsidies and long-term liabilities in future years.

## **17. Contingent liabilities:**

From time to time, the City 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 City's insurance up to a maximum of \$20 million per occurrence. Liability for these claims and lawsuits are recognized to the extent that the probability of a loss is likely and it is estimable provided the claim is in excess of the City's established deductibles on insurance coverage.

## **18. Landfill post closure liability:**

The City is responsible for monitoring several landfill sites which were closed in prior years. The liability for post-closure care has been recognized based on monitoring costs expected to be incurred over the period of required monitoring ending in 2046 and have been inflation adjusted at 2.6% (2022 – 5.4%) per annum. These costs were then discounted to December 31, 2023 using a discount rate of 4.6% (2022 – 4.6%).

The total monitoring costs are estimated to be \$5,993 (2022 - \$9,332) over the estimated monitoring period before applying the discount rate. The liability for post-closure as at December 31, 2023 is \$3,402 (2022 - \$5,114). Estimated annual expenditures for post-closure care are \$173 (2022 - \$185) and are expected to be incurred for the next 25 years.

# THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023  
(In thousands of dollars)

## 19. Government transfers:

The government transfers reported on the Consolidated Statement of Operations and Accumulated Surplus are:

	Budget	2023	2022
Municipal grants:			
Region of Niagara	\$ 494	\$ 494	\$ 12
Provincial grants:			
Ontario Municipal Partnership Fund	264	264	310
Safe Restart – Transit	–	–	2,558
Provincial gas tax	–	–	1,834
Planning and Development	1,044	1,044	1,280
Other Provincial Grants	1,782	2,781	1,337
	<u>3,090</u>	<u>4,089</u>	<u>7,319</u>
Federal grants:			
Canada Community-Building Fund	2,471	2,471	1,581
Investing in Canada Infrastructure Program	–	–	6,407
Other Federal Grants	485	731	786
	<u>2,956</u>	<u>3,202</u>	<u>8,774</u>
<b>Total revenues</b>	<b>\$ 6,540</b>	<b>\$ 7,785</b>	<b>\$ 16,105</b>
Expenses:			
Charitable and non-profit organizations	\$ 439	\$ 444	\$ 440
<b>Total expenses</b>	<b>\$ 439</b>	<b>\$ 444</b>	<b>\$ 440</b>

# THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023  
(In thousands of dollars)

## 20. Budget figures:

The Budget data presented in these consolidated financial statements are based upon the 2023 operating and capital budgets approved by Council on January 16, 2023 and December 12, 2022 respectively. The City does not budget for amortization and, as a result, amortization is included based on actual cost. The chart below reconciles the approved budget to the budget figures reported in these consolidated financial statements.

Revenue:		
Operating budget as approved	\$	127,055
Add:		
Revenue in expense departments		20,778
Parking revenues		3,566
Water and wastewater revenues		61,074
Library revenue		323
Airport revenue		456
Grants in capital budget		4,582
Hospital Levy		2,030
Grants expenses in revenue budget		1,543
Transfer to reserve in revenue budget		1,355
Total budgeted revenue		222,762
Expenses:		
Operating budget as approved	\$	127,055
Add:		
Revenue included in expense departments		20,778
Amortization - City		29,777
Transfers from reserve		1,642
Water and wastewater expenses		65,535
Parking expenses		4,120
Canada Games Park expenses		716
Library expenses		5,929
Airport expenses		511
BIAs expenses		417
Hospital interest expense		392
CIP expenses included in revenue		1,543
Employee future benefits, ARO accretion, and closed landfill liability		1,670
Less:		
Debt principal payments		(14,978)
Transfer to sinking fund		(181)
Transfers to reserve		(3,429)
Transfer to library		(6,204)
Transfer to airport		(464)
Transfer to BIA		(407)
Transfer to FOPAC		(1,760)
Transfer to capital		(2,916)
Water and wastewater capital		(11,932)
Total budgeted expenses		217,814
Budgeted surplus before restructuring event		4,948
Restructuring event (note 24)		(37,334)
Budgeted surplus	\$	(32,386)

# THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023  
(In thousands of dollars)

## 21. Investment in Canada Games Park:

The City entered into a Consortium agreement with the Regional Municipality of Niagara, City of Thorold and Brock University (together with the City, the "Consortium") for the construction of Canada Games Park. The Park commenced operations on January 1, 2022 and construction was substantially completed on February 7, 2022. The City has a 25% ownership in the Park and is a one-third operating partner of the facility. The City's proportionate share of the results of the Canada Games Park including impact of eliminating entries is as follows:

	2023	2022
Consolidated statement of financial position:		
Cash	\$ 40	\$ 43
Accounts receivable	98	73
Total financial assets	138	116
Accounts payable and accrued liabilities	96	77
Other current liabilities	32	53
Total liabilities	128	130
Tangible capital assets	24,399	25,442
Inventories	1	-
Prepaid expenses	3	3
Total non-financial assets	24,403	25,445
Accumulated surplus	\$ 24,413	\$ 25,431

	2023	2022
Consolidated statement of operations and accumulated surplus:		
Donations	\$ 227	\$ 169
Other	497	331
Contributed tangible capital assets – Canada Games Park	-	23,336
Total revenue	724	23,836
Recreational and culture services	1,742	(1,595)
Total expenses	1,742	(1,595)
Annual surplus (deficit)	\$ (1,018)	\$ 25,431

As part of the Consortium and Co-tenancy Agreement for the Park, the City is required to deposit on each anniversary date of project completion, it's proportionate share (25%) of the capital reserve. The reserve fund is held in trust by the Regional Municipality of Niagara. During the year, the City contributed \$414 (2022 - \$369) to the capital reserve and is recorded in Other Assets on the Consolidated Statement of Financial Position.

# THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023  
(In thousands of dollars)

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## 22. Segmented reporting:

The City of St. Catharines is a lower-tier City 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:

(a) 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.

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 Business Improvement Area.

The mandate of this functional area is to provide political governance, administrative executive management and those expenses and revenues which are corporate in nature and cannot be easily apportioned to other departments. Reported in this functional area are departments such as Council, Clerks, CAO, Finance, Human Resources, Legal, Information Systems and Capital Assets.

(b) 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.

(c) 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 and Paratransit 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 (continued)

Year ended December 31, 2023  
(In thousands of dollars)

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## 22. Segmented reporting (continued):

(d) 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.

(e) 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 services provided by the St. Catharines Public Library Board, FirstOntario Performing Arts Centre and Canada Games Park.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Certain allocation methodologies are employed in the preparation of segmented financial information. Taxation is allocated to segments based on the segment's budgeted net expenditure. User charges and other revenue have been allocated to the segments based upon the purpose for which the transfer was made. Development charges earned and developer contributions received were allocated to the segment for which the charge was collected. The accounting policies used in these segments are consistent with those followed in preparation of the consolidated financial statements as disclosed in note 1.

# THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

(In thousands of dollars)

## 22. Segmented reporting (continued):

2023	General Government	Protection	Transportation	Environment	Recreation/ Culture	Total
Revenue:						
Taxation	\$ 27,515	\$ 33,281	\$ 28,164	\$ 2,523	\$ 29,894	\$ 121,377
Taxation from other governments	569	689	583	52	619	2,512
User fees and charges	4,989	1,538	3,506	63,343	4,466	77,842
Government grants	1,698	1,550	1,657	1,486	1,394	7,785
Interest and penalties	440	533	451	40	478	1,942
Investment income	1,831	1,662	1,463	126	1,840	6,922
Donations	396	–	–	–	730	1,126
Other (including developer contributed TCA)	938	3,941	3,102	5,303	72,975	86,259
Equity income in St. Catharines Hydro Inc. and interest income	15,223	–	–	–	–	15,223
Loss on disposal of tangible capital assets	29	(30)	(188)	(129)	(2,284)	(2,602)
<b>Total revenues</b>	<b>53,628</b>	<b>43,164</b>	<b>38,738</b>	<b>72,744</b>	<b>110,112</b>	<b>318,386</b>
Expenses:						
Salaries and wages	21,121	31,318	9,649	6,578	22,455	91,121
Operating materials and supplies	6,190	2,263	3,052	35,519	13,038	60,062
Contracted services	4,343	5,970	3,098	3,693	5,135	22,239
Rents and financial expenses	(3,807)	23	209	6	554	(3,015)
Interfunctional transfers	(731)	622	(1,564)	1,673	–	–
External transfer	1,616	18	187	–	155	1,976
Amortization	1,787	1,176	11,131	6,881	8,802	29,777
Debt service	543	145	1,171	340	1,494	3,693
<b>Total expenses</b>	<b>31,062</b>	<b>41,535</b>	<b>26,933</b>	<b>54,690</b>	<b>51,633</b>	<b>205,853</b>
<b>Annual surplus before restructuring event</b>	<b>\$ 22,566</b>	<b>\$ 1,629</b>	<b>\$ 11,805</b>	<b>\$ 18,054</b>	<b>\$ 58,479</b>	<b>\$ 112,533</b>

# THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

(In thousands of dollars)

## 22. Segmented reporting (continued):

2022	General Government	Protection	Transportation	Environment	Recreation/ Culture	Total
Revenue:						
Taxation	\$ 27,288	\$ 33,006	\$ 27,931	\$ 2,503	\$ 29,647	\$ 120,375
Taxation from other governments	544	658	557	50	591	2,400
User fees and charges	5,689	1,316	15,904	58,101	3,479	84,489
Government grants	1,794	48	12,132	754	1,377	16,105
Interest and penalties	437	529	448	40	475	1,929
Investment income	909	774	687	59	857	3,286
Donations	482	–	–	–	808	1,290
Other (including developer contributed TCA)	975	3,412	2,605	487	31,971	39,450
Equity income in St. Catharines Hydro Inc. and interest income	4,067	–	–	–	–	4,067
Loss on disposal of tangible capital assets	(24)	–	(314)	(258)	(441)	(1,037)
<b>Total revenues</b>	<b>42,161</b>	<b>39,743</b>	<b>59,950</b>	<b>61,736</b>	<b>68,764</b>	<b>272,354</b>
Expenses:						
Salaries and wages	19,116	31,284	26,826	6,355	19,577	103,158
Operating materials and supplies	7,315	1,849	11,857	35,316	20,069	76,406
Contracted services	5,046	1,367	5,646	2,951	4,397	19,407
Rents and financial expenses	737	22	227	10	497	1,493
Interfunctional transfers	(545)	364	(1,459)	1,640	–	–
External transfer	1,341	–	–	–	80	1,421
Amortization	1,626	1,124	14,668	6,770	8,250	32,438
Debt service	720	163	1,330	331	1,522	4,066
<b>Total expenses</b>	<b>35,356</b>	<b>36,173</b>	<b>59,095</b>	<b>53,373</b>	<b>54,392</b>	<b>238,389</b>
<b>Annual surplus</b>	<b>\$ 6,805</b>	<b>\$ 3,570</b>	<b>\$ 855</b>	<b>\$ 8,363</b>	<b>\$ 14,372</b>	<b>\$ 33,965</b>

# THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023  
(In thousands of dollars)

## 23. COVID-19:

The COVID-19 pandemic continued to result in governments worldwide, including the Canadian, Ontario and municipal governments, to enact emergency measures to combat the spread of the virus in 2022. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally and in Ontario resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable.

The City declared a state of emergency under the Emergency Management Act Ontario, on April 3, 2020. The declaration of a state of emergency provided the Mayor with the ability to take action and make orders, as necessary, to protect the health, safety and welfare of residents. Throughout 2020 and 2021, the City took extraordinary measures to support its residents through various financial relief measures such as waiving fines and penalties on overdue balances and waiving parking fees in City owned parking lots. The City ended the state of emergency on March 15, 2022. The future impacts on the City are not expected to be significant. During the year, the City received \$nil (2022 - \$2,558), as described in note 19, under the Province of Ontario's Safe Restart funding initiative to support operating and transit pressures faced as a result of the COVID-19 pandemic.

## 24. Restructuring event:

On January 1, 2023 the St. Catharines Transit Commission amalgamated with the Niagara Falls Transit, Welland Transit and Fort Erie Transit systems into the Niagara Transit Commission. The Niagara Transit Commission operates as a Municipal Service Board of the Niagara Region. As part of the amalgamation, the Transit Tangible Capital Assets, related Net Long-Term Liabilities, Deferred Revenues were transferred to Niagara Transit Commission. St. Catharines Transit Inventory was transferred to the Region at cost, while remaining accounts payable, accounts receivable, and employee future benefits related to retired staff members were consolidated into the City.

The amounts transferred to the Niagara Transit Commission effective January 1, 2023 are as follows:

	2023
Accounts payable	\$ 76
Deferred revenues	1,247
Net long-term liabilities	(2,238)
Net financial assets (liabilities)	(915)
Tangible capital assets - Cost	78,330
Tangible capital assets - Amortization	(40,081)
Tangible capital assets	38,249
Total net assets transferred	\$ 37,334

# THE CORPORATION OF THE CITY OF ST. CATHARINES

## Schedule 1 - Tangible Capital Assets

Year ended December 31, 2023

(In thousands of dollars)

2023	Cost				Accumulated amortization				
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Deletions	Balance, end of year	Total
General:									
Land	\$ 42,529	\$ 14,068	\$ 22	\$ 56,575	\$ –	\$ –	\$ –	\$ –	\$ 56,575
Land improvements	86,103	50,807	422	136,488	38,373	3,350	318	41,405	95,083
Buildings, improvements and components	277,957	2,161	4,676	275,442	85,082	6,972	2,947	89,107	186,335
Machinery and equipment	21,354	1,919	1,923	21,350	13,545	1,468	1,404	13,609	7,741
Furniture and fixtures	11,534	10	43	11,501	6,294	609	34	6,869	4,632
Information technology	8,772	2,116	394	10,494	6,355	967	391	6,931	3,563
Vehicles	11,309	898	146	12,061	7,452	569	146	7,875	4,186
	459,558	71,979	7,626	523,911	157,101	13,935	5,240	165,796	358,115
Infrastructure:									
Land	2,280	480	–	2,760	–	–	–	–	2,760
Land improvements	15,040	1,193	168	16,065	4,404	349	108	4,645	11,420
Buildings, improvements and components	41,635	–	–	41,635	14,154	1,132	–	15,286	26,349
Machinery and equipment	26,865	787	309	27,343	14,061	1,409	266	15,204	12,139
Information technology	565	36	–	601	342	102	–	444	157
Vehicles	10,638	1,157	382	11,413	5,993	871	382	6,482	4,931
Linear	734,984	17,690	1,304	751,370	350,142	11,979	1,060	361,061	390,309
	832,007	21,343	2,163	851,187	389,096	15,842	1,816	403,122	448,065
Work in progress:									
Opening balance	175,209	22,551	–	197,760	–	–	–	–	197,760
Internal transfers	(151,654)	(19,148)	–	(170,802)	–	–	–	–	(170,802)
Subtotal: Work in progress	23,555	3,403	–	26,958	–	–	–	–	26,958
<b>Total December 2023</b>	<b>\$ 1,315,120</b>	<b>\$ 96,725</b>	<b>\$ 9,789</b>	<b>\$ 1,402,056</b>	<b>\$ 546,197</b>	<b>\$ 29,777</b>	<b>\$ 7,056</b>	<b>\$ 568,918</b>	<b>\$ 833,138</b>

# THE CORPORATION OF THE CITY OF ST. CATHARINES

## Schedule 1 - Tangible Capital Assets (continued)

Year ended December 31, 2022

(In thousands of dollars)

2022	Cost				Accumulated amortization				
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Deletions	Balance, end of year	Total
General:									
Land	\$ 42,877	\$ 10	\$ –	\$ 42,887	\$ –	\$ –	\$ –	\$ –	42,887
Land improvements	78,123	9,481	577	87,027	37,388	2,225	504	39,109	47,918
Buildings, improvements and components	265,265	25,798	1,142	289,921	83,280	6,882	757	89,405	200,516
Machinery and equipment	26,395	1,554	1,465	26,484	16,284	1,730	1,433	16,581	9,903
Furniture and fixtures	11,424	219	35	11,608	5,717	625	35	6,307	5,301
Information technology	14,237	1,740	356	15,621	9,426	1,685	354	10,757	4,864
Vehicles	58,516	8,228	4,296	62,448	35,617	3,702	4,296	35,023	27,425
	496,837	47,030	7,871	535,996	187,712	16,849	7,379	197,182	338,814
Infrastructure:									
Land	2,280	–	–	2,280	–	–	–	–	2,280
Land improvements	13,177	1,931	68	15,040	4,169	303	68	4,404	10,636
Buildings, improvements and components	35,480	6,155	–	41,635	13,005	1,149	–	14,154	27,481
Machinery and equipment	26,653	437	225	26,865	12,820	1,381	140	14,061	12,804
Information technology	530	35	–	565	250	92	–	342	223
Vehicles	9,829	864	55	10,638	5,224	824	55	5,993	4,645
Linear	714,949	22,228	2,193	734,984	340,016	11,840	1,714	350,142	384,842
	802,898	31,650	2,541	832,007	375,484	15,589	1,977	389,096	442,911
Work in progress:									
Opening balance	153,683	23,418	–	177,101	–	–	–	–	177,101
Internal transfers	(111,351)	(40,303)	–	(151,654)	–	–	–	–	(151,654)
Subtotal: Work in progress	42,332	(16,885)	–	25,447	–	–	–	–	25,447
<b>Total December 2022</b>	<b>\$ 1,342,067</b>	<b>\$ 61,795</b>	<b>\$ 10,412</b>	<b>\$ 1,393,450</b>	<b>\$ 563,196</b>	<b>\$ 32,438</b>	<b>\$ 9,356</b>	<b>\$ 586,278</b>	<b>\$ 807,172</b>



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**INDEPENDENT AUDITOR’S REPORT**

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

***Opinion***

We have audited the financial statements of the trust funds of The Corporation of the City of St. Catharines (the Entity), which comprise:

- the statement of financial position as at December 31, 2023
- the statement of operations and accumulated surplus for the year then ended
- and notes, including a summary of significant accounting policies and other explanatory information.

(Hereinafter referred to as the “financial statements”)

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2023, and its results of operations for the year then ended in accordance with Canadian public sector accounting standards.

***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “***Auditor’s Responsibilities for the Audit of the Financial Statements***” section of our auditor’s report.

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

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



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

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

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

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

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

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





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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditors report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

St. Catharines, Canada

November 20, 2024

# THE CORPORATION OF THE CITY OF ST. CATHARINES

## Statement of Financial Position - Trust Funds

As at December 31, 2023, with comparative information for 2022

	Cemetery Perpetual Care Fund	Marker Care and Maintenance Fund	Memorial Forest	2023 Total	2022 Total
<b>Financial assets</b>					
Cash	\$ 1,762	\$ 53	\$ –	\$ 1,815	\$ 193
Investments	7,741	679	–	8,420	9,764
Accrued interest	59	1	–	60	490
Accounts receivable	18	1	–	19	18
Due from operating fund	372	10	25	407	25
	<b>\$ 9,952</b>	<b>\$ 744</b>	<b>\$ 25</b>	<b>\$ 10,721</b>	<b>\$ 10,490</b>
<b>Liabilities</b>					
Due to operating fund	\$ –	\$ –	\$ –	\$ –	\$ 54
<b>Accumulated surplus and net financial assets</b>					
	<b>\$ 9,952</b>	<b>\$ 744</b>	<b>\$ 25</b>	<b>\$ 10,721</b>	<b>\$ 10,436</b>

See accompanying notes to financial statements.

# THE CORPORATION OF THE CITY OF ST. CATHARINES

## Statement of Operations and Accumulated Surplus- Trust Funds

Year ended December 31, 2023, with comparative information for 2022

	Cemetery Perpetual Care Fund	Marker Care and Maintenance Fund	Memorial Forest	2023 Total	2022 Total
<b>Receipts:</b>					
Sales of plots, crypts and markers	\$ 247	\$ 38	\$ –	\$ 285	\$ 277
Interest	438	19	–	457	269
Donations	–	–	20	20	16
	685	57	20	762	562
<b>Expenditures</b>					
Contribution to operating fund	438	19	–	457	269
Administration	–	–	20	20	7
	438	19	20	477	276
Annual surplus	247	38	–	285	286
Accumulated surplus, beginning of year	9,705	706	25	10,436	10,150
Accumulated surplus, end of year	\$ 9,952	\$ 744	\$ 25	\$ 10,721	\$ 10,436

See accompanying notes to financial statements.

# THE CORPORATION OF THE CITY OF ST. CATHARINES

## Notes to Trust Funds Financial Statements

Year ended December 31, 2023

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### 1. Significant accounting policies:

The financial statements of The Corporation of the City of St. Catharines (the “City”) trust funds (the “Trusts”) are prepared by management prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board (“PSAB”) of CPA Canada.

#### (a) Basis of presentation:

The Trusts follow the accrual method of accounting for revenues and expenses. 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 result of receipt of goods or services and/or the creation of a legal obligation to pay.

#### (b) Investment income:

Investment income is reported as revenue in the period earned.

#### (c) Investments:

Investments consist of bonds and guaranteed investment certificates and these investments are recorded at amortized cost, which approximate market value based on the underlying nature of the investments. Discounts and premiums arising on the purchase of these investments are amortized over the term of the related investment. When there has been a loss in value that is other than a temporary decline in value, the respective investment is written down to recognize the loss.

### 2. Due to/from operating fund:

The amounts owing to/from the operating fund are held with the City and are non-interest bearing with no fixed terms of repayment.