

Consolidated Financial Statements of

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

And Independent Auditors' Report thereon

Year ended December 31, 2020

REPORT ON MANAGEMENT RESPONSIBILITY

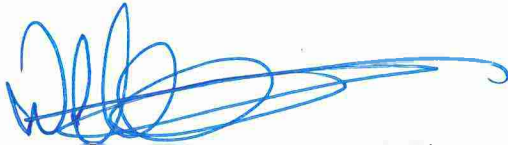
The accompanying consolidated financial statements of the The Corporation of the City of St. Catharines (the "City") are the responsibility of the City's management and have been prepared in accordance with Canadian Public Sector Accounting Standards established by the Public Sector Accounting Board 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 Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the City's consolidated financial statements.



Walter Sendzik

Mayor

(date)

July 12/21



David Oakes

Deputy Chief Administrative Officer

(date)

June 9/2021



KPMG LLP
Commerce Place
21 King Street West, Suite 700
Hamilton ON L8P 4W7
Canada
Tel 905-523-8200
Fax 905-523-2222

INDEPENDENT AUDITORS' 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, 2020
- the consolidated statement of operations 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, 2020, 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 "**Auditors' 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 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.



Page 2

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.

Auditors' 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 auditors' report that includes our opinion.

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

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



Page 3

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

St. Catharines, Canada

June 28, 2021

THE CORPORATION OF THE CITY OF ST. CATHARINES

Consolidated Financial Statements

	Page
Consolidated Statement of Financial Position	1
Consolidated Statement of Operations	2
Consolidated Statement of Changes in Net Financial Assets	3
Consolidated Statement of Cash Flows	4
Notes to the Consolidated Financial Statements	5 – 25
Schedule 1 – Tangible Capital Assets	26 – 27

TRUST FUNDS

Statement of Financial Position - Trust Funds	31
Statement of Operations and Accumulated Surplus - Trust Funds	32
Notes to the Trust Fund Financial Statements	33

THE CORPORATION OF THE CITY OF ST. CATHARINES

Consolidated Statement of Financial Position

Year ended December 31, 2020, with comparative information for 2019
(In thousands of dollars)

	2020	2019
Financial Assets		
Cash	\$ 85,369	\$ 63,305
Investments (note 2)	30,138	36,727
Taxes receivable	6,927	10,164
Accounts receivable	27,389	21,686
Inventories held for resale	146	117
Loans receivable (note 3)	926	1,026
Note receivable - St. Catharines Hydro Inc. (note 4)	7,754	7,754
Other asset (note 19)	3,000	-
Investment in St. Catharines Hydro Inc. (note 4)	91,181	88,992
	<u>252,830</u>	<u>229,771</u>
Liabilities		
Accounts payable and accrued liabilities (note 5)	40,195	38,747
Deferred revenue - obligatory reserve funds (note 6)	29,722	23,747
Other current liabilities	6,524	7,564
Post-employment benefits (note 7)	18,139	17,941
Other liabilities (note 9)	11,212	12,782
Landfill post-closure liability (note 16)	2,838	2,705
Net long-term liabilities (note 10)	118,908	118,350
	<u>227,538</u>	<u>221,836</u>
Net financial assets	25,292	7,935
Non-Financial Assets		
Tangible capital assets (schedule 1)	763,468	748,476
Inventories	1,553	1,556
Prepaid expenses	2,111	1,888
	<u>767,132</u>	<u>751,920</u>
Contractual obligations and commitments (note 14)		
Contingent liabilities (note 15)		
Accumulated surplus (note 11)	<u>\$ 792,424</u>	<u>\$ 759,855</u>

See accompanying notes to consolidated financial statements.

Signed on behalf of the City:

Mayor

Deputy Chief Administrative Officer

THE CORPORATION OF THE CITY OF ST. CATHARINES

Consolidated Statement of Operations

Year ended December 31, 2020, with comparative information for 2019
(In thousands of dollars)

	Budget (note 18)	2020	2019
Revenue:			
Taxation	\$ 112,932	\$ 113,020	\$ 110,295
User fees and charges	84,497	72,913	79,086
Government grants (note 17)	10,079	16,121	8,347
Interest and penalties	2,726	1,704	2,000
Investment income	1,250	1,709	2,955
Donations	—	539	800
Other	96	8,148	12,275
Developer contributed tangible capital assets	—	16,107	887
Equity income in St. Catharines			
Hydro Inc. (note 4)	4,104	6,599	5,703
Loss on disposal of tangible capital assets	—	(300)	(466)
	215,684	236,560	221,882
Expenses:			
General government	19,480	19,491	20,426
Protection to persons and property	32,346	33,131	34,181
Transportation services	59,316	52,918	55,442
Environmental services	49,659	52,846	50,861
Health services	3,525	2,915	2,888
Social and family services	330	244	431
Recreation and cultural services	31,345	36,015	44,725
Planning and development	6,866	6,431	7,473
	202,867	203,991	216,427
Annual surplus	12,817	32,569	5,455
Accumulated surplus, beginning of year	759,855	759,855	754,400
Accumulated surplus, end of year	\$ 772,672	\$ 792,424	\$ 759,855

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, 2020, with comparative information for 2019
(In thousands of dollars)

	2020	2019
Annual surplus	\$ 32,569	\$ 5,455
Acquisition of tangible capital assets	(29,672)	(28,509)
Amortization of tangible capital assets	29,791	29,893
Loss on disposal of tangible capital assets	300	466
Developer contributed tangible capital assets	(16,107)	(887)
Proceeds on disposal of tangible capital assets	696	554
Change in inventories	3	(720)
Change in prepaid expenses	(223)	(113)
	17,357	6,139
Net financial assets, beginning of year	7,935	1,796
Net financial assets, end of year	\$ 25,292	\$ 7,935

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE CITY OF ST. CATHARINES

Consolidated Statement of Cash Flows

Year ended December 31, 2020, with comparative information for 2019
(In thousands of dollars)

	2020	2019
Cash provided by (used in):		
Operations:		
Annual surplus	\$ 32,569	\$ 5,455
Items not involving cash:		
Amortization of tangible capital assets	29,791	29,893
Loss on disposal of tangible capital assets	300	466
Developer contributed tangible capital assets	(16,107)	(887)
Income from St. Catharines Hydro Inc.	(6,044)	(5,703)
	<u>7,940</u>	<u>23,769</u>
Change in non-cash assets and liabilities:		
Change in taxes receivable	3,237	4,470
Change in accounts receivable	(5,703)	10,996
Change in loans receivable	100	89
Change in inventories, total	(26)	(104)
Change in other financial assets	(3,000)	-
Change in prepaid expenses	(223)	(113)
Change in accounts payable and accrued liabilities	1,448	439
Change in deferred revenue - obligatory reserve funds	5,975	6,550
Change in other current liabilities	(1,040)	(458)
Change in post-employment benefits	198	1,980
Change in landfill post-closure liability	133	(318)
	<u>1,099</u>	<u>23,531</u>
Net increase in cash from operations	41,608	52,755
Capital:		
Acquisition of tangible capital assets	(29,672)	(28,509)
Proceeds on disposal of tangible capital assets	696	554
Net decrease in cash from capital activities	(28,976)	(27,955)
Investing:		
Dividends received from St. Catharines Hydro Inc.	3,855	3,866
Change in investments	6,589	(3,136)
Net increase in cash from investing	10,444	730
Financing		
Repayment of NHS obligation	(1,570)	(1,495)
Long-term debt issued	13,444	16,143
Long-term debt repaid	(12,886)	(11,983)
Net increase in cash from financing	(1,012)	2,665
Increase in cash	22,064	28,195
Cash, beginning of year	63,305	35,110
Cash, end of year	<u>\$ 85,369</u>	<u>\$ 63,305</u>

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements

Year ended December 31, 2020

(In thousands of dollars)

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
- FirstOntario Performing Arts Centre

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 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.

During the year, the City formally established its Municipal Service Board (the "Board"), the FirstOntario Performing Arts Centre, which began independent operations on January 1, 2020. The City transferred assets and liabilities previously under the City's financial reporting as at January 1, 2020 to FOPAC at book value which included a net payable to the City.

THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2019
(In thousands of dollars)

1. Significant accounting policies (continued):

(a) Basis of consolidation (continued):

(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%.

(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. Discounts and premiums arising on the purchase of these investments are amortized over the term of the investments. 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.

(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.

(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.

THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2019
(In thousands of dollars)

1. Significant accounting policies (continued):

(e) Non-financial assets (continued):

(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 as gain/loss on disposal of tangible capital assets.

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

THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2019
(In thousands of dollars)

1. Significant accounting policies (continued):

(e) Non-financial assets (continued):

(ii) Inventories:

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

(f) Deferred revenue:

Deferred revenue represent 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.

(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.

THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2019
(In thousands of dollars)

1. Significant accounting policies (continued):

(k) 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.

(l) 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, 2020 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.

(m) 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.

THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2019
(In thousands of dollars)

1. Significant accounting policies (continued):

(n) 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. Investments:

The market value of investments approximate cost given the nature of investments held by the City, being mainly Guaranteed Investment Certificates.

3. 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 (2019 - \$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:

2021	\$	101
2022		101
2023		101
2024		101
2025		101
Thereafter		421
	\$	926

THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2019

(In thousands of dollars)

4. Investment in St. Catharines Hydro Inc.:

	2020	2019
Statement of financial position:		
Current assets	\$ 6,832	\$ 4,881
Investments	95,393	93,963
Capital assets	13,844	14,191
Deferred tax asset	547	1,052
Total assets	116,616	114,087
Current liabilities	290	320
Long-term note payable***	7,754	7,754
Deferred tax liability	17,391	17,021
Total liabilities	25,435	25,095
Shareholder equity	\$ 91,181	\$ 88,992

	2020	2019
Statement of comprehensive income		
Revenue	\$ 8,848	\$ 8,701
Expenses (including income tax provision)	2,804	2,998
Net income	6,044	5,703
Total comprehensive income	\$ 6,044	\$ 5,703

The equity in St. Catharines Hydro Inc.:

	2020	2019
Opening balance	\$ 88,992	\$ 87,155
Comprehensive income	6,044	5,703
Dividends received	(3,855)	(3,866)
Total assets and regulatory balances	\$ 91,181	\$ 88,992

*** The \$7,754,000 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, 2022. During the year, the City received \$554 (2019 - \$554) in interest on the outstanding notes receivable.

THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2019

(In thousands of dollars)

5. Accounts payable and accrued liabilities:

The accounts payable balance is as follows:

	2020	2019
Trade accounts payable	\$ 8,481	\$ 8,923
Payables to other governments	6,227	6,892
Payables to school boards	–	32
Tax Allowance	8,027	7,347
Special deposits	3,460	3,201
Accrued wages and benefits	4,054	4,944
Debenture interest	1,278	1,428
AD&D arbitration liability	1,783	1,549
Other	6,885	4,431
	\$ 40,195	\$ 38,747

6. 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:

	2019	Externally restricted inflows	Revenue earned	2020
Import and development	\$ 3,990	\$ 48	\$ (2)	\$ 4,036
Subdivider deposits	696	291	(87)	900
Planning Act	5,000	791	(1)	5,790
Future sidewalks	1,207	125	(42)	1,290
Gasoline tax - provincial	2,210	2,659	(252)	4,617
Gasoline tax - federal	10,644	4,162	(1,717)	13,089
	\$ 23,747	\$ 8,076	\$ (2,101)	\$ 29,722

THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2019
(In thousands of dollars)

7. 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, 2019.

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 2.9% (2019 - 2.90%).

The City has established a reserve for the accumulated sick leave liability. The balance as at December 31, 2020 is \$1,362 (2019 - \$2,988).

	2020	2019
Accrued benefit obligation, beginning of year	\$ 18,157	\$ 14,812
Interest	537	549
Transitional obligation	—	1,578
Actuarial loss	—	1,348
Payments	(1,502)	(1,049)
Current service cost - benefits	1,104	919
	18,296	18,157
Unamortized actuarial loss	(157)	(216)
Liability, end of year	\$ 18,139	\$ 17,941

The City recognized an actuarial loss of \$nil (2019 - \$1,348) as a result of the most recent valuation obtained as at December 31, 2019. Amortization of the net actuarial loss of \$59 (2019 - \$17) has been included in expenses on the Consolidated Statement of Operations. 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 2020 and thereafter.

Medical Costs - Medical costs were assumed to increase at a rate of 7.23%, downgrading to 4.00% by 2040.

Dental Costs - Dental costs were assumed to increase at a rate of 6.75% in 2020, downgrading to 4.00% by 2030.

THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2019

(In thousands of dollars)

8. Credit facility:

The City has an 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, 2020, no has been drawn upon (2019 - \$nil).

9. 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 \$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:

2021	\$	2,209
2022		2,209
2023		2,209
2024		2,209
2025		2,209
2026		2,209
		<hr/> 13,254
Interest		(2,042)
	\$	<hr/> 11,212

THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2019

(In thousands of dollars)

10. 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:

	2020	2019
Serial debentures issued by Region of Niagara, beginning of year	\$ 110,644	\$ 106,303
Less: principal repayment	(12,705)	(11,802)
Add: new debt issued	13,444	16,143
Total serial debentures	111,383	110,644
Sinking fund debenture, beginning on year	9,333	9,333
Less: Sinking fund assets	(1,808)	(1,627)
Total sinking fund debenture	7,525	7,706
Net long-term debentures, end of year	\$ 118,908	\$ 118,350

Interest rates on serial debentures range from 1.88% to 4.80%.

2021	\$ 13,945
2022	14,275
2023	12,697
2024	11,761
2025	10,254
Thereafter	55,976
	\$ 118,908

- (c) 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.
- (d) Interest expense on long-term debt amounted to \$4,266,317 (2019 - \$4,422,682).

THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2019

(In thousands of dollars)

11. Accumulated surplus:

	2020	2019
Invested in tangible capital assets	\$ 763,468	\$ 748,476
Unexpended Capital Financing	18,695	–
Operating fund	8,013	7,004
Reserves and reserve funds	54,163	59,407
Other asset (note 19)	3,000	–
Equity in St. Catharines Hydro Inc.	98,935	96,746
	946,274	911,633
Amounts to be recovered:		
Post-employment benefits	(18,191)	(17,941)
Landfill post-closure liability	(2,838)	(2,705)
Net long-term liabilities	(121,609)	(118,350)
Hospital obligation	(11,212)	(12,782)
	(153,850)	(151,778)
	\$ 792,424	\$ 759,855

(a) Operating fund balance:

	2020	2019
To be applied in the following year to operations:		
Operating fund	\$ 1,226	\$ 1,533
First Ontario Performing Art Centre	22	–
Transit	–	259
Airport commission	412	408
To be applied to water operations for the following year	6,353	4,804
	\$ 8,013	\$ 7,004

THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2019

(In thousands of dollars)

11. Accumulated surplus (continued):

(b) Reserves and reserve fund balances:

	2020	2019
Reserves set aside by council for specific purposes:		
Replacement of equipment	\$ 6,637	\$ 6,428
Cumulative sick leave	1,362	2,988
Library purposes	5,310	5,265
Encumbrances	8,407	16,304
Building improvements	1,935	2,181
Cemetery	19	19
Hydro funds	1,837	4,432
Winter control	1,103	500
Tax rate stabilization	3,471	844
Infrastructure levy	2,509	1,234
Litigation/insurance	658	567
Election reserve	100	100
Meridian Centre capital	425	425
Community Improvement Plan Funds	6,765	5,938
Sewer capital	(220)	434
FirstOntario Performing Arts Centre capital	367	367
	40,685	48,026
Reserves set aside by council for specific purposes:		
Actifest	6	6
Business improvement purposes	38	9
Civic Project Fund	9,365	9,123
Mausoleum	505	386
St Catharines Transit Commission Reserves	2,322	604
Parking	1,049	1,253
FirstOntario Performing Arts Centre	193	—
	13,478	11,381
	\$ 54,163	\$ 59,407

12. Trust funds:

Trust funds administered by the City amounting to \$9,963 (2019 - \$9,730) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Financial Activities.

THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2019

(In thousands of dollars)

13. Pension agreements:

The City makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of 975 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 \$3.2 billion as of December 31, 2020 (2019 - \$3.4 billion).

The amount contributed to OMERS for 2020 was \$6,877 (2019 - \$6,521) for current service and is included as an expense in the Consolidated Statement of Operations.

There was no change in contribution rates in 2020. OMERS expects the contribution and policy changes to return the plan to a fully funded position by 2025, if not sooner.

14. Contractual obligations and commitments:

Capital expenditures:

The estimated future capital expenditures based on projects in progress at December 31, 2020 is approximately \$41,801 (2019 - \$38,272) after deducting the expenditures incurred as at December 31, 2020. These projects will be financed by unexpended capital financing, grants, subsidies and long-term liabilities in future years.

15. 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 \$20,000,000 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.

THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2019
(In thousands of dollars)

16. 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 2045 and have been inflation adjusted at 1.5% (2019 - 1.2%) per annum. These costs were then discounted to December 31, 2020 using a discount rate of 2.9%.

The total monitoring costs are estimated to be \$4,059 over the estimated monitoring period before applying the discount rate. The liability for post-closure as at December 31, 2020 is \$2,838 (2019 - \$2,705). Estimated annual expenditures for post-closure care are \$135 (2019 - \$135) and are expected to be incurred for the next 25 years.

17. Government transfers:

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

	Budget	2020	2019
Municipal grants:			
Region of Niagara	\$ 1,292	\$ 2,479	\$ 1,304
Provincial grants:			
Ontario Municipal Partnership Fund	429	429	505
Safe Restart	–	5,672	–
Safe Restart – Transit	–	3,149	–
Provincial gas tax	–	251	363
Planning and Development	–	362	–
Other Provincial Grants	–	584	991
	429	10,447	1,859
Federal grants:			
Federal Gas Tax	8,358	1,717	4,730
Public Transit Infrastructure Funds	–	572	138
Other Federal Grants	–	906	316
	8,358	3,195	5,184
Total revenues	\$ 10,079	\$ 16,121	\$ 8,347
Expenses:			
Charitable and non-profit organizations	\$ 400	\$ 427	\$ 410
Total expenses	\$ 400	\$ 427	\$ 410

THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2019

(In thousands of dollars)

18. Budget figures:

The Budget data presented in these consolidated financial statements are based upon the 2020 operating and capital budgets approved by Council. 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	\$	119,226
Add:		
Revenue in expense departments		11,947
Parking revenues		3,348
Water and wastewater revenues		54,942
Transit revenue		13,674
Library revenue		407
Airport revenue		179
Grants in capital budget		9,650
Hospital Levy		2,209
CIP expenses in revenue budget		1,250
Less:		
Prior year surplus		(1,148)
Total budgeted revenue		215,684
Expenses:		
Operating budget as approved	\$	119,226
Add:		
Revenue included in expense departments		11,947
Amortization - City		24,860
Transfers from reserve		272
Water and wastewater expenses		55,469
Parking expenses		3,147
Transit expenses		26,538
Library expenses		5,985
Airport expenses		437
BIAs expenses		389
Hospital Interest Expense		639
CIP expenses included in revenue		1,250
Employee future benefits and closed landfill liability		376
Less:		
Debt principle payments		(12,705)
Transfers to reserve		(1,916)
Transfer to transit		(12,925)
Transfer to library		(5,678)
Transfer to airport		(253)
Transfer to BIA's		(373)
Transfer to FOPAC		(1,593)
Transfer to capital		(1,751)
Water and wastewater capital		(10,474)
Total budgeted expenses		202,867
Budgeted surplus	\$	12,817

THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2019
(In thousands of dollars)

19. Other asset:

During the year, the City contributed \$3,000 (2019 - \$nil) related to the City's overall \$10,000 commitment to the Canada Summer 2022 games. As part of this commitment, the City and other unrelated parties have entered into a Consortium agreement which occurred subsequent to December 31, 2020. The Consortium agreement outlines the roles and responsibilities of each party as it relates to the capital activities during construction and operating activities upon completion of the Canada Summer 2022 Games. The City will become a 1/3 operating partner in the infrastructure upon completion of the Canada Summer 2022 Games.

20. 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 and Port Dalhousie 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.

THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2019

(In thousands of dollars)

20. Segmented reporting (continued):

(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.

(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 library services provided by the St. Catharines Public Library Board.

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

Note 20 – Segmented reporting

Year ended December 31, 2020

2020	General Government	Protection	Transportation	Environment	Recreation/ Culture	Total
Revenue:						
Taxation	\$ 25,666	\$ 25,006	\$ 31,975	\$ 2,213	\$ 25,780	\$ 110,640
Taxation from other governments	551	538	688	48	555	2,380
User fees and charges	3,609	1,367	11,103	55,504	1,330	72,913
Government grants	1,029	3,867	6,624	3,622	979	16,121
Interest and penalties	396	385	492	34	397	1,704
Investment income	540	321	419	28	401	1,709
Donations	10	–	–	–	529	539
Other (including developer contributed TCA)	823	2,256	3,795	13,652	3,729	24,255
Equity income in St. Catharines						
Hydro Inc.	6,599	–	–	–	–	6,599
Gain (loss) on disposal of capital assets	3	2	3	(148)	(160)	(300)
Total revenues	39,226	33,742	55,099	74,953	33,540	236,560
Expenses:						
Salaries and wages	17,228	28,293	24,863	6,108	15,317	91,809
Operating materials and supplies	4,934	1,775	9,038	35,719	8,187	59,653
Contracted services	2,654	1,589	5,070	3,028	3,065	15,406
Rents and financial expenses	1,122	–	743	3	224	2,092
Interfunctional transfers	(369)	233	(1,269)	1,405	–	–
External transfer	973	–	–	–	–	973
Amortization	1,577	1,111	13,326	6,193	7,584	29,791
Debt service	962	130	1,147	390	1,638	4,267
Total expenses	29,081	33,131	52,918	52,846	36,015	203,991
Annual surplus (deficit)	\$ 10,145	\$ 611	\$ 2,181	\$ 22,107	\$ (2,475)	\$ 32,569

THE CORPORATION OF THE CITY OF ST. CATHARINES

Note 20 – Segmented reporting (continued)

Year ended December 31, 2020

2019	General Government	Protection	Transportation	Environment	Recreation/ Culture	Total
Revenue:						
Taxation	\$ 25,050	\$ 24,403	\$ 31,205	\$ 2,160	\$ 25,158	\$ 107,976
Taxation from other governments	538	524	671	46	540	2,319
User fees and charges	4,518	1,608	16,370	51,448	5,142	79,086
Government grants	641	40	3,088	4,021	557	8,347
Interest and penalties	463	452	578	40	467	2,000
Investment income	1,248	461	616	41	589	2,955
Donations	14	–	–	–	786	800
Other (including developer contributed TCA)	1,048	2,546	1,320	921	7,327	13,162
Equity income in St. Catharines Hydro Inc.	5,703	–	–	–	–	5,703
Gain (loss) on disposal of capital assets	4	9	11	(331)	(159)	(466)
Total revenues	39,227	30,043	53,859	58,346	40,407	221,882
Expenses:						
Salaries and wages	16,793	29,780	26,749	6,043	19,210	98,575
Operating materials and supplies	5,646	1,602	10,232	33,450	10,872	61,802
Contracted services	3,403	1,109	4,411	3,628	4,781	17,332
Rents and financial expenses	1,655	51	652	11	430	2,799
Interfunctional transfers	(457)	300	(1,166)	1,318	5	–
External transfer	1,564	40	–	–	–	1,604
Amortization	1,543	1,197	13,468	5,991	7,694	29,893
Debt service	1,071	102	1,096	420	1,733	4,422
Total expenses	31,218	34,181	55,442	50,861	44,725	216,427
Annual surplus (deficit)	\$ 8,009	\$ (4,138)	\$ (1,583)	\$ 7,485	\$ (4,318)	\$ 5,455

THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020
(In thousands of dollars)

20. Comparative information:

Certain comparative information has been reclassified to conform to the presentation adopted in the current year. There is no impact to annual surplus or accumulated surplus as a result of the reclassification.

21. COVID-19:

The COVID-19 pandemic continues to result in governments worldwide, including the Canadian, Ontario and municipal governments, enacting emergency measures to combat the spread of the virus. 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 provides the Mayor with the ability to take action and make orders, as necessary, to protect the health, safety and welfare of residents. Throughout 2020, 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 continues to monitor the advice and recommendations from public health and the Province of Ontario.

The City continues to experience temporary closure of recreation facilities and administrative buildings as well as reduced temporary leaves of employees in non-essential services.

During the year, the City received \$8,821 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.

The City continues to monitor the guidance from the Provincial government around opening of businesses and attractions. The current challenging economic climate may lead to adverse changes in cash flows, reduction of service levels and budgetary constraints, which may also have a direct impact on the City's revenues, annual surplus or deficit and reserve and reserve funds in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the City, surrounding economy and services are not known at this time.

THE CORPORATION OF THE CITY OF ST. CATHARINES

Schedule 1 - Tangible Capital Assets

Year ended December 31, 2020

(In thousands of dollars)

2020	Cost			Accumulated amortization			Total		
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization		Deletions	Balance, end of year
General:									
Land	\$ 42,596	\$ 287	\$ -	\$ 42,883	\$ -	\$ -	\$ -	\$ -	\$ 42,883
Land improvements	73,848	365	71	74,142	33,594	1,952	54	35,492	38,650
Buildings, improvements and components	252,417	1,916	369	253,964	64,603	6,223	223	70,603	183,361
Machinery and equipment	26,590	1,094	231	27,453	15,076	1,814	232	16,658	10,795
Furniture and fixtures	11,316	-	-	11,316	4,548	617	-	5,165	6,151
Information technology	12,572	1,000	236	13,336	7,039	1,354	230	8,163	5,173
Vehicles	54,231	336	101	54,466	34,479	3,113	101	37,491	16,975
	473,570	4,998	1,008	477,560	159,339	15,073	840	173,572	303,988
Infrastructure:									
Land	2,280	-	-	2,280	-	-	-	-	2,280
Land improvements	9,573	2,375	-	11,948	3,739	241	-	3,980	7,968
Buildings, improvements and components	35,480	-	-	35,480	11,037	984	-	12,021	23,459
Machinery and equipment	26,042	787	406	26,423	10,752	1,345	376	11,721	14,702
Information technology	139	338	-	477	103	64	-	167	310
Vehicles	11,127	1,092	1,596	10,623	6,826	761	1,596	5,991	4,632
Linear	672,390	32,205	4,840	699,755	322,457	11,323	4,042	329,738	370,017
	757,031	36,797	6,842	786,986	354,914	14,718	6,014	363,618	423,368
Work in progress:									
Opening balance	101,064	26,009	-	127,073	-	-	-	-	127,073
Internal transfers	(68,936)	(22,025)	-	(90,961)	-	-	-	-	(90,961)
Subtotal: Work in progress	32,128	3,984	-	36,112	-	-	-	-	36,112
Total December 2020	\$ 1,262,729	\$ 45,779	\$ 7,850	\$ 1,300,658	\$ 514,253	\$ 29,791	\$ 6,854	\$ 537,190	\$ 763,468

THE CORPORATION OF THE CITY OF ST. CATHARINES

Schedule 1 - Tangible Capital Assets (continued)

Year ended December 31, 2020

(In thousands of dollars)

2019	Cost			Accumulated amortization				Total	
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Deletions		Balance, end of year
General:									
Land	\$ 42,605	\$ -	9	\$ 42,596	\$ -	\$ -	\$ -	\$ -	\$ 42,596
Land improvements	72,080	1,940	172	73,848	31,732	2,011	149	33,594	40,254
Buildings, improvements and components	247,723	5,498	804	252,417	59,000	6,142	539	64,603	187,814
Machinery and equipment	26,234	1,218	862	26,590	14,051	1,874	849	15,076	11,514
Furniture and fixtures	11,236	80	-	11,316	3,896	652	-	4,548	6,768
Information technology	12,282	565	275	12,572	5,997	1,313	271	7,039	5,533
Vehicles	53,319	1,687	775	54,231	31,694	3,551	766	34,479	19,752
	465,479	10,988	2,897	473,570	146,370	15,543	2,574	159,339	314,231
Infrastructure:									
Land	2,280	-	-	2,280	-	-	-	-	2,280
Land improvements	9,571	2	-	9,573	3,528	211	-	3,739	5,834
Buildings, improvements and components	35,394	90	4	35,480	10,055	984	2	11,037	24,443
Machinery and equipment	25,237	1,937	1,132	26,042	10,367	1,289	904	10,752	15,290
Information technology	139	-	-	139	96	7	-	103	36
Vehicles	9,599	1,652	124	11,127	6,307	643	124	6,826	4,301
Linear	662,465	11,816	1,891	672,390	312,665	11,216	1,424	322,457	349,933
	744,685	15,497	3,151	757,031	343,018	14,350	2,454	354,914	402,117
Work in progress:									
Opening balance	78,185	22,879	-	101,064	-	-	-	-	101,064
Internal transfers	(48,968)	(19,968)	-	(68,936)	-	-	-	-	(68,936)
Subtotal: Work in progress	29,217	2,911	-	32,128	-	-	-	-	32,128
Total December 31, 2019	\$ 1,239,381	\$ 29,396	\$ 6,048	\$ 1,262,729	\$ 489,388	\$ 29,893	\$ 5,028	\$ 514,253	\$ 748,476



KPMG LLP
Commerce Place
21 King Street West, Suite 700
Hamilton ON L8P 4W7
Canada
Tel 905-523-8200
Fax 905-523-2222

INDEPENDENT AUDITORS' 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, 2020
- 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, 2020, 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 "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' 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 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.

Auditors' 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 auditors' report that includes our opinion.

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

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



Page 30

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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

Chartered Professional Accountants, Licensed Public Accountants

St. Catharines, Canada

June 28, 2021

THE CORPORATION OF THE CITY OF ST. CATHARINES

Statement of Financial Position - Trust Funds

As at December 31, 2020, with comparative information for 2019

	Cemetery Perpetual Care Fund	Marker Care and Maintenance Fund	Memorial Forest	2020 Total	2019 Total
Financial assets					
Cash	\$ 107	\$ 77	\$ -	\$ 184	\$ 182
Investments	6,859	592	-	7,451	7,453
Accrued interest	373	54	-	427	360
Due from operating fund	1,950	-	13	1,963	1,798
	\$ 9,289	\$ 723	\$ 13	\$ 10,025	\$ 9,793
Liabilities					
Due to operating fund	\$ -	\$ 62	\$ -	\$ 62	\$ 63
Accumulated surplus and net financial assets					
	\$ 9,289	\$ 723	\$ 13	\$ 10,025	\$ 9,793

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, 2020, with comparative information for 2019

	Cemetery Perpetual Care Fund	Marker Care and Maintenance Fund	Memorial Forest	2020 Total	2019 Total
Receipts:					
Sales of plots, crypts and markers	\$ 222	\$ 13	\$ —	\$ 235	\$ 241
Interest	193	16	—	209	220
Donations	—	—	3	3	7
	415	29	3	447	468
Expenditures					
Contribution to operating fund	193	16	—	209	220
Administration	—	—	5	5	11
	193	16	5	214	231
Annual surplus (deficit)	222	13	(2)	233	237
Accumulated surplus, beginning of year	9,067	648	15	9,730	9,493
Accumulated surplus, end of year	\$ 9,289	\$ 661	\$ 13	\$ 9,963	\$ 9,730

See accompanying notes to financial statements.

THE CORPORATION OF THE CITY OF ST. CATHARINES

Notes to Trust Funds Financial Statements

Year ended December 31, 2020

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 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.